

# ANNUAL STRATEGIC REPORT

*Turbulence in the World Order and Its Regional Domino Effect*





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# ANNUAL STRATEGIC REPORT



## 2022

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# ACRONYMS AND ABBREVIATIONS

AKP	Justice and Development Party
ASAT	Anti-satellite
ASEAN	Association of Southeast Asian Nations
AUKUS	Trilateral security pact signed between Australia, the United Kingdom, and United States.
Bcm	Billion cubic meters
BIE	Bureau International des Expositions
BIE	Bureau International des Expositions
BRI	Belt and Road Initiative
BRI	Belt and Road Initiative
CCE	Circular carbon economy
CCE	Circular carbon economy

CF	Coordination Framework
CPEC	China-Pakistan Economic Corridor
CPI	Consumer price index
CSTO	Collective Security Treaty Organization
DCO	Digital Cooperation Organization
EAEU	Eurasian Economic Union
EEZ	Exclusive economic zone
EIA	Energy Information Administration
EU	European Union
FII	Future Investment Initiative
FPM	Free Patriotic Movement
G20	Group of Twenty

<b>GDI</b>	Gender Development Index
<b>GDP</b>	Gross domestic product
<b>GFSI</b>	Global Food Security Index
<b>GFSI</b>	Global Food Security Index
<b>GSCRI</b>	Global Supply Chain Resilience Initiative
<b>HCM</b>	Hypersonic cruise Missile
<b>HGV</b>	Hypersonic glide vehicle
<b>IAEA</b>	International Atomic Energy Agency
<b>IAPSRs</b>	Imam Ali Popular Student Relief Society
<b>IEA</b>	International Energy Agency
<b>IMCTC</b>	Islamic Military Counter Terrorism Coalition
<b>IMF</b>	International Monetary Fund
<b>INSTC</b>	International North-South Transport Corridor
<b>IPEF</b>	Indo-Pacific Economic Framework for Prosperity
<b>IRGC</b>	Iran's Revolutionary Guard Corps
<b>IS-KP</b>	Islamic State-Khorasan Province
<b>ISIS</b>	Islamic State in Iraq and Syria aka Daesh
<b>LFP</b>	Lebanese Forces Party
<b>LNG</b>	Liquefied natural gas
<b>MB</b>	Muslim Brotherhood
<b>MPI</b>	Multidimensional Poverty Index

<b>NATO</b>	North Atlantic Treaty Organization
<b>NDC</b>	Yemeni National Dialogue Conference
<b>NSS</b>	National Security Strategy
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>PKK</b>	Kurdistan Workers' Party
<b>PKK</b>	Kurdistan Workers' Party
<b>PMC</b>	Private military contractor
<b>PMF</b>	Popular Mobilization Forces
<b>PPP</b>	Purchasing power parity
<b>RAICA</b>	Riyadh AI Call for Action Declaration
<b>RCRC</b>	Royal Commission for Riyadh City
<b>SCO</b>	Shanghai Cooperation Organization
<b>SDF</b>	Syrian Democratic Forces
<b>SEIC</b>	Saudi Egyptian Investment Company
<b>SOFI</b>	State of Food Security and Nutrition in the World
<b>SPV</b>	Special Purpose Vehicle
<b>SRI</b>	Social Risk Index
<b>TSMC</b>	Taiwan Semiconductor Manufacturing Company
<b>TSMC</b>	Taiwan Semiconductor Manufacturing Company
<b>UCAV</b>	Unmanned combat aerial vehicle
<b>USCENTCOM / CENTCOM</b>	United States Central Command



## EXECUTIVE SUMMARY

The year 2022 witnessed many remarkable shifts within Iran, as well as in the regional and international contexts. The 2022 Annual Strategic Report aims to shed light on these shifts and the strategic developments that have taken place.

The report starts with a review of Saudi Arabia's policy, particularly looking at its impact on regional and international affairs. Riyadh managed to exercise influence and be effective in the foreign policy sphere, both in the regional and international contexts, in 2022 as a result of many factors, including: the turbulence in Saudi-US relations as a result of shifts in Riyadh's position toward Washington, and its attempts to establish some semblance of equilibrium between the global poles; and Washington's position toward the Russia-Ukraine war and OPEC Plus. In addition, the developments related to the Saudi positions on Yemen, Iraq, Lebanon and Iran were reflective of its influence and effectiveness on the regional scene, not to mention effective Saudi mediation efforts to resolve crises, and its exceptional and qualitative initiatives such as Green Saudi Arabia and Green Middle East.

These successes coincide with Saudi Arabia's years-long preoccupation with domestic transformations and national identity enhancement as well as its attempts to diversify its economic sources and strengthen its standing in the Arab and Islamic world amid a volatile geopolitical reality.

With regard to the interactions in the international arena, the report presents the case that there have occurred remarkable transformations in relations between major world powers. This begs the question whether strategic competition and disputes among major world powers prevent structural changes in the global order to shift it away from its monopolar nature and US hegemony, or whether the current global order would need reviewing to allow a rising power such as China to seize a larger share of resources — or perhaps achieve the position of global leadership in the future. This is in addition to Russia's strong comeback, which has catapulted the world into an unprecedented atmosphere of conflict not witnessed since World War II.

The Russia-Ukraine war was the first episode in the international shifts that occurred in 2022. It was regarded as the most significant event of the year, representing the pinnacle of confrontation between major world powers since the Cold War's end. Furthermore, the war was regarded as one of the conflicts with far-reaching geopolitical implications. The file titled "The Repercussions of the Russia-Ukraine War on International Security and the Global Order" discusses Russia's decision to wage war on Ukraine in the context of its security and geopolitical motives. It assesses the two sides in the conflict as well as the consequences of invading Ukraine for global order and security, including its impact on Washington's standing and role. There is no doubt that the war marked a litmus test for the transatlantic partnership's efficiency in the face of new challenges. This war has had far-reaching global consequences, there is concern that the war could escalate as a result of miscalcu-

lations leading to a disastrous outcome for the whole world. Despite the difficulty of predicting the most likely scenarios, the two sides' escalation is likely to continue in the short run for the sake of maximum gains to improve their relative bargaining positions. The war could end in the medium term, either through a settlement or a long-term truce. The most unlikely scenario is a world war breaking out, but it cannot be completely ruled out.

Europe was the first arena to be impacted by the Russia-Ukraine war, considering its extensive geopolitical, security, economic, and political ramifications. As a result, the second theme of international interactions revolved around "The European Impasse and Response Patterns to Address Rising Challenges." This comes as a result of Russia's challenges, which have presented the Europeans with a new dilemma, prompting some to pursue plans for strategic independence from the United States. With Russia changing the geopolitical reality in Europe, this ambition has faded. The latter has grown more reliant on the United States, and the dream of European independence has faded. Furthermore, in the face of China, the transatlantic position closed ranks. US-European dialogue was more focused on solidifying the pillars of the global order led by the United States and its European allies. However, Europe is experiencing its most severe economic and political crisis since World War II, particularly a major energy supply shortage and growing popular discontent as a result of deteriorating socioeconomic conditions. Several governments have been deposed as a result of this discontent. When it comes to the Ukraine conflict, Europe has found itself in a real quandary. The European decision-making process was divided into three approaches, reflecting European differences over how to resolve the dispute. The first advocated for peace, the second for diplomatic mediation, and the third for a Ukrainian military victory. As a result of the European

division, the status quo is likely to continue, whether in terms of the current confrontation in Ukraine or the EU sanctions imposed on Russia, as the Europeans have failed to reach a consensus regarding the imposition of new economic sanctions on Russia.

The most significant episode in the context of international shifts was the escalating dispute between the United States and China in the Indo-Pacific region. The file addressing this matter is titled "The Taiwan Question and the Intensification of Sino-US Rivalry in the Indo-Pacific Region." This dispute was feared to escalate into a full-fledged war between the two parties. The power shifts have brought China, a revisionist power, closer to its arch foe, the United States, which currently leads the global order, in terms of dominating all the comprehensive power indicators. This dispute now reflects the United States' decision to pivot its strategic weight eastward in response to China's rise on the global stage. The prevailing belief is that maintaining its dominance over the global order will be impossible unless Washington effectively carves out points of influence in this region to counter China's rise. Whoever controls the Indo-Pacific region in the future will be in a prime position to lead the global order. Controlling Taiwan is a critical step on this path. Though the conflict reached its climax in 2022, it appears that the two sides are willing to maintain some form of "calculated competition" that does not escalate into war. The two sides affirmed the peaceful resolution of Taiwan's status and keeping their escalation under control, as reflected in the meeting of the US and Chinese presidents on the sidelines of the G20 Summit in Indonesia, as well as the ongoing talks between Washington and Beijing.

Of course, the United States bears the ramifications these accelerating developments. The growing Chinese desire to upend the status quo, Russia's ambition to reclaim its place on the global stage as well as the internal polar-

ization and division in the United States are the most significant challenges impeding Washington's ability to maintain its global leadership position. The file titled "The United States and Current Challenges on the International Scene" addresses the United States' responses to the challenges to maintain its leadership, and combating the rise of authoritarianism. This is in addition to the United States fortifying its alliances, striking a balance between cooperation and competition, and promoting multilateralism. Following the Russia-Ukraine war, the results of Washington's strategy became visible in the Indo-Pacific region as well as in the European arena. The United States also made significant changes to its strategy toward the rest of the world, including Africa, and reconsidered its policies toward the Middle East and Latin America. Despite the challenges and threats, the United States is still the dominant power in the world, and has the capacity to bear the burden of leadership amid the absence of any competing power, including China. The growing competition with China and Russia, on the other hand, has given the midlevel powers more room for maneuvering and bargaining, as well as room to achieve a balance in relations with the United States, and break free from some of the latter's restrictions and pressures.

The mentioned international shifts had a significant impact on the global economy, and the outcome of this cutthroat competition between competing global powers. The trajectory of the global economy was influenced by what happened in 2022 and even before that. Given the importance of the global economy, it was focused on in the file titled "The Crises Gripping the Global Economy in Light of Disputes Between Major World Powers." The file highlights three major crises: the rise in food prices, the rise in energy prices, and the threats posed by the global economy heading into recession. After this, the global economy's future directions were analyzed in light of the acceler-

ating changes. Despite the fact that the Russia-Ukraine war was and continues to be one of the most important reasons for the rise in food prices because the two countries are heavy-weight food producers and exporters, the crisis had other causes as well such as the coronavirus pandemic, drought, and other factors. Food price inflation will cause food insecurity in dozens of countries and for billions of people around the world, with future scenarios implying that countries will adopt more protective policies. The war and the subsequent European-US sanctions against Russia drove up gas and oil prices. This benefited some countries while harming others, particularly the well-being of Europeans. We are likely to witness in the future fundamental changes in key energy sectors, particularly in the field of gas. Furthermore, significant changes in the international economic environment have occurred, such as shifts in the economic strength among major world powers in recent years. China in particular and Asia in general have experienced an upward economic trajectory, while the United States' economic share has declined. Important threats to global economic stability have emerged, such as war, inflation and growing national debts, which may result in unrest, as happened in Sri Lanka. To conclude, the file shed light on the potential directions of economic growth next year, attempting to forecast the global economy's long-term trajectories.

The dispute between the West and Russia has impacted the security and military aspects, which were covered in the file titled "Global Military Developments and Non-Traditional Security Threats." In light of the dispute, military technology was thrust to the forefront of the war. Drones, hypersonic missiles, space technology and cyber warfare have impacted and dominated the course of the Russia-Ukraine war. At the height of the new Cold War and the ongoing Russia-Ukraine war, advanced technologies have been integrated into military

doctrines and the actual theaters of war at a pace quicker than what was imagined in 2022. The world is facing more threats in relation to the proliferation of nuclear weapons, particularly on the part of Iran and North Korea. Furthermore, the issue of climate change has emerged as one of the major unconventional challenges that threatens the lives of humans. What was once a prediction has become a reality as a result of the increasing degree of environmental deterioration caused by human actions and population growth. The temperature of the atmosphere is rising, which will cause excessive quantities of ice to melt, thus raising sea levels. In addition, the world has seen unprecedented forest fires, hurricanes, floods, and droughts. While global awareness is growing, climate action is still lacking. The situation may worsen if climate action policies are abandoned due to concerns about a lack of energy supplies as a result of Russia's war against Ukraine. Some countries have reverted to a heavy reliance on hydrocarbons or nuclear power plants.

The issue of migration represents one of the most complex security challenges on the global stage that appears to be linked to conflicts and crises. Conflicts in the Greater Middle East (from Afghanistan to Syria, Libya, and Ukraine), as well as droughts and diseases in many African countries, have pushed the issue of migration to the fore.

Among the issues of unconventional security threats is the rise of cross-border fighters, who are primarily deployed by Iran and Russia in their proxy wars. The Quds Force, the Wagner Group and ISIS all use ideologically motivated or financially disadvantaged individuals to carry out their military operations. Proxy foreign fighters play an important role in the shadowy world of human, weapons, and drug trafficking. The Russian war on Ukraine and the subsequent sanctions increased the demand for mercenaries and their movement.

Finally, the crisis experienced by violent groups and Islamist movements is regarded as one of the most significant developments witnessed in the international environment in 2022. The file titled “Violent Groups and Islamist Movements in Crisis” touches on al-Qaeda, which is going through a deep leadership crisis following the death of Ayman al-Zawahiri. The Islamic State-Khorasan Province, an offshoot of ISIS in Afghanistan, is facing major challenges in the country after the Taliban declared its intentions to eliminate the outfit. The Taliban have identified ISIS as a strategic threat to its very existence. ISIS is also facing decline and new challenges in Africa as a result of the consecutive strikes and a lack of central bases from which to march and recruit operatives. In terms of Islamist movements, the Egyptian Muslim Brotherhood experienced further fragmentations and divisions. This is on top of the movement’s units in Algeria, Morocco and Tunisia also experiencing deep divisions and disagreements. On the hand, Shiite Islamist movements experienced intra-conflict because of opposing orientations, readings, and affiliations. Overall, the key conclusion is that these organizations and groups are facing more challenges as a result of the regional and international moves against them. Some of them have been unable to make the necessary revisions that will allow them to reclaim their place on the political landscape.

In terms of the interactions witnessed in the Middle East, one of the sub-spheres of the global order, it was not insulated from the international shifts that occurred in 2022. As a result of the outbreak of the Russia-Ukraine war, Washington and some European capitals sided with Ukraine against Russia, and the US-Chinese dispute over Taiwan in the Indo-Pacific region escalated. These developments triggered a major global debate over global leadership and the nature of the global order — monopolar or multipolar. These shifts create more opportunities and room for maneuvering. Regional actors sought

to exploit the space to achieve greater regional and international recognition in the new international equation that was taking shape.

International relations theorists led the debate about the global order’s future: will it remain a monopolar order? Or will it instead shift to a multipolar order? In the midst of this debate, the US administration altered its approach to international actors seeking to establish a multipolar global order. It confronted the country’s adversaries to maintain US hegemony over the global order, including a return of the Middle East as a vital strategic sphere for US interests — with the goal of defending traditional vital interests while not allowing shifts in the regional balance of power. In this context, Biden’s visit to the region was part of Washington’s desire to avoid leaving a void that would be filled by China and Russia, as well as to secure energy flows and drum up support for the United States’ approach in the face of regional challenges.

As for Turkey, the country’s foreign policy quarters intensified efforts to strengthen Ankara’s foreign relations in a variety of geographical spheres around the world. To maximize Ankara’s regional and global standing, the Turkish leadership sought to seize opportunities and leverage the space created by international shifts, particularly the room for maneuvering since the outbreak of the Russia-Ukraine war. Turkey accomplished this by establishing itself as an important intermediary between the warring parties in Ukraine, while also working to strengthen its political, defense and economic ties with Central Asia, the Caucasus, and the Balkans. Turkey also focused its attention on the Arab and Gulf region to resolve crises and outstanding issues and attract more foreign investment to the country. However, a number of challenges stand in Turkey’s way that could thwart its quest to raise its regional and global standing.

In regard to Israel, Tel Aviv has experienced several remarkable developments which are expected to have tangible ramifications for its

political reality in the coming stage. Internally, after a stalemate that gripped the political process as a result of the bickering between the political parties, the far-right camp, led by Benjamin Netanyahu, managed to win the majority of seats in the elections held in November 2022 and he was officially designated to form the new government. Externally, the challenges facing Israel as a result of the mounting tensions with the Palestinian resistance factions as well as with Iran have exacerbated. Moreover, the threats posed by the Lebanese Hezbollah have grown. These threats come amid the failure to make any progress on settling the Palestinian-Israeli dispute, with Arabs holding fast to the two-state solution and asserting the centrality of the Palestinian question.

The last part of the report focuses on Iran through three main aspects: the features of Iran’s domestic landscape, its presence in the Arab region, and its movements in the international arena.

With regard to Iran’s domestic landscape, “conservative” President Ebrahim Raisi has been in power for one year. Throughout that year, Raisi’s supporters, led by Supreme Leader Ali Khamenei, have repeatedly emphasized the government’s success in keeping the promises it made to the Iranian people. However, popular outrage, the ongoing deterioration of the economy, violations of civil liberties, unstable foreign policy approaches, and the ongoing protests in Iran this year, the most recent of which followed the death of Kurdish woman Mahsa Amini, were all indicators of the government’s poor performance in 2022.

The Iranian economic situation during the first year of the Raisi government’s tenure reflected a slew of serious challenges such as excessive inflation that reached more than 54 percent in one month. This is in addition to the slowing economic and investment growth, the depreciation of the local currency to record

levels against the dollar, which has increased by more than 40 percent since the beginning of the year, despite an increase in oil exports and foreign trade in general in 2022 due to lax US sanctions implementation. The country's public debt rose to 50 percent of GDP, despite continued liquidity injections to offset the budget deficit. Socioeconomic conditions deteriorated, purchasing power declined, the number of Iranians living below the poverty line increased, and the pace of protests that erupted from time to time escalated as well. These immediate as well as medium and long-term challenges have made the future stability of the Iranian economy fraught with danger and uncertainty. They have put pressure on the Iranian government to attempt to strike a balance between preserving the status quo and navigating volatile political and socioeconomic realities.

In 2022, Iran's security system was infiltrated, resulting in the targeting of several official Iranian institutions and figures, including scientists working on the country's nuclear and missile programs. The official response to these breaches was marked by a contradictory and hazy approach that alternated between blaming traditional foes, including the United States and Israel, and concealing the true reasons and circumstances behind them. These infiltrations exposed the security establishment's weaknesses and fragility as a result of the opaque nature of structures that control the country's security entities, the overlapping areas of responsibility between them, and the absence of a body to coordinate their tasks and determine their missions.

At the ideological level, two central issues in Shiite discourse experienced transformation. The first was pertaining to the hijab crisis in Iran, which erupted after the death of Amini, resulting in nationwide protests and a harsh response from the government, which refused to make concessions regarding the mandatory and legal status of the hijab or even show some flexibility toward what the government refers

to as the "improper wearing of the hijab." The Iranian government believes that any concession on the hijab will mean the end of its official reading of religion and, possibly, a slew of other concessions. Furthermore, because the political system is clerical in nature that purportedly defends the Shiite sect and its teachings, it po-

liticizes the hijab in a way that serves its interests and enhances its religious legitimacy.

The second issue was the resignation of Ayatollah Kazem al-Haeri from the leadership of Iraq's marjaya. He even advised his followers to obey and emulate Iran's Supreme Leader Ali Khamenei. This put Sadrist supporters, the majority of whom emulate Haeri regarding new matters, in an awkward position. Haeri's resignation dealt a blow to Sadr and the Sadrists, benefiting the Coordination Framework and Wilayat al-Faqih loyalists in Iraq.

On Iran's defense policies, Russia's war on Ukraine was lucrative for Iran, elevating it to become Moscow's most important partner. Immediately after the war started, Iran managed to conclude weapons barter deals. According to some reports, Iran received Russian technical support in the nuclear field. With regard to Iran's relations with China, the pace remains relatively calmer. China is important to Iran for several reasons, primarily as a cheap and accessible source of technology and equipment for civilian or military purposes. The two countries signed a memorandum of understanding which will serve as the foundation for bilateral cooperation beginning in 2023. China supports Iran's position in the UN Security Council, but given global developments, particularly the Russia-Ukraine war, it is unlikely that we will see an effective three-way Chinese-Russian-Iranian alliance, as was previously the case.

As for Iran's social indicators, they continued to take a downward trend in 2022 compared to the previous year. The rise in poverty and unemployment rates, whether caused by the coronavirus pandemic or international sanctions, was accompanied by an increase in crime, drug



abuse, and organized crime, as well as a rise in factional protests that did not abate, such as those staged by workers and retirees. As in the past, the Iranian government used security approximations to address the protests, the most recent of which erupted following the death of Amini, a Kurdish woman, in a morality police detention facility. The Iranian Parliament also passed legislation expanding the powers of police officers to use firearms while performing their duties. As a result, as the protests grew, the government resorted to violence to quell them, particularly in regions where minorities such as the Balochis dwell, which saw the highest death toll. The social situation is likely to deteriorate further in 2023, which will have ramifications for the political system.

Regarding Iran's presence in the Arab region, many signs of defusing tensions between Iran and the Gulf were seen in 2022, including President Ebrahim Raisi's visits to some Gulf states, the return of some Gulf ambassadors to Tehran, and the Iraq-mediated rounds of Saudi-Iran dialogue. All these developments, however, are insufficient to elevate relations between the two sides to the level of coordination and cooperation in light of several obstacles, the most significant of which are the Iranian government's structure, the conflicting visions of the ruling elite, the divergence of interests associated with regional issues, not to mention the chronic distrust, which has recently emerged after Iran accused Saudi Arabia of involvement in igniting the protests that have rocked the country.

In 2022, the Yemeni file was impacted by global developments and international political shifts primarily related to securing global energy sources. As a result and with direct support from the Arab Coalition supporting the legitimate government, the Yemeni issue rose to the top of world powers' agendas, gaining unprecedented international and diplomatic momentum. This eventually led to a military truce, which rekindled hopes for a political solution to the

crisis. However, there have been obstacles, such as the fact that the truce contradicts the Iranian government's orientations as Tehran leverages the Yemeni crisis to serve its own political interests. This is evident in the Houthi militia's behavior, which is primarily and solely related to Iran's intentions to heat up or wind down the escalation on the Yemeni front.

Following the emergence of deep differences between the Sadrist Movement and the rest of the Shiite factions over the failure to form a government, the Iraqi landscape witnessed an intensification of the dispute between the Shiite factions. This raised important questions about the future of the state, as well as how to end the state's impotence and fragility as a result of the corrupt political class, the deterioration of economic and living conditions, and the failure of the sectarian quota system.

There is no doubt that these developments in Iraq harmed Iranian interests. The intra-Shiite schisms have had a negative impact on Iran's clout in Iraq. Iran is aware that the outbreak of intra-Shiite infighting in Iraq means a blow to its clout in one of its most important spheres of influence — for geographic, political, economic, and security reasons — because any dispute shifts the orientations of its proxies from working to implement its agenda to seeking leadership over the Shiite community. The conflict will also increase the chances of Sunnis regaining power at the expense of Shiite factions, thus causing Iran to lose the financial revenues it secures through Iraq by exporting its oil to the outside world. Iran rushed to settle the differences among the Shiite factions and contain the escalating conflict. It is expected that the new Iraqi government, with Iran's support, will appease and reassure those inside and outside the country who are concerned that the Iraqi landscape will see tensions and volatility. In addition, Iran will work with the new government to preserve its interests in Iraq, which

Iran considers to be an important gateway for its regional clout in general.

As for Iran-Syria relations, the Russia-Ukraine war as well as the stalled nuclear talks and Western escalation against Russia and Iran, pushed the two countries toward rapprochement in all areas in the Syrian arena. Tehran attempted to take advantage of Russia's heavy workload in Ukraine by drawing closer to the Assad regime politically, economically, and militarily. Enhancing rapprochement with the Astana process participants — Russia and Turkey — and attempting to find off-ramp solutions to the three parties' contentious issues were one of the major Iranian movements in 2022. The Iranian government sought to make as much gains as possible in the Syrian arena in light of the regional and international fluidity and ambiguity. One of the most prominent courses of action pursued in response to Iran's role in Syria was military escalation by the United States and Israel against Iranian targets. Furthermore, Iran's and Israel's confrontation escalated in the Syrian arena, hence complicating their calculus in the country and beyond.

In Lebanon, the Iranian role faced several challenges and difficulties in 2022. Hezbollah, Iran's regional proxy in Lebanon, was dealt a blow in the Lebanese parliamentary elections. The electoral results showed that several of the party's old allies suffered setbacks in their share of parliamentary seats, with other forces opposed to Hezbollah emerging. This divergence influenced the dynamics of the Lebanese landscape, as well as the government and presidential contests that followed the parliamentary elections, throwing Hezbollah and its calculus for managing its overlapping interests into disarray. On the other hand, the issue of demarcating the maritime border between Israel and Lebanon, which could not have been resolved without US mediation and indirect cooperation by Hezbollah and the restructuring of priorities by the various Lebanese political parties, partic-

ularly Hezbollah. The party saw the issue as an important opportunity for leveraging its clout to compensate for the setbacks suffered by its allies on the Lebanese political scene.

Concerning Iran's moves on the international stage, the one-and-a-half years of negotiations failed to resolve the differences between Iran and the United States to reach a nuclear agreement. Even when the two sides were on the verge of reaching an agreement or on the path of returning to compliance with the 2015 nuclear deal, mistrust and lingering differences pushed negotiations back to square one. While diplomacy faltered and European mediation failed to bring the US and Iranian positions closer together, the United States resumed the intensification of pressure that it had not completely abandoned. Iran, for its part, accelerated its efforts to resolve its problems other than reaching understandings with the United States and the West. Meanwhile, Washington tightened sanctions, strengthened regional alliances, and forged a transatlantic consensus against Iran. Tehran attempted to use international developments to strengthen its partnership with China and Russia, as well as to strengthen its measures to circumvent sanctions and put pressure on the United States and its interests, as well as on the interests of its regional allies.

When it comes to Russia-Iran rapprochement, Tehran fully supported Moscow following its war against Ukraine. This was evident in Iran's political and diplomatic support for Russia during the war, as well as Russia's support for Iran in its nuclear negotiations, as well as the agreements reached by the two parties in a variety of military and economic fields. These developments led to greater rapprochement and coordination between Russia and Iran on a variety of regional issues, including the Syrian crisis and the Armenian-Azerbaijani conflict. This trajectory is consistent with the Iranian government's foreign policy orientations under President Ebrahim Raisi, which adopts a policy of

turning eastwards and strengthening relations with neighboring countries. Given the continuation of the Russia-Ukraine war on the one hand and the protests in Iran on the other, relations between the two countries tend to strengthen whenever their foreign relations with the rest of the world are at odds, particularly when Russian relations with the West are tense.

In the context of Iran-China cooperation, the latter made significant efforts in 2022 to enable Iran to become a full member of the Shanghai Cooperation Organization. China's desire to expand BRICS, and Iran's ambition to join the bloc, has given it geopolitical importance, and enhanced the desire of both sides to deepen their partnership. Both countries place a high value on the geopolitical location of the Middle East and Central Asia. However, Iran's BRICS membership is fraught with foreign policy challenges such as Beijing balancing its relations with the Gulf states. The year 2023 is expected to bring a number of developments and updates in the Iran-China relationship. Perhaps the increased interactions between Beijing and Tehran in the Shanghai Cooperation Organization and Tehran's expected accession to BRICS will make it easy for Tehran to reap the benefits of its pivot to China, especially given the new Cold War between Washington and Beijing and the deep schisms between Washington and Tehran. The year 2023 is expected to pave the way for BRICS increasing its global strength. It is at the moment ranked second in the world as an alternative to Western organizations, with the Shanghai Cooperation Organization ranking third.

As for European mediation on Iran's nuclear file, it was led by the continent's major powers (France, Germany, and the UK), dubbed the European troika, and had three basic dimensions: political, security, and economic. Although the United States and Iran have bypassed Europe at various points, US-Iran relations still remain dependent on European mediation. The most significant dilemma confront-

ing the Europeans is the ideology of Tehran's ruling elite on the one hand, and the divergent approaches of US decision-makers (Republicans and Democrats) to Iran's nuclear program on the other. Two new challenges have been added to this mix: strained Iran-Europe relations as a result of the protests, and Iran's role in the Russia-Ukraine war. Thus, the relationship's future in 2023 will be heavily reliant on the two latter factors. As a result of the new European sanctions imposed on Tehran, the year 2023 is likely to see a stalemate in mediation efforts and the emergence of crises.

On the intertwined Turkish-Iranian interests, the two countries' relations ebb and flow, with one witnessing coordination, and at the same time calculated competition on regional files, particularly in neighboring countries. Additionally, the two countries have avoided the escalation of tensions, as was the case after the Iranian intelligence operation in Istanbul in 2022. The Kurds' security threat remains the common and unchanged threat for both sides. Coordination on this issue has improved, but this does not necessitate complete agreement on the rest of the regional files where interests diverge.

Finally, Iran's relations with its Asian neighbors (Afghanistan, Pakistan, Azerbaijan, Turkmenistan, and Armenia) were at the forefront of President Ebrahim Raisi's foreign policy priorities, as opposed to his predecessor, Hassan Rouhani, who prioritized relations with the West. Iran's diplomatic apparatus worked at all levels to strengthen the country's ties with its neighboring countries in a variety of fields, particularly in the economic field, in order to circumvent Western sanctions. Iran's ambitions in Asia face a number of conventional challenges such as border security issues with some of its neighbors and tense relations with Azerbaijan as well as new challenges such as the Taliban's return to power in Afghanistan and Turkish competition in Central Asia, with Ankara aiming to further its clout in the region •

## Rasanah's Recent Releases



### A NEW BOOK ON THE IRAN-SAUDI ARABIA CONFLICT POST 2011

The International Institute for Iranian Studies (Rasanah) has published a book entitled The Iran-Saudi Arabia Conflict Post 2011 by Dr. Fathi Abu Bakr al-Desuqi. The 240-page Arabic book discusses the Iran-Saudi Arabia conflict amid the post-2011 developments in the Arab world that resulted from the "Arab Spring."

In the first chapter, the writer highlights the roots of the conflict through analyzing the Saudi and Iranian perceptions of the Middle East after the "Arab Spring" based on the strategic advantages, capabilities, systems of governance and foreign policy directions of the two countries. The chapter also reviews the mutual perceptions of the two countries based on national differences and contradictory political and strategic interests, and their impact on the political, media, educational, and sectarian levels...



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## Shifts in Saudi Foreign Policy and Regional Stability

The year 2022 witnessed many remarkable shifts within Iran, as well as in the regional and international contexts. The 2022 Annual Strategic Report aims to shed light on these shifts and the strategic developments that have taken place.

The report starts with a review of Saudi Arabia's policy, particularly looking at its impact on regional and international affairs. Riyadh managed to exercise influence and be effective in the foreign policy sphere, both in the regional and international contexts, in 2022 as a result of many factors, including: the turbulence in Saudi-US relations as a result of shifts in Riyadh's position toward Washington, and its attempts to establish some semblance of equilibrium between the global poles; and Washington's position toward the Russia-Ukraine war and OPEC Plus. In addition, the developments related to the Saudi positions on Yemen, Iraq, Lebanon and Iran were reflective of its influence and effectiveness on the regional scene, not to mention effective Saudi mediation efforts to resolve crises, and its exceptional and qualitative initiatives such as Green Saudi Arabia and Green Middle East.

The foreign policy of Saudi Arabia was a hot topic both regionally and internationally in 2022. There are a number of reasons for this; the strain in US-Saudi relations and the Saudi position on several issues such as the Russia-Ukraine war, the OPEC Plus<sup>(1)</sup> decision to slash oil production and the country's position on the recent developments in Yemen, Iraq, Lebanon and Iran.

Saudi Arabia's foreign policy also made headlines for reasons related to Riyadh pioneering mediation efforts between enduring rivals and the country's launch of ambitious and innovative projects such as the Saudi Green Initiative and the Middle East Green Initiative.

Furthermore, Saudi foreign policy was more visible as it increasingly overlapped with internal development plans that the country has introduced in recent years such as enhancing national identity, moving the economy away from oil dependence and consolidating its leading status across the Arab and Muslim world and in the Group of Twenty (G20). Saudi Arabia was able to make rapid changes in a tense geopolitical environment that some analysts had described as fraught with traps.

The shift in Saudi foreign policy came as part of a broader drive to realize its national aspirations based on Vision 2030 that promotes a new image of the country. The vision focuses its attention on buttressing and employing Saudi Arabia's regional status and stature so that the country can perform a leading role as the "heart" of Arab and Islamic countries and take full advantage of its strategic location in the middle of Asia, Africa, and Europe.

However, the major shifts in Saudi foreign policy in 2022 should not be seen as a sharp break with its policies in the past years. The 2022 shifts mark another step in the Saudi march toward reform and development in social, economic, political, religious, and cultural spheres

which has been evident in the royal and legislative directives issued since 2015. The core objective of Saudi foreign policy in 2022 was to bring the country's new orientations into the spotlight and cultivate an unconventional foreign policy approach – one that does not advocate conflicts and wars but rather peace, progress, and prosperity.

This file is divided into four main parts. The first addresses the shifts toward the United States and the global balance of power. The second discusses Saudi Arabia's employment of foreign policy to serve its economy. The third highlights Saudi mediation roles and the evolution of Saudi conventional diplomacy. The fourth focuses on the 2022 Saudi initiatives while the conclusion outlines a forecast for Saudi foreign policy in 2023.

### The Shifts Toward the United States and the Global Balance of Power

Saudi foreign policy in 2022 showed a transition from conventional approaches, especially in the context of Saudi-US relations. It also reflected a re-assessment of relations with Washington with the aim of changing some US stances. Saudi Arabia embraced a neutral foreign policy approach at a critical time when the Biden administration – more than any previous US presidents – had been caught flat-footed on multiple issues, most notably the declining US credibility across the world and in Saudi Arabia in particular, the transition to a multipolar world order following the Russia-Ukraine war and the desperate European and US need for Gulf oil and gas after the unprecedented sanctions against Russia in response to its war in Ukraine. Though the Biden administration had envisaged full alignment with its allies, Saudi Arabia prioritized economic and non-political choices in OPEC Plus. This Saudi approach received much

attention and showed a change of heart toward the United States. It also raised fundamental questions about the nature of the two countries' alliance during the past decades. The Saudi-US bond was built on bilateral interests even if it appeared from the outset as solely in the interest of Washington. This bond was damaged only when one of the parties decided to alter the nature of the relationship.

The Biden administration's policies ignited negative sentiments among Saudis, as evident by a number of Saudi opinion columnists who expressed frustration with their age-old ally through their writings. It is worth mentioning that a prominent Saudi writer subtly titled his piece – "With Such a Friend, No Enemy Needed," referring here to Saudi Arabia as a friend and the opponents of Saudi Arabia who reside in the United States or supported by the United States.<sup>(1)</sup>

Another Saudi writer noted that "The more you are a friend of Washington, the more you are exposed to reckless tweets, provocative and offensive statements." He added, "With friends like these [the Democrats] who needs enemies?"<sup>(2)</sup>

In fact, one of the drivers of the shift in Saudi policy toward the United States was the latter's gradual departure, over the last two decades, from the foundations of relations that lasted for 70 years. US presidents – mostly Democrats – have sought to make core changes to the foundations of US relations, giving a sense of doubt about their commitment to their alliances in the region. This was reflected by a number of US decisions, including stepping away from the Gulf and reducing security and military commitments as well as levelling accusations at Saudi Arabia. In recent years, US policy toward Saudi Arabia turned more hostile, with Washington ramping up pressure in the context of some issues, restricting arms sales and removing defense systems from the country.

(1) "The Organization of the Petroleum Exporting Countries Plus (OPEC+) is a loosely affiliated entity consisting of the 13 OPEC members and 10 of the world's major non-OPEC oil-exporting nations." See Michael Bromberg, "OPEC's Influence on Global Oil Prices" *Investopedia*, October 14, 2022, accessed December 2022, <http://bit.ly/3UCHPQo>.

These US policy changes toward Saudi Arabia took place at a time when Saudi decision makers were starting to witness changes to the world order amid the rising power of Russia and China along with the rise of Asian powers such as India, Japan, Korea and Indonesia. These circumstances paved the way toward fostering balanced relations with all the major world powers. The introduction of Crown Prince Mohammed bin Salman's Saudi Vision 2030 was another factor that influenced the shifts in Saudi foreign policy. The vision was designed to enhance Saudi Arabia's global status by leveraging the country's unique location as well as its historic, geographic, civil, demographic and economic potential. The Russia-Ukraine war was an opportunity that Saudi Arabia seized to present its balanced approach – providing humanitarian support to Ukraine and denouncing aggression yet refraining from being drawn into an anti-Russian stance. This approach was also taken in response to other international crises.

To achieve a balanced approach in Saudi foreign policy with the major world powers, the Council of Ministers of Saudi Arabia authorized, on September 27, 2022, the minister of investment – or his deputy – to discuss a memorandum of understanding (MoU) with both the Chinese Ministry of Commerce and the government of Hong Kong in the field of direct investment.<sup>(3)</sup>

In another move, Saudi Arabia renewed its call for reforming the UN Security Council to enable the body to be fairer and more effective in addressing international issues during its 77th session in September. The country also joined the Pacific Alliance as an observer member country. In addition, it joined the Global Ocean Alliance (GOA) – a bloc of 32 member countries aiming at safeguarding at least 30 percent of the world's oceans by 2030. Saudi Arabia also became a dialogue partner in the Shanghai Cooperation Organization, made up of eight countries – Uzbekistan, Pakistan, Russia, China, Tajikistan, Kyrgyzstan, Kazakhstan, and India – in

September. Furthermore, it expressed interest in joining BRICS- an economic group which includes Brazil, Russia, India, China, and South Africa. All the aforementioned moves indicated that the country was keen to expand its current scope of foreign relations beyond the West.

### **The Employment of Foreign Policy to Serve the Economy**

Saudi Arabia, the world's largest producer and exporter of oil, has traditionally linked its oil exports to global economic considerations. This was most evident in 2022 with Saudi Arabia giving priority, in its OPEC Plus decisions, to economic considerations and refusing to politicize oil, even though it was accused of siding with anti-Western Russia. Though the oil cartel's decisions are taken collectively, the recent Saudi OPEC Plus decision reflected its desire to keep the organization away from the conflicts of the major powers. The Saudi OPEC Plus decision led to tensions with its strategic ally, the United States, and caused it to face intense criticism. However, the decision revealed the resolve of

Saudi decision-makers to withstand pressure, defend their positions and policies and gauge reactions. This was clear in a statement made by an official at the Saudi Ministry of Foreign Affairs on October 13, 2022. He stressed that “The Government of the Kingdom of Saudi Arabia would first like to express its total rejection of these statements that are not based on facts, and which are based on portraying the OPEC Plus decision out of its purely economic context. This decision was taken unanimously by all member states of the OPEC Plus group.”

The Saudi position in OPEC Plus, over the years has been consistent which refutes US criticisms, even prior to the Russia-Ukraine war. Six years ago, Saudi Crown Prince Mohammed bin Salman clearly stated, during a Bloomberg interview in April 2016, when asked about oil prices management, “For us it's a free market that is governed by supply and demand and this is how we deal with the market.” Therefore, when oil prices were between \$30 and \$50, the crown prince did not see the falling prices as a threat to Saudi Arabia, but rather said, “We have a great



ability to cut spending, as we did in 1997.” When asked about the possibility of adopting a decision to freeze crude oil production levels at the next meeting of the organization at the time, he said, “If all countries agree to freeze production, we’re ready.”<sup>(4)</sup>

In the following year, in October 2017, the Saudi prince stressed, during a Bloomberg interview, on Saudi commitment to the OPEC Plus agreement with Russia and the priority of maintaining the stability of the oil market. When asked about extending the agreement with Russia, he said, “We will not talk unilaterally.”<sup>(5)</sup> This confirms Saudi Arabia’s commitment,

since the first day of the agreement with Russia, to the collective position within OPEC Plus and its emphasis on the economic principles of oil management policy. Indeed, in July 2021, Saudi Arabia was forced to adopt a different position to its ally, the UAE, when it rejected to boost oil output as desired by the Emiratis. Crown Prince Mohammed bin Salman, for the third time, confirmed, during the Jeddah Summit for Security and Development in July 2022, that “The kingdom has announced an increase in its production capacity level to 13 million barrels per day, after which the kingdom will not have any additional capacity to increase production.”

The aforementioned confirms that there is a historical record of Saudi policy in OPEC Plus which is consistent with the position adopted by the organization in Vienna on October 5, 2022, when it announced a 2-million barrels a day cut in oil production. That being said, the reason the OPEC Plus decisions in 2022 were more notable and the Saudi position was seen as a strategic shift is because they coincided with the US-Russian-Chinese conflict over global dominance, which allowed more room for global understanding.

President Joe Biden visited Saudi Arabia to join the Jeddah Security and Development



Summit from July 15 to July 16, 2022, which issued a joint Saudi-US statement stressing their bilateral strategic partnership. There was a prevailing and common interpretation back then of the summit's outcomes that Saudi Arabia would meet US demands to raise oil production and to prioritize political considerations over technical ones — despite the fact that Washington had previously perceived the Saudi position as opposed to its desire and more compatible with the Russian desire. However, in essence, the Saudi OPEC Plus move reflected a firm approach in Saudi foreign policy to separate oil from other issues. Though the Saudi move is in line with the internal Saudi discontent that prevailed in the country over the Biden administration, one cannot interpret that the Saudi move was generated from this popular discontent. Saudi Arabia could have taken another approach to address its issues with Washington, but back then, given the indications of the US retreat from its commitments, Riyadh did not find any motivation to influence the OPEC Plus consensus to forge a different decision.

On another economic and political front, Saudi Arabia dealt with the increase in demand for oil exports with a greater degree of maneuvering, according to its interests and the positions of its allies. One example is when the country drew a clear link between the developments of the war in Yemen and its oil supplies and exports. On March 22, 2022, the Saudi Council of Ministers stressed the statement of an official in the Saudi Ministry of Foreign Affairs that the kingdom will not bear responsibility for any shortage in oil supplies to global markets in light of the attacks by the terrorist Houthi militia on its oil and gas production facilities. “The attacks will affect the kingdom’s production capacity and its ability to fulfil its commitments. The international community should assume its responsibility in preserving energy supplies and standing decisively against the terrorist Houthi militia,” the official said.

It can, therefore, be said that during 2022 the economic aspect of Saudi foreign policy was maximized, with the country employing the global oil supply card to build a foreign policy that strengthened Saudi Arabia’s position globally, maintained a balance between global powers, and advanced its economic interests. To a large extent, Saudi foreign policy was “economized,” and the impact of OPEC Plus oil policies emerged as one of the most important aspects of Saudi foreign policy shifts that was caused by changes in US policy. The political situation merged with the economic boom, oil prices, and OPEC Plus policies was the reason for the emergence of the economy as a driver of the country’s foreign policy. “Saudi Arabia is obsessed with development, partnership, and investment, not military influence,” said a Saudi writer in his criticism of the US position.<sup>(6)</sup>

Saudi Arabia’s employment of foreign policy to serve the economy and vice versa came as a result of Crown Prince Mohammed bin Salman’s announcement on October 26, 2022, during the sixth edition of the Future Investment Initiative (FII) held in Riyadh, of establishing five companies aimed at investing in Jordan, Bahrain, Sudan, Iraq and Oman. The announcement followed the launch of the Saudi Egyptian Investment Company (SEIC) in August 2022.<sup>(7)</sup>

On a similar note, the crown prince also announced, on October 23, 2022, the launch of the Global Supply Chain Resilience Initiative (GSCRI) which aims to strengthen Saudi Arabia’s position as a major hub in global supply chains within the set objectives of Vision 2030. Saudi Arabia also affirmed at the 77th session of the United Nations General Assembly its desire to support the global economic recovery by contributing to maintaining the balance of energy markets. It noted that its total contribution to food and agricultural security amounted to nearly \$2.890 billion. Furthermore, as part of its effort to address the global food supply crisis, Saudi Arabia also announced within the Arab

Coordination Group comprising 10 national and regional institutions the allocation of \$10 billion for immediate relief and long-term support.

### Reviving Mediation Roles and Developing Traditional Diplomacy

Another shift in Saudi foreign policy in 2022 was Riyadh’s return to diplomatic and mediation roles in conflicts and crises – an important tradition of Saudi diplomacy during previous decades. One prominent example of the country’s previous diplomatic efforts was its role in concluding the Taif Agreement, officially known as the National Reconciliation Accord which put an end to the Lebanese civil war in September 1989. Another is the Fatah– Hamas Makkah Agreement brokered by the Saudis in February 2007.

Saudi Arabia’s mediation efforts were visible again in 2022, with its successful efforts to release prisoners of war who were captured by Russia during its conflict against Ukraine. In total, then prisoners from Morocco, the United States, the UK, Sweden, and Croatia were released. This is in addition to Saudi Arabia’s efforts to mediate to end the Russia-Ukraine war. These efforts would have not been effective without Saudi Arabia’s balanced position on the warring parties as affirmed in the Saudi Ministry of Foreign Affairs statement on September 21, 2022.

The Saudi political discourse and statements as well as joint statements with other countries in 2022 published on the website of the Ministry of Foreign Affairs and the website of the Saudi Press Agency clearly included calls for peace, security, and the settlement of disputes and stability.

Although Saudi Arabia has always been an advocate of the mentioned, the international security and military developments in 2022 provided an opportunity for the country to promote its vision aiming to achieve stability in the region and the world.

This was clear in the remarks made by the Saudi crown prince at the Jeddah Security and Development Summit in July 2022 which emphasized finding realistic political solutions to the crises in Syria and Libya. He also affirmed support for all efforts aimed at reaching a Yemeni-Yemeni political solution based on the three references (the Gulf Initiative, its executive mechanism, the outcomes of the National Dialogue Conference) to achieve security, stability, and prosperity in the region. Crown Prince Mohammed bin Salman did not even hesitate to call on Iran to cooperate with regional countries through embracing a vision that prioritizes achieving regional security and stability. "We call on Iran, as a neighboring country, with which we share religious and cultural ties, to cooperate with the countries of the region to be part of this vision, by adhering to the principles of international legitimacy, non-interference in the internal affairs of other countries, cooperating with the International Atomic Energy Agency, and fulfilling its obligations in this regard," the Crown Prince said.<sup>(8)</sup>

In the same context, Saudi Arabia also stressed the necessity of practicing preventive diplomacy, avoiding political polarization, and replacing that with cooperation in order to enhance economic opportunities for all countries. In addition, it emphasized the need to find an "effective mechanism" for resolving disputes through "proactive diplomacy" "instead of waiting for problems to arise and then fixing them," as noted by Saudi Foreign Minister Faisal bin Farhan when speaking at the Priority Forum in New York organized by the Future Investment Initiative (FII) in September 2022.

In 2022, Saudi Arabia was a hub for international visits as it received influential leaders, including US President Joe Biden, former British Prime Minister Boris Johnson, German Chancellor Olaf Scholz, Turkish President Recep Tayyip Erdoğan and South African President Cyril Ramaphosa. The Saudi crown prince, on his part,

paid a number of visits during the year including to France, Turkey and Greece. Saudi Arabia also maintained strategic and balanced communication with both Russia and China as well as with the Russian and Ukrainian presidents during the Russia-Ukraine crisis. The country also continued to affirm its support for international efforts aimed at reaching a political solution to end the crisis in Ukraine and achieve regional and international security and stability. Furthermore, Saudi Arabia, in its joint statements with other countries whether during the foreign visits of Saudi leaders or during the visits of foreign leaders to Saudi Arabia, attempted to bring other countries closer to its positions on traditional matters such as crises and settlements and its non-traditional matters such as climate change. This was clear in the Saudi joint statements during the crown prince's visit to Egypt on June 21, Jordan on June 22, Greece on July 27 and France on July 29 as well as the Uzbek president's visit to Saudi Arabia on August 19 and the South African president's visit to Saudi Arabia on October 17, 2022. Some of these joint statements highlighted the long-held Saudi position on the ravaging crises in Palestine, Yemen, Lebanon, Syria, Iraq, Libya, Sudan and Ukraine which reflected Saudi Arabia's capability to influence the positions of key states.

In fact, Saudi Arabia's foreign policy positions have always been consistent and supportive of stability, security, peaceful settlement of crises. The country has also been a devoted supporter of humanitarian aid worldwide. During his inaugural address at the 3rd year of the 8th session of the Shura Council, Custodian of the Two Holy Mosques King Salman bin Abdulaziz, on October 16, 2022, noted that Saudi Arabia was a major donor to and a key partner in Arab and Islamic development and was ranked third in terms of humanitarian and development aid worldwide.

Saudi Arabia also increased its overseas strategic partnerships as part of its endeavors to enhance security and stability. Examples of

these included the signing of a memorandum of understanding with the UK on the formation of a strategic partnership council during former British Prime Minister Boris Johnson's visit to Saudi Arabia in March and another one, during the crown prince's visit to Greece in July, on the establishment of the Saudi-Greek Strategic Partnership Council.

In addition, Saudi Arabia boosted its relations with Turkey as evident in the Turkish president's visit to Saudi Arabia in April and the reciprocal visit paid by the Saudi crown prince in June.

It also continued its efforts to combat terrorism and denounce its acts and resolved disputes that arose in the past years. Examples of these efforts included the return of the Saudi ambassador to Lebanon, the Yemen truce, and the Iran-Saudi talks. These moves relieved Riyadh of some burden, enabling its foreign policy vision to be implemented smoothly as reflected by its international initiatives in 2022.

### The Diplomacy of Qualitative Initiatives

One of the most prominent shifts in Saudi foreign policy was adopting a diplomacy through which the Saudi government launched qualitative and innovative initiatives— an approach practiced to employ foreign policy in favor of Saudi economic and national projects at home and cooperation projects with allies and partners abroad. One example of employing diplomatic efforts to serve the country's foreign policy was the initiatives in the sphere of the environment

such as Crown Prince Mohammed bin Salman's announcement of the 2nd edition of the Middle East Green Initiative Summit and the Saudi Green Initiative Forum, building on the efforts made in 2021 when the first editions of the two initiatives were launched. The second edition was announced upon the arrival of the Saudi crown prince to Sharm El-Sheikh, Egypt to participate in the Saudi Green Initiative Forum and Exhibition, held in November 2022 under the theme "From Ambition to Action."

The announcement coincided with the 27th Conference of the Parties of the UNFCCC (COP 27). These efforts go hand in hand with Saudi Arabia's Vision 2030 under which Saudi Arabia aspires to enhance its initiatives in the sphere of the environment. As such, Saudi Arabia has allocated \$2.5 billion to support the Middle East Green Initiative over the next 10 years and host its headquarters. Saudi Arabia has also announced a plan to establish a mega carbon capture and storage hub.

The Middle East Green Initiative brings together regional and international leaders to discuss the effects of climate change, serving as a catalyst for encouraging global efforts, to develop a mega green economy to help in addressing climate change. It offers immense opportunities – with a plan to plant 50 billion trees across the Middle East and restore an area equivalent to 200 million hectares of degraded land, reducing carbon emissions from hydrocarbon in the region by 60 percent and across the world by 10 percent.<sup>(9)</sup>

The Saudi Green Initiative also aims to plant 10 billion trees throughout the country by 2030, raise the percentage of protected areas within the country to more than 30 percent and reduce carbon emissions by 278 million tons annually by 2030.

On par with its efforts to address traditional policy issues during 2022, Saudi Arabia made efforts to promote its innovative projects and initiatives in its official discourse, statements, and agreements with other countries. This was evident, for instance, in its landmark agreements on energy cooperation, renewable power and clean hydrogen, including low-carbon hydrogen, and green hydrogen. Saudi Arabia also, in its strategies, embraced the circular carbon economy (CCE) and its technologies. This is in addition to applying and developing carbon capture techniques, thus enhancing the country's GSRI and artificial intelligence applications.

On the public diplomacy front, Saudi Arabia was a focal point for international conferences. It hosted the first edition of the global technological conference as part of its effort to support the growth of the digital economy.

It also hosted the International Petroleum Technology Conference (IPTC) during which it affirmed its endeavor to ensure the stability of the three pillars of the energy industry: securing the necessary supply, continued economic development using reliable energy sources, and climate protection. In addition, it also hosted the Global Entrepreneurship Congress which aimed to strengthen the country's position as an attractive destination for pioneers and innovators from around the world.

It also hosted the second edition of the Global Artificial Intelligence Summit, held under the theme "Artificial Intelligence for the Good of Humanity," during which the member states of the Digital Cooperation Organization (DCO) agreed to adopt the Riyadh AI Call for Action Declaration (RAICA), which seeks to use AI technology to benefit people, communities, nations, and the whole world. The call also aims at transforming Saudi Arabia into a leading global model for building a knowledge economy to serve the present and future generations and achieve the objectives of Vision 2030.

As for enhancing participatory diplomacy, the Royal Commission for Riyadh City (RCRC) submitted, during the virtual meeting convened in Paris by the Bureau International des Expositions (BIE) in December 2021, a competing file to organize World Expo 2030 in Riyadh. Prior to that, Saudi Crown Prince Mohammed bin Salman announced in October 2021 that Saudi Arabia intended to place an official bid to the BIE to host World Expo 2030 under the theme "The Era of Change: Together for a Foresighted Tomorrow." Besides Saudi Arabia, South Korea, Italy, Ukraine, and Russia competed to win the

bid. In case Saudi Arabia wins it, it will coincide with the year of Vision 2030's coronation.

Furthermore, Saudi Arabia launched a range of national development initiatives, including the launch of National Strategy for Industry on October 18, 2022. This strategy aims at establishing an industrial economy that attracts foreign investors and contributes to achieving economic diversity and developing domestic product and non-oil exports in line with the objectives of Vision 2030. Though some are domestic, all of these initiatives are designed to strengthen the country's international position and were launched at a time when Saudi Arabia was faced with challenges and obstacles in its relationship with the United States. These initiatives link Saudi foreign policy with the country's internal policies and plans. The 2022 Saudi moves have shown that Vision 2030 is fully aligned with all dimensions of its foreign policy.

### Future Approaches of Saudi Foreign Policy in 2023

Saudi foreign policy in 2022 was mainly concerned with regional and international stability. This was clear in the unconventional initiatives launched by the country with the aim of addressing new global challenges. These initiatives were reflective of the significant strides made toward development. The Saudi foreign policy moves were not reactions to the strained relationship with the United States, nor because of the Russia-Ukraine war or the accelerating major power conflict over global leadership. Rather, the moves were an outcome of an ambitious Saudi vision that has existed for years. These moves were more visible because of the rocky context in which they happened. It is likely, however, that the Saudi foreign policy approach will not change in 2023 or later, rather, it is expected that the country will reap benefits in light of a national vision that aims to ensure economic stability.

## **BIDEN ADMINISTRATION MUST NOT RISK LOSING SAUDI ARABIA AS A PARTNER**

Saudi Arabia was heavily condemned in the aftermath of the decision by OPEC+ to cut oil output by 2 million barrels per day from November, even being accused by the US of supporting Russian policies and undermining sanctions imposed on Moscow.

These accusations were the result of concerns among Democrats in the US that the rise in energy prices caused by the OPEC+ decision would harm their party's chances of retaining control of the Congress in the midterm elections. Therefore, the Biden administration intends to review its relations with Saudi Arabia, hinting at measures that could undermine the long history of US military cooperation with the Kingdom ...



*Mohammed Alsulami*

*Founder and President of Rasanah IIIS*





## PART ONE

### STRATEGIC TRANSFORMATIONS IN THE INTERNATIONAL ARENA: **HARBINGERS OF A MULTIPOLAR WORLD ORDER**

The world is watching the strategic shifts which have been evolving in the international arena. These shifts reveal that the world order is passing through a difficult juncture. The emergence of a new world order seems imminent. Yet, the features, power hierarchy and leadership poles of the next world order are still ambiguous. In this part of Rasanah's 2022 Annual Strategic Report, a host of strategic developments and shifts in the world order which have long and short-term impact are reviewed as follows:

- ◉ *The Repercussions of the Russia-Ukraine War on International Security and The Global Order*
- ◉ *The European Impasse and Response Patterns to Address Rising Challenges*
- ◉ *The Taiwan Question and the Intensification of Sino-US Rivalry in the Indo-Pacific Region*
- ◉ *The United States and Current Challenges on the International Scene*
- ◉ *The Crises Gripping the Global Economy in Light of Disputes Between Major World Powers*
- ◉ *Global Military Developments and Non-Traditional Security Threats*
- ◉ *Violent Groups and Islamist Movements in Crisis*



**The Repercussions  
of the Russia-Ukraine  
War on International  
Security and the  
Global Order**

The 2021 Annual Strategic Report reviewed the most prominent manifestations of competition between the major powers, primarily US efforts to contain China, and US-European rearrange-ments to confront Russian threats to European security through the North Atlantic Treaty Or-ganization (NATO).

The report also predicted that Russia might start a confrontation with the United States and NATO for the sake of geopolitical gains; this is what actually happened with Moscow’s war of Ukraine. On February 24, 2022, Russia launched an all-out war on Ukraine, which was considered the most significant internation-al incident of the year. This war is within the framework of President Vladimir Putin’s geopo-litical project that he has pursued since rising to power. Putin’s ambition is to enhance Russia’s international stature like it had during the So-viet era. The latter’s collapse, Putin described as a “geopolitical mistake” that must be corrected.



To understand the link between the Russia-Ukraine war and Russian geopolitical ambitions, an analysis of the declared reasons for the war and its implicit and explicit objectives is essential. Then, the war to date is discussed through evaluating Russian gains and losses, and examining the repercussions of the war on international security and the global order. Finally, the outcomes of this war are examined.

#### Russia's Motives for Erupting War in Ukraine

Russia justified its war in Ukraine through several objectives, including its geopolitical ambitions.

##### The Security Dimension

Moscow announced it would launch a military operation against Ukraine to protect its national security after all political and diplomatic efforts had failed to meet its security demands. The following points are reflective of Russian security demands:

- **Preventing Ukraine from joining NATO:** NATO's continuous efforts to grant Ukraine membership are a major security threat to Russia. Not only did Moscow demand that NATO's expansion stop, but it also called for NATO to reduce its military capabilities and infrastructure to the level they were in 1997 when the "Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation" was approved.<sup>(10)</sup> It also demanded the withdrawal of offensive weapons away from Russian borders.

The United States rejected Russia's demands; therefore, Russia resorted to impose its demands by force through its so-called military operation.

- **Protecting the Russian-speaking minority in eastern Ukraine:** Given the ethnic ties that unite Russians with Ukrainians in general and those living in eastern Ukraine in particular, Moscow considered it a necessity to protect them. It has supported the separatists in eastern Ukraine and argued that its war was based on their request to protect ethnic Russians from existential threats. From September 23 to September 27, Russia organized a referendum to annex the region and bring it under its sovereignty. The residents of Luhansk, Donetsk, Kherson, and Zaporizhzhia voted in favor of merging with Russia, and the accession treaty was signed on October 1, 2022.

- **Changing the ruling elite in Kyiv:** Russia holds the ruling political elite in Kyiv responsible for the crises that have occurred between them since 2014. Moscow has described the elite as "neo-Nazis" who hold extremist and anti-Rus-

sian views. Moscow believes that this elite poses a threat to Russian ethnicity and national security because of its quest to join NATO and the European Union (EU). Moscow believes the political elite in Kyiv must be changed to address these threats. It hinted at the need for the Ukrainian army to intervene to remove President Volodymyr Zelenskyy from power, otherwise it would do so and put in power an elite that shares its orientations, or at a minimum an elite that does not threaten its interests.

## Geopolitical Motives

When reviewing Russia's justifications for invading Ukraine, one understands that they are mainly related to geopolitical motives; its ambition to re-emerge as a major competitive power in the international arena. This return to the international arena would necessitate Russia exerting its hegemony over a vital area that previously represented the sovereign borders of the Soviet Union. To achieve this, Russia needs to combine geographical expansion and regional control.

■ **Geographical expansion and annexation of more historical lands:** In many of his speeches and statements, Putin referred to the historical context of Ukraine's relationship with Russia—the geopolitics of the former Soviet Union. This context is what Putin depended on to attempt to expand and annex Ukraine, just as he relied on the ethnic dimension to intervene in eastern Ukraine and annex the Crimean Peninsula. Through its war, Russia attempted to force Kyiv to recognize the allegiance of Crimea and Donbass to Moscow. In addition, Russia wanted Ukraine's elite to accept the *fait accompli*, like what happened in Georgia in 2008. In the war's first phase, Russia adopted the strategy of gradually taking Ukrainian territories, with the possibility of moving toward total annexation in the medium and long term depending upon the circumstances.

■ **Acknowledgment of regional hegemony as a step to restore Russia's international standing:** Russia justified its war in Ukraine through security concerns such as NATO expansion and threats to Russian national security. The idea of a direct security risk to Russia's national security seemed relatively unlikely; in fact it was out of the question. Likewise, the idea of attacking Russia was not raised at any stage of the Russian-Western competition. Even at the time of the fall of the Soviet Union, the United States was afraid of the collapse of the Russian political

system and the lack of control over the country's nuclear arsenal by the new political leadership. Needless to say, Russia's military interventions in distant areas of geopolitical influence such as Syria, Libya, Central Africa and Mali are actually not related to Moscow's national security agenda, i.e., Russian interventions cannot be justified under the pretext of maintaining its national security. Thus, one can conclude that the core reason behind Russia's war is that Russia wants "recognition of its regional hegemony." NATO and the EU met Russia's demands; not to include Ukraine in NATO and to keep it as a buffer state between the two parties, and to return to the situation that prevailed before 1998. The NATO and EU positive response means that they actually recognize Russia's control over Eastern European territory, and its emergence as an actual international pole, as it was during the Cold War. Russia is not content with Eastern Europe, but wants to compete in other geopolitical regions, including Western Europe.

## Russian Achievements and Losses

### Russian Achievements

The following points reflect Russian achievements:

■ **Establishing a presence in eastern Ukraine:** The war shored up the political reality imposed by Russia on Ukraine since 2014. After the Russian acquisition of the Crimean Peninsula, it continued its geographical expansion at the expense of Ukrainian lands by controlling large parts of eastern Ukraine. Later, once the full-blown Russian war started, the Ukrainian army was able to recover many areas that were captured by the Russian army. Nevertheless, Russia's direct presence remains in the east of Ukraine through its army or separatists who have been fighting for nearly nine years; this is considered to be a geopolitical achievement for Russia. Moscow will not easily give up on this achievement, especially after these four Ukrainian territories were annexed following a

referendum in September 2022. In this context, the controlled region is crucial from an economic point of view, as it is where the majority of Ukrainian industries are located.

■ **Ukraine abandoning the idea of joining NATO:** Rumors have emerged of Ukraine ending its quest to join NATO and the EU against the backdrop of differences with its Western allies, specifically in the context of US-EU reservations over providing the Ukrainian army with offensive weapons that could lead to a direct confrontation with Russia. The Ukrainian president stated that Kyiv is no longer interested in joining NATO, which fears direct confrontation with Russia.<sup>(11)</sup> EU officials have also stressed the difficulty of Ukraine's accession to the union, which may take decades. The French president suggested an alternative to the union represented in the European Political Community, which is considered by President Zelenskyy to be merely a settlement between Europe and Russia.<sup>(12)</sup>

### Russian Losses

A comparison between the objectives that Russia set when declaring war and what it has actually achieved indicates a complete failure. The most important Russian geopolitical losses are:

■ **Failure to change the Ukrainian political system:** The aim to change the ruling elite in Kyiv faced many difficulties, primarily as the current Ukrainian president is considered a national hero among the Ukrainian people, and the anti-Russian trend has strengthened his presence even more, and it is difficult for any pro-Russian political elite to emerge in Ukraine. Moreover, if Moscow imposed a new leadership by force, it would be considered a puppet government, and there would be armed resistance against it. Further, a parallel government may emerge in a territory designated as "liberated" inside Ukraine or in the worst-case scenario outside Ukraine. This parallel government is likely to receive international legitimacy and recogni-

tion. In the medium-term, this government may resort to avoid any direct clashes with Russia to escape any possibility of a war erupting — because the Ukrainians will eventually endure considerable material and human losses in case of resorting to war again.

■ **Increasing NATO's expansion toward Russian borders:** Russia aimed to prevent the expansion of NATO toward its borders, but on the other side, Finland and Sweden applied to join NATO over concerns of a possible Russian invasion. The alliance officially began the process of these two countries joining during its summit that was held in Madrid on June 29, 2022, with the approval of all the 30 member countries after Turkey abandoned its reservations.<sup>(13)</sup> Perhaps this is one of Russia's biggest losses geopolitical-ly, despite its attempt to reduce its significance through Putin mentioning that Finland's and Sweden's accession to NATO would not constitute a threat to Russian national security.<sup>(14)</sup> Even Georgia, which fought a war with Russia, took advantage of the Russia-Ukraine war to apply for EU membership, although it stresses the need for dialogue with Moscow— which the Russian Minister of Defense Sergei Shoigu confirmed.

■ **Ukrainian security guarantors and enhancing of defense capabilities:** The steadfastness of the Ukrainian army and Russian military failures will translate into negotiations to settle the war; Ukraine will demand security guarantees in exchange for not joining NATO and the EU. Its defense capabilities will be boosted through the provision of advanced weapons, which is not only a demand from Kyiv, but Western countries in general have also demanded that Kyiv's security is boosted after reaching any settlement. Russia's acceptance of any security guarantees will be seen as an acknowledgment of its failure to project itself as a dominant force in its vital sphere, thus confirming the continuation of US-Western hegemony.<sup>(15)</sup>

## The Repercussions of the Conflict on International Security and the Global Order

The following points reflect the impact of the Russia-Ukraine war on international security and the global order:

### *Strengthening the Manifestations of US Hegemony*

The initial results of the war represented many US achievements that will serve its hegemony over the global order, or postpone the shift toward multipolarity which competing powers aspire for such as Russia and China.

■ **Draining Russia and impeding its geopolitical expansion:** Ukraine has withstood the current war with Russia, which has impeded Russia from achieving its objectives, thus a war of attrition materialized. Battles have taken place in a very wide area, and in a hostile social environment, added to this, the population of Ukraine is small compared to Russia, but this has not prevented Ukraine from mobilization and confrontation. As for material and financial military differences, Western support has bridged the gap, including the provision of experts to plan the battles. This was evident in the Ukrainian counter-attack in early September 2022. The Ukrainian army was able to retrieve large areas previously controlled by the Russian army, and Putin was forced to announce a partial mobilization, make changes to the Russian military leadership, and withdraw from Kher-son. The Ukrainian army has achieved notable successes. Even if it fails or retreats for a while, it will return and kick off military attacks, especially if the Russian army creeps toward western Ukraine, an area which is quite far from Russian supplies and is deemed a completely hostile area for the Russians.

■ **The decline of EU competition with the United States and the restoration of transatlantic relations:** The war boosted EU military spending, which contributed to creating a bal-

ance with the United States. The latter had taken on much of Europe's security burden, while the Europeans focused on economic growth and competition with the United States. On the other hand, the war contributed to accelerating the process of restoring US-EU relations, which US President Joe Biden worked on after arriving to the White House.

■ **Chinese reluctance to impose regional control:** The visit of US House of Representatives Speaker Nancy Pelosi to Taiwan in early August 2022 caused a crisis, the repercussions of which, whatever the scenarios, are in the interest of the United States. Despite the threats from China and the maneuvers it conducted on the eve of the visit, Beijing ultimately chose to avoid escalation and retreat from a military confrontation with Taiwan. This action confirmed that China is still unable to impose its total control over its vital sphere. In the event of a war, Taiwan also possesses the material and human resources that would allow it to resist any invasion and make China enter into a war of attrition that serves the continuation of US hegemony.

■ **Strengthening China-Russia cooperation in face of the US-European cooperation:** The war contributed to enhancing the cooperation between China and Russia to address the United States and its allies. This was evident in the 2022 Shanghai Cooperation Organization (SCO) summit and their previous agreements to overcome US sanctions. Without a doubt, their cooperation will impact the world order in the long and short term.

### *Economic Implications*

■ **The failure of economic sanctions to prevent war:** The United States and the EU threatened to impose severe sanctions on Russia if it invaded Ukraine. A package of US-EU sanctions were imposed to discourage Russia from continuing the war on Ukraine and force it to withdraw from the territories it had occupied. However, Russia was not deterred and threatened Europe with

sanctions in return. The Russians believed that the need for its gas, which is a difficult energy source to be replaced quickly, would force the Europeans to give up their threats and accept the *fait accompli*, as happened in the Georgian crisis in 2008.

However, this time US and European behavior was somewhat different. Russia tried to minimize the impact of the sanctions on it, and showed some indications of economic steadfastness. Later, it refrained from issuing data revealing the impact of the sanctions on it. It also launched sanctions through cutting off gas supplies to European countries and stipulating its sale in the Russian ruble. It prevented gas sales to countries that refused to buy with Russian rubles. The dilemma here lies in the fact that just as Western sanctions have not changed Russia's behavior, on the other hand, it is also unlikely that the energy crisis will push European countries to change their positions and accept Russian demands in Ukraine in general and Eastern Europe in particular. Therefore, each party will adhere to its positions and look for alternatives and other solutions without making any compromises. In any case, the Ukrainian crisis has showed the limited role of sanctions in deterring countries from choosing the option of war to settle political differences.

■ **Exacerbation of global economic crises:** The war added great burdens on the global economy, which was trying to recover from the ramifications of the COVID-19 pandemic. The war contributed to the worsening of the global food crisis and the rise in prices, particularly when the export of Ukrainian grain stopped, which became a tool of war in Russian hands, with Moscow employing it to ease the sanctions, in addition to securing diplomatic support from poorer countries. The ramifications of the war on global energy supplies were also prominent, especially for Europe, which found itself facing the dilemma of its dependence on Russia, balancing between its interests and needs as well

as its security concerns emanating from Russia's geopolitical expansion. The Russian and Chinese pursuit to establish a parallel financial system would have repercussions for the economies of many countries.

#### *Increasing Geopolitical Competition in Sub-regions*

The repercussions of the Russia-Ukraine war appeared in other geopolitical regions such as Africa, the Middle East, and Central Asia. In 2022, major powers in the mentioned regions made active diplomatic moves, reflected in US President

Joe Biden's tour in the Middle East, and Saudi Arabia hosting the Jeddah Summit on Security and Development. In return, Tehran hosted a tripartite summit that brought Russia, Turkey and Iran together. Riyadh hosted three summits: the Saudi-China Summit, the Riyadh-Gulf-China Summit for Cooperation and Development,



and the Riyadh-China Arab Summit for Cooperation and Development. Moreover, US Secretary of State Antony Blinken visited many African countries in early August 2022 after a similar tour by his Russian counterpart. The US-Africa Leaders Summit was held in mid December. Not



to mention the intensive activity in Central Asia, especially through the SCO.

