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Iran: U.S. Concerns and Policy Responses

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Summary

A priority of Obama Administration policy has been to reduce the perceived threat posed by Iran to a broad range of U.S. interests. Well before Iran's nuclear issue rose to the forefront of U.S. concerns about Iran in 2003, the United States had seen Iran's support for regional militant groups, such as Lebanese Hezbollah, as efforts to undermine U.S. interests and allies. To implement U.S. policy, the Obama Administration has orchestrated broad international economic pressure on Iran to try to compel it to verifiably demonstrate to the international community that its nuclear program is for purely peaceful purposes. That pressure harmed Iran's economy, created Iranian domestic sentiment for a negotiated nuclear settlement that would produce an easing of international sanctions, and paved the way for the June 2013 election of the relatively moderate Hassan Rouhani as president of Iran. Three rounds of subsequent multilateral talks with Iran achieved a November 24, 2013, interim agreement ("Joint Plan of Action") that halts the expansion of Iran's nuclear program in exchange for modest and temporary sanctions relief. Subsequent negotiations led to a decision to implement the JPA beginning January 20, 2014, and that mutual implementation has proceeded as planned. A framework for talks on the permanent resolution were agreed between Iran and the six negotiating powers on February 20, 2014.

Rouhani's election has also improved prospects for an end to the 34 years of U.S.-Iran estrangement. On September 27, 2013, President Obama and Rouhani spoke by phone—the first leadership level contacts since the 1979 Islamic revolution—as Rouhani departed a week-long visit to the U.N. General Assembly meetings in New York. In their speeches to the Assembly, both President Obama and Rouhani indicated that the long era of U.S.-Iran hostility could be ended. The interim nuclear agreement has apparently also eased tensions between Iran and its neighbors in the Persian Gulf region, perhaps even paving the way for resolution of long-standing territorial disputes with the United Arab Emirates. However, like the United States, the Gulf states, Israel, and other regional states appear to be concerned that Iran's regional ambitions are unchanged. Some experts and governments assert that the nuclear deal could give Iran additional political and economic resources to support pro-Iranian movements and regimes, such as the embattled government of Bashar Al Assad of Syria. Israeli Prime Minister Benjamin Netanyahu has openly opposed the JPA as failing to dismantle Iran's uranium enrichment and other infrastructure and likely to unravel international sanctions on Iran.

President Obama has maintained—both before and after the interim agreement was signed—that the option of U.S. military action against Iran's nuclear facilities remains open. However, further U.S.—or Israeli—discussion of military options against Iran is unlikely unless the JPA collapses or fails to be translated into a longer-term settlement of the nuclear issue. In line with a provision of the interim agreement that no new sanctions be imposed on Iran during the JPA period, the Administration has threatened to veto a bill, S. 1881, that would add sanctions on Iran—even though S. 1881 would only take effect after the JPA period.

Rouhani has not, to date, satisfied the aspirations of those Iranians who see his presidency as an opportunity to achieve an easing of repression and social restrictions. His unexpected election win—a result of a large turnout of reform-minded voters such as those who protested the 2009 election results—appeared to demonstrate that support for domestic reform remains strong. For further information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; and CRS Report R43333, *Interim Agreement on Iran's Nuclear Program*, by Kenneth Katzman and Paul K. Kerr.

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Political History

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

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

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

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

The regime faced serious unrest in its first few years, including a June 1981 bombing at the headquarters of the Islamic Republican Party (IRP) and the prime minister's office that killed several senior leaders, including Khomeini confidant Mohammad Hossein Beheshti. These events, along with the hostage crisis with the United States, provided cover for the regime to purge many of the secular, liberal, and left-wing personalities and parties in the anti-Shah coalition. Examples included the Tudeh Party (Communist), the People's Mojahedin Organization of Iran (PMOI, see below), the first elected President Abolhassan Bani Sadr, and the Iran Freedom Movement of the regime's first Prime Minister Mehdi Bazargan (a movement later led by Ibrahim Yazdi, who has been in and out of prison for two decades). The regime was under economic and military threat during the 1980-1988 Iran-Iraq War, which resulted at times in nearly halting Iran's oil exports. Despite these struggles, there has still been substantial diversity of opinion in ruling circles and, prior to 2009, the regime faced only episodic unrest from minorities, intellectuals, students, labor groups, and women.

