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Iran's Foreign and Defense Policies

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Summary

Iran's national security policy is the product of many, and sometimes competing, factors: the ideology of Iran's Islamic revolution; Iranian leadership's perception of threats to the regime and to the country; long-standing Iranian national interests; and the interaction of the Iranian regime's various factions and constituencies. Some experts assert that the goal of Iran's national security strategy is to overturn a power structure in the Middle East that Iran asserts favors the United States and its allies Israel, Saudi Arabia, and other Sunni Muslim Arab regimes. Iran characterizes its support for Shiite and other Islamist movements as support for the "oppressed" and asserts that Saudi Arabia, in particular, is instigating sectarian tensions and trying to exclude Iran from regional affairs. Others interpret Iran as primarily attempting to protect itself from U.S. or other efforts to invade or intimidate it or to change its regime. Its strategy might, alternatively or additionally, represent an attempt to enhance Iran's international prestige or restore a sense of "greatness" reminiscent of the ancient Persian empires. From 2010 until 2016, Iran's foreign policy also focused on attempting to mitigate the effects of international sanctions on Iran.

Iran employs a number of different tools in pursuing its national security policy. Some Iranian policy tools are common to most countries: traditional diplomacy and the public promotion of Iran's values and interests. Iran also has financially supported regional politicians and leaders. Of most concern to U.S. policymakers is that Iran provides direct material support to armed groups, some of which use terrorism to intimidate or retaliate against Israel or other regional opponents of Iran. Iran's armed support to Shiite-dominated allied governments, such as those of Syria and Iraq, also has fueled Sunni popular resentment.

Iran's national security policy focuses most intently on the Near East region, including on U.S. operations, allies, and activities in that region. It is that region where all the various components of Iran's foreign policy interact. Iran's policy also seems to be directed at influencing the policies and actions of big powers, such as those in Europe as well as Russia, that are active in the Near East—either as partners or antagonists of U.S. interests in that region.

Some experts forecast that Iran's foreign and defense policies would shift after international sanctions were eased in January 2016 in accordance with the July 2015 multilateral nuclear agreement with Iran (Joint Comprehensive Plan of Action, JCPOA). Additional financial resources enable Iran to expand its regional influence further. Others assessed that the nuclear agreement would cause Iran to moderate its regional behavior in order not to jeopardize the agreement and its benefits. During 2016, Obama Administration officials and U.S. reports asserted that there has been little, if any, alteration of Iran's national security policies. On February 1, 2017, the Trump Administration cited Iran's continued "malign activities" and repeated ballistic missile tests, and asserted that Iran "is now feeling emboldened" and that the Administration was "officially putting Iran on notice." The Administration subsequently sanctioned additional Iran missile entities under existing authorities and maintained that a "deliberative process" was underway that could result in further actions not affecting U.S. commitments in the JCPOA.

Iran has used the JCPOA to ease its international diplomatic isolation and to try to develop itself as a regional energy and trade hub and to explore new weapons buys. Supreme Leader Ali Khamene'i and key hardline institutions, such as the Islamic Revolutionary Guard Corps (IRGC), oppose any compromises of Iran's core goals, but support Iran's re-integrate into regional and international diplomacy.

Contents

Introduction	1
Iran's Policy Motivators	1
Threat Perception	1
Ideology	2
National Interests	2
Factional Interests and Competition.....	3
Instruments of Iran's National Security Strategy	4
Financial and Military Support to Allied Regimes and Groups	4
Other Political Action.....	7
Diplomacy.....	7
Iran's Nuclear and Defense Programs	8
Nuclear Program	8
Iran's Nuclear Intentions and Activities.....	8
International Diplomatic Efforts to Address Iran's Nuclear Program.....	10
Developments during the Obama Administration.....	12
The Trump Administration and Iran's Nuclear Program	13
Missile Programs and Chemical and Biological Weapons Capability	13
Chemical and Biological Weapons	13
Missiles and Warheads.....	14
Conventional and "Asymmetric Warfare" Capability	17
Military-Military Relationships and Potential New Arms Buys.....	18
Asymmetric Warfare Capacity.....	19
Iran's Regional and International Activities	22
Near East Region.....	22
The Persian Gulf	22
Iranian Policy on Iraq, Syria, and the Islamic State	33
Iraq.....	33
Syria.....	35
Israel: Iran's Support for Hamas and Hezbollah	37
Hamas	37
Hezbollah.....	38
Israeli Action Against Iran	39
Yemen.....	39
Turkey	40
Egypt	41
South and Central Asia Region.....	42
The South Caucasus: Azerbaijan and Armenia	42
Central Asia.....	43
Turkmenistan	44
Tajikistan.....	44
Kazakhstan.....	45
Uzbekistan	45
South Asia	46
Afghanistan.....	46
Pakistan.....	47
India	48

Sri Lanka..... 49

Russia 49

Europe 50

East Asia..... 51

 China 51

 Japan and South Korea..... 52

 North Korea..... 52

Latin America 53

 Venezuela 54

 Argentina..... 54

Africa..... 55

 Sudan..... 56

Prospects and Alternative Scenarios..... 57

Figures

Figure 1. Map of Near East 22

Figure 2. Major Persian Gulf Military Facilities 31

Figure 3. South and Central Asia Region 42

Figure 4. Latin America..... 53

Figure 5. Sudan..... 55

Tables

Table 1. Major Iran or Iran-Related Terrorism Attacks or Plots..... 6

Table 2. Iran's Missile Arsenal 17

Table 3. Iran's Conventional Military Arsenal 20

Table 4. The Islamic Revolutionary Guard Corps (IRGC)..... 21

Table 5. Military Assets of the Gulf Cooperation Council Member States 32

Contacts

Author Contact Information 59

Introduction

Successive Administrations have identified Iran as a key national security challenge, citing Iran's nuclear and missile programs as well as its long-standing attempts to counter many U.S. objectives in the region. Director of National Intelligence James Clapper, in his February 2016 annual threat assessment testimony before Congress, described Iran as "present[ing] an enduring threat to U.S. national interests because of its support to regional terrorist and militant groups and the Assad regime, as well as its development of advanced military capabilities." Successive National Defense Authorization Acts (NDAA) require an annual report on Iran's military power, and the latest summary, dated January 2016, states that "Iran continues to develop capabilities to defend its homeland and to control avenues of approach, to include the Strait of Hormuz, in the event of a military conflict."¹

Iran's Policy Motivators

Iran's foreign and defense policies are products of overlapping, and sometimes contradictory, motivations. In describing the tension between some of these motivations, one expert has said that Iran faces constant decisions about whether it is a "nation or a cause."² Iranian leaders appear to constantly weigh the relative imperatives of their revolutionary and religious ideology against the demands of Iran's national interests.

Threat Perception

Iran's leaders are apparently motivated, at least to some extent, by the perception of threat to their regime and their national interests Ayatollah posed by the United States and its allies.

- Supreme Leader Ali Khamene'i has repeatedly stated that the United States has never accepted the Islamic revolution and seeks to overturn it through support for domestic opposition to the regime, imposition of economic sanctions, and support for Iran's regional adversaries such as Israel and Saudi Arabia.³ He frequently warns against opening Iran to "cultural influence"—Western social behavior that he asserts does not comport with Iran's societal and Islamic values.
- Iran's leaders assert that the U.S. maintenance of a large military presence in the Persian Gulf region and in other countries around Iran reflects U.S. "hostility" and intent to attack Iran if Iran pursues policies the United States finds inimical.⁴

¹ Department of Defense. Unclassified Executive Summary. "Annual Report on Military Power of Iran." January 2016. The FY2016 NDAA (P.L. 114-92) extended the annual DOD reporting requirement until the end of 2025, and added a requirement to report on Iran's offensive and defensive cyber capabilities as part of the assessment. The FY2017 NDAA (S. 2943) amends the reporting requirement further to include information on Iran's cooperation with other state or nonstate actors to conduct or mask its cyber operations.

² Foreign Policy Association. "A Candid Discussion with Karim Sadjadpour." May 6, 2013. <http://foreignpolicyblogs.com/2013/05/06/a-candid-discussion-with-karim-sadjadpour/>.

³ Khamene'i: "U.S. Would Overthrow Iranian Government If It Could—Media." *Reuters*, February 8, 2014.

⁴ Erik Slavin. "Iran Emphasizes Nuclear Reconciliation, Criticizes U.S. Military Posture in Persian Gulf." *Stars and Stripes*, March 5, 2014. <http://www.stripes.com/news/iran-emphasizes-nuclear-reconciliation-criticizes-us-military-posture-in-persian-gulf-1.271204>.

- Iran's leaders assert that the United States not only supports Sunni Arab regimes and movements that oppose Iran, but that the United States has created or empowered radical Sunni Islamist groups such as the Islamic State.⁵

Ideology

The ideology of Iran's 1979 Islamic revolution continues to infuse Iran's foreign policy. The revolution overthrew a secular, authoritarian leader, the Shah, who the leaders of the revolution asserted had suppressed Islam and its clergy. A clerical regime was established in which ultimate power is invested in a "Supreme Leader" who melds political and religious authority.

- In the early years after the revolution, Iran attempted to "export" its revolution to nearby Muslim states. In the late 1990s, Iran abandoned that goal because promoting it succeeded only in producing resistance to Iran in the region.⁶
- Iran's leaders assert that the political and economic structures of the Middle East are heavily weighted against "oppressed" peoples and in favor of the United States and its allies, particularly Israel. Iranian leaders generally describe as "oppressed" peoples: the Palestinians, who do not have a state of their own, and Shiite Muslims, who are underrepresented and economically disadvantaged minorities in many countries of the region.
- Iran claims that the region's politics and economics have been distorted by Western intervention and economic domination that must be brought to an end. Iranian officials claim that the creation of Israel is a manifestation of Western intervention that deprived the Palestinians of legitimate rights.
- Iran claims its ideology is nonsectarian, and that it supports movements that are both Sunni and Shiite—rebutting critics who say that Iran pursues only sectarian policies and supports Shiite movements exclusively. Iran cites its support for Sunni groups such as Hamas, Palestine Islamic Jihad—Shiqaqi Faction, as evidence that it is not pursuing a sectarian agenda. Iran also cites its support for a secular and Sunni Palestinian group, the Popular Front for the Liberation of Palestine—General Command (PFLP-GC), as a demonstration that it works with non-Islamist groups to promote the rights of the Palestinians.

National Interests

Iran's national interests usually dovetail but sometimes conflict with Iran's ideology.

- Iran's leaders, stressing Iran's well-developed civilization and historic independence, claim a right to be recognized as a major power in the region. They often contrast Iran's history with that of the six Persian Gulf monarchy states (Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrain, and Oman) that make up the Gulf Cooperation Council (GCC). To this extent, many of Iran's foreign policy assertions and actions are similar to those undertaken by the former Shah of Iran and Iranian dynasties prior to that.

⁵ Ramin Mostaghim. "Iranians Rally to Support Iraq; Some Blame U.S. for Sunni Insurgency." *Los Angeles Times*, June 24, 2014. <http://www.latimes.com/world/middleeast/la-fg-iran-volunteers-militants-iraq-20140624-story.html>.

⁶ Soner Cagaptay, James F. Jeffrey, and Mehdi Khalaji. "Iran Won't Give Up on Its Revolution." *New York Times*, op-ed. April 26, 2015.

- Iran has sometimes tempered its commitment to aid other Shiites to promote its geopolitical interests. For example, it has supported mostly Christian-inhabited Armenia, rather than Shiite-inhabited Azerbaijan, in part to thwart cross-border Azeri nationalism among Iran's large Azeri minority. Iran also has generally refrained from backing Islamist movements in the Central Asian countries, which are mainly Sunni and potentially hostile toward Iran. Russia takes a similar view of Central Asian Islamist movements as does Iran.
- Even though Iranian leaders accuse U.S. allies of contributing to U.S. efforts to structure the Middle East to the advantage of the United States and Israel, Iranian officials have sought to engage with and benefit from transactions with U.S. allies, such as Turkey, to try to thwart international sanctions.

Factional Interests and Competition

Iran's foreign policy often appears to reflect differing approaches and outlooks among key players and interest groups.

- According to Iran's constitution and in practice, Iran's Supreme Leader has final say over all major foreign policy decisions. Grand Ayatollah Ali Khamene'i, Supreme Leader since 1989, consistently expresses deep-seated mistrust of U.S. intentions toward Iran and insists that Iran's foreign policy be adapted accordingly. His consistent refrain, and the title of his book widely available in Iran, is "I am a revolutionary, not a diplomat."⁷ Leaders of Iran's Islamic Revolutionary Guard Corps (IRGC), a military and internal security institution created after the Islamic revolution, consistently express support for Khamene'i and ideology-based foreign policy decisions.
- Khamene'i tacitly backed the JCPOA, but he has stated on several occasions since that neither Iran's foreign policy nor its opposition to U.S. policy in the region will change as a result of the JCPOA. IRGC senior commanders have echoed Khamene'i's comments.
- More moderate Iranian leaders, including President Hassan Rouhani, argue that Iran should not have any "permanent enemies." They maintain that a pragmatic foreign policy has resulted in easing of international sanctions under the JCPOA, increased worldwide attention to Iran's views, and consideration of new projects that could position Iran as a trade and transportation hub in the region. Differentiating himself from Khamene'i and other hardliners, Rouhani has said that the JCPOA is "a beginning for creating an atmosphere of friendship and cooperation with various countries."⁸ The pragmatists generally draw support from Iran's youth and intellectuals, who say they want greater integration with the international community and who helped pro-Rouhani candidates achieve gains in the February 26, 2016, *Majles* elections.
- Some Iranian figures, including the elected president during 1997-2005, Mohammad Khatemi, are considered reformists. Reformists have tended to focus more on promoting domestic loosening of social and political restrictions than on

⁷ http://www.nytimes.com/2014/11/21/world/middleeast/iran-us-nuclear-talks.html?_r=0.

⁸ Thomas Erdbrink. "Post-Deal Iran Reappraising 'Great Satan'" *New York Times*, September 18, 2015.

a dramatically altered foreign policy. The reformists have, to date, been unable to achieve significant domestic or foreign policy change.

Instruments of Iran's National Security Strategy

Iran employs a number of different methods and mechanisms to implement its foreign policy, some of which involve supporting armed factions that engage in international acts of terrorism.

Financial and Military Support to Allied Regimes and Groups

As an instrument of its foreign policy, Iran provides arms, training, and military advisers in support of allied governments as well as armed factions. Iran supports groups such as Lebanese, Hezbollah, the Palestinian Islamist organization Hamas, Houthi rebels in Yemen, and Shiite militias in Iraq. Many of the groups Iran supports are named as Foreign Terrorist Organizations (FTOs) by the United States and because of its support, Iran was placed on the U.S. list of state sponsors of terrorism ("terrorism list") in January 1984.⁹ Iran's operations in support of its allies—which generally include arms shipments, provision of advisers, training, and funding—are carried out by the Qods (Jerusalem) Force of the IRGC (IRGC-QF). The IRGC-QF is headed by IRGC Major General Qasem Soleimani, who apparently reports directly to Khamene'i.¹⁰ IRGC leaders have on numerous occasions publicly acknowledged these activities; on August 20, 2016, an IRGC-QF commander in Syria stated to an Iranian newspaper that Iran had formed a "Liberation Army" consisting of local, mostly Shiite, fighters that support Iran's interests in various Arab countries.¹¹ Much of the weaponry Iran supplies to its allies include specialized anti-tank systems, artillery rockets, mortars, and short-range missiles.¹²

Some refer to Iran's support to allied regimes and groups as "malign activities"—a reference to the fact that most of these activities are contrary to U.S. interests. The House-passed FY2017 NDAA (H.R. 4909) required reporting on Iran's "malign activities" and Iranian interference with U.S. military operations but that provision was taken out in conference action.

The State Department report on international terrorism for 2015 again called Iran "the foremost state sponsor of terrorism,"¹³ as that has each year for the past two decades." It stated that

Iran remained the foremost state sponsor of terrorism in 2015, providing a range of support, including financial, training, and equipment, to groups around the world—particularly Hizballah. Iran continued to be deeply involved in the conflict in Syria, working closely with the Asad regime to counter the Syrian opposition, and also in Iraq where Iran continued to provide support to militia groups, including Foreign Terrorist Organization Kata'ib Hizballah. In addition, it was implicated for its support to violent Shia opposition group attacks in Bahrain. Iran was joined in these efforts by Hizballah, which continued to operate globally, as demonstrated by the disruption of Hizballah activities in Peru in 2014 and Cyprus in 2015.

⁹ The other two countries still on the terrorism list are Syria and Sudan.

¹⁰ http://www.newyorker.com/reporting/2013/09/30/130930fa_fact_filkins?printable=true¤tPage=all.

¹¹ Al Jazeera. August 20, 2016.

¹² Farzin Nadimi. "How Iran's Revived Weapons Exports Could Boost its Proxies." Washington Institute for Near East Policy, August 17, 2015.

¹³ The text of the section on Iran can be found at <http://www.state.gov/j/ct/rls/crt/2015/index.htm>.

The FY2015 congressionally-mandated Defense Department report on Iran's military power,¹⁴ the unclassified summary of which was released in August 2016, echoes the State Department report, saying

Iran's covert activities are also continuing unabated. The Islamic Revolutionary Guard Corps—Qods Force (IRGC-QF) remains a key tool of Iran's foreign policy and power projection, particularly in Iraq, Syria, Lebanon, Bahrain, and Yemen. IRGC-QF continues efforts to improve its access within foreign countries and its ability to support and carry out terrorist attacks to safeguard or advance Iran's interests.

The range of governments and groups that Iran supports is discussed in the regional sections below.

- Some Iranian-supported factions are opposition movements, while others support governments that are allied to Iran, such as those of President Bashar Al Asad of Syria and of Prime Minister Haydar Al Abbadi of Iraq.
- Some regional armed factions that Iran supports have not been named as FTOs and have no record of committing acts of international terrorism. Such groups include the Houthi (“Ansar Allah”) movement in Yemen (composed of Zaidi Shiite Muslims) and some underground Shiite opposition factions in Bahrain.
- Iran opposes—or declines to actively support—Islamist armed groups that work against Iran's core interests. Al Qaeda and the Islamic State organization are orthodox Sunni Muslim organizations that Iran asserts are significant threats.¹⁵ Iran is actively working against the Islamic State organization in Syria and Iraq and, over the past few years, Iran has expelled some Al Qaeda activists who Iran allowed to take refuge there after the September 11, 2001, attacks against the United States. It is not clear why Iran allowed Al Qaeda senior operatives to transit or reside in Iran at all, but experts speculate that Iran might have considered them as leverage against the United States or Saudi Arabia.
- As noted earlier, Iran supports some Sunni Muslim groups that further Tehran's interests. The overwhelming majority of Palestinians are Sunni Muslims and several Palestinian FTOs receive Iranian support because they are antagonists of Israel.

¹⁴ Department of Defense. Executive Summary: Fiscal Year 2015 Annual Report on Military Power of Iran. January 2016.

¹⁵ <http://nationalinterest.org/blog/the-buzz/iranians-are-terrified-irans-isis-nightmare-10856>.

Table I. Major Iran or Iran-Related Terrorism Attacks or Plots

Date	Incident/Event	Likely/Claimed Perpetrator
November 4, 1979	U.S. Embassy in Tehran seized and 66 U.S. diplomats held for 444 days (until January 21, 1981).	Hardline Iranian regime elements
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
March 16, 1984	U.S. Embassy Beirut Political Officer William Buckley taken hostage in Beirut—first in a series of kidnappings there. Last hostage released December 1991.	Factions that eventually formed Hezbollah.
September 20, 1984	Truck bombing of U.S. embassy annex in Beirut. 23 killed.	Factions that eventually formed 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
February 17, 1988	Col. William Higgins, serving with the a U.N. peacekeeping operation, was kidnapped in southern Lebanon; video of his corpse was released 18 months later.	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, a Saudi Shiite organization active in eastern Saudi Arabia and supported by Iran. Some assessments point to involvement of Al Qaeda.
October 11, 2011	U.S. Justice Dept. unveiled discovery of alleged plot involving at least one IRGC-QF officer, to assassinate Saudi Ambassador in Washington, DC.	IRGC-QF reportedly working with U.S.-based confederate allegedly in conjunction with a Mexican drug cartel.
February 13, 2012	Wife of Israeli diplomat wounded in Delhi, India	Lebanese Hezbollah
July 19, 2012	Bombing in Bulgaria killed five Israeli tourists.	Lebanese Hezbollah

Source: Recent State Department Country Reports on Terrorism, various press.

Other Political Action

Iran's national security is not limited to militarily supporting allies and armed factions.

- A wide range of observers report that Iran has provided funding to political candidates in neighboring Iraq and Afghanistan to cultivate allies there.¹⁶
- Iran has reportedly provided direct payments to leaders of neighboring states in an effort to gain and maintain their support. In 2010, then-President of Afghanistan Hamid Karzai publicly acknowledged that his office had received cash payments from Iran.¹⁷
- Iran has established some training and education programs that bring young Muslims to study in Iran. One such program runs in Latin America, headed by cleric Mohsen Rabbani, despite the small percentage of Muslims there.¹⁸

Diplomacy

Iran also uses traditional diplomatic tools.

- Iran has an active Foreign Ministry and maintains embassies or representation in all countries with which it has diplomatic relations. At a leadership level, Khamene'i has rarely traveled outside Iran as Supreme Leader, but Iran's presidents travel outside Iran regularly and Khamene'i did so during his presidency (1981-1989), including to U.N. General Assembly meetings in New York. Khamene'i and Iran's presidents frequently host foreign leaders in Tehran.
- Iran actively participates in or seeks to join many different international organizations, including those that are dominated by members critical of Iran's policies. Iran has sought to join the United States and Europe-dominated World Trade Organization (WTO) since the mid-1990s. Its prospects for being admitted have increased now that the JCPOA is being implemented, but the process of accession is complicated and might yet take several years. Iran also seeks full membership regional organizations including the South Asian Association of Regional Cooperation (SAARC) and the Shanghai Cooperation Organization (SCO). Officials from several SCO countries have said that the JCPOA likely removes obstacles to Iran's obtaining full membership in that group.¹⁹
- From August 2012 until August 2015, Iran held the presidency of the Non-Aligned Movement (NAM), which has about 120 member states and 17 observer countries and generally shares Iran's criticisms of big power influence over global affairs. In August 2012, Iran hosted the NAM annual summit.
- Iran is a party to all major nonproliferation conventions, including the Nuclear Non-Proliferation Treaty (NPT) and the Chemical Weapons Convention (CWC). Iran insists that it has adhered to all its commitments under these conventions,

¹⁶ See, for example, <http://www.newsweek.com/what-are-iranians-doing-iraq-303107>. Also reported in author conversations with U.S. and Iraq and Afghan officials, 2009-2015.