### **Exacerbation of Security and Military Risks**

The Russia-Ukraine war renewed the discussion on the transformations that have occurred in the security and military fields including the involvement of foreign fighters in wars, the deployment of drones, hypersonic missiles and cyberattacks, as well as the threat of nuclear weapons deployment. The Ukrainian war front was also an arena for testing Russian and Western defensive and offensive systems. Certainly, many lessons will be drawn from the testing of advanced weapons, which will have an impact on future conflicts.

### **Intellectual and Ideological Implications**

This war did not exclude the intellectual and ideological dimensions. One of the Russian justifications for its military operation was the threat of “extreme nationalist ideology” or what it describes as “neo-Nazis.” On the other hand, the war reflected a struggle between democracy as existing in Ukraine and Western countries in the face of Russia’s authoritarianism and the tyranny of its allies such as China, Iran, and Syria. This is in addition to the writings of the ultranationalist Russian political commentator Alexander Dugi, who is considered a staunch backer of Putin’s Russia-Ukraine war. All these factors reflect a strategic intellectual shift represented in the rise of the far right, racism, populism, and other ideological trends.

### **Conclusion: Results and the Future of the Russian-Western Conflict**

Though the Russia-Ukraine war is still at its peak and has not ended yet, one can conclude its prominent outcomes as follows:

- The political, demographic, geographic and economic data reflect the large differences between Russia and Ukraine, with the former outweighing the latter. However, the same data confirms that Ukraine possessed the capabilities

to confront Russia, and if Western financial and military support is added to the equation, then there is relative parity between the two parties.

- The estimates about relative strength reflected the great differences between Russia and Ukraine, which confirmed the impossibility of the Ukrainian army defeating its Russian counterpart. However, Russia was unable to achieve an easy and quick victory, as this would be very costly. This was confirmed after a year of the war.

- The estimates focused on the rapid collapse of the Ukrainian army, given that the war is symmetrical between the two armies. Even Ukraine’s allies expected that, but the course of the war was different. Even if this scenario materialized, this does not necessarily signify the end of the war, but rather it may have entered a new phase and take on an asymmetrical shape, with the emergence of Ukrainian liberation organizations and movements that embrace guerrilla warfare tactics.

- It was predictable for Russia to achieve relatively quick victories in eastern Ukraine due to geographical proximity and the Russian ethnicity of the population, but the more it moved toward the West, it found greater resistance due to the geographical distance and the hostile environment.

- The Russia-Ukraine war is crucial for Russian ambitions, as it is taking place on its direct borders. Therefore, it is unlikely it will concede much in any negotiations to settle the conflict and stop the war. If Russia maintains the gains it made in 2014, especially the annexation of Crimea, then this would be considered to be an important geopolitical advantage.

- In regard to the economic sanctions from both sides, we are likely to see different scenarios. The European countries are in a difficult spot as they face protests because of the economic crisis and their democratic nature limits the options to confront the protests. However, they may be able to absorb them in the mid-term. The forcing out of the British Prime Minister Liz Truss, less than

two months after taking office, is an indicator of the difficulties facing European governments. As for Russia, any protests against the ramifications of the war will be dealt with firmly given the nature of its political system. But, as a consequence, Russia will be more vulnerable to political instability compared to European countries.

No one can predict the outcome of this war, as scenarios are open to all possibilities. However, one can present the most probable scenarios and discuss their likelihoods:

■ **Global and nuclear war scenario:** Many people, led by the international relations scholar John Mearsheimer, fear the possibility of the war between Russia and Ukraine developing into a global and nuclear war. This dramatic development may occur because of direct US military intervention in the war. A sudden accident like a collision of two US and Russian warplanes, or Moscow targeting a NATO member country (like Lithuania), could spark the worst feared scenario.<sup>(16)</sup> This scenario is reinforced by the indirect

Russian threats to use nuclear weapons, and Putin's talk at the end of October about a Ukrainian "dirty bomb" during nuclear exercises and his warning about concerns of a global conflict.

■ **Settlement scenario:** This scenario could materialize for various reasons, including political change in Moscow or Kyiv, whether because of natural death or an assassination. This would lead to the rise of a new elite that opposes the war and enters into a settlement process, as the two parties are convinced that this is the best option with mutual compromises.

■ **Scenario of a long-term war:** This scenario seems most likely at this stage, as the two warring parties adhere to their positions. They are fully aware of the risks of crossing the red lines, whether for themselves or for the international powers (the West or China). Therefore, the war is expected to last for a relatively longer term.

■ **Scenario of no war, no peace:** The two warring parties and their supporters reaching an indirect settlement somewhat similar to the

situation that has existed since 2014. In this scenario, the intensity of military confrontation would decline and remain confined to the eastern region of Ukraine, which is controlled by Russian-backed separatist forces as well as the Russian army. This scenario is close to a long-term armistice, which both parties will continuously breach from time to time.

Despite the difficulty of predicting which scenario is more likely, the escalation of the two parties may continue in the short term to secure the greatest achievements to improve their negotiating position. In the mid-term, the war may tend to decline either through a settlement or at least a long-term armistice, however, the war scenario remains. The most unlikely scenario is a world war breaking out, but it cannot be ruled out completely.

See also



Report

Available in Arabic and English

## Questions over the Transatlantic Alliance in the Context of the Russia-Ukraine War

The Russian invasion of Ukraine has led to many ramifications on the economic, social, political, security and geopolitical fronts. In addition, the war has led to turbulence in the transatlantic alliance, with each side viewing the Russia-Ukraine conflict differently, particularly when it comes to providing financial and military assistance to Kyiv and the best approach to ending the conflict, which has caused havoc in Euro-

pean domestic fronts, with the cost of living crisis imposing extensive pressure on European governments. Given the proximity of the conflict, the Europeans are eager to end the conflict as soon as possible, however, the US side is not in a rush, viewing the conflict as a means to bog the Russians down in a quagmire and exhaust it, preventing a Russo-Sino strategic alliance rising in the future...



# The Repercussions of the Russia-Ukraine War on International Security and the Global Order

## ■ Russia's Motives for Invading Ukraine

### 01 Security reasons behind the war

- ▶ Preventing Ukraine from joining NATO
- ▶ Protecting the Russian-speaking minority in eastern Ukraine
- ▶ Changing the ruling elite in Kyiv

### 02 Geopolitical motives for the military operation

- ▶ Geographic expansion and annexing more historical lands
- ▶ Acknowledgment of regional hegemony as a step to restore Russia's international standing

## ■ Russian Achievements and Losses

- ▶ Strengthening the Russian presence in eastern Ukraine
- ▶ Ukraine abandoning the idea of joining NATO
- ▶ Failing to change the Ukrainian political system
- ▶ Increasing NATO expansion on Russia's immediate border
- ▶ Russian security guarantees and strengthening its defense capabilities

## ■ The Repercussions of the Conflict on International Security and the Global Order

### 01 Strengthening manifestations of US hegemony

- ▶ Draining Russia and impeding its geopolitical expansion
- ▶ The decline of EU competition with the US and repairing transatlantic relations
- ▶ Chinese reluctance to impose regional control
- ▶ Deepening Russo-Chinese cooperation versus US-European cooperation

### 02 The economic consequences

- ▶ The failure of economic sanctions to prevent war
- ▶ Exacerbation of global economic crises

### 03 Increasing geopolitical competition in sub-regions

### 04 Exacerbation of security and military risks

### 05 Intellectual and ideological implications

## The Outcomes and the Future of the Russian-Western Conflict

- 01 Ukraine possesses the capabilities and has the international support enabling it to withstand Russian offensives
- 02 Russia will not achieve a lightning victory
- 03 Russia will find bigger resistance from the West
- 04 The war on Ukraine is considered crucial for Russian ambitions
- 05 Russia will be more vulnerable to political instability, with major scenarios emerging:
  - ▶ Global and nuclear war scenario
  - ▶ Settlement scenario
  - ▶ Scenario of a long-term war (more likely)
  - ▶ Scenario of no war, no peace



■

## The European Impasse and Response Patterns to Address Rising Challenges

The Annual Strategic Report’s forecasts of 2021 expected that achieving strategic independence would be the bedrock of the new European strategic vision, in addition to developing a new strategic definition of NATO in light of the new challenges facing Europe. The report forecasted that Europe would maintain its own perspective regarding the policy of countering China, which the United States is eager to impose on its European allies. However, the report did not forecast that such a massive conflict would erupt in Europe against Russia. The Russian war on Ukraine has restructured the European arena, including transatlantic relations as well as Russia-China relations. As for 2022, the annual report, particularly this file, sheds light on the aspects of the European impasse following the conflict in Ukraine and the various challenges awaiting the EU. This file is divided into four main parts as follows: the Russian war and the return to the Cold War; the US-European debate; the European dilemma in light of disagreements over dealing with Russia; the challenges facing Europe and the future of the Ukrainian conflict.

### The Russia-Ukraine War and the Return to the Cold War

More than eight months after the beginning of the war between Russia and Ukraine, European economic warfare with Moscow remains the main policy option favored by European capitals. Nevertheless, there is a risk of military escalation if Russia decides to target arms deliveries to Ukraine from other European states. Eventually, the possibility of a nuclear confrontation between Russia and European nuclear weapons states such as the UK and France remains both an incentive for dialogue and a risk of a total war in Europe. There are four main scenarios for the nuclear dimension of the Western-Russian confrontation in Ukraine: three pessimistic ones: Armageddon, normalization and successful nuclear blackmail; and one optimistic: a nuclear war is avoided.<sup>(17)</sup>

Emeritus Professor at Sorbonne University Georges-Henri Soutou contextualized the conflict in Europe that is playing out at the current time by pointing out that, “[w]ith the war in Ukraine, we are only at the beginning of a confrontation which promises to be lasting between two blocs, calling into question what was conceived as an unavoidable globalization: on the one hand, a thalassocratic Western bloc, led by Washington, encompassing Europe and certain Asian countries, led by Japan; and on the other, a continental Eurasian bloc, around Moscow and Beijing.”<sup>(18)</sup> He also underlined that, “the issue is first of all geopolitical, and even territorial, because it is above all a question of power, control of resources, and rivalries around economic models.”<sup>(19)</sup>

Soutou affirming the role of Eurasian powers in the conflict with the West is based on the priority these countries give to security and military issues in comparison to socioeconomic matters. Finally, there is a shared ideological dimension among the Eurasian powers given their rejection of Western influence, as the Western bloc is perceived as “hegemonic,” to varying degrees by these powers depending on their current interests. This anti-Western ideological dimension raises questions

about the degree of security cooperation among these countries. From our perspective, particular attention will be given to Iranian-Russian relations. China appears, in fact, to be more cautious about military cooperation with Moscow and Tehran because of its economic ties with the West. Questions about Iranian and Russian military capabilities are to be studied within the context of national interests and Western security concerns and parameters. The latter focuses in particular on deciphering military, nuclear and space cooperation between Tehran and Moscow. Two main questions are being asked in Europe today: first, to what extent will Russia engage in the modernization of the Iranian armed forces and what types of dual-use technologies is it ready to transfer to its Iranian partner? Second, to what extent can the Iranian republic export weapons to Russia, now deemed essential for the continuation of the war in Ukraine, beyond the question of drone deliveries?<sup>(20)</sup>

Moreover, due to the expansion of their bilateral security cooperation from the former Soviet space to the Middle East and, now, to Ukraine (since February 24, 2022), relations between Tehran and Moscow appear today to be viewed through the security prism on the European continent.<sup>(21)</sup> This anti-Western bloc is a challenge for a divided Europe. Among this group of countries (Russia-China-Iran), the most difficult question for Europe is: how should the Chinese economic challenge in the context of the economic confrontation against Russia be addressed?

### The European-US Debate

In the European debate, there is also the issue of Europe being a postmodern territory and the unexpected return of war on the European continent for the first time since 1945. This self-perception of European elites is twofold: firstly, this long period of peace is used to define Europe as a “garden” whereas the rest of the world would be a “jungle” according to Josep Borrell, the EU’s outspoken foreign policy chief.<sup>(22)</sup>

This geopolitical factor of the Ukrainian war has pushed European elites to ask national governments to be aware of the new economic warfare between the Western bloc and the Russian-Chinese axis.

European Internal Market Commissioner Thierry Breton explained that European governments and companies must realize that China is a rival to the EU, and they should not be naive when approving Chinese investments.<sup>(23)</sup> This comment appeared to be a warning for German Chancellor Olaf Scholz before his visit to China on November 4, 2022. This debate is also driven by the economic cost of confronting Russia in the context of rising energy prices and inflation on the European continent at the end of the year 2022.

In Washington, the debate on the Ukrainian war has focused on the cost of the war, the risk of military escalation<sup>(24)</sup> as well as the challenge arising from two nuclear rivals, namely, Russia and China. The Pentagon’s new Nuclear Posture Review in the context of the war in Ukraine named China as the “most pacing challenge” for the United States and Russia “a more acute threat.”<sup>(25)</sup>

The United States is now aiming to confront Russia while not taking its focus off China. The European countries are not in total agreement with this US position, as they are trying to keep strong economic relations with China. It remains to be seen if Brussels can have a constructive relationship with China and a confrontational one with Russia. This will be harder after the Pentagon published its Nuclear Posture Review in October 2022 which mentions, “by the 2030s, the United States will, for the first time in its history, face two major nuclear powers as strategic competitors and potential adversaries.”<sup>(26)</sup>

This US statement has already pushed China closer to Russia.<sup>(27)</sup> Consequently, the effect of the US strategy toward Ukraine is negative for the balance of power between the United States and the European states. In other words, the strength-

ening of Russian-Chinese relations will limit the European countries' room for maneuver as these countries are hoping to play China off against Russia. The European assumption is that China and the United States are the geopolitical winners of the Ukrainian war whereas the European countries and Russia are the main geopolitical losers of the new international order that is emerging following the outbreak of the Ukrainian war in February 2022. One of the unintended consequences of the US approach toward Ukraine is that the evolution of European-Chinese relations will become a test for the European project of "strategic autonomy" from the United States.<sup>[28]</sup>

### The European Dilemma

The European countries are facing an impossible choice between three contradictory objectives: supporting peace, acting as a diplomatic mediator and supporting Ukraine to achieve a military victory against Russia. The European countries are divided between those who are thinking about the possibility of peace, such as France,<sup>[29]</sup> and others in Eastern Europe that want to defeat Russia on the battlefield and perceive any diplomatic outreach as a sign of European division and weakness. Given the wide range of opinions among the European countries, one has to consider if Ukrainian objectives are militarily or economically feasible. One has to also assess if Ukraine is capable of carrying out a large-scale counter-offensive to retake the fifth of its territories currently occupied by Russian troops. Eventually, even if it is within its rights under international law, some argue that Ukraine has to see if it is in its own interests to engage in a very long protracted conflict to fully recapture its territories. Consequently, there is a debate among the European and US supporters of Ukraine both in Washington and Brussels about the possibility of total "military victory." This is the position that several influential voices promote in the United States but there is a more vigorous and vocal debate in most European countries ranging from those who support total "military victory" to others who seek a peace settlement. The main-

stream view in France underlines the necessity for Ukraine to seek a sufficiently favorable military balance of power so that it is able to engage in diplomatic talks from a position of strength.

This political debate is important given the need for the European states to provide Ukraine with military equipment. On this practical issue, until now, eight months after the beginning of the conflict, the Europeans have not been able to produce enough armaments for Ukraine. It appears that the United States supports the EU's objective to boost its industrial capacities [factories and staff] of European defense. Indeed, one has to consider the current depletion of armaments in Ukraine and the rise of military imports in Europe.<sup>[30]</sup> For instance, Poland purchases hundreds of tanks and rocket launchers from South Korea.<sup>[31]</sup>

US support for investment in European industry is also a sign of the European difficulty in achieving the goal of "strategic autonomy." Although Washington and Brussels have shared political objectives, there are still some diverging economic interests in the defense industry and more broadly in the energy market. These diverging economic interests explain the European perception of US economic hegemony in Europe and the difficulty faced by European states in defending the economic interests of their companies working with the Russian market. Another hurdle is the difficulty in cutting energy ties with Russia and substituting cheap oil and gas products from Russia with more expensive LNG imports from the United States.

### The Future of the Ukraine Conflict: The Challenges Ahead of Europe

The European focus on economic sanctions appears to be more challenging than expected for European consumers. Indeed, the rising cost of imported gas and the difficulty in stopping oil imports from Russia at the beginning of 2023 will have negative effects on the European economies. The embargo on imported oil will force European companies to import oil from the United States instead of Russia. Given this rising cost



of energy, it is now more difficult for the European states to find common ground to impose new economic sanctions against Russia. There is also the issue of how to manage Russia's frozen assets. As explained by EU Commissioner for Justice Didier Reynders, Western sanctions have also led to the "freezing of €300 billion" of Central Bank of Russia foreign exchange reserves around the world which could be used as a guarantee. He underlines that, according to his view, "it is at least possible to keep these €300 billion as a guarantee until Russia voluntarily participates in the reconstruction of Ukraine." This sensitive question will without a doubt provoke new tensions with Russia. The European states are already divided on the issue of sanctions as shown by the Dutch exemptions and the Hungary case.

The difficulty of finding a diplomatic solution could push Western states toward a policy of regime change: from the "Russian threat" to the "Russian enemy." Based on the aforementioned discussion, there are two main scenarios. First, the most likely scenario is the maintenance of the status quo in Eastern Ukraine on the front-line and the status quo on the level of sanctions imposed by Brussels given the difficulty in finding common ground in Europe to adopt new economic sanctions. Second, a less likely scenario could see a Ukrainian military victory or a successful Russian military counter-offensive. The scenario of a Ukrainian victory will probably strengthen European unity whereas a Russian military success could increase internal tensions among the European states •

# The European Impasse and Patterns of Response to Address Rising Challenges

## ■ The Russian War and the Return to the Cold War

- 01 The European economic war with Moscow is still the most preferred European policy option
- 02 The possibility of seeing a nuclear face-off between Russia and European nuclear powers increases international tensions
- 03 The Eurasian powers prioritize security and military cooperation—and Iran and Russia are a case in point
- 04 China seems more cautious about developing military cooperation with Moscow and Tehran
- 05 Expanding the scope of security cooperation between Iran and Russia

## ■ The European-US Debate

- 01 The geopolitical factor of the Russia-Ukraine war is instrumentalized by the European elites to draw attention to the economic war between Europe and the Sino-Russian axis
- 02 In Washington, the debate primarily focuses on the Russia-Ukraine war, its cost and the danger posed by military escalation
- 03 The US strategy's approach toward Ukraine is passive when it comes to the balance of power

## ■ The European Dilemma

- 01 Difficult options before Europe: supporting peace, diplomatic mediation or a Ukrainian military victory
- 02 Some Eastern European countries desire for Russia's defeat
- 03 France believes that Ukraine should balance military power in anticipation of starting diplomatic talks
- 04 Economic objectives divide Washington and Brussels on defense and energy sectors

## ■ The Future of the Russia-Ukraine Conflict: The Challenges Ahead of Europe

- 01 Negative impacts in Europe for the high cost of imported gas and the difficulty of suspending oil imports from Russia
- 02 European nations are divided on the issue of imposing sanctions on Russia
- 03 The difficulty to reach a diplomatic solution and change the Western strategy, with two scenarios on the cards:
  - The continuation of frontline confrontations in eastern Ukraine and the level of sanctions imposed by Brussels (a more likely scenario)
  - A Ukrainian military victory or a successful Russian counteroffensive



■

**The Taiwan Question  
and the Intensification  
of Sino-US Rivalry in  
the Indo-Pacific Region**

The 2021 Annual Strategic Report issued by Rasanah had forecasted further international tensions between the United States and China, with an expected escalation between both sides in the Indo-Pacific region. The report, however, ruled out the possibility of mutual Sino-US military escalation turning into a full blown war in 2022 which proved to be accurate. This reading was made based on the assumption that, in the pivotal battle for global leadership between the United States, the world's hegemonic power, and China, a revisionist power, both countries would take each other's redlines into account. It seems that both the United States and China calculated the devastating impact of war on their global interests amid energy, trade and food supply crises which have worsened because of the Russian-Ukrainian war. However, the current Sino-US escalation points to the feasibility of a direct military conflict between the two countries.

If this was to happen, the ramifications would outweigh those stemming from the Russian-Ukrainian war, and could turn into a Third World War. This part of the report sheds further light on the nature of the Sino-US escalation and its ramifications through discussing three main topics: escalating Sino-US conflict in the Indo-Pacific region; the nature of US escalation against China, particularly in the context of Taiwan, and finally, US motives for the latter.

### Intensification of Sino-US Conflict in the Indo-Pacific Region

Several commentators and influential political figures within the inner circles of Western decision-making, including John Mearsheimer, Henry Kissinger and Hillary Clinton have described the Indo-Pacific region as the most vital in the context of Sino-US rivalry in the 21st century. Power projection in this vital region helps in leading the international order, like the United States' control over the Atlantic during the last century. Consequently, the Indo-Pacific region has turned into the most important hotspot in the ongoing US escalation against China – the latter aims to drag China into war so that Beijing is economically exhausted and weakened, hence allowing Washington to preserve its hegemonic position over the international order.

#### *An Overview of Sino-US Escalation in the Indo-Pacific Region*

■ **The nature of US escalation against China:** The US escalation against China in 2022 was military in nature as Washington boosted its defense relations and intensified naval exercises with its Asian allies.<sup>(32)(1)</sup> It launched the Indo-Pacific Economic Framework for Prosperity (IPEF) in the region in May 2022.<sup>(33)</sup> The IPEF aims to change the balance of power in the South China Sea in a direction that is unfavourable to China on the one hand and advance Washington's attempts to encircle Beijing on the other hand. In addition, Washington continued its military provocations against Beijing to test its patience by sending the USS Benfold guided-missile destroyer to the South China Sea repeatedly in 2022 and violated Chinese airspace when US fighter jets flew over Chinese artificial islands in the South China Sea.<sup>(34)</sup> These US moves led to further provocations from Australia, an important US ally in the Asia-Pacific region, when its military aircraft were dispatched over the South China Sea in May 2022, angering China which deemed this Australian move as a breach of its critical boundaries.

The most serious aspect of the US escalation against China which alarmed the world, with many fearing the outbreak of a Third World War, was the frequent dispatch of US senior officials to Taiwan. These visits aimed at mirroring China in a protracted military conflict with Taiwan. This provocation was also apparent when Washington pressured and pushed its allies in Europe to move closer to Russia's borders, thus goading Moscow to invade Ukraine. This US move aimed to trap Moscow in a quagmire so that it is incapable of forming an alliance with Beijing to disrupt its influence and avert the creation of a multipolar world order.

■ **The Chinese response to US escalation:** China responded to US escalation with reciprocal moves; increasing its naval military patrols in the South China Sea to enforce its claim of sovereignty over it and protect its interests, and fully militarized the three artificial islands in the sea,<sup>(35)</sup> and imposed a military siege on Taiwan for days after Nancy Pelosi's visit to Taiwan in early August 2022. Beijing is aware that contesting its sovereignty over the sea is in the interest of US-allied countries that are

geographically close to China – Vietnam, the Philippines, Malaysia, and Brunei (see Map 1). If these countries are successful in their quest, the United States would be granted greater access to the South China Sea, including access to China's strategic islands,<sup>(2)</sup> the vital straits – Taiwan and Malacca – and to ever-critical resources and international maritime routes. This access no doubt would be used by the United States against China – a powerful bargaining chip – enabling it to threaten the vast majority of Chinese international trade that passes through the South China Sea. China's energy needs, which keep the wheel of Chinese economic productivity moving, are also imported via the South China Sea's shipping routes; hence Beijing losing sovereignty over this sea would be a big blow to the lifeline of the Chinese economy. China has been working to evade a potential US strategic siege on its mainland via the South China Sea.

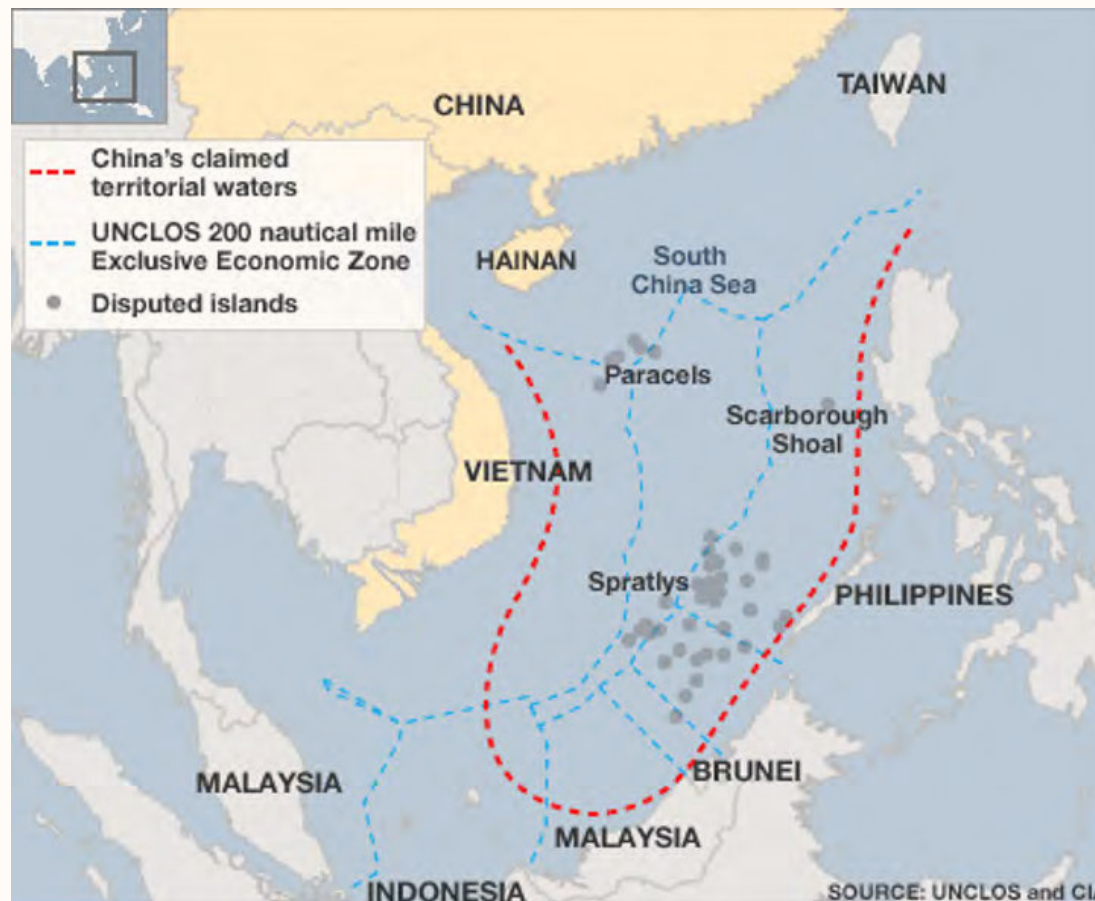
#### *The Motives of Sino-US Escalation in the Indo-Pacific Region*

In the escalating battle for global hegemony, both the United States and China are trying to secure more cards in their quests – for Washington, preservation of the status quo and for Beijing establishing a new multipolar world order. Exerting control over the Indo-Pacific region allows either side to achieve their respective goals in the 21st century. The following points reflect the most prominent features of competition between the United States and China:

■ **Dominating the global economy:** Controlling the most prominent maritime routes in the South China Sea will play a critical role in determining which country will have the most influence over the global economy – meaning which country will be the economic superpower.

(1) Such as Indonesia, Malaysia, Singapore, Vietnam and the Philippines, Brunei, Thailand; members of the Association of Southeast Asian Nations (ASEAN), South Korea, Japan, India as well as Australia.

(2) South China Sea consists of over 200 islands strategic islands including Spratly, Paracels, Pratas and Macclesfield.

**Map 1: The Maritime Dispute Between the Countries of the South China Sea**

Source: UNCLOS and CIA quoted from the Institute for Maritime and Ocean Affairs. Q&A: South China Sea Dispute," *The Institute for Maritime and Ocean Affairs*, accessed November 11, 2022, <https://bit.ly/40nlyjQ>

er in the 21st century, according to several analysts. This vital region offers immense opportunities given its resources and vast potential. According to the Energy Information Administration (EIA),<sup>(37)</sup> the region has about 190 trillion cubic feet of natural gas and 11 billion barrels of oil rated as proved or probable reserves – huge reserves that will no doubt impact energy supplies and prices globally.

The value of South China Sea trade is nearly one-third of the world's shipping trade, estimated at \$5.3 trillion, with \$1.2 trillion of this total accounting for trade with the United States. Over 64 percent of China's total maritime trade transits the waterway, while nearly 42 percent of Japan's total maritime trade transits through it.<sup>(38)</sup>

The South China Sea serves as an access point for Asia's leading economies to the Indo-Pacific region, primarily for China, which was ranked by the International Monetary Fund (IMF) report in 2022 as the world's largest economy (on a purchasing power parity basis). While the US share in global gross domestic product (GDP) (accounted for 15.7 percent, China's share was estimated at 18.6 percent, and India's at 0.7 percent. The total share of ASEAN countries was estimated at 5.5 percent,<sup>(39)</sup> that included the Japanese and South Korean economies – two major buyers of oil and gas and the world's biggest exporters.

Besides the abovementioned factors contributing to Sino-US rivalry in the Indo-Pacific region, there is the factor of China's global economic projects in the region that have added to tensions. For example, a major part of China's Belt and Road Initiative (BRI) is in the Indo-Pacific. This initiative is critical for China's aim of creating a multipolar world order. Hence, China's positioning of its military forces in the South China Sea is a preemptive move to counter any efforts to threaten the BRI and its economic activities.<sup>(40)</sup>

■ **Establishing a strong global alliance:** This step is more relevant to the United States for which the South China Sea is a shortcut to link its allies in East Asia, the Indian subcontinent, and the Middle East together in a powerful global alliance. The sea has in fact turned into a geopolitical hotspot, as it will allow Washington to encircle Beijing and shape the future world order.

### Taiwan – a Flash Point in the US Escalation Against China

#### US Escalation

The US escalation against China in the Taiwan theater comes within the context of the broader conflict in the Indo-Pacific region and encompasses both political and military dimensions. It also reflects the US abandonment of its "strategic

ambiguity”<sup>(1)</sup> principle that has characterized US-Taiwan relations for years. The following explains the US escalation over Taiwan in 2022.

■ **US political escalation:** President Joe Biden’s remarks during his visit to Tokyo in May 2022, that the US would respond militarily to defend Taiwan if China tried to annex it by force<sup>(41)</sup> signaled a reversal of Washington’s strategic ambiguity policy. Washington’s provocations continued despite Chinese warnings over US officials visiting Taipei, primarily the speaker of the US House of Representative Nancy Pelosi’s visit that brought the world to the brink of a Third World War and the visit of a five-member congressional delegation less than two weeks after Pelosi’s visit. These moves were seen by China as a direct threat to it and a US reversal of its “one China, two systems” policy; in Chinese eyes, the United States was expressing support for Taipei’s independence.

■ **US military escalation:** Washington and its European allies – whose relations have improved since Biden’s tenure – made great efforts to boost Taiwan’s defense capabilities, announcing a \$1.1 billion arms sale of air defense systems and advanced weapons to the country in September 2022. The arms deal included 60 anti-ship missiles and 100 short-range missiles as well as intercept missiles and drones and a logistics support package for Taiwan’s surveillance radar program. This arms deal provoked Chinese anger, and Beijing asked the United States to cancel it.<sup>(42)</sup>

Following Pelosi’s visit, the US Navy sailed two warships through the international waters in the Strait and deployed its aircraft carrier USS Ronald Reagan and three destroyers in anticipation of any Chinese attack. The United States also conducted huge military drills with Australian, Japanese and Indonesian troops on Sumatra Island in response to the Chinese drills held around Taiwan.

Washington justified these moves under the 1979 Taiwan Relations Act which allows it to make available defense items and services to protect the democratic country of Taiwan. However, this US justification contradicted the core concept of the one-China principle adopted by the UN General Assembly in the early 1970s and raised international concerns about a potential Sino-US war.

#### **China’s Response to US Provocations Over Taiwan**

Pelosi’s visit invoked China’s ire and contempt and forced it to react on three levels – military, political and economic. The visit also reflected a new international reality – China’s threat to US global hegemony. The following parts discuss China’s robust response to US escalation.

■ **At the military level:** Before and after Pelosi’s visit, China conducted live-fire military drills in six areas that surround Taiwan, almost reaching the territorial waters of Taiwan (see Figure 1). The military exercises aimed at sending a message to Taiwan and its Western allies that China can easily control Taipei’s exports and imports, and even invade it. If China was to invade Taiwan, the West would face another crisis, given the fact that it has been suffering several crises against the backdrop of the Ukraine war, such as the chip shortage crisis.

Furthermore, Chinese fighters penetrated Taiwan’s territorial airspace during Pelosi’s visit to Taipei, and Chinese long-range ballistic missiles were fired toward Japan’s exclusive economic zone (EEZ), located about 2,000 kilometers away from Taiwan. This missile’s range reveals that the message was not only intended for Taipei, but also for Washington’s allies, Tokyo and Seoul, who received Pelosi; to warn them that they fall within the range of China’s missiles.

The Chinese response was also for Washington, as it sent a message that Beijing has the capability to reach US bases in Japan. China’s launch of a hypersonic anti-ship missile off the coast of Taiwan provided evidence of more potent offensive capabilities as well; US air defense systems would not be able to detect and intercept it. This launch aimed at warning US vessels not to sail through the Taiwan Strait, nor provide military support for Taiwan or deploy forces near Taiwan that could be used to militarily support Taipei.

In addition, China’s president, during the opening session of the 20th Chinese Communist Party’s Congress on October 16, 2022, highlighted the possibility of using force to annex Taiwan if necessary.<sup>(43)</sup>

In the closing session of the congress at the end of October 2022, the Chinese ruling party included in its charter and then in the Constitution the rejection of Taiwan’s independence. In return, Taipei and Washington reiterated that they would use force against Beijing if it launched attacks on Taiwan to annex it by force.

China also launched symbolic cyberattacks to stress its capability to strike targets in Taipei. Several government websites in Taiwan were targeted by foreign cyberattacks, tens of thousands of internet-connected devices were shut down while Pelosi was in Taipei and most notably terrestrial television stations, including four commercial stations and Taiwan Public Television Service, were hacked. They accused Pelosi of intending to ignite a war and asked her to leave Taiwan.<sup>(44)</sup>

■ **At the economic level:** Beijing broke the US monopoly of imposing sanctions by imposing sanctions on Pelosi and on approximately 100 Taiwanese companies, as well as banning more than 2,000 Taiwanese food imports with the aim of isolating Taipei. China also took a more serious decision against Taiwan when it suspended natural sand exports to the country – an

(1) Adopting a policy of ambiguity in providing political and military support for Taipei in the event of a Chinese invasion of Taiwan in return for preventing the latter from declaring its independence.

Figure 1: China's Military Blockade of Taiwan in August 2022



Source: Chinese media reports, maritime region quoted from BBC.<sup>(1)</sup>  
 "China and Taiwan: A Really Simple Guide," BBC, August 8, 2022, accessed November 20, 2022, <http://bit.ly/3iKOgne>.

important raw material for chip manufacturing – to Taipei. The Chinese decision would have a negative impact on Taiwan's economy which mainly depends on microchips as an important source of revenue – Taipei's natural sand imports from China constitute one third of its total sand imports that amount to 90 million metric tons.

■ **At the political level:** China gave a dressing-down to the US ambassador to Beijing after Pelosi's visit, stressing that the visit was a deliberate provocation and a serious violation of its territorial integrity and the principle of one country, two systems. To Beijing, the trip sent the wrong message to Taiwan (to declare its inde-

pendence) and accordingly it announced a halt in cooperation with Washington in the fields of crime control, maritime safety, drug control, illegal immigration repatriation and climate change.

China's reaction sent a message that its territorial integrity must be respected on the one hand and a warning to Taiwan of the consequences of declaring independence on the other hand. The second message implicitly pointed to the ease of encircling Taipei and recapturing it by force and to Washington's inability to provide it with weapons or intervene to protect it militarily from any potential Chinese attack.

### Motives for Sino-US Escalation Over Taiwan

Taiwan is the most dangerous flashpoint between Washington and Beijing over global leadership, particularly since Taiwan's pro-independence leader of the Democratic Progressive Party, Tsai Ing-wen, was inaugurated for a second term and after Democratic US President Biden came to power early in 2021.

#### US Motives

There are general US motives related to its escalation against China in 2022, mainly maintaining its global hegemony. The United States is making utmost efforts to prevent the balance of power from shifting from Asia. This is due to its fears of the growing power of China and its role and threat to its leadership as well as fears over Beijing's endeavors to replace it as the prime economic model. There are also specific US motives for its escalation against China in 2022, as follows.

■ **The relative decline in US global power:** As a result of the relative success of China in managing the coronavirus pandemic, Russia's standoff with the West in its war against Ukraine and the chaotic withdrawal of the United States from Afghanistan, Washington's reputation and image

(1) Adopting a policy of ambiguity in providing political and military support for Taipei in the event of a Chinese invasion of Taiwan in return for preventing the latter from declaring its independence.

as a global power has been dented. This decline is supported by the statements and remarks of influential people including those of scholars and current and former Western politicians. For example US political scientist and international relations scholar John Mearsheimer, former US Secretary of State Henry Kissinger and former UK Prime Minister Tony Blair, have all spoken about the international system shifting from its unipolar structure to a multipolar one. The United States' declining global power, no doubt, will raise questions among its allies over its ability to provide protection and may even push some of them to seek new alliances. Therefore, Washington's escalation over Taiwan aimed to assert its global dominance by goading China into war with Taiwan, thus miring it in conflict and distracting it from its ambition to seek global leadership, and bringing US allies back firmly under its security umbrella given that some had started to seek alternatives to its protection.

■ **China's swift moves to reduce the power gap with the United States:** At the economic level, for the first time in history, according to the latest available purchasing power parity (PPP) data, China's GDP overtook that of the United States. China also has the world's largest foreign exchange reserves worth \$3.48 trillion, according to June 2022 statistics. China's Central Bank is also the second largest non-US holder behind Japan of US debt worth more than \$1 trillion, meaning Washington owes Beijing and pays interest on its debt to Beijing.<sup>(45)</sup> Militarily, a Pentagon report highlighted the accelerated pace of China's military capabilities and its ability to match or surpass US power by 2050. The report also noted that Beijing's arsenal of nuclear warheads to about 700 by 2027, and about 1,000 by 2030<sup>(46)</sup> to secure its nuclear deterrence strategy. As a result, Washington decided to side more firmly with Taiwan to goad China into war with the island.

■ **China's position on Russia's war in Ukraine:** One of the most important motives behind the US attempt to provoke China into war with Taiwan was because it thought that Beijing would support Russia in its war against Ukraine. This point is based on the Chinese leader's statements that stressed the need for the West to take Russian concerns over Russian security seriously and the statement made by the Chinese and Russian leaders while Russia was mobilizing troops to attack Ukraine about the "no limits" friendship between China and Russia. Moreover, Beijing and Moscow held joint military exercises around Japan during President Biden's visit to Japan in May 2022.<sup>(47)</sup> Washington believes that Chinese support for Russia is intended for Beijing to win the ongoing battle with the West over global hegemony and move the center of gravity from Asia, given that Putin announced that the war in Ukraine was part of his strategy to reshape the world order. The US National Defense Strategy focuses US defenses on China as the first threat and Russia as the second. Thus, Beijing announced its support for Moscow to achieve the strategic goal of boosting its position as a major power.

■ **The shift in Europe's position on China:** The Europeans abandoned their policy of non-involvement at the end of President Trump's tenure during which Europe remained neutral toward the US position on China. Trump embraced a tough approach toward the Europeans by putting heavy pressure on them to increase their defense spending and financial contributions to NATO as well as to challenge China's global influence instead of focusing on strengthening European-Chinese relations. When President Biden came to power and pursued a diplomatic approach and given the Chinese position on the war in Ukraine that is seemingly supportive of Russia, the European position on China shifted closer toward the US position.

■ **The 2022 NATO Strategic Concept:** The 2022 NATO Strategic Concept emphasized an improvement in the defensive capabilities of member countries and continuous responses to Russian threats and China's ambitions and coercive policies.<sup>(48)</sup> This focus would help the United States in its efforts to mire China in a war with Taiwan, as it goaded Russia to invade Ukraine. The aim behind both is to distract the Russians and Chinese from establishing a multipolar world order that threatens US leadership.

### China's Motives

There are general motives that explain the stern and calculated Chinese response. The first is related to the Chinese policy of one country, two systems,<sup>(1)</sup> the second is Beijing's rejection of US threats to its security from Chinese territory and the third is the centrality of Taiwan in its strategy because of the following:

■ **Fear of losing Taiwan; an important card for the global economy:** Taiwan is an outsourcing manufacturer of one of the world's most valuable items – semiconductors or microchips. The island meets 92 percent of the world's needs for microchips.<sup>(49)</sup> Taiwan Semiconductor Manufacturing Company (TSMC) accounts for more than half the world's production.<sup>(50)</sup> Therefore, Taiwan can use the chip industry as a weapon, the same way some countries use energy as a weapon. Beijing is aware that many economies, primarily the United States, depend on Taiwanese microchips and thus will not give up on Taipei that provides it with a critical global pressure card, especially at a time when Beijing is working to enhance its capabilities in the manufacturing of microchips.

■ **Beijing's concern over an increasingly powerful democratic political system in Taipei different from its totalitarian system:** Chinese decision-makers are troubled by the prospect of an alternative democratic political system on its doorstep to challenge its authoritarian

(1) This respects China's sovereignty and territorial integrity.

ruling system. There is now growing concern in China that some influential nationalist figures in Taipei may call for a change to the current ruling system; i.e., to restore China's former nationalist ruling system.<sup>(1)</sup> Furthermore, a democratic political system within Chinese territory is likely to be welcomed by a wide range of Chinese intellectuals who have studied in Taiwanese or Western universities.

Beijing sees the growing power of Taipei as a step on the path toward independence, especially in light of the presence of provinces with similar aspirations such as Macau, Hong Kong, and Tibet. Therefore, Beijing's firm response was a strong deterrent message to Taipei and the rest of the provinces with separatist tendencies.

■ **Fear of losing control of the Indo-Pacific region:** Under US control, Taiwan would be a major cause of concern for Beijing, given its strategic location – it represents the first line of defense for Chinese maritime borders. It can also grant the United States access to the South China Sea, accordingly Washington can easily attack China. On the contrary, if China maintains its grip over Taiwan, Washington will find it hard to weaken Beijing.

According to US strategist Douglas MacArthur, US troops and bases in Japan and the Phil-



(1) Kuomintang-led China before the creation of the People's Republic of China (PRC) at the end of the 1940s. The Nationalists (Kuomintang) fled to Taiwan after their defeat by the Chinese Communist Party.



ippines would be risked if Taiwan fell into the hands of communist China.<sup>(51)</sup>

If Taiwan was lost to China, Beijing could also limit US movements and threaten energy supplies, and further risk US credibility to protect its allies. Taiwan's geographical location is strategically significant for Washington's allies in Asia such as the Philippines which considers Taiwan instrumental to the security of its northern borders, and Japan which considers it vital for the security of its southern borders. MacArthur views Taiwan's unmistakable strategic value as an "unsinkable aircraft carrier" in the Asia-Pacific region.

■ **Taipei's significance for Beijing in the battle with Washington over global leadership:** Beijing's firm response reiterated its conviction that Taiwan is essential for it in its quest for global leadership and sent a strong deterrent message to Washington that Taipei is a life and death issue for China. China's unequivocal response

also included a warning message to the Asian powers allied with the United States, throwing into question their dependence on the United States' security umbrella. Beijing is also aware that winning this battle over Taiwan will weaken Washington's standing as the global hegemon. Scottish historian Niall Ferguson believes that losing Taiwan could mark the end of the US empire. Thus, Taiwan is a symbol of the continuity of the unipolar world order. In other words, if Washington abandons Taipei, it will move from being a great power to a major power; such as when Britain lost the Suez, resulting in its demotion from a great power to a major one. This explains Washington's early establishment of the Taiwan Relations Act<sup>(52)</sup> and signifies the intensity of the conflict between the United States and China. Other motives for China's sharp response include enhancing the president's popularity; the Communist Party leader secured a third term by the end of the 2022 Communist Party

Congress in October, as well as preserving the hard-earned international status that is keeping the United States on its toes. Not to mention, China's observation of Russia's defiance of the West as it wages war against Ukraine, even though Moscow is less economically and militarily capable than China. China's reaction has no doubt caught the attention of middle powers that have reconsidered their relations with the United States. Their positions and alliances with the United States have started to shift to favor a Chinese alternative, as Beijing is strong and influential in international affairs.

### The Future of Sino-US Escalation Over Taiwan

The escalation over Taiwan in 2022 reflected a number of issues.

First, the Sino-US conflict has upgraded from rivalry to armed escalation in the South China Sea, raising global concerns over the conflict turning into a comprehensive war for global

leadership – a war that many analysts believe to be “fateful.”

Second, the unresolved international crises over energy and food supplies – triggered by the outbreak of the coronavirus pandemic and the Russian-Ukrainian war have worsened. Security concerns over a possible maritime attack in the Taiwan and Malacca straits – through which the majority of international maritime trade and oil tankers pass and are vital routes in the microchips supply chain – have grown. This would initiate a new international crisis and escalate the arms race between China on the one hand and US-allied powers in the Indo-Pacific region on the other.

Third, contrary to Washington's desire, China has emerged as a great global power and has demonstrated to the United States that the reins of global leadership are not solely in Washington's hands. China has also confirmed that it is fully aware of the US trap; Washington sought to embroil China in the current war in Ukraine in order to consume and distract China from focusing on its ultimate goal; to be a prominent global power that is able to eliminate US hegemony.

Lastly, the US policy of goading global powers into war has not borne any fruit. For example, the United States threw its European allies into a strategic crisis when the Russians played the gas card to stop them from providing military support for Ukraine. In addition, Pelosi's trip to Taiwan has not succeeded in provoking China into war with Taiwan. China's response was calculated and rational. The aforementioned may prove to the world that a new international reality that challenges unilateral US hegemony over the world is forming and that China is a dependable alternative global leader after its tools to influence international affairs were tested. This also supports the rationale of some middle powers' decision to diversify their foreign policy options by enhancing their partnership with

China instead of depending solely on the United States.

### Scenarios for 2023

In light of the aforementioned discussion and analysis, several scenarios can be forecasted for Sino-US relations in 2023:

■ **War:** This is in the event of Taiwan declaring its independence with US support, or if Beijing goes ahead with its threat to annex the country by force. This scenario is based on the large-scale military drills that China has conducted around Taiwan. China could provide military support for Russia to end the ongoing Ukrainian war in its favor, inducing a provocative reaction from the United States in Taiwan. Taiwan's and the United States' military drills showed a willingness to resort to armed force or provocative gestures when necessary.

However, this scenario is unlikely owing to the two powers' fears of the possibility of the escalation triggering a Third World War that would certainly be destructive. Furthermore, China's trade and investments in the United States and the European and Asian countries allied to Washington amount to \$2.2 trillion. This means Asian and European allies would not support a US decision to go to war with China as it would hit the global economy, especially amid the economic crises caused by the war in Ukraine. Beijing is also aware that a comprehensive war would affect its BRI and its investments and overseas trade that are the largest in the world. China is fully aware of the strategic trap which the United States aims to draw it into. Another factor that makes this scenario less likely is that both the United States and China are wary about the potential use of nuclear weapons to flex power and win the battle in case either one was inflicted with heavy losses. This was evident and reflected in the remarks made by the Chinese and US leaders on the sidelines of the G20 summit in Indonesia on November 14, 2022.

■ **Controlled escalation:** Under this scenario, limited escalation would continue in a way that does not lead to war. This is backed by the reasons for avoiding war discussed in the first forecast. The United States and China would pursue a peaceful approach toward the Taiwan question and the Europeans would opt for greater coordination with China on some issues, especially the Russian-Ukrainian war. This could compel Washington to think twice before supporting Taiwan's independence in 2023, in light of its military expenditures to support Kyiv against Russia.

Furthermore, Washington would find it hard to provide military support for Taipei the same way it provides it for Kyiv, in case Taiwan was besieged or invaded by China. The latter can easily encircle Taiwan and its escalation after Pelosi's visit to the island intended to highlight Washington's inability to provide security assistance for Taipei. Yet, it is likely that China would prioritize the scenario of reclaiming Hong Kong peacefully by creating favorable conditions.

■ **Swaying from escalation to de-escalation:** In the third scenario, Sino-US tensions would swing between escalation and de-escalation and containment without turning into war. This forecast is supported by the fact that the long Sino-US conflict over Taiwan, and the Chinese warnings of using armed force to prevent Taipei's independence did not lead to war; further Biden and Xi Jinping underpinned the importance of de-escalation and respecting the one country, two systems principle; a constitutional principle of China. However, this scenario is not likely given the escalating tensions between Washington and Beijing, especially since Tsai Ing-wen came to power in Taiwan and the unwavering US commitment to supporting Taiwan's democratic model despite Chinese warnings, especially against the backdrop of intensified rivalry between Washington and Beijing over the mantle of global leadership •

# The Taiwan Question and the Intensification of Sino-US Rivalry in the Indo-Pacific Region

## ■ Intensification of Sino-US Conflict in the Indo-Pacific Region

- 01 The US escalation against China in 2022 took on a military nature
  - 02 China escalated militarily in response to the US military escalation
  - 03 The US-Chinese escalation in the Indo-Pacific aims to dominate the global economy and form a powerful global alliance
- ### ■ Taiwan – a Flash Point in the US Escalation Against China
- 01 The US political and military escalation
  - 02 The Chinese response to the military, political and economic challenges brought on by the Taiwanese dispute

## ■ Motives for Sino-US Escalation Over Taiwan

- 01 US motives
  - ▶ The relative decline of US hegemony in the world order
  - ▶ China's swift moves to reduce the power gap with the US
  - ▶ China's position on the Russian invasion of Ukraine
  - ▶ The shift in Europe's position on China
  - ▶ The 2022 NATO Strategic Concept
- 02 China's motives
  - ▶ Fearing losing Taiwan; an important card for the global economy
  - ▶ Beijing's concern over the growing strength of Taipei's democratic model
  - ▶ Fear of losing control of the Indo-Pacific region
  - ▶ Taipei's significance for Beijing in the battle with Washington over global leadership

## The Future of Sino-US Escalation Over Taiwan

- 01 The most prominent outcomes
  - ▶ The conflict led to the reemergence of polarization among the great powers. The positions of Russia and China heighten the challenges to the current world order
  - ▶ The dispute shifting from competition to military escalation in the South China Sea
  - ▶ Deepening outstanding international crises such as the energy crisis, the global recession and supply chains
  - ▶ China emerging as an international pole of global weight and standing
  - ▶ The US policy of implication remains unsuccessful since it has put Europe, a Washington ally, in a strategic morass, with the Russians using gas against the continent
- 02 Scenarios for 2023
  - ▶ War
  - ▶ Calculated escalation
  - ▶ Ranging between escalation, easing and containment of tensions



### The United States and Defending Its Standing in the Face of Global Challenges

The 2021 Annual Strategic Report forecasted that the competition between major global powers would continue into 2022 and conflict between them would dominate the international arena. In addition, the annual report expected the United States to make it a focus of its security strategy to safeguard its hegemony and control over the global order. This strategic focus would be more of a necessity for the United States given the growing ambitions of revisionist powers like China and Russia to upset the unipolar world order and enhance their own status and secure more resources and influence across the world. The United States' strategy would be the basis of competing against revisionist powers that are keen to change the balance of the world order.

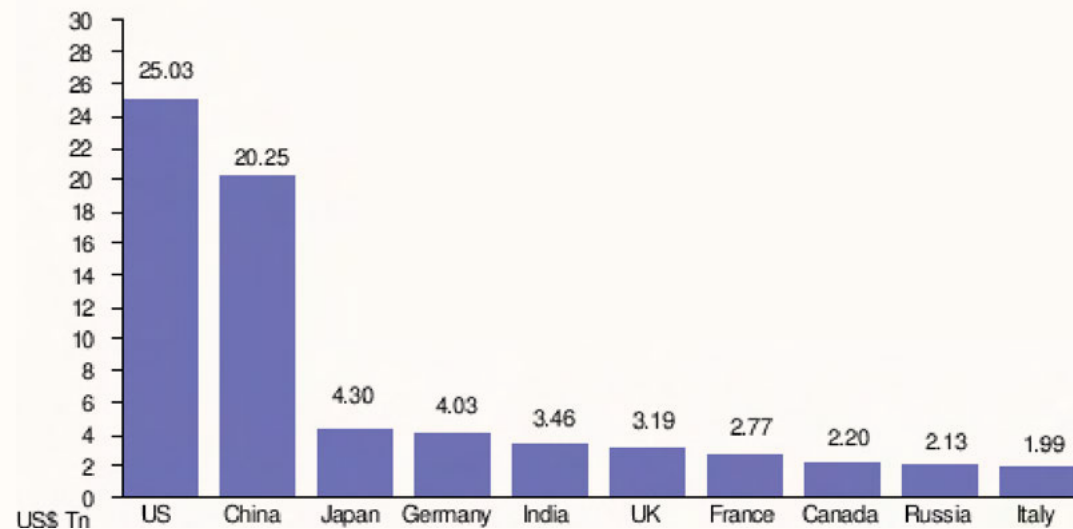
This file for the 2022 Annual Strategic Report discusses the United States' strategies and policies to uphold its preeminent international status and push back against its rivals. The following topics will be discussed in the file: the declining status of the United States amid the challenges posed by rising powers in the new world order, strategic competition and the United States' measures to counter revisionist powers, and the future of its hegemony.

### The Declining Status of the United States Amid the Challenges Posed by Rising Powers in the New World Order

It is fair to say that the United States emerged victorious after the Cold War and became the sole dominant power in the international arena. The United States far excelled others when it came to economic and military power and established a heightened level of political supremacy rarely seen in history and was free to shape and influence the international arena according to its vision and strategic interests. The rest of the world's major powers at the time decided to accept the United States' supremacy for the sake of international harmony after decades of tensions and strife in the international arena. The United States' draft Defense Planning Guidance document of 1992 proposed a set of military, economic and political steps designed to maintain Washington's power and thwart the resurgence of traditional military powers in Eurasia, including Germany, Russia and Japan through containment or co-option.<sup>(53)</sup> It is important to note, at the time, that very few analysts disregarded the possibility of China enjoying long-term economic growth and not many considered the prospect of Beijing challenging the status quo given its integration into the American-led and dominated global economy.

However, when looking at history, despite detailed plans and strategies, no country dominates forever, there is always a period that witnesses the rise of competing powers or revisionist ones aiming to challenge and change the rules

**Figure 1: The Largest Economies in the World by GDP (Nominal) in 2022**

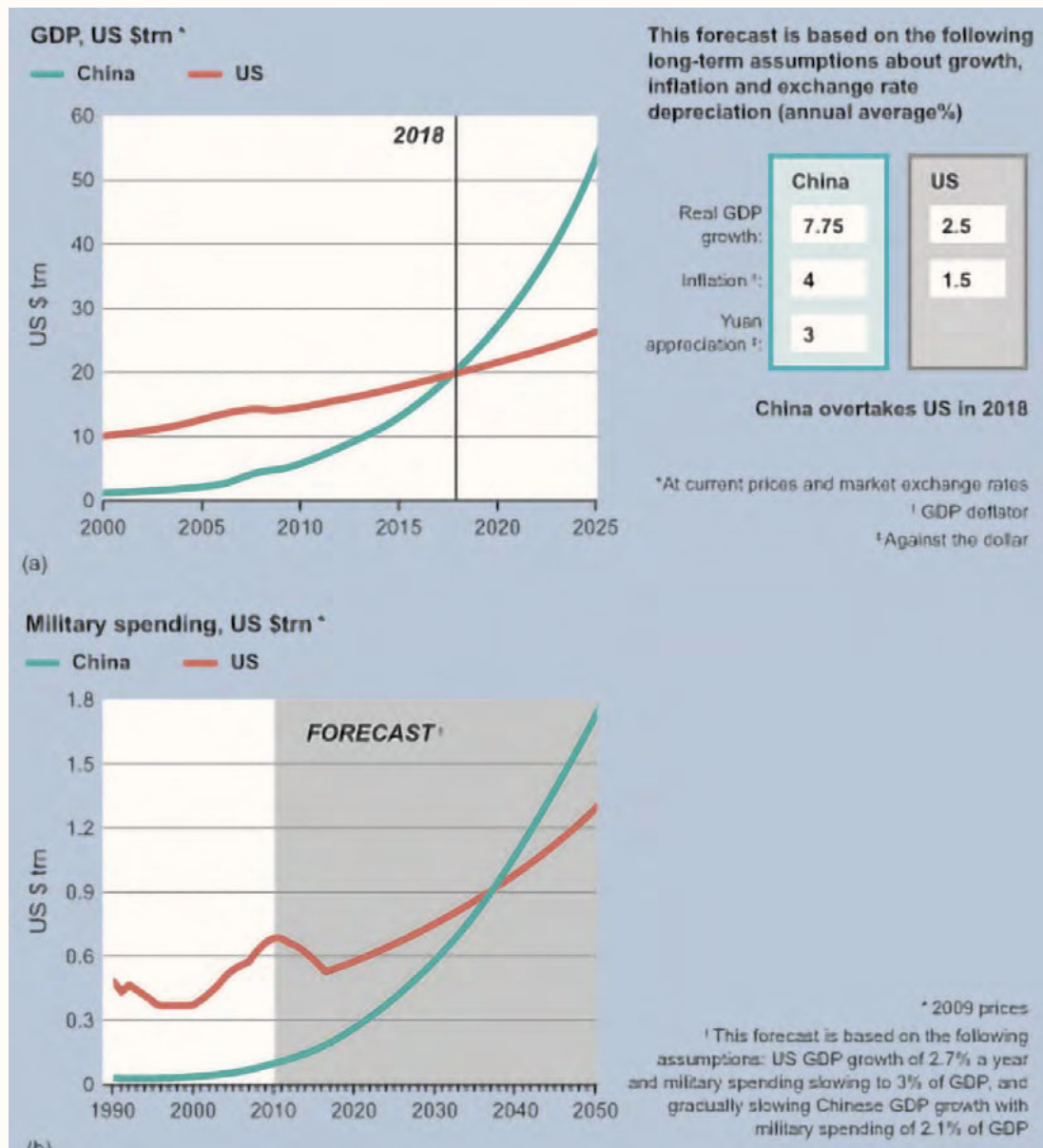


Source: IMF, accessed November 13, 2022, <https://bit.ly/3Vz8zSw>.

of the game to project their alternate visions and interests. Because of the natural course of history, witnessing the oscillation or swing of power and domination from one country to another, there were theorists and analysts in the 1990s that cast doubt over the long-term viability of US power; there was going to be a downward trend and diminishment of Washington's superiority because of a distribution of power among competitors and the diffusion of power to non-traditional actors (see Figures 1 and 2).<sup>(54)</sup> These trends would shrink the gap and return a sense of "normalcy" and "balance" to the international arena; meaning that the United States would no longer enjoy supremacy and advantages over its peers or competitors, leaving the United States vulnerable and exposed in the international arena after a strange period of modern geopolitics in the 1990s after the Cold War, back then the United States enjoyed absolute hegemony; the Europeans were occupied with forming a union,

the Russians were suffering from the ramifications of the Cold War.

History and forecasts by the aforesaid theorists and analysts turned out to be correct, with the 21<sup>st</sup> century witnessing the exponential economic rise of China and India, a resurgent Russia wanting to restore her Soviet and imperial past, the Europeans wanting to assert themselves through forming a common foreign policy and military force, Iran upsetting the status quo further in the Middle East through its pursuit of nuclear weapons and supplying weapons to its proxies throughout the region, and heightened geopolitical competition over Central Asia and Africa. All these factors are external in nature and continue to pose challenges to US supremacy, but a current important debate on US hegemony is linked to US domestic politics—the former Trump administration's populist, isolationist, and hostile rhetoric as well as its volatile policies exacerbated domestic polarization and heightened political fissures.

**Figure 2: Estimates Showing When China Catches up and Surpasses the US in GDP and Military Spending**

Source: "China and the USA: Cooperation or Conflict?," The Open University, March 22, 2016, accessed November 13, 2022, <https://bit.ly/3V5ynG9>.

Against this backdrop, some political scientists such as Barbara F. Walter are warning that the United States is edging closer to civil war.<sup>(55)</sup> The United States' polarized politics are shaping its economic, climate, defense, agricultural and foreign policies, subsequently impacting its geopolitical positioning, standing and role in the international arena. A clear example of this is the recent US reaction to the OPEC Plus decision to cut oil production by 2 million barrels per day. This decision incited a harsh reaction from the Democrats, threatening Saudi Arabia with strong measures in response. Any objective observer will realize that this decision was a unanimous internal decision of the Organization of the Petroleum Exporting Countries (OPEC), not just one made by Riyadh and Moscow. With the recently concluded midterm elections, it seems that this issue was exploited by the Democrats for electoral gains, especially as oil prices have recently dropped in the United States. The Republicans, on the other hand, criticized President Biden's threats, such as halting arms sales to Saudi Arabia given Iran's development of its nuclear arms and ballistic missile program. Henry Kissinger, the former US secretary of state, mentioned previously that US foreign policy is a reflection of domestic politics, and this is playing out at this current time, represented in the Biden administration's outburst against the decision of OPEC Plus to cut oil production as it feared losing the midterms to the Republicans.

This transition and diffusion of power prompted US foreign policymakers and strategists to craft new arrangements and policies to deal with identified "strategic competition" to maintain the United States' position as a key actor in the international arena, albeit it would no longer be the sole superpower as in the 1990s but nevertheless an influential actor in a sea full of competitors and resurgent powers wanting a larger piece of the cake. The new arrangements

will allow one to consider whether the United States has settled for this new realpolitik that it is facing or is determined to fight to reassert its dominance and supremacy in the international arena.

### Strategic Competition and US Arrangements to Confront Revisionist Powers

The post-Cold War era led to a debate within US foreign policy circles on whether the United States should be content with maintaining the status quo as its allies were happy to accept its global leadership position as an alternative to volatility and disruption resulting from a bipolar struggle which was not favorable for them, or whether it should further expand its dominance and supremacy on the international stage. It seems that the dominant opinion was for the United States to preserve the status quo and strengthen multilateralism and cooperation with allies to counter threats or competitors to its global standing. The Clinton administration was accused of being too passive and not taking advantage of the clear international arena to further entrench the United States' economic and military dominance. In particular, he faced criticism from the neoconservatives who would spearhead the following Bush administration. The latter on the other hand did not hold back after the September 11 attacks, with Afghanistan and Iraq invaded, and US hard power projected around the world. There was no China in the equation back then, it was not seen as a threat to US interests, but this was to change after the 2008 financial crisis with the onset of the Obama administration. In the aftermath of the 2008 global financial crisis, China began an expansion process to challenge US hegemony. China started to compete for the control of technology, developing its own brands, conquering markets, and organizing its own global value chains.<sup>(56)</sup> These moves demonstrated a more assertive and aggressive attitude from China's leadership as well as new

thinking. Lehman Brothers collapsing not only reflected the weakening of US economic hegemony but also the relative strength of the Chinese economy. The transformation of the G-7 into the G-20 gave recognition to China's key economic standing and its Belt and Road Initiative reflected its geo-economic and geopolitical vision.<sup>(57)</sup>

The Obama administration (2009-2017) tried to stop the rise of China through the Transpacific Partnership and the intensification of the United States' diplomatic and military presence in East Asia. Although Obama called for a "Sputnik moment,"<sup>(58)</sup> from Washington's side there was no great sense of urgency and political determination to confront China. Obama himself believed that the time of great-power competition and state expansionism had ended, and he valued international cooperation, especially among the major powers to tackle transnational threats like climate change, terrorism, and pandemics. However, with China asserting itself more on the international stage, the Trump and Biden administrations would adopt somewhat different postures and arrangements to tackle the threat from Beijing.

H.R. McMaster became the US national security advisor under Trump, and his deep readings into writings on Chinese, Russian and Iranian challenges to US power influenced the approach of the new administration.<sup>(59)</sup> He designated the world not as a global community, but a competitive arena, a clear shift from the Obama era. The theme of great-power competition was at the heart of constructing the Trump administration's National Security Strategy (NSS), which was published in 2017.<sup>(60)</sup> The latter portrayed a realist worldview, a competitive international arena with the United States, China and Russia at loggerheads for influence and supremacy. Although the NSS did not limit competition to the aforementioned powers, it was quite clear that the focus of the new administration would be on confronting Chinese and Russian threats.

The NSS was followed by the publication of the National Defense Strategy in 2018 and shortly after the taking of Raqqa and Mosul from the Islamic State in Iraq and Syria (ISIS), the then Defense Secretary James Mattis proclaimed that "great-power competition – not terrorism – is now the primary focus of US national security."<sup>(61)</sup> This term permeated all facets of the Trump administration and impacted policies and arrangements from the multibillion dollar trade war with China to the billions of dollars directed toward a new Space Force and the research and development of technologies for "detering or defeating great-power competition," to the US withdrawal from the nuclear arms control treaty with Russia.<sup>(62)</sup> Despite these strong-armed moves by the Trump administration, it was criticized for failing to take differentiated approaches to the distinct threats posed by China and Russia. The fear was that Trump's policies would drive China and Russia together, a worrying scenario for US geopolitical strategists. The Trump administration's aggressiveness toward China and Russia as well as running roughshod over international law left the next US Democratic administration in a difficult position given the tensions and chaos in the international arena. Interestingly, during Democratic presidential candidate debates in 2020, there were those who favored a continuation of Trump's great-power competition and those who preferred a more conciliatory approach like the past Obama administration based on international cooperation. However, the Biden administration would adopt the term "strategic competition," with its ambiguity making it undesirable for many in crafting and organizing US foreign policy. As expected, the Republicans criticized the shift, arguing that the recognition of competition was a good thing but a departure from a hard great-power competition, especially against China, could prove problematic in the future as Beijing could perceive this as a softening in the US position toward it. However,

despite semantic disputes, both the Democrats and Republicans agree on strengthening strategic competition with China, as seen in the latter's cooperation with the Biden administration to pass the Strategic Competition Act of 2021 and the Endless Frontier Act among others. The former act will provide a basis and direction for Washington to craft and set policies to compete with and counter China. In a joint statement, Democratic Senator Bob Menendez and Republican Senator Jim Risch noted that "the legislation is an unprecedented, bipartisan effort to mobilize all United States strategic, economic, and diplomatic tools for an Indo-Pacific strategy that enables the US government to compete effectively with the People's Republic of China and the challenges it poses to our national and economic security for decades to come."<sup>(63)</sup> The act cites Trump's then Vice President Mike Pence's statement in 2018 that "Beijing is employing a whole-of-government approach, using political, economic, and military tools, as well as propaganda, to advance its influence and benefit its interests in the United States."<sup>(64)</sup>

The Strategic Competition Act consists of five parts: investing in a competitive future, investing in alliances and partnerships, investing in values, investing in economic statecraft, and ensuring strategic security. The core competition between the United States and China is economic and technological and does not lie in the military arena.<sup>(65)</sup>

The competition between the two countries in chips, artificial intelligence, quantum computing and 5G will determine the economic strength of each country in the future, which is no doubt the base for other strengths as well. Investing in alliances and partnerships is a key pillar of the act differentiating the Biden administration from the Trump one in terms of countering Chinese threats and challenges. The act mentions key terms such as Indo-Pacific allies, the Quad grouping, and US-Taiwan relations. By emphasizing such key terms, the US intention

was to ensure that China felt under pressure and was isolated. Despite the act designating China as a strategic competitor, it does present a trajectory in which the United States can cooperate or negotiate with China on some issues, in which some concessions are made by one party to obtain key favors from the other.

The Biden administration's NSS issued in October 2022 is more of the same. The 48-page document, which was delayed because of Russia's war in Ukraine, includes no major shifts in thinking and introduces no new major foreign policy doctrines. Instead, it highlights the view that the US leadership is key to overcoming global threats and challenges and fighting against the rise of authoritarianism, represented in the Chinese model of governance. "The People's Republic of China harbors the intention and, increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit, even as the United States remains committed to managing the competition between our countries responsibly," National Security Advisor Jake Sullivan said in outlining the policy.<sup>(66)</sup> Daniel Russel, the top US diplomat for East Asia under Obama's administration, said the NSS was consistent with Biden's stated priorities of strengthening alliances and balancing cooperation and competition. "However, during its 21-month gestation period, the strategy has clearly shifted to place overwhelming emphasis on competition with China," he said, noting that while it pledges to avoid looking at the world solely through the prism of strategic competition, "competition with China suffuses every chapter."<sup>(67)</sup> Although the NSS mentions Russia, North Korea and Iran, it makes it clear that no country but China has "across the spectrum capabilities."<sup>(68)</sup> Again, there is an emphasis on multilateralism, working with allies, strengthening cooperation and partnerships to counter Chinese threats to US global interests and positioning.

Practically, the Biden administration manifested this approach and policies since taking office in 2021, particularly in the context of tackling the Russian threat specifically in Ukraine and Chinese threats, whether economic or strategic, in the Indo-Pacific and Far East regions. First, on the Ukrainian front, the Biden administration not only has committed \$19.3 billion worth of military assistance since the start of the Russian-Ukrainian war, but it has also encouraged its allies in Europe and Asia to enforce sanctions on Moscow. The United States received support from Japan, Singapore and Taiwan to impose restrictive export controls on Russia to crush its economy and technological sector. These three countries are major producers of semiconductors, computer chips, and other high-end technological inputs that Russia is reliant on. The United States has deployed further troops to Europe, particularly in Germany and other allied Eastern European countries. To create global consensus and encourage global mobilization against Russia, rather than the United States unilaterally confronting Russia, President Biden in his speech to the United Nations General Assembly on September 21, 2022 said that Russia by invading Ukraine had violated the organization's charter. He did not call for Russia to be ejected from the Security Council but urged the world to act against Russia's war, which might spread to other territories if it emerged victorious from the conflict. Second, as for China, the Biden administration has successfully passed the mentioned acts to fight Beijing on the technological front, but it has also formed pacts and conducted military drills with allies. For example, AUKUS, a trilateral security pact was signed between Australia, the UK and United States on September 15, 2021, and it was clear that the aim was to contain China in the northern Pacific region. In addition, in 2022, the United States carried out numerous naval drills with India, and after North Korea's testing of its latest missiles, it agreed to hold sim-



ilar drills with Japan. After Chinese threats to invade Taiwan, part of Xi Jinping's assertive foreign policy, the United States vowed to respond by force if China was to attack its ally. Hence, despite accusations from the Republicans that the Biden administration is not up for the fight against revisionist powers, and it is more content on pacifying them, it is quite apparent that this is furthest from the truth. The Biden administration has carefully crafted approaches and policies and implemented them in reality as reflected in the cases of Russia and China to tackle threats and assert the United States' leadership and prowess in the international arena.