Regime Structure, Stability, and Opposition

Iran's Islamic regime, established in a constitution adopted in an October 1979 public referendum, is widely considered authoritarian, although it provides for elected institutions and checks and balances. A Supreme Leader is not directly elected by the population, but he is selected by an elected body. The President and the Majles (unicameral parliament) are directly elected. There are also elections for municipal councils, which select mayors. Even within the unelected institutions, factional disputes between those who insist on ideological purity and those considered more pragmatic have been frequent and highly consequential. See **Figure 1** for a chart of the Iranian regime.

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

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

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

appoints half of the 12-member *Council of Guardians*; all members of the *Expediency Council*, and the head of Iran's judiciary (currently Ayatollah Sadeq Larijani).

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

Born in July 1939 to an Azeri (Turkic) family from Mashhad. Was jailed by the Shah of Iran for supporting Ayatollah Khomeini's revolution. After the regime took power in 1979, helped organize Revolutionary Guard and other security organs. Lost use of right arm in assassination attempt in June 1981. Was elected president during 1981-1989 and was selected Khomeini's successor in June 1989 upon his death. Upon that selection, Khamene'i religious ranking was advanced in official organs to "Grand Ayatollah" from the lower ranking "Hojjat ol-Islam." But, still lacks the undisputed authority to end factional disputes or the public adoration Khomeini had. Has taken more of a day-to-day role since 2009 uprising, including in the nuclear negotiations issue. Sided decisively with hardline opponents of then president Ahmadinejad after mid-2011, but acquiesced to the election of the relatively moderate Rouhani. Publicly supports the JPA but has expressed skepticism that the U.S. will uphold its commitments under the JPA or that a permanent nuclear settlement can be reached. Reputedly issued religious proclamation (2003) against Iran acquiring a nuclear weapon, and has publicly (2012) called doing so a "sin," and is widely believed to fear direct military confrontation with United States on Iranian soil. Generally does not meet with Western officials and is suspicious of relations with the West as opening Iran to undue Western cultural influence, spying, and possible regime destabilization efforts.

Throughout career, has consistently taken hard-line stances on regional issues, particularly toward Israel, often calling it a cancerous tumor that needs to be excised from the region. Fully backs efforts by Revolutionary Guard and other Iranian organs to support pro-Iranian movements and governments, including that of Syria. On economic issues, he has tended to support the business community (*bazaaris*), and opposed state control of the economy, but believes Iran's economy is self-sufficient enough to withstand the effects of international sanctions.

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

Potential successors include Expediency Council Chairman Ayatollah Ali Akbar Hashemi-Rafsanjani, Ayatollah Mohammad Taqi Mesbah Yazdi, Council of Guardians head Ayatollah Ahmad Jannati, Judiciary head Ayatollah Sadeq Larijani, and Ayatollah Ahmad Khatemi. None is considered a clear consensus choice if Khamene'i dies unexpectedly.

Source: CRS.

Council of Guardians and Expediency Council

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

The 42-member "Expediency Council" was established in 1988 to resolve legislative disagreements between the *Majles* and the COG. It has since evolved into a policy advisory body for the Supreme Leader and an overseer of the performance of the president and his cabinet. Its members serve five-year terms; its chairman, Ali Akbar Hashemi-Rafsanjani, was reappointed in February 2007 and again in March 2012. The latest reappointment was widely interpreted as a Khamene'i effort to keep Rafsanjani loyal to the regime following his March 2011 removal as head of the Assembly of Experts (see below). As noted below, Rafsanjani was not permitted by the COG to run for president again in 2013. The Expediency Council's executive officer is former Revolutionary Guard commander-in-chief Mohsen Reza'i.

Table 2. Major Factions, Personalities, and Interest Groups

| Conservatives | |
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| Supreme Leader Ali Khamene'i | See box above. |
| Incoming President Hