IRAN CASE FILE

Your window on Iran from inside and abroad



September-October 2026

ISSN 1658-8320

www.rasanah-iiis.org

MONTHLY REPORT

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September-October 2026

ISSN 1658 - 8320

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EXECUTIVE SUMMARY

This month's Iran Case File examines the main developments in Iran during September and October 2026 at three levels: domestic, regional and international.

On the domestic political front, Tehran continues to insist on its seven-point proposal, presenting its conditions as prerequisites for entering into negotiations with the United States or reopening the Strait of Hormuz. These conditions reflect Iran's determination to establish a new negotiating framework that secures political, economic and security gains for the establishment while reinforcing its narrative of resilience and victory in the war. Tehran is also seeking to use its control over the strait as a means of exerting pressure to extract concessions from the United States before making any commitments on contentious issues, foremost among them its nuclear program.

However, these demands face strong opposition from the United States, particularly those involving compensation for Iran's wartime losses, the withdrawal of US forces from the region and the lifting of sanctions and the naval blockade. The United States also rejects any arrangements that would give Iran unilateral control over the Strait of Hormuz or undermine freedom of international navigation.

Therefore, reaching a comprehensive agreement between the two sides remains highly challenging, as both continue to hold firmly to their respective sources of leverage and negotiating conditions. The most viable way out of the crisis lies in the success of regional mediation efforts in securing a compromise under which the US administration would offer partial concessions, such as easing the naval blockade, unfreezing some Iranian assets and permitting

limited oil exports, in exchange for guarantees of freedom of navigation through the Strait of Hormuz and the resumption of substantive negotiations. Conversely, if regional mediation efforts fail and both sides remain entrenched in their current positions, the possibility of renewed military confrontation will remain.

On the economic front, Iran is facing mounting pressure on its capacity to finance imports and meet the needs of both domestic consumption and production. This pressure stems from several overlapping factors, including the economic repercussions of the war, disruptions to trade routes, the effects of sanctions and difficulties in collecting and repatriating revenues from oil and non-oil exports. The 26% decline in import value, alongside the accumulation of outstanding payments to importers, points to significant constraints on financing and procurement. The Iranian government is seeking to contain these pressures by prioritizing essential goods and exploring alternative measures. However, these efforts may ease existing bottlenecks without fully offsetting the decline in foreign capital inflows or overcoming prevailing banking and logistical constraints. As a result, the adverse economic consequences, already increasingly evident across the country, continue to mount, with inflation approaching 80% and the economy contracting by 10%. These developments raise serious concerns about Iran's economic outlook and the potential implications for domestic stability.

From a military context, the Strait of Hormuz witnessed an unprecedented surge in attacks on maritime shipping in October 2026, marking the highest monthly rate since the US-Iran war began on February 28, 2026. This escalation points to a fundamental shift in the strategy of Iran's IRGC, which has moved away from employing a diverse range of naval and missile capabilities toward increasingly depending on suicide drones. These relatively inexpensive weapons enable Iran to sustain threats to maritime traffic despite the degradation of its conventional naval capabilities as a result of US strikes.

This escalation was reflected in a series of successive attacks throughout October, including the targeting of the oil tanker Petro Dolphin on October 11, reports of two vessels being struck by projectiles on October 13 and the sinking of the container ship GFS Pride on October 14. In addition, the IRGC announced that it had targeted seven vessels in a single night toward the end of the month, the highest daily figure reported since the outbreak of the war.

The strategic significance of the aforesaid lies primarily in the fact that the erosion of Iran's conventional naval capabilities has not eliminated its ability to threaten maritime shipping through the Strait of Hormuz. Rather, it has prompted Tehran to turn to more flexible and cost-effective offensive methods, whose impact cannot be neutralized merely by destroying military bases, infrastructure or warships.

On the social front, Iran's healthcare sector is facing multiple structural crises. The war has taken a considerable toll on the country's infrastructure, while the collapse of the national currency and the result-

ing inflation, which reports estimate reached approximately 90%–94% in September 2026, have directly contributed to medicine shortages. Estimates of the number of medical products that are missing or unavailable vary widely, ranging from 70 to 800, while the prices of available medicines have risen sharply. These challenges have been compounded by the emigration of tens of thousands of healthcare professionals and the departure of others from the sector. As a result, patients and their families, particularly those living with chronic illnesses, are facing increasingly severe pressures and difficulties. This situation has intensified feelings of despair and anxiety, alongside psychological and social disorders, which now reportedly affect approximately 25.1% of the population.

On the ideological front, the meeting between Mehdi Karroubi and Hadi Khamenei reflects a "reformist" effort to reintroduce concepts such as freedom, justice, dialogue and national interest into Iran's political discourse. Its significance lies in the fact that both figures are regarded as prominent representatives of the revolution's first generation and remain deeply connected to its institutions. Accordingly, their criticism is directed not at the revolution's founding principles, but at how the legitimacy of Iran's "Islamic" identity is interpreted and how its institutions function. Their discourse emphasizes a vision of the people as the rightful owners of the political system and the ultimate source of its legitimacy.

Their call to end the house arrest of Mir-Hossein Mousavi and Zahra Rahnavard, alongside their advocacy for broader dialogue and the inclusion of diverse political forces, also reflects opposition to the shrinking of the public sphere and the erosion of political participation. The file connects this debate to the legitimacy derived from economic and social performance. With inflation, shortages of essential goods, and mounting pressures on daily life compounded by sanctions and the threat of war, the state's ability to secure a decent standard of living has become central to its public acceptance.

The ICF's second part discusses Iran's relations with the Arab world which have witnessed significant developments. Following the closure of border crossings, relations between Baghdad and Tehran have entered a new and increasingly tense phase, with the Iraqi government becoming directly involved in the confrontation. Baghdad has cited several reasons for its decision, most notably alleged illicit Iranian activities carried out through these crossings in coordination with various militias. The move will nevertheless test the Iraqi government's ability to enforce state authority amid the domestic and external challenges confronting it.

As for relations with Syria, the Iraqi prime minister's visit to Damascus offers an opportunity to strengthen the regional standing of Syria's new leadership and rebuild relations with Baghdad on the basis of security and economic cooperation. The visit also comes as Damascus seeks to restrict the passage of Iranian influence through Iraqi territory, an objective complicated by Tehran's continued presence and influence among various Iraqi factions and forces. Iran, meanwhile, views this rapprochement from two perspec-

tives: while it could create economic opportunities to circumvent sanctions, it also presents challenges to Tehran's regional influence.

In Yemen, the Houthis stepped up their military operations throughout September and October 2026, targeting areas along the western coast, including Al-Mukha, Dhubab and the Bab al-Mandab Strait, as well as Taiz Governorate and its surrounding areas. At the same time, they launched attacks on critical infrastructure and oil facilities inside Saudi Arabia. These operations are intended to extend Houthi control over strategic sites and positions overlooking the Bab al-Mandab Strait, while securing control over maritime corridors and international shipping routes. This serves Iran's broader objective of raising the costs of its ongoing conflict with the United States. Amid the escalation, Yemen's internationally recognized government announced on October 5, 2026, the launch of Operation Dawn of Yemen (Fajr al-Yemen), aimed at recapturing key positions and securing the western coast and the Bab al-Mandab Strait, with backing from the Coalition to Restore Legitimacy in Yemen, led by Saudi Arabia. The operation strengthened government forces, compelled the Houthis to withdraw from the Bab al-Mandab area, and weakened their ranks and leadership. Meanwhile, Taiz continued to hold out, while government forces maintained their advance in al-Jawf and Sana'a governorates.

On the international front, Iran interpreted the outcome of the US midterm elections as favorable, viewing it as a vindication of its military strategy. Tehran also expected the results to restrict Trump's ability to prolong the war, potentially easing the pressure on the Iranian establishment. The election outcome has indeed fueled debate within the United States over whether the conflict should continue, exposing divisions within the Republican Party amid strong Democratic opposition. These political dynamics could significantly constrain Trump's ability to sustain the war from January 2027 onward. Although Trump's conduct remains difficult to predict, and he could still escalate the conflict in an effort to strengthen his own image, the pressures currently facing him point to the possibility of a shift toward negotiations. If mediation efforts succeed, they could produce a settlement bringing an end to a war that has become increasingly contentious within the United States.

DEVELOPMENTS IN IRAN'S INTERNAL AFFAIRS

This part discusses key developments throughout September and October 2026 through the following:

- Iran raising its demands and maintaining its stringent conditions despite regional mediation efforts
- Declining Iranian imports amid financing difficulties and mounting economic repercussions
- The IRGC Navy intensifying drone attacks
- The impact of the war on Iran's healthcare system

Significance of the meeting between Karroubi and Hadi Khamenei.

Iran Raises Demands and Maintains Stringent Conditions Despite Regional Mediation Efforts

In mid-September 2026, Iran put forward a seven-stage proposal setting out the fundamental conditions it considers necessary for any meaningful progress in diplomatic efforts to end the ongoing conflict with the United States and reopen the Strait of Hormuz. The seven conditions include: a ceasefire across the Middle East, an end to military and political threats and interventions, the lifting of US sanctions on Iran's oil sector, the release of Iranian assets frozen abroad, the lifting of the US naval blockade on Iranian ports, the payment of war reparations to Iran for the losses and damage it has sustained and the withdrawal of US forces from the region. This proposal is analyzed from two main perspectives: Iran's stated and covert objectives and the viability of the conditions set out.

Iran's Stated and Covert Aims

Iran maintains that these conditions are grounded in a framework previously agreed upon with the United States in June 2026. In this regard, Iranian Foreign Minister Abbas Araghchi stated that Tehran's current demands are "not new" and do not exceed the provisions of the Islamabad Memorandum of Understanding.