### Conclusion: The Future of US Hegemony

COVID-19 imposed much stress on the international order and the global economy and shook their foundations. There were clear signs of heightened nationalism, with countries looking after their own interests rather than collective interests. We also witnessed an escalation of US-China competition during a dark period for the world, with vaccine diplomacy reflecting the soft power of both powers, particularly of China and no let down in strong rhetoric toward each

other, especially from the US side, with it terming the virus as the "Chinese virus." The then US Secretary of State Mike Pompeo accused China of putting the world at risk because of its secrecy, and he even scrapped a joint G7 statement after its members refused to refer to the virus as the "Wuhan virus."<sup>(69)</sup> Beijing slammed the "racist and xenophobic" statements and actions of the United States' "irresponsible and incompetent" political elites. The latter point about US irresponsibility and incompetency resonated around the world, as it was apparent that the United States had failed to provide strong leadership at the time of a health pandemic not only globally but also domestically, with it having the highest death toll. Instead, China took the plaudits through decisively managing its own domestic virus outbreak, putting in place effective measures to fight the virus, and engaged in extensive vaccine diplomacy in Europe, Africa, Latin America, and the Middle East.

Beijing showed greater leadership at a critical time than its rival counterpart and was more willing to work with multilateral organizations unlike the Trump administration which strong-

ly criticized the World Health Organization and accused it of being a "puppet of China."<sup>(70)</sup> The economic impact of the virus, the loss of further soft power and moral standing as well as global belief in its competency and efficiency will make the task of maintaining the United States' hegemony much harder, especially considering economic assessments that China is likely to recover much more quickly than the United States.

The point regarding competency is extremely important for a global hegemon, although it is hard to quantify, it induces awe in others, and makes cooperation, if not outright compliance, much easier. The strength of a hegemonic power is not only related to economic power and the ability to mobilize economic resources but also to the effectiveness of state apparatuses that direct the deployment of these resources for domestic and global purposes. China was quick to promote the effectiveness of its one-party model and highlight the domestic upheavals in its democratic rivals. Some geopolitical analysts believe that the United States is no longer seen as a proficient power, and this is a major handicap in its quest to retain its position as the world's

supreme power in a unipolar world order that is threatened by the rise of China, with Beijing pushing for a bipolar if not a multipolar world order.

However, the United States' quest is aided by the fact that China faces a major trust deficit in its own neighborhood. An annual survey by the Singapore-based ISEAS-Yusof Ishak Institute showed that Southeast Asian elites do not trust the Americans nor the Chinese. In the 2021 survey report, 63 percent of respondents did not trust China "to do the right thing," making China the least trusted among the United States, India, Japan, and the EU.<sup>(71)</sup> Chinese vaccine diplomacy might have worked around the world but has not had the desired effect on its Southeast Asian neighboring countries. Instead, these countries are worried that China's regional ambitions and more aggressive foreign policy will threaten their sovereignty and interests in the region. Since the Biden administration came to power in 2021, trust has slightly increased in the United States in the region, however, Japan and the EU remain the region's most trusted strategic powers.

The Biden administration's emphasis on alliances and partnerships as mentioned in the Strategic Competition Act may allow the United States to reposition itself as the primary trusted actor in the region and firmly re-establish itself in China's backyard. The United States repairing relations with the EU and regaining trust within NATO will also be important elements in its quest to counter China, but the ongoing Russia-Ukraine war and Washington's pressures on European countries to cut gas imports from Russia have raised tensions between the United States and the EU. Repairing relations will not be an easy task, especially considering France's attempts to achieve "strategic autonomy" for the EU and Germany's desire to continue with Nord Stream 1 and 2.

Furthermore, the United States' foreign policy moves are likely to be impeded by domes-

tic political polarization which became apparent during the COVID-19 pandemic. Although there is bipartisan agreement on dealing with the Chinese threat and restoring the United States' position as the sole dominant power, there are vast disagreements over approaches and details as reflected through Republican criticisms of the Biden administration, particularly the latter's adoption of the term strategic competition instead of great-power competition as well as its hasty withdrawal from Afghanistan as well as the accusation that the Biden administration has been soft on Putin. The rift between the Republicans and Democrats has led to "vetocracy," a term coined by Francis Fukuyama, meaning an excessive ability or willingness to use the veto power within a government or institution.<sup>(72)</sup> To realize their own interests and goals, the two parties use their veto power to contain each other, ultimately making the decision-making process inefficient and somewhat paralyzed in Washington.

Because of the three factors – COVID-19, US-China competition and political polarization – the United States is unlikely to regain its hegemonic status according to Fukuyama. He argues that this ambition should not be aspired for, instead, the United States should work with like-minded countries to sustain the existing liberal international order and prevent its destabilization by resurgent and revisionist powers. Others like the late realist Kenneth Waltz argued that bipolarity was desirable based on his observations of superpower rivalry during the Cold War.<sup>(73)</sup> However, conditions today are somewhat different from the Cold War period, particularly Washington's desire to counter threats and prevent a shift toward a bipolar or multipolar world.

The tense situation between the United States and China may allow middle powers to enter the stage to offer leadership on certain matters and balance in the international system. Amid the pandemic and the US-China trade war, middle

powers have worked together to ensure the global supply chain has remained intact and have managed the risks of technological bifurcation resulting from US-China competition. Australia, Japan and Singapore are pushing forward consensus on e-commerce regulation. Singapore has also pursued digital economy agreements.

It is fair to say that the United States still enjoys global pre-eminence in terms of military and economic power, although its prowess has been negatively impacted by COVID-19 and its domestic political polarization as well as the stiff competition it faces from China. It remains to be seen whether China's technological progress will translate into military advancements and whether this will lead to military moves in the North Pacific. However, China is not willing to be boxed in its own region and is flexing its muscles, thus raising fears in Washington of covert Chinese global military plans and ambitions. The latter may be far-fetched, but it is clear from the passage of the Strategic Competition Act that Washington is in no mood to accept a sharing of global power and influence and is willing to invest much to thwart China.

Considering the discussion, the United States is expected to face the following challenges in the coming year:

- European ambitions to be independent from Washington and to project its own "strategic autonomy" as advocated by France
- The ongoing socioeconomic ramifications of COVID-19
- The projection of Chinese soft power and its geopolitical and economic threats
- Further US domestic polarization considering the presidential election in 2024
- Internal economic challenges such as rising prices, hiked interest rates, unemployment, and rising debt levels
- Russia's geopolitical threat not only in Ukraine but also in the Caucasus and Central Asia ●

# The United States and Defending Its Standing in the Face of Global Challenges

## The Declining Status of the United States Amid the Challenges Posed by Rising Powers in the New World Order

- 01 The US emerged victorious and dominant on the international stage after the Cold War
- 02 The United States' draft Defense Planning Guidance document of 1992 proposed a set of military, economic and political steps designed to maintain Washington's power.
- 03 The 21st century saw the massive economic rise of China and India
- 04 Populist and isolationist rhetoric by the Trump administration escalated the international conflict
- 05 The US approach of polarization when shaping policies on the economy, climate change, defense, agriculture and foreign affairs impacted its geopolitical positioning and role in the international arena.

## Strategic Competition and US Arrangements to Confront Revisionist Powers

- 01 After the 2008 financial crisis, China started defying US hegemony
- 02 The Obama administration attempted to stop China's rise through partnership and strengthening the US diplomatic and military presence in East Asia
- 03 Ratification of the Strategic Competition Act of 2021
- 04 The US took measures on the ground to implement security strategy under Biden by:
  - Supporting Ukraine militarily
  - Laying out security strategy to counter Chinese threats
  - Enhancing and amending Washington's partnerships

## Challenges and the Future of US Hegemony

- 01 Coronavirus pandemic placed massive pressures on the global order and economy— including the United States
- 02 US-China competition escalated
- 03 China rushed to promote one-party model
- 04 US soft power and moral standing declined, so it is not expected that Washington will restore its hegemony
- 05 Tensions between the US and China will allow midlevel powers to restore balance to global order
- 06 The US is likely to face foreign policy hindrances, including:
  - EU ambitions to achieve strategic independence
  - China displaying soft power as well as showcasing geopolitical and economic threats
  - Continued domestic polarization ahead of 2024 presidential election
  - Internal economic challenges such as price hikes, unemployment and rising debt rates
  - Russian geopolitical threats in Ukraine, the Caucasus and Central Asia



### The Crises Gripping the Global Economy in Light of Disputes Between Major World Powers

The 2021 Annual Strategic Report discussed the negative forecasts for the global economy in 2022. This was in light of the underlying negative impacts of the coronavirus pandemic, with the economic performance of governments and the global economy severely hampered. Though the indicators in 2021 predicted a slowdown in global economic growth — coupled with an energy crisis and a slow global economic recovery — it was completely not on the cards that the global economy would suffer because of disputes between major world powers, particularly the dispute over Russia’s war in Ukraine. Against this backdrop, the global economy faces three major challenges. The first is the steep rise in food prices because of the outbreak of the Russia-Ukraine war, as well as the pressures this challenge has placed on governments, peoples, and the global economy. The second challenge is the rise in energy prices and the impact it has had on critical sectors. The third challenge is the economic downturn caused by multiple international crises. These challenges will be the focus of the 2022 Annual Strategic Report in an attempt to analyze their dimensions, consequences, and potential outcomes.

## The Impact of Food Price Hikes on Global Food Security

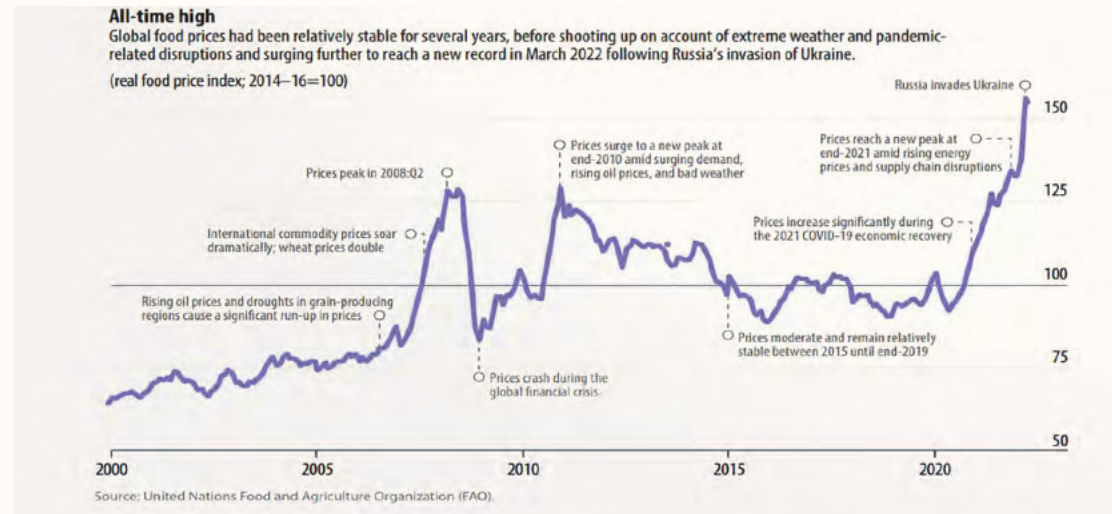
Many countries around the world do not produce enough food to meet their needs, so they compensate for the shortfall through international trade. Food prices, as well as people's lives and economic stability, are affected when there is a global emergency, whether it is a pandemic or a war. This is evident in today's perilous food crisis which poses a serious threat to global food security both now and in the future. To understand this crisis, it is important to examine these aspects to it:

### The Reasons Behind the Food Shortage

■ **Coronavirus pandemic:** The signs of the crisis began when the coronavirus pandemic emerged in 2019, a health crisis that impacted the supply of agricultural production inputs and components, such as labor supply, which was restricted in movement and much more costly. This is in addition to the rise in energy and fuel prices, both of which are important agricultural inputs. Supply chains, transportation, shipping and global logistics were all disrupted as a result of closures and lockdowns. These factors had a commercial impact on the supply of food commodities, raising their prices in 2020 and 2021. The increase in consumer demand for commodities during the lockdowns exacerbated the severity of the price surges.

This global food crisis faced a new challenge which was even more testing than the coronavirus pandemic: the Russian-Ukrainian war, which started shortly after the easing of the coronavirus crisis and its health risk largely vanished when the vaccines were rolled out. The supply of wheat, barley, rice, soya, corn, oils and animal feed, essential for all economic groups, were all negatively impacted. In addition, fertilizers, and other agricultural inputs were also impacted.

Figure 1: FAO Price Index and Response to Crises (2000-2022)



Source: Finance & Development (June 2022) quoting FAO.<sup>(74)</sup>

■ **Russia-Ukraine war:** These two countries are considered the most important guarantors of food security globally as well as of agricultural inputs, particularly Russia. "The two countries account for a quarter of global exports of wheat and a fifth of barley and maize, and more than half of sunflower oil. They provide about an eighth of all calories traded in the world." Both countries produce large amounts of fertilizers or potash-based crop nutrients, as well as natural gas, which is the primary ingredient in the fertilizer industry.<sup>(75)</sup> Figure 1 depicts how real food price indicators have recently increased by more than 50 percent — making three major leaps — compared to before 2020. The first leap was due to the coronavirus pandemic in 2020, then the second was in response to energy price hikes, and finally the Russian war in Ukraine in February 2022 pushed prices up further.

During the first half of 2022, global food prices increased by varying percentages, approaching 50 percent for various types of food.

Wheat prices, for example, soared by nearly 90 percent in February 2022 following the outbreak of the Russian-Ukrainian war, compared to 2021 price levels. They have reached their highest level since the 2008 global financial crisis<sup>(76)</sup> (see Figure 2). Corn and other basic grain prices for humans and animals have increased by 40 percent.

■ **Climate change and drought:** This is the third cause of the food crisis. These climatic crises have gripped major global agricultural producers like India, China, the United States, Brazil, and Europe in general, and France in particular in a way that has not been seen in decades. China, the world's most populous country and the world's largest food consumer, has announced that the current drought, which has affected half of its territories, is the worst on record since the country began recording meteorological data in 1961.<sup>(77)</sup>

The severe heat wave that hit Europe in August caused a severe drought in the Loire River in

**Figure 2: The Price of Wheat in US Dollars Per Ton (2015-2022)**

Source: "Price of Wheat in USD," *The Financial Times*, accessed August 25, 2022, <https://on.ft.com/3WgrbYI>.

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France and the Rhine River in Germany. During normal times, France is self-sufficient in grain production and even exports half of its production, primarily to Europe. However, according to the most recent report from France's representative to the European Commission, the recent drought in Europe is the worst in at least five centuries, which has had a varying impact on European corn, soybean and sunflower production as well as on hydroelectricity production. As a result, the European Commission urged Europe to develop expertise in reusing treated sewage water for agriculture.<sup>(78)</sup> This production shortage means that European demand for food imports will increase, hence pushing up prices further.

### Consequences of Global Food Insecurity

■ **The global food security index:** The Economist Group created the Global Food Security Index (GFSI) to classify the world's countries based on their level of food security by measur-



Under the bridge that connects Varades (Loire-Atlantique) and Saint-Florent-le-Vieil (Maine-et-Loire), the level of the Loire (the longest river in France) is at its lowest on August 17. The water hardly flows anymore because of the drought that has been hitting the country.

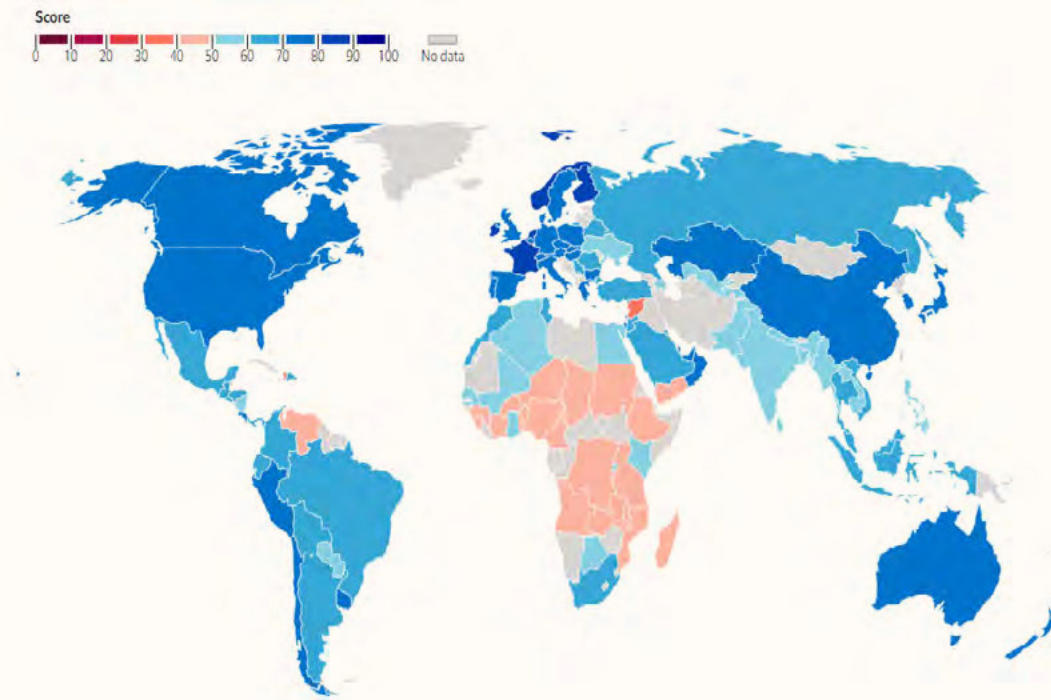
Photo: MAXPPP quoted from *France Info*.

ing 58 sub-indicators(79) such as food affordability, supplies, quality, safety, availability of natural resources, resilience, and nature fluctuation risks, as well as others.

The GFSI ranks the world's countries between zero and 100. The higher a state's ranking, the better is its food security. This is reflected in Map 1 below. Finland ranks first in the world in terms of food security (1 out of 113), followed by Ireland, Norway, and France (4). The majority of the industrialized countries such as the United States and Japan (ranked sixth), along with European countries occupying advanced positions on the index. Meanwhile, the lowest-ranking countries are Syria (113th), Yemen and Sudan (105th), as well as the Central African countries. Arab countries ranged from countries ranked in the middle, such as Egypt<sup>(77)</sup> and Algeria, to countries ranked in higher positions, such as Saudi Arabia (41) and countries ranked in advanced positions such as the UAE (23). Data on countries such as Libya and Iran are unavailable.

From a different angle, it is important to study the map representing food imports. These naturally increase during times of international emergencies and crises such as supply chain disruptions, pandemics, and production shortages. The World Bank released Map 2 that depicts the situation of various countries in terms of their reliance on the outside world for food in 2018. According to the map, a country is either a total exporter of food to the outside world or an importer of food from the outside world (small importers who rely on imports for less than 20 percent of their needs, medium importers (20 percent to 50 percent), or large importers that import more than 50 percent of their food needs from abroad).

According to this map, there are countries in the world that are classified as net exporters of food to the outside world, putting them in a better food position during times of global food crises. Countries such as Canada, the United States, Australia, many South American coun-

**Map 1: The Global Food Security Index**

Source: "Global Food Security Index 2022," *Economist Impact*, accessed August 25, 2022, <https://bit.ly/3OaeWsZ>.

tries, Russia, Kazakhstan, Thailand, and Vietnam in Asia, and France, Poland, Hungary, and Finland in Europe, may even monopolize the supply of food and set its price during periods of food crises.

To a lesser extent, the world's two largest countries in terms of population, China and India (35 percent of the world's population), can domestically meet the majority of their food requirements, with less than 20 percent imported from abroad. The same is true for some Central and Southern African countries, as well as Turkey, Ukraine (before the war with Russia), and most of Europe.

As for Iran and some Arab countries, the World Bank classifies Iran, along with Egypt and Morocco, as having a medium reliance on food imports (between 20 percent and 50 percent).

Meanwhile, most Arab countries, plus Japan, are classified as the largest importers of food from other countries (more than 50 percent), as shown in red on Map 2 (we note that some Arab countries have extensive agricultural investments abroad). When it comes to the food gap, grain is a major weakness for Arab countries. Grain accounts for nearly half of this food gap in Arab countries. This means that the Arab world is likely to be hit the hardest by global food crises, particularly in grain transport. As

a result, Arab countries must reconsider their local and cooperative food situation. The most recent Arab League summit, held in Algeria in November 2022, emphasized the importance of taking immediate action in this regard.

■ **Rise in global hunger rates:** Food security is defined by the Food and Agriculture Organization of the United Nations (FAO) as adequate access to food in terms of quantity and quality. Thus, food insecurity can range from sacrificing sufficient quantity and/or quality to, in the worst-case scenario, running out of food and starving for a day or more.

The FAO's 2022 edition of "The State of Food Security and Nutrition in the World (SOFI)" did not track the impact of the war on food security in 2022. This implies that in 2022, food insecurity was much more dire than thought because of the Russia-Ukraine war. However, the mentioned report reveals tragic findings about global food security over the last year such as:<sup>(80)</sup>

The number of people unable to afford a healthy diet increased by 112 million in 2021, to nearly 1.3 billion.

► Disparities in food security across the world's continents: in 2021, 20 percent of Africans faced hunger, as opposed to 9.1 percent in Asia, 8.6 percent in Latin America and the Caribbean, and less than 2.5 percent in North America and Europe.

► In 2021, hunger impacted between 702 million and 828 million people.

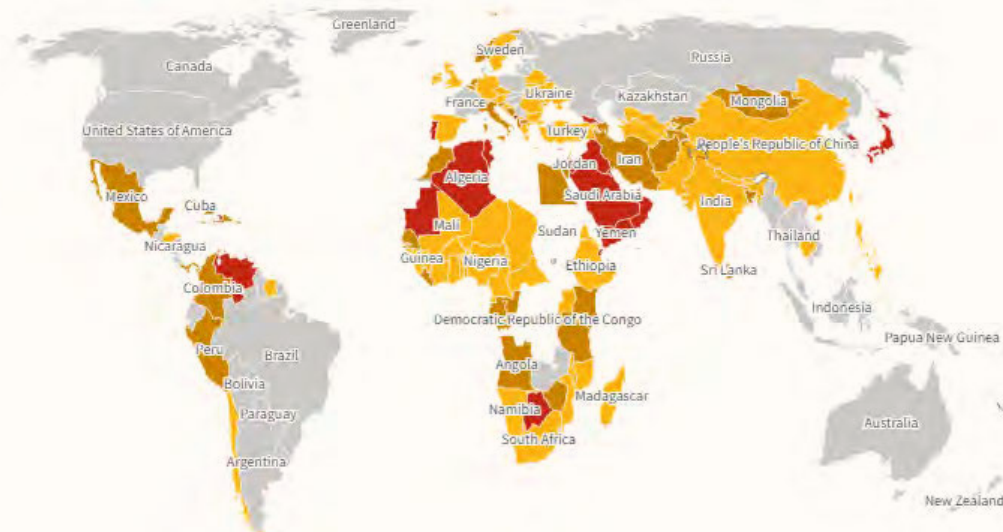
► Following the increase in food prices in 2020, approximately 3.2 billion people worldwide experienced moderate to severe food insecurity in 2021.

#### **Future of the Food Insecurity Crisis**

As we have seen, the food security situation was bad last year, with it worsening in the first half of 2022, and the situation is likely to get worse. There are risks that are not yet apparent but will emerge over time. This includes the impact of the recent drought on grain producers and

**Map 2: Net Food Imports as a Percentage of Domestic Food Supply**

■ High (>50%) ■ Medium (20-50%) ■ Low (<20%) ■ Net exporter



Source: David Malpass, "A New Global Food Crisis Is Building," World Bank, April 8, 2022, accessed August 25, 2022, <https://bit.ly/3X0An3X>.

Note: Net imports are defined as the difference between domestic production and domestic absorption, that is the sum of demand for food and "other uses" (feed, seed, food losses, non-food processing).

consumers, such as China, the world's largest grain consumer (which domestically provides for 70 percent of its food needs). If crop yields fall, external demand will rise, and prices are likely to shoot up.

Yet, rising protectionism will be a source of future concern, as producing countries will obstruct food exports, preferring to stockpile in anticipation of any future emergencies. Furthermore, fertilizer shortages will have an impact on crop production, causing supplies to fall and prices to rise.

As a result, in the short term, the pessimistic scenario is more likely. Drought and Russia's war on Ukraine will continue to be a threat to food security in the foreseeable future, as resolving the dispute in Ukraine may take longer due to increased hostility toward Russia and the imposition of harsh sanctions on it, which has exacerbated the hostility. Yet, the climate

change phenomenon is worsening, and international organizations are unable to take effective measures to address it, and most predictions include dire warnings. These variables increase the likelihood of extending the food price hike crisis into the coming year, thereby increasing food insecurity in many countries around the world, particularly in poor and underdeveloped countries where the number of hungry will rise, potentially sparking unrest and disputes that fuel instability.

On the other hand, despite this depressing reality, there is still hope. One reason for this optimism is the significant victory over the coronavirus pandemic. Among the promising developments is the virus's global containment, as well as the lifting of the travel ban, which has been a factor in limiting agricultural production in recent years. Grain prices are currently rising, which will encourage some farmers to cultivate

them, with some countries even offering financial incentives to farmers to encourage them to cultivate grain during the 2022-2023 season. Thus, we may see an increase in production, resulting in lower prices for basic food commodities such as grain, corn, barley, and soybeans. The outlook will improve if sanctions on Russian grain and fertilizer exports are lifted, droughts ease, or grain-producing countries receive abundant rain during the next agricultural season.

## Energy Crisis and Future Scenarios

### Reasons Behind the Crisis

■ **Extended crisis:** During 2014 and 2015, the price of energy plummeted, which dissuaded investors from undertaking new investments in the sector. In 2019, the coronavirus pandemic caused a global recession and financial losses were incurred by companies. Major energy companies also gave up on maintaining their operations on oil, coal and gas fields, and focused on futures contracts. Upstream investment in the oil and gas sectors has decreased from \$700 billion in 2014 to nearly \$300 billion in 2021.<sup>(81)</sup> This resulted in a decrease in strategic stockpiles, even after demand recovered following the pandemic, and the rise in prices (see Figures 3 and 4). On the other hand, due to the droughts that impacted hydropower production in many countries, China's demand for energy increased.

■ **The Russia-Ukraine war:** Russia is a major exporter of oil and gas as well as a vital exporter of minerals and other energy resources such as coal. Russia is also a major player in the market for energy-related materials. Until recently, Europe relied on Russia for nearly 40 percent of its gas needs. Germany, Europe's largest economy, is heavily reliant on Russian energy imports.

In the midst of the growing Euro-Russian standoff over the Ukraine dispute, both Russia and Europe have used the energy lever against each other. Germany, under pressure from Europe, announced the suspension of the Nord Stream 2 pipeline. Russia, on the other hand, in-

**Figure 3: The Price of Oil in US Dollars Per Barrel (2018- 2022)**

Source: "ICE Brent Crude Oil Front Month," *The Financial Times*, accessed October 3, 2022, <http://bit.ly/3XXaGl8>.

**Figure 4: The Price of Natural Gas in US Dollars per Million British Thermal Units (BTU) During the Period From 2018-2022**

Source: "Henry Hub Natural Gas Front Month Futures," *The Financial Times*, accessed October 3, 2022, <http://bit.ly/3YhGUBd>.

sisted on receiving payment for its gas exports in rubles, reducing supplies to some European countries while completely cutting off supplies to others.<sup>(1)</sup> As a result, gas prices have skyrocketed, and markets were rattled between February and August 2022 (see Figure 4).

The sanctions imposed by Europe on Russia's energy sector in collaboration with the United States exacerbated the crisis even more than the war had. Europe has committed to cutting its reliance on Russian gas by 90 percent by the end of 2022. The West then prohibited the purchase of Russian oil exports and threatened to set a global price ceiling for Russian gas. Both sides continue to use energy as a weapon in their dispute over Ukraine. With each new crisis between Russia and the West, prices rise.

#### Consequences of Energy Price Rises

■ **Profits for energy and gas producers:** Energy price increases benefit oil and gas producers because they account for a large portion of the exporting countries' general budgets, which can reach 90 percent in some cases. This follows years of low energy prices which depleted budgets and foreign exchange reserves. OPEC as well as OPEC Plus are regarded as the largest bloc for producers of oil and gas condensates, who benefit the most.<sup>(2)</sup> As a result, OPEC Plus took a firm stance, rejecting massive and rapid oil pumping. On October 5, 2022, OPEC Plus made a historic decision to reduce output by nearly 2 million barrels per day in order to maintain acceptable price levels, based on economic estimates indicating a decline in future demand.

Russia, on the other hand, has minimized its losses. It has benefited from price increases and has created alternative markets. As a result, the

(1) The decline of Russian oily supply nearly reached 76 percent until October 2022— compared to 2021.

(2) OPEC includes Saudi Arabia, Algeria, Iraq, Iran, Valenzuela, Kuwait, Libya, UAE, Niger, Gabon, Angola, Congo, and Equatorial Guinea. OPEC Plus includes Russia, Azerbaijan, Kazakhstan, Bahrain, Malaysia, Oman in addition to the OPEC members.

International Energy Agency (IEA) described Russian oil exports as flexible in its most recent report. Despite a 2 million barrel per day decrease in oil and product exports to Europe, the United States, Japan and South Korea since the beginning of the year, total oil exports fell by only 400,000 barrels in August. Russia was able to reroute its exports to India, China, Turkey and other destinations, resulting in lower losses.<sup>(82)</sup>

Iran, which is considered among the countries with the largest oil and gas reserves, benefits from rising oil prices as long as it can increase exports by circumventing the sanctions. The vast majority of gas is consumed domestically, with consumption rates rapidly increasing. Iran thus exports only a small amount of gas.<sup>(1)</sup>

The rise in gas prices benefits major global gas exporters such as Russia, Qatar, the United States, and Algeria. Furthermore, Egypt, Turkey and other countries that have recently discovered large quantities of gas in the Mediterranean basin are becoming more appealing. The Gulf states, including Saudi Arabia, intend to develop plans to exploit their vast gas reserves.

■ **Harm to energy and gas consumers:** These countries are undoubtedly intensive importers and consumers of energy. The harm is extended to exports, i.e., the costs of production in these countries rise, with inflation being exported abroad through their exports to the outside world. The United States, China, India, Japan, Southeast Asia and the European countries, particularly Germany, are among the world's largest oil importers and are disproportionately affected by high prices. Several Arab countries that rely heavily on oil imports will be affected, including Egypt, Lebanon, Tunisia, Jordan and Morocco, all of which have public budget deficits and financing issues. The countries most affected by the rise in gas prices are Germany, Japan

and China, which are the world's largest gas importers, as well as many European countries.

There is no doubt that the rise in energy prices has significantly reduced European welfare at a time when European economies have not fully recovered from the economic negativities of the coronavirus pandemic. Europe has been compelled to devise stringent plans to reduce home heating, air conditioning and lighting use, as well as raise energy bills. According to estimates, as gas prices double, British households will face a nearly \$50 billion increase in household energy bills. Furthermore, British statistics indicate that millions of Britons have been forced to work a second job to cover their cost of living.<sup>(83)</sup>

#### **Future Energy Scenarios**

In the foreseeable future, the European ban on Russian oil imports will enter into force in December 2022 and February 2023. Therefore, banning Russian oil, estimated at nearly 1.4 million barrels per day, needs to be replaced by alternative oil suppliers. Iran also continues to increase its oil exports and may double them, provided the sanctions on it are lifted. Libyan and Venezuelan oil production is gradually recovering. All these variables serve the prospects of increasing supply, hence reducing oil prices. Fears of a global economic recession in 2023, on the other hand, increase the likelihood of a decline in demand, an upsurge in supply, and a dip in prices unless OPEC Plus intervenes and changes production plans. OPEC Plus was able to establish a strong economic position that elevates its interests and mitigates the impact of expected economic fluctuations. At the same time, OPEC Plus will exercise caution and show flexibility in its decision-making to avoid harming major consumers and the global economy.

In the medium term, we may see significant changes in the energy map, particularly among global gas actors, as a result of Europe's lack of trust in Russian energy resources. As Europe's reliance on Russian gas gradually dwindles, it will turn to low-cost and sustainable alternatives. Europe will seek stable supplies from other countries via pipelines, but this will take time and significant investment. Until such plans are put in place, Europe will turn to nearby markets to meet urgent needs during the coming harsh winter season, first from countries within Europe such as Norway and others, and then from the Middle East, North Africa, and the United States.

The United States has recently taken Russia's place as the world's most important natural gas exporter to Europe. It will soon become the biggest gas exporter to Europe, and it is expected to become the biggest liquefied natural gas (LNG) exporter in the world in the coming years. According to data from the World Energy Report 2022 issued by British oil giant BP, the United States increased its exports of LNG by 49 percent on average over the last 10 years (2011-2021).<sup>(84)</sup> It surpassed Qatar (20.7 percent) and Australia (20.9 percent) to become the world's third largest exporter of LNG, accounting for 18.4 percent of total global exports in 2021. However, the United States has an advantage over the mentioned countries due to its high annual growth rates of LNG, which means it will soon be able to surpass them. Nonetheless, the importance of the United States' gas for Europe may not last long, as Europeans are harmed by US exploitation for political ends.<sup>(2)</sup> The Europeans will look for alternatives in North Africa and the Mediterranean which are closer and less expensive. The latter will see a significant increase in gas exploration deep beneath the seabed. This will not be

(1) It is worth noting here that Iran produced in 2021 257 billion cubic meters (bcm) while it consumed 241 bcm — the difference is only 1.5 percent of the total global gas trade, which is nearly 1,022 bcm (liquefied/pipeline gas) in case Iran exported all its gas production. Further, Iran lacks needed investment in LNG.

(2) German Economy Minister Robert Habeck criticized on October 5 the "astronomical" gas prices charged by the United States. Two days later, French President Emmanuel Macron criticized the United States for selling its gas to France at a price which is four times higher than the gas price on the domestic US market.

without dispute, with countries competing for a share of its gas resources.

It is also likely that carbon neutrality plans, which European and Western countries have been calling for in recent years to compensate for supply shortages and price increases, will be disrupted for years to come. Some European countries, including Germany and Austria, have already begun to return to producing electricity from polluting sources such as coal, while other countries such as Germany, France and Poland have postponed or cancelled previous plans to reduce reliance on nuclear energy to produce electricity.

Furthermore, spending and scientific research related to developing and stockpiling renewable and alternative energy as well as lowering its costs will accelerate. This investment in energy research and development is expected to produce results sooner than previously anticipated. It is also expected that Europe in particular will make concerted efforts in this regard, following the massive economic and social setbacks suffered by the continent's countries as a result of the Russian energy lever. Until then, conventional energy sources will be in high demand. We also anticipate a significant increase in natural gas production in the future because it is the cheapest and most environmentally friendly of the conventional energy sources. Given the rising price of gas, the Gulf states will begin to tap into their massive reserves. Saudi Arabia announced last year that it intends to become the world's third largest producer of natural gas by 2030. However, events in 2022 may accelerate production and export plans.

### Status and Direction of the Global Economy

Before presenting a breakdown of the current state of the global economy, we should take a

quick look at the major developments and historical shifts that have impacted the international economic environment, given their significance for the major global economies:

#### *Transformation of the Global Economic Environment*

The United States tops the global hierarchy of leading economies. US GDP accounts for half of the global economy, and US exports have consistently represented more than one-third of global exports. Because of the devastation caused by World War II, the United States maintained its dominance for two decades after the war. However, new rivals emerged following the reconstruction, including the European countries, Japan and China. However, the US economy has been dominant for decades. The US dollar's strength as a global reserve currency has enhanced the United States' standing in international institutions such as the World Bank and IMF. On the other hand, the Chinese economy continued to grow at staggering rates in the 1990s, eventually surpassing many advanced economies.

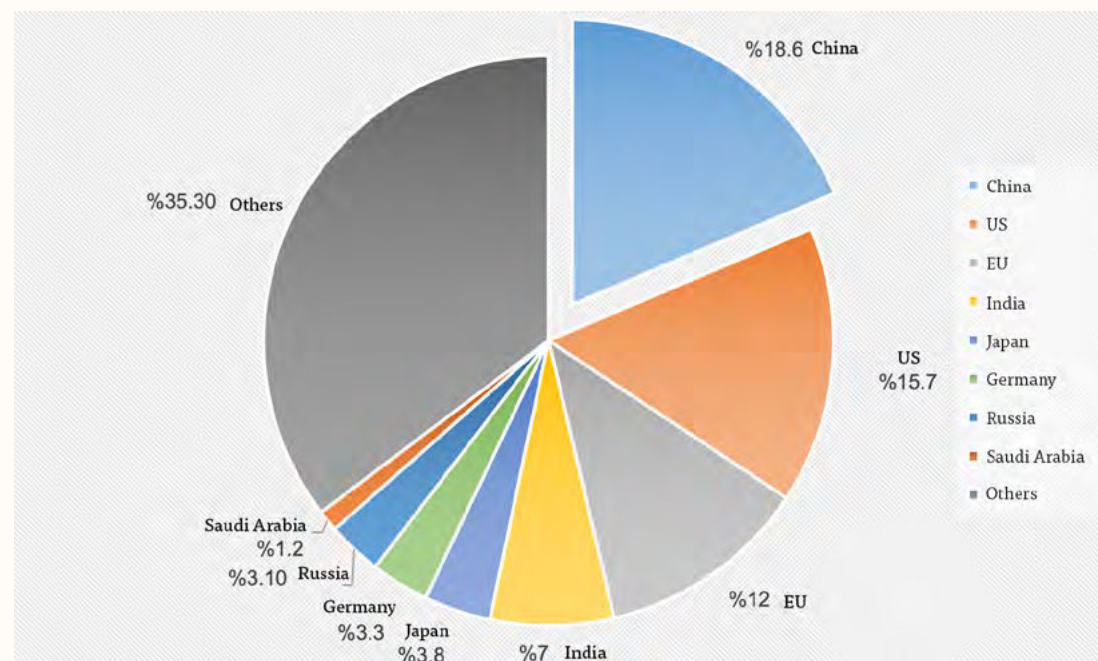
At the moment, we are witnessing a significant transformation in the international economic sphere as China has risen to the top of the economic order, displacing the United States and surpassing the European countries combined. Data from the IMF's recent "World Economic Outlook" report indicates this significant shift.<sup>(85)</sup> According to this report, China's GDP in purchasing power parity (PPP) for 2021 accounts for 18.6 percent of the global economy, followed by the US economy, which accounts for 15.7 percent of the global economy. The European Union ranks third with 12 percent (see Figure 5). This means that the Chinese economy has surpassed the US economy by 3 percent of the global economy according to this important index.<sup>(1)</sup>

To draw a historical comparison, US GDP once accounted for 45 percent of global GDP after World War II. But it declined to nearly 36 percent of global GDP in 1970, 26 percent in 1997, 23.4 percent in 2010, and 23.2 percent in 2015. On the other side, the Chinese economy took off in the mid-1990s. In 1997, Chinese GDP accounted for 3.5 percent of global GDP. It rose to 14 percent in 2015.<sup>(86)</sup> From 2004 to 2013, during the same period, Chinese GDP grew at a rate of about 10 percent per year in terms of purchasing power parity, while the US economy's GDP grew at a rate of only 0.9 percent.<sup>(87)</sup> China's total goods and services exports accounted for 12.8 percent of global exports in 2021, while US exports stood at 9.2 percent.

Meanwhile, China, India and the rest of the emerging economies combined account for 85 percent of the global economy—and their share thereof is steadily growing. The economies of advanced countries make up 42 percent – and their share thereof is declining. The emerging economies' share of total global exports is also growing, accounting for nearly 39 percent of total global exports. This allows us to envision how the global economy's hierarchical order will look in the future.

Over the past century, the world has been hit with numerous economic crises, the most devastating of which usually began in the United States and then spread to the rest of the world, ranging from the 1929 Great Depression, which lasted nearly a decade, to the 2008 global financial crisis, among others.<sup>(88)</sup> Some of these crises are still ongoing (the debt crisis). The United States is aware of the dangers of global economic decline and has refused to succumb to it. To maintain its global standing, it is pursuing clear policies to encircle and constrain China

(1) US nominal GDP currently exceeds China's nominal GDP by a small margin, but the difference is rapidly diminishing. On the other hand, which is more important, nominal GDP does not reflect the reality of the country's economic strength in light of the differences in exchange rates and inflation. Therefore, the IMF and the World Bank adopted a more accurate measure to calculate real GDP according to purchasing power parities (PPPs); indicators of price level differences across countries.

**Figure 5: Global Economy-GDP According to Purchasing Power Parity (PPP) for 2021**

Source: "World Economic Outlook," IMF, (October 2022).

as a top priority through commercial partnerships and alliances.

#### **Challenges and Their Impact on Current Economic Stability**

Threats to economic stability are increasing in 2022, as opposed to last year, which saw the beginning of economic recovery and hope for a stable future after two years of combating the coronavirus pandemic (see Rasanah's 2021 Annual Strategic Report). The major challenges currently confronting and threatening global economic stability are highlighted below:

■ **Russia-Ukraine war and its impact on the global economy:** This war has resulted in three major global economic crises: inflation, recession, and debt. As stated previously, the war has caused a spike in the prices of energy, food and import-

ant agricultural and industrial production inputs such as fertilizers, minerals and electronic chips as well as hiking the prices of essential items; both production and consumption have been impacted, undoubtedly increasing global poverty rates. This is in addition to disrupting maritime supply chains that were previously impacted by the coronavirus pandemic and have yet to bounce back fully.

Additionally, China is dealing with domestic issues such as new coronavirus outbreaks and a real estate sector crisis that could have an impact on the global financial sector. All of these factors contributed to a bleak outlook and dwindling prospects for economic growth, which were expected to prevail prior to the war. Global GDP growth was significant last year (2021), reaching 6 percent. In 2022, however, the IMF has been forced to lower forecasts for global economic growth three times

in a row, from 5.7 percent (which it forecasted last year) to 4.1 percent at the start of the year, then 2.9 percent in April, and finally 3.2 percent in October<sup>(89)</sup> due to the war and widespread economic uncertainty.

■ **The accumulation of debts and the ramifications for political and social stability:** We warned of the dangers of debt accumulation in Rasanah's Annual Strategic Report for 2021, citing its dangerous consequences for economic, social, and political dimensions. Government debts have accumulated over the last two years as a direct result of combating the coronavirus pandemic and fiscal expansion policies. Following Russia's recent war on Ukraine and in response to the resulting inflation, opposing fiscal policies have been pursued: fiscal tightening, a policy led by the US Federal Reserve, which has raised interest rates on the dollar, directly reducing the value of the world's major currencies, causing a debt crisis, particularly in countries heavily borrowing from international financial institutions and running balance-of-payments deficits.

The IMF's director has warned of the growing severity of the situation for economies that have reached or are on the verge of entering a debt crisis. This critical stage now includes 30 percent of the world's emerging economies and 60 percent of low-income countries, compared to 20 percent previously.<sup>(90)</sup>

The danger of massive debts lies in debt servicing and burdens; debt installments and interest are deducted from general budgets, public spending, and foreign currency reserves. This results in a deficit in the state's public spending and an inability to perform basic functions which exacerbates social and political tensions. Furthermore, debts reduce the state's importing capacity by putting pressure on and devaluing the local currency, depleting foreign exchange reserves, and exacerbating inflation and poverty. Governments may be compelled to borrow more debt in order to pay off debt installments and interest, resulting in a debt trap and an uncertain future.

Sri Lanka is a recent example of the dangers of debt when it failed to pay off installments of its foreign debts, which exceeded \$50 billion, for the first time in its history in May 2022. The depletion of its foreign exchange reserves resulted in severe fuel and food shortages, as well as an increase in inflation, sparking massive protests. Some of these symptoms have already appeared in other countries around the world, including several Arab countries. Argentina, Venezuela and Ukraine are among the most indebted countries, while other countries such as Pakistan and Tunisia are more vulnerable to debt-related risks. Egypt and Morocco, meanwhile, are also in a worrying position. According to the US Department of the Treasury, the national debt has surpassed \$31 trillion for the first time in history, nearly doubling in the last decade. Despite the fact that the majority of these debts are local, they may cause investors to lose faith in the government's ability to repay them, worsening the economy's negative outlook and raising infla-

tion levels in the future. In a recent booklet, the US Central Intelligence Agency (CIA) warned that debt accumulation will be one of the most serious threats to the world's economies over the next two decades. Addressing this threat will be more costly and challenging than in the past.<sup>[91]</sup>

■ **Climate change and its economic ramifications:** The climate debate has moved beyond the stage of warnings and predictions to a tangible reality that impacts food supplies, welfare, and general living standards. Drought, water scarcity, floods and extreme weather events have become more severe, as seen recently in Europe, China, Pakistan, and elsewhere. This has exacerbated global food and energy problems, hence increasing hunger, poverty, debt, and domestic unrest in the poorest countries.

#### Conclusion: The Global Economy's Direction in Light of Mounting Crises

In the short run, forecasts regarding the most dangerous threats to global economic stability

are dependent on a critical issue: the end of war and the return of optimism about the world's geopolitical stability as well as the restoration of balance. If this does not happen, the global economy will continue to trend in the wrong direction in the short run, rather than seeing a breakthrough. If the Russian-Ukrainian war continues and energy prices rise to significant levels, the global economy will remain vulnerable to a sharp recession and shocks. Worse than an economic recession is the possibility of entering a period of stagflation, in which the downturn is accompanied by price increases, which is not inconceivable, particularly for Western economies. There are some exceptions, however, in the emerging economies and energy-exporting countries (see Table 1).

Many international institutions' forecasts paint a bleak picture of the future. According to the IMF, countries whose economies account for one-third of the global economy will experience

**Table 1: World Economic Outlook: Real GDP Growth (Annual Change Rate) and Inflation Forecasts for 2023**

Real GDP Growth	2021	2022	2023	Inflation Forecast for 2023
World	6	3.2	2.7	6.5%
Advanced countries' economies	5.2	2.4	1.1	4.4%
The US	5.7	2.4	1	3.5%
The Eurozone	5.2	3.2	0.5	5.7%
Germany	2.6	1.5	-0.3	7.2
Rising and developing economies	6.6	3.7	3.7	8.1%
China	8.1	3.2	4.4	2.2%
India	8.7	6.8	6.1	5.1%
Saudi Arabia	3.2	7.6	3.7	2.2%

Source: World Economic Outlook (October 2022).

Note: Actual inflation may exceed the IMF's estimate, and inflation has already surpassed the IMF's estimate in 2022.

an economic downturn that lasts at least two consecutive quarters in the coming year (2023). It predicted a nearly \$4 trillion loss in global GDP between now and 2026. This is roughly the size of the German economy. In terms of the impact on people, even if growth is positive, the feeling will be similar to stagnation<sup>(92)</sup> due to shrinking real incomes and price increases that industrialized countries such as the United States and Europe have not seen in decades. The inflationary impact on societies in developing countries will double.

However, there is still hope for a global recovery if geopolitical tensions ease, supply chains regain efficiency, and economic and financial sanctions against some Russian exports, particularly grains and fertilizers, are lifted. As a result, there is a chance of a slow recovery with the gradual easing of inflation. It will take some time to notice the benefits.

By benefiting from the rise in energy prices, Asian economies such as China, India and the Gulf economies, particularly Saudi Arabia, continue to have a stable outlook.

In the longer term, the impact of global crises in the last four years will play an important role in shaping the future direction of the global economy. International trade will evolve, possibly in new directions. It is possible that new patterns of supply and storage chains will emerge that are more flexible and diverse. And perhaps capital and international investors will tilt toward indigenization and attracting cheap labor to their countries rather than investing abroad. The contribution of e-commerce and cryptocurrency to overall international trade will grow, as will trade in local currencies, particularly the Chinese yuan. Russia also seeks to achieve the same end to assert the establishment of a multipolar global order.

Meanwhile, Asia's economic weight is shifting faster than expected. If current growth rates continue, China and India, along with the rest of the emerging economies, are expected to have the largest share of global GDP and international trade over the next two decades, at the expense of the United States, the European Union, and the rest of the advanced economies — as long as the

current growth rates continue. We are likely to witness continuous growth rates in Asia given its young population; except for Japan which suffers from the problems caused by an aging population. Europe faces the same crisis as Japan. The aging crisis increases dependency costs on their economies which have been contending with increasing government debts. Therefore, the longstanding level of prosperity is expected to decline.

To summarize, the Russia-Ukraine war, the ramifications of the coronavirus pandemic, climate change and rising energy prices have all revealed the fragility of food security for the majority of the world's countries, threatening economic, social, and political stability. All of the consequences of this fragility on countries are still unknown. This means that the future could be full of unpleasant surprises, especially given growing debts. On the other hand, crises may hasten efforts to find solutions that will keep the global economy stable and prevent it from suffering further blows●

See also



Study

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## The Economic and Demographic Dimensions of **Ukraine** in the **Russian Strategic Perspective**

After the new Ukrainian government was installed in 2014, relations between Russia and Ukraine soared. The latter overlooks the Black Sea, which enables it to access the Mediterranean, which is of utmost importance for Russian trade and the passage of energy supplies to the entire region. This prompted Russia to annex the Crimean Peninsula in the same year to enhance its standing within the context of the ongoing global competition. Now it is invading the rest of Ukraine to extract more geopolitical, security and economic advantages...



**Ahmed Daifullah Algarni**  
Vice President of Rasanah IIIS



# The Crises Gripping the Global Economy in Light of Disputes Between Major World Powers

## ■ The Impact of Food Price Hikes on Global Food Security



### 01 Reasons for food shortage

- ▶ Coronavirus pandemic
- ▶ Russia-Ukraine war
- ▶ Climate change and drought

### 02 Consequences of global food insecurity

- ▶ Declining food security indicators worldwide
- ▶ Rise in hunger rates worldwide

### 03 Future of the food insecurity crisis

- ▶ Recent drought wave has impacted grain production by major producers such as China
- ▶ Increasing protectionism will be source of concern in the future
- ▶ Drought and Russia-Ukraine war remain major food security threats

## ■ Energy Crisis and Future Scenarios



### 01 Reasons behind the crisis

- ▶ A crisis dating back to 2014/2015 amid the decline in energy prices to record lows
- ▶ Russia-Ukraine war

### 02 Consequences of energy price rises

- ▶ Revenues and gains for energy producers
- ▶ Harm caused to energy consumers

### 03 Future energy scenarios will witness dramatic changes

## ■ Status and Direction of the Global Economy



### 01 Transformation of the global economic environment

### 02 The most prominent challenges and their impact on current economic stability

- ▶ Russia-Ukraine war and its impacts exacerbating economic crises
- ▶ Accumulated debts and their implications for political and social stability
- ▶ Climate change and its implications for the deepening economic crises



## The Global Economy's Direction in Light of Mounting Crises

If the Russia-Ukraine war continues, the global economy will remain vulnerable to a sharp recession and shocks

Recovery of global economy depends on the easing of geopolitical tensions, restoring supply chain efficiency and lifting economic and financial sanctions against Russia

Outlook of Asian economies such as China, India and Japan as well as the Gulf states, particularly Saudi Arabia, is stable since the latter would benefit from energy price hikes



■

**Global Military  
Developments and  
Non-Traditional  
Security Threats**

The decay in the geopolitical order has led many countries to find novel ways to achieve their respective national interests and amplify national power. Global security is subject to unprecedented levels of stress due to the exploitation of gaps in global treaties and conventions. Non-traditional security threats are many including: escalation in space, disruptions in cyberspace, induction of hypersonic weapons, mobilization of mercenaries, indifference to the abuse of natural resources, and human displacement. Definitely, such threats further endanger regional and international stability. This file sheds light on non-traditional threats through addressing six of them: escalation in space; increasing disruptions in cyberspace; manufacturing of advanced drones as alternatives to conventional attack arms; induction of supersonic arms; climate change; immigration as a threat to security and stability; and foreign fighters participating in conflicts and wars.

## Escalation Ladder to Space

Space is one of the prime domains for geostrategic competition between great powers. Scientific developments are prompting these powers to exploit gaps in existing treaties and conventions on the use of space. The Outer Space Treaty, enforced since 1967, establishes principles governing the activities of countries in the exploration and use of outer space, including the moon and other celestial bodies. Today's global politics is too polarized for the Outer Space Treaty to be reformed or for a new one to be crafted that takes into consideration future technological and security challenges.

In November 2021, the UN General Assembly First Committee that deals with disarmament and security matters consented to a compromise resolution that aimed to form a new open-ended working group to develop rules to regulate military activities in space. The resolution aimed to ban anti-satellite (ASAT) weapons.<sup>(93)</sup>

The 1967 Outer Space Treaty does ban the deployment of nuclear weapons in space, however, there was no fear of conventional arms being deployed in the universal void. There have been no successful bids to reach a new consensus to regulate space for non-nuclear weapons.

On November 15, Moscow shot its retiring satellite into low Earth orbit by firing an interceptor missile from its Nudol ground-based anti-satellite system. The successful attempt led to the creation of 1,500 pieces of trackable debris, each piece was moving at 5,700 miles per hour.<sup>(94)</sup>

The weaponization of space creates mammoth risks for everyday life as it is not just a projectile that is fired at an active or retired satellite but debris pieces pose catastrophic consequences. When a 2 centimeter square piece of debris hits a satellite at the mentioned pace, the damage it incurs is the same as a pistol bullet striking a human or animal. Currently, over 25,000 such debris pieces are present in low-orbit space.<sup>(95)</sup> India fired a Prithvi ballistic missile variant and successfully destroyed its own target satellite in

low Earth orbit. Through this act, India aimed to become part of the elite group of space powers, a real prestige enhancer for New Delhi. India's initial condemnation of anti-satellite weapons testing was subdued but became strong once the threat from debris pieces was perceived to other satellites. The United States destroyed its failed satellite with a missile defense interceptor in 2008 – something it had done in 1985 too – while China destroyed its weather satellite with a ballistic missile a year prior.

On October 27, Russian President Vladimir Putin threatened to target the United States' commercial satellites that provide surveillance and internet access to Ukraine. The unprecedented warning was repeated by another senior official in Russia's Foreign Ministry, stating that the satellites in question "could be a legitimate target for a retaliatory strike."<sup>(96)</sup> A constellation of Starlink satellites of SpaceX alongside Viasat Inc., Maxar Technologies Inc. and Planet Labs PBC are providing services to Ukraine's armed forces. The White House warned of "an appropriate response in an appropriate way," if Russia was to move on its threat.<sup>(97)</sup>

Moscow's threat may not be real, but it highlights the dangers that unregulated aspects of space pose to societies. Low Earth orbit remains particularly vulnerable to ballistic missile use, if and when pariah states like North Korea and Iran, for example, decide to cause disruption in space.

Following the trajectory of Russia, the United States, China and India, middle powers such as the UK, France and Germany are attempting to buttress their space prowess. France set up its space command in 2019, followed by the AsterX satellite-defense exercise in March 2021. The UK and Germany unveiled their space commands in 2021 as well.<sup>(98)</sup>

## Increase in Cyberspace Disruptions

Governments globally continue to prioritize the allocation of resources to protect and in worst-

case scenarios to disrupt a rival's cyberspace domain. Like hypersonic weapons and anti-satellite weapons systems, cyberspace remains unregulated by universal treaties and conventions. The recognition for cyberspace regulation may be increasing but the importance of and conflicts in this domain make prospects for cyber peace somewhat unrealistic at this moment in time. Instead of pressing for regulation, global powers — in light of mistrust — seem to believe that cyber resilience must be boosted through unilateral steps to achieve higher levels of modern encryption and greater secrecy as well as larger investments to ensure cyber retaliation capabilities.<sup>(99)</sup>

The lack of mutual trust has aggravated over recent years. Potent cyberattacks such as Solarwinds, Microsoft Exchange and Colonial Pipeline, to name a few, have increased the urge for greater secrecy and investment in cyber retaliation capabilities. The use of cyberattacks appeared as one of the means to weaken Russia after its botched war in Ukraine but they have so far remained rather limited. The number of large-scale ransomware attacks launched by state actors like Iran and North Korea and non-state actors such as criminal hacking groups have significantly increased. The unprecedented decision by Albania to sever ties with Iran for cybersecurity breaches and planting ransomware<sup>(100)</sup> points to the severe costs such clandestine activities can inflict on an adversary.

Iran has secured a significant status in cyberspace. According to the Belfer Center's National Cyber Power Index in the year 2022, Iran was ranked 10<sup>th</sup> in the cyber power league, which included the United States, China, Russia, the UK, Australia, the Netherlands, the Republic of Korea, Vietnam, and France. Canada and Japan are no longer cyber juggernauts.<sup>(101)</sup>

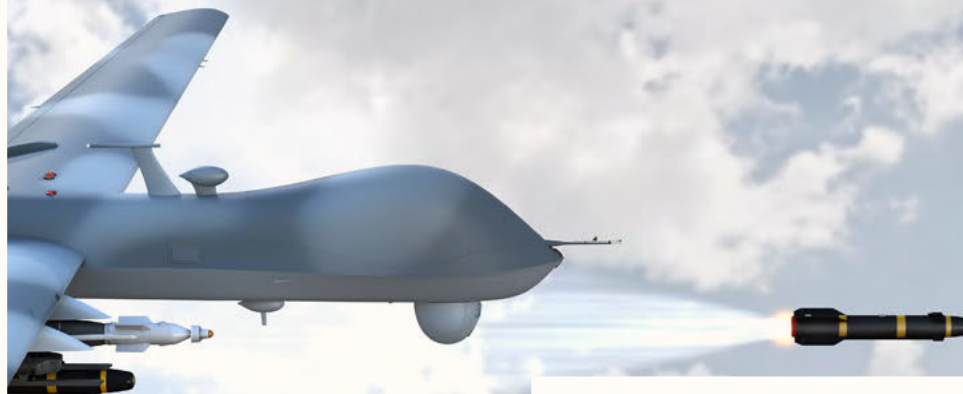
Roughly speaking, one can say that cyberattacks have become a key battlefield between states. The more connected and integrated the world becomes, the greater the threats posed

by ransomware and cyberattacks by states and non-state actors. The state-to-state contest in cyberspace is not just restricted to destroying and disabling rival infrastructure and capabilities but also boosting one's own cyber defenses while gathering intelligence through accessing systems.

### Drone Swarms as Alternatives to Conventional Arms

Nowadays, drones form the backbone of a military's tactical planning. Their importance and role has grown, previously they were merely seen as eyes in the sky. Since February 2022, the world has witnessed an increasing reliance on drones in the aftermath of the Russia-Ukraine war. The Azerbaijan-Armenia conflict over the Nagorno-Karabakh region last year proved the devastating impact of integrated drone operations on tanks, infantry, and air defense assets. The more recent attack on Sevastopol harbor in Russia's occupied Crimea was carried out largely using uncrewed naval vessels. This naval drone attack substantively damaged key vessels of the Russian Black Sea docked in the highly protected waterfront.

After Russia's indigenous drones fell short of expectations, it turned to its ally Iran, largely buying expendable or suicide drones. The Kremlin deploys drones for the same purpose the Nazis used V1 and V2 rockets against the UK, namely, to instill fear and break the people's will. Cheap and expendable drones are sent in swarms to overwhelm Ukrainian air defenses while targeting residential apartments, electrical grids, or municipal service centers. Due to their slow speed, lawnmower-type noisy engines and alert air defense, Russia chooses to deploy drones along with ballistic missiles during pre-dawn or post-sunset hours. The Shahed-136, which costs between \$20,000 and \$30,000 with a range of about a 1,000 kilometers, has proven a nuisance for Ukraine's air defense operators



***Nowadays, drones form the backbone of a military's tactical planning. Their importance and role has grown, previously they were merely seen as eyes in the sky***

who fire crucial and costly missiles to hunt these difficult targets prowling the skies.<sup>[102]</sup>

Ukraine deploys drones in concert with its military units. Clever integration of drones in military operations has led to precision strikes against enemy artillery, tanks, and infantry troops. Over time, Kyiv has received a variety of Western drone systems with varying capabilities and ranges. Its most popular and prominent drone is the Bayraktar TB2 whose performance has forced Russia to opt for Iranian drones. The

Turkish drone's performance is even better than its impressive results in the Nagorno-Karabakh war. Besides the capabilities of drones such as range and payload, their integration into military operations as per the tactical doctrine of armed forces can make them a game-changer. Hitler's Vengeance weapons no doubt scared the British public but they failed to deliver any significant achievements in the Battle of Britain. The same applies to Russia's deployment of drones.

On the battlefields of the future, drones are set to become more sophisticated, lethal and accurate. From the United States' defense strategy in 2022 to Chinese military handouts, drones are viewed as eventual substitutes for manned fighter jets, helicopters and naval surface and submersible vessels.

The global powers are fast transitioning from propeller-power drones to jet-equipped unmanned combat aerial vehicles (UCAV). The United States has led the initiative while Russia and China are testing their own UCAVs too. Turkey, South Korea, India, Pakistan and other countries are pursuing similar ambitions for their respective defense needs. The Yemen and Nagorno-Karabakh wars as well as the Ukraine conflict have amply highlighted the gap in counter-drone systems. Shooting down a relatively inexpensive drone with an air launch or ground-based air defense system is too costly while still not fully reliable.

### Induction of Hypersonic Arms

Among the disruptive technologies, hypersonic weapons – hypersonic cruise missiles and hypersonic glide vehicles – are the most expensive and sophisticated. Mach 5+ flight has a vast array of characteristics separating it from subsonic and supersonic (Mach 1 to Mach 5) ranging from aerodynamic heating (above 1,000° Centigrade) and altitude. At above Mach 9.5 speed, the aerodynamic heat can ionize the atoms and creates plasma which disrupts communications with external guidance input systems.<sup>(103)</sup> Though hypersonic missiles are challenging to develop, China surprised the world in August 2022 with its technological sophistication when it tested a hypersonic glide vehicle. Russia's boost-glide Avangard system is enroute to being commissioned.

Without a doubt, Russia and China have tested and are in the process of producing and integrating them into their doctrines and arsenal. Flying five times faster than the speed of sound, hypersonic missiles create a near-impossible dilemma for an adversary's air defense system due to the HGVs and HCMs unpredictable paths and speed. For the United States' challengers, hypersonic weapons – missiles and glide vehicles – will create an overarching integrated strategic shield against threats. The notion of mutually assured destruction will come into force.

The United States is aware that it is stepping back into the hypersonic industry, so it has worked to upgrade its arms arsenal with hypersonic weapons to address new rising threats from this industry. After the Russia-Ukraine war and fear of China's rising global power, Japan and South Korea in the East and France, the UK and Germany in the West may join the new arms race.

Commenting on this issue, Research Analyst and Program Administrator for Defense and Military Analysis at the International Institute for Strategic Studies (IISS) Timothy Wright said, "Coupled with inefficient non-proliferation

barriers and the gradual erosion of the cold war arms control architecture, it is likely that these systems will be fielded by several European countries in the next 10 to 15 years."<sup>(104)</sup>

### Climate Change and Migration Endangering Security and Stability

The years 2021 and 2022 reminded everyone that the global ecosystem is on the brink of collapse. While ice in the Arctic has been melting at a faster pace than perceived, no other inhabited continent was spared from forest fires, abnormal precipitation, and droughts. However, political polarization at the national level has been making it harder for policymakers to integrate climate action into state policies. The island states in the Caribbean, Pacific and Indian oceans are reporting sea-level increases, which not long ago was dismissed as an exaggeration. The demand for climate reparations has become louder as the Middle East is facing soaring temperatures which are going to increase ever more without appropriate measures, not to mention the unprecedented floods that have devastated two-thirds of Pakistan, displacing millions of people.<sup>(105)</sup>

Conspiracy theorists call climate change a hoax while mega corporations are propagating their minimal steps as landmark climate action initiatives. Militaries are reacting to mitigate climate change with urgency or they risk losing their combat readiness.<sup>(106)</sup>

Climate change and conflicts both are triggering human displacement. The socio-economic impact of climate change and the power struggle between states and inter-state actors has led millions in the past two years to take refuge in North Africa, Europe or neighboring states in the quest for peace and safety. The conflict in Ukraine, Syria and Libya continues to be exploited by far-right politicians in Europe and elsewhere, branding refugees as a national security threat. Many Western countries voted xenophobic coalitions into power. Immigrants

do not have a way out of their crisis; they face harsh living conditions in their own countries and increasing restrictions in the countries they seek refuge in.

### The Engagement of Foreign Fighters and Private Military Companies in Conflicts and Wars

Foreign fighters have been effectively employed in conflicts where they played an integral role in gearing the outcomes of many conflicts, which the world has witnessed in recent decades. Thousands of fighters from across the world have participated in the ongoing war between Russia and Ukraine. The Russian government officially allows foreign fighters; "volunteers" to join its military troops under the group commonly known as the "Interbrigades" or "international brigades." As for Ukraine, Western media outlets call the pro-Ukraine foreign fighters "volunteers" who fight the battle of good against evil whereas the pro-Russia foreign fighters are called "mercenaries."

Ukrainian President Zelenskyy created the International Legion for the Territorial Defense of Ukraine and dropped visa requirements for foreign nationals volunteering to join this legion and promised them generous salaries. Many European countries allowed their citizens to join the combat operations in Ukrainian territory such as the UK, Denmark, Latvia, Poland, and Croatia. Veterans of the Kosovo Liberation Army (an Albanian paramilitary organization which is designated by the United States as a terrorist organization) have joined as voluntary fighters to help Ukraine. The Russian minister of defense said that nearly 16,000 fighters from the Middle East are willing to fight with Russian troops. Without a doubt, foreign fighters place a heavy financial and moral burden on the shoulders of regular armies.<sup>(107)</sup>

Foreign proxy fighters are an integral part of the human, arms, and drug trafficking underworld. With Russia's war on Ukraine and the

resulting sanctions, the demand for and movement of mercenaries have only increased and so has interoperability or reliance on religiously or ethnically inspired militants. Mercenaries, private contractors and extremist militants as well as the criminal underworld have become more aligned and intertwined over recent years to pose a real security threat while mostly operating under the radar.<sup>(108)</sup>

Some believe that the foreign fighter phenomenon does not undermine the role of regular armies for many considerations, most prominently, regular armies operate within the scope of their national identity, securing national interests, protecting state sovereignty from violations by foreign fighter groups that operate outside international law and the rules of engagement — unlike regular armies. Foreign fighters pose political and security risks whether they are mercenaries who fight solely for money, or fighters driven by ideology or other reasons. The risks emerge after the end of the conflict. The most significant question arising here is: where will foreign fighters go after the end of the conflict? What will be their future activities and roles? Mercenaries will look for new areas of conflict to gain money from fighting. This will lead to further chaos and instability in those areas. Ideologically driven fighters provide radical terrorist groups with massive manpower that can be exploited in criminal acts or for providing terrorist militants with insurgent training and combat experience. For example, Syria hosts an enormous number of foreign fighters that are used by international and regional actors to serve their political interests and are sent to wars and areas of conflict such as Libya. In a nutshell, allowing foreign fighters to enter one state territory without visa requirements — as is the case in Ukraine — and believing that foreign fighters can contribute to national stability and military strength, later after the end of conflict, these fighters will cause many losses and risks in the

long run whether to their own home countries — when they return — or to many regions across the world.

The employment of foreign fighters, classified as mercenaries (private military contractors or PMCs) and ideologically motivated militants, continues to surge globally. While the United States occasionally uses unaffiliated armed mercenaries like Constellis Holdings against regimes in weak states, Russia routinely deploys them for achieving strategic access and changing the balance of power, and China infrequently relies on them to secure its mining and logistical stakes. Hence, the Security Council's permanent members have not signed and ratified the International Convention Against the Recruitment, Use, Financing and Training of Mercenaries, which entered into force in October 2001. The year 2022 goes to the Russian government's private military outfits. The role of the Wagner Group has been notable; it operates in 30 countries, conducting clandestine operations and recruiting in mostly weak or dysfunctional states such as the African coastal countries.<sup>(109)</sup> On the religious militancy side, Iran is the major employer of transnational proxy fighters through its regional arm — the Quds Force. Iran continues to rely on ideologically motivated or monetarily desperate individuals to carry out violent operations. The Quds Force coordinates the operations of proxy fighters. For example, Iran has used its ideologically motivated groups such as the Fatemiyoun Brigade to engage in its proxy wars.<sup>(110)</sup>

Alarming, the United Nations, including its most powerful arm the Security Council, is too passive to regulate private military contractors amid their proliferation because of soaring demand. This passivity, due to conflicting interests, is likely to fuel the emerging Cold War.<sup>(111)</sup> The existence of private military contractors creates a quagmire for UN peacekeeping missions as foreign states deploy such contractors

to hide behind the veil of plausible deniability while continuing to engage in “light footprint warfare.”<sup>(112)</sup>

### Conclusion: Non-Traditional Threats to International Security and Stability

Space is a distant horizon no more as is cyberspace. What happens in Ukraine impacts a village in Central Africa, and poverty and unrest in impoverished South American states can upend US politics and policies. The Russian war in Ukraine abundantly proves to the world that mercenaries fighting in Afghanistan, Syria and Libya are more connected to the world than is realized. In less than a year of Russia's war in Ukraine, these legionnaires are fighting on the side of the Kremlin. While Iran gradually like North Korea develops nuclear weapons after eventually quitting the NPT, South Korean and Japanese public opinion favors the development of independent national deterrence capabilities.

Traditional and non-traditional security threats require global consensus and international laws to preserve the geopolitical and geoeconomic world order that was established after World War II and reformed following the end of the Cold War in 1989. On the heels of Cold War II, the UN and key multilateral forums like the G-20 and the European Union still have opportunities to stem imbalances of power resulting from the aggressive exploitation of disruptive technologies and irresponsible industrial practices, damaging mutual trust and the planet respectively.

Finally, in light of the latest global crises; the war in Ukraine, the energy crisis and the fragility of international resolutions amid rising rivalry between key major powers in the world, it is expected that further escalation in non-traditional security threats will be witnessed in 2023. Climate change had attracted great attention yet its priority has declined amid the current energy, food, and peace crisis, which foretells a pessimistic future that may not address the looming global challenges •

# Global Military Developments and Non-Traditional Security Threats



## ■ Escalation Ladder to Space

- 01 Outer space is considered among the spheres of strategic competition among major world powers
- 02 Arming space sparks massive dangers in light of sharp polarization

## ■ Increase in Cyberspace Disruptions

- 01 Countries continue to allocate resources as a priority to protect cyberspace
- 02 Cyberspace is not protected by international treaties and agreements
- 03 Iran's cyberspace force ranks tenth in the world

## ■ Drone Swarms as Alternatives to Conventional Arms

- 01 Russia has used Iranian drones in the war in Ukraine
- 02 Drones are expected to be more sophisticated and lethal on the battlefield

## ■ Induction of Hypersonic Arms

- 01 Russia and China plan to integrate hypersonic planes into their military arsenal and doctrine
- 02 The US has embarked on developing its weapons systems to cope with these dangers

## ■ Climate Change and Migration Endangering Security and Stability

- 01 The years 2021 and 2022 carried cautionary messages that the global ecosystem is on the verge of collapsing
- 02 The political polarization obstructs the mission of policymakers to integrate climate change plans into their policies

## ■ The Engagement of Foreign Fighters and Private Military Companies in Conflicts and Wars

- 01 There are security and political dangers related to the participation of foreign fighters
- 02 The year 2022 was the year of Russian private military firms (Russia's Wagner Group)
- 03 Iran is among the biggest countries in terms of deploying transboundary proxy militias

## Unconventional Threats to Global Security and Stability

- 01 Russian invasion of Ukraine proves that mercenaries play an active role in international conflicts
- 02 The UN has to urgently develop initiatives to address the flaws resulting from using destructive technologies
- 03 It is expected that the world will see further complexity in unconventional security issues in 2023
- 04 Unmanned aerial vehicle (UAV) technology is deemed a notable breakthrough for warfare operations and has been intensively used by armies



**Violent Groups  
and Islamist  
Movements in  
Crisis**

The decline and waning of violent groups as well as the emergence of divisions within Islamist movements were highlighted in the 2021 Annual Strategic Report. The report predicted that this decline would continue into 2022, which occurred. Political Islam groups and their affiliated parties as well as jihadist groups have experienced decline and waning in some regions as well as attempts to reposition and cement activism in others. This report attempts to shed light on the developments regarding Islamist and violent groups, as well as consider the potential outcomes in 2022.

