

MONTHLY REPORT

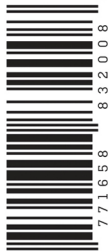
Iran Case File

November and December 2023

Your window on Iran from inside and abroad



ISSN 1658-8320



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ISSN 1658 - 8320

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EXECUTIVE SUMMARY

Iran experienced significant and rapid transformations in multiple spheres, encompassing the political, economic, social and ideological spheres during the months of November and December in 2023. The country's interactions with the Arab world and the global community were complex and are expected to have an impact on Iran's foreign relations in the foreseeable future.

Internally, at the political level, the Iranian Inspection Authority uncovered a major corruption scandal implicating the Debsh Tea Company, a key tea-importing entity. The corruption scandal, valued at over \$3 billion, was disclosed during investigations. This revelation stirred widespread controversy in Iran, allowing the "reformists" to criticize the Raisi government and its "conservative" supporters. Despite experts confirming that a substantial portion of the corruption occurred under the current administration, "conservative"-controlled media shifted the blame to the previous government led by Hassan Rouhani. They actively sought to absolve Raisi and his ministers of corruption allegations, even commending their role in exposing those involved in the illicit transactions.

Economically, the year-end 2023 report on Iran's overall economic indicators depicts a challenging financial and living landscape. The country experienced modest economic growth, not surpassing 3%, and the per capita share has been declining for several years. Financial and monetary conditions were notably severe, despite some improvement in oil exports. However, this progress was overshadowed by significantly high inflation levels, reaching close to 50%. These economic

challenges manifested in elevated poverty and malnutrition rates among the population, with unemployment exceeding 40% among the highly educated demographic. The persistent adverse impacts of US sanctions on the Iranian economy continued exacerbating the situation. Consequently, the accumulated economic and financial difficulties are not expected to be swiftly addressed or substantially impact the standard of living in 2024, even with the uptick in oil exports, unless there is a removal of sanctions and the release of Iran's foreign reserves.

Socially, Afghan illegal immigration emerged as a significant challenge for Iran, exacerbated by the deteriorating situation in Afghanistan and the absence of any signs of political stability in the short and medium term. This ongoing instability implies a sustained influx of immigrants into Iran, a country already grappling with economic challenges and a declining standard of living. The immigrant issue is increasingly perceived as a threat to societal security, raising concerns about the potential rise of racism against them. There are calls for the government to adopt diverse approximations to address and resolve this complex and pressing issue.

Ideologically, Iran strategically leveraged the Gaza war to restore its image in the midst of the ongoing instability in Syria and bolster its regional military presence against perceived enemies. In addition, it exploited the war to challenge Western narratives on human rights and freedom. Iran sought to justify its stance against the West, highlighting ideological differences. Interestingly, despite this ideological stance, there was a pragmatic shift, evident when the supreme leader said that Iran

had been falsely accused of wanting to push the Jews into the sea. Iran initially claimed Operation Al-Aqsa Storm was in retaliation for the killing of Qassem Soleimani, but it had to retract this claim following Hamas' denial. Some Iranian clerics claimed that Hamas emerged from Basij thought.

Iran's foreign relations witnessed significant developments and events in November and December 2023, particularly in its interactions with the Arab and international community. In its relations with major powers, allies and adversaries, there was a prevalent atmosphere of apprehension and tension. This can be attributed to the complex historical dynamics rooted in Persian culture, drawing from its imperial past. The unease is particularly pronounced in Tehran's dealings with the Arab Gulf states. This tension was evident in December when the Iranian leadership engaged with Russian and Chinese positions on the matter of the occupied Emirati islands. Additionally, the first tripartite meeting to evaluate the Saudi-Iran rapprochement deal took place in Beijing, shedding light on the intricate nature of Iran's relations with the Arab Gulf states.

In Iraq, tensions reemerged due to the attacks by pro-Iranian militias that targeted US interests. These operations were executed to dissuade the United States from providing military support to Israel in its extensive conflict in the Gaza Strip. In response, the US military retaliated against militia concentrations. However, developments suggest that the militias' pretext to pressure Washington to influence Tel Aviv — leveraging US sway over Israel — to halt its Gaza war has lost its credibility. The actual objective was to exert pressure on US forces to force them to withdraw from Iraq and prevent them from maintaining a significant presence in the region. The US response against militia concentrations was to convey robust deterrent messages to Iran and its affiliated

militias. There is a possibility of the focus of US responses shifting from the Syrian arena to the Iraqi arena, as the Syrian theater had previously been the primary arena for US strikes and messages directed at Iran.

An examination of the Syrian situation highlighted the impact of the Gaza war on the Syrian landscape. The file discusses renewed tensions along the Syria-Jordan border and the resurgence of illicit activities, including drug and weapons smuggling operations. The file also explores the motives and messages intended by the parties that carried out the aforesaid operations, mainly aimed at Amman. Additionally, the routine Israeli targeting campaign against Iranian spheres of influence in Syria persisted. However, a significant development occurred with the killing of Reza Mousavi, a prominent Iranian leader, marking a noteworthy event in the ongoing exchange of messages between Israel and Iran, both within and beyond Syria's borders.

Regarding Iran's relationship with international powers, the dynamics of the Gaza war escalated hostilities between the United States and Iran. The conflict proved advantageous for Iran, reinforcing its adversarial stance toward the United States. Iran capitalized on the violent events to mobilize support against the United States domestically and internationally. While Iran shifted the focus away from nuclear talks, returning to a policy of nuclear ambiguity, it closely monitored US military movements in the region. This vigilance extended to US actions targeting Iran-affiliated proxy actors in Iraq and Lebanon, as well as the conflict with the Houthis. Iran remains cautious about potential US military threats, and despite both sides mobilizing their strengths and allies, they are averse to direct and widespread confrontation. Nevertheless, unfolding developments could force the two parties into an unavoidable and broad confrontation.

IRAN'S INTERNAL AFFAIRS

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Iran experienced variant internal changes at the political, economic and ideological. The most prominent developments are examined below:

- Suspect Tea Deal Exposes Graft Cases Worth Billions of Dollars
- Economic Performance in 2023: Economic Crises and Livelihood Challenges
- Iranian Popular Discontent With the Increasing Number of Afghan Migrants
- The Hawza and the Question of Palestine: Legitimacy at Home, Pragmatism Abroad

■ Suspect Tea Deal Exposes Graft Cases Worth Billions of Dollars

Controversy reemerged in Iran on the corruption cutting across the Iranian political system's institutions over the past decades. This happened after the company charged with supplying most of Iran's tea imports was exposed as being involved in a graft case worth \$3.37 billion. This issue raised widespread controversy on the Iranian street with media outlets dedicating intensive coverage to it. Yet the case represented a good opportunity for the "reformists" and "hardliners" to trade criticisms and accusations. In this file, we shed light on this issue and the positions of the "reformists" and "hardliners" on it.