The agreement called for an immediate cessation of military operations on all fronts, including Lebanon, followed by negotiations aimed at reaching a final agreement within a maximum period of 60 days. Under its provisions, the United States agreed to begin lifting its naval blockade of Iran immediately, with the process to be completed within 30 days at most. Iran, in turn, committed to establishing a safe, tariff-free passage for commercial vessels for 60 days. Full maritime traffic was also expected to resume within a maximum of 30 days, subject to the removal of mines and the resolution of military and technical obstacles.[1]

According to Iranian officials, the sole difference between the seven conditions and the Islamabad agreement concerns the implementation timetable. Whereas the agreement allowed the parties up to 60 days to negotiate a final agreement, Tehran's current conditions require the preliminary measures necessary to pave the way for reopening the Strait of Hormuz and resuming negotiations to be completed within seven days.[2]

Iran's insistence that its stringent conditions be fulfilled before entering into negotiations with the United States reflects several underlying motives and objectives, the most significant of which are as follows:

1- Deep-seated distrust of the diplomatic process: Iran approaches diplomacy with the United States with considerable pessimism, shaped by previous experiences in which it faced military confrontation even as negotiations were underway. Despite reports of progress in talks between the two countries through regional mediation, Mohsen Rezaei, secretary of Iran's Supreme National Security Council, has denied that any negotiations with Washington are currently taking place. He has also reiterated Tehran's commitment to its seven conditions.[3] This position suggests

that Iran is seeking to capitalize on the challenges confronting the US administration, particularly following the Democratic Party's gains in Congress, by adopting a tougher stance and raising its demands. It may also reflect Tehran's assessment that the Trump administration is now less willing to pursue further military escalation.

2- Avoiding the appearance of retreat or capitulation: The Iranian establishment believes that agreeing to negotiations without imposing stringent preconditions would be interpreted, both domestically and internationally, as a retreat and submission to US pressure. Accordingly, its presentation of the seven demands, even though most are unlikely to be accepted, is primarily intended to preserve the establishment's narrative that it emerged victorious from the conflict. It also seeks to project an image of strength and resilience to other countries in the region, portraying Iran as a state capable of dealing with the world's most powerful country on an equal footing.

3- Breaking the naval and economic blockade imposed on Iran: This would enable the country to ease sanctions-related pressures, recover its frozen assets and resume oil exports. This would allow Tehran to secure tangible economic gains before being compelled to surrender its principal source of leverage: the closure of the Strait of Hormuz.

4- Iran is seeking to capitalize on its control over the Strait of Hormuz: This is to secure concrete gains before making any concessions on the nuclear issue. To this end, it has tied the implementation of its seven conditions to the reopening and security of the strait. Keeping the waterway closed remains Tehran's most powerful, and perhaps only, bargaining asset, given its vital importance to the global economy and energy supplies.

5- Both before and after the US midterm elections, Iran's political elite viewed the Trump administration as seeking a "superficial or short-term agreement:" An agreement of such a nature could have been presented as a domestic political achievement. Before the elections, Trump was seeking a political victory that would help Republicans retain their congressional majority. Following the election results, which saw Republicans lose that majority, the administration's need for such an achievement has persisted, fueled by mounting pressures and criticism, as well as US Vice President JD Vance's presidential ambitions ahead of the 2028 election. Thus, Iran has remained determined to prevent any temporary de-escalation that does not provide guarantees of a permanent resolution to the crisis with the United States.

6- Tehran is demanding US military withdrawal or reduction in the region: It desires this to eliminate the direct military threat to Iran and prevent further attacks on its territory. It regards the deployment of US forces at military bases across the Gulf and in Iraq as a direct threat to its ruling order and its stability. Moreover, Iran seeks to remove US forces because it considers them the only military power capable of restraining its regional expansionist ambitions.

Can Iran's Conditions Be Implemented?

The United States' stated objectives in the war, together with Trump's positions and public statements, indicate that Washington is unlikely to accept Iran's conditions in their current form. Nevertheless, it may agree to some of them, particularly if regional mediation efforts succeed in persuading both sides to make concessions toward a settlement. According to Rezaei, Washington has yet to provide a clear or direct response to Iran's seven conditions, instead offering what he described as a deceptive and inadequate response.[4] The main factors that could prompt Washington to reject these conditions are as follows:

1- Iran's demand that the United States pay reparations for the extensive losses and destruction inflicted on its infrastructure during the 12-Day War in June 2025 and the conflict that began in late February 2026. This is a condition Washington cannot accept, as doing so would amount to acknowledging US responsibility for the war and the resulting damage. In this regard, Trump stated that, if reparations were to be paid, Iran should be the one to pay them for what he described as "the damage it has caused" over the past five decades.[5] Similarly, Secretary of State Marco Rubio maintains that Tehran should compensate countries across the region for the consequences of its policies, which he says have destabilized the region formanyyears.[6]

2- A US withdrawal from the region also appears highly unlikely, given that Washington views its military presence in the Middle East as essential to protecting its vital strategic interests. These include protecting its military bases and assets, safeguarding regional allies and partners and helping secure energy routes and maritime navigation.

3- Moreover, neither the United States nor regional countries are likely to accept Iran's attempts to assert sovereignty over the Strait of Hormuz, determine specific shipping routes or impose transit fees. The strait is not simply a waterway under Iranian control; it is a vital international artery for global energy supplies and trade. Any escalation of security tensions there would have adverse consequences worldwide.

4- Accepting Iran's demand for an immediate and comprehensive cessation of military operations on all fronts, including Lebanon, would effectively constrain the United States and its Middle Eastern allies without securing guarantees against the resurgence of threats from Iran and its regional proxy groups.

5- Oil and security-related sanctions against Iran remain among Washington's principal instruments for pressuring Tehran into making concessions and paving the way for an agreement on its nuclear program. Lifting these sanctions before reaching a comprehensive settlement of all outstanding issues would deprive the United States of an important means of exerting pressure on Tehran in the future. Nevertheless, if regional mediation efforts prove successful, the Trump administration might consider offering limited concessions, such as unfreezing some Iranian assets or allowing the export of specific, restricted quantities of oil.

6- Most importantly, accepting Iran's seven conditions without securing substantial concessions from Tehran that meet US objectives for the war and the preceding maximum pressure campaigns would effectively leave Washington in a position where Iran could claim victory despite sustaining heavy losses to its leadership, military capabilities and nuclear infrastructure. Washington recognizes that Tehran is directing all its efforts toward demonstrating that it was not compelled to retreat by US pressure and threats, but rather achieved its own objectives and imposed its will on the United States.

Conclusion

Given Washington's determination to maintain sanctions and the naval blockade, alongside Tehran's insistence on the full implementation of its own conditions, reaching an agreement, whether on reopening the Strait of Hormuz or returning to the negotiating table, appears extremely difficult, if not entirely unlikely. The most promising prospect lies in regional mediation efforts securing a compromise based on partial, reciprocal concessions. These could include easing the naval blockade, unfreezing some Iranian assets and permitting limited oil exports in exchange for guarantees of freedom of navigation through the strait and the launch of serious negotiations aimed at resolving the crisis. Nevertheless, the United States may not remain committed to pursuing a diplomatic solution indefinitely, particularly if Iran continues to escalate its demands. Under such circumstances, a resumption of hostilities cannot be ruled out.

Falling Iranian Imports: Financial Challenges and Economic Consequences

Iranian trade, particularly imports, has been significantly impacted by the war waged since March 2026. US-Israeli attacks have targeted the infrastructure of Iranian exports and imports, especially the southern ports, through which the majority of the country's international trade – estimated nearly at 90% – is conducted. Oil, petrochemicals, steel and other items are exported, bringing in hard currency as well as essential imports. They provide Iran with its basic requirements and commodities such as wheat, food items, raw materials and consumer goods. All of these are essential pillars for domestic trade, production and consumption.

The Economic File for October discusses this issue across four axes. The first touches on the nature of basic Iranian imports and how they have been impacted post war. The second deals with sources of funding for imports and the prevailing challenges. The third sheds light on the government's import strategy amid the challenges it faces. The fourth spotlights the potential consequences for the Iranian domestic front in light of the challenges facing the financing of imports.

The Impact of War on Iran's Essential Imports

Iran's import basket comprises a broad range of essential goods and commodities, particularly food items and raw materials. Major imports include corn, vegetable oils, rice, soybeans, barley, wheat, animal feed, sugar, coal, gold bullion, automotive components and spare parts, mobile phones, industrial raw materials and various consumer and capital goods. Iran's imports were valued at approximately $59 billion in 1404 (the Persian Solar Hijri year running from March 2025 to March 2026). The UAE, China and Türkiye are the country's main sources of imports. The UAE, in particular, has played a crucial role as a trading hub for sourcing goods and circumventing sanctions, facilitated by the presence of Iranian companies and banks operating within its territory. However, imports have fallen sharply following the outbreak of conflict, tighter sanctions and the loss of key trading partners, most notably the UAE, which suspended its trade relations with Iran. Iranian customs data show that imports declined by 26.1% to just $17 billion during the first five months of the current Iranian year (March 21-August 21, 2026), compared with the corresponding period a year earlier.[7] According to the director general of Transit at the Customs Administration, essential goods accounted for 43.5% of Iran's total imports during this five-month period, highlighting the significant impact of the decline on the country'seconomy.[8]

Sources of Financing for Imports and Current Challenges

To obtain the foreign currency required to finance imports, Iran draws on several sources. These include revenues from oil and gas exports, which are channeled into the state treasury, and proceeds from non-oil exports, including petrochemicals and various industrial and agricultural products. Exporters either surrender these foreign currency earnings to the Central Bank in exchange for local currency or use them to finance their own imports. When these sources are insufficient, Iran resorts to additional mechanisms, including drawing on foreign exchange reserves and overseas balances, using importers' own foreign currency holdings, purchasing foreign currency on the parallel market and accessing foreign-currency credit facilities from banks. Other arrangements include barter deals, whereby oil is exchanged for food and other imports with countries purchasing Iranian crude, particularly China, as well as limited settlements in local currencies with certain countries, including Russia.

