



# Iran: U.S. Concerns and Policy Responses

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## Summary

A priority of Obama Administration policy has been to reduce the perceived threat posed to a broad range of U.S. interests by Iran, in particular by Iran's advancing nuclear program. Well before the nuclear issue rose to the forefront of U.S. concerns about Iran, the United States had seen Iran's support for militant groups in the Middle East, Iraq, and Afghanistan as efforts to undermine U.S. interests and allies. U.S. officials also accuse Iran of actively helping Syria's leadership try to defeat the armed rebellion there.

The Obama Administration has orchestrated broad international economic pressure on Iran to try to compel it to verifiably demonstrate to the international community that its nuclear program is peaceful. Three rounds of multilateral talks with Iran in 2012 yielded no breakthroughs but did explore a potential compromise under which Iran might cease enriching uranium to 20% purity (a level not technically far from weapons grade) in exchange for modest sanctions relief. Further high-level talks took place on February 26-27, 2013, and April 5-6, 2013, both in Almaty, Kazakhstan. No breakthroughs were achieved in Almaty. Iran's Supreme Leader has not taken up U.S. offers to engage in the direct bilateral talks that many experts believe are required to produce a breakthrough. And, there is an emerging consensus that international sanctions—although severely harming Iran's economy—have not pressured the regime to the point at which it is compelled to compromise.

The government of Israel has asserted that it might take unilateral military action against Iran's nuclear facilities if Iran's program advances to the point where Iran could produce a nuclear weapon relatively quickly. President Obama Administration says the option of U.S. military action against Iran's nuclear facilities remains open, but he has asserted that there is still time—although increasingly limited—for diplomacy. He reiterated this position during his March 2013 visit to Israel.

Some experts assert that the popularity of Iran's regime is in decline, in part because of Iran's growing international isolation and in part because of its repression, although not to the point where the regime's grip on power is threatened. The domestic opposition remains relatively weak and outwardly inactive. The March 2, 2012, parliamentary elections increased the political dominance of Supreme Leader Ali Khamene'i, and the major candidates in the presidential election to be held on June 14, 2013, are Khamene'i loyalists. Two major figures considered a potential threat to the ruling establishment, including President Mahmoud Ahmadinejad's close aide and protégé, were barred from running by the ruling clerics.

The 112<sup>th</sup> Congress supported additional economic sanctions against Iran, most recently with enactment of the FY2013 defense authorization bill (H.R. 4310, P.L. 112-239). These laws expand sanctions against companies that conduct energy, industrial, and financial and precious metals transactions with Iran. Additional Iran sanctions bills, such as H.R. 850, are in varying stages of consideration in the 113<sup>th</sup> Congress. For further information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; and CRS Report R40094, *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, by Paul K. Kerr.

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## Political History

Iran is a country of about 75 million people, located in the heart of the Persian Gulf region. The United States was an ally of the late Shah of Iran, Mohammad Reza Pahlavi (“the Shah”), who ruled from 1941 until his ouster in February 1979. The Shah assumed the throne when Britain and Russia forced his father, Reza Shah Pahlavi (Reza Shah), from power because of his perceived alignment with Germany in World War II. Reza Shah had assumed power in 1921 when, as an officer in Iran’s only military force, the Cossack Brigade (reflecting Russian influence in Iran in the early 20<sup>th</sup> century), he launched a coup against the government of the Qajar Dynasty. Reza Shah was proclaimed Shah in 1925, founding the Pahlavi dynasty. The Qajars had been in decline for many years before Reza Shah’s takeover. That dynasty’s perceived manipulation by Britain and Russia had been one of the causes of the 1906 constitutionalist movement, which forced the Qajars to form Iran’s first Majles (parliament) in August 1906 and promulgate a constitution in December 1906. Prior to the Qajars, what is now Iran was the center of several Persian empires and dynasties whose reach shrunk steadily over time. Since the 16<sup>th</sup> century, Iranian empires lost control of Bahrain (1521), Baghdad (1638), the Caucasus (1828), western Afghanistan (1857), Baluchistan (1872), and what is now Turkmenistan (1894). Iran adopted Shiite Islam under the Safavid Dynasty (1500-1722), which ended a series of Turkic and Mongol conquests.

The Shah was anti-Communist, and the United States viewed his government as a bulwark against the expansion of Soviet influence in the Persian Gulf and a counterweight to pro-Soviet Arab regimes and movements. Israel maintained a representative office in Iran during the Shah’s time and the Shah supported a peaceful resolution of the Arab-Israeli dispute. In 1951, under pressure from nationalists in the Majles (parliament) who gained strength in the 1949 Majles elections, he appointed a popular nationalist parliamentarian, Dr. Mohammad Mossadeq, as prime minister. Mossadeq was widely considered left-leaning, and the United States was wary of his drive for nationalization of the oil industry, which had since 1913 been controlled by the Anglo-Persian Oil Company. His followers began an uprising in August 1953 when the Shah tried to dismiss him, and the Shah fled. The Shah was restored in a CIA-supported uprising that toppled Mossadeq (“Operation Ajax”) on August 19, 1953.

The Shah tried to modernize Iran and orient it toward the West, but in so doing he alienated religious Iranians and the Shiite clergy and he allegedly tolerated severe repression and torture of dissidents by his SAVAK intelligence service. The Shah exiled Ayatollah Ruhollah Khomeini in 1964 because of Khomeini’s active opposition based on the Shah’s anti-clerical policies and what Khomeini alleged was the Shah’s forfeiture of Iran’s sovereignty to the United States. Khomeini fled to and taught in Najaf, Iraq, a major Shiite theological center that contains the Shrine of Imam Ali, Shiism’s foremost figure. There, he was a peer of senior Iraqi Shiite clerics and, with them, advocated direct clerical rule or *velayat-e-faqih* (rule by a supreme Islamic jurisprudent). In 1978, three years after the March 6, 1975, Algiers Accords between the Shah and Iraq’s Baathist leaders, which settled territorial disputes and required each party to stop assisting each other’s oppositionists, Iraq expelled Khomeini to France, from which he stoked the Islamic revolution. Mass demonstrations and guerrilla activity by pro-Khomeini forces, allied with a broad array of anti-Shah activists, caused the Shah’s government to collapse in February 1979. Khomeini returned from France on February 1, 1979 and, on February 11, 1979, he declared an Islamic Republic of Iran. The concept of *velayat-e-faqih* was enshrined in the constitution that was adopted in a public referendum in December 1979 (and amended in 1989); it provided for the post of Supreme Leader. The regime based itself on strong opposition to foreign, particularly Western, influence, and relations between the United States and the Islamic Republic turned

openly hostile after the November 4, 1979, seizure of the U.S. Embassy by pro-Khomeini radicals. Ayatollah Khomeini died on June 3, 1989, and was succeeded as Supreme Leader by Ayatollah Ali Khamene'i.

The regime faced serious unrest in its first few years, including a June 1981 bombing at the headquarters of the Islamic Republican Party (IRP) and the prime minister's office that killed several senior leaders, including Khomeini confidant Mohammad Hossein Beheshti. These events, along with the hostage crisis with the United States, provided cover for the regime to purge many of the secular, liberal, and left-wing personalities and parties in the anti-Shah coalition. Examples included the Tudeh Party (Communist), the People's Mojahedin Organization of Iran (PMOI, see below), the first elected President Abolhassan Bani Sadr, and the Iran Freedom Movement of the regime's first Prime Minister Mehdi Bazargan (a movement later led by Ibrahim Yazdi, who has been in and out of prison for two decades). The regime was under economic and military threat during the 1980-1988 Iran-Iraq War, which resulted at times in nearly halting Iran's oil exports.

Despite these struggles, during 1982 until 2009, there was diversity of opinion in ruling circles and the regime faced only episodic unrest from minorities, intellectuals, students, labor groups, and women. Since the June 2009 presidential election, the regime has struggled to contain popular dissatisfaction.

## Regime Structure, Stability, and Opposition

Iran's Islamic regime, established in a constitution adopted in a popular referendum, is widely considered authoritarian, although it provides for elected institutions and checks and balances. A Supreme Leader is not directly elected by the population, although he is appointed by an elected body. A president and a Majles (parliament) are directly elected. There are also elections for municipal councils, which select mayors. Even within the unelected institutions, factional disputes between those who insist on ideological purity and those considered more pragmatic have been frequent and highly consequential.

### Unelected or Indirectly-Elected Institutions: The Supreme Leader, Council of Guardians, and Expediency Council

At the apex of the Islamic Republic's power structure is a "Supreme Leader" who has vast formal powers and no term limits. He is chosen by an elected body—the Assembly of Experts—which also has the constitutional power to remove him. Upon Ayatollah Khomeini's death, the Assembly selected one of his disciples, Ayatollah Ali Khamene'i, as Supreme Leader.<sup>1</sup> Although he has never had Khomeini's undisputed political or religious authority, the powers of the office enable Khamene'i to ensure that he is Iran's paramount leader. Under the constitution, the Supreme Leader is Commander-in-Chief of the Armed Forces, giving him the power to appoint commanders. He is well-represented on the highest national security body, the *Supreme National Security Council*, composed of top military and civilian security officials. The constitution gives the Supreme Leader the power to approve the removal of an elected president if either the

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<sup>1</sup> At the time of his selection as Supreme Leader, Khamene'i was generally referred to at the rank of Hojjat ol-Islam, one rank below Ayatollah, suggesting his religious elevation was political rather than through traditional mechanisms.

judiciary or the *Majles* (parliament) decide there is cause for that removal. The Supreme Leader appoints half of the 12-member *Council of Guardians*; all members of the *Expediency Council*, and the head of Iran's judiciary (currently Ayatollah Sadeq Larijani). According to Director of National Intelligence James Clapper in March 11, 2013, testimony: "Supreme Leader Khamene'i's power and authority are now virtually unchecked, and security institutions, particularly the Islamic Revolutionary Guard Corps (IRGC), have greater influence at the expense of popularly elected and clerical institutions."

**Table I. Supreme Leader: Grand Ayatollah Ali Khamene'i**

Born in July 1939 to an Azeri (Turkic) family from Mashhad. Was jailed by the Shah of Iran for supporting Ayatollah Khomeini's revolution. After the regime took power in 1979, helped organize Revolutionary Guard and other security organs. Lost use of right arm in assassination attempt in June 1981. Was elected president during 1981-1989 and was selected Khomeini's successor in June 1989 upon his death. Upon that selection, Khamene'i religious ranking was advanced in official organs to "Grand Ayatollah" from the lower ranking "Hojjat ol-Islam." But, still lacks the undisputed authority to end factional disputes or the public adoration Khomeini had. Has taken more of a day-to-day role since 2009 uprising, including in the nuclear negotiations issue. Has sided decisively with hardline opponents of Ahmadinejad since mid-2011.

Has taken consistently hard-line stances on foreign policy and particularly toward Israel, often calling it a cancerous tumor that needs to be excised from the region. Reputedly issued religious proclamation (2003) against Iran acquiring a nuclear weapon, and has publicly (2012) called doing so a "sin," but has consistently opposed bowing to any U.S. pressure on the nuclear issue. Yet, he is widely believed to fear direct military confrontation with United States on Iranian soil. Generally does not meet with Western officials and is suspicious of relations with the West as opening Iran to undue Western cultural influence, spying, and possible regime destabilization efforts. Opposes opening comprehensive direct talks with the United States, most recently in February 2013. On economic issues, he has tended to support the business community (*bazaaris*), and opposed state control of the economy, but believes Iran's economy is self-sufficient enough to withstand the effects of international sanctions.

His office is run by Mohammad Mohammadi Golpayegani, with significant input from Khamene'i's second son, Mojtaba, who is said to be acquiring increasing influence. Also advised by *Keyhan* editor Hossein Shariatmadari and former Foreign Minister Ali Akbar Velayati.

Potential successors include Ayatollah Ali Akbar Hashemi-Rafsanjani, Ayatollah Mohammad Taqi Mesbah Yazdi, Council of Guardians head Ayatollah Ahmad Jannati, and Judiciary head Ayatollah Sadeq Larijani. None is considered a clear consensus candidate should Khamene'i leave the scene unexpectedly.

Source: CRS.

## Council of Guardians and Expediency Council

The 12-member Council of Guardians (COG) consists of six Islamic jurists appointed by the Supreme Leader, and six secular lawyers elected by the judiciary and confirmed by the *Majles*. Currently headed by Ayatollah Ahmad Jannati, the conservative-controlled body reviews legislation to ensure it conforms to Islamic law. It also vets election candidates based by evaluating their backgrounds according to constitutional requirements that a candidate demonstrate knowledge of Islam, loyalty to the Islamic system of government, and other criteria that are largely subjective. The COG also certifies election results.

The 42-member "Expediency Council" was established in 1988 to resolve legislative disagreements between the *Majles* and the COG. It has since evolved into a policy advisory body for the Supreme Leader and an overseer of the performance of the president and his cabinet. Its members serve five-year terms; its chairman, Ali Akbar Hashemi-Rafsanjani, was reappointed in February 2007 and again in March 2012. The March 2012 reappointment was widely interpreted as a Khamene'i effort to keep Rafsanjani from supporting reformist leaders. Earlier, Rafsanjani



was removed in March 2011 as head of the Assembly of Experts (see below). The Expediency Council's executive officer is former Revolutionary Guard commander-in-chief Mohsen Reza'i.

**Table 2. Major Factions, Personalities, and Interest Groups**

<b>Conservatives</b>	
Supreme Leader Ali Khamene'i	See box above.
Expediency Council Chair Ayatollah Ali Akbar Hashemi-Rafsanjani	<p>Born in 1944, a longtime key regime strategist, Khomeini disciple, and advocate of "grand bargain" to resolve all outstanding issues with United States. Was Majles speaker during 1981-1989 and president 1989-1997. One of Iran's richest men, family owns large share of Iran's total pistachio production. Ouster as Assembly of Experts chairman in 2011 was attributed to his tacit support of Green challenge to Ahmadinejad 2009 reelection. Rafsanjani funded much of Musavi's election campaign and criticized crackdown on Green protests. These actions undoubtedly contributed to COG denying his candidacy in 2013 presidential elections, even though Khamene'i had reappointed him Expediency Council chair in March 2012.</p> <p>Political activities of his children remain a liability for Rafsanjani in regime circles. Daughter Faizah participated in several 2009 protests, was detained briefly in February 2011 for protesting, and was jailed in September 2012 for opposition activities. She was moved to solitary confinement as of early 2013. Five Rafsanjani family members arrested in June 2009 (and another briefly detained in March 2010), and his son, Mehdi, was released on bail in December 2012.</p>
President Mahmoud Ahmadinejad	See box below.
Majles Speaker: Ali Larijani and Predecessor, Gholam Ali Haddad Adel	<p>Ali Larijani has been Majles Speaker since 2008 but did not run again for president in the 2013 election after losing in 2005. Was state broadcasting head (1994-2004), minister of culture and Islamic guidance (1993), and head of Supreme National Security Council and chief nuclear negotiator (2005—2007). Considered amenable to a nuclear deal with the international community. Politically close to Khamene'i and a leading antagonist of Ahmadinejad. One brother (Sadeq) is judiciary head; another (Mohammad Javad), was deputy foreign minister (1980s) and now heads a government human rights body. Predecessor as Majles Speaker was Gholam Ali Haddad Adel, whose daughter is married to Khamene'i's son, Mojtaba. Haddad Adel lost bid to regain Majles speakership in 2012, but is running for president in June 2013 election.</p>
Tehran Mayor Mohammad Baqer Qalibaf	<p>Current mayor of Tehran and second-time candidate for president in June 2013 election. Former Revolutionary Guard Air Force commander and police chief, and critic of Ahmadinejad. Encourages comparisons of himself to Reza Shah, invoking an era of stability and strong leadership. Lost in 2005 presidential elections, but supporters won 9 out of 15 seats on Tehran city council in December 2006 elections, propelling him to become mayor of Tehran. Has won support for Tehran's cleanliness, infrastructure repairs, and relative order.</p>
Senior Shiite Clerics	<p>The most senior clerics, most of whom are in Qom, including several Grand Ayatollahs, are generally "quietist"—they believe that the senior clergy should refrain from direct involvement in politics. These include Grand Ayatollah Nasser Makarem Shirazi, Grand Ayatollah (former judiciary chief) Abdol Karim Musavi-Ardabili, and Grand Ayatollah Yusuf Sanei, all of whom have criticized the regime's crackdown against oppositionists. Others believe in political involvement, including Ayatollah Mohammad Taqi Mesbah Yazdi. The founder of the hardline Haqqani school, Yazdi was the spiritual mentor to Ahmadinejad until breaking with him in 2011. Yazdi is an assertive defender of the powers of the Supreme Leader and a proponent of an "Islamic state" rather than the current "Islamic republic," but fared poorly in December 2006 elections for Assembly of Experts. Other hardline clerics include Ayatollah Kazem Haeri, mentor of Iraqi cleric and faction leader Moqtada Al Sadr; and Ahmad Khatemi, frequently Friday prayer leader at Tehran University and a senior</p>

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	Assembly of Experts member.
Judiciary Chief/Ayatollah Sadeq Larijani	Judiciary head since August 2009. Like brother, Ali Larijani, is close to the Supreme Leader and an opponents of Ahmadinejad. Takes hard line against dissidents.
Militant Clergy Association	Longtime organization of hardline clerics headed by Ayatollah Mohammad Mahdavi-Kani, who became chair of the Assembly of Experts on March 9, 2011. Did not back Ahmadinejad for reelection in 2009 vote and led a bloc opposing Ahmadinejad in the March 2, 2012, <i>Majles</i> elections.
Bazaar Merchants ("Bazaaris")	The urban bazaar merchants fear jeopardizing the economy by participating in political opposition activity; have conducted only a few strikes or other organized action since the 1979 revolution. Each city's bazaars are organized by industry (e.g., carpets, gold, jewelry, clothing) and bazaari leadership positions are chosen by consensus among elders of each industry represented in the bazaar.

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### Opposition/"Green Movement" (Rah-e-Sabz)

All of the blocs and personalities below can be considered, to varying degrees, as part of the Green Movement. However, overall leadership of the movement and decision-making on protest activities is unclear, with several components competing for preeminence. Some Green supporters have left for Europe, Asia, or the United States.

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Titular Green Movement Leaders: Mir Hossein Musavi/Mohammad Khatemi/Mehdi Karrubi and Other Reformists	<p>Now titular leader of the Green movement, Mir Hossein Musavi, a non-cleric, is about 70. An architect by training, and a disciple of Ayatollah Khomeini, he served as foreign minister (1980), then prime minister (1981-1989), at which time he successfully managed the state rationing program during the privations of the Iran-Iraq War but often feuded with Khamene'i, who was then president. At that time, he was an advocate of state control of the economy. His post was abolished in the 1989 revision of the constitution.</p> <p>Musavi supports political and social freedoms and reducing Iran's international isolation, but supports strong state intervention in the economy to benefit workers and lower classes. Appeared at some 2009 protests, sometimes intercepted or constrained by regime security agents. However, he is not respected by harder line opposition leaders who criticized his statements welcoming reconciliation with the regime. He and his wife (prominent activist Zahra Rahnevar), along with fellow Green Movement leader Mehdi Karrubi, have been under house arrest since mid-2011.</p> <p>Karrubi, a founder of the leftwing Association of Combatant Clerics (different organization but with similar name from that above), was Speaker of the <i>Majles</i> during, 1989-1992 and 2000-2004. Formed a separate pro-reform "National Trust" faction after losing 2005 election. Ran again in 2009, but received few votes and subsequently emerged, along with Musavi, as a leader of the Green Movement.</p> <p>Mohammad Khatemi was elected president on a reformist platform in May 1997, with 69% of the vote; reelected June 2001 with 77%. Rode wave of sentiment for easing social and political restrictions, but these groups became disillusioned with Khatemi's failure as president to stand up to hardliners on reform issues. He declined to run again for president in 2009 elections and endorsed fellow reformist Mir Hossein Musavi. Khatemi declined to run in the 2013 presidential election. Although still a reformist, Khatemi is perceived as open to a political compromise that stops short of replacement of the regime, and voted in March 2, 2012, election, ignoring reformist boycott. Now heads International Center for Dialogue Among Civilizations. Visited United States in September 2006 to speak on "dialogue of civilizations" but says he has not been allowed outside Iran since 2009 because of his reformist/Green Movement links.</p>
Student Groups	Groups composed of well-educated, Westernized urban youth are the backbone of the Green Movement. They have attempted, with mixed success, to gain support of older generation, labor, clerics, village-dwellers, and other segments. The Office of Consolidation of Unity is the student group that led the 1999 riots but which later became controlled by regime loyalists and disbanded. An offshoot, the Confederation of Iranian Students (CIS), believes in regime replacement and in U.S.-style free markets. CIS founder, Amir Abbas Fakhrafar, is based in Washington, D.C. Co-founder,

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	<p>Arzhang Davoodi, remains in prison in Iran serving a lifetime prison sentence.</p>
Islamic Iran Participation Front (IIPF)	<p>The most prominent and best organized pro-reform grouping, but has lost political ground to Green Movement groups advocating outright overthrow of the regime. Its leaders include Khatemi's brother, Mohammad Reza Khatemi (a deputy speaker in the 2000-2004 Majles) and Mohsen Mirdamadi. Backed Musavi in June 2009 election; several IIPF leaders detained and prosecuted in postelection dispute. The party was outlawed by the regime in September 2010.</p>
Mojahedin of the Islamic Revolution Organization (MIR)	<p>Composed mainly of left-leaning Iranian figures who support state control of the economy, but want greater political pluralism and relaxation of rules on social behavior. A major constituency of the reformist camp. Its leader is former Heavy Industries Minister Behzad Nabavi, who supported Musavi in 2009 election and has been incarcerated for most of the time since June 2009. The organization was outlawed by the regime simultaneously with the outlawing of the IIPF, above.</p>
Combatant Clerics Association	<p>Very similar name to organization above, but politically very different. Formed in 1988, it is run by reformist, not hardline, clerics and officials. Leading figures include Mohammad Khatemi, former Interior Minister Ali Akbar Mohtashemi-Pur, and former Prosecutor General Ali Asgar Musavi-Koiniha.</p>
Labor Unions	<p>Organized labor has suffered from official repression for many years. It was not at the core of the 2009 uprising, but many laborers have openly demanded political change. Some laborers want political change but fear income disruption if they openly defy the regime. Some labor protests took place in Tehran on "May Day" 2010, and other small strikes (truckers, some factories) have taken place since. A bus drivers' union leader, Mansur Osanloo, has been in jail since July 2007.</p>
Other Prominent Dissidents	<p>Other leading dissidents, some in Iran, others in exile (including in the United States), have been challenging the regime since well before the Green Movement formed and are now significant opposition figures. Journalist Akbar Ganji conducted hunger strikes to protest regime oppression; he was released on schedule on March 18, 2006, after sentencing in 2001 to six years in prison for alleging high-level involvement in 1999 murders of Iranian dissident intellectuals. Abdol Karim Soroush, now exiled, has challenged the doctrine of clerical rule. Former Revolutionary Guard organizer Mohsen Sazegara is based in the United States, but his role in the IRGC likely discredits him in the eyes of dissidents who want regime replacement. Other significant dissidents include former Culture Minister Ataollah Mohajerani, Mohsen Kadivar, and Fatemah Haghighatgoo. Some well known dissidents who have been incarcerated since 2010 include filmmaker Jafar Panahi; journalist Abdolreza Tajik; famed blogger Hossein Derakshan (serving a 20-year prison sentence); and human rights lawyer Nasrin Sotoudeh (serving an 11 year sentence). She conducted a hunger strike in late 2012 that successfully eased regime restrictions on her family's freedom of movement. 80-year-old Iran Freedom Movement leader Ibrahim Yazdi was released from prison in April 2011 after resigning as the Freedom Movement's leader.</p> <p>One major dissident figure is Nobel Peace Prize laureate (2003) and Iran human rights activist lawyer Shirin Abadi. She has often represented clients persecuted or prosecuted by the regime but she left Iran for Europe, fearing arrest. In December 2009, the regime confiscated her Nobel Prize.</p>

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## Elected Institutions: The Presidency, the Majles (Parliament), the Assembly of Experts, and Recent Elections

Several major institutions are directly elected by the full population. Women can vote, and they can run for all offices except President. Presidential candidates must receive more than 50% of the vote to avoid a runoff against the next highest vote-getter. However, elections in the Islamic Republic of Iran have lacked international credibility because the COG has always limited the number and ideological diversity of candidates.

Another criticism of the political process in Iran is the relative absence of political parties; establishing a party requires the permission of the Interior Ministry under Article 10 of Iran's constitution. The standards to obtain approval are high: to date, numerous parties have filed for permission since the regime was founded, but only those considered loyal to the regime have been granted (or allowed to retain) license to operate. Some of those authorized include the "Alliance of Builders of Islamic Iran" party and the "Executives of Construction" party associated with Rafsanjani. Some have been licensed and then banned, such as the two reformist parties Islamic Iran Participation Front and Organization of Mojahedin of the Islamic Revolution, which were formally outlawed in September 2010.

### The Presidency

The main directly elected institution is the presidency, which is clearly subordinate to—but often institutionally feuds with—the Supreme Leader. Each president has tried, and failed, to expand his authority relative to the Supreme Leader. Presidential authority is also often countermanded by key clerics and allies of the Islamic Revolutionary Guard Corps (IRGC) and other powerful institutions. Still, the presidency is a coveted position which provides vast opportunities for the holder of the post to empower his political base and to affect policy, particularly on economic issues. The president appoints and supervises the work of the cabinet, but the Supreme Leader is believed to have significant input into security-related cabinet appointments—ministers of defense, interior, and intelligence (Ministry of Information and Security, MOIS). Prior to 1989, Iran had both an elected president as well as a prime minister selected by the elected Majles (parliament). However, the officials who held these posts during 1981-1989 (Ali Khamene'i, who is now Supreme Leader, and Mir Hossein Musavi, who is now the main opposition leader, respectively) were in constant institutional conflict and the constitution was revised in 1989 to eliminate the prime ministership.

As the top governing official, the presidency develops the budgets of cabinet departments and imposes and collects taxes on corporations and other bodies. The presidency also runs oversight bodies such as the Anticorruption Headquarters and the General Inspection Organization. All government officials are required to submit annual financial statements to state auditors, but there is no confirmation that such procedures are followed. Religious foundations, called "bonyads," for example, are loosely regulated. Through profits earned from its affiliate companies, the IRGC is widely known to spend funds additional unbudgeted funds on arms, technology, support to pro-Iranian movements, and other functions.

Because Iran's presidents have sought to assert the powers of their institution, on October 16, 2011, the Supreme Leader raised the possibility of eliminating the post of president and restoring the post of prime minister, which would be selected by the elected *Majles*. The prime minister would not be directly elected by the population and would presumably not seek to assert powers

independent of the Supreme Leader. Many experts consider this change as likely after the 2013 election cycle because all the major 2013 presidential candidates are considered pliable allies of the Supreme Leader.

## The Majles

Iran's Majles, or parliament, is unicameral, consisting of 290 seats, all elected. There are reserved seats" (one each) for members of Iran's recognized religious minorities, including Jews and Christians. There is no "quota" for the number of women to be elected, but women regularly run and win election, although their seats won have always been very small in comparison to the female proportion of the population. Majles elections occur one year prior to the presidential elections; the elections for the ninth Majles were held on March 2, 2012, and the dynamics and outcome of the upcoming contest are discussed below.

Cabinet appointments are subject to confirmation by the Majles (parliament), which also drafts and acts on legislation. The Majles has always been highly factionalized. As an institution, it is far from the "rubber stamp" that characterizes many elected national assemblies in the region, although it has tended to lose institutional disputes with the presidency, when they occur. Among its main duties is to consider and enact a proposed national budget; that review typically takes place each February and March in advance of the Persian New Year (Nowruz) each March 21.

## The Assembly of Experts

A major although little publicized elected institution is the *Assembly of Experts*. Akin to an electoral college, it is empowered to choose a new Supreme Leader upon the death of the incumbent, and it oversees the work of the Supreme Leader. The Assembly can replace him if necessary, although invoking that impeachment power would, in most circumstances, be highly controversial. It is also the body empowered to amend the constitution. The Assembly has 86 seats, elected to an eight-year term, with elections conducted on a provincial basis. It generally meets two times a year, for a few days each. The fourth election for the Assembly was held on December 15, 2006; after that election, Rafsanjani, still a major figure having served two terms as president (1989-1997), was named deputy leader of the Assembly. After the death of the leader of the Assembly (Ayatollah Meshkini), Rafsanjani was selected its head in September 2007. However, Rafsanjani's opposition to the crackdown on the 2009 uprising ran him afoul of the Supreme Leader and he was not reelected as Assembly of Experts chair in March 2011. He was replaced by aging and infirm compromise candidate Ayatollah Mohammad Reza Mahdavi-Kani. See **Figure 1** for a chart of the Iranian regime.