Circumstances Surrounding the Graft Case According to The General Inspection Organization of Iran

The most recent corruption case has come to light following an investigation by the General Inspection Organization of Iran. The inquiry revealed that Debsh Tea, a private company engaged in the transfer of foreign currencies between 2019 and 2022, utilized subsidized rates markedly lower than those prevailing in the black market. This financial maneuver, totaling \$3.37 billion, was ostensibly intended for the importation of tea, advanced printing equipment and packaging machines. However, the company opted to capitalize on the situation, selling \$1.4 billion on the free market to generate substantial and quick profits. Instead of channeling these funds toward acquiring the highly sought-after Indi-

an tea for the local market, Debsh Tea chose to import lower quality Kenyan tea, perpetuating this practice over the years of its market operations. ⁽¹⁾

Zabihullah Khodaeian, the organization's head, clarified that Iran's annual tea demand stands at approximately 100,000 tons, with around 70% of this requirement being met through imports. Notably, despite the involvement of around 100 industrial and commercial entities in tea importation, the lion's share of this activity is concentrated within a single company, namely Debsh Tea. ⁽²⁾

On the other hand, unofficial Iranian media outlets presented contrasting information, alleging that Debsh Tea managed to sell tea, valued at \$2 per unit, at exorbitant prices ranging from \$14 to \$20 per kilogram. Local media reports disclosed that over the years, the company facilitated tea imports for various government entities, including the ministries of agriculture, trade, industry and Economy as well as for the Central Bank, Customs Administration, the Trade Promotion Organization, the National Standards Organization and others. According to these reports, the foreign currency allocated for tea imports across these ministries and institutions was approximately \$240 million annually. However, Debsh Tea reportedly secured subsidized currency amounts equivalent to the country's tea needs for a staggering 14-year period. ⁽³⁾

Reactions to the Graft Case at Home

The Debsh Tea case captured the attention of both the Iranian people and various media platforms. "Reformist" thinker Abbas Abdi characterized it as an earthquake of 8.0 magnitude,

challenging the credibility of anti-corruption slogans. Abdi anticipated prolonged repercussions from this seismic event but expressed concerns about a more insidious issue — the potential for misleading the public. He points to a fundamental problem: “those advocating against corruption may lack a comprehensive understanding of its roots and its true essence.”⁽⁴⁾

Abdi’s remarks notably point to President Ebrahim Raisi and his administration, which has brandished anti-corruption slogans since taking office in August 2021. “Reformist” publications further accused high-ranking officials within Raisi’s government of involvement in the Debsh Tea case. Etemaad newspaper highlighted that 60 individuals who formerly held positions within Raisi’s current government were allegedly involved in this case and mysteriously dismissed from their roles after assuming positions in the present government.⁽⁵⁾

In the face of these allegations, publications aligned with Raisi’s government swiftly sought to absolve it of involvement in the scandal. They attributed the suspicious deals to the tenure of the previous government led by Hassan Rouhani. Conversely, some “conservatives” staunchly defended Raisi’s government as the most effective in combating corruption. The Iranian government, in response, declared the submission of 20 cases to judicial authorities and the removal of 60 directors implicated in this significant corruption case.⁽⁶⁾

This recent corruption case has reinforced the perception held in Iran that corruption is often conducted with the knowledge and involvement of certain institutions. This assumption stems

from the perception that those implicated in these cases frequently include government officials or their relatives, mirroring patterns seen in past instances of corruption, embezzlement and financial wrongdoing in Iran. Notable cases include the embezzlement of 123 billion tomans related to the Export Development Bank, the financial corruption case involving Shahram Jazayeri, a close associate of the House of the Supreme Leader, the 3 trillion toman embezzlement by Mahmoud Khawri, the former head of Bank Melli Iran, the case of Babak Zanjani, and the 8 trillion toman embezzlement of the Teachers’ Investment Fund⁽⁷⁾. These are in addition to a string of other corruption cases, including the Aria Bank financial corruption case in 2011 totaling 3 trillion tomans (\$700 million), the soybean import case amounting to \$700 million, and the infamous Vahid Mazloumin case dubbed the “Sultan of Gold” involving 14 trillion tomans (\$1 billion). Additionally, instances of financial and economic corruption related to Tat Bank reached \$5.3 billion, while financial corruption within the Central Bank, particularly concerning hard currency (the dollar), amounted to \$4 billion. Notable cases also encompass the 2019 investigation into the directors of petrochemical companies revealing corruption totaling \$11 billion, and the corruption case of Ezam Automotive Parts amounting to \$764 million.⁽⁸⁾

Amid mounting government criticism, the Iranian Supreme National Security⁽⁹⁾ Council attempted to quell dissent by instructing various media outlets to refrain from discussing the corruption cases, deeming them a matter of national security. This move triggered significant backlash within

Iran, with accusations leveled against the council for suppressing information, shielding those implicated in corruption, and concealing the alleged negligence of Raisi's government in addressing these issues.

Conclusion

Despite public discontent, widespread accusations and criticism directed at Raisi's government following the exposure of this graft case, the Iranian political system appears determined to absolve the government of any role or blame. Efforts are focused on highlighting the government's role in uncovering corruption cases, emphasizing its stringent actions against those implicated, and placing the blame squarely on the leadership of Rouhani's previous government. This narrative seeks to reshape public perceptions of Raisi's administration amid ongoing scrutiny.

The Iranian political system appears to be concerned about the potential for this corruption case to serve as a catalyst for renewed popular pressure and protests against the government. This concern is particularly heightened given the challenging economic conditions Iran is currently facing. Additionally, the revelation of such a substantial corruption case is embarrassing for Raisi, who has consistently championed anti-corruption slogans and rhetoric since assuming the role of head of the judiciary in 2019 and later as president in 2021.

■ Economic Performance in 2023: Economic Crises and Livelihood Challenges

The recent Iran Case File covering November and December provides an evaluation of Iran's economic status throughout 2023, analyzing key macro indicators. The release of comprehensive statistics in December sheds light on aspects such as economic growth, the quality of life for Iranians, price levels, and the nation's financial, monetary and commercial conditions.

The Economic Growth Rate and the Quality of Life Throughout the Year

Discrepancies in economic statistics, particularly growth rates, are common in official Iranian reports, leading to reliance on international figures. In December 2023, the Statistical Center of Iran disclosed a 7.1% economic growth during the first half of the current Hijri Shamsi year (March 2023 - September 2023) compared to the same period in the previous year. Contrastingly, the Central Bank of Iran reported a rate of 3.6%, highlighting a nearly 100% difference⁽¹⁰⁾. The International Monetary Fund (IMF) estimates Iran's economy would grow by approximately 3% for the entire year 2023, with the accompanying graph illustrating frequent fluctuations compared to neighboring economies like Turkey and Saudi Arabia.

Figure 1: Real GDP Growth (%) (2024-2015)



Source: IMF, World Economic Outlook, October 2023 .

Despite achieving positive growth throughout the year, this has not translated into improved economic performance or living standards in Iran. The country's economic growth is characterized by being short-term, non-cumulative and unstable, often influenced by successive crises. It heavily relies on limited sectors, particularly the oil industry, which does not contribute significantly to job creation unlike various productive sectors such as industry, agriculture and services. Iran's economic growth faces multiple challenges, including low productivity, high inflation and the dominance of the public sector and state-affiliated institutions, which hinder overall economic expansion. Additionally, the impact of US sanctions significantly impedes growth and business activity.

The trajectory of Iranian per capita real GDP indicates a downward trend in the standard of living for Iranians over the years. Starting at \$8,300 per person in 2011, it declined to only \$4,200 dollars in 2023. These rates are among the lowest

recorded since 2018 and 1999, signaling a decline in the standard of living over a span of 12 years.

These economic challenges collectively contribute to a surge in short-term and future social and economic dissatisfaction. The repercussions include a decline in purchasing power, deterioration in living standards and an increase in poverty levels. According to World Bank estimates, approximately 28% of Iranians fall below the poverty line, with a fifth of Iranian families becoming more susceptible to poverty risks. Local reports within Iran even suggest higher poverty rates, reaching up to 40% of the population, as per the Iranian Ministry of Labor.