Despite having multiple sources of funding for imports, Iran faces several major challenges. Chief among them are the US naval blockade off its coast and US and European sanctions targeting oil exports, which have severely depleted the country's foreign currency earnings. Broader restrictions on Iranian trade and

international financial transactions have further compounded the problem. Together, these measures have caused Iranian oil exports to plunge in recent months, bringing them close to zero. Oil exports have historically generated more than 60% of foreign currency, while recovering revenues from shipments made before the naval blockade has also proved difficult. At the same time, exporters of non-oil goods have increasingly avoided repatriating their foreign currency earnings to the Central Bank of Iran, preferring to retain these funds amid the continued depreciation of the national currency. This has further aggravated the country's difficulties in financing imports, contributing to a 26% decline in imports between March and August of last year. Moreover, according to the Iranian news agency Tasnim, the government is nearly 20 months behind on payments to importers of essential goods, with outstanding dues exceeding 4 billion euros.[9]

The Government's Import Strategy Amid the Challenges

In light of the scarcity of dollar resources, Iran is reconsidering its importing priorities — making it based on and confined to the items needed most. The Iranian authorities direct the resources at hand toward importing basic food commodities such as wheat, corn, barley, oils, medicines and essential production inputs for factories. The authorities are determining the import priorities in coordination with the Central Bank and the concerns of ministries, with the aim of protecting the most urgent needs — given the foreign currency crunch.

Alongside prioritizing imports, the Iranian government has introduced a series of financial and banking measures to facilitate the import process. These include linking importers with domestic exporters to facilitate currency swaps and the use of export proceeds. However, establishing such channels does not, in itself, increase the overall supply of foreign currency or speed up its transfer to suppliers, particularly as exporters often prefer to retain their foreign currency earnings. The government has also permitted the exchange of Iranian goods for essential imports, allowing commodities obtained through such barter arrangements to count toward exporters' obligations to repatriate their foreign currency earnings. Eligible goods include rice, cooking oil, pulses, meat, corn and barley. However, these arrangements require both parties to agree on the specific commodities and their prices. In addition, the authorities have activated alternative trade routes that bypass southern ports, making use of Caspian Sea ports and Iran's eastern and western borders to mitigate disruptions to southern transit routes. In late October, Central Bank Governor Abdolnaser Hemmati issued a statement[10] seeking to reassure the public that sufficient foreign currency would be available to finance essential imports through the end of 2028, when US President Donald Trump's presidential term is due to end. However, he did not disclose the size of Iran's foreign exchange reserves, limiting his assurances to stating that they were sufficient to cover imports of medi-

cines, essential goods and industrial raw materials. He also disclosed that the Central Bank had injected $2 billion into the market to curb exchange rate volatility. This intervention may indicate that recent foreign currency inflows have been insufficient, prompting the government to deploy additional funds to stabilize the market. Nevertheless, the Iranian currency continues to depreciate as foreign exchange rates rise.

Potential Consequences of Import Constraints

The 26% decline in imports should not, at this stage, be interpreted as evidence of a successful reduction in Iran's dependence on foreign goods. Rather, it reflects a shortage of financing and foreign currency as a result of extensive sanctions. This is evident in the growing scarcity of consumer goods, capital goods and industrial raw materials in the domestic market. Reduced imports of these items threaten to disrupt domestic production, potentially leading to lower industrial and livestock output in the coming months.

The difficulties in financing imports, and the resulting decline in their value, have direct repercussions for Iran's domestic economy. These include reduced goods availability, rising prices, delays in the delivery of production inputs and mounting pressure on various economic sectors, affecting employment, corporate profitability and overall economic growth. The situation also fuels the expansion of parallel foreign exchange markets, increases pressure on public finances to secure the funding needed for imports and puts further strain on exchange rates, thereby intensifying inflation. The crisis thus becomes a self-reinforcing cycle, with Iranian consumers ultimately bearing the greatest cost.

Conclusion

If Iran's current economic situation worsens in light of sweeping sanctions, blockade and the state of "neither war nor peace," there could be significant repercussions. These could easily manifest, in some sense, in the further decline of imports — along with other outcomes. Inflation remains at unprecedented levels, shooting up to 80% in October 2026 and exceeding 200% for many food items. The country also suffered a sharp economic contraction that neared 10% during the first quarter of the year 1405 HS (March-June 2026).[11] Unemployment rates rose to 9.1% during the same quarter. Based on the foregoing, declining imports have placed further pressure on the local economy and will continue to wreak havoc as long as the current tensions remain unresolved.

The IRGC's Drone Attacks on Naval Assets Reach a Climax

In October 2026, attacks against commercial shipping in the Strait of Hormuz escalated to unprecedented levels, despite US strikes during the conflict having dismantled a substantial part of Iran's naval infrastructure. As the effectiveness of its patrol boats, missiles and unmanned maritime systems declined, the Islamic

Revolutionary Guard Corps (IRGC) increasingly depended on one-way attack drones, which accounted for most of the strikes. The continued targeting of vessels throughout October highlights the limitation of efforts to secure critical maritime corridors through the neutralization of conventional naval capabilities alone, particularly as long as Iran retains access to low-cost weapons capable of disrupting maritime traffic without requiring sophisticated bases or infrastructure. The period preceding October can be divided into three distinct phases, each of which is examined in turn in this file.

Attacks Culminate in October 2026

October serves as a snapshot of the war's overall trajectory. The month witnessed the highest number of attacks in the Strait of Hormuz since the conflict began in late February, representing a peak in escalation after eight months of sustained confrontation.

The attacks on maritime traffic unfolded in rapid succession. On October 11, the Nicaragua-flagged oil tanker Petro Dolphin was struck by a drone believed to be of Iranian origin. Two days later, on October 13, two other vessels were reportedly targeted by projectiles, sustaining minor damage. On October 14, the container ship GFS Pride, reportedly carrying more than 2,500 containers, sank near the strait. While the IRGC claimed that the vessel had struck a naval mine, maritime security sources cited other possible causes. The circumstances surrounding the sinking therefore remain unresolved, reflecting the ambiguity that underpins the campaign of suicide drone attacks and that the campaign actively exploits.

Later in October, the IRGC announced that seven vessels had been targeted in a single night,[12] marking the highest number of ships struck in one day since the outbreak of the war. Reports indicated that four vessels caught fire in simultaneous attacks in the northern Gulf, while three others struck naval mines west of the strait. Iranian state media identified all seven vessels as oil tankers but disclosed neither casualty figures nor the flags under which they were sailing. These claims, however, could not be independently verified. The IRGC paired the attacks with warnings that any further US attempts to escort oil tankers and ensure their safe passage would trigger a broader response targeting US military bases across the region.

The Trajectory of Campaigns Since March 2026

On March 2, 2026, approximately five days after the outbreak of war with the United States, Iran announced the closure of the Strait of Hormuz. A senior IRGC official confirmed the decision, warning that any vessel attempting to transit the strait would be targeted.[13] Two days later, the IRGC declared that it had assumed full control of the waterway. By March 4, at least eight vessels had sustained damage. From the outset, the conflict has taken the form not of direct military confrontation, but of a gradual strangulation of the world's most critical oil artery.

Figure 1: October 2026 (Campaign Peak)

History	Attack reported	Impact
October 11	A suspected Iranian drone attack targeted the Nicaraguan-flagged oil tanker Petro Dolphin.	The vessel was damaged, with no casualties reported.
October 13	Two other vessels were targeted with projectiles.	Minor damage was reported.
October 14	The container ship GFS Pride, carrying more than 2,500 containers, sank near the strait.	The vessel was a total loss, although the cause remains disputed: the IRGC claimed it had struck a mine, while a drone attack was suspected.
Late October	The IRGC announced that it had targeted seven vessels in a single night, including four oil tankers that caught fire and three vessels that struck naval mines.	This was the highest reported daily toll since February, although the figures could not be independently verified.
End October	The strait remained closed, with markets estimating the probability of its reopening by October 31 at less than 1%, while Brent crude traded at around $105 per barrel.	The highest monthly number of attacks was recorded, prompting downward revisions to growth forecasts for Gulf economies.

Source: Data compiled by the Studies and Research Center, Rasanah.

Between March 1 and October 4, the International Maritime Organization (IMO) documented 96 incidents in the Strait of Hormuz and its surrounding waters. Of these, 18 attacks were confirmed to have involved drones, while a further 17 were considered highly likely to have been carried out using the same method, based on incident descriptions, damage profiles and imagery analysis. Despite the scarcity of visual evidence, available video footage reveals damage consistent with the speed and warhead characteristics of drones, rather than anti-ship missiles, mines or uncrewed surface vessels. By September, approximately 80 attacks against international shipping had been verified, while large numbers of vessels remained stranded in or near the Gulf. Reports suggested that up to 400 ships, carrying approximately 6,000 seafarers, were awaiting evacuation. The IMO was compelled to suspend its plan to evacuate around 11,000 seafarers after an attack on a Singapore-flagged vessel off the coast of Oman on June 25, although the targeted ship was not included in the evacuation operation.

The cumulative economic effect of these attacks built steadily. War-risk insurance coverage tightened after it became apparent that standard cargo insurance policies did not cov-

er such risks, exposing exporters to potential financial losses. Oil tankers that attempted to transit the strait did so under the protection of destroyer escort. Some vessels also switched off their transponders while crossing the waterway, prompting the IRGC to warn that ships concealing their locations could be tracked and targeted anywhere, not merely in the vicinity of the strait.