¹⁷ <http://www.theguardian.com/commentisfree/2010/oct/26/iran-cash-payments-to-afghanistan>.

¹⁸ <http://www.crethiplethi.com/subversion-and-exporting-the-islamic-revolution-in-latin-america/islamic-countries/iran-islamic-countries/2012/>.

¹⁹ <http://www.globalresearch.ca/geopolitical-shift-iran-to-become-full-member-of-the-shanghai-cooperation-organization-sco/5465355>.

but the international community asserted that it did not meet all its NPT obligations and that Iran needed to prove that its nuclear program is for purely peaceful purposes. Negotiations between Iran and international powers on this issue began in 2003 and culminated with the July 2015 JCPOA.

- Iran participates in multilateral negotiations to try to resolve the civil conflict in Syria, most recently in partnership with Russia and Turkey. However, U.S. officials say that Iran's main goal is to ensure Assad's continuation in power.

Iran's Nuclear and Defense Programs

Iran has pursued a wide range of defense programs, as well as a nuclear program that the international community perceived could be intended to eventually produce a nuclear weapon. These programs are discussed in the following sections.

Nuclear Program²⁰

Iran's nuclear program has been a paramount U.S. concern, in part because Iran's acquisition of an operational nuclear weapon could embolden Iran to perceive that it is immune from outside military pressure. U.S. officials also assert that Iran's acquisition of a nuclear weapon would produce a nuclear arms race in one of the world's most volatile regions and that Iran might transfer nuclear technology to extremist groups. Israeli leaders describe an Iranian nuclear weapon as a threat to Israel's existence. Iran is widely assessed as implementing the JCPOA and the Obama Administration asserted that the threat of a nuclear-armed Iran has receded. The Trump Administration has not contradicted that assessment, while, on February 1, 2017, clearly articulating the view that Iran is an adversary whose "malign activities" in the region continue.

Iran's nuclear program became a significant U.S. national security issue in 2002, when Iran confirmed that it was building a uranium enrichment facility at Natanz and a heavy water production plant at Arak.²¹ The perceived threat escalated significantly in 2010, when Iran began enriching to 20% U-235, which is relatively easy to enrich further to weapons-grade uranium (90%+). Another requirement for a nuclear weapon is a triggering mechanism that, according to the International Atomic Energy Agency, Iran researched as late as 2009. The United States and its partners also have insisted that Iran must not possess a nuclear-capable missile.

Iran's Nuclear Intentions and Activities

The U.S. intelligence community has stated in recent years (including in the Worldwide Threat Assessment delivered February 9, 2016) that the community does not know whether Iran will eventually decide to build nuclear weapons. But, Iran's adherence to the JCPOA indicates that Iran has deferred a decision on the longterm future of its nuclear program. Iranian leaders cite Supreme Leader Khamene'i's 2003 formal pronouncement (*fatwa*) that nuclear weapons are un-Islamic as evidence that a nuclear weapon is inconsistent with Iran's ideology. On February 22, 2012, Khamene'i stated 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."²² Other Iranian

²⁰ More extensive information on Iran's nuclear program can be found in CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

²¹ 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.

²² "Leader Says West Knows Iran Not Seeking 'Nuclear Weapons,'" Vision of the Islamic Republic of Iran Network, (continued...)

leaders have argued that an attempt to develop a nuclear weapon would reduce Iran's security by stimulating a regional arms race or triggering Israeli or U.S. military action. Some Iranian leaders have argued in favor of developing a nuclear weapon as a means of ending Iran's historic vulnerability to great power invasion, domination, or regime change attempts.

Iranian leaders assert that Iran's nuclear program was always intended for medical uses and electricity generation in light of finite oil and gas resources. Iran argues that uranium enrichment is its "right" as a party to the 1968 Nuclear Non-Proliferation Treaty and that it wants to make its own nuclear fuel to avoid potential supply disruptions by international suppliers. U.S. officials have said that Iran's gas resources make nuclear energy unnecessary, but that Iran's use of nuclear energy is acceptable as long as Iran verifiably demonstrates that its nuclear program is for only peaceful purposes.

IAEA findings that Iran researched a nuclear explosive device cast doubt on Iran's assertions of purely peaceful intent for its nuclear program. The December 2, 2015, International Atomic Energy Agency (IAEA) report on that question to some extent strengthened the arguments of those who assert that Iran has nuclear weapons ambitions. No government or international body has asserted that Iran has diverted nuclear material for a nuclear weapons program.²³

Nuclear Weapons Time Frame Estimates

Estimates have varied as to how long it would take Iran to develop a nuclear weapon, were there a decision to do so. Then-Vice President Biden told the Washington Institute for Near East Policy (April 30, 2015) that Iran could likely have enough fissile material for a nuclear weapon within two to three months of a decision to manufacture that material. According to testimony and statements by U.S. officials in 2016, the implementation of the JCPOA has increased the "breakout time"—an all-out effort by Iran to develop a nuclear weapon using declared facilities or undeclared covert facilities—to at least 12 months.

Status of Uranium Enrichment and Ability to Produce Plutonium²⁴

A key to extending the "breakout time" is to limit Iran's ability to produce fissile material by enriching uranium with devices called centrifuges. When the JCPOA was agreed, Iran had about 19,000 total installed centrifuges, of which about 10,000 were in operation. Prior to the interim nuclear agreement (Joint Plan of Action, JPA), Iran had a stockpile of 400 lbs of 20% enriched uranium (short of the 550 lbs. that would be needed to produce one nuclear weapon from that stockpile). Weapons grade uranium is uranium that is enriched to 90%.

In accordance with the JCPOA, the IAEA determined that Iran had removed from installation all but 6,100 centrifuges and reduced its stockpile of 3.67% uranium enriched to 300 kilograms (660 lbs.) These restrictions start to come off after 10-15 years. Another means of acquiring fissile material for a nuclear weapon is to reprocess plutonium, a material that would be produced by Iran's heavy water plant at Arak. In accordance with the JCPOA, Iran has rendered inactive the

(...continued)

February 22, 2012.

²³ 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>.

²⁴ http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_Safeguards_Report_14Nov2013.pdf. These issues are discussed in greater detail in CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

core of the reactor and has limited its stockpile of heavy water. Iran has met the limitations by selling some of its heavy water, including 40 tons to the United States, for use by a Department of Energy program, and some to Oman in November 2016.

Bushehr Reactor/Russia to Build Additional Reactors

The JCPOA does not prohibit operation or new construction of civilian nuclear plants such as the one Russia built at Bushehr. Under their 1995 bilateral agreement commissioning the construction, Russia supplies nuclear fuel for the plant and takes back the spent nuclear material for reprocessing. Russia delayed opening the plant apparently to pressure Iran on the nuclear issue, but it was reported provisionally operational as of September 2012.

In November 2014, Russia and Iran reached agreement for Russia to build two more reactors—and possibly as many as six more beyond that—at Bushehr and other sites. Russia is to supply and reprocess all fuel for these reactors. In January 2015, Iran announced it would proceed with the construction of two such plants at Bushehr, and, in August 2016, Iran's top nuclear official, Atomic Energy Organization of Iran chief Ali Akbar Salehi, announced \$10 billion in funding for the plants. Because all nuclear fuel and reprocessing is supplied externally, these plants are not considered a significant proliferation concern and were not addressed in the JCPOA.

International Diplomatic Efforts to Address Iran's Nuclear Program

International concerns about Iran's nuclear program produced a global consensus to apply economic pressure on Iran to persuade it to negotiate limits on 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 suspend uranium enrichment activities and sign and ratify the "Additional Protocol" to the NPT (allowing for enhanced inspections). Iran signed the Additional Protocol on December 18, 2003, although the *Majles* did not ratify it.

Referral to the Security Council. Iran ended the suspension after several months, but the EU-3 and Iran reached a more specific November 14, 2004, "Paris Agreement," under which Iran suspended uranium enrichment in exchange for renewed trade talks and other aid.²⁵ The Bush Administration supported the Paris Agreement on March 11, 2005, by announcing dropping U.S. objections to Iran applying to join the World Trade Organization (WTO). The Paris Agreement broke down in 2005 when Iran rejected an EU-3 proposal for a permanent nuclear agreement as offering insufficient benefits. In August 2005, Iran began uranium "conversion" (one step before enrichment) at its Esfahan facility. On September 24, 2005, the IAEA Board declared Iran in noncompliance with the NPT and, on February 4, 2006, the IAEA board voted 27-3²⁶ to refer the case to the Security Council. The Council set an April 29, 2006 deadline to cease enrichment.²⁷

"P5+1" Formed. In May 2006, the Bush Administration joined the talks, triggering an expanded negotiating group called the "Permanent Five Plus 1" (P5+1: United States, Russia, China, France, Britain, and Germany). A P5+1 offer to Iran on June 6, 2006, guaranteed Iran nuclear fuel

²⁵ For text of the agreement, see 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.

²⁶ Voting no: Cuba, Syria, Venezuela. Abstaining: Algeria, Belarus, Indonesia, Libya, South Africa.

²⁷ See <http://daccessdds.un.org/doc/UNDOC/GEN/N06/290/88/PDF/N0629088.pdf?OpenElement>.

(Annex I to Resolution 1747) and threatened sanctions if Iran did not agree (sanctions were imposed in subsequent years).²⁸

First Four 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. A table outlining the provisions of the U.N. Security Council Resolutions on Iran's nuclear program can be found in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman. (The resolutions below, as well as Resolution 1929, were formally superseded on January 16, 2016, by Resolution 2231.)

- *Resolution 1696* (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 suspend enrichment suspension, suspend construction of the Arak heavy-water reactor, and ratify the Additional Protocol to Iran's IAEA Safeguards Agreement. 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 authorizes military action.
- *Resolution 1737* (December 23, 2006). After Iran refused a proposal to temporarily suspend enrichment, the Security Council adopted U.N. Security Council Resolution 1737 unanimously, under Chapter 7, Article 41 of the U.N. Charter. It demanded enrichment suspension by February 21, 2007, prohibited sale to Iran of nuclear technology, and required U.N. member states to freeze the financial assets of named Iranian nuclear and missile firms and related persons.
- *Resolution 1747* (March 24, 2007) Resolution 1747, adopted unanimously, demanded Iran suspend enrichment by May 24, 2007. It added entities to those sanctioned by Resolution 1737 and banned arms transfers by Iran (a provision directed at stopping Iran's arms supplies to its regional allies and proxies). It called for, but did not require, countries to cease selling arms or dual use items to Iran and for countries and international financial institutions to avoid giving Iran any new loans or grants (except loans for humanitarian purposes).
- *Resolution 1803* (March 3, 2008) Adopted by a vote of 14-0 (and Indonesia abstaining), Resolution 1803 added persons and entities to those sanctioned; banned travel outright by certain sanctions persons; banned virtually all sales of dual use items to Iran; and authorized inspections of Iran Air Cargo and Islamic Republic of Iran Shipping Line shipments, if there is cause to believe that the shipments contain banned goods. In May 2008, the P5+1 added political and enhanced energy cooperation with Iran to previous incentives, and the text of that enhanced offer was attached as an Annex to Resolution 1929 (see below).
- *Resolution 1835* (September 27, 2008). In July 2008, Iran it indicated it might be ready to accept a temporary "freeze for freeze": the P5+1 would impose no new sanctions and Iran would stop expanding uranium enrichment. No agreement on that concept was reached, even though the Bush Administration sent its Under Secretary of State for Political Affairs to a P5+1-Iran meeting in Geneva in July 2008. Resolution 1835 demanded compliance but did not add any sanctions.

²⁸ One source purports to have obtained the contents of the package from ABC News: <http://www.basicint.org/pubs/Notes/BN060609.htm>.

Developments during the Obama Administration

The P5+1 met in February 2009 to incorporate the new U.S. Administration's stated commitment to direct U.S. engagement with Iran.²⁹ On April 8, 2009, U.S. officials announced that a U.S. diplomat would henceforth attend all P5+1 meetings with Iran. In July 2009, the United States and its allies demanded that Iran needed to offer constructive proposals by late September 2009 or face "crippling sanctions." On September 9, 2009, Iran offered proposals that the P5+1 determined constituted a basis for further talks.

Tentative Agreements Collapse. The October 1, 2009, P5+1-Iran meeting in Geneva produced a tentative agreement for Iran to allow Russia and France to reprocess 75% of Iran's low-enriched uranium stockpile for medical use. Technical talks on the tentative accord were held in Vienna on October 19-21, 2009, and a draft agreement was approved by the P5+1 countries. However, the Supreme Leader reportedly opposed Iran's concessions and the agreement was not finalized.

In April 2010, Brazil and Turkey negotiated with Iran to revive the October arrangement. On May 17, 2010, with the president of Brazil and prime minister of Turkey in Tehran, the three signed an arrangement ("Tehran Declaration") for Iran to send 2,600 pounds of uranium to Turkey in exchange for medically-useful reprocessed uranium.³⁰ Iran submitted to the IAEA an acceptance letter, but the Administration rejected the plan as failing to address enrichment to the 20% level.

U.N. Security Council Resolution 1929

Immediately after the Brazil-Turkey mediation failed, then Secretary of State Clinton announced that the P5+1 had reached agreement on a new U.N. Security Council Resolution that would give U.S. allies authority to take substantial new economic measures against Iran. Adopted on June 9, 2010,³¹ Resolution 1929 was the most sweeping of those adopted on Iran's nuclear program, and an annex presented a modified offer of incentives to Iran.³² By authorizing U.N. member states to sanction key Iranian economic sectors such as energy and banking, Resolution 1929 placed significant additional economic pressure on Iran.

However, the Resolution produced no breakthrough in talks. Negotiations on December 6-7, 2010, in Geneva and January 21-22, 2011, in Istanbul floundered over Iran's demand for immediate lifting of international sanctions. Additional rounds of P5+1-Iran talks in 2012 and 2013 (2012: April in Istanbul; May in Baghdad; and June in Moscow; 2013: Almaty, Kazakhstan, in February and in April) did not achieve agreement on a P5+1 proposal that Iran halt enrichment to the 20% level ("stop"); close the Fordow facility ("shut"); and remove the existing stockpile of 20% enriched uranium ("ship").

Joint Plan of Action (JPA)

P5+1 leaders asserted that the 2013 election of Rouhani as president improved the prospects for a nuclear settlement. In advance of his visit to the U.N. General Assembly meetings in New York during September 23-27, 2013, Rouhani stated that the Supreme Leader had given him authority to negotiate a nuclear deal. The Supreme Leader affirmed that authority in a speech to the IRGC

²⁹ Dempsey, Judy. "U.S. Urged to Talk With Iran." *International Herald Tribune*, February 5, 2009.

³⁰ Text of the pact is at <http://www.cfr.org/publication/22140/>.

³¹ It was adopted by a vote of 12-2 (Turkey and Brazil voting no) with one abstention (Lebanon).

³² Text of the resolution is at http://www.isis-online.org/uploads/isis-reports/documents/Draft_resolution_on_Iran_annexes.pdf.

on September 17, 2013, in which he said he believes in the concept of “heroic flexibility”—adopting “proper and logical diplomatic moves ...”³³ An agreement on an interim nuclear agreement, the “Joint Plan of Action” (JPA), was announced on November 24, 2013. In exchange for \$700 million per month in hard currency payments from oil sales and other modest sanctions relief, it required Iran to (1) eliminate its stockpile of 20% enriched uranium, (2) cease enriching to that level, and (3) not increase its stockpile of 3.5% enriched uranium.

The Joint Comprehensive Plan of Action (JCPOA)³⁴

P5+1-Iran negotiations on a comprehensive settlement began in February 2014 but missed several self-imposed deadlines. On April 2, 2015, the parties reached a framework for a JCPOA, and the JCPOA was finalized on July 14, 2015. U.N. Security Council Resolution 2231 of July 20, 2015, endorsed the JCPOA and contains restrictions (less stringent than in Resolution 1929) on Iran’s importation or exportation of conventional arms (for up to five years), and on development and testing of ballistic missiles capable of delivering a nuclear weapon (for up to eight years). On January 16, 2016, the IAEA certified that Iran completed the work required for sanctions relief and “Implementation Day” was declared. U.S. officials, including Ambassador Stephen Mull, who directs U.S. implementation of the JCPOA, have testified on several occasions since Implementation Day that Iran is complying with the JCPOA.

The Trump Administration and Iran’s Nuclear Program

During the 2016 U.S. presidential election campaign, then-candidate Trump was highly critical of the JCPOA as a “bad deal” and, at times but not consistently, threatened to withdraw from the accord if elected. On February 1, 2017, the new Administration, in the form of a statement by National Security Adviser Michael Flynn, placed Iran “on notice” about its continuing ballistic missile tests and “malign” regional activities, but National Security Council officials told journalists that any U.S. responses would be directed at these Iranian behaviors, implying that responses would not involve abrogating the JCPOA or violating any U.S. commitments under JCPOA.³⁵ Those comments, coupled with informal comments by President Trump that day, appeared to indicate that the Administration has not decided to cease implementing the agreement. Should the Administration decide to do so, there are a number of mechanisms it could employ, as addressed in several CRS reports including CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr and CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

Missile Programs and Chemical and Biological Weapons Capability

Iran has an active missile development program, as well as other WMD programs at varying stages of activity and capability, as discussed further below.

Chemical and Biological Weapons

U.S. reports indicate that Iran has the capability to produce chemical warfare (CW) agents and “probably” has the capability to produce some biological warfare agents for offensive purposes, if

³³ Open Source Center, “Iran: Leader Outlines Guard Corps Role, Talks of ‘Heroic Flexibility,’” published September 18, 2013.

³⁴ For detail on the JCPOA, see CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

³⁵ Transcript of NSC briefing for reporters on February 1, 2017.

it made the decision to do so.³⁶ 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. Iran is widely believed to be unlikely to use chemical or biological weapons or to transfer them to its regional proxies or allies because of the potential for international powers to discover their origin and retaliate against Iran for any use.

Missiles and Warheads³⁷

U.S. officials assert that Iran has a growing and increasingly sophisticated arsenal of missiles of varied ranges and types. These missiles appear to pose a realistic and significant threat to U.S. allies in the region, as well as to U.S. ships and forces in the Persian Gulf. The reported re-transfer by Iran of shorter-range missiles to allied forces in the region such as Hezbollah, Hamas, and Houthi rebels in Yemen appear to enhance Iran's ability to project power in the region.

The Defense Department report on Iran's military power (2016), referenced earlier, states that Iran is fielding more advanced coastal defense missile batteries, anti-ship ballistic missiles, and "missiles capable of reaching targets throughout the region, including U.S. military bases and Israel...." Then-DNI Clapper testified February 9, 2016, that "Iran's ballistic missiles are inherently capable of delivering WMD, and Tehran already has the largest inventory of ballistic missiles in the Middle East." He added that, "Iran's progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including ICBMs (Intercontinental Ballistic Missiles)." Iran's missile programs are run by the IRGC Air Force, particularly the IRGC Air Force Al Ghadir Missile Command—an entity sanctioned under Executive Order 13382. 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. Iran's programs do not appear to have been permanently set back by the November 12, 2011, explosion at a ballistic missile base outside Tehran that destroyed it and killed the base commander.

Resolution 2231 of July 20, 2015 (the only currently operative Security Council resolution on Iran) "calls on" Iran not to develop or test ballistic missiles "designed to be capable of" delivering a nuclear weapon, for up to eight years. The wording, although less strict than that of Resolution 1929, is interpreted by Security Council members as a ban on Iran's development of ballistic missiles. The JCPOA itself does not specifically contain any ballistic missile-related restraints. Administration officials maintain that the missile issue is being addressed separately.

Iran has continued developing and testing missiles, despite Resolution 2231.

- On October 11, 2015, and reportedly again on November 21, 2015, Iran tested the domestically produced 1,200 mile range "Emad" ballistic missile, which U.S. intelligence officials called "more accurate" than previous Iranian-produced missiles of similar range. The tests occurred prior to the taking effect of Resolution 2231 on January 16, 2016). f
- Iran conducted ballistic missile tests on March 8-9, 2016—the first such tests after international sanctions were lifted.

³⁶ 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.

³⁷ For more information on Iran's missile arsenal, see CRS Report R42849, *Iran's Ballistic Missile and Space Launch Programs*, by Steven A. Hildreth.

- Iran reportedly conducted a missile test in May 2016, although Iranian media had varying accounts of the range of the missile tested.
- A July 11-21, 2016, test of a missile of a range of 2,500 miles, akin to North Korea's Musudan missile, reportedly failed. It is not clear whether North Korea provided any technology or had any involvement in the test.³⁸
- On January 29, 2017, Iran tested what Trump Administration officials called a version of the Shahab missile, although press reports say the test failed when the missile exploded after traveling about 600 miles.

U.S. and U.N. Responses to Iran's Continued Testing

Then U.S. Ambassador to the United Nations Samantha Power called a Security Council meeting to consider whether the March 2016 missile tests constituted a violation of Resolution 2231, terming the tests “provocative and destabilizing.” Obama officials—as well as Trump Administration officials on February 1, 2017, have termed Iran’s continued tests “defiant of” and “inconsistent with” Resolution 2231. However, the U.N. Security Council has to date only referred the matter to its sanctions committee and not imposed any additional sanctions on Iran for these tests. The Trump Administration referred the January 29, 2017, test to the Council again, and the Council again delegated the issue to its sanctions committee for potential follow-up.

