

MONTHLY REPORT



# IRAN CASE FILE

Your window on Iran from inside and abroad

August 2022



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

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August 2022

**RASANAHA**

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

**Contact us**



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

☎ +966112166696

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# EXECUTIVE SUMMARY

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**T**hroughout August 2022, the Iranian arena witnessed accelerating events. On the home front, the ideological, political and economic spheres were dominated by the following events: the decision of Ayatollah Kadhimi al-Haeri to step down as marja in Iraq and his decision to call on his followers to emulate Iranian Supreme Leader Ali Khamenei; and the criticisms leveled at the Raisi government on its one-year anniversary. As for the Military File, its core focus was on Iran's continued promotion of its drones. Several reports have revealed that it moved a number of its drones to Russia. This is in addition to the drone drills Iran conducted as well as the maritime piracy operations in the Red Sea and the Sea of Oman. When it comes to Iran's relations with Arab and global powers, the primary interactions and important issues of concern were the following: the UAE and Kuwait reinstating their ambassadors to Tehran; the bloody clashes that broke out between supporters of the Sadrist Movement and the Coordination Framework in the aftermath of Muqtada al-Sadr announcing his withdrawal from political life; escalations in Syria against Iran by the United States and Israel; Iran's position on the EU plan to revive the nuclear deal; and finally European warnings to Iran in the context of the latter's procrastination when it comes to the Vienna talks.

In relation to the Ideological File, Shiite marja Ayatollah Kadhimi al-Haeri announced his resignation as marja and ordered his followers, mostly affiliated with the Sadrist Movement, to emulate Iranian Supreme Leader Ali Khamenei. Haeri sought to put the Sadrist Movement in an awkward position, given its political and ideological feud with the Iranian government and its proxy actors in Iraq, the same feud that existed between the Iranian government and



Sadr's late father Mohammad Sadiq al-Sadr. Muqtada al-Sadr responded to the legitimacy crisis caused by Haeri by directing his followers to emulate Najaf. He declared that Najaf had been the largest marjaya throughout history.

On a separate issue, a young Shiite man with ties to the IRGC and Hezbollah attempted to assassinate author Salman Rushdie. This attack brought to light Khomeini's fatwa in 1989 that called for Rushdie to be killed. However, the West's interests in Iran and its attempts to strike a balance between Sunnis and Shiites has always impeded decisive action against Tehran despite its belligerent behavior in the region and across the world.

In regard to the Political File, Raisi's government was heavily criticized by all political forces, including the "conservatives" who had consistently supported Raisi before and after the presidential election. The criticisms came on the first anniversary of the government's election. Critics believe Raisi and his cabinet ministers performed poorly during their first year in presidential office. Others urged him to resign if he was incapable of resolving the country's economic problems and external crises. A third group of critics said the Raisi government was the weakest in the country's history.

Raisi's failure during his first year in office also prompted some "conservatives" to call for the dismissal of his First Vice President Mohammad Mokhber as he had failed to prevent the inflation rate from rising. Despite these criticisms, Supreme Leader Ali Khamenei praised Ebrahim Raisi's performance, saying the government was able to restore public hope and confidence, and prevented the country from becoming a pawn in the hands of global powers. In addition, the government emphasized revolutionary goals and principles such as justice, supporting the vulnerable, and standing up against the arrogance of global forces. Khamenei's praise came against the backdrop of a deterioration in socioeconomic conditions and the Iranian people suffering further. The praise was in effect an attempt by the supreme leader to polish Raisi's image in the eyes of the Iranian people, as well as a message to the "conservatives" that they should support the government and overlook its failures. This message to them was in the context of their recent scathing criticism of the government's performance.

In regard to the Economic File, Raisi's government failed to keep several economic promises during its first year in office. It was also forced to abandon some of the "conservatives'" long-held economic policies such as ending food subsidies. In light of this decision, living conditions deteriorated rapidly, the inflation rate increased, and the drop in the value of the local currency hit a record high. Despite slightly increased oil and non-oil exports, the government still found itself in a difficult financial position.

In regard to the Military File, Iran is still promoting its drones following reports that an unknown number of drones were transferred to Russia with the intention of their deployment in the Ukrainian theater. IRGC Commander-in-chief General Hossein Salami mentioned that other countries also planned to purchase Iranian military hardware, including drones. However, it appears that the Russians are dissatisfied with the precision of Iranian drones, as well as their command and control systems. On the other hand, Iran conducted a

drone drill in the Arabian Gulf and the Sea of Oman using various categories of drones such as the Mohajer, Ababil and Arash as well as its versions of Israeli and Western drones. Iran also seized a drone in the Red Sea under the pretext of risking maritime navigation security. In addition, Tehran seized two unmanned US vessels and later released them, claiming that they were in international shipping lanes and posed a threat to international navigation. However, the US Naval Forces Central Command (NAVCENT) dismissed the Iranian claim.

Iran-Arab relations, particularly Tehran's ties with the Gulf states, witnessed significant developments in August. Kuwait and the UAE reinstated their ambassadors to Tehran, who had been withdrawn after the storming of the Saudi embassy in Tehran in 2016. The two countries announced the move as part of their efforts to strengthen and advance bilateral ties with Iran. Despite Iran's desire to reestablish diplomatic relations with the Gulf states, it continued to act in August in an arrogant way; it believes that it does not need to change its behavior and that the Gulf states have concluded that their policies were wrong and therefore should break the ice with Iran. In the context of Saudi-Iran dialogue, the Iranian president described the previous Iraq-brokered rounds of talks as fruitful while he received the Iraqi foreign minister. Despite the current unrest in Iraq, the Iraqis see the Saudi-Iran dialogue as an Iraqi achievement, and its success will encourage Baghdad to play a leadership role once again in the region. However, shifts in Iraq and an unclear vision may lead Saudi Arabia and Iran to wait until the situation in Iraq calms down. Other countries, such as Qatar and the Sultanate of Oman, may step in to act as mediators. Furthermore, the ambassadors of the UAE and Kuwait who have recently returned to Tehran may act as a bridge between Riyadh and Tehran to keep the dialogue going until Iraq is in a position to resume its mediating role.

In Yemen, the Houthi militia's violation of the military truce, which was extended for the second time in early August 2022, reflects its rejection of the Yemeni peace process. In recent times, the Houthi militia has continued to pursue a policy of deploying economic resources for the sake of military operations and holding military parades as part of its propaganda campaign to recruit innocent youths. In the same context, remarks by Houthi commanders about the bloody clashes in Shabwa and the militia's attempts to recruit some factions are indicative of its desire to prolong the conflict by exacerbating divisions among Yemeni factions and reshuffling the cards in a way that serves their interests and orientations.

Iraq has reached a tipping point, with bloody clashes erupting between supporters of the Sadrist Movement and the Coordination Framework, some of whose alliances are supported by Iran. Heavy clashes, leaving hundreds dead and injured, occurred just hours after Muqtada al-Sadr announced his withdrawal from political life. However, Sadr quickly intervened and called on his supporters to withdraw from the Green Zone within 60 minutes; they responded quickly to the call. The present Iraqi political landscape suggests that a settlement between the Sadrists and the Coordination Framework is unlikely, with each alliance sticking to its own terms. This indicates that the ongoing crisis is far more than a political deadlock, and that Sadr has once

again imposed his will and reiterated that he is the most powerful actor in the Iraqi equation who cannot be bypassed.

As for Syria, the country has reached a complicated phase; Iran has increased its bombing of the US al-Tanf base in Syria. Israel and the United States retaliated by striking some sensitive targets in Syria. Elsewhere, Iran and Russia have been attempting to sway Turkey to their side in recent months, putting pressure on it to terminate its planned military operation in northern Syria. So far, Iran has been successful in postponing the operation and pressuring Ankara to soften its position toward the Syrian government. However, this success may have consequences for Iran in the future.

Internationally, the United States and Iran considered the European plan to revive the nuclear deal. Both the Europeans and the Americans had to make significant concessions to break the stalemate, especially when it came to the sticking points. As a result, an optimistic atmosphere has prevailed, with the United States and Iran expecting to reach an agreement, with both sides returning to full compliance with the deal within four months of its activation. However, given the long history of mistrust, the two sides are proceeding cautiously, with each keeping hold of levers to strengthen their respective bargaining positions. Each side maintains its strategy to protect its interests and increase its clout in the face of the other. This is evident in Iran continuing to improve its nuclear program by operating more advanced centrifuges. This is in addition to forging alliances with foes of the United States on the global stage, particularly China and Russia as well as continuing plans to mitigate the impact of the sanctions and resolve domestic crises. At the same time, the United States is proceeding with strategies in parallel with the diplomatic path to deter Iran and counter its regional behavior, ballistic missile program and hostile behavior in the areas of contact.

Tensions have arisen between Iran and Europe, particularly with Sweden and Belgium over judicial issues and prisoner swap deals. The Belgian Parliament approved a controversial treaty to release the country's nationals imprisoned in Iran. On the nuclear front, the Europeans warned Tehran against delaying the Vienna talks to revive the nuclear deal, and the IAEA criticized Iran for failing to meet the guarantees outlined in the Treaty for the Non-Proliferation of Nuclear Weapons.



# IRAN CASE FILE

August 2022

# Internal Affairs

**A**s for August 2022, Internal Affairs is divided into four main files. The Ideological File discusses the resignation of the Shiite Marja Kadhim al-Haeri, the implications of the assassination attempt against Salman Rushdie, and Iran's responsibility. The Political File reviews the criticism unleashed against Iranian President Ebrahim Raisi marking his one year in office and the supreme leader and the "hardliners" praising the Raisi government. The Economic File touches upon three topics: Raisi's electoral promises and his economic platform; the economic situation one year after Raisi's assumption of presidential office; and the consequences of the economic situation. The Military File reviews four topics: Iranian weapons in the Russia-Ukraine battlefields; Iran's growing interest in drone warfare; Iran's maritime piracy; and Israel's targeting of an Iranian missile depot in Syria.



# 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.

Last month's Ideological File addressed two pressing issues. The first was the counterterrorism strategy outlined in the speeches given by leaders at the Jeddah Summit in July 2022. The second issue was the ongoing crisis caused by the backlash against the government's enforcement of the hijab in Iran and the Iranian authorities' repressive response.

This month, the Ideological File discusses two issues as well. The first issue is the statement issued by Shiite Marja Kadhim al-Haeri in which he announced that he was stepping down as marja as well as its political and seminarian dimensions and contexts. The second issue is the assassination attempt against the renowned author Salman Rushdie and Iran's direct complicity.

## Haeri's Resignation: Significations and Dimensions

Grand Ayatollah Kadhim al-Haeri announced he was stepping down as a marja, citing poor health. He called upon his followers to switch allegiance and emulate Iranian Supreme Leader Ali Khamenei's marjaya instead. In the statement announcing his resignation, he noted that he studied under Mohammad Baqir al-Sadr, "After God had guided me to study at the feet of Grand Ayatollah Sayyed Mohammad Baqir al-Sadr (may God be pleased with him), I shouldered this responsibility. I have been doing my best to achieve the objectives for which he was martyred as much as I can."<sup>(1)</sup> Through these remarks, Haeri sought to emphasize that he is the legitimate heir to the legacy of Baqir al-Sadr, while others who belong to the Sadr family such as Muqtada al-Sadr lack the credibility and the jurisprudential credentials for performing *ijtihad*.

He advised his followers on several matters, the most important of which was to obey Khamenei without any hesitation, "All believers must show obedience to the Islamic Revolution's leader, His Eminence Grand Ayatollah Ali Khamenei. He is the worthiest and most capable of leading the nation and steering the dispute with the forces of injustice and arrogance."<sup>(2)</sup>

According to some, Haeri, through his statement, aimed to delegitimize the Sadrist Movement. The Sadrist Movement was emulating Haeri upon the directive of Ayatollah Mohammad al-Sadr (Muqtada's father). It is worth noting that Haeri approved of the Mahdi Army's formation. He was also the first to



confer the title of Hojjat al-Islam on Muqtada al-Sadr. As a result, when Haeri advises his followers, largely Sadrists, to emulate Khamenei, he is purposefully creating a deep crisis within the Sadrist Movement, shifting the political crisis pitting the Sadrists against the Coordination Framework to a religious crisis within the Sadrist Movement itself.

Haeri lashed out at the Najaf Hawza and Muqtada al-Sadr. As for the latter, Haeri accused him of lacking the capacity to perform *ijtihad* as well as having inadequate leadership credentials. In his implicit attack on Najaf, he said, "I enjoin all the believers to rally around our sacred Popular Mobilization Forces (PMF). It should be supported and strengthened as an independent force not integrated into the other forces." He contradicted the continued calls by the Najaf Hawza to integrate the PMF into Iraq's security institutions.

Muqtada al-Sadr is aware that Haeri's resignation as a *marja* was aimed at him in the first place, seeking to strip him and his movement of religious and sectarian legitimacy. Therefore, he was quick to issue a statement in which he announced his own withdrawal from the entire political landscape, "Now I announce the final retirement and closure of all offices, except for the shrine of my father, the family museum, and the Al-Sadr family heritage association... and all my followers are no longer obliged to follow my orders."<sup>(3)</sup> However, in the statement announcing his withdrawal, Muqtada al-Sadr responded to Haeri, attacking him by saying, "Many believe, including Sayyed Haeri (may God prolong his life) that leadership has been conferred upon us due to their favors or upon their orders. Certainly not. This is from God's bounty and the blessings of my late father (may God sanctify his soul) ...who had never abandoned Iraq and its people."<sup>(4)</sup>

In order to free himself from the problem created by Haeri, Muqtada al-Sadr denied that Haeri had any role in Sadr's fame or the popularity of his movement. He attributed his movement's appeal and fame to his father Mohammad Mohammad al-Sadr. According to Muqtada al-Sadr, his father had never abandoned Iraq — unlike Haeri, who is now living in Qom.