A Turning Point: Increased Use of Drones Since July 15

A clear shift in the military campaign's tactics emerged on July 15, offering important insight into the nature of the attacks recorded in October. Before that date, Iran depended on a diverse array of operational methods, including patrol boats armed with rocket-propelled grenades, vessel seizures, unmanned surface vessels (USVs), anti-ship missiles and drones. On some occasions, drones even reached ships anchored near ports in Gulf Cooperation Council (GCC) member countries. During this initial phase, drones were involved in only seven of the 47 recorded incidents, accounting for approximately 15% of the total.

As US strikes against Iranian infrastructure intensified and reached their peak in July, vessel seizures and the deployment of USVs ceased altogether, while the use of anti-ship missiles declined sharply. Iran subsequently restructured its campaign around the narrowest section of the strait, concentrating its attacks on outbound vessels.[14] During this phase, drones were used, or were highly likely to have been used, in 29 of the 47 recorded incidents, representing approximately 62% of the total. The available information was insufficient to establish the specific weapons used in the remaining incidents.

This tactical shift raises important questions about the extent to which air power can decisively resolve confrontations of this nature. Seizing vessels requires boats capable of approaching and manoeuvring alongside them; deploying unmanned maritime vehicles depends on dedicated launch infrastructure; and operating missiles requires radar systems to detect and identify targets. US strikes have likely made the use of all these capabilities increasingly difficult, potentially rendering them unsustainable over time. One-way attack drones, or suicide drones, however, depend on none of these requirements. They can be launched from multiple locations toward a narrow shipping corridor where departing vessels are predictably concentrated. This tactic is particularly suited to a force that can no longer monitor the entire strait but remains familiar with the specific chokepoints through which vessels must pass. As a result, the erosion of Iran's surveillance capabilities has not eliminated its operational options; instead, it has pushed the country toward a weapons system that depends least on such capabilities.

Figure 2: Attacks From March to October

Classification	Statistics
Total incidents recorded by the IMO (March 1– October 4)	96
Attacks confirmed to have been carried out using drones	18
Attacks highly likely to have been carried out using drones, according to assessments	17
Verified attacks targeting maritime navigation (as of September)	Approximately 80
Drone attacks before July 15	7 out of 47 (About 15%)
Drone attacks after July 15	29 out of 47 (About 62%)
Weapons and methods of attack in the first phase	Rocket-equipped patrol boats, vessel seizures, USVs, anti-ship missiles and drones
Weapons and methods of attack in the second phase	Near-total reliance on drones, with attacks involving USVs and vessel seizures coming to a halt, alongside a sharp decline in the use of missiles

Source: Data compiled by the Studies and Research Center, Rasanah.

Conclusion

The escalation of attacks against shipping in the Strait of Hormuz in October 2026 was neither an isolated event nor a departure from the established pattern of attacks; rather, it represented the logical culmination of an existing trajectory. Having lost much of its maritime infrastructure, Iran turned to less sophisticated means, depending on the cheapest available munitions capable of consistently striking vessels. This shift carries an important lesson for the defense of vital maritime corridors: degrading an adversary's naval capabilities does not necessarily eliminate its ability to disrupt maritime traffic, provided it retains access to low-cost weapons that require neither ports, radar systems, nor dedicated crews for their deployment. Iran's navy may have lost the battle for control of the strait, however, its drones continue to make the waterway an active theater of confrontation.

The War's Impact on Iran's Healthcare System

Iranian officials and medical professionals have warned that deep-rooted structural problems within the country's healthcare system are increasingly threatening citizens' lives and

fueling widespread despair. The crisis reflects a complex combination of domestic and external pressures. The consequences of war, compounded by stringent sanctions, a naval blockade, soaring inflation and the collapse of the national currency, have intensified the psychological and social strain on Iranian society. Access to healthcare has consequently become an economic burden rather than a fundamental right, placing considerable pressure on families, particularly those with members suffering from chronic or life-threatening illnesses. To contain the situation and avert a complete collapse of the healthcare system, the Iranian government has put forward a range of proposed measures and solutions.

How Deep Is the Crisis Facing Iran's Healthcare System?

Iran's economic crisis and rising unemployment have prompted growing numbers of medical professionals to emigrate or leave the healthcare sector altogether. Many have moved into elderly care and the cosmetic industry, where financial returns are higher, while others have taken up entirely unrelated jobs, including taxi driving, construction, real estate and general commerce, to earn a living. Deteriorating economic conditions have also widened the gap between the costs of delivering medical services and the income practitioners earn, forcing many to shut down their clinics. This has further restricted access to healthcare, particularly in major cities.[15] According to Reza Laripour, spokesperson for the Iranian Medical Council, more than 50,000 general practitioners have left the profession, along with approximately 35% of medical specialists. The country also faces a shortage of nearly 100,000 nursing staff, while more than 10,000 medical science graduates have emigrated to the UAE and Türkiye. Nevertheless, the pace of emigration has eased somewhat, partly as a result of the 12-Day War, which has made it more difficult for Iranians to enter certain countries. Embassy closures, visa application difficulties and sanctions-related restrictions have further complicated the process. Meanwhile, the Iranian government, through its immigration authorities, has raised the costs of emigration and introduced more complicated and restrictive procedures.[16]

The deterioration of Iran's healthcare sector has affected not only medical personnel but also the availability of medicines, particularly of drugs used to treat chronic illnesses. Salman Ishaqi, spokesperson for the parliamentary Health Committee, has highlighted significant discrepancies in estimates of the shortages. According to him, the Ministry of Health and the Food and Drug Administration put the number of medicines in short supply at between 70 and 130, while estimates from regulatory and security agencies exceed 500, and parliamentary figures approach 800.

The pharmaceuticals sector is also facing considerable financial pressure, as insurance companies

have delayed payments to pharmacies by between eight and 12 months. Meanwhile, quotas for certain psychiatric medications have been reduced, while some products have disappeared from distribution networks altogether. Rising prices and shortages affect domestically manufactured medicines as well as imported products, as the blockade and sanctions have hindered access to the essential raw materials needed for local production. In addition, more than 55,000 medical devices have been affected by currency fluctuations and increasing transportation costs.[17]

These developments have foregrounded several prestigious professions such as the medical profession. In light of the war being waged against the country, the environment has become unfavorable, and practicing this profession no longer secures sufficient income commensurate with the expenses. This has had an adverse impact on the quality of healthcare.

The Impact of the Healthcare Crisis on Iranian Society

The impact of regional conflict on Iran's healthcare sector has laid bare the extent of structural deficiencies and the underlying fragility of the country's health system. By September 2026, healthcare inflation had reached approximately 94%, exceeding the overall inflation rate.[18] Given the central importance of healthcare to people's everyday lives and dignity, the crisis has gone far beyond medicine shortages and rising costs, becoming a profound social problem that people are increasingly struggling to withstand. It is altering family relationships, deepening social inequalities and undermining public trust in institutions and the government's ability to manage crises. Under these circumstances, illness is no longer solely an individual ordeal but has become a collective burden, threatening social cohesion and families' psychological well-being, particularly among the most vulnerable groups. Members of Parliament have consequently warned about the severity of the crisis[19] and the mounting pressure it is placing on household budgets. According to a 2025 household income and expenditure report, healthcare accounts for approximately 8% of spending among urban households and 10% among rural households.[20] Meanwhile, citizens pay roughly 55% of their medical expenses out of pocket, largely as a result of the sharp increase in medicine prices, which have surged from 1 million tomans to nearly 50 million tomans.[21] Health insurance schemes have further aggravated the crisis by exposing significant disparities and inequalities in coverage. The newspaper Jahan-e Sanat has highlighted these differences in access to healthcare, reporting that a patient covered by the Social Security Insurance scheme pays nearly 95% of a prescription's cost, amounting to approximately 1.295 million tomans out of a total of 1.361 million. By contrast, patients covered by the Armed Forces insurance scheme receive more extensive coverage and pay only around

597,000 tomans for the same prescription.[22] This disparity goes beyond administrative differences, reinforcing existing social divisions by making access to medical treatment dependent on individuals' social standing and institutional affiliation. It has also heightened public perceptions of injustice and weakened social cohesion. Families unable to meet medical expenses face difficult, potentially life-changing decisions, often having to sacrifice adequate housing, education or proper nutrition to finance a relative's treatment. The resulting financial pressure can force patients to reduce their prescribed dosages or resort to the black market, exposing them to the risk of counterfeit or expired medicines. Psychological distress has also intensified, with the prevalence of mental health disorders reaching approximately 25.1%.[23] Physical suffering is compounded by widespread despair, anxiety and depression, partly stemming from the state of "no war, no peace" that Iran has experienced since mid-2025. This has driven some individuals toward social isolation or suicide, with such outcomes particularly evident among the most vulnerable groups, including people living with chronic, lifelong conditions such as cancer, thalassemia, diabetes and multiple sclerosis, as well as impoverished and marginalized communities.