On several occasions in 2015 and 2016, the Obama Administration designated additional firms for sanctions under Executive Order 13382. On February 1, 2017, National Security Adviser Michael Flynn delivered a statement referring to the continued tests—as well as Iran’s “malign” regional activities—as evidence of an “emboldened” Iran and that the Administration is putting Iran “on notice” about its behavior. NSC officials subsequently elaborated on the statement to journalists, indicating that a deliberative process is under way that could determine additional U.S. actions against Iran, although their comments suggested that abrogating the JCPOA or ceasing to implement U.S. commitments under the accord were not among the choices under consideration. On February 3, 2017, the Trump Administration designated 17 additional Iran missile-related entities under E.O. 13382, although it is not known whether further action beyond these designations is planned.

Section 1226 of the FY2017 National Defense Authorization Act (S. 2943, P.L. 114-328) requires the DNI as well as the Secretary of State and of Treasury to each submit quarterly reports to Congress on Iranian missile launches in the one preceding year, and on efforts, if any, to impose sanctions on entities assisting those launches. The provision sunsets on December 31, 2019.

Iran denies it is developing nuclear-capable ballistic missiles and asserts that conventionally armed missiles are an integral part of its defense strategy and will not stop, U.N. resolutions and U.S. threats notwithstanding. Iran argues that it is not developing a nuclear weapon and therefore is not designing its missile to carry a nuclear weapon.

U.S. and Other Missile Defenses

Successive U.S. Administrations have sought to build up regional missile defense systems to counter Iran’s missile capabilities. The United States and Israel have a broad program of cooperation on missile defense as well as on defenses against shorter range rockets and missiles such as those Iran supplies to Lebanese Hezbollah. The United States has also long sought to

³⁸ Lucas Tomlinson. “Iran Conducts 4th Missile Test Since Signing Nuke Deal.” Fox News, July 15, 2016.

organize a coordinated GCC missile defense system, building on the individual capabilities and purchases of each GCC country. As part of this effort, there have been several recent missile defense sales including PAC-3 sales to UAE, Kuwait, and Saudi Arabia; and the advanced “THAAD” (Theater High Altitude Area Defense) to the UAE (for which delivery began in December 2015). In September 2012, the United States emplaced 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.³⁹

The United States has sought a defense 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 on ship-based systems and systems based in other European countries, including Romania. The FY2013 national defense authorization act (P.L. 112-239) contained 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).

³⁹ David Sanger and Eric Schmitt, “To Calm Israel, U.S. Offers Ways to Restrain Iran,” *New York Times*, September 3, 2012.

Table 2. Iran's Missile Arsenal

Shahab-3 ("Meteor")	The 800-mile range missile is operational, and Defense Department reports indicate Tehran is improving its lethality and effectiveness.
Shahab-3 "Variant" /Sijil/Ashoura/Emad	The Sijil, or Ashoura, is a solid fuel Shahab-3 variant with 1,200-1,500-mile range, which puts large portions of the Near East and Southeastern Europe in range. In June 2011, Iran unveiled underground missile silos. Some of these missiles reportedly inscribed with the phrase "Israel must be wiped off the face of the earth"—were launched on March 8-9, 2016. The Trump Administration characterized the January 29, 2017, Iranian missile test as a Shahab test, adding that Iran would begin production of the Shahab by March 2017.
BM-25/Musudan Variant	This missile, with a reported range of up to 2,500 miles, is of North Korean design, and in turn based on the Soviet-era "SS-N-6" missile. Reports in 2006 that North Korea supplied the missile or components of it to Iran have not been corroborated, but Iran reportedly tried to test its own version of this missile in July 2016.
Short Range Ballistic Missiles and Cruise Missiles	Iran is fielding increasingly capable short-range ballistic and anti-ship cruise missiles, according to DOD reports, including the ability to change course in flight. One such short range ballistic missile is named the Qiam, first tested in August 2010. Iran has long worked on a 200 mile range "Fateh 110" missile (solid propellant), a version of which is the Khaliji Fars (Persian Gulf) anti-ship ballistic missile that could threaten maritime activity throughout the Persian Gulf. Iran also is able to arm its patrol boats with Chinese-made C-802 anti-ship cruise missiles. Iran also has C-802s and other missiles emplaced along Iran's coast, including the Chinese-made CSSC-2 (Silkworm) and the CSSC-3 (Seersucker). 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).
Space Vehicles and ICBMs	In February 2009, Iran successfully launched a small, low-earth satellite on a Safir-2 rocket (range about 155 miles). Iran has claimed additional satellite launches since, including the launch and return of a vehicle carrying a small primate in December 2013. As of March 2016, Iran was said to be readying the <i>Simorgh</i> vehicle for a space launch, but no launch has taken place to date. The U.S. defense and intelligence community assesses that these vehicles could be configured as ballistic missiles of intercontinental ballistic ranges (ICBM: 3,000 mile or more range). However, the U.S. intelligence community has not stated that Iran has produced an ICBM, to date.
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 said that U.S. intelligence captured an Iranian computer in mid-2004 showing plans to construct a nuclear warhead for the Shahab. ⁴⁰ No further information on any such work has been reported since.

Source: Testimony of U.S. intelligence community officials, 2005-2017, various press; NSC press briefing for journalists, February 1, 2017.

Conventional and "Asymmetric Warfare" Capability

Iran's leaders have repeatedly warned that Iran could and would take military action if Iran is attacked. Iran's forces are widely assessed as incapable of defeating the United States in a classic military confrontation, but they are assessed as potentially able to do significant damage even to U.S. forces. Iran appears to be able to defend against any conceivable aggression from Iran's neighbors, while lacking the ability to deploy concentrated armed force across long distances or waterways such as the Persian Gulf. But Iran is able to project power—including against U.S. and U.S.-allied interests in the region—through its support for friendly governments and proxy forces.

⁴⁰ William Broad and David Sanger, "Relying On Computer, U.S. Seeks to Prove Iran's Nuclear Aims," *New York Times*, November 13, 2005.

Organizationally, Iran's armed forces are divided to perform functions appropriate to their roles. The Islamic Revolutionary Guard Corps (IRGC, known in Persian as the *Sepah-e-Pasdaran Enghelab Islami*)⁴¹ controls the *Basij* (Mobilization of the Oppressed) volunteer militia that has been the main instrument to repress domestic dissent. The IRGC also has a national defense role and it and the regular military (*Artesh*)—the national army that existed under the former Shah—report to a joint headquarters. On June 28, 2016, Supreme Leader Khamene'i replaced the longtime Chief of Staff (head) of the Joint Headquarters, Dr. Hassan Firuzabadi, with Major General Mohammad Hossein Bagheri, who was an early recruit to the IRGC and fought against Kurdish insurgents and in the Iran-Iraq War. About 56 years old, Bagheri, uncharacteristically of a senior IRGC figure, has generally not been outspoken on major issues.⁴² The *Artesh* is deployed mainly at bases outside major cities and its leaders assert that the regular military does not have a mandate to suppress public demonstrations and will not do so.

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 runs Iran's ballistic missile programs. Iran has a small number of warships on its Caspian Sea coast. In January 2014, Iran sent some warships into the Atlantic Ocean for the first time ever, presumably to try to demonstrate growing naval strength. In July 2016, the commander of the regular Navy, Rear Admiral Habibollah Sayyari, said that Iran would establish a presence in the Atlantic Ocean, of unspecified duration.

Military-Military Relationships and Potential New Arms Buys

Iran's armed forces have few formal relationships with foreign militaries outside the region. Iran's military-to-military relationships with Russia, China, Ukraine, Belarus, and North Korea generally have focused on Iranian arms purchases or upgrades. Iran and Russia are cooperating in Syria to assist the Assad regime's military effort against a multi-faceted armed rebellion. The cooperation expanded in August 2016 with Russia's bomber aircraft being allowed use of Iran's western airbase at Hamadan to launch strikes in Syria. This appears to be the first time since the 1979 revolution that a foreign military has been provided use of Iran's military facilities. A provision of the House version of the FY2017 NDAA (Section 1259M of H.R. 4909) required an Administration report on Iran-Russia military cooperation worldwide, but the provision was removed in conference action.

Iran and India have a "strategic dialogue" and some Iranian naval officers reportedly underwent some training in India in the 1990s. Iran's military also conducted joint exercises with the Pakistani armed forces in the early 1990s. In September 2014, two Chinese warships docked at Iran's port of Bandar Abbas, for the first time in history, to conduct four days of naval exercises,⁴³ and in October 2015, the leader of Iran's regular (not IRGC) Navy made the first visit ever to China by an Iranian Navy commander.

Sales to Iran of most conventional arms (arms on a U.N. Conventional Arms Registry) were banned by U.N. Resolution 1929. Resolution 2231 requires (for a maximum of five years)

⁴¹ For a more extensive discussion of the IRGC, see Katzman, Kenneth, "The Warriors of Islam: Iran's Revolutionary Guard," *Westview Press*, 1993.

⁴² Farzin Nadimi. "Who Is Iran's New Armed Forces Chief of Staff?" Washington Institute for Near East Policy, July 5, 2016.

⁴³ Thomas Erdbrink and Chris Buckley. "China's Navy Sends Ships for Exercises with Iran." *New York Times*, September 22, 2014.

Security Council approval for any transfer of weapons or military technology, or related training or financial assistance, to Iran. Defense Minister Hossein Dehgan visited Moscow during February 15-16, 2016, reportedly to discuss possible purchases of \$8 billion worth of new conventional arms, including T-90 tanks, Su-30 aircraft, attack helicopters, anti-ship missiles, frigates, and submarines. Such purchases would require Security Council approval under Resolution 2231, and U.S. officials have said the United States would use its veto power to deny approval for the sale.

Asymmetric Warfare Capacity

Iran appears to be attempting to compensate for its conventional military weaknesses by developing a significant capacity for “asymmetric warfare.” The 2016 Defense Department report, referenced above, states that Iran continues to develop forces and tactics to control the approaches to Iran, including the Strait of Hormuz, and that the IRGC-QF remains a key tool of Iran’s “foreign policy and power projection.” Iran’s naval strategy appears to be center on developing an ability to “swarm” U.S. naval assets with its fleet of small boats and large numbers of anti-ship cruise missiles and its inventory of coastal defense cruise missiles (such as the Silkworm or Seersucker). It is also developing increasingly lethal systems such as more advanced naval mines and “small but capable submarines,” according to the 2016 DOD report. Iran has added naval bases along its Gulf coast in recent years, enhancing its ability to threaten shipping in the Strait. In 2013, Iran constructed an additional naval base on the Sea of Oman.

Iran’s oft-reiterated threats to block the Strait if Iran is attacked could be intended to extract concessions from the international community. In mid-2015, Iran stopped several commercial ships transiting the Strait as part of an effort to resolve commercial disputes with the shipping companies involved. However, the stoppages might have been intended to demonstrate Iran’s potential ability to control the Strait.

Iran’s arming of regional allies and proxies represents another aspect of Iran’s development of asymmetric warfare capabilities. Arming allies and proxies helps Iran expand its influence with little direct risk, give Tehran a measure of deniability, and serve as a “force multiplier” that compensates for a relatively weak conventional force. Some U.S. officials have predicted that, in the event of a U.S.-Iran confrontation, 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 Iran-supported forces in Afghanistan or Iraq to attack U.S. personnel there. Some of the groups that Iran supports, such as Lebanese Hezbollah and Hamas, are named as terrorist organizations by the United States, and Iran’s support for such factions was a key justification for Iran’s addition to the U.S. list of state sponsors of terrorism (“terrorism list”) in January 1984.

Table 3. Iran's Conventional Military Arsenal

Military and Security Personnel: 475,000+. Regular army ground force is about 350,000, Revolutionary Guard Corps (IRGC) ground force is about 100,000. IRGC navy is about 20,000 and regular navy is about 18,000. Regular Air Force has about 30,000 personnel and IRGC Air Force (which runs Iran's missile programs) is of unknown size. Security forces number about 40,000-60,000 law enforcement forces, with another 600,000 Basij (volunteer militia under IRGC control) available for combat or internal security missions.

Tanks: 1,650+ Includes 480 Russian-made T-72. Iran reportedly discussing purchase of Russian-made T-90s.

Surface Ships and Submarines: 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). 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 deployed four Iranian-made "Ghadir class" subs to the Red Sea in June 2011. Iran reportedly seeks to buy from Russia additional frigates and submarines.

Combat Aircraft/Helicopters: 330+ Includes 25 MiG-29 and 30 Su-24. Still dependent on U.S. F-4s, F-5s and F-14 bought during Shah's era. Iran reportedly negotiating with Russia to purchase Su-30s (Flanker) equipped with advanced air to air and air to ground missiles (Yakhont ant-ship missile). Iran reportedly seeks to purchase Russia-made Mi-17 attack helicopters.

Anti-aircraft Missile Systems: Iran has 150+ U.S.-made I-Hawk (from Iran-Contra Affair) plus possibly some Stingers acquired in Afghanistan. Russia delivered to Iran (January 2007) 30 anti-aircraft missile systems (Tor M1), worth over \$1 billion. In December 2007, Russia agreed to sell five batteries of the highly capable S-300 air defense system at an estimated cost of \$800 million. Sale of the system did not technically violate U.N. Resolution 1929, because the system is not covered in the U.N. Registry on Conventional Arms, but Russia refused to deliver the system as long as that sanction remained in place. After the April 2, 2015, framework nuclear accord, Russian officials indicated they would proceed with the S-300 delivery, and delivery proceeded in 2016. Iran reportedly also seeks to buy the S-400 anti-aircraft system from Russia.

Defense Budget: About 3% of GDP, or about \$15 billion. The national budget is about \$300 billion.

Sources: IISS Military Balance (2016)—Section on Middle East and North Africa, and various press reports.

Table 4. The Islamic Revolutionary Guard Corps (IRGC)

The IRGC is generally loyal to Iran's political hardliners 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. A Rand Corporation study stated: "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.... 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...."

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 IRGC-QF numbers approximately 10,000-15,000 personnel who provide advice, support, and arrange weapons deliveries to pro-Iranian factions or leaders in Lebanon, Iraq, Syria, 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, and it is advising the Iraqi government against the Islamic State (also known as ISIS or ISIL)—tacitly aligning it there with U.S. forces. Section 1223 of the FY2016 National Defense Authorization Act (P.L. 114-92) required a DOD report any U.S. military interaction with the IRGC-QF, presumably in Iraq. The QF commander, Brigadier General Qassem Soleimani, reportedly has an independent channel to Khamene'i. The QF commander during 1988-1995 was Brigadier General Ahmad Vahidi, who served as defense minister during 2009-2013. He led the QF when it allegedly assisted Lebanese Hezbollah carry out two bombings of Israeli and Jewish targets in Buenos Aires (1992 and 1994) and is wanted by Interpol. He allegedly recruited Saudi Hezbollah activists later accused of the June 1996 Khobar Towers bombing.

IRGC leadership developments are significant because of the political influence of the IRGC. Mohammad Ali Jafari has been Commander in Chief of the IRGC since September 2007. He is considered a hardliner against political dissent and a close ally of the Supreme Leader. He criticized Rouhani for accepting a phone call from President Obama on September 27, 2013, and opposed major concessions in the JCPOA negotiations. The *Basij* militia 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). The IRGC Air Force runs Iran's ballistic missile programs, but combat and support military aviation is operated exclusively by the regular Air Force, which has the required pilots and sustainment infrastructure for air force operations.

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 chief executive, Rostam Ghasemi, served as Oil Minister during 2011-2013. In 2009, the IRGC bought a 50% stake in Iran Telecommunication Company at a cost of \$7.8 billion, although that firm was later privatized. The *Wall Street Journal* reported on May 27, 2014, that Khatam ol-Anbia has \$50 billion in contracts with the Iranian government, including in the energy sector but also in port and highway construction. It has as many as 40,000 employees.

Numerous IRGC and affiliated entities, including the IRGC itself and the QF, have been designated for U.S. sanctions as proliferation, terrorism supporting, and human rights abusing entities—as depicted in CRS Report RS20871, *Iran Sanctions*. The United States did not remove any IRGC-related designations under the JCPOA, but the EU will be doing so in about eight years.

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; Department of the Treasury; http://www.newyorker.com/reporting/2013/09/30/130930fa_fact_filkins?printable=true¤tPage=all.

Iran's Regional and International Activities

The following sections analyze Iran's actions in its region and more broadly, in the context of Iran's national security strategy.

Near East Region

Although Iran might see the United States as its most powerful potential adversary, the focus of Iranian policy is the Near East region. Iran employs all instruments of its foreign and defense policy there, including deployment of the IRGC-Qods Force (IRGC-QF) in several countries. The Obama Administration and now the Trump Administration (February 1, 2017, National Security Adviser statement) have described many of Iran's regional actions as "malign activities." Some analysts assert that Iran's influence in the Near East region is more extensive than at any time since the 1979 revolution, complicating efforts by the United States to limit Iran's strategic reach.

The Persian Gulf

Iran has a 1,100-mile coastline on the Persian Gulf and Gulf of Oman. The Persian Gulf monarchy states (Gulf Cooperation Council, GCC: Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates) have always been a key focus of Iran's foreign policy. In 1981, perceiving a threat from revolutionary Iran and spillover from the Iran-Iraq War that began in September 1980, the six Gulf states—Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates—formed the GCC alliance. U.S.-GCC security cooperation, developed during the 1980-1988 Iran-Iraq War, expanded significantly after the 1990 Iraqi invasion of Kuwait. Whereas prior to 2003 the extensive U.S. presence in the Gulf was also intended to contain Saddam Hussein's Iraq, with Iraq militarily weak since the fall of Saddam Hussein, the U.S. military presence in the Gulf is focused mostly on containing Iran and protecting the GCC states from Iran threat. These states host significant numbers of U.S. forces at their military facilities and procuring sophisticated U.S. military equipment, as discussed below.

Some of the GCC leaders also accuse Iran of fomenting unrest among Shiite communities in the GCC states, particularly those in the Eastern Provinces of Saudi Arabia and in Bahrain, which has a majority Shiite population. At the same time, all the GCC states maintain relatively normal trading relations with Iran, and some are reportedly considering energy pipeline and transportation projects linking to Iran. Others are developing oil export pipelines that avoid the Strait of Hormuz and reduce Iran's leverage over them.

An additional U.S. and GCC concern is the Iranian threat to the long-asserted core U.S. interest to preserve the free flow of oil and freedom of navigation in the Persian Gulf, which is only about 20 miles wide at its narrowest point. The Strait is identified by the Energy Information

Figure 1. Map of Near East



Source: Created by CRS.

Administration as a key potential “chokepoint” for the world economy. Each day, about 17 million barrels of oil flow through the Strait, which is 35% of all seaborne traded oil and 20% of all worldwide traded oil.⁴⁴ U.S. and GCC officials view Iran as the only realistic threat to the free flow of oil and freedom of navigation in the Persian Gulf and Strait of Hormuz.

The following sections analyze the main outlines of Iran’s policy toward each GCC state.

Saudi Arabia⁴⁵

Iranian leaders assert that Saudi Arabia seeks hegemony for its school of Sunni Islam and to deny Iran and Shiite Muslims in general any influence in the region. Iranian aid to Shiite-dominated governments and to Shiites in Sunni-dominated countries aggravates sectarian tensions and contributing to a virtually existential war by proxy with Saudi Arabia,⁴⁶ which asserts that it seeks to thwart an Iranian drive for regional hegemony. Iran has sought to focus international criticism on the humanitarian consequences of Saudi-led military operations in Yemen, perhaps as part of an effort to widen U.S-Saudi differences on that and other issues. Iran’s arming of the Houthi rebels in Yemen has also increased Iran’s potential to threaten the Kingdom militarily. On Iraq, Iran and Saudi Arabia back the Shiite-dominated government, although Saudi leaders have criticized that government for sectarianism whereas Iran supports Baghdad materially and relatively uncritically.

The Saudi-Iran rift expanded in January 2016 when Saudi Arabia severed diplomatic relations with Iran in the wake of violent attacks and vandalism against its embassy in Tehran and consulate in Mashhad, Iran. The attacks were a reaction to Saudi Arabia’s January 2, 2016, execution of an outspoken Shia cleric, Nimr Baqr al Nimr, alongside dozens of Al Qaeda members; all had been convicted of treason and/or terrorism charges. Subsequently, Saudi Arabia and Bahrain broke diplomatic relations with Iran, and Qatar, Kuwait, and UAE recalled their ambassadors from Iran. Some Iranian leaders sought to rebuild official relations with the Kingdom in the latter half of 2016. However, in December 2016, Saudi Arabia executed 15 Saudi Shiites sentenced to death for “spying” for Iran.

Saudi officials repeatedly cite past Iran-inspired actions as a reason for distrusting Iran. These actions include Iran’s encouragement of violent demonstrations at some Hajj pilgrimages in Mecca in the 1980s and 1990s, which caused a break in relations from 1987 to 1991. The two countries increased mutual criticism of each other’s actions in the context of the 2016 Hajj. Some Saudis accuse Iran of supporting Shiite dissidents in the kingdom’s restive Shiite-populated Eastern Province. Saudi Arabia asserts that Iran instigated the June 1996 Khobar Towers bombing and accuses it of sheltering the alleged mastermind of the bombing, Ahmad Mughassil, a leader of Saudi Hezbollah. Mughassil was arrested in Beirut in August 2015.

⁴⁴ <http://www.eia.gov/todayinenergy/detail.cfm?id=18991>.

⁴⁵ For detailed information on Saudi Arabia’s policy toward Iran, see CRS Report RL33533, *Saudi Arabia: Background and U.S. Relations*, by Christopher M. Blanchard.

⁴⁶ Statement for the Record. U.S. Director for National Intelligence James Clapper. Senate Armed Services Committee, February 2015, p. 14.