## Recent Elections: Ahmadinejad Rides Conservative Tide in 2005

After suffering presidential election defeats at the hands of President Mohammad Khatemi and the reformists in 1997 and 2001, hardliners regained the sway they held when Khomeini was alive. Conservatives won 155 out of the 290 Majles seats in the February 20, 2004 Majles elections (which are always held one year prior to each presidential election), in large part because the COG disallowed 3,600 reformist candidates. The COG narrowed the field for the June 2005 presidential elections to 8 out of the 1,014 persons who filed. The major candidates

were: Rafsanjani,<sup>2</sup> Ali Larijani, Mohammad Baqer Qalibaf; and Tehran mayor Mahmoud Ahmadinejad. With 21% and 19.5%, respectively, Rafsanjani and Ahmadinejad, who did unexpectedly well because of tacit backing from Khamene'i, moved to a runoff on June 24. Ahmadinejad won with 61.8% to Rafsanjani's 35.7% and took office on August 6, 2005. Reformist candidates Mehdi Karrubi and Mostafa Moin (who was disapproved by the COG but reinstated to the race by the Supreme Leader, by decree) fared relatively poorly.

### **Ahmadinejad Reelection in 2009: Protests and Subsequent Schisms**

During his first term, splits widened between Ahmadinejad and other conservatives ("Principlists"). In the March 2008 Majles elections, some conservatives ran as an anti-Ahmadinejad bloc. Reformists saw a split in the conservative camp as an opportunity to unseat Ahmadinejad in the June 12, 2009 2009 presidential election. The main challenger to Ahmadinejad was a reformist, Mir Hossein Musavi, who had been prime minister during the 1980-1988 Iran-Iraq War. Out of 500 candidates that applied, the COG also allowed to run Mehdi Karrubi (see above), and former Commander-in-Chief of the Revolutionary Guard Mohsen Reza'i.

The outcome of the election was always difficult to foresee; polling was inconsistent. Musavi's young, urban supporters used social media such as Facebook and Twitter to organize large rallies in Tehran, but pro-Ahmadinejad rallies were large as well. Turnout was high at about 85%; 39.1 million valid (and invalid) votes were cast. The Interior Ministry announced two hours after the polls closed that Ahmadinejad had won, although in the past results have been announced the day after. The vote totals, released June 13, 2009, showed Ahmadinejad receiving about 25 million votes (63%); Musavi receiving about 13 million, and under 1 million votes for Reza'i and Karrubi, respectively.

After results of the election were announced on June 13, 2009, Musavi supporters began protesting, citing the infeasibility of counting the votes so quickly. Khamene'i declared the results a "divine assessment," appearing to certify the results even though formal procedures require a three-day complaint period. Some outside analysts said the results tracked pre-election polls, which showed strong support for Ahmadinejad in rural areas and among the urban poor.<sup>3</sup>

Continuing to use social media, demonstrations built throughout June 13-19, 2009, largely in Tehran but also in other cities. Security forces used varying amounts of force, causing at least 27 protester deaths (opposition groups reported over 100 killed), including a 19-year-old woman Neda Soltani, who subsequently became a symbol of the opposition. On June 19, 2009, Khamene'i refuted allegations of vast fraud and threatened a crackdown, but protests continued. On June 29, 2009, the COG tried to address the complaints by performing a televised recount of 10% of the votes of Tehran's districts and some provincial ballots. Finding no irregularities, the COG certified the results. As 2009 progressed, the opposition congealed into the "Green Movement of Hope and Change," which later moved beyond the election issue into a challenge to the regime, as discussed below.

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<sup>2</sup> Rafsanjani was constitutionally permitted to run because a third term would not have been consecutive with his previous two terms. In the 2001 presidential election, the Council permitted 10 out of the 814 registered candidates.

<sup>3</sup> A paper published by Chatham House and the University of St. Andrews strongly questions how Ahmadinejad's vote could have been as large as reported by official results, in light of past voting patterns throughout Iran. "Preliminary Analysis of the Voting Figures in Iran's 2009 Presidential Election." <http://www.chathamhouse.org.uk>.

### ***Ahmadinejad's Second Term: Divisions Within the Regime Increase***

As Green Movement unrest faded in 2010, Ahmadinejad sought to promote the interests of his loyalists—particularly chief-of-staff, Esfandiar Rahim Mashai, to whom he is related through their children's marriage—and promote what his critics say is a nationalist version of Islam that limits the authority of Iran's clerics. Anti-Ahmadinejad hardliners have rallied around the Supreme Leader Khamene'i—who himself is believed suspicious of Ahmadinejad's allies' ambitions and ideology.

The infighting escalated in April 2011 when Ahmadinejad dismissed MOIS head (intelligence minister) Heydar Moslehi but the Supreme Leader reinstated him. Ahmadinejad protested by refusing to attend cabinet meetings from April 24 to May 4, 2011. Later that year, 25 Mashai loyalists were charged with witchcraft or sorcery. In September 2011, the split continued with allegations that a \$2.6 billion embezzlement scheme involving fraudulent letters of credit were facilitated by Mashai. (On July 30, 2012, four people were sentenced to death in the alleged scheme, the first of a total of 39 persons convicted in the case.) On February 7, 2012, the Majles, which generally expresses loyalty to the Supreme Leader, voted to summon Ahmadinejad for formal questioning—the first time this has happened since the Islamic revolution. He made the appearance on March 14, 2012, after the March 2 Majles elections, but the session reportedly was less contentious than expected.

### ***March 2, 2012, Majles Elections Further Marginalize Ahmadinejad***

The 2012 Majles elections were held amid the widening rifts. Reflecting reduced faith in the fairness of the elections, 5,400 Iranians filed candidacies—33% fewer than four years ago. Only 10% were women. Reformists boycotted, perceiving that the COG was likely to limit the race to hardliners. The COG issued a final candidate list of 3,400 for the 290 seats up for election. The regime used exhortations of nationalist obligations to try to encourage a large turnout, which it announced was about 65% but which outside experts said was barely over 50%. Ahmadinejad and his allies reportedly concentrated their efforts on rural areas where Ahmadinejad has substantial support, but the two blocs close to the Supreme Leader won about 75% of the seats in the ninth Majles. Former Majles speaker Gholam Haddad Adel unsuccessfully challenged Larijani for that post.

On October 23, 2012, the Majles voted to summon Ahmadinejad again about the alleged mismanagement of the economy. On November 21, 2012, the Supreme Leader—in an effort to restore unity—compelled the Majles not to move forward with the summons. On September 27, 2012, Ahmadinejad's press adviser, Ali Akbar Javanfekr, was sentenced to six months in jail for publishing materials critical of the Supreme Leader. That sentencing provoked another row in late October 2012 when Judiciary chief Sadeq Larijani (brother and ally of the Majles Speaker Ali Larijani) blocked Ahmadinejad from visiting the aide in prison. The Supreme Leader tried to quell the infighting by stating on October 31, 2012 that public disputes among high officials could be treated as treason. In line with the Supreme Leader's goals, on November 19, 2012, the judiciary dropped the charges against Javanfekr.

Ahmadinejad has resisted efforts by his opponents to render him irrelevant and he continued to promote the expected presidential candidacy of Mashai. On February 3, 2013, Ahmadinejad appeared in the Majles to oppose, unsuccessfully, the impeachment of the Labor Minister. During his appearance, he played a video of Speaker Larijani's younger brother reportedly attempting to use his family influence to buy a state-owned enterprise on favorable terms. Larijani and his allies

promptly ended the session and expelled Ahmadinejad. Probably as retaliation, on February 12, 2013, a pro-Ahmadinejad crowd in Qom, the home city of Larijani, pelted Larijani with shoes during his speech at a major Shiite shrine there.

## **June 2013 Presidential Election: Likely Candidates and Schisms Playing Out**

In January 2013 the Majles enacted an election law for the June 14, 2013 presidential election, setting up a 11-member independent election body to run the election. This reduces the role of the Interior Ministry, part of the executive branch—and therefore drew strong opposition from Ahmadinejad. Municipal elections are being held concurrently – this is likely to improve turnout as some voters disillusioned with the presidential race might still be mobilized to vote by local issues. Candidate registration took place during May 7-11, 2013, and the COG finalized the presidential candidate field on May 22. A runoff will be held on June 21 if no candidate receives more than 50% of the votes. The winner will take office in August 2013. The major candidates who filed, and the COG decisions on their candidacy, are discussed below:

- Three figures close to the Supreme Leader - Tehran mayor Qalibaf, former Majles Speaker Haddad Adel, and former foreign minister and top Khamene'i foreign policy advisor Ali Akbar Velayati – all filed and were approved by the COG. It is possible that one or more might drop out to improve the chances of one of their alliance winning.
- Iran's chief nuclear negotiator, Seyed Jalili, waited until nearly the deadline to file to run and was approved by the COG. There is speculation, although few hard facts, that he is favored by the Supreme Leader.
- Former Revolutionary Guard Commander-in-Chief, Mohsen Reza'i, filed and was approved, although his constituency likely has not broadened since the 2009 contest.
- Former chief nuclear negotiator Hassan Rouhani, a moderate and a Rafsanjani loyalist, applied and was approved by the COG. Also approved was a little known former Oil Minister Seyed Mohammad Qarazi, although experts were unclear why his candidacy was approved when those of more prominent figures were not.
- Rafsanjani filed his candidacy very close to the deadline, and was immediately hailed by reformists and attacked by conservatives for supporting the 2009 reform protests. Conservatives also argued that he was too old at 78 to be president again. The COG did not approve his candidacy, reportedly shocking many Iranians because of Rafsanjani's prominent place in the history of the regime. Rafsanjani did not forcefully object to his disqualification and his supporters did not protest the decision in the streets. Many assert that his voters will gravitate to Rouhani or to another relative moderate who was approved, Mohammad Reza Aref, a vice president during Khatemi's presidency.
- As expected, Ahmadinejad's close ally, Mashai, applied to run and, as was widely expected by experts, was disapproved by the COG. Ahmadinejad had threatened to release derogatory information on allies of the Supreme Leader if Mashai's candidacy was denied but, thus far, there has not been substantial political fallout from Mashai's disqualification. Some experts interpreted Ahmadinejad's support



for Mashai as an attempt to shield himself from prosecution or other retribution after he leaves office in August.

Even before the disqualification of Rafsanjani and Mashai, the pro-reform movement that was highly active before the 2009 election has been absent from the streets—either out of fear of a crackdown or out of lack of hope for electoral-driven change. Many predict that these type of voters will boycott the 2013 vote, particularly now that major candidates who support their views have been barred from the race.

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### **Mahmoud Ahmadinejad**

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First non-cleric to be president of the Islamic republic since the assassination of then-president Mohammad Ali Rajai in August 1981. About 58, he asserts he is a “man of the people,” the son of a blacksmith who lives in modest circumstances, who would promote the interests of the poor and return government to the original principles of the Islamic revolution. He has burnished that image as president through regular visits to poor areas and through subsidies directed at the lower classes. His official biography says he served with the “special forces” of the Revolutionary Guard, and he served subsequently (late 1980s) as a deputy provincial governor. Although he is a member of the Builders of Islamic Iran party, he has identified himself as a member of the “Principalist” faction of hardliners. U.S. intelligence reportedly determined he was not one of the holders of the 52 American hostages during November 1979-January 1981. Ahmadinejad has earned clerical criticism for asserting it is his mission is to prepare for the return of the 12<sup>th</sup> Imam—Imam Mahdi—whose return from occultation would, according to Twelver Shiite doctrine, be accompanied by the establishment of Islam as the global religion. As noted, he has steadily lost influence as a result of a power struggle with the Khamene’i.

His presidency has been marked by statements considered inflammatory by the West. He attracted significant world criticism for an October 26, 2005, Tehran conference entitled “A World Without Zionism” by stating that “Israel should be wiped off the map.” In an October 2006 address, Ahmadinejad said, “I have a connection with God.” He insisted on holding a December 2006 conference in Tehran questioning the Holocaust, a theme he has returned to several times since, including at a September 2007 speech at Columbia University. A U.N. Security Council statement and Senate and House resolutions (H.Res. 523 and S.Res. 292), passed by their respective chambers, condemned the statement. On June 21, 2007, the House passed H.Con.Res. 21, calling on the U.N. Security Council to charge Ahmadinejad with violating the 1948 Convention on the Prevention and Punishment of the Crime of Genocide; the Convention includes “direct and public incitement” of genocide as a punishable offense. On March 6, 2010, Ahmadinejad called the September 11, 2001, attacks on the United States a “big lie” used to justify intervention in Afghanistan. During his September 24, 2012, speech to the U.N. General Assembly in New York, he repeated past assertions that Israel must be eliminated.

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## **The Opposition**

The popular uprising of 2009 constituted the most significant unrest faced by the regime since its inception in 1979. The regime has since cowed the opposition through arrests and intimidation, in part to prevent another uprising surrounding the 2013 presidential election. Iranian leaders are also said to fear that the uprisings in the Arab world since 2011, as well as severe economic difficulties, have stoked opposition to the regime. Not all the opposition operates under the Green Movement banner; some opposition groups have long challenged the regime from exile, while other groups act to further ethnic or other interests.

## **The Green Movement and Its Uprising**

The Green Movement, the genesis of which was the 2009 uprising, consists primarily of educated, urban youth, intellectuals, and former regime officials. Perhaps accounting for its failure to challenge the regime over the past two years, it was not able to incorporate many traditionally conservative groups such as older Iranians and Iranians who live in rural areas. It has also suffered from divisions between those who believe the regime can be reformed and those who believe it must be replaced outright by a more secular system of government.

The year 2009 was “the high water mark” of the Green Movement to date. After the initial post-election daily protests, Green Movement members organized protests around major holidays and called openly for the downfall of the regime, rather than its reform. Some of the protests in late 2009, such as one on the Ashura holy day (December 27, 2009) nearly overwhelmed regime security forces. The movement’s outward activity declined after its demonstration planned for the February 11, 2010, anniversary of the founding of the Islamic Republic (in 1979) was suppressed. Minor protests were held on several occasions in 2010, but they were easily suppressed. The opposition did not experience a resurgence after the start of the Arab uprisings in early 2011, even though many believed the Iran uprising of 2009 inspired those movements. The titular leaders of the Green Movement, defeated 2009 presidential candidates Mir Hossein Musavi and Mehdi Karrubi, were placed under house arrest in early 2011. Despite its relative quiescence over the past two years, observers in Iran say the Green Movement remains active underground. It conducted protests on the February 14, 2012 anniversary of February 14, 2011, protests.

### **Exiled Opposition Groups: Supporters of the Son of the Late Shah of Iran**

Some Iranian outside Iran, including in the United States, want to replace the regime with a constitutional monarchy led by Reza Pahlavi, the U.S.-based son of the late former Shah and a U.S.-trained combat pilot. The Shah’s son, who is about 57 years old, has delivered statements condemning the regime for the post-2009 election crackdown and he has called for international governments to withdraw their representation from Tehran. He appears periodically in broadcasts into Iran by Iranian exile-run stations in California,<sup>4</sup> as well as in other Iran-oriented media. A younger brother, Ali Reza Pahlavi, committed suicide in January 2011.

Pahlavi has always had some support particularly in the older generation in Iran, but he reportedly is trying to broaden his following by advocating democracy and asserting that he does not seek to reestablish a monarchy in Iran. Since March 2011, he has been increasingly cooperating with—and possibly attempting to co-opt—younger student leaders (see box above). Since early 2013, he has been assembling a “National Council of Iran” (NCI) modeled on similar bodies representing revolutions in Libya and Syria; he and over 30 opposition groups formally established the Council at a conference in Paris on April 27-28, 2013. The NCI, which has a 35 member “high council” elected by the opposition groups of the NCI, has drafted a set of principles for a post-Islamic republic Iran which advocates democracy and the protection of human rights.

### **Exiled Opposition Groups: People’s Mojahedin**

Some groups have been committed to the replacement of the regime virtually since its inception, and have used violence to achieve their objectives. Their current linkages to the Green Movement are tenuous, if existing at all, and some indications suggest these movements want to dominate any coalition that might topple the regime. The best-known of these groups is the People’s Mojahedin Organization of Iran (PMOI).<sup>5</sup> Secular and left-leaning, it was formed in the 1960s to try to overthrow the Shah of Iran and has been characterized by U.S. reports as attempting to blend several ideologies, including Marxism, feminism, and Islamism, although the organization

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<sup>4</sup> Kampeas, Ron. “Iran’s Crown Prince Plots Nonviolent Insurrection from Suburban Washington.” Associated Press, August 26, 2002.

<sup>5</sup> Other names by which this group is known is the Mojahedin-e-Khalq Organization (MEK or MKO) and the National Council of Resistance (NCR).

denies that it ever advocated Marxism. It allied with pro-Khomeini forces during the Islamic revolution and, according to State Department reports, supported the November 1979 takeover of the U.S. Embassy in Tehran. The group was driven into exile after it unsuccessfully rose up against the Khomeini regime in September 1981. It is led by spouses Maryam and Masud Rajavi; Maryam, based in France, is the “President-elect” of the PMOI-led opposition. She regularly meets with European politicians and organizes protests there against the Iranian regime. Masud is the longtime Secretary-General of the PMOI; his whereabouts are unknown.

### *“De-Listing” the PMOI*

Even though it is an opponent of Tehran, since the late 1980s the State Department has refused contact with the PMOI and its umbrella organization, the National Council of Resistance of Iran (NCRI). The State Department designated the PMOI as a foreign terrorist organization (FTO) in October 1997,<sup>6</sup> and the NCR was named as an alias of the PMOI in the October 1999 redesignation. In August 14, 2003, the State Department designated the NCR offices in the United States an alias of the PMOI, and NCR and the Justice Department closed down those offices. The State Department’s reports on international terrorism for the years until 2011 asserted that the organization—and not just a radical element of the organization as the group asserts—was responsible for the alleged killing of seven American military personnel and contract advisers to the former Shah during 1973-1976—including the deputy chief of the U.S. Military Mission in Tehran. The reports repeated allegations that the group was responsible for bombings at U.S. government facilities in Tehran in 1972 as a protest of the visit to Iran of then-President Richard Nixon, and bombings of U.S. corporate offices in Iran to protest the visit of Secretary of State Kissinger. The reports listed as terrorist acts numerous attacks by the group against regime targets, including major 1981 bombings that killed high ranking officials, and attacks on government facilities in Iran and abroad, and attacks on security officials in Iran. However, the reports did not assert that any of these attacks purposely targeted civilians—a key distinction that led several experts to argue that the group should not be considered “terrorist.” The group’s alliance with Saddam Hussein’s regime in the 1980s and 1990s contributed to the designation.

In challenging its FTO decision, the PMOI asserted that, by retaining the group on the FTO list, the United States was unfairly preventing the PMOI from participating in opposition activities and was giving the Iranian regime justification for executing its members. On January 27, 2009, the European Union (EU) removed the group from its terrorist group list; the group had been so designated by the EU in 2002. In May 2008, a British appeals court determined that the group should no longer be considered a terrorist organization.

In July 2008, the PMOI petitioned to the State Department that its designation be revoked, but the Department reaffirmed the listing in January 2009 and after a January 2010 review. On July 16, 2010, the Court of Appeals required the Department to review the listing, ruling that the group had not been given proper opportunity to rebut allegations against it. On February 29, 2012, then Secretary Clinton, at a House Foreign Affairs Committee hearing, stated that a “key factor” in the de-listing decision will be the group’s compliance with an agreement that its members leave Camp Ashraf, discussed below. In early June 2012, the Appeals Court gave the State Department until October 1, 2012, to decide on the FTO designation, although without prescribing how the Department should decide. On September 28, 2012, maintaining there had not been confirmed

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<sup>6</sup> The designation was made under the authority of the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132).

acts of PMOI terrorism for more than a decade and that it had cooperated with the Ashraf move, the Secretary of State removed the group from the FTO list as well as from the designation as a terrorism supporter under Executive Order 13224. However, State Department officials, in a background briefing that day, said “We do not see the [PMOI] as a viable or democratic opposition movement.... They are not part of our picture in terms of the future of Iran.” On December 20, 2012, Canada removed the group from its list of terrorist organizations. The NCR-I reopened its offices in Washington D.C. in April 2013.

### *Camp Ashraf Issue*

The de-listing of the group has not resolved the situation of PMOI members in Iraq. U.S. forces attacked PMOI military installations in Iraq during Operation Iraqi Freedom (March 2003) and negotiated a ceasefire with PMOI military elements in Iraq, requiring the approximately 3,400 PMOI fighters to remain confined to their Ashraf camp near the border with Iran. Its weaponry was placed in storage, guarded first by U.S. and now by Iraqi personnel. Another 200 Ashraf residents took advantage of an arrangement between Iran and the International Committee of the Red Cross for them to return to Iran if they disavow further PMOI activities; none is known to have been persecuted since.

In July 2004, the United States granted the Ashraf detainees “protected persons” status under the 4<sup>th</sup> Geneva Convention. However, that designation ended in June 2004 when Iraq formally reassumed full sovereignty from a U.S.-led occupation authority. The U.S.-led, U.N. supported security mandate in Iraq was replaced on January 1, 2009, by a bilateral U.S.-Iraq agreement that limits U.S. flexibility in Iraq. The group long feared that Iraqi control of the camp would lead to the expulsion of the group to Iran. The Iraqi government tried to calm those fears in January 2009 by saying that it would adhere to all international obligations not to do so, but that trust was reduced on July 28, 2009, when Iraq used force to overcome resident resistance to setting up a police post in the camp. Eleven residents of the camp were killed.

The PMOI’s fears for Ashraf residents heightened on July 1, 2010, when the Iraqi Security Forces assumed full physical control over Ashraf and the U.S. military post near the camp closed, although U.S. forces in Iraq continued to periodically visit the camp to monitor conditions. On April 2, 2011, with a U.S. military unit overseeing the rotation, the Iraqi government changed the Iraq Security Forces (ISF) brigade that guards Ashraf, triggering PMOI warnings. The U.S. unit departed on April 7, 2011, and clashes between the Iraqi force and camp residents took place on April 8; U.N. High Commissioner for Human Rights Navanethem Pillay confirmed PMOI claims that 35 Ashraf residents were killed and that Iraqi forces were at fault. The State Department issued a statement attributing the deaths to the actions of Iraq and its military.<sup>7</sup>

After the clash, Iraqi officials reiterated their commitment to close Ashraf at the end of 2011 (following a full U.S. withdrawal from Iraq) in co-operation with the United Nations and other international organizations. The U.N. High Commission for Refugees (UNHCR) declared the residents “asylum seekers” and offered to assess each resident in an effort to resettle them elsewhere. The top U.N. envoy in Iraq, Martin Kobler, offered to mediate between the issue and he called on the Iraqi government to postpone its deadline to close the camp. Ambassador Daniel Fried was appointed in November 2011 as the Obama Administration’s coordinator on the Ashraf issue.

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<sup>7</sup> <http://www.state.gov/r/pa/prs/ps/2011/04/160404.htm>.

In late December 2011, the Iraqi government and the United Nations announced agreement to relocate the residents to former U.S. military base Camp Liberty, near Baghdad's main airport. The PMOI, which had demanded safeguards for their transfer, subsequently announced acceptance of the deal and the move to Camp Liberty (renamed Camp Hurriya). About 2,000 Ashraf residents had relocated as of mid-May 2012, but the PMOI stopped further relocations claiming that conditions at Camp Liberty can't accommodate more residents. In mid-August 2012, the PMOI resumed the relocation process and largely completed it by September 17, 2012, leaving only a residual group of about 280 PMOI persons at Ashraf to dispose of its property. Still, the group alleges that conditions at Liberty are poor. On February 9, 2013, the camp was attacked by rockets or mortars fired by unknown assailants—but presumed to be loyal to Iran or to the Shiite leadership in Iraq—killing six PMOI residents of the camp.

The U.N. High Commission on Refugees (UNHCR) is conducting refugee status determinations for all the residents after they relocate. To date, five Camp Liberty residents have been resettled through the UNHCR process and, since late 2011, more than 40 others have left Iraq as dual nationals of various countries. In March 2013, Albania agreed to resettle 210 PMOI members from Camp Liberty; 14 of them were resettled there in May 2013.

### **Ethnic or Religiously Based Armed Groups**

Some armed groups are operating in Iran's border areas, and are generally composed of ethnic or religious minorities. These groups are not known to be cooperating with the mostly Persian members of the Green Movement.

#### ***Jundullah***

One such group is *Jundullah*, composed of Sunni Muslims primarily from the Baluchistan region bordering Pakistan. The region is inhabited by members of the Baluch minority and is far less developed than other parts of Iran. On the grounds that *Jundullah* has attacked civilians in the course of violent attacks in Iran, the State Department formally named it an FTO on November 4, 2010. Some saw the designation as an overture toward the Iranian government, while others saw it as a sign that the United States supports only groups that are committed to peaceful protest.

As noted in the State Department terrorism reports for 2010 and 2011, *Jundullah* has conducted several successful attacks on Iranian security and civilian officials. One of its most widely noted terrorist attacks was a May 2009 bombing of a mosque in Zahedan, which it claimed constituted revenge for the poor treatment of Sunnis in Iran. On October 18, 2009, it claimed responsibility for killing five Revolutionary Guard commanders during a meeting they were holding with local groups in Sistan va Baluchistan Province. The regime claimed a major victory against the group in late February 2010 by announcing the capture of *Jundullah*'s top leader, Abdolmalek Rigi. The regime executed him in June 2010, and the group retaliated in July 2010 with another major bombing in Zahedan, which killed 28 persons, including some Revolutionary Guards. Secretary of State Clinton publicly condemned this bombing. The group is believed responsible for a December 15, 2010, bombing at a mosque in Chahbahar, also in the Baluchistan region, that killed 38 persons.

## **PJAK**

An armed Kurdish group operating out of Iraq is the Free Life Party, known by its acronym PJAK. Its leader is believed to be Abdul Rahman Hajji Ahmadi, born in 1941, who is a citizen of Germany and lives in that country. Many PJAK members are said to be women, who support the organization's dedication to women's rights. PJAK was designated by the Treasury Department in early February 2009 as a terrorism supporting entity under Executive Order 13224, although the designation statement indicated the decision was based mainly on PJAK's association with the Turkish Kurdish opposition group Kongra Gel, also known as the PKK. The five Kurds executed by Iran's regime in May 2010 were alleged members of PJAK.

In June 2010, Iran conducted some shelling of reputed PJAK bases inside Iraq, reportedly killing some Kurdish civilians. It repeated that activity in July 2011. On September 26, 2011, Turkey's Prime Minister Erdogan said that Iran and Turkey are planning joint operations against the Iraq-based hideouts of these Kurdish opposition groups. Some reports in March 2012 said that PJAK may have reached a ceasefire agreement with the Iranian regime.

Another militant group, the *Ahwazi Arabs*, operates in the largely Arab-inhabited areas of southwest Iran, bordering Iraq. It has been relatively inactive over the past few years.

## **Iranian-American Interest Groups**

Of the more than 1 million Iranian Americans of differing ideologies, a vast majority want to see a change of regime in Tehran. By all accounts, a large number support the Green Movement, although many Iranian Americans are not politically active and focus on their businesses and personal issues. As many as half of all Iranian Americans are based in the Los Angeles area, and they run at least two dozen small-scale radio or television stations that broadcast into Iran. Many of them protest Ahmadinejad's visits to the United Nations General Assembly every September, and many others sport green bracelets showing support for the Green Movement.

### ***National Iranian-American Council (NIAC), Public Affairs Alliance of Iranian Americans (PAAIA) and Others***

Some U.S.-based organizations, such as The National Iranian-American Council (NIAC) and the Public Affairs Alliance of Iranian Americans (PAAIA), are not necessarily seeking change within Iran. The stated mission of NIAC, composed largely of Iranian Americans, is to promote discussion of U.S. policy. The group advocates engagement with Iran, supports easing some U.S. sanctions against Iran, opposed removing the PMOI from the U.S. FTO list, and has warned that the Administration is planning to take military action against Iran. These positions have led some experts and commentators to allege, although without providing evidence, that it is a front for the Iranian regime. NIAC has criticized the regime's human rights abuses.

PAAIA's mission is to discuss issues affecting Iranian Americans, such as discrimination caused by public perceptions of association with terrorism or radical Islam. Some observers believe it was less active in 2011-2012 than it was in the two previous years, perhaps because of desertions by some who wanted PAAIA to take a stronger stand against the regime in Tehran.

Another U.S.-based group, the International Campaign for Human Rights in Iran, appears supportive of the Green Movement. It is headed by Hadi Ghaemi.

## Other Human Rights Practices

International criticism of Iran's human rights practices predates and transcends the crackdown against the Green Movement. **Table 3**, which discusses the regime's record on a number of human rights issues, is based on the latest State Department human rights report (for 2012: April 19, 2013)<sup>8</sup> and on reports from the U.N. Special Rapporteur for human rights in Iran—the latest report of which was issued on February 28, 2013. The reports cite Iran for a wide range of serious abuses—aside from its suppression of political opponents—including unjust executions, politically motivated abductions by security forces, torture, arbitrary arrest and detention, and arrests of women's rights activists. Some human rights groups, including Human Rights Watch, believe that a revised Iranian penal code under consideration in Iran's governing bodies leaves in place much of the legal framework that the regime uses to prosecute dissidents.<sup>9</sup>

Many different Iranian institutions play a role in repressing opposition. The most prominent include the Ministry of Intelligence and Security (MOIS), the IRGC, the Basij organization of the IRGC, and the Law Enforcement Forces (riot police, regular police, and gendarmerie). The Ministry of Islamic Guidance monitors journalists reporting from Iran as well as media and communications organizations. Iran has an official body, the High Council for Human Rights, headed by former Foreign Minister Mohammad Javad Larijani (brother of the Majles speaker and the judiciary head). However, it largely defends the government's actions to outside bodies, rather than acts to ensure that the government's human rights practices achieve international standards.

## Criticism of Iran's Record in U.N. Bodies

The post-election crackdown on the Green Movement was a focus of the U.N. four-year review of Iran's human rights record that took place in February 2010 in Geneva. On March 24, 2011, the U.N. Human Rights Council voted, 22 to 7, to reestablish the post of "Special Rapporteur" on Iranian human rights abuses that existed during from 1988-2002. On June 17, 2011, former Maldives Foreign Minister Ahmad Shaheed was appointed to this role. The Rapporteur has issued four reports, the latest of which was on February 28, 2013 (A/HRC/22/56). The reports cite many of the same abuses as do the State Department reports, and the Special Rapporteur's most recent report accused Iran of detaining Iranians who provided information to his inquiry.

The Special Rapporteur also asserts that Iran has not, to date, permitted him to conduct fact-finding visits to Iran. On November 21, 2011, the U.N. General Assembly's Third Committee, by a vote of 86-32, with 59 abstentions, approved a resolution asserting that Iran must cooperate with the efforts of the Special Rapporteur. The full Assembly approved the resolution on December 19, 2011, by a vote of 89-30 with 64 abstentions. On March 22, 2013, the U.N. Human Rights Council voted 26 to 2 (17 abstentions) to renew the mandate of the Special Rapporteur for another year.

Despite the criticism, on April 29, 2010, Iran acceded to the U.N. Commission on the Status of Women, after earlier dropping its attempt to win a seat on the higher-profile U.N. General

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<sup>8</sup> Text is at <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>.

<sup>9</sup> Human Rights Watch. "Codifying Repression." August 29, 2012.

Assembly Human Rights Council. It also has a seat on the boards of the U.N. Development Program (UNDP) and UNICEF. Iran's U.N. dues are about \$9 million per year.

**Table 3. Human Rights Practices: General Categories**

Group/Issue	Regime Practice/Recent Developments
Ethnic and Religious Breakdown	Persians are about 51% of the population, and Azeris (a Turkic people) are about 24%. Kurds are about 7%-15% of the population, and about 3% are Arab. Shiite Muslims are about 90% of the Muslim population and Sunnis are about 10%. About 2% of the population is non-Muslim, including Christians, Zoroastrians (an ancient religion in what is now Iran), Jewish, and Baha'i.
Media Freedoms	Even before the 2009 unrest, Iran's Ministry of Culture and Islamic Guidance had an active program of blocking pro-reform websites and blogs, and had closed hundreds of reformist newspapers, although many have tended to reopen under new names. Numerous journalists, bloggers, and editors have been arrested since 2009. The Majles investigated the November 2012 death in custody of blogger, Sattar Beheshti; seven security officers were arrested and the Tehran "Cyber Police" commander was removed for the incident. Iran is setting up a national network that would have a virtual monopoly on Internet service for Iranians.
Labor Restrictions	Independent unions are legal but not allowed in practice. The sole authorized national labor organization is a state-controlled "Workers' House" umbrella.
Women	Women can vote in all elections and run in parliamentary and municipal elections. They are permitted to drive, and work outside the home, including owning their own businesses, although less than 20% of the workforce is female and women earn nearly 5 times less than men. Nine women are in the Majles, but women cannot serve as judges. There was one woman in the cabinet (Minister of Health) but she was fired in December 2012 for criticizing lack of funding for medicines. Women are required to be covered in public, generally with a garment called a <i>chador</i> , but enforcement varies. Women do not have inheritance or divorce rights equal to that of men, and their court testimony carries half the weight of a male's. Laws against rape are not enforced effectively.
Religious Freedom Overview	Each year since 1999, the State Department religious freedom report has named Iran as a "Country of Particular Concern" under the International Religious Freedom Act (IRFA). No sanctions have been added under IRFA, on the grounds that Iran is already subject to extensive U.S. sanctions. Continued deterioration in religious freedom has been noted in the past few International Religious Freedom reports. They state that government rhetoric and actions creates a threatening atmosphere for nearly all non-Shia religious groups.
Christians	In September 2011, a Protestant pastor who was born a Muslim, Youcef Nadarkhani, was sentenced to death for refusing to recant his Christian faith. White House, State Department, and many human rights groups called for an overturning of the sentence, which was reaffirmed in late February 2012. He was released on September 8, 2012 but was rearrested on Christmas Day 2012. On February 29, 2012, the House debated but postponed action on H.Res. 556 demanding he be released. On December 20, 2012, a U.S. Christian convert of Iranian origin, Rev. Saeed Abedini, was imprisoned for allegedly promoting Christianity in Iran. He asserted he was assisting orphans and not proselytizing. His two day closed trial began on January 22, 2013 and he was convicted and sentenced to eight years in prison.
Baha'is	Iran is repeatedly cited for virtually unrelenting repression of the Baha'i community, which Iran's Shiite Muslim clergy views as a heretical sect, which numbers about 300,000-350,000. At least 30 Baha'is remain imprisoned and 60 were arrested in 2012, according to the State Department IRFA report for 2012. U.N. Rapporteur said in February 2013 that 110 Baha'is are in jail, with 133 more to start serving jail time. Seven Baha'i leaders were sentenced to 20 years in August 2010; their sentences were reduced in September 2010 to 10 years but the full sentence was restored on appeal. In the 1990s, several Baha'is were executed for apostasy. Virtually yearly congressional resolutions condemn Iran's treatment of the Baha'is.
Jews	Along with Christians, a "recognized minority," with one seat in the Majles, the 8,800-member (2012 census) Jewish community enjoys somewhat more freedoms than Jewish communities in several other Muslim states. However, in practice the freedom of Iranian Jews to practice their religion is limited, and Iranian Jews remain fearful of reprisals. In June 1999,



Group/Issue	Regime Practice/Recent Developments
Azeris	Iran arrested 13 Jews that it said were part of an “espionage ring” for Israel. After a 2000 trial, 10 of them were convicted and given sentences ranging from 4 to 13 years. An appeals panel reduced the sentences and all were released by April 2003. On November 17, 2008, Iran hanged Muslim businessman Ali Ashtari for providing Iranian nuclear information to Israel.  Azeris are one-quarter of the population and are mostly well integrated into government and society (Khamene’i himself is of Azeri heritage), but many Azeris complain of ethnic and linguistic discrimination. Each year, there are arrests of Azeri students and cultural activists who press for their right to celebrate their culture and history. The government accuses them of promoting revolution or separatism.
Kurds	There are about 5 million-11 million Kurds in Iran. The Kurdish language is not banned, but schools do not teach it and Kurdish political organizations, activists, and media outlets are routinely scrutinized, harassed, and closed down for supporting greater Kurdish autonomy. Several Kurdish oppositionists have been executed since 2010.
Arabs	Ethnic Arabs are prominent in southwestern Iran, particularly Khuzestan Province. The 2 million to 4 million Arabs in Iran encounter systematic oppression and discrimination, including torture and a prohibition on speaking or studying Arabic.
Human Trafficking	The June 19, 2012 (latest), State Department “Trafficking in Persons” report, for the seventh consecutive year, placed Iran in Tier 3 (worst level) for failing to take significant action to prevent trafficking in persons. Iranian women, boys, and girls are trafficked for sexual exploitation in Iran as well to Pakistan, the Persian Gulf, and Europe, possibly with the involvement of religious leaders and immigration officials.
Executions Policy	Human rights groups say executions have increased sharply since the dispute over the June 2009 election. The State Department human rights report for 2011 said there were between 275 and 700 executions during 2011, and the U.N. Rapporteur said there were nearly 500 in 2012, including of some who were minors when they committed their crimes. Iran is a party to the International Covenant on Civil and Political Rights and the Convention on the Rights of the Child, and is obligated to cease the executions of minors.
Stonings	In 2002, the head of Iran’s judiciary issued a ban on stoning. However, Iranian officials later called that directive “advisory” and could be ignored by individual judges. On December 2, 2008, Iran confirmed the stoning deaths of two men in Mashhad who were convicted of adultery. A sentence of stoning against a 45-year-old woman (Sakineh Ashtiani) convicted of adultery and assisting in the murder of her husband was set aside for further review in July 2010. In 2011, the stoning sentence was dropped but she is serving 10 years in prison.
Arrests of Dual Nationals and Foreign Nationals/Robert Levinson/ the American Hikers	Iran does not recognize dual nationality. An Iranian American journalist, Roxanna Saberi, was arrested in January 2009 allegedly because her press credentials had expired. She was released on May 12, 2009, and left Iran. Three American hikers (Sara Shourd, Shane Bauer, and Josh Fattal) were arrested in August 2009 after crossing into Iran from a hike in northern Iraq. They were released in 2010 and 2011 on \$500,000 bail each - brokered by Oman.  U.S. national, former FBI agent Robert Levinson, remains missing after a visit in 2005 to Kish Island. In December 2011, his family released a one-year old taped statement by him and appealed for help in obtaining his release. Ahmadinejad indicated in September 2012 that Iranian intelligence personnel may have had some knowledge of the case. In January 2013, his family released photos of him in captivity but of unknown origin or time period.  A former U.S. Marine, Amir Hekmati, was arrested in 2011 and remains in jail in Iran allegedly for spying for the United States. Secretary of State Kerry reportedly discussed Hekmati and Abedini (above) during a May 2013 visit to Oman, possibly seeking Oman’s intercession.

**Sources:** Most recent State Department reports on human rights (April 19, 2013), Trafficking in Persons (June 19, 2012), and International Religious Freedom (May 20, 2013, <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2012&dldid=208388#wrapper>). <http://www.state.gov>; U.N. Special Rapporteur report of February 28, 2013.

## Iran's Strategic Capabilities and Weapons of Mass Destruction Programs

The Obama Administration views Iran as a key national security challenge—an assessment based on suspicions about Iran's nuclear and missile programs and its stated intent and purported ability to counter U.S. objectives in the region. Some assert Iran does not define its policy in relationship to the United States or other big powers, but that it seeks to exert regional influence that Iranian leaders see as commensurate with Iran's size and concept of nationhood. Others interpret Iran's foreign policy as intended not primarily to shape the region to Iran's strategic advantage, but rather to protect itself from any U.S. effort to change Iran's regime.

### Conventional Military/Revolutionary Guard/Qods Force

Iran's armed forces are extensive but they are widely considered relatively combat ineffective in a confrontation against the United States or even a major neighbor such as Turkey. Iran is believed to lack the logistical ability to deploy ground forces much beyond its borders. However, a 2012 Defense Department report, required by P.L. 111-84, reported growing lethality and survivability of Iran's ballistic and cruise missiles, suggesting the Defense Department assesses a higher level of conventional threat from Iran as compared to a similar DOD report in 2010.<sup>10</sup> The 2012 assessment raises the question of whether Iran possesses the capability to close the strategic Strait of Hormuz, where about one-third of all seaborne traded oil flows. The Iranian armed forces are sufficiently effective to deter or fend off any threats, should they emerge, from Iran's weaker neighbors such as post-war Iraq, Turkmenistan, Azerbaijan, and Afghanistan.

Organizationally, Iran's armed forces are divided to perform functions appropriate to their roles in Iran. The Islamic Revolutionary Guard Corps (IRGC, known in Persian as the *Sepah-e-Pasdaran Enghelab Islami*)<sup>11</sup> controls the *Basij* (Mobilization of the Oppressed) volunteer militia that has been the main instrument to repress Green Movement protests in Iran. The IRGC and the regular military (*Artesh*) report to a joint headquarters, headed by Dr. Hassan Firuzabadi. The *Artesh* has no role in internal security and is deployed mainly at bases outside major cities.

The IRGC Navy and regular Navy (Islamic Republic of Iran Navy, IRIN) are distinct forces; the IRIN has responsibility for the Gulf of Oman, whereas the IRGC Navy has responsibility for the closer-in Persian Gulf and Strait of Hormuz. The regular Air Force controls most of Iran's combat aircraft, whereas the IRGC Air Force has come to focus primarily on developing Iran's ballistic missile capabilities. Iran has a small number of warships on its Caspian Sea coast; it reportedly deployed on that sea in March 2013 to augment its capabilities there.

Iran's armed forces have few formal relationships with foreign militaries, but Iran and India have a "strategic dialogue" and some Iranian naval officers reportedly have undergone some training in India. Most of Iran's other military-to-military relationships, such as with Russia, Ukraine,

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<sup>10</sup> Department of Defense. Annual Report on Military Power of Iran. April 2012. For the 2010 report, see [http://media.washingtontimes.com/media/docs/2010/Apr/20/Iran\\_Military\\_Report.pdf](http://media.washingtontimes.com/media/docs/2010/Apr/20/Iran_Military_Report.pdf). The reports are required by §1245 of the National Defense Authorization Act for FY2010 (P.L. 111-84).

<sup>11</sup> For a more extensive discussion of the IRGC, see Katzman, Kenneth. "The Warriors of Islam: Iran's Revolutionary Guard," *Westview Press*, 1993.

Belarus, and North Korea, generally center on Iranian arms purchases or upgrades, although such activity is now banned by U.N. Resolution 1929 of June 2010. In September 2012, Iran and North Korea signed an agreement to cooperate on science and technology, raising concerns about potential additional North Korean support to Iran's nuclear program.<sup>12</sup> Iranian technicians reportedly attended North Korea's December 2012 launch of a rocket that achieved orbit.

**Table 4. Iran's Conventional Military Arsenal**

**Military Personnel:** 460,000+. Regular ground force is about 220,000, Revolutionary Guard Corps (IRGC) ground force is about 130,000. Remainder are regular and IRGC navy (18,000 and 20,000 personnel respectively) and Air Forces (52,000 regular Air Force personnel and 5,000 Guard Air Force personnel.) About 12,000 air defense.

**Security Forces:** About 40,000-60,000 law enforcement forces on duty, with another 600,000 Basij security/paramilitary forces available for combat or internal security missions.

**Tanks:** 1,800+ Includes 480 Russian-made T-72

**Ships:** 100+ (IRGC and regular Navy) Includes 4 Corvette; 18 IRGC-controlled Chinese-made patrol boats, several hundred small boats.) Also has 3 Kilo subs (reg. Navy controlled). 2012 DOD report says Iran may have acquired additional ships and submarines over the past two years, but does not stipulate a supplier, if any.

**Midget Subs:** Iran has been long said to possess several small subs, possibly purchased assembled or in kit form from North Korea. Iran claimed on November 29, 2007, to have produced a new small sub equipped with sonar-evading technology, and it claimed to deploy four Iranian-made "Ghadir class" subs to the Red Sea in June 2011.

**Surface-to-Air Missiles (SAMs):** 150+ I-Hawk plus possibly some Stinger

**Combat Aircraft:** 330+ Includes 25 MiG-29 and 30 Su-24. Still dependent on U.S. F-4's, F-5's and F-14 bought during Shah's era.

**Anti-aircraft Missile Systems:** Russia delivered to Iran (January 2007) 30 anti-aircraft missile systems (Tor M1), worth over \$1 billion. In September 2006, Ukraine agreed to sell Iran the Kolchuga radar system that can improve Iran's detection of combat aircraft. In December 2007, Russia agreed to sell the highly capable S-300 (also known as SA-20 "Gargoyle") air defense system, which would greatly enhance Iran's air defense capability. The value of the deal is estimated at \$800 million. The system is a ground-to-air missile whose sale to Iran would, according to most experts, not technically violate the provisions of U.N. Resolution 1929, because the system is not covered in the "U.N. Registry on Conventional Arms. However, on September 22, 2010, Russian President Medvedev signed a decree banning the supply of the system to Iran, asserting that its provision to Iran is banned by Resolution 1929. In November 2011, Iran claimed to have deployed its own version (Mersad) of the Russian S-200 air defense system and said in September 2012 that it has completed 30% of a missile defense network similar to the S-300. In August 2011, Iran sued Russia at the International Court of Justice for non-delivery of the system.

**Defense Budget:** About 3% of GDP

**Sources:** IISS Military Balance—Section on Middle East and North Africa, and various press reports; April 2010 and April 2012 DOD reports on military power of Iran," cited earlier.

<sup>12</sup> Jay Solomon. "Iran-North Korea Pact Draws Concern." *Wall Street Journal*, March 9, 2013.

**Table 5. The Revolutionary Guard**

The IRGC is generally loyal to Iran's hardliners politically and is clearly more politically influential than is Iran's regular military, which is numerically larger, but was held over from the Shah's era. The IRGC's political influence has grown sharply as the regime has relied on it to suppress dissent. As described in a 2009 Rand Corporation study, "Founded by a decree from Ayatollah Khomeini shortly after the victory of the 1978-1979 Islamic Revolution, Iran's Islamic Revolutionary Guards Corps (IRGC) has evolved well beyond its original foundations as an ideological guard for the nascent revolutionary regime. Today the IRGC functions as an expansive socio-political-economic conglomerate whose influence extends into virtually every corner of Iranian political life and society. Bound together by the shared experience of war and the socialization of military service, the Pasdaran have articulated a populist, authoritarian, and assertive vision for the Islamic Republic of Iran that they maintain is a more faithful reflection of the revolution's early ideals. The IRGC's presence is particularly powerful in Iran's highly factionalized political system, in which [many senior figures] hail from the ranks of the IRGC. Outside the political realm, the IRGC oversees a robust apparatus of media resources, training activities, education programs designed to bolster loyalty to the regime, prepare the citizenry for homeland defense, and burnish its own institutional credibility vis-à-vis other factional actors."

Through its Qods (Jerusalem) Force (QF), the IRGC has a foreign policy role in exerting influence throughout the region by supporting pro-Iranian movements and leaders. The QF numbers approximately 10,000-15,000 personnel who provide advice, support, and arrange weapons deliveries to pro-Iranian factions in Lebanon, Iraq, Persian Gulf states, Gaza/West Bank, Afghanistan, and Central Asia. IRGC leaders have confirmed the QF is in Syria to assist the regime of Bashar al-Assad against an armed uprising. It also operates a worldwide intelligence network to give Iran possible terrorist option and to assist in procurement of WMD-related technology. The QF commander, Brigadier General Qassem Soleimani, is said to have his own independent channel to Supreme Leader Khamene'i, bypassing the IRGC and Joint Staff command structure. The QF commander during 1988-1995 was Brigadier General Ahmad Vahidi, confirmed by the Majles as Defense minister on September 3, 2009. He led the QF when it allegedly assisted two bombings of Israeli and Jewish targets in Buenos Aires and is wanted by Interpol for a role in the 1994 bombing there). He allegedly recruited Saudi Hezbollah activists later accused of the June 1996 Khobar Towers bombing; and assassinated Iranian dissident leaders in Europe in the early 1990s.

IRGC leadership developments are significant because of the political influence of the IRGC. On September 2, 2007, Khamene'i named Mohammad Ali Jafari as commander in chief of the Guard; Jafari is considered a hardliner against political dissent and increasingly at odds with Ahmadinejad in the context of the Ahmadinejad-Khamene'i power struggle. The *Basij* reports to the IRGC commander in chief; its leader is Brigadier General Mohammad Reza Naqdi. It operates from thousands of positions in Iran's institutions. Command reshuffles in July 2008 integrated the *Basij* more closely with provincially based IRGC units and increased the *Basij* role in internal security. In November 2009, the regime gave the IRGC's intelligence units greater authority, perhaps surpassing those of the Ministry of Intelligence, in monitoring dissent. The IRGC Navy has responsibility to patrol the Strait of Hormuz and the regular Navy has responsibility for the broader Arabian Sea and Gulf of Oman (deeper waters further off the coast).

As noted, the IRGC is also increasingly involved in Iran's economy, acting through a network of contracting businesses it has set up, most notably *Ghorb* (also called *Khatem ol-Anbiya*, Persian for "Seal of the Prophet"). Active duty IRGC senior commanders reportedly serve on *Ghorb*'s board of directors and its commander, Rostam Ghasemi, became oil minister in August 2011. In September 2009, the Guard bought a 50% stake in Iran Telecommunication Company at a cost of \$7.8 billion. IRGC-affiliated firms have won 750 oil and gas and construction contracts, and the Guard has its own civilian port facilities. However, *Ghorb* pulled out of a contract to develop part of the large South Pars gas field in July 2010, citing the impact of expanded U.S. and international sanctions, which might have caused foreign partner firms to refuse to cooperate with *Ghorb*.

On October 21, 2007, the Treasury Department designated several IRGC companies as proliferation entities under Executive Order 13382. Also that day, the IRGC as a whole, the Ministry of Defense, several IRGC commanders, and several Iranian banks were sanctioned under that same executive order. Simultaneously, the Qods Force was named as a terrorism supporting entity under Executive Order 13224. These orders freeze the U.S.-based assets and prevent U.S. transactions with the named entities, but these entities are believed to have virtually no U.S.-based assets. On June 9, 2011, the IRGC and *Basij* were named as human rights abusers under Executive Order 13553, with the same penalties as the above Executive Orders.

**Sources:** Frederic Wehrey et al., "The Rise of the Pasdaran," Rand Corporation, 2009; Katzman, Kenneth, "The Warriors of Islam: Iran's Revolutionary Guard," Westview Press, 1993; Dept. of the Treasury.

## **Nuclear Program and Related International Diplomacy**

The United States is concerned about the potential for Iran to develop a nuclear weapon. A nuclear armed Iran, in the view of U.S. and regional officials, would be more assertive than it now is in trying to influence the policies of regional states and in supporting leaders and groups in the Middle East and elsewhere that oppose U.S. interests and allies. Iran would likely conclude that the United States would hesitate to use military pressure against a nuclear-armed Iran. Some of Iran's leaders appear to perceive a nuclear weapons capability as a means of ending Iran's perceived historic vulnerability to invasion and domination by great powers. However, Iran's development of a nuclear weapon, were that to occur, could cause other countries in the region to try to acquire a countervailing nuclear capability, stimulating a nuclear arms race in one of the world's most volatile regions. Israel views an Iranian nuclear weapon as a threat to its existence. There are also fears Iran might transfer nuclear technology to extremist groups or countries.

Aside from the issue about the cost international sanctions are imposing on Iran, some Iranian strategists appear to agree with U.S. assertions that a nuclear weapon will make Iran less secure. According to this view, moving toward a nuclear weapons capability will bring Iran further international sanctions, military containment, U.S. attempted interference in Iran, and efforts by neighbors to develop countervailing capabilities.

Whatever Iran's motivations and intentions, Iran's nuclear program has been a growing U.S. national security issue since late 2002, when Iran confirmed PMOI allegations that Iran was building a uranium enrichment facility at Natanz and a heavy water production plant at Arak,<sup>13</sup> considered ideal for the production of plutonium. The United States and its partners state that they accept Iran's right to use nuclear energy for peaceful purposes, but that Iran must verifiably demonstrate that its nuclear program is for only peaceful purposes. Since 2010, Iran has been enriching to 20% purity—relatively easy technically to convert to weapons-grade uranium (90%+). Another requirement for a nuclear weapon is a triggering mechanism that Iran is not believed to possess, but which it might have researched. Iran's potential to develop a delivery vehicle for a nuclear weapon also is discussed below.

### **Assessments of Iran's Nuclear Program**

The U.S. intelligence community stated in its "worldwide threat assessment" testimony on March 12, 2013, that Iran has the capacity to eventually produce nuclear weapons, but that it has not made a decision to do so. Director of National Intelligence James Clapper testified on April 18, 2013 said that a decision to do so would be made singularly by the Supreme Leader. With that uncertainty about Iran's ultimate nuclear intentions, International Atomic Energy Agency (IAEA) reports indicate that Iran has not satisfactorily addressed IAEA information that it still might have a nuclear weapons program.<sup>14</sup> An IAEA report of November 8, 2011, contained an annex laying out the IAEA's information on Iran's apparent research efforts on weaponizing HEU, as well as on some possible facilities used for that effort. However, Iran is not known to have produced any HEU. Based on the November 2011 report, on November 18, 2011 the IAEA Board of Governors

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<sup>13</sup> In November 2006, the IAEA, at U.S. urging, declined to provide technical assistance to the Arak facility on the grounds that it was likely for proliferation purposes.

<sup>14</sup> The latest IAEA report on Iran's nuclear program is at: [http://isis-online.org/uploads/isis-reports/documents/IAEA\\_Iran\\_Safeguards\\_report\\_--\\_22May2013.pdf](http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_Safeguards_report_--_22May2013.pdf).

adopted a resolution expressing “deep and increasing concern” about Iran’s nuclear program. The vote was 32 in favor, 2 against (Cuba, Ecuador), and 1 abstention (Indonesia).

After repeatedly refusing to discuss the IAEA information, in January 2012 Iran began discussions with the IAEA on a workplan to clear up the allegations, including allowing IAEA inspections of the Parchin military base where the IAEA suspects research on nuclear explosive technology may have taken place. (The site was inspected twice in 2005.) IAEA Director Yukiya Amano, following an unexpected visit to Iran on May 21, 2012, announced an “agreement in principle” on the proposed workplan. However, amid IAEA accusations that Iran may have cleaned up parts of the Parchin facility, no pact was finalized. That precipitated another IAEA Board of Governors resolution criticizing Iran for non-cooperation; it was adopted on September 13, 2012, with 31 countries in favor, Cuba against, and Ecuador, Tunisia, and Egypt abstaining. Further talks to finalize the workplan were held in Tehran on December 13, 2012, January 16-17, 2013, February 13, 201, and on May 15, 2013. The May 22, 2013 IAEA report accused Iran of continuing to cover over facilities at Parchin.

### *Iran’s Counter-Arguments*

Iranian leaders deny they are trying to achieve a nuclear weapons capability and assert that Iran’s nuclear program is for medical uses and electricity generation, given finite oil and gas resources. Iran argues that uranium enrichment is its “right” as a party to the 1968 Nuclear Non-Proliferation Treaty.<sup>15</sup> Iran claims that IAEA information demonstrates little beyond the fact that some of its scientists may have performed nuclear weapons calculations on computers. U.S. officials have said that Iran’s gas resources make nuclear energy unnecessary.

Iran professes that WMD is inconsistent with its ideology. In 2003, the Supreme Leader Khamene’i issued a formal pronouncement (*fatwas*) that nuclear weapons are un-Islamic. On February 22, 2012, he expanded on that concept in a speech saying that the production of and use of a nuclear weapon is prohibited as a “great sin,” and that stockpiling such weapons is “futile, expensive, and harmful.”<sup>16</sup> On February 17, 2013, he reportedly told visitors that Iran is not seeking to develop a nuclear weapon but that the international community would not be able to prevent Iran from doing so if that were Iran’s goal.<sup>17</sup>

### *Nuclear Weapons Time Frame Estimates*

If Iran were to decide to pursue a nuclear weapon, estimates differ as to how long it would take Iran to achieve that goal. On March 14, 2013, President Obama stated the view of the intelligence community that “it would take Iran over a year or so” to develop a nuclear weapon after a decision to do so. Then Secretary of Defense Panetta said in January 2012, that Iran would need an additional one to two years to develop a delivery vehicle for that weapon. The Institute for Science and International Security, in a study released in January 2013, said that Iran could acquire the “critical capability” for a nuclear weapon (defined as ability to make enough HEU for

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<sup>15</sup> For Iran’s arguments about its program, see Iranian paid advertisement “An Unnecessary Crisis—Setting the Record Straight About Iran’s Nuclear Program,” in *The New York Times*, November 18, 2005. p. A11.

<sup>16</sup> “Leader Says West Knows Iran Not Seeking ‘Nuclear Weapons.’” Vision of the Islamic Republic of Iran Network, February 22, 2012.

<sup>17</sup> The comments were posted on Khamene’i’s website, khamenei.ir.

one bomb before foreign detection) in mid-2014.<sup>18</sup> These estimates take into account technical difficulties and reported disruptive action such as the computer virus (Stuxnet).

A related issue is the ability of the United States and IAEA to detect an all-out effort by Iran to develop an actual nuclear weapon. Director of National Intelligence Clapper, in his March 12 testimony mentioned earlier, said that Iran could not divert safeguarded material and produce a weapon-worth of weapons grade uranium before this activity is discovered. The crucial role of the IAEA in monitoring Iran's activities explains why many experts consider it crucial that Iran continue to cooperate with the IAEA.

### ***Status of Enrichment***

Iran's enrichment program—a requirement if Iran is to acquire the fissionable material for a nuclear weapon—has progressed steadily. According to the May 22, 2013, IAEA report on Iran's nuclear program, referenced above, Iran has a stockpile of about 14,000 lbs of low-enriched (3.5%-5%) uranium—enough to produce about five nuclear weapons if it were to enrich that stockpile to weapons grade. And, Iran has a stockpile of about 400 lbs of 20% enriched uranium, which requires nearly as much effort as is required to produce highly-enriched uranium ( HEU, 90% purity). The remaining 20% enriched stockpile is still short of the 550 lbs. that would be needed, if further enriched to HEU level, to produce one nuclear weapon. Experts assess that Iran is keeping its 20% stockpile at about this level in order not to alarm the international community or provoke U.S. or other military action. Iran has produced 700 lbs of 20% enriched uranium but has used some of it to produce fuel rods for a research reactor that makes medical isotopes. The fuel rods cannot practically be further enriched to HEU.

On the other hand, the May 22, 2013 IAEA report said Iran has installed about 700 of the more advanced IR-2 centrifuges at its Natanz enrichment site, although these more efficient machines have not been put into operation yet. And, according to the May 2013 report, Iran has not suspended work on all heavy water projects, including at Arak, which conceivably could be used to produce plutonium (another fissile material that could be used for a nuclear weapon). No IAEA reports—or U.S. intelligence testimony or comments—assert that Iran has diverted any nuclear material for a nuclear weapons program.<sup>19</sup>

Some of the enrichment to 20% is taking place at the heavily fortified Fordow site that Iran admitted in September 2009 (after discovery by Western intelligence) that it had developed. The November 16, 2012, IAEA report said that Iran had finished installing the planned 2,785 centrifuges at the site, although only about half are in use.

### ***Bushehr Reactor***

U.S. officials have generally been less concerned with Russia's work, under a January 1995 contract, on an \$800 million nuclear power plant at Bushehr. Russia insisted that Iran sign an agreement under which Russia would reprocess the plant's spent nuclear material; that agreement

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<sup>18</sup> "Iran Set for 2014 Nuclear Capability: US Think Tank" Agence France Presse, January 14, 2013.

<sup>19</sup> The February 25, 2011, IAEA report listed Iran's declared nuclear sites as well as a summary of all the NPT obligations Iran is not meeting. IAEA report of February 25, 2011. <http://lewis.armscontrolwonk.com/files/2011/02/gov2011-7.pdf>.

was signed on February 28, 2005. The plant was expected to become operational in 2007, but Russia appeared to delay opening it to pressure Iran on the nuclear issue. The plant was inaugurated on August 21, 2010, and fueling was completed by October 25, 2010. It began limited operations on May 8, 2011, and was linked to Iran's power grid in September 2011. It was reported by Iran as operational as of September 3, 2012, and Iran has been assuming full control over plant operations since then. As part of this work, Russia trained 1,500 Iranian nuclear engineers. In early December 2012, it was reported that Iran had discharged some fuel rods from Bushehr, raising the question of whether it would violate its agreement to submit them to Russia for reprocessing. Spent nuclear reactor fuel can be used to produce plutonium as part of another possible route to develop a nuclear weapon.

### **Early International Diplomatic Efforts to Address Iran's Nuclear Program**

The international response to Iran's nuclear program has evolved into a global consensus to apply substantial economic pressure on Iran, coupled with diplomacy, to persuade Iran to limit its nuclear program. In 2003, France, Britain, and Germany (the "EU-3") opened a separate diplomatic track to curb Iran's program. On October 21, 2003, Iran pledged, in return for peaceful nuclear technology, to (1) fully disclose its past nuclear activities, (2) sign and ratify the "Additional Protocol" to the NPT (allowing for enhanced inspections), and (3) suspend uranium enrichment activities. Iran signed the Additional Protocol on December 18, 2003, although the *Majles* did not ratify it (and still has not done so). Iran discontinued abiding by the Protocol after the IAEA reports of November 2003, and February 2004, stated that Iran had violated its NPT reporting obligations over an 18-year period.

Iran ended the suspension several months after it began, but the EU-3 and Iran reached a more specific November 14, 2004, "Paris Agreement," committing Iran to suspend uranium enrichment (which it did as of November 22, 2004) in exchange for renewed trade talks and other aid.<sup>20</sup> The George W. Bush Administration supported Paris Agreement on March 11, 2005 by announcing it would drop U.S. objections to Iran applying to join the World Trade Organization and to selling civilian aircraft parts to Iran.

The Paris Agreement broke down after Ahmadinejad's election. Iran rejected as insufficient an EU-3 proposal for a permanent nuclear agreement that would provide Iran with peaceful uses of nuclear energy and provide limited security guarantees, in exchange for Iran's: (1) permanently ending uranium enrichment; (2) dismantling the Arak heavy-water reactor;<sup>21</sup> (3) allowing no-notice nuclear inspections; and (4) pledging not to leave the NPT (it has a legal exit clause). On August 8, 2005, Iran broke the IAEA seals and began uranium "conversion" (one step before enrichment) at its Esfahan facility. On September 24, 2005, the IAEA Board declared Iran in non-compliance with the NPT and decided to refer the issue to the Security Council,<sup>22</sup> but no time frame was set for the referral. After Iran resumed enrichment activities, on February 4, 2006, the

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<sup>20</sup> For text of the agreement, see [http://www.iaea.org/NewsCenter/Focus/IaeaIran/eu\\_iran14112004.shtml](http://www.iaea.org/NewsCenter/Focus/IaeaIran/eu_iran14112004.shtml). EU-3-Iran negotiations on a permanent nuclear pact began on December 13, 2004, and related talks on a trade and cooperation accord (TCA) began in January 2005.

<sup>21</sup> In November 2006, the IAEA, at U.S. urging, declined to provide technical assistance to the Arak facility.

<sup>22</sup> Voting in favor: United States, Australia, Britain, France, Germany, Canada, Argentina, Belgium, Ghana, Ecuador, Hungary, Italy, Netherlands, Poland, Portugal, Sweden, Slovakia, Japan, Peru, Singapore, South Korea, India. Against: Venezuela. Abstaining: Pakistan, Algeria, Yemen, Brazil, China, Mexico, Nigeria, Russia, South Africa, Sri Lanka, Tunisia, and Vietnam.



IAEA board voted 27-3<sup>23</sup> to refer the case to the Security Council. On March 29, 2006, the Council agreed on a presidency statement setting a 30-day time limit (April 28, 2006) for ceasing enrichment.<sup>24</sup>

*“P5+1” Formed.* With the EU-3 agreements with Iran having broken down, the Bush Administration offered on May 31, 2006 to join the nuclear talks if Iran suspends its uranium enrichment. Such talks would center on a package of incentives and possible sanctions—formally agreed on June 1, 2006—by a newly formed group of nations, the so-called “Permanent Five Plus 1” (P5+1: United States, Russia, China, France, Britain, and Germany). EU foreign policy chief Javier Solana, acting on behalf of the P5+1, presented the P5+1 offer to Iran on June 6, 2006. The incentive package, focused on easing sanctions and guaranteeing Iran nuclear fuel, was outlined in Annex I to Resolution 1747. Sanctions threatened<sup>25</sup>—such as a ban on technology and arms sales to Iran—were imposed in subsequent years.

### *First Set of U.N. Security Council Resolutions Adopted*

The U.N. Security Council subsequently imposed sanctions on Iran in an effort to shift Iran’s calculations toward compromise.

- *Resolution 1696.* On July 31, 2006, the Security Council voted 14-1 (Qatar voting no) for U.N. Security Council Resolution 1696, giving Iran until August 31, 2006, to fulfill the long-standing IAEA nuclear demands (enrichment suspension, etc.). Purportedly in deference to Russia and China, it was passed under Article 40 of the U.N. Charter, which makes compliance mandatory, but not under Article 41, which refers to economic sanctions, or Article 42, which would authorize military action. It called on U.N. member states not to sell Iran WMD-useful technology.
- *Resolution 1737.* After Iran refused a proposal to temporarily suspend enrichment, the Security Council adopted U.N. Security Council Resolution 1737 unanimously on December 23, 2006, under Chapter 7, Article 41 of the U.N. Charter. It demanded enrichment suspension by February 21, 2007, and prohibits sale to Iran—or financing of such sale—of technology that could contribute to Iran’s uranium enrichment or heavy-water reprocessing activities. It also required U.N. member states to freeze the financial assets of several named Iranian nuclear and missile firms and related persons. In deference to Russia, the Resolution exempted the Bushehr reactor.
- *Resolution 1747.* With no Iranian compliance, on March 24, 2007, after only three weeks of P5+1 negotiations, Resolution 1747 was adopted unanimously. It demanded Iran suspend enrichment by May 24, 2007, added entities to those sanctioned by Resolution 1737, and:
  - banned arms transfers by Iran, a provision targeted at Iran’s alleged arms supplies to Lebanese Hezbollah and to Shiite militias in Iraq; and

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<sup>23</sup> Voting no: Cuba, Syria, Venezuela. Abstaining: Algeria, Belarus, Indonesia, Libya, South Africa.

<sup>24</sup> See <http://daccessdds.un.org/doc/UNDOC/GEN/N06/290/88/PDF/N0629088.pdf?OpenElement>.

<sup>25</sup> One source purports to have obtained the contents of the package from ABC News: <http://www.basicint.org/pubs/Notes/BN060609.htm>.

- called for (but did not require) countries to avoid selling arms or dual use items to Iran and for countries and international financial institutions to avoid any new lending or grants to Iran. The Resolution specifically exempted loans for humanitarian purposes, thereby not applying to World Bank loans.
- *Resolution 1803 and Additional Incentives for Iran.* With no Iranian compliance forthcoming, after several months of negotiations, Resolution 1803 was adopted by a vote of 14-0 (Indonesia abstaining) on March 3, 2008. It added 12 more entities to those sanctioned, and:
  - banned virtually all sales of dual use items to Iran, citing equipment listed as dual use in various proliferation conventions and documents;
  - authorized, but did not require, inspections of shipments by Iran Air Cargo and Islamic Republic of Iran Shipping Line, if such shipments are suspected of containing banned WMD-related goods;
  - imposed a firm travel ban on five Iranians named in Annex II; and

Resolution 1803 also stated the willingness of the P5+1 to consider additional incentives “beyond those of June 2006.” In May 2008, the P5+1 did so by adding political and enhanced energy cooperation with Iran to the previous incentive package. (The text of that enhanced incentive offer to Iran was later revealed as an Annex to Resolution 1929, adopted in June 2010.) In July 2008, Iran indicated it might be ready to accept a temporary “freeze for freeze:” the P5+1 would freeze further sanctions efforts and Iran would freeze any expansion of uranium enrichment. However, no agreement on that concept was reached, even though the Bush Administration sent then-Under Secretary of State for Political Affairs William Burns to a P5+1—Iran negotiation in Geneva on July 19, 2008.

- *Resolution 1835.* The August 2008 crisis between Russia and Georgia contributed to Russia’s opposing new U.N. sanctions on Iran. In an effort to demonstrate to Iran continued P5+1 resolve, the Council adopted Resolution 1835 (September 27, 2008), demanding compliance with existing resolutions but not adding sanctions.

## Developments During the Obama Administration

After President Obama was inaugurated, the P5+1 met in Germany on February 4, 2009, seeking to incorporate into its proposals to Iran the new Administration’s commitment to direct U.S. engagement with Iran.<sup>26</sup> On April 8, 2009, Under Secretary Burns announced that a U.S. diplomat would henceforth attend all of the group’s meetings with Iran. A July 9, 2009, G-8 summit statement said that the P5+1 expected Iran to offer constructive proposals by late September 2009 or face “crippling sanctions.” On September 9, 2009, Iran distributed its proposals to settle the nuclear issue to P5+1 representatives in Iran, which the P5+1 considered vague but still a sufficient basis to meet with Iran on October 1, 2009.

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<sup>26</sup> Dempsey, Judy. “U.S. Urged to Talk With Iran.” *International Herald Tribune*, February 5, 2009.

### ***October 1, 2009, Tentative Agreement***

In light of September 25, 2009, revelations about the previously unreported Iranian nuclear site, little progress was expected at the October 1, 2009, meeting in Geneva. However, the meeting resulted in a tentative agreement for Iran to allow Russia and France to reprocess 2,600 pounds (which at that time was 75% of Iran's low-enriched uranium stockpile) for medical use. At the session, Burns, representing the United States, also met bilaterally with Iranian negotiator Sayed Jallili. Technical talks on the tentative agreement were held October 19-21, 2009, at IAEA headquarters in Vienna, Austria, and a draft agreement was approved by the P5+1 countries and the IAEA. Although Ahmadinejad stated in February 2010 that he "did not have a problem" with the arrangement, the Supreme Leader—who is suspicious of any deals with the West—reportedly vetoed finalizing the agreement and it was not implemented.

Iran later proposed an amended version of the agreement in which Iran would ship its 5% enriched uranium to France and Russia in increments or reprocess the uranium in Iran itself, but the P5+1 rejected these proposals. Iran rebuffed a specific U.S. proposal in January 2010 to allow it to buy on the open market isotopes for its medical reactor. This proposal remains active.

### ***May 2010 Iran-Brazil-Turkey Uranium Exchange Deal ("Tehran Declaration")***

As international discussions of new sanctions accelerated in April 2010, Brazil and Turkey negotiated with Iran to revive the October 1, 2009, arrangement. On May 17, 2010, with the president of Brazil and prime minister of Turkey in Tehran, the three signed an arrangement for Iran to send 2,600 pounds of uranium to Turkey, which would be exchanged for medically useful reprocessed uranium along the lines discussed in October 2009.<sup>27</sup> As required by the agreement, Iran forwarded to the IAEA a formal letter accepting the agreement terms. Even though some assert that the Obama Administration quietly supported the Brazil-Turkey initiative, the Obama Administration did not accept the Tehran Declaration, asserting, primarily, that the arrangement did not address Iran's enrichment to the 20% level.

### ***Resolution 1929 and EU Follow-Up***

On May 18, 2010, one day after the signing of the Tehran Declaration, Secretary of State Clinton announced that the P5+1 had reached agreement on a new sanctions resolution that would give U.S. allies authority to take substantial new measures against Iran. Simultaneous with Russian agreement on the draft, several Russian entities, including the main state arms export agency Rosoboronexport, were removed from U.S. lists of sanctioned entities. Adopted on June 9, 2010,<sup>28</sup> the key provisions of Resolution 1929 are the following:<sup>29</sup>

- It added 15 Iranian firms affiliated with the Revolutionary Guard firms, and 22 other Iranian entities, to the list of U.N.-sanctioned entities.
- It made mandatory a ban on travel for Iranian persons named in it and in which a non-binding travel restriction was instituted in previous resolutions.

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<sup>27</sup> Text of the pact is at <http://www.cfr.org/publication/22140/>.

<sup>28</sup> It was adopted by a vote of 12-2 (Turkey and Brazil voting no) with one abstention (Lebanon)

<sup>29</sup> Text of the resolution is at [http://www.isis-online.org/uploads/isis-reports/documents/Draft\\_resolution\\_on\\_Iran\\_annexes.pdf](http://www.isis-online.org/uploads/isis-reports/documents/Draft_resolution_on_Iran_annexes.pdf).

- It authorized countries to inspect any shipments if the shipments are suspected to carry contraband items. However, inspections on the high seas are subject to concurrence by the country that owns that ship.
- It prohibited countries from allowing Iran to invest in uranium mining and related nuclear technologies, or in nuclear-capable ballistic missile technology.
- It banned sales to Iran of most categories of heavy arms and requests restraint in sales of light arms, but did not bar sales of missiles not on the “U.N. Registry of Conventional Arms” (meaning that the delivery of the S-300 system, discussed above, would not be legally banned).
- It requested, but did not mandate, that countries prohibit Iranian banks to open in their countries, or for their banks to open in Iran, *if* doing so could contribute to Iran’s WMD activities.
- It authorized the establishment of an eight person “panel of experts,” with a mandate to assist the U.N. Sanctions Committee in implementing the Resolution and previous Resolutions, and to suggest ways of more effective implementation. The panel’s reports are not officially published by the Sanctions Committee but are usually carried by various websites. Resolution 2049, adopted June 7, 2012, extended the mandate of the Panel of Experts for an additional 13 months.
- An annex presented the modified offer of incentives discussed above.

### ***2011-2013 Developments: More Talks But Without Agreement***

President Obama and other senior officials noted that the intent of Resolution 1929 was to bring Iran back to negotiations, but subsequent P5+1-Iran talks (December 6-7, 2010 in Geneva) made little progress. There was agreement to hold another round in Istanbul, which some thought might lead Iran to show more flexibility because of Turkey’s willingness to take Iran’s viewpoints into account. The Istanbul talks (January 21-22, 2011) failed in part because Iran demanded lifting of international sanctions as a precondition to substantive discussions. Following Iran-Russia talks during August 15-16, 2011, Iran praised as a “basis to start negotiations” Russia’s proposals for a stepwise exchange of the lifting of international sanctions for Iran’s giving up some nuclear activities. State Department official Victoria Nuland confirmed that U.S. diplomats had worked with Russian counterparts to develop the proposal.

The prospect for new talks appeared to recede in late 2011 when the British Embassy in Tehran was ransacked on November 29, 2011 by a Basij-backed mob. The EU decided on January 23, 2012 to impose an embargo on purchases of Iranian oil and Iran responded with threats to close the Strait of Hormuz, while also offering renewed nuclear talks.

*April 13-14, 2012 Istanbul Talks.* Talks were set for April 13-14, 2012, in Istanbul. However, the P5+1 appeared to move off previous formulas demanding Iran suspend all uranium enrichment, and focus instead on ending Iran’s 20% enrichment as at least an interim step. The talks reportedly did not focus on substantive details, but the sessions were sufficient to announce a follow-up round in Iraq on May 23-24, 2012, to be held in Baghdad.

*May 23-24, 2012 Baghdad Talks.* There was a sense of optimism going into the Baghdad talks, because Iranian leadership statements appeared to prepare the Iranian public for compromise. The following outlines what both sides, by numerous accounts, offered in Baghdad. The positions of

both sides appear based on the principle of “reciprocity”—a term used by Secretary Clinton, EU foreign policy chief Ashton, and others—referring to a stepwise easing of sanctions in exchange for verifiable Iranian compliance.

The P5+1 reportedly proposed in Baghdad:

- That Iran halt enrichment to the 20% level (“stop”) and allow removal from Iran of the existing stockpile of 20% enriched uranium (“ship”).
- That Iran eventually close the Fordow facility (“shut”).
- That Iran accept a comprehensive verification regime to ensure that Iran fulfills any commitments made.
- That Iran clear up reputed past efforts to design a nuclear explosive device, including allowing inspections of Parchin and other facilities.

As “reciprocity” for Iran accepting such steps, the P5+1:

- Apparently would allow, at least in the interim, Iran to enrich uranium to the 3.5%-5% level.
- Offered Iran a guaranteed supply of medical isotopes that it says it needs, and technical assistance to ensure the safety of its civilian nuclear facilities.
- Offered Iran spare parts for its civilian passenger aircraft.
- The P5+1 did not offer to meet Iran’s demand to “recognize” Iran’s right to enrich uranium, or to halt the scheduled (July 1, 2012) EU embargo on Iran’s oil.

Even though Iranian negotiators perceived the offered sanctions relief as insufficient, U.S. and other officials told journalists that the talks were substantive. According to EU foreign policy representative Ashton’s statement at the conclusion of the talks, Iran declared its readiness to address the 20% enrichment issue. Iran also reportedly sought to expand the talks to include regional issues such as U.S. and European involvement in Syria. Still, there was enough progress to yield agreement that further Iran-P5+1 talks would be held June 18-19, 2012, in Moscow.

*June 18-19, 2012 Moscow Talks.* Expectations were relatively low going into the Moscow talks, in that the P5+1 refused Iran’s proposal to have technical talks immediately before the negotiations. Still, by all accounts, the Moscow talks were highly substantive, and Iran engaged specifically on the P5+1 demands to “stop, shut, and ship” discussed above. No breakthrough was achieved, but the parties agreed to hold lower level technical talks on July 3, 2012, in Istanbul to clarify the P5+1 proposal, increase P5+1 understanding of Iran’s response, and study other issues raised in the talks. Subsequently, there would be contact between the deputies to Ashton and to Iranian chief negotiator Jalilli, followed by Ashton-Jalilli contact to discuss a possible further round of high level talks. This roadmap of further talks agreed in Moscow was followed, and Ashton and Jalilli met in Istanbul on September 18, 2012. The P5+1 countries met on September 27, 2012, on the sidelines of the U.N. meetings, indicating a willingness to continue negotiating but rejecting easing sanctions.

The P5+1 countries met on November 21, 2012—following the U.S. presidential election, which Iran purportedly saw as holding up any major P5+1 decisions—and expressed willingness to enter into more talks. The P5+1 reportedly began “refreshing” their proposals somewhat to prepare for a resumption of the high-level political talks. In early February, Iran and the P5+1

agreed to hold this next round of talks in Almaty, Kazakhstan, on February 26, 2013. In the weeks leading up to the talks, Vice President Biden, on February 2, 2013, reiterated a U.S. offer of direct talks with Iran—a dialogue that many experts assess as essential if a deal is to be reached with Iran. However, the Supreme Leader appeared to reject that concept in a speech on February 7, 2013, asserting that the United States continued to demonstrate hostility toward Iran through imposition of sanctions.

*First Almaty Talks, February 26-27, 2013.* The talks convened on February 26, and extended for a second day. The talks reportedly centered on the “refreshed” P5+1 proposals and, in contrast to the 2012 proposals: (1) dropped the insistence that Iran dismantle the Fordow site entirely, but instead cease enrichment to 20% there; (2) would allow Iran to retain some 20% enriched uranium for use in the Tehran reactor that produces medical isotopes; and (3) offered to drop the multilateral ban on paying Iran with gold or other precious metals and on purchases of Iranian petrochemicals. The concluding statements announced that technical talks would take place in Istanbul on March 18, 2013, to be followed by another round of high level talks during April 5-6, 2013, again in Almaty. The announcement of further talks, coupled with statements from Iranian and P5+1 negotiators, suggested progress, but Iran emphasized that the modified P5+1 offer was a sign that the P5+1 were coming closer to Iran’s positions. The technical talks were held, as planned, on March 18, 2013 in Istanbul and reportedly were highly substantive.

*Second Almaty Talks, April 5-6, 2013.* The second round of talks convened in Almaty, although Iran’s looming presidential election (June 14, 2013) intruded on the talks. It was widely assumed that this would be the last round of talks before that election because many Iranian figures said it should be left to the next Iranian president to reassess Iran’s positions. On the eve of the talks, Jallili said that the P5+1 should, at outset of the meeting, recognize Iran’s right to enrich uranium—a longstanding Iranian demand. During the talks, Iran reportedly presented a road-map of nuclear cooperation it had made during the 2012 talks, and which did not specifically offer to suspend enrichment of uranium to 20%. The Iranian roadmap reportedly required a rapid easing of all U.N. and multilateral sanctions, and again raised the issue of broader regional issues such as Syria. EU foreign policy chief Ashton’s concluding statement indicated that the parties remained far apart and would consult their capitals to determine how to move forward. No date for additional talks was announced. However, Undersecretary of State for Political Affairs Wendy Sherman testified (House Foreign Affairs Committee and Senate Foreign Relations Committee) on May 15, 2013 that the talks included highly substantive direct exchanges, and that Iran is indicating more interest in sanctions relief than it has in the past. Also on May 15, 2013, Ashton and Jalilli met in Istanbul to assess the prospects for a further round of talks. Jalilli, who had filed to run for president a few days before the meeting, said he and Ashton had agreed that any agreement must be balanced between sanctions relief and Iranian concessions.

**Table 6. Summary of Provisions of U.N. Resolutions on Iran Nuclear Program (1737, 1747, 1803, and 1929)**

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Requires Iran to suspend uranium enrichment (all of the resolutions).
Prohibits transfer to Iran of nuclear, missile, and dual use items, except for use in light-water reactors.
Prohibits Iran from exporting arms or WMD-useful technology (1747)
Prohibits Iran from investing abroad in uranium mining, related nuclear technologies or nuclear capable ballistic missile technology (1929).
Freezes the assets of over 80 named Iranian persons and entities, including Bank Sepah, and several corporate affiliates of the Revolutionary Guard.
Requires that countries ban the travel of over 40 named Iranians.
Mandates that countries not export major combat systems to Iran (1929).
Calls for “vigilance” (a nonbinding call to cut off business) with respect to all Iranian banks, particularly Bank Melli and Bank Saderat. (1929)
Calls for vigilance (voluntary restraint) with respect to providing international lending to Iran and providing trade credits and other financing and financial interactions. (1929)
Calls on countries to inspect cargoes carried by Iran Air Cargo and Islamic Republic of Iran Shipping Lines—or by any ships in national or international waters—if there are indications they carry cargo banned for carriage to Iran. Searches in international waters would require concurrence of the country where the ship is registered. (1929)
A Sanctions Committee, composed of the 15 members of the Security Council, monitors implementation of all Iran sanctions and collects and disseminates information on Iranian violations and other entities involved in banned activities. A seven-member “panel of experts” is empowered to report on sanctions violations and make recommendations for improved enforcement. (1929)

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## Missiles and Chemical/Biological Weapons

Iran has an array of weapons that could pose problems for the United States and its allies in the Persian Gulf. In particular, Iran’s missiles are considered to pose a threat to U.S. ships, forces, and allies in the Gulf region and beyond.

### Chemical and Biological Weapons

Official U.S. reports and testimony state that Iran maintains the capability to produce chemical warfare (CW) agents and “probably” has the capability to produce some biological warfare agents for offensive purposes, if it made the decision to do so.<sup>30</sup> This raises questions about Iran’s compliance with its obligations under the Chemical Weapons Convention (CWC), which Iran signed on January 13, 1993, and ratified on June 8, 1997.

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<sup>30</sup> Deputy Director of National Intelligence for Analysis. “Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, Covering 1 January to 31 December 2010. March 2011.

## Ballistic and Cruise Missiles and Warheads<sup>31</sup>

The Administration view is that Iran's growing inventory of ballistic missiles and its acquisition of indigenous production of anti-ship cruise missiles (ASCMs) provide capabilities for Iran to project power. Tehran views its conventionally armed missiles as an integral part of its strategy to deter—and if necessary retaliate against—forces in the region, including U.S. forces. A particular worry of U.S. commanders remains Iran's inventory of cruise missiles, which can reach U.S. ships in the Gulf quickly after launch. DNI Clapper testified on March 12, 2013 that the intelligence community assesses that “Iran's ballistic missiles are capable of delivering WMD.”

The April 2012 Defense Department report, corroborated by the March 12, 2013 DNI testimony, says that Iran is steadily expanding its missile and rocket inventories, and has “boosted the lethality and effectiveness of existing systems with accuracy improvements and new sub-munition payloads.” These assessments appeared to credit Iran's missile technology to a greater degree than did past official reports, and stated that Iran's missile programs are enhancing its ability to project power. However, there has been no alteration to the long-standing U.S. estimate that Iran would likely not be able to fully develop a missile of intercontinental range until 2015. Then Secretary of Defense Panetta said in January 2012 that Iran might be able to develop a nuclear-armed missile about a year or two after developing a nuclear explosive device.<sup>32</sup> It is not clear to what extent, if any, Iran's missile programs might have been set back by the November 12, 2011, explosion at a ballistic missile base outside Tehran that almost completely destroyed it, according to commercial satellite photos posted on various websites, and killed the base commander.

The U.N. expert panel created by Resolution 1929 reported in May 2011 that might be getting ballistic missile technology from North Korea, in violation of U.S. sanctions against Iran. Some reports suggest Iranian technicians may have witnessed North Korea's satellite launch in December 2012, which, if true, could support the view that Iran-North Korea missile cooperation is extensive. **Table 7** contains some details on Iran's missile programs.<sup>33</sup>

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<sup>31</sup> For more information on Iran's missile arsenal, see CRS Report R42849, *Iran's Ballistic Missile and Space Launch Programs*, by Steven A. Hildreth.

<sup>32</sup> <http://thehill.com/blogs/defcon-hill/policy-and-strategy/207275-panetta-iran-could-have-nuclear-weapons-delivery-vehicles-in-2-3-years>.

<sup>33</sup> Annual Threat Assessment of the Intelligence for the Senate Select Committee on Intelligence, Dennis C. Blair, Director of National Intelligence, February 2, 2010.



Table 7. Iran's Missile Arsenal

Shahab-3 ("Meteor")	800-mile range. The missile is operational, and Defense Department report of April 2012, indicates Tehran has improved its lethality and effectiveness, tempering previous assessments by experts that the missile is not completely reliable.
Shahab-3 "Variant" /Sijil/Ashoura	1,200-1,500-mile range. The April 2010 Defense Department report had the liquid fueled Shahab-3 "variant" as "possibly deployed," and the April 2102 report indicates the solid fuel version (Sijil or Ashoura) is increasing in range, lethality, and accuracy. These missiles potentially put large portions of the Near East and Southeastern Europe in range, including U.S. bases in Turkey. A U.N. experts panel reported in May 2011 that Iran tested the missile in October 2010 although the launch was "reported by a [U.N.] Member state," and not announced publicly. In concert with the beginning of 10-day "Great Prophet Six" military exercises, on June 28, 2011, Iran unveiled underground missile silos and undertook some missile tests.
BM-25	1,500-mile range. On April 27, 2006, Israel's military intelligence chief said that Iran had received a shipment of North Korean-supplied BM-25 missiles. Missile said to be capable of carrying nuclear warheads. <i>The Washington Times</i> appeared to corroborate this reporting in a July 6, 2006, story, which asserted that the North Korean-supplied missile is based on a Soviet-era "SS-N-6" missile. Press accounts in December 2010 indicate that Iran may have received components but not the entire BM-25 missile from North Korea.
ICBM	U.S. officials believe Iran might be capable of developing an intercontinental ballistic missile (3,000 mile range) by 2015, a time frame reiterated by the April 2012 DOD report.
Short Range Ballistic Missiles and Cruise Missiles	Iran is fielding increasingly capable, short range ballistic missiles, according to DOD 2012 report, such as ability to home in on and target ships while in flight. One version could be a short range ballistic missile named the Qiam, tested in August 2010. Iran has long worked on a 200 mile range "Fateh 110" missile (solid propellant), which it again tested in August 2012. Iran also possesses a few hundred short-range ballistic missiles, including the <i>Shahab-1</i> (Scud-b), the <i>Shahab-2</i> (Scud-C), and the <i>Tondar-69</i> (CSS-8). In January 2009, Iran claimed to have tested a new air-to-air missile. On March 7, 2010, Iran claimed it was producing short-range cruise missiles that it claimed are highly accurate and can destroy heavy targets. Iran also is able to arm its patrol boats with Chinese-made C-802 cruise missiles. Iran also has Chinese-supplied Seerseekers and C-802's emplaced along Iran's coast.
Space Vehicle	In February 2008 Iran claimed to have launched a probe into space, suggesting its missile technology might be improving to the point where an Iranian ICBM is realistic. Following an August 2008 failure, in early February 2009, Iran successfully launched a small, low-earth satellite on a Safir-2 rocket (range about 155 miles). The Pentagon said the launch was "clearly a concern of ours" because "there are dual-use capabilities here which could be applied toward the development of long-range missiles." A larger space vehicle, Simorgh, was displayed in February 2010. Iran claimed a satellite launch into orbit on June 16, 2011.
Warheads	<i>Wall Street Journal</i> report of September 14, 2005, said that U.S. intelligence believes Iran is working to adapt the Shahab-3 to deliver a nuclear warhead. Subsequent press reports say that U.S. intelligence captured an Iranian computer in mid-2004 showing plans to construct a nuclear warhead for the Shahab. <sup>34</sup>

<sup>34</sup> Broad, William and David Sanger. "Relying On Computer, U.S. Seeks to Prove Iran's Nuclear Aims." *New York Times*, November 13, 2005.

## **Foreign Policy and Support for Terrorist Groups**

Iran's foreign policy is a product of the ideology of Iran's Islamic revolution, superimposed on long-standing national interests. Some U.S. observers interpret Iran's foreign policy objectives as beyond defensive—attempting to overturn the power structure in the Middle East that Iran believes favors the United States, Israel, and their “collaborators”: Sunni Muslim regimes such as Egypt, Jordan, and the Gulf states. Iran couches that policy as support for an “oppressed” underclass in a region dominated by elites, while downplaying the underlying Iranian intent to empower fellow Shiites against the Sunni Muslims that dominate the region. Iran and its supporters interpret Iran's policies as attempting to thwart a U.S. goal of isolating Iran to the point where its Islamic revolution can be overturned. On March 5, 2013, outgoing commander of U.S. Central Command (CENTCOM) Gen. James Mattis testified that “Iran remains the single most significant regional threat to stability and prosperity.”

Some argue that Iran is increasingly isolated and that its foreign policy is ineffective. Countries in the region have helped the United States enforce strict sanctions against Iran, particularly on its banking sector, rather than help Tehran avoid sanctions. Iran's strategic position is severely threatened by the civil conflict in Syria, in which Iran's closest Arab ally, Bashar Al Assad of Syria, has lost control of a considerable amount of the country. A key Iranian objective that would certainly be set back by the fall of Assad is to position itself to strategically counter Israel.

Iran argues that it is not isolated and that it has benefitted from the uprisings that have toppled the leaders of Egypt, Tunisia, and Libya, and which threaten the Sunni rulers of Bahrain. The new leaders of Egypt have ended decades of diplomatic estrangement with Iran and now allow Iranian ships to transit the Suez Canal. President Mohammad Morsi of Egypt attended the Non-Aligned Movement summit in Tehran during August 27-31, 2012. Ahmadinejad attended the Organization of Islamic Conference summit in Egypt on February 5, 2013, becoming the first Iranian president to visit Egypt since the 1979 Islamic revolution. Some assert that the holding of the NAM meeting in Tehran, attended by nine heads of state and U.N. Secretary-General Ban Ki-Moon, as well as representatives of the nearly 120 countries in the NAM, illustrates that Iran is not isolated. Others assert that there were substantial strategic benefits for Iran in pre-2011 developments such as the U.S.-led installation of Iran-friendly regimes in Iraq and Afghanistan, and the growing political strength of Hezbollah in Lebanon and Hamas in Gaza.

## **Support for International Terrorism**

Iran's foreign policy often involves support of groups that are named as terrorist organizations by the United States. Iran was placed on the U.S. list of state sponsors of terrorism (“terrorism list”) in January 1984. The State Department report on international terrorism for 2011, released July 31, stated that Iran “remained an active state sponsor of terrorism in 2011,” but did not repeat previous years' characterizations that it is “the most active state sponsor of terrorism.” The report again cited the IRGC Qods Force as the primary instrument by which the regime supports militant movements abroad as instruments of Iran's foreign policy. The current Defense Minister of Iran, Brigadier General Ahmad Vahidi, is a former Qods Forces commander.

In 2011 and 2012, U.S. officials emphasized what they see as a new dimension to the Iranian threat—the potential for Iran to try to commit acts of terrorism in the United States itself. This was discussed by DNI James Clapper in testimony before the Senate Intelligence Committee on January 31, 2012, and represented a change from the previous U.S. view that the risk of U.S.

retaliation makes Iran's leaders highly unlikely to authorize attacks inside the United States. The assessment is based on an alleged Iranian plot, revealed on October 11, 2011, by the Department of Justice, to assassinate the Saudi Ambassador to the United States.

A further trend in 2012 was Iranian-sponsored attempts to attack Israeli diplomats and citizens, perhaps in retaliation for assassinations of Iranian nuclear scientists—which Iran alleges were carried out by Israel. India reportedly has concluded the Qods Force was responsible for wounding the wife of an Israeli diplomat in an attack in Delhi in February 2012. Israel says Iran, working through its Lebanon ally Hezbollah, was responsible for a July 19, 2012, terrorist bombing in Bulgaria that killed five Israeli tourists. Other alleged Iranian plots against Israeli and other targets were reported in 2012 in Thailand, Georgia, Azerbaijan, Cyprus, and Kenya.

In prior decades, Iranian terrorism took the form of assassinating dissidents abroad. In the late 1980s and early 1990s, Iran allegedly was responsible for the assassination of several Iranian dissidents based in Europe, including Iranian Kurdish dissident leader Abdol Rahman Qasemlu, several other Kurdish leaders (including those killed at the Mykonos café in Berlin in September 1992), the brother of PMOI leader Masud Rajavi, and several figures close to the late Shah of Iran. In May 2010, France allowed the return to Iran of Vakili Rad, who had been convicted in the 1991 stabbing of the Shah's last prime minister, Shahpour Bakhtiar. Iran has not been accused of dissident assassinations abroad in well over a decade.

**Table 8. Major Past Acts of Iran or Iran-Related Terrorism**

<b>Date</b>	<b>Incident/Event</b>	<b>Likely/Claimed Perpetrator</b>
April 18, 1983	Truck bombing of U.S. Embassy in Beirut, Lebanon. 63 dead, including 17 U.S. citizens.	Factions that eventually formed Lebanese Hezbollah claimed responsibility.
October 23, 1983	Truck bombing of U.S. Marine barracks in Beirut. 241 Marines killed.	Same as above
December 12, 1983	Bombings of U.S. and French embassies in Kuwait City. 5 fatalities.	Da'wa Party of Iraq—Iran-supported Iraqi Shiite militant group. 17 Da'wa activists charged and imprisoned in Kuwait
September 20, 1984	Truck bombing of U.S. embassy annex in Beirut. 23 killed.	Factions that eventually formed Lebanese Hezbollah
May 25, 1985	Bombing of Amir of Kuwait's motorcade	Da'wa Party of Iraq
June 14, 1985	Hijacking of TWA Flight 847. One fatality, Navy diver Robert Stetham	Lebanese Hezbollah
April 5, 1988	Hijacking of Kuwait Air passenger plane. Two killed.	Lebanese Hezbollah, seeking release of 17 Da'wa prisoners in Kuwait.
March 17, 1992	Bombing of Israeli Embassy in Buenos Aires. 29 killed.	Lebanese Hezbollah, assisted by Iranian intelligence/diplomats.
July 18, 1994	Bombing of Argentine-Jewish Mutual Association (AMIA) building in Buenos Aires.	Same as above
June 25, 1996	Bombing of Khobar Towers housing complex near Dhahran, Saudi Arabia. 19 U.S. Air Force personnel killed.	Saudi Hezbollah, supported by Iran, but some assessments point to involvement of Al Qaeda.

**Source:** CRS. Prepared with the assistance of Hussein Hassan, Knowledge Services Group.

## Foreign Policy: Relations with the Persian Gulf States

Several leaders of the Persian Gulf monarchy states (Gulf Cooperation Council, GCC: Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates), concerned about Iran's influence and intentions in the Gulf, have asserted, mostly privately, that the United States should move decisively to end Iran's nuclear program. These states are cooperating with U.S. containment and missile defense strategies and with most U.S. and multilateral sanctions against Iran. Several Gulf states are selling more oil to the customers that are reducing purchases of Iranian oil. However, the Gulf states have not openly supported U.S. conflict with Iran, fearing doing so might cause Iran to retaliate against Gulf state targets, and they maintain relatively normal trade with Iran. The Gulf states are also working to oust Syrian President Bashar al-Assad in large part to weaken Iran strategically in the region.

- *Saudi Arabia.* Iran and Saudi Arabia represent opposing poles of influence and interests in the region and Saudi leaders have threatened to try to acquire a nuclear weapon if Iran acquires one. Saudi Arabia sees itself as leader of the Sunni Muslim world and views Shiite Muslims, including those in eastern Saudi Arabia, as heretical. Saudi alarm over Iranian influence in the Gulf was a major factor in the military intervention by Saudi Arabia on behalf of the Bahrain government in March 2011. The Saudis repeatedly criticize Iran for past actions, including inspiring violent demonstrations at some Hajj pilgrimages in Mecca in the 1980s and 1990s—which caused a break in relations from 1987-1991—and or supporting a pro-Iranian movement, Saudi Hezbollah, that the Saudis hold responsible for the June 25, 1996, Khobar Towers bombing.<sup>35</sup> There have been some Shiite demonstrations in Saudi Arabia since the Arab uprisings began in early 2011 but there is no evidence of Iranian involvement in that unrest. Saudi-Iran diplomatic interactions normalized during the 1997-2005 presidency of the moderate Mohammad Khatemi, and Ahmadinejad has visited the Kingdom on several occasions.
- *United Arab Emirates (UAE)* concerns about Iran have not recovered from the April 1992 Iranian expulsion of UAE security forces from the Persian Gulf island of Abu Musa, which it and the UAE shared under a 1971 bilateral agreement. (In 1971, Iran, then ruled by the U.S.-backed Shah, seized two other islands, Greater and Lesser Tunb, from the emirate of Ras al-Khaymah, as well as part of Abu Musa from the emirate of Sharjah.) The UAE seeks to refer the dispute to the International Court of Justice (ICJ), but Iran insists on resolving the issue bilaterally. (ICJ referral requires concurrence from both parties to a dispute.) The UAE formally protested Iran's setting up of a maritime and ship registration office on Abu Musa in July 2008. The issue reignited on April 11, 2012, when Ahmadinejad visited Abu Musa, causing the UAE to submit to Iran and to the United Nations a formal letter of protest. On May 2, 2012, IRGC Commander Mohammad Ali Jaafari, accompanied by several Majles deputies, visited the island and discussed developing a tourism industry there. UAE officials say the

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<sup>35</sup> Walsh, Elsa. "Annals of Politics: Louis Freeh's Last Case." *The New Yorker*, May 14, 2001. The June 21, 2001, federal grand jury indictments of 14 suspects (13 Saudis and a Lebanese citizen) in the Khobar bombing indicate that Iranian agents may have been involved, but no indictments of any Iranians were announced. In June 2002, Saudi Arabia reportedly sentenced some of the eleven Saudi suspects held there. The 9/11 Commission final report asserts that Al Qaeda might have had some as yet undetermined involvement in the Khobar Towers attacks.

visits negated one year of quiet diplomacy between the two countries on the issue, which included the naming of negotiators by both sides. In November 2012, the IRGC Navy established a new base to reinforce its authority over the three disputed islands. The United States supports UAE proposals but takes no formal position on sovereignty.

Despite the territorial and political disputes, the UAE and Iran maintain relatively normal trade and diplomatic ties. Still, the UAE has provided extensive cooperation to U.S. and international efforts to enforce economic sanctions against Iran, as discussed further in CRS Report RS20871, *Iran Sanctions*. Earlier, to avoid antagonizing Iran, in May 2007 the UAE received Ahmadinejad (the highest-level Iranian visit since the 1979 revolution) and allowed him to lead an anti-U.S. rally of several hundred Iranian-origin residents of Dubai at a stadium there. This large Iranian-origin resident community (about 300,000) in Dubai may explain why Dubai takes a generally softer line on Iran than does the federation capital, Abu Dhabi.

- *Qatar* is wary that Iran might eventually seek to encroach on its large North Field (natural gas). It shares that field with Iran (called South Pars on Iran's side) and Qatar earns large revenues from natural gas exports from it. Qatar's fears have been heightened by occasional Iranian statements, such as one in April 2004, when Iran's deputy oil minister said that Qatar is probably producing more gas than "her right share" from the field and that Iran "will not allow" its wealth to be used by others. Possibly to try to ease such implied threats, Qatar invited Ahmadinejad to the December 2007 GCC summit there.
- *Bahrain* is about 60% Shiite-inhabited, many of whom are of Persian origin, but its government is dominated by the Sunni Muslim Al Khalifa family. In 1981 and again in 1996, Bahrain publicly accused Iran of supporting Bahraini Shiite dissidents in efforts to overthrow the ruling Al Khalifa family. These concerns underlie the government response to the 2011-2012 uprising against the Al Khalifa regime by mostly Shiite demonstrators. In November 2011, an investigatory commission (Bahrain Independent Commission of Inquiry) concluded there is no evidence to indicate Iran instigated the protests, although U.S. officials say Iran is working with Shiite hardline groups to block a political settlement there. Tensions have flared several times since July 2007 over Iranian attempts to question the legitimacy of a 1970 U.N.-run referendum in which Bahrainis opted for independence from Iran.
- *Oman*. Of the GCC states, the Sultanate of Oman is closest politically to Iran and has tended not to directly criticize Iranian policies. During the Shah's rule, Iran sent troops to help the Sultan suppress rebellion in the Dhofar region. Sultan Qaboos made a state visit to Iran in August 2009, coinciding with the second inauguration of Ahmadinejad that coincided with substantial Iranian unrest inside Iran over his reelection. Oman played a brokering role in obtaining the release from Iran of U.S. hiker Sara Shourd in September 2010, and her companions in September 2011. Some press reports say Omani officials routinely turn a blind eye to or even cooperate in the smuggling of western goods to Iran. In April 2013, Oman assisted in the repatriation to Iran of an Iranian scientist who served time in prison in the United States for allegedly helping Iran's nuclear program.

- *Kuwait* had pursued ties to Iran as a counterweight to Saddam Hussein, who invaded Kuwait in August 1990. Since Saddam's overthrow in 2003, Kuwait has become more distant from and critical of Iran. During 2010-2011, Kuwait and Iran arrested persons they accused of spying for or plotting attacks in the other.<sup>36</sup> About 25% of Kuwaitis are Shiite Muslims, and Iran supported Shiite radical groups in Kuwait in the 1980s as a means to try to pressure Kuwait not to support the Iraqi war effort in the Iran-Iraq War (1980-1988), as listed in the table above.

## Yemen

Yemeni leaders have long claimed that Iran was trying to destabilize Yemen—making such claims perhaps in order to secure more financial and military aid from the Arab Gulf states. More recently there have been independent indications of a growing Iranian role inside Yemen. In the north, an unnamed U.S. official reportedly said that Iranian smugglers backed by the Quds Force are using small boats to ship in AK-47s, rocket-propelled grenades and other arms to replace older weapons used by the Houthi rebels.<sup>37</sup> On July 19, 2012, Yemen's President accused Iran of spying on Yemen and threatened unspecified retaliation if Iran continued to do so. The overlay of the conflict in Yemen is an uprising against longtime President Ali Abdullah Saleh that began in 2011 and led to his departure from Yemen in January 2012. On January 13, 2013, U.S. Ambassador to Yemen Gerald Feierstein accused Iran of supporting secessionist Yemeni leaders, particularly Ali Salim al-Baidh, who is in exile in Beirut. The U.N. Panel of Experts that is monitoring Iran's compliance with sanctions reportedly has found that Yemen-based militants are receiving arms from Iran, and some of the weapons might be subsequently moving to the militant Al Shabab group in Somalia.<sup>38</sup>

## Iranian Policy in Iraq<sup>39</sup>

The U.S. military ousting of Saddam Hussein in 2003 benefitted Iran strategically by removing a long-time antagonist and producing a government led by Shiite Islamists who have long-standing ties to Iran. The Iraqi government formed in May 2006 is still led by Prime Minister Nuri al-Maliki, the head of the Shiite Islamist Da'wa (Islamic Call) party. He has made numerous visits to Iran during his tenure and Iran has strongly backed him in political disputes with Iraq's Sunni and Kurdish leaders, including in a vote of no-confidence orchestrated by these factions in mid-2012. Although preserving ties to the United States that helped establish his government, Maliki supports many of Iran's regional goals, such as keeping Bashar Al Assad of Syria in power. Iraq reportedly has allowed Iran to overfly Iraqi airspace with cargo flights to supply the Syrian military in its battle against armed dissidents.<sup>40</sup> Following a March 24, 2013 visit by Secretary of State John Kerry to Baghdad, focused on the issue, Iraq pledged to exercise greater vigilance in inspecting the Iranian flights and it has carried out more frequent inspections since. Iraq also

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<sup>36</sup> "Iran Spy Cell Dismantled in Kuwait." Associated Press, May 6, 2010; "Iran Cell Planned Attacks in Kuwait, Minister Says." *Reuters*, April 21, 2011.

<sup>37</sup> A rebellion in northern Yemen was begun by dissident Shiite cleric Hussein Badruddin Al Houthi, and the rebellion is widely referred to as the Houthi rebellion. Eric Schmitt and Robert F. Worth, "With Arms for Yemen Rebels, Iran Seeks Wider Mideast Role," *New York Times*, March 15, 2012.

<sup>38</sup> Louis Charbonneau. "U.N. Monitors See Arms Reaching Somalia From Yemen, Iran." *Reuters*, February 10, 2013.

<sup>39</sup> Background on this issue is covered in CRS Report RS22323, *Iran-Iraq Relations*, by Kenneth Katzman.

<sup>40</sup> Michael Gordon. "Iran Supplying Syrian Military Via Iraqi Airspace." *New York Times*, September 5, 2012.

continues to conduct a full spectrum of trade with Iran, sometimes allegedly running afoul of U.S. and international sanctions against Iran. On July 31, 2012, the United States sanctioned the Elaf Islamic Bank of Iraq for conducting sanctionable banking transactions with Iran, although the sanctions were removed in May 2013 when Elaf bank ceased the sanctionable activity. (For more information, see CRS Report RS20871, *Iran Sanctions*, and CRS Report RS21968, *Iraq: Politics, Governance, and Human Rights*.)

Aside from Iran's ties to Maliki and governing institutions, Iran exercises influence in Iraq through Shiite factions, particularly that of Shiite cleric Moqtada Al Sadr. Iran continues to support Sadrist and other pro-Iranian Shiite militias in Iraq—such as the Promised Day Brigade, As'aib Ahl Al Haq (League of the Righteous) and Kata'ib Hezbollah (Hezbollah Brigades). The latter organization has been named a Foreign Terrorist Organization (FTO) by the United States. Asa'ib Ahl Al Haq is reported to be expanding its political offices in southern Iraq, with some Iranian assistance. Some experts assess that these groups are evolving from militias into political organizations, a development that helps Iraqi stability. The U.S. military departure in December 2011 removed the groups' rationale for remaining armed. On the other hand, some of these groups reportedly have sent fighters to Syria to fight on behalf of the Assad regime. The Iraqi government has not blocked those fighters from going to Syria, but it also has not blocked Sunni militant groups from sending fighters to help the Syrian opposition. Those groups are located very close to the Syria border and Iraqi control over that movement is limited.

## **Undermining Israel by Supporting Militant Groups**

Iran has long opposed Israel as a creation of the West and an oppressor of the Palestinian people and other Arabs. Iranian leaders, including Ahmadinejad, the Supreme Leader, and others have often gone beyond that to threaten to destroy Israel. Khamene'i has repeatedly called Israel a "cancerous tumor." In December 2001, Rafsanjani, now considered a moderate, said that it would take only one Iranian nuclear bomb to destroy Israel, whereas a similar strike against Iran by Israel would have far less impact because Iran's population is large. Iran has hosted numerous conferences to which anti-peace process terrorist organizations were invited (for example: April 24, 2001, and June 2-3, 2002).

Iran's support for Palestinian militant groups has long concerned U.S. administrations as part of an apparent Iranian effort to obstruct an Israeli-Palestinian peace. The State Department report on terrorism for 2011 repeated previous year's reports assertions that Iran provides funding, weapons, and training to Hamas, Palestinian Islamic Jihad (PIJ), the Al Aqsa Martyr's Brigades, and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). All are named as foreign terrorist organizations (FTO) by the State Department for their use of violence against Israel. However, as discussed below, Iran and Hamas have split over the Syria issue and, in late December 2012, the PFLP-GC enclave in Damascus was captured by Syrian rebels in mid-December 2012. The organization splintered, and its leader, Ahmad Jibril, reportedly has fled Syria for Lebanon, making the PFLP-GC less useful to Tehran. The formal position of the Iranian Foreign Ministry is that Iran would not seek to block an Israeli-Palestinian settlement but that the process is too weighted toward Israel to yield a fair result.

### **Iran and Hamas**

Since mid-2011, Hamas, a Sunni organization but one long considered a key to Iran's influence in stoking Israeli-Palestinian conflict, has split with Iran politically over the issue of Syria. For well

over a decade, the State Department report on terrorism, including the report for 2011, has said that Hamas receives funding, weapons, and training from Iran. However, Hamas opposed the military-led crackdown against unrest by Al Assad of Syria, largely out of sectarian sympathy with the mostly Sunni protesters in Syria. Hamas' Syria-based leaders left that country in late 2011. Hamas' position on Syria also ran it afoul of Iranian policy, and Iran reportedly has reduced its support to Hamas since July 2011. On March 6, 2012, Hamas leaders stated they would not necessarily retaliate against Israel on Iran's behalf, if Israel undertook unilateral military action against Iranian nuclear facilities. The Iran-Hamas rift appears to affirm the basic underlying vulnerability of the relationship—their sectarian difference.<sup>41</sup>

Iran has tried to rebuild the Hamas relationship since late 2012. Iranian leaders openly admitted providing “missile technology” that Hamas used against Israel during the November 14-22, 2012, conflict between Hamas in Gaza and Israel. Prior to the conflict, Iran reportedly supplied missile technology or whole missiles, such as the “Fajr-5,” to Hamas via Sudan, from where the gear was trucked into Gaza through Egypt. Some Hamas leaders thanked Iran for its support. The shipments appeared to violate Resolution 1747, which bans Iranian arms exports. Still, the ceasefire between Hamas and Israel was brokered by Egypt—not Iran—suggesting that Egypt now has far more sway over Hamas than Iran does.

Earlier, when the Iran-Hamas relationship was stronger, Iran's regional policy was strengthened by Hamas successes, such as its victory in the January 25, 2006, Palestinian legislative elections, and even more so by Hamas's June 2007 armed takeover of the Gaza Strip. Iran provided material support to Hamas during an earlier Israel-Hamas War in Gaza (December 27, 2008-January 17, 2009). In March 2011, Israel intercepted a ship, the *Victoria*, off its coast, and seized a “large quantity” of mortars and C-704 cruise missiles that Israel said were bound for Hamas in Gaza.

### **Iran and Hezbollah<sup>42</sup>**

Lebanese Hezbollah is Iran's chief protégé movement in the region; their relationship began when Lebanese Shiite clerics of the pro-Iranian Lebanese Da'wa Party began to organize in 1982 into what later was unveiled in 1985 as Hezbollah. Iran's political, financial, and military aid to Hezbollah has helped it become a major force in Lebanon's politics and Iran reportedly has been instrumental in persuading Hezbollah leaders to become directly involved in the Syria conflict on behalf of Assad. Acts of terrorism by the group and its antecedents are listed in the table above, but Hezbollah has largely forsaken acts of international terrorism in recent years, focusing instead primarily on its role in Lebanon.

Hezbollah's attacks on Israeli forces in southern Lebanon contributed to an Israeli withdrawal in May 2000, but Hezbollah maintained military forces along the border. Although Iran likely did not instigate Lebanese Hezbollah to provoke the July-August 2006 war with Israel, Iran has long been its major arms supplier. Hezbollah fired Iranian-supplied rockets on Israel's northern towns during the fighting, including at the Israeli city of Haifa (30 miles from the border), and, more intensively, at cities within 20 miles of the Lebanese border.<sup>43</sup> During that conflict, on July 14, 2006, Hezbollah hit an Israeli warship with a C-802 sea-skimming missile probably provided by

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<sup>41</sup> CNN “Late Edition” interview with Hamas co-founder Mahmoud Zahar, January 29, 2006.

<sup>42</sup> For detail on Hezbollah, see CRS Report R41446, *Hezbollah: Background and Issues for Congress*, by Casey L. Addis and Christopher M. Blanchard.

<sup>43</sup> “Israel's Peres Says Iran Arming Hizbollah.” *Reuters*, February 4, 2002.



Iran. Iran's 50 QF personnel in Lebanon reportedly advised Hezbollah during the conflict, although that number might have increased during the conflict to help Hezbollah operate the Iran-supplied weaponry. Even though Hezbollah reduced its overt military presence in southern Lebanon in accordance with U.N. Security Council Resolution 1701 (July 31, 2006), Hezbollah was perceived as a victor in the war for holding out against Israel. Iran was perceived as a political beneficiary of Hezbollah's decision in January 2011 to withdraw from the Lebanese cabinet, which led to the fall of the Hariri government and the formation of a government by Hezbollah-selectee Najib Makati, a Sunni Muslim. (Under a long-standing agreed political formula in Lebanon, the prime minister is a Sunni Muslim.) Ahmadinejad advertised Iran's continued strong commitment to Hezbollah during his October 14-15, 2010, visit to Lebanon, the first by a president of the Islamic Republic, which included villages near the border with Israel.

However, there has been more vocal criticism of Hezbollah within and outside Lebanon because it supports its other key patron, Syrian President Assad, in his military effort to end the rebellion in Syria. On April 30, 2013, Hezbollah Secretary General Hassan Nasrallah openly admitted that Hezbollah fighters are helping Assad. Iranian financial and logistical help is reportedly facilitating the Hezbollah intervention, and Iran reportedly instigated Hezbollah to send fighters to lead the Syrian government offensive in the border town of Qusayr in May 2013. Because of the perceived vulnerability of Hezbollah should Assad fall, Iran is reported to be trying to broaden its relationships in Lebanon, particularly with the Christian community. In May 2012, Iran's first vice president visited Lebanon with a large delegation and numerous proposals to fund development projects in areas inhabited by all of Lebanon's different sects and confessions. One controversial project is to provide \$40 million for a dam to provide electricity to parts of Lebanon's Christian heartland.<sup>44</sup>

### ***Recent Arming and Funding***

Since the 2006 conflict, Iran has resupplied Hezbollah with at least 25,000 new rockets, and<sup>45</sup> press reports in early 2010 said Hezbollah maintains a wide network of arms and missile caches around Lebanon. Among the post-war deliveries were 500 Iranian-made "Zelzal" (Earthquake) missiles with a range of 186 miles, enough to reach Tel Aviv from south Lebanon. In November 2009, Israel intercepted a ship that it asserted was carrying 500 tons of arms purportedly for Hezbollah. Iran also made at least \$150 million available for Hezbollah to distribute to Lebanese citizens (mostly Shiite supporters of Hezbollah) whose homes were damaged in the Israeli military campaign.<sup>46</sup> Many experts believe Hezbollah would fire those rockets at Israel if Israel were to strike Iran's nuclear facilities.

The State Department terrorism report for 2008, released on April 30, 2009, specified Iranian aid to Hezbollah as exceeding \$200 million in 2008, and said that Iran trained over 3,000 Hezbollah fighters in Iran during that year. The State Department terrorism report for 2011 repeated the 2010 report's assertion that Iran "has provided hundreds of millions of dollars in support of Hezbollah and has trained thousands of Hezbollah fighters at camps in Iran."

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<sup>44</sup> Neil MacFarquhar. "Iran is Seeking Lebanon Stake As Syria Totters." *New York Times*, May 25, 2012.

<sup>45</sup> Rotella, Sebastian. "In Lebanon, Hezbollah Arms Stockpile Bigger, Deadlier." *Los Angeles Times*, May 4, 2008.

<sup>46</sup> Shadid, Anthony. "Armed With Iran's Millions, Fighters Turn to Rebuilding." *Washington Post*, August 16, 2006.

## Syria

Syria's Bashar Al Assad has been Iran's closest Arab ally and Iran would suffer a considerable strategic setback if the Sunni-led rebellion in Syria succeeds in toppling his regime. Syria has been the main transit point for Iranian weapons shipments to Hezbollah, and both Iran and Syria have used Hezbollah as leverage against Israel to try to achieve their regional and territorial aims.

U.S. officials and reports assert that, to try to prevent Assad's downfall, Iran is providing substantial amounts of material support to the Syrian regime, including funds, weapons, and fighters.<sup>47</sup> The State Department said on May 21, 2013 that Iran had sent fighter to Syria to fight alongside the Syrian military. Then commander of U.S. Central Command (CENTCOM) Gen. James Mattis said on April 12, 2013 that Assad would likely fall if he did not have the levels of Iranian assistance he is getting. Since the start of 2013, Iran reportedly has increased the frequency of its resupply flights to Syria to at least one per day, and Iran and Hezbollah reportedly have helped Syria set up popular militia forces to relieve some of the burden on the manpower-strapped Syrian army. Some experts say the Iranian direct intervention goes beyond QF personnel to include an unknown number of IRGC ground forces as well.<sup>48</sup> On September 16, 2012, IRGC Commander-in-Chief Jafari confirmed that there are QF personnel in Syria. On April 14, 2011, and on several occasions since, U.S. officials have said that Iran is also providing Syria with equipment to suppress crowds and to monitor and block protester use of the Internet.<sup>49</sup>

Iran bases its justification for its intervention in Syria on a long-standing defense relationship with the Assad regime. On December 13, 2009, the Syrian and Iranian defense ministers signed a defense agreement. In June 2010, it was reported that Iran had sent Syria a sophisticated air defense radar system that Syria could potentially use to thwart Israeli air strikes.<sup>50</sup> In March 2011, Iranian officials commented that they might contribute to improving some Syrian port facilities or other installations. On some occasions, including the early 1990s, Iran purportedly has acted as an intermediary with North Korea to supply Syria with various forms of WMD and missile technology, and Iran reportedly has helped Syria expand its chemical weapons arsenal.<sup>51</sup>

At the same time, Iran is attempting to ensure that it preserves influence in Syria even if Assad falls. Iran's direct backing has focused on those areas of Syria inhabited by the Alawite community, which practices Shiism and to which Assad belongs. Those areas are also crucial to Iran's ability to resupply Hezbollah should Assad's rule collapse. Perhaps hoping to ensure Alawite integration in a post-Assad Syria, Iran has urged a political solution for Syria that would include major political reform. On December 16, 2012, Iran announced a six-point plan for a peaceful transition that would culminate in free, multiparty elections, although the plan was rejected by Syrian rebels because it provides for Assad to be able to compete in 2014 elections.

In response to the Iranian military presence in Syria, on May 4, 2011, the Treasury Department designated the Qods Force as an entity subject to a U.S. assets freeze for human rights abuses in

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<sup>47</sup> Details and analysis on the full spectrum of Iranian assistance to Assad is provided by the Institute for the Study of War. "Iranian Strategy in Syria," by Will Fulton, Joseph Holliday, and Sam Wyer. May 2013.

<sup>48</sup> Will Fulton, Joseph Holliday, and Sam Wyer. "Iranian Strategy in Syria." Institute for the Study of War, May 2013.

<sup>49</sup> Adam Entous and Matthew Rosenberg. "U.S. Says Iran Helps Crackdown in Syria." *Wall Street Journal*, April 14, 2011.

<sup>50</sup> Levinson, Charles. "Iran Arms Syria With Radar." *Wall Street Journal*, June 30, 2010.

<sup>51</sup> James Ball. "Documents: Iran Helped Syria Expand Chemical Weaponry." *Washington Post*, July 28, 2012.

Syria (under Executive Order 13572). On May 18, 2011, the Treasury Department designated Mohsen Chizari, a Qods Force officer, and Qods Force overall commander Qasem Soleimani under that order. Other Iranians were sanctioned in late June under that order. In late August 2011, the European Union sanctioned the Qods Force for assisting the Syrian crackdown.

## **The Caucasus and Central Asia**

Iran's policy in the nearby Caucasus has thus far emphasized Iran's rights to Caspian Sea resources, particularly against Azerbaijan. That country's population, like Iran's, is mostly Shiite Muslim, but its leadership is secular. Azerbaijan is ethnically Turkic, and Iran fears that Azerbaijan nationalists might stoke separatism among Iran's large Azeri Turkic population, which has sometimes been restive. These differences could explain why Iran has generally tilted toward Armenia, which is Christian, in Armenia's disputes with Azerbaijan over territory and control of ethnic Armenians. Iran has often slowed or stopped Azerbaijani truck traffic that must transit Iran in order to reach a non-contiguous part of Azerbaijan (Nakichevan), which is cut off from the rest of Azerbaijan by Armenia's occupation of Nagorno-Karabakh. In May 2012, Azerbaijan refused entry to a senior aide to Khamene'i.

In July 2001, Iranian warships and combat aircraft threatened a British Petroleum (BP) ship on contract to Azerbaijan out of an area of the Caspian that Iran considers its own. The United States called that action provocative, and has since been engaged in border security and defense cooperation with Azerbaijan. The United States successfully backed construction of the Baku-Tbilisi-Ceyhan oil pipeline, intended in part to provide alternatives to Iranian oil.

Israel also is apparently looking to Azerbaijan to counter Iran, announcing in February 2012 a major sale of defense equipment. In mid-March 2012, Azerbaijan arrested 22 persons it said were Iranian agents plotting attacks against Israeli and Western targets there.

Along with India and Pakistan, Iran has been given observer status at the Central Asian security grouping called the Shanghai Cooperation Organization (SCO—Russia, China, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan). In April 2008, Iran applied for full membership in the organization, but, not wanting to antagonize the United States, in June 2010 the SCO barred admission to countries under U.N. Security Council sanctions (which is the case for Iran). Asia<sup>52</sup>

## **South and East Asia**

Iran looks to countries in East and South Asia as potential allies to help parry U.S. and European pressure on Iran's economy and its leaders. This section focuses primarily on South Asia which is in Iran's immediate neighborhood.

### **East Asia**

Many countries in East Asia are aligned with the United States. China is an emerging world power that opposes a nuclear-armed Iran but also opposes unilateral U.S. and U.S.-allied

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<sup>52</sup> Substantially more detail on Iran's activities in Afghanistan is contained in: CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman.

sanctions against Iran. Iran's main ally in East Asia is North Korea which, as noted elsewhere, has weapons-related technology ties to Tehran. In April 2013, press reports indicated Iran might supply oil to North Korea, presumably in exchange for the technological help. For more information on Iran's relations with East Asia, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman, which focuses on Iran's oil customers such as China.

## **South Asia: Afghanistan**

In Afghanistan, as in Iraq, Iran is viewed by U.S. officials as pursuing a multi-track strategy—attempting to help develop Afghanistan and enhance its influence there, while also building ties to pro-Iranian groups as well as to anti-U.S. militants. A key Iranian goal appears to be to restore some of its traditional sway in eastern, central, and northern Afghanistan, where Persian-speaking supporters of the “Northern Alliance” grouping of non-Pashtun Afghan minorities predominate. Many Afghans, even those of Pashtun ethnicity, speak Dari, a dialect of Persian language. Iran might also be using its influence in parts of Afghanistan to try to blunt the effects of international sanctions against Iran.<sup>53</sup>

Iran has sought some influence by supporting the government of President Hamid Karzai, who is a Sunni Muslim and a Pashtun. Karzai has said publicly and repeatedly that he opposes any competition between the United States and Iran in Afghanistan. Karzai regularly meets with Ahmadinejad bilaterally and in the context of several regional summit series that include Pakistan and Central Asian states. The latest summit, between Iran, Afghanistan, and Pakistan, was held during February 17-18, 2012. The two countries are said to be cooperating effectively against narcotics trafficking from Afghanistan into Iran; Iranian border forces take consistent heavy losses in operations to try to prevent this trafficking.

While dealing with Karzai, Iran also is positioning itself—in ways at odds with Afghan government interests—to threaten U.S. forces. Reflecting concern about the U.S. military presence in Afghanistan, Iran reportedly tried to derail the U.S.-Afghanistan Strategic Partnership Agreement that was signed on May 1, 2012, under which the United States will likely keep forces in Afghanistan beyond 2014. The agreement prohibits the United States from using Afghanistan as a base from which to launch military action against other countries. After Afghanistan signed the pact, Iran reportedly ended its direct cash payments (about \$2 million per year) to Karzai's government. Karzai admitted on October 26, 2010, that Iran was providing cash payments to his government, through his chief of staff.

The State Department has provided evidence of Iranian materiel support to militants in Afghanistan in its annual reports on terrorism. The recent reports accuse the Qods Force of supplying various munitions, including 107 mm rockets, to select Taliban and other militants in Afghanistan, and of training Taliban fighters in small unit tactics, small arms use, explosives, and indirect weapons fire. The report again asserts that Iran has supplied militants in Qandahar, which is a Pashtun-inhabited province in southern Afghanistan and demonstrates that Iran is not only assisting militants near its borders. In February 2011, British forces captured 48 Iranian-made rockets in Afghanistan's western province of Nimruz, allegedly bound for Taliban militants. In August 2010, under Executive Order 13224, the Treasury Department sanctioned two Iranian Qods Force officers allegedly involved in supplying funds and materiel to Afghan militants. On

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<sup>53</sup> Matthew Rosenberg and Annie Lowry. “Iranian Currency Traders Find a Haven in Afghanistan.” *New York Times*, August 18, 2012.

the other hand, U.S. commanders have consistently maintained that the Iranian assistance to Afghan militants is not decisive on the battlefield.

The support Iran gives to Afghan insurgents gives Iran potential leverage in any Taliban-government political settlement in Afghanistan. In July 2012, Iran reportedly allowed the Taliban to open an office in Zahedan, in eastern Iran—possibly to better coordinate policy with the Taliban or possibly to facilitate and Iranian role in political reconciliation in Afghanistan.<sup>54</sup>

Iran has, with U.S. acceptance, engaged in some of the international diplomacy on Afghanistan. It attended the October 18, 2010, meeting in Rome of the 44-nation “International Contact Group” on Afghanistan. The United States did not object to the Iranian attendance at the meeting, which included a briefing by General David Petraeus (then top U.S./NATO commander in Afghanistan). Iran also attended the a Contact Group meeting on March 3, 2011, in Jeddah, Saudi Arabia (at the headquarters of the Organization of Islamic Conference). Iran did not attend the January 28, 2010, international meeting in Britain on Afghanistan, but it did attend a follow-up meeting in Kabul on July 20, 2010. Iran attended the regional meeting on Afghanistan in Istanbul on November 2, 2011, at which all regional countries pledged to support Afghan stability and sovereignty. It also attended the major international Bonn Conference on Afghanistan on December 5, 2011, and subsequent international conferences on that issue, with the exception of the May 20-21, 2012, NATO summit in Chicago.

## Pakistan

Iran’s relations with Pakistan have been partly a function of events in Afghanistan, although relations have worsened somewhat in late 2009 as Iran has accused Pakistan of supporting Sunni Muslim rebels in Iran’s Baluchistan region. These Sunni guerrillas have conducted a number of attacks on Iranian regime targets in 2009, as discussed above (*Jundullah*).

Iran engaged in substantial military cooperation with Pakistan in the early 1990s, and it was revealed in 2003 that the founder of Pakistan’s nuclear weapons program, A. Q. Khan, sold Iran nuclear technology and designs.<sup>55</sup> However, Iran-Pakistan relations became strained in the 1990s when Pakistan was supporting the Taliban in Afghanistan, which committed alleged atrocities against Shiite Afghans (Hazara tribe), and which seized control of Persian-speaking areas of western and northern Afghanistan. Iran remains suspicious that Pakistan might want to again implant Taliban militants in power in Afghanistan, but Iran-Pakistan relations have improved since mid-2011 as Pakistan’s relations with the United States have worsened. Iran and Pakistan now have a broad bilateral agenda that includes a potential major gas pipeline project that Pakistan hopes can alleviate its energy shortages. Ahmadinejad and Pakistan’s President Asif Ali Zardari formally inaugurated the project in early March 2013. Iran has completed the line on its side of the border, and Pakistan is trying to accelerate work on its part of the line, although Pakistan reportedly is having trouble financing the project. U.S. officials say they consider it potential sanctionable under the Iran Sanctions Act.

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<sup>54</sup> Maria Abi-Habib. “Tehran Builds On Outreach to Taliban.” *Wall Street Journal*, August 1, 2012.

<sup>55</sup> Lancaster, John and Kamran Khan. “Pakistanis Say Nuclear Scientists Aided Iran.” *Washington Post*, January 24, 2004. [http://isis-online.org/uploads/isis-reports/documents/IAEA\\_Iran\\_8Nov2011.pdf](http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_8Nov2011.pdf).

## India

India and Iran have sought to accommodate each other's interests and avoid mutual conflict. Their interests have tended to align on several issues, particularly Afghanistan, where both countries support the minority factions based in the north and west. India reportedly wants to expedite the development of Iran's Chabahar port, which would give India direct access to Afghanistan and Central Asia without relying on transit routes through Pakistan.

As international sanctions have increased in 2011-2012, India appears to be wrestling with a choice of preserving its ties to Iran—which has provided it with needed oil for its growing economy—or joining U.S. and international attempts to isolate Iran. In 2012, it has sided with the United States and the EU by cutting its purchases of Iranian oil, and has received an exemption from U.S. sanctions—the latest of which was on December 7, 2012. India's cooperation with U.S. sanctions is discussed more extensively in CRS Report RS20871, *Iran Sanctions*.

Of particular concern to some U.S. officials, particularly in the late 1990s, were India-Iran military-to-military relationships and projects. The relationship included visits to India by some Iranian naval personnel, although India said these exchanges involve junior personnel and focus mainly on promoting interpersonal relations and not on India's provision to Iran of military expertise. The military relationship between the countries has withered over at least the past five years. India and Iran, along with the United States, backed the anti-Taliban "Northern Alliance" in Afghanistan during 1996-2001.

## Al Qaeda

Iran is not a natural ally of Al Qaeda, largely because Al Qaeda is an orthodox Sunni Muslim organization. However, some experts believe that hardliners in Iran still might want to use Al Qaeda activists as leverage against the United States and its allies, despite the May 1, 2011, death of Al Qaeda founder Osama bin Laden in a U.S. raid in Pakistan. Some allege that Iran is forging links to Al Qaeda affiliates in Africa, such as Boko Haram in Nigeria and Al Shabab in Somalia, for the purpose of extending its influence in Africa. However, it is unclear whether any Iranian ties to these groups have been approved at the highest levels of the Iranian leadership.

The 9/11 Commission report said several of the September 11 hijackers and other plotters, possibly with official help, might have transited Iran, but the report did not assert that the Iranian government knew about the plot. A U.S. district court filing in May 2011 in New York named Iranian officials and ministries as materially supporting the Al Qaeda in the September 11 attacks. On December 15, 2011, the court in favor of the plaintiffs and later ordered Iran, Al Qaeda, and the Taliban to pay \$6 billion in damages to the relatives of the September 11 attacks. Earlier, on November 28, 2011, a U.S. district court issued a ruling linking Iran (and Sudan) to the August 1998 Al Qaeda bombings of the U.S. embassies in Kenya and Tanzania.

Even though bin Laden has been killed, Iran might see possibilities for tactical alliance with Al Qaeda. Three major Al Qaeda figures believed to still be based mostly in Iran include spokesman Sulayman Abu Ghaith, top operative Sayf Al Adl, and a bin Laden's son, Saad.<sup>56</sup> All three have been reported, at least on occasion, to have been allowed outside Iran to travel to Pakistan. U.S.

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<sup>56</sup> Gertz, Bill. "Al Qaeda Terrorists Being Held by Iran." *Washington Times*, July 24, 2003.

officials blamed the three for the May 12, 2003, bombings in Riyadh, Saudi Arabia, against four expatriate housing complexes, saying they were able to contact associates outside Iran.<sup>57</sup> The Department of Treasury, on January 16, 2009, designated four Al Qaeda operatives in Iran, including Saad bin Laden (and three lesser known figures) as terrorist entities under Executive Order 13224. On July 28, 2011, under that same order, the Treasury Department sanctioned six Al Qaeda members for allegedly moving funds to Al Qaeda in Pakistan and Afghanistan via their bases in Iran, and under a specific agreement between Al Qaeda and Iran. Another bin Laden ally, Abu Musab al-Zarqawi, killed by U.S. forces in Iraq on June 7, 2006, reportedly transited Iran into Iraq after the September 11, 2001, attacks and became an insurgent leader in Iraq.

Iran has, to some extent, confirmed the presence of Al Qaeda militants in Iran. It asserted on July 23, 2003, that it had “in custody” senior Al Qaeda figures. On July 16, 2005, Iran’s intelligence minister said that 200 Al Qaeda members are in Iranian jails.<sup>58</sup> U.S. officials have said since January 2002 that Iran has not prosecuted or extradited any senior Al Qaeda operatives. As a possible sign of an Iranian shift, Abu Ghaith was expelled to Turkey, and was apprehended by U.S. authorities on March 13, 2013, with the help of Turkey and Jordan while on his way to his native Kuwait. If Iran is in the process of turning against Al Qaeda, the cause could be differences on Syria, where allies of Al Qaeda form a large part of the anti-Asad rebellion. On April 22, 2013, Canada asserted it had foiled a plot by Al Qaeda members based in Iran to bomb Amtrak trains running between Canada and the United States. Officials who revealed the alleged plot did not assert that the Iranian government was involved.

## **Latin America**

A growing concern in Congress has been Iran’s developing relations with countries and leaders in Latin America. Iran views some Latin American countries, particularly Cuba and Venezuela, as sharing its distrust of the United States and as willing to help Iran circumvent some international sanctions. Suggesting expanded Iranian interest in the Western Hemisphere, during 2006-2011, Iran opened six embassies in countries in the region (Colombia, Nicaragua, Chile, Ecuador, Uruguay, and Bolivia), and expanded embassies in Cuba, Argentina, Brazil, Mexico, and Venezuela. In January 2012, Ahmadinejad undertook a visit to Latin America, including Venezuela, Ecuador, Cuba, and Nicaragua. By all accounts, few concrete economic agreements were reached during that visit, which expands on past patterns in which agreements tend to be announced but not implemented. Ahmadinejad attended the U.N. Conference on Sustainable Development in Brazil on June 21, 2012, which was bounded by his travel to Bolivia and Venezuela.

In the 112<sup>th</sup> Congress, H.R. 3783, the “Countering Iran in the Western Hemisphere Act,” requiring the Administration to develop within 180 days of enactment a strategy to counter Iran’s influence in Latin America, passed both chambers and was signed on December 28, 2012 (P.L. 112-220). Many outside experts, however, believe that most Latin American countries see little benefit to a major expansion of ties to Iran and that assessments of Iran’s influence in the region may be overstated by some think-tank experts. No Latin American leader attended the NAM summit in Tehran in August 2012.

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<sup>57</sup> Gertz, Bill. “CIA Points to Continuing Iran Tie to Al Qaeda.” *Washington Times*, July 23, 2004.

<sup>58</sup> “Tehran Pledges to Crack Down on Militants.” Associated Press, July 18, 2005.

## Venezuela and Cuba

Venezuela under President Hugo Chavez, who passed away in March 2013, was Iran's main champion in the region. Chavez's hand-picked successor, Victor Maduro, was declared the winner of the April 2013 presidential election and he has not altered Chavez's policies. However, Maduro's degree of enthusiasm for the Iran relationship is not known. Even before Chavez's death on March 5, 2013, there was no consensus on the degree of threat posed by Iran-Venezuela ties; in July 2012, President Obama stated that Iran-Venezuela ties do not constitute a strategic threat to the United States. The April 2012 Defense Department report on Iran did not address this issue, although the 2010 version of the report was the first U.S. government publication to say that Qods Force personnel are in Venezuela, where their presence was assessed as "increasing," according to that 2010 report.

When he was President, Chavez visited Iran on several occasions, offering to engage in joint oil and gas projects, and Ahmadinejad has visited Venezuela on each of his six trips to Latin America as president, including the June 2012, trip. However, contrary to the assertions of some experts, a State Department official testified before the House Foreign Affairs Committee on June 24, 2011, that Iran's embassy in Caracas has only about 14 diplomats and is not particularly active in terms of open diplomatic activity, casting doubt on reports that Iran has a large, active presence in Venezuela. About 400 Iranian engineers have reportedly been sent to Venezuela to work on infrastructure projects there.

It was reported in May 2011 that the two may have signed an agreement in October 2010 to develop a joint missile base in Venezuela, but the Obama Administration said there was no evidence to support the missile base assertion. Venezuela reportedly has purchased some Iranian military equipment, such as rifles, as well as \$23 million in military equipment upgrades and an explosives factory.<sup>59</sup>

Many accounts say that most of the agreements between Iran and Venezuela were not implemented. The arrangements that were implemented included the establishment of direct air links through an obscure air service, although the route was suspended in 2010. A deal for Petroleos de Venezuela to supply Iran with gasoline was signed in September 2009, apparently in a joint effort to circumvent U.S. sanctions on sales of gasoline to Iran. In part because of this trade, the firm was sanctioned under the Iran Sanctions Act in May 2011. Other Venezuelan firms have also been sanctioned for ties to Iran, as discussed in CRS Report RS20871, *Iran Sanctions*.

## Cuba

Iran's relations with Cuba are long-standing and Cuba has routinely been included in Ahmadinejad's several visits to Latin America. In the past, Cuba reportedly has helped Iran jam the broadcasts of Iranian dissidents based in Los Angeles and elsewhere in the United States. Still, Cuba's economy is widely considered too small to be able to materially reduce the effect of international sanctions against Iran.

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<sup>59</sup> Martin Arostegui. "Iran Tries to Gain Sway in Latin America." Wall Street Journal, December 6, 2011.



## **Other Ties in the Region**

Iran also has built ties to Ecuador, Bolivia, Nicaragua, and Brazil, although some press accounts may exaggerate the extent and strategic significance of these relations. Iranian Defense Minister Ahmad Vahidi visited Bolivia in May 2011, but President Evo Morales was then compelled to apologize to Argentina for inviting him because of Vahidi's alleged involvement in the 1994 Buenos Aires bombing listed in the table above. Vahidi was, at the time, the head of the Qods Force. Iran reportedly has \$1 billion in joint ventures with Bolivia. These ventures reportedly were the subject of discussion during Ahmadinejad's June 2012 visit, discussed above. Trade with Ecuador expanded from \$6 million annually to \$168 million from 2007 to 2008.

Iran's embassy in Managua, Nicaragua, is said by close observers to be small, and Nicaragua has refused Iranian demands to repay \$164 million in debt it owes Iran for past crude oil deliveries. Nicaragua reportedly was upset that Ahmadinejad's January 2012 visit did not result in an Iranian pledge to forgive that debt. Iran also failed to implement some promises to undertake joint ventures with Nicaragua, including a \$350 million deep water port there. Still, President Daniel Ortega hosted Ahmadinejad during his visit there in January 2012.

Because of its large economy, Brazil, under previous President Luiz Inacio Lula da Silva, emerged as Iran's most significant supporter, particularly because of Brazil's engagement with Iran to forge the "Tehran Declaration" on nuclear issues in June 2010. However, the government of President Dilma Roussef, whose term began January 1, 2011, has been less supportive of Iran than was her predecessor. Ahmadinejad did not visit Brazil during his January 2012 visit to the region, but he did visit in June 2012 to attend the U.N. conference on sustainable development.

## **Africa**

To reduce Iran's isolation, Ahmadinejad has tried to enlist the support of some African leaders. Some observers believe that Iran's outreach is focused on those African countries that might be able to export natural uranium for Iran's nuclear program to compensate for Iran's domestic deficiencies; such uranium producers include Zimbabwe, Niger, Senegal, Nigeria, and the Democratic Republic of Congo. Ahmadinejad has made five visits to Africa since taking office, the most recent of which was to Niger, Benin, and Ghana in April 2013. However, the visits produced no major agreements, by most accounts, in part because most African countries do not want to risk their relationships with the United States by undertaking new dealings with Iran. And, some countries in Africa complain that Iran has not implemented some of its pledges: an Iranian promise to build a new oil refinery in Senegal to ease that country's gasoline shortages was not implemented.

As an example of what the Administration called Iran's exports of lethal aid to foment violence in Africa, in October 2010, the QF reportedly attempted to ship weapons to Gambia, via Nigeria, but the shipment was intercepted in Nigeria. Several Iranian entities, and a Nigerian shipping agent, were sanctioned by the United States in April 2012 for facilitating this incident. The Nigerian shipping agent allegedly helped Qods Force personnel enter Nigeria. On May 13, 2013, a Nigerian court convicted one alleged QF member and his Nigerian accomplice to five years in prison for the shipment. The U.N. panel of experts report on Iranian arms sales embargo violations, discussed above, have cited Iranian attempts to ship weapons to allies in the Middle East via Nigeria. Iran restored relations with Senegal on February 7, 2013; relations had been severed in February 2011 when Senegal accused Iran of supplying weapons to rebels in its

southern Casamance region. (For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.)

Some Members of Congress are concerned that Iran is supporting radical Islamist movements or planning acts of terrorism in Africa. Allegations of Iran's support for Al Qaeda affiliates in Africa are discussed above in the section on Al Qaeda. A Kenyan court found two Iranian men guilty on May 2, 2013 of planning to carry out bombings in Kenya, apparently against Israeli targets there. As noted above, the U.N. panel of experts reportedly concluded in early 2014 that Iranian arms had reached Al Shabab in Somalia. However, such activity appears to be a minor component of Iranian policy.

## **Sudan**

Iran also appears to have an ongoing—and possibly expanding—relationship with the government of Sudan. Relations were close in the early 1990s when Islamist leaders in Sudan welcomed international Islamist movements to train and organize there. The Iran-Sudan relationship apparently cooled in the mid-1990s when international sanctions compelled Sudan to expel Osama bin Laden in 1996 and to downplay Islamist links abroad. However, Iran continued to supply the Sudanese government with weapons it has used on its various fronts, such as the one with South Sudan, and the Qods Force continued to arm and train the Popular Defense Force militia. Some observers say Iranian pilots have been active in Sudan on behalf of the government there. President Omar Hassan Al Bashir attended the NAM summit meeting in Tehran in August 2012. On October 31, 2012, two Iranian warships docked in Port Sudan for joint exercises with Sudan, one week after a weapons factory in Khartoum was bombed, allegedly by Israel. The factory purportedly was a source of Iranian or other rockets and other weapons intended for Hamas. After the ship visit, some Sudanese politicians questioned the wisdom of Sudan's drawing closer to Iran. Additional Iranian warships visited the port in mid-December 2012.

## **U.S. Policy Approaches and Additional Options**

The February 11, 1979, fall of the Shah of Iran, a key U.S. ally, opened a deep and ongoing rift in U.S.-Iranian relations. Although U.S. concerns about Iran and its nuclear program are long-standing, Israel's threat to use military action against Iran's nuclear facilities—with or without U.S. backing—has made U.S. policy toward Iran an urgent issue. Many of the policy options being implemented or under consideration are the same options that have faced the United States since 1979—and virtually no policy option has been taken “off the table.”

Iran has an interest section in Washington, DC, under the auspices of the Embassy of Pakistan; it is staffed by Iranian Americans. The U.S. interest section in Tehran—under the auspices of the Embassy of Switzerland there—has no American personnel stationed there. There has been occasional U.S. consideration of requesting that Tehran allow U.S. personnel there, but Iran has not expressed support for the idea. As a temporary alternative, the State Department is attempting outreach to the Iranian people by establishing, as of November 2011, an Internet-based “virtual embassy,” that explains the visa application process and other items of interest to Iranians.

## Background on Relations Since the 1979 Revolution

The Carter Administration sought a degree of engagement with the Islamic regime during 1979, but it agreed to allow in the ex-Shah for medical treatment and engaged some moderate Iranian officials of the new regime who were viewed by Khomeini loyalists as insufficiently revolutionary. As a result, the U.S.-Iran estrangement began in earnest on November 4, 1979, when radical pro-Khomeini “students in the line of the Imam (Khomeini)” seized the U.S. Embassy in Tehran and held its diplomats hostage until minutes after President Reagan’s inauguration on January 20, 1981. The United States broke relations with Iran on April 7, 1980, two weeks prior to the failed U.S. military attempt to rescue the hostages during April 24-25, 1980. The two countries have had limited contact since.<sup>60</sup>

The United States tilted toward Iraq in the 1980-1988 Iran-Iraq War, including U.S. diplomatic attempts to block conventional arms sales to Iran, providing battlefield intelligence to Iraq<sup>61</sup> and, during 1987-1988, direct skirmishes with Iranian naval elements in the course of U.S. efforts to protect international oil shipments in the Gulf from Iranian mines and other attacks. On April 18, 1988 (“Operation Praying Mantis”), Iran lost one-quarter of its larger naval ships in an engagement with the U.S. Navy, including a frigate sunk. On July 3, 1988, U.S. forces in the Gulf mistakenly shot down Iran Air Flight 655 by the USS *Vincennes* over the Gulf.

After the Iran-Iraq War ended, President George H. W. Bush laid the groundwork for a rapprochement with Iran. In his January 1989 inaugural speech, saying that, in relations with Iran, “goodwill begets goodwill,” implying better relations if Iran helped obtain the release of U.S. hostages held by Hezbollah in Lebanon. Iran did assist in obtaining their release, completed in December 1991. However, no thaw followed, possibly because Iran continued to back groups opposed to the U.S.-sponsored Middle East peace process.

Upon taking office in 1993, the Clinton Administration moved to further isolate Iran as part of a strategy of “dual containment” of Iran and Iraq. In 1995 and 1996, the Clinton Administration and Congress banned U.S. trade and investment with Iran and imposed penalties on investment in Iran’s energy sector (Iran Sanctions Act) in response to growing concerns about Iran’s weapons of mass destruction and its efforts to subvert the Arab-Israeli peace process. The Clinton Administration expressed skepticism of the EU’s policy of “critical dialogue” with Iran—a dialogue consisting of EU meetings with Iran that included criticisms of Iran’s human rights policies and its support for militant movements in the Middle East.

The election of relative moderate Mohammad Khatemi in May 1997 precipitated a U.S. shift toward engagement; the Clinton Administration offered Iran dialogue without preconditions. In January 1998, Khatemi publicly agreed to “people-to-people” U.S.-Iran exchanges, but ruled out direct talks. In a June 1998 speech, then-Secretary of State Albright called for mutual confidence building measures that could lead to a “road map” for normalization. In a March 17, 2000, speech, she acknowledged past U.S. meddling in Iran, announcing an easing of the U.S. trade ban, and promised to try to resolve outstanding claims disputes. At the September 2000 U.N. “Millennium Summit” in New York, Albright and President Clinton attended Khatemi’s speeches.

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<sup>60</sup> An exception was the abortive 1985-1986 clandestine arms supply relationship with Iran in exchange for some American hostages held by Hezbollah in Lebanon (the so-called “Iran-Contra Affair”).

<sup>61</sup> Sciolino, Elaine. *The Outlaw State: Saddam Hussein’s Quest for Power and the Gulf Crisis*. New York: John Wiley and Sons, 1991. p. 168.

With Iran's nuclear program emerging as an issue in 2002, the George W. Bush Administration tried to limit Iran's strategic capabilities through international diplomacy and sanctions. Although Iran appeared to have no role in the September 11, 2001, attacks, President Bush appeared to define Iran as an enemy of the United States when he included Iran as part of an "axis of evil" in his January 2002 State of the Union message (along with Iraq and North Korea). President George Bush's January 20, 2005 second inaugural address and his January 31, 2006 State of the Union message stated that the United States would be a close ally of a free and democratic Iran—reflecting sentiment for efforts to change the regime.<sup>62</sup>

On the other hand, Bush Administration statements that it considered Iran a great nation and respects its history<sup>63</sup> reflected the views of those in the Administration who favored diplomacy—particularly considering Iran's potential to harm U.S. troops in Afghanistan and Iraq. The Administration engaged Iran on specific issues: for example, it conducted a dialogue in Geneva with Iran on Iraq and Afghanistan from late 2001 until May 2003.<sup>64</sup> This represented the first confirmed direct dialogue between the two countries since the 1979 revolution. The United States aided victims of the December 2003 earthquake in Bam, Iran, including a reported offer—rebuffed by Iran—to send a high-level delegation to Iran that would include then Senator Elizabeth Dole and President Bush's sister, Dorothy. An amendment by then Senator Joseph Biden to the FY2007 defense authorization bill (P.L. 109-364) supported the Administration joining nuclear talks with Iran.

The Bush Administration did not offer Iran an unconditional, direct U.S.-Iran bilateral dialogue on *all* issues of U.S. concern. However, some say the Bush Administration "missed an opportunity" for a "grand bargain" with Iran on its nuclear program and other issues of concern by rebuffing a reported comprehensive overture from Iran just before the May 12, 2003, Riyadh bombing. The *Washington Post* reported on February 14, 2007, ("2003 Memo Says Iranian Leaders Backed Talks") that the Swiss ambassador to Iran in 2003, Tim Guldemann, had informed U.S. officials of a comprehensive Iranian proposal for talks with the United States.<sup>65</sup> However, State Department officials and some European diplomats based in Tehran questioned whether that proposal represented an authoritative Iranian communication.

## Obama Administration Policy: Engagement Coupled with Pressure

After taking office in 2009, President Obama asserted that there was an opportunity to diplomatically dissuade Iran from expanding its nuclear program and to build a new framework for relations with Iran after the decades of estrangement and enmity. Some Obama Administration officials expressed skepticism that engagement would yield changes in Iran's policies, while other officials believed that the United States needed to present Iran with clear incentives and punishments for continuing uranium enrichment.

The first major public manifestation of President Obama's approach to Iran policy came in his first message to the Iranian people on the occasion of Nowruz (Persian New Year), March 21,

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<sup>62</sup> Cooper, Helene and David Sanger. "Strategy on Iran Stirs New Debate at White House." *New York Times*, June 16, 2007.

<sup>63</sup> These were prominent themes in speeches by President Bush such as at the Merchant Marine Academy on June 19, 2006, and his September 18, 2006, speech to the U.N. General Assembly.

<sup>64</sup> Wright, Robin. "U.S. In 'Useful' Talks With Iran." *Los Angeles Times*, May 13, 2003.

<sup>65</sup> [http://www.armscontrol.org/pdf/2003\\_Spring\\_Iran\\_Proposal.pdf](http://www.armscontrol.org/pdf/2003_Spring_Iran_Proposal.pdf).

2009. He stated that the United States “is now committed to diplomacy that addresses the full range of issues before us, and to pursuing constructive ties among the United States, Iran, and the international community.” He also referred to Iran as “The Islamic Republic of Iran,” a formulation that suggests an aversion to a regime change option. Other steps included:

- President Obama’s reported two letters in 2009 to Iran’s Supreme Leader expressing the Administration’s philosophy in favor of engagement with Iran.
- A major speech to the “Muslim World” in Cairo on June 4, 2009, in which President Obama acknowledged that the United States had played a role in the overthrow of Mossadeq, and said that Iran had a right to peaceful nuclear power if it complies with its responsibilities under the NPT.
- An announcement on April 8, 2009, that U.S. officials would attend all P5+1 meetings with Iran.
- Loosening of restrictions on U.S. diplomats to meet their Iranian counterparts at international meetings.

### **Shift Since 2009: Pressure Combined With Diplomacy**

By the middle of 2009, the crackdown on the 2009 election-related unrest by Iran and its refusal to agree to technical terms of the October 1, 2009, nuclear agreement shifted the Administration’s focus to pressuring Iran economically as a means of producing leverage. In a statement following the June 9, 2010, passage of Resolution 1929, President Obama said Iran had refused the path of engagement. Since then, the Administration has emphasized implementing additional sanctions, while continuing dialogue and negotiations with Iran and offering sanctions relief if Iran is willing to bargain “seriously” on the core nuclear concerns.

To place pressure on Iran, since 2010, the President has signed into law four major Iran sanctions bills, which are discussed in substantial detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman. U.S. partners in Europe have ended purchases of Iranian oil and several other measures. As of January 2013, these sanctions have halved Iran’s exports of oil, virtually shut Iran out of the international banking system, and caused a major decline in the value of Iran’s currency.

In 2012, President Obama explicitly ruled out containing a nuclear-armed Iran, asserting that U.S. policy is to prevent Iran from becoming a nuclear state. He restated the policy during his March 20-21, 2013 visit to Israel. At the same time, the Administration has repeatedly stated that a military option “remains on the table,” and President Obama has repeatedly stated that the “window for diplomacy is closing.” Secretary of State John Kerry and Secretary of Defense Chuck Hagel reiterated the policy during their visits to Israel during April 9-11 and April 24, respectively. S.J.Res. 41, which passed the Senate on September 22, 2012 in the 112<sup>th</sup> Congress, rejects any U.S. policy that relies on containment but acknowledges that President Obama has ruled out a containment policy.

As part of its policy, and in concert with the democratic uprisings in the Middle East that began in 2011, the Administration also has increased its criticism of Iran for its human rights abuses. President Obama’s March 20, 2011, Nowruz statement was significantly more supportive of the pro-democracy movement in Iran than it was in prior years. His March 20, 2012, Nowruz message stated that the United States will seek to help Iranians circumvent government

restrictions on the Internet and other media forms, themes that were reiterated in his March 20, 2013 Nowruz message.

The Administration has stated it is willing to undertake direct bilateral talks with Iran to increase the chances for progress on the nuclear issue.<sup>66</sup> On February 2, 2013, Vice President stated that the Administration is willing to undertake bilateral talks if the Supreme Leader “is serious” about negotiating. However, the Supreme Leader, on February 7, 2013, stated his opposition to such talks unless the United States ceased pressuring Iran through economic sanctions. The Administration offer of direct talks reflects and supports the views of some former senior diplomats and other officials who recommended greater emphasis on diplomacy in a report issued in April 2013 by The Iran Project, entitled “Strategic Options for Iran: Balancing Pressure With Diplomacy.”

## **U.S. and Other Military Action “On The Table” as Israel Threatens a Unilateral Strike**

President Obama has repeatedly stated that military options are “on the table” to prevent Iran from acquiring a nuclear weapon. In a March 2, 2012, interview in *The Atlantic*, he clarified that statement as meaning that there is a military component to preventing a nuclear-armed Iran.<sup>67</sup> Vice President Biden reinforced that point in a speech to AIPAC (America-Israel Public Affairs Committee) on March 4, 2013 that President Obama is “not bluffing” in his discussion of possible use of military force if diplomacy with Iran fails to produce a nuclear agreement. Yet, President Obama and other senior officials continued to maintain that military action is a last resort if sanctions and diplomacy fail. And, some believe that the Administration’s refusal to become involved militarily to oust Bashar Al Assad of Syria casts doubt on the Administration’s assertions that it would act militarily against Iran if all other options fail.

Senior U.S. officials have repeatedly stressed the potential adverse consequences of military action, such as Iranian retaliation that might expand throughout the region or even beyond, a reduction of Iran’s regional isolation, a strengthening of Iran’s regime domestically, an escalation of world oil prices, and the likelihood that military action would only delay Iran’s eventual acquisition of a nuclear weapons capability by about one to two years. These points were enumerated by then Secretary of Defense Panetta in a speech to the Brookings Institution on December 2, 2011<sup>68</sup> and Secretary of Defense Chuck Hagel expressed similar views during his time as a Senator and after. Most U.S. allies oppose military action. Some argue that U.S. military action could set back Iran’s nuclear program substantially because there are a limited number of key targets and all targets, even the hardened Fordow site, are vulnerable to U.S. air power.<sup>69</sup> Other experts suggest that U.S. expressions of confidence in its ability to do substantial damage

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<sup>66</sup> Helene Cooper and Mark Landler. “U.S. Officials Say Iran Has Agreed to Nuclear Talks.” *New York Times*, October 21, 2012.

<sup>67</sup> Jeffrey Goldberg. “Obama to Iran and Israel: ‘As President of the United States, I Don’t Bluff’” *The Atlantic*, March 2, 2012.

<sup>68</sup> <http://2scottmontgomery.blogspot.com/2011/12/panetta-brookings-speech.html>.

<sup>69</sup> Joby Warrick. “Iran: Underground Sites Vulnerable, Experts Say.” *Washington Post*, March 1, 2012. For an extended discussion of U.S. air strike options on Iran, see Rogers, Paul. *Iran: Consequences Of a War*. Oxford Research Group, February 2006.

to Iranian nuclear targets could be intended to signal to Israel that the United States can destroy Iran's nuclear infrastructure, if needed.

Others argue that there are U.S. military options available that do not require U.S.-initiated hostilities. Some say that a naval embargo is possible, while others might advocate a "no-fly zone" over Iran to pressure the regime. A U.S. ground invasion to remove Iran's regime has not, at any time, appeared to be under serious consideration, in part because of the likely resistance an invasion would meet in Iran.

U.S.-Iran military conflict could result from events or actions other than a deliberate U.S. decision to strike Iran. Such possibilities drew increased attention in relation to Iran's repeated threats in 2012 to close the Strait of Hormuz if sanctions are imposed on Iran's exportation of oil. This issue is discussed in substantial detail in CRS Report R42335, *Iran's Threat to the Strait of Hormuz*, coordinated by Kenneth Katzman.

### **U.S. Deployments in the Persian Gulf**

Whether or not U.S. military action against Iran is ordered, the United States maintains a large Persian Gulf presence as a show of resolve against Iran and a demonstration that a military option can be implemented successfully. The United States maintains about 50,000 forces in the Gulf region. There are usually two U.S. aircraft carrier task forces in or around the Gulf region at a given time, although maintenance issues compelled one such task force to depart in November 2012. It might return later in 2013. In June 2012, the United States, added a ship (USS *Ponce*) in the Gulf that serves as a platform for helicopters and Special Operations Forces, and added minesweeping capabilities including underwater drones that can find and destroy mines. In late September 2012, the United States and 30 other nations held minesweeping exercises in the Persian Gulf to reinforce their ability to respond to any Iranian military action there. On November 15, 2012, it was reported that the United States was sending additional advanced anti-mine technology to the Gulf. Another set of anti-mine drills in the Gulf, involving 41 nations led by the United States took place during May 5-25, 2013.

### **Iranian Retaliation Scenarios<sup>70</sup>**

Consistent with U.S. assessments, Iran's Supreme Leader and other Iranian political and military figures have repeatedly warned that Iran will retaliate for any U.S. military action taken against Iran. In September 2012, IRGC officials warned that even if military action were taken only by Israel, the action would trigger retaliation against U.S. targets. Some U.S. officials believe Iran would try to retaliate through terrorist attacks inside the United States or against U.S. embassies and facilities in Europe or the Persian Gulf. Iran could also try to direct anti-U.S. militias in Iraq and Afghanistan to attack U.S. personnel and facilities in those countries.

Iran's capability to retaliate appears to be increasing. The Defense Department April 2012 report on Iranian military power indicates that Iran's retaliatory ability is growing, as discussed above. That ability has been enhanced through acquisition of additional ships and submarines, increasingly accurate and lethal short range ballistic missiles, and new missile capabilities to

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<sup>70</sup> See also, Washington Institute for Near East Policy. "The Last Resort: Consequences of Preventive Military Action Against Iran," by Patrick Clawson and Michael Eisenstadt. June 2008.

retarget, while in flight, U.S. ships or related installations across the Persian Gulf. Iran has also added naval bases along its Gulf coast, according to the DoD report, enhancing its ability to threaten shipping in the Strait. In mid-February 2013, Iran announced plans to establish a new naval base near Iran's border with Pakistan, on the Sea of Oman.

Many U.S. naval planners also worry about Iran's ability to use its large fleet of small boats to "swarm" U.S. ships, and its ability to lay numerous mines in the narrow Strait of Hormuz. On November 1, 2012, an Iranian Su-25 fired at but missed a U.S. drone that the United States said was over international waters. In late December 2012 and mid-January 2013, Iran's regular and IRGC navies each conducted naval exercises in and around the Strait of Hormuz. Earlier, Iran demonstrated its willingness and ability to act militarily: in February 2007, Iran seized 15 British sailors that Iran said were patrolling in Iran's waters, although Britain says they were in Iraqi waters performing coalition-related searches. They were held until April 5, 2007.

To reduce the effectiveness of Iranian retaliation, some argue that the United States would need to strike not only nuclear facilities but all of the retaliatory capabilities discussed above. Press reports in February 2012, citing reported Defense Department briefings of President Obama on military options on Iran, said that a U.S. strike could include IRGC and Iranian leadership targets.

### **Containment of Iran and U.S. Efforts to Support the Gulf States**

Some believe Iran will inevitably become a nuclear armed state, no matter what policies are put into effect and what legislation is enacted, and that containing a nuclear armed Iran is the only viable longterm option. Critics see a reliance on containment as an abandonment of U.S. efforts to prevent Iran from becoming a nuclear state.

Even though Iran has not yet acquired a nuclear weapon, many elements of a containment strategy have already been put in place by successive Administrations. The containment efforts can pressure Iran on the nuclear issue as well as serve to limit Iran's political and military influence more broadly. A key component of the strategy has been to enhance the capabilities of U.S. allies in the Persian Gulf. Major initiatives to do so were put in place during the Clinton Administration and further developed during the Bush Administration. In mid-2006 the State Department, primarily the Bureau of Political-Military Affairs ("Pol-Mil"), established the "Gulf Security Dialogue" (GSD). The Obama Administration has continued the GSD effort. During a visit to the Middle East in March 2009, then Secretary of State Clinton said, after meeting with several Arab and Israeli leaders in the region, that "there is a great deal of concern about Iran from this whole region." Iran was also the focus of her trip to the Gulf region (Qatar and Saudi Arabia) in February 2010, in which she again raised the issue of a possible U.S. extension of a "security umbrella" or guarantee to regional states against Iran, as a means of preventing Gulf accommodations to Iranian demands or attempting themselves to acquire countervailing nuclear capabilities. With the exception of some arms sales to Bahrain, most major arms sales to the Gulf states have continued without interruption, despite the Arab uprisings that have occurred in the region since early 2011. Part of the focus of Secretary of Defense Hagel's visit to the Middle East in late April 2013 was to finalize major arms sales with Israel, Saudi Arabia, and the UAE that Secretary Hagel openly acknowledged represented a signal of U.S. resolve on Iran. The UAE and Saudi sales include advanced air-launched munitions and, in the case of the UAE, additional F-16 combat aircraft along with those munitions.

A cornerstone of the U.S. strategy has been to improve and link into one system Gulf state missile defense capabilities, as well as to improve border and maritime security equipment through sales



of combat littoral ships, radar systems, and communications gear. During a visit to Saudi Arabia on March 30-31, 2012, then Secretary Clinton inaugurated a U.S.-GCC strategic dialogue that revived the long-standing concept of a GCC-wide, integrated missile defense architecture. She again discussed this issue with GCC leaders during a meeting at the margins of the late September 2012 meetings at the U.N. General Assembly. Several missile defense sales include PAC-3 sales to UAE and Kuwait, and Joint Direct Attack Munitions (JDAMs) to Saudi Arabia and UAE; and the very advanced “THAAD” (Theater High Altitude Area Defense) to UAE. The THAAD sale, previously notified to Congress, was finalized in early January 2012.<sup>71</sup> In early September 2012, it was reported that the United States would soon put in place an early-warning missile defense radar in Qatar that, when combined with radars in Israel and Turkey, would provide a wide range of coverage against Iran’s missile forces.<sup>72</sup>

### ***Other Strategic Missile Defense Concepts Against Iran***

As part of the effort to demonstrate to Iran that nuclear weapons have no utility, there has also been planning to defend against an eventual long-range Iranian missile system. In August 2008, the George W. Bush Administration reached agreements with Poland and the Czech Republic to establish a missile defense system to counter Iranian ballistic missiles. These agreements were reached over Russia’s opposition, which was based on the belief that the missile defense system would be used to neutralize Russian capabilities. However, reportedly based on assessments of Iran’s focus on missiles of regional range, on September 17, 2009, the Obama Administration reoriented this missile defense program to focus, at least initially, on ship-based systems, and systems based in other European countries, including Romania, possibly later returning to the idea of Poland- and Czech-based systems. Some saw this as an effort to win Russia’s support for additional sanctions on Iran, although Russia continues to disagree with the plan. The FY2013 national defense authorization act (P.L. 112-239) contains provisions urging the Administration to undertake more extensive efforts, in cooperation with U.S. partners and others, to defend against the missile programs of Iran (and North Korea).

### **Presidential Authorities and Legislation on Military Action**

A decision to take military action might raise the question of presidential authorities, but no legislation has been passed by both chambers and signed into law limiting the President’s authority to use military force against Iran. In the 109<sup>th</sup> Congress, H.Con.Res. 391, introduced on April 26, 2006, called on the President to not initiate military action against Iran without first obtaining authorization from Congress. A similar bill, H.Con.Res. 33, was introduced in the 110<sup>th</sup> Congress. An amendment to H.R. 1585, the National Defense Authorization Act for FY2008, requiring authorization for force against Iran, was defeated 136 to 288. A provision that sought to bar the Administration from taking military action against Iran without congressional authorization was taken out of an early draft of an FY2007 supplemental appropriation (H.R. 1591) to fund additional costs for Iraq and Afghanistan combat (vetoed on May 1, 2007). Other provisions, including requiring briefings to Congress about military contingency planning related to Iran’s nuclear program, were in a House-passed FY2009 defense authorization bill (H.R.

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<sup>71</sup> For more information on this and other U.S. sales to the UAE, see CRS Report RS21852, *The United Arab Emirates (UAE): Issues for U.S. Policy*, by Kenneth Katzman.

<sup>72</sup> David Sanger and Eric Schmitt. “To Calm Israel, U.S. Offers Ways to Restrain Iran.” *New York Times*, September 3, 2012.

5658). In the apparent belief that there needs to be substantial advanced planning for U.S. military action, the FY2011 Defense Authorization Act (P.L. 111-383, signed January 7, 2011) contained a provision (§1243) requiring the Administration to develop a “National Military Strategy to Counter Iran.”

In the 111<sup>th</sup> Congress, H.Con.Res. 94 called for the United States to negotiate an “Incidents at Sea” agreement with Iran. Section 1240 of the National Defense Authorization Act for FY2011 (P.L. 111-383) calls for a DOD report, within one year of enactment, on the merits of such an agreement with Iran and other Persian Gulf countries. A press report in September 2011 said that some Defense Department officials were contemplating establishing formal communications channels to Iranian naval officers to prevent misunderstandings and unintended conflict.<sup>73</sup> The idea grew out of a series of incidents with Iranian vessels, some of the incidents involving British warships, that nearly prompted confrontation with Iran. The concept has not been implemented.

### **An Israeli Strike?<sup>74</sup>**

Prime Minister Benjamin Netanyahu of Israel has asserted that a nuclear-armed Iran would constitute an existential threat to Israel, and that outcome must be prevented even if doing so requires unilateral Israeli action. Implicit in these Israeli statements is the view that Israeli leaders do not believe the Obama Administration will take military action to prevent Iran from acquiring a nuclear weapon. Following the start of enrichment activities at the hardened site at Fordow, then Defense Minister Ehud Barak and other Israeli leaders expressed concern that Iran’s nuclear program is entering a “zone of immunity” beyond which Israel would not have a military option.

The Obama Administration has refused to accept Israeli urgings—such as by Prime Minister Netanyahu in his September 27, 2012, U.N. General Assembly speech, to set clear “red lines”—actions that, if taken by Iran, would trigger certain U.S. military action. However, during President Obama’s March 20-12, 2013 visit to Israel, there were signs that U.S.-Israel differences on the urgency of the issue had narrowed. That convergence had been evident since November 2012, when Israeli officials pushed out the time horizon for possible unilateral Israeli military action until at least early 2013. On November 9, 2012, then Defense Minister Barak appeared to push that horizon out further to “eight to ten months” (taking it to mid-2013). And, the January 2013 Israeli elections altered Netanyahu’s governing coalition to one that appears less supportive of unilateral action against Iran than was his prior coalition. On the other hand, the failure of the April 5-6, 2013 talks in Almaty to achieve a breakthrough revived discussion in Israel about potential unilateral action. On April 17, 2013, the Senate Foreign Relations Committee reported out a “sense of Congress” resolution, S.Res.65, that the United States should support Israel diplomatically, economically, and militarily if it felt compelled to strike Iran’s nuclear facilities. The resolution passed the Senate on May 22, 2013 by a vote of 99-0.

Although Israeli strategists say that a strike might be a viable option, several U.S. experts doubt that Israel has the capability to make such action sufficiently effective to justify the risks. The IAF is capable but far smaller than that of the United States, and could require overflight of several countries not likely to support Israeli action, such as Iraq.

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<sup>73</sup> Jay Solomon and Julian Barnes. “U.S. Weighs A Direct Line to Tehran.” *Wall Street Journal*, September 19, 2011.

<sup>74</sup> This option is analyzed in substantial depth in: CRS Report R42443, *Israel: Possible Military Strike Against Iran’s Nuclear Facilities*, coordinated by Jim Zanotti.

While the Israeli strike possibility has become acute, it is not new. In mid-June 2008, Israeli officials confirmed reports that the Israel Air Force (IAF) had practiced a long-range strike such as that which would be required for an attack on Iran's nuclear sites. Debate recurred in September 2010 following the publication of an article in *The Atlantic* by Jeffrey Goldberg entitled "Point of No Return" that hinted at a possibly impending strike in early 2011.<sup>75</sup>

## Reported Covert Action

As international concern about Iran's nuclear program has grown, there is reportedly has been U.S. covert action to slow Iran's nuclear program. There have not been recent reports of any U.S. covert action to try to destabilize Iran politically. During 2006-2008, it was reported that the United States and Israel conducted operations that resulted in the sale to Iran of nuclear and other technology rigged to have a destructive effect on Iran's programs. Another example includes the Stuxnet computer virus that caused many Iranian centrifuges to be destroyed. The killings of some Iranian scientists over the past few years remain unexplained and could have been the result of covert action. The latest Iranian scientist to be killed was Mostafa Ahmadi Roshan, a chemical engineer at the Natanz enrichment facility, who died when a bomb placed under his car exploded on January 10, 2012. Earlier, on December 5, 2011, a U.S. drone, the RQ-170 Sentinel, went down in Iran; it reportedly was based in Afghanistan and may have been sent over Iran to monitor Iran's nuclear sites. Iran refused a U.S. request to return it.

Some believe that Iran is retaliating for the reported covert action through cyberattacks on U.S. or foreign financial institutions, which have been occurring since 2012. U.S. officials have said Iran might also have perpetrated a cyberattack against Persian Gulf state oil and gas firms in mid-2012. U.S. officials say they are working with affected institutions to try to stop the attacks, and some press reports say that other forms of retaliation against Iran might be under consideration.<sup>76</sup>

## Regime Change

Throughout its first year, the Obama Administration sought to allay Iran's long-standing suspicions that the main U.S. goal is to unseat the Islamic regime in Iran. Iran's suspicions of U.S. intentions are based on the widespread perception that the United States has at times sought to promote regime change in Iran since the 1979 Islamic revolution. The United States provided some funding to anti-regime groups, mainly pro-monarchists, during the 1980s,<sup>77</sup> and the George W. Bush Administration expressed attraction to this option on several occasions. The Obama Administration's stated policy remains to alter Iran's behavior, not change its regime.

The 2009 domestic uprising in Iran seemed to some experts to present an opportunity for regime change in Iran. The Administration expressed rhetorical support for human and political rights

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<sup>75</sup> See <http://www.theatlantic.com/magazine/archive/2010/09/the-point-of-no-return/8186/>.

<sup>76</sup> Siobhan Gorman and Danny Yadron. "Banks Seek U.S. Help on Iran Cyberattacks." *Wall Street Journal*, January 16, 2013.

<sup>77</sup> CRS conversations with U.S. officials responsible for Iran policy. 1980-1990. After a period of suspension of such assistance, in 1995, the Clinton Administration accepted a House-Senate conference agreement to include \$18-\$20 million in funding authority for covert operations against Iran in the FY1996 Intelligence Authorization Act (H.R. 1655, P.L. 104-93), according to a *Washington Post* report of December 22, 1995. The Clinton Administration reportedly focused the covert aid on changing the regime's behavior, rather than its overthrow.

demanded by the Green Movement but did not materially support the uprising. As the regime took progressively harsher steps to crush the uprising, President Obama increased his criticism of the regime; on December 28, 2009, he stated that: “Along with all free nations, the United States stands with those who seek their universal rights.”<sup>78</sup> On September 19, 2010, then Secretary of State Clinton explained that more overt and extensive U.S. support for the opposition could undermine the opposition’s position in Iran.

In 2011, the Administration reevaluated its stance slightly in the context of the broader Middle East uprisings. Statements by then Secretary Clinton and the National Security Council accused Iran of hypocrisy for supporting demonstrations in Egypt while preventing similar free expression inside Iran.<sup>79</sup> Many observers noted that President Obama’s 2011 Nowruz address was far more explicitly supportive of the Iranian opposition than in past years, mentioning specific dissidents who have been jailed and saying to the “young people of Iran ... I want you to know that I am with you.”<sup>80</sup> Since that statement, the Administration has sanctioned Iranian officials for human rights abuses in Iran and for assisting Syria with its crackdown against demonstrations. These statements and steps stop short of constituting a policy of “regime change,” although Iran interprets any public support for the domestic opposition as evidence of U.S. intent to overthrow the clerical government. As noted above, his 2012 Nowruz message (March 20, 2012) focused on U.S. efforts to help Iranians circumvent government restrictions on the Internet and other media—a so-called “electronic curtain.”

Some in Congress have advocated a U.S. policy of overthrow of the regime. In the 111<sup>th</sup> Congress, one bill said that it should be U.S. policy to promote the overthrow of the regime (The Iran Democratic Transition Act, S. 3008).

### **Pursuing a Middle Ground: Democracy Promotion and Internet Freedom Efforts**

In the absence of all-out U.S. pursuit of regime change, successive Administrations and Congress have agreed on more modest steps to promote political evolution in Iran through “democracy promotion” and sanctioning Iranian human rights abusers.