The Role of the Iranian Government

The Iranian government is seeking to contain the healthcare crisis and limit its social repercussions through a series of measures. These include expanding health insurance coverage, which now pays up to 90% of the cost of 77 different medications, and enrolling approximately 165,000 people in its treatment programs. In addition, more than 3 million people have been registered in a dedicated fund for patients with specific, hard-to-treat conditions, covering 133 categories of illness. The government has also approved full coverage of heart transplant costs. Beginning next year, inpatient and emergency services at government healthcare facilities will be provided free of charge to people in the three lowest income brackets. On the preventive care front, the Ministry of Health has announced that supplies for the childhood vaccination program have been secured through early 2028. The Food and Drug Administration has also reported the arrival of approximately 1.9 million doses of influenza vaccines from abroad, including a recent shipment of nearly 400,000 doses.[24] Meanwhile, the deputy head of the country's Planning and Budget Organization stated that a key priority in preparing the healthcare budget under the Seventh Development Plan is expanding the family physician program and referral system, which currently operates in approximately 64 cities, with plans to extend it nationwide. Dedicated funding has been allocated to the sector, including full coverage of salaries and benefits. Regarding exchange rates for

pharmaceuticals and the healthcare sector, officials have announced that the preferential rate of 28,500 tomans will remain in place through 2027. The broader strategy prioritizes preventive care, the sustainability of medical supplies and the development of medical tourism. Future plans also include bringing nursing and home healthcare services under insurance coverage. Other proposed measures focus on supporting medical personnel, expanding home healthcare and public health awareness, establishing a rapid-response nursing team to provide support during wartime and encouraging volunteer nursing services. Approximately 3,600 people reportedly volunteered during wartime. The Supreme Insurance Council has also confirmed the implementation of a regulation requiring insurance companies to settle 40% of claims on time, with penalties for delays. Furthermore, it has mandated the expansion of preventive services, allocating 5% of insurance organizations' budgets to health education, disease prevention and promoting a culture of health among the public.[25]

Conclusion

In light of the current stalemate, diplomatic tensions and continuing economic sanctions, it is likely that the healthcare crisis will worsen as the Iranian government's efforts to contain the crisis remain insufficient. Therefore, this issue could be among the factors contributing to the rise of popular anger which could in turn trigger protests. This crisis not only impacts the health of Iranians, but strikes at deeper cords such as the Iranian citizen's right to well-being and life.

Mehdi Karroubi and Hadi Khamenei Meet: What Are the

The meeting between "reformist" cleric and politician Mehdi Karroubi and fellow cleric Seyyed Hadi Khamenei, bringing together two prominent figures from the first generation of the Iranian revolution, emerged as one of the most significant political developments of September and October, carrying important implications for Iran's domestic political landscape. The meeting brought several concepts back into the political discourse, including "the people," "livelihood," "justice," "the right to self-determination," "dialogue," and "national interest." These concepts combined may point to renewed efforts by a faction of the "reformist" religious establishment to redefine the relationship between the state and society.

This comes after years in which priorities such as security, external conflicts, the export of the revolution, confrontation with the West and the preservation of political power took precedence over fundamental issues, including public legitimacy, popular satisfaction, political participation and economic, social and religious reform. This file of the monthly report examines the significance of the meeting, its broader context and the political environment surround-

ing it through two main angles: "reformist" efforts to reclaim political space and the questions surrounding the establishment's legitimacy and the state of the economy.

Attempts to Reclaim the Political Space

The meeting between Karroubi and Hadi Khamenei was held at the latter's residence, in the presence of Karroubi's family. During the meeting Karroubi described the situation across various sectors of the country as deeply troubling, criticized the prevailing policies, and expressed dismay over what he characterized as the "scuttling" of the Islamabad Memorandum of Understanding (MoU).[26]

Hadi Khamenei[27] placed particular emphasis on the economic hardships facing the Iranian public, called for the lifting of the house arrest imposed on Mir-Hossein Mousavi and Zahra Rahnavard and urged greater engagement with diverse political forces through dialogue focused on national interests.[28] Both Karroubi and Hadi Khamenei described the continued house arrest of Mousavi and Rahnavard as "illegal." Hadi Khamenei also maintained that the Iranian people had successfully risen to the challenge during the "last two wars," a view Karroubi likewise expressed in a separate letter to Iranian President Masoud Pezeshkian.[29] The meeting carries particular significance because neither figure is an outsider to the experience of the Iranian republic; both are deeply rooted in its early religious and political history, from the Iranian revolution to the present day. Karroubi is a cleric who held senior positions within the state, including the speakership of Parliament, before emerging as a prominent figure in the "reformist" opposition following the 2009 elections. Hadi Khamenei, meanwhile, is a cleric affiliated with the "reformist" camp and associated with the Majma'-e Rowhaniyun-e Mobarez (Association of Combatant Clerics). For years, he has openly criticized what he regards as the growing encroachment of certain state institutions into the political sphere. He is also the brother of former Supreme Leader Ali Khamenei and the uncle of current Supreme Leader Mojtaba Khamenei, a family connection that lends his critical positions particular weight, even if its significance is primarily symbolic rather than indicative of actual institutional influence.

Accordingly, neither man's political discourse is based on rejecting the foundations or founding principles of the Iranian republic, but rather on challenging how its legitimacy is interpreted and how its institutions function. This distinction is essential to understanding the approach of a broad segment of contemporary Iranian religious "reformists." The "reformist" faction, in general, does not reject the revolution, although its leading figures have held differing positions on Wilayat al-Faqih (Guardianship of the Islamic Jurist), ranging from conditional acceptance to calls for far-reaching constitutional revisions in recent years. "Reformists" argue that the course pursued by the establishment has gradually departed from the fundamental pillars that originally underpinned the rev-

olution's legitimacy: independence, freedom, justice and active popular participation.

It is therefore significant that Karroubi referred to what he described as "the Iranian people's struggle for freedom, justice, and the right to self-determination." His choice of words may reflect an attempt to recast the people's role, shifting them from a mere support base for the ruling order to active political actors, bearers of rights, and the ultimate source of political legitimacy. The distinction between these two concepts is fundamental: the former treats the public as an asset to be preserved and a resource to be managed to construct state legitimacy and sustain the ruling elite. The latter, by contrast, recognizes the people as the primary source of political legitimacy, with the authority to appoint and remove the government, hold it accountable and oversee its performance.

The Establishment's Legitimacy and the Economic Situation

Perhaps the most significant aspect of Hadi Khamenei's remarks is the direct connection he establishes between the economic and social hardships experienced by ordinary Iranians and their ability to continue serving as the establishment's primary support base. In doing so, he brings economic concerns — including inflation, shortages of essential goods and mounting pressures on household livelihoods — into the broader equation of the challenges currently confronting the establishment.

An important religious dimension also comes into play here. Within the Islamic political tradition, the legitimacy of guardianship or authority has always been closely tied to the fulfilment of its principal social and economic responsibilities. Justice, the prevention of harm, the fair distribution of wealth, the protection of public funds and the safeguarding of the interests of the people are not simply supplementary considerations or optional virtues. Rather, despite differences in emphasis among the various schools of jurisprudence, they are central to the very purpose of political authority. Within the hierarchy of *maqasid* (the objectives of Islamic law), these principles constitute essential requirements of governance rather than secondary issues.

Accordingly, a growing disconnect between "conservative" religious discourse, which calls on the public to demonstrate patience and make sacrifices, and a daily reality marked by severe economic hardship risks undermining religion itself and its place in the collective consciousness of Iranian society. The approach adopted by Karroubi reflects a "reformist" interpretation consistent with the legal reasoning of Hossein-Ali Montazeri, a prominent marja with whom Karroubi was associated. Montazeri argued that authority should be conditional on popular consent and accountability.[30] The "conservative" interpretation, by contrast, which predominates within Iran's state institutions, stresses the divinely ordained character of political authority. This position should therefore be understood as one interpretation within a wider jurispruden-

tial debate, rather than as an undisputed religious consensus.

Hadi Khamenei's remarks may be understood as an effort to avert the growing estrangement, on the grounds that it is fundamentally unjust for a population that has already endured war, sanctions and economic crises to face further hardship and deprivation. The establishment's ability to provide its citizens with a reasonable standard of living that preserves their dignity is therefore central to its prospects of success. More importantly, this discourse is unfolding against a highly volatile regional backdrop. The confrontation between Iran and the United States, whose repercussions continue to simmer beneath the surface, has coincided with negotiations that culminated in the signing of the Islamabad MoU between the two countries. Concluded on June 18, 2026 under Pakistani mediation, the 14-point agreement stipulated a halt to military operations and the commencement of a broader 60-day negotiating period. Its provisions covered sanctions, the reopening of the Strait of Hormuz and the nuclear file. Nevertheless, implementation has been undermined by reciprocal allegations of non-compliance. Iran's Foreign Ministry has declared the MoU "defunct," holding Washington responsible for its collapse, while Pakistan continues to regard it as a viable framework for peace, despite reports of limited hostilities having resumed between the twosides.[31]

Thus, Karroubi's regret over what he described as the undermining of the MoU becomes more readily understandable. His position reflects a reformist view that sustained external conflict depletes the resources and political capacity needed to address domestic challenges and tackle economic crises, a point he also made in his aforementioned letter to Pezeshkian. In the letter, Karroubi urged the president to pursue peace rather than prolong the war to appease a "revolutionary" minority. He wrote, "I urge you to act with the broad perspective befitting the office and authority of the president, rather than remain passive in the face of a small group that presents itself as 'revolutionary,' although I cannot say whether its members are simply deluded or, God forbid, traitors."[32]

This continuing debate reflects two contrasting approaches to the future of Iran's relations with the United States and the West, as well as to the conduct of negotiations. Some "reformists" maintain that sustaining diplomatic engagement and accepting reasonable terms constitute a vital strategic choice for preserving the revolution and strengthening society's capacity to withstand pressure. By contrast, some "hardliners" favor prolonging the confrontation, either by rejecting negotiations with the United States outright or by entering talks without offering any concessions — a position that leaves "reformists" perplexed.