Price Levels

The year 2023 posed significant challenges for the Iranian people, marked by substantial price rises and intense living pressures. The annual inflation rate reached a record level, surpassing 50% in January (refer to Table 1). Although it slightly decreased to about 44% by the end of the year, reflecting the average inflation rates for the preced-

ing 12 months ending in December, it remained at elevated levels. Despite the Iranian supreme leader declaring the current Hijri year 1402 (March 2023 - March 2024) as the “year of controlling inflation” and the president targeting a 30% inflation rate, the implementation of this goal faced obstacles. Sub-inflation rates, particularly in food and housing, recorded even higher levels.

Estimates from the Statistical Center of Iran indicate that meat prices, notably red and white meat, experienced a staggering 97% increase, nearly doubling, as local production declined by 30%. Additionally, the growth in housing rents in December, compared to the same month the previous year, was estimated to be around 40%, further adding to the economic challenges faced by Iranians.

Table 1:: The Annual Consumer Price Indicators From January to December 2023 Compared to 2022

January	51.3%
February	53.4%
March	63.9% Estima- (tion)
May	54.6%
July	47.5%
August	46.7%
September	46.1%
October	45.5%
November	46.9%
December	44.4%

Source: Tehran Chamber of Commerce — Statistical Center of Iran

Based on the previous distribution of expenditures, we notice the following:

Financial and Monetary Situation

With regard to the government’s financial situation, the IMF estimated the budget deficit for 2023 to be 5.5% of GDP, a rise from 4.2% the previous year. The Iranian Planning and Budget Organization reported that the Iranian budget only realized 70% of its revenues during the first seven months of the current fiscal year (March 21 - October 21, 2023)⁽¹¹⁾. To address the deficit, the Iranian government resorted to increased borrowing and money printing, leading to a substantial rise in the cash/liquidity base, reaching 42% in June 2023 compared to the previous year. The Iranian government’s approach to dealing with deficits involves internal borrowing and increasing liquidity. This strategy has contributed to elevated inflation levels. According to Mehdi Ghazanfari, the head of the National Development Fund (the sovereign wealth fund), the amount borrowed by successive Iranian governments over the past 12 years exceeded \$100 billion. Ghazanfari said “We have lent the government \$100 billion with no hope of it being returned. The National Development Fund was supposed to receive 20 to 40% of oil exports, but it only received less than 10%. The remaining money was deposited into the government’s account..⁽¹²⁾”

Table 2: Financial and Monetary Variables in 2023

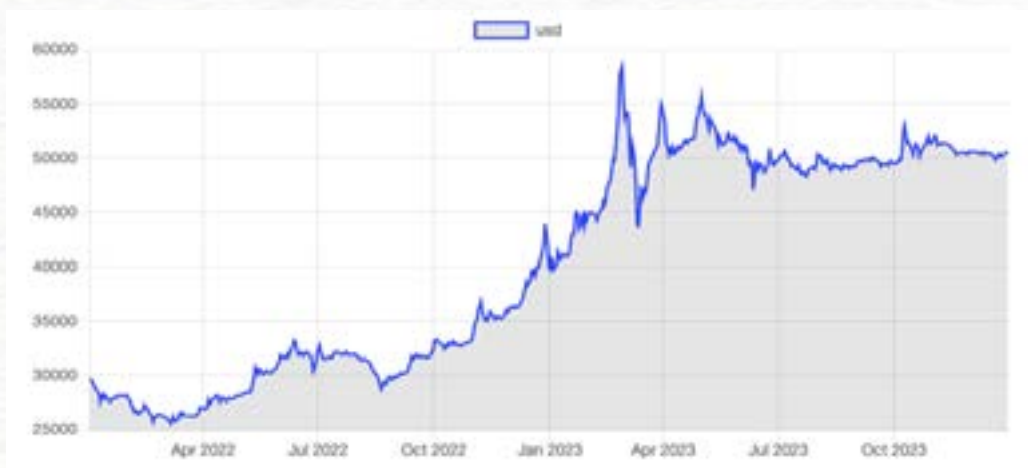
The budget deficit (% of the GDP for 2023)	5.5%
The government’s debts to the sovereign wealth fund	Over \$100 billion
Increase in monetary base (June 2023 year-on-year)	42%

The government debts until March 2023	of 30% the GDP
The foreign debt (2023)	\$10.8 billion

Source: The Economist-IMF- the Iranian Planning and Budget Organization — head of National Development Fund.

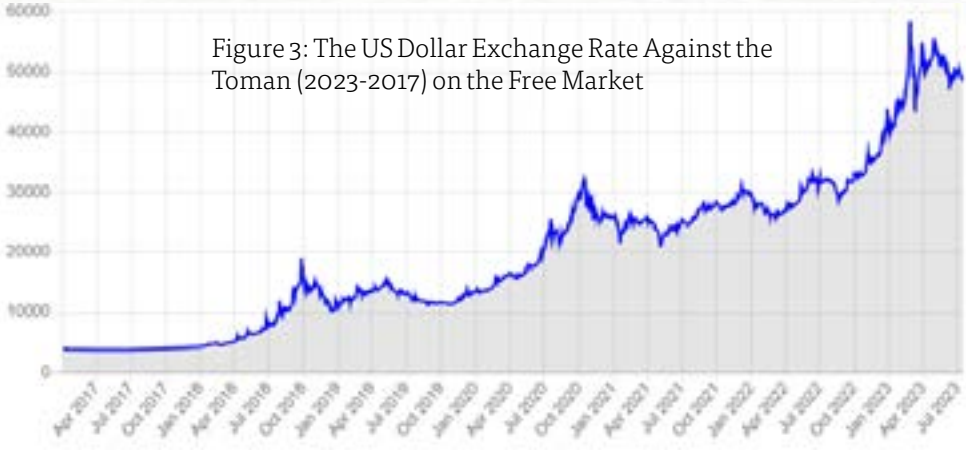
Throughout 2023, the Iranian toman experienced a significant devaluation against foreign currencies, despite the government’s efforts to manage the situation⁽¹³⁾. The dollar’s exchange rate in the free market started the year at 40,000 toman, surged to 60,000 toman in March, dropped to under 50,000 toman due to Omani mediation in the nuclear talks with the United States, and later increased to 52,000 toman in November 2023, influenced by the war in Gaza (see Figure 2).

Figure 2: The US Dollar Exchange Rate Against the Toman (2023-2022) on the Free Market



In 2023, the ongoing trend of the Iranian currency sharply declining against the dollar continued, marking another episode in the series of devaluations since 2018, with the exchange rate rising more than 15 times (see Figure 3). This downward trajectory has

been consistent since 1992⁽¹⁴⁾, influenced by factors such as restrictions on accessing frozen reserves abroad, which exceed \$100 billion..