Muqtada al-Sadr subsequently downplayed Haeri's resignation by embracing the Najaf *Marjaya*, "Despite the resignation, Najaf remains the largest *marjaya*, as it always has." Muqtada al-Sadr then highlighted his lack of interest in politics and further emphasized the obligation of promoting virtue and preventing vice, a central pillar of Shiism, "I have never claimed to be an infallible, *mujtahid* or a leader. I instead enjoin virtue and prevent vice...and the ultimate decision on all matters rests with God. I only wished to fix the broken system for which the Shiite political forces bear the biggest share of blame since they constitute the majority. I only wanted to bring them closer to their people and for them to feel their suffering."<sup>(5)</sup>

But the most important aspect about Muqtada al-Sadr's statement is that it concluded that Haeri issued his statement unwillingly. He had come under pressure from the Iranians. Therefore, Haeri aimed to defame and delegitimize him. Muqtada al-Sadr acted to counter both the delegitimization and defamation.

It is likely that Muqtada al-Sadr will switch to emulating the Najaf *Marjaya* when it comes to new issues while continuing to emulate his father on old

matters. This comes in light of the fact that his father had called upon his followers in his will to emulate Haeri or Ayatollah al-Fayyad. Therefore, Muqtada al-Sadr and his followers may view Haeri's statement as an opportunity to remove the burden of emulating him, who is pro-Iran, thereby creating room for the Sadrist Movement to maneuver and forge an alliance with Najaf. In this context, a delegation representing Grand Ayatollah Ali Sistani's marjaya visited the Ashoura Revolution consolation assembly, which the Sadrists interpreted as a sign of support against their rivals.<sup>(6)</sup>

### **The Attempted Assassination of Salman Rushdie and Iran's Responsibility**

Hadi Matar, a young American of Lebanese origin, stabbed author Salman Rushdie multiple times, causing injuries to his kidney and eye. There were reports that this young man was associated with Hezbollah and the IRGC. He appears to have been attempting to enforce the fatwa issued by Ruhollah Khomeini in 1989.<sup>(7)</sup> That year, Khomeini issued a fatwa rendering lawful the killing of Salman Rushdie because of what he had written in his book *The Satanic Verses* which was released in September 1988.<sup>(8)</sup> Khomeini said in the fatwa, "I declare to all valiant Muslims around the world that the author of *The Satanic Verses*, who wrote, printed, and distributed his book with the intention of announcing enmity to Islam, the Prophet, and the Quran — along with the publishers who had access to the book's content — shall be condemned to death. I call on valiant Muslims to proceed with executing those people as soon as possible, wherever they may be, to prevent anyone else from daring to insult Muslims' sacred figures in the future. All those who die along this path will be considered martyrs, God willing. If anyone finds the author of the book but is unable to execute him, he could direct others to his hideout so that he can be punished for what he had perpetrated."<sup>(9)</sup> Khomeini asserted that Rushdie's repentance would not be accepted by God, "Even if Salman Rushdie repents and becomes the most pious man of his time, every Muslim should dedicate his soul, resources and efforts to send him to the lowest depths of Hellfire." In 2017, Iran's current Supreme Leader Ali Khamenei confirmed that Khomeini's fatwa remained effective and has not been nullified.<sup>(10)</sup>

Rushdie's attacker was praised by Keyhan newspaper, "Congratulations to this brave man aware of his obligation, who attacked the apostate and evildoer Salman Rushdie."<sup>(11)</sup> A Hezbollah-affiliated cleric also hailed the attacker, claiming that Salman Rushdie is fighting against God and was not just an apostate.<sup>(12)</sup>

There are some significations in Khomeini's fatwa which prompted the attack against Rushdie that should be noted. The scope of Khomeini's fatwa extended beyond executing Rushdie to include all those who had collaborated with him, including the publishers and distributors of the book, among others. Khomeini directed all Muslims in the East and West, not governments or institutions, but the masses, to execute all those people wherever they found them, whether in a Muslim or non-Muslim country. As a result, Khomeini opened the door to using violence outside the framework of states and their official institutions. This entails the defamation of the reputation of Islam and Muslims, portraying

them as violators of international law and norms. In terms of killing and spilling people's blood without fair trials, there is no discernible difference between Khomeini's mindset and the actions of ISIS and al-Qaeda. Addressing his call to all Muslims implies a sense of superiority, as he saw himself as the supreme leader of all Muslims, not just Iranians. Iranian media outlets have always presented him as the leader of all Muslims. <sup>(13)</sup>

## Conclusion

Haeri's decision to step down as a marja came as a tool to put pressure on Muqtada al-Sadr as the former is one of the prominent clerics who had studied under Baqir al-Sadr. This is in addition to the will of Ayatollah Mohammad Mohammad al-Sadr in which he ordered his followers to emulate Haeri after his death. Haeri's resignation threw Muqtada al-Sadr and his movement into limbo, particularly regarding its religious and sectarian legitimacy. Both dimensions will have a knock-on effect on his political activism. Therefore, he announced his withdrawal from politics entirely. Iran is most likely involved in what happened. Everything that happens impacts Tehran's allies in Iraq. Thus, Iran believes that Muqtada al-Sadr's withdrawal will mark a win for its aligned factions who are in trouble due to the popularity enjoyed by the Sadrist Movement among the Iraqi masses.

However, the statement issued by Haeri and the consequences that followed could be beneficial to the Sadrist Movement. The latter can now move away from emulating a pro-Iran cleric, shift allegiance to Najaf, and display loyalty to its Iraqi and Arab affiliations. However, such moves will have consequences, like widening the gap between Iran and the movement and Wilayat al-Faqih loyalists stepping up their campaign to disparage the Sadrist Movement among Shiites, to the point where some have labeled it as a "stooge" while others have deemed it to have "Kharijite" tendencies.

On the other hand, an IRGC and Hezbollah supporter attempted to assassinate author Salman Rushdie in what has been interpreted as an enforcement of Khomeini's fatwa issued against the author in the late 1980s. This fatwa was issued within the context of Iranian dominance, attempts to secure the upper hand and forcibly impose the supreme leader's authority within and beyond the Shiite community. This assassination attempt has harmed Tehran's reputation in the West, but the West's interests in Tehran prevent it from taking harsh measures other than condemnations.



# The Political File

The July 2022 Political File discussed Iran's positions on the Jeddah Summit for Peace and Security, in which the United States and several Arab countries participated. It also shed light on the purpose of the Tehran Summit, which Iranian President Ebrahim Raisi hosted with the participation of Russian President Vladimir Putin and Turkish President Recep Tayyip Erdoğan. In the month of August, this file discusses Iranians' divergent viewpoints on the Raisi government's performance one year after taking office. The file is divided into two parts: criticism of the Raisi government by the "reformists" and some "conservatives," and the supreme leader praising the "hardliners" and Raisi's government.

## **In Its First Year: The Iranian Government Faces More Criticism From the "Conservatives" Than the "Reformists"**

Over the past year, the Raisi government has faced extensive criticism, particularly because of its performance in the economic sector in which Iran has suffered excessive losses since the United States imposed sanctions after its withdrawal from the nuclear deal in May 2018.

On its first anniversary since taking office, the Raisi government has faced criticism from a variety of factions, including some "conservatives" who strongly supported Raisi both before and after becoming president. Some Iranian newspapers launched scathing attacks on Raisi and his cabinet. On August 3, 2022, Arman Meli News Agency quoted "conservative" lawmaker Mujtaba Zunnuri as saying, "The government's performance is like a treadmill where a man's legs move quickly but he walks no distance." He asked Raisi a question, "A quarter of your government's term has passed. Have you met a quarter of the goals that you should have met? Opportunities come and go like clouds."<sup>(14)</sup> Some "conservatives'" dissatisfaction with the government's performance over the first year has led them to call for Raisi's resignation. The editor-in-chief of Jomhouri-e Eslami newspaper Masih Mohjeri called on Raisi to resign if he is incapable of resolving the country's economic problems and external crises.<sup>(15)</sup> Others have called the Iranian government the weakest in the country's history.<sup>(16)</sup>

The setbacks suffered by the Raisi government during its first year, particularly the economic failures, prompted the "conservatives" to take action, with some also calling for the dismissal of Raisi's First Vice President Mohammad Mokhber. The "conservatives" claim that Mokhber failed to halt the exponential rise in poverty and inflation rates. This comes after Arman Meli News Agency reported that the "conservatives" wanted Raisi to appoint a

“hardline” politician to the position of vice president. Raisi, on the other hand, chose to work with Mohammed Mokhber, a former senior official who was in charge of the giant economic conglomerates overseen by the foundation of Iran’s supreme leader.<sup>(17)</sup>

The “conservatives” have been so harsh in their criticism of the vice president in recent months that a former lawmaker and member of the United Principalist Front Javad Karimi Ghodossi described Mokhber as lacking the necessary skills for the position. He also warned that if he survives another hour in office, the government will continue to suffer more failures.<sup>(18)</sup> Some “conservatives” have drawn attention to the ongoing differences between Mokhber and the other members of the government’s economic team, particularly Mohsen Rezaee, the president’s deputy for economic affairs. They said this is another reason for calling for Mokhber to be dismissed.<sup>(19)</sup>

Despite the government’s bleak performance, Raisi reiterated at a press conference to mark Government Week that the inflation rate has now reached 40.5 percent, down from 60 percent in the same period last year.<sup>(20)</sup> He also described Iran’s current circumstances as appropriate and suitable. These remarks sparked a backlash in newspapers and on social media platforms, with many mocking Raisi. They said that Raisi appeared to be describing a situation in a country other than Iran — or a different Iran. According to them, what Raisi said is a far cry from the current situation in Iran.<sup>(21)</sup>

As for the “reformists,” the one-year anniversary of Raisi’s government provided an excellent opportunity for them to continue criticizing Raisi and expressing the failure of their “conservative” opponents. The latter attacked the “reformists” and the government of former President Hassan Rouhani in every viable way. Former “reformist” lawmaker Mahmoud Sadeghi said that Raisi’s government was carrying out its duties without a clear program or plan.<sup>(22)</sup>

Others such as Ahmad Gholami, the editor-in-chief of the “reformist” newspaper Shargh, accused the government of being nothing more than a continuation of the populist former Ahmadinejad government. It will certainly experience the same failure as the Ahmadinejad government.<sup>(23)</sup>

In the same vein, Jahan-e Sanat newspaper ran the striking headline, “Year of Stalemate,” claiming that Raisi had done nothing for the country or the economy. Similarly, the same newspaper published an article by political analyst Mohammad Sadegh Janan Safat in which he lamented Raisi’s shameful failure to keep his electoral promises. He reiterated that the Raisi government is the weakest in Iran since the Iran-Iraq War in 1988. He blamed this on Iran’s lack of free and fair elections. Due to Iran’s current electoral system, candidates that lack the necessary skills and efficiency can rise to power and take over positions of responsibility.<sup>(24)</sup>

### **The Supreme Leader and “Hardliners” Praising the Raisi Government**

Despite “conservatives” and “reformists” criticizing Raisi’s performance and popular dissatisfaction with the president’s performance, Ayatollah Ali Khamenei has yet to express his displeasure with the government. On the contrary, he has consistently praised Raisi and his government in recent



months. The most recent occasion was when the supreme leader received Raisi and his cabinet ministers during Government Week, which is held every year to commemorate the anniversary of former Presidents Mohammad Ali-Rajai and Mohammad Javad Bahonar, who were killed in 1981 when the cabinet's office was bombed. In his speech during the aforementioned occasion, Khamenei stated that the current government has succeeded in reviving the hope and confidence of the people, and it is working to solve their problems and provide needed services. He also stated that the government had prevented the country from becoming a pawn for outside powers and had focused on achieving revolutionary goals such as justice, support for the vulnerable, and standing up to arrogant forces. Further, Khamenei praised the president and cabinet ministers for their visits to the country's governorates, stating that they made 30 visits across the country during their first year in office, focusing on underdeveloped and remote areas. He also mentioned the government's follow up of what was happening in the governorates, and its deep harmony with the Iranian people. Khamenei referred to the government's new orientations in foreign policy and culture. The previous period, according to the supreme leader, was marked by huge differences and rivalries between the three branches of power. However, with the arrival of the new government, the three branches of power have returned to a normal working relationship. A great deal of harmony has been created, allowing them to work together to solve problems.<sup>(25)</sup> It appears that Khamenei's support of Raisi is an attempt to polish the president's image as part of a process to groom him in order to become the next Iranian supreme leader. His praise is also a message to all political parties, particularly the "conservatives," that they must rally behind the Raisi government and ignore its flawed performance.