Conclusion

The significant meeting between Karroubi and Hadi Khamenei has brought into focus a deeper and longstanding debate within the Iranian state, extending beyond questions of government performance and the

management of the current economic crisis to encompass the legitimacy of the ruling elite itself and the extent to which it remains faithful to the revolution's original ideals and principles. "Reformists" from the revolution's first generation are seeking to reclaim central concepts of its founding discourse, including freedom, justice and the people's right to self-determination. They argue that the establishment's continued survival depends on its ability to represent society and respond to its demands. This position contrasts with that of another faction, which places the preservation of the ruling order, state security and the maintenance of the existing power structure ahead of expanding political participation.

The meeting also spotlights an attempt to bridge the divide between political and social concerns. In the discourse of this "reformist" current, the establishment's legitimacy can no longer be separated from the ability of Iranian citizens to withstand the effects of inflation, economic sanctions, armed conflicts and international isolation. As demands for public sacrifice in the name of defending the revolution and preserving the state persist without tangible improvements in living standards or greater opportunities for public participation, the gap between ideological legitimacy and social acceptance continues to widen. In this context, Hadi Khamenei's emphasis on people's livelihoods and Karroubi's calls for peace and the de-escalation of external conflicts appear to represent two complementary dimensions of a common vision: that the state cannot secure its survival simply by tightening its mechanisms of control, but must instead rebuild political and social consensus and restore popular acceptance from within.

Nevertheless, the immediate significance of the meeting should not be overstated. Neither figure commands the institutional influence necessary to alter the balance of power within the system independently. Their importance, however, lies in their continued representation of a religious and revolutionary current that challenges "conservative" attempts to monopolize the interpretation of the "Islamic Republic" and the "principles of the revolution."

Iran's Regional Interactions

Iran-Arab relations in September and October 2026 witnessed several notable developments. Among the most prominent was the Iraqi prime minister's decision to close the al-Sheeb border crossing with Iran. In Yemen, the Houthis' escalation, including attacks on Saudi Arabia, is closely linked to regional calculations involving Iran in order to raise the costs of the conflict Iran faces with the United States. In Syria, the Syrian president's reception of the Iraqi prime minister represented a key milestone in efforts to rebuild Syria-Iraq relations following the fall of the Assad regime. Damascus views closer ties with Baghdad as an opportunity to mitigate the risks of Iranian influence potentially extending into Syria through the Iraqi border.

The Border Crossings Crisis Between Iran and Iraq

Iran and Iraq have a shared border of more than 1,500 kilometers, with seven official border crossings established along the border. Most of these crossings are for travelers, transport and commerce. Border crossings are of high importance for both countries, given the economic, social and religious ties between them. Their significance has increased in recent years, due to the tightening of international sanctions. In this context, there have been reports about Baghdad's decision to close al-Sheeb border crossing with Iran amid increasing speculation regarding the stepping up of pressure against Iran and a potential resumption of military operations against it. This would significantly harm Iranian economic interests, prompting the country to utilize all possible means to reopen it. This would place the Iraqi government in a precarious position between the pressures exerted by the United States and the unruly militias. The file approaches this topic through two angles. The first reviews the justifications brought forth by the Iraqi government regarding this decision. The second theme explains the Iranian posture and the options it has for reopening the border crossings.

Border Crossings With Iran and the Iraqi Sovereignty Test

In a move rarely witnessed in Iraq over the past two decades, Prime Minister Ali al-Zaidi issued an administrative order on October 21, 2026, closing the Jadhaba border crossing with Iran, known locally as the al-Sheeb crossing, until further notice. This was the second closure of the crossing in less than two months. The government had previously shut it on September 12, 2026, as part of a broader closure of three border crossings with Iran: Mandali in Diyala, al-Shalamcheh in Basra and al-Sheeb in Maysan.

The measures were aimed at tightening border security with Iran, preventing drone smuggling and tracking down those responsible for the attack on Saudi Arabia's East-West oil pipeline.[33] On September 28, 2026, three Iraqi officials disclosed that the attack had been carried out by a cell affiliated with Iran's Islamic Revolutionary Guard Corps (IRGC) and Yemen's Houthis, whose members had illegally entered Iraq from Iran.[34]

Closing al-Sheeb crossing in October 2026 came in response to US pressures on the Iraqi government, which is part of the US strategy to intensify the blockade and tighten the noose around Iran. Tehran now greatly depends on border crossings with neighboring countries, with the aim of rendering the US blockade ineffective. US Treasury Secretary Scott Bessent announced in October 2026 that Washington had turned the maximum pressure campaign against Iran into a one aimed at "total isolation." Hence, he revealed that the Trump administration had entered into negotiations with Türkiye and Pakistan to close border crossings with Iran.[35] It has already been reported that Pakistan closed two border crossings with Iran.

Sources[36] have disclosed that, during the September 2026 United Nations General Assembly, the US administration pressured Iraq, Pakistan and Türkiye to shut down all border crossings with Iran, seeking to intensify economic pressure on Tehran and tighten the economic stranglehold on the Iranian establishment. However, experts suggest that the closure of these crossings also forms part of commitments made by the Iraqi prime minister to extend state sovereignty over all Iraqi territory following the withdrawal of US forces on September 30, 2026.

Iran's Response to Border Crossing Closures

For Iran, these border crossings are vital channels for circumventing US sanctions and economic pressure. They facilitate the passage of millions of pilgrims visiting Shiite shrines in Iraq, alongside hundreds of trucks carrying Iranian goods, generating substantial revenue for Tehran. The crossings also provide outlets for illicit trade, which militias exploit to finance their activities and strengthen their influence over Iraq's internal balance of power. Given their strategic and economic importance, the Iraqi decision has drawn widespread criticism in Iran. In response, the Iranian Foreign Ministry spokesperson stressed that external pressures from outside the region should not be allowed to disrupt economic and commercial relations or people-to-people ties between neighboring countries,

Table 1: Key Border Crossings Between Iran and Iraq, Their Locations and Significance

#	Crossing	Location	Use	Significance
1	al-Sheeb	Located on the border between Iraq's Maysan and Iran's Khuzestan	Passengers Commodities Commercial trucks	The crossing handles between 200 and 250 trucks arriving from Iran, one of Iraq's major trading partners, every day. Its annual traffic volume stands at approximately 1.46 million entries and exits, with activity surging during religious pilgrimage seasons.
2	Shalamcheh	Located on the border separating Iraqi Basra from Iranian Khuzestan	Passengers Commodities Commercial trucks	The crossing is strategically important given its proximity to Basra Governorate and southern Iraq's commercial and industrial centers. It handles between 350 and 400 trucks arriving from Iran every day. Iranian exports to Iraq through the crossing are estimated to be worth approximately $2 billion annually, while total annual passenger traffic reaches around 6.15 million inbound and outbound crossings.

#	Crossing	Location	Use	Significance
3	Zurbatiyah	Located on the border between Iraqi Wassit and Iran's Ilam.	Passengers Commodities Commercial trucks	Iranian exports to Iraq through this crossing amounted to approximately $1.267 billion in the 11 months ending in February 2026, covering more than 2.28 million tons of goods. The crossing also handles around eight million transit movements annually.
4	al-Munthiriya	Located on the border between Iraq's Diyala and Iran's Kermanshah	Commodities Commercial trucks	Iranian exports to Iraq through this crossing totaled approximately $886 million in the Iranian year ending in March 2026, amounting to nearly 2.19 million tons of goods. The crossing handles between 250 and 300 trucks arriving from Iran daily and recorded around 1.57 million transit movements over the approximately 10-and-a-half-month period ending in February 2026.
5	Parwez Khan	Located on the border between Iraq's Sulaymaniyah and Iran's Kermanshah	Commodities Commercial trucks	Iranian exports to Iraq through this crossing totaled approximately $785.9 million in the Iranian year ending in March 2026, amounting to around 1.9 million tons of goods. During the first half of the Iranian year that began in March 2026, the average daily flow of exported goods reached approximately 501 trucks. Meanwhile, passenger traffic recorded around 272 crossings over the 10.5-month period ending in February 2026.
6	Bashmakh	Located on the border between Iraq's Sulaymaniyah and Iran's .Kurdistan		Iranian exports to Iraq through this crossing amounted to approximately $373 million over the nine-month period ending in December 2024, within the Iranian fiscal year running through March 2026, totaling around 714,000 tons of goods. The crossing handles approximately 600 trucks daily and records around 1.4 million passenger crossings annually.
7	Haj Omran	Located on the border between Iraqi Erbil and Iran's West Azerbaijan.		Iranian exports to Iraq through this crossing totaled approximately $579 million over the nine-month period ending in December 2024. Daily truck traffic initially stood at around 220 but had fallen to between 100 and 110 by June 2026 amid security and commercial disruptions. The crossing also recorded approximately 1.2 million passenger movements in 2024.

Source: Prepared by the Center for Studies and Research, Rasanah IIIS, February 2026, based on data from https://bit.ly/4Ca5q1U.

affirming Tehran's commitment to doing everything possible to preserve theseconnections.[37]

Iran could employ various tactics to pressure the Iraqi government into reversing its decisions, with militias representing one of its most significant instruments. Tehran could encourage these groups to mobilize merchants and economic actors to stage protests or exploit religious sentiments surrounding the movement of pilgrims visiting Shiite shrines, potentially threatening Iraq's security and stability. In this regard, the continued closure of the border crossing in Maysan province has already triggered local protests. On October 25, demonstrators blocked the road leading to oil companies in the province, demanding that the crossing be reopened. Mustafa Duair, head of the Maysan Provincial Council, warned that failure to meet this demand would lead to civil disobedience and road blockades across the province. The government subsequently ordered an investigation into his remarks, while the Supreme Judicial Council issued an arrest warrant for him.[38] If the crisis escalates and pressure on Iran intensifies, Tehran could also direct Iran-linked militias to carry out acts of sabotage or target government officials. This possibility is particularly significant given that some of these groups previously controlled the border crossings and have been adversely affected by the government's measures, which deprive them of a major source of revenue. Moreover, in coordination with these militias, Iran could reactivate unofficial border crossings and smuggling routes, effectively undermining the economic objectives Washington seeks to achieve through the Iraqi government's decision.