United Arab Emirates (UAE)⁴⁷

The UAE has been acting in concert with Saudi Arabia and several other GCC states to blunt Iran's regional influence. The UAE reportedly refused urgings by then President Obama at the April 21, 2016, second U.S.-GCC summit to increase its diplomatic engagement with Iran or to ease its own sanctions on Iranian banks. The UAE has a long-standing territorial dispute with Iran over the Persian Gulf islands of Abu Musa and the Greater and Lesser Tunb islands. The Tunbs were seized by the Shah of Iran in 1971, and the Islamic Republic took full control of Abu Musa in 1992, violating a 1971 agreement to share control of that island. The UAE has sought 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.) In 2013-2014, the two countries held direct apparently productive discussions on the issue and Iran reportedly removed some military equipment from the islands.⁴⁸ However, no resolution has been announced. The issue was again referenced, strongly backing the UAE position, in the final communique of the GCC summit in December 2016.

Despite their political and territorial differences, the UAE and Iran maintain extensive trade and commercial ties. Iranian-origin residents of Dubai emirate number about 300,000, and many Iranian-owned businesses are located there, including branch offices of large trading companies based in Tehran and elsewhere in Iran. These relationships have often triggered U.S. concerns about the apparent re-exportation of some U.S. technology to Iran,⁴⁹ although the UAE has in recent years taken extensive steps to reduce such leakage. In concert with the Saudi-Iran dispute over the execution of Nimr al Nimr, the UAE recalled its Ambassador from Iran in January 2016.

Qatar⁵⁰

Qatar appears to occupy a "middle ground" between the anti-Iran animosity of Saudi Arabia, the UAE, and Bahrain, and the sustained and frequent engagement with Iran exhibited by Oman. Qatar maintains periodic high-level contact with Iran; the speaker of Iran's *Majles* (parliament) visited Qatar in March 2015 and the Qatari government allowed him to meet with Hamas leaders in exile there. However, Qatar also pursues policies that are opposed to Iran's interests, for example by providing arms and funds to factions in Syria opposed to Syrian President Bashar Al Asad and by joining Saudi-led military intervention in Yemen.

Qatar does not have territorial disputes with Iran, but Qatari officials reportedly remain wary that Iran could try to encroach on the large natural gas field Qatar shares with Iran (called North Field by Qatar and South Pars by Iran). In April 2004, the Iran's then-deputy oil minister said that Qatar is probably producing more gas than "her right share" from the field. He added that Iran "will not allow" its wealth to be used by others. As did UAE, Qatar withdrew its Ambassador from Iran in connection with the Nimr execution discussed above.

⁴⁷ For detailed information on Iran-UAE relations, see CRS Report RS21852, *The United Arab Emirates (UAE): Issues for U.S. Policy*, by Kenneth Katzman.

⁴⁸ <http://archive.defensenews.com/article/20140115/DEFREG04/301150034/Source-UAE-Iran-Reach-Accord-Disputed-Hormuz-Islands>.

⁴⁹ <http://www.nytimes.com/2008/04/02/washington/02UAE.html?pagewanted=print>.

⁵⁰ For detailed information on Iran-Qatar relations, see CRS Report R44533, *Qatar: Governance, Security, and U.S. Policy*, by Kenneth Katzman.

Bahrain⁵¹

Bahrain, ruled by the Sunni Al Khalifa family and still in the throes of unrest among its majority Shiite population, is a strident critic of Iran. Its leaders consistently claim that Iran is agitating Bahrain's Shiite community, some of which is of Persian origin, to try to overturn Bahrain's power structure. In 1981 and again in 1996, Bahrain publicly claimed to have thwarted Iran-backed efforts by Bahraini Shiite dissidents to violently overthrow the ruling family. Bahrain has consistently accused Iran of supporting radical Shiite factions that are part of a broader and mostly peaceful uprising begun in 2011 by mostly Shiite demonstrators.⁵² Providing some corroboration to the Bahraini assertions, the State Department report on international terrorism for 2015 stated that

Iran has also provided weapons, funding, and training to Shia militants in Bahrain. In 2015, the Government of Bahrain raided, interdicted, and rounded up numerous Iran-sponsored weapons caches, arms transfers, and militants. This includes the Bahraini government's discovery of a bomb-making facility with 1.5 tons of high-grade explosives in September (2015).

On several occasions, Bahrain has temporarily withdrawn its Ambassador from Iran following Iranian criticism of Bahrain's treatment of its Shiite population or alleged Iranian involvement in purported anti-government plots. In June 2016, Iran used Bahrain's measures against key Shiite leaders to issue renewed threats against the Al Khalifa regime. Bahrain broke ties with Iran in concert with Saudi Arabia in January 2016, in connection with the Nimr execution dispute.

Tensions also have flared over Iranian attempts to question the legitimacy of a 1970 U.N.-run referendum in which Bahrainis chose independence rather than affiliation with Iran. In March 2016, a former IRGC senior commander and adviser to Supreme Leader Khamene'i re-ignited the issue by saying that Bahrain is an Iranian province and should be annexed.⁵³

Kuwait⁵⁴

Kuwait cooperates with U.S.-led efforts to contain Iranian power and is participating in Saudi-led military action against Iran-backed Houthi rebels in Yemen at the same time it is attempting to mediate a settlement of the Yemen conflict. Kuwait appears to view Iran as helpful in stabilizing Iraq, a country that occupies a central place in Kuwait's foreign policy because of Iraq's 1990 invasion. Kuwait has extensively engaged Iraq's Shiite leaders despite widespread criticism of their marginalizing Sunni Iraqis. Kuwait also exchanges leadership-level visits with Iran; Kuwait's Amir Sabah al-Ahmad Al Sabah visited Iran in June 2014, meeting with Rouhani and Supreme Leader Khamene'i. Kuwait's Foreign Minister visited Iran in late January 2017.

Kuwait is differentiated from some of the other GCC states by its integration of Shiites into the political process and the economy. About 25% of Kuwaitis are Shiite Muslims, but Shiites have not been restive there and Iran was not able to mobilize Kuwaiti Shiites to end Kuwait's support for the Iraqi war effort in the Iran-Iraq War (1980-1988). At the same time, on numerous

⁵¹ For detailed information on Iran-Bahrain relations, see CRS Report 95-1013, *Bahrain: Reform, Security, and U.S. Policy*, by Kenneth Katzman.

⁵² <http://www.aljazeera.com/news/middleeast/2014/01/bahrain-accuses-iran-training-rebels-201413144049814960.html>.

⁵³ Gam News, Iran, as reported by Middle East Media Research Institute (MEMRI). March 17, 2016.

⁵⁴ For detailed information on Iran-Kuwait relations, see CRS Report RS21513, *Kuwait: Governance, Security, and U.S. Policy*, by Kenneth Katzman.

occasions, including in 2016, Kuwaiti courts have convicted Kuwaitis with spying for the IRGC-QF or Iran's intelligence service. Kuwait recalled its Ambassador from Iran in connection with the Saudi-Iran dispute over the Saudi execution of Al Nimr.

*Oman*⁵⁵

Of the GCC states, the Sultanate of Oman has the most consistent and extensive engagement with Iran's leadership. Omani officials assert that engagement with Iran is a more effective means to moderate Iran's foreign policy than to threaten or undertake military action against it. They express gratitude for the Shah's sending of troops to help the Sultan suppress rebellion in the Dhofar region in the 1970s, even though Iran's regime changed since then.⁵⁶ In March 2014, Iranian President Hassan Rouhani visited Oman—the only GCC state he has visited as President. Sultan Qaboos visited Iran in August 2013, reportedly to explore with the newly-elected Rouhani concepts for improved U.S.-Iran relations and nuclear negotiations that ultimately led to the JCPOA. His August 2009 visit there was controversial because it coincided with large protests against alleged fraud in the reelection of then-President Mahmud Ahmadinejad. Since sanctions on Iran were lifted, Iran and Oman have accelerated their joint development of the Omani port of Duqm which Iran envisions as a trading and transportation outlet for Iran. In November 2016, Oman also served as an interim buyer of a shipment of Iranian heavy water—the export from Iran of which was needed for Iran to maintain compliance with the JCPOA.

In part because it seeks to preserve ties to Iran's leaders, Oman has not supported any factions fighting the Assad regime in Syria and has not joined the Saudi-led Arab intervention in Yemen. Oman's relationship with Iran and its membership in the GCC alliance has enabled Oman to undertake the role of mediator in both of those conflicts. Oman has denied that Iran has used its territory to smuggle weaponry to the Houthi rebels in Yemen that Iran is supporting. Oman was the only GCC country to not downgrade its relations with Iran in connection with the January 2016 Saudi-Iran dispute over the execution of Al Nimr.

U.S.-GCC Consultations, Differences, and Programs that Address Iran

The JCPOA apparently stimulated concerns among the GCC leaders that the United States could weaken the U.S. commitment to Gulf security. Addressing these concerns, President Obama and the GCC leaders held two summit meetings—in May 2015 and April 2016. Following the 2015 summit at Camp David, a joint statement said that

In the event of [] aggression or the threat of [] aggression [against the GCC states], the United States stands ready to work with our GCC partners to determine urgently what action may be appropriate, using the means at our collective disposal, including the potential use of military force, for the defense of our GCC partners.⁵⁷

The summit meetings also resulted in announcements of a U.S.-GCC strategic partnership and specific commitments to: (1) facilitate U.S. arms transfers to the GCC states; (2) increase U.S.-GCC cooperation on maritime security, cybersecurity, and counterterrorism; (3) organize additional large-scale joint military exercises and U.S. training; and (4) to implement a Gulf-wide coordinated ballistic missile defense capability, which the United States has sought to promote in

⁵⁵ For detailed information on Iran-Oman relations, see CRS Report RS21534, *Oman: Reform, Security, and U.S. Policy*, by Kenneth Katzman.

⁵⁶ As reported in author conversations in Oman and with Omani officials, 1988-2015.

⁵⁷ <https://www.whitehouse.gov/the-press-office/2015/05/14/us-gulf-cooperation-council-camp-david-joint-statement>.

recent years.⁵⁸ Perhaps indicating their re-assurance, the GCC states publicly expressed support for the JCPOA.⁵⁹ A wide range of observers indicate that the Trump Administration's characterization of Iran as a major regional threat and a U.S. adversary have eased some of these GCC concerns, although no GCC leaders have publicly advocated abrogation of the JCPOA.

The summits continue a long process of formalizing a U.S.-GCC strategic partnership, including the "U.S.-GCC Strategic Dialogue" inaugurated in March 2012. Earlier, in February 2010, then-Secretary Clinton also raised the issue of a possible U.S. extension of a "security umbrella" or guarantee to regional states against Iran.⁶⁰ However, no such formal U.S. security pledge was issued.

U.S. Military Presence and Security Partnerships in the Gulf

Iran has sometimes challenged U.S. forces in the Gulf, perhaps in part to demonstrate that Iran is a Gulf power that is not intimidated by U.S. power. Iranian naval elements have become more active in patrolling or undertaking provocative action in the Persian Gulf since early 2016. IRGC-Navy elements fired rockets near a U.S. aircraft carrier and conducted "high speed intercepts" of U.S. naval vessels in the Gulf in August and September 2016, as well as on January 8, 2017. In late November 2016, IRGC-Navy personnel pointed a weapon at a U.S. military helicopter in the Gulf. During some of these incidents, U.S. vessels fired warning shots at the approaching Iranian naval craft.

The Obama Administration, probably as part of its effort to institutionalize the JCPOA, sought to defuse U.S.-Iran military tensions in the Gulf. The Trump Administration has not articulated a policy on how it would approach future Iranian challenges or the Iranian threat to the Gulf more broadly. However, the February 1, 2017, NSC Adviser statement placing Iran "officially on notice" could signal that the new Administration might change U.S. rules of engagement to include the use of deadly force in future incidents. Defense Secretary, General (ret.) James Mattis, who was commander of CENTCOM (2010-2013), has expressed the Trump Administration's characterization of Iran as a major terrorist and regional threat, while at the same time stating that he sees no requirement for additional U.S. forces in the Gulf at this time.⁶¹ The Trump Administration's statements on Iran in February 2017 suggest that it is inclined to at least maintain, if not increase, defense ties to the GCC states.

The GCC states are pivotal to U.S. efforts to counter Iran. There are about 35,000 U.S. forces in the Gulf region currently. Most of these forces are stationed at military facilities in the GCC states that the United States has access to under formal defense cooperation agreements (DCAs) with Kuwait, Bahrain, Qatar, and the UAE; a facilities access agreement with Oman; and memoranda of understanding with Saudi Arabia. U.S. defense agreements with the Gulf states also reportedly provide for the United States to preposition substantial military equipment, to train the GCC countries' forces; to sell arms to those states; and, in some cases, for consultations in the event of

⁵⁸ <https://www.whitehouse.gov/the-press-office/2015/05/14/annex-us-gulf-cooperation-council-camp-david-joint-statement>.

⁵⁹ Department of State. Joint Statement of the U.S.-GCC Foreign Ministers Meeting. August 3, 2015; <https://www.whitehouse.gov/the-press-office/2015/09/04/joint-statement-meeting-between-president-barack-obama-and-king-salman>.

⁶⁰ Paul Richter and Alexandra Davis. "U.S. Promises to Beef up Defense Aid to Persian Gulf Allies." *Los Angeles Times*, April 7, 2015.

⁶¹ Michael Gordon and Motoko Rich. "More Forces Not Needed in Gulf, Defense Chief Says." *New York Times*, February 4, 2017.

a major threat to the state in question.⁶² Some U.S. forces in the Gulf are aboard a U.S. aircraft carrier task force that is in the Gulf region frequently, not only to preserve Gulf security but also to conduct operations in Iraq and Syria against the Islamic State organization. With respect to training the GCC forces, the Department of Defense notified Congress in December 2016 of the use of authority (Section 2282 of U.S.C. Title 10) to program about \$10 million (Counterterrorism Partnerships Fund, CTPF) for U.S. special operations forces training to enhance the GCC countries' counter-terrorism capabilities.

The ability of the GCC states to support U.S. operations has grown in recent years, in part because of the U.S. mentorship discussed below. U.S. arms sales to the GCC countries have improved GCC air and naval capabilities and their interoperability with U.S. forces, as well as border and maritime security. The United States has continued to agree to major sales to virtually all of the GCC states, including such equipment as combat aircraft, precision-guided munitions, combat ships, radar systems, and communications gear. Gulf state air forces have contributed to recent U.S.-led operations in the region, such as against the Islamic State, and some GCC ground forces have been able to push back Houthi rebels on several fronts in Yemen even without direct U.S. military help. U.S. and GCC naval forces have, on several occasions, intercepted seaborne Iranian weapons shipments to the Houthis. In Syria, several GCC states have reportedly funneled U.S.-made anti-tank and other weapons to rebel forces fighting the Assad government, who is staunchly supported by Iran and Iran's main regional ally, Lebanese Hezbollah. In earlier years, experts have often questioned the level of training and expertise of the Gulf military forces, and whether their reliance on foreign troops, such as Pakistanis serving under contract, weakens their military effectiveness.

Still, the United States seeks to promote greater defense cooperation among the GCC states, particularly by attempting to deal with the GCC countries as a bloc, rather than individually. However, suspicions and differences among the GCC states have slowed implementation of that concept to date. In the past few years, at their annual summit held each December, including the latest such summit in December 2016, the GCC leaders have formally supported suggestions by Saudi Arabia to form a unified GCC military command structure, but there has been little implementation of that plan, to date.

The following sections discuss specific U.S.-Gulf defense relationships.⁶³

- *Saudi Arabia.* The United States and Saudi Arabia do not have a formal DCA. However, several memoranda of understanding enable a few hundred U.S. military personnel to be in Saudi Arabia training its military, Saudi Arabia National Guard (SANG), and Ministry of Interior forces. The Saudi force has about 225,000 active duty personnel, with about 600 tanks, of which 200 are U.S.-made M1A2 "Abrams" tanks. The Saudi Air Force flies the F-15.
- *Kuwait.* The United States has had a DCA with Kuwait since 1991, and over 13,000 mostly U.S. Army personnel are stationed there, including ground combat troops. Kuwait hosts the U.S.-led headquarters for Operation Inherent Resolve

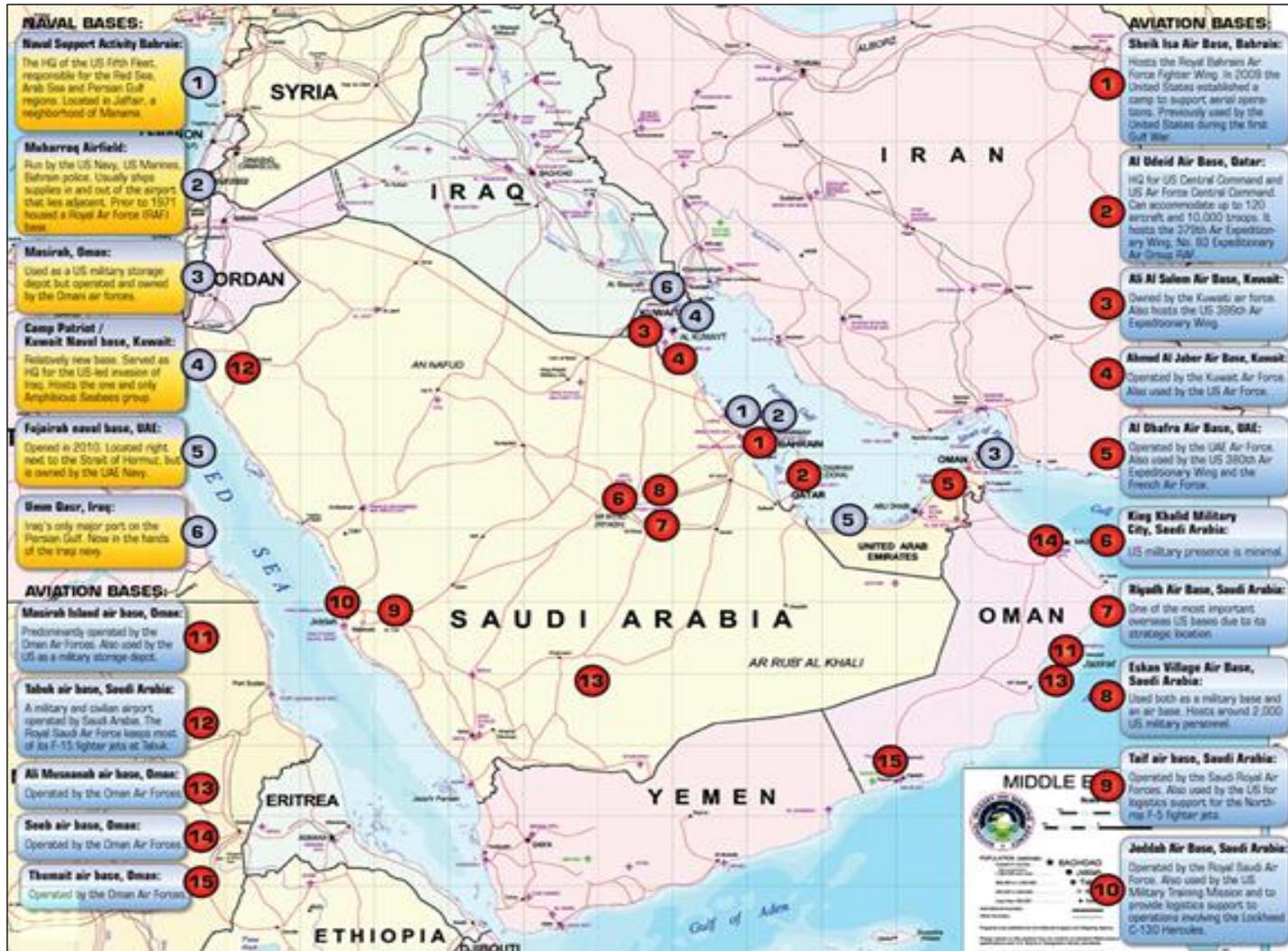
⁶² The texts of the DCAs and related agreements are classified, but general information on the provisions of the agreements has been provided in some open sources, including <http://www.strategicstudiesinstitute.army.mil/pdffiles/pub185.pdf>. Section 1234 of the FY2016 NDAA (P.L. 114-92) required a report within 120 days of enactment (by March 30, 2016) on any U.S. security commitments to Middle Eastern countries, including the GCC, and the U.S. force posture required for those commitments.

⁶³ The U.S. deployments in the Gulf are discussed in greater detail in CRS reports on the individual GCC states. Information in this section is derived from author visits to the GCC states since 1993 and conversations with U.S. and Gulf state diplomats. See also International Institute for Strategic Studies, "The Military Balance, 2015."