In addition to the supreme leader, there is a significant number of "conservatives" who, despite their differences, depend heavily on the government's success to mitigate the criticisms and accusations leveled at the "conservative" current in the past. As a result, they have highlighted Raisi's achievements in the field of tax collection and his move to remove a portion of the government's subsidies on certain items as part of his economic transformation process and the conversion of these subsidies into cash subsidies to benefit the poor and middle-class segments in Iranian society. They also have mentioned how Raisi has made it much easier to issue labor licenses and his attention to public rights in various fields.<sup>(26)</sup>

Keyhan newspaper, considered the supreme leader's mouthpiece, went even further, comparing Raisi's performance in one year to that of his predecessor, Hassan Rouhani, who served in office for eight years. The gist of the comparison is that the government's performance during its first year was better than the previous government's performance, particularly in the economic field. According to the newspaper, Raisi's achievements include lowering inflation by 18 percent compared to the previous year, controlling liquidity and the monetary base, mending relations between the government and the central bank, increasing foreign trade, selling Iranian oil, providing citizens with benefits, improving the employment rate, and taking measures



to boost construction and housing.<sup>(27)</sup> In the context of foreign policy, the “conservatives” believe that the government has made significant advances as the country is much more active in the region, particularly in terms of rapprochement with regional countries, as opposed to Rouhani’s government, which ignored this domain and focused instead on the nuclear talks. This positive appraisal of Raisi came in the context of the supreme leader referring to the Iranian president’s extensive travels to Russia, Qatar, Kuwait, and Central Asia. Additionally, Khamenei has spoken about the progress in Iran-Saudi talks, as well as improvements in diplomatic relations with the UAE and Kuwait, with both countries reinstating their ambassadors to Tehran.

## Conclusion

The Supreme Leader Ali Khamenei praising the Raisi government for its performance in its first year is a green light for it to press ahead with its political, economic, and revolutionary programs. “Conservative” criticisms of the government were somewhat limited when compared to the Iranian people’s criticisms as they have seen no improvement in their living conditions nor an improvement in human rights. The economic situation has become worse, with prices rising even faster and inflation skyrocketing, not to mention further arrests, executions, and crackdowns on freedoms.

# The Economic File

The July file discussed the potential opportunities and challenges for Iran following the summits in Jeddah and Tehran. Meanwhile, this month's report provides an assessment of the Iranian economic situation one year after President Ebrahim Raisi ascended to power in August 2021. The report is divided into three parts: the first part addresses Raisi's electoral promises and economic platform; the second part reviews the Iranian economy a year after Raisi's assumption of office; and the third part analyzes the potential outcomes of the Iranian economic situation while taking into consideration the circumstances surrounding Iran.

## **Raisi's Electoral Promises and His Economic Platform**

Before taking office in August 2021, Iranian President Ebrahim Raisi made at least 50 electoral promises. These were general or somewhat broad promises, including improving the economic and living conditions of the Iranian people by stimulating production, growth and exports as well as fighting corruption, alleviating poverty, and ending the sanctions on the Iranian economy. There were also more specific promises such as reducing the unemployment rate by creating 1 million job opportunities each year, lowering the inflation rate to a single-digit figure (below 10 percent), and resolving the problem of high rental prices by constructing 1 million housing units.

All of these promises were made without any explanation of how they would be achieved in reality. Furthermore, even if US sanctions are lifted, to achieve these promises would be nearly impossible within a one-year period. Raisi, for example, did not explain how he plans to create 1 million jobs per year. It is an exaggerated figure, and Rouhani barely reached half of it during the years of the nuclear deal. There was also no explanation of how the inflation rate would be reduced to a single digit or how the growing budget deficit, estimated at nearly \$21 billion last year, would be addressed while Iran's foreign exchange reserves are dwindling rapidly and are mostly frozen overseas.

The current Iranian president belongs to the "hardline conservative" camp. It is an intellectual current which typically supports a closed economy which is primarily run by the state, which controls its levers, or by the government's apparatuses or affiliates such as the IRGC, cooperatives (bonyads), and entrepreneurs. This current prioritizes economic cooperation with Eastern world powers like China and Russia and spinning in their orbits. They also prefer to run the economy in a populist manner, focusing on pleasing the Iranian people regardless of the long-term feasibility or consequences of their economic decisions such as the excessive provision of financial subsidies,

loans and rationing cards, particularly those offering food items. The problem with populist thinking is that it is not principled or coherent, often leaving the outcomes hazy and unpredictable.

### **The Economic Situation One Year After Raisi's Takeover**

Let us begin with the economic promises that concern the Iranian people and have a direct impact on their daily lives, and then we will look at the transformations connected to the country's overall economic performance.

#### **Targeting an Inflation Rate Below 10 Percent**

This target was one of the flagship and most prominent promises made by Raisi but he failed to achieve this figure during the first year in office. On the contrary, the situation has gone out of control with the inflation rate reaching record levels; the rate was close to 50 percent in some months. For the inflation sub-indicators related to food, housing and others, the rate was far higher. This means that the inflation rate has become disastrous in Iran and out of control in the first year of Raisi's presidency. Despite not being the primary cause, the Russia-Ukraine war has exacerbated the Iranian inflation rate by impacting supplies of grain and other food items. In Iran, inflation is chronic and historical, and it is caused by a variety of factors. However, it has become the most pressing concern for Iranians for the time being, especially since food and medicine subsidies have been eliminated over the last three months.

#### **Subsidies and a Shift in the Core Philosophy of "Conservative" Thinking**

There has been a substantial shift in "conservative" thinking after eliminating one of the main pillars of populist thought, and the hallmark of the "conservative" current during the first year of Raisi's presidency: ending subsidies. Raisi suspended the provision of subsidized dollars for purchasing essential food items, including wheat, oils, eggs and chicken, and medicines from abroad in May 2022. This subsidy was not lifted even when Iran was subjected to the most severe economic sanctions in 2012. The Raisi government promised instead to offer a temporary cash subsidy to some of the neediest segments (300,000 tomans to 400,000 tomans or \$10 to \$13. This sum approximately purchases 2 kilograms to 3 kilograms of lamb meat). But this subsidy proved to be insufficient given the soaring prices, hence undercutting its effectiveness.

The crux of the matter is that a key pillar of "conservative" economic philosophy — centered on populist decisions to achieve quick public approval, primarily food and medicine subsidies — has been eliminated. Ironically, former Iranian President Hassan Rouhani, who has always advocated for the elimination of subsidies to address the growing budget deficit, refused to even consider this step for food and medicine subsidies. He was content with eliminating the gasoline subsidy and removing the cash subsidy while preferring to keep food and medicine subsidies intact as he feared public wrath and his government's popularity being eroded.



## Improving Living Conditions

Contrary to what was promised, there has been no improvement in the living conditions of Iranians over the last year. However, the opposite is true. The rise in prices, the depreciation of the national currency, the economic embargo imposed by the sanctions, and the resulting suspension of many productive activities and economic stagnation all have contributed to a decrease in Iranian purchasing power. Living conditions have been exacerbated by worsening poverty rates, making life much more difficult, leading to more factional protests over matters such as demands to increase salaries. Pensioners recently demonstrated against a 10 percent increase in their pension payments. The protests spilled over to include business and bazaar owners who protested against the exchange rate fluctuations which have impacted their businesses and living conditions.



Iran's Shargh newspaper revealed official Labor Ministry reports which indicated that 60 percent of Iranians do not have enough income or suitable jobs. More than 14 million Iranians work in low-wage jobs without insurance; one-fifth of Iranians work as taxi drivers, and 25 percent live in slums or are homeless.<sup>(28)</sup>

## Resolving the Housing Problem

Given the significant rise in real estate prices and rents in major Iranian cities such as Tehran for years, one of Raisi's key electoral promises was to build 1 million housing units per year as well as suitable rented housing to address the housing crisis. However, reality shows that the crisis is worsening, with rental prices in some Iranian cities increasing threefold in the last year alone. Prices in Tehran alone have risen by more than 50 percent this year and by 880 percent over the last 11 years.<sup>(29)</sup>

The housing crisis is one of the deep-rooted crises that Iran, particularly Tehran, has been facing. This is due to a lack of supply and the tendency of those who are wealthy to buy housing units as a sort of short-term investment to preserve their money in light of the ongoing decline in the value of the national currency, the toman, since the imposition of US sanctions in mid-2018. Others with more experience, on the other hand, have preferred to buy real estate abroad, particularly in Turkey. Therefore, in terms of real estate purchases in Turkey, the Iranians are second after the Russians.

During its first year, the Raisi government has failed to find a practical solution to the housing crisis and achieve the promise of building 1 million housing units. The duration needed to achieve the promise has been stretched to four years and it remains unknown whether the promise will be met even withing this timespan. It is worth noting that Iran faced the same crisis during the reign of Shah Mohammad Reza Pahlavi. The Iranian government at that time issued a decision to force property owners to rent all their investment-dedicated closed real estate properties otherwise they would be confiscated. The decision had raised the ire of property owners, turning them against the shah.

### **Improving Macroeconomic Performance**

Addressing Iran's macroeconomic performance was among Raisi's electoral promises though no specific duration of time was mentioned. This performance would be expressed in changes to macroeconomic indicators, some of which have been previously mentioned and others not, such as gross domestic product (GDP). Iran's GDP could potentially reach 3 percent in 2022, according to the International Monetary Fund (IMF),<sup>(30)</sup> essentially driven by an increase in oil exports, a rise in prices and an uptick in non-oil exports. However, such growth will not have a genuine impact on improving the lives of the Iranian people or their income levels. On the contrary, they continue to suffer a decline in their purchasing power as opposed to a decade ago.

On the other hand, the Raisi government has increased both oil and non-oil exports. Iran managed to sell \$25 billion worth of oil, gas and petroleum derivatives out of a total of \$48 billion in exports<sup>(31)</sup> from March 2021 to March 2022, representing a 40 percent annual increase. Iran has also boosted its trade alliances with neighboring countries and countries hostile to the West, such as Russia and Cuba, resulting in more trade with them.

Despite the positive growth in exports, the country has a \$4 billion trade deficit because imports totaled \$52 billion during the same period. This is one of the reasons why currency exchange rates in Iran fluctuate, resulting in a record drop in the value of the local currency, the toman, against the dollar, which reached 33,000 toman per dollar in June 2022.

The Raisi government intends to achieve a balanced budget with no deficit, however, this will be difficult to realize given the current economic situation. The budget deficit last year exceeded \$21 billion and the gap was filled by selling assets and borrowing. This fueled the inflation rate which was further



exacerbated by the government's decision to defer payment of the principal and interest (debt servicing) to the next budget.

### **The Outcome of the Economic Situation**

Overall, it could be said that there was no tangible improvement in Iran's macroeconomic performance in the first year of Raisi's presidency — except for an increase in exports. However, an improvement in macroeconomic indicators could be possible in the remaining years of Raisi's presidential term. The economic situation in general is acutely dangerous and Raisi's government is in a tricky situation. It is no surprise that the impact of this deteriorating situation is reflected in the rise of social movements, repeated protests, and a large segment of the youth preferring to emigrate as illustrated by the recent doubling in the emigration rate. According to a recent youth opinion poll conducted in August 2022, 49 percent of Iranian youths would prefer to leave the country. Moreover, Raisi's approval rating has dropped dramatically, with 61 percent of respondents dissatisfied with him.<sup>(32)</sup>

There is no doubt that indicators forecast outcomes and results. So far, the Raisi government has failed to provide realistic solutions to Iran's economic problems and challenges. As a result, such challenges and problems are expected to remain unresolved in the short term. In the near future, three critical issues may remain unresolved: soaring prices, inflation, and population decline. This is in addition to the economic embargo's direct and indirect consequences on the Iranian economy and society. Three years before the establishment of the Iranian republic, Iran's economic history reveals a reality similar to today. Prices had risen rapidly at the time, at the same rates as they have now. The country witnessed numerous protests against these price increases, as well as a severe housing crisis, particularly in the capital. There was also a massive income-spending gap and unspeakable repression. Many analysts believe that the revolution against the shah was sparked by the deteriorating economic situation, particularly price increases, rising poverty, and a growing social class divide.

Returning to the current situation, even if economic sanctions against Iran are lifted, resolving the consequences will take time and require clear financial and monetary policies. Massive investments will also be needed to restart stalled production and revitalize what has been destroyed both at home and abroad. The Iranian government will also need to abandon its unrealistic promises made last year that have not been achieved.

Furthermore, addressing the devastation caused by the economic embargo and sanctions necessitates the patience of the Iranian people. Opinion polls show that Iranians are disgruntled at the current situation, with repeated factional protests and a preference to leave the country. The economic situation has become dangerously acute, to the point where it threatens the stability of society or Iran's political system if the status quo is not changed. It is getting worse, Iranian society has become saturated with problems and crises brought on by the country's deteriorating economic situation. Perhaps this will prompt



Iranian officials to make concessions and speed up the process of reaching a nuclear deal, which will alleviate the internal discord.

### **Conclusion**

The Raisi government so far appears unable to fulfill many of the economic promises it made. Moreover, there is a marked shift in the approach of the “conservative” current, particularly when it comes to providing subsidies to generate popular support. Subsidies were abruptly scrapped, throwing both citizens and prices into disarray. This decision revealed the extent of the government’s crisis and worsened the living conditions of the Iranian people. As a result, Iranians have remained pessimistic about the possibility of future improvements in their economic and living conditions, which could worsen if the economic sanctions against Iran remain in place for an extended period of time or the Raisi government continues to pursue the same old policies. However, even if the sanctions are lifted and economic reforms are introduced, it will be years before living conditions see an improvement. The government will need to introduce unpopular policies and measures to make a real impact on the economic situation. The economy also requires radical solutions to the structural problems that have plagued it for the past four decades. After the revolution, no government was able to radically resolve these deep structural issues.

# The Military File

The Military File for July reviewed the drone deal between Iran and Russia and the reports and speculation about the effectiveness and actual capabilities of Iran's drones. The file for August discusses Russia's motives behind the drone deal and the extent of Iran's gains amid their growing strategic alliance. It also touches upon Iran's drone hacking, revealing the details of Iran's seizure of two US sea drones in the Arabian Gulf and the Red Sea under the pretext that they threatened maritime navigation. The file discusses three main topics: Iranian weapons in the Russia-Ukraine battlefield, mastering drone warfare, Iran's maritime piracy, and Israel's targeting of an Iranian missile depot in Syria.