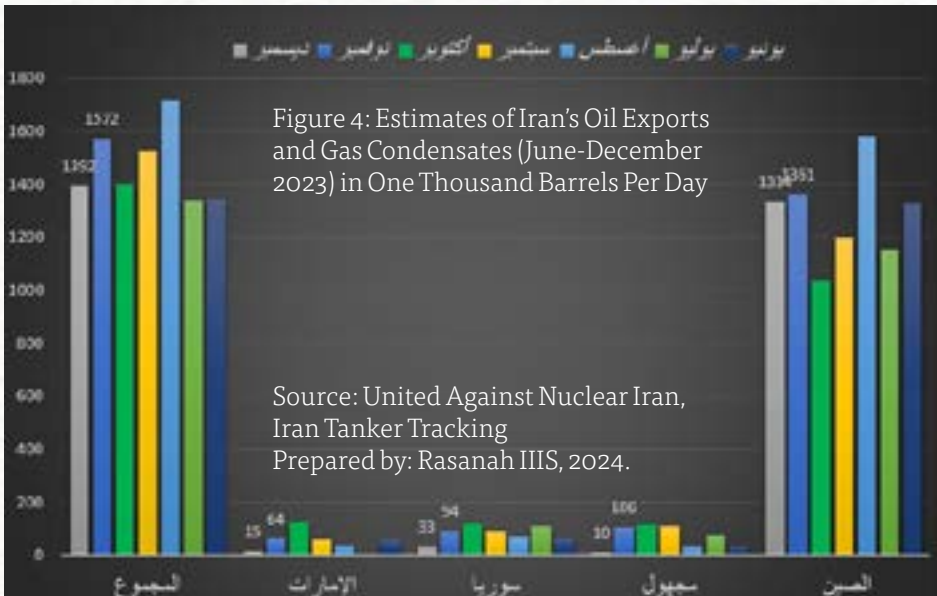


Source: Bombast.com

Iran’s Commercial Situation

In 2023, Iran experienced an increase in oil exports, reaching approximately 533 million barrels, marking a 27% growth compared to 2022. These exports generated revenues ranging between \$70 billion and \$80 billion. Notably, China accounted for about 83% of Iran’s exports, equivalent to around 640 million barrels. Iran’s average daily exports during

the year reached approximately one 1,400,000 barrels per day, the highest rate in years (see Figure 4). Despite the growth, oil exports have yet to reach pre-US sanctions levels of 2,500,000 barrels per day. However, Iran faces challenges in obtaining cash for its exports, resorting to bartering with major trading partners and incurring costs to circumvent sanctions, impacting its financial negotiations and state expenditures.



Source: United Against Nuclear Iran, Iran Tanker Tracking
Prepared by: Rasanah IIIS, 2024.

Iran faces an increasing deficit in its non-oil foreign trade, surpassing \$12 billion in the first nine months of the year 1402 Hijri Shamsi (March 21 - December 20). Non-oil exports amounted to \$36.4 billion, while imports reached over \$48.4 billion. Key non-oil trade partners for Iran include China, the UAE, Iraq, Turkey and India. Major exports consist of petrochemical derivatives, iron and steel alloys, aluminum, mineral oils and liquefied natural gas. Meanwhile, primary imports include wheat, rice, mobile phones, corn, soybeans, oils, sugar, coal, feed and car components (see Table 4).

Table 3: The value of Iran's exports and imports with its biggest trading partners (From March 21 to December 20, 2023)

Exports		Imports	
China	\$10.3 billion	UAE	\$15 billion
Iraq	\$6.9 billion	China	\$13.7 billion
UAE	\$4.7 billion	Turkey	\$5.3 billion
Turkey	\$3.3 billion	Germany	\$1.6 billion
India	\$1.7 billion	India	\$1.4 billion

Source: Iran's Customs

Conclusion

In 2023, based on the foregoing, Iran's economic performance exhibited weaknesses, encompassing low economic growth, financial challenges and commercial struggles. The notable

exception was a substantial increase in Iranian oil exports, including efforts to make inroads into new markets by joining economic blocs like BRICS. However, this economic growth did not significantly improve the standard of living for Iranians. The persisting negative impact of US sanctions continues to pose challenges to Iran's economy, with potential repercussions extending into the following year unless sanctions are lifted or eased.

Iranian Popular Discontent With the Increasing Number of Afghan Migrants

The surge in illegal immigrants from Afghanistan has become a prominent issue in various Iranian media outlets, drawing attention due to a significant increase with far-reaching social, economic, educational and political implications. This influx, occurring amid challenging living conditions in Iranian society, has led to the attribution of responsibility to immigrants, giving rise to a noticeable racist tendency toward them. In response to these developments, Iranian authorities have implemented deportation policies and other measures. Reactions within Iran have been diverse, with both supporters and opponents expressing their views, making this phenomenon one of the most pressing social challenges confronting the country.

Illegal Immigration and Its Implications

Iran is contending with a surge in illegal Afghan immigrants, with num-

bers surpassing 10 million by the end of 2022⁽¹⁵⁾. This surge occurred amid Iran's challenging economic conditions marked by high inflation rates, unemployment and various sectoral issues, exacerbated by US sanctions and ineffective government policies in saving the country from its deepening economic crisis. The influx of illegal immigrants has become a paramount concern for Iranians in recent times, sparking fears of the implications for the demographic makeup, economic structure and the country's security in light of increasing crime rates. Despite playing positive roles, such as filling workforce gaps in certain sectors⁽¹⁶⁾, these immigrants often work in various professions for the lowest wages without legal protection, insurance or retirement benefits⁽¹⁷⁾. Their presence also contributes to the lack of job opportunities for Iranian citizens. Moreover, the admission of illegal Afghan immigrants' children into Iranian schools for legal residency amplifies the crisis in the education sector, exacerbating financial problems and presenting a significant challenge for the nation⁽¹⁸⁾.

Varying Reactions and Iran's Position on Dealing With Afghan Migrants

Afghan immigrants in Iran face violent attacks with masked groups wielding sticks targeting their homes. This has transformed the controversy surrounding the issue into a cycle of violence, reflecting the frustration and anger of some sections of the Iranian population toward the presence of Afghan immigrants on Iranian soil⁽¹⁹⁾. However, Iranian reactions to this issue have been diverse. Over 540 activists expressed solidarity with Afghan

immigrants, highlighting the role of certain social media accounts in disseminating misinformation through racist behavior and speeches, unfairly blaming Afghan immigrants for Iran's living conditions and security challenges. These activists point fingers at the Iranian political system, holding it responsible for failing to address the various crises affecting the country. Opponents rejected the Parliament's proposal to establish the National Residency Organization, citing financial burdens and its perceived conflict with the law granting citizenship to children of Iranian mothers. Despite this initial rejection, the plan was later approved, with its details referred to the Internal Affairs Committee for further study to legitimize it.⁽²⁰⁾ The General Directorate of Foreigners and Migrants Affairs, in line with the plan for organizing foreign nationals, mandated that Afghan immigrants vacate eight municipalities in Shiraz and the vicinity of the shrine of Mazhar Shah Sharagh, following a terrorist attack carried out by foreign nationals⁽²¹⁾. The Iranian interior minister asserted that "enemy spy agencies were exploiting the situation after facing disappointment in causing chaos."⁽²²⁾

Conclusion

Amid the ongoing increase in the number of Afghan immigrants arriving in Iran and the accompanying rise in internal tensions and conflicts, the Iranian political system has implemented policies and laws to address the situation. These measures include regulating the entry of refugees, distributing them geographically, determining specific criteria for acceptance to preserve the demographic fabric, establishing residence camps, and

tightening control at checkpoints with a focus on identification papers at the Iranian border. These actions aim to prevent societal clashes resulting from the presence of Afghan immigrants while also seeking to leverage their contribution in specific economic sectors.

■ The Hawza and the Question of Palestine: Legitimacy at Home, Pragmatism Abroad

Rasanah's Iran Case File for October 2023 shed light on hawza mobilization and the announcement that it is ready to fight in Palestine and was prepared to dispatch jurists and seminarian students. The sole impediment, however, was the supreme leader's awaited permission. But the supreme leader came out this month, announcing that Iran does not want to destroy Israel or throw it into the sea, reiterating the fate of the Israelis is in the hands of the Palestinians. The remarks represent a pragmatic climbdown on the part of the ruling religious elite in Iran, in an attempt to rebuff accusations of funding Hamas and helping it in Gaza or being behind Operation Al-Aqsa Flood (Storm). Yet other clerics consider Hamas to be a "Basiji" movement, borrowing its ideology and approach from Basij thought, thereby justifying supporting it in its war against Israel. Others within the IRGC argue that the Hamas-led operation came to take revenge for Qassem Soleimani, an allegation Hamas has denied.