Firstly, the report discusses al-Qaeda's future and internal structuring following the death of Ayman al-Zawahiri. Secondly, it discusses the crisis of ISIS in Africa, Iraq, Syria and Afghanistan. Thirdly, it analyzes the crisis of Islamism and the squabbles within the Muslim Brotherhood (MB). Fourthly, it sheds light on the lack of jurisprudential guidance after the death of Youssef al-Qaradawi, the founder and historic chairman of the International Union of Muslim Scholars, and highlights the verbal standoff between the MB's wings in Egypt, Morocco and Algeria after a fatwa (religious edict) was issued by Ahmed Raissouni, a Moroccan Muslim scholar and former head of the International Union of Muslim Scholars. The fatwa urged jihad in Algeria's Tindouf Province and the annexation of Mauritania to Morocco. Finally, the report spotlights the differences between Shiite Islamist groups in Iraq and the position of the marjaya toward them. Accordingly, the report attempts to forecast the fate of Islamist and violent groups based on the current realities and highlight future trajectories.

### The Jihadist Groups and Their Successive Failures

#### *The Future of al-Qaeda After the Killing of Zawahiri*

In August 2022, the United States announced that it had targeted the home of and killed Egyptian al-Qaeda leader Ayman al-Zawahiri, without specifying the strategy or method of attack. Even his body has not been revealed. His killing has had the following significant impacts on the organization:

■ **A leadership vacuum after the killing of Zawahiri:** As part of its strategy to limit al-Qaeda's influence, the United States has consistently carried out drone strikes targeting its leaders in Syria, Yemen, Afghanistan, and Africa. Through these strikes, the United States has limited the organization's operational capabilities and geographic scope, and impeded communication be-

tween its various leaders worldwide. There is no doubt that violent groups suffer when their leaders are targeted, due to their hierarchical structure and extremely centralized decision-making, hence their operations are dented when their leaders are killed. However, in the case of decentralized groups with a dispersed network structure, the targeting of leaders actually undermines the morale of members, results in the loss of charismatic leadership, erodes the framework of the group itself — which eventually impacts the organization's operational capabilities.

The killing of Zawahiri dealt a severe blow to al-Qaeda even though he had embraced a non-hierarchical leadership style to reduce the extent of centralization in the organization. He believed this would minimize targeted attacks, infiltration, and successive strikes; therefore, the phenomena of "lone wolves" has emerged. After Zawahiri's killing, al-Qaeda lost control of its various offshoots around the world. Al-Qaeda also lost its charismatic and pioneering leader who had helped in establishing the organization. Prior to his death, Zawahiri had worked to transform the organization into an ideological outfit that would suffer little if its leaders were targeted. However, this transformation led to other problems in the organization such as ideological divergences with branch and local leaders embracing ideological foundations and opinions that differed from those adopted by the central leadership — as reflected in the emergence of ISIS and past disagreements between Zarqawi and Zawahiri. Consequently, al-Qaeda is suffering from a crisis as a result of the targeting and elimination of its leadership (including its first generation leaders) that combined ideological theorization and organizational leadership.

In terms of who will succeed Zawahiri, there are several names that have been floated such as Saif al-Adl (Mohammed Salah Zeidan), Abu Abd al-Rahman al-Mughrabi, Zawahiri's son-in-law, Abu Ikhlas al-Masri, Muhammad Amin al-Haq, Abu Turab al-Urduni, and Abu al-Walid

al-Masri. It may take some time for al-Qaeda's various leaders located in different countries to consult with one another and decide on a consensual leader who they can pledge allegiance to. It is also possible that al-Qaeda will prefer not to reveal the name of the new leader to avoid any potential US strike. However, if it decides to conceal the identity of its new leader, this will reflect a weakness that will impede its ability to recruit new cadres and may also lead to fragmentation among its various offshoots that have generally been kept in line by charismatic leaders.

■ **The disagreement between al-Qaeda and the Taliban:** On August 15, 2021, the Taliban took over Kabul and overthrew the government of Ashraf Ghani. The Taliban then announced a new approach to running state affairs which differed from its previous approach in the 1990s when it first ruled the country. It proclaimed new positions on women, the Constitution, minority rights, and its relationship with al-Qaeda. In this regard, Mohammad Naeem, spokesman for the Taliban's political office, stated that al-Qaeda had no presence in Afghanistan and denied any links between the two organizations. "The group will not allow any individual or group to enter its territory to carry out military activities," he reiterated.<sup>(113)</sup>

The targeting of Zawahiri in the Diplomatic Quarter in Kabul, where he was sheltered by the Taliban, led US Secretary of State Antony Blinken to doubt that there was no ongoing relationship between the Taliban and al-Qaeda. "The Taliban 'grossly' violated the Doha Agreement by hosting and sheltering al-Qaeda's top leader Ayman al-Zawahiri," Blinken said.<sup>(114)</sup> However, the Permanent Representative of Afghanistan to the United Nations and the spokesperson of the group Suhail Shaheen said the Taliban "has no knowledge of the arrival and residence" of Zawahiri in Afghanistan.<sup>(115)</sup>

There is the possibility that the Taliban passed information about Zawahiri's location to the Americans, thus making it easier to strike him

and ending al-Qaeda's presence in Kabul. It also sent a message to al-Qaeda that Afghanistan is not a safe haven for the organization anymore. Whether this is true or not, what is certain is that the Taliban does not want al-Qaeda to exist in Afghanistan in the same way as it did previously. This position is in light of the group aspiring to lift the international sanctions against it, and to reassure regional and global actors; thus avoiding future sanctions or tensions.

■ **Al-Qaeda's future in Afghanistan:** The organization's future in Afghanistan is dependent on several factors, the most important of which is whether the Taliban still has the same desire to protect and provide it with safe havens; it appears that the group wants to separate itself from al-Qaeda, with reports indicating that the Taliban assisted in the assassination of Zawahiri. If this scenario is correct, the Taliban intends to eliminate al-Qaeda's presence in Afghanistan by assassinating the organization's most powerful leader and one of its founders, as well as other leading figures. Moreover, it is important to consider that the Taliban wishes to establish good relations with the international community which is dependent on it ending support for terrorist outfits like al-Qaeda. As major powers like Russia, China, India and the United States oppose the Taliban's overthrow of the Ghani government, the group does not want to aggravate them further by continuing to give safe havens for al-Qaeda operatives in Afghan territories. All of these factors point to the fact that al-Qaeda's presence will be severely reduced in Afghanistan over the coming period. This does not imply that the Taliban will abandon its alliance completely with the organization. Rather, it implies greater pragmatism and flexibility on the part of the Taliban in dealing with international complexities. On a side point, al-Qaeda is facing fragmentation into ideological variants that are vulnerable to domestic adaptation (of ideology) which have distanced themselves from the parent group's core ideological convictions and

have even overridden them on numerous occasions; this crisis may contribute to ending its effectiveness, presence, and influence, without much effort from the Taliban.

### ***The Crisis of ISIS (Daesh)***

ISIS has suffered many setbacks in several parts of the world as a result of the killing and detention of its leaders as well as because of operations directly targeting its terror infrastructure and logistics. In addition, many countries have exerted immense efforts to prevent ISIS from ideologically or organizationally expanding. However, despite these mentioned setbacks, ISIS attempted to build itself again and this was apparent in the pattern of its deployments and movements as follows:

■ **Face-off with the Taliban in Afghanistan:** In early July 2022, the Taliban declared that the Islamic State-Khorasan Province (IS-KP) is fomenting rebellion against its rule. This followed a three-day conference in Kabul, which was attended by religious leaders and sheikhs. "We address the nation that the phenomenon of sedition known as Islamic State-Khorasan Province is nothing more than falsehood by the day, and an untruthful sect that spreads corruption in our Muslim country," said the conference's statement. The Taliban believes that since Afghanistan has an Islamic government, any armed opposition to it constitutes rebellion and corruption, and a violation of Islamic law and national interests.<sup>(116)</sup> As a result, the Taliban established legal justifications for attacking and tracking down ISIS operatives and those who work with them. The group needed Afghan Muslim scholars to legitimize its moves against ISIS, given that many ISIS fighters are former Taliban operatives. This quest for legitimacy was against the backdrop of IS-KP questioning the Taliban's authority and validity, accusing it of loyalty to polytheists. IS-KP has not ceased its terror operations inside Afghanistan, which have also targeted Taliban leaders. It claimed re-

sponsibility for the assassination of Sheikh Rahimullah Haqqani, a senior Muslim scholar and supporter of the Taliban, in an attack in Kabul. He was among the major leaders supportive of the Taliban who announced support for the right of girls to seek an education. He was known for fatwas rejecting IS-KP's extreme ideology.<sup>(117)</sup>

■ **The limbo in Syria and Iraq:** In July 2022, the US Central Command issued a statement announcing that it had conducted aerial strikes in northwestern Syria, killing ISIS leader Maher al-Agal, one of the group's top five leaders. Furthermore, according to the press release of the US Central Command, "Agal was responsible for aggressively pursuing the development of ISIS networks outside of Iraq and Syria."<sup>(118)</sup> Prior to this, in February 2022, the United States announced the assassination of Abu Ibrahim al-Qurashi, the ISIS chief who succeeded Abu Bakr al-Baghdadi. ISIS issued a statement in March confirming the death of Qurashi in a US airstrike in northwestern Syria.<sup>(119)</sup> In late November 2022, the United States Central Command (USCENTCOM or CENTCOM) announced that ISIS leader Abu al-Hassan al-Hashemi al-Quraishi was killed in an operation carried out by the Free Syrian Army in Daraa. Abu al-Hussein al-Husseini al-Qurashi was named the organization's new leader.

However, there are some significations to the US operations against ISIS, including the fact that the time span between the deaths of Qurashi and Agal was only five months. It is noteworthy that ISIS did not reveal the name of Agal after the killing of Qurashi and did not disclose any information about him— but the organization directly announced its new leader. This means that ISIS is suffering from infiltration possibly at its leadership level. The inability of ISIS leaders to release a single video clip of them speaking — a departure from the organization's heyday prior to 2019 — is yet another sign of the organization's weakness.<sup>(120)</sup>

■ **Fading momentum in Africa:** In comparison to the previous year, ISIS operations in Africa

decreased in 2022. This noticeable decline is attributed to a number of factors that can be explained as follows:

- Security advances made by counter-terrorism operations on the battlefield as well as military alliances formed by neighboring African countries and coordination between them.<sup>(121)</sup>

- the Economic Community of West African States provided assistance to Mozambique by sending counterterrorism forces, which resulted in the domestic situation being brought under control.

- African Union dispatched an ATMIS peace-keeping mission to combat the al-Shabab group and train and prepare Somali forces to replace the mission's in phases, ending in 2024.

- Boko Haram's operational activism in West Africa has also waned, particularly since the assassination of its leader Abu Bakr Shekau and the fierce clashes between the movement's elements and ISIS fighters. As a result, a large number of Boko Haram members surrendered to the Nigerian government.<sup>(122)</sup>

ISIS in Yemen: The organization continues its media campaigns targeting Yemen yet it has been largely inactive inside Yemeni territories for about two years. The official ISIS media outlet posted in March 2022 photos showing what is called "Soldiers of the Caliphate in Yemen" pledging allegiance to the newly appointed ISIS leader Abu Hassan al-Hashimi al-Qurashi. The organization subsequently claimed responsibility for a suicide attack against the Houthis in July 2022, in Afar, Bayda Governorate in Yemen. A few days later, prominent ISIS leaders were arrested. ISIS does not have any posts or camps in Yemen, it completely relies on individual operations to avoid any attacks. However, many reports indicate that there is coordination between ISIS and the Houthis in Yemen; the two groups serve each other's interests, especially in carrying out operations in the southern governorates.

### The Muslim Brotherhood: A Neck-breaking Dispute Among Divergent Wings and a Diminishing Source of Guidance

The MB is still in crisis as a result of successive divisions gripping it in Egypt as well as setbacks in some of its key bastions. The following are some of the consequences of such divisions:

- **Egypt's MB:** Within the group, there are three main wings: the wing of Ibrahim Munir (London), the wing of Mahmoud Hossein (Istanbul), and the wing of the General Guidance Office (Cairo + Turkey), which is said to be established by Mohammed Kamal, a hawkish MB leader who theorized and formalized violence perpetuated by the group's so-called revolutionary wing but was killed by security forces. This year saw escalating squabbles over administrative issues between Munir, the MB's acting leader, and Hossein, the group's former secretary general. The latter announced the formation of a committee to carry out the duties of the group's supreme guide, effectively dismissing Munir. The latter, who died on November 4, 2022, decided to investigate Hossein and others, form a committee to run the group's affairs, and hold internal elections to end the divisions in the group.<sup>(123)</sup> In response, Hossein's wing decided to permanently dismiss Munir and some of his supporters. "The Shoura Council has discussed the individual practices and non-institutional measures taken by some brothers in an attempt to create a new reality and establish entities running in parallel with the group's legitimate entities," Hossein's wing said in an official statement.<sup>(124)</sup> "The General Shoura Council, the group's highest administrative authority, decided to dismiss Munir and render its decision to marginalize, freeze membership, and dismiss leaders within the group null and void," the wing added.<sup>(125)</sup>

The schisms within the MB raise an important question: are these disagreements over internal regulations, ideological positions, or personal political preferences?



According to Hossein, the disagreements are over internal regulations rather than personal differences.<sup>(126)</sup> Munir's wing makes the same argument, claiming that Hossein and his wing have broken away from the group, its regulations, and the General Shoura Council's decisions.

As a result, each wing interprets the General Shoura Council's regulations and decisions differently. In reality, the differences are motivated by expediency and personal interests, with each wing vying for control of the group, its levers, and financial and human resources. There is an alliance between the two organizations: Hossein's group and Mostafa Tolba's group; the latter joined by funding.<sup>(127)</sup> It is worth noting, however, that we are not dealing with differences between hawks and doves or conservatives and reformists, because the wing that was led by Munir is considered conservative. Before the current disagreements, Munir and Hossein had formed an alliance.

Munir died unexpectedly in early November 2022. According to Sohaib Abdel Maqoud, spokesman for Munir's wing, the group has appointed senior leader Muhyeddine al-Zayet as the group's supreme guide to temporarily fill the position of Munir. There are several possible scenarios after Munir's demise. Hossein's wing

could win the dispute and become the group's sole leader. If a new successor is not chosen, Munir's death could exacerbate divisions and fragmentation. The fact that the group is founded on absolute obedience, thereby institutionalization and compliance with regulations, further complicates the landscape when it comes to choosing a successor to Munir. It goes without saying that crises worsen when key figures who hold exclusive control over a group's key issues vanish or die. The Mahmoud Hossein group (in Turkey) exploited the death of the leader of Turkey's group; deposed Munir and declared Mustafa Tolba as the acting supreme guide by implementing Article Five of the General List, which states that in case of coercive obstacles that prevent the General Guide from carrying out his duties, he is to be replaced by his first deputy, then his second deputy (based on seniority) then senior members of the General Guide Office (based on seniority). Therefore, Mahmoud Hossein, a member of the General Guide Office, is now the acting General Guide of the MB.<sup>(128)</sup>

The aforementioned are related to the MB's overseas activities, while the situation inside Egypt remains unclear in terms of each wing's presence in different provinces and the number of MB cadres that have pledged allegiance to each respective group. Each wing claims to command the allegiance of the majority of the MB's cadres across Egypt's provinces and regions, but no statement from the MB in Egypt — which is splintered and exhausted — backs up or refutes such claims.

■ **Death of Qaradawi and the absence of a political-spiritual guide:** Yusuf al-Qaradawi passed away in September 2022. He announced a while ago that he had already renounced any organizational ties to the MB. The group, on the other hand, regarded Qaradawi as its theorist and mufti, and his manuals were considered as primary ideological reference points. According to Qaradawi, MB members were the first to read his works.<sup>(129)</sup> Qaradawi was referring to

rank-and-file members of the MB rather than the group's officials in charge of developing educational curricula for its cadres. The curricula used by the group did not prioritize Qaradawi's works. The reason for this, according to Qaradawi, was the spread of Salafist and Qutbist ideas within the MB, particularly among officials in charge of developing curricula.<sup>(130)</sup> There were historical disagreements between Qaradawi and the MB, such as his 2008 crisis with Iran and the two sides' disagreement on supporting a candidate for the Egyptian presidential election in 2012. The MB nominated Mohammed Morsi for president, while Qaradawi supported Abdel Moneim Aboul Fotouh, an MB renegade. Throughout his life, Qaradawi may have been a source of political-ideological guidance for various strands of Islamist thought. As a result, his absence will be felt by the MB and other Islamist movements. This void does not exist at the level of theorization, but rather at the level of charisma and employment. It is worth noting that the MB frequently employs religious, medical and engineering figures to disseminate its messages to the public, even those figures that are not that influential in the upper ranks of the Muslim Brotherhood.

■ **Raissouni's fatwa; from the nation to the state:** A crisis has erupted among Arab Islamists in the aftermath of a fatwa issued by Moroccan

scholar Ahmed Raissouni, then-chairman of the International Union of Muslim Scholars, calling for jihad against Algeria. He also advocated for Mauritania to be annexed to Morocco, claiming that the latter is the legitimate Muslim caliphate, rendering the Sykes-Picot Agreement's boundaries null and void and illegitimate.

When asked about the Western Sahara issue, he stated on television, "I mentioned before that the existence of a state called Mauritania is wrong — let alone the Western Sahara." He added, "Morocco should retain its pre-European colonization status, when Mauritania was a part of Morocco. We now demonstrate that the Western Sahara is a Moroccan territory by citing its people's allegiance to the Moroccan throne. Mauritanian scholars, dignitaries, and the so-called state of Mauritania, or Chinguetti, however, have a long-standing pledge of allegiance. As a result, Western colonizers created the problems of Western Sahara and Mauritania." Raissouni then declared his readiness to march toward Tindouf in Algeria. "If His Majesty the King calls for a million-man, march; if he calls for jihad in any way; if he calls for jihad by wealth, we are ready. Morocco's clerics are prepared to move and stay in Western Sahara and Tindouf for weeks or months."<sup>(131)</sup>

Reactions to Raissouni's remarks which sparked differences within the Islamist movements were swift. Algeria's Movement of Society for Peace issued a statement in which it accused Raissouni of stirring up sedition and infighting among Muslims.<sup>(132)</sup>

In reference to the boundaries of the Algerian nation-state, the statement reiterated that Morocco recognizes the borders between Morocco and Mauritania and that Algeria's borders with Morocco were finally demarcated under a bilateral agreement signed between the two sides.

In Mauritania, a group of Muslim scholars issued a statement calling Raissouni's remarks "inimical, suspicious, and provocative." "Since the fifth hijri century, Mauritania had not been



subject to the rule of an Islamic state except for the Almoravid dynasty which was established in Mauritania and by which some neighboring countries were controlled,” the statement said in response to Raissouni’s claims that Mauritania had been a part of Morocco.<sup>(133)</sup>

Raissouni’s own party, the Justice and Development Party, condemned his comments. The party’s secretary general, Abdelilah Benkirane, dismissed Raissouni’s remarks as not reflecting the party’s position.<sup>(134)</sup> As a result of the controversy, Raissouni resigned as president of the International Union of Muslim Scholars.

As such, we are witnessing a watershed moment in Islamist differences, as well as shifts in the notions of the state and the political activism that they embrace. Each Islamist movement is now defending the concept of the nation-state, effectively abandoning the concepts of group, community, and globalism. There is a gap between reality and theory, and even between reality and the foundations upon which these groups were founded and which they embraced from the start.

### Shifts in Shiite Islamism

There are no significant differences between Shiite and Sunni Islamist groups. They have failed to establish a project that will bring the Iraqi state back to life, with disagreements becoming an integral part of their structure and work. In Iran, where political Islam is effectively in control, it has failed to contain women, youths, and the post-revolution generations in general. It is currently facing a crisis in terms of its current legitimacy and future existence. These crises facing Shiite Islamism are apparent from the following developments:

■ **Bypassing the marjaya:** Shiite Islamist movements in crisis in Iraq: Shiite Islamist movements, as with Sunni ones, lack the religious marjaya that disciplines their activism and limits their excesses. Shiite Islamist movements do not adhere to or comply with the religious edicts or

opinions of the Shiite marjaya in Najaf, except in cases where it enhances their legitimacy on the Shiite street, saves their face, and demonstrates that they afford veneration to the marjaya without being compelled to comply with its line on issues such as: banning arms beyond state control, the independence of Iraq’s domestic decision-making, rejection of Wilayat al-Faqih, and preventing the repetition of failed political experiences. All of these recommendations have been overlooked by opposing Shiite Islamist movements, while they invoke the marjaya and seek its support only when there is a need or necessity. This raises an important question about the hawza’s future after Shiite marja Ali al-Sistani’s tenure ends. These movements, some of which embrace “transnational ideals” and pledge allegiance to Iran’s guardian jurist (supreme leader), work to subordinate Najaf’s marjaya to others outside the country. It is in their best interests to weaken Najaf so that it does not become a source of pressure or an impediment to exercising their unwavering loyalty to Iran. Other movements such as the Dawa Party reject the ideology of Wilayat al-Faqih and see Najaf as a purely traditionalist establishment that should be kept on the periphery of political life. Since the leadership of Ayatollah Mohammad al-Sadr, other movements such as the Sadrists have competed with Najaf for control of the marjaya. As a result, Najaf is confronted with a sea of diverging and conflicting strands, all of which contradict Najaf’s quietist, traditionalist line. However, the Najaf marjaya is still capable of mediating their differences or, at the very least, reining in their excesses.

■ **The supreme marjaya and the future of the dispute over who leads Shiites:** The Najaf marjaya remains silent, albeit ostensibly, on the dispute among Shiite Islamists in Iraq. In the country, the disputants are all Islamists, but they come from different schools of thought and have different roots. Sadrists are inspired by Mohammad al-Sadr and his worldly and religious philos-

ophy. Sadrists took guidance from cleric Kazem al-Haeri on some newly devised issues (which will be explained in detail in “The Shifts in Shiite Discourse” Part III of the 2022 Annual Strategic Report). Others support Iraq’s Islamist Dawa Party, while others embrace Wilayat al-Faqih, both of which are opposed to Sadr and the Sadrists. The Najaf marjaya is caught in a bind at this point. It is fearful of Sadr because of the historical differences between the Sadrist Movement and the Najaf marjaya. It is also concerned about Sadr’s rivals, who derive their strength and clout from Tehran, and want Iraqi decision-making to be subordinate to Iranian decision-makers, with Iran’s supreme leader having the final say over Najaf, which the latter completely rejects and opposes. In this context, it becomes clear why Najaf remained silent on these challenges and interactions within the Shiite community in light of Sistani’s advanced age (over 90-years-old) and the attempts of powerful marjas to restructure the marjaya from within and shape the post-Sistani landscape.

### Conclusion: Future of Violent Groups and Islamist Movements

It appears that Islamist movements are in dire straits because of the setbacks suffered since 2011. Furthermore, the internal crisis of Islamist movements is related to their centralized decision-making and inability to develop new ideological and philosophical sources of guidance that would allow them to reconcile with peoples and regimes alike and continue to act as a civilian actor in the religious and political landscape — away from the mindset of confrontation, having diametrically opposed views, stigmatizing societies as ignorant and unbelievers, and rebelling against the regimes that rule them. As a result, the division and fragmentation gripping Islamist movements and parties is expected to persist because they lack internal institutions as well as due to their “unquestioning obedience to leaders” — thus deepening despotism — and giving precedence to trusted cadres over competent ones.

Concerning the future of al-Qaeda and its relationship with the Taliban, it is likely that this relationship will deteriorate, particularly after the assassination of Zawahiri, whether this was the result of security infiltration of the Taliban or the al-Qaeda leadership, or the consequence of the Taliban passing information about Zawahiri's location to the United States to end al-Qaeda's presence in Afghanistan. In all cases, the Taliban seeks regional and international legitimacy, which necessitates concessions, rather than providing a safe haven for al-Qaeda operatives. The IS-KP operations against the Taliban and Afghans are likely to continue without gaining new territory. The war of attrition between ISIS and the Taliban is expected to last another year. It is expected that the organization will continue to wane and fail to gain more territories to use as a launching pad for new operations in Syria, Iraq, and Africa. Furthermore, ISIS mobilization, financing, and recruitment capacities will degrade, but this does not preclude it from carrying out terror operations against civilians and key facilities.

In a nutshell, without a doubt the Muslim countries are fully aware of the looming danger of the jihadist in particular and terrorist groups in general. With the passage of time, the collective position of the Islamic countries against terrorism, radicalism, and violence is getting stronger. In late 2015, 41 Islamic countries agreed to establish the Islamic Military Counter Terrorism Coalition (IMCTC) with a political council — which consists of defense ministers from member states. The council holds annual meetings to discuss terrorism and violent radicalism. Later, the headquarters of the General Secretariat for IMCTC was established in Riyadh. The IMCTC's main mission is to forge ideological and media cooperation between member states, combat the funding of terrorism, address terrorism and violence, and curb the ramifications of terrorism on the Islamic world.



## Iran's Geopolitical Project and Regional Security

See also



Publications



The International Institute for Iranian Studies (Rasanah) has published a book entitled Iran's Geopolitical Project and Regional Security authored by researchers in Iranian affairs Dr. Abdulaouf Mustafa al-Ghunaimi and Dr. Firas Mohammad Elias. The 313-page book sheds light on the endeavors of Iran's decision-makers to re-consider Iran's relations with neighboring countries within geopolitical, sectarian and economic contexts. This book addresses regional security threats posed by Iran's expansionist ambitions. In particular, it explains how Iran's aggressive ideology — which fuels conflicts and wars across the world — threatens the social cohesion of regional countries...



# Violent Groups and Islamist Movements in Crisis

## ■ The Jihadist Groups and Their Successive Setbacks

### 01 The future of al-Qaeda after the killing of Zawahiri

- ▶ A leadership vacuum after the killing of Zawahiri
- ▶ The disagreement between al-Qaeda and the Taliban
- ▶ Al-Qaeda's future in Afghanistan

### 02 The crisis of ISIS (Daesh)

- ▶ Face-off with the Taliban in Afghanistan
- ▶ The limbo in Syria and Iraq
- ▶ Fading momentum in Africa
- ▶ Maintaining watertight coordination with the Houthis, where the two sides mutually benefit each other, particularly regarding operations in the southern provinces

## ■ The Muslim Brotherhood: A Neck-breaking Dispute Among Divergent Wings and a Diminishing Source of Guidance

### 01 Prevalence of a rift and fragmentation within the Muslim Brotherhood in Egypt

### 02 Yusuf al-Qaradwi's death and its impact on the Islamists' sources of guidance

### 03 Backlash among Islamists in the Arab world over the remarks of Moroccan scholar Ahmad al-Raissouni on jihad in Algeria and annexing Mauritania to Morocco

## ■ Shifts in Shiite Islamism

### 01 Bypassing the marjaya: Shiite Islamist movements in crisis in Iraq

### 02 The supreme marjaya and the future of the dispute over who leads Shiites

## Future of Violent Groups and Islamist Movements

### 01 Continuation of fragmentation and rifts among political Islam parties and movements due to:

- ▶ Lack of an institutional dimension
- ▶ Prevalence of unquestioning heeding and obedience, thereby deepening despotism
- ▶ Giving precedence to trusted cadres over efficient ones

### 02 The weakening of Taliban-al-Qaeda ties after the killing of Zawahiri

### 03 Continuation of attacks by Islamic State-Khorasan Province (IS-KP) against the Taliban, Afghans without gaining more ground

### 04 Continuation of war of attrition between Taliban and ISIS into next year

### 05 ISIS decline in Syria, Iraq and Africa and its inability to gain more ground while waging terrorist attacks against civilians and key institutions

### 06 Further division and fragmentation among Islamist parties and movements and a decline in the momentum of violent groups like ISIS

## Endnote

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See also



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# **IRAN CASE FILE**

*Your window on Iran from inside and abroad*





## PART TWO



### STRATEGIC TRANSFORMATIONS IN THE MIDDLE EAST: REGIONAL REARRANGEMENTS IN AN UNSTABLE REGION

The recent international shifts affect the policies of key regional and international actors on major issues of the Middle East, leading to strategic and policy changes and rearrangements in the region. These changes affect not only the Middle East but the whole world given the fact that international relations are highly intertwined and complex. Further, key regional and international powers have more room to maneuver in the Middle East than any other region and are able to further enhance their strength in the new international order. This part discusses the following:

- ◎ *The US Orientations Toward the Middle East Amid Changing Regional and International Landscape.*
- ◎ *Exploiting Shifts: The Dynamism of Turkish Foreign Policy in Several Regions.*
- ◎ *Israel Enters a Vortex of Domestic Dilemmas and External Challenges.*



**The US Orientations  
Toward the  
Middle East Amid  
Changing Regional  
and International  
Landscape**

The 2021 Annual Strategic Report concluded that although the importance of the Middle East has diminished in the eyes of the Biden administration, the region will continue to hold a vital strategic position for US interests, particularly to protect its traditional vital interests and to keep the existing balance of power equation in place at the regional level. The developments in 2022 have supported this conclusion. In the 2022 US National Security Strategy, Southeast Asia and Europe were given more significance than the Middle East. US efforts in 2022 focused on the de-escalation of tensions and regional integration in the Middle East. Undoubtedly, US President Joe Biden’s visit to the Middle East was part of these efforts, and it was also driven by Washington’s desire not to leave a vacuum that would be filled by China and Russia, as well as to ensure energy supplies. Finally, Biden aimed to put in place a regional plan to tackle threats and challenges, such as those stemming from Iran. This file addresses the outcomes of US approaches to the Middle East through examining the context of US concerns about the transformations that have occurred in the Middle East and its prominent moves/actions toward the region. The conclusion discusses outcomes and prospects for US influence in the region.

### US Concerns About the Strategic Shifts in the Middle East

A year after his presidency, Biden still paid little attention to the Middle East. This is because US strategic circles believe that the region is less significant when compared to other more strategically important regions such as the Indian Ocean. This position is supported by the decline of US dependence on Middle Eastern oil and the drop in the terrorist threat emanating from the region as counterterrorism terrorism tools have improved. On the other hand, more serious challenges arose from the US perspective such as the rise of China. In addition, the United States wants to reduce the cost of external interventions and direct involvement in conflicts in light of the crises and challenges facing the home front. Finally, after the signing of the Abraham Accords, the significance of traditional US security protection for Israel is not as important, and Tel Aviv has achieved strategic defense breakthroughs such as the deployment of joint defense forces in some Gulf states. Against this backdrop, Biden turned away from directly intervening in regional matters until mid-2022. During this stage, the burden of US policy was put on the shoulders of the Biden team in the US State Department, the Ministry of Defense and the National Security Council. These institutions acted through their

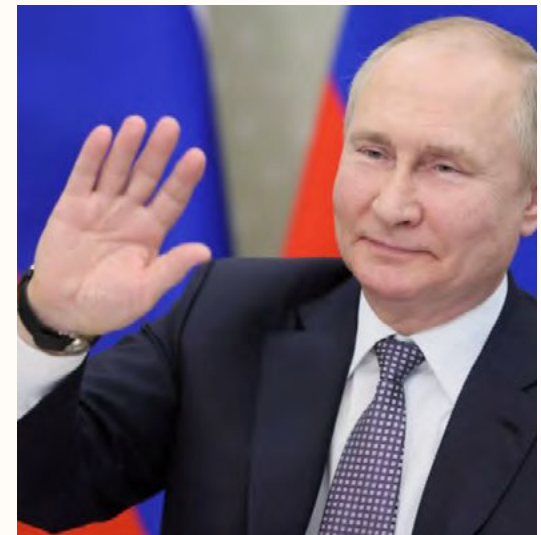


representatives and envoys. The Special Envoy for Yemen Hans Grundberg, and the Special Representative for Iran Robert Malley assumed their roles. In addition, US Secretary of Defense Lloyd Austin and Secretary of State Antony Blinken visited several regional countries to implement US unilateral policy which is based entirely on US interests and not on a shared vision.

Therefore, US moves, policies and approaches to the Middle East caused a crisis of confidence between Washington and some of its regional allies. The retraction in US protection, the lack of direct intervention to address crises, the diplomatic initiative to revive the Iranian nuclear deal and the decision not to pursue the maximum pressure campaign all adversely impacted relations. For example, the US administration removed the Houthis militia from its terror list. This emboldened the militia to carry out hostile acts against the UAE and Saudi Arabia in February 2022. The Biden administration did not take into account the concerns of regional countries when it came to Iran's non-nuclear threats including its regional hostility and ballistic missile program. The Biden administration, therefore, used human rights as a bargaining chip and tool to place pressure on many governments in the region at the expense of mutual strategic interests. It also pursued a policy of military re-deployment and withdrew from implementing some arms deals with a number of countries such as the UAE, Turkey and Saudi Arabia. Therefore, some US allies became skeptical about the feasibility of their relationship with the Biden administration. A number of opinion polls showed that US policy does not have public support in the Middle East.<sup>(1)</sup>

The rift in relations resulted in some regional powers, such as Saudi Arabia, pursuing more of an independent policy from the United States. The escalation of conflict between international powers increased this rift. The regional countries believed that the United States' and

the West's struggle against Russia and China increased their margin to maneuver and to look for alternative options, particularly amid Washington's disregard for their interests and the approaches of their leaderships. Some Gulf states, such as Saudi Arabia and the UAE, maneuvered to promote and advance their partnerships with China, with their interests converging amid new regional trends and transformations. This was evident in the visit of China's President to Saudi Arabia in December 2022, given Riyadh's strategic weight in the region and its status as the center of the Arab decision-making process in this current phase. Areas of common interests between China and the Arab countries have become apparent, which can be built upon. A host of agreements were accordingly concluded between China and countries in the region, which included economic, political, and defense cooperation. The United States viewed warily the visit as its allies in the region are repositioning themselves in a multipolar world order while China works to expand its influence in the region, challenging the US presence. Signs of disagreement started to surface between the United States and some regional countries, with the latter adopting a neutral position on the Russia-Ukraine war. The Gulf states and Israel opposed the United States' rush to revive the Iranian nuclear deal without a consideration of



their interests. The Gulf states refused to bend to US pressures to raise oil production to lower energy prices. Turkey opposed the US and Western desire to expand NATO to include Finland and Sweden, while some countries did not comply with US sanctions against Russia.

However, despite a change in attitudes and approaches to the Middle East, the United States was not keen for the void to be filled by China and Russia. It believes, if this was to happen, its regional influence and relations with key allied powers would deteriorate rapidly, hence its standing on the international arena would decline. Furthermore, the unprecedented rise in energy prices in the aftermath of the Russia-Ukraine war and Western sanctions on Russia adversely impacted Western societies, with economic conditions deteriorating and inflation indicators rising sharply. Therefore, Middle East oil returned to its strategic position after it had fallen down the ladder of US strategic calculations. The United States pleaded with some regional countries to pump additional oil to reduce prices and to increase gas supplies as Russia has employed its gas exports in the conflict to pressure Europe and the United States. The Gulf states rejected US requests to increase oil production rates in early 2022.<sup>(2)</sup>

### Prominent US Moves Toward the Middle East in 2022

A year after coming to power, and amid transformations in the regional and international environments, US approaches and priorities reflected a change. The most important approaches during 2022 were the following:

#### ***Biden's Visit to the Middle East and the Rearrangement of Relations With Regional Allies***

Biden's visit to the Middle East from July 14 to July 17, 2022, implied that the United States may reconsider its strategy toward the Middle East, given the fact that the visit focused on fundamental issues.

Initially, Biden attempted to contain the differences with Washington's Gulf allies by affirming his country's commitment to deter any forces that threaten stability or the movement of trade in the region. The United States formed several joint naval task forces with its allies through the US Central Command and developed interrelated and integrated air and missile defense structures to confront the threat of the proliferation of drones and missiles owned by non-state actors. The visit also opened up more economic opportunities for both sides. The Gulf states investing \$3 billion in US infrastructure and supply chains was also discussed. As China has successfully become an important partner of the Gulf states in new technology, especially in fifth-generation technology (5G), during his visit to the region, Biden was keen to sign a new memorandum to enhance cooperation on the technological front, especially on the rollout of 5G.

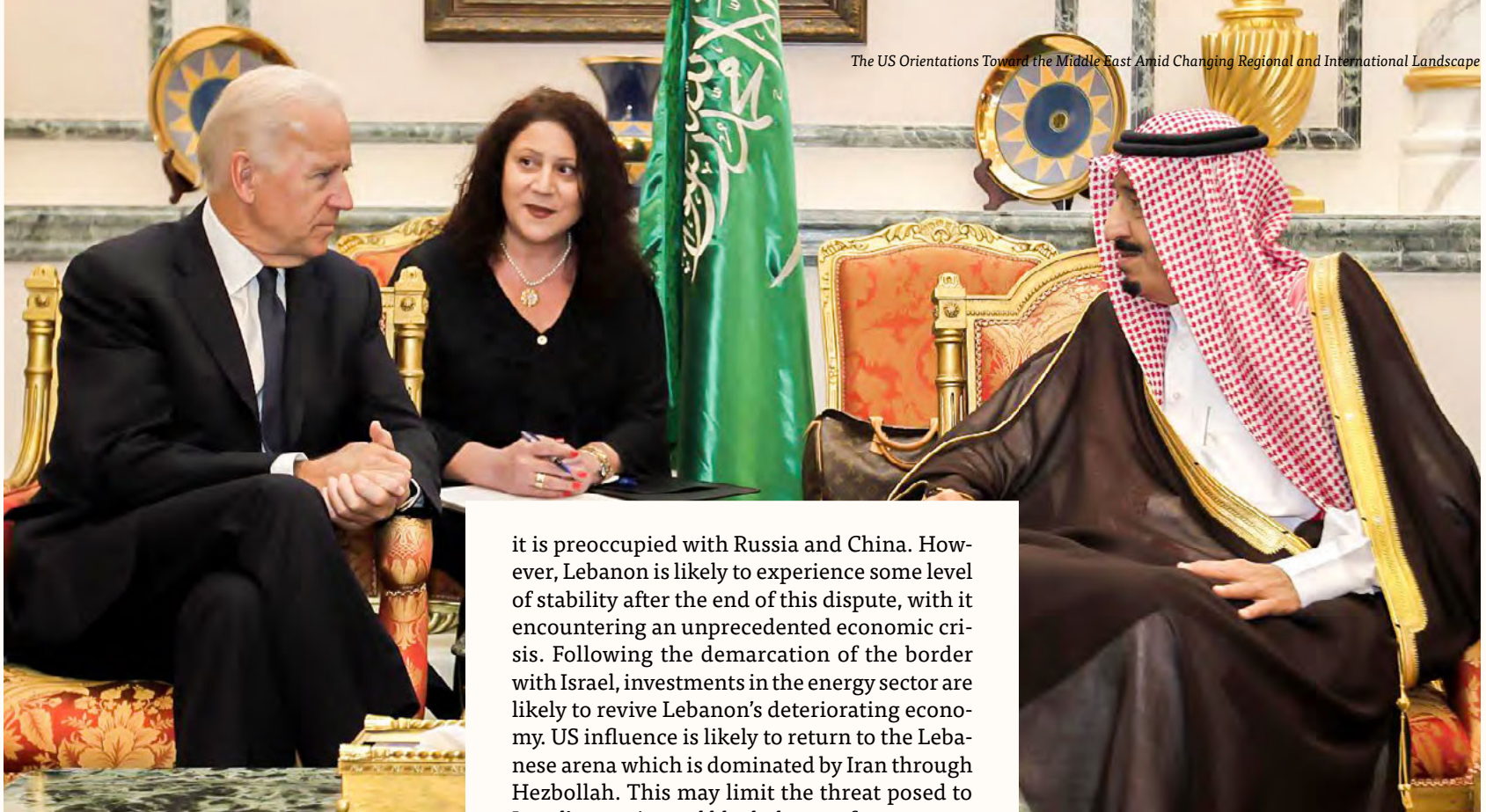
Biden reaffirmed his country's commitment to Israel's security, the maintenance of its qualitative military edge and capabilities to deter its enemies and defend itself. He also reiterated his administration's position to counter Iran and its proxies as they represent a common threat and said that he was committed to never allow Iran to possess a nuclear weapon. The two sides signed the Jerusalem US-Israel Strategic Partnership Joint Declaration. During the visit, Biden confirmed the provision of enhanced defensive capabilities to Israel to counter the missiles fired by Palestinian resistance factions. The United States also tried to promote the establishment of a military aerial group and coordination among regional countries including Israel and explored the possibility of expanding the Abraham Accords.

Although Biden did not make any new contribution when it came to the frozen peace process, he continued his policy of easing pressure on the Palestinian National Authority (PNA) and reaffirmed the two-state solution for the Israel-

li-Palestinian struggle. This was evident in his visit to the West Bank and his meeting with the President of the PNA Mahmoud Abbas. Biden also provided more financial support to the PNA in cooperation with Gulf allies to improve the conditions of the Palestinian people.

In addition, the US strategy of deterrence against Iran was raised during Biden's visit amid the stalled nuclear negotiations with Tehran taking full advantage of the transformations in the international landscape to achieve time and postpone talks. As Iran further develops its nuclear program, the United States needs an integrated strategy to interact with the country. This strategy is likely to be based on two aspects. The first aspect is the emphasis on diplomacy to resolve the nuclear dispute, with the Biden administration stepping up its efforts to convince Middle Eastern countries of this path and not obstruct it. The second aspect is to emphasize the adoption of a reliable cooperative deterrence strategy to confront Iranian threats, and address regional concerns in case the nuclear deal is revived, or to find an alternative plan if the nuclear talks fail. In this context, Biden pledged to prevent Iran from possessing nuclear weapons and said that the United States would employ all its national capabilities to this end. The Biden administration reaffirmed its commitment to keep Iran's Revolutionary Guard Corps (IRGC) on the US terror list, even if this would derail the diplomatic path, while supporting the establishment of a broader regional alliance to confront Iran including a number of Arab countries. However, the Iranian file is still an issue of contention between the United States and its regional allies because of the Biden administration easing pressure on Iran. It has pursued the diplomatic path even though the nuclear talks have not settled the major contentious issues.<sup>(3)</sup>

The main aim of the visit was to ensure energy security. Biden stressed the importance of addressing the current global energy crisis



and to manage energy prices, with emphasis on producing countries to increase output at a steady pace. The Gulf states rejected US pressure to increase their production rates after the Russia-Ukraine war led to a steep rise in energy prices, with Western societies facing the brunt of this crisis. Biden also sought to improve the image of the Democratic Party in the eyes of the American people by attempting to reduce energy prices.

#### ***Diplomatic Mediation to Delineate the Maritime Border Between Lebanon and Israel***

As part of its actions to strengthen its presence in the Middle East, the Biden administration successfully resolved the maritime dispute between Lebanon and Israel. The US aim behind this mediation was to prevent conflict flaring up once again in the eastern Mediterranean while

it is preoccupied with Russia and China. However, Lebanon is likely to experience some level of stability after the end of this dispute, with it encountering an unprecedented economic crisis. Following the demarcation of the border with Israel, investments in the energy sector are likely to revive Lebanon's deteriorating economy. US influence is likely to return to the Lebanese arena which is dominated by Iran through Hezbollah. This may limit the threat posed to Israel's security and block the way for any competitor in Lebanon. The potential efforts to revive the Lebanese economy through investing in oil fields are consistent with the US desire to provide support to the Lebanese army to help it perform its tasks, such as combating terrorism and limiting the power of Hezbollah. All these mentioned moves are probably consistent with US approaches as declared by Biden during his first visit to the Middle East. This role in ending the maritime border dispute sent an important message to regional states that the United States is still present, active, and a basic guarantor of regional stability.

#### ***Reconsidering Relations With Turkey and Launching a New Strategic Mechanism for Cooperation***

The United States took the initiative to call for the establishment of a new strategic mechanism

between itself and Turkey during the G20 Summit in Rome, April 2022. At this summit, Biden and Erdogan met. It was a precursor to further visits by officials of the two countries. The most prominent meeting was held between the Turkish foreign minister and the US secretary of state in New York on May 18, 2022. It was the first bilateral visit at the ministerial level between the two countries since the Biden administration took office. Based on the mentioned developments, the meetings were held as part of the Strategic Mechanism. The consultations focused on cooperation within the framework of NATO, and they also discussed economic cooperation and the enhancement of oil supplies. This mechanism has become a platform entrusted with resetting the tense relations between the United States and Turkey since Biden took office in light of

Turkey's attempts to operate the Russian S-400 air defense system, and its position on Kurdish groups in northern Syria. The United States is in need of Turkey's approval to accept Sweden's and Finland's applications to join NATO and Washington acknowledged Ankara's critical role in the agreement to lift the blockade on Ukrainian grain and fertilizer exports from the Black Sea ports. It was hoped that this agreement would contribute to addressing the global food crisis which has worsened since the outbreak of the Russia-Ukraine war. This war forced the United States to change its interactions with Turkey, which has emerged as an indispensable actor in the crisis.<sup>(4)</sup>

### Combating Terrorism

In terms of fighting terrorism, the United States continued its counterterrorism strategy by carrying out qualitative drone strikes, as witnessed in Syria and Yemen. In this context, it succeeded in killing Maher al-Akal, the leader of ISIS in Syria via a drone strike in July 2022 and another drone strike was carried out in October 2022, killing two ISIS militants, one of the dead was ISIS leader Abu Hashem al-Amawi, and the strike came hours after a US helicopter raid on a village under ISIS control, resulting in the killing of Rakan Waheed al-Shammari (Abu Alaa), who was the deputy leader of ISIS in Syria, and among one of the five most senior ISIS officials. In addition, Abu Moaz al-Qahtani was killed in the raid, who was responsible for prisoner affairs in the terror outfit.<sup>(5)</sup> The Biden administration dealt a strong blow to al-Qaeda by assassinating its leader Ayman al-Zawahiri in August 2022. In light of these significant deaths, ISIS's activities in the Middle East no doubt will be adversely impacted. This string of assassinations and raids was consistent with the US National Security Strategy announced by the US administration in mid-October 2022. The key focus of this strategy is to de-escalate and promote regional integration. This strategy placed the Middle East

fourth on the list of strategic priorities for the Biden administration.<sup>(6)</sup> This confirms that the region has declined in importance for the United States. According to this strategy, the United States will aim to achieve regional stability and ease tensions, because its priorities are to confront its competitors and participate fully with powers that share its values. Meanwhile, the Biden administration seeks to reduce the deployment of US resources to the Middle East in the long-term.

### Conclusion: Outcomes and Prospects of the US Presence in the Middle East

The US approaches in 2022 reflected a change in the country's policy toward the Middle East. The following became evident as the year progressed:

- The Middle East within the context of the Biden administration's priority list declined in importance. Uncertainty prevailed about the US presence in the region. Although international developments indicate the significance of the region and its impact on the international arena, US policy was less engaging on regional matters, and it reflected a drop in security commitments. The United States insists on the diplomatic approach with Iran, easing sanctions and looking at the region in the context of the transformations on the international arena.

- The regional countries decided to reassess their relations with the United States and some even became skeptical about its continuation as a reliable partner. Therefore, these countries attempted to diversify their partnerships, taking advantage of the opportunities created by the current international conflict and the gradual shift in the international balance of power. The region decided to engage in the policy of geopolitical balance between the United States and the West, and Russia and China. The evidence of this was the UAE's declaration of supporting China's sovereignty and unity and respecting the principle of "one China;" Egypt's

plan to adopt the ruble in trade with Russia; the visit of the President of the UAE Mohammed bin Zayed to Russia in October 2022;<sup>(7)</sup> and Riyadh's preparation to host three summits on the sidelines of the visit of Chinese President Xi Jinping to Saudi Arabia. These are the Saudi-China summit, the GCC-China summit, and the Arab-Chinese summit. The desire of the summit participants to enhance their relations with China and achieve balance in their relations with great powers was apparent. This reveals that the United States failed in managing disagreements with those countries and even failed in addressing China's influence in the region. In light of this, it is apparent that the United States failed to limit Gulf interactions with China and Russia and even failed to confront Beijing's growing influence in the region.

- The United States also failed to change the policies pursued by regional countries in order to curb energy prices. This was evident when Saudi Arabia and the UAE, US allies, played a role in the OPEC Plus decision to reduce oil production by 2 million barrels starting from November 2022. This decision outraged the Biden administration and the US Congress greatly, which scathingly criticized the administration and the futility of the US president's trip to the Middle East. In response to this backlash, President Biden said, "The trip was not essentially for oil. The trip was about the Middle East and about Israel and rationalization of positions." Domestically, some in the United States believe that OPEC Plus's decision to cut oil output was driven by the intention of some countries in the organization to influence Democratic fortunes in the US midterms. Biden's visit to the region failed to achieve one of his most important goals.<sup>(8)</sup>

The Abraham Accords could not achieve a breakthrough because the US approach mainly focused on supporting Israel whether through providing strategic commitments or signing technical cooperation deals for the Iron Dome.

However, the peace process declined in the list of US priorities. Although it attempted to achieve a strategic gain by integrating Israel within the region, the Biden administration did not meaningfully support the Abraham Accords, and failed to form a regional security structure that included Israel. Saudi Arabia still rejects the normalization of relations with Israel unless the Palestinian conflict is resolved.

The disagreements between the United States and its allies over the Iran file are still ongoing. Obviously, the Biden administration has prioritized diplomacy to revive the Iranian nuclear deal, especially since the current regional and international conditions leave few options to be considered, including the military option. Although the Biden administration attempted to reassure regional countries about reviving the nuclear deal, this failed to heal the profound rift between it and its allies because the nuclear talks did not address Iran's hostile acts, ballistic missile program nor were new guarantees mentioned in the context of Iran's nuclear program. The positions of these countries obstructed the US desire to proceed with reviving the nuclear deal, with the United States and the West aiming to compensate for Russian gas by accessing Iranian energy supplies.

Though the United States reconsidered the importance of its interests in the region during Biden's visit, it did not take into account the balance of interests of regional powers, thus the rift between Washington and its allies has remained. Moreover, Russia and China are still two influential forces and competitors to the United States in the region, posing future challenges to the US strategy toward the Middle East, and hindering its influence in the future. Accordingly, there are two scenarios regarding Iran's presence in the near future:

■ **Further US engagement and stepping up its presence:** This possibility is very likely because of the strategic weight of the region and its grow-

ing importance amid the current international conflict, and the US desire to maintain the flow of Middle Eastern oil. This is of great significance for the stability of the West's domestic fronts. The United States must pursue a reliable strategic follow-up to deter Iran and confront its hostile regional behavior in the Gulf and West Asia and even on the European landscape for taking the side of Russia in the Russia-Ukraine war. In addition, this follow-up must control Iran's nuclear program and monitor as well as confront Russian activities in the region, and ensure the freedom of navigation through strategic sea lanes. Finally, the United States must provide regional countries with incentives so that they do not enter partnerships with China. However, the sudden US withdrawal from Afghanistan created a void to be filled by Russia and China, and this will happen again if the United States reduces its engagement in the Middle East. A loss of confidence in the United States has led regional countries to pursue their own interests by strengthening partnerships with rival powers. This strategic independence is unacceptable from the US point of view, which may force Washington to reassess its policy toward some allies, especially the Gulf states that possess important cards, most notably the energy file. The United States is in need of Turkey as an important player after the outbreak of the Russia-Ukraine war.

A US political current calls for further reengagement in the Middle East. In addition, concerns exist that China will move forward in implementing a strategy of competition beyond its sphere, specifically in the Middle East. The indicators regarding this move are China's deep commercial partnerships with regional countries. The Chinese company Huawei signed agreements with Saudi companies to provide its services in the country following the US embargo, and there were other important developments in China's relationship with Saudi Arabia. These developments have paved the way

for the Chinese president's forthcoming visit to Riyadh where he is expected to hold highly significant meetings with leaders from the Gulf and the region.

■ **The decline of influence, strained relations with allies, and a greater role for competitors:** This means less involvement of the United States in regional issues, and this scenario is very likely. It includes the withdrawal of further US forces and the maintenance of a limited presence to face regional challenges, and to confront Russia and China. Various developments, most notably on the international landscape such as the Russia-Ukraine war, may push the United States in this direction. The major threat posed to US security has transferred to the Indian and Pacific Ocean region. In addition, Washington still wants to reduce its military commitments in the Middle East. Finally, reaching a nuclear agreement with Iran is very likely, limiting the importance of the US military presence in the region.

The United States may attempt to place a stumbling block in China's relationship with the countries in the region, and avoid repairing relations with its allies. This may make the decline of US influence in the region an actual reality. However, the United States is still the most influential force in the region. However, it will not actually give up on the region as the region has confirmed its vital significance and influence in every single crisis in the world. Some regional countries have not dispensed of their strategic partnerships with the United States. The United States must consider the interests of its partners rather than employing regional countries for the sake of upholding US hegemony and confronting Russia and China. The world is in a state of flux, and regional countries will likely seek further strategic independence and other partnerships to ensure their national interests.

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# The US Orientations Toward the Middle East Amid Changing Regional and International Landscape

Despite the decline of the Middle East on the agenda of priorities of US President Joe Biden, the region has maintained a good position given that it is a vital strategic sphere for Washington to defend its traditional vital interests. Among the reasons that have shaped the current US position toward the region are:

- US President Joe Biden's commitment to his initial position to lower US interest in the Middle East
- Avoiding any direct intervention in regional issues, which led to a decline in the US role compared to the past
- Giving more room for maneuvering to some regional powers after the outbreak of the US, Western dispute with the Russia-China axis
- The differences between the US and regional powers over the latter's neutrality in the Russia-Ukraine war
- Gulf opposition to the US rush to resurrect the nuclear deal
- The Gulf states refused to bow to US pressures to raise their oil exports
- Turkey rejected the US and Western desire to expand NATO by including Finland and Sweden
- These countries have not complied with the US sanctions on Russia
- The US overlooking the Palestinian cause while reiterating support for Israel's security
- Biden's attempt to reconsider US policies and reassure allies, visiting Saudi Arabia and attending an Arab summit
- Confronting Iran and its proxy actors and considering them a direct threat and preventing it from possessing nuclear weapons
- Ending the maritime dispute between Lebanon and Israel
- Reviewing relations with Turkey and launching a new strategic mechanism for cooperation
- The regional countries' reevaluation of their relations with the US
- Failing to reach a breakthrough in expanding the Abraham Accords
- It is expected that the US will reassess its relations with the Middle East in light of the visit of China's president to Saudi Arabia, accordingly the competition between the great powers in the region will increase



## Exploiting Shifts: The Dynamism of Turkish Foreign Policy in Several Regions

In light of the internal challenges and external shifts following the economic ramifications of the coronavirus pandemic and the Russia-Ukraine war, Turkish foreign policy makers exerted real efforts to strengthen the country's relations with many regions during 2022. It made significant moves to reorient its foreign policy by deepening ties with Central Asia and the Balkan countries primarily to increase defense, economic, and trade cooperation. Turkey also reached out to Arab and Gulf powers to repair the strained relations in the hope of bringing more foreign investment to the country— despite the many challenges it faces to boost its regional and international status. This part of the 2022 Annual Strategic Report will address Turkey's mediation efforts in the Russia-Ukraine war, Turkey's military operations in northern Iraq and Syria, Turkey's moves to restore relations with active Arab and Gulf powers, Turkey's active role in Central Asia, the Caucasus, and the Balkans. Finally, it concludes with the most prominent outcomes of Turkey's active foreign policy in 2022 and forecasts the most likely scenario for Turkey in 2023.

### Turkish Mediation in the Russia-Ukraine War

Ever since war broke out between Russia and Ukraine, Ankara's responses have been calculated. While maintaining a neutral position, Turkey managed to play a mediating role that was accepted by the two warring countries in a way that enhanced its interests and strengthened its potential to be the gas hub for Europe, which suffers from a deficit in energy supplies. The gas crisis emerged after Russia halted its gas exports to Europe and employed gas as a bargaining chip against the Europeans following their support for Ukraine. In July 2022, Moscow and Kyiv concluded an agreement to export Ukrainian grain through the ports of the Black Sea to the world. However, the future of the agreement is jeopardized by the mutual accusations between Ukraine and Russia of military attacks on each other's strategic military sites.

Moreover, Turkey exercised its rights and implemented all the provisions of the Montreux Convention to regulate the transit of naval vessels and warships and to close the straits during times of war when threatened. Turkey retains control over the Bosphorus and Dardanelles straits as per the convention. Turkey also continued its humanitarian assistance to Ukraine. It also increased its import of Russian gas to mitigate the economic crisis generated in Russia against the backdrop of sanctions imposed by the United States and the West.

Turkey's neutral position on the Russia-Ukraine war is due to its strategic relations with the West on the one side and with Russia on the other side. Turkey is a longstanding member of NATO and is also the second largest troop contributor to the organization. Russia remains one of Turkey's biggest trading partners, especially considering Turkey's imports of Russian natural gas. Meanwhile, Russia buys chemicals and food products from Turkey. Overall, the trade between both countries increased as Turkish exports to Russia reached \$2.91 billion in the first half of 2022.<sup>(9)</sup> Russian



tourists have contributed to the Turkish economy, especially because of the visa-free travel regime. Moreover, Turkey's geostrategic position is important in any plans to recalibrate trade and transit routes, especially in light of Russia cutting its energy supplies to Europe.

Several Turkish business enterprises entered Russian markets after Western companies and brands pulled out of the country because of the sanctions.<sup>(10)</sup> Turkey also seized the opportunity to invite US, Japanese and European companies that left Russia to continue their operations from its territories, thereby attracting foreign investment to the country. Several Russian real estate businesses also moved to Turkey to escape Western sanctions. Ankara also offered citizenship for investments in the country worth \$400,000 that complemented its efforts to increase foreign investment.<sup>(11)</sup>

The long-sought plan to become a major energy transit hub for Europe was actively explored by the Turkish government in 2022 against the backdrop of logistical hurdles and the Russian decision to cut supplies through Nord Stream 1 and 2. The Turkey-Israel gas pipeline project is viewed as a potential alternative to Russian gas

supplies in the future.<sup>(12)</sup> Turkey also exploited the opportunity to use the energy crisis as a bargaining chip with other NATO member countries. When Finland and Sweden expressed their interest in joining NATO, Turkey threatened to oppose their applications unless both countries ceased their support for Kurdish political parties and militias.

### Turkish Operations in Northern Syria and Iraq

Turkey launched military operations in northern Syria and Iraq in 2022 under the pretext of targeting the deployments of the Kurdistan Workers' Party (PKK) which is designated by Turkey as a terrorist outfit. Turkey launched Operation Claw-Lock in April 2022 and launched airstrikes via missiles and drones against Chamchamal in the Kurdistan Region in Iraq. In northern Syria, Turkey launched another military operation in June under the security pretext of targeting PKK fighters in the eastern region of the Euphrates River. Turkey aimed to establish a 30 kilometer security buffer within Syrian territory from the south of the Turkish border to halt the creation of the so-called "terrorist" corridor on its southern border.<sup>(13)</sup>

The military escalation in northern Syria and Iraq was significant because it occurred against the backdrop of international shifts; the major powers are not interested anymore in enhancing their influence in the Middle East, leaving a power vacuum which has been exploited by regional powers. Despite Turkey's declared pretext of its military operations in Syria and Iraq to halt the PKK from gaining control over its southern border and establishing an independent Kurdish entity/state, there are other hidden motives for Turkey. The most prominent of these is to extend its influence and fill the power vacuum in its vital spheres of influence and protect its interests in two strategically important countries.

Turkey's efforts to extend its influence in such strategic territories faced Iranian challenges



as the interest of Ankara and Tehran conflict in these two territories. Needless to say, these two areas of influence are central to Iran's strategy; they are highly significant for Iran's expansionist project that aims to enhance its power in the region and the world. Therefore, the two areas witnessed mutual Turkish and Iranian escalation to maintain their respective interests and influence.

### Turkey Restores Its Relations With Active Arab Powers

In 2022, Turkey made several efforts to restore its relations with influential Arab and Gulf actors to end tensions and tackle its economic crisis. Turkish President Erdogan paid a visit to the UAE in February 2022 and to Saudi Arabia in April 2022 to repair the strained relations.

During Erdogan's visit to the UAE in February 2022, 13 agreements were signed to strengthen bilateral cooperation in the fields of defense, health, climate, technology, trade, and communication. Turkish defense company Baykar delivered 20 armed drones to the UAE in September and reports suggest that Ankara could expand this military cooperation in the coming years.<sup>(14)</sup> Such cooperation reflects Turkish-UAE willingness to enhance strategic ties.

Erdogan visited Saudi Arabia where he met with King Salman bin Abdulaziz Al Saud

to end disagreements and tensions. Later in June 2022, Saudi Crown Prince Mohammed bin Salman visited Turkey and met Erdogan further affirming the political will of both leaders to mend bilateral relations.<sup>(15)</sup> Riyadh eased restrictions on bilateral trade; Turkish exports reached \$70 million in the first quarter of 2022 – a significant increase compared to the previous year when trade restrictions impeded economic engagement between both countries. As reported by Turkish newspapers, Saudi Arabia also agreed to deposit an initial investment of \$10 billion in Turkish treasury bonds and accounts. Both countries also took steps to achieve strategic economic investment and business cooperation by reorganizing the Saudi-Turkish Business Council.

As Ankara continues to navigate opportunities to improve its economy, its relations with Arab powers are crucial. Turkish authorities said they expected a high number of tourists from the Gulf in 2022, a factor considered to be critical for the growth of Turkey's tourism industry which is a significant pillar of the country's economy. The hospitality and services sectors in Turkey were expected to grow with the flow of tourists from the Gulf. Military cooperation was expected to grow as well in 2022, as the Gulf states expressed their willingness to purchase from Turkey arms

such as drones, naval platforms, helicopters, air defense systems and enhance their rapprochement to support regional stability.

Turkey faces challenges in the context of improving its relations with Arab and Gulf states such as questions over regional leadership, disagreements over the role of political Islam, and divergent positions on many Arab crises especially the Gulf position on Turkey's role in Libya and repeated attacks in northern Iraq and Syria and other Arab countries. Such attacks risk regional security and stability, including the Gulf's security.

### Turkey's Active Role in Central Asia, the Caucasus and the Balkans

Throughout 2022, Turkey reached out to Central Asia to deepen its economic, strategic, and defense ties. On October 12, 2022, Erdogan met Kazakh President Kassym-Jomart Tokayev for the fourth meeting of the Türkiye-Kazakhstan High-Level Strategic Cooperation Council. The joint declaration after the meeting stated that both countries had taken significant measures to strengthen ties in the areas of security, defense, economy, investment, mining, tourism, energy, transit and transportation to raise bilateral ties to the level of an "enhanced strategic partnership."<sup>(16)</sup> Turkey and Kazakhstan also signed an agreement to co-produce Turkish Anka drones in Kazakhstan as a part of the MoU signed between Turkish Aerospace Industries and Kazakhstan Engineering.

In 2022, relations between Turkey and Tajikistan also grew, especially in the defense and security areas. Both countries signed a Military Framework Agreement intending to increase cooperation in the defense industry. Bilateral trade increased and both countries expressed their willingness to further expand it to \$1 billion. Turkey also signed an Expanded Military Cooperation Agreement with Uzbekistan in 2022 in an attempt to expand defense cooperation between both countries. Turkey and Uzbekistan

increased their bilateral relations to a comprehensive strategic partnership and vowed to increase the bilateral trade volume from \$3.6 billion to \$10 billion and expected this to reach \$5 billion by the end of 2022.<sup>(17)</sup> Turkey also aimed to increase its cooperation with Turkmenistan, especially in the energy sector, and focused on establishing critical transport links between the Black Sea and the Caspian Sea regions.

Turkey's role in the Caucasus has strong implications for regional security and in 2022 Ankara attempted to mediate between Armenia and Azerbaijan amid escalating tensions. Although Turkey backed Azerbaijan in the Nagorno-Karabakh conflict, Ankara also reached out to Armenia in an attempt to mend bilateral relations in 2022.

In 2022, the security situation in the Caucasus remained tense and Moscow's limitations in brokering peace amid its war in Ukraine further throws into question the security guarantees of Armenia as a member of the Russian-led CSTO. In this context, Turkey's role becomes even more critical as a power broker. Erdogan met his Azerbaijani counterpart Ilham Aliyev as well as Armenian Prime Minister Nikol Pashinyan in Prague on October 6, 2022, indicating the readjustment of Turkey's approach toward the Caucasus that hinges on the prospects of a sustainable peace between Yerevan and Baku.<sup>(18)</sup> Turkey and Azerbaijan also launched the Turaz Qartali 2022 joint-flight tactical exercises in September 2022, further indicating the close defense cooperation between both countries.<sup>(19)</sup>

Turkey also has a keen interest in the opening of the Zangezur corridor that would increase connectivity from Asia to Europe and the Middle East, and for Ankara the route would open up a shortcut to Central Asia which remains a strategically important region for Turkey.

Amid the EU's preoccupation with the Russia-Ukraine war, Turkey made attempts to project itself as a reliable and non-partisan partner to the Balkan countries. In September 2022, Er-

See also

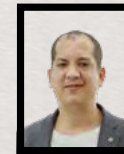


Study

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## The Repercussions of the Ongoing Global Shifts on Iranian-Turkish Rivalry in the Middle East



**Abdul Rauf Mostafa Ghonaimy**  
Political researcher at Rasanah IIIS

The world is still reeling from the impacts of the coronavirus pandemic and its variants, which posed the greatest threat to humanity and the most serious threat to the world's economies and peoples since the turn of the 21st century. Meanwhile, major international shifts impacting the essence, tools, and objectives of the foreign policies of both major and midlevel world powers on the one hand continue to transpire. On the other hand, these shifts also impact the levels of competition between regional rivals and converging powers seeking to extend their influence and secure their

vital and crucial interests in the regions of geostrategic significance for their international strategies. Additionally, these shifts impact the priorities of the geographical regions on the agendas of major and global powers attempting to wrest control over the existing global order. Moreover, the shifts impact the ongoing regional and international axes and alliances, whether by increasing their strength and clout or through the emergence of new hostile regional and international axes and alliances, as well as impacting the position and standing of converging regional powers within the regional sub-order hierarchy...

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dogan embarked on a three-day Balkan tour, and during his tour, he emphasized the need to promote policies that develop the region. His visit to Bosnia-Herzegovina came amid a political crisis in the region because of the tensions between Bosnian Croats and Muslims. Erdogan said that trade between Turkey and the Balkan region is expected to grow with bilateral trade between Turkey and Bosnia-Herzegovina forecasted to touch \$1 billion annually from \$845 million in the previous year. The visit also resulted in the establishment of passport-free travel between Turkey and Serbia and Turkey and Bosnia-Herzegovina.<sup>(20)</sup> Turkey and Albania also signed seven agreements to increase cooperation in security, disaster management, state archives, culture, youth, and sports sectors. Turkey continued its humanitarian assistance and projects in Albania. Erdogan during his visit inaugurated new apartments for the people affected by the 2019 earthquake. Turkey also inaugurated an Islamic Cultural Center in Croatia's town of Sisak further indicating Ankara's projection of soft power in the region. During the regional tour, Erdogan also signed a new deal that would enable Serbians to travel to Turkey without a passport.<sup>(21)</sup> Ankara expects to increase the flow of tourists from the Balkan region to Turkey by easing the travel restrictions.

Turkey's increasing cooperation with the Balkan states comes amid a severe energy crisis in Europe. Because of the EU sanctions the South Stream Transport that manages the TurkStream pipeline running under the Black Sea suspended supplies citing maintenance and repair work. In this context, Ankara intends to expand and diversify its cooperation with the Balkan states to wield greater influence in the region.

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### Conclusion: The Future of Turkey's Policies in 2023

Given Turkey's dynamic interactions with the Arab, Central Asian, Caucasus and Balkan regions during 2022, one can conclude a host of outcomes and forecast several scenarios for 2023. The most prominent outcomes of 2022 were as follows:

- Turkey managed to reposition itself and enhance its status in the region and the world. It managed to emerge as an influential actor in calming the international crises that emerged from the international shifts in 2022.

- Ankara realized that the regional and international developments were suitable to exercise a more influential foreign policy whether in the region or the world, so it could boost the government's image at home and tackle the deteriorating economic conditions. Once the Ukraine-Russia war erupted, Turkey rushed to reap the maximum benefits generated from the ramifications of the war – which led to the emergence of several international shifts. As a result of the Russia-Ukraine war, regional powers aspiring to enhance their regional and international status, like Turkey, were granted greater room for maneuver given the fact that the great powers were preoccupied with the war and its ramifications on the international arena. Therefore, Turkey adopted a balanced and neutral approach to reap the maximum benefits from the recent international shifts. Its neutrality led it to play a mediating role which was acceptable to all parties in the war, including Russia, Ukraine and the West.

The overall Turkish policy toward Central Asia and the Balkan countries in 2022 reflects Ankara's desire to diversify and expand its cooperation by striking long-term strategic partnerships rooted in its economic and strategic

considerations which are likely to continue in 2023. The expansion of Turkey's cooperation with Central Asia also reflected the shifts in Turkey's foreign policy. Turkey's involvement in the Caucasus in 2022 was based on accentuating its diplomatic role and exploring shared opportunities which was evident in the decision by Turkey and Azerbaijan in October 2022 to double the capacity of the Trans-Anatolian Natural Gas Pipeline which is the backbone of the Southern Gas Corridor that has become even more critical amid Moscow's decision to stop gas supplies to Europe.

The most likely future scenario for Turkey's foreign policy in 2023:

- Turkey is likely to continue its dynamic foreign policy on many issues and toward several regions that are central to its strategy, to enhance its status in the region and the world in line with the ideology of Turkey's ruling system.

This scenario is likely to materialize given the ongoing internal economic crisis, which places pressure on the Turkish government. The government needs to tackle the economic crisis in order to strengthen its position in the 2023 presidential election. Turkey can tackle its economic crisis in light of the recent regional rapprochement and the opportunities generated from the Russia-Ukraine war. The Europeans are still in dire need of energy, all parties involved in the war accept Turkey as a broker because of its neutral position on the war and its geostrategic location through which supplies of grain pass through from Ukraine to the world, which can mitigate the growing international food crisis as well other crises that have emerged due to the Russia-Ukraine war. Further, the great powers are preoccupied with the war on Ukraine, the outcome of which will outline the hierarchy of international powers. The aforementioned facts support the forecast that Turkey is likely to exercise a larger role in many significant regions across the world in 2023.