## Iran's Weapons at Russia-Ukraine Battlefields

In mid-August, Russian cargo planes ferried an unknown number of Iranian-made combat drones – the Mohajer-6 and Shahed-129 & 191 – for use in Ukrainian territory, according to Western officials. Shahed, with all of its versions, is deemed the most distinguished of Iran's cloned air weapons. The external structure of the Shahed-129 drone resembles the US MQ-1 Predator. The Shahed-129 drones were used in military confrontations in Iraq and Syria. Shahed-191 is designed for reconnaissance, combat and surveillance missions with a flight endurance of 24 hours, and is capable of carrying up to six missiles. The capabilities of Iran's Mohajer-6 drone resemble Turkey's Bayraktar TB2 drone, which is now used by Ukraine. Though both types of drones are purportedly capable of carrying munitions for attacks on radar, artillery and other military targets, Russia is reportedly far from satisfied with their accuracy as well as their command-and-control systems. "There are a few bugs in the system," reported The Washington Post quoting an unnamed security official.<sup>(33)</sup>

During the Iranian Defense Ministry's exhibition of air defense and electronic products, Major General Hossein Salami, commander of the IRGC, boasted, "A number of the world's top-ranking powers are willing to purchase military and defense equipment from the Islamic Republic. Indeed, this process has materialized as they are currently using (Iranian arms) and receiving training."<sup>(34)</sup> He also unveiled the Ababil drone as well as the Qassem Soleimani aerial defense system. The cruise drone is claimed to be equipped with a detection system capable of destroying ground targets "with pinpoint accuracy."<sup>(35)</sup>

In early August, it was reported that Russian personnel were in Iran for training purposes while Iranian advisors were helping the Russians to operate the drone systems in occupied parts of Ukraine.

Despite the drones' lackluster performance, a secure supply line of hundreds of cheaper combat drones from Iran helps Russia save vital semiconductor microchips purchased on the black market after the United States and its allies banned their export to Moscow. Iran is better suited to filling the capability gap for Moscow due to its deeper inroads within the illicit networks of sophisticated technology.

Analysts say, "You need chips for everything from precision-guided missiles to aircraft to tanks, not to mention nonmilitary items in their own domestic industries. So, there's lots of demand in Russia for chips, and if Russia can procure fully made drones from Iran, it doesn't need to use its precious supply of black-market chips to make its own drones."<sup>(36)</sup>

The ongoing supply of hundreds of combat drones to Russia can inflict far-reaching costs on Iran. "Iran is selling drones to Russia and attacking American troops, and President Biden still wants to make a deal with the Ayatollahs. It's a slap in the face to Israel and our Arab allies, and dangerous for America," Nikki Haley, the former US ambassador to the UN under the former Trump administration, said.<sup>(37)</sup>

The protracted and mismanaged Ukrainian invasion may have more opportunities in store for Iran, possibly ranging from sending mercenaries from Syria, Iraq, Pakistan and Afghanistan to make up for Russia's lack of trained troops to the provision of military gear for soldiers as well as spare parts for an assortment of equipment.

Interestingly, the use of Iranian military hardware is not exclusive to the Russian military but also extends to Ukraine's Territorial Defense Forces (TDF). Since April 2022 in Kryvyi Rih, the largest city in central Ukraine, various Iranian weapons have surfaced which were originally destined to be smuggled to Yemen<sup>(38)</sup> but were intercepted by the US, British, French and Australian navies.

Among the Iranian-origin weapons being used by the Ukrainian side are thousands of Tehran's "Type-56-Is, machine guns, sniper rifles, RPGs, mortars, ATGMs and also a small number of Iranian air defense systems and cruise missiles."<sup>(39)</sup> Tehran remains a second or third tier supplier of small arms to conflict zones including Somalia and Sudan.<sup>(40)</sup> Further sightings of Iranian armaments were reported as well in May and July 2022 including HM-19, HM-16 mortars and 120mm HM-16, which is Iran's iteration of Israel's Soltam K6 heavy mortars. More recently, 122mm artillery rounds for the D-30 howitzer were also seen in the use of Ukraine's TDF.<sup>(41)</sup>

## Mastering Drone Warfare

On August 24, Iran brought together its drone units from all its military arms – ground, naval, and air – for a comprehensive two-day drill. Various versions of Kaman, Mohajer, Ababil and Arash and domestically manufactured copies of Western or Israeli drones were deployed for simulation purposes across coastal areas of the Arabian Gulf and the Sea of Oman.

The massive exercise comprised 150 drones aimed at inter-operability, streamlining of command-and-control standard-operating procedures, and



assessing capabilities of the drones as well as their operators in various likely scenarios of conflict.

Besides, it was a show of force amid mounting tensions ahead of the conclusion of the talks for reviving the nuclear deal in Vienna. The Iranian media reported that some parts of the exercise were also carried out in the 313 underground drone base, which could mean anything from repairing damaged drones, jamming, or hacking enemy systems to regaining access to rogue drones. The underground base was first revealed officially in June, which is also thought to be a production, repair and storage facility.

In its bid to refine and expand its defense export market, Iran hosted a two-week-long military drone competition with the participation of Russia, Belarus, and Armenia. Seventy multinational troops participated in the Falcon Hunting Drone Contest in Kashan, a city in the northern part of Isfahan Province in Iran.<sup>(42)</sup> The competition included various aspects of drone warfare including reconnaissance and infantry support and the provision of precise enemy coordinates for accurate artillery fire.<sup>(43)</sup> This quad is a new alignment serving each country's respective strategic interests.

### Iran's Maritime Piracy

In two separate but coordinated incidents, the Iranian and IRGC navies attempted to seize navy sea drones in the Red Sea and the Arabian Gulf respectively on the pretext that they were a hazard to maritime traffic. Two water-based Saildrones were successfully seized in the Red Sea, but an earlier attempt was thwarted in the Arabian Gulf on August 30.<sup>(44)</sup>

On September 1, the Iranian navy's vessel picked up two US Saildrone Explorer units in the Red Sea. When two US destroyers responded using bridge-to-bridge communication, the Iranian navy unloaded the 23-foot-high drones back in the water.<sup>(45)</sup>

According to the US Naval Forces Central Command: "The vessels posed no risk to naval traffic and had been operating in the general vicinity of the Southern Red Sea for more than 200 consecutive days without incident." Iran's Supreme National Security Council rejected the "Hollywoodesque narrative" of the US Navy while justifying Tehran's action: "establishing the security and safety of shipping in the Red Sea and combating piracy and maritime terrorism, the Jamaran destroyer encountered several small data collection vessels that were abandoned on the international shipping route and took action in order to prevent the occurrence of an accident."<sup>(46)</sup>

When Iran returned the Saildrones to water, their cameras were missing.<sup>(47)</sup> A closer look at the videos of the loading and unloading of the drone from the Iranian navy's vessel reveals that the cameras were perhaps removed intentionally. Though the cameras, radar and solar power system are all commercially available, Iran does not have access to sensitive components like radar and sensors. The seizure was meant to give the Iranians a good look at the Saildrones for six hours (from 2 pm to 8 pm), which should have given its engineers a fair sense of their technological architecture and capabilities. Iran's persistent attempts to lay its hands on these sea drones hint at its intent to build

and commission its own iterations of the floating drones for naval surveillance. The Iranians have been curiously observing the water-based drones since their introduction by the US Task Force 59 in February in the Red Sea.

### **Israel's Targeting of an Iranian Missile Warehouse in Syria**

Days after Russia pulled out its S-300 missile defense system from Syria, Israel launched an attack in the Syrian city of Masyaf on August 26 to blow up a missile warehouse reportedly containing over 1,000 Iranian missiles, according to the Syrian Observatory for Human Rights (SOHR).

The Syrian Scientific Studies and Research Center complex was a depot containing “thousands of medium-range, surface-to-surface missiles assembled under the supervision of Iran’s Revolutionary Guard Corps expert officers,” the SOHR said.<sup>(48)</sup> Satellite imagery shows signs of precision strikes and the depot’s location can be identified by red circles. No figures have surfaced so far about the IRGC casualties.



In these before and after satellite images taken August 25 and 27, 2022, damage is seen to the Scientific Studies and Research Center in Masyaf, Syria. (Planet Labs PBC via Aurora Intel)

After recent rumors that Israeli F-35s conducted sorties over its airspace, Iran has equipped 51 of its cities with civil defense systems while putting the country’s air defenses on high alert.

### **Conclusion**

As time for reviving the nuclear deal is running out and Iran’s nuclear-breakout time shortens by each passing day, regional tensions are reaching newer heights. If the month of August can be any guide, Iran is not lowering its guard but steadfastly strengthening its strategic partnerships and cementing its military capabilities. While the IRGC navy’s seizure was meant to trigger a conflict, it

also reflected Iran's confidence in tackling its much stronger adversaries in a manner of its choosing. It banked on the fact that the United States and its Arab allies would exercise restraint but Israel would not. Attacks on its missile depots in Syria and fears of pre-emptive Israeli strikes will keep Iran on its toes in the coming weeks and months.



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## Arab Affairs

**A**rab Affairs includes four main files. The first file reviews Iran-Gulf relations, shedding light on the return of Gulf ambassadors to Tehran and the Saudi-Iran dialogue amid the ambiguity of the Iraqi mediation role. The second file discusses Iran's interactions in Yemen, analyzing the challenges and peace prospects following the extension of the military truce. The file also examines the position of the Presidential Leadership Council on the Shabwa clashes, highlighting the Houthis' exploitation of the clashes. The third file evaluates Iran-Iraq relations, discussing four major developments: the intra-Shiite armed clashes in the Green Zone; the implications of Muqtada al-Sadr's resignation; Iran's position on the intra-Shiite armed escalation. Finally, the file provides potential scenarios for Iraq amid the mounting crisis between the Sadrist Movement and the Coordination Framework. The fourth file explores Iran's interactions with Syria with a particular focus on the implications of the US-Israeli escalation against Iran in Syria and the position of Tehran on Syria-Turkey rapprochement.





# Iran and the Gulf States

The July Iran-Gulf file discussed the implications of the Arab-American summit's resolutions (the Jeddah Summit for Security and Development) and the beginning of the resetting of Arab relations with the United States after years of poor relations. It also addressed Iran's relations with regional and global countries, and the need for a region free of weapons of mass destruction. The Gulf states demonstrated their desire to distance themselves from taking sides, i.e., adopting a position of neutrality toward other regional and global powers.

Gulf-Iran relations witnessed a positive development with Kuwait and the UAE reappointing their ambassadors to Tehran. Amid a turbulent environment in Iraq, a new expected round of talks between Saudi Arabia and Iran has been frequently mentioned at senior diplomatic levels. The implications of Kuwait and the UAE reappointing their ambassadors to Tehran will be addressed in the context of current regional and international developments.

## The Return of Gulf Ambassadors to Tehran

In January 2017, Iranian protestors stormed and set fire to the Saudi Embassy in Tehran and took down the Saudi national flag. The Saudi consulate in Mashhad was also attacked and set on fire. Iran's security forces did not fulfil their duty of protecting Saudi diplomatic missions as per international law and diplomatic norms. Saudi Arabia considered these acts as indicating the complicity of the Iranian government and it wanted to respond decisively in the aftermath. Supported by the Arab League's and the international community's condemnations, Saudi severed diplomatic relations with Iran, and the Gulf states showed solidarity by withdrawing their ambassadors as well. Kuwait, the UAE, Qatar and Bahrain withdrew their ambassadors to Tehran.

## The Gulf's Conciliatory Moves

On August 27, 2017, Qatar reappointed its ambassador to Tehran in a move the Qatari Foreign Ministry described at the time as "its aspiration to strengthen bilateral relations with the [Iranian Republic] in all fields."<sup>(1)</sup>

On August 15, Kuwait reappointed its ambassador to Tehran, almost seven years after withdrawing its diplomatic representative. According to sources, the new Kuwaiti Ambassador to Tehran Abdullah al-Munaikh presented his credentials to Iranian Foreign Minister Hossein Amir-Abdollahian to begin his diplomatic duties to meet mutual aspirations of expanding bilateral relations.<sup>(2)</sup>

The UAE also announced the reappointment of its ambassador to Tehran. This

decision is in line with the UAE leadership's desire to strengthen relations with Tehran. The decision to raise the level of the UAE's diplomatic representation to the rank of ambassador was implemented after a phone call on July 26, 2022, between the UAE's Minister of Foreign Affairs and International Cooperation Sheikh Abdullah bin Zayed Al Nahyan and his Iranian counterpart Hossein Amir-Abdollahian. The aforementioned UAE ministry confirmed that the return of the country's ambassador to Tehran would help in advancing bilateral relations and achieving common as well as regional interests.<sup>(3)</sup>

Former UAE Minister of State for Foreign Affairs Anwar Gargash earlier stated that his country views the importance of economic cooperation as a way to ease political tensions between both countries and across the region.<sup>(4)</sup> It is noteworthy that the two countries have strong economic relations. According to UAE data, 10 countries constituted 49.2 percent of the country's trade over a 10-year period worth 7.95 trillion dirhams. Iran ranked sixth on this list, constituting 3.3 percent of trade worth over 526.2 billion dirhams. In addition, 10 countries constituted 54.8 percent of the total re-exports of the UAE over the past 10 years, worth about 2.45 trillion dirhams (\$670 billion). Iran ranked second on this list and constituted 9.4 percent of total re-exports worth 423 billion dirhams (\$110 billion) in 10 years.<sup>(5)</sup>

### **Expansionist Regional Projects**

In spite of the Gulf's positive steps to reconcile amid an international environment that calls for bloc formations and integration, Iran did not respond in a positive way. Iran's narrative was that the Gulf states have realized their mistakes and decided to reappoint their ambassadors to the country; in another words, Iran never had to change its behavior and the Gulf states ought to deal in an amicable way with Tehran despite the fact that the Gulf states have faced the brunt of Tehran's belligerent interventions in the region as noted earlier.