- (OIR), the military component of the campaign against the Islamic State. U.S. forces operate from such facilities as Camp Arifjan, south of Kuwait City, where the United States prepositions ground armor including Mine Resistant Ambush Protected (MRAP) vehicles, as well as from several Kuwaiti air bases. U.S. forces train at Camp Buehring, about 50 miles west of the capital. Kuwait has a small force of about 15,000 active military personnel that relies on U.S. equipment, including Abrams tanks and F/A-18 combat aircraft. In late 2016, the Obama Administration approved a Kuwaiti request to buy additional F-18s.
- *Qatar.* The United States has had a DCA with Qatar since 1992, which was revised in December 2013. Nearly 10,000 U.S. military personnel, mostly Air Force, are in Qatar, manning the forward headquarters of U.S. Central Command (CENTCOM), which has responsibility for the Middle East and Central Asia; a Combined Air Operations Center (CAOC) that oversees U.S. combat aircraft missions in the region; the large Al Udeid Air Base; and the *As Saliyah* army prepositioning site where U.S. tanks are prepositioned. Qatar's armed force is small with about 12,000 active military personnel. Qatar has historically relied on French military equipment, including Mirage combat aircraft, but in late 2016, the Obama administration selling up to 72 F-15s to Qatar.
 - *UAE.* The United States has had a DCA with UAE since 1994. About 5,000 U.S. forces, mostly Air Force and Navy, are stationed in UAE, operating surveillance and refueling aircraft from Al Dhafra Air Base, and servicing U.S. Navy and contract ships which dock at the large commercial port of Jebel Ali. The UAE armed forces include about 63,000 active duty personnel. Its ground forces use primarily French-made tanks purchased in the 1990s, but its air forces are equipped with F-16s the country has bought from the United States in recent years. The UAE has stated that it wants to buy the F-35 Joint Strike Fighter, but U.S. officials have stated that the system will not be approved for sale to the GCC for at least several years after the aircraft is delivered to Israel (which began in December 2016), apparently based on U.S. policy to maintain Israel's Qualitative Military Edge (QME).
 - *Bahrain.* The United States has had a DCA with Bahrain since 1991. More than 8,000 U.S. personnel, mostly Navy, operate out of the large Naval Support Activity facility that houses the U.S. command structure for U.S. naval operations in the Gulf. U.S. Air Force personnel also access Shaykh Isa Air Base. Bahrain has the smallest military in the Gulf, with only about 6,000 active personnel, and another 11,000 internal security forces under the Ministry of Interior. The United States has given Bahrain older model U.S. M60A3 tanks and a frigate ship as grant "excess defense articles," and the country has bought U.S.-made F-16s with national funds. The Obama Administration told Congress in late 2016 that it will not finalize approval of a Bahrain request to purchase additional F-16s unless the government demonstrates progress on human rights issues. The Trump Administration has not stated a position on this potential sale. The focus of U.S. arms sales to Bahrain since the 2011 uprising there has been equipment only for external defense, particularly defense of Bahrain's coast.
 - *Oman.* The United States has had a "facilities access agreement" with Oman since April 1980, under which a few hundred U.S. forces (mostly Air Force) are deployed at and have access to Omani air bases such as those at Seeb, Masirah Island, Thumrait, and Musnanah. Oman has a 25,000-person force that has historically relied on British-made military equipment. The United States has

- provided some M60A3 tanks as excess defense articles, and Oman has bought F-16s using national funds.
- *Assistance Issues.* The GCC states are considered wealthy states, and several of them have higher per capita GDP than does the United States itself. The two least wealthy GCC states, Bahrain and Oman, receive U.S. military assistance, but the amounts are small compared to military aid to such other Arab allies of the United States as Egypt or Jordan. For FY2016, the Administration is provided only about \$5.5 million in military and counterterrorism/border security aid to Oman, and about \$8 million for Bahrain. For FY2017, for Bahrain, the Administration has requested \$5 million in Foreign Military Financing (FMF), \$800,000 in military training and education funds (IMET), and \$800,000 for counterterrorism/border security programs (NADR); and for Oman, \$2 million in IMET and \$2 million for counterterrorism/border security (NADR).

Figure 2. Major Persian Gulf Military Facilities



Source: <http://www.darkgovernment.com/news/wp-content/uploads/2012/01/persian-gulf.jpg>.

Table 5. Military Assets of the Gulf Cooperation Council Member States

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Total Manpower	8,200+	15,500+	42,600+	11,800	225,000+	63,000
ARMY and NATIONAL GUARD						
Personnel	6,000	11,000	25,000	8,500	175,000	44,400
Main Battle Tanks	180	293	154	39	600	467
AIFV/APC	225	789	206	230	3,011	1,957
Artillery	151	218	233	91+	771	579+
Attack Helicopters	—	—	—	—	15	—
SAMs	91	136+	48	75	1,805	N/A
NAVY						
Personnel	700	2,000	4,200	1,800	13,500	2,500
Destroyers /Frigates	1	—	3	—	7	—
Submarines	—	—	2	—	—	10
Patrol/Coastal Combatants	64	52	46	23	83	141
Amphibious Landing Craft	1	4	—	—	8	—
AIR FORCE						
Personnel (Air Defense)	1,500	2,500	5,000	1,500	20,000 (16,000)	4,500
Fighter Aircraft	33	39	15	12	261	138
Attack Helicopters	28	16	—	8	—	37
MISSILE DEFENSE						
Patriot PAC-2	Yes	Yes	—	Yes	Yes	Yes
Patriot PAC-3	Yes	Yes	—	Yes	Yes	Yes
THAAD	—	—	Considering	Considering	—	Delivery begun

Source: *The Military Balance*, 2016, published by the International Institute for Strategic Studies, and various press.

Notes: AIFV = Armored Infantry Fighting Vehicle, APC = Armored Personnel Carrier, SAM = Surface-to-Air Missile, THAAD = Terminal High Altitude Area Defense.

Iranian Policy on Iraq, Syria, and the Islamic State⁶⁴

Iran's policy has been to support the Shiite-led governments in Iraq and Syria. The policy has been challenged by the Islamic State organization, a Sunni radical Islamist movement that holds territory in both of those countries, as well as by the uprising in Syria against Asad.

Iraq⁶⁵

In Iraq, the U.S. military ousting of Saddam Hussein in 2003 removed a long-time antagonist and produced governments led by Shiite Islamists who have long-standing ties to Iran and who support many of Iran's regional goals.⁶⁶ The June 2014 offensive led by the Islamic State organization at one point brought Islamic State forces to within 50 miles of the Iranian border. Iran responded by supplying the Baghdad government as well as the *peshmerga* force of the autonomous Kurdistan Regional Government (KRG) with IRGC-QF advisers, intelligence drone surveillance, weapons shipments, and other direct military assistance.⁶⁷ Subsequent to the Islamic State offensive, Iranian leaders reportedly acquiesced to U.S. insistence that Iran's longtime ally Maliki be replaced by a different Shiite Islamist, Haydar Al Abbadi, who pledged to be more inclusive of Sunni leaders.⁶⁸ U.S. officials have said that Iran's targeting of the Islamic State contributes positively to U.S. efforts to assist the Iraqi government.

On the other hand, some aspects of Iranian policy in Iraq might complicate the longer term effort against the Islamic State and to stabilize Iraq. Iran arms, trains, and advises several Shiite militias, some of which fought the United States during 2003-2011, including with Iran-supplied upgraded rocket-propelled munitions, such as Improvised Rocket Assisted Munitions (IRAMs), and killed about 500 U.S. military personnel during those years.⁶⁹ Iran has typically appointed members of or associates of the IRGC-QF as its Ambassador to Iraq. Press reports in January 2017 say that senior IRGC-QF commander Iraj Masjedi is to become Ambassador in Baghdad, replacing Hassan Danaifar. An earlier Iranian ambassador in Iraq (2007-2010), Hassan Kazemi-Qomi, was reputedly a member of the IRGC-QF.

Current estimates of the total Shiite militiamen in Iraq number about 110,000-120,000, including the long-standing Iran-backed militias discussed below as well as the approximately 40,000 men who joined to fight alongside the Iraq Security Forces (ISF) against the Islamic State. U.S. officials in Iraq have placed the number of Iran-backed Shiite militias at about 80,000.⁷⁰ Collectively, all of the Shiite militias are known as Popular Mobilization Forces or Units (PMFs or PMUs), also known by the Arabic name of *Hashid al-Shaabi*. The PMFs report to a Popular Mobilization Committee that is headed by National Security Adviser Falih Al Fayyad; its deputy head is Abu Mahdi Al Muhandis, who also leads the Kata'ib Hezbollah militia. In addition to receiving Iraqi government funds, the PMFs reportedly receive funds from Iran and from various

⁶⁴ For information, see CRS Report R43612, *The Islamic State and U.S. Policy*, by Christopher M. Blanchard and Carla E. Humud.

⁶⁵ For more information, see CRS Report RS21968, *Iraq: Politics and Governance*, by Kenneth Katzman and Carla E. Humud.

⁶⁶ Michael Gordon, "Iran Supplying Syrian Military Via Iraqi Airspace," *New York Times*, September 5, 2012.

⁶⁷ "Iran News Agency Reports Death of Iranian Pilot in Iraq." Radio Free Europe/Radio Liberty. July 5, 2014.

⁶⁸ Babak Dehghanpisheh. "Iran Dramatically Shifts Iraq Policy to Confront Islamic State." *Reuters*, September 2, 2014.

⁶⁹ <http://www.militarytimes.com/story/military/capitol-hill/2015/07/14/iran-linked-to-deaths-of-500-us-troops-in-iraq-afghanistan/30131097/>.

⁷⁰ <http://www.foxnews.com/politics/2016/08/16/us-officials-up-to-100000-iran-backed-fighters-now-in-iraq.html>.

parastatal organizations in Iran.⁷¹ After the Islamic State capture of much of Iraq in 2014, U.S. officials refused any support to Iraqi Shiite militias. But, U.S. policy since mid-2015 has been to support those PMFs that are not advised or trained by Iran, including providing air support in battles.

The commanders of the long-standing and most powerful militias, including Asa'ib Ahl Al Haq's Qais Khazali, the Badr Organization's Hadi al-Amiri, and Kata'ib Hezbollah's Muhandis, are said to wield significant political influence. They have close ties to Iran dating from their underground struggle against Saddam Hussein in the 1980s and 1990s, and the commanders have publicly pressured Abbadi to reduce his reliance on the United States and ally more closely with Iran.

Sadrists Militias

Moqtada Al Sadr is a junior Shiite cleric who professes Iraqi nationalism. He formed the "Mahdi Army" militia in 2004 to combat the U.S. military presence in Iraq. U.S. troops fought several major battles with not only the Mahdi Army but with several offshoots, including the "Special Groups," Asa'ib Ahl Al Haq and Kata'ib Hezbollah. Sadr's militia operations supported the Iranian objective of ensuring a complete U.S. withdrawal from Iraq. As the U.S. intervention came to a close in 2011, the Mahdi Army integrated into the political process as a charity and employment network. In response to the Islamic State offensive in 2014, former Mahdi Army militiamen reorganized as the "Salaam (Peace) Brigade," with about 15,000 fighters.

Other Mahdi Army Offshoots: Kata'ib Hezbollah and Asa'ib Ahl Al Haq

Some Shiite militias are breakaways from the Mahdi Army that fell directly under the sway of Iran its Islamic Revolutionary Guard-Qods Force (IRGC-QF) and its commander, Major General Qasem Soleimani. These militias include Asa'ib Ahl al-Haq (AAH, League of the Family of the Righteous), Kata'ib Hezbollah (Hezbollah Battalions), and the Promised Day Brigade, the latter organization of which might still be affiliated to some degree with Sadr.⁷² In June 2009, Kata'ib Hezbollah was designated by the State Department as a Foreign Terrorist Organization (FTO). In July 2009, the Department of the Treasury designated Kata'ib Hezbollah and its commander, Abu Mahdi Al Muhandis, as threats to Iraqi stability under Executive Order 13438.

Muhandis was a Da'wa party operative during Saddam's rule, and was convicted in absentia by Kuwaiti courts for the Da'wa attempt on the life of then Amir Jabir Al Ahmad Al Sabah in May 1985, and for the 1983 Da'wa bombings of the U.S. and French embassies in Kuwait City. After these attacks, he served as leader of the Badr Corps (now renamed Badr Organization, see below) of the Supreme Council for the Islamic Revolution in Iraq (later renamed the Islamic Supreme Council of Iraq (ISCI), but he broke with the group in 2003 because of its support for the U.S. invasion of Iraq. He associated with the Mahdi Army during 2003-2006 but then broke away to form Kata'ib Hezbollah. KAH has an estimated 20,000 fighters.⁷³

AAH's leader, Qais al-Khazali, headed the Mahdi Army "Special Groups" breakaway faction during 2006-2007, until his capture and incarceration by U.S. forces for his alleged role in a 2005 raid that killed five American soldiers. During his imprisonment, his followers formed AAH. After his release in 2010, Khazali took refuge in Iran, returning in 2011 to take resume command of AAH while also converting it into a political movement and social service network. AAH

⁷¹ Ned Parker. "Power Failure in Iraq as Militias Outgun State." Reuters, October 21, 2015.

⁷² Department of State. Bureau of Counterterrorism. Country Reports on Terrorism 2014. Released June 19, 2015.

⁷³ <http://www.aljazeera.com/indepth/opinion/2016/02/iraq-popular-demobilisation-160224050939178.html>.

resumed its military activities after the 2014 Islamic State offensive that captured Mosul. It has an estimated 15,000 fighters.

The Badr Organization

One major Shiite militia is neither a Sadrist offshoot nor an antagonist of U.S. forces during 2003-2011. The Badr Organization was the armed wing of ISCI, the mainstream Shiite party headed now by Ammar al-Hakim. The Badr Corps, the name of the organization's underground military wing during Saddam's rule, received training and support from the IRGC-QF in its failed efforts to overthrow Saddam during the 1980s and 1990s. The Badr Organization largely disarmed after Saddam's fall and integrated into the political process, supporting the U.S. military presence as a facilitator of Iraq's transition to Shiite rule. Its leader is Hadi al-Amiri, an elected member of the National Assembly, who is viewed as a hardliner who advocates the extensive use of the Shiite militias to recapture Sunni-inhabited areas. In addition, the militia exerts influence in the Interior Ministry, which is led by a Badr member, Mohammad Ghabban. Badr has an estimated 20,000 militia fighters.⁷⁴

Iran-Backed Militias Formed after the U.S. Withdrawal

Some Iran-backed Shiite militias formed after the U.S. withdrawal. One such militia was formed in 2013 to assist the Assad regime—the Harakat Hezbollah al-Nujaba or “Nujaba Movement,” which organized in 2013. It is led by Shaykh Akram al-Ka’bi, its secretary general, and remains engaged in Syria as well as in Iraq. In Syria, the group increased its presence on the Aleppo front in September 2016 as part of the Russian-backed effort to re-capture the whole city. Another Shiite militia, the “Mukhtar Army,” formed in 2013 to help the government suppress Sunni protests. It was led by Wathiq al-Battat, who reportedly was killed in late 2014.⁷⁵ The Mukhtar Army claimed responsibility for a late October 2015 attack on Iranian dissidents inhabiting the “Camp Liberty” facility, discussed below. These militias might total 10,000.

Syria⁷⁶

On Syria, Iran considers President Bashar Al Asad a key ally, despite Asad's secular ideology, because (1) his regime centers around his Alawite community, which practices a version of Islam akin to Shiism; (2) the Assad regime has been Iran's closest Arab allies; (3) Syria's cooperation is key to the arming and protection of Iran's arguably most cherished ally in the Middle East, Lebanon's Hezbollah; and (4) Iran apparently fears that the Islamic State and other Sunni Islamic extremists will come to power if Asad falls. Iran publicly insists that Asad's fate be determined only by the Syrian people but its actions appear designed to keep Asad in power indefinitely. Iran also seeks to ensure that Sunni extremist groups cannot easily attack Hezbollah in Lebanon from across the Syria border. Both Iran and Syria have historically used Hezbollah as leverage against Israel to try to achieve regional and territorial aims.

U.S. officials and reports assert that Iran is providing substantial amounts of material support to the Syrian regime, including funds, weapons, and IRGC-QF advisors, and recruitment of

⁷⁴ <http://www.aljazeera.com/indepth/opinion/2016/02/iraq-popular-demobilisation-160224050939178.html>.

⁷⁵ http://www.longwarjournal.org/archives/2014/12/leader_of_iran-suppo.php.

⁷⁶ For more information on the conflicts in Syria, see CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Christopher M. Blanchard.

Hezbollah and other non-Syrian Shiite militia fighters.⁷⁷ Iran is estimated to have deployed about 1,300-1,800 IRGC-QF, IRGC ground force, and even some regular army special forces personnel to Syria, although exact numbers might fluctuate somewhat.⁷⁸ More than 1,000 Iranian military personnel have died in Syria, including several high-level IRGC-QF commanders.⁷⁹ The deployment of regular army forces in Syria is significant because Iran's regular military has historically not deployed beyond Iran's borders.

In Syria, the IRGC-QF has, most notably, facilitated the deployment to Syria of an estimated 5,000 Hezbollah militiamen—a sizeable proportion of Hezbollah's force.⁸⁰ Iran also helped organize the National Defense Forces (NDF), a militia, modeled on Iran's Basij force,⁸¹ and recruited regional Shiite fighters, including Iraqi Shiite militias and Shiites from Afghanistan and Pakistan, to supplement Syria's ground force. Some estimates indicate there might be as many as 20,000 total foreign Shiite fighters in Syria, including those from Hezbollah. These fighters were pivotal to the Asad regime's recapture of all of Aleppo in December 2016. There are press reports that Iran and the Asad regime are seeking to alter the sectarian population balance in northern Syria to favor Shiites, perhaps as part of an Iranian strategy to establish a secure land corridor extending from Iran all the way to Lebanon.

In June 2015, the office of the U.N. Special Envoy to Syria Staffan de Mistura stated that the envoy estimates Iran's aid to Syria, including military and economic aid, to total about \$6 billion per year.⁸² Other estimates vary, and CRS has no way to independently corroborate any estimate. Each year, including again in January 2017, Iran has announced a \$1 billion additional credit line to Syria for the purchase of Iranian goods. In early 2017, Syria also permitted significant new Iranian investments in its telecom, agriculture, and mining sector.

At the same time, Iran has not forsworn diplomacy to try to achieve at least some of its goals in Syria. Iran has put forward proposals for a peaceful transition in Syria that would culminate in free, multiparty elections. Iran attended meetings of and did not publicly dissent from joint statements issued by an international contact group on Syria ("Vienna process") in 2015. Iran was invited to participate in the U.S.-backed "Vienna process" after the United States dropped its objections on the grounds that, in the wake of the JCPOA, Iran could potentially contribute to a Syria solution. However, Russia's intervention in Syria apparently emboldened Iran that its maximum goals in Syria could be achieved, and since late 2016, Iran has apparently continued to pursue that goal in new conflict resolution negotiations brokered by Russia and with Turkey. In the event there is a political transition in Syria, Iran will almost certainly seek to establish a government that would allow Iran to continue to use Syria to supply and protect Hezbollah.

⁷⁷ Details and analysis on the full spectrum of Iranian assistance to Asad is provided by the Institute for the Study of War. "Iranian Strategy in Syria," by Will Fulton, Joseph Holliday, and Sam Wyer. May 2013.

⁷⁸ Dan Williams. "Israel Says 55 Iranians Killed in Syria's War." Reuters, November 19, 2015; American Enterprise News Round Up. April 4, 2016.

⁷⁹ "Death Toll among Iran's Forces in Syrian War Passes 1,000." Reuters, November 22, 2016.

⁸⁰ http://www.understandingwar.org/sites/default/files/Hezbollah_Sullivan_FINAL.pdf.

⁸¹ The Basij is a militia, under the command of the IRGC, that plays a role in internal security and which could undertake combat in the event Iran is engaged in armed conflict with another state.

⁸² Eli Lake. "Iran Spends Billions to Prop Up Asad," Bloomberg View, June 9, 2015.

Israel: Iran's Support for Hamas and Hezbollah⁸³

Iran asserts that Israel is an illegitimate creation of the West and an oppressor of the Palestinian people and other Arab Muslims. This position differs dramatically from that of the Shah of Iran, whose government maintained relatively normal relations with Israel. Supreme Leader Khamene'i has repeatedly described Israel as a "cancerous tumor" that should be removed from the region. In a September 2015 speech, Khamene'i stated that Israel will likely not exist in 25 years—the time frame for the last specific JCPOA nuclear restriction to expire.⁸⁴

Iran's open hostility to Israel—manifested in part by its support for groups such as Hamas and Hezbollah that have undertaken armed action against Israel—fuel assertions by Israeli leaders that a nuclear-armed Iran would constitute an "existential threat" to the State of Israel. More broadly, Iran might be attempting to disrupt prosperity, morale, and perceptions of security among Israel's population and undermine the country's appeal to those who have options to live elsewhere.

Iran's leaders routinely state that Israel presents a serious strategic threat to Iran and that the international community applies a "double standard" to Iran as compared to Israel's presumed nuclear arsenal. Iranian diplomats argue that Israel has faced no sanctions even though it is the only Middle Eastern country to possess nuclear weapons and not to become a party to the Nuclear Non-Proliferation Treaty (NPT). Iran's leaders regularly cite Israeli statements that Israel retains the option to unilaterally strike Iran's nuclear facilities, and assert that Israel's purported nuclear arsenal is a main obstacle to establishing a weapons-of-mass-destruction (WMD) free zone in the Middle East. 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's material support for militant anti-Israel groups has long concerned U.S. Administrations. For two decades, the annual State Department report on international terrorism has asserted that Iran provides funding, weapons (including advanced rockets), and training to Hezbollah, Hamas, Palestinian Islamic Jihad—Shiqaqi Faction (PIJ), the Al Aqsa Martyrs Brigades (a militant offshoot of the dominant Palestinian faction Fatah), and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). All are named as FTOs by the State Department.

Hamas⁸⁵

Successive annual State Department reports on terrorism have stated that Iran gives Hamas funds, weapons, and training. Hamas seized control of the Gaza Strip in 2007 and now administers that territory, although it formally ceded authority over Gaza in June 2014 to a consensus Palestinian Authority government. Hamas terrorist attacks within Israel have decreased in number since 2005, but Hamas has used Iran-supplied rockets and other weaponry during three conflicts with Israel since 2008, the latest of which was in 2014. Iran's support to Hamas has been estimated at times to be as high as \$300 million per year (funds and in-kind support, including weapons) during periods of substantial Iran-Hamas collaboration.⁸⁶ CRS has no way to corroborate the levels of Iranian funding to Hamas.

⁸³ For more information, see CRS Report R42816, *Lebanon: Background and U.S. Policy*, by Christopher M. Blanchard; CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti; and CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.

⁸⁴ <http://www.cnn.com/2015/09/10/middleeast/iran-khamenei-israel-will-not-exist-25-years/>.

⁸⁵ For more information, see CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

⁸⁶ Robert Tait, "Iran Cuts Hamas Funding Over Syria." *Telegraph*, May 31, 2013.

The Iran-Hamas relationship was forged in the 1990s as part of an apparent attempt to disrupt the Israeli-Palestinian peace process through Hamas attacks on buses, restaurants, and other civilian targets inside Israel. However, in 2012, their differing positions on the ongoing Syria conflict caused a rift. Largely out of sectarian sympathy with Sunni rebels in Syria, Hamas opposed the efforts by Asad to defeat the rebellion militarily. Iran reduced its support to Hamas in its brief 2014 conflict with Israel as compared to previous Hamas-Israel conflicts in which Iran backed Hamas extensively. Since then, Iran has apparently sought to rebuild the relationship by providing missile technology that Hamas used to construct its own rockets and by helping it rebuild tunnels destroyed in the conflict with Israel.⁸⁷ Some Hamas leaders have welcomed restoring the group's relations with Iran, perhaps because of financial difficulties the organization has faced since the military leadership in Egypt began closing smuggling tunnels at the Gaza-Sinai border in 2013.