The Hawza and Palestine: Enhancing Legitimacy

The hawza and Iranian clerics have utilized the war on Gaza to enhance their legitimacy internally and externally:

- **At home:** Since the launch of Operation Al-Aqsa Storm and the outbreak of the Israeli war on Gaza, the religious seminary in Iran has sought to utilize and employ the war to enhance its legitimacy at home. Yet it sought to prove the veracity of its assertion about the West's moral denigration and its outright embracement of materialism, which is demonstrated in the violent and brutal killing machine directed against others in general and the Palestinians in particular. This was reiterated by the Iranian supreme leader in one of his speeches this month, where he said, "The barbaric and brutal acts perpetrated by the Zionist regime against the people of Gaza not only exposed this regime but also the US and Europe. It has also exposed the Western civilization and culture."⁽²³⁾ Khamenei also criticized the West's pretext that Israel is defending itself, posing the question, "Is killing 5,000 children using phosphorus bombs an act of self-defense? This is the Western culture that has been exposed." The most crucial aspect of Khamenei's comments was his disavowal of the longstanding Iranian pledge to throw Israel into the sea. He reiterated that the Iranians do not throw people into the sea. He said that the fate of the Israelis lies in the hands of the Palestinians and their elected government. Some observers view Khamenei's statements as a form of political

pragmatism or sectarian taqiyya (disguising true beliefs and convictions). Likewise, Iranian officials, including IRGC Commander-in-Chief Major General Hossein Salami 2018, openly expressed their intentions to destroy Israel. For example, Salami responded to Israeli officials by stating, “Learn how to swim in the Mediterranean since you will have no way out but the sea.”⁽²⁴⁾ However, like now, nothing happened, reflecting Iranian pragmatism.

- **Externally:** The ruling religious elite has employed the war on Gaza to call into question the Western civilizational model. Yet, they have utilized the war to settle disputes at home, calling the opposition’s intentions into question. Molavi Abdulhamid faced accusations of supporting Israel and calling for Israeli rights when he spoke of the need to resolve differences and the necessity of arriving at a solution. “Their problems should be resolved. Everyone should be granted their rights.”⁽²⁵⁾ Therefore, official newspapers accused him of being one of the defenders of the Abraham Accords and affiliated with a state normalizing ties with Israel. It is worth noting that Abdulhamid has been a source of concern for the Iranian authorities due to his dissenting postures since the killing of Mahsa Amini. He advocates for the rights of women, the youth and Iranian protesters in general, hence putting the ruling establishment in an awkward position. This has resulted in constant wrangling with state

officials to this day. Thus, the Iranian government has seized the opportunity to defame him in the eyes of his followers, alleging that he is seeking normalization with Israel.

Hamas and Basij Thought

Iran has made several remarks about Operation Al-Aqsa Storm. All these remarks, however, reflect the fact that the operation was part of Iran’s strategy to confront the West and Israel.

- **Curbing the West’s schemes:** Some clerics consider Operation Al-Aqsa Flood as ending US and Western schemes to reconfigure the West Asia region. The Isfahan Friday prayer leader, justifying Operation Al-Aqsa Flood as part of Iran’s strategy, said, “Though this flood was directed against the Zionist regime, it has also been in the context of driving out the US. America has envisioned chaotic schemes in West Asia that have and will never be achieved.”⁽²⁶⁾
- **Revenge for Soleimani:** Others consider Operation Al-Aqsa Flood to be part of Iran’s attempt to avenge Qassem Soleimani’s death. Spokesman for the IRGC Ramadan Sharif announced that Operation Al-Aqsa Flood was one of the operations to avenge Qassem Soleimani. But Hamas rushed to issue a statement denying the Iranian allegation, reiterating that Operation Al-Aqsa Flood came in response to the continued occupation and injustice inflicted on the Palestinian people and the dangers faced by Al-Aqsa Mosque⁽²⁷⁾. It appears that Iranian officials realized the

awkward situation Hamas was put in as a result of the remarks of the IRGC spokesman. Hossein Salami came out himself, declaring that Operation Al-Aqsa Flood was Palestinian and had nothing to do with avenging Soleimani's death.

- **Basij thought:** Yet, others have considered Hamas to be the brain-child of Basiji ideology. According to Ayatollah Alamolhoda, "Hamas, being part of the resistance front and embracing Basij ideology, has brought Israel to the worsening situation you are seeing.⁽²⁸⁾" This is close to the reference made by Khamenei in his speech before a gathering of the Basij forces that the Shiites are the ones who provide Palestine with assistance — Shiite Arabs in Iraq, Lebanon and Yemen and the non-Arab Shiites in Iran. He noted that the Shiites have managed to create a dichotomy in the region — resistance versus surrender — in the face of US hegemony. This support creates Basij-style entities that serve Iranian strategic and ideological objectives.

■ **Conclusion**

The Iranian religious elites have worked to employ religious discourse in the war on Gaza, with the aim of attacking the West, its culture and maternalistic philosophy. They also sought to prove the veracity of the Iranian opinions toward the West over the past years. Additionally, the Iranian elites have used the war to undermine domestic opposition and political rivals. However, the most striking part is the remarks of the supreme leader that Arab and non-Arab Shi-



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Endnotes

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IRAN-ARAB INTERACTIONS

The lower half of the page features an abstract graphic design. It consists of several overlapping, rounded rectangular shapes in a light beige or tan color. These shapes are arranged in a diagonal pattern from the bottom left towards the center. A thin white line follows the outer edge of these shapes, creating a sense of movement and depth. The background is a solid, deep teal color.

Prominent developments were observed in Iran's relations with certain Arab countries, particularly the Gulf nations and Syria, during November and December 2023. These events include Russia's suggestion to refer the issue of the three UAE islands to the International Court of Justice for resolution under international law, continued attacks by pro-Iran militias on US targets in Iraq, the killing of an IRGC commander in Syria and renewed tensions at the Syria-Jordan borders. These developments will be further examined below.

- Iran's Relations With the Gulf States and Great Powers
- Reemergence of Tensions Following Militia Attacks on US Targets in Iraq
- The Implications of Israel's War on Gaza for the Syrian Landscape

■ Iran's Relations With the Gulf States and Great Powers

Iran's regional relations with the Gulf states and great powers are complex and challenging to manage. The aforesaid arises from the difficulty in simultaneously forging convergence between bilateral and regional issues. Iran experienced two prominent diplomatic events in December. Firstly, the tripartite meeting in Beijing aimed to follow up on the China-brokered Saudi-Iran agreement. Secondly, the sixth meeting for the Arab-Russia forum in Marrakech discussed Iran's occupation of the three UAE islands. Such discussions triggered various viewpoints inside Iran regarding its relations with Russia and China.

The First Tripartite Meeting Between Saudi Arabia, China and Iran to Enhance Saudi-Iran Reconciliation

The first meeting of the Saudi-Chinese-Iranian tripartite committee was held in Beijing in December 2023. The conference, chaired by Wang Yi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee, aimed to follow up on the Beijing Agreement. Deputy Minister of Foreign Affairs Waleed bin Abdulkarim el-Khereiji headed the Saudi delegation. Iran's Deputy Foreign Minister Dr. Ali Bagheri Kani led the Iranian delegation. Wang Yi expressed his country's willingness to continue its constructive role in supporting Tehran and Riyadh in taking more steps toward advancing their relations. He put forward three suggestions to achieve this objective as follows:



Firstly, he called for “unwavering adherence to the strategic choice of reconciliation.” Secondly, he suggested further progress in improving relations, calling on the two sides to actively explore cooperation and expand economic, trade, security and people-to-people exchanges. Thirdly,

he said that the two sides should reject external interference, stressing that the destiny of the Middle East should be in the hands of the peoples of the regional countries⁽¹⁾.