# Exploiting Shifts: The Dynamism of Turkish Foreign Policy in Several Regions

Turkish foreign policy quarters have seen intensified movements to pull out all the stops to strengthen Turkish foreign relations in multiple geographical spheres throughout 2022

## Major Foreign Policy Moves

— Commencing military operations in northern Syria and Iraq and targeting the PKK

— Receiving \$10 billion in Turkish treasury bonds from Saudi Arabia

— Brokering a Russia-Ukraine deal allowing Kyiv to export grain worldwide

— Ending tensions with major Arab and Gulf powers

— Reiterating the end of tensions between Saudi Arabia and Turkey by Saudi Crown Prince and Turkish president

— Playing a role in organizing the passage of warships and the closure of straits during the on-going war between Russia and Ukraine

— Signing 13 bilateral cooperation agreements with the UAE

— Turkey's acting as a neutral mediator in the Russia-Ukraine war

— Turkey exploited the current international conditions to reimposition itself and enhance its status in the region and the world

— Handing over 20 Bayraktar TB2 drones to the UAE

— Seeking to deepen economic, strategic and defense ties with the Central Asian nations



**Israel Enters a  
Vortex of Domestic  
Dilemmas and  
External Challenges**

In 2022, Israel experienced remarkable developments that are expected to have tangible ramifications for the political atmosphere during the next stage. Stagnation characterized the political sphere domestically, with a crisis in governance because of a lack of consensus on forming a stable government. This stalemate was due to widening divisions and conflicts between the various political parties and blocs. This stalemate prevailed until the election of November 1, 2022, which resulted in the far-right bloc securing a victory by a majority of seats, allowing it to form a unilateral right-wing government.

Externally, Israel's security challenges worsened due to escalating tensions with Palestinian forces in the Gaza Strip, and an upsurge in attacks launched by these forces in the West Bank. Moreover, tensions worsened with Iran due to an impasse in the talks to revive the 2015 nuclear deal, leading Iran to further violate its obligations and approach closer to reaching the nuclear threshold. In addition, Iranian-affiliated militias attempted to station themselves near the Syrian border with Israel, and the Lebanese Hezbollah posed growing threats to Israel's security. These developments occurred against the backdrop of the failure to expand the Abraham Accords because of a lack of progress in reaching a peaceful settlement to the conflict between the Palestinians and Israelis, in addition to Arab governments' adherence to the two-state solution and their emphasis on the centrality of the Palestinian cause in the Arab world.

In light of the aforementioned, this file of the 2022 Annual Strategic Report discusses Israeli's domestic political crisis, the external challenges and threats it faces, the Israeli aggression on Gaza and its impact on Palestinian resistance factions, and finally, the file concludes by outlining the scenarios facing Israel in 2023 in the context of its crises.

### Israel's Domestic Political Crisis

During 2022, conflicts between the various Israeli parties and blocs were evident on the domestic political scene, deepening the leadership and governance crisis in the country. This crisis continued as past elections had failed to resolve the conflicts and establish a government that had the backing of a decisive majority and enjoyed broad acceptance among the various political blocs and parties.

The political deadlock necessitated an early election (the fifth in less than four years) in November 2022, to heal the escalating levels of polarization and divisions among segments of Israeli society. In addition, an election was

needed to address the decline in trust toward state institutions and control the extreme level of political rhetoric which had transgressed all boundaries.

### Manifestations of the Crisis

The most prominent manifestation of the Israeli political crisis was the failure to form a stable government that was acceptable to the majority of competing political blocs and parties. A lack of consensus made it impossible to agree on a suitable candidate to be the country's prime minister. After holding the fourth general election in two years, a fragile coalition government was formed in June 2021 headed by Yair Lapid that included various political parties from the right, center and left in addition to the United Arab List. These parties had a major common denominator reflected in their joint desire to oust Benjamin Netanyahu, who struggled to retain the premiership in light of corruption accusations, but he continued to influence the political scene and government interactions with the opposition. Disagreements between the different components of the government quickly escalated, which led to it losing its parliamentary majority, and the dissolution of the Knesset in June 2022 and the call for an early election. The outgoing Prime Minister Naftali Bennett transferred power to the incoming prime minister Yair Lapid, based on a previous agreement between them. Then, the election in November 2022 resulted in the resolution of the struggle to form a government in favor of the far-right bloc led by Netanyahu, with the bloc winning a majority of Knesset seats (64 out of 120 seats).

The differences between the government and the opposition on the one hand, and the intra-disagreements between the components of the ruling coalition on the other hand, resulted in government paralysis, consequently, it was unable to perform its duties and pass legislation. For example, the government failed to extend the Emergency Regulations (Judea and Samaria — Jurisdiction and Legal Aid 5727-1967), that

legalized Israeli settlements in the occupied West Bank.

In June 2022, the Knesset voted against extending the law by 58 votes to 52, and the right-wing opposition, led by Benjamin Netanyahu, worked to prevent its extension to weaken and embarrass the coalition government.<sup>(22)</sup> In addition, the government faced difficulties in approving the general budget as the right-wing opposition voted against it and tried to thwart its approval.

On the other hand, the level of trust in state institutions declined among large segments of Israeli society as they became centers of competition among rival parties and blocs for the sake of their own respective interests. For example, each party or bloc employed the judiciary to undermine its rival, making it vulnerable to accusations and criticisms. The right-wing bloc led by Netanyahu accused the judiciary of interfering in the powers and functions of the executive and legislative branches, hence violating the constitutional principle of separation of powers.

Trust in the legislative institution also declined because of a drop in its efficiency against the backdrop of heightened polarization and conflicts between various blocs and parties. Moreover, the failure of the Knesset's components to form a stable government led to further public disdain toward it. In addition, trust in the premiership was shaken because of accusations of corruption and abuse of power that impacted the previous tenure of Netanyahu. In this context, opinion polls showed a steady decline in trust in Israeli institutions; trust in the Supreme Court dropped to 41 percent, in the media to 25 percent, in the Knesset to 21 percent, and in political parties to 10 percent.<sup>(23)</sup>

### Causes of the Crisis

The direct cause of the Israeli political crisis was the liberal-wing's refusal to form a coalition government with the conservative Likud party that was under Netanyahu's leadership.

Moreover, the rest of the conservative parties refused to form a coalition without Netanyahu's Likud. None of these parties were able to form a government alone because they lacked the needed number of seats in the Knesset. This reality led to the formation of fragile coalitions between disparate political blocs and parties. The differences between these parties and blocs caused political instability. This direct cause of the crisis is related to deep structural catalysts and factors such as the following:

■ **The fabric of Israeli society:** There are many segments and ethnic groupings in society because of immigration from the Jewish diaspora. This diversity has contributed to the formation of a heterogeneous society in which ethnic, class and ideological divisions overlap and are complicated. These divisions are reflected in Israeli politics, with different blocs and parties employing different segments and ethnicities for the sake of their interests, resulting in deepening tensions and conflicts, thus, making it difficult to reach a consensus or build an alliance to form a stable coalition government.

■ **Israel's electoral system:** Proportional representation makes it difficult for large parties to secure a decisive majority to form a government (61 out of 120 seats in the Knesset). As a result, the outcome is the formation of small blocs and parties that attempt to form alliances or coalitions to secure the Knesset's trust. However, these alliances or coalitions lack homogeneity due to conflicting interests and differing political orientations and agendas, which inevitably leads to their collapse at some point, and political instability.

■ **The emergence of the New Right:** The growing influence of nationalist and far-right religious parties/blocs has led to emergence of the so-called New Right in Israeli politics. Moreover, the conflict over Jewish religious heritage has erupted between right-wing nationalist parties

and far-right religious parties. On the other hand, the traditional right-wing elite closest to the liberal right and the left wing represented by the Labor Party both experienced a decline in their influence and role. In addition, the voter base of the Labor Party has declined given the fact that its general framework and vision have become quite similar to that of the right, so voters became confused in relation to which party they needed to vote for. Accordingly, it was difficult to end up with a decisive election result.

Despite the relative easing of the crisis after the November election which resulted in the victory of the far right, the possibility of another crisis cannot be ruled out given the existence of the mentioned structural catalysts and factors, and the continuing divisions and polarizations in Israeli society.

### The Exacerbation of Israel's External Challenges and Threats

In 2022, the external threats facing Israel increased with Palestinian resistance forces escalating their attacks against Israeli forces in the West Bank. In addition, tensions with Iran escalated as fears grew over Tehran approaching the nuclear threshold, while its affiliated militias attempted to station themselves near the Syrian-Israeli border. Tensions also increased between Israel and Hezbollah in the context of the Lebanese-Israeli maritime border dispute (this was before the recent agreement on demarcation).

#### Escalation of Attacks Launched by Palestinian Forces in the West Bank

During 2022, Palestinian resistance operations against Israeli forces and settlers escalated with the formation of a new hotbed of resistance in the Nablus Mountains area in the northern West Bank—which poses serious threats to the Israeli settlements bordering this area.

The significant increase in Palestinian factions' operations against the Israeli army in the West Bank was fueled by the continuation of Israel's settlement policy and the confiscation of Palestinian land. Moreover, the escalation of Israeli violations and repressive policies, including the increased incursions into Al-Aqsa Mosque, and the escalation of arbitrary arrests and assassinations of Palestinian activists led to raised tensions and heightened resistance activities including stabbings, hit and runs, shootings, and the throwing of explosive devices. In this context, some reports indicated that more than 10,000 resistance operations in the West Bank and Jerusalem occurred in 2022 until October, including 639 shooting attacks.<sup>[24]</sup>

To confront these operations, Israel increased its incursions into Palestinian cities and camps, intensified its arrests and expanded its assassination operations targeting Palestinian activists. In this context, the Israeli army agreed in September 2022 to use attack drones to assassinate Palestinian resistance fighters in the West Bank, in addition to expanding the use of remote-controlled weapons after the deployment of facial recognition technology in the Palestinian territories.<sup>[25]</sup>

However, these measures did not succeed in limiting Palestinian operations, which continued and extended to wider areas and threatened to aggravate the situation in the West Bank and Jerusalem. Therefore, things got out of control and reached the point of a comprehensive intifada.<sup>[1]</sup> It is likely that the Gaza Strip and the "48-Arabs" will engage in this potential intifada, thus pushing the military escalation to the next level. Some signs of this escalation were visible on November 4, 2022, when the Palestinian factions in the Gaza Strip fired several missiles at some Israeli areas, while Israel responded by bombing a military site affiliated with Hamas.

(1) Intifada [in-ti-fa-da] specifically: an armed uprising of Palestinians against Israeli occupation of the West Bank and Gaza Strip. Merriam-Webster Dictionary, <https://bit.ly/3IUPnf6>



### **Escalation of Tensions With Iran**

Tensions escalated between Israel and Iran as Tel Aviv feared the latter approaching the nuclear threshold against the backdrop of a nuclear impasse at the Vienna talks. Iran took advantage of this impasse by intensifying its nuclear activities and uranium enrichment purity rates to the point of reaching the nuclear threshold. In September 2022, an IAEA report indicated that Iran possessed 55.6 kilograms of uranium enriched at a purity rate of 60 percent, which is close to the nuclear threshold <sup>(26)</sup>

In response to Iran's intensification of its nuclear activities, Israel continued its intelligence operations to impede these activities, especially through hacking Iran's nuclear facilities, and persuading the US administration not to return to the nuclear deal, while threatening air strikes against these facilities if necessary without US permission. Iran, meanwhile, renewed its threats to destroy Israel if its nuclear facilities were attacked.

On the other hand, Iran's efforts continued, especially through its militias, to consolidate its position near the Syrian-Israeli border in anticipation of opening a new frontline with Israel if the latter attacked its nuclear facilities. Israel responded by launching several air strikes

against Iranian militia bases and their supply lines, focusing on bombing the Syrian border area with Israel to impede the activity of these militias there. In addition, Israel repeatedly bombed Damascus Airport to disrupt the air route for transporting Iranian weapons to Syria.

### **Growing Tensions With Lebanese Hezbollah**

In 2022, a noticeable increase in tensions between Hezbollah and Israel was apparent in the context of the Lebanese-Israeli maritime border dispute, before a demarcation agreement was signed. The dispute over the oil fields in the Lebanese-Israeli maritime border area represented an additional incentive for the exchange of threats between Hezbollah and Israel. The Lebanese party threatened to target Israeli drilling platforms in the Karish border field if Israel proceeded to exploit the field before resolving the maritime border dispute with Lebanon. On July 2, 2022, it launched three drones towards the disputed area to conduct reconnaissance missions. Israel also announced it would respond to any attack by targeting the whole state of Lebanon. In September 2022, it announced the start of a sudden military maneuver on the border with Lebanon to signal its readiness to confront Hezbollah's threats.

However, tensions between the two sides later subsided after the announcement of an agreement to demarcate the maritime border between Lebanon and Israel under US auspices. This agreement, which was signed on October 27, 2022, stipulated the demarcation of the maritime border between the two parties according to the 23<sup>rd</sup> line, without compromising the land borders. Under the agreement, the Karish field would be on the Israeli side, while Lebanon would receive the entire Qana field, which exceeds the demarcation line separating the two parties, with Israel receiving part of the revenues from this field because it falls outside the border of Lebanese territorial waters.

It is clear that the government of Yair Lapid has dealt with this agreement in the context of managing the conflict with Hezbollah and Iran, as it considered it to be an opportunity to weaken their influence in Lebanon. It is believed that the potential revenues of the oil fields will relatively strengthen the Lebanese state, accordingly Hezbollah's hegemony in Lebanon's politics and Iran's interventions in the country will decline. This will weaken Hezbollah's hegemony over the political process and limit Iran's interference in Lebanon as well.

Nevertheless, this agreement faces a challenge with Netanyahu coming back to power, who announced his rejection of the agreement at the time of the election in November. He considered it to be a concession by the Lapid government which represented a submission to the will of Hezbollah. However, withdrawing from the agreement seems complicated as the United States guaranteed that the agreement would not be affected by any political changes, whether in Israel or in Lebanon.

### **Diminished Opportunities to Expand the Abraham Accords**

Israel considered the signing of the normalization agreements known as the Abraham Accords as a crucial political achievement to

improve its regional standing. Israel and the United States aimed to expand these accords to include other Arab and Islamic countries. However, progress on these agreements stalled in 2022 even though the previous US administration had spoken about the possibility of six other countries joining them. The accords' stagnation two years after their initiation may be because of the following:

- The relative decline of the Biden administration's interest in expanding the accords because of its preoccupation with more urgent and critical issues currently such as the war in Ukraine and the escalating competition with China. In addition, the Biden administration does not have same incentives as the Trump administration to encourage other countries to normalize relations, such as the F-35s deal with the UAE, the recognition of Moroccan sovereignty over Western Sahara, and the removal of Sudan from the terrorism sponsorship list.

- The Abraham Accords did not contribute to achieving regional stability, given the absence of solutions to the thorny issues that have perpetuated conflicts and tensions in the region, especially the Israeli-Palestinian conflict.

- The Israeli desire to exploit the Abraham Accords to create an anti-Iran military alliance, which prompted some countries to refrain from joining as they considered it illogical to conclude a peace agreement with one party in the region to enter hostility or direct military conflict with another regional party.

- The awareness of some pivotal Arab and Islamic countries in the region, especially Saudi Arabia, on the negative impact of joining the accords, particularly on their regional influence and soft power, especially as there has been little progress on resolving the Israeli-Palestinian conflict. Moreover, Israel continued its violations in the Palestinian territories. The official

Arab position, led by Saudi Arabia, expressed through the League of Arab States, reaffirmed the centrality of the Palestinian cause, and the commitment to a two-state solution that embodies the establishment of an independent and sovereign Palestinian state with East Jerusalem as its capital, based on relevant international legitimacy resolutions. In addition, the Arab peace initiative presented by Saudi Arabia emphasizes the principle of land for peace, and considers this solution as the only way to achieve a just and lasting peace in the Middle East.

In this context, the Arab leaders who participated in the Jeddah Security and Development Summit in July 2022 reiterated to US President Joe Biden the need to reach a just solution to the Palestinian cause based on a two-state solution. Moreover, they emphasized the need to stop all unilateral measures that undermine a two-state solution, and the need to respect the historical sanctity of Jerusalem, as well as the Hashemite Custodianship over the Holy Sites in Jerusalem.<sup>(1)</sup> The Arab Summit, which was held in Algeria in November 2022, also emphasized the centrality of the Palestinian issue and absolute support for the rights of the Palestinian people. It also reaffirmed adherence to the Arab Peace Initiative, and the need to continue efforts to protect occupied Jerusalem and its sacred sites, and to support the Palestinian move to obtain full membership in the United Nations.

The Arab position on the priority of the Palestinian issue and the necessity of finding a political settlement strengthened as the conflict returned to the fore because of escalating tensions and confrontations between Palestinians and Israelis over the past two years. Significantly, to end divisions, Palestinian factions signed on October 13, 2022 a reconciliation agreement in Algeria also called "Algeria's Declaration," which stipulated the need for political partnership be-

tween the various Palestinian national forces, "affirmation of the importance of national unity as a basis for any resistance to the occupation to achieve the legitimate goals of the Palestinian people."<sup>(27)</sup> It also stipulated holding legislative and presidential elections by October 2023.

These reasons make it likely that the Abraham Accords will continue to stagnate, especially with the Israeli escalation of violence and the exacerbation of tensions in the Palestinian territories. The latter will create popular pressure against normalization with Israel.

### Israeli Aggression Against Gaza and Its Impact on Palestinian Factions

Israel has always used wars or military operations as a means to export its crises or to strengthen its internal front. In this context came the Israeli attack on Gaza in August 2022, through which the Israeli government tried to show its ability, despite the internal crisis, to achieve some political gains ahead of the early election in November.

On August 1, 2022, Israel arrested the leader of the Islamic Jihad movement in the West Bank, Bassam al-Saadi, prompting the movement to threaten launching attacks on Israel from Gaza. Israel took advantage of this threat and launched a preemptive war operation against the military infrastructure of the movement and its leaders in the Gaza Strip on August 5. The movement responded to this escalation by shelling some Israeli areas as part of an operation called "Unity of Squares." After about three days, an Egyptian-brokered ceasefire was agreed.

With the start of this escalation, Israel announced that its military operation would be limited to targeting the Islamic Jihad movement, to divide the Palestinian factions in Gaza and ignite disputes between them, especially between the Islamic Jihad and Hamas movements. This was in addition to its attempt

(1) Hashemite Custodianship refers to the Jordanian monarchy's role in protecting Muslim and Christian holy sites in the city of Jerusalem. Learn more about the Muslim and Christian sites under the Hashemite Custodianship: "Custodianship Over Holy Sites," King Abdullah II, accessed November 28, 2022, <https://bit.ly/3ii5B6C>.

to change the reality of engagement with the Palestinian factions and undermine the unity of Palestinian factions in Gaza and the West Bank against itself after the Hamas operation “Sword of Jerusalem” in May 2021.

However, despite Israel’s military superiority, and the great losses suffered by the Islamic Jihad movement, Israel failed to achieve its goals including undermining the solidarity between the Gaza Strip and the West Bank, and dividing the Palestinian factions. The unity between the Palestinian factions was apparent in the newly formed Joint Operation Room (JOR), which held meetings around the clock to coordinate efforts and take appropriate decisions to manage the unified confrontation against Israel. The resistance/factions were able to manage the confrontation by adopting a balanced response method and not expanding the field of engagement, so as not to offer Israel pretexts to expand the scope of its attacks on them, civilians and infrastructure in the Gaza Strip.

Hamas, which bears political and administrative responsibility in the Gaza Strip, was aware that the popular atmosphere was not inclined to a new broad confrontation, therefore, it chose not to participate in the battle directly in order to spare the Gaza Strip the consequences of a large-scale confrontation, because the previous confrontation resulted in severe destruction in the strip. Hamas reportedly coordinated with the Islamic Jihad movement through the JOR. However, some believe that Hamas did not participate directly with the Islamic Jihad movement in countering the latest Israeli attack on the strip because of their differences over the boundaries of the relationship with Iran, which supports the Palestinian factions.

In general, this confrontation, which took place between Israel and one of the factions in the Gaza Strip revealed the relative decline in the effectiveness of the Israeli deterrence and blitzkrieg strategy. It also revealed the strength of the factions in Gaza in a way that



makes Israel’s goal to eliminate the Palestinian factions or undermine its structure too difficult to achieve.

### Conclusion: Trends of Israel’s Domestic and External Challenges in 2023

With the end of 2022, Israel’s domestic and external challenges will continue, in one way or another, and some of these challenges may become more complex.

Domestically, the state of division and polarization is expected to continue under the extreme right-wing government led by Benjamin Netanyahu, who is considered to be a controversial figure on the political scene and a permanent factor in domestic crises. In addition, there is a possibility of disagreements within the right wing itself over the sharing of government positions or about long-term political goals and amendments, such as changing tax policies and amending the composition and jurisdiction of the Supreme Court. Moreover, the possibility of the crisis continuing once again is expected in light of a lack of a clear vision among Israel’s political parties to address the root causes of the ongoing crisis. For Israel to experience political



normality, its governance and electoral systems would need to undergo fundamental changes.

Externally, it is possible that the external security challenges facing Israel will escalate, and become more difficult and complex, under the escalation of resistance operations in the West Bank, with the possibility of some factions entering from the Gaza Strip in solidarity with the West Bank. In addition, Iranian-Hezbollah threats are likely to increase in the context of increasing tensions with Israel because of the latter’s growing concerns over developments in Tehran’s nuclear program and the attempts of Iranian-affiliated militias to station themselves near the Syrian-Israeli borders. Some observers believe that Netanyahu’s firmness and offensive statements against Iran are often for media consumption due to his lack of decisiveness in attacking Iran’s nuclear facilities during his previous tenures in government. Israel, accordingly, may face unprecedented military challenges if tensions escalate further; a potential conflict on multiple fronts may erupt leading to drastic changes in the nature of the conflict between Israel and its rivals •



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# Israel Enters a Vortex of Domestic Dilemmas and External Challenges

Throughout 2022, Israel witnessed remarkable developments which are expected to have tangible repercussions on its political reality in the coming period.

Foremost among these developments are:

Failure to form a stable government accepted by the majority of political blocs

Dissolving the Knesset and calling for early elections

Forming right-wing cabinet led by Benjamin Netanyahu who won Knesset majority

Arabs adhering to two-state solution and reiterating Palestinian cause's centrality

Receding chances of expanding the Abraham Accords

Failure to achieve progress on reaching a peaceful settlement between the Israelis and the Palestinians

Increase in Palestinian resistance attacks in the West Bank

Decline in confidence in state institutions by major segments of Israeli society

Mounting tensions with Iran as it edges closer to nuclear threshold

**The challenges facing the Israeli government are expected to continue due to the sharp internal divisions and political polarization**

## Endnote

(1) عمرو عبد العاطي، إعادة الاهتمام الأمريكي بـ«الدبلوماسية الشعبية» في الشرق الأوسط، الحائط العربي، (23 أغسطس 2022م)، تاريخ الاطلاع: 01 نوفمبر 2022م، <https://bit.ly/3VhMvws>.

(2) Mario Alexis Portella, "Biden's Saudi Visit: The Decline of US Hegemony in the Middle East," *Hungarian Conservative*, August 5, 2022, accessed November 1, 2022, <https://bit.ly/3RSzoPv>.

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## PART THREE



### IRAN CASE FILE: THE RAISI GOVERNMENT AMID INTERNAL AND EXTERNAL DEVELOPMENTS

The first year of the Raisi government witnessed profound developments which impacted Iran's internal situation at various levels; the political, economic, social, security, and ideological. These developments also impacted Iran's foreign policy with its neighbors and its maneuvers in the international arena. Part III of Rasanah's 2022 Annual Strategic Report discusses the most prominent developments and shifts Iran witnessed at home and abroad during the first year of Raisi's government through three main headings as follows:

- ◎ *Fragile Stability: Iran's Internal Situation Under the Raisi Government.*
- ◎ *Fluctuating Influence: Iran's Presence in the Arab Region in Light of Regional and International Developments.*
- ◎ *Conducive Environment: Iranian Moves in the International Arena Amid Rising Competition Between Major Powers.*



# Fragile Stability: Iran’s Internal Situation Under the Raisi Government



## Assessing the Performance of the Raisi Government One Year After Taking Office

The 2021 Annual Strategic Report concluded that the manner in which the “conservatives” took control of the executive authority in Iran indicated that the Raisi government would face continued popular rejection throughout 2022. This rejection would only subside if the president restored public trust in the Iranian government and improved the status of the economy, increased the openness of the country with the rest of the world, and removed restrictions on civil liberties. Regarding Iran’s foreign policy, the previous report mentioned that Iran would focus on the nuclear talks and effect a reproachment with the United States—with the goal of concluding a nuclear deal as it is the only way out of the socioeconomic pressures facing the Raisi government. The developments during the Raisi term — one year after taking over the presidency — and Iranian public opinion indicate that Raisi failed to fulfill his election promises. He did not take any of the aforementioned actions.

On the contrary, there has been a significant decline in Iranian public trust in the government, restrictions increased further on civil liberties, the economy deteriorated and relations with the outside world worsened. In light of the above, we attempt to provide an assessment of the Raisi government's performance in domestic and foreign affairs in 2022 through considering and analyzing the following: popular discontent reflecting the government's failure to fulfil its promises; a government caught between denying reality and enjoying the supreme leader's support; the Raisi government resorting to repression in the face of poor performance; the Raisi government's modest dividends from its foreign policy moves; and finally, the Raisi government's internal and external options.

### Popular Discontent Reflecting the Government's Failure to Fulfill Its Promises

Raisi began his presidential term by emphasizing the importance of the economy and improving living conditions. However, during his first year in office, his government's efforts failed to end the economic crisis the country has been experiencing since US President Donald Trump withdrew from the nuclear deal and reimposed sanctions on the country in 2018. The economic downturn worsened, with inflation, poverty, and unemployment rates all rising. As a result of the deteriorating economic situation, which is worsening by the day, as well as widespread distrust in the government and its policies, it was expected that the security situation would deteriorate at any time. This occurred when the government decided in May 2022 to discontinue subsidies for certain food items, such as wheat and flour. The prices of other essential items such as eggs, chicken, cooking oil, and dairy products were also raised by the government.<sup>(1)</sup> To denounce these price hikes, Iranians took to the streets in 10 cities,<sup>(2)</sup> resulting in the deaths of six people and with dozens arrested, particularly in Ahwaz. Protests against the government's



economic policies did not end there. Workers, truck drivers, farmers, and retired teachers demonstrated in several Iranian cities, demanding that their living conditions be improved, and their wages be raised. These demonstrations included anti-government political chants. In the midst of mounting protests and strikes across the country, Hojatollah Abdolmaleki, Iran's then Minister of Cooperatives, Labor and Social Welfare, resigned after being accused of failure and incompetence in performing duties and was pinpointed as the one responsible for the teachers' and pensioners' wage crisis.

The criticisms leveled against the Raisi government went beyond condemning its performance and calling its economic indicators into question. Furthermore, according to some Iranian observers and experts, the current government is the least efficient since the 1979 revolu-

tion.<sup>(3)</sup> Critics point to a number of proofs (of the government's incompetence), prominently the government's inefficiency and lack of administrative capabilities, as well as its lack of planning or policies to address the country's mounting problems and crises. This is in addition to the lack of economic programs and plans, as well as the inaccuracy of official reports indicating a turnaround in the country's economic fortunes, such as a decline in inflation.

### The Government Between Denial of Reality and the Supreme Leader's Support

Despite this bleak picture of the government's performance, Raisi consistently emphasized that he has kept the promises he made to the Iranian people. During his press conference during Government Week in August 2022, Raisi stated that inflation had reached 40.5 percent,

down from 60 percent from the previous year.<sup>(4)</sup> Raisi described Iran's current circumstances as favorable and appropriate. He even claimed that statistics show that the government had kept its promises to create jobs and end unemployment since taking office. The government had also concentrated its efforts on increasing liquidity and tackling the soaring inflation rate.

The “conservatives” who carefully engineered the electoral process that brought Raisi to power, support him and strongly back his government, despite their criticism of his government's eco-

nomics performance. They put a lot of faith in him to achieve some breakthroughs that will help silence political opponents, particularly the “reformist” movement, restore public trust in the government, and preserve the achievements they have made over the last three years—holding total control over all levers of the state and its apparatuses. The “conservative” controlled media has continued to portray Raisi as a “man of the people” who inherited a battered economy from his predecessor Hassan Rouhani, which cannot be repaired in a single year. They also stated that Raisi broke records in terms of visits to Iranian provinces, reduced inflation, controlled cash liquidity in the economy, and managed to increase foreign trade in a short period of time despite US sanctions and the global economic ramifications of the Russia-Ukraine war.

Raisi has avoided picking fights with Khamenei because the two men have a close relationship and Raisi has the supreme leader's full support. He was his preferred candidate in the recent presidential election, and perhaps Khamenei intends to polish Raisi's image in order for him to succeed him as Iran's next supreme leader. This was demonstrated by Khamenei's continued praise for Raisi's government and its performance during its first year in office, the most recent of which was when he received Raisi and his cabinet ministers during Government Week in August 2022. He stated that the current government managed to restore people's hope and confidence, and that it is working hard to solve problems and provide services, keeping the country from becoming a pawn in the hands of outside actors is one of the government's main priorities, as is paying attention to revolutionary slogans like “justice,” “support for the oppressed,” and “standing up to arrogant forces.”<sup>(5)</sup>

However, given the current economic crisis, the Iranian street's primary concern is the economy. They want the nuclear deal crisis resolved, Iran's foreign relations reactivated, sanctions

lifted, and efficient solutions to the chronic economic crises that the country is experiencing. Over the last year, the Iranian people have seen no improvement in their living conditions, and they are not supportive of the supreme leader's and the “conservatives” assessment of Raisi's performance. Iranians believe that the situation has deteriorated as a result of rising prices, high inflation rates, the worsening unemployment and housing crisis, and an exponential increase in the crackdown on freedom and human rights.

On the figures and statistics mentioned by the Iranian president, observers believe they are released by government-linked institutions. As a result, the Iranian street, newspapers, and social media platforms react angrily and mockingly to government data as they are completely out of touch with reality. The promises made have not translated into reality— Raisi promised to increase the speed and quality of the internet, but internet speeds have been slowest under his government. He also promised to deploy guidance patrols to oversee officials rather than patrols to oversee the people. However, the Supreme Council of the Cultural Revolution intended to reinstate guidance patrols. Iranians have cited the death of Mahsa Amini, a Kurdish woman, at the hands of the morality police to oppose the reinstatement of such patrols for the public.<sup>(6)</sup>

### **The Raisi Government Resorting to Crackdowns in Light of Poor Performance**

In its first year in office, the Iranian government tightened its grip on society, through arresting activists, journalists, directors, and “reformist” activists, such as former Deputy Interior Minister Mostafa Tajzadeh. Three film directors, including Jafar Panahi, have been arrested on suspicion of attempting to undermine the country's security. Over 91 people have been killed in recent weeks in the aftermath of the killing of Amini by Iran's morality police. Since the eruption of protests on September 16, 2022, follow-



ing the death of Kurdish woman Mahsa Amini, hundreds of Iranians were killed and injured by Iranian security forces across the country. A huge difference was noticed between the statistics of Iran Human Rights and government entities. The Iranian authorities stated that 200 people were killed,<sup>(7)</sup> yet human rights organizations announced that nearly 493 were killed, including 60 children and teenagers under 18-years-old, and 18,000 were detained.<sup>(8)</sup>

Concerns about the future of human rights in Iran have grown since Raisi won the election and the “hardliners” took control over all levers of power in the country. And it appears that these concerns were justified. According to reports released by human rights organizations, the rate of executions reached an all-time high in 2021; 333 people were executed, a 25 percent increase over 2020.<sup>(9)</sup> In the first six months of 2022, 251 people were executed, including six women. 55 people were executed in May.<sup>(10)</sup> It seems that the execution spree during the first year of the government’s tenure comes within the context of instilling fear and terror in society to stop the mounting protests which have shifted past factional and socioeconomic demands to ones calling for the dismantling of the political system.

### **The Raisi Government’s Modest Foreign Policy Dividends**

The general framework of the Raisi government’s foreign policy reflected special attention to improving Iran’s relations with neighboring and regional countries. The Raisi government believes that improving relations and resolving differences with regional countries and rivals will tip the scales in favor of Iran against Western pressures and prevent the West from using regional countries to put more pressure on Iran. Raisi’s adoption of this foreign policy approach over the past year has led the “conservatives” to project that the government has made significant progress in this area, in contrast to the Rouhani government, which ignored this focus

and instead worked on the nuclear track. The “conservatives” referred to Iran’s accession to the SCO, its application to join BRICS, and Raisi’s shuttle tours to several countries such as Russia, Qatar and Oman, not to mention his visits to Central Asia, the Iran-Saudi talks, and finally the reinstatement of Kuwait’s and the UAE’s ambassadors to Tehran.

It is possible to argue that the region’s countries have not yet addressed the Raisi government’s foreign policy priorities. Iran continues to meddle in the internal affairs of regional countries, particularly the Arab countries, and shows no inclination for resolving the outstanding issues with them. Furthermore, Iran’s accession to the SCO, is related to Russia’s and China’s calculus toward the United States rather than a political achievement for Raisi.

Regarding its “Look to the East” policy, Iran has been involved in the Russia-Ukraine war in a way that appears to be a quasi-military alliance with Russia. Its military engagement in the war has heightened tensions with the United States. Iran, accordingly, lost Europe’s relative neutrality on its nuclear issue. This Iranian rush to Russia could be interpreted as retaliation or some sort of exertion of pressure on the West for delaying the conclusion of the nuclear deal and the lifting of sanctions. Furthermore, Iran sees the Russia-West spat as the birth of a new global order that demolishes US hegemony and establishes a multipolar world order. Some analysts believe that Tehran was supposed to keep a safe distance (from the Russia-Ukraine conflict) in order to maneuver, as did China, India and the Central Asian nations that opposed Russia’s war on Ukraine.

### **Conclusion: The Raisi Government’s Internal and External Options**

The Iranian street no longer believes the government’s promises and plans floated from time to time. Iranians are now disillusioned by empty promises and plans, which means that more pro-

tests are likely in the coming days and months. This is due to the lack of effective plans to stabilize the economy, the financial deficit reaching tens of billions of dollars, the state of confusion and volatility in foreign policy with other countries, and the continuation of US sanctions.

The easing of popular discontent with the Raisi government is primarily linked to improving the domestic economic conditions. The outcome of the stalled nuclear talks is inextricably linked to the former. However, Raisi lacks the necessary power to press for the conclusion of the nuclear deal on terms unacceptable to Khamenei or the “hardliners.”

Raisi lacks vision to address the root causes of people’s grievances, such as the mandatory wearing of the hijab, human rights violations including executions, arrests, and crackdowns on protestors. Raisi, who is close to the supreme leader, the IRGC, and the “conservative” controlled Parliament, is unlikely to lay out any vision in the coming period. The government believes that taking a step back will invite further demands.

Raisi has been Khamenei’s faithful protege during his first year in office. It appears that his ambition is to secure the supreme leader’s confidence/backing, whether for the supreme leader’s position or support for future policies that he intends to implement. He will always work within Khamenei’s constraints, while also accepting responsibility for the Iranian government’s failures, even if they were beyond his control.

At the level of foreign policy, it is expected that Raisi will walk a tightrope between the competing major world powers to maximize benefits in the event that a nuclear deal is not reached. He will also pursue the policy of turning eastwards by strengthening ties with China and Russia, while maintaining the policy of opening up channels for dialogue and calm with the region’s countries, particularly the Gulf states, to neutralize them and end Iran’s regional isolation •

Available in Arabic and English

## RAISI SIDELINES RIVALS TO APPOINT “HARDLINERS” TO KEY POSITIONS

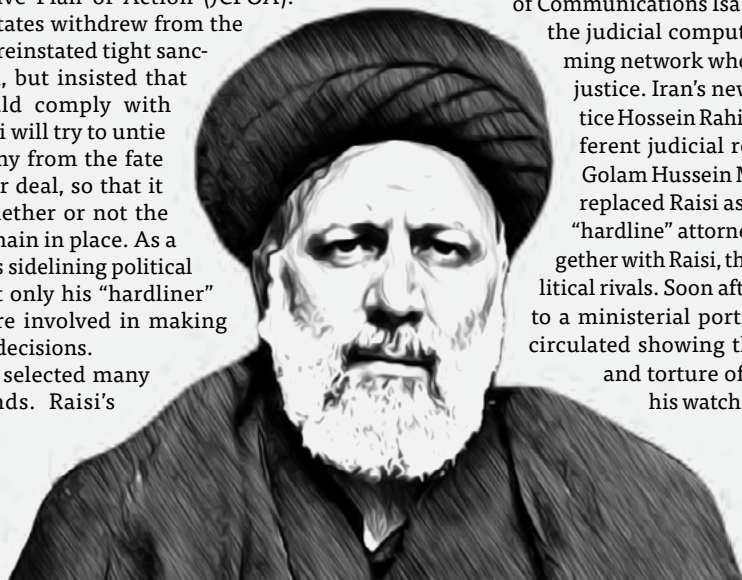


New Iranian President Ebrahim Raisi and his team face an uphill battle to circumvent Western sanctions due to Tehran's non-compliance with the terms of the nuclear deal concluded with world powers in 2015, known as the Joint Comprehensive Plan of Action (JCPOA).

The United States withdrew from the deal in 2018, reinstated tight sanctions on Iran, but insisted that Tehran should comply with the deal. Raisi will try to untie Iran's economy from the fate of the nuclear deal, so that it functions whether or not the sanctions remain in place. As a first step, he is sidelining political rivals, so that only his “hardliner” supporters are involved in making future policy decisions. Raisi quickly selected many trusted friends. Raisi's

pick for Chief of Staff, Gholamhossein Esmaili, served as Iran's judicial spokesperson when he was chief justice. Esmaili, a former prosecutor, was sanctioned by the European Union for his involvement in human rights violations. Iran's Minister of Communications Isa Zarehpour set up

the judicial computer and programming network when Raisi was chief justice. Iran's new Minister of Justice Hossein Rahimi performed different judicial roles under Raisi. Golam Hussein Mohsen Eje'i, who replaced Raisi as chief justice, is a “hardline” attorney general and together with Raisi, they prosecuted political rivals. Soon after Ejei's elevation to a ministerial portfolio, video clips circulated showing the mistreatment and torture of prisoners under his watch...



# Assessing the Performance of the Raisi Government One Year After Taking Office



Popular discontent reflects the government's failure to fulfill its promises



In spite of government efforts to fulfill Raisi's campaign promises and the supreme leader's support, the Iranian public did not feel any improvement



Human rights organizations reported on the increase in executions to intimidate citizens and political activists in a brutal attempt to halt the escalation of the protests



The Raisi Government resorts to crackdowns in light of poor performance



Raisi is ready to be a scapegoat to implement all the policies of the Supreme Leader's Office, and externally he is expected to walk a tightrope between the major powers



The Raisi Government's modest foreign policy dividends—though the general framework of the Raisi government's foreign policy reflected special attention to improving Iran's relations with neighboring countries



**A Troubled Economy:  
Effectiveness of  
Raisi’s Policies to  
Resolve the Country’s  
Economic Problems**

Rasanah’s 2021 Annual Strategic Report forecasted that there would be a low likelihood of Iranian economic growth and investment, but domestic production would strongly rebound and there would even be a significant improvement in the majority of the country’s economic indicators, with the exception of foreign trade. These forecasts turned out to be accurate, also the report predicted that the overall economic performance and living conditions would worsen as long as US sanctions remained in place; these forecasts also proved accurate, with domestic conditions exacerbated because of international and geopolitical factors impacting the Iranian economy such as Russia’s war on Ukraine and global inflation. The current file meanwhile will focus on assessing the economic situation in 2022 and its directions.

In the 2022 report, we will assess Iran's economic situation during the first year of Raisi's administration. The report will include a number of brief points and analyses highlighting the most important macroeconomic aspects and indicators of Iran's economic performance, the significant developments during the year as well as the opportunities, and challenges. The report will conclude with a forecast for the foreseeable future.

■ **A holistic view of the Iranian economy:** Iran's public finances are primarily based on oil exports. As a result of US sanctions imposed since 2018, the Iranian budget suffered – and continues to suffer – from an increasing deficit, which has impacted government spending, as well as the value of the currency over the last four years. The budget deficit also triggered major internal crises, including chronic inflation, rising rates of poverty and unemployment, and repeated protests, particularly after the recent elimination of foreign currency, food, and medicine subsidies. Although Iranian oil and non-oil exports have not returned to pre-sanctions levels, they have increased significantly this year as a result of the lax implementation of US sanctions and Iranian circumventions. This, albeit partially, helped the Iranian government in securing the country's needs from abroad.

Iran's economy and GDP are based primarily on extractive industries such as oil and gas. Agriculture and manufacturing have a lower share, but their share is higher than the Middle East average and promotes diversity in the economy. However, these economic sectors are unstable due to repeated sanctions and capital flight. Agriculture, a major employer of labor, is facing severe challenges in the form of drought and water scarcity.

There are also medium and long-term economic challenges such as the housing crisis caused by a shortage of properties, as well as soaring and even the doubling of prices every

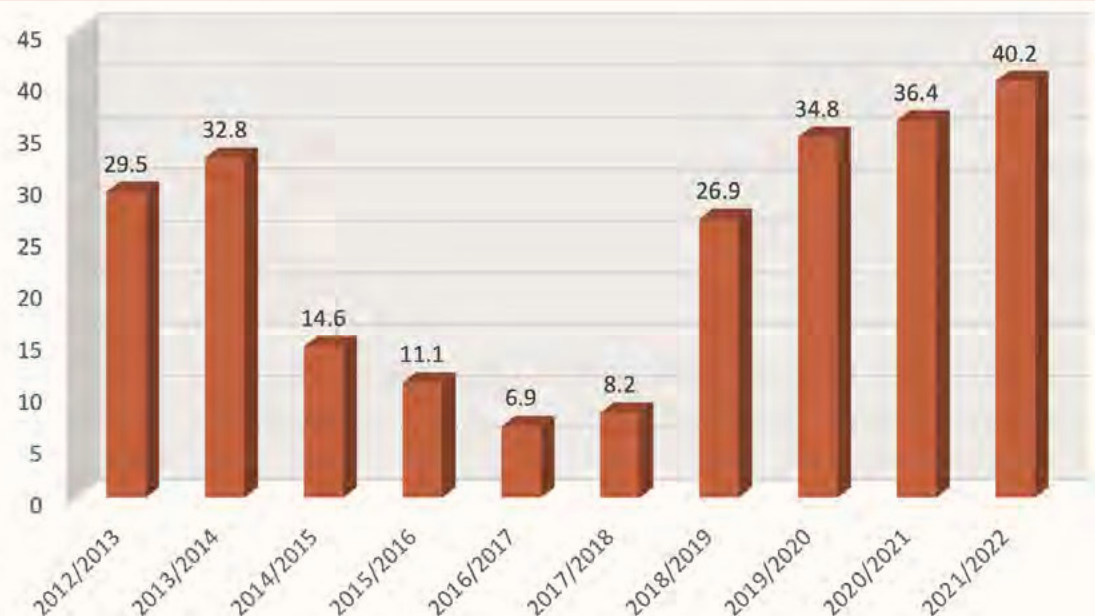
few years. This is in addition to Iran's worsening drought and water scarcity, which has resulted in the country experiencing its worst drought in five decades. The country is suffering from low population growth, brain drain, and capital flight as well as from structural issues such as corruption, ideological infusion into economic policies, a lack of transparency, and a volatile budget in light of global oil prices continuing to fluctuate. Moreover, the ongoing sanctions pose an acute challenge and threat to the stability of the Iranian economy's macroeconomic indicators.

■ **Iran's GDP:** GDP is growing slowly as a result of a combination of factors, including low growth in new investments and a failure to fully utilize existing industrial and service production capacities. The growth of the industrial sector and total fixed investment by the end of the

year will be less than 0.5 percent and 1 percent respectively, implying that there will be little to no growth. The same is true for the remaining pillars and initiators of GDP growth, such as agriculture and consumer spending. External factors such as sanctions and a shortage of production input imports, as well as internal factors such as flawed economic structures, a lack of financing, a lack of investment incentives and soaring inflation all overlap and contribute to this. The oil and export sectors are an exception to this downward trend since the two sectors have grown strongly over the past year amid the lax implementation of US sanctions. This growth, however, was not sufficient for achieving recovery for overall growth.

According to International Monetary Fund (IMF) estimates, Iran's real GDP would grow by 3 percent this year, down from 4.7 percent last

Figure 1: Consumer Price Inflation in 10 Years (2012-2022)



Source: Tehran Chamber of Commerce Industries Mines and Agriculture.

year, and 2 percent the following year (2023).<sup>(1)</sup> The Iranian economy thus ranks third in the Middle East after Egypt and Saudi Arabia<sup>(1)</sup> based on purchasing power parity for the year 2022.

When it comes to GDP per capita in purchasing power parity for 2022, it is nearly comparable to 2010 rates and lower than 2011 rates. In other words, the visible trend is the decline in Iranians' real incomes due to inflation over a decade. This comes in the midst of high unemployment rates, particularly among young men, which is approaching one-third (of the workforce). According to World Bank estimates, the economy only recovered one-third of the jobs lost during the coronavirus pandemic.

■ **Inflation:** It is the most pressing crisis confronting Iranians in their daily lives, as well as the most acute challenge for Iranian officials. Inflation reached record highs during Raisi's first year in office, hitting its highest level since the 1979 revolution. It reached 54 percent in July on a year-on-year basis. Inflationary rates for food, housing and restaurants surpassed this rate, sometimes exceeding 80 percent. According to the IMF, the consumer price index (CPI) inflation rate will reach 45 percent by the end of 2022 (see Figure 1).<sup>page 115</sup>

Iranian President Ebrahim Raisi made a prominent electoral promise to reduce inflation to less than 10 percent, but he failed to deliver on this promise during his first year in office. One of the primary causes of inflation was an increase in liquidity at high rates (more than 37 percent year-on-year in July 2022) that is not commensurate with economic growth to cover the budget deficit. The sanctions that remain in place, as well as the expansion of liquidity at high rates, will cause inflation to continue to rise.

The Iranian government was forced to discontinue dollar, food, and medicine subsidies. The Russian war in Ukraine, global inflation, and

interest rate hikes on the US dollar all contributed to a worsening sense of crisis at home. This occurred in the context of rising Iranian grain imports and a strengthening of the US dollar against the local currency. In October 2022, the dollar exchange rate approached 35,000 toman per dollar, up from 25,000 toman at the start of the year. The exchange rate was less than 5,000 toman per dollar in April 2018, so it has increased sevenfold since then, and it is expected to rise further (see Figure 2).

■ **Foreign trade and deficit-surplus equation:** Given the lax implementation and circumvention of US sanctions, the Raisi government managed to increase oil and non-oil exports, particularly to China and neighboring countries such as Iraq, the UAE, and Turkey — Iran's most important trading partners — during its first year

in office. Yet, external factors such as rising oil prices and internal factors such as import controls (since Rouhani's term) contributed to reducing Iran's trade balance deficit, which stood at \$1.6 billion in 2019, and turned into a surplus of \$11 billion in 2021. According to estimates of *The Economist*,<sup>(12)</sup> it will reach \$27 billion by the end of 2022 and will continue to grow next year. This surplus has assisted the government, albeit only partially, in halting the deterioration of the local currency against the US dollar.

With the lax implementation of sanctions, oil experts estimate that output has increased from an average of 650,000 barrels per day in 2021 to more than 1 million barrels per day today — despite competition from Russia. Iran also has floating oil stockpiles worth 200 million barrels. Iran exported \$39 billion in oil last year, mostly

**Figure 2: The US Dollar Exchange Rate Against Iran's Local Currency the Toman (2018-2022)**



Source: Bombast.<sup>(1)</sup>

(1) According to purchasing power parity, the Saudi economy ranked first in the Middle East in 2022, posting \$2 trillion. The Egyptian economy came in second with a GDP of \$1.66 trillion, while the Iranian economy came in third with a GDP of \$1.6 trillion.



to China, and these exports were expected to exceed \$66 billion in 2022.<sup>(13)</sup>

Non-oil trade reached \$50 billion in the first half of 2022, up 13 percent from the previous year (including \$24 billion in petrochemical exports). Non-oil trade between Iran and China, for example, increased 19 percent from January to August. Exports to the European Union increased 34 percent in the first half of the year. Exports of industrial products increased by 70 percent during Raisi's tenure.

Besides that, Iran was granted official membership in the Shanghai Cooperation Organization in 2022, a move that embodied its efforts to form trade alliances and join economic blocs to revitalize its trade and strengthen its political position against the West. The Iranian govern-

ment has used its achievements in trade and exports to spread propaganda at home and raise slogans of victory against the West and over the sanctions.

■ **Debts:** The Iranian government's net public debt has more than doubled in the last two years. According to the IMF, it has risen from 1,400 trillion tomans in 2020 (nearly \$40 billion)<sup>(1)</sup> to more than 2,850 trillion tomans (\$81 billion) this year. The government financed the budget deficit (which amounts to 4.5 percent of GDP) by borrowing internally through the issuance of sukuks and increasing liquidity (increased by 37 percent in July 2022). Meanwhile, the World Bank estimated the total public debt to be around 50 percent of GDP.<sup>(14)</sup> Given the current economic situation, this is a concerning ratio.<sup>(2)</sup>

(1) Based on the current exchange rate in October 2022 when the report was prepared, which was approximately 35,000 tomans per one dollar. It is also worth noting that the dollar's exchange rate rises over time, while the value of the local currency, the toman, falls.

(2) In different economies, the criteria for defining safe limits for public debt to GDP range from 35 percent to 60 percent.

It is growing as a result of the large debts owed by government companies to local banks and social security institutions.

Iran's foreign debts, on the other hand, are limited. The Central Bank of Iran estimates that they were approximately \$7 billion in July 2022, down from \$9 billion last year.<sup>(15)</sup> There are conflicting estimates of Iran's foreign exchange reserves. They are estimated to be worth nearly \$115 billion, with the majority held in foreign banks. Iran can only use \$12.2 billion of its reserves.<sup>(16)</sup>

■ **Elimination of subsidies and declining living conditions:** The Raisi government's decision to eliminate subsidies in its first year in office was regarded as a watershed moment for the "conservative" current's economic platform. This was a departure from its previous populist decisions aimed solely at pleasing the masses. These decisions by the "conservatives" contributed to the dire domestic economic and financial situation.

Raisi was forced to suspend the provision of subsidized dollars to importers in May 2022, which were allocated for the purchase of essential food and medical items from abroad. The decision was made due to the country's foreign currency shortage and budget deficit. The decision had an impact on many commodities, including wheat, oil, meat, and chicken. In exchange for these subsidy reductions, the government promised to provide limited cash subsidies to certain segments.<sup>(1)</sup> As a result, food prices skyrocketed. Red meat prices increased by 61 percent, egg prices increased by 120 percent, cheese prices increased by 135 percent, dairy prices rose by 100 percent, and vegetable oil prices increased by 370 percent. Meanwhile, allowances and wages did not keep pace with price surges.<sup>(17)</sup>

It is worth noting that such subsidies were not discontinued even in 2012, when the severity of



the sanctions imposed on Iran reached its peak. Former Iranian President Mahmoud Ahmadinejad even supplemented the basic commodity subsidy with a generous cash subsidy. It is ironic that former President Hassan Rouhani preferred to eliminate subsidies in order to address the budget deficit, but he only eliminated gasoline subsidies while leaving cash and commodity subsidies untouched in order to maintain his popularity.

Inflationary pressures exacerbate class disparities, redistributing incomes and wealth disproportionately to the benefit of the wealthy at the expense of the working class, which constitutes the vast majority of Iranian society. According to local estimates, the poorest Iranians spend half of their income on food alone.

As we have seen, the elimination of subsidies resulted in unprecedented waves of inflation. It also increased the number of people living below the poverty line. There are no specific statistics on those who live below the poverty line, but experts estimate that at least 50 percent of Iran's 85 million population live in poverty,<sup>(18)</sup> with other estimates putting the figure as high as 70 percent.

## Conclusion: Painful Reality and an Uncertain Future

It is clear that 2022 resulted in a number of serious challenges for the Iranian economy. These are very likely to continue in the near future. The most dangerous of these challenges include continued inflationary pressures, the drop in value of the national currency, declining socio-economic conditions as well as a further drop in real GDP per capita, rising poverty rates, slowing economic growth — amid the continuation of various types of sanctions — the budget deficit, and renewed protests. On the other hand, Iran will take advantage of the lax implementation of US sanctions and the global rise in oil prices to increase its oil and non-oil exports, to shore up its budget, and attempt to reduce — rather than prevent — the decline in the value of the local currency. Iran will also prioritize reducing the impact of sanctions by increasing exports and opening new markets in neighboring and Asian countries.

All of the aforementioned challenges will undoubtedly shape the near future, as will the dangers posed by and the consequences of the renewed protests. As a result, we believe that the future is beset by threats, the most dangerous of which is the continuation of US sanctions and their negative implications for macroeconomic growth and stability — particularly inflationary pressures and long-term pressures impacting the stability of the local currency, the national budget, imports of production inputs, and cutting local investments further. Many of these negative consequences will fade if a nuclear deal leads to sanctions relief, but the consequences of other medium and long-term challenges mentioned at the beginning of the report will remain •

(1) The government promised a subsidy of 300,000-400,000 tomans, or \$9-12. However, rising prices undermined its effectiveness (roughly equivalent to the price of approximately 2-3 kilograms of lamb).

**33,000**  
tomans equals  
one dollar

**3%**  
GDP growth

**1%**  
Annual population  
growth

**86.5**  
million people

**1.6**  
million kilometers

**50-70%**  
Iranians falling below  
the poverty line  
(estimate)

**87%**  
Food price inflation  
(in July year-on-year)

**4.5%**  
Budget deficit of GDP

**45%**  
Consumer Price Index  
(CPI)

**50%**  
Net public debts  
of GDP

(estimate)  
**\$40 - \$115** billion  
Reserves frozen  
overseas

**\$66** billion  
Oil exports

**\$27** billion  
Net trade balance

**\$7** billion  
Foreign debts

## A Troubled Economy: Effectiveness of Raisi's Policies to Resolve the Country's Economic Problems

Sources: World Bank- International Monetary Fund (IMF) - October 2022 - The Economist (EIU)- Worldmeters- Iran Statistical Center.



**Iran’s Security Establishment: Shortcomings and Official Responses to Security Breaches**

Iran’s security establishment has been extremely vulnerable over the past years because of infiltrations that have increased in recent times. A string of incidents have occurred, with key institutions infiltrated and assassination operations targeting Iranian nuclear scientists. In addition, a number of cyberattacks have targeted the country’s military and intelligence establishments. Accordingly, this file will discuss three major topics: trajectory of Iranian security breaches in 2022; Iranian responses to the breaches, and the vulnerability of Iran’s internal security system. Finally it provides forecasts for Iran’s potential approaches for countering security breaches.

## Trajectory of Iranian Security Breaches in 2022

Since revealing its nuclear program, Iran's security system has been repeatedly breached. These breaches increased after Iran announced the development of its missile program, putting it in an indirect conflict with its conventional adversaries, particularly Israel. Iran's nuclear and missile programs have been the target of direct attacks, including the anonymous assassination of 13 scientists working on the country's nuclear and missile programs. Those assassinated included veteran scientists and senior military commanders. Also, Iran experienced bombings and cyberattacks targeting key sites. .

Throughout 2022, Iran experienced dangerous security breaches, revealing the magnitude of the security shortcomings facing the country despite claiming to have powerful security and intelligence apparatuses. Five senior figures involved in the country's nuclear and ballistic missile programs were assassinated in Tehran alone (See Table 1). Further examples of breaches included the bombing of Iranian nuclear sites, and military installations related to the country's ballistic missile and drone programs. Engineer Ehsan Ghadbeigi, who was killed in the village of Parchin in May 2022, is among those who were assassinated. Furthermore, Iranian nuclear expert Kamran Mollapour died under mysterious circumstances at Esfahan's Natanz nuclear site. He passed away two weeks<sup>(19)</sup> after Ghadbeigi. Iran blamed Israel for the deaths, accusing it of assassinating them.

Iran experienced security breaches in other areas as well. The IRGC's foreign intelligence unit, the Ministry of Intelligence, and other security/intelligence focused apparatuses also faced security breaches. In addition to accusing Israel of such breaches, hundreds of security officials, as well as senior security and military officials, were arrested and detained at Tehran's Evin prison on accusation of working for foreign intelligence services. According to the New York Times, which cited anonymous Iranian officials, they openly admit-

ted that there was an extensive Israeli espionage networked embedded within Iran's top-ranking security leadership.<sup>(20)</sup>

After Mossad kidnapped and interrogated several Iranian senior military officials, including the IRGC officer Mansour Rasouli, in May 2022, security breaches and attacks on Iran's security apparatuses escalated. He was accused of plotting the assassination of an Israeli consulate employee in Istanbul last year, as well as of an US general in Germany and a journalist in France.<sup>(21)</sup> Mossad used the same ploy two months later, in July 2022, when a senior IRGC official named Yadollah Khedmati, was also interrogated on Iranian soil.<sup>(22)</sup> In terms of cyberattacks, they targeted vital government infrastructure, nuclear sites and government websites. During the recent Iranian protests that erupted following the death of Kurdish woman Mahsa Amini at the hands of the so-called morality police, the security breaches even impacted the surveillance cameras in Iranian cities, and state television channels were also hacked.

## Iranian Responses to Security Breaches

In the context of the security breaches, the Iranian government mostly responded by denying the incidents or through, exposing conflicting and

contradictory statements about the root causes. At times, the government blamed its dissidents or traditional adversaries, such as the CIA or Mossad, for the incidents. On other occasions, the government preferred not to reveal the details of the incidents, instead stating that such occurrences were "natural." Given the foregoing, especially the lack of consistency in responses, we cannot believe that Iran's adversaries were the real perpetrators or its narrative is accurate. The Iranian government might be behind this string of assassinations because probably the government had discovered the involvement of some its officials and senior leaders who passed highly sensitive information for foreign intelligence services. Or perhaps the government aimed to disclose the roles of these spies (officials), so Iranian intelligence officers can easily coerce them into confessing inside Iran. A case in point was the 2007 assassination of Iranian nuclear scientist Ardeshtir Hosseinpour, known as the "Father of the Iranian Nuclear Bomb," whose death was reported to have been caused by radioactive gas poisoning. Iran only recently announced that he died of gas poisoning. His sister Mahboubeh Ardeshtir, who lives in the United States, said in a

**Table 1: Assassinations Targeting Iranian Nuclear Scientists and Senior Military Commanders**

SN	Personality	Area of Work	Death Date
1	Hassan Sayyad Khodaei	IRGC colonel	May 22, 2022
2	Ehsan Ghadbeigi	Nuclear scientist and engineer	May 26, 2022
3	Ayoob Entezari	Nuclear scientist and PhD holder in aerospace engineering	May 31, 2022
4	Ali Esmailzadeh	IRGC colonel	June 3, 2022
5	Kamran Mollapour	Nuclear scientist and PhD holder in nuclear medicine	June 5, 2022

statement that members of the IRGC assassinated her brother. She claimed he refused to work with Iranian officials on the country's nuclear program. According to an opposition website, Hosseinpour<sup>(23)</sup> had clandestine connections with some Iranian dissidents, which supports Mahboubeh's claim. The Iranian government, according to Ali Nourizadeh, director of the London based Center for Arab and Iranian Studies, was behind the nuclear scientist's death after he was accused of leaking information about the Iranian nuclear program to Western countries and warned of a disaster at the Bushehr nuclear plant.<sup>(24)</sup> Ayoob Entezari, an aerospace scientist was also poisoned like Hosseinpour and died in 2022.<sup>(25)</sup> Hosseinpour, Entezari, and other scientists died for a variety of reasons. The existence of a foreign enemy targeting the country's nuclear program, was an excuse used to cover the regime's failure to protect key sites and installations, and the breaches it has suffered at the hands of its own senior nuclear officials and scientists. Perhaps Iran also wanted to eliminate those officials and individuals who developed a lack of trust in the regime, thus were targeted by the IRGC, and other security apparatuses that overlook the country's

### Fragility of Iran's Internal Security System

The foggy structure of Iran's security apparatuses, as well as their overlapping scope of tasks and missions, have significantly impacted their efficiencies. Iran's security apparatuses are divided into four entities, with other bodies branching off them, all of which execute the same tasks. The fact that the IRGC is in charge of security and intelligence operations complicates matters even more. It operates independently of the Supreme Council of Cyberspace, which reports to the Ministry of Intelligence. The IRGC is also in charge of several other security apparatuses in various military sectors. Despite the existence of a coordinating council between the various security apparatuses, its effectiveness in coordi-

nating tasks and missions and responsibilities is poor. This has resulted in the Ministry of Intelligence, the IRGC-affiliated intelligence apparatuses, and Iran's national security units adopting an individualist approach to decision-making.

Another reason for the security system's flaws is the disparity between the security apparatuses, which has given the IRGC an advantage over the regular army and the Ministry of Intelligence. Additionally, competent personnel are in short supply. They are chosen and recruited based on religious and ideological loyalty over efficiency to execute tasks or knowledge of security affairs.

The plethora of procedures taken by the Iranian government following each security breach is perhaps one of the indicators pointing to the IRGC's weakness in countering security breaches and the enormous dilemma it faces in this regard. Such procedures did not reflect the extent of damage caused by breaches. Following the explosions at the Fordow<sup>(26)</sup> nuclear site in 2022, the IRGC established the so-called Nuclear Protection and Security Corps, which also proved to be incapable of averting security breaches. The shake-up in the IRGC's command, including the dismissal of the organization's intelligence unit chief, Hossein Taeb, who is close to the Supreme Leader, was also insufficient and failed to resolve the security dilemma. He was fired because his intelligence unit failed to prevent several operations inside Iran, including high-profile assassinations.<sup>(27)</sup>

Iran has accused its adversaries, particularly the United States and Israel, of being behind the establishment of espionage networks on Iranian soil and working to recruit agents within the country. As mentioned, anonymous Iranian officials declared to the New York Times, the existence of Israeli espionage networks among Iran's senior security/intelligence officials and leaders.<sup>(28)</sup> Following the assassination of nuclear scientist Mohsen Fakhriadeh, the former

Iranian Minister of Defense Hossein Dehghan echoed the same views. "The assassination was the result of a major security breach in the Iranian security system," he said.<sup>(29)</sup>

### Conclusion: Future Iranian Scenarios for Countering Security Breaches

The challenges facing Iran's domestic security apparatus are increasing, particularly in light of recent breaches, particularly in 2022. Perhaps the wrong policies pursued while attempting to construct the security apparatuses made them vulnerable and fragile. This is in addition to the fact that the state-institutions responsible of maintaining security in the country do not follow institutional rules neither do they have an institutional framework or an umbrella leadership that outlines their duties and missions, so they end up overlapping with each other, needless to say the IRGC overtakes their duties without coordinating with them. Based on the aforementioned, it is expected that the IRGC's intervention to oversee the security situation will increase by granting it full powers against the backdrop of growing skepticism about the work of the regular security establishment. As the scope of confrontation between Iran and its adversaries, whether inside or outside Iran, has grown, so has popular discontent and anger at the regime's domestic policies. Iran could also begin redefining the tasks and missions of its security apparatuses by forming specialized units under the authority of the IRGC like the Nuclear Protection and Security Corps. The IRGC will be tasked with carrying out all missions beyond the framework of national security apparatuses. However, the reality suggests that there are significant shortcomings in the efficiency of Iran's security apparatuses, leading to further exploitations and breaches in the future •



# Iran's Security Establishment: Shortcomings and Official Responses to Security Breaches

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## ■ Trajectory of Iranian Security Breaches in 2022

- Iran faced dangerous security breaches which have exposed how flawed this security establishment is
- The breaches involved senior IRGC leaders, the Ministry of Intelligence and other apparatuses concerned with security activities

## ■ Iranian Responses to Security Breaches

- Denial and contradiction have been the hallmark of the Iranian government's response to the breaches targeting the security establishment
- Promoting the idea that there is an outside enemy that targets the nuclear program—a pretext for the failure to counter security breaches

## ■ Fragility of Iran's Security System

- Conflicting and overlapping duties of security services which rob them of effectiveness
- Competition between security organizations and giving precedence to the IRGC, which weakens other apparatuses
- Choosing cadres based on criteria such as religious and ideological affiliations, not based on merit and capacity, which weakens the entire security apparatus



### Shifts in Shiite Discourse

This file sheds light on the religious and ideological developments involving Iranian religious elites and the Shiite seminary. It also examines how these developments affected the political and religious landscapes, as well as the hawza's relationship with the public sphere. The Ideological File of the 2021 Annual Strategic Report shed light on major events in Iran at the hawza and state levels. It addressed several issues, including the Qom-Najaf differences which sparked debate on a variety of political and religious issues. These issues included the use of fatwas (religious edicts) for electoral purposes, the Pope's visit to Najaf and Iran's condemnation of the visit, and Tehran's relationship with the Taliban on the one hand and the entire Shiite community on the other. This year, the file spotlights two issues considered the most prominent throughout the year. The first issue is regarding the question of mandatory hijab in Iran and the Iranian government's employment of the matter. The second issue concerns marja Kazem al-Haeri's resignation and the political and seminarian implications of the move as well as its impact on the geographical scope of Shiite *taqlid* (emulation).

## The Hijab Crisis in Iran

A Kurdish woman named Mahsa Amini died in September 2022 at the hands of Iran's morality police for wearing the hijab improperly. Her death sent shockwaves through the Iranian street which rose up against the clerical establishment and its stringent interpretation of religion. In protest against Amini's death, women removed their hijabs on the streets and public transportation, as well as in schools. As a result, the theocratic establishment faced a real dilemma, caught between its interpretation of religion and the demands of the Iranian people.

### Condemnation and Calls for Accountability

A number of "reformist" figures called for the officials responsible for Amini's death to be held accountable. Among these figures is Hassan Khomeini, who has called for those involved in the killing to be held accountable in a transparent and rigorous manner. He also urged the judiciary to quickly reveal the circumstances of the incident to avoid further dangerous events,<sup>(30)</sup> which have already occurred. Some "reformists" criticized Khamenei's and the religious elite's policy. In an official statement, Mehdi Karroubi criticized Khamenei and blamed him for what happened.<sup>(31)</sup> A group of Iranian intellectuals issued another statement in which they also blamed Khamenei for Amini's death. The statement was signed by intellectuals such as Hassan Yousefi Ashkouri, Ali Reza Rajaei, Reza Ali Jani and Sedigheh Vasmaghi. The statement read, "Over the past decades, the morality police patrols have been brutally repressing these wronged people. The imposition of mandatory hijab is a symbol of totalitarian military brutality which governs with dictatorship in the name of religion."<sup>(32)</sup> The statement also noted that "enjoining virtue and preventing vice" has become a tool to restrict and repress people. It also called for Iran's morality police patrols to be dissolved. Female voices decried the killing of Amini<sup>(33)</sup> such as the daughter of Ayatollah Taleghani.

Faezeh Hashemi, the daughter of the former late Iranian President Hashemi Rafsanjani, adopted the same position, and was arrested by the police on accusations of inciting the people against the government.<sup>(34)</sup>

Mohammad Taghi Fazel Maybodi, a member of the Qom Society of Seminary Teachers, condemned the morality police patrols and their treatment of women. "Official talk about the morality police's harsh responses and behavior toward women is futile," he said. "Under the guise of improper hijab, women have faced verbal and physical violence for years. Attacking women because of their dress code is illegal, violates norms, violates the law, and defies common sense."<sup>(35)</sup> He also criticized the implementation of the Promotion of Virtue and Prevention of Vice in a way that does not correspond to its true purposes and philosophy in Islam. "Cease using violence in the name of religion," he said, adding, "in Islam, encouraging virtue and preventing vice entails assisting people in establishing order, which entails combating corruption. It does not imply that the regime organizes police patrols to molest women because of their exposed hair strands."<sup>(36)</sup> Mohammad Reza Mablighi, the head of the Committee for the Promotion of Virtue and the Prevention of Vice, laid out a number of recommendations to address the problem.<sup>(37)</sup> Other voices within the establishment, however, justified the government's policy of repression and violence against women. They view that there should be zero tolerance when it comes to compliance with the mandatory hijab, given that it is a law, a religious obligation and an integral part of the political system's culture and revolution.<sup>(38)</sup>

### The Viewpoint of Iran's Ruling Religious Elite on the Hijab

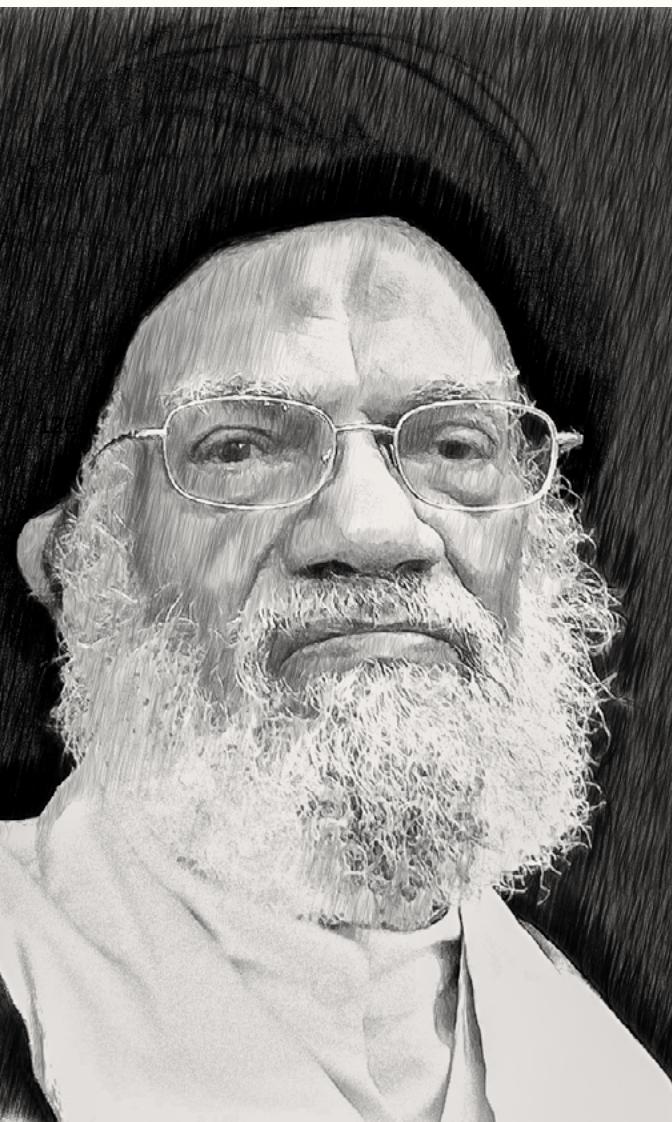
From the standpoint of the centrality of Islamic jurisprudence, Iran's ruling religious elites believe that failure to comply with the mandatory hijab is a crime. Therefore, morality police patrols arrest women and girls who do not or

improperly wear the hijab. Opponents of the establishment's interpretation argue that the behavior of the masses is supported by longstanding custom and social acceptance. Accordingly, if society accepts and condones the way women wear the hijab, it cannot be described as inappropriate.<sup>(39)</sup> Despite the harsh criticism leveled at the morality police and members of the Committee for the Promotion of Virtue and the Prevention of Vice, the clerical establishment clings to its interpretation. The establishment regards the hijab as part of the revolution's Islamic identity and one of the manifestations of the state's Islamic doctrine. In other words, by imposing the hijab, the ruling establishment strengthens its political and religious legitimacy because it believes that prioritizing superficial religious obligations and imposing them on the people is less costly than reforming core aspects of the system's narrow reading of Shiite Islam. As a result, questions about identity and appearance have risen in Iran at the expense of constitutionality, social justice, and other state-related issues.