Hezbollah⁸⁸

Lebanese Hezbollah, which Iranian leaders assert represented successful “exportation” of Iran’s Islamic revolution, is Iran’s most significant non-state ally. Hezbollah acts in support of its own as well as Iranian interests on numerous occasions and in many forms, including through acts of terrorism and other armed action. The relationship began when Lebanese Shiite clerics of the pro-Iranian Lebanese Da’wa (Islamic Call) Party began to organize in 1982 into what later was unveiled in 1985 as Hezbollah. IRGC forces were sent to Lebanon to help develop a military wing, and these IRGC forces subsequently evolved into the IRGC-QF.⁸⁹ The State Department report on international terrorism for 2015, referenced earlier, says that Hezbollah continues to be “capable of operating around the globe.” The report adds that Iran has provided Hezbollah with “hundreds of millions of dollars” and has “trained thousands of [Hezbollah] fighters at camps in Iran.”⁹⁰ CRS has no way to update or independently corroborate any such estimates or identify changes in current Iranian aid levels, if any.

Iran’s support for Hezbollah has helped the organization become a major force in Lebanon’s politics. Hezbollah now plays a major role in decisionmaking and leadership selections in Lebanon, including the late 2016 accession of Michel Aoun as President, and its militia is in many ways more capable than the Lebanese Armed Forces (LAF). However, there has been vocal criticism of Hezbollah in and outside Lebanon for its support for Asad, which dilutes Hezbollah’s image as a steadfast opponent of Israel and embroiled it in war against other Muslims.

Earlier, Hezbollah’s attacks on Israeli forces in its self-declared “security zone” in southern Lebanon contributed to an Israeli withdrawal from that territory in May 2000. Hezbollah fired Iranian-supplied rockets on Israel’s northern towns and cities during a July-August 2006 war with Israel,⁹¹ and in July 2006 Hezbollah damaged an Israeli warship with an Iran-supplied C-802 sea-skimming missile. Iran bought significant quantities of C-802s from China in the 1990s. Hezbollah was perceived in the Arab world as victorious in that war for holding out against Israel. Since then, Iran has resupplied Hezbollah with, according to Israeli sources, as many as 100,000 rockets and missiles, some capable of reaching Tel Aviv from south Lebanon, as well as upgraded

⁸⁷ Stuart Winer. “Iran Boasts of Rocket Aid to Palestinians, Hezbollah.” *The Times of Israel*, February 3, 2015; and, <http://www.wsj.com/articles/iran-rekindles-relations-with-hamas-1429658562>.

⁸⁸ CRS Report R41446, *Hezbollah: Background and Issues for Congress*, by Casey L. Addis and Christopher M. Blanchard.

⁸⁹ Kenneth Katzman. “The Warriors of Islam: Iran’s Revolutionary Guard.” *Westview Press*, 1993.

⁹⁰ State Department. *Country Reports on Terrorism 2015*. Chapter 3: State Sponsors of Terrorism. Iran.

⁹¹ “Israel’s Peres Says Iran Arming Hizbollah,” *Reuters*, February 4, 2002.

artillery, anti-ship, anti-tank, and anti-aircraft capabilities.⁹² In the context of the conflict in Syria, Israel has carried out occasional air strikes inside Syria against Hezbollah commanders and purported arms shipments via Syria to Hezbollah. In January 2015, Hezbollah attacked an Israeli military convoy near the Lebanon-Israel-Syria tri-border area, killing two Israeli soldiers. These incidents did not escalate into a broader Israel-Hezbollah conflict.

On February 3, 2017, the Trump Administration sanctioned eight IRGC-QF and allied individuals, under Executive Order 13224, for providing funds to Hezbollah and related activities. One of the sanctioned individuals was accused of procuring aviation spare parts for the IRGC-QF.

Israeli Action Against Iran⁹³

Israel's Prime Minister Benjamin Netanyahu has strongly opposed significant concessions to Iran and has called for vigilant U.S. action to counter Iran's malign activities in the region. He is expected to argue for such policies during a mid-February 2017 meeting with President Trump. Israel also has sought to counter Hezbollah and Hamas directly, while at the same time asserting that a nuclear-armed Iran would constitute an existential threat to Israel. Prime Minister Benjamin Netanyahu opposed the JCPOA as a "historic mistake." President Obama has asserted that Israeli military and intelligence professionals now assess the JCPOA as a net benefit for Israel's security. However, in public comments since the U.S. presidential election ("60 Minutes"), Prime Minister Netanyahu has indicated he might try to persuade the incoming Administration to abrogate or renegotiate the JCPOA. Earlier, before the JPA or JCPOA, in May 2013, by a vote of 99-0, the Senate passed 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. Statements and actions such as the September 2015 statement by Khamene'i that Israel would not likely exist in 25 years and Iran's May 2016 "Holocaust cartoon festival" reinforce Israeli assertions about Iran.

An Israeli military strike on Iran's nuclear facilities appears unlikely as long as Iran continues to comply with the terms of the JCPOA. 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 effective. 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.

Yemen⁹⁴

Iranian leaders have not generally identified Yemen as a core Iranian security interest, but Iranian leaders appear to perceive Yemen's instability as an opportunity to acquire additional leverage against Yemen's neighbor, Saudi Arabia. Yemen has been unstable since the 2011 "Arab Spring" uprisings, which, in Yemen, forced longtime President Ali Abdullah Saleh to resign in January 2012. Yemen's elected successor leadership claimed that Iran provided arms that helped an offensive by the Zaydi Shiite revivalist movement known as the "Houthis" (Ansar Allah) to seize the capital, Sana'a, and forced Saleh's successor, Abd Rabu Mansur Al Hadi, to flee. In March

⁹² "IAF Chief: Israel Will Destroy Hezbollah Bases in Lebanon, Even Ones in Residential Areas." *Reuters/Jerusalem Post*, January 29, 2015.

⁹³ This option is analyzed in substantial depth in CRS Report R42443, *Israel: Possible Military Strike Against Iran's Nuclear Facilities*, coordinated by Jim Zanotti.

⁹⁴ For more information, see CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp.

2015, Saudi Arabia assembled an Arab coalition that, with some logistical help U.S. forces, has helped pro-Hadi forces recapture some key territory.⁹⁵

Many observers assess that Iran's influence over the Houthis is limited, that the Houthi insurrection action was not instigated by Iran, and that Iran's support for the Houthis has been modest. On February 1, 2017, a National Security Council official gave an assessment of Iran-Houthi relations that was similar to that asserted by the Obama Administration—that Iran “equips and advises” and is a “key supporter” of the Houthis but does not assess Iran as “having control” over the Houthis.⁹⁶ No firm estimates of Iranian aid to the Houthis exist, but some Houthi sources estimate Iran has supplied the group with “tens of millions of dollars” total over the past few years.⁹⁷

There appears to be clear evidence that Iran is arming the Houthis. A July 2016 report on Iran by the U.N. Secretary-General reiterated the assertion⁹⁸ made previously by U.N. experts, that Iran has shipped arms to the Houthis. During a visit to Bahrain in April 2016, then Secretary of State Kerry reportedly was briefed by U.S. naval officials about interceptions by U.S., British, and French ships of at least four Iranian shipments of weapons bound for the Houthis in 2016.⁹⁹ At the U.S.-GCC summit later than month, the United States and the GCC agreed to joint patrols to prevent Iranian weapons shipments to the Houthis. The Saudi led coalition intercepted shipments originating in Iran as recently as mid-November 2016.

The weapons Iran is supplying the Houthis might include anti-ship missiles that the Houthis fired at UAE and U.S. ships in the Red Sea in October 2016, and which prompted U.S. strikes on Houthi-controlled radar installations. Iran subsequently deployed several warships to the Yemen seacoast as an apparent sign of support for the Houthis. In January 2017, the Houthis damaged a Saudi ship in the Red Sea—an action that contributed to the February 1, 2017 Trump Administration statement putting Iran “on notice” for its regional malign activities. It is not known whether the Trump Administration is planning any military action against Iran's arming of the Houthis, or against the Houthis themselves, because of these Houthi actions, but the Administration has stated that all options are open. The Administration reportedly moved the U.S. destroyer U.S.S. Cole to a position off the Yemen coast in early February, perhaps adding capabilities should the President order another U.S. retaliatory strike on Houthi positions. If Iran is supplying the Houthis with anti-ship and other missiles that the Houthis have fired, the supplies could suggest that Iran perceives the Houthis as a potential ally or proxy force with which Iran could project power on the southwestern coast of the Arabian Peninsula.

Turkey¹⁰⁰

Iran and Turkey, which share a short border, have extensive but varying political and economic relations. Turkey is a member of NATO, and Iran has sought to limit Turkey's cooperation with

⁹⁵ Ali al-Mujahed and Hugh Naylor. “Yemen Rebels Defy Saudi-led Attacks.” *Washington Post*, March 28, 2015.

⁹⁶ Ali Watkins, Ryan Grim, and Akbar Shahid Ahmed, “Iran Warned Houthis Against Yemen Takeover,” *Huffington Post*, April 20, 2015; Transcript of NSC briefing for journalists, February 1, 2017

⁹⁷ Jay Solomon, Dion Nissenbaum, and As Fitch, “In Strategic Shift, U.S. Draws Closer to Yemeni Rebels.” *Wall Street Journal*, January 29, 2015.

⁹⁸ Report of the Secretary-General on the Implementation of Security Council Resolution 2231 (2015). U.N. Document Number S/2016/589, July 12, 2016.

⁹⁹ David Sanger. “Kerry Confronts Concerns of Arab States After Iran Nuclear Deal.” *New York Times*, April 8, 2016.

¹⁰⁰ For analysis on Turkey's foreign policy and U.S. relations, see CRS Report R44000, *Turkey: Background and U.S. Relations In Brief*, by Jim Zanotti.

any U.S. and NATO plan to emplace military technology near Iran's borders. Iran and Turkey have disputes on some regional issues, possibly caused by the sectarian differences between Sunni-inhabited Turkey and Shiite Iran. Turkey has advocated Asad's ouster as part of a solution for conflict-torn Syria. Iran, as has been noted, is a key supporter of Asad. However, following a failed Turkish military coup in July, and mutual concerns over the empowerment of Syrian Kurdish forces, Turkey and Iran have narrowed their differences over Syria. In August 2016, Turkey's President Recep Tayip Erdogan accepted that Asad might remain in power in Syria through a period of political transition. Iran and Turkey cooperate to try to halt cross border attacks by Kurdish groups that oppose the governments of Turkey (Kurdistan Workers' Party, PKK) and of Iran (Free Life Party, PJAK), and which enjoy safe have in northern Iraq.

Turkey has supported the JCPOA for its potential to constrain Iran's nuclear program and because sanctions relief eases constraints on expanding Iran-Turkey trade. Iran is a major supplier of both oil and natural gas to Turkey, through a joint pipeline that began operations in the late 1990s and has since been supplemented by an additional line.

In the 1990s and early 2000s, Iran and Turkey were at odds over the strategic engagement of Turkey's then leaders with Israel. The Iran-Turkey dissonance on the issue has faded since Erdogan's Islamist-rooted Justice and Development Party (AKP) came to power in Turkey. Since then Turkey has realigned its foreign policy somewhat and has been a significant supporter of Hamas, which also enjoys Iran's support, and other Islamist movements.

Egypt

Iran's relations with Egypt have been strained for decades, spanning various Egyptian regimes. Egypt is a Sunni-dominated state that is aligned politically and strategically with other Sunni governments that are critical of Iran. Egypt sided with Saudi Arabia and the other GCC states on the Nimr execution issue by breaking diplomatic relations with Iran. Egypt, particularly under the government of Abd al Fattah Sisi, views Hamas as a potential Islamist threat and has sought to choke off Iranian and other weapons supplies to that movement. On the other hand, Egypt has not sought Asad's ouster in Syria, giving Egypt and Iran some common ground on a major issue that divides Iran from the GCC and several other Sunni-led countries.

South and Central Asia Region

Iran's relations with countries in the Caucasus, Central Asia, and South Asia vary significantly, but most countries in these regions conduct relatively normal trade and diplomacy with Iran. Some of them, such as Uzbekistan and Pakistan, face significant domestic threats from radical Sunni Islamist extremist movements similar to those that Iran characterizes as a threat.

Most of the Central Asia states that were part of the Soviet Union are governed by authoritarian leaders and Iran has little opportunity to exert influence by supporting opposition factions. Afghanistan, on the other hand, remains politically weak and Iran is able to exert influence there. Some countries in the region, particularly India, apparently seek greater integration with the United States and other world powers and, prior to the JCPOA, limited or downplayed cooperation with Iran. The following sections cover those countries in the Caucasus and South and Central Asia that have significant economic and political relationships with Iran.

Figure 3. South and Central Asia Region



Source: Created by CRS.

The South Caucasus: Azerbaijan and Armenia

Azerbaijan is, like Iran, mostly Shiite Muslim-inhabited. However, Azerbaijan is ethnically Turkic and its leadership is secular. Iran and Azerbaijan also have territorial differences over boundaries in the Caspian Sea. Iran asserts that Azeri nationalism might stoke separatism among Iran's large Azeri Turkic population, which has sometimes been restive. Iran has generally tilted toward Armenia, which is Christian, in Armenia's conflict with Azerbaijan over the Nagorno-Karabakh enclave. That relationship might grow in the form of regional energy projects under discussion between Iran, Armenia, and Georgia, that no longer face the prospect of international sanctions. On December 21, 2016, President Rouhani visited Armenia to discuss a Persian Gulf-Black Sea transit and transport corridor.¹⁰¹

At the same time, the lifting of sanctions on Iran has caused Azerbaijan to consider altering its policy toward Iran somewhat for mutual benefit. Azerbaijan has engaged in strategic cooperation with the United States, directed not only against Iran but also against Russia, and including Azerbaijan's deployments of troops to and facilitation of supply routes to Afghanistan¹⁰² and counterterrorism cooperation. However, in August 2016, Azerbaijan's President Ilham Aliyev invited Rouhani and Russia's President Vladimir Putin to the "Baku Summit," in which a major topic was realizing a long-discussed "North-South Transport Corridor" project that would involve

¹⁰¹ <http://www.tehrantimes.com/news/409363/Iran-Armenia-discuss-Persian-Gulf-Black-Sea-corridor>.

¹⁰² <http://foreignpolicynews.org/2014/04/10/azerbajjans-strategic-relations-united-states/>.

rail, road, and shipping infrastructure from Russia to Iran, running through Azerbaijan. The project, no longer potentially hindered by U.S. sanctions on Iran, is estimated to cost \$400 million.

Prior to the JCPOA, Azerbaijan was a key component of U.S. efforts to weaken Iran economically. In the 1990s, the United States successfully backed construction of the Baku-Tblisi-Ceyhan oil pipeline, intended in part to provide non-Iranian and non-Russian export routes. On the other hand, the United States has accepted Azerbaijan need to deal with Iran on some major regional energy projects. Several U.S. sanctions laws exempted from sanctions long-standing joint natural gas projects that involve some Iranian firms—particularly the Shah Deniz natural gas field and pipeline in the Caspian Sea. The project is run by a consortium in which Iran's Naftiran Intertrade Company (NICO) holds a passive 10% share. (Other major partners are BP, Azerbaijan's national energy firm SOCAR, and Russia's Lukoil.¹⁰³)

Central Asia

Iran has generally sought positive relations with the leaderships of the Central Asian states, even though most of these leaderships are secular. All of the Central Asian states are inhabited in the majority by Sunnis, and several have active Sunni Islamist opposition movements. The Central Asian states have long been wary that Iran might try to promote Islamic movements in Central Asia, but more recently the Central Asian leaders have seen Iran as an ally against radical Sunni Islamist movements that are active in Central Asia, such as the Islamic Movement of Uzbekistan (IMU).¹⁰⁴ That group, which is active in Afghanistan, in mid-2015, declared its loyalty to the Islamic State organization.¹⁰⁵ Almost all of the Central Asian states share a common language and culture with Turkey; Tajikistan is alone among them in sharing a language with Iran.

Iran and the Central Asian states carry on normal economic relations. In December 2014, a new railway was inaugurated through Iran, Kazakhstan, and Turkmenistan, providing a link from the Persian Gulf to Central Asia.¹⁰⁶ And, the lifting of sanctions could position Iran as central to energy and transportation routes linking East Asia with Europe, a vision that was discussed with Iranian leaders during the January 2016 visit to Iran of China's President Xi Jinping. He stated that he envisions Iran included in China's "One Belt, One Road" initiative to build up infrastructure in countries west of China—akin to reviving the old "Silk Road.

Along with India and Pakistan, Iran has been given observer status in a 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. Apparently in an effort to cooperate with international efforts to pressure Iran, in June 2010, the SCO barred admission to Iran on the grounds that it is under U.N. Security Council sanctions.¹⁰⁷ However, some officials from SCO member countries have stated that the the JCPOA removes that formal obstacles to Iran's obtaining full membership.

¹⁰³ For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

¹⁰⁴ Sebastien Peyrouse. "Iran's Growing Role in Central Asia? Geopolitical, Economic, and Political Profit and Loss Account. Al Jazeera Center for Studies. April 6, 2014. <http://studies.aljazeera.net/en/dossiers/2014/04/2014416940377354.html>.

¹⁰⁵ Stratfor. "Re-Examining the Threat of Central Asian Militancy" January 21, 2015. <http://www.stratfor.com/analysis/re-examining-threat-central-asian-militancy#axzz3PTRMU0el>.

¹⁰⁶ <http://www.railwaygazette.com/news/news/asia/single-view/view/iran-turkmenistan-kazakhstan-rail-link-inaugurated.html>.

¹⁰⁷ Substantially more detail on Iran's activities in Afghanistan is contained in CRS Report RL30588, *Afghanistan*: (continued...)

Turkmenistan

Turkmenistan and Iran have a land border in Iran's northeast. Supreme Leader Khamene'i is of Turkic origin; his family has close ties to the Iranian city of Mashhad, capital of Khorasan Province, which borders Turkmenistan. The two countries are also both rich in natural gas reserves. A natural gas pipeline from Iran to Turkey, fed with Turkmenistan's gas, began operations in 1997, and a second pipeline was completed in 2010. Turkmenistan still exports some natural gas through the Iran-Turkey gas pipeline, but China has since become Turkmenistan's largest natural gas customer. Perhaps in an attempt to diversify gas export routes, President Gurbanguly Berdymukhamedov signaled in 2007 that Turkmenistan sought to develop a trans-Caspian gas pipeline. That project has not been implemented, to date.

Another potential project favored by Turkmenistan and the United States would likely reduce interest in pipelines that transit Iran. President Berdymukhamedov has revived his predecessor's 1996 proposal to build a gas pipeline through Afghanistan to Pakistan and India (termed the Turkmenistan-Afghanistan-Pakistan-India, or "TAPI" pipeline). In August 2015, Turkmenistan's state-owned gas company was named head of the pipeline consortium and Turkmenistan officials said the project was formally inaugurated in December 2015,¹⁰⁸ with completion expected in 2019. U.S. officials have expressed strong support for the project as "a very positive step forward and sort of a key example of what we're seeking with our New Silk Road Initiative, which aims at regional integration to lift all boats and create prosperity across the region."¹⁰⁹

Tajikistan

Iran and Tajikistan share a common Persian language, as well as literary and cultural ties. Despite the similar ethnicity, the two do not share a border and the population of Tajikistan is mostly Sunni. President Imamali Rakhmonov has asserted that Iran and Tajikistan face common threats from arms races, international terrorism, political extremism, fundamentalism, separatism, drug trafficking, transnational organized crime, [and] the proliferation of weapons of mass destruction" and that close ties with neighboring states such as Iran would be based on noninterference in each other's internal affairs and the peaceful settlement of disputes, such as over border, water, and energy issues.¹¹⁰ He indicated intent to expand relations with Iran, but few if any joint projects have materialized.

Some Sunni Islamist extremist groups that pose a threat to Tajikistan are allied with Al Qaeda or the Islamic state. Tajikistan's leaders appear particularly concerned about Islamist movements in part because the Islamist-led United Tajik Opposition posed a serious threat to the newly independent government in the early 1990s, and a settlement of the insurgency in the late 1990s did not fully resolve government-Islamist opposition tensions. The Tajikistan government has detained members of Jundallah (Warriors of Allah)—a Pakistan-based Islamic extremist group that has conducted bombings and attacks against Iranian security personnel and mosques in Sunni areas of eastern Iran. In part because the group attacked some civilian targets in Iran, in November 2010, the State Department named the group an FTO.

(...continued)

Post-Taliban Governance, Security, and U.S. Policy, by Kenneth Katzman.

¹⁰⁸ <http://www.reuters.com/article/2015/09/15/turkmenistan-pipeline-idUSL5N11L0RE20150915>.

¹⁰⁹ U.S. Department of State, Daily Press Briefing, May 23, 2012.

¹¹⁰ Center for Effective Dispute Resolution (CEDR), March 16, 2013, Doc. No. CEL-54015758.

Kazakhstan

Kazakhstan, one of the seemingly more stable Central Asian states, is a significant power by virtue of its geographic location, large territory, and ample natural resources. It supported an Iran nuclear deal in part for its potential to end sanctions on Iran, and Kazakhstan hosted a round of the P5+1-Iran nuclear negotiations in 2013. In September 2014, Kazakhstan's President Nursultan Nazarbayev held talks with President Rouhani and expressed the hope that a JCPOA would be achieved and enable Iran to better integrate economically into the Central Asian region.¹¹¹ Kazakhstan played a role in the commercial arrangements that produced the late December 2015 shipment out to Russia of almost all of Iran's stockpile of low-enriched uranium, an action that fulfilled a key requirement of the JCPOA. Kazakhstan's National Atomic Company Kazatomprom supplied Iran with 60 metric tons of natural uranium on commercial terms as compensation for the removal of the material, which Norway paid for.