Israel perceives the Gulf convergence steps as a submission to Iran and a victory for Shiites over Sunnis. Tel Aviv believes that enmity with Iran accelerates the integration of its relations in the region. An in-depth report published by the Jerusalem Institute for Strategy and Security entitled "A New Middle East" argued that Iranian policies that aimed to entrench its influence in the Middle East have paid off. The analysis concludes that regional countries have limited options; basically two choices:

- "Make a deal with Iran and gradually lose sovereignty, as Lebanon did."
- "To view Israel as a reliable partner that can help strengthen the economy, supply cutting-edge technology, and deter Iran's aggression."<sup>(6)</sup>

The Gulf and Arab countries are aware of Israel's and Iran's propaganda to serve their own projects at the expense of the region. The Jeddah Summit's main message was that taking sides is no longer appropriate, and national projects should not be at the expense of Arab interests. Both Iran and Israel are aggressors on Arab lands, and it is impossible for Gulf and Arab countries to align themselves with one against the other. The third choice, which the Jerusalem Institute for Strategy and Security did not mention: Arab self-

sufficiency will ensure the upholding of good neighborly relations based on the principle of profit for all, achieve common interests, and curb illegitimate ambitions.

### **Saudi-Iran Dialogue Amid the Political Ambiguity of Iraqi Mediator**

During a meeting between Iraq's Foreign Minister Fouad Hussein and Iran's President Ebrahim Raisi on August 29, 2022, the latter stated that Iraq's initiatives and measures to improve the atmosphere of cooperation among regional countries without foreign interference would be effective in promoting regional integration. He described the previous five rounds of talks between Iran and Saudi Arabia with the mediation of Iraq as useful. He reiterated that the completion of the implementation of previous agreements will prepare the ground for strengthening interactions, and that the rebuilding and strengthening of Saudi-Iran relations are very beneficial for regional security. According to a source, the Iraqi foreign minister stressed the Iraqi government's continued efforts to improve Saudi-Iran relations. He presented a detailed report in this regard.<sup>(7)</sup>

### **The Impact of Iraq's Crisis on the Future of Saudi-Iran Talks**

Iraq has always viewed Saudi-Iran talks as an Iraqi achievement, believing that the success of the talks gives hope for Baghdad returning to the Arab fold, ensuring its decision-making is independent, that it has a balanced foreign policy, and exits the vortex of violence and chaos unleashed by the Iranian government to thwart an independent and sovereign Iraq. The talks are also seen as a personal achievement for Iraqi Prime Minister Mustafa al-Kadhimi.

The latest aggravating crisis in Iraq raises questions regarding the possibility of progress in Saudi-Iran talks, which were expected to move to a higher level. Moreover, the uncertainty over the status of Kadhimi as Iraq's prime minister makes Baghdad's mediation role ineffective and this reality is not satisfying to both parties, especially amid the political ambiguity in the country resulting from the positions adopted by Muqtada al-Sadr and Shiite Marja Kadhimi al-Haeri. The Shiite Marja Haeri called on Iraqi Shiites to follow Qom as their marja instead of the Iraqi Najaf Marja. His call invoked a popular backlash against Iran and contributed to strengthening Sadr's nationalism campaign against Iran's influence in their country. Iraq's crisis will undoubtedly cast a shadow over Saudi-Iran talks and make each country cautious about the expected shifts in Iraqi positions.

### **The Available Alternatives to Conclude Saudi-Iran Talks**

Direct talks are a possibility, but this option is currently unlikely because of no direct communication channels between Saudi Arabia and Iran. We may witness a wait-and-see phase until the crisis in Iraq calms down and Iraq is able to play its mediation role — as Baghdad is an acceptable broker to both Riyadh and Tehran. In addition, Iraq benefits from tranquil relations between Saudi Arabia and Iran, allowing it to improve its economy and build a stable political environment. Further, Iraq is deemed a center of tensions and political clashes between Saudi Arabia and other Arab countries on one side and Iran on the other side.



Some countries best known for their mediation roles, such as Oman and Qatar, which are acceptable to both sides, may aspire to play an alternative role to Iraq's role and organize meetings between the Saudi and Iranian sides, given the fact that forging rapprochement between Tehran and Riyadh will impact many issues amid the troubled regional and global environment.

The return of the ambassadors of Kuwait and the UAE to Tehran also makes it possible for them to play a coordinating role in order to prepare the ground for Saudi Arabia and Iran to proceed and complete their talks until Iraq is in a position to exercise its mediation role once again.

## Conclusion

Amid the ever-changing global developments, regional countries need to reconsider their policies to adapt to the latest events, serve their future interests, and not to remain captive to outdated political dynamics. As the approaches and policies of global powers change, regional countries must adopt policies that serve their interests. The renewed policies adopted lately by the Gulf states are meant to achieve their goals and serve their interests. They hope that Tehran will be serious in reconsidering its expansionist policy in order to help establish stability in the region and serve the Iranian people who have been suffering many crises generated from their government's expansionist ambitions.

Gulf-Iran relations are at a testing stage according to Iranian calculations. Iran attempts to confuse those who observe the talks, blaming the Gulf states, especially Saudi Arabia, without responding positively to the reconciliation steps. Iran deliberately complicates files, blames others, prolongs the talks without reaching a result in an attempt to establish a one-way relationship that serves its interests without making any concessions. Iran also deliberately turns a blind eye to the fact that it has contributed to the chaos and tragedies across the region; it is a permanent partner in all crises in the region. In their pursuit for reconciliation and overcoming past differences, the Gulf states should not completely forget Iran's practices, and raise awareness through the media on Iranian violations of Gulf interests as a pressure point on the Iranian government and counter Iranian misinformation campaigns about these violations.

# Iran and Yemen

The July file shed light on the discussions that were held about the Yemeni crisis at the Jeddah Summit and the position of Yemen's Presidential Leadership Council (PLC) on the summit. It also reviewed the position of the Houthi militia and Iran on the outcomes of the summit. The August file addresses the dimensions of the extension of the truce for another two months, announced by the UN envoy to Yemen Hans Grundberg in early August. It also analyzes the repercussions of the truce on the Yemeni scene amid the ongoing Houthi violations of the current and previous truce and the non-implementation of its most important terms, namely lifting the siege on the city of Taiz. The file also looks at the PLC's position on the Shabwa events, and the Houthi militia's attempt to exploit the events through adopting different positions and statements toward the warring parties to serve its interests and orientations: the Southern Transitional Council (STC) and the Islah Party.

## **The Extension of the Truce: Challenges and the Prospects for Peace**

At the beginning of August 2022, Hans Grundberg, the UN envoy to Yemen, announced the extension of Yemen's truce for another two months starting on August 2, 2022. Grundberg confirmed that he would intensify his work with the two parties to expand the truce, hopefully leading to talks to establish a comprehensive ceasefire and resume the Yemeni-led political process under the auspices of the UN.<sup>(8)</sup>

Several international parties welcomed the extension of Yemen's truce, including the Kingdom of Saudi Arabia. The Saudi Ministry of Foreign Affairs confirmed that the primary aim behind the truce is to reach a permanent ceasefire and start a political process between the Yemeni government and the Houthi militia. At the same time, it also stressed the importance of the militia committing to the truce, immediately reopening roads to the city of Taiz to ease the suffering of its people and depositing revenues in Yemen's Central Bank so that employee salaries can be paid.<sup>(9)</sup>

Many observers believe that the two parties to the conflict agreed to extend the military truce. However, the Houthi militia is exploiting the truce to circumvent sanctions, rearrange its military ranks, deploy port resources for military mobilization purposes, and conduct military parades to create further polarization in Yemeni society. The Houthi militia conducted seven military parades in the first half of August. In addition, it disavowed the implementation of the most important provisions of the truce: the reopening of roads to the city of Taiz and ending the siege on the city. In a report, the Yemeni Ministry of Defense recorded 811 Houthi violations of the truce during the first week



of the extension in eight Yemeni governorates, leaving 12 dead, including two civilians and a child. The report indicated that hundreds of children and women had been killed since the truce came into effect on April 2, 2022.<sup>(10)</sup>

The Houthi militia's violations clearly make it difficult to achieve peace even with a truce in place. The military scenario will likely change the map of the existing military landscape, especially since the Yemeni government, represented by the PLC, has made cabinet changes, including to the Ministry of Defense and has created many military commissions. The only condition for the truce to succeed is the Houthi militia's commitment to its terms. In addition, the militia should engage seriously in the political process to meet the aspirations of the Yemeni people for peace and stability and renounce the Iranian government's exclusionary ideology. In this context, the UN envoy visited Tehran to discuss a possible extension and expansion of the truce in Yemen, as well as regional developments.<sup>(11)</sup>

### **The Position of the Presidential Leadership Council on the Shabwa Clashes**

Pro-government forces clashed with a group affiliated with the Muslim Brotherhood's Islah Party in Shabwa Province in southern Yemen, killing and injuring many. Some observers of the Yemeni crisis described these clashes as the "brothers' rebellion" against the legitimate government. The clashes erupted against the backdrop of Shabwa Governor Awad al-Awlaki's decision to dismiss a number of military leaders affiliated with the Islah Party, including the commander of the Special Security Forces Abd Rabbo Laakab, for acting beyond their jurisdiction. Accordingly, the PLC held an extraordinary meeting headed by President Rashad al-Alimi to investigate the events in the governorate. The council decided to dismiss a number of military leaders, including the commander of the Ataq Military Axis, the director general of Shabwa Governorate Police, the commander of the Second Brigade and the commander of the Special Security Forces Abd Rabbo Laakab. The Giants Brigades and the Shabwa Defense Forces managed to control Ataq city and stormed the camps and sites of the Special Security Forces and some military units that opposed the decisions of the Shabwa Governor and the PLC.<sup>(12)</sup>

Some observers believe that the Islah Party attempted to take advantage of the decisions of the Shabwa governor to stir up sedition to shuffle the cards and strengthen its negotiating position when future appointments are made by the PLC. The Islah Party seeks to impose itself in the oil-rich southern governorate, but the PLC has cleverly managed to address the rebellion while incurring low military and political costs.

In the context of the aforementioned, the head of the PLC stated, "Stemming from its constitutional responsibility, the Presidential Leadership Council quickly addressed [the clashes], halted the sedition, held those responsible for these events accountable, and supported the sovereignty and prestige of the state to stop the bloodshed and enforce its will." He further added, "Today I take the burden of leading the Presidential Council so as to ensure the unity of the political forces and all units of the armed and security forces with their various formations to confront the Iran-backed Houthi coup, which has mainly caused



the destruction and devastation in the country since the Houthis seized power.” At the same time, he affirmed the significance of the Saudi-led Coalition to Restore Legitimacy in Yemen to help the PLC succeed in achieving its goal; to restore control over all Yemeni territories and enhance security in the liberated areas.<sup>(13)</sup>

### The Houthi Exploitation of the Shabwa Clashes

The Houthi militia's leadership adopted variant positions on the clashes that erupted in Shabwa Province to fuel the conflict further between the warring parties: the Southern Transitional Council and the Islah Party. The Houthi militia aims to attract the Islah Party to its side. The militia's leader Mohammad al-Bakhiti explicitly announced that the option of allying with the Islah Party is on the table and conflict with the party is not inevitable. He said, “We are serious about what we propose. We have previously entered into an undeclared truce with the party [Islah Party] in Jawf, Marib and Nahm for years and it was effective until the party broke the truce by declaring war in Nahm.” He clearly expresses the militia's readiness to protect the party with its military power. He added, “The Islah Party's presence in the ranks of the Arab Coalition [the Saudi-led Coalition to Restore Legitimacy in Yemen] is no longer justified after today.” Bakhiti demanded the Islah Party to quickly hand over the fronts under its control to the Houthi militia. He said this offer was the last chance that would be given to the Islah Party. Hussein al-Ezzi, a Houthi official, confirmed this offer, stressing the Houthi militia's readiness to break the truce if the Islah Party enters a war against the coalition.<sup>(14)</sup>

Mohammed Jumaih, Yemen's permanent representative to UNESCO, believes that the Houthi militia is working hard to exploit the clashes in Shabwa. He stated that the Houthi militia has distributed roles to its members; one team works to win over the Southern Transitional Council by misleading it that the war is only against the Islah Party while the other team attempts to win over the Islah Party by misinforming it that the war is only against the coalition. He stressed that the scheme that the Houthi militia is working to implement is doomed to failure.<sup>(15)</sup>

However, the amnesty granted by the Governor of Shabwa Awad al-Awlaki to members involved in the rebellion is part of the PLC's approach to ensure that all the Yemeni people work together under the umbrella of the Yemeni state to confront and halt the attempts of the Houthi militia and its affiliated groups to incite sedition and disagreements between the Yemeni people to serve their own interests and agendas. In his speech to the soldiers Awlaki said, “We are the sons of Shabwa, there are no problems. whoever comes is welcomed. There is a presidential pardon and moral pardon for those who have been involved in the clashes.” He stressed the need to uphold the rule of law, consolidate security and stability, and combat all forms of forms of rebellion.<sup>(16)</sup>

### Conclusion

The Yemeni people aspire for a military truce in Yemen that paves the way for dialogue and negotiations to prevent further bloodshed and addresses

the country's humanitarian and economic crisis. They also want the truce to create conditions for a permanent and comprehensive political solution that ensures decent living conditions for them. However, the Houthi militia continues to commit military violations and exploit the truce to create further disagreements between the Yemeni people. The militia also exploits Yemeni divisions to increase its economic benefits, which are used for military mobilization and media propaganda campaigns that deceive more people. The militia's response to the truce indicates that it does not really want peace. On the other hand, the concessions of the legitimate government represented by the PLC and its commitment to the truce's terms are an extension of its efforts to achieve security and stability to meet the aspirations of the Yemeni people. The actions of the PLC and the general pardon for those involved in the Shabwa events reflect the council's intention to unite all Yemeni people under the umbrella of the state to ensure security and stability. However, the Houthi militia is working hard to inflame conflict between the Yemeni people to unleash more chaos across the country.