China hosting the tripartite meeting in its capital reflected how Beijing is eager to implement all provisions stipulated in the Saudi-Iran agreement for a host of considerations: China's economic interests with the two parties in particular and with the whole Islamic and Arab world in general, given the region's geopolitical significance in China's Belt and Road Initiative (BRI). Further, the agreement's success affirms that China is a reliable broker that can carry out highly significant diplomatic roles to resolve international crises. Finally, China's three suggestions mainly aim to curb the influence of great powers, most prominently the United States — if successful, this will be a great achievement for China regardless of which power fills the US power vacuum.

Iran's Anger Over Russia's Support to the UAE

The joint declaration of the sixth session of the Russian-Arab Cooperation Forum at the ministerial level, held in Marrakesh, Morocco, supported the UAE regarding the three occupied islands: Greater Tunb, Lesser Tunb and Abu Musa. Iranian officials scathingly criticized Russia's position. Iranian media outlets published numerous articles condemning both Russia and China regarding their support for the UAE over the three disputed islands, calling on their government for a tit-for-tat response.

The irony here is that Iran has unwaveringly supported Russia in its war in Ukraine and, as a consequence, has endured the burden of Western backlash, including the stalemate in the nuclear deal talks. Iran's elite argues that their country is waiting for tantamount support, i.e., to back Iran in all of its thorny issues within the framework of their strategic alliance. Russia's consent in the joint declaration of the sixth session of the Russian-Arab Cooperation Forum reaffirmed its previous position, which it had adopted in the joint Gulf-Arab declaration six months ago. The declaration, back then, invoked the ire of the Iranians. Russia's position also echoed China's position adopted one year ago during the Gulf-China summit. Iran, therefore, is bewildered, trying to understand the reasons behind China's and Russia's estrangement.

The Iranians believe that the weakness of their country's position with Russia stems from its limited relations with great powers and that Tehran is in greater need of Moscow's support than the other way around. Conversely, Arab countries enjoy diverse ties, so they have room to maneuver and can better use bargaining chips to serve their own interests⁽²⁾. The same goes for China's relations with Iran. Both Moscow and Beijing are fully aware that Tehran possesses limited options in light of its troubled relations with the West, so they do not pay serious attention to its objections to such issues.

Conclusion

Dissatisfaction among the Iranians with respect to Russian and Chinese alignment over the three disputed islands reflects their rigid approach toward international relations. They

expect their allies to conform to their point of view, which is not a realistic expectation in the context of international relations. Countries may adopt variant perspectives to serve their own national interests. Following the successful results of the China-mediated agreement between Saudi Arabia and Iran, it would be beneficial for Iran to adopt a similar approach to the UAE. Similarly, Abu Dhabi needs to prioritize international law and a peaceful resolution to this issue. Needless to say, Iran's unyielding stance has resulted in failures, even with its own allies.

■ Reemergence of Tensions Following Militia Attacks on US Targets in Iraq

In 2023, there was a period of relative calm after Saudi Arabia and Iran resumed their diplomatic relations. However, tensions reignited in Iraq following the outbreak of war in the Gaza Strip. Pro-Iran militias attacked US interests, allegedly in response to the United States' military support of Israel. This led to US military retaliation against militia positions, which violated Iraqi sovereignty. The following is a summary of the most significant developments in Iraq during November and December 2023.

Bagheri's Visit to Iraq and Militia Escalation Against US Interests

Chief of Staff of the Iranian Armed Forces Major General Mohammad Bagheri kicked off a visit to Iraq from December 3 to December 5, 2023. He

met with Defense Minister Thabet Mohammad Abbasi, Minister Abdul Amir al-Shammari and Chief of Staff of the Iraqi Army, Lieutenant General Abdul Amir Rashid Yarallah. Bagheri said, "Our goal for this visit is to discuss ways to develop military relations between the neighboring countries."³⁾

The visit was important due to the fact that it occurred at a time when the Middle East returned to the forefront of global focus against the backdrop of warnings of the implications of expanding the ongoing war in Gaza into a regional war and Iran's militias advancing to the confrontation lines. The real goal of Bagheri's visit was to underscore Iran's influence in Iraq while US interests in Iraq (diplomatic headquarters, military sites and assets) faced attack by Iranian proxy groups. This visit coincided with regional tensions escalating because of Washington's military support to Tel Aviv in its war against Gaza. The attacks launched by pro-Iran militias reflected Iran's desire to inform the United States and Israel that it enjoys strong regional influence that allows it to escalate tensions against them when needed. In addition, the expansion of the escalation is still an option for Iran if Israel and the United States defeat the "Axis of Resistance." Iran seeks to keep in place its coordination with the leaderships of its proxy groups in Iraq to highlight the unity amongst its proxies in Iraq.

US Strikes on Militia Sites in Iraq

In response to the series of successive attacks by pro-Iran militias against US interests, including the Iraqi Hezbollah's recent attack targeting Erbil airbase hosting US troops

that injured three US soldiers, with one in critical condition, US forces bombed on December 26, 2023, three positions and sites of pro-Iranian militias in Iraq, resulting in the deaths of militia members and several injuries. It was the second airstrike since the beginning of the war in Gaza, after the first airstrike targeting pro-Iran militias in Iraq on November 23, 2023, resulting in several deaths and injuries. Since the beginning of the Gaza war until December 26, 2023, Washington estimated that there have been around 103 attacks targeting its forces in Iraq and Syria⁽⁴⁾.

The US response in Iraq sent strong deterrence messages to Iran and its militias — previously, Washington used to respond to pro-Iran groups in Syria, but now it has shifted to responding to pro-Iran groups in Iraq. Around 2,500 US troops are deployed in Iraq as part of the United States' efforts in Iraq to prevent the return of ISIS. Washington and other parties are aware that the Iranian escalation, executed through its Iraqi proxies, aims to pressure the United States to remove its forces from Iraq, particularly because it seeks to impact US public opinion, hence forcing the Biden administration to withdraw US forces from Iraq. This Iranian goal was clearly revealed by a close associate of Iran, Secretary-General of the Badr Organization Hadi al-Amiri, when he called for the immediate withdrawal of the international coalition and US forces from Iraq to achieve full national sovereignty.⁽⁵⁾

Iran also aims to strengthen its negotiating position by pressuring Washington through its regional leverage to force it to make concessions in the

context of the nuclear talks, especially to pressure Washington to release Iranian frozen funds as they are deemed vital amid the economic crisis in Iran, which has been exacerbated by US sanctions. Iran also wants to send strong messages to the Biden administration that it must stop Tel Aviv from targeting its militias in Syria. Finally, Tehran aims to highlight the significance of the “Axis of Resistance” as it believes that this will improve its image before the peoples of the region and will help in promoting its alleged role of standing side by side with the Palestinian resistance.