With sanctions eased, Iran is open to additional opportunities to cooperate with Kazakhstan on energy projects. Kazakhstan possesses 30 billion barrels of proven oil reserves (about 2% of world reserves) and 45.7 trillion cubic feet of proven gas reserves (less than 1% of world reserves). Two major offshore oil fields in Kazakhstan's sector of the Caspian Sea—Kashagan and Kurmangazy—are estimated to contain at least 14 billion barrels of recoverable reserves. Iran and Kazakhstan do not have any joint energy ventures in the Caspian or elsewhere, but after the finalization of the JCPOA in July 2015, the two countries resumed Caspian oil swap arrangements that were discontinued in 2011.¹¹² The two countries are not at odds over any specific sections of the Caspian Sea, but the overall territorial arrangements of the Caspian remain not permanently settled.¹¹³

Uzbekistan

During the 1990s, Uzbekistan, which has the largest military of the Central Asian states, identified Iran as a potential regional rival and as a supporter of Islamist movements in the region. However, since 1999, Uzbekistan and Iran—which do not share a common border or significant language or cultural links—have moved somewhat closer over shared stated concerns about Sunni Islamist extremist movements, particularly the Islamic Movement of Uzbekistan (IMU), an Al Qaeda affiliate. In February 1999, six bomb blasts in Tashkent's governmental area nearly killed then President Islam Karimov, who was expected to attend a high-level meeting there. The government alleged that the plot was orchestrated by the IMU with assistance from Afghanistan's Taliban, which was in power in Afghanistan then and hosting Osama bin Laden and other Al Qaeda leaders. In September 2000, the State Department designated the IMU as an FTO.¹¹⁴ The IMU itself has not claimed responsibility for any terrorist attacks in Iran and appears focused primarily on activities against the governments of Afghanistan and Uzbekistan. Iran-Uzbekistan relations are not likely to change significantly following the death in August 2016 of Uzbekistan's longtime President Islam Karimov.

Uzbekistan has substantial natural gas resources but it and Iran do not have joint energy-related ventures. Most of Uzbekistan's natural gas production is for domestic consumption.

¹¹¹ <http://english.farsnews.com/newstext.aspx?nn=13930618000811>.

¹¹² <http://en.mehrnews.com/news/109439/Kazakhstan-to-resume-oil-swap-with-Iran>.

¹¹³ <http://www.eurasianet.org/node/79761>

¹¹⁴ <http://www.state.gov/j/ct/rls/crt/2001/html/10252.htm#imu>.

South Asia

The countries in South Asia face perhaps a greater degree of threat from Sunni Islamic extremist groups than do the countries of Central Asia. They also share significant common interests with Iran, which Iran used to foster cooperation against U.S. sanctions. This section focuses on several countries in South Asia that have substantial interaction with Iran.

Afghanistan

In Afghanistan, Iran is pursuing a multi-track strategy by helping develop Afghanistan economically, engaging the central government, supporting pro-Iranian groups and, at times, arming some Taliban fighters. An Iranian goal appears to be to restore some of its traditional sway in eastern, central, and northern Afghanistan, where “Dari”-speaking (Dari is akin to Persian) supporters of the “Northern Alliance” grouping of non-Pashtun Afghan minorities predominate. The two countries are said to be cooperating effectively in their shared struggle against narcotics trafficking; Iranian border forces take consistent heavy losses in operations to try to prevent the entry of narcotics into Iran. Iran has also sought to use its commerce with Afghanistan to try to blunt the effects of international sanctions against Iran.¹¹⁵ Iran also shares with the Afghan government concern about the growth of Islamic State affiliates in Afghanistan, such as Islamic State—Khorasan Province, ISKP, an affiliate of the Islamic State organization that Iran is trying to thwart on numerous fronts in the region.

Iran has sought influence in Afghanistan in part by supporting the Afghan government, which is dominated by Sunni Muslims and ethnic Pashtuns. In October 2010, then-President Hamid Karzai admitted that Iran was providing cash payments (about \$2 million per year) to his government, through his chief of staff.¹¹⁶ Iran’s close ally, Dr. Abdullah Abdullah, who is half-Tajik and speaks Dari, is “Chief Executive Officer” of the Afghan government under a power-sharing arrangement with President Ashraf Ghani that resolved a dispute over the 2014 presidential election. It is not known whether Iran continues to give cash payments to any of Afghanistan’s senior leaders.

Reflecting apparent concern about the U.S. military presence in Afghanistan, Iran reportedly tried to derail the U.S.-Afghanistan Bilateral Security Agreement (BSA), signed in September 2014. The BSA allows the United States to maintain troops in Afghanistan after 2014 but explicitly prohibits the United States from using Afghanistan as a base from which to launch military action against other countries. Iran has largely muted its opposition to a continued U.S. military presence in Afghanistan in the interests of containing Sunni Islamist extremist movements operating in Afghanistan, including Al Qaeda and ISKP. President Ghani and Iranian leaders meet periodically, in part to discuss cooperation against Sunni extremist groups.¹¹⁷

Even though it engages the Afghan government, Tehran has in the recent past sought leverage against U.S. forces in Afghanistan and in any Taliban-Afghan government peace settlement. Past State Department reports on international terrorism have accused Iran of providing materiel support, including 107mm 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

¹¹⁵ Matthew Rosenberg and Annie Lowry, “Iranian Currency Traders Find a Haven in Afghanistan,” *New York Times*, August 18, 2012.

¹¹⁶ Dexter Filkins, “Iran Is Said to Give Top Karzai Aide Cash by the Bagful,” *New York Times*, October 23, 2010.

¹¹⁷ “Afghanistan, Iran to Work together Against “Macabre” IS Threat.” RFE/RL, April 22, 2015.

fire.¹¹⁸ In July 2012, Iran allowed the Taliban to open an office in Zahedan (eastern Iran).¹¹⁹ In December 2016, Iran invited several Taliban figures to an “Islamic Unity” conference in Tehran.

The occasional Iranian support to Taliban factions came despite the fact that Iran saw the Taliban regime in Afghanistan of 1996-2001 as an adversary. The Taliban allegedly committed atrocities against Shiite Afghans (Hazara tribes) while seizing control of Persian-speaking areas of western and northern Afghanistan. Taliban fighters killed nine Iranian diplomats at Iran’s consulate in Mazar-e-Sharif in August 1998, prompting Iran to mobilize ground forces to the Afghan border.

Pakistan¹²⁰

Relations between Iran and Pakistan have varied. Pakistan supported Iran in the 1980-1988 Iran-Iraq War, and Iran and Pakistan engaged in substantial military cooperation in the early 1990s. The founder of Pakistan’s nuclear weapons program, A.Q. Khan, sold nuclear technology and designs to Iran.¹²¹ However, a rift emerged between the two countries in the 1990s because Pakistan’s support for the Afghan Taliban ran counter to Iran’s support for the Persian-speaking and Shiite Muslim minorities who opposed Taliban rule. Afghan Taliban factions still reportedly have a measure of safe haven in Pakistan, and Iran reportedly is concerned that Pakistan might harbor ambitions of returning the Taliban to power in Afghanistan.¹²² In addition, two Iranian Sunni Muslim militant opposition groups—*Jundullah* (named by the United States as an FTO, as discussed above) and *Jaysh al-Adl*—operate from western Pakistan. These groups have conducted a number of attacks on Iranian regime targets. Iran and Pakistan continue to conduct some military cooperation, such as joint naval exercises in April 2014.

The two nations’ bilateral agenda has increasingly focused on completing a joint major gas pipeline project that would ease Pakistan’s energy shortages while providing Iran an additional customer for its large natural gas reserves. As originally conceived, the line would continue on to India, but India withdrew from the project at its early stages. Then-President of Iran Ahmadinejad and Pakistan’s then-President Asif Ali Zardari formally inaugurated the project in March 2013. Iran has completed the line on its side of the border, but Pakistan was unable to finance the project on its side of the border until China agreed in April 2015 to build the pipeline at a cost of about \$2 billion.¹²³ Prior to the JCPOA, U.S. officials stated that the project could be subject to U.S. sanctions under the Iran Sanctions Act,¹²⁴ but the applicable provisions of the act have been waived to implementing the JCPOA. President Rouhani visited Pakistan in March 2016 and did not obtain a firm commitment from Pakistan to complete the pipeline, but the two countries agreed to cooperate against terrorist groups and to improve border security.

A significant factor distancing the two is Pakistan’s strategic relationship with Iran’s key regional adversary, Saudi Arabia. Pakistan declined a Saudi request that Pakistan participation in the

¹¹⁸ State Department. Country Reports on International Terrorism: 2011. <http://www.state.gov/j/ct/rls/crt/2011/195547.htm>.

¹¹⁹ Maria Abi-Habib, “Tehran Builds On Outreach to Taliban,” *Wall Street Journal*, August 1, 2012.

¹²⁰ For detail on Pakistan’s foreign policy and relations with the United States, see CRS Report R41832, *Pakistan-U.S. Relations*, by K. Alan Kronstadt.

¹²¹ John Lancaster and Kamran Khan, “Pakistanis Say Nuclear Scientists Aided Iran,” *Washington Post*, January 24, 2004.

¹²² Author conversations with experts in Washington, DC, who consult with Iranian government officials. 2013-15.

¹²³ <http://economictimes.indiatimes.com/news/international/world-news/china-to-build-pakistan-iran-gas-pipeline-pakistan-government/articleshow/46867932.cms>.

¹²⁴ <http://www.thenational.ae/business/energy/big-powers-block-iran-pakistan-gas-pipeline-plans>.

Saudi-led coalition against the Houthis in Yemen. But, in December 2015, Pakistan joined Saudi Arabia's 34-nation "anti-terrorism coalition," which was announced as a response to the Islamic State but which Iran asserts is directed at reducing Iran's regional influence. Experts have long speculated that if Saudi Arabia sought to counter Iran's nuclear program with one of its own, the prime source of technology for the Saudi program would be Pakistan.

India¹²⁵

India and Iran have overlapping histories and civilizations, and they are aligned on several strategic issues. Tens of millions of India's citizens are Shiite Muslims. Both countries have historically supported minority factions in Afghanistan that are generally at odds with Afghanistan's dominant Pashtun community that tends to have close ties to Pakistan.

As international sanctions on Iran increased in 2010-2013, India sought to preserve its long-standing ties with Iran while cooperating with the sanctions regime. In 2010, India's central bank ceased using a Tehran-based regional body, the Asian Clearing Union, to handle transactions with Iran. In January 2012, Iran agreed to accept India's local currency, the rupee, to settle nearly half of its sales to India. In subsequent years, India reduced its purchases of Iranian oil at some cost to its own development, receiving from the U.S. Administration exemptions from U.S. sanctions for doing so. However, India has increased oil purchases from Iran to nearly pre-2012 levels now that sanctions have been lifted, and in May 2016 India agreed to transfer to Iran about \$6.5 billion that it owed for Iranian oil shipments but which was held up for payment due to sanctions.

Some projects India has pursued in Iran involve not only economic issues but national strategy. India has long sought to develop Iran's Chabahar port, which would give India direct access to Afghanistan and Central Asia without relying on transit routes through Pakistan. India had hesitated to move forward on that project because of U.S. opposition to projects that benefit Iran. India has said that the implementation of JCPOA sanctions relief in January 2016 paved the way for work to begin in earnest on the Chabahar project. India, Iran, and Afghanistan held a ceremony in May 2016 to herald the start of work on the port based on an Indian pledge of a \$500 million investment in it, but work reportedly is proceeding slowly.¹²⁶

As noted above, in 2009, India dissociated itself from the Iran-Pakistan gas pipeline project. India publicly based its withdrawal on concerns about the security of the pipeline, the location at which the gas would be transferred to India, pricing of the gas, and transit tariffs. Long-standing distrust between India and Pakistan also played a role in India's withdrawal. During economic talks in July 2010, Iranian and Indian officials reportedly raised the issue of constructing a subsea natural gas pipeline, which would bypass Pakistani territory¹²⁷ but be costly to construct.

During the late 1990s, U.S. officials expressed concern about India-Iran military-to-military ties. The relationship included visits to India by Iranian naval personnel, although India said these exchanges involved junior personnel and focused mainly on promoting interpersonal relations and not on India's provision to Iran of military expertise. The military relationship between the countries has withered in recent years.

¹²⁵ For detail on India's foreign policy and relations with the United States, see CRS Report R42823, *India-U.S. Security Relations: Current Engagement*, by K. Alan Kronstadt and Sonia Pinto.

¹²⁶ <http://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/india-slow-to-develop-chabahar-port-as-china-races-ahead-at-rival-hub/articleshow/54693856.cms>.

¹²⁷ <http://www.thehindu.com/news/international/world/iran-backs-deepsea-gas-pipeline-to-india/article5466999.ece>.

Sri Lanka

Sri Lanka was a buyer of small amounts of Iranian oil until 2012, when U.S. sanctions were imposed on countries that fail to reduce purchases of Iranian oil. Shortly thereafter, Sri Lanka ended its oil purchases from Iran, and in June 2012 the country received an exemption from U.S. sanctions. The sanctions relief will likely cause Sri Lanka to resume oil purchases from Iran.

Russia

Iran appears to attach increasing weight to its relations with Russia. Russia is a permanent member of the U.N. Security Council, the P5+1 country most accepting of Iran's positions in the JCPOA negotiations, a supplier of arms to Iran, and a key ally in backing the Asad regime. Russian President Vladimir Putin visited Iran on November 23, 2015, to attend a conference of major international natural gas producers, and also held talks with Supreme Leader Khamene'i and President Rouhani on Syria and other strategic and economic issues.

Since late 2015, Iran has significantly increased its direct military cooperation with Russia in Syria. Russian strikes in Syria began on September 30, 2015, and they reportedly target not only the Islamic State but also other opponents of Asad, as part of an apparent effort to keep Asad, or at least much of his government, in power. In February 2016, subsequent to Russia's intervention in Syria, Secretary of State Kerry testified that Iran had reduced its force levels in Syria somewhat, suggesting Iran might have been using the Russian intervention to reduce its risks there. In August 2016, Iran briefly allowed Russia to state bombing runs in Syria from a base in western Iran, near the city of Hamadan. The staging appeared to run counter to Iran's constitution, which bans foreign use of Iran's military facilities, and Iran subsequently denied Russia use of the base because Russia had publicized the access. Russia-Iran cooperation was pivotal to the Asad regime's recapture of rebel-held portions of the northern city of Aleppo in December 2016. At the same time, the two countries' interests do not align precisely in Syria. Iranian leaders express far greater concern about protecting Hezbollah in any post-Asad regime than do leaders of Russia, whose interests appear to center on Russia's overall presence in the Middle East and retention of naval and other bases in Syria.

Russia has been Iran's main supplier of conventional weaponry and a significant supplier of missile-related technology. In February 2016, Iran's Defense Minister Hosein Dehghan visited Moscow reportedly to discuss purchasing Su-30 combat aircraft, T-90 tanks, helicopters, and other defense equipment. Under Resolution 2231, selling such gear would require Security Council approval, and U.S. officials have said publicly they would not support such a sale. Russia previously has abided by all U.N. sanctions to the point of initially cancelling a contract to sell Iran the advanced S-300 air defense system—even though Resolution 1929, which banned most arms sales to Iran, did not specifically ban the sale of the S-300. After the April 2, 2015, framework nuclear accord was announced, Russia lifted its ban on the S-300 sale. Russia has shipped the system, as of August 2016. Some reports suggest that in 2015 a Russian defense firm might also have offered to sell Iran the advanced Antey-2500 air defense system.¹²⁸ In January 2015, Iran and Russia signed a memorandum of understanding on defense cooperation, including military drills.¹²⁹

¹²⁸ Ibid.

¹²⁹ Ibid.

Russia built and still supplies fuel for Iran's only operating civilian nuclear power reactor at Bushehr, a project from which Russia earns significant revenues. Russia and Iran reportedly are negotiating for Russia to build at least two additional nuclear power plants in Iran. During his November 2015 visit to Iran, Putin announced a resumption of civilian nuclear cooperation with Iran, potentially including reprocessing enriched uranium. In December 2015, Russia was the end destination of the shipment out of Iran of almost all of Iran's stockpile of low-enriched uranium—helping Iran meet a key requirement of the JCPOA.

Other issues similarly align Iran and Russia. Since 2014, Iran and Russia have apparently both seen themselves as targets of Western sanctions (over the Ukraine issue, in the case of Russia). Iran and Russia have also separately accused the United States and Saudi Arabia of colluding to lower world oil prices in order to pressure Iran and Russia economically. In August 2014, Russia and Iran reportedly agreed to a broad trade and energy deal which might include an exchange of Iranian oil (500,000 barrels per day) for Russian goods¹³⁰—a deal that might be implemented now that Iran sanctions have been lifted. Russia is an oil exporter, but Iranian oil that Russia might buy under this arrangement would free additional Russian oil for export. Iran and Russia reaffirmed this accord in April 2015, although there have been no indications, to date, that the agreement is being implemented. During President Putin's November 2015 visit to Tehran, Russian officials announced a \$5 billion line of credit to Iran for possible joint projects, including additional natural gas pipelines, railroads, and power plants.¹³¹

Some argue that Iran has largely refrained from supporting Islamist movements in Central Asia and in Russia not only because they are Sunni movements but also to avoid antagonizing Russia. Russia has faced attacks inside Russia by Sunni Islamist extremist movements other than the Islamic State, and Russia appears to view Iran as a de-facto ally in combating such movements.

Europe

U.S. and European approaches on Iran have converged since 2002, when Iran's nuclear program became a significant international concern. Prior to that time, European countries appeared somewhat less concerned than the United States about Iranian policies and were reluctant to sanction Iran. After the passage of Resolution 1929 in June 2010, European Union (EU) sanctions on Iran became nearly as extensive as those of the United States.¹³² In 2012, the EU banned imports of Iranian crude oil and natural gas. The EU is a party to the JCPOA and has lifted nearly all of its sanctions on Iran. Numerous European business and diplomatic delegations have visited Iran since JCPOA was finalized and are resuming business relationships severed since 2011.¹³³

Iran has always maintained full diplomatic relations with the EU countries, although relations have sometimes been disrupted as part of EU country reactions to Iranian assassinations of dissidents in Europe or attacks by Iranian militants on EU country diplomatic property in Iran. There are regular scheduled flights from several European countries to Iran, and many Iranian students attend European universities. Relations were not broken after a Hezbollah attack on

¹³⁰ "Iran, Russia Negotiating Big Oil-for-Goods Deal." *Reuters*, January 10, 2014.

¹³¹ "Russian President Putin, Iran's Ayatollah Khamenei Meet to Discuss Syria." *Wall Street Journal*, November 23, 2015.

¹³² For information on EU sanctions in place on Iran, see http://eeas.europa.eu/delegations/iran/eu_iran/restrictive_measures/index_en.htm.

¹³³ For more information on the post-sanctions business relationships between Iran and the EU countries, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

Israeli tourists in Bulgaria in 2012 (see **Table 1** above) and the July 2013 EU designation of the military wing of Lebanese Hezbollah as a terrorist organization. After the JCPOA was finalized in July 2015, then-British Foreign Secretary Phillip Hammond visited Iran and reopened Britain's embassy there, closed since the 2011 attack on it by pro-government protesters.

During the 1990s, U.S. and European policies toward Iran were in sharp contrast. The United States had no dialogue with Iran at all whereas the EU countries maintained a policy of "critical dialogue" and refused to join the 1995 U.S. trade and investment ban on Iran. The EU-Iran dialogue was suspended in April 1997 in response to the German terrorism trial ("Mykonos trial") that found high-level Iranian involvement in killing Iranian dissidents in Germany, but it resumed in May 1998 during Mohammad Khatemi's presidency of Iran. In the 1990s, European and Japanese creditors bucked U.S. objections and rescheduled about \$16 billion in Iranian debt bilaterally, in spite of Paris Club rules that call for multilateral rescheduling. During 2002-2005, there were active negotiations between the European Union and Iran on a "Trade and Cooperation Agreement" (TCA) that would have lowered the tariffs or increased quotas for Iranian exports to the EU countries.¹³⁴ Negotiations were discontinued in late 2005 after Iran abrogated an agreement with several EU countries to suspend uranium enrichment.

Although the U.S. Administration ceased blocking Iran from applying for World Trade Organization (WTO) membership in May 2005, there has been insufficient international support to grant Iran WTO membership. Implementation of the JCPOA might facilitate Iran's entry into that organization, although the accession process is complicated and could allow for existing members to block Iran's entry, using any number of justifications, including those having little to do with purely trade issues.

East Asia

East Asia includes three of Iran's five largest buyers of crude oil and one country, North Korea, that is widely accused of supplying Iran with missile and other military-related technology. The countries in Asia have not intervened militarily or politically in the region to the extent the United States and its European allies have, and Iran rarely criticizes countries in Asia.

China¹³⁵

China, a permanent member of the U.N. Security Council and a P5+1 party to the JCPOA, is Iran's largest oil customer. It has in the past supplied Iran with advanced conventional arms, including cruise missile-armed fast patrol boats that the IRGC Navy operates in the Persian Gulf; anti-ship missiles; ballistic missile guidance systems; and other WMD-related technology.¹³⁶ During U.N. Security Council deliberations on Iran during 2006-2013, China tended to argue for less stringent sanctions than did the United States. China faces a potential threat from Sunni Muslim extremists in western China and appears to see Shiite Iran as a potential ally against

¹³⁴ During the active period of talks, which began in December 2002, there were working groups focused not only on the TCA terms and proliferation issues but also on Iran's human rights record, Iran's efforts to derail the Middle East peace process, Iranian-sponsored terrorism, counter-narcotics, refugees, migration issues, and the Iranian opposition PMOI.

¹³⁵ CRS In Focus IF10029, *China, U.S. Leadership, and Geopolitical Challenges in Asia*, by Susan V. Lawrence.

¹³⁶ CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley A. Kan.

Sunni radicals. China also appears to agree with Iran's view that the Asad regime is preferable to the Islamic State and other Islamist rebel organizations.