Conclusion

In the Iraqi government's decision to close some border crossings with Iran, domestic and outside considerations intersect. For Baghdad, crossings have become a source of concern and a headache for the Iraqi government amid the intense US pressures, interventions on the part of the IRGC and smuggling of weapons to Iraqi militias. These weapons are used in striking neighboring countries. Conversely, structural weaknesses have worked to Iran's advantage, allowing it to use Iraq as a channel to circumvent international sanctions, meet its domestic economic needs and exert military pressure on the United States and Saudi Arabia. Against this backdrop, and given the relative weakness of Iraq's state institutions compared with those of Türkiye and Pakistan, Iraq is likely to remain a vulnerable arena on which Tehran will concentrate its efforts to break the land-based encirclement Washington is seeking to impose around Iran.

Syria's President Receives Iraqi Premier in Damascus Amid Shrinking Iranian Clout and Regional Challenges

Syrian President Ahmed al-Sharaa's reception of Iraqi Prime Minister Ali al-Zaidi marks an important step

toward resurrecting Syria-Iraq relations after the fall of the Assad regime in late 2024. It was the first visit by an Iraqi prime minister since the advent of the new Syrian government. It reflects a gradual transition on the part of Baghdad and Damascus from mutual caution to attempting to establish relations based on shared security and economic interests.

This step is not taken separately from the shifts that have been gripping the region since the outbreak of the US-Israel war against Iran in February 2026. The war has deeply shaken energy exporting routes, thereby changing the calculus of regional powers and prompting a reassessment of the role of Iran-aligned paramilitaries in Iraq and throughout the region.

From a Syrian perspective, the visit is not confined to turning a new page with Iraq but is also linked to Damascus' hopes to regain its place in regional security and economic arrangements, deepen ties with the Arab world and reducing threats arising along its shared border with Iraq.

The Strategic Significance for Syria

Zaidi's visit carries considerable political significance for Sharaa, signaling growing and tangible recognition of Syria's new leadership by a key Arab state. This comes after a period of Iraqi reservations about the nature of the new authority in Damascus given its political and military background. Sharaa's reception of Zaidi therefore reflects Damascus' determination to move beyond the political legacy that has long defined bilateral relations and establish a partnership with Iraqi state institutions, replacing a relationship in which Syria was largely perceived as a source of security threats.

The visit also reflects Sharaa's efforts to broaden Syria's foreign policy options. Closer ties with Iraq offer Damascus an opportunity to deepen its integration into the Arab world and capitalize on Iraq's geographic and economic position to restore regional trade links, particularly amid ongoing regional realignments. This could also give Syria a strategic role in regional energy transportation networks while opening up opportunities to revitalize its transportation, services, trade and domestic investment sectors.

Closer relations with Iraq also carry direct security implications for Damascus, given the two countries' long shared border and the challenges associated with it, including arms and drug smuggling, Islamic State (ISIS) activity and the risk of regional tensions spilling into Syrian territory. Securing the Iraqi-Syrian border is therefore a priority for the Syrian authorities, particularly to prevent Iraqi territory from being used as a channel for rebuilding arms networks which would threaten the stability of the new government.

Against this backdrop, Sharaa's support for the Iraqi government's efforts to bring all weapons under state control takes on particular significance. It reflects Damascus' preference for dealing with Baghdad as the central authority responsible for border security and national security policy, rather than engaging with

armed factions that maintain external ties or operate independently. This position also aligns with the Iraqi government's interest in strengthening official state institutions and curbing the proliferation of independent security decision-making centers. The discussions reinforced this approach, with both sides agreeing to strengthen intelligence sharing, security coordination and joint efforts to combat terrorism, smuggling and organized crime. They also agreed to arrange a visit to Syria by a senior Iraqi security delegation.

Iran: A Common Denominator in the Syrian and Iraqi Calculus

The significance of the Syrian-Iraqi rapprochement must also be understood against the backdrop of changes in Iran's regional position following the fall of the Assad regime and the war Iran has faced since February 2026. Under Assad, Syria served as a crucial geographic and political corridor for projecting Iranian influence into Lebanon. Tehran also relied on a network of allied armed groups operating inside Syria to extend its regional reach. The collapse of the former regime deprived Iran of one of the principal pillars of its regional strategy, leaving it to contend with a different political and security environment in Damascus, even as it retains various instruments of influence in Iraq through its relationships with different armed factions and political forces. In this context, Damascus sees stronger ties with Baghdad as an opportunity to contain potential security risks, particularly the possibility of Iranian influence extending into Syria across the Iraqi border or Iraqi territory being used to rebuild networks of influence weakened by Assad's fall. These concerns have become more significant amid the withdrawal of US forces from Iraq, following their earlier departure from Syria. Despite the relatively limited scale of the US military presence, it had helped, to some extent, constrain the cross-border movements of armed groups. Damascus is therefore seeking to establish security arrangements that prevent the shared border from becoming a conduit for activities by armed groups operating beyond the control of either government.

However, this rapprochement should not be overstated as definitive evidence of declining Iranian influence in Iraq or a decisive reduction in the security risks it poses to Syria. Tehran continues to maintain substantial political, security, and economic ties in Iraq, meaning that Baghdad's ability to pursue independent security arrangements remains constrained by complex domestic power dynamics. Accordingly, the extent to which Syria can benefit from closer relations with Iraq will depend largely on Baghdad's ability to curb the influence of various armed factions.

Moreover, Iran may regard cooperation on transit routes as a tactical opportunity. Iraq's collaboration with Syria on energy and overland trade corridors could provide Tehran with an additional channel for circumventing sanctions, particular-

ly through the smuggling of Iranian petroleum products. By blending Iranian oil with Iraqi crude, Iran can effectively disguise the origin of its shipments and present them as Iraqi exports. The US Department of the Treasury has documented Iranian networks using this method on several occasions.

At the same time, although Iran may see opportunities for smuggling through these routes, Iranian media had already expressed concerns, even before the visit, that the proliferation of overland corridor projects could gradually diminish the strategic importance of the Strait of Hormuz, one of Tehran's most significant sources of leverage.[39] Consequently, Iran may seek to undermine or obstruct the development of permanent infrastructure that could ultimately weaken its regional clout.

Conclusion

The visit and the Syrian government's accompanying statements reflect its efforts to redefine its relations with Iraq to establish formal and institutionalized relations between two sovereign states. The relationship is hoped to be a starting point for establishing a hierarchy of overlapping strategic priorities between the two countries. These priorities include regulating shared borders and preventing them from becoming a passage for armed groups and smuggling. It is also hoped that it will give greater space for energy, transport links and trade. More importantly, this enhanced relationship would enable the effective containment of Iranian influence amid the crisis-ridden regional situation.

Thus, the real test of this visit and its potential to establish constructive arrangements between the two countries will rest on several practical indicators. These include establishing an effective joint security mechanism to manage their shared border and combat smuggling and armed groups, as well as translating economic understandings into lasting projects that give Syria added value within regional connectivity networks, rather than relegating it to the role of a transit corridor. If these objectives are achieved, the current rapprochement could mark the beginning of a sustainable regional strategic partnership. Otherwise, the visit will amount to little more than political assurances and a temporary convergence of interests shaped by the region's evolving security and economic dynamics.

Houthi Escalation and Aggression, Countered by the Legitimate Government Through the Launch of Operation Dawn of Yemen

During September and October 2026, Yemen experienced a significant military escalation that brought the country back into a phase of open conflict, recalling the period before the 2022 truce. The escalation began in September 2026, when the Houthis expanded their military operations along Yemen's western coast, particularly around Mokha and the Bab al-Mandab Strait. By late October, hostilities had intensified in Taiz Governorate and its surrounding

areas, while Houthi forces launched military strikes against vital infrastructure and oil facilities in Saudi Arabia.

In a decisive response to this Houthi aggression, the Yemeni Legitimate Government announced the launch of Operation Dawn of Yemen (Fajr al-Yemen) on October 5, 2026. Government forces moved from a defensive to an offensive posture across several fronts, seeking to secure the western coast and the Bab al-Mandab Strait, safeguard international maritime navigation, restore state institutions and end the Houthi coup. These operations were supported by intensive air cover from the Coalition to Support Legitimacy in Yemen.

The Houthis' strategic calculations, reflected in their activities around the Bab al-Mandab Strait, their targeting of Taiz and their attempts to seize the highlands overlooking the coastal area between Taiz and the strait, were directed toward expanding their control over the waterway and international shipping lanes, while establishing a fait accompli consistent with regional agendas linked to Iran. However, these ambitions faced a firm response from the Legitimate Government and the Saudi-led international coalition, alongside other factors discussed below.

The Houthi Escalation and the Yemeni Government's Posture

In early September 2026, Houthi forces launched a series of attacks along Yemen's western coast, concentrating their military operations around the city of Mokha, Dhubab and the Bab al-Mandab Strait. The escalation was followed by an attempt to impose a siege on Taiz, in violation of the military truce that has been in effect since 2022. The western and southwestern districts of Taiz Governorate have since become staging areas for Houthi military mobilization, aimed at capturing the highlands overlooking Taiz. These operations seek to consolidate the Houthis' fragile foothold along the western coast, establish routes into the country's interior and secure control over strategically commanding positions near the Bab al-Mandab Strait.