# Iran and Iraq

The July 2022 file reviewed the timing, implications and repercussions of Nouri al-Maliki's audio leaks and the likely parties involved. The August 2022 file discusses the implications of Shiite-Shiite armed clashes in the Green Zone, Muqtada al-Sadr's withdrawal from politics and its implied messages at home and abroad, and the gamble of Shiite alliances. In addition, it discusses Iran's position on the Shiite-Shiite escalation in Iraq, and the trends on the Iraqi scene in light of the crisis between the Sadrist Movement and the Coordination Framework (CF).

## Shiite-Shiite Armed Clashes in the Green Zone

In a very serious escalation lasting for 24 hours in Baghdad's Green Zone, a street war broke out that almost spilled over to the rest of Iraq's provinces. Shiite-Shiite clashes broke out on August 29, 2022 between the Sadrists and the CF, which includes pro-Iranian alliances, only a few hours after Sadrist leader Muqtada al-Sadr announced his withdrawal from politics. The confrontation resulted in 23 dead and over 500 wounded. It stopped after Muqtada al-Sadr called on his supporters to immediately withdraw from the Green Zone within 60 minutes. His supporters swiftly withdrew, leaving observers astonished by their rapid response and the return of calm to the Green Zone.

Iraq's 10-month political and constitutional crisis has been further complicated by the CF, currently the largest bloc in the Parliament. It has rejected Muqtada al-Sadr's demands to dissolve the Parliament and hold early elections, reiterating its adherence to the constitutional requirements to dissolve the Parliament and insisting on the completion of the government formation process. The Iraqi Constitution does not recognize the Sadrists' demand, as it outlines the need for a parliamentary majority in a joint session to dissolve the legislative body. The Iraqi Constitution outlines two ways to dissolve the Parliament:

**First:** Upon the request of a third of lawmakers, which is difficult to achieve as the CF, the largest bloc currently, rejected this Sadrist demand. Even if the majority of alliances agreed to dissolve the Parliament, the CF has the power and influence to thwart the process.

**Second:** Upon the request of the prime minister to the president of Iraq. This path is unlikely because the head of state is not elected by the current Parliament, and the mandate of the prime minister has expired. This path necessitates the election of a new head of state and the nomination of a new head of government.

Before Muqtada al-Sadr decided to quit political life, the Sadrist Movement and the CF resorted to escalation, with each side mobilizing large numbers of





supporters to take to the streets and hold open sit-ins. This escalation tested the capacities of either side. The Sadrists and their supporters began a sit-in within the vicinity of the Parliament, the Federal Court and the Supreme Judicial Council, all of which are located in the Green Zone. However, the CF chose the suspension bridge outside the Green Zone for its sit-in in order to display its strength and send a message to domestic and external actors. It wanted to convey that it is the largest and most influential alliance in the Iraqi equation and aimed to pressure the Sadrists to accept its terms.

The internal efforts made by the National Dialogue Conference sponsored by the three presidencies and the external efforts made by the head of the UN mission to Iraq Jeanine Hennis-Plasschaert failed to bridge the rift between the Sadrist Movement and the CF because each side sticks to its demands. The leaders of the CF described the conditions of the Sadrist Movement as taxing. On August 27, 2022, Muqtada al-Sadr called for additional demands to settle the crisis: the non-participation of all former parties and figures in the political process since the US invasion of Iraq in 2003, including the Sadrist Movement itself, in the elections.<sup>[17]</sup> The CF rejected this demand, as it posed a risk to its future participation in the Iraqi political process. Muqtada al-Sadr announced his withdrawal from political life thereafter.

One of the important motives behind Muqtada al-Sadr's decision was Kadhim al-Haeri's call,<sup>(18)</sup> who is deemed as the marja-i taqlid by the Sadrists. He called on his followers in his resignation statement — unprecedented in the history of Shiite jurisprudence — to follow Iran's Supreme Leader Ali Khamenei as their marja-i taqlid. This was an attempt to delegitimize Muqtada al-Sadr and embarrass him in the face of his foes, especially the CF. In response, Muqtada al-Sadr stated that Haeri's decision was not his own, implying that Iran had forced him to resign.<sup>(19)</sup> In effect, via his statement, Haeri served the purpose of Iran's influence in Iraq and undermined Muqtada al Sadr's weight and clout in the Iraqi equation. He said that Muqtada al-Sadr is incapable of leadership as he lacks the religious credentials.

### The Implications and Motives Behind Sadr's Decision

Muqtada al-Sadr's decision was not new, as it was preceded by many similar decisions. What was new about this decision, making it more serious than previous ones, was its timing as it occurred at a time when everyone in Iraq is searching for an exit to the political crisis in the country. It is difficult to find political solutions without the Sadrist Movement because it has become the most influential card in Iraq.

Through this decision, Muqtada al-Sadr wanted to send the message that he will not be accountable for what will happen in Iraq after his withdrawal, especially as both sides to the crisis have armed groups, and their supporters have a mutual desire for revenge. He also wanted to send the message that the Sadrists' demands are in fact Iraqi ones, and he has acted as a "safety valve," ensuring peaceful protests and preventing street violence. The Green





Zone quickly turned into a war zone after he announced his withdrawal from politics. By calling on his supporters to quickly withdraw from the Green Zone he revealed his importance. Through his decisions, Muqtada al-Sadr demonstrated to his foes that he has the ability to cause escalation and restore tranquility in Iraq. Some believe that Muqtada al-Sadr decided to call on his supporters to withdraw from the Green Zone because he realized that the continuation of violence was not in his best interest; militias would kill the largest number of his followers, especially since the largest number of dead were from his support base. Others believe that Muqtada al-Sadr feared the militia fighters who quickly deployed heavy weapons. He recalled the Battle of Basra during which armed militias attacked his supporters in 2008.

Past experiences of Muqtada al-Sadr indicate his possible return to the political sphere as he depends on maneuvering to overwhelm and deceive his opponents. Although he decided to quit politics, it is likely that Muqtada al-Sadr will continue to observe political developments in Iraq. This was evident when he called on his supporters to withdraw from the Green Zone and from the continuous statements of Mohammad Salih al-Iraqi, who is one of Muqtada al-Sadr's followers, known as the "minister of the leader" or the "minister of Sadr." These statements reflect that Muqtada al-Sadr will not leave the space open for the CF to make its own choices. Muqtada al-Sadr still controls his supporters, and he can direct or stop them via one tweet. His withdrawal does not mean the end of his current clout. Previous cases prove his return to politics with even stronger clout than before. It is true that he has withdrawn from political work, but the clout of the Sadrist Movement cannot be linked merely to the presence or withdrawal of its leader.

### Shiite Alliances Bet on Armed Clashes

In adhering to his demand to dissolve the Parliament, Muqtada al-Sadr betted on street pressure because of the popular support for his project which is based on establishing a new Iraq and his movement's leading position on the Iraqi Shiite scene; it is a cross-sectarian current that is aware of Iraqi concerns. It has strived to address the country's electricity and unemployment crises, rejected sectarian quotas, called for an independent Iraq, weapons to be limited to the state and the return of Iraq to its natural Arab fold. Muqtada al-Sadr also has armed his movement. He is the wild card in Iraq and his political project is endorsed by regional and international actors.

On the other hand, the CF bets on its parliamentary power and weight in the current Parliament, which the Sadrists want to dissolve. This weight grants the CF the capacity to disrupt proceedings due to its position as the largest parliamentary bloc, hence enabling it to disrupt the Sadrists' demands to dissolve Parliament and call for early elections. The CF depends on those who want to keep Iraq withing the Iranian orbit and backs the illegal possession of weapons to influence the internal and external decisions of Iraq.



## Iran's Position on the Shiite-Shiite Escalation

Iran supports the CF's position to dissolve the Parliament based on constitutional clauses, and according to media reports, calls on it to nominate an acceptable figure to head the next Iraqi government. It also has not objected to the CF's deputies on television who justified Maliki's prospective nomination.<sup>(20)</sup> However, some analysts believe that the visit of the Quds Force Commander Esmail Qaani to Iraq in July 2022 was to thwart the chances of Maliki's nomination because the prevailing belief in Iraq is that Maliki is the main cause of the crisis as he seeks to eliminate the rest of the Shiite political currents, especially the Sadrist Movement, after its deputies resigned from Parliament. These analysts did not rule out Iran's hand in the leak of Maliki's audio recordings.

Some Iranian writers believe that Muqtada al-Sadr is implementing American, Saudi, Turkish and Israeli agendas that are to the disadvantage of Iraq.<sup>(21)</sup> The agendas allegedly aim to fuel the intra-Shiite conflict to hinder the sustainability of Shiite rule while empowering the Sunnis to rule. They also argue that Muqtada al-Sadr is seeking to change the Iraqi parliamentary system to a presidential one. Nevertheless, they see him as a powerful actor and the wild card who cannot be bypassed in Iraq because he has broad grassroots support and is charismatic.<sup>(22)</sup> Through the rapid mobilization of Sadrists, Muqtada al-Sadr sent a clear message to his foes that he has pressure cards in his hands, allowing him to disrupt the CF's schemes, such as forming a government which is not acceptable to him.

Iran believes that the outbreak of intra-Shiite conflict will lead to a loss of its influence in Iraq. Iran is concerned that if intra-Shiite fighting erupts, the chances of Shiite components taking power will diminish while the prospect of Sunni rule will increase. Iran fears losing financial revenues as it has utilized Iraq as a gateway to export its oil to the world, thus circumventing the sanctions. Indeed, the results of armed Shiite-Shiite escalation in Iraq revealed significant outcomes that are not in Iran's interests, including the following:

- the increasing likelihood of limiting arms to the state
- political affairs controlled by the Sadrists
- the intra-divergent positions of CF alliances toward Sadr.

## Future Scenarios Amid the Current Crisis

The Iraqi scene awaits the scenario of dissolving the Iraqi Parliament if the CF accepts this demand or if the Federal Court recommends to dissolve it, or the emergence of a new phase that will pave the way for dissolving the Parliament and setting a specific period of not more than a year during which either a new government will be formed with a new figure other than Mohammad al-Sudani, or someone who is acceptable to the Sadrists, or the Kadhimi government will continue to play a caretaker role. In addition, the date of a new election will be declared.

The scenario of a return of protests, sit-ins and chaos is very likely if the CF continues to disrupt the dissolution of the Parliament and holding early elections. In this regard, Muqtada al-Sadr's spokesman Saleh Mohammed

al-Iraqi stated that the Sadrist Movement will not allow new corruption, in reference to the pro-Iranian alliances of the CF. He also sent a message to the movement's supporters to be ready to return to protests and sit-ins if their demands receive no response. On the other hand, the CF is indifferent to the movement's demands and calls for the swift return of the Parliament. In addition, the motives for a return of protests and sit-ins will need to be examined.

## Conclusion

The Iraqi scene does not indicate any prospects for a settlement between the Sadrist Movement and the CF as each alliance is sticking to its demands, even after the bloody clashes, hence raising the specter of a new round of clashes. The current crisis is not merely a political impasse; the pillars of the ruling system have started to erode. The government cannot function anymore. However, recent Iraqi developments demonstrate that Muqtada al-Sadr has imposed his word again, affirming that he is a wild card that cannot be bypassed. Iraqi perceptions of subordination to Iran changed from that of pride to one of rejection of its interventions and interferences. As each side adheres to its inflexible demands, there is a real likelihood of a return of protests and chaos in Iraq.

# Iran and Syria

The July 2022 file discussed the items on the Syrian agenda at the 7<sup>th</sup> Summit of the Guarantor States of the Astana Peace Process, and the collective efforts of the three parties to exploit the regional and international situation to achieve their own interests, as well as the security situation on the Syrian-Jordanian border. The August file reviews Iran's disputes with the United States and Israel inside Syria and the mutual military escalation between these three parties and their potential goals. This month's report also addresses the new Turkish position toward the Syrian government and Ankara's motives as well as the Iranian position regarding this rapprochement.