The Position of the Iraqi Government on the Attacks Against US Interests

The Iraqi government headed by Mohammed Shia al-Sudani repeatedly announced its firm rejection of the attacks against US interests and ordered the security apparatus to urgently prosecute the militants involved in the attacks and bring them to justice. It also called for raising military alertness to the maximum security level to protect the country and designated attacks targeting foreign diplomatic headquarters as terrorist crimes. Several media outlets pointed out that the Iraqi government, during its reception of Bagheri, attempted to send a message to Tehran to pressure its proxies to stop their attacks targeting US interests⁽⁶⁾. In addition, Bagheri's visit was accompanied by the militias' announcement to resume their attacks targeting US interests. This move embarrassed the Iraqi government, which has vital interests in maintaining positive relations with Washington. These include mainly economic and security

interests as well as the US sanctions waiver that allowed Iraq to continue to purchase electricity from Iran. Despite this, in a statement, the Iraqi government condemned the US attacks in Iraq, “This [attacks] constitutes a clear hostile act. It runs counter to the pursuit of enduring mutual interests in establishing security and stability, and it opposes the declared intention of the American side to enhance relations with Iraq.⁽⁷⁾”

Iraqi efforts are unlikely to stop the militias from carrying out their armed attacks. The Iraqi government failed to control the security situation inside Iraq — the uncontrolled proliferation of weapons among militias has once again undermined the Iraqi government’s decisions at home and abroad. They send the wrong message, especially that the Iraqi state does not possess the tools of influence and pressure, nor does it have control over security decisions. Iran’s proxy militias have overridden Iraq’s security decisions since the beginning of the war in Gaza as they threatened to become a party to the conflict by targeting US interests in Iraq if the United States continued to provide Israel with military support in the Gaza war. In fact, they executed their threats and showed no respect for Iraq’s security decisions by launching attacks on US interests.

Conclusion

The pro-Iran militias propagated that through their attacks they wanted to pressure the United States to force Israel to stop its excesses in Gaza, however, this justification is no longer convincing. In reality, the purpose of their attacks was to force US troops to leave Iraq and for them to monopolize the Iraqi arena. Their attacks also

send the message that they are ready for any course that the Gaza conflict might take. These attacks will adversely impact the desire of Iraq’s regional partners to enter into broad economic, investment and trade relations as it is apparent that pro-Iran militias have great influence over Iraqi decisions.

■ The Implications of Israel’s War on Gaza for the Syrian Landscape

In the last few days of 2023, Syria witnessed significant developments in the context of Iran’s spheres of influence and its role in the country. These included notably the resurgence of Jordanian apprehension about the violations on its border with Syria and the involvement of Iranian militias in this escalation, shifting from merely a trafficking crisis to stirring up a direct border confrontation. The other development was Israeli airstrikes. These were somewhat different in terms of the quality of targets and their ensuing implications. Both developments occurred in a heated regional context against the backdrop of Israel’s war on Gaza and the mutual political and fiery messages, especially from Iran, its militias and Israel.

Resurgence of Tensions on the Syria-Jordan Border

Jordan’s crisis along the northern border with Syria reignited and escalated. It shifted from the trafficking of drugs (captagon) to the movement of weapons, arms and explosives⁽⁸⁾. This development coincided with the turbulent regional situation and the security and political implications that

followed Israel's war on Gaza, especially for regional states, including Jordan. For a pro-Gaza rally, many Iraqis mobilized on the border with Jordan. Some actors who have connections with Iran and Hamas attempted to stir the Jordanian street under the banner of solidarity with Gaza.

The aforesaid developments on Jordan's northern border have contributed to depleting the country's resources, both financial and military, because of successive operations. The border crisis is an attempt to negatively impact Jordan's stability. It is likely that people from the region will use the war in Gaza to penetrate Jordanian territories for many purposes, such as stirring up unrest and sedition. In addition, they will exploit the internal pressure on the Jordanian government.

The Death of Reza Mousavi and Israel's Message to Iran in Syria

On December 25, 2023, the IRGC announced the "assassination" of a senior commander of the Quds Force, Reza Mousavi⁽⁹⁾, codenamed "Sayyed Rezi," by an Israeli strike in the Sayeda Zainab neighborhood of southern Damascus. Mousavi was a senior official in the Iranian military apparatus and was the head of the Iranian logistics organization (Unit 2250) of the Iranian Quds Force. He was a senior official of Iran's spheres of influence in Syria; he facilitated the transfer of Iranian weapons and equipment to Lebanon via Syria.

The Israeli military carried out strikes with multiple dimensions and purposes. One of the goals was to eliminate those responsible for smuggling arms that may pose a threat to the se-

curity of Israel —similar to the Hamas operation that took place on October 7. Israel's message became even clearer during the major strikes that occurred on December 28 and December 29, 2023, which followed its targeting of Mousavi. Israeli strikes also targeted several Iranian officers and sites operated by the IRGC in al-Bukamal, eastern Syria.

Since October 7, 2023, Tehran has worked through various ways and means to exploit the Gaza war front. It aims to maximize pressure on both Israel and the United States and strengthen its positions in the Arab region, starting from Iraq, Yemen and Syria to Lebanon, to shuffle the cards and redraw the rules of the game in the region according to its strategic interests. This also includes halting normalization between Arab countries and Israel, pressuring the United States to withdraw its troops in Syria and Iraq, strengthening Iranian influence, and restricting the freedom of maritime navigation in international and regional waters by employing the Houthis in Yemen.

Considering Iran's approach during the war on Gaza and Israel's reaction to attacking high-ranking Iranian military officials, there is a possibility of disrupted coordination among pro-Iranian militias in various regions, especially in Syria. This may negatively impact Iran's ability to manage its spheres of influence in Lebanon and Syria, at least in the short term, particularly with regard to the transportation of supplies from Iran to these regions.

The expectations vary on Iran's anticipated response to Mousavi's targeting. The question arises about how Iran will prevent the recurrence of such operations in the future, particularly with the Israeli strategy to weaken Iranian deterrence by carrying out successive strikes on its proxies and militias in the region and targeting the officials who were in charge to contact Iran, whether from Hamas, Hezbollah or others in Syria and Iraq. Iran's response to the attack, through threats and warnings, was unsurprising. However, it may choose a response to retaliate on the ground. It will not be based on conventional military operations but through its proxies in Syria, Iraq, Lebanon, or Yemen, without risking nor moving to a larger and more direct conflict zone.

Conclusion

The year 2024 will not be different from the previous year, with polarization and conflicting Israeli-Iranian interests likely to continue. In addition, the threats of Iranian proxies to Jordan, the border escalation, the organized drug trafficking, and the occasional bloody clashes on the Jordan-Syria border will also continue. The successive escalations by Israel in Syria and the killing of the most influential Iranian leaders in Syrian territories reflect that the next stage will witness further intensification of the Iran-Israel confrontation and both will attempt to inflict significant security blows on each other. This can be realized through Iran prodding its proxies in Syria, Lebanon and Iraq to escalate in the next stage and Tel Aviv continuing to target senior leaders of Iranian militias inside or outside Syria or Pal-

estinian faction leaders inside Gaza or in the West Bank. These security blows can be implemented simultaneously given the expected escalation between Israel and pro-Iranian militias across Syria, Lebanon and Iraq during the next stage. This will raise the costs for each side without either party wanting to risk the prospect of a direct confrontation.



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IRAN'S RELATIONS WITH REGIONAL AND INTERNATIONAL POWERS

The background is a solid dark blue. In the bottom-left corner, there are several overlapping yellow and white geometric shapes, including rounded rectangles and circles, connected by thin white lines. The text is centered in the upper half of the page.

The relationship between Iran and the United States has experienced a significant increase in tension, particularly with Israel's war on Gaza. This tension has been further exacerbated by the United States' renewed focus on the Middle East, including strategic shifts and troop deployment in the region. Iran is concerned about the US presence in the region, viewing it as a potential threat to its future influence.