### ***Sanctioning Iranian Human Rights Abusers and Abuses***

As part of its efforts to isolate the regime on human rights grounds, on September 29, 2010, President Obama, acting in accordance with Section 105 of P.L. 111-195 (CISADA), issued Executive Order 13553, imposing sanctions on Iranian officials determined to have committed human rights abuses since Iran’s 2009 election. Sanctions include a ban on visas to the United States and freeze on U.S.-based assets or trade with them. In an annex, eight Iranian officials were named as violators and were subjected to the sanctions. The full list of Iranian sanctioned under this and other Executive Orders is provided in Table 6 of CRS Report RS20871, *Iran Sanctions*.

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<sup>78</sup> White House, Office of the Press Secretary. “Statement by the President on the Attempted Attack on Christmas Day and Recent Violence in Iran.” December 28, 2009.

<sup>79</sup> <http://www.whitehouse.gov/the-press-office/2011/02/27/statement-national-security-council-spokesman-tommy-vietor-iran>.

<sup>80</sup> White House. “Remarks of President Obama Marking Nowruz.” March 20, 2011.

In the 112<sup>th</sup> Congress, several bills were introduced to increase sanctions on Iranian human rights abusers, including S. 879 and H.R. 1714. Elements of these bills were incorporated into a broad Iran sanctions bill, H.R. 1905, passed by both chambers on August 1, 2012, and signed on August 10 (P.L. 112-158). The provisions of these laws are discussed in greater detail in CRS Report RS20871, *Iran Sanctions*.

### ***Democracy Promotion Funding***

Binding legislation to favor democracy promotion in Iran was enacted in the 109<sup>th</sup> Congress. The Iran Freedom Support Act (P.L. 109-293), signed September 30, 2006, authorized funds (no specific dollar amount) for Iran democracy promotion.<sup>81</sup> Iran asserts that funding democracy promotion represents a violation of the 1981 “Algiers Accords” that settled the Iran hostage crisis and provide for non-interference in each others’ internal affairs.

The George W. Bush Administration asserted that open funding of Iranian pro-democracy activists (see below) as a stated effort to change regime behavior, not to overthrow the regime, although some saw the Bush Administration’s efforts as a cover to achieve a regime change objective. A few accounts, such as “Preparing the Battlefield” by Seymour Hersh in the *New Yorker* (July 7 and 14, 2008) say that President George W. Bush authorized U.S. covert operations to destabilize the regime,<sup>82</sup> involving assistance to some of the ethnic-based armed groups discussed above. CRS has no way to confirm assertions in the Hersh article that up to \$400 million was appropriated and/or used to aid the groups mentioned.

The State Department, the implementer of U.S. democracy promotion programs for Iran, has used funds in appropriations (see **Table 9**) to support pro-democracy programs run by at organizations based in the United States and in Europe; the department refuses to name grantees for security reasons. The funds shown below have been obligated through DRL and the Bureau of Near Eastern Affairs in partnership with USAID. At least \$60 million of the funds have been allocated to date. Some of the funds have been appropriated for cultural exchanges, public diplomacy, and broadcasting to Iran. A further indication of the sensitivity of specifying the use of the funds is that the Obama Administration requested funds for Near East regional democracy programs in its FY2010, FY2011, FY2012, and FY2013 budget requests, but no specific requests for funds for Iran were delineated.

Many have consistently questioned the effectiveness of such funding. In the view of many experts, U.S. funds would make the aid recipients less attractive to most Iranians. Even before the post-2009 election crackdown, Iran was arresting civil society activists by alleging they are accepting the U.S. democracy promotion funds, while others have refused to participate in U.S.-funded programs, fearing arrest.<sup>83</sup> In May 2007—Iranian American scholar Haleh Esfandiari, of

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<sup>81</sup> This legislation was a modification of H.R. 282, which passed the House on April 26, 2006, by a vote of 397-21, and S. 333, which was introduced in the Senate.

<sup>82</sup> Ross, Brian and Richard Esposito. Bush Authorizes New Covert Action Against Iran, [http://blogs.abcnews.com/theblotter/2007/05/bush\\_authorizes.html](http://blogs.abcnews.com/theblotter/2007/05/bush_authorizes.html).

<sup>83</sup> Three other Iranian Americans were arrested and accused by the Intelligence Ministry of actions contrary to national security in May 2007: U.S. funded broadcast (Radio Farda) journalist Parnaz Azima (who was not in jail but was not allowed to leave Iran); Kian Tajbacksh of the Open Society Institute funded by George Soros; and businessman and peace activist Ali Shakeri. Several congressional resolutions called on Iran to release Esfandiari (S.Res. 214 agreed to by the Senate on May 24; H.Res. 430, passed by the House on June 5; and S.Res. 199). All were released by October 2007. Tajbacksh was rearrested in September 2009 and remains incarcerated.

the Woodrow Wilson Center in Washington, DC, was imprisoned for several months, on the grounds that the Wilson Center was part of this effort. The center has denied being part of the democracy promotion effort in Iran.

Perhaps in response to some of these criticisms, the Obama Administration altered Iran democracy promotion programs somewhat toward working directly with Iranians inside Iran who are organized around such apolitical issues as health care, the environment, and science.<sup>84</sup> During 2009, less emphasis was placed on funding journalists and human rights activists in Iran, or on sponsoring visits by Iranians to the United States.<sup>85</sup> One issue arose concerning the State Department decision in late 2009 not to renew a contract to the Iran Human Rights Documentation Center (IHRDC), based at Yale University, which was cataloguing human rights abuses in Iran. However, IHRDC has reportedly continued to receive some U.S. funding to continue its work.

### ***Promoting Internet Freedom in Iran***

U.S. actions have focused on preventing the Iranian government's suppression of electronic communication. Legislation and Executive Orders issued to promote Internet freedom and prevent the regime from monitoring the Internet is discussed in detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman. Under Secretary of State Wendy Sherman testified on October 14, 2011, that some of the democracy promotion funding for Iran has been to train Iranians in the use of technologies that undermine regime Internet censorship efforts.

### ***Broadcasting/Public Diplomacy Issues***

Another part of the democracy promotion effort has been the development of new U.S. broadcasting services to Iran. The broadcasting component of policy has been an extension of a trend that began in the late 1990s. Radio *Farda* ("tomorrow," in Farsi) began under Radio Free Europe/Radio Liberty (RFE/RL), in partnership with the Voice of America (VOA), in 2002. The service was established as a successor to a smaller Iran broadcasting effort begun with an initial \$4 million from the FY1998 Commerce/State/Justice appropriation (P.L. 105-119). It was to be called Radio Free Iran but was never formally given that name by RFE/RL. Radio *Farda* now broadcasts 24 hours/day. Radio *Farda* has 59 full time employees. No U.S. assistance has been provided to Iranian exile-run stations.<sup>86</sup>

According to information provided to CRS by the Broadcasting Board of Governors (BBG), the costs of Radio Farda are FY2010: \$9.9 million; FY2011: \$11.84 million; and FY2012: \$11.77 million.

*Persian News Network (PNN)*. The VOA established a Persian language service to Iran (VOA Persian Service) in July 2003. In July 2007, it was renamed Persian News Network (PNN), encompassing radio (1 hour a day or original programming); television (6 hours a day of primetime programming, rebroadcast throughout a 24-hour period); and Internet.

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<sup>84</sup> CRS conversation with U.S. officials of the "Iran Office" of the U.S. Consulate in Dubai. October 2009.

<sup>85</sup> Solomon, Jay. "U.S. Shifts Its Strategy Toward Iran's Dissidents." *Wall Street Journal*, June 11, 2010.

<sup>86</sup> The conference report on the FY2006 regular foreign aid appropriations, P.L. 109-102, stated the sense of Congress that such support should be considered.

Even though PNN has expanded its offerings significantly, it has come under substantial criticism from observers. Some say that PNN has lost much of its audience among young, educated, anti-regime Iranians who are looking for signs of U.S. official support. The Inspector General report cited above, as well as many observers maintain that decisions on who to put on PNN panel discussion shows have been made by a small group of Iranian exiles who deliberately deny appearances to certain Iranians with whom they disagree. Still others say that PNN frequently airs the views of Iranian groups that are advocates of U.S. engagement of the regime or who downplay regime transgressions. Some have criticized PNN for covering long-standing exiled opposition groups, such as supporters of the son of the former Shah of Iran.<sup>87</sup> Other critics say PNN offers little coverage of the Green Movement, even though a mission of the network is, or should be, to highlight the purported unpopularity of the regime. Others say it has run pieces pointing out such U.S. social problems as homelessness and drug use, while refusing to air pieces showcasing U.S. democracy and rule of law. Other observers say there is wide-ranging nepotism at PNN, in which employees hire their relatives and deny opportunities to employment applicants based on merit. VOA officials said in September 2012 they are attempting address some of these issues through the human resources office of the VOA.

Several observers point to one particular PNN show as having particular effect on audiences inside Iran. That show is called “Parazit” (Persian for static); it is a weekly comedy show modeled on a U.S. program on Comedy Central network called “The Daily Show.” On Parazit, the writers of the show, Kambiz Hosseini and Saman Arbabi, mocked President Mahmoud Ahmadinejad and other Iranian figures, using political satire. Observers say that the show deteriorated in quality in 2012 after Mr. Hosseini left the show or was ousted from it, and it was taken off PNN in February 2012. A different show that satirizes Iranian leaders and news from Iran—called On Ten—began in April 2012, and VOA officials say it is gaining a substantial audience. PNN said in August 2012 that Parazit is to be reconstituted, and based in New York, but Hosseini will not be part of the new show because his employment with PNN was terminated in December 2012.

Other issues relate to the PNN’s leadership and governance. In February 2011, Ramin Asgard, a former State Department officer, was hired as PNN director,<sup>88</sup> tasked with redressing the PNN deficiencies. However, he left in January 2012, reportedly out of frustration at his inability to restructure PNN and make it more effective as a voice for U.S. policy. PNN is now temporarily run by VOA official Steve Redisch. The VOA is attempting to recruit a permanent replacement for Asgard, and hire a deputy director and an executive producer.

According to a VOA briefing on September 21, 2012, PNN has 79 full-time employees and 114 contractors. Past costs for PNN are: FY2010, \$23.78 million; FY2011, \$22.5 million; and FY2012 (estimate), \$23.32 million. In FY2013 its costs are expected to be about \$18 million.

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<sup>87</sup> CRS conversations with Iranian members of the Green Movement. December 2009-August 2010.

<sup>88</sup> <http://ipsnews.net/news.asp?idnews=54504>. Confirmed to CRS on February 25, 2011, by a member of the BBG.

**Table 9. Iran Democracy Promotion Funding**

FY2004	Foreign operations appropriation (P.L. 108-199) earmarked \$1.5 million for “educational, humanitarian and non-governmental organizations and individuals inside Iran to support the advancement of democracy and human rights in Iran.” The State Department Bureau of Democracy and Labor (DRL) gave \$1 million to a unit of Yale University, and \$500,000 to National Endowment for Democracy.
FY2005	\$3 million from FY2005 foreign aid appropriation (P.L. 108-447) for democracy promotion. Priority areas: political party development, media, labor rights, civil society promotion, and human rights.
FY2006	\$11.15 for democracy promotion from regular FY2006 foreign aid appropriation (P.L. 109-102). \$4.15 million administered by DRL and \$7 million for the Bureau of Near Eastern Affairs.
FY2006 supp.	Total of \$66.1 million (of \$75 million requested) from FY2006 supplemental (P.L. 109-234): \$20 million for democracy promotion; \$5 million for public diplomacy directed at the Iranian population; \$5 million for cultural exchanges; and \$36.1 million for Voice of America-TV and “Radio Farda” broadcasting. Broadcasting funds are provided through the Broadcasting Board of Governors.
FY2007	FY2007 continuing resolution provided \$6.55 million for Iran (and Syria) to be administered through DRL. \$3.04 million was used for Iran. No funds were requested.
FY2008	\$60 million (of \$75 million requested) is contained in Consolidated Appropriation (H.R. 2764, P.L. 110-161), of which, according to the conference report \$21.6 million is ESF for pro-democracy programs, including non-violent efforts to oppose Iran’s meddling in other countries. \$7.9 million is from a “Democracy Fund” for use by DRL. The Appropriation also fully funded additional \$33.6 million requested for Iran broadcasting: \$20 million for VOA Persian service; and \$8.1 million for Radio Farda; and \$5.5 million for exchanges with Iran.
FY2009	Request was for \$65 million in ESF “to support the aspirations of the Iranian people for a democratic and open society by promoting civil society, civic participation, media freedom, and freedom of information.” H.R. 1105 (P.L. 111-8) provides \$25 million for democracy promotion programs in the region, including in Iran.
FY2010	\$40 million requested and used for Near East Regional Democracy programming. Programs to promote human rights, civil society, and public diplomacy in Iran constitute a significant use of these region-wide funds.
FY2011	\$40 million requested and will be used for Near East Regional Democracy programs. Programming for Iran with these funds to be similar to FY2010
FY2012	\$35 million for Near East Regional Democracy, and Iran-related use is to be similar to FY2010 and FY2011.
FY2013	\$30 million for Near East Regional Democracy, with Iran use similar to prior two fiscal years.

**Sources:** Information provided by State Department and reviewed by Department’s Iran Office, February 1, 2010; FY2012 Congressional Budget Justification; author conversation with Department of State Iran Office, April 21, 2011.

### *State Department Diplomatic and Public Diplomacy Efforts*

Since 2006, the State Department has been increasing the presence of Persian-speaking U.S. diplomats in U.S. diplomatic missions around Iran, in part to help identify and facilitate Iranian participate in U.S. democracy-promotion programs. The Iran unit at the U.S. consulate in Dubai has been enlarged significantly into a “regional presence” office, and “Iran-watcher” positions have been added to U.S. diplomatic facilities in Baku, Azerbaijan; Istanbul, Turkey; Frankfurt, Germany; London; and Ashkabad, Turkmenistan, all of which have large expatriate Iranian populations and/or proximity to Iran.<sup>89</sup> An Iran watch position is being added in Herat, Afghanistan, in early 2013. An enlarged (eight-person) “Office of Iran Affairs” has been formed

<sup>89</sup> Stockman, Farah. “‘Long Struggle’ With Iran Seen Ahead.” *Boston Globe*, March 9, 2006.



at the State Department, and it is reportedly engaged in contacts with U.S.-based exile groups such as those discussed earlier.

The State Department also is trying to enhance its public diplomacy to reach out to the Iranian population.

- In May 2003, the State Department added a Persian-language website to its list of foreign language websites, under the authority of the Bureau of International Information Programs. The website, according to a statement issued by then-Secretary of State Colin Powell, is intended to be a source of information about the United States and its policy toward Iran.
- On February 14, 2011, the State Department announced that it had begun Persian-language Twitter feeds in an effort to connect better with Internet users in Iran.
- In part to augment U.S. public diplomacy, the State Department announced in April 2011 that a Persian-speaking U.S. diplomat based at the U.S. Consulate in Dubai, would make regular appearances on Iranian official media to explain U.S. positions.

## Additional Sanctions

Amid signs that sanctions are weakening Iran's economy and possibly pressuring its leadership, the Administration and its international partners continue to impose additional sanctions on Iran. Several major Iran sanctions bills were enacted in the 112<sup>th</sup> Congress, including the Iran Threat Reduction and Syria Human Rights Act of 2012 (P.L. 112-158); and provisions of both the FY2012 and FY2013 National Defense Authorization Acts (P.L. 112-81 and P.L. 112-239, respectively). These laws are discussed in detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

There are numerous remaining ideas and suggestions for additional economic and diplomatic sanctions against Iran. Some are U.S. sanctions, some are U.S. sanctions against foreign entities intended to compel them to exit the Iranian market, and others are multilateral or international. A bill introduced in the 113<sup>th</sup> Congress, H.R. 850, ordered to be reported by the House Foreign Affairs Committee on May 22, 2013, would seek to penalize nearly all significant amounts of foreign trade with Iran. The version adopted by the Committee also contains a provision, similar to a Senate bill, S.892, that would penalize foreign banks that help Iran exchange its foreign currency held abroad. Other options include:

- *Mandating Reductions in Diplomatic Exchanges with Iran or Prohibiting Travel by Iranian Officials.*
- *Banning Passenger Flights to and from Iran.*
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran.
- *Banning Trade Financing or Official Insurance for Trade Financing.* This was not made mandatory by Resolution 1929, but several countries imposed this sanction (as far as most trade financing) subsequently.

- *Banning All Investment in Iran's Energy Sector.* Such a step is authorized, not mandated, by Resolution 1929, and the Iran Sanctions Act allows for U.S. sanctions against foreign investment in that sector. A growing number of countries have used that authority to impose these sanctions on Iran.
- *Restricting Operations of and Insurance for Iranian Shipping.* A call for restraint is in Resolution 1929, but is not mandatory. The EU and other national measures announced subsequently did include this sanction (IRISL) to take effect as of July 1.
- *Imposing a Worldwide Ban on Sales of Arms to Iran.* Resolution 1929 imposes a ban on sales of major weapons systems to Iran, but another option is to extend that ban to all lethal equipment.
- *Imposing an International Ban on Trade With Iran, Particularly Purchases of Iranian Oil or Gas.* As noted, the EU has agreed to stop all purchases of Iranian oil as of July 1, 2012, and it later banned purchases of Iranian natural gas. Other countries have cut their oil buys. An option is to impose a worldwide ban on all purchases of oil or gas, or to further pressure or incent nations to end such buys from Iran. A related idea could be the enactment of a global ban on trade with Iran or of U.S. sanctions that seek to compel a partial or comprehensive global ban on trade with Iran. As noted, H.R. 850, introduced in the 113<sup>th</sup> Congress on February 27, 2013, comes close to this later concept.

**Table 10. Digest of Existing U.S. Sanctions Against Iran**

*Ban on U.S. Trade With and Investment in Iran.* Executive Order 12959 (May 6, 1995) bans almost all U.S. trade with and investment in Iran. Modifications in 1999 and 2000 allowed for exportation of U.S. food and medical equipment, and importation from Iran of luxury goods (carpets, caviar, dried fruits, nuts), but P.L. 111-195 (Comprehensive Iran Sanctions, Accountability, and Divestment Act, CISADA) restored the complete ban on imports. The trade ban does not generally apply to foreign subsidiaries of U.S. firms. P.L. 112-239 sanctions most foreign dealings with Iran's energy, shipping, and shipbuilding sector, as well as the sale of certain items for Iranian industrial processes and the transfer to Iran of precious metals (often a form of payment for oil or gas).

*U.S. Sanctions Against Foreign Firms that Deal With Iran's Energy Sector.* The Iran Sanctions Act (P.L. 104-172, August 5, 1996, as amended, most recently by H.R. 1905/P.L. 112-158) authorizes the President to select five out of a menu of twelve sanctions to impose against firms that the Administration has determined: have invested more than \$20 million to develop Iran's petroleum (oil and gas) sector; that buy Iranian oil (unless such country has a sanctions exemption under the P.L. 112-81, see below); have sold Iran more than \$1 million worth of gasoline or equipment to import gasoline or refine oil into gasoline; have sold energy \$1 million or more worth of energy equipment to Iran; that provided shipping services to transport oil from Iran; that have engaged in an energy joint venture with Iran outside Iran; or that buy Iran's sovereign debt.

*Sanctions On Iran's Central Bank.* CISADA bans accounts with banks that do business with the Revolutionary Guard and sanctioned entities and the Treasury Dept. in November 2011 declared Iran's financial system an entity of primary money laundering concern. Section 1245 of P.L. 112-81, signed December 31, 2011, prevents foreign banks that do business with Iran's Central Bank from opening U.S. accounts.

*Terrorism List Designation Sanctions.* Iran's designation by the Secretary of State as a "state sponsor of terrorism" (January 19, 1984—commonly referred to as the "terrorism list") triggers several sanctions, including the following: (1) a ban on the provision of U.S. foreign assistance to Iran under Section 620A of the Foreign Assistance Act; (2) a ban on arms exports to Iran under Section 40 of the Arms Export Control Act (P.L. 95-92, as amended); (3) under Section 6(j) of the Export Administration Act (P.L. 96-72, as amended), a significant restriction—amended by other laws to a "presumption of denial"—on U.S. exports to Iran of items that could have military applications; (4) under Section 327 of the Anti-Terrorism and Effective Death Penalty Act (P.L. 104-132, April 24, 1996), a requirement that U.S. representatives to international financial institutions vote against international loans to terrorism list states.

*Sanctions Against Foreign Firms that Aid Iran's Weapons of Mass Destruction Programs.* The Iran-Syria-North Korea Nonproliferation Act (P.L. 106-178, March 14, 2000, as amended) authorizes the Administration to impose sanctions on foreign persons or firms determined to have provided assistance to Iran's weapons of mass destruction (WMD) programs. Sanctions include restrictions on U.S. trade with the sanctioned entity.

*Sanctions Against Foreign Firms that Sell Advanced Arms to Iran.* The Iran-Iraq Arms Nonproliferation Act (P.L. 102-484, October 23, 1992, as amended) provides for U.S. sanctions against foreign firms that sell Iran "destabilizing numbers and types of conventional weapons" or WMD technology.

*Ban on Transactions With Foreign Entities Determined to Be Supporting International Terrorism.* Executive Order 13324 (September 23, 2001) authorizes a ban on U.S. transactions with entities determined to be supporting international terrorism. The Order was not specific to Iran, coming 12 days after the September 11, 2001, attacks, but several Iranian entities have been designated.

*Ban on Transactions With Foreign Entities that Support Proliferation.* Executive Order 13382 (June 28, 2005) amended previous executive orders to provide for a ban on U.S. transactions with entities determined to be supporting international proliferation. As is the case for Executive Order 13324, mentioned above, Executive Order 13382 was not specific to Iran. However, numerous Iranian entities, including the IRGC itself, have been designated.

*Divestment.* A Title in P.L. 111-195 authorizes and protects from lawsuits various investment managers who divest from shares of firms that conduct sanctionable business with Iran.

*Counter-Narcotics.* In February 1987, Iran was first designated as a state that failed to cooperate with U.S. anti-drug efforts or take adequate steps to control narcotics production or trafficking. The Clinton Administration, on December 7, 1998, removed Iran from the U.S. list of major drug producing countries. This exempted Iran from the annual certification process that kept drug-related U.S. sanctions in place on Iran.

*Sanctions Against Human Rights Abuses and Internet Monitoring.* Various laws discussed above, and Executive Orders, impose sanctions on named Iranian human rights abusers, and on firms that sell equipment Iran can use to monitor the Internet usage of citizens or employ against demonstrators.

**Source:** CRS. For analysis and extended discussion of U.S. and international sanctions against Iran, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

## Conclusion

Mistrust between the United States and Iran's Islamic regime has run deep for more than three decades and will be difficult to reverse. Some argue that, no matter who is in power in Tehran, the United States and Iran have a common long-term interest in stability in the Persian Gulf and South Asia regions. According to this view, major diplomatic overtures toward the regime might not only help resolve the nuclear issue but yield fruit in producing a new, constructive U.S.-Iran relationship.

Others argue that U.S. concerns stem first and foremost from the character of Iran's regime, and that no diplomatic breakthrough is possible until the regime changes. Those who take this view see in the Green Movement the potential to replace the regime and to integrate Iran into a pro-U.S. strategic architecture in the region. Many argue that a wholesale replacement of the current regime could produce major strategic benefits beyond potentially reducing the threat from Iran's nuclear program, including an end to Iran's effort to obstruct a broad Arab-Israeli peace.

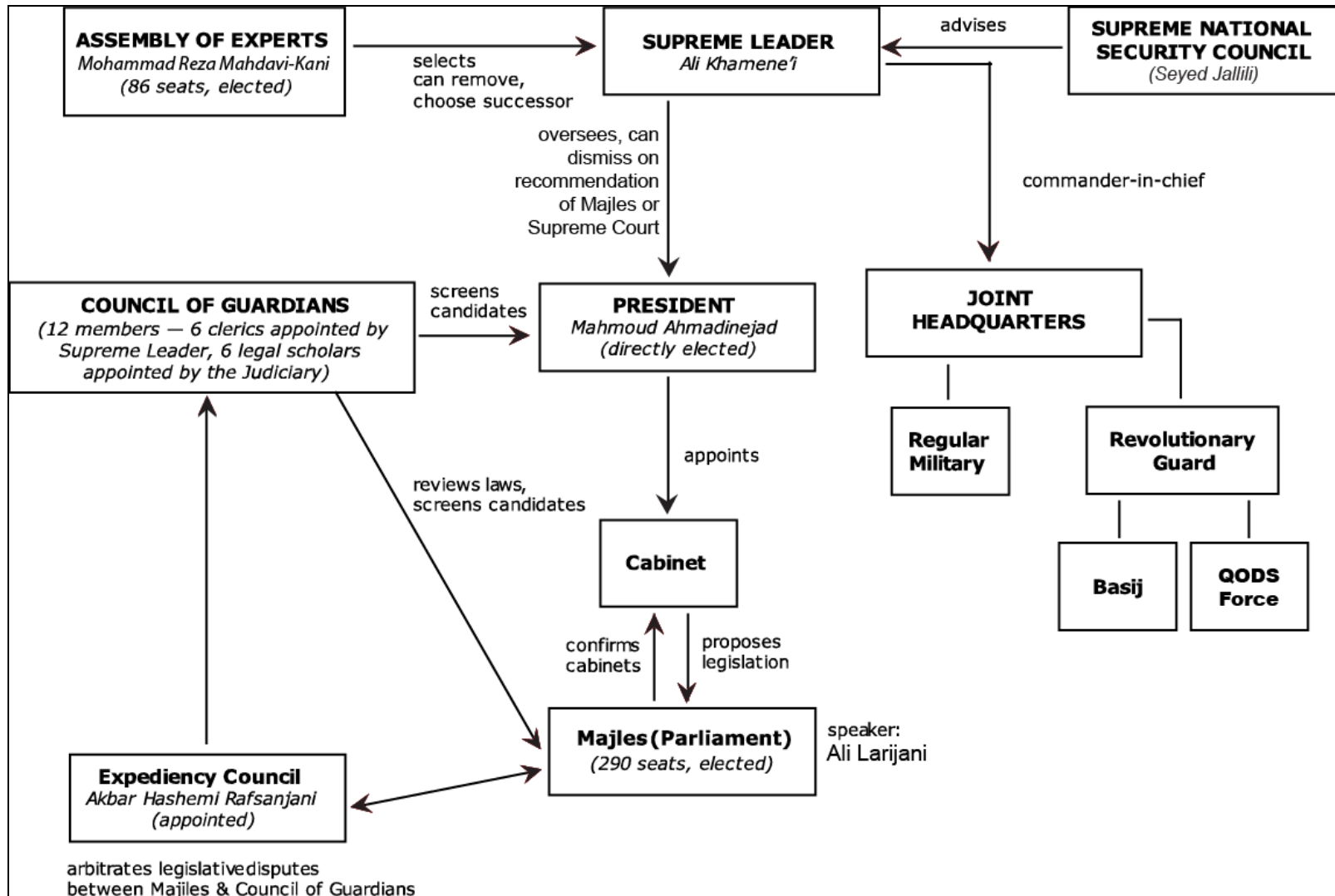
Others argue that many Iranians are united on major national security issues and that a new regime would not necessarily align with the United States. Some believe that many Iranians fear that alignment with the United States would produce a degree of U.S. control and infuse Iran with Western culture that many Iranians find un-Islamic and objectionable.

**Table 11. Selected Economic Indicators**

Economic Growth	possible negative growth in 2012; +2.5% (2011 est.); +3.2% (2010)
Per Capita Income	\$12,200/yr purchasing power parity (2011)
GDP	\$930 billion purchasing power parity (2011)
Proven Oil Reserves	135 billion barrels (highest after Russia and Canada)
Oil Production/Exports	About 3.9 million barrels per day (mbd)/ 2.4 mbd exports.
Major Oil/Gas Customers	Remaining customers: primarily China, India, South Korea, Japan, and Turkey. Turkey also buys 8.6 billion cubic meters/yr of gas from Iran. Oil exports have fallen to just over 1.2 million barrels per day as of late 2012.
Major Export Markets	Mirrors major oil customers, with dollar values in flux due to sanctions implementation.
Major Imports	Mirrors major oil customers, with dollar values in flux due to sanctions implementation.
Major Non-Oil Investments	Renault (France) and Mercedes (Germany)—automobile production in Karaj, Iran—valued at \$370 million; Renault (France), Peugeot (France) and Volkswagen (Germany)—auto parts production; Turkey—Tehran airport, hotels; China—shipbuilding on Qeshm Island, aluminum factory in Shirvan, cement plant in Hamadan; UAE financing Esfahan Steel Company; India—steel plant, petrochemical plant; S. Korea—steel plant in Kerman Province; S. Korea and Germany—\$1.7 billion to expand Esfahan refinery.
Development Assistance Received	2003 (latest available): \$136 million grant aid. Biggest donors: Germany (\$38 million); Japan (\$17 million); France (\$9 million).
Inflation	17.5 in 2012, according to Iran Central Bank in January 2013, but believed to be over 50% by outside experts.
Unemployment Rate	Official rate is 15.3% as of the end of 2011, but outside experts believe the rate is higher

**Sources:** CIA, *The World Factbook*; various press; IMF; Iran Trade Planning Division; CRS conversations with experts and foreign diplomats.

Figure I. Structure of the Iranian Government



Source: CRS.

Figure 2. Map of Iran



Source: Map Resources, adapted by CRS (April 2005).

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