## The Implications of the United States' and Israel's Escalation Against Iran in Syria

Amid the mounting doubts about the possibility to revive the nuclear deal, Syria witnessed in August unprecedented US-Iranian skirmishes in terms of their scope and severity. Drones deployed by Iran-backed militias attempted to target the US al-Tanf base on the border triangle between Syria, Jordan and Iraq. It took Washington more than a week before deciding to respond to this attack. It bombed nine military sites of Iran-backed militias in Deir Ezzor. The two sides then engaged in a series of confrontations and counterattacks. Iranian militias re-targeted two US bases near the al-Omari and Koniko oilfields while the United States launched airstrikes against sites run by Iranian militias in Hawijia Sakr and al-Mayadeen.<sup>(23)</sup>

Tel Aviv has also taken advantage of the clashes between Iran and the United States by launching airstrikes targeting the headquarters of Iranian militias and their arms shipments during August. A number of sites were targeted on the Rusafa Road and the Scientific Research Center, east of Masyaf in the Hama countryside, was also targeted. In addition, Israeli bombardments targeted some areas in Tartus Governorate, where Russia's only base on the Mediterranean Sea is located. This airstrike was the second following an earlier assault less than a month and a half ago. These strikes are remarkable as Israel has always aimed to avoid friction with Russia. The targeted area is only 8 kilometers from Moscow's naval base.

Reciprocal strikes by the three parties continued over consecutive days, which presaged a possible military escalation. However, these bombardments were only against limited targets without great losses. They took place at a critical time and a very sensitive moment, with Washington and Tehran attempting to salvage the 2015 nuclear deal. Therefore, it is valid for one to ask questions regarding the causes of the escalation between the two warring parties.



The US strikes at this critical time are part of the Biden administration's attempts to appease critics of the potential nuclear deal and prove that it will maintain a tough position on Iran even if a deal is reached.<sup>(24)</sup> The strikes are also US pressure tools to force Iran into agreeing to a new deal and compelling it to make some concessions beforehand. These US airstrikes can also be interpreted as a message expressing Washington's dissatisfaction over the consensus or understandings reached during the tripartite (Astana) summit in Tehran last July between Turkey, Russia and Iran, especially after the summit's final statement cited the need for American forces to leave the eastern Euphrates region. This statement indicated that Iran might work to raise military and security tensions with the United States, especially inside Syria. Indeed, Iran targeted al-Tanf base in Syria. From a different angle, the US airstrikes could be viewed to be of a disciplinary nature to compel the Iranian leadership to think carefully about the cost of allying with Russia and its quest to expand commercial and economic ties with the latter as well as military relations – especially its quest to acquire Russian-made weapons like combat aircraft. Both countries suffer from economic problems and have limited access to global markets due to Western sanctions.<sup>(25)</sup>

Tel Aviv continues to target Tartus, which is protected by Russia, to send several messages to the Russians. The first message is related to Israeli fears of growing Russian cooperation with Iran, notably over the military dimension and the frequent reports that Moscow has withdrawn a number of S-300 defense systems from Syrian airspace for deployment in Ukraine. Russia's withdrawing of the defense systems is quite significant for Tel Aviv; the move made Iran lose an important international umbrella (Russia) which it utilized to expand its influence in Syria contrary to the interests of the United States and Israel. On the other hand, it is a concern for Israel that Moscow will allow Tehran to install its own defense systems with capabilities similar to those of the Russian systems.

The scale and impact of the Iranian airstrikes were exaggerated by Iranian media outlets, with an American soldier suffering minor injuries only. Tehran wants to send a message to Washington's decision-makers that the US presence will remain under Iranian pressure,<sup>(26)</sup> even if a nuclear deal is reached. Although the American soldier sustained only minor injuries, this represents a challenge for the Biden administration amid its quest to reduce regional tensions and devote itself to China and Russia as its urgent priority. It is illogical to argue that the latest Iranian escalation in Syria is to place pressure on the P5+1 countries to respond to its demand regarding removing the IRGC from the US terrorist list. How can Iran convince the West that the IRGC is not a terrorist organization while it continues launching attacks on US sites in Syria?

The prospects of limited escalation between the three parties will remain subject to several factors, foremost of which is the future positions of the three parties: Iran, the United States and Israel on the outcomes of the nuclear deal negotiations, and the Russian response to future developments. Russia is still an active party and incurs minimal costs in the conflict between Iran and Israel on Syrian soil. Although it withdrew a number of its defense systems, Russia still

has defense systems at other sites in Syria. Apart from an accidental occurrence last May, these systems have never targeted Israeli aircraft. However, these systems are still effective in reducing the Israeli air force's margin of maneuver. The future depends on what Moscow wants from its common interests with Tel Aviv and Tehran in Syria.

### **Turkish-Syrian Rapprochement and the Iranian Position**

Several signs and evidence of a change in Ankara's position toward Damascus occurred recently. The new Turkish position aims to improve relations with Syria and get closer to the regime. This was demonstrated in many statements of Turkish officials. Turkish President Recep Tayyip Erdogan was the last senior official who revealed Ankara's new approach to the Syrian file, stating that "ousting Assad is not our country's aim." He announced that he would never "rule out dialogue and diplomacy with the Syrian government." This Turkish position to achieve Ankara's security considerations by diplomatic and political means was adopted after its military options failed.

The Iranian and Russian leaderships have clearly adopted a coordinated stance toward Turkey for several months, particularly in relation to Ankara's desire to carry out a military operation on the northern border of Syria.<sup>(27)</sup> By so doing, Moscow and Tehran sought to kill several birds with one stone; to calm the atmosphere between Ankara and Damascus, and pave the way for a gradual normalization process through security and military coordination to prevent any friction between the two parties, and to try to seize the opportunity given the current political situation in Turkey. Turkish President Recep Tayyip Erdogan is at a delicate and critical juncture as he is getting ready for presidential and parliamentary elections amid deep divisions over the cost of living crisis, growing inflation in Turkish society, and the return of Syrian refugees from Turkey across the Syrian border. Moscow and Tehran have sought to expand the front of actors who are against the US presence in Syria to use them in tightening the noose around Washington whether in the mounting tensions over the Ukraine-Russia war or the ongoing nuclear talks to revive the nuclear deal.

Ankara's relationship with Damascus developed a new dimension following Erdogan's speech. Iran welcomed the Turkish statements and described them as "encouraging," and called on Ankara to "correct its view of developments in Syria." Iranian Foreign Ministry Spokesman Nasser Kanaani expressed his country's hope that the rebuilding of the relationship between Ankara and Damascus will benefit the peoples of both countries and stability in the region.<sup>(28)</sup>

Tehran apparently welcomed the positive statements of the Turkish government. The field-based efforts of Iranian Foreign Minister Hossein Amir-Abdollahian, and his previous visits to Ankara and Damascus aimed to reach a compromise, and pressure Turkey to warm ties with Syria. He continued with these efforts when he met with Russian and Turkish leaders at the recent Tehran Summit. However, the Iranians are concerned about the current developments on the Ankara-Damascus line as the new Turkish position on openness to dialogue with Syria came after the Sochi Summit. It was not considered before

during the Astana Summit. Iran is concerned that the two parties held a bilateral meeting in Sochi without the knowledge of Tehran, especially as the Russians, amid their worsening position in Ukraine, may opt to take steps to reformulate their policy in Syria, possibly confusing the Iranian position, especially as other parties anticipate these Russian changes, such as Turkey and Israel. Both actors are working on the ground in Syria against Iranian interests and calculations.

## Conclusion

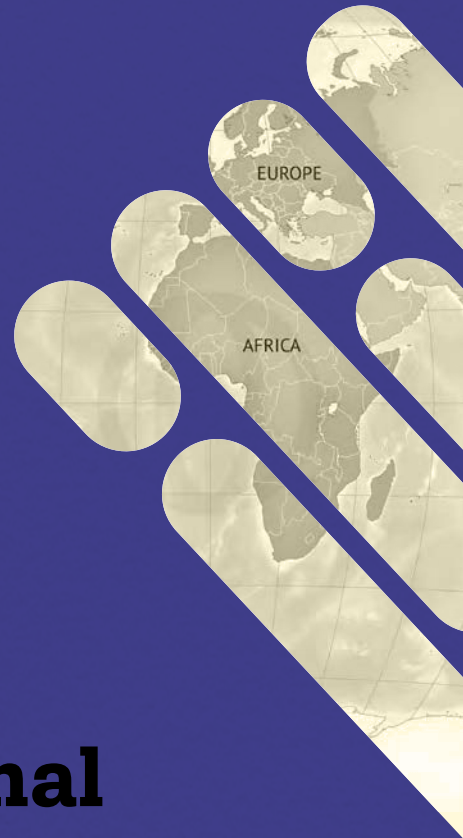
The movements of the key players in Syria during this month reflect their apparent quest to take advantage of the current regional and international conditions to shuffle the cards and reap profits. The Israeli and American successive strikes against Iranian targets in Syria also demonstrates that the confrontation between these parties is likely to escalate based on field considerations. Other files such as the nuclear file and its progress, will ensure that any escalation remains calculated. This is because of the unwillingness of all parties to enter a conflict or a direct clash that would impede the nuclear talks. The US reaction did not cause significant damage to the Iranian side, but rather was limited to sending messages. In the Israeli assessment, the military escalation or reconciliation inside Syria will be linked to the movements of Iranian militias and the level of their threat to Tel Aviv's security during the coming period.

Tehran will work during the coming period to continue its pressure on American interests in the event of no nuclear deal. It will also continue to be wary of Ankara's approach toward Damascus during the coming period, as well as monitor its relations with the Syrian government, and the possible implications of this rapprochement for its role in Syria.



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# International Affairs

**I**nternational Affairs for August 2022 discusses Iran's interactions with the United States and Europe. As for Iran-US relations, the file sheds light on three main topics: the US and Iranian response to the EU proposed blue print to revive the nuclear deal; maintaining mutual leveraging; and enhancing opposing alliances and movements. The file also touches upon Iran's relations with the Europeans, reviewing two important developments: Iran-Sweden fresh tensions; the debate of the EU and the International Atomic Energy Agency on Iran's nuclear program.



# Iran and the United States

The July 2022 file argued that President Joe Biden's visit to the Middle East did not impact the US-Iran confrontation despite the fact that, based on the outcomes of the visit, Washington intended to discuss with regional countries options to confront the dangers posed by Tehran. The United States adhering to diplomacy to revive the nuclear deal helped the talks move forward; this was evident in August 2022. European mediation succeeded in advancing the talks; the two sides made mutual compromises leading to a potential agreement that paves the way for reviving the nuclear deal. Given the aforementioned developments, the August file discusses three main topics: American and Iranian responses to the European Union's (EU) proposal to revive the nuclear deal; mutual leveraging; and the enhancement of opposing alliances and movements.

## **American and Iranian Responses to the EU's Proposal to Revive the Nuclear Deal**

The final "text" offered by the EU to the United States and Iran is the last chance to rescue the nuclear deal. Tehran and Washington were left with two serious options: to move the talks further or endure the consequences of the talks collapsing. They were relatively flexible and helped break the impasse and resume the talks that had been halted since March 2022.

The EU's proposal included a 120-day plan that would lead to the revival of the nuclear deal. According to the plan, the United States would lift sanctions on 17 banks and 150 economic entities and release \$7 billion of Iranian assets that are frozen in South Korea. Iran is permitted to export 50 million barrels of oil within 120 days to reach 2.5 million barrels a day after the end of the EU plan. Iran in return would start to gradually reverse the steps to advance its nuclear program. The plan would be executed in four stages. The United States would pay a fine in case it withdraws from the nuclear deal once again.

Iran submitted its comments on the EU plan. It seems that Tehran agreed with most of the plan's items, and it turned a blind eye to removing the IRGC from the United States' terrorist blacklist. However, it insists on closing the International Atomic Energy Agency's (IAEA) investigation on three undeclared nuclear sites as a condition to return to the nuclear deal.<sup>(1)</sup>

The United States responded to Iran's comments to the EU plan, and submitted its response to the EU, which later sent it to Iran. The United States reportedly rejected some of Iran's demands, particularly the closure of the IAEA's investigation on three undeclared nuclear sites. Former US State Department Spokesperson John Kirby presented the case that the nuclear talks are much



better now compared to before as Iran has made some compromises but some “gaps remain.”<sup>(2)</sup>

Rapprochement between Iran and the United States generated some optimism that the two sides might be moving closer toward finalizing an agreement. A new round of talks is likely to commence — following the upcoming meeting of the IAEA Board Governors in the middle of September 2022 — to craft the final “text” of a potential agreement. The IAEA’s position on Iran’s nuclear file is instrumental to the EU plan to revive the nuclear deal.

### **Mutual Leveraging**

The talks have notably progressed, yet the two sides are still keeping in place their bargaining chips at the negotiating table and are keen not to lose any alternative options in case the talks collapse.