■ Prospects for Iran-US Relations Post the Israeli War in Gaza

The ongoing war in Gaza continues to have a significant impact on regional dynamics, particularly with respect to Iran-US relations. In response to the conflict, the United States has realigned its priorities in the Middle East, making strategic shifts and deploying troops in the region. Before the war, Iran had been able to benefit from the United States' lack of involvement. However, since the conflict, Iran has utilized its resources to prevent any losses following these strategic shifts. Iran perceives the return of US troops to the region and the potential further expansion of the war in Gaza as a precursor to a complete restructuring of the entire Middle East, including disarming resistance factions, to create a safe environment for Israel and re-establishing the US presence while simultaneously curbing both Iran's and China's influence.

Expanding the Scope of Indirect Confrontation

At the onset of the conflict, the United States made a call to Iran to desist from expanding the scope of the war and refrain from threatening US interests or intervening in the conflict through its proxies in the region. As time passed, the conflict escalated, and Iran's proxies became increasingly effective, thus influencing the balance of power in the conflict. Notably, the Houthis' attacks on Israel represent the most significant escalation in this regard, despite Iran's purported attempts to avoid involvement in these

attacks. The United States believes that the Houthis are executing Iran's agenda, with intelligence sources indicating that an Iranian vessel stationed in the Red Sea facilitated the Houthis' attacks on ships using drones and missiles with impressive accuracy⁽¹⁾. Additionally, the Pentagon has accused Iran of direct involvement in a drone attack on a chemical tanker in the Indian Ocean.

In response to these rising threats, the United States formed a coalition to protect the security of the Red Sea — yet it seems that the escalation is snowballing. US Defense Secretary Lloyd Austin announced the formation of an international navy taskforce to ensure the security of the Red Sea; after a few hours, IRGC Navy Commander Rear Admiral Ali Reza Tangsiri announced the establishment of a naval Basij force in response to the US move. In a striking and dangerous development, Tangsiri warned that the Mediterranean Sea and the Strait of Gibraltar could be closed if Israel continued its attacks on Gaza. His remarks highlight the bargaining chip Iran can use to leverage the United States and the West to change their position on the war in Gaza or exploit it if the conflict expands.

Recent developments indicate that Hezbollah is still committed to calculated escalation, as they fear the United States may target them once the conflict against Israel in the north intensifies. Meanwhile, Iran's proxies in Iraq continue to attack US bases and deployments, prompting the United States to respond in Syria and Iraq. The United States is also pressuring the Iraqi government to investigate and detain those responsible for attacking

the US embassy and facilities hosting US personnel. Despite these escalating tensions, Iran is sticking to its policy of indirect escalation without incurring costs.

Iran's Exploitation of the War in Gaza

At the level of the propaganda war, Iran saw an opportunity to reaffirm the United States' "unjust" ruling system and reinforce its anti-US hegemony position against the backdrop of the United States' unequivocal support for Israel in its war against the people of Gaza, which has caused destruction and violated all international norms and laws. Tehran also assigned blame to Washington for the present living conditions of the Palestinian people⁽²⁾. Iran did not merely criticize Washington but also organized an international conference in Tehran on Palestine on December 23, 2023 — which many anti-US states attended. To reinforce its claim, Iran leveraged the growing popular discontent in the region against US policies, in addition to the solid pro-Palestinian sentiment prevailing across the globe. At home, the Iranian government seized the opportunity to repair its deteriorating legitimacy, employing its narrative of the "Axis of Resistance," which attacks US and Israeli interests in the region. It also managed to restore its soft power in the region, given the fact that Palestine is still the most prominent issue across the Islamic world. Iran believes that it can gain further popularity in the region through supporting the Palestinian cause⁽³⁾.

Exploiting the Crisis and Reinforcing Military Capabilities

Iran exploited the current tensions and the United States' preoccupation

with Israel to reinforce its military arsenal. It launched an imaging satellite into space, which the United States acknowledged as successful. This is similar to other successful attempts by Iran that Washington previously condemned. The United States fears that this success will further aid Iran in developing its ballistic missile program. Iran also announced that it carried out tests for several drones and variant weapons. With the use of drones, the IRGC intercepted US aircraft carriers and vessels passing through the Gulf. The US CENTOM released a photo showing a drone over what appeared to be a US aircraft carrier stationed in the Gulf. Meanwhile, Russia and Iran strengthened their military ties as the delivery of Russia's Su-35 fighter jets and helicopters nears completion.

Ambiguous Nuclear Future

With a lack of diplomacy, Iran's nuclear talks got further complicated. Iran has reversed its implicit consent to slow down the rate of enriching uranium up to 60% purity; its monthly stockpile increased threefold to 60% and to rates close to weapons-grade levels while barring IAEA inspectors from monitoring its program, according to the UN watchdog's report. In a joint statement, the United States, the UK, France and Germany condemned Iran's increase in uranium production levels. Yet, they remained "committed to a diplomatic solution" to the feud over Iran's nuclear program⁽⁴⁾. Despite the pressing need for diplomatic efforts, it seems highly unlikely that negotiations will resume anytime soon. The current internal opposition remains intense, and neither Washington nor Tehran are willing to take diplomatic steps that could potential-

ly harm their election campaigns in 2024. As a result, reaching a deal that could impact their respective election outcomes is out of the question⁽⁵⁾.

US Tightens Up Sanctions

Washington had been holding off on imposing additional sanctions on Iran for a brief period. However, after a prisoner swap between Hamas and Israel, the US government decided to impose fresh sanctions on Iran in both November and December (see Table 1).

Table 1: US Sanctions on Iran (November-December 2023)

Date	Measures
November 17	Two men found guilty of conspiracy to sell sanctioned Iranian oil
November 17	The US State Department designated Kata'ib Sayyid al-Shuhada (KSS) and its Secretary General Hashim Finyan Rahim al-Saraji as Specially Designated Global Terrorists. The US Department of the Treasury designated six individuals affiliated with Kata'ib Hizballah (KH), an Iranian-affiliated militia. KSS, working at times with other US-designated organizations, including KH and Harakat al-Nujaba, planned and supported attacks against US personnel

November 29	The United States imposed sanctions on over 20 individuals and entities involved in a financial facilitation network that benefited Iran's Ministry of Defense and Armed Forces Logistics, the Iranian Armed Forces General Staff and the Quds Force
December 7	The United States designated 13 individuals and entities responsible for providing funds generated from the sale and shipment of Iranian commodities to the Houthis in Yemen
December 19	The United States imposed sanctions on a network of 10 entities and four individuals for directly facilitating Iran's procurement of sensitive goods, including US-origin electronics used for producing Iran's drones

Data source: US Department of Treasury, prepared by the Unit of Regional and International Studies (Rasanah IIIS, 2024).

Conclusion

The ongoing conflict in the Middle East can be viewed as a fierce competition between two opposing perspectives on the region's future. The recent hostilities in Gaza have put Tehran and Washington at odds. Iran's latest actions suggest that it is maneuvering to safeguard and advance its objectives and interests while also striving to avoid direct confrontation with the United States, which would result in significant costs. During this period, the effectiveness of Iran's forward defense doctrine, which it has adopted against Washington, is being tested. The conflict in Gaza will probably expand to new fronts as Washington holds Tehran responsible for the attacks by the Houthis in the Red Sea that are risking international maritime navigation. Needless to say, the attacks of Iran's proxies in Iraq, Syria and Lebanon against US interests raise questions regarding Iran's actual involvement in the conflict. This is in addition to US discontent over Iran increasing its uranium enrichment up to 60% purity; Tehran has benefited from the current tensions in the region.

03 يناير 2024م، <https://bit.ly/3S4q2U2>

Endnotes

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