### Toppling Haeri: The Dispute Over Marjaya Leadership

In August 2022, Shiite marja Ayatollah Kazem al-Haeri announced his resignation, citing ailing health conditions. He called on all the Shiites that emulate him to shift to emulating Iran's supreme leader. In his resignation statement, he reminded his following that he studied religious sciences at the feet of Mohammad Baqir al-Sadr.<sup>(40)</sup> He appeared to have wanted to assert that he is the heir to Sadr's heritage and legacy. In reference to Muqtada al-Sadr, he said that some claim to be representatives and inheritors of the legacy of Mohammad Baqir al-Sadr while lacking the credentials and failing to reach the capacity of performing *ijtihad* (independent reasoning to derive legal opinions). He then called for obeying Khamenei since he is — according to Haeri's viewpoint — the most worthy and capable of

leading the Shiite community and managing the conflict with the forces of injustice and arrogance." By this message, Haeri sought to delegitimize Muqtada al-Sadr and the Sadrist Movement. The majority of Shiites affiliated with the Sadrist Movement emulate Haeri on new matters based on a will from Mohammad Baqir



al-Sadr (Muqtada al-Sadr's father). Haeri also lashed out at the hawza in Najaf and Muqtada al-Sadr. As for Muqtada al-Sadr, Haeri accused him of lacking ijtihad as well as leadership credentials. Haeri also leveled implicit criticism at Najaf saying, "I call on all the believers to take care of our sacred Popular Mobilization Forces (PMF). It should be backed and supported as an independent military force, not integrated into other forces." Thus, Haeri broke from Najaf's continued calls for absorbing the PMF into Iraq's security institutions.

#### ***The Context of Haeri's Resignation and Polarization Across the Shiite Landscape***

Haeri's resignation came at a critical point in Iraq's political history as there was disagreement over who should be Iraq's prime minister and form the next government as well as deep intra-Shiite polarization. Iran sought an exit from the deadlock gripping the entire Shiite landscape to benefit its supporters and loyalist forces. Sadr has the highest level of popularity and political legitimacy in Iraq, as he won the majority of seats in the Iraqi Parliament in the recent elections. As a result, Iran chose to undermine his religious and confessional credentials through Haeri, who resides in Qom and pledges allegiance to the guardian jurist.

When it comes to Najaf's supreme marjaya, it is mired in a genuine crisis with a politico-religious dimension. The religious dimension is how the hawza will prepare for the post-Sistani era, given his advanced age and the death of Grand Ayatollah Mohammed Said al-Hakim, who once commanded consensus among Najaf's religious hierarchy to be Sistani's successor. Furthermore, there are Iranian attempts to intervene in the post-Sistani arrangements. The political dimension stems from Najaf's stance toward Iraq's competing Shiite factions. It is concerned about the forces loyal to Iran and Wilayat al-Faqih who want to impose Iran's clout in Iraq and Najaf. In the same way, Najaf is concerned about Sadr and his ambitions to combine polit-

ical and religious leadership as his father did, who had deep and multiple disagreements with the religious hierarchy in Najaf.

#### ***Sadr's Attack and the Politicization of the Marjaya***

Sadr realized that Haeri's resignation was primarily aimed at him, with the objective of stripping him and his movement of religious and political legitimacy within the Shiite community. Thus, he took aim at Haeri in response, issuing a statement in which he announced his withdrawal from politics.<sup>(41)</sup> Sadr said, "Many believe — including Sayyed al-Haeri (may his shadow endure) — that the leadership was accorded to us upon their favor or order. Nay, it is God's favor in the first place and my father's lush fountain (of leadership expertise)...who had never abandoned Iraq or its people."<sup>(42)</sup> Here, it seems that Sadr is implying that Haeri abandoned Iraq and its people and settled in Iran, pledging allegiance to its leadership at the expense of the interests of the Iraqi hawza and people. In his statement, Sadr sought to strengthen his position through invoking Najaf's centrality and history saying, "Despite the resignation (of Haeri), Najaf remains the largest home of al-Marjaya as it has always been." Sadr then highlighted his disinterest in politics, instead focusing on observing the obligation of enjoining good and forbidding evil. The most significant part of Sadr's statement was when he implied that Haeri's resignation was against his will. According to Sadr, the Iranians exerted pressure on him to resign. Thus, by resigning, Haeri wanted to distort Sadr's image and delegitimize him. In light of this, Sadr declared his withdrawal from politics to counter Haeri's resignation; Sadr also responded to Haeri's scathing criticism in the same way.

As for relations between the two sides, Haeri had blessed the formation of Sadr's Mahdi Army. He was also the first cleric to designate Sadr as hojatoleslam. Therefore, when Haeri advised his followers, mostly Sadrists, to emulate Iran's Supreme Leader Ali Khamenei, he created a huge

See also



Report

Available in Arabic and English



# HAERI'S RESIGNATION

## Implications and Potential Scenarios

crisis within the Sadrist Movement as well as throughout the Shiite community in general.

### *The Crisis of Emulation and Najaf's Position*

Haeri's resignation created a crisis of *emulation* (taqlid) among many of his followers, raising questions about taqlid, its conditions, methods and nature, given that Haeri called on them to emulate the Iranian supreme leader, which Sadr and the Sadrists dismiss. It seems that Sadr attempted to overcome this dilemma by reiterating the central role and historical significance of Najaf as the original and biggest marjaya, taking advantage of Haeri's criticism of it. Therefore, it seems that the Sadrists will emulate the Najaf marjaya with regard to new matters and will continue to emulate Mohammad Baqir al-Sadr on the old and well-established issues, given that he had called upon his followers before he died to emulate Haeri or Fayadh. Hence, the Sadrists may have viewed Haeri's statement as an opportunity to cast off the burden of emulating him, who is loyal to Tehran's ideology. Accordingly, now there is room for the Sadrist Movement to maneuver and ally itself with Najaf. In this context, a delegation from Najaf's marjaya

On August 22, 2022, Kadhim al-Haeri announced his resignation from the position of marja due to old age and illness. This announcement was unexpected and unprecedented for a marja, and it caused a political earthquake in Iraq, with the rug pulled out from under the feet of the Sadrist Movement, particularly its leader, Muqtada al-Sadr. The latter derived religious legitimacy from Haeri, and his resignation cast a shadow of doubt over Sadr's religious credentials and leadership qualities. In fact, Haeri in his resignation letter questioned Sadr's ability to lead given his lack of qualifications to perform *ijtihad* and undermined him further as well as the holy Shiite city of Najaf by directing the Iraqi people to emulate the

Iranian Supreme Leader Ali Khamenei. There is no doubt that Haeri's resignation caught Sadr off-guard, with little time to prepare for such a bombshell. Sadr reacted like he has in the past when political complexities emerge, he announced his withdrawal from political life on August 29, 2022, causing massive confusion and chaos on the Iraqi street. Considering these two unexpected events, a series of questions emerge regarding the implications of the resignation/withdrawal and the potential scenarios that might play out in the future. Answering such questions are critical to determining what the Iraqi political landscape will be like in the short-term, which will have ramifications, whether positive or negative, for regional countries...



paid a visit to the Ashoura revolution consolation assembly held by the Sadrist Movement, a move construed by the latter as support in the face of its foes.<sup>(43)</sup> But at the same time, Sadr may prepare himself to be capable of performing *ijtihad* and issuing fatwas in the future, thereby declaring himself as a *marja*, combining political and religious leadership. None of Sadr's foes or competitors inside and outside Iraq wants this to happen. If Sadr does so, he will be the grandest *marja* with the biggest following and overriding

influence. The Iranians do not want to see Sadr become a *marja* since this will detract from the guardian jurist's prestige. Major actors in Najaf also believe that if Sadr does so, he will mark a break with Najaf's inherited line of quietism and emulation as well as its approved and well-established political theory.

### Conclusion: The Future of the Intra-Shiite Dispute

The Iranian ruling system uses the issue of the hijab to assert its power and dominance, as well as to enforce its unilateral and monopolistic interpretation of religion and politics. As a result, the establishment is finding it difficult to meet the demands of the youth, women and "reformist" protesters to ease the pressures on it. In terms of Haeri's resignation, which the Iranian establishment used to strike Sadr and the Sadrists, it represented an opportunity for the Sadrists to throw off the burden of emulating the pro-Iran Haeri and instead turn to Najaf for guidance and to strengthen relations with it, at least in the medium term.

With regard to the shifts in Shiite rhetoric, we can draw two important conclusions in this context. First: it is likely that the ruling establishment will continue to take a harder and more extreme line on the issue of the hijab as it is one of the manifestations of the Islamic and revolutionary character of the system at the expense of core essential priorities —such as social jus-

tice, wealth distribution and human rights that include women, minorities and even animal rights. As such, the establishment confines Islam only to aspects related to outward appearance and believes that abandoning such aspects will deal a blow to its legitimacy among its popular bases of support and incubators which are attracted to populist and Islamist discourse. The second conclusion is related to Haeri's resignation. Haeri wanted to put Sadr in an awkward position and strip him of religious and seminarian legitimacy. Sadr countered the attack with an attack and sought support and solidarity from Najaf, invoking its centrality and historical role. This seemed to be a cue for his followers to shift emulation to Najaf regarding new matters. Najaf, for its part, has not commented on the resignation of Haeri, but has urged Sadr to quell tensions.

Finally, it is likely that the intra-Shiite dispute will escalate in the future. A massive shift is expected to emerge; the violence of radical militants may penetrate into the Shiite community itself instead of attacking those who are different in nationality or sect. This scenario is likely given the Najaf *marjaya's* position; it stands relatively away from intra-Shiite disagreements because the *marjaya* is preoccupied with preparing itself for the next supreme *marja* after Sistani and because the followers of *Wilayat al-Faqih* violated the recommendations of the Najaf *marjaya* on many occasions. Therefore, new Shiite actors managed to find room to maneuver and engage in conflict with other Shiite factions; they oppose each other and do not follow one *marjaya* and suffer longstanding disagreements. However, this intra-Shiite violence may not happen. The dispute may remain merely ideological. The Najaf *marjaya* may be able to curb its opposing factions/actors or Tehran may play a role in easing tensions to preserve its strategic interests. Such scenarios are bound to the extent of rationality of Shiite factions and their perspectives and interests •





# Shifts in

# Shiite

# Discourse

## The Hijab Crisis in Iran

- The “reformists” and hawzas called for the officials responsible for Mahsa Amini’s death to be held accountable
- Iran’s ruling religious elites believe that failure to comply with the mandatory hijab law is a crime

## The Repercussions of Haeri’s Resignation

- Iran chose to undermine Sadr doctrinally through Haeri
- Sadr attacks Haeri and denounces the politicization of the marjaya
- Sadr’s crisis of emulation and allying with Najaf

## The Future of the Intra-Shiite Dispute

- The ruling establishment will continue to take a more extreme line on the issue of the hijab in spite of widespread public objection
- Uncertainty over the future of Sadrist marjaya emulation



**Deterrence and Partnership:  
Iran’s Defense Policies  
and Its Cooperation  
With China and Russia**

Russia and China, both UNSC permanent members and signatories to the JCPOA, see Iran as a key strategic partner. Much has changed since the two had voted against Iran on three UNSC resolutions that imposed sanctions on its nuclear program and arms acquisition. Though Iran maintained good working relations with China, ties with Russia fluctuated between bitter and lukewarm. Since US President Donald Trump’s withdrawal from the JCPOA, the two major powers have sided with Tehran unequivocally. Yet, Moscow and Beijing do not share identical views on Tehran. Russia may well ignore Iran’s tacit or explicit pursuit of nuclear weapons as witnessed in the case of North Korea.

China, on the other hand, will seek a balancing approach due to its ties with Iran's neighboring countries, especially the Gulf states, Pakistan and Afghanistan. China's global interests are tied to the free flow of global commerce and development projects under the umbrella of its Belt and Road Initiative. Putin's Russia is pursuing a combinative path to assert its influence. This file discusses three prominent topics: increased Russia-Iran cooperation, the basis of Russia-Iran cooperation, and finally, the future of Iran's defense cooperation with China and Russia.

### Increased Russia-Iran Cooperation

Russia-Iran relations have never been better than today. They are more than a marriage of convenience. The Kremlin has supported Iran since the tenure of former Iranian President Hassan Rouhani. Russian President Vladimir Putin realized that Iran would prove a reliable partner in the context of his lofty ambitions. The uprising in Syria was also instrumental in bringing the two states closer together as they agreed to rules of engagement in the country. Russia's prominent role in the nuclear talks which eventually led to the signing of the JCPOA solidified the Moscow-Tehran relationship.

After Russia's war on Ukraine, Iran initially positioned itself squarely on Russia's side while criticizing the West for encircling its ally. "The expansion of NATO is a serious threat to the stability and security of independent countries in different regions."<sup>(44)</sup> At the time, Russia was confident that it would annex Ukraine within 72 hours. For pragmatic Iranians, there was no harm in ignoring Ukraine's right to sovereignty for a powerful ally.

By August, Iran's tough-bargaining behavior was unable to revive the JCPOA and IAEA as well as European diplomatic pressure surged significantly.<sup>(45)</sup> Shaken by Ukraine's counteroffensive in the east of the country, Russia rushed to every possible source for arms supplies. Tehran's cheap drones were easy pickings as were artil-

lery munitions from North Korea. As of October, 31 attacks on Ukrainian cities revealed the low success rate of Russian cruise missiles. To the Kremlin's dismay, 44 cruise missiles of 50 fired were intercepted by Ukrainian air defenses.<sup>(46)</sup> The desperate move to avenge the Sevastopol attack glaringly exposed Russia's weakness. It opened the possibility of deploying Iran's mobile short-range ballistic missiles: Fateh-110 and the Zolfaghar.<sup>(47)</sup> However, to counter the Iranian weapons deployed by Russia, Ukraine has amassed an array of Western missiles and drones. Iranian missiles cannot beat Ukrainian air defenses with their speed and maneuverability. How will cash-starved Russia pay back Iran is anybody's guess. The swap deal announced on November 1 suggests that the Kremlin will not be handing over to Iran about a dozen Su-35s manufactured for Egypt given the attrition of RuAF jets in the war. On paper, the barter deal provides Iran with cheap Russian gas for its domestic market while it can sell its own to foreign clients.<sup>(48)</sup> The caveat, however, is the difficulty in Russian gas reaching Iran as no third country has agreed to facilitate gas supplies so far and there are no other signatories to the memorandum of understanding.

The agreement signifies the deepening bond between Iran and Russia on almost all issues unlike the early 2000s when development work at the Bushehr nuclear plant and the provision of S-300 systems remained a bone of contention due to Moscow's prevarication. Tehran is seemingly assured of its defense needs being amply met once the Ukraine imbroglio is eased if not resolved.

### The Basis of the Iran-China Partnership

Iran's partnership with China remains more subdued, low-profile but long-term. Even though Beijing may not be going public about Tehran's defiant moves vis-à-vis the IAEA as well as its violation of the limits set by the JCPOA, this does not mean that there is no unease expressed

behind closed doors. China's support for Iran's nuclear program is not unconditional and unlimited. There is nothing that Tehran can offer Beijing that its other partners in the Gulf or the Middle East cannot. It is no secret that China used Iran as a bargaining chip in the early to mid-2000s for gains from the United States. It eventually voted against Iran at the UNSC instead of vetoing the resolutions. Iran is aware of China's concerns but keeps testing the limits.

If the snapback process is initiated again at the UNSC over Iran's supply of missiles to Russia, China will oppose it, not just for Tehran's sake but also for Moscow's. The process will be much more complex than speculated for either side.<sup>(49)</sup>

Tehran eyes Beijing as a source of the latest, cheaper and no-strings-attached weapons systems, ranging from fighter jets to corvettes and submarines. Iranian students are pursuing education, particularly in science and technology, in various Chinese academic institutions.

China recently opened a consulate in the port city of Bandar Abbas. The two countries signed a memorandum of understanding for the development of projects spanning over 25 years and worth billions of dollars.<sup>(50)</sup>

The much-hyped agreement has not been ratified by Iran's Parliament, while its on-ground operationalization hinges on the revival of the JCPOA. Tehran has been successfully engaging with the Chinese for projects at strategic ports such as Bandar Abbas and Jask.

For Iran, China is a convenient yet core source of modern technologies. During the shah's era, the best minds were the product of American or Western education, and now during the current turbulent times, young bright Iranian minds can be found in Chinese universities.

The protests in the aftermath of the death of Mahsa Amini provided Iran with a rude awakening about its snail-paced project for its very own intranet. Despite investing billions, Iran's parallel cyber-verse is an isolated and engineered venue for state-certified data and infor-

mation where almost everything that happens is monitored. China has successfully separated its internet from the rest of the world. It can support Iran's quest for a reliable intranet. Tehran might also be seeking Beijing's expertise in curbing dissent and identifying the protestors through surveillance networks. China's facial recognition technology can eventually become the Iranian government's insurance policy for some time amid growing social, economic and political discontent in Iran.<sup>(51)</sup>

At the regional level, China will limit itself to the role of bridge-builder or moderator. Regardless of worsening Sino-US ties, the White House might seek Beijing's hand in reaching an agreement on the future of Iran's nuclear program. After India, Pakistan, Russia and North Korea, the

last thing China needs is an ideologically driven nuclear-weapons state.

### Future of Iran's Defense Cooperation With China and Russia

While Russia's vulnerabilities and limitations have been exposed, China is steadily pursuing its predetermined path to progress. Iran's rash policies and worldview are more in sync with Moscow than Beijing. Iran's challenge will be to avoid falling in the crosshairs of two strategic competitors who are also next-door neighbors.

The SCO remains the prominent multilateral platform where Russia, China and Iran can show convergence of policies. However, Beijing will carefully stay in the clear from signaling broad support for Moscow and Tehran. There is neither

a parallel Eastern bloc in the works nor some sort of parallel to NATO.

It is expected that Iran will continue its military cooperation with Russia in 2023 as the two sides need each other, needless to say that Iran also needs to reinforce its position in the balance of power equation, enhance the reliability of its military equipment, strengthen its deterrence power, and send messages inside and outside the country to protect and maintain the political system. As for Russia and China, they will likely resort to balance their relations with Iran and regional countries to protect their interests, given the fact that this balance supports their competition against the West and enhances their desire to create a new multipolar world order •

See also

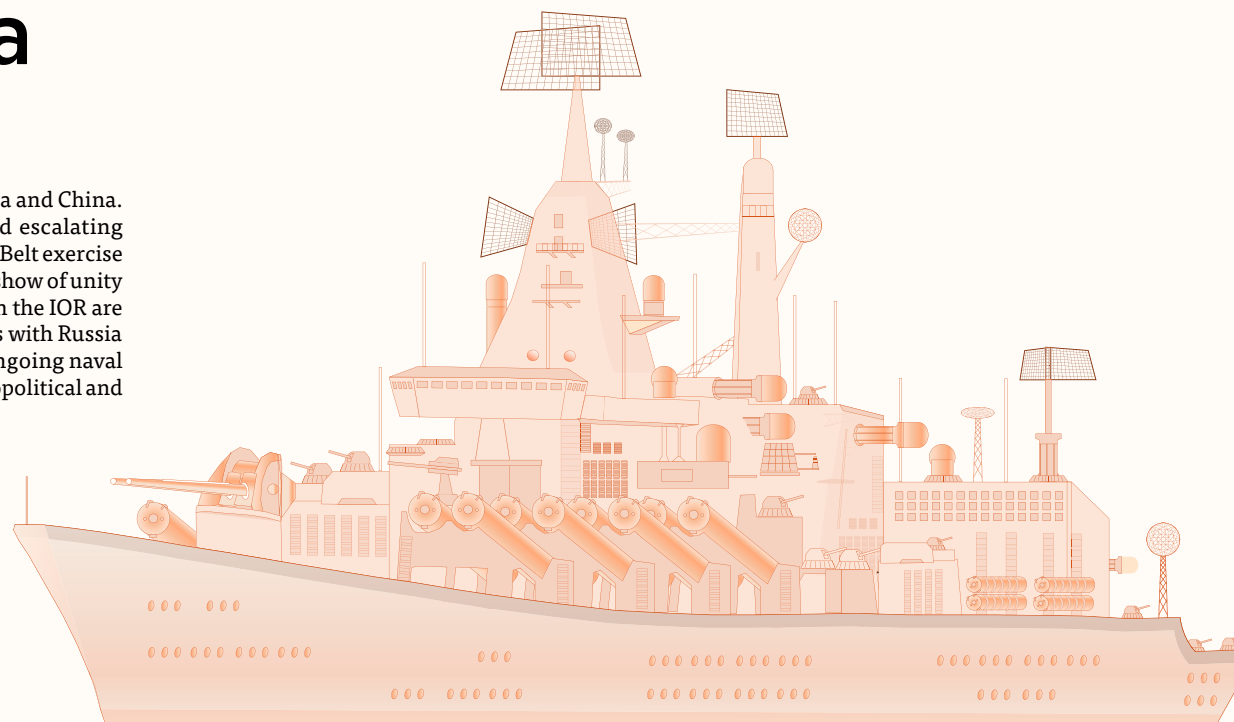


Report

Available in Arabic and English

# The Significance of Iran-Russia-China Naval Drills

Iran in recent years has stepped up its joint naval drills with Russia and China. Iran, Russia, and China displayed their close cooperation amid escalating tensions with the United States through the 2022 Marine Security Belt exercise in the Indian Ocean Region (IOR). The recent drill also projected a show of unity between the three countries against the West. Iran's ambitions in the IOR are critical to its economy and military and its strategic partnerships with Russia and China focus predominantly on security cooperation. The ongoing naval drills reflect Russian and Chinese interests in the IOR and their geopolitical and strategic considerations in partnering with Iran...





# Deterrence and Partnership: Iran's Defense Policies and Its Cooperation With China and Russia

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## Increased Russia-Iran Cooperation



- The Syrian and Ukrainian crises increased rapprochement
- Moscow's prominent role in signing the JCPOA
- Supporting Russia in the Russia-Ukraine war and the delivery of drones and ballistic missiles
- Signing a memorandum of understanding for cooperation and barter agreements

## The Basis of the Iran-China Partnership



- Unconditional and unlimited support for Iran's nuclear program
- Signing a memorandum of understanding for the development of projects spanning over 25 years
- China's support for establishing a restricted intranet network in Iran to confront the protests and opponents

## Future of Iran's Defense Cooperation With China and Russia



- Using the Shanghai Cooperation Organization (SCO) as a platform for rapprochement
- Russian and China will resort to balance their interests between Iran and the regional countries
- The continuation of Iranian-Russian military cooperation



**Social Developments  
in Iran in 2022**

This file discusses social developments in Iran and their impact on the country's political, social, and economic affairs. Rasanah's 2021 Annual Strategic Report expected an increase in income inequality, unemployment, poverty, and social risks. Iran's Social Progress Index showed a decline in basic standards of living in 2022. Here, the file offers an overview of Iran's basic performance in three important categories that are a cause of social tensions: the Multidimensional Poverty Index (MPI), Social Risk Index (SRI), and Gender Development Index (GDI).

## Multidimensional Poverty Index (MPI)

### COVID-19 and Its Impact

Iran experienced five waves of the coronavirus pandemic. The pandemic caused 60,000 first graders to skip school in 2021-2022, almost twice as high than a year earlier when the pandemic was first detected in the country. Other factors that also contributed to school dropout rates included the unreliability of virtual testing and the challenges associated with remote learning.<sup>[52]</sup> In the East Mediterranean Region of which Iran is a part, the country reported the highest number of COVID-19 cases, nearly 32.72 percent of the region's total.<sup>[53]</sup> The US-led sanctions against Iran and the health pandemic caused severe social problems in the country. Iran's homeless population experienced the most difficulties because of the virus as did illicit drug users.<sup>[54]</sup>

### Vulnerabilities of Employment

Iranians faced mounting unemployment and under-employment challenges. Unemployment figures were mixed, with some positive forecasts for the job market, showing a total unemployment rate of 9.2 percent for the year.<sup>[55]</sup> But in July 2022, unemployment rates for people between the ages of 18 and 35 stood at 14.1 percent and 16.6 percent respectively. Some 9.7 percent of people employed in Iran worked less than 44 hours per week because of a lack of year-round and seasonal work as well as due to other factors such as stagnation in the job market and the inability to find more time to work.<sup>[56]</sup> By October, the job market picked up, and unemployment dropped by 0.7 percent. But 23 percent of young people aged between 15 and 24 remained unemployed in the summer, leading into October, or an unemployment rate 2.7 percent higher than the previous year.<sup>[57]</sup>

### Poverty and Social Injustice

Despite a gradual economic recovery in the post-pandemic phase, Iran experienced water, energy, electricity and social welfare problems.



Consequently, the projected average GDP rate in Iran was expected to remain modest in the medium term.<sup>[58]</sup> Annual inflation rates increased to 40 percent, and point-to-point inflation in July reached 54 percent.<sup>[59]</sup> By early 2022, nearly 30 percent of Iranian households were living below the poverty line. As of April, food prices increased by 43 percent compared to the previous year.<sup>[60]</sup>

In May, despite the resurgence of poverty protests in Iran, the government ordered the dissolution of the country's largest non-governmental organization for helping the poor. Known as the Imam Ali Popular Student Relief Society (IAPSRs), the NGO threatened the government because of its popularity and policy of standing up to social injustice.<sup>[61]</sup>

## Social Risk Index (SRI)

### Protests

The presidency of "hardliner" Ebrahim Raisi has ushered in a new phase of instability in Iran. Workers, teachers, and skilled labor pro-

tests remained part and parcel of the Iranian landscape in 2022. Despite the government's harsh measures and the absence of independent labor unions, the number of protests steadily increased.<sup>[62]</sup> In February, teachers held strikes following a three-day protest. By June, the country was rocked by a string of anti-government protests by pensioners and workers. Poverty, harsh socioeconomic conditions, and the lack of freedom promised a new wave of protests in the following months. Despite the violence unleashed by security authorities, the protests remained persistent, and the protestors eventually started to forcefully retaliate.

The ruling establishment remained the main perpetrator of violence in these protests by attacking, killing, arresting, detaining and torturing an endless number of protestors. But citizens slowly began retaliating against state-led violence. In the February teacher-led protests, military officer Colonel Ali Akbar Ranjbar refrained from using his handgun and was stabbed by an unknown attacker, later succumbing to machete

wounds and dying as a result of the attack. The incident led Police Chief Brigadier General Hossein Ashtari to propose a new law to facilitate the use of firearms by law enforcement officers. The Iranian Parliamentary Commission of National Security and Foreign Policy approved a bill to re-enact legislation on firearm use by law enforcement forces in June. In September, Amnesty International revealed that Iran had ordered its armed forces to “mercilessly confront” protestors.<sup>(63)</sup>

In September, 19 people were killed in confrontations between the police and Iran's Balochi minority. Iranian media described the Balochi protestors as “terrorists.” But the protestors were fired on as they left a mosque after performing Friday prayers.<sup>(64)</sup> The ethnic and sectarian protests in Sistan and Balochistan that ensued turned violent in September and October. Four police officers were injured, and one police deputy was killed in the protests.<sup>(65)</sup> At least 82 Balochis were killed in the crackdown, including children, after police and security forces opened fire on protestors, bystanders and worshippers on September 30, known as “Bloody Friday.” The real number of victims was possibly much higher, as the internet shutdown prevented communication by citizens aiming to report the number of injured and dead. Security forces adopted a shoot-to-kill policy in a deliberate act of revenge by the Iranian government to halt the protests through spreading fear among the protestors.<sup>(66)</sup>

The number of female protestors increased during the country's latest and ongoing nationwide protests, triggered by the death of the Kurd-

ish-Iranian woman Mahsa Amini on September 16. In Sistan and Balochistan, the latest protests were triggered by the rape of a local girl by a senior police officer in the summer. The protests led to the disappearance of students, girls and children who were taken by police and the security officers, with their fates unknown to this very day.<sup>(67)</sup>

The morality police responsible for enforcing the mandatory hijab in Iran was responsible for Amini's death. Following Amini's death, thousands of Iranians including men, women and children joined the nationwide protests, and scores have been injured and killed as a result of the excessive force unleashed by Iranian law enforcement and security forces. The protests have showed no signs of subsiding, despite the heavy crackdown and internet shutdown across the country.

### Prisoners

Tehran's Evin prison was reportedly attacked by security forces in October, as prisoners staged protests in solidarity with the nationwide protests convulsing Iran, and some attempted to escape. Several prisoners died during the attack. Reports on the treatment of prisoners in Evin remained vague, and the state denied any involvement in the attack and blamed criminal elements for the fire that erupted on site. But local reports pointed to state complicity in setting the prison on fire deliberately to end massive riots. Mostly known for housing a large number of political dissidents, Evin prison reports also pointed to a high number of casualties. Hundreds of protestors were transferred to the prison prior to the attack. Gunshots and explosions were heard around the prison as more prisoners attempted to escape.<sup>(68)</sup>

Torture, detention, denial of adequate medical care and executions are common practices in all Iranian prisons. In addition to criminals, Iranian prisons are inundated with political prisoners, reporters, artists, and activists. Prisoners have often been denied their rights, due process or fair trials, and prison conditions continue to be extremely poor.

There have been many reports about prisoners dying under suspicious circumstances, however, prison authorities have denied responsibility and escaped accountability. Often, families of prisoners who died or were killed in prisons have been forced into silence, and burials have taken place at night to prevent large funeral turnouts.



# HISTORICAL TRAJECTORY OF THE PROTEST MOVEMENT IN IRAN

Since 1999, Iran has witnessed successive protest movements, with the latest one erupting following the death of Mahsa Amini, a Kurdish woman, on September 16 at the hands of Iran's morality police in the capital Tehran. She immediately became an inspiring revolutionary symbol for various segments of Iranian society. It is difficult to predict the protest movement's trajectory in light of conflicting reports from Tehran about whether the protests are expanding or receding. This is because the Iranian authorities have imposed a media blackout. But this does not change the fact that the Iranian government is in a deep crisis and faces a deadlock with the protestors. It is having difficulty finding radical solutions to the demands of protestors due to limited financial resources on the one hand whereas on the other it prefers to embrace a security approach when dealing with protests, which has been apparent over the years...



### **Criminal Activities and Drug Abuse**

Crime rates escalated in Iran, with rising robberies directly linked to poverty and widening social gaps. Even traffic equipment worth \$12.9 million was stolen. This included guardrails, warning and direction signs, cameras, and electronic equipment. According to the Tehran police, 50 percent of robberies were carried out by people with no previous criminal records.<sup>(69)</sup>

Iran did not meet the minimum standards for the elimination of the trafficking of people due to poverty and violence. The hesitancy of trafficking victims to come forward and report cases led to limited transparency on the issue, and government officials were believed to be complicit in trafficking as well as in the use of child soldiers. Officials also conspired in human trafficking and migrant smuggling, and Iran avoided joining the 2000 UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. Additionally, Iran did not report any investigations or prosecutions of government employees and officials involved in human trafficking.<sup>(70)</sup>

An estimated 2.8 million Iranians suffered from drug use problems, and the country has one of the world's highest opiate user rates.<sup>(71)</sup> Moreover, research has shown that Iran has done little to protect young people from engaging in drug abuse. The age of Iranian addicts fell to as low as 10-12 years, according to findings of the Iranian Parliament's Social Committee. The country has adequate legal responses to combat narcotics and addiction, but there is a failure in implementation. The average age of addicts stands at 24 years in Iran.<sup>(72)</sup>

### **Gender Development Index (GDI)**

#### **Gender Employment Gap**

The global health pandemic increased the gender employment gap between Iranian women and men. Only three women were appointed to senior government posts in the country. Since Iranian women have been generally employed

in low to average-income sectors, they have accumulated less wealth, hence they have been unable to take advantage of any investment opportunities. While there are laws to address the gender employment gap in Iran, cultural and political barriers have prevented women from seeking better employment opportunities.<sup>(73)</sup>

International sanctions, the health pandemic and internet shutdowns have been three major impediments to women seeking employment in Iran. As a result, an increasing number of women in Iran have lost hope when it comes to seeking work.

#### **Discrimination Against Women**

Iran's violent treatment of women took a turn for the worse after the death of Amini in mid-September. Massive anti-hijab protests across the country led to the brutal treatment of Iranian women, a large number were shot at and killed, despite the peaceful nature of the protests. Earlier in March, women in Iran protested after being barred from entry into sports stadiums, even women who had bought tickets. The discriminatory ban subjected women to more humiliation in society as security forces used pepper spray to disperse them.<sup>(74)</sup>

Iranian authorities have refused to lift the barriers to improve the lives of women, according to UN experts. As a result, gender inequality has persisted. In matters related to marriage, divorce, employment, political life and inheritance, women continue to face discrimination. Married women cannot travel abroad without a male guardian's approval, and women face frequent daily harassment, arbitrary detentions, torture, and other forms of ill treatment including denial of access to education and employment.<sup>(75)</sup>

#### **Women and Children Welfare Challenges**

Divorce rates stood at 67 percent among families with no children, 22 percent in families with one child, and less than 10 percent in families with two children. Cultural shifts and economic fac-



tors contributed to lower population growth and higher divorce rates in 2021-2022.<sup>(76)</sup> Drug abuse is a major issue among Iranian women and the ongoing prevalence of drug abuse for women aged 15-64 years was 1.5 percent according to a UN report in 2022.<sup>(77)</sup> Iran continually fails to collect reliable data on children and their welfare due to excessive red tape.

### **Conclusion: The Future of Iran's Social Situation in 2023**

The social indexes of 2022 indicate that the growing social and political tensions are likely to increase and have a backlash on the political system, given the ongoing protests calling for regime change and the government's insistence on responding with force. The re-emergence of coronavirus, unemployment, the increase in poverty and food prices will likely exacerbate social injustice in Iran. The severe gender employment gap in Iran, the growing economic crisis, the increase in poverty and unemployment without efficient plans to curb crimes and human trafficking threaten a gradual breakdown of the family unit, and will further increase the injustice faced by women and children •



# Social Developments in Iran in 2022

## Multidimensional Poverty Index (MPI):

- The Pandemic caused 60,000 first graders to skip school in 2021-2022
- Vulnerabilities of employment
- Poverty and social injustice

## Social Risk Index (SRI):

- The reoccurrence of the protests
- The systematic torture of prisoners
- Criminal activities and drug abuse

## Gender Development Index (GDI):

- Gender employment gap
- Discrimination against women
- Women and children welfare challenges



# Fluctuating Influence: Iran’s Presence in the Arab Region in Light of Regional and International Developments



## Gulf-Iran Rapprochement in a Turbulent Region

The last Annual Strategic Report on Gulf-Iran relations envisioned further regional talks. However, these were complicated and implemented at a slow pace against the backdrop of an unstable global environment and the urgent need for regional approaches to the outstanding issues between the Gulf and Iran. The interactions between the two sides in 2022 initially experienced a calm period in light of the outcome of Iran’s presidential election. The election resulted in a new government that proclaimed a different neighborhood policy which it implemented as a key priority. Iranian President Ebrahim Raisi blamed his predecessor for the failure of the Gulf-Iran talks and spoke of a new phase in relations between the two sides under his leadership. This new phase coincided with regional and international changes that impacted the trajectory of Gulf-Iran relations.

As Iran announced the commencement of a new phase in relations with its neighboring countries and that it devote greater attention to resolving regional issues, the Gulf countries initially interacted positively with the messages coming from Tehran with the aim of establishing security, stability and development in the region. A number of other factors have impacted Gulf-Iran relations, other than their own outstanding issues, such as the turbulent global economic conditions, the withdrawal of the United States from Afghanistan and Iraq, the conflict in Ukraine, and the vigorous competition between China and the United States, as well as Iran's stalled nuclear negotiations in Vienna impacted the approaches of regional countries. Further, the momentum generated by the recent visit of Chinese President Xi Jinping to Saudi Arabia and Riyadh hosting three summits (Saudi, Gulf, and Arab) with China, and the Iranian backlash following the joint Saudi-Chinese statement. These aforementioned factors impacted the interactions between the Gulf and Iran in 2022. This file will focus on the positive indicators of Saudi-Iran rapprochement, the impediments to significantly improving relations between the two sides, and the scenarios regarding the course of relations in 2023.

### Positive Indicators of Rapprochement Between Saudi Arabia and Iran

In 2022, Gulf-Iran interactions reflected a desire on both sides to improve relations. Many messages and moves were reflective of the aforementioned. Key proofs of this are the following:

■ **The Iranian president's foreign tour, starting with the Gulf:** The Iranian president vowed to improve Iran's relations with its neighbors and said this was one of his government's priorities. His first foreign visit to Qatar was part of this new phase in Gulf-Iran relations. He expressed his desire to improve relations with the Gulf countries, saying, "We must enhance our relations to improve regional cooperation."<sup>(78)</sup>

During his visit to Oman,<sup>(79)</sup> the Iranian president reiterated his stance and promised to focus more on regional issues. However, the postponement of his proposed visit to the UAE reflects the fact that Iran's regional file is closely linked to its international file; Iran was urgently in need of Qatari and Omani support in the nuclear talks, so the Iranian president was extremely eager to ensure these visits happened.

■ **The return of Gulf ambassadors to Tehran:** The return of the ambassadors of the UAE and Kuwait to Tehran was perhaps an initial step on the long road to correct the trajectory of abnormal relations between Iran and its neighbors. Undoubtedly, the Gulf states, when they carry out such moves, despite the difficulties of the past, aspire for reciprocal moves reflecting Iran's desire to move forward to reach consensus to end conflicts and tensions. Iran stressed that Iran-Kuwait relations are witnessing a new phase of development and it considers the return of Kuwait's ambassador to Tehran as a preliminary step to enhancing cooperation between Iran and its neighboring countries.<sup>(80)</sup> This Iranian position is consistent with the Iranian president's declared policy of prioritizing the improvement of relations with Iran's neighboring countries and his speech at the 77th session of the United Nations, despite the obstacles on this path of rapprochement.

■ **The momentum of Saudi-Iran dialogue:** Regarding the sixth round of the talks between Saudi Arabia and Iran, the previous rounds of which were described as exploratory for both sides, there was hope that one would witness much progress in the details, laying positive ground for future rounds. Against the backdrop of an upsurge in global demand for energy sources because of interruptions in Russian supplies, both Saudi Arabia and Iran find themselves in a position to influence the energy market and position themselves within spheres of global interest. In terms of common interests, an acceptable return of relations to their normal

trajectory would serve the best interests of both countries' economies and help both sides in securing important positions in the international balance of power equation. Therefore, both parties should practically ensure that future rounds of bilateral talks focus on the transformation of the current geopolitical competition to a fruitful geo-economic cooperation.

The Custodian of the Two Holy Mosques King Salman bin Abdulaziz called on Iran to take serious steps to build confidence with its neighbors and the world community.<sup>(81)</sup> In addition, the outcomes of the Jeddah Summit reflected a friendly approach toward Iran and were contradictory to the approach of the United States. Iran's response indicated that it received and understood the messages from the summit. The Gulf states are seeking to redefine their common interests by devising economic solutions away from the confrontational and harmful rhetoric that has characterized Gulf-Iran relations in the past. This approach may help to establish a relationship that is in the best interests of all concerned parties, especially since the two sides are united by OPEC, whose role is growing in importance amid the current global energy crisis.

Although the protests, which Iran blames on foreign countries, including Saudi Arabia, have swept across its provinces, efforts are still continuing to complete the dialogue between Riyadh and Tehran. This is backed by the recent statement of Iran's Ministry of Foreign Affairs about conditions being ripe for political dialogue between the two countries,<sup>(82)</sup> if Iraq, the talk mediator, is ready to re-engage in the talks.

■ **The crisis facing Iran-backed militias:** Iran's limited support on several fronts has impacted the performance of Iranian proxies/militias in the region. Differences are apparent among Shiite elements now. For example, for the time being, Hezbollah abandoned its ideology of resistance and facilitated the signing of the maritime border agreement between Israel and Lebanon; it will lay claim to any economic benefits

that stem from the agreement. In addition, the Houthis militia was compelled to sign the truce with the Yemeni government in order to address and correct its own internal affairs. These differences have acted as a pressure point on the Iranian government to embrace different approaches for regional issues.

### Obstacles in the Way of Gulf-Iran Relations

The positive moves by the Gulf states and Iran serve their mutual interests at the current time. However, there are major obstacles in the way of ensuring a continuation of a positive trajectory in Gulf-Iran relations, including the following:

■ **The structure of the Iranian political system and the collision of perspectives:** The conflicts of interest between several institutions within the Iranian establishment is one of the obstacles to the effectiveness and flexibility of Iranian policy. However, the Iranian supreme leader seeks to achieve a balance between the conflicting institutions based on national interests, including the Iranian government's quest for cordial relations with its neighboring countries. The Iranian president announced plans to improve relations with Iran's neighboring countries during his electoral propaganda campaign and has sought to achieve this goal post-election. However, the IRGC, which is supported by the supreme leader, prioritizes a security approach and does not share the foreign policy approach of the government toward the Gulf states. Iran's Supreme National Security Council aspires to achieve major revolutionary goals such as exporting the revolution, expanding Iranian hegemony, deploying Iranian forces in its spheres of influence, and supporting Iran's proxies across the region. Therefore, to reach a semblance of convergence with the Iranian government is unlikely as Iran has pursued political and security approaches over the last four decades and

abandoning these approaches will in effect undermine the legitimacy of the existing political system and elite.

■ **A crisis of confidence:** The lack of trust between the two parties is the most prominent aspect of Gulf-Iran relations, and hostility has accumulated due to the absence of dialogue and communication. The Gulf states have found it hard to understand Iran's consistent aggressive and militarized behavior and interventions in the region — as they are based on illogical interpretations and violate international law which has impeded cooperation and dialogue, instead, fueling conflict in line with a zero-sum game. Although contact between the two parties exists, with the two sides seeking de-escalation and dialogue, the reality on the ground indicates that intense efforts are needed to reflect the political will to bridge the gap of the past, however, the latter will not be easy to overcome.

Iran has been relieved by the withdrawal of the United States from the region, however, its nuclear file is not settled, nor the contentious issues surrounding its armament program, its behavior and security approaches; all these factors will make it difficult to achieve a breakthrough in Gulf-Iran relations. This is in addition to the political complexities inside Iraq; a country deemed as an area of competition between the two sides and a potential mediator to forge a rapprochement between them. Another factor to take into consideration is the increasingly complex international dynamics which have resulted in the emergence of new alignments among global powers. Therefore, regional countries are compelled to adjust their policies in anticipation of any potential changes.

■ **Iran's internal situation:** The popular Iranian protests reflect discontent toward the government, its policies and growing demands for regime change. The nuclear talks have stalled; there was much hope for a breakthrough to help

in alleviating the domestic economic situation in order to calm the Iranian street. The government is facing multiple crises, and its loss of control has been exposed to the world. After failing to provide an explanation for the protests and blaming external actors which is no longer convincing, the IRGC Commander Hossein Salami threatened Saudi Arabia because of its alleged media support and efforts to deceive young Iranians. An Iranian political analyst has mentioned that the threats from Salami reflect the official position of the ruling establishment. Salami threateningly stated that Riyadh has many opponents in various countries, and that the export of oil is a critical issue, and that resistance could bring exports down to zero.<sup>(83)</sup> Such threatening rhetoric will no doubt hinder the negotiations between Riyadh and Tehran and talks with the Houthis. Saudi intelligence shared information with the United States indicating that Iran could be preparing an imminent attack on the kingdom. This has caused tensions and raised Saudi and US military readiness to confront any Iranian attack. Such Iranian threats are another obstacle in the path of improving relations with Iran.

■ **Cooperation with China, a new arena of competition between Iran and the Gulf:** Following the visit of the Chinese president to Saudi Arabia from December 7 to December 9, 2022, the two countries issued a joint statement calling on Iran to "cooperate with the International Atomic Energy Agency, maintain the non-proliferation regime, and emphasize respect for the principles of good-neighborliness and non-interference in the internal affairs of states." Further they underlined "the importance of finding peaceful and political solutions to the region's urgent issues through dialogue."<sup>(1)</sup> Iranian media outlets extensively analyzed the joint statement, viewing it as a major turning point indicating Beijing's distancing from Tehran and alignment

(1) "Saudi Arabia, China Issue Joint Statement after Xi's Visit," *Saudi Gazette*, December 2022 ,9, accessed December 2022 ,20, <https://saudigazette.com.sa/article/627825>.

with Iran's rivals in the region. They also argued that China confirmed that it only thinks about its own interests; a reality which conflicts with the narrative promoted by the Iranian government about Iran-China relations, claiming it is a strategic alliance. Mohammad Jamshidi, the deputy director of political affairs at the President's Office, attacking Saudi Arabia and addressing China stated, "It was Iran that fought the terrorists in order to restore stability and security in the region and prevent terrorism from spreading to the East and West."<sup>(84)</sup> One can interpret this Chinese turning point as Beijing seizing the opportunity to develop its relations with the Gulf and Arab states, particularly Saudi Arabia, to reap benefits and in light of their international significance. Though the China-Gulf relationship is mainly based on economic considerations, it will undoubtedly impact Gulf-Iran turbulence and China will be a new arena for competition between the Gulf countries and Iran.

### Conclusion: Possible Scenarios for Gulf-Iran Relations in 2023

The moves and attitudes of the two sides over the past year reflect their joint desire to reach a truce in line with their respective interests and future visions. The Gulf states believe that the economic development of their societies is impeded by constant fears and threats to their security and a lack of confidence in Iran's behavior, expansionism, and armament program. The Gulf states believe that securing a vital and stable sphere is the best solution that can be achieved by creating attractive opportunities for Iran to abandon its historical convictions. However, Iran thinks that its security should not be threatened by Gulf-West relations; the Gulf states have vital and historical strategic interests with Western countries. The problem is that Iran wants other countries to change their behavior in line with its concerns without taking into consideration Gulf interests and concerns. Given this context, to test out Ira-

nian reactions, there is a need for partial solutions, meetings and the issuing of statements. We will witness one of the following scenarios in the medium term, unless the protests that have been happening since the start of September force unexpected changes inside Iran:

■ **Better relations:** This scenario could materialize as both sides have declared their desire to end tensions that have been costly. In addition, the United States retreating from the region, which was a source of Iranian concern, Gulf relations with Moscow experiencing progress due to the successful cooperation in OPEC Plus, the change in Saudi-US relations and the independence of Saudi positions from US approaches, are all factors that create fertile ground for better relations between the two sides. Saudi-Iran relations may no longer be based on a tripartite equation: Iran-Saudi Arabia-United States. However, at the same time, the historical distrust and the deep rift and suspicions between the two sides, the conflicting positions on many regional issues, the faltering nuclear talks with Iran, and the growing global polarization in the context of the Ukrainian crisis, make this scenario of better relations somewhat unrealistic. Iran's relationship with Qatar and Oman may improve markedly given their mediating roles in attempting to resolve Iran's most pressing issues. In addition, there are no contentious issues between Iran and Qatar and Oman as is the case with the other Gulf countries.

■ **Escalation of tensions:** The nuclear talks are stalled, and US statements indicate the low priority given to the talks because of Iran's lies. Therefore, Iran is likely to escalate by enriching more uranium and preventing IAEA inspectors from accessing its nuclear sites to verify its activities. Iran is also likely to escalate tensions with Israel, which will in turn carry out attacks and counterattacks. This will bring back a cycle of violence to the region and the Gulf states will be in the range of Iran-Israel interactions. This

scenario is very likely with no time-limit or effective means of pressure to ensure that the Iranian government submits to international resolutions. This scenario is also backed by the divergent positions of the five countries sponsoring the nuclear talks with Iran.

■ **Cautious calm:** This scenario is likely to happen given the fact that the Gulf and Iran engaged in conciliatory steps such as mutual visits, the return of diplomatic communication through reinstating ambassadors and the holding of a series of rounds of Saudi-Iran talks. The statements of Iran and Iraq reflect their desire to raise the Saudi-Iran talks to higher official levels. Further, this scenario is likely when considering that the future of Iran-West relations are still ambiguous given the fact that the nuclear talks in Vienna have not achieved tangible results as yet. This uncertainty has clearly influenced Iran's new approach toward its neighbors. Moreover, Iran's policy of bolstering relations with neighboring countries is driven by the growing economic pressure which has led to deteriorating living conditions. The Iranian ruling establishment, accordingly, finds it necessary to ease tensions in order to address this critical juncture. Moreover, the political system has been facing scathing criticism over its crackdown on protesters and human rights violations. Furthermore, this scenario seems more likely in light of the uncertain outcomes of the current international conflict. The Iranian people do not believe their government's accusation against Saudi Arabia — stirring the protests — which according to them is an indication of the government's inability to tackle the country's problems. Based on the aforementioned argument, cautious calm is likely to continue. However, Iran's proxies such as the Houthis will be instructed to carry out hostile acts. This is the most likely scenario in Gulf-Iran relations during the coming period unless there are domestic surprises that would force Iran to alter its behavior •



**The Dimensions  
of the Political  
Settlement and the  
Spheres of Iranian  
Clout in Yemen**

As the 2021 Annual Strategic Report forecasted, the truce was one of the most prominent developments in Yemen in 2022. The report also indicated that Yemen might witness a “fragile political settlement,” and it added that one of the most significant factors to forge this political settlement in 2022 would be the actions of the Southern Giants Brigades, as it would push the Houthi militia to engage in the political settlement process, even to a limited extent — this expected scenario was evident in Yemen in 2022.

At the beginning of 2022, the Southern Giants Brigades moved from Aden to retrieve three districts in Shabwa through an operation named “Hurricane of the South.” This development was accompanied by a series of political transformations in the Yemeni arena and shifts in global positions toward the Yemeni crisis. The Yemeni crisis was a priority for global powers and this led to political and diplomatic momentum toward the crisis; the outcome of this was the truce.

The truce was considered one of the most important political settlements since the beginning of the Yemeni crisis. It was intended to be the beginning of a new phase of building trust and the start of a ceasefire between the Houthi militia and the legitimate government represented by the Presidential Leadership Council (PLC), formed in Riyadh by a presidential decree on April 7, 2022; it was mainly formed to forge a political settlement to the Yemeni crisis. However, the Houthi militia's attitude toward the truce raised a number of questions: was the truce an effective step toward reaching a political settlement in Yemen? Or, was the truce exploited by the Houthi militia to force the international community to pressure the legitimate government to make further concessions? The truce reached a dead end in late October 2022 because

the militia was unserious about it and highly influenced by Iran's agenda.

This part of the 2022 Annual Strategic Report discusses two main topics: the rights of the Yemeni people between Houthi belligerence and Iran's agenda, and the efforts of the Arab coalition to raise the importance of reaching a political settlement at the international level. Finally, it forecasts possible scenarios for the Yemeni crisis in 2023.

### **The Deadlock of Peace in Yemen Between Houthi Belligerence and Iran's Regional Agenda**

The Yemeni people aspire for international efforts to bring peace, which even if partially achieved, would meet their minimum humanitarian and economic needs. The Houthi-Iranian position remained a stumbling block to the

continuation of the military truce, which was intended to be a stepping stone toward reaching a political settlement. Iran's position on the political process in Yemen can be explained through examining two main dimensions:

#### **The Military Dimension**

Iran uses its relationship with armed non-state actors in the Arab region such as the Popular Mobilization Forces (PMF) in Iraq, Hezbollah in Lebanon and the Houthi militia in Yemen to destabilize countries and easily control them through its proxy militias. Therefore, Iran has always supported the Houthi militia and played a major role in enhancing its military capabilities.

The Combating Terrorism Center at the US Military Academy in West Point, New York, published a study on October 10, 2022, that focused on how the IRGC and Hezbollah manage the command center of the Houthi militia. The study indicates that the IRGC and Hezbollah largely control the decisions of the militia through their military personnel in Yemen. They have military advisors stationed in Yemen who operate under the name of "Jihad assistant." Abdul-Malik al-Houthi has a "Jihad assistant" who is an IRGC officer and a deputy who is from the Lebanese Hezbollah. The Lebanese deputy is known as Abu Zainab and was provided greater freedom of movement in Houthi-controlled territories than Iranian officials by the Houthi militia (see Map 1). The militia considers Hezbollah as a sister organization, unlike the Iranians (they are Persians not Arabs). However, the study also indicates that the role of IRGC officer Abdul Reza Shahlai is to provide advice to Abdul-Malik al-Houthi on key military and strategic actions, and he is a key partner in making military decisions when it comes to whether the militia engages in a ceasefire or not and on whether or not it carries out cross border attacks targeting neighboring countries. The Houthi internal decision-making system is highly clandestine in nature to avoid tarnishing the credibility of Abdul-Malik al-Houthi as its leader (see Figure 1).<sup>(85)</sup>



# Jihad Council

Office of Sayyed  
Abdulmalik al-Houthi  
  
Leader of Qur'anic  
Procession

## Central Council

1. Judicial Council
2. Government Works Authority
3. Executive Council
4. Political Council
5. Governorate Affairs Council
6. Tribal Cohesion Council

- Information Operations  
Mohammed Abdalsalam
- Al Masirah  
TV, radio and online network
- Saba News Agency – Houthi social  
media center – Nasser al-Din Amer

**Jihad Office** Secretary General Abu Mohammed

**Operations official** (Unknown)

## Military Regions Official

Mohammad Abdalkarim  
al-Ghammari

1. Border MRC  
Ahmed Yahya Jassar
2. Mobile MRC  
Major General Abdalmalik al-Mortada  
(Abu Talib al-Sufyan)

3. Central Region (Sana'a)  
Lt. General Abdalkhaliq al-Houthi
4. 3th MRC (South)  
Major General Hadi Zuraib (Abu  
Issam)

5. 4th and 7th MRCs (Ma'arib)  
Major General Abdallatif al-Mah-  
di (Abu Nasser)

- 5th MRC (West)  
Major General Yusif al-Madani  
(Abu Husayn)

6. 6th MRC (Northeast)  
Major General Jamil Zaraa (Abu  
Bakr)

## Jihad Preparation Official

Unknown

1. General Mobilization Authority  
Abdalahim al-Humran

2. Logistics and Support Brigade  
Qasim al-Humran (Abu Kawthar)

## Special Forces

Abu Fatima

1. Naval Forces Chief of Staff  
Mansour al-Saadi

2. Aerospace Forces (Drone and Missile)  
Major General Ahmed Ali Ahsan al-Hamzi

**Deputy Jihad Assistant** (Lebanese Hezbollah) Abu Zainab

**Jihad Assistant (IRGC QF)** (Unknown)

IRGC-QF/ Hezbollah Advisors

## Security official

**Preventative security**

Ahsan al-Humran b. late 1970

1. Security and Intelligence Service  
Abdul Hakim al-Khaiwani and deputy  
Qader al-Shami
2. Ministry of Interior

- Jihad Council membership
- Military and paramilitary forces
- Governance
- Strategic assets directly controlled by Abdulmalik
- Intelligence services
- Foreign advisors

Source: The Washington Institute for Near East  
Policy (2022) quoted from West Point.

### The Political Dimension

As mentioned, when discussing the military dimension, the militia's decisions are mainly influenced by Iran, including its decision on whether to agree to a political settlement or not. This was quite evident in the intensive talks between the UN and Iranian officials to extend the truce, which was suspended in October 2022. During the talks, Iran expressed the militia's conditions on the extension of the truce. The militia raised the stakes in an unprecedented manner when it came to their conditions. However, Iran is likely to have dictated the militia's conditions.<sup>(86)</sup>

Iran's position on the truce is driven by several motives that serve its interests at the regional and international levels. Observers believe that Iran is exploiting the Yemeni crisis and the instability in the region, especially in Yemen, to divert political and media attention away from its internal crises, such as the ongoing popular protests, its human rights violations, and the poor living conditions of the Iranian people. In addition, it is believed that Iran is exploiting the Yemeni crisis and raising the stakes to kickstart the stalled nuclear talks.

Furthermore, Iran is attempting to exploit the link between the ramifications of the Russia-Ukraine war and the Yemeni crisis, as well as Yemen's strategic location. Energy supplies must be secure to maintain existing prices, and the Western camp seeks to extend the truce to ensure the continuity of energy supplies, whereas Iran is using this card to disrupt any political settlement in Yemen. It takes advantage of pressure tools and threatens to target oil sites and international shipping lines through the Houthi militia for the sake of its interests.

This development is in line with the remarks of Mohammed Reza Rahimi, the first vice president of Iran under Mahmoud Ahmadinejad in 2011. Rahimi said, "If sanctions are adopted against Iranian oil, not a drop of oil will pass through the Strait of Hormuz." In response, former US State Department Deputy Spokesper-

Map 1: The Houthis' Military Regional Commands and Geographic Zones of Military Activity



Source: The Washington Institute for Near East Policy (2022) quoted from West Point.

son Mark Toner said, "I just think it's another attempt by them to distract attention from the real issue, which is their continued non-compliance with their international nuclear obligations."<sup>(87)</sup> Therefore, the Houthi militia often focuses its terrorist attacks on energy sources in the region in particular. The first third of 2022 saw a series of Houthi terrorist attacks on energy sources in both Saudi Arabia and the UAE. As a result, the UN Security Council designated the

militia as a terrorist organization. The escalation of the Houthi threats noticeably coincided with the Yemeni crises. In response, the militia escalated its military operations during the last hours of the truce in the Dali and Taaz governorates in Yemen. It also launched excessive and violent attacks on the oil-rich governorate of Ma'rib. Further, it targeted Dhabba Oil Terminal, which is one of the most vital and oldest ports in Hadhramaut Governorate, east of Yemen, with

two drones. Previously, the militia attacked Radhom port in Shabwa province, the second most important port in Yemen with two consecutive attacks in October 2022. The Houthis, as a result, faced a huge amount of international and Arab condemnation. The PLC eventually classified the militia as a “terrorist group.”

### The Efforts of the Arab Coalition to Revive International Focus on Reaching a Political Settlement

The international efforts to achieve peace in Yemen entered an important juncture with the truce which partially fulfilled some of the aspirations of the Yemeni people. The efforts of the Saudi-led Coalition to Support Legitimacy in Yemen had a significant role in attracting international and diplomatic attention to the Yemeni crisis, especially after the world was preoccupied with the Russia-Ukraine war. The coalition also contributed to mobilizing international support for the PLC's position on the truce; therefore, the PLC made concessions to maintain the truce as it prioritized the interests of the Yemeni people. Saudi Arabia prioritized the Yemeni crisis during the visit of the Chinese president to Riyadh during which he confirmed his country's support for the PLC and the efforts to establish peace in Yemen. Moreover, during the three summits held in Riyadh, the Yemeni crisis was discussed and highlighted in the joint statement which clearly condemned Iran's destabilizing role in Yemen. Earlier, Saudi Arabia worked to make the Yemeni crisis a priority for the US administration, especially at the Jeddah Security and Development Summit. At the summit, Saudi Arabia reiterated its dedicated support for the truce and stressed the importance of extending it to turn it into a comprehensive and lasting settlement that fulfills the aspirations of the Yemeni people. In a joint statement, the US and Saudi leaderships called on the international community to adopt a unified stance toward the Houthi militia to pressure it to return to the peace track under the auspices of the UN “in ac-

cordance with the three references represented in the GCC initiative and its Executive Mechanism, the outcomes of the Yemeni National Dialogue Conference (NDC) and Security Council Resolution 2216.”<sup>(88)</sup>

Saudi Arabia further stepped up its political and diplomatic efforts to rally international support for peace efforts in Yemen. Saudi Arabia continued its efforts with the Five-Year Committee (Saudi Arabia, the United States, the UK and Oman, the UAE) in addition to countries outside the committee such as Jordan. They expressed their full support for the efforts of the UN Yemen envoy Hans Grundberg, who aimed at extending the truce and reaching a sustainable settlement. However, these efforts for peace were blocked by Iran as it worked to prolong the Yemeni crisis as much as possible. It instructed the Houthi militia not to extend the military truce and support its orientations and interests at the expense of humanitarian considerations and the rights of the Yemeni people.

### Conclusion: Future of the Yemeni Crisis in 2023

Amid the complexity of the Yemeni crisis and Iranian positions to block peace efforts, the Yemeni scene in 2023 is likely to see one of the following scenarios:

First: The current talks may lead to a new fragile truce, however, there is a strong likelihood that the Houthi militia will use the truce once again to increase its stakes. If this happens, it will either lead to the eruption of another war or an extended truce tilted toward the militia's

advantage. Therefore, the militia's military and economic achievements, and its political position are expected to be enhanced if this scenario plays out. As a result, Yemen will enter the stage of “no peace and no war” again.

Second: The PLC will resort to the military option and change the military status quo in Yemen by curbing the militia's behavior and impose a new truce. This scenario is likely to happen given the fact that the PLC includes eight members who lead large military units that could defeat the Houthi militia, particularly if they are unified and join the forces of the legitimate government. Such a scenario needs international powers to take a decisive position; especially the UN Security Council and the United States. Furthermore, the UN needs to clearly identify the mechanisms it uses to oversee the military movements of the Houthis and halt its military operations, whether through the deployment of ballistic missiles or drones. Moreover, the UN needs to limit the number of foreign military experts (whether from the Lebanese Hezbollah or the IRGC) inside Yemen. Such steps will contribute to reaching common ground that will pave the way for a comprehensive solution to the Yemeni crisis.

Third: The Houthi militia will continue to obstruct the political settlement, resort to launching threats by targeting vital areas and global energy sources and attempt to blackmail the world to pressure the PLC to make further concessions. This scenario is the most likely against the backdrop of the stalled Iranian nuclear talks, the ongoing economic sanctions on Iran, Western accusations of Iran supporting Russia in its war on Ukraine, and recent Iranian threats against Saudi Arabia, which may hinder the talks between Iran and Saudi Arabia. The talks between the two sides did not lead to tangible outcomes to resolve the Yemeni crisis. All these factors may push Iran to further exploit the Yemeni crisis so that it has more bargaining chips to serve its interests and the interests of the Houthi militia •



# The Dimensions of the Political Settlement and the Spheres of Iranian Clout in Yemen



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## The Deadlock of Peace in Yemen Between Houthi Belligerence and Iran's Regional Agenda

- The military dimension influenced by the IRGC and the Lebanese Hezbollah
- The political dimension regarding the Houthis' conditions for extending the truce through Iranian dictates

## The Efforts of the Arab Coalition to Revive International Focus on Reaching a Political Settlement

- Global diplomatic momentum for the Coalition amid international preoccupation with the Russia-Ukraine war
- The Jeddah Security and Development Summit worked to make the Yemeni crisis a priority for the US administration

## The Future of the Yemeni Crisis in 2023

- Reaching a new fragile truce with Yemen experiencing the "no peace and no war" stage again
- The Presidential Leadership Council takes the lead militarily
- The Militia's obstruction of the political settlement by targeting energy resources



**Intra-Shiite  
Conflict in Iraq**

The 2021 Annual Strategic Report forecasted the fluctuation of Iranian influence in Iraq during 2022. This forecast turned out to be accurate as Iran failed to expand its sphere of influence due to the escalation of the intra-Shiite conflict. Consequently, Iraq and the Shiite political landscape faced a critical juncture because of the Sadrist Movement's adherence to wanting a non-consensual national majority government; its growing popular rejection of sectarian quotas; and demand for the state-building path to continue under Prime Minister Mustafa al- Kadhimi who held the post for much of 2022. Despite Iran's decline in influence, it still holds a host of bargaining chips including the presence of its military and economic proxies as well as its cultural arms and influence over the country's water and energy crisis. Further, Iran would not easily make concessions that would negatively impact its influence in the country. Iraq remains strategically significant for Iran's expansionist project in the region.

This part of the 2022 Annual Strategic Report analyzes the intra-Shiite conflict, highlighting its features and ramifications on Iran's clout in the country. Finally, it forecasts potential scenarios for the intra-Shiite conflict in 2023.

### Causes of the Intra-Shiite Conflict

By 2022, Iraq faced a very complex political impasse following the outbreak of an intra-Shiite conflict between the two largest Shiite alliances: the Sadrist Movement led by Muqtada al-Sadr and the Coordination Framework (CF) which includes a number of Shiite and Iran-backed alliances such as the State of Law Coalition led by Nouri al-Maliki and the Fatah Alliance led by Hadi al-Amiri. The conflict waged between the two continued throughout the year, thus hindering the formation of a new government since the election in October 2021, during which pro-Iranian alliances suffered significant losses. This conflict over government formation continued until CF candidate Mohammed Shia al-Sudani was nominated to head the new Iraqi government on October 13, 2022. The most prominent aspects of the intra-Shiite conflict included the following:

- **The largest bloc:** The two alliances disagreed if either of them met the conditions to be the largest bloc in Parliament in order to form the next government. However, the Sadrist Movement announced the fulfillment of the conditions after it established an alliance with the Sunnis and Kurds.<sup>(89)</sup> The CF also announced that it had met the conditions. The CF announcement hindered Sadr's efforts to form a new government and obliged him to call on his 73 members to withdraw from the Iraqi Parliament in June 2022. As a result, the CF became the largest bloc. This outcome exposed a major flaw in Iraqi



electoral law when it comes to forming the largest bloc in Parliament.

- **The nature of the government:** Sadr aimed to change the consensus rule, which had been embraced in the formation of previous Iraqi governments. He called for the formation of a national majority government<sup>(90)</sup> which was accountable and committed to eliminating militias as well as determined to end quotas, fight corruption and achieve a balance in the country's foreign relations. Sadr called for this type of government formation because the previous consensual governments failed to address Iraq's

major problems such as its electricity crisis, high unemployment rates, and extensive corruption. However, the CF adhered to the formation of a consensual government so it could maintain the status of "statelessness" in Iraq through allowing militias to possess weapons, thus enhancing Iran's influence over Iraq's decision-making process.

Similarly, the two alliances also disagreed over which alliances should participate in the next government. Sadr rejected Maliki's involvement in the government. His opposition to Maliki increased after the audio leaks<sup>(1)</sup> attributed to

(1) Seven leaked audio files attributed to Nouri al-Maliki, posted by Ali al-Fadhil, an Iraqi journalist residing in the United States in July 2022 on his Twitter account. The leaks revealed Maliki's conversation during a meeting with close associates. During the meeting, Maliki talked about a plot to trigger an intra-Iraq fight to attack Muqtada al-Sadr. Maliki accused — not only leading Sunni and Kurdish figures as before — but also prominent Shiite leaders; most prominently Muqtada al-Sadr who received the most scathing criticism in the leaks. Maliki also accused his closest ally in the CF, Amiri, of betrayal and levelled similar accusations against the head of the PMF Fali al-Fayyadh and Kadhim.

See "Iraq's Former Leader Nouri Al Maliki Appears Before Judge Over Contested Audio Leaks," *The National News*, October 11, 2022, accessed December 4, 2022, <https://bit.ly/3Vuthnb>.

#### Regional and International Developments

Maliki in July 2022, which were deemed offensive to Sadr. In contrast, the CF adhered to the formation of a government that included Shiite alliances, including the State of Law Coalition, which was strongly rejected by Sadr due to his conflict with the State of Law Coalition over Shiite leadership. In addition, Sadr's opposition to Maliki was because of the latter excluding prominent Sadrist figures during his presidency (2006-2014).

■ **The form of the Iraqi state:** The Sadrist Movement adhered to establishing an Iraqi state which was independent and able to balance its foreign relations. However, the CF worked to maintain its interests (which are supported by Iran). The CF's policy made Iraq subordinate to Iran, with the country operating under the threat of pro-Iran militias. Such a policy further enhanced Iran's clout in the country.

■ **The Parliament and Kadhimi:** Sadr adhered to dissolving the Parliament and called for early elections while Kadhimi remained prime minister. On the other hand, the CF called for form-

ing a new government which enjoys full power headed by Sudani to oversee the early elections. The Sadrist Movement was concerned about early elections being held under the umbrella of a government affiliated with the CF that could affect their electoral prospects. The CF likewise shared the same concerns in case the elections were held under the umbrella of a government affiliated with the Sadrist Movement.

The aforementioned indicates that Iraq is torn by two Shiite projects: one a reformist project led by the Sadrist Movement threatening the Iranian project, and the second, led by pro-Iran alliances such the CF, which is sectarian and aims to entrench Iran's influence, maintain its gains, and ensure the implementation of its expansionist project in Iraq.

#### The Features of the Intra- Shiite Conflict

The intra-Shiite conflict exacerbated the impasse in Iran's influence in Iraq due to the following reasons:

■ **Central and non-marginal conflict:** The intra-Shiite conflict focused on central issues such as on the nature of the government and other vital issues which could not be comprised on. Further, one has to consider the fact that one party to this conflict was Iran's largest and strongest alliance. The two parties to the conflict possessed weapons, posing risks to Iran's expansionist project not only in Iraq but beyond.

■ **Escalating and extended conflict:** The central conflict between the two Shiite poles escalated and spread. This raised Iran's concerns over its clout. The conflict was sparked in response to divergences over the nature of the next government and which alliances would be permitted to participate in it. In light of this conflict, supporters of Sadr stormed the Parliament wearing shrouds. Through this move, they sent a specific message: they were willing to sacrifice their lives to ensure Iraq pursued a path that led to the establishment of an independent state. The conflict escalated after the supporters of the



Sadrist Movement and the CF held their sit-in protests for weeks after the crisis of the audio leaks that were attributed to Maliki. Each party projected its strength to send a message to domestic and global audiences that they enjoyed the greatest influence in the country. As a result, bloody confrontations erupted among both parties' supporters at the end of August 2022, a few hours after Sadr's announced withdrawal from politics due to the complex Iraqi political landscape. This announcement happened after Kazem al-Haeri's resignation,<sup>(91)</sup> who the Sadrists emulated. Haeri called on his followers to emulate Khamenei in order to pull the rug out from under Sadr and expose him for lacking religious credentials, as well as to embarrass him to enhance his opponents' chances.

■ **The uncontrolled proliferation of weapons:** The popularity of the CF declined. It sought to disturb Sadr's efforts to form a government when the Sadrist Movement formed the largest bloc. It nominated Sudani to be prime minister and threatened to unleash the Iran-backed militias in order to ignite armed conflict in Iraq. This led to the clashes which broke out between the Sadrists and the CF at the end of August 2022.