To tighten the noose further, Washington has imposed new sanctions on Tehran. The US Department of the Treasury designated six entities that have been involved in facilitating illicit oil transactions as well as those related to petroleum and petrochemical items. The US Commerce Department accused Far East Cable, China’s largest wire and cable manufacturer, of violating US export restrictions related to the shipping of telecommunications equipment to Iran. The United States warned Iran of dire consequence after the US Department of Justice accused Shahram Poursafi (Mehdi Rezaei), a member of Iran’s IRGC, of allegedly plotting to kill former US National Security Advisor John Bolton. The United States uses the tool of sanctions to place pressure on Iran to push it to return to the nuclear deal. “We will keep using our authorities to target Iran’s exports of these products until Iran is ready to return to full implementation of its commitments under a mutual return to the JCPOA,” US Secretary of State Antony Blinken tweeted.<sup>(3)</sup>

Iran has continued to pursue its nuclear activities; it began feeding its newly advanced installed 174 IR-2m centrifuges with 5 percent of uranium hexafluoride (UF<sub>6</sub>) gas feedstock at the fuel enrichment plant (FEP) in Natanz. It also threatened to stop cooperating with the IAEA and give up the peaceful nature of its nuclear program. Even though the nuclear talks have reached a critical phase, Iran has threatened to move forward in manufacturing nuclear weapons. “We will ask the Supreme Leader to change his fatwa and strategy on the prohibition of producing nuclear weapons if the enemies of the [Iranian] Republic continue their threats,” Iranian lawmaker Mohammad-Reza Sabbaghian Bafghi said.<sup>(4)</sup> He argues that amending the fatwa will be a message confirming Iran’s non-reversal on what it deemed as its most significant “nuclear right” and an influential bargaining chip for the ongoing talks. President Ebrahim Raisi reiterated this Iranian position in his recent remarks: “Our knowledge and technology in the nuclear field is not reversible. Iran’s (continuation of) research in peaceful nuclear fields will not depend on others’ demands or viewpoints. [...] We will not back off from the Iranian people’s nuclear rights... not even an iota.”<sup>(5)</sup>

The IRGC’s removal from the US terror blacklist remains a point of divergence between the two sides. Iran has overlooked its integral demand of delisting

the IRGC. Yet to save face, Iran emphasized that it would not cancel the Iranian Parliament's bill which designated US Central Command (CENTCOM) as a terrorist organization.<sup>(6)</sup> The IRGC continues to use deterrence power; it seized a military unmanned research vessel of the US 5<sup>th</sup> Fleet, *Sailor Explorer*, in the Arabian Gulf on August 29. The drone contained sensors, radars, cameras, and other data collection equipment.<sup>(7)</sup>

While Washington is actively adopting diplomacy, Iran is adopting policies to avoid the ramifications of US sanctions. The Central Bank of Iran (CBI) and the Iranian government continued with their plans to reduce or cancel the use of the US dollar in trade relations with Iran's neighbors through bilateral agreements. Iran and Russia have already started to trade in their national currencies; rials and rubles. Iran aims to adopt the same strategy with Iraq, Turkey and Pakistan as it believes that they are the best countries to conclude such agreements with. Iran also has resorted to using cryptocurrencies for some imports after it had been banned in the country since 2018. Cryptocurrencies help entities and individuals to circumvent sanctions.<sup>(8)</sup>

### Enhancing Opposing Alliances and Movements

The interests of Tehran and Washington are intertwined in the regional and international arena. The United States coordinates its position with its regional and international powers. This was evident when Washington and Europe both rejected Iran's demand to cancel the IAEA's investigation on three undeclared nuclear sites. This is in addition to Washington's high-level coordination with Israeli officials. The Israeli national security advisor, defense minister, and head of Mossad visited Washington to discuss Iran's nuclear deal. The United States has been coordinating with the Gulf states to allay their concerns over the potential revival of the Iranian nuclear deal, and to reassure them about the strategy of deterrence and further joint military and security cooperation.

Iran continues enhancing its cooperation with Russia and China to create a balance of power against the United States. Tehran has concluded an agreement to purchase Sukhoi Su-35 fighter jets from Russia. Russian operators have received training on Iranian drones that have been deployed in the Ukrainian theater by the Russian government. Russia also helped Iran launch the Iranian satellite *Khayyam* into orbit. It lifted off from the Russian-run Baikonur launch facility in Kazakhstan. Iran partook in Russia's International Military-Technical Forum ARMY-2022 to attract international attention to its military products. The two countries are about to sign an agreement of strategic cooperation; the draft agreement has already been shared between the foreign ministries in Tehran and Moscow.

### Indications and Outcomes

Four main conclusions can be made based on the developments in Iran-US relations in the month of August:

- The nuclear talks have made considerable progress. The two sides are about to move forward with the EU plan which is based on mutual compliance with the nuclear deal. The plan has also paved the way for a prisoner exchange. The two governments face internal and regional opposition in this matter. They, however,



seem unstoppable in their aim to revive the nuclear deal, which is a priority for both countries in this critical phase.

■ Iran has always attempted to show that it is capable of imposing its demands at the negotiating table. But it has given up on its main demands: removing the IRGC from the US terror blacklist, the removal of all the sanctions imposed by the United States after Trump's withdrawal from the 2015 Iranian nuclear deal in 2018, and the closure of the IAEA's investigation on three undeclared nuclear sites. The EU plan calls for a mutual return — step by step — to compliance to revive the previous nuclear deal. This plan had been proposed at the time of the Rouhani government but during the early phases of the nuclear talks. The Iranian negotiating team under the Raisi government has not come up with anything new except for their reaffirmation of the provision of guarantees to ensure that any deal provides Iran with economic benefits and verification measures to make sure its demands are implemented.

■ The return to the nuclear deal serves the interests of both sides. Yet distrust still clearly prevails; the two sides are concerned about any potential violations of their thorny issues. Therefore, they are keen to maintain bargaining chips and alternative strategies to handle such thorny issues. No deal can really end Washington's and Tehran's longstanding enmity, given the fact that the “hardliners” have taken over the key power apparatuses in Iran. They believe that enmity toward the United States legitimizes them and their ruling system which might be shaken once relations are normalized with Washington. No wonder, Iranian President Raisi avoided meeting US President Biden on the sidelines of the UN General Assembly in September 2022.

■ The current international developments have given Iran some room for maneuver and the ability to overcome the sanctions without the need to revive the nuclear deal. Tehran has enhanced further its relations with Moscow and Beijing, as well as with some neighbors and anti-US powers. It has managed to achieve some successes, yet it cannot move forward without the nuclear deal, which is quite significant for securing tremendous economic benefits. If the Iranian government manages to secure the economic benefits emerging from the deal, it can save its legitimacy and tackle its challenges. Needless to say, returning to the nuclear deal will help Iran maintain its achievements in nuclear technology.

## Conclusion

The United States is inching closer to reviving the nuclear deal. The two sides, Tehran and Washington, showed some flexibility to the EU proposal; a four-month plan to salvage the 2015 nuclear deal. During this period, the two sides will test the compliance of the other. The United States aims to control Iran's nuclear program and make Tehran reverse its nuclear advancements. Iran is looking at the potential economic benefits of the deal; to return to its financial transactions and trade with the world so it can resolve its internal crises. However, thorny issues that are not related to Iran's nuclear program will remain and will continue to impact their relations. Iran is expected to work harder to protect itself from a potential backlash in the future. It aims to be stronger and more protective when facing sanctions in the future. The regional and international shifts may help Iran in this goal.



# Iran and Europe

The July file discussed Belgium's ratification of a controversial extradition treaty to rescue its incarcerated citizens in Iran. On the nuclear front, the file touched upon the EU warning to Tehran, and its affirmation that the talks for the revival of the nuclear deal are not infinite. As for August, the file reviews the fresh strains in Sweden-Iran ties, the positions of Iranian EU and the IAEA on the talks to revive the nuclear talks

## Fresh Strains in Sweden-Iran Ties

On August 25, Sweden began prosecuting two Swedish-Iranian brothers over espionage allegations for Iran. Peyman Kia and his brother Payam Kia were arrested in 2021.<sup>(9)</sup> Specific information about the substance of the case will be available when formal charges are presented before the Stockholm District Court in the coming months. However, the proceedings will be in-camera. The duo are accused of engaging in spying activity from March 2021 until their arrest in the months of September and November of the same year. Peyman is said to have worked as an investigator for Sweden's Security Police (SÄPO) besides working for the country's Military Intelligence and Security Service (MUST) and the Office for Special Acquisition (KSI); the highest and most secretive intelligence office in MUST. Tehran recalled its ambassador to Stockholm for consultations in July when a Swedish court sentenced Hamid Nouri to life over the execution of political prisoners in 1988. Iran denounced Nouri's conviction as "baseless, distorted, and fabricated" accusations.<sup>(10)</sup> Sweden has a standing travel advisory for its citizens against traveling to Iran.

In less than a week, Iran convicted two Swedes on charges of drug trafficking on August 30. Simon Kasper Brown and Stephen Kevin Gilbert were served separate terms in prison – five and eight years respectively – and financial penalties were also imposed on them because of drug charges. The duo were arrested in late July 2020.<sup>(11)</sup> It is worth to recall that Iran had jailed Ahmad Reza Jalali, an Iranian-Swedish researcher, in 2016 over espionage charges.

On August 3, the Iranian Parliament ratified the extradition treaty with Belgium.<sup>(12)</sup> A fortnight ago, Belgium approved the prisoner swap treaty.<sup>(13)</sup> However, the release of Assadollah Assadi, an Iranian diplomat convicted in Belgium for his role in a bomb plot in France, seems unlikely despite the ratification of the treaty. Out of the 131 lawmakers, 79 voted in favor of the treaty, while 41 rejected and 11 abstained. Even though the Belgian Parliament has remained tight-lipped over Assadi's release, it is apparent that all legal roadblocks have been cleared for his release. He is currently serving 20 years in prison in Belgium. Tehran plans to swap its convicted diplomat with a Belgian

humanitarian worker, Olivier Vandecasteele, who remains imprisoned over espionage charges since his arrest in February.

### **The Iranian Nuclear Deal, EU and the IAEA**

Speaking about the status of nuclear verification in Iran at the 10<sup>th</sup> Non-Proliferation Treaty Review Conference, Director General of the IAEA Rafael Mariano Grossi said, “If we are to offer credible assurances that Iran’s sizable and growing nuclear program is exclusively for peaceful purposes, Iran must grant IAEA inspectors access commensurate to the size of that program and provide us complete information.” Grossi warned, “The lack of progress in verifying the peaceful nature of Iran’s nuclear program will have consequences on the regional security landscape.”<sup>(14)</sup>

Grossi who has visited Iran several times since assuming office reiterated, “A safeguards regime, reinforced by the [A]dditional [P]rotocol and the amended small quantities protocol, can give us all the trust and confidence we need that States using nuclear energy for the wellbeing of their people, are not hiding anything.”<sup>(15)</sup> On August 8, the EU reiterated its support for “the full and effective implementation of the Joint Comprehensive Plan of Action (JCPOA).”<sup>(16)</sup> It called for the resumption of the full implementation of all JCPOA commitments by the United States and Iran. “The EU expresses its grave concern at Iran’s escalating expansion of nuclear activities that are inconsistent with the JCPOA, and have severe and, in certain cases, irreversible proliferation implications. Some of Iran’s nuclear activities, in particular uranium enrichment up to 60 percent, do not have any plausible civilian justification in Iran. We strongly urge Iran to immediately reverse all activities inconsistent with the JCPOA and return to full JCPOA implementation, including all JCPOA transparency measures, to reapply the Additional Protocol and seek its earliest ratification as well as to fulfill all its obligations under the Comprehensive Safeguards Agreement including Modified Code 3.1.”<sup>(17)</sup>

The EU expressed grave concern that the IAEA could not confirm the correctness and completeness of Iran’s declarations under its Comprehensive Safeguards Agreement, and that several safeguards issues remain outstanding. Referring to the latest resolution adopted by the IAEA Board of Governors in June 2022, the EU stated, “We urge Iran to co-operate immediately and in full with the IAEA in order for the Agency to be in a position to provide the required assurances that Iran’s nuclear program is exclusively peaceful. The EU urges Iran to refrain from any ballistic missile activities that are inconsistent with Resolution 2231 and to fully respect all relevant UN Security Council resolutions related to the transfer of missiles and relevant material and technology to State and non-State actors.”<sup>(18)</sup>

Nonetheless, Iran continues to insist that the IAEA end its inquiries into unexplained uranium traces. Mohammad Eslami, head of Iran’s Atomic Energy Organization, said, “We don’t expect the director general of the agency to utter sentences that are wanted by the Zionist regime [...] We have sent our written protest through our permanent representative in the agency [Iran’s ambassador to United Nations organizations based in Vienna]. Whatever has transpired in

these negotiations is aimed at ending these claims before carrying out JCPOA commitments.” In reality, Tehran has failed to meet its international obligations to fully declare its nuclear inventory.<sup>(19)</sup>

Grossi said in an interview, “They know they have to do it; we have agreed on a mechanism. My legal obligation is to ask the question.”<sup>(20)</sup> The IAEA chief also stressed the need for “maximum levels of access and inspection,” which Iran has restricted since 2020 following the US withdrawal in 2018 from the JCPOA.

For full implementation of the JCPOA, not only is Iran required to accept more intrusive inspections, but also compliance with the Additional Protocol. To the contrary, the IAEA has lost continuity of knowledge after Tehran removed 27 cameras from nuclear manufacturing sites and storage facilities in June 2022.

Being a non-nuclear weapons state party to the Treaty on the Non-Proliferation of Nuclear Weapons, Iran is obliged by international law to implement a safeguards agreement with the IAEA.

As per Article III of the treaty, safeguards must be applied to “all sources or special fissionable material in all peaceful nuclear activities” within a state.<sup>(21)</sup> The safeguards require a signatory state to submit a detailed declaration to the IAEA about the quantities of nuclear materials and the locations where activities involving nuclear materials take place.<sup>(22)</sup>

The strenuous efforts of the EU’s Foreign Policy Chief Josep Borrell have yet to bear fruit.<sup>(23)</sup> Borrell, who is the bridge between the United States and Iran in the ongoing indirect talks, has received a fresh response from Tehran which is being studied.<sup>(24)</sup> The revival of the nuclear deal may appear closer judging from news headlines, but at the negotiating table its fate is in the balance.

## Conclusion

Iran’s approach toward the EU remains consistent and the Raisi government has done little to change it for the better. Sweden-Iran ties are going to remain tense. Though Belgium has approved the extradition treaty, a prisoner swap for Assadollah Assadi is anybody’s guess at the moment. EU efforts to host indirect talks between Iran and the United States serves high politics but can do little to change Tehran’s perception and policies at large toward the bloc.



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