Shortly after Implementation Day of the JCPOA, China's President Xi Jinping included Tehran on a visit to the Middle East region. His trip to Iran generally focused on China's vision of an energy and transportation corridor extending throughout Eurasia ("One Belt, One Road"), and including Iran, and the two countries agreed to expand trade to \$600 billion over the coming decade.

China's compliance with U.S. sanctions was pivotal to U.S. efforts to reduce Iran's revenue from oil sales. China is also central to Iran's efforts to rebound economically now that sanctions have been lifted.¹³⁷

Japan and South Korea

Iran's primary interest in Japan and South Korea has been to expand commercial relations and parry the effect of U.S. sanctions. Neither Japan nor South Korea has been heavily involved in security and strategic issues in the Middle East, but both countries are close allies of the United States and their firms have been consistently unwilling to risk their positions in the U.S. market by violating any U.S. sanctions on Iran. Both countries are also wary of Iran's military and technology relations with North Korea. Economic relations between Iran and South Korea and Japan, particularly oil purchases, are rebounding now that international sanctions have been lifted.¹³⁸

South Korea's President Geun-hye Park visited Tehran in May 2016 for the first tour of Iran by a South Korean president to Iran since 1962, accompanied by representatives of 236 South Korean companies and organizations. The two sides signed a number of agreements in the fields of oil and gas, railroads, tourism, and technology, and agreed to re-establish direct flights between Tehran and Seoul.

Japan's Prime Minister Shinzo Abe reportedly had planned to visit Iran in late August 2016, but he has postponed the visit. If the visit goes forward, he would be the first leader of Japan to visit Iran since the Islamic Republic was established in 1979.

North Korea

Iran and North Korea have generally been allies, in part because both have been considered by the United States and its allies as "rogue states" subjected to wide-ranging international sanctions. North Korea is one of the few countries with which Iran has formal military-to-military relations, and the two countries have cooperated on a wide range of military and WMD-related ventures, particularly the development of ballistic missile technology. In the past, Iran reportedly funded and assisted in the re-transfer of missile and possibly nuclear technology from North Korea to Syria.¹³⁹ North Korea also supplied—and might still be supplying—Iran with small submarines. The Defense Department report for FY2015 on Iran's military power, referenced earlier, says that Iran is fielding, among other weaponry, "small but capable submarines."¹⁴⁰

¹³⁷ For information on these issues, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

¹³⁸ *Ibid.*

¹³⁹ <http://www.wsj.com/articles/SB10001424052702303763804579183231117914364>.

¹⁴⁰ Department of Defense. Executive Summary: Fiscal Year 2015 Annual Report on Military Power of Iran. January 2016.

North Korea did not commit to abide by international sanctions against Iran, but its economy is too small to significantly help Iran. According to some observers, a portion of China's purchases of oil from Iran and other suppliers is re-exported to North Korea. Because international sanctions on Iran's crude oil exports have been removed, it is likely that additional quantities of Iranian oil are reaching North Korea, most likely via China

Latin America¹⁴¹

Some U.S. officials and some in Congress have expressed concerns about Iran's relations with leaders in Latin America that share Iran's distrust of the United States. Some experts and U.S. officials have asserted that Iran has sought to position IRGC-QF operatives and Hezbollah members in Latin America to potentially carry out terrorist attacks against Israeli targets in the region or even in the United States itself.¹⁴² Some U.S. officials have asserted that Iran and Hezbollah's activities in Latin America include money laundering and trafficking in drugs and counterfeit goods.¹⁴³ These concerns were heightened during the presidency of Mahmoud Ahmadinejad (2005-2013), who made repeated, high-profile visits to the region in an effort to circumvent U.S. sanctions and gain support for his criticisms of U.S. policies. However, few of the economic agreements that Ahmadinejad announced with Latin American countries were implemented, by all accounts.

President Rouhani has generally expressed only modest interest in further expanding ties in Latin America, perhaps in part because Latin America continues to account for less than 6% of Iran's total imports.¹⁴⁴ He made his first visit to the region in September 2016—three years into his presidency—in the course of traveling to the annual U.N. General Assembly meetings in New York. He went to several of the countries that Foreign Minister Zarif did when Zarif met with leaders in Cuba, Chile, Bolivia, Ecuador, Nicaragua, and Venezuela in August 2016—the countries in that region that Ahmadinejad visited during his presidency as well. Iran's officials have stated that the purpose of the visits were to expand economic relations with Latin American countries now that international sanctions on Iran have been lifted.

Figure 4. Latin America



Source: Created by CRS.

¹⁴¹ For more information on the issues discussed in this section, see CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel.

¹⁴² Ilan Berman. "Iran Courts Latin America." *Middle East Quarterly*, Summer 2012. <http://www.meforum.org/3297/iran-latin-america>.

¹⁴³ Posture Statement of General John F. Kelly, Commander, U.S. Southern Command, before the 114th Congress, Senate Armed Services Committee, March 12, 2015.

¹⁴⁴ <http://www.thedialogue.org/resources/are-iran-trade-ties-important-for-latin-america/>.

In the 112th Congress, the Countering Iran in the Western Hemisphere Act, requiring the Administration to develop a strategy to counter Iran's influence in Latin America, was enacted (H.R. 3783, P.L. 112-220). The required report was provided to Congress in June 2013, asserting that "Iranian influence in Latin America and the Caribbean is waning" in part because of U.S. efforts to cause Latin American countries to assess the costs and benefits of closer relations with Iran.¹⁴⁵ Observers have directed particular attention to Iran's relationship with Venezuela (an OPEC member, as is Iran) because of its avowed anti-U.S. posture, and Argentina, because of the Iran-backed attacks on Israeli and Jewish targets there. Iran's relations with Cuba have been analyzed by experts in the past, but the U.S. opening to Cuba that began in late 2014 have eased concerns about Cuba-Iran relations. U.S. counterterrorism officials also have stated that the tri-border area of Argentina, Brazil, and Paraguay is a "nexus" of arms, narcotics and human trafficking, counterfeiting, and other potential funding sources for terrorist organizations, including Hezbollah. Assertions in 2009 by some U.S. officials that Iran was significantly expanding its presence in Nicaragua were disputed by subsequent accounts.¹⁴⁶

Venezuela¹⁴⁷

During Ahmadinejad's presidency, Iran had particularly close relations with Venezuela and its president, Hugo Chavez, who died in office in March 2013. Neither Rouhani nor Chavez's successor, Nicolas Maduro, have expressed the enthusiasm for the relationship that Chavez and Ahmadinejad did. Even during the presidencies of Chavez and Ahmadinejad, the United States did not necessarily perceive a threat from the Iran-Venezuela relationship. In July 2012, President Obama stated that Iran-Venezuela ties have not had "a serious national security impact on the United States."¹⁴⁸ Very few of the economic agreements announced were implemented. A direct air link was reportedly restarted by President Maduro in January 2015 in order to try to promote tourism between the two countries.¹⁴⁹ Petroleos de Venezuela (PDVSA)—which operates the Citgo gasoline stations in the United States—has been supplying Iran with gasoline since 2009, in contravention of U.S. secondary sanctions, and PDVSA was sanctioned under the Iran Sanctions Act in May 2011.¹⁵⁰ On January 16, 2016, the United States lifted sanctions on PDVSA in accordance with the JCPOA.

Argentina¹⁵¹

In Argentina, Iran and Hezbollah carried out acts of terrorism against Israeli and Jewish targets in Buenos Aires that continue to affect Iran-Argentina relations. The major attacks were the 1992 bombing of the Israeli embassy and the 1994 bombing of a Jewish community center (Argentine-Israeli Mutual Association, AMIA). Based on indictments and the investigative information that has been revealed, there is a broad consensus that these attacks were carried out by Hezbollah operatives, assisted by Iranian diplomats and their diplomatic privileges.

¹⁴⁵ Department of State, "Annex A: Unclassified Summary of Policy Recommendations," June 2013.

¹⁴⁶ "Iran's Rumored 'Mega-Embassy' Set Off Alarms in U.S." *Washington Post*, June 13, 2009. <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/12/AR2009071202337.html>.

¹⁴⁷ For more information, see CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

¹⁴⁸ Comments by President Barack Obama on "CNN: The Situation Room," July 11, 2012.

¹⁴⁹ <http://panampost.com/sabrina-martin/2015/04/06/iran-takes-venezuelan-money-passes-on-deliveries/>.

¹⁵⁰ <http://www.reuters.com/article/2011/05/24/us-iran-usa-sanctions-idUSTRE74N47R20110524>.

¹⁵¹ For more information, see CRS Report R43816, *Argentina: Background and U.S. Relations*, by Mark P. Sullivan and Rebecca M. Nelson.

The Buenos Aires attacks took place more than 20 years ago and there have not been any recent public indications that Iran and/or Hezbollah are planning attacks in Argentina or elsewhere in Latin America. However, in February 2015, Uruguay stated that an Iranian diplomat posted there had left the country before Uruguay issued a formal complaint that the diplomat had tested the security measures of Israel's embassy in the capital, Montevideo.¹⁵²

Many in Argentina's Jewish community opposed a January 2013 agreement between Iran and the government of then-President Cristina Fernandez de Kirchner to form a "truth commission" rather than to aggressively prosecute the Iranians involved. In May 2013, the Argentine prosecutor in the AMIA bombing case, Alberto Nisman, issued a 500-page report alleging that Iran has been working for decades in Latin America, setting up intelligence stations in the region by utilizing embassies, cultural organizations, and even mosques as a source of recruitment. In January 2015, Nisman was found dead of a gunshot wound, amid reports that he was to request indictment of Argentina's president for allegedly conspiring with Iran to downplay the AMIA bombing issue. President Kirchner was succeeded in December 2015 by Mauricio Macri, who has not indicated intent to broaden relations with Iran.¹⁵³ This might explain why Argentina apparently was not on the itinerary for Rouhani's regional visit in 2016.

Africa

With few exceptions, Sub-Saharan Africa has not generally been a focus of Iranian foreign policy—perhaps because of the relatively small size of most African economies and the limited ability of African countries to influence multilateral actions on Iran's policies. Former President Ahmadinejad built ties to some African countries, both Christian and Muslim-dominated, but most African countries apparently did not want to risk their economic and political relationships with the United States by broadening relations with Iran. Iran has had a long standing relationship with Sudan, but those ties have frayed substantially over the past several years, as discussed below. Few of the announced economic agreements between Iran and African countries were implemented, although Iran did establish an auto production plant in Senegal capable of producing 5,000 vehicles annually.¹⁵⁴

The overwhelming majority of Muslims in Africa are Sunni, and Muslim-inhabited African countries have tended to be responsive to financial and diplomatic overtures from Iran's rival, Saudi Arabia. Amid the Saudi-Iran dispute in January 2016 over the Nimr execution, several

Figure 5. Sudan



Source: Created by CRS.

¹⁵² "Questions Swirl over Incident Involving Iranian Diplomat in Uruguay." *LatinNews Daily*, February 9, 2015.

¹⁵³ <http://www.thedialogue.org/resources/are-iran-trade-ties-important-for-latin-america/>.

¹⁵⁴ Michael Baca. "Saudi Competition Gets in the Way of Iran's Outreach in Africa." *World Politics Review*, April 14, 2016.

African countries that Ahmadinejad had cultivated as potential allies broke relations with Iran outright, including Djibouti, Comoros, and Somalia, as well as Sudan. Senegal and Sudan have publicly—and in Sudan's case, with some forces as well—supported the Saudi-led military effort against the Iran-backed Houthis in Yemen. The UAE, in particular, has actively sought allies in Africa that might be willing to help counter Iran in Yemen and more broadly.

Rouhani has made few statements on relations with countries in Africa and has apparently not made the continent a priority. However, the sanctions relief provided by the JCPOA could produce expanded economic ties between Iran and African countries. The increase in activity by Islamic State and Al Qaeda-affiliated Sunni extremist movements in Africa could cause Iran to increase its focus on politics and security issues in the region, and Iran remains positioned to intervene more actively if it chooses to do so.

The IRGC-QF has long operated in some countries in Africa, in part to secure arms-supply routes for pro-Iranian movements in the Middle East but also to be positioned to act against U.S. or allied interests, to support friendly governments or factions, and act against Sunni extremist movements. In May 2013, a court in Kenya found two Iranian men guilty of planning to carry out bombings in Kenya, apparently against Israeli targets. In September 2014, Kenya detained two Iranian men on suspicion of intent to carry out a terrorist attack there. In December 2016, two Iranians and a Kenyan who worked for Iran's embassy in Nairobi were charged with collecting information for a terrorist act after filming the Israeli embassy in that city. In 2011, Senegal, even though it was a focus of Ahmadinejad's outreach, temporarily broke relations with Iran after accusing it of arming rebels in Senegal's Casamance region.

Sudan

Iran has had close relations with the government of Sudan since the early 1990s, but that relationship appears to have frayed substantially as Sudan has moved closer to Iran's rival, Saudi Arabia since 2014. Sudan, like Iran, is still named by the United States as a state sponsor of terrorism. At their height, Iran's relations with Sudan provided Iran with leverage against Egypt, a U.S. ally, and a channel to supply weapons to Hamas and other pro-Iranian groups in the Gaza Strip.¹⁵⁵ The relationship began in the 1990s when Islamist leaders in Sudan, who came to power in 1989, welcomed international Islamist movements to train and organize there. Iran began supplying Sudan with weapons it used on its various fronts, such as the one with South Sudan, and the IRGC-QF reportedly armed and trained Sudanese forces, including the Popular Defense Force militia.¹⁵⁶ Some observers say Iranian pilots assisted Sudan's air force, and Iran's naval forces periodically visited Port Sudan. Israel has repeatedly accused Iran of shipping weapons bound for Gaza through Sudan¹⁵⁷ and, in October 2012, Israel bombed a weapons factory in Khartoum that Israel asserted was a source of Iranian weapons supplies for Hamas. In March 2014, Israel intercepted an Iranian shipment of rockets that were headed to Port Sudan.¹⁵⁸

¹⁵⁵ Michael Lipin. "Sudan's Iran Alliance Under Scrutiny." VOA News, October 31, 2012. <http://www.voanews.com/content/article/1536472.html>.

¹⁵⁶ <http://www.csmonitor.com/World/Security-Watch/terrorism-security/2012/1025/Did-Israel-just-blow-up-an-Iranian-weapons-factory-in-Sudan>.

¹⁵⁷ "Were the Israelis Behind the 'Mystery' Air Strike in Sudan?" *Time*, April 6, 2011; "Car Blast in E. Sudan, Khartoum Points to Israel," *Reuters*, May 22, 2012; "Rockets and Meetings," *Africa Confidential*, May 25, 2012. Weapons Documented in South Kordofan," *Small Arms Survey*, April 2012.

¹⁵⁸ <http://www.jpost.com/Defense/Israel-Navy-intercepts-Gaza-bound-Iranian-rocket-ship-near-Port-Sudan-344369>.

Despite those ties, Sudan is inhabited by Sunni Arabs and has always been considered susceptible to overtures from Saudi Arabia and other GCC countries to distance itself from Iran. Since 2014, Saudi economic assistance to and investment in Sudan have caused Sudan to realign. In September 2014, the Sudan government closed all Iranian cultural centers in Sudan and expelled the cultural attaché and other Iranian diplomats on the grounds that Iran was using its facilities and personnel in Sudan to promote Shiite Islam.¹⁵⁹ In March 2015, Sudan joined the Saudi-led Arab coalition against the Houthis in Yemen, appearing to confirm that Sudan has significantly downgraded its strategic relations with Iran. In October 2016, a reported 300 Sudanese military personnel deployed to Yemen to fight against the Houthis alongside the Saudi-led coalition.¹⁶⁰ In December 2015, Sudan joined the Saudi-led anti-terrorism coalition discussed earlier. In January 2016, Sudan severed ties with Iran in connection with the Saudi execution of Nimr.

Prospects and Alternative Scenarios

A key question has been whether the JCPOA would alter Iran's national security policies, and, if so, how. Sanctions relief increases Iran's financial capacity to support for its regional allies and proxies. But, the JCPOA also gives Iran incentive to avoid actions that might provoke renewed sanctions and isolation. Iran's foreign and defense policies also continue to be formally constrained, to some extent, by international law. U.N. Security Council Resolution 2231, which superseded prior resolutions as of JCPOA "Implementation Day" (January 16, 2016), continues U.N. restrictions on Iran's importation and exportation of arms and of development of ballistic missiles, although for finite periods of time. Separate U.N. Security Council resolutions ban arms shipments to such conflict areas as Yemen (Resolution 2216) and Lebanon (Resolution 1701). Resolution 2231 appears to permit defense cooperation that does not involve the transfer of weaponry or training to Iran, such as Iran's allowing Russia the use of its airbases.

Iran's Supreme Leader has said on several occasions since the JCPOA was finalized that the agreement will not cause change in Iran's foreign policy or a rapprochement with the United States. The IRGC and other allies of the Supreme Leader in various Iranian institutions have reiterated his position. President Rouhani, in contrast, has stated that the JCPOA is "a beginning for creating an atmosphere of friendship and co-operation with various countries."

Obama Administration reports and statements asserted that there was no significant change in Iran's foreign and defense policies since Implementation Day of the JCPOA. Iran's levels of support for the Assad regime in Syria, for Hezbollah, for Iraqi Shiite militias, for underground Bahraini Shiite opposition groups, or for the Houthis appeared to remain at roughly the same levels—and with roughly the same objectives—as before the JCPOA. U.S. officials indicate that Iran has not repatriated significant amounts of its overseas assets to Iran, where they could more easily be deployed to support Iran's foreign policy objectives. Rouhani, as noted throughout this report, has increased engagement in the region and worldwide in an effort to revive or accelerate regional energy, transportation, and trade initiatives that were long stalled by international sanctions against Iran. During 2016, Iran continued to conduct ballistic missile tests and has vowed to conduct more, despite Resolution 2231 restrictions.

¹⁵⁹ Sudan Expels Iranian Diplomats and Closes Cultural Centers. *The Guardian*, September 2, 2014.

¹⁶⁰ Sudan sends ground troops to Yemen to boost Saudi-led coalition. Reuters, October 18, 2015. <http://www.reuters.com/article/2015/10/18/us-yemen-security-sudan-idUSKCN0SC0E120151018#EvfuzFr1DiRokyo9.99>.

The Trump Administration, by contrast, has returned to earlier characterizations of Iran as an adversary whose malign activities and ballistic missile tests must be met with U.S. responses. President Trump has asserted that “all options remain open,” but the Administration has thus far indicated that U.S. responses, such as the February 3, 2017 announcement of sanctions on additional Iran ballistic missile entities and IRGC-QF personnel, will not be in contravention of the JCPOA. Still, it can be argued that U.S. pressure on Iran—particularly if such pressure involves military action to counter Iran’s support for the Houthis, or against Iranian ships in the Gulf—could lead to a pattern of escalation that causes a collapse of the JCPOA.

Those who argue that Iran is likely to become an increasingly challenging regional actor generally maintain the following:

- Sanctions relief could facilitate efforts by Iran to illicitly acquire technology that it could potentially use to enhance the accuracy of rockets and short-range missiles it supplies to its regional allies and proxies.
- The lifting within five years of the U.N. ban on arms sales to Iran will enable Iran to modernize its armed forces, even if Russia and other suppliers refuse to defy any U.N. Security Council vote to disapprove such sales before then. Acquiring additional systems could strengthen its capabilities to the point where it can move ground forces across waterways such as the Strait of Hormuz and thereby intimidate the GCC states.
- Iran could increase its assistance to hardline opposition factions in Bahrain, which has apparently been limited to date.¹⁶¹
- Iran could further inflame regional sectarian tensions by pressing the Iraqi and Assad governments to expel Sunni citizens from areas recaptured from the Islamic State and replacing them with Shiite inhabitants.
- Iran might succeed in emerging as a major regional energy and trading hub, potentially undermining the ability of the United States to effect significant economic pressure on Iran if Iran does not comply with the JCPOA.
- India and Pakistan might expand their separate military cooperation with Iran, a development that could strengthen Iran’s conventional military capabilities.
- Iran’s reintegration into the international economic community could enable Iran to expand its relationships with countries in Latin America or Africa.

Those who argue that Iran might be induced to shift its policies in ways that benefit U.S. and allied interests assert the following:

- Iran might cooperate in identifying an alternative to Assad in Syria that resolves, or greatly attenuates, the civil conflict there.
- Iran might curtail its delivery of additional long-range rockets or other military equipment to Hezbollah and Hamas, although Iran is unlikely under any circumstances to reduce its political support for Hezbollah.
- Iran might support a political solution in Yemen that gives the Houthis less influence in a new government than they are demanding.
- Iran and the UAE might resolve their territorial dispute over Abu Musa and the two Tunbs islands in the Persian Gulf.

¹⁶¹ Ibid.

- Iran might take steps to join the WTO, which could improve the transparency of Iran's economy and its adherence to international economic conventions.
- Iran might increase the transparency of its financial system. In mid-2016, Iran took steps in this regard by filing an "action plan" with the multilateral Financial Action Task Force (FATF) to try to address concerns about the use of its banking system for money laundering and terrorism financing.
- Iran might gain admission to the Shanghai Cooperation Organization, which could lead to broader cooperation between Iran and Central Asian states against the Islamic State or other terrorist organizations.
- Iran might seek to finalize major regional economic projects that benefit the whole region, including development of oil and gas fields in the Caspian Sea; gas pipeline linkages between Iran and Kuwait, Bahrain, and Oman; the Iran-Pakistan natural gas pipeline; the development of the Chabahar port; and transportation routes linking Central Asia to China.

There are factors beyond the JCPOA that could cause Iran's foreign policy to shift. An uprising in Iran or other event that changes the regime could precipitate policy changes that either favor or are adverse to U.S. interests. The unexpected departure from the scene of the Supreme Leader could change Iran's foreign policy sharply, depending on the views of his successor(s). Other factors that could force a shift could include the expansion or institutionalization of a Saudi-led coalition of Arab Sunni states that might succeed in defeating movements and governments backed by Iran.

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