#### The Ramifications of the Intra-Shiite Conflict on Iran's Influence

Iran was aware that the intra-Shiite clashes in Iraq would undermine its clout in one of the most significant areas, given its geographical,



political, economic and security significance. The clashes risked Iran's influence as they drew the attention of pro-Iran Shiite groups away from focusing on implementing Tehran's expansionist project to working to secure the leadership of Shiites. Needless to say, the clashes greatly increased the Sunnis' opportunities to return to lead the government. In addition, Iran risked losing the oil revenues reaped by exporting oil through Iraq to the world. The outcomes of the intra-Shiite armed escalation made controlling arms a top priority in the country. Iran, therefore, rushed to resolve the intra-Shiite conflict by taking several steps:

■ **Preferring a consensual figure to head the government:** Iran played a prominent role in thwarting the efforts to nominate Maliki as prime minister.<sup>(92)</sup> Therefore, some experts believe that Iran's allies were behind the audio leaks to eliminate the chances of nominating him as prime minister because it is commonly believed that Maliki is the cause of the intra-Shiite conflict. His return to the government posed threats to the future of Shiites because he intended to abolish the role of the other currents after the CF had become the largest bloc in Parliament.

It was not in Iran's best interest for Iraq to be in a state of instability as this risked its clout and interests. Iraq's stability was of great importance in alleviating the impact of the sanctions imposed on Iran. Tehran was also aware of Sadr's strength and influence on the future of any new government because he had many cards and strengths through which he could complicate the situation; hence thwarting the formation of any new political setup.

■ **Appointing a well-connected ambassador with Shiite alliances:** Iran appointed Muhammad Kazem al-Sadiq as the country's ambassador to Baghdad, succeeding Ambassador Iraj Masjedi. He has extensive knowledge of Iraqi affairs, was born in Najaf and is fluent in Arabic and the Iraqi dialect. Sadiq has strong relations



with the leaders of Shiite alliances and was an advisor to Qassem Soleimani; therefore, he has the potential to communicate with the leaders of the alliances, mitigate the intra-Shiite conflict and address the dilemma of Iran's clout in Iraq. However, Iran believes that Masjedi has failed in tackling the thorny issues— which are vital to enhancing its influence — because popular discontent increased, voices against Iran rose and even the intra-Shiite conflict escalated.

■ **Mediating between Shiite alliances:** Iran brokered a deal via Sadiq, Qaani and Mohammad Hussein Kawtharani, the representative of Hezbollah in Baghdad, between the two alliances to bridge the rift. But it failed because Iran took the side of the CF when it came to government formation.<sup>(93)</sup> Iran's position clashed with the Sadrist Movement which demanded the dissolution of the Parliament first and the continuity of Kadhimi's tenure.

■ **Placing pressure on the Sadrist Movement by threatening to instigate chaos:** To force it to accept a solution that is accepted by all parties, Iran hinted to the Sadrist Movement that it may unleash chaos. Pro-Iran militias targeted the headquarters of pro-Sadr alliances, the Kurds and the Sunnis on several occasions. The Iraqi Hezbollah triggered fears among the leaders of pro-Sadr alliances to force them to terminate their relations with the Sadrist Movement — by deploying its forces for days near their places of residence in February 2022. Iran was concerned that the trilateral alliance between the Sadrist Movement, the Kurds and the Sunnis would risk its clout as it was committed to establishing an independent Iraqi state.

### Conclusion: The Intra-Shiite Conflict and the Future of Iran's Influence in 2023

Reviewing the realities of the intra-Shiite conflict in 2022, a number of outcomes can be observed, and several scenarios can be concluded for 2023. Roughly speaking, during 2022, the intra-Shiite conflict conflated from mere competi-

tion to armed clashes between supporters of the Sadrist Movement and the Iran-backed CF. This led to the stagnation of Iran's influence in the country. The intra-Shiite conflict was triggered over core issues: the nature of the government and political system. The warring parties found it hard to make major concessions on such significant issues. The conflict erupted between the Shiite poles that possessed weapons, thus risking Iran's expansionist project not only in Iraq but also across the whole region.

The forecasted potential scenarios for 2023 are the following:

**First:** If the CF exclusively dominates the Shiite leadership in particular and Iraq's political scene in general, with Sadr adhering to his withdrawal from political life, Iran's influence in Iraq will grow. Such a scenario is not likely because Sadr has not left political life for good. When reviewing Iraq's history, one finds that Sadr always returns to political life. His return is very likely at any time he deems appropriate, especially since he has objected to the Sudani government. In addition, Sadr enjoys broad mass power. Amid the growing popular discontent over Iranian influence, several mass protests erupted across Iraq against Tehran's influence; and Iraqis, especially those who live in the southern Shiite provinces, did not vote for pro-Iran alliances in the last two elections: 2018 and 2022. In addition, the internal and external challenges facing the Iraqi government increased in 2022.

**Second:** The intra-Shiite conflict is expected to stop. This scenario may happen if the Sudani government adopts balanced domestic and foreign policies amid the escalating domestic crises — which had previously prevented former government leaders from being elected for a second term and from completing their first terms. This scenario can be realized during the Sudani term, particularly if key Arab, Gulf and international actors forge balanced foreign relations and continue cooperation with Iraq. In this context, the meeting with the Saudi ambassador to Iraq was

a message of reassurance that the Iraqi government will not move away from the Arab world. This scenario is very likely due to the CF's concern about Sadr's return to the street, which may lead to toppling Sudani despite his desire to keep the government for a year until early elections are held by the end of 2023. Therefore, Sadr will have a great opportunity to secure the largest bloc in the upcoming electoral battle.

**Third:** Re-triggering the conflict. This scenario is very likely through a return to mutual escalatory rhetoric (statements), and intermittent and continuous protests and sit-ins against the CF's policies. This scenario is likely if the Sudani government adopts an exclusionary policy toward other currents — given the fact that its formation is not legitimate as it does not have a popular base nor Shiite political consensus. The government was formed after Sadr left the political arena and did not achieve popular support nor Shiite consensus. Further, the intra-Shiite conflict erupted over crucial issues that cannot be easily compromised on. This scenario is also likely because the conflict has not ended yet and may be further exacerbated at any time as long as the Sudani government does not adopt an approach that leads to the establishment of an independent Iraqi state and disarms and eliminates militias. This is in addition to the fact that Kadhimi removed a host of political, security and military officials from many ministries and the Parliament revised all the decisions taken by Kadhimi during the period of the elections in October 2021. Some considered the Kadhimi move as reflecting political exclusion, which enhanced the opportunities of parties that support the “statelessness” situation in Iraq. Therefore, the conflict is expected to rise again.

This year's report addresses Iran's role in Syria through two main topics: Iran's policy toward Syria in the context of the Russia-Ukraine war, and Syria's military escalation along with Iranian and Israeli calculations in the country.

## The Ramifications of the Intra-Shiite Conflict on Iran's Influence

- Preferring a consensual figure to head the government
- Appointing a well-connected ambassador with Shiite alliances
- Mediating between Shiite alliances
- Placing pressure on the Sadrist Movement by threatening to instigate chaos

## Causes of the Intra-Shiite Conflict

- The largest bloc
- The nature of the government: consensual or majority
- The form of the Iraqi state: independent or pursuing special interests
- The dissolution of the Parliament and early elections

## The Intra-Shiite Conflict and the Future of Iran's Influence in 2023

- **The end of the conflict:**  
If the Coordination Framework exclusively dominates Iraq's political scene with Sadr adhering to his withdrawal from politics
- **A deadlock in the conflict:**  
If the Sudani government adopts balanced policies
- **Reigniting the conflict:**  
If the Sudani government adopts an exclusionary policy toward other currents

## The Features of the Intra-Shiite Conflict

- Central and non-marginal conflict
- Escalating and extended conflict
- The threat of uncontrolled proliferation of weapons

# Intra-Shiite Conflict in Iraq



**Conflicts  
of Interest  
and Iranian  
Expansion  
in Syria**

Since the start of 2022, Iran conducted numerous political, military, economic and security moves in Syria; a clear indication of its intentions to further embed its clout in the country. The outbreak of the Russia-Ukraine war skewed the forecast of the 2021 Annual Strategic Report that had predicted a downturn in Iranian influence in 2022. In fact, this war accelerated the developments witnessed in the Syrian arena in 2022. Tehran was keen to exploit Russia's preoccupation in Ukraine, Turkey's internal woes and external entanglements with Syria, and its own complex negotiations with the West over its nuclear program to pressure other parties that were not on the same page with it in Syria or those parties that did not share its vision or orientations toward the country.

### Iran's Policy Toward Syria in the Context of the Russia-Ukraine War

The Russia-Ukraine war cast a shadow over Moscow's influence in the region and competing powers attempting to fill the void created by Russia's refocus further weakened Moscow's standing in Syria. The aforementioned was clearly evident in Iran-Russia interactions in general and in Syria in particular. Iran sought to take advantage of the void in Syria to achieve a number of strategic goals. The most important Iranian goals included the following:

#### *Exploiting Moscow's Preoccupation With the War to Maximize Its Political and Military Influence*

Throughout 2022, Tehran sought to exploit Russia's preoccupation with the Russia-Ukraine war to further expand and embed its influence in Syria as well as to reshape its political, military and diplomatic role in the country. In addition, Iran attempted to create a path for its affiliated militias—post Russia vacating several sites—to re-expand in Syria after their growth had been curbed in the recent past. Iran-affiliated militias faced repeated Israeli strikes and Iranian positions were also targeted. In addition, international pressure escalated on Russia to minimize Iran's presence in Syria.<sup>(94)</sup>

#### *Attempts to Entice the Syrian Government*

Syria-Iran relations significantly strengthened after mutual visits. In the context of regional and international developments in 2022—including the Russia-Ukraine war and the significant number of Arab countries normalizing relations with the Assad regime—Tehran welcomed Syrian President Bashar al-Assad to the country. The visit resulted in a pledge by Tehran to extend economic support to the Syrian regime and to reactivate the Iranian credit line to supply Damascus with energy and other basic needs to further its clout in Syria.<sup>(95)</sup>



#### *Forging Rapprochement Between Astana's Partners*

Russia's preoccupation in Ukraine resulted in an Iranian ploy to build greater understanding and forge consensus with other actors involved in the Syrian file.<sup>(96)</sup> This was evident at the Tehran Summit through which the Iranian government sought to score points and achieve political consensus with the rest of the summit's parties in order to maintain the current political-military security status quo in Syria. This consensus aimed at ensuring the strategic interests of the three parties (Russia, Syria, Iran) amid the growing ramifications of the Russia-Ukraine war.<sup>(97)</sup> Tehran and Moscow maintained their redlines when it came to Turkish operations in northern Syria, while at the same time they pushed Ankara to adopt a path of reconciliation with Damascus in exchange for geostrategic understandings. Their approaches became evident after the Sochi Summit.

Iran and Russia were successful in pushing Turkey closer to the Syrian side. This was evident in Turkey's softened position, which led it to postpone its planned military operation. This softer stance was also visible through the remarks of Turkish officials to their Syrian counterparts in which they expressed hope of rapprochement as well as through Ankara's moves to terminate the positions of Turkish officials who had been appointed to manage the Syrian file. Turkey's moves were mainly announced in the media, however, little changed on the ground in Syria. Turkey in the abovementioned context, aimed to pave the way for advancing rapprochement with Damascus. These moves were also viewed

as strategic in nature by the Turkish government as a gesture of "goodwill" to its Syrian counterpart.

#### *Diplomatic Moves to Promote Regional Rapprochement With Syria*

Since mid-2021, the possibility of Syria restoring its economic and political ties with the Arab world gained momentum.<sup>(98)</sup> Syrian officials and their counterparts in the region held various meetings to address political, economic, and security issues. Syrian-Gulf rapprochement and Turkish-Syrian rapprochement were apparent in 2022, and Jordan announced its intention to present an initiative to resolve the political deadlock in Syria. The Arab "de-escalation and communication" with Syria was in response to the US retreat from the region and the ramifications of the Russia-Ukraine war for all regional countries.

Diplomatic developments also included the improvement in relations between Syria and Hamas, given the downturn in relations since the outbreak of the civil war, resulting in Hamas embracing a cold attitude toward Damascus. This development is largely linked not only to the course of regional rapprochement and the readjustment of regional relations with Damascus,<sup>(99)</sup> but also to the internal conflicts raging within Hamas, with one faction favoring restoring relations with Arab capitals, whereas the other favors warm ties with Iran.<sup>(100)</sup> Tehran, like many actors, is aware of the regional and international shifts amid the current international conflict. Hence, Tehran sought to recalibrate its relations with its allies and to strengthen its position in the nuclear talks and to use this as leverage against the West and some regional countries.

#### *Military Escalation in Syria and Iranian and Israeli Calculations*

Syria has turned into an arena of regional and international contest and escalation, given the

fact that the country's crisis is intertwined with and impacted by regional and international interactions. Mutual military targeting escalated in 2022, with Iranian militias facing Israeli and US strikes, and vice versa. The array of military strikes against vital Iranian and Syrian positions expanded.<sup>(101)</sup> This escalation raised questions about the causes and motives of Israeli and US strikes and the future of Israeli-Russian understandings in Syria.

#### ***Causes and Motives for Escalation***

Israel and the United States had common motives for escalation in Syria. First, Washington aimed to entrench its political and military presence in Syria. Second, both sides, especially Israel, were keen to fill the power vacuum left by Russia. They aimed to curb Iran's presence and halt the threats emanating from Iran's proxy militias amid growing Iranian military influence and drug trafficking across the Syria-Iraq border. The United States also aimed to protect its presence in the area east of the Euphrates and to send a clear message to the Astana trio: Russia, Turkey, and Iran. These three countries had issued a joint statement that threatened the US presence in Syria.

#### ***Iran's Response to Escalation***

US-Israel strikes failed to achieve their objective; Iran's strategy remained unchanged, despite repeated strikes. Further, due to the power vacuum left by Russia in Syria, Iranian militias continued to challenge US-Israel surveillance in Syria.<sup>(102)</sup> Tehran adopted a strategy to expand its smuggling routes by air, land, and sea to place pressure on its adversaries and mitigate the political burden it faces internationally in the context of the nuclear talks.

Against the backdrop of these tactical variables — increasing smuggling and strike rates — it is likely that escalation will head toward heightened confrontation, especially in light of the stalled nuclear talks in Vienna. At the talks, Iran still adheres to its demands and remains

inflexible on contentious issues. The escalation is expected to continue given Iran's military support to Russia, and Tehran uses this support as leverage at the nuclear talks in Vienna.

#### ***Repercussions of the Russia-Ukraine War on Moscow's Understanding With Tel Aviv***

Since the eruption of the Russia-Ukraine war, relations between Moscow and Tel Aviv have been strained. Israel's concerns stem from Russia's decision to reduce its troops and military equipment on Syrian soil and redirect them to the Ukrainian war front. Russia's concerns stem from Tel Aviv's failure to make up its mind on whether to align with Moscow or not. Ultimately, these concerns were reflected in the overall relationship between the two parties in Syria. In addition, tensions escalated after Iran's increased involvement in the Russia-Ukraine war, raising Israeli concerns about the two countries' cooperation from Damascus all the way to Kyiv, especially after the West increased pressure on Israel to send advanced missile defense systems to Kyiv. However, Israel's complicated considerations necessitate it to walk a tightrope so that it does not turn Moscow into a rival and to avoid any potential clash with Russia in Syria.

#### ***Outcomes and Future Scenario for 2023***

Since the outbreak of the Russia-Ukraine war, Syria witnessed significant developments. It may also witness a potential change in the balance of power and a clash of interests between Israel, Iran, Turkey, and Russia. Such a forecast depends on a host of factors, most prominently, the course of Iran-Russia disagreements with the United States, the future of the Syrian government's rapprochement with Turkey, the future of Russian-Israeli understandings in the context of Israeli military operations in Syria — given the fact that Russia drastically changed its position on Israeli strikes following the outbreak of the Russia-Ukraine war.

Based on the aforementioned, two scenarios can be concluded regarding Iran's future role

in Syria: **First**, Iran is expected to continue expanding its role given the increasing tensions and complexities of the Russian-Ukraine war. Iran can exploit such tensions to strengthen its relations with Russia and enhance their political, military and economic coordination in Syria and the wider region. Russia is not willing to eliminate its presence in Syria, given its preoccupation with the war in Ukraine. Russia's strong influence in Syria is likely to decrease. Thus, Moscow might resort to re-employ its troops and make some compromises with key actors in Syria such as Turkey. Therefore, Syria may witness the swapping of roles between Iran and Turkey. Russia will possibly grant more room to Iran and disregard its previous reservations in defiance of the United States and Israel. Moscow will likely contest future Israeli strikes on Iranian sites in Syria.

**Second**, Iran's influence in Syria is expected to remain unchanged, with Tehran preserving its influence. This is based on the assumption that Russia, despite its preoccupation with the war in Ukraine, will not allow Iran to cross the established redlines in Syria, so that it preserves its influence and its long-term policies and goals in Syria. Given its geostrategic location, Syria has turned into a hotspot on the Mediterranean where international competing interests are intertwined. On the other hand, Russia-Israel relations depend on a strong mutual desire to avoid opening a field of conflict in Syria. Moscow is unwilling to open a new arena of conflict with Western powers just to promote Iranian interests in Syria. Tel Aviv seeks to manage its relations with Moscow and Kyiv in order to prevent any obstruction to its military strategy of reducing the Iranian threat on its northern border with Syria — unless a new development in the international arena emerges, pushing the two sides, Israel and Iran, to change their calculations in Syria. •

## Conflicts of Interest and Iranian Expansion in

# SYRIA

### | Iran's Policy Toward Syria in the Context of the Russia-Ukraine War

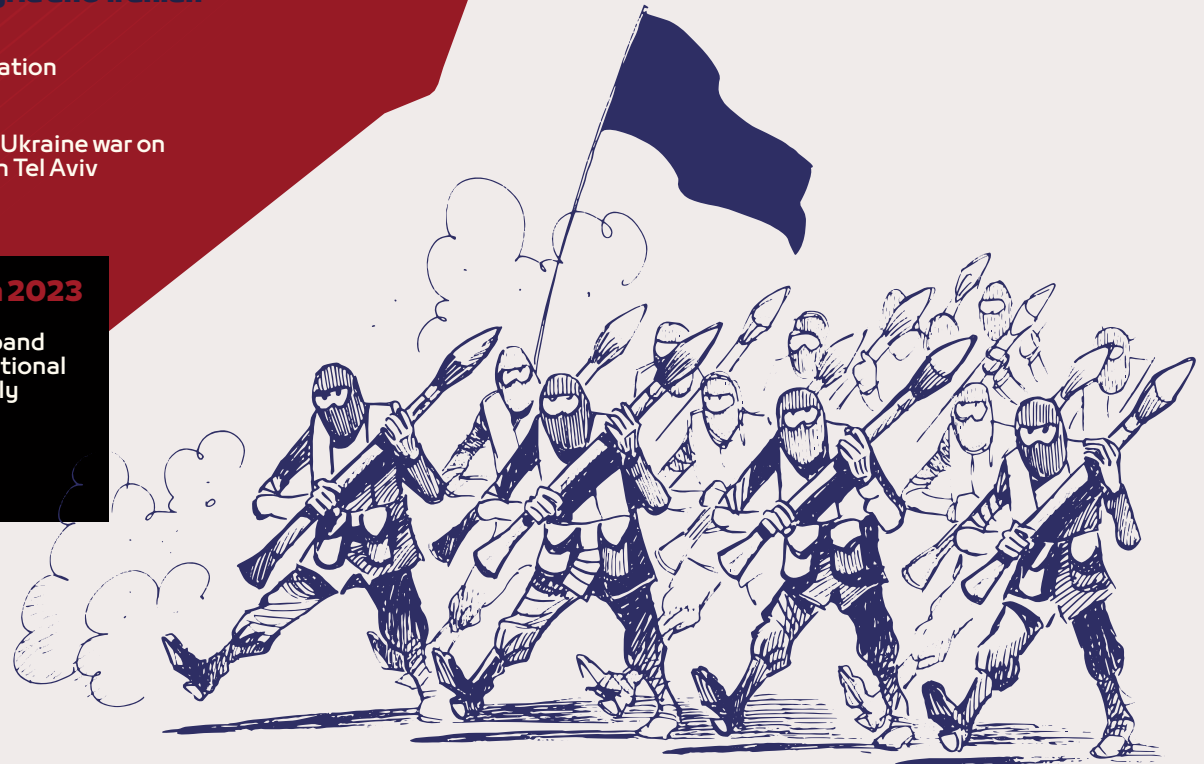
- Iran's expansion post Russia vacating several sites
- Attempts to entice the Syrian government
- Forging rapprochement between Astana's partners
- Diplomatic moves to promote regional rapprochement with Syria

### | Military Escalation in Syria and Iranian and Israeli Calculations

- Causes and motives for escalation
- Iran's response to escalation
- Repercussions of the Russia-Ukraine war on Moscow's understanding with Tel Aviv

### | The Potential Trends in 2023

- Iran's role will continue to expand in light of the current international developments, (the most likely scenario)
- To remain unchanged





**Hezbollah and the Challenges to Its Role in Lebanon**

During 2021, Lebanon turned into an arena of dispute between Hezbollah, its allies and anti-Hezbollah parties. As a result, disputes intensified between the mentioned actors and even spilled over into Hezbollah's own inner circle. This internal dispute as well as with its allies, ruptured the political cohesion of Hezbollah, and Lebanese public opinion turned against it, because of its role in the country's domestic crises.



In the context of Iranian influence in Lebanon in 2022, Rasanah's 2021 Annual Strategic Report predicted that Tehran's influence would be limited. Even in 2021, Iranian influence did not advance in Lebanon due to the dominating crises and disputes among its various political forces over political and economic issues, which in turn increased pressure on Hezbollah. Hezbollah was also subject to pressure in 2022 as reflected in the parliamentary elections which exposed the major challenges facing the group and its future role in the post parliamentary election period (constitutional deadline).

Accordingly, the Annual Strategic Report for 2022 will address three main topics: first, the parliamentary elections and the loss of Hezbollah's majority; second, Hezbollah's constitutional allocation dilemma; and third, the Lebanese maritime border demarcation negotiations and Hezbollah's position on this issue.

### **The Lebanese Parliamentary Elections and the Loss of Hezbollah's Majority**

The 2022 Lebanese parliamentary elections were of great significance given the overall environment and the timing of the elections which were held amid severe divisions between the Lebanese political parties. Further, the electoral results eroded Hezbollah's political status and alliances. This led to complications regarding the formation of the government and the election of the president.

### **Parliamentary Elections: Environment and Context**

The Lebanese parliamentary elections took place amid a period that witnessed profound changes over recent years, including the October 2019 uprising, which held the Lebanese government responsible for the financial, economic and social collapse in the country. The elections

also took place amid a decline in the popularity of many political parties and movements along with the absence of some, and competition between candidates to fill the vacuum other parties left. All of these factors imposed a new dynamic and impacted each party's electoral accounts.

### ***The Impact of the Election Results on Hezbollah and Its Allies***

These Lebanese elections resulted in higher representation quotas for anti-Hezbollah elements and saw the rise of new actors/figures beyond the umbrella of traditional Lebanese parties. This outcome was widely seen as a result of the electorate punishing the Lebanese status quo. The elections also resulted in the Free Patriotic Movement (FPM) losing its Christian majority in Parliament, instead, the Lebanese Forces Party (LFP) emerged as the strongest Christian voice in the legislative body.

Hezbollah and the Amal Movement continued to maintain their grip over the Lebanese political landscape; however, the election results led to an evident decline in Hezbollah's political coalitions — in favor for other sects. These outcomes emerged despite Hezbollah's proactive coordination between its various allies ahead of the elections to retain its existing seats and those held by its allies and/or to secure new seats in the Parliament.<sup>(103)</sup>

### Post-election Setbacks and Challenges

Although the election results partially loosened the grip of the parties that have dominated Lebanon's political life for nearly three decades, they also yielded hybrid majorities, i.e., no single party holds a decisive majority. This outcome particularly was of paramount importance in the context of the formation of alliances in the Parliament. It would also have an impact on the future of other political allocations such as on government formation and the election of the president. In addition, it would impact the resolution of Lebanon's socioeconomic and financial woes as well as the country's negotiations with the International Monetary Fund, and the maritime border demarcation agreement with Israel.

### Hezbollah and the Constitutional Allocations Dilemma

Several issues dominated the Lebanese political landscape after the parliamentary elections, such as the dilemma of choosing the next prime minister, the appointment of government ministers, and the passing of financial and economic reforms, as well as filling the important post of the presidency.

#### The Dilemma of Government Formation

Differences were apparent between Hezbollah and the FPM over government formation, particularly on whether Prime Minister Najib Mikati should be given this responsibility or not. Hezbollah wanted Mikati to form the Lebanese government in order to avoid any possible political paralysis in the country. For this, Hezbollah had to exert pressure on its allies and other political components to endorse Mikati's government, as it was becoming apparent that government formation was looking like an impossible task in the near future.

#### The Presidency and the Absence of Consensus Among Political Parties

The task of nominating Lebanon's president was problematic in light of the polarized and frag-

mented parliamentary blocs. No parliamentary bloc or alliance was able to secure the quorum needed to nominate a presidential candidate. In addition, Hezbollah and its allies failed to agree on a single candidate to run for the presidential election, as the party oscillated between two names.<sup>(104)</sup> This indecision was attributed to the rivalry between the party's two Christian allies that aspire for the presidency: the head of the FPM Gebran Bassil and the head of the Marada Movement Suleiman Frangieh. The party, for this phase, resorted to casting blank votes instead of nominating a candidate.

### Lebanese Maritime Border Negotiations and Hezbollah's Position

Aside from the economic and political deadlock in Lebanon, major tensions arose with Israel over oil and gas fields in a disputed maritime area. This dispute has witnessed many twists and turns ranging from Hezbollah's harsh rhetoric and threats against Israel to issuing warnings against holding any negotiations with Tel Aviv. Interestingly, Hassan Nasrallah announced that the demarcation of the southern maritime border did not concern him because of "special considerations." Hezbollah eventually



# GERMAN GOVERNMENT BANS HEZBOLLAH: **WILL THE REST OF EUROPE FOLLOW SUIT?**

Last week Germany banned the political wing of the Iranian-backed Hezbollah. The ban could prompt other European countries to follow suit. However, to date, debates in Europe on whether Hezbollah is a terrorist organization remain inconclusive.

The ban was announced by the German Interior Ministry on April 30, and came after police raided four mosques charged with working with the group. Last August, a Hezbollah operated Shia mosque in the German city of Munster posted a Facebook video announcing its pride in terrorism and allegiance to Iran's Supreme Leader Ayatollah Ali Khamenei...



showed flexibility toward demarcating the border between Lebanon and Israel.

### **Hezbollah Inclines Toward Demarcation**

Hezbollah's changed attitude toward demarcation likely stems from several aspirations and goals. Foremost is Hezbollah's desire to put an end to the public perception that it was the central cause of the country's economic and financial crises. This will in turn give the party a chance to break away from its infamous reputation through its focus on oil drilling to revive the country's economic and financial fortunes as Nasrallah has repeatedly referred to the "economic significance of oil and gas wealth." Moreover, Hezbollah wants to imply that its weapons, specifically the drones it attempted to launch against the Karish field, were the main reason behind the movement toward the demarcation agreement. Through, this Hezbollah has aimed to legitimize its possession of weapons and authority.

In addition, the party aimed to secure an important foothold in the field of energy, allowing it to portray itself as a guarantor of energy while the world suffers from the energy ramifications of the Russia-Ukraine war. Hence, Hezbollah through this agreement is aiming to engage in the regional and international arenas after a long period of isolation.

### **The Future of Lebanon and Hezbollah Post-Demarcation**

At the economic level, the demarcation may help in mitigating the economic and financial collapse in Lebanon — though the agreement's potential economic benefits are still not defined and its set timeframe indicates a delay in realizing the actual benefits of the demarcation once the agreement is concluded. More importantly, it must be noted that the demarcation agreement and the division of the maritime border between Lebanon and Israel are based on political considerations; the agreement is likely to create a new political reality in Lebanon. Structurally,

the agreement will integrate Lebanon within the framework of normalizing relations with Israel, albeit in a discreet manner and under economic and commercial guises. The agreement also ensures a sustainable state of tranquility on the border between the two states and reduces the chances of an outbreak of major or minor military conflict, which no regional or international actor wants to happen. In addition, the agreement guarantees Hezbollah's present and future role in Lebanon. The agreement would allow the party to benefit from Lebanon's gas and oil revenues, and would tacitly confirm its internal influence to the United States and the West, while bestowing it with legitimacy and benefits.

### **Potential Outcomes and Trends for 2023**

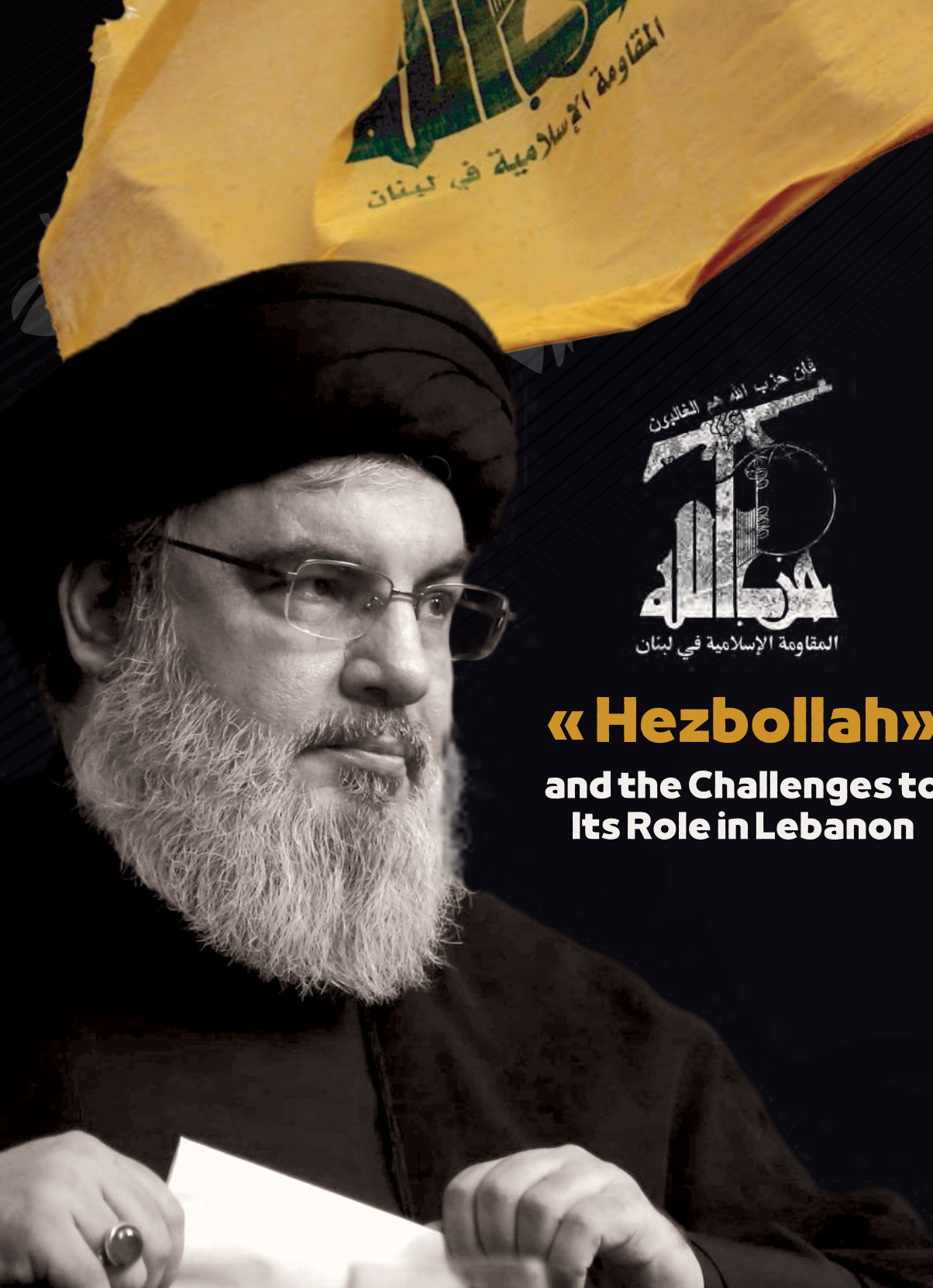
With 2022 coming to an end, it seems that accurately speculating about the fate of the current Lebanese crisis and the role of Hezbollah has become increasingly complicated. Following the country's devastating financial crisis, the protracted impasse between the Lebanese political parties has added further complexity. The situation further intensified due to the unexpected results of the parliamentary elections that led to the loss of Hezbollah's majority with its allies. This loss was driven by interlocking internal motives and the emergence of new political forces. Given the challenges these results posed for Hezbollah, the party was compelled to retain its position through a number of moves such as nominating the speaker of the Lebanese Parliament to the reappointment of Mikati as prime minister. The issue of presidential nomination is a major dilemma for Hezbollah, and this issue may lead to an internal and external political tug-of-war, which may transition into a dark political future for Lebanon and heighten the risk of a complete economic meltdown.

Once an agreement to demarcate the maritime border with Israel is reached, Hezbollah, in the short to medium term, will be able to leverage its position from the expected financial

reserves and turn this into a political advantage that could compensate for its military role which has been limited due to the party's economic situation. Yet there is a potential problem that could hinder Lebanon and Hezbollah respectively from benefiting from the maritime border demarcation agreement. The problem lies in the outcome of the Israeli elections, with Benjamin Netanyahu and his right-wing allies winning. This may lead to a revision in the agreement, especially in light of Netanyahu's past declarations against the agreement and his intention to walk away from it once he was back in government. This is despite the fact that the agreement stipulates that it must not be changed under any new political conditions such as a change in government.

To conclude, it is safe to say that 2023 will most likely witness a decline in Hezbollah's and Iran's influence in Lebanon. Hezbollah will try to distance itself as much as possible from engaging explicitly in politics yet it will make sure the new president supports the party or is from its alliances. This retreat is tactical to ensure that it is not blamed for any future political crisis or socioeconomic deterioration in Lebanon. The party will rely on the time factor to restructure the internal balance of power in line with its interests until a presidential candidate acceptable to all parties is identified.

After the demarcation in Lebanon and the potential political settlement in Iraq, Washington and Tehran will focus on their common interests in Lebanon; which is to avoid escalation and enhance understanding as each side seeks to strengthen its position in the nuclear talks in Vienna to revive the nuclear deal. This is a promising opportunity that may not come again for Hezbollah. The party can then reach a political settlement at home and agree on a consensus candidate for the presidency, eventually ending the political power vacuum in line with its own interests and approaches •



## « Hezbollah » and the Challenges to Its Role in Lebanon

### The Lebanese Parliamentary Elections and the Loss of Hezbollah's Majority

The implications of the October 2019 uprising

Higher representation quotas for  
anti-Hezbollah elements

The absence of an electoral majority  
destabilizes the entire Lebanese

### Lebanese Maritime Border Negotiations and Hezbollah's Position

Escalation, threats and disavowal before  
making a volte-face by showing flexibility

Adherence to the agreement due to the  
economic significance

New political reality within the framework of  
unannounced normalization

### Hezbollah and the Constitutional Allocations' Dilemma

The flotation of Najib Mikati's government

The presidency and the absence of consensus  
among political parties

### Potential Trends for 2023

The return of Netanyahu as prime minister of  
Israel jeopardizes the maritime demarcation

Tactical decline in Iran's influence and its  
proxy Hezbollah in Lebanon



# Conducive Environment: Iranian Moves in the International Arena Amid Rising Competition Between Major Powers



## US-Iran Relations Between Cautious Diplomacy and Lack of Confidence

On US-Iran relations, Rasanah’s 2021 ASR concluded that the two countries were very close to returning to the nuclear agreement in light of the ongoing nuclear talks in Vienna which were addressing outstanding issues and some significant progress had been made. However, the deep-rooted differences which undermine the prospect of normalizing relations as well as the Iranian government’s hostile foreign policy and domestic oppression remain unaddressed. The developments in 2022 led to a stalemate in the nuclear talks. The two parties employed a cautious diplomatic approach to revive the nuclear agreement and came quite close to reaching a settlement. However, the lack of trust between the two sides risked this prospect, and the nuclear talks did not cover the other contentious files, including Iran’s hostile behavior against the United States or its disputed ballistic missile program.

This lack of trust led to a dualistic approach oscillating between faltering diplomacy and confrontation and escalation. This file attempts to reflect on the interactions between the United States and Iran that will have lasting impacts on the approach to diplomacy and confrontation. The salient interactions between the two sides in 2022 included the following: the approach to diplomacy and the impasse in settling the outstanding issues amid the nuclear talks; the confrontational approach based on US sanctions and Iranian moves to alleviate their impact; and the implications of the outstanding issues for the ramifications of regional and international trends, finally the future scenarios of US-Iran relations: interaction or confrontation.

### **The Approach to Diplomacy and the Dilemma of Resolving Thorny Issues**

The United States and Iran resumed talks to revive the nuclear deal in 2022. However, the two sides failed to achieve a breakthrough. Iran's desire to preserve its achievements since the US withdrawal from the nuclear deal, its demands to lift all the sanctions, and the removal of the IRGC from the US blacklist as well as guarantees to prevent the United States withdrawing from any new agreement in the future were not settled. These demands are considered from the Iranian perspective as critical to establish a good and long-lasting deal that ensures Iran's economic benefits in particular. However, the United States will never let Iran retain its nuclear advancements as they will lead to Iran reaching the brink of the nuclear threshold, and it also plans to keep in place some sanctions as completely lifting all sanctions would embarrass the Biden administration, especially to keep the IRGC on the blacklist amid intense pressure from regional allies. In 2022, the nuclear talks were negatively impacted by US domestic pressure, particularly from the Republican party in the US Congress, as it opposed the revival of the nuclear deal as well as from Iranian domestic

pressure from the “hardliners” who exerted pressure on the Iranian nuclear negotiating team not to concede ground to the United States. Against this backdrop, a stalemate was reached in March 2022.<sup>[105]</sup>

However, after several months of stalemate, negotiations resumed in Doha through European mediation, and they almost concluded in August when the Europeans proposed a deal to revive the nuclear agreement over a period of 120 days. However, negotiations were suspended again at the end of September 2022 after Iran requested an end to the International Atomic Energy (IAEA) investigations into the origin of uranium particles that were found at three undeclared sites. Iran seeks to close this case so as to prevent any future pressure and as an excuse to render the deal meaningless. However, the United States and Europe rejected Tehran's proposal to link the return to the nuclear agreement and the IAEA investigations. According to estimations, the US administration considered that signing any agreement with Iran would affect the chances of the Democrats in the mid-term elections in November 2022. In spite of this stalemate and mutual accusations, Washington and Tehran declared their commitment to the diplomatic track. This was evident in the speeches delivered by Biden and Raisi at the UN General Assembly in September 2022.

The negotiations did not prevent Iran and the United States from exerting maximum pressure to increase their leverage at the negotiating table, or not to make substantial concessions. Iran's wild card in this context was to increase its nuclear activities and its enriched uranium stockpile which exceeded JCPOA limits by 19 times according to the latest IAEA report. Moreover, surveillance cameras at Iranian nuclear sites were turned off to restrict the IAEA's inspection and to conceal Tehran's nuclear advances. These Iranian moves indicate that the government seeks to use its nuclear program as a deterrence tool to prevent any future withdrawal from



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the agreement, or as a “self-guarantee” to ensure the deal's viability by reducing the breakout time and reaching the nuclear threshold.<sup>[106]</sup>

On the other hand, the United States threatened to withdraw from the negotiations and considered other options. Indeed, the United States prompted the IAEA Board of Governors to pass a resolution condemning Iran and urging it to fulfill its legal obligations and fully cooperate with the agency. This decision was the first since June 2020. It was approved by the majority of the members of the Board of Governors, except Russia and China, as they longer support the revival of the nuclear agreement amid their

# SIGNIFICANCE AND IMPLICATIONS OF Hacktivists Releasing Iranian Nuclear Documents

*Mohammed Zahed*

*Researcher and Liaison Representative at Rasanah IIS*


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Iran over the years has faced cyberattacks, with key government apparatuses and installations targeted by hackers. A new twist amid the ongoing protests in response to the death of Mahsa Amini is a new successful hack of the email system of Iran's Nuclear Power Production and Development Company. The hacktivist group Black Reward claimed responsibility and threatened to release the hacked documents – 50 gigabytes of data – If the Iranian government did not release all political prisoners and protestors who had been detained over the last month.

The group stated on social media, “The published documents contain the contracts of Iran Atomic Energy Production and Development Company with domestic and foreign partners, management and operational schedules of Bushehr power plant, identity details and pay stubs of engineers and employees of the company as well as passports and visas of Iranian and Russian specialists of Bushehr power plant.” The group also mentioned that “unlike Westerners, we do not flirt with criminal clerics, and if we promise some-

thing, we fulfil it 100%.” At the moment, it not known whether the documents include sensitive information regarding Iran's nuclear program or not, and time is needed for the documents to be studied and analyzed. However, the hacking is very significant and has numerous implications for the Iranian government, particularly for its image of power and strength that is projected to the Iranian people in the context of the ongoing national uprisings and Iran-West tensions against the backdrop of the stalled nuclear talks in Vienna.

First, the timing of the hack is very important, as it has happened when the Iranian government is facing vast domestic pressures in response to the killing of Amini by the morality police. The ongoing protests have spread like wildfire and are continuing with more Iranians taking to the streets despite facing police brutality. This is a major domestic threat to the Iranian government, and its most serious since the 1979 Iranian revolution, especially as cracks have appeared with some clerics and former government loyalists breaking away from the



official state narrative of the mandatory wearing of the hijab and criticizing the government's approach toward the protestors. With this domestic pressure building, the last thing the government needed was another breach of its security, particularly of its clandestine nuclear program. This is another embarrassment for the government, as it has prided itself on developing layers of unbreachable security and presenting itself as an all-powerful unassailable structure that is impenetrable and secure from all external threats. The Iranian government will be in a state of flux and paranoia at this time, with it facing internal and external security breaches and threats. Second, depending on the details of the released documents, they could end any Iranian hopes of reviving the nuclear deal, with the talks at an impasse for months now. American hands could be squeezed by Western partners to force concessions and guarantees from the Iranians which they are unlikely to be happy with or consent to. Although the Bushehr plant is under IAEA supervision, details of contracts, foreign partners and procurements could all embarrass the Iranian government and invite additional pressures if it is found to be further

violating its nuclear obligations while it has been negotiating at Vienna. Third, the Iranian government has consistently mentioned how it has invested a vast array of resources in boosting the country's cybersecurity capabilities, despite these claims, Iran's key apparatuses and installations continue to be targeted and hacked, exposing the holes and weaknesses in the country's cybersecurity infrastructure. This further leads to a lack of confidence in the government's capabilities, with the Iranian people already accusing it of inefficiency and mismanagement when it comes to the economic and social domains. All elements of power and strength that the government prides itself on are crashing down or being exposed as equivalent to a house of cards. These are precarious times for the government, with it facing uphill battles on all fronts. Fourth, the Iranian government has accused "a foreign hand" of being involved in this latest hack; in the past it has pointed the finger of blame at Israel. As a result, we are likely to see an escalation in Iranian-Israeli cyberconflicts, with this domain quickly turning into an expression of the balance of power equation in the region, with Tehran and Tel Aviv flexing their technical

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***This security breach is a boost for the protestors as it exposes the actual weaknesses of the government***

muscles and capabilities to shift the equation in their favor. Although Israel's cyber-capabilities are far superior to Iran's, this is unlikely to deter an Iranian reaction. In fact, a reaction would be in the Iranian government's interest, as it would deflect attention from its domestic worries and help in building up hyper-nationalism in the face of Israeli threats like it has done recently through attacking Iranian-Kurdish dissident bases in Iraqi Kurdistan. The nationalism card is always used at difficult times, but this time it is likely to fail, especially as the government's tactics and ploys are well known to the Iranian people who are fed up and want radical political and socioeconomic change for the betterment of their lives and future generations to come.

To conclude, dark days face the Iranian government with little room for maneuver, the holes in its armory are being exposed day by day, and it does not have the resources or capacity to fight a battle on multiple fronts. This security breach is a boost for the protestors as it exposes the actual weaknesses of the government that has projected itself as a leviathan over the decades•

growing differences with the West and the United States. This decision helps the United States and its allies to further the international escalation against Iran in case the latter's intransigence continues. This is likely because of the second IAEA report condemning Iran. The United States' and the IAEA's pressure has probably paid off, as Iran declared its willingness to report to the IAEA regarding the three undeclared sites to settle the outstanding issues with the agency to open the door for the European proposal as a means to revive the 2015 deal. However, Iran's assistance to Russia in its war against Ukraine limited the enthusiasm of the United States to continue on the path of reviving the stalled settlement.

### Confrontational Approach Between US Sanctions and Iranian Moves to Alleviate Their Impact

One of the Biden administration's options was to reactivate sanctions to pressure Iran into accepting a nuclear settlement. These sanctions

aimed to obstruct Iran's economic benefits from foreign trade, especially in strategic sectors such as oil. They also sought to block the smuggling networks that facilitate the supply of oil and money to Iran, particularly to the IRGC and its security and intelligence agencies as well as to key individuals in the establishment. In addition, the sanctions aimed to strike at Iran's regional proxies, networks and transnational companies that violate US sanctions.

However, these sanctions were not effective in forcing Iran to accept US conditions. Through its confrontation policy, and its policy of economic resistance based on diverse strategies to circumvent the sanctions, as well as stepping up economic diplomacy, enhancing regional relations, and shifting East away from the West,

Iran's exports increased since 2021, and it successfully reversed the trade balance in its favor. Iran's exports were expected to grow significantly in 2022 and 2023. Notably, Iran attempted to establish channels of economic, commercial and financial cooperation away from US restrictions and international financial transfer systems, taking advantage of alternative channels in some regional and international countries. High oil prices and the depreciation of the local currency as well as import restrictions are factors which contributed to the growth of Iran's foreign trade and reversing the trade balance in its favor.<sup>(107)</sup>

Nevertheless, domestic economic conditions were impacted by the sanctions, and external factors overlapped with the abovementioned conditions amid domestic unrest. This year saw two rounds of protests that followed hiked prices and the government's removal of subsidies on some key items, and the killing of Mahsa Amini by Iran's morality police. These protests revealed



the internal gaps which the United States tried to take advantage of to exert further pressure on the Iranian government. The US administration and officials expressed their support for the protestors. The US Department of the Treasury issued guidance on expanding internet services for Iranians despite US sanctions on Iran. This helped to increase the momentum of the protests. On the other hand, the Iranian government greatly criticized this move and deemed it an opportunity to amplify its rhetoric about the US conspiracy against Iran.<sup>(108)</sup>

### **The Impact of US-Iran Hostility on Regional and International Policies**

At the regional level, in parallel with the US commitment to never allow Iran to possess a nuclear weapon and not to remove the IRGC from its blacklist as a form of assurance for regional countries, the United States pursued an expanded deterrence strategy to confront the dangers and challenges Iran posed to the region. In this context, the United States stepped up its consultations with regional allies on the Iran file. Accordingly, it proceeded with forming a regional security structure to confront Iranian threats. The United States also increased military cooperation and joint maneuvers, especially with Israel, to confront the widespread use of Iranian drones and precision-guided missiles fired against US targets and its regional allies.

In contrast with the US approach, Iran activated its traditional strategy by instructing its militias to target US bases in Iraq. It also focused its regional efforts to wind down the US presence in West Asia, presenting the case that this foreign presence causes crises and destabilizes security. Iran also returned to threaten Gulf maritime navigation as three IRGC boats attacked two US military ships in Gulf waters, and it resumed to seize ships in the Gulf to pressure the United States and its allies.

Internationally, the Biden administration successfully created a transatlantic consensus

on Iran, the outcome of which was evident in the report of the IAEA Board of Governors. The strategic competition that reached the stage of conflict had a profound impact on US-Iran relations. Iran sided with Russia in its war against Ukraine, and the former even supported Russia with drones and missiles. This prompted the United States to impose sanctions on Iran. Both countries stepped up their cooperation to bypass US sanctions and they launched a financial payment system away from the dollar. Both countries also discussed a comprehensive strategic partnership deal. Putin's visit to Tehran in response to Biden's visit to the Middle East confirmed that Tehran had influential allies in the international arena with which it could form an anti-US alliance in West Asia, including China. Iran-China relations witnessed important developments as per the two countries' shared desire to balance US pressures and moves. In addition, the 25-year Iran-China cooperation agreement entered into force at the beginning of the year. The two countries stepped up their military cooperation; the Chinese, Russians and Iranians conducted a third joint military exercise in the northern Indian Ocean dubbed the "Maritime Security Belt 2022" hosted by Iran and they also conducted a naval drill in the Arabian Sea. China and Russia also opened access for Iran to the SCO and BRICS. The level of effective coordination reflected the need to create a balance against US clout.

### **The Future of US-Iran Relations: Interactions and Confrontation**

The United States and Iran made important progress at the Vienna talks. European mediation led to the settlement of many outstanding issues. In spite of the current stalemate in the negotiations because of the US midterm elections, the Biden administration and Iranian government adhered to the approach to diplomacy. The opportunity to implement the European roadmap still remains. In doing so, Iran will find

an opportunity to end its isolation and revive its trading activities and financial transactions with the world in exchange for placing its nuclear program under international control and monitoring. The diplomatic approach may be rejected by countries in the region, particularly given Iran's assistance to Russia in the ongoing Russia-Ukraine war which has adversely affected negotiations; however, the United States and all the partners to the nuclear deal — due to their adherence to negotiations and diplomacy — desire to go ahead with the nuclear deal since it is the most appropriate way to prevent Iran from reaching the nuclear threshold until 2031 at least. Nevertheless, settling the outstanding issues does not mean that the other contentious issues between the United States and Iran will be automatically resolved. Deep-rooted outstanding issues have caused a divergence between the two countries. Internationally, while the United States is trying to confront the polarizing behavior of the main international powers, especially China and Russia, Iran aligns with this axis, based on an inherent desire to confront US hegemony and resist any US efforts to penetrate Iranian society. Iran's help to Russia in its war against Ukraine has cast a shadow over US-Iran relations and its actions with Russia and China will make hostility an inherent feature of relations and a pretext for a further loss of mutual trust between the two sides. Regionally, Iran insists on continuing its hostile behavior toward the region and the United States and keeping its missile capabilities and rejects any discussion around these issues. In addition, Iran continues to threaten the US presence in the Middle East through drone attacks carried out by its proxy militias. If the nuclear agreement is eventually concluded, the state of hostility between the two countries will not necessarily end. Given the sharp lack of trust, historical disputes between the two countries cannot be comprehensively addressed or erased •

See also



**Article**

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# HAVE THE NUCLEAR TALKS GONE BEYOND IRAN'S DEMAND FOR FUTURE GUARANTEES?

Since the second round of talks in April 2021, Iran has put forward certain guarantees as essential preconditions to revive the nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA). Iran has demanded guarantees that the United States will not withdraw from the revived nuclear accord going forward and wants its trade with the world to be unhindered by US sanctions...



*Mahmoud Hamdy Abo El-Kasem*  
Managing Editor of JIS



# US-Iran Relations: Between Cautious Diplomacy and Lack of Confidence

## ■ The Approach to Diplomacy and the Dilemma of Resolving Thorny Issues



— An Iranian desire to reach a good deal that ensures as much of its interests as possible



— US insistence on preventing Iran from retaining its nuclear gains outside the scope of the nuclear agreement

## ■ Confrontational Approach Between US Sanctions and Iranian Moves to Alleviate Their Impact

- Intensifying US sanctions
- Exerting pressure via the IAEA
- Putting pressure on the Iranian government through supporting the protests
- Placing more sanctions on Iranian oil exports and strategic commodities

## ■ The Impact of Disagreements on Their Regional and International Policies

### US orientations

- Regional deterrence and cooperation with allies to put pressure on Iran
- Military cooperation with Israel
- Creating a transatlantic consensus against Iran
- Putting pressure on Iran via the IAEA



### Iranian orientations

- Directing proxy militias to target US positions in Iraq
- Threatening maritime navigation
- Defense cooperation with Russia
- Activating partnership with China

## ■ The Future of Iran-US Relations: Interactions and Confrontation

- Diplomacy may be the most viable option for the two sides
- Considering negotiations and diplomacy the preferred option for the US while preventing Iran from surpassing the nuclear threshold until 2031. For Iran, it is the best way to overcome its financial crisis which has fueled the ongoing waves of protests
- Ongoing deep-rooted differences between the two sides on several issues, making the negotiations tougher
- Reaching a nuclear deal in the end, if any, will not end the hostility between the two nations given the lack of trust, which prevents any comprehensive resolution to the historical and chronic differences

Review US sanctions on Iran and its regional proxies in 2022





**Russia-Iran  
Rapprochement in  
the Post Ukraine Crisis**

The intertwined regional developments in relation to Russia and Iran since the eruption of the Russia-Ukraine war, the collapse of the nuclear talks and the imposition of heavy Western sanctions on Tehran and Moscow drew the two countries closer. As the year 2022 progressed, the uncertainty of Russia’s military victory in Ukraine combined with Iran’s inability to quell one of the largest anti-government protests the country has seen led to advanced multilevel talks between Moscow and Tehran. This file discusses the most prominent areas of coordination between the two countries through analyzing their political, security, and economic relations. Finally, the file forecasts the trajectory of future bilateral relations in light of their crisis with the West.

### The Russia-Iran Partnership Is Expanding

Russia and Iran expanded their political partnership on multiple fronts in 2022. Iran did not condemn the Russia's war on Ukraine in February, viewing Western support for Ukraine as a regional threat. It also expressed support for Russia's deployment of troops to Ukraine which it justified on the basis of Moscow safeguarding its interests.<sup>(109)</sup> In exchange, Moscow backed diplomacy to revive the Iranian nuclear deal, known as the JCPOA. This deal was concluded between Iran and the P5+1 (the United States, the UK, France, Germany, Russia, and China) in 2015, however, the United States withdrew from the deal in 2018.

In March 2022, Russia linked its interests in Ukraine to the JCPOA by demanding guarantees that Western sanctions on it would not impede its commercial ties with Iran— otherwise Russia would halt its efforts in reviving the nuclear deal.<sup>(110)</sup> Following intensive negotiations, Moscow received written guarantees, purportedly from the West, that it could continue its role in the JCPOA and that the West would not hinder its military and trade relations with Iran.<sup>(111)</sup> When Iran advanced its nuclear enrichment program despite international calls to stop following the breakdown of the nuclear talks in June, Moscow continued to call for the revival of the nuclear deal.

In July, President Vladimir Putin traveled to Iran to revive the Astana peace talks on Syria, led by Russia, Iran and Turkey since 2017, and met with Iranian Supreme Leader Ayatollah Ali Khamenei. By September, Russia reportedly had told Iran to evacuate its forces from a military site housing missiles and other Russian-made weapons in Hama after an attack that was believed to have been carried out by Israel. To avoid further Israeli strikes, Iran was told to leave another site further west in Hamidiya in Syria.<sup>(112)</sup> By mid-October, Russia reduced its forces in Syria and withdrew a key air defense system, while Israel provided it guarantees that its interests



in Syria would not be targeted if Iranian forces withdrew from Hama and Hamidiya.<sup>(113)</sup>

In the Caucasus, Russia and Iran worked jointly to prevent the outbreak of another conflict between Armenia and Azerbaijan. Iran carried out military drills along its borders with Armenia and Azerbaijan, and insisted on the inviolability of these borders, fearing efforts by Turkey and Israel as well as Western powers to spread their influence in the region. In November, Iran hosted a trilateral meeting between Armenia, Azerbaijan and Russia to prevent fighting or the use of force between Baku and Yerevan. Like Tehran, Moscow insisted on the need to not alter international borders or introduce geopolitical shifts in the Caucasus.

Russia further insisted on keeping the West out of the Gulf, and to this end it continued to support the idea of balanced talks with Iran and its Arab neighbors. Despite opposing views on Gulf security between Iran and the Gulf Coop-

eration Council (GCC) states, and tensions between Saudi Arabia and Iran over Yemen where a pending truce in the country faced an uncertain future until the end of September, Russia continued to encourage an internal Yemeni dialogue just like Iran, but unlike Tehran, Moscow discouraged all forms of sectarianism and radicalism in Yemen.

### Enhancing Military Cooperation

In late August, Moscow confirmed that a long-term strategic cooperation plan with Iran was about to be finalized. During a visit to Moscow, Iran's Foreign Minister Hossein Amir-Abdollahian discussed the parameters of this strategic plan with his Russian counterpart Sergey Lavrov.<sup>(114)</sup> The new Russian-Iranian strategic cooperation plan would involve the development of Iran's nuclear industry, and the construction of power stations, as well as space and military cooperation. Possibly in return for its support for the Russian attack on Ukraine, Moscow said

it would give Tehran a spy satellite in August 2022.<sup>(115)</sup>

In September, Iran's President Ebrahim Raisi confirmed that Tehran was determined to expand multilevel ties with Moscow. By late September, Iran witnessed the outbreak of massive anti-government protests, threatening the survival of the Iranian establishment. White House Press Secretary Karine Jean-Pierre said, "we are concerned that Moscow may be advising Tehran on best practices to manage protests, drawing on Russia's extensive experience in suppressing open demonstrations." | Jean-Pierre stated that the evidence that Iran is helping Russia in the war in Ukraine is "clear and public."<sup>(116)</sup>

Iran reportedly sold Russia drones and other weapons, although the two sides did not publicly announce these military transactions.<sup>(117)</sup> The first shipment of Iranian drones was sent to Russia in late August.<sup>(118)</sup> That same month, Iran, Russia, Belarus and Armenia conducted a joint drone drill near the central Iranian city of Kashan.<sup>(119)</sup> Russia used self-destructing drones produced in Iran to carry out strikes near Ukraine's capital city of Kyiv a month later.<sup>(120)</sup>

In mid-October, Iran reportedly promised to supply Russia with surface-to-surface missiles and more drones. In light of reports disclosing these Iranian military supplies to Russia, the United States, the UK and France decided to raise this matter before a meeting of the UNSC. They accused Iran of violating UNSC Resolution 2231 that prohibits Iran from the transfer of drones without prior UN approval as stipulated in the JCPOA.<sup>(121)</sup>

Russia warned against any UN investigation into the matter. Ukraine reportedly shot down more than 300 Iranian drones by the end of October, which proved that Tehran had supplied Moscow with the drones. In late October, UN Secretary General Antonio Guterres informed the UNSC that his office would continue to prepare reports regarding the violation of Resolu-

tion 2231, which implied that the issue of Iranian military supplies to Russia remained on the table for further discussion at the UNSC despite Moscow's objection. Additionally, Iran was reportedly planning to supply Russia with ballistic missiles including the Fateh-110 and Zolfaghar short-range missiles.<sup>(122)</sup>

### Expanding the Economic Partnership

President Putin's visit to Tehran over the summer led to the signing of several agreements including the largest foreign investment in the history of Iran's oil sector. The trip sealed a Gazprom deal in the energy sector, and the two countries proceeded to work together through the National Iranian Oil Company.<sup>(123)</sup> Against the backdrop of Western sanctions, Moscow and Tehran reached an agreement to use local banking and financial mechanisms to facilitate trade and inter-bank payments.<sup>(124)</sup>

In late August, according to Iranian news sources, Russia confirmed that it supported Iran's membership in the Eurasian Economic Union (EAEU). In mid-September, Iran signed a Memorandum of Obligations during the Shanghai Cooperation Organization (SCO) Summit in Uzbekistan to become a permanent member of the organization, and in October, Russia and Iran agreed to set up a free trade zone to enhance ties with the EAEU.

A 2022 trilateral cooperation document between Russia, Iran and Azerbaijan aimed to expand transportation networks between Iran and Eurasia. Iran engaged with Russian think tanks and policy centers to seek ways to circumvent and neutralize Western sanctions through trade and the mutual exchange of expertise in different economic and commercial sectors, and to encourage a free trade zone in the Caspian Sea to serve its littoral states.<sup>(125)</sup>

The International North-South Transport Corridor (INSTC) extending from India to Russia through Iran opened up new areas of cooperation. In April, Moscow and Tehran signed a

transportation agreement to operationalize a trade corridor by late 2022. President Putin insisted that trade ties advance between the two sides. In light of meetings between Russian and Iranian experts leading to wider trade, banking and long-term agreements, Putin referred to the INSTC as one of several main pathways to expand Russian trade into Iranian markets and predicted the volume of trade to increase by 60 percent by 2030.<sup>(126)</sup>

### Conclusion: The Future of Iran-Russia Relations Amid Their Crisis With the West

Western sanctions remained a joint challenge facing Russia and Iran, and the two countries took steps to neutralize them in 2022 against the backdrop of the Russia-Ukraine war and the impasse in the Iranian nuclear talks. Meanwhile, mounting political challenges for Russia due to the Russia-Ukraine war and for Iran due to the protests increased international condemnation of their respective "ostracized governments." International sanctions continued to devastate the Russian and Iranian economies, and boosted Western resolve to continually build pressure to challenge the Iranian and Russian regimes.

In 2023, we may witness heightened strategic cooperation between the two countries due to Russia's need for Iranian drones in the Russia-Ukraine war amid Western sanctions on Moscow. Russia's military and economic cooperation with Iran will positively impact Tehran's economy in light of the sanctions and the ongoing nuclear crisis. The two countries adopt a joint perspective toward creating a multipolar world order. Therefore, they are likely to continue their cooperation given their crisis with the West and the sanctions imposed on them.

If Russia manages to win the ongoing war with Ukraine, Iran will increase its military cooperation and use it as a bargaining chip to place pressure on the West to settle its nuclear file. •

# Russia-Iran Rapprochement in the Post Ukraine Crisis



## ◆ The Russia-Iran Partnership Is Expanding

- Expansion of the political partnership in 2022
- Russia's continuous support of balanced talks between Iran and the Gulf
- Iran's withdrawal from two cities in Syria on Russia's request
- Joint arrangements in the Caucasus to prevent the outbreak of conflict between Armenia and Azerbaijan



## ◆ Enhancing Military Cooperation

- The expected strategic cooperation involves military and space cooperation
- Iran's shipment of drones and ballistic missiles to Russia
- US concerns over Moscow's advice to Tehran on best practices to manage and suppress the protests



## ◆ Enhancing Economic Cooperation

- Russian-Iranian agreement to set up a free trade zone to enhance economic ties with the EAEU
- Russian support for Iran's permanent membership in the Shanghai Cooperation Organization
- Signing a deal in the energy sector following Putin's visit to Tehran

## ◆ The Future of Iran-Russia Relations Amid Their Crisis With the West

- Greater strategic cooperation between the two countries
- Continuing to support the creation of a multipolar world order
- The possibility of providing Iran with sophisticated military capabilities and technical support in return for its participation in the Russia-Ukraine war





**BRICS After SCO:  
Iranian-Chinese  
Motives to Deepen  
Their Partnership  
and Cooperation**

The 2021 Annual Strategic Report addressed the Iran-China relationship including Chinese support for Iran in the nuclear negotiations, the steps taken to deepen cooperation between the two countries, the Chinese position on the United States’ moves toward Tehran, and the impact of these relations on the Middle East. China endowed Iran with economic, technological and military capabilities, facilitating its rise as a regional power in return for a foothold in the Middle East. However, China’s cautiousness toward challenging the United States in the region curbed its provisions to Iran to avoid a clash between the two sides. The United States sent the Speaker of the US House of Representatives Nancy Pelosi to Taiwan in August 2022. Accordingly, China reassessed its endowments to Iran to avoid confronting the United States.



As the 2021 report expected, Beijing did not challenge Washington when cooperating with Tehran but within the scope of its own interests and future.

This part of the 2022 Annual Strategic Report discusses the cooperation between Iran and China, the motives for deepening the partnership between the two countries through BRICS (Brazil, Russia, India, China, and South Africa), the geopolitical importance of BRICS for Iran-China relations, and finally the challenges facing Iran to enter BRICS. In conclusion, the report forecasts the future of cooperation between the two countries in the SCO and BRICS.

### Iran and China on the Path of Cooperation

China made extensive efforts to enable Iran to achieve full membership of the SCO after years of unsuccessful attempts. Iran joined the SCO in 2005 as an observer member, and its efforts to obtain full membership were hampered by repeated UN and international sanctions and the refusal of some members for it to join.<sup>(127)</sup>

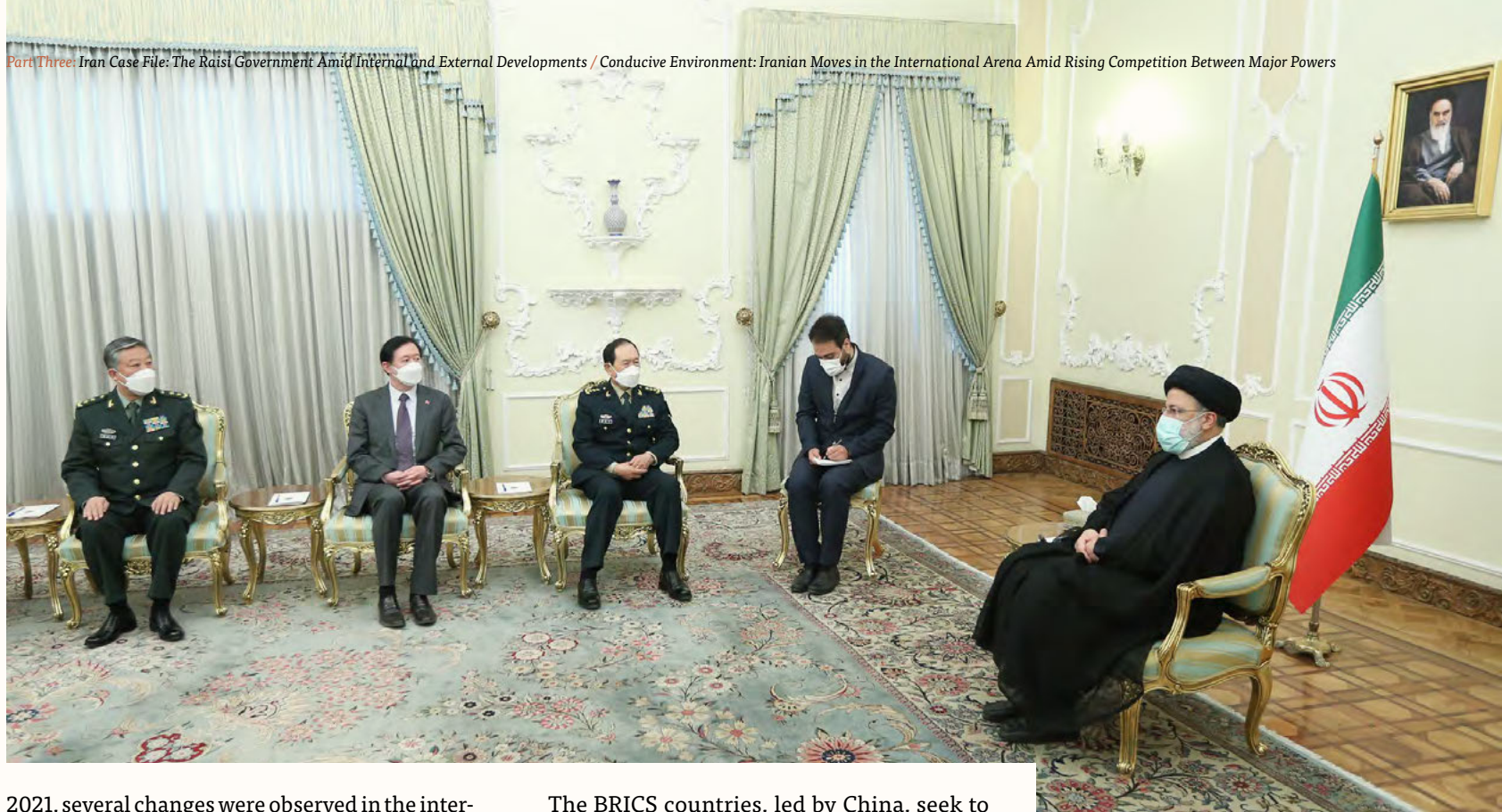
China and Iran signed an important strategic partnership agreement in Tehran on March 27, 2021. The agreement is significant in terms of its timing, nature, financial structure and potential repercussions on regional and international equations, especially with China's desire to expand its political and economic influence in the region as well as involving Iran in its One Belt One Road initiative, which in principle is an infrastructure project to reach European and Central Asian markets. The strategic partnership agreement includes China's provision of investments and economic and security services worth \$400 billion to Iran over 25 years, in exchange for a steady supply of Iranian oil to China.<sup>(128)</sup>

Perhaps the most important outcomes of the agreement for Iran in the short term are securing the backing of an influential ally in the international arena, winning Chinese support at the nuclear negotiations, and pressuring the United States to accelerate the negotiation process. Iran seeks to lift the sanctions, achieve some economic relief, and head toward the East in terms

of its foreign policy orientations. Economically, Iran needs China's support, especially since Beijing has been Tehran's number one trading partner for the past 10 years. However, this partnership deepens during times of international sanctions on Iran. The agreement also secures several benefits for China, most importantly more geopolitical influence in West and Central Asia and allows it to fight back against Washington's policies that aim to contain its growing prowess, as well as to participate in joint projects. Moreover, the agreement will allow China to develop Iranian infrastructure to ensure Iran is ready to be part of its One Belt One Road initiative. Finally, the agreement diversifies Chinese oil sources in the region, which meets nearly 60 percent of its needs.<sup>(129)</sup>

### Motives for Deepening the Partnership Between Iran and China in Light of Iran's Application to Join BRICS

After the approval of SCO member countries on Iran's full membership during the meeting held in the Tajik capital, Dushanbe, on September 18,



2021, several changes were observed in the international arena in 2022. These changes impacted the positions of other international actors given Tehran's quest to reduce its international isolation by expanding its bilateral and multilateral relations with Russia, China and the Central Asian countries.

During the 14<sup>th</sup> virtual summit held in Beijing on June 24, 2022, Tehran submitted a request to join BRICS within the context of the BRICS Plus framework. On September 16, 2022, at the 22<sup>nd</sup> SCO summit held in the Uzbekistani city of Samarkand, leaders announced the start of Iran's official membership in the organization that includes China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, India, and Pakistan. Iran will complete the formal full membership procedures within a year so that it participates as a full member of the organization at the next summit in India in 2023.

The BRICS countries, led by China, seek to strengthen their cooperation to form a multipolar world order, continue coordination on the most pressing global economic and political issues, and confront US sanctions and the West's attempts to impose its hegemony. In 2009, when the first BRICS summit was held, it reflected the coming together of emerging countries to reform international institutions and form an alternative bloc that exercises economic and political power.