This escalation reflects the Houthis' regional and domestic calculations, particularly their efforts to extend control over the western coast and disrupt communication and supply routes linking government forces. It also constitutes an attempt to alter the military balance around the strategically significant Bab al-Mandab Strait. Given its strategic depth and geographical position, Taiz represents a crucial operational foothold for controlling Yemen's western coastline and the Bab al-Mandab Strait. Ultimately, these operations are intended to impose a new fait accompli on the ground, going beyond the conventional pattern of military engagements along established front lines.[40]

Nevertheless, the Legitimate Government's firm response, exemplified by Yemeni President Rashad al-Alimi's announcement of Operation Dawn of Yemen on October 5, 2026, marked a strategic shift from a defensive posture to an offensive approach across all fronts. Backed by the Coali-

tion to Support Legitimacy in Yemen, the operation sought to deter the Houthi militia and restore Yemeni stateinstitutions.[41]

In response, the Houthis intensified their activities in the rural areas surrounding Taiz, seeking to offset their combat losses through forced recruitment, including the conscription and deployment of children in military operations, following an Iranian-style model. They launched a mobilization campaign under the name "Mobilization Friday" (Jum'at al-Nafir), formed committees to register young men and children attending prayers, and exerted pressure on tribal sheikhs and neighborhood officials to recruit Yemenis. Through these measures, the Houthis sought to establish alternative sources of leverage. They concentrated their military capabilities on tightening the siege of Taiz but faced fierce resistance and intense counterattacks fromYemeniforces.[42]

It is worth noting that the announcement of Operation Dawn of Yemen coincided with several strategic developments that placed unprecedented pressure on the Houthi militia. These included a sharp decline in Iranian support and assistance as a result of logistical constraints facing Iran, as well as the consolidation of Legitimate Government forces under a unified command structure following the dissolution of the Southern Transitional Council in early 2026. The Houthis also faced a severe recruitment and mobilization crisis, compounded by international isolation and condemnation of their terrorist activities.

The combined impact of these factors was reflected in a decisive military setback for the Houthis at the Bab al-Mandab Strait, mounting attrition among their leadership and personnel, the continued resilience of Taiz and strategic advances by government forces in the governorates of al-Jawf and Sana'a.

Houthi Alignment With Iran

Houthi operations throughout September 2026 and into early October were accompanied by indications of continued Iranian support for the militia, particularly in the provision of weapons, missile technology and unmanned aerial vehicles (UAVs), as well as the strengthening of its naval capabilities to enable further escalation.

In a report published on September 21, 2026, the platform Sheba Intelligence revealed that the IRGC had established an advanced military communications network for the Houthis. The system combines fiber-optic technology with modern wireless communications to secure operational command and prevent infiltration or signal jamming.

According to the platform, the IRGC's development of this communications network is intended to enhance the militia's maritime military reconnaissance capabilities, thereby threatening the security and stability of navigation through the Bab al-Mandab Strait, while also facilitating surveillance of the Saudi border. The report further indicated that the Houthi militia had already deployed this new communications infrastructure during recent military

escalations along Yemen's western coast and in the Bab al-Mandab Strait, as well as in the course of mobilizing forcestowardTaiz.[43]

In this context, Yemeni Foreign Minister Shaya al-Zindani stated, "The Houthi escalation is neither a transient development nor simply another round of confrontation; rather, it constitutes a broad and dangerous escalation that extends beyond Yemen's borders. It is linked to an Iranian agenda that exploits Yemen and its strategic geographical position to threaten regional security and internationalnavigation."[44]

The activities of the IRGC reflect an Iranian strategy aimed at drawing the Houthi militia into confrontations that serve Tehran's interests and enhance its negotiating leverage. Accordingly, the continued transfer of Iranian expertise, technology and weaponry to the Houthis remains a key factor driving their ongoing escalation, both within Yemen and beyond its borders.

Conclusion

Military and political developments throughout September and October 2026 suggest that the Houthi escalation along Yemen's western coast, in Taiz and around the Bab al-Mandab Strait forms part of a broader strategic effort to alter the balance of military and territorial control. By capitalizing on the Bab al-Mandab Strait's geopolitical importance, the Houthis seek to establish a new reality on the ground and threaten the security of international navigation in pursuit of regional agendas linked to Iran. Meanwhile, the Yemeni government's announcement of Operation Dawn of Yemen marks a transition in the conflict from a defensive to an offensive posture, bolstering the military position of government forces and countering Houthi efforts to expand their influence across strategically important areas.

Moreover, evidence of continued Iranian support, particularly in the fields of weaponry, military technology and communications, indicate that Iran is using the Houthis as an instrument of regional influence and a means of exerting pressure. This poses risks to regional security, international shipping and the stability of global maritime corridors. Accordingly, the Houthi escalation should not be regarded merely as an internal Yemeni affair; rather, it represents a threat extending beyond Yemen's borders, with implications for regional and international security and the stability of vital international shipping lanes.

Iran's Relations With International Powers

In the context of Iran's relations with Western powers, the Iranian establishment regards the Democrats' victory in the US midterm elections as an indication of success for its military strategy. Tehran's assessment is that this strategy contributed to higher energy prices and rising inflation, which undermined the Republicans' popularity and ultimately contributed to their electoral defeat.

The US Midterms and the Course of the War Against Iran

The US-Iran war cast its shadow over the results of the US midterm elections, held on November 4, 2026. The Iranian establishment viewed these outcomes as a validation of the strategy it had pursued throughout its confrontation with Washington. Do they truly work in its favor — and what impact will they have on US policy toward Iran in the coming period? This file addresses these questions.

How Did Iran Read the US Midterms' Results?

The Iranian establishment interpreted the midterm election results, in which the Democrats secured a significant victory over the Republicans, as a strategic success. Tehran believes that its military strategy over the preceding eight months had inflicted a major political setback on the Republicans by driving up energy prices and inflation, thereby directly affecting the living standards of US citizens. In its assessment, this dynamic was reflected in the election results, which gave the Democrats a comfortable majority in both the Senate and the House of Representatives. The outcome also coincided with the growing influence of a progressive faction within the Democratic Party that opposes ill-conceived foreign military confrontations and remains resistant to Israeli influence.

The Iranian establishment has sought to capitalize on these electoral outcomes to demonstrate the effectiveness of its approach, which rests on defiance, confrontation and asymmetric deterrence. Tehran maintains that its ability to exert pressure on global energy markets has produced tangible results, while growing anti-war sentiment among the US public could constrain Washington's ability to continue the conflict. These developments may further reinforce the establishment's uncompromising position, as Tehran appears to regard the midterm results as a significant political shift that could strengthen its negotiating leverage. This outlook is reflected in its insistence on seven specific conditions for reaching a final agreement with the United States on its nuclear program, a position seemingly underpinned by the expectation that the election results could lead Washington to adopt a less rigid negotiatingstance.[45]

The Impact of US Developments on the War Against Iran

Substantive debates and internal reviews within the Republican Party over the course of the war with Iran have prompted a reassessment of the conflict and its consequences. Following the elections, both Trump and Vance acknowledged that the war with Iran was the main factor behind the Republicans' electoral defeat. The party has also begun considering ways to hold those responsible for the war accountable. This process gained momentum when Representative Thomas Massie of Kentucky introduced eight articles of impeachment against Secretary of War Pete Hegseth, accusing him of violat-

ing the Constitution by waging war against Iran for more than 90 days without congressional authorization.

Although Trump reaffirmed his support for Hegseth, enabling him to weather this initial challenge, the secretary of war could nevertheless become the first political casualty of the war in the near future.

Despite acknowledging the role of the war in the Republicans' electoral defeat, Trump remained committed to maintaining a confrontational approach toward Iran, whether through further military action or the continuation of the economic blockade. Meanwhile, amid Qatari mediation efforts and an exchange of proposals between the two sides, Trump's frustration over the Republican defeat appears to have prompted a shift in focus toward a naval blockade rather than further military escalation. Having adjusted to the emerging balance of power, he may now be more receptive to de-escalation initiatives and regional mediation efforts.[46]

Conclusion

The election results have triggered a debate over whether the US campaign against Iran should continue. The Republican Party appears divided on this question and increasingly inclined to reconsider its position ahead of the 2028 presidential election. Moreover, the Democrats' victory could constrain the approval of funding for ongoing or future military operations, while increasing the likelihood of political accountability for officials, including Trump himself. For its part, Iran may regard these electoral outcomes as a significant strategic gain and an important source of leverage in the conflict. Nevertheless, the naval blockade poses a substantial challenge to the establishment. Unless Tehran makes significant concessions that would enable Trump to save face and recover some of his declining popularity, it will face mounting pressure and risk losing the domestic support it needs to sustain the confrontation.

Given the complex situation and the competing pressures facing both sides, a diplomatic settlement remains a possibility. The war has become a burden for both parties, while a decisive victory for either side appears increasingly elusive, even if hostilities resume. A negotiated settlement could therefore offer a way out of the crisis and help both sides salvage what they can. This prospect has gained relevance following Trump's announcement, made at the request of the Gulf states of Qatar, Saudi Arabia and the UAE, that he would postpone further large-scale military strikes while maintaining a temporary naval blockade to allow room for diplomatic efforts. Nevertheless, any miscalculation by Iran, failure to engage seriously with Qatari mediation or insistence on securing all its demands before signing a nuclear agreement could push the crisis back toward military confrontation. The risk of such an outcome is heightened by the substantial military buildup in the region, Israeli pressure to exploit the current circumstances to pursue regime change and Trump's perception that he has little left to lose. He may believe that

he still has an opportunity to resume military operations before the new Congress convenes in early January 2027. Furthermore, Iran's continued refusal to compromise on certain demands could further complicate efforts to resolve the crisis and potentially lead to a renewed outbreak of hostilities.

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