#### ***Iran's Motives***

- Iran considers China's self-confidence and its great economic and military progress as evidence of the US decline. This perceived decline is in line with Iran's goal to distribute power through the creation of a multipolar order, which is consistent with the vision of BRICS.
- Iran's interest in joining BRICS increased after the collapse of the nuclear deal in 2018

and when the United States implemented its maximum pressure campaign on Tehran. Iran refused to yield to Washington's pressure, and embraced an eastward orientated foreign policy, with it attempting to strengthen relations with Russia and China.<sup>(130)</sup>

► Iran's request to join BRICS constitutes an Iranian movement toward the countries that have the highest economic growth rates in the world, led by China, which is expected to become the largest economy by 2028, surpassing the United States.<sup>(131)</sup>

► Iran's accession to BRICS would represent a significant achievement for Iranian President Ebrahim Raisi and his government's plan to strengthen its alliances in the international arena. Iran's accession to BRICS would also strengthen its position at the negotiating table with the United States and the West as a whole.<sup>(132)</sup>

### China's Motives

► The One Belt and One Road initiative and its final outcomes are instrumental for the BRICS project, especially with regard to its potential logistical integration. Therefore, China has been investing in Iran so that it can play a role in the One Belt One Road initiative which will also have positive implications for Iran's potential participation in BRICS.

► Iran-China economic relations are based on China's growing need for energy resources. Iran will most likely be China's main energy source in light of Iran's limited trade partners. China will benefit from the integration of these energy-rich powers into one bloc, including Iran, as they will support its international projects and hegemonic ambitions. Further, these countries are the most significant source of oil and energy in the world and deemed as huge emerging markets.<sup>(133)</sup>

► China and the BRICS countries agreed on the significance of intensifying cooperation with emerging markets and other developing countries to improve the BRICS mechanisms and make its voice heard on major international issues.

► While Russia supported India's entry into BRICS to weaken China's dominant position within the organization, China attempted to include Iran to rebalance the equation.

### The Geopolitical Importance of BRICS in the Context of Iran-China Relations

The geopolitical position of the Middle East and Central Asia has always been of great importance to China because it is of significance for its One Belt One Road initiative. Iran considers the region part of its sphere of influence, despite the geopolitical competition with Russia, other countries in South Asia, and the Indian Ocean.

■ **Middle East:** Iran has employed the religious-sectarian dimension to serve its regional strategy to impose itself within the regional equation. Within BRICS, it will use the political and economic dimensions and soft power as a



See also



Study

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## INFORMATION OPERATIONS IN THE RUSSIA-UKRAINE WAR

The Russian military operation on Ukrainian territory is continuing, as is the media blitz involving the two parties. The latter encompasses all media outlets and social media platforms. The Russia-Ukraine war has shown that a single-worded piece of news, a picture or even a figure can prove to be an effective weapon that supports the battle on the ground. They impact the psychological state of both civilian and military personnel. We have seen how data has been seized, distorted and manipulated in this war to portray the adversaries in the worst possible light, to destroy their psychological resilience, and to erode their sense of patriotism. Furthermore, history, religion and the patriotic spirit have been used in psychological warfare against adversaries...



Ahmed Daifullah Algarni  
Vice President of Rasanah IIIS



strategic tool to expand its interests in the organization. Iran is also likely to employ geo-economic advantages to attract China to benefit from water crossings and energy centers in the region to allow Beijing to build a new map of influence in the region.

■ **Central Asia:** Iran has a strategic location at the crossroads between the Middle East and Central Asia. It is also a point of contact between East and West Asia. This location offers a great opportunity for China to become the most important player in Central Asia and this will allow it to fulfil its ambition of controlling a significant part of this region.

### Challenges Facing Iran to Join BRICS

Iran's accession to BRICS is subject to many challenges, particularly foreign policy factors and the impact of accession on Gulf-Sino relations. Perhaps China will not be able to accelerate Iran's accession to BRICS because its relationship with Tehran in the next phase will depend on its overall foreign policy in the Middle East and the US security presence in the Gulf to protect its interests. Therefore, China's relations with Iran may not develop further, leading Iran to face a host challenges.

■ **The influence of the foreign policy factor:** Despite the increase in diplomatic interactions between military leaders in Iran and China, the former is still not among Beijing's top 10 priorities in military interactions— given the fact that China seeks to enhance its global image by 2035 through using its army as a supportive tool for its broader diplomatic agenda in foreign policy. Chinese officials believe that the ongoing hostility between Iran and the United States and the JCPOA failure imposes additional costs on countries with which it seeks to enhance military relations. These challenges, i.e., costs, have both economic and security implications.<sup>(134)</sup>

■ **Iran's accession to BRICS in light of Gulf-Sino relations:** China uses the "strategic hedging approach" to build a sustainable presence and

more diversified relations with the GCC countries. Tehran's ambitions are inconsistent with Chinese interests with the Gulf countries, meaning that Gulf-Sino relations will define Beijing's relations with Iran within BRICS. Amid intense regional competition, it is unlikely that China will remain neutral at all times; it will sometimes be necessary for Beijing to express its clear position on Iran's violations to the Gulf countries.

The three summits (the Saudi-Chinese, Gulf-China and Arab-China summits) held during the Chinese president's visit to Saudi Arabia from December 7 to December 9, 2022, which were described as historic, confirmed China's "strategic hedging." The summits aimed at enhancing China's economic and political relations with Saudi Arabia and the Arab countries. Saudi Arabia and China concluded a comprehensive strategic agreement. According to the joint statement at the conclusion of the summits, "The two sides [Saudi Arabia and China] reaffirmed that they will continue to firmly support each other's core interests, support each other in maintaining their sovereignty and territorial integrity, and exert joint efforts to defend the principle of non-interference in the internal affairs of states, rules of international law and basic principles of international relations."<sup>(135)</sup>

*The joint statement met with Iranian backlash as it denounced Iran's interference in the internal affairs of states. Iranian Foreign Ministry Spokesman Nasser Kanaani condemned the final statement of the three summits as a "repetition of the Iranophobia failed policy." Kanaani added, "Emphasizing his country's respect for the territorial integrity of [Iran] the Chinese ambassador elaborated on the objectives of the president's visit to Riyadh, considered this trip to help peace and stability in the region and to use dialogue as a tool to solve problems."<sup>(136)</sup>*

### Conclusion: Cooperation in the Near Future in the Context of SCO and BRICS

2023 is expected to witness a host of developments in light of Iran's SCO accession and its request to join BRICS along with the aforementioned challenges. Iran's participation at the next SCO summit in 2023 in India, with full membership, will enable it to increase its ambition to strive toward achieving accession to BRICS, driven by its quest to create a multipolar global system. While the United States is unlikely to exit West Asia completely, the Chinese presence in the same region may make it easier for Iran to reap its desired benefits from China in light of the two countries' membership in the SCO, Iran's potential membership in BRICS, the new Sino-US cold war, and the deep differences between Iran and the United States.

Iran's SCO accession — given its strategic location near India, Pakistan and the Eurasian region — will change its position by making it a geostrategic cornerstone in an emerging multipolar world. If BRICS is about to become the first alternative bloc to Western blocs/alliances such as the G7 countries, then the SCO can also be an alternative.

BRICS has adjusted its influence in the international context, and with Iran's request to join BRICS, perhaps this bloc will challenge US dominance and the prevailing unipolar world order. In 2023, some expected events might indicate the emergence of a bipolar system between the United States on the one hand, and China and the rest of the BRICS countries on the other, especially given the World Bank's expectations in 2011 that the BRICS countries will represent the main economies contributing to global growth by 2025, which will increase their global power. However, this is conditional upon the resolution of the various problems caused by some BRICS member states •



# BRICS After SCO: Iranian-Chinese Motives to Deepen Their Partnership and Cooperation

## Iran and China on the Path of Cooperation

- China enabled Iran to achieve full membership of the SCO
- Iran seeks to secure the backing of China as influential ally after the signing of the 25-year Cooperation Agreement

## Motives for Deepening the Partnership Between Iran and China in Light of Iran's Application to Join Brics

- Iran has 4 motives for joining BRICS to strengthen its partnership with China
- China also has 4 motives for Iran joining BRICS

## The Geopolitical Importance of BRICS in the Context of Iran-China Relations

- Iran has employed the political-economic dimension in the Middle East
- China targeted Central Asia by taking advantage of Iran's location

## Challenges Facing Iran to Join BRICS

- The influence of China's foreign policy factor
- Iran's accession to BRICS in light of Gulf-Sino relations

## The Future Cooperation in 2023

- Iran's ambition to join BRICS will increase
- Iran's accession to BRICS is expected to enhance its influence
- Iran's growing doubts about China, against the backdrop of China concluding a strategic partnership with Saudi Arabia and boosting relations with Gulf and Arab states



**European  
Mediation and  
the Impasse in  
the Nuclear Talks  
With Iran**

This file will shed light on the untold story behind the failure of European mediation efforts in the context of the Iranian nuclear file. This is indeed a case study for analyzing European policy in order to advance European economic sovereignty. This is still a work in progress more than seven years after the conclusion of the Iranian nuclear deal and four years since the US withdrawal. As a consequence, trade became a source of dispute between the European countries and Iran. Since then, trade has been a decisive factor impacting European-Iranian bilateral relations.

### The European Union as a Mediator: An Impossible Task?

European mediation certainly had a positive impact under the Obama administration. The diplomatic process took place on European territory, and the administrative platform was European. Nevertheless, the conclusion of the agreement was the outcome of direct US-Iran exchanges without any European intermediary role on Omani soil. After the US withdrawal from the agreement by the Trump administration, European mediation was not possible because of the transatlantic balance of power. In other words, the European Union (EU) remains a diplomatic platform for US-Iran exchanges, whether direct or indirect. Nevertheless, the EU is the junior partner of Washington whether under Democratic or Republican administrations.

This assessment could appear as unfair because the management of the Iranian file is presented by the EU as a foreign policy success for Brussels. Nevertheless, it seems that the policy of regime change put in place by the Trump administration has exposed European contradictions and divisions. Indeed, while France, Germany and the UK have shown formal support for the JCPOA, European private sector companies announced their withdrawal from the Iranian market even before the US withdrawal in May 2018. This lack of economic sovereignty for Europe led the bureaucratic elites in Brussels and the European governments in favor of maintaining the nuclear agreement to advance diplomatic dialogue. However, attempts at promoting diplomacy have been impacted by the reality of economic relations between Iran and the EU.

Moreover, the bureaucratic responses consisting of proposing mechanisms to maintain economic exchange between Iran and Europe in order to strengthen the “moderate” factions in the Iranian republic came up against the dynamics of US-Iran confrontation which returned to the scene at the end of the Obama administration. Despite the US maximum pressure cam-

paign on Iran, Europe rhetorically maintained the same position on the nuclear deal as Russia and China. However, transatlantic convergences were stronger on other conflicting issues. Whether in regard to Iran’s ballistic missile and drone programs, its regional policy or human rights violations, the differences between Brussels and Washington were limited to questions of form rather than substance.

European divisions are not only the result of differences between EU member countries, but also because of Europe’s inability to fulfill its part of the nuclear contract due to the autonomy of the private sector not only with regard to the member states but also to the European administration. The use of the European blocking statute is rather symbolic in nature, as is the INSTEX (Instrument in Support of Trade Exchanges) or SPV (Special Purpose Vehicle) which does not provide legal protection for the European companies that intended to use it. These institutional mechanisms are not operational<sup>[137]</sup> which reinforced Iranian mistrust in the face of a European political will that has not translated into economic benefits for Iran. This failure to match rhetoric with reality starkly exposes the bureaucratic impotence of European countries and the EU, which is perceived in Tehran as an undesirable consequence of the US withdrawal from the nuclear deal in May 2018.

Opponents and critics of the policies and perspectives of Iran’s political system often negotiate directly with the United States to find a solution to the economic problem in the country. But the top-level of the theocratic state (the religious elite) refuses to do so and proposes a policy based on turning towards the East (China and India) and Russia. This impasse is twofold: impossible public negotiations with the United States for Supreme Leader Ali Khamenei and economic benefits of rapprochement with the Russian, Chinese and Indian economies. This dilemma in Iranian foreign policy does not mean, however, that Iran will not carry out its threats of nuclear

one-upmanship and pose a security challenge to US military power in its regional environment.

The escalation between the United States and Iran has undermined the effectiveness of European diplomacy, with European countries remaining strategically close to the United States, despite some disagreements on issues. Finally, the EU is an important partner in the nuclear negotiations, but not the main one.

### Challenges Facing European Mediation Efforts

Europe’s economic impotence and Tehran’s ideological opposition to Washington are the main factors explaining Brussels’ declining political influence on the Iranian dossier. However, Iranian economic problems remain mainly linked to endogenous factors such as corruption and the refusal to adopt international standards, whether in terms of financial transparency (Iran is back on the FATF blacklist)<sup>[138]</sup> or intellectual protection. In addition, the Iranian government refuses to create a real opening, although this is more than ever necessary for any integration of the Iranian economy into the global economy. Hence, the European mediator is caught between the hammer of the Khomeinist ideology in power in Tehran and the changes in the positions of successive US administrations on Iran. The European mediation posture is therefore a means for the EU but also for French President Emmanuel Macron to present successive alignments on US positions as an independent EU policy.

The fall in bilateral trade and the so-called mediation efforts of Brussels have provoked an Iranian rejection of any return to a foreign policy of balancing its relationship between Eastern international powers (Russia and China) and European states. Therefore, European mediation efforts notably consist of providing a diplomatic platform for indirect talks between the Biden administration and the Iranian republic. In other words, despite European diplomatic efforts,



rather than a decrease of international tensions around the Iranian nuclear issue and Tehran's regional policy, there is now a crisis between Tehran and several European states (France, Germany, Sweden, and Belgium). Eventually one has to consider if the impasse in the nuclear talks (April 2021-October 2022) will provoke a new diplomatic crisis between Iran and the West and if the diplomatic process will continue indefinitely despite European political statements repeatedly expressing an "emergency" to solve the nuclear issue within 18 months. For instance, in August 2022 the EU presented a final draft without any confirmation from Washington on a long-term commitment while Tehran was asking for guarantees.<sup>(139)</sup> In the hypothesis of a never-ending diplomatic process, ambiguity over the existence of a diplomatic option could become the new European tool to manage Iranian nuclear ambitions. Nevertheless, it remains to be seen if the Biden administration will accept this new status quo or face the consequences of accepting the failure of the nuclear talks and European mediating efforts.

Two new challenges have further complicated the European attempt to restore the JCPOA. First-

ly, one has to consider the rise of bilateral tensions between European states and Iran in the wake of the Iranian popular uprising over the killing of Mahsa Amini — during which Iranian security forces detained European citizens over accusations of spying for foreign intelligence agencies. Secondly, one has to consider Iran-Russia military cooperation and Tehran's delivery of drones and missiles to support the Russian military intervention in Ukraine.

These two developments in 2022 have demonstrated the difficulty in constructing a coherent European policy focusing only on the restoration of the JCPOA. There is currently a policy review regarding Iran in most of European capitals to answer the new challenges arising from Iran. This new policy will have to deal with the rise of popular protests inside Iran and Iranian military support for Russian war efforts.<sup>(140)</sup> New European human rights sanctions were announced on October 18, 2022 for the first time since 2011.<sup>(141)</sup> Further, the Europeans imposed sanctions in November on Iranian officials over their involvement in the violent suppression of the latest protests.

It remains to be seen if European capitals move to activate the snapback mechanism in order to reestablish UN sanctions against Iran. Indeed, it is more probable that Brussels will decide to invoke the terms of the JCPOA to challenge Iranian military support for the Russian military.<sup>(142)</sup>

It is expected that there will be an escalation of tensions between Europe and Iran in 2023. The Europeans will not continue to negotiate with Iran on a host of files, especially on the nuclear file since their credibility has been risked. In 2023, it is highly probable that the level of engagement will not be at the head of state level as was the case in 2022 with the controversial meeting between President Emmanuel Macron and President Ebrahim Raisi. Furthermore, Iranian military participation in the Russia-Ukraine war and the ongoing protests inside Iran will also contribute to the deterioration of Iran-Europe relations. The main driver defining the engagement process since the 1990s, namely trade and economic interests, will not be a key factor defining Iran-Europe relations in 2023 in light of the sanctions imposed on Tehran and the absence of trust between the Europeans and Iranians •

## **The Potential Scenario**

### **Between Europe and Iran**

- The escalation of tensions will likely impact the nuclear talks
- The deterioration of Iran-Europe relations due to Iran's participation in the Russia-Ukraine war
- Economic collaboration cannot contribute to further rapprochement with Tehran in light of ongoing sanctions and mutual distrust

## **European Mediation and the Impasse in the Nuclear Talks With Iran**

### **The Role and Dimensions of European Mediation**

- Mediation had a positive impact before the Ukrainian crisis
- Mediation became complicated after the US withdrawal from the agreement
- The escalation between the United States and Iran undermined European diplomacy

### **Challenges Facing European Mediation Efforts**

- Europe's economic impotence
- Tehran's ideological opposition to Washington
- Iran's refusal to adopt financial transparency and intellectual protection
- Two challenges due to the Iranian uprising and Iran's delivery of drones and missiles to Russia



**The Management of  
Rivalry: The Intertwining  
of Iranian-Turkish  
Interests in the Middle East**

Iranian-Turkish relations were characterized by a continuous dynamism due to their geographical proximity, being relatively equal in the international balance of power, and their intertwined interests regarding many issues. The 2021 Annual Strategic Report monitored the most prominent files of mutual interactions. The file reviewed Iran-Turkey competition in Iraq, the Afghan crisis, the heated debate over refugees, tensions over Azerbaijan and concluded that the Iranian-Turkish relationship would take a moderate path between direct clash and complete harmony, and predicted the possibility of push and pull interactions in respect of some regional files.

According to the 2021 report's forecasts, Iran-Turkey relations manifested both elements of cooperation and conflict. This was reflected in their positions on the Russian war on Ukraine, conflicts in northern Iraq, Iranian intelligence operations to conduct assassinations inside Turkey, and renewed competition in Syria against the backdrop of rumors of possible normalization in Turkey-Syria relations. This part of the 2022 annual report includes the Iranian and Turkish positions on the Russia- Ukraine war, Iran-Turkey confrontation in northern Iraq, Iranian intelligence operations in Turkey, the normalization of Turkish relations with Damascus, and forecasts the trends of Turkish-Iranian relations in 2023.

### **Iranian and Turkish Positions on the Russia-Ukraine War**

Iranian and Turkish positions differed on the Russian war on Ukraine due to their different interests. Iran aligned itself with Russia, and considered the war a defense necessity for Putin against "the expansion of NATO." On the other hand, Turkey stood neutral, and acted as a mediator to bring Russian and Ukrainian perspectives closer together. Turkey also called for meetings between Putin and Zelenskyy, and finally mediated on the Russia-Ukraine war. Moreover, Turkey set conditions for Finland and Sweden in order to accept their membership in NATO. Iran provided Russia with drones after the latter's war on Ukraine. Turkey supplied Ukraine with Bayraktar drones in the context of pre-war Turkish-Ukrainian military relations.

Turkey did not engage in international sanctions against Russia for the sake of its own interests, despite US-EU pressure to force it to stop dealing with the Russian financial system. On the other hand, Iran sought to form an alliance with Russia, even in the energy field through concluding an agreement to develop Iran's gas industry in collaboration with Gazprom, the Russian state-owned energy company.



Russia was an active player in most of the regional spheres of influence in which Iran competes with Turkey: Syria, the Nagorno-Karabakh region and northern Iraq. They also compete in relatively distant spheres of influence; Central Asia for Turkey and Crimea for Iran. Therefore, the Turkish and Iranian sides dealt with the Russia-Ukraine war from various dimensions to serve their own interests. Moreover, they employed their positions and roles to secure gains and concessions in other files, and avoid any pressures or influences, whether from Russia or Western powers, that would have had ramifications on their domestic conditions.

### **Northern Iraq: An Arena of Confrontation Between Iran and Turkey**

Iranian-Turkish clashes continued in northern Iraq during 2022, most prominently Operation Claw-Lock launched by the Turkish army

in April against the Kurdistan Workers' Party (PKK). Turkey's military objectives did not differ from those in the past when it had conducted similar operations against the PKK, after its emergence and designation as a terrorist outfit. However, the most prominent incident was the artillery bombardment that targeted a tourist resort in Duhok on July 20. Baghdad accused the Turkish army of the attack and filed a complaint with the UN Security Council, while Ankara denied responsibility and accused the PKK of carrying out the attack. Amid mutual denials, excluding Iran's involvement in the incident is not rational since it coincided with the Turkish government's agreement with the Iraqi Kurdistan government to supply Turkey and EU countries with gas, after talks between Turkish President Recep Tayyip Erdogan and Nechirvan Barzani in Ankara in February 2022. In addition

to the completion of talks on the margins of the Antalya Diplomatic Forum in March 2022. There was a Russian-Iranian inclination to prevent any gas alternatives, and the government of Kurdistan was aware of this. Therefore, the head of the Kurdistan Regional Government, Masrour Barzani, stated in late March 2022 after Iran ended its military attack on Erbil that “the development of the oil and gas sector may be against Iranian interests.”<sup>(143)</sup>

The argument of Iran’s involvement was reinforced after Iran-affiliated armed forces targeted the Turkish consulate in Mosul in response to the alleged “Turkish strike on the Kurdish tourist resort in Duhok.”<sup>(144)</sup> An armed organization called Liwa Ahrar al-Iraq claimed responsibility for Grad missile attack on the Turkish Zilkan Base and threatened to target Turkish military vehicles with anti-tank guided missiles. Liwa Ahrar al-Iraq launched approximately a quarter of the unannounced attacks on the Turkish bases that occurred in 2021 and 2022 and later claimed responsibility on June 19, 2022. In this context, it is worth mentioning that the Nineveh Plains region, which was the base of most of Liwa Ahrar al-Iraq’s attacks, is under the control of pro-Iran PMF-affiliated brigades.<sup>(145)</sup>

After the recent escalation by Shiite Iran-affiliated militias, Turkish-Iranian rivalry escalated further. It became evident after the PMF’s positioning in Sinjar on the Syrian-Iraqi border

where Iran and Turkey have interests. The 2021 Annual strategic Report forecasted the escalation in this region where Iran has established an extensive network and spheres of influence. Iran also tried to impose its will on Turkey, which was concerned about the positioning of Shiite militias near its borders, and the accumulating security threats emanating from the PKK.

During 2022, the new developments in northern Iraq were mainly an outcome of Iran’s



military operations against Iranian Kurdish opposition parties. Iran had previously carried out similar operations, but what was striking in 2022 was the intensity of the attacks. It also clashed with US forces, which shot down an Iranian drone, as they had predicted that the drone would strike a US army base. Iran's attacks contradicts the PMF narrative which held that the targeting of Turkey's military posts was to protect the sovereignty of Iran. These attacks also make the PMF's operations more difficult to undertake given the internal political crisis and the demands of the Sadrist Movement—an anti-Iraqi political movement—to dismantle all militias.

The most prominent difference in this file between the two parties was that Turkey did not have local armed groups inside Iraq, unlike Iran. Therefore, it relied on its army to carry out military operations, while Iran employed Shiite militias to carry out proxy operations. From this point of view, Turkey did not have many options, such as arming the Turkmen or its affiliated Sunni militias, or tribes and clans.

### **Iranian Intelligence Operations in Turkey**

During 2022, Iran was subject to intelligence infiltrations that shook its security establishment, which failed to protect many senior figures from assassination inside Iran. Before 2022, Iranian military commanders had been successfully targeted by the United States and Israel — Iran failed to halt such operations back then. To restore its honor, Iranian security apparatuses have been seeking to carry out retaliatory operations.

In light of the difficulties that prevented Iran from infiltrating Israel, targeting Israelis in foreign countries was the easiest option, and Turkey was a suitable place for such operations. Turkey is a regular destination for many Israeli tourists, and it is easy for Iranians to go there due to geographical proximity and mutual economic relations in addition to the presence of mafia



gangs similar to some countries in South America. Against this backdrop, there were Iranian intelligence attempts to carry out kidnappings and/or assassinate a former Israeli diplomat, his wife and other Israelis, which were discovered by the Turkish intelligence services in coordination with their Israeli counterparts,<sup>(146)</sup> as a result of which Iranian and Turkish agents were arrested.

Similar to many operations carried out by Iranian intelligence operatives in Turkey against Iranian dissidents, such as the assassination of Saeed Karimian in 2017 and the kidnapping of the Ahwazi dissident Habib al-Kaabi in 2020, these Iranian actions that hit Turkish internal security did not cause a diplomatic crisis between Iran and Turkey, as the two sides were able to contain them. This reflected the complexity and overlap in Iran-Turkey relations, in which cooperation and competition mix at the same time.

### **Normalization of Turkish Relations With Syria**

The situation in Syria was stagnant in 2021, so it did not have a significant impact on Iran-Turkey relations, but in 2022, there was a fundamental shift, even if its results have not yet appeared.

The Turkish position toward Assad has changed, even though Turkish President Recep Tayyip Erdoğan had previously called for his overthrow. Erdogan now has no problem in meeting Assad when the time is appropriate.

This shift coincides with the upcoming Turkish elections in mid-2023, while the issue of Syrian refugees is among the issues that dominate the political debate in Turkey, particularly between the AKP government and Turkish opposition parties. There are two paths for Turkey in Syria: a military operation in northern Syria, or the normalization of relations with Assad. While Turkey is on the verge of elections in 2023, the Syrian file will be a major determinant of Iran-Turkey relations, and within this framework, in the event that Syria-Turkey relations move toward normalization, it will also contribute to an Iranian-Turkish rapprochement, but this will not necessarily apply to other issues in which the two sides are involved. The possibilities of mutual collision remain, and in this case, Tehran will lose a pressure card against Ankara, and the latter will become more comfortable to bargain on other issues, not only with Iran, but also with regional and international powers, foremost of which is Russia. However, if Tur-

key escalates militarily in Syria, this will lead to strained Iran-Turkey relations.

The Turkish move toward normalizing relations with Assad entails many risks, most notably the reaction of Syrians in the north, as well as its impact on the AKP's electoral base. When choosing between escalation and normalization, Turkey will favor the normalization of relations with Assad as he managed to reclaim vast territories in Syria while opposition forces are weak and riven by internal disputes. Further, Turkey may face a backlash from Russia, Syria and Iran through using the Kurds and Shiites if Ankara resorts to launching a military operation.

### Conclusion: Trends of Iran-Turkey Relations in 2023

Iran-Turkey relations will fluctuate between competition and cooperation while both parties will attempt to avoid rupture or direct confrontation, even if any hostile acts impact national security, like the Iranian intelligence operations in Turkey, which are considered not to be the first and most likely will not be the last. As revealed by Rasanah's various strategic reports, Iran-Turkey cooperation and competition will vary from one issue to another and will be influenced by international, regional and domestic developments.

Based on the events observed in 2022, the Syrian file will have repercussions on the Iraqi file in particular. The increase of Iran-affiliated Shiite militias' attacks in Iraq on Turkish targets is linked to the developments in Syria. In case of Turkish-Syrian understanding, the Shiite militias will stop striking Turkish military bases, which is the most likely scenario during 2023. However, if Ankara favors a military operation, the militias will probably re-launch missiles and drone attacks against the Turkish army, but the pressures on Turkey and the international and regional transformations render this scenario unlikely to materialize •

See also



Article

Available in Arabic, English, and Persian

## MADURO'S VISIT TO IRAN AND TURKEY: ECONOMIC INTERESTS AND IDEOLOGICAL COLLUSION

In June 2022, the Eurasian tour of the Venezuelan President Nicolas Maduro was first and foremost a response to the exclusion by the Biden administration of Venezuela from the Ninth Summit of the Americas held in Los Angeles in the same month. Maduro visited Algeria, Turkey, Iran, and Kuwait. The objectives were twofold: firstly, the Venezuelan president has been engaged in economic diplomacy to contain the damaging impact of US economic sanctions on his country. Secondly, President Maduro aimed to build an anti-US coalition to prepare the ground for the emergence of a post-Western dominated international order. This ideological objective remains largely fictitious in the absence of support from Russia and China, the two main non-Western international powers...



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# The Management of Rivalry: The Intertwining of Iranian-Turkish Interests in the Middle East

## Iranian and Turkish Positions on the Russia-Ukraine War



- Iran aligned itself with Russia and Turkey stood neutral



Iran provided Russia with drones after the outbreak of the Russia-Ukraine war and the establishment of Turkish-Ukrainian military relations

## Confrontation Between Iran and Turkey



- Turkey launched military operations



Iran deployed Iraq's PMF—supported by the missile arsenal of the IRGC and Iranian army

## Iranian Intelligence Operations in Turkey



- Iran mainly chose Turkey to carry out kidnappings and assassinations of Israelis



These operations did not cause a diplomatic crisis between the two countries—given their common interest

## Normalization of Turkish Relations With Syria



- The Turkish position on Assad remaining in power in 2022 has changed



Turkey has two trajectories in Syria: military in the north and political normalization with the Assad regime

## Trends of Iran-Turkey Relations in 2023



- In case of Turkish-Syrian understanding, the Shiite militias will stop striking Turkish military bases



If Ankara favors a military operation, the militias will probably relaunch missiles and drone attacks against the Turkish army



**Iran’s Policy  
Toward the  
Emerging  
Challenges in  
Afghanistan and  
Its Asian Neighbors**

Iran’s Asian neighbors (Afghanistan, Pakistan, Turkmenistan, Azerbaijan, and Armenia ) saw efforts from the Iranian side to improve bilateral economic and trade relations in 2022 as part of President Ebrahim Raisi’s economic diplomacy to improve economic and living conditions in Iran. Raisi’s endeavors aimed to weaken the potency of the sanctions card that the West had used to encircle Iran economically to turn the Iranian people against the Iranian government. His efforts, however, faced a number of challenges that lowered the chances of success, and these challenges are likely to persist into 2023.

This file is divided into three main parts – the first tackles the nature of Raisi's policy toward Iran's Asian neighbors, the second highlights the implications of Raisi's policy for relations with Iran's Asian neighbors and the third sheds light on Iran's relations with the Taliban-ruled Afghanistan while the conclusion forecasts relations between Iran and its Asian neighbors in 2023.

### **The Nature of Raisi's Policy Toward Iran's Asian Neighbors**

Iran's relations with its Asian neighbors has gained significance since Raisi ascended to power. The policy pursued by Raisi depended on close relations with Iran's Asian neighbors in order to address its crises, notably the long-standing dispute with the West over the country's nuclear program and the heavy sanctions on the Iranian economy. Furthermore, from Iran's perspective, close relations with its Asian neighbors would contribute to loosening its international isolation, limit the Western employment of these countries against it, and boost its efforts to deter major powers from taking action against it. Moreover, Raisi believed this this policy would create more opportunities to solve Iran's disputes with the international community<sup>(147)</sup> and enhance security in the neighborhood as well. By embracing this region-based approach, Raisi shifted away from Rouhani's approach that was fully based on proximity to the West to solve Iran's problems. Raisi, unlike Rouhani who focused on international negotiations to solve Iran's economic woes, has focused on addressing regional crises and improving relations with neighboring countries to bring the country out of its impasse and improve its negotiating hand at the nuclear talks.

Therefore, rather than focusing on resolving the nuclear dispute with the West,

Raisi prioritized relations with Iran's Asian neighbors in 2022. By doing so, Raisi aimed to render the sanctions ineffective, break Iran away

from its isolation and seek economic opportunities to quell growing public anger at home. In fact, public anger has been the norm for over 40 years, with protests sporadically erupting to vent anger against deteriorating socioeconomic conditions. The country has seen limited, factional and nationwide protests over the years, the most recent of which erupted in September 2022.

Raisi, a more "hardline" president than his predecessor, adopted a number of policies in 2022 including a focus on economic diplomacy and a shift to the East, considering its geographical proximity to Iran. This was evident in the frequent visits, the signing of several agreements to increase investments and trade, the boosting of trade and financial cooperation as well as the resolution of ongoing issues through joint committees and the efforts to transform Iran into a main regional and international trade corridor. In addition, Iran activated energy diplomacy by increasing oil exports to neighboring countries, including to Afghanistan, Pakistan, Turkmenistan, Azerbaijan, Armenia, Turkey, and Iraq. Furthermore, Iran issued a bill allowing diplomats in neighboring countries to perform economic roles to boost the country's sources of economic revenues.<sup>(148)</sup>

Regional and international developments in 2022, including the turbulent US withdrawal from Afghanistan, Russian defiance of international rules by invading Ukraine, and the talks with Saudi Arabia to deescalate regional tensions played a key role in widening Tehran's scope of action and room for maneuver, especially in regard to boosting its oil exports.<sup>(149)</sup> In fact, the Russia-Ukraine war emphasized the importance of oil-exporting countries and placed further burdens on them.

Iran's inclination toward the East arose from the fact that its Asian neighbors possess varied economic resources and stand out as promising markets for Iranian exports as well as favorable environments to enhance Shiite influence.

### **Raisi Government's Interactions With Asian Neighbors in 2022**

The following section highlights Iran's moves in the context of Raisi's policy of interactions with the country's Asian neighbors in 2022.

#### **Pakistan**

Pakistan is one of the most important Asian neighbors of Iran owing to geographical considerations – it shares a border of 900 kilometers with Iran. Pakistan is also important to Iran due to energy relations, common culture, and the large Shiite population in the country. However, there are pressing issues between the two countries – Iran's efforts to strengthen relations with Pakistan's sworn enemy, India, Iranian efforts to increase its influence in Pakistan, the terror attacks targeting Iranian territories launched from within Pakistani borders and Pakistan's cooperative stance with Afghanistan that differs from Iran's position on the Taliban.

Iran-Pakistan relations developed in 2022 with Iran seeking to break the stalemate in its relations with its close neighbor. In February 2022, the Iranian interior minister visited Islamabad where the two sides agreed to cooperate on border security and to set up border markets for the economic benefit of both sides. Also in the same month, Pakistan's deputy Parliament speaker visited Tehran, and the two sides agreed to enhance trade cooperation. Iran reiterated its desire to join the China-Pakistan Economic Corridor (CPEC) – a high-profile investment package under China's Belt and Road Initiative (BRI) – of which Pakistan is a key actor. The Pakistanis noted that they looked forward to linking Iran's ports and railways to the CPEC. In June 2022, the two sides discussed the Iran-Pakistan gas pipeline project and ways to increase bilateral trade.

Although Tehran and Islamabad saw eye to eye on the importance of the former's pro-East approach for the sake of economic development and enhancing trade cooperation, the instability in Pakistan following the ouster of anti-Western

Imran Khan by a no-confidence vote in Parliament posed a challenge to improving bilateral relations.

### Turkmenistan

Iran and Turkmenistan have strong relations in the areas of energy, transportation and infrastructure development, with reports indicating an increase in the trade volume by about 84 percent (\$1 billion in value) by the end of 2021.<sup>(150)</sup> In 2022, the two countries made efforts to enhance trade relations. In June, for example, Turkmen President Serdar Berdimukhamedov visited Iran after receiving an official invitation from his Iranian counterpart. The visit marked the beginning of a critical point of cooperation between the two countries. Following the visit, the two sides agreed to establish a joint trade center to facilitate economic ties and set up a committee to outline a roadmap for cooperation until June 2023. The two countries signed a strategic cooperation document for 20 years and 13 documents for cooperation in various areas such as trade, transportation, investment, and modern technology.

In July, Ashgabat suggested two ways to transfer goods with both involving Iran as a key channel. The first passes through Kyrgyzstan, Uzbekistan, Turkmenistan and Iran. The second transits through Tajikistan, Uzbekistan, Turkmenistan, Iran, and Turkey.<sup>(151)</sup>

The two countries also signed a gas swap agreement and they agreed in August to allow the transit of energy carriers from Turkmenistan to neighboring countries from Iran. In September, Ashgabat exempted Tehran from heavy tariffs on the transit of goods. Nonetheless, Iran's improved relations with Turkmenistan did not really positively impact the country's internal crises.

### Azerbaijan

Azerbaijan holds strategic importance in Iran's foreign policy because of its location in the middle of several international transit routes

that link Iran to Asian and European markets. In March, Iran signed with Russia and Azerbaijan a transport corridor agreement that links the Caucasian state to its exclave of Nakhichevan. The agreement entails building a new highway, railway and unspecified energy infrastructure as well as a bridge over the Aras River and two railway lines. In May, the two countries held a meeting and discussed the expansion of transit and customs cooperation.

However, Iran's supportive position of Armenia against Azerbaijan that has close relations with Turkey and Israel in the fight over the Nagorno-Karabakh region and the Zangezur Corridor prevented Raisi from further developing trade relations with Baku. This is despite the re-

ligious, sectarian, cultural and historical overlap between Iran and Azerbaijan compared to Armenia. The Azerbaijanis make up the second largest ethnicity in Iran following the Persians.

It is also worth mentioning that Baku's secular and nationalist form of governance puts it at odds with Iran's cleric-ruled system. Iran is concerned about the possibility of Azerbaijan's governance model succeeding and winning the support of Shiite Iranians and Azerbaijanis thus undermining its ruling system. These concerns have been aggravated by the protests at home and Azerbaijan's close relations with the United States as well as its increasing military cooperation with Turkey and Israel.



## Armenia

Armenia is the most important strategic partner in Iran's efforts to curb US influence in the South Caucasus region and to confront the US-Israeli-Azerbaijani axis.

As part of the Iranian-Armenian rapprochement, the president of the National Assembly of Armenia met with Raisi in January 2022 and agreed to enhance cooperation in the areas of transportation, energy and industry as well as in the export of technical, engineering, and agricultural services.

In March, Iran's minister of petroleum met with the advisor to the prime minister of Armenia to discuss the deepening of relations in the field of energy. The two officials agreed to increase Iranian gas exports to Armenia.

The volume of trade between Iran and Armenia grew in the first six months of 2022 to nearly \$307 million from \$224 million in the same period in 2021. The opening of Iran's consulate in Kapan in October 2022 was also a significant indication of the improvement of relations between the two countries.

Overall, Raisi's policy to deepen relations with Iran's Asian neighbors faced challenges in 2022. Iran's neighbors, such as Afghanistan and Pakistan, were plagued with political and economic crises or persistent conflicts such as those between Azerbaijan and Armenia and Iran's position on them did not help its efforts to deepen relations with its Asian neighbors.

## Iran's Relations With the Taliban-ruled Afghanistan

Afghanistan – the eastern neighbor of Iran – was important for Raisi in 2022, particularly to bypass US sanctions. Afghanistan and Iran share a border of 921 kilometers, and they have close trade relations, in addition, Iran exports oil to Afghanistan.

Furthermore, Afghanistan is one of the parties to the Chabahar port project along with India and Iran. Afghanistan shares some of its

major rivers with Iran and is home to Hazara and Tajik minorities who have cultural, ethnic, religious, and linguistic commonalities with Iran.

In 2022, Iran pursued a pragmatic approach to the Taliban, focusing on protecting its interests and maximizing its trade volume with Afghanistan to revive its faltering economy.

This approach was also driven by its desire to contain the Taliban-ruled Afghanistan. Thus, Iran insisted that the best way out of Afghanistan's economic and political crises, including obtaining international recognition, was to form an inclusive government comprising all Afghan groups and for the United States to release Afghan foreign reserves.

As part of Raisi's policy to improve relations with the country's Asian neighbors, Iran accepted the Taliban's request in early 2022 to continue the export of petroleum products and electricity. The Afghan request came following the refusal by some countries, including Tajikistan, Turkmenistan, and Uzbekistan, to supply Afghanistan with electricity due to their anti-Taliban stance and Afghanistan's devastated economy following the US freezing of billions of dollars in Afghan reserves.

By July, Iran and Afghanistan had signed an agreement to supply the Taliban with 350,000 tons of oil and concluded an agreement to form a joint committee to propose ways to facilitate the trade and transit of petroleum products and to build a gas pipeline for energy imports to Afghanistan.

However, contrary to Raisi's aspirations, trade cooperation between the two neighbors in 2022 was very limited or almost non-existent. Thus, the Iranian president's policy of strengthening relations with Afghanistan was not fully realized given the persistence of challenges in the development of Iran-Afghanistan relations under the rule of the Taliban such as the following:

### Border Crisis

Following the Taliban takeover, armed clashes between Taliban forces and Iran's IRGC escalated



on the shared borders over the Taliban's objection to the IRGC's deployment on the borders. The IRGC's deployment was to help Iranian border guards prevent the infiltration of Taliban fighters into South Khorasan and a reaction to the Afghan government constructing the Dogharoon-Islam Qala border crossing that con-

nects Herat with Iran's Mashhad without prior coordination with Tehran.<sup>(152)</sup>

It is worth mentioning here that Afghanistan is a landlocked country and thus depends on border crossing points with neighboring countries, especially with Iran, for trade and the transit of goods.

Tensions on the Iran-Afghanistan borders were heightened by Iran's concerns about reports of the Taliban smuggling drugs and opium across the shared border.<sup>(153)</sup> The Taliban is reportedly trading opium amid the international blockade imposed on the country since it seized control. Iranian concerns were deepened by the fact that Iran has one of the highest rates of opium addicts in the world.<sup>(154)</sup> These tensions between Tehran and Kabul are likely to escalate in light of the latter's desperate need for revenue and Tehran's intensifying efforts to dismantle drug trafficking networks on its borders.

### Refugee Crisis

Afghan refugees<sup>(1)</sup> were subject to abuse from Iranian authorities to push them back to their country, particularly after the increase in the influx of refugees after the Taliban seized power. The Taliban rejected Iran's policies toward Afghan refugees, demanding Iran to treat them with respect. The Taliban even overlooked protests in Kabul in April against the purported harassment of Afghan refugees in Iran.

The predominantly Pashtun Taliban were concerned after videos appeared of Iranians beating and humiliating Afghan refugees. Afghan protesters attacked Iran's consulate in Herat, setting its gate on fire and pelting it with rocks amid chants of "death to Iran."<sup>(155)</sup> Iran, on its part, suspended the services of all its consular missions in Afghanistan and asked for the protection of its diplomatic posts, claiming that the video clips were released by the People's Mujahi-

deen Organization to disturb relations between Tehran and Kabul. Iran also asked the Taliban to protect Shiites in Afghanistan after an assault targeted a Shiite mosque in the northern Afghan city of Mazar-e-Sharif resulting in several fatalities and injuries.<sup>(156)</sup> In addition, there were three factors that prevented the development of trade relations between Iran and Afghanistan in 2022. The first was the ongoing security chaos in Afghanistan which prevented Iranian businessmen from exporting their goods to Kabul. The second was Iran's concerns about the return of terrorist groups in Afghanistan.<sup>(157)</sup> The third was the Taliban's anger over Iran's ambition to expand its cultural and sectarian activities in Afghanistan under the pretext of protecting Hazara Shiites in the country. The Taliban also opposed Iran's drafting of Shiite Afghan refugees in Iran to fight in its spheres of influence in the Middle East, especially in Syria.

### Conclusion: The Future of Iran's Relations With Asian Neighboring Countries

Based on the aforementioned, it can be said that Raisi's policy toward Iran's Asian neighbors in 2022 provided an indication of the country's trajectory in 2023. Overall, it can be concluded that Raisi's policy of enhancing relations with Iran's Asian neighbors to weaken the West's sanctions card and improve the economic situation to calm the protests at home did not achieve significant progress. Rather, the policy resulted in very limited trade relations and the reason for this can be attributed to its Asian neighbors' desire to preserve their relations with the major powers and observe the sanctions imposed on Iran.

As soon as Raisi took over power, the security situation in Afghanistan deteriorated following the chaotic US withdrawal from the country and the Taliban's seizure of power. The Taliban reject-

ed Iran's sectarian orientations and stood against the country's plans to expand its influence in Afghanistan. In addition, relations between Azerbaijan and Armenia were not favorable for Iran's plan to improve bilateral trade relations. Furthermore, Tehran's position on the renewed conflict between the two neighbors in 2022 did not help its plan. Iran has been supportive of Armenia in its conflict with Azerbaijan that is supported by Turkey – Iran's strategic rival in many regional and international spheres including the Caucasus.

Iran, on the other hand, witnessed limited economic growth and deteriorating economic and living conditions. Moreover, owing to Iran's dependence on economic diplomacy, without finding solutions to its political crisis, the country was in danger of losing its economic benefits. The dispute with Azerbaijan was renewed due to the controversy over the Zangezur Corridor which led to threats to close the Iran-Armenia border and the possibility of engaging Turkey and Azerbaijan in a standoff with Iran. Tehran fears that the corridor would pose a threat to its existence and strategic interests in the Caucasus region.

Therefore, the expected scenario for Iran's relations with its Asian neighbors in 2023 is that its efforts to strengthen relations and build partnerships will continue despite the mentioned challenges and the limited benefits to it. However, amid the ongoing popular protests that are eroding further the Iranian political system's legitimacy, Iran could be forced to prioritize the nuclear talks with the West to end the sanctions imposed on it.

Nonetheless, it could be argued that when the sanctions were being lifted at the end of 2017, Iran still witnessed widespread protests, thus the frequent outbreak of protests is more linked to the political system's policies at home and its expansionist schemes abroad.

(1) According to international statistics, there are 5 million Afghan refugees in Iran, 3 million of which had left the country prior to the Taliban takeover in August 2021 and the rest fled to Iran after the Taliban control of the country. Official numbers in Iran, however, estimate the number of Afghan refugees at about 8 million, 5 million of which had been to Iran before the Taliban took control of Afghanistan. See Aljazeera report on Afghan's crisis in Iran, <https://bit.ly/3UwvtK3>.

# Iran's Policy Toward the Emerging Challenges in Afghanistan and Its Asian Neighbors

## Forecasting Iran's Relations With Neighboring Countries in 2023:

- Prioritizing negotiations with the West to lift the sanctions
- Maintaining dialogue

## Implications of Raisi's Policy on Relations With Neighboring Countries

- Developed relations with Pakistan
- Agreement with Azerbaijan over building a railway and highway despite their divergent positions
- Signing a strategic cooperation document for 20 years with Turkmenistan
- Noticeable growth in bilateral trade and cooperation with Armenia

## The Nature of Raisi's Policy Toward Iran's Asian Neighbors

- Iran focuses on the regional sphere more than the international one
- Adopting economic diplomacy and the shift to the East

Improving relations with neighboring countries

## Iran's Relations With the Taliban-ruled Afghanistan

- Border crisis
- Refugee crisis
- 3 challenges to developing Iran's trade relations with Afghanistan

## Endnote

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# **Silent Victims**

202



***Iran and Militarization of  
Children in the Middle East***

*Ahmed AL-Maimouni  
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## CONCLUSION

### PROSPECTS OF UNCERTAINTY IN 2023

The Annual Strategic Report paid special attention to the developments of a strategic nature in 2022, reviewing the most prominent interactions and issues at the Iranian, regional, and international levels. The report concluded the following:

First, the outcome of the Russia-Ukraine war depends on reaching a political settlement that extends beyond the calculus of the two warring countries; i.e., if the conflict turns into a global geopolitical competition that in its advanced stages witnesses attempts to change the world order. Several global and regional powers use war to secure advantages with regard to some issues and settle scores with rivals on other issues. This mingling of issues adds more complexities, bringing war closer to a zero-sum game for two warring parties, prolonging it and increasing its cost.

In terms of the Russia-Ukraine war, Europe is in a hard spot. The European decision-making spectrum is divided into three positions, reflecting the European division on how to address the conflict. The first position calls for peace, the second calls for diplomatic mediation, and the third backs Ukraine until it achieves military victory. Given this schism, it is likely that the frontline situation in Ukraine will remain unchanged, as will the EU sanctions against Russia. It is difficult to reach a unified European position regarding the imposition of new economic sanctions on Russia. The most notable conclusion in this regard is that Europe's difficult situation following the outbreak of the Russia-Ukraine war has made it more reliant on the United States, weakening the position of those European countries aiming for strategic independence (from the United States).

As competition between the United States and China in the Indo-Pacific region intensifies, particularly over Taiwan, it appears that the United States and China will likely maintain "calculated competition" that does not escalate into war. The two sides also reaffirmed their commitment to a peaceful resolution of the Taiwan issue and to keep escalation under control. This was evident in the meeting of the US and Chinese presidents held on the sidelines of the G20 summit in Indonesia, as well as the ongoing dialogue between Washington and Beijing. The most notable conclusion from this dispute is that China does not appear to be willing to proceed with measures that would cause structural changes to the existing global order and is instead displaying defiance for the time being. Perhaps this is because China believes that such changes will occur gradually over time. As a result, it is concentrating on staving off any collisions that could risk its long-term aims.

Despite the intensification of disputes between global powers, the United States remains the dominant global power in the international arena. It has the capacity to shoulder the lead-

ership burden and pay the price, a role that no power in the global arena, including China, can fill. But the growing US competition with China and Russia has given room for midlevel powers to maneuver, make bargains, achieve balance in their relations with the United States, and break free from some pressures and restrictions.

With regard to the economy, the conflict between Russia and Ukraine and the ensuing waves of drought caused a dramatic increase in grain prices to levels not seen in many years. It is predicted that 3.2 billion will experience moderate to severe food insecurity. The Global Food Security Index predicts that all countries, even the most stable ones like Finland and Norway and the least stable ones like Syria, Yemen and Central Africa, will experience food crises to varied degrees. Notably, the majority of Arab countries, along with Japan, are listed as the top food importers in the world. They consequently are likely to suffer the greatest impact of the volatility in the global food market. The rise in protectionism will be of concern in the future. The countries that produce food will begin to obstruct the export of their goods. If the sanctions against Russian exports are repealed and the drought waves abate, the situation might become better. There is little doubt that the rise in energy prices will benefit the countries that produce energy. On the other side, if the rise in energy prices continues unchecked, European welfare will decline, and import-dependent countries, as well as the global economy, will suffer. Furthermore, significant changes in the map of global energy actors are expected in the future, particularly in the field of gas. Carbon neutrality plans are also likely to be disrupted in the coming years as spending and scientific research to find alternatives accelerate.

US-Asian economic competition is likely to intensify, particularly with China, which has had the biggest share in the global economy in terms of purchasing power parity in recent years. It is likely that the global economy's stability and

growth will be threatened due to the continuation of war and its subsequent ramifications of inflation, disruption of supply chains, recession, and surges in interest rates and debts.

The global economy's prospects will be bleak in the short term, especially if political tensions do not ease quickly, and if the coronavirus variants in China do not disappear or supply chains do not regain their efficiency. Asian economies such as China, India and the Gulf states will continue to have a stable economic outlook. However, successive global economic crises may result in the development of new economic philosophies and the charting of new trajectories for the global economy in terms of patterns and means of international trade, supply chains, investment and capital destinations— which tend to have extensive networks in certain continents while remaining absent in others.

In the meantime, it is unlikely that the challenges related to nuclear standards will disappear due to the global polarization and the shrinking room for international diplomacy. The year 2022 witnessed repeated threats of using nuclear weapons by Russia, preparations for more tests by North Korea and growing Iranian efforts to increase uranium enrichment purity rates.

Among the notable developments was the entry of unmanned aerial vehicle technologies into the war domains — ground, aerial, naval — and their enhancements in the arsenals of national armies. The most prominent example of this was Ukraine's use of unmanned surface vehicles (USVs) against the Russian navy and the use of Russian anti-drone defenses within Ukraine. Among the notable issues also is the use of irregular combatants (mercenaries) in wars such as in Ukraine and Africa.

Regarding climate change, the COP27 conference held in Sharm El-Sheikh failed to reach an agreement to address climate change issues. However, there was an agreement on climate

reparations for those countries severely affected by climate change.

Concerning violent groups, there is no doubt that al-Qaeda is facing a leadership crisis after the killing of its leader Ayman al-Zawahiri and the differences between his successors have exacerbated. ISIS, meanwhile, is attempting to extend its footprint in Afghanistan where there is a security void left by the US withdrawal and the Taliban return to power. But the Taliban deems the organization a legitimate target, given that it considers ISIS a terrorist and radical organization which targets civilians as well as state institutions. ISIS, on the other hand, is suffering many setbacks in Africa due to the security and logistical cooperation between the concerned African countries. It also has faced painful and deadly strikes in Iraq and Syria as a result of targeting and arresting its prominent leaders such as Maher al-Aqal, Abu Ibrahim al-Qurashi and Abu al-Hassan al-Qurashi. In conclusion, ISIS will suffer a state of imbalance throughout 2023, losing its mobilization, recruitment, and effectiveness capabilities. As for Islamist movements, there are continued fragmentations and differences within the MB in Egypt. They escalated following the death of Ibrahim Munir, the acting supreme guide of the movement. Yet disagreements emerged among the MB's various offshoots, particularly in Morocco and Algeria.

It could be said that disputes in recent decades have occurred within states, with proxy actors waging wars. However, the shift toward direct head-to-head competition and the growth of revisionist tendencies and the US desire to counter them has brought to the fore the specter of military confrontation between global powers. Yet the scope of geopolitical competition is expanding, the most prominent manifestations of this are the Russia-Ukraine war on the European stage, the Taiwan crisis and the US-China dispute in the Indo-Pacific region.

The dispute between global powers has thrust to the fore the policy of polarization. The Rus-

sian-Ukraine war has led to the repair of transatlantic relations. The confrontation with China has moved the United States toward strengthening ties and forging broad partnerships with its allies in Northeast Asia. In the meantime, Russia and China have sought to strengthen ties and develop the SCO and BRICS in a way reflective of reviving the Cold War atmosphere.

Additionally, the positions of China and Russia have reflected more defiance to the existing global order's rules. They have also reflected their intentions to reconsider the structure of this order and their desire to fix it. Perhaps developments indicate that there is a Russian and Chinese intention to undermine international confidence in the United States and the West as guarantors of global and regional stability. Faith still exists in the current international frameworks and institutions based in Western capitals, however, the shifts on the global stage have reverberated throughout several capitals, which have lost faith in Washington.

In turn, the midlevel powers and some actors in sub-regions have found an opportunity in the ongoing disputes to break free from the restrictions and pressures resulting from the dominance of a single pole (the United States) on the global stage. They have employed the ongoing disputes to support their trajectories of strategic independence and adoption of neutral positions, not to mention their exploitation of the disputes among global powers for their own interests. The positions of some countries have reflected their ability to defy US policy or their own pursuit of strategic independence. This was evidenced by the hesitation of some countries to condemn Russia. In addition, many countries are supportive of the One China policy, which is an implicit rejection of the US policy toward Taiwan.

Developments on the international stage have impacted cooperation between major global powers in the face of crises. The confrontations and disputes have curbed the ability of

global powers to act together in the face of various challenges — even if this joint action is in their own interest. For example, there is a gap between the competing global powers which has prevented them from addressing the issue of climate change, and combating nuclear proliferation and curtailing armed disputes.

There is growing opposition against US unilateralism in light of the spread and distribution of power worldwide. This has prompted several major and midlevel world powers to search for strategic independence and pursue new alliances for the sake of securing their interests. Some regional powers have also defied the United States and its dictates. In the end, this leads us to say that the debate that has been raging over the past three decades on the necessity to change the global order's mechanisms and rules has moved from the phase of theory to practice. This is embodied in the return of wars and geopolitical competition, confrontation, international polarization, the curbing of cooperation between major world powers and several countries rebelling against US hegemony. These developments are indicative of the substantial transformations which could lead to the emergence of a new global order in the foreseeable future.

Second, the interactions in the Middle East: international competition tilted toward the Middle East again as the great powers sought to draw the Middle Eastern countries to their side. This was evident in US pressures on its allies to adopt an unambiguous position toward the Russian-Ukraine war. Additionally, China and Russia have been keen to support the neutral stances adopted by some countries on international issues. China in particular has opened the door for several of the region's countries to join the SCO and BRICS. This wrangling comes in the context of the shifts in the international arena, which have given rise to polarization. These shifts have opened the door for these countries

to maneuver, maximize their gains and defend their interests.

Though the United States has appeared to be intent on reconsidering its policies in the region, there is in general a state of uncertainty prevailing among its allies as to whether Washington will maintain its presence in the Middle East or not. Events in the Middle East in 2022 did not reflect substantial changes in US policy toward the region's countries. The US administration insists on reducing its involvement in regional issues and cutting down on its security commitments — including the insistence on diplomacy with Iran and abandoning sanctions. The United States also views the region from the lens of the transformations occurring in the global arena. Therefore, US allies have grown more suspicious of Washington being a credible partner and are working to diversify their partnerships, taking advantage of the opportunities created by the ongoing global disputes. The region's countries have turned to pursuing a policy of geopolitical balance between the United States and the West, and Russia and China. The United States has relied on its allies to ensure stability in the oil market. However, US policy has failed to influence the policies pursued by the region's countries in the context of oil prices.

It was clear that the US reset of its interests in the region during Biden's recent visit was not accompanied by a balanced consideration of the interests of regional powers. This has contributed to perpetuating the rift between the United States and its allies. Russia and China also remain two influential powers and rivals of the United States in the region, which could present the US strategy toward the Middle East with major challenges. This rift also could lead to reducing its clout in the future. As a result, perhaps the United States has put more focus on placing hindrances on the regional countries' relationship with China and Russia than on recalibrating its relations with its allies in the region. This has made the decline in US influence in the region a

reality. The United States is the country wielding the biggest influence in the region, but with the slow-paced return to its commitment toward its allies, we will see more regional countries opting for strategic independence and searching for diversified partnerships that ensure balanced interests.

In 2022, Saudi policy reflected a new approach which represented a departure from traditional perceptions regarding Saudi-US relations; reevaluating this relationship in such a way as to make Washington to rectify some of its positions. Saudi Arabia adopted a neutral position in international policy, giving precedence to economic as well as non-politically motivated stances within OPEC Plus. This Saudi policy of neutrality was triggered by the sharp decline in Saudi and international confidence in the US administration, the state of international polarization following the outbreak of the Russia-Ukraine war, and the European and US need for oil and gas from the Gulf states. However, the Biden administration expected unmitigated support from the countries of the region.

In 2022, the Saudi position was marked by giving precedence to economic and technical considerations and rejecting politicization. Saudi policy within OPEC Plus throughout the year was the most salient manifestation of its international policy. This was not because of Saudi Arabia's stance toward the organization's decisions, which are made on a consensual basis, but rather because of its desire to insulate the organization from the disputes between global poles despite being on the opposing side of its strategic ally the United States. This clearly reflected the complexity of the decision-making process which involved new considerations based on global developments.

Saudi Arabia prioritizing the economic aspect of its foreign policy became more salient in 2022. The country took advantage of the global oil crisis to build a foreign policy that strengthened its global position and allowed it to main-

tain balanced relations with global poles, hence serving its economic interests. To a big extent, Saudi foreign policy was "economized." The implications of OPEC Plus oil policies have emerged as one of Saudi Arabia's foreign policy aspects which has led to shifts in US foreign policy. The political situation along with the economic boom, oil prices, and OPEC Plus policies have contributed to the emergence of the economy as the driving force for Saudi foreign policy.

One of the developments related to Saudi foreign policy in 2022 was the country's resumption of its mediating role in disputes and crises. This was a diplomatic tradition in the past decades. Saudi political discourse has reiterated opting for peace, settlement, and stability. Though this has always been the country's approach, the security and military shifts in 2022 created a timely opportunity for laying out and strengthening the Saudi vision which aims to achieve regional and international stability. All these orientations have helped Saudi Arabia to cast off the heavy burden imposed on it in the past. Accordingly, it has managed to achieve greater latitude in its foreign relations and launch more effective global initiatives.

Iran's belligerent behavior in the Arab region remains the biggest challenge facing Saudi foreign policy in the years to come, particularly in Yemen. While Riyadh extends its hand to Tehran through continued rounds of dialogue, Iranian belligerence compels Saudi Arabia to continue pursuing the trajectory of mobilizing global and regional efforts to impose more isolation and sanctions on the Iranian government to curb its expansionist behavior, sectarian wars, and support for terror as well as to encourage Tehran to return to compliance with international laws and norms.

The most salient shifts in Saudi foreign policy included the launch of its qualitative, distinctive, and unconventional foreign initiatives. These initiatives have effectively employed the country's foreign policy in supporting domestic

economic and national projects and plans, and projects that attract regional and international cooperation and strengthen relations with allies and partners. This included introducing foreign policy initiatives in leading the efforts concerned with addressing climate change. Though some of these initiatives are directed toward domestic affairs, they strengthen Saudi Arabia's position globally. They are being launched amid circumstances and challenges facing the country and its relationship with the United States. This reflects the nexus between foreign policy and domestic developments and national affairs. Thus, Saudi Vision 2030 — in all its aspects — reflects Saudi foreign policy. It is likely that the new areas encompassing Saudi foreign policy will continue to be prioritized in 2023 and beyond. Rather, these new priorities will gain fresh momentum, coupled with gains and benefits that the country will reap in light of a vision that is undergoing implementation with the continued support from the country's leadership. Moreover, the country's favorable economic environment will support the development of these new areas.

Turkey has managed to reposition itself and strengthen its regional and global standing. It also succeeded in placing itself among the most important influential actors capable of curbing international crises resulting from the shifts in the global arena in 2022. Turkey's success in doing this is attributed to its awareness that current international circumstances are conducive to enhancing its foreign policy — which is influential and effective in regional and global affairs in a way that contributes to polishing the regime's image at home and addressing the deteriorating economic conditions. As soon as the Russia-Ukraine war broke out, Ankara rushed to maximize the benefits of the opportunities created by the repercussions of the war. The latter has resulted in international transformations that have contributed to expanding the margin of maneuver and movement for aspiring region-

al powers such as Turkey. Against the backdrop of its strategic location and its involvement with the organizations and countries involved in the Russia-Ukraine war, Turkey sought to pursue a policy marked by balance and neutrality to maximize its benefits from the international transformations. This has led Turkey to emerge as an acceptable mediator between the parties to the war on the one hand and between Russia and the West on the other.

The Turkish policy toward Central Asia and the Balkan countries in 2022 reflected Ankara's desire to diversify and expand cooperation through forging long-term partnerships. These are deeply rooted in economic and strategic considerations and are expected to continue through 2023. Turkey's expansion of cooperation into Central Asia also reflects the clear shifts in Turkish foreign policy. Turkey's engagement in the Caucasus in 2022 was based on highlighting its diplomatic role and exploring common opportunities that were evident in the decision taken by Turkey and Azerbaijan in October 2022 to double the capacity of the natural gas pipeline passing through Anatolia. This gas pipeline is the backbone of the southern gas corridor. It has become more important in light of Moscow's decision to suspend gas supplies to Europe. Turkey has benefited from Russia having its hands full in the ongoing war in Ukraine to enter Central Asia and seize the possible political and economic opportunities in the region. Despite all the Turkish gains, Ankara needs to reconsider its policies in Syria and Libya to be accepted by Arab countries and for Ankara to emerge as an actor that is viewed positively in terms of finding solutions to crises and identifying paths for sustainable peace.

On the other hand, Israel faces many challenges on the internal and external fronts. It seems that these challenges will grind on. On the internal front, it is expected that division and polarization will continue in light of the extreme right-wing bloc following Benjamin

Netanyahu's ascent to power, especially since Netanyahu is a controversial figure whose presence on the political scene is one of the most important signs of the internal crisis that Israel experienced in recent months. It is likely that there will be disagreements within the right-wing bloc itself over the sharing of government positions or over long-term political goals and agendas such as changing tax policies and overhauling the Supreme Court's structure and jurisdiction.

Moreover, the lack of a clear vision on the part of Israel's political parties to address the root causes of the crisis — by making fundamental changes to the governance system that are acceptable to all parties, especially to the electoral system — increases the possibility of this internal crisis continuing or reemerging at any point in the future.

The external security challenges faced by Israel are likely to escalate, becoming more difficult and complicated. This comes in light of the mounting attacks by Palestinian factions and the increasing threats posed by Iran and the Lebanese Hezbollah. These tensions are fueled by the developments related to the Iranian nuclear program and the efforts by Iran and its aligned proxy militias to reposition themselves near the Syrian-Israeli border. However, there are those who view the remarks of Netanyahu, who supposedly takes a harsher stance against Iran, are made for domestic consumption. They cite his patient course of action and stopping short of moving ahead with carrying out strikes against Iran's nuclear installations in the past decades. These mentioned factors could cause Israel to be presented with unprecedented security and military challenges in case tensions mount and disputes break out. There is a possibility of a confrontation involving multiple frontlines which could result in a radical transformation in the nature of the dispute between Israel and its foes.

Third, at the Iranian level, there has been a plethora of events and developments. Internally, Raisi has failed to fulfill the promises he made to

the Iranian people, particularly with regard to improving the economic situation, increasing public freedoms and reaching an agreement on the Iranian nuclear program — not to mention creating a breakthrough in Iran's foreign relations, particularly with the country's neighbors. This has led to perpetuating the economic crisis, which has in turn fueled popular discontent and anti-government protests. The decline of these protests and popular discontent hinges mainly on the improvement in the Iranian people's economic and living conditions. However, this will not be achieved in the foreseeable future unless Iran reaches an agreement on its nuclear program.

In general, Iran's macroeconomic performance was poor during the first year of President Ebrahim Raisi's term with the exception of foreign trade. The economic burdens placed on the Iranian people have increased as a result of the government eliminating subsidies, devaluing the local currency, hyperinflation amounting to 50 percent and the government's injection of liquidity to address public debt and the budget deficit.

As a result of this dire economic situation, it is likely that the economic burdens, poverty rates and debts will increase, particularly if the sanctions continue and Iranian assets continue to be frozen. The lax implementation of US sanctions and Iran turning eastwards as well as to its neighbors will lead to an increase in exports. However, this increase alone is not sufficient for shoring up the currency or achieving overall stability. In addition, Iran is facing medium and long-term economic challenges which will impact its economic stability, thereby placing the government under constant pressure and a future marked by uncertainty.

The flawed policies pursued when building national security forces coupled with the non-institutional interaction between the various security agencies tasked with ensuring security, is one of the reasons behind the Iranian

security establishment's weakness and fragility. However, the glaring extent of security infiltrations will make it likely that the IRGC will take over the security establishment. It will be granted more powers, which will make the infliction of violence on protesters more likely.

The shifts in Shiite discourse on the hijab crisis in Iran will continue unabated, with the possibility of the government attempting to totally or partially contain this crisis. The government has dissolved the morality police in a pragmatic attempt to quell public anger. With regard to the intra-Shiite differences within the Shiite community in Iraq, it is likely that the dispute will continue, especially given the supreme marja's continued neutrality and Tehran's continued interventions.

The Iranian economic situation continues to decline as a result of the crippling economic crisis. In light of this situation, social unrest and turmoil, as well as social dangers such as addiction, human trafficking and the disintegration of familial ties, will likely continue.

Iran will seek to strengthen its defense partnership with China and Russia. With regard to Russia, Iran adopts policies that are compatible with it on Ukraine, Libya, and Afghanistan. It will strengthen its relations further by supporting Russia in the war on Ukraine. As for China, it still continues to have a limited friendship with Iran. It has previously supported it in UNSC resolutions in the context of the nuclear agreement and human rights violations. Nonetheless, it avoids selling it military equipment or cooperating with it militarily beyond naval maneuvers to combat piracy. In the event of failure to revive the nuclear agreement, military relations between Iran and China will suffer a major setback, not to mention that China's close relations with the Gulf states may reduce the importance of Tehran in Beijing's eyes.

Iranian policies toward Arab countries are still underpinned by Iran's expansionist ambitions. These policies are expected to continue

throughout 2023 despite the popular discontent and continued anti-government protests. On the developments related to Iran-Gulf relations, the prospect for rapprochement remains shaky in light of the international shifts and global powers resetting their strategies toward the region. Consequently, observers could expect a scenario that sees relations marked by uncertainty and instability between Iran and the Gulf states. The best outcome that could be achieved is attempts to defuse tensions to avoid head-on collision.

On the Yemeni crisis, it is expected that the Iranian government will continue to place hindrances in front of the international efforts to resolve the Yemeni crisis. The government seeks to either ensure the Houthis will make as much gains as possible if an agreement on the crisis is reached or to serve the Iranian political or negotiation-centered objectives, whether with Saudi Arabia or the West.

In Iraq, Iran is aware that the outbreak of intra-Shiite infighting will pose a grave danger to its clout in the country. Accordingly, it is likely that Iran will exert efforts in the coming period to end divisions among Shiite factions. However, keeping the dispute with the Sadrist Movement unresolved as well as the Sudani government's lack of emphasis on pursuing a path of independence and dissolving militias, could allow differences between Shiite factions to emerge, thereby causing the crisis to drag on.

As for Syria, Russia having its hands full in Ukraine could lead Iran to work to tip the balance of power in its favor. But the mingling of interests between the Astana process trio (Russia, Turkey and Iran) could obstruct Iranian efforts in this regard. In Lebanon, meanwhile, the Iranian role and its regional proxy Hezbollah are facing countless challenges and difficulties dictated by a host of political changes, such as the decline in the party's standing and dominance reflected in the Lebanese Parliament's election results or its inability to impose its agenda in the

context of government formation and appointment of the president.

When it comes to Iran's international relations, its support for Russia in its war on Ukraine and Washington's criticisms of the crackdown on the protesters represent the main points of contention between the United States and Iran in the coming period. However, this will not prevent the two countries from pursuing the diplomatic approach they opted for in 2022. This means there is a chance to resume the nuclear talks.

Russia-Iran relations saw remarkable progress in various fields after the outbreak of the Russia-Ukraine war. The common denominator in this rapprochement is the Western sanctions imposed on both countries. Therefore, the continuation of the Russia-Ukraine war and the failure to reach an agreement on the Iranian nuclear program will lead to more cooperation between Moscow and Tehran.

Iran's accession to the SCO and its application to join BRICS reflects its strategy to end its in-

ternational isolation and mitigate the sanctions imposed on it. Tehran's accession to BRICS will represent its next battle, since this bloc is the pole that is expected to bring back the multipolar world order.

European mediation on the nuclear talks was and still is the main channel of communication between Iran and the United States. Nonetheless, this communication could significantly decline after the Iranian involvement in the Russia-Ukraine war, and in light of Iranian violations of human rights and the excessive crackdown on protesters.

Iranian-Turkish interests in the Middle East are deeply intermingled. The Iranian bombing of Iranian Kurdish opposition sites in Iraqi Kurdistan, as Tehran accuses the Kurds of fueling the national protests, as well as the Turkish attacks on Syrian Kurdish groups whom Ankara accuses of carrying out the Istanbul bombings demonstrates this. It is expected that Iranian-Turkish relations will ebb and flow given the interests of

the two parties in light of their ambitions and geopolitical concerns.

Iran's "Look to the East" policy is pursued purely out of necessity. It is hard for this policy to become an effective alternative to Iranian relations with the West. The economic gains which Iran could reap from the West are much greater than what it could attain from the East. Additionally, there is fierce competition in Iran's Asian neighborhood involving international and regional powers, which makes Iran's strategic options limited.

Finally, prospects of uncertainty will likely continue in 2023. It will be accompanied by accelerating and complicated regional and global events. It could be a year whose hallmark is the revision of domestic and foreign policies and the reevaluation of existing alliances — signaling the dawn of a new era which seems to be a transitional period in which revisionist powers will play the biggest role followed by a shift in the global balance of power. In this potential scenario, there will certainly be winners and losers •





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**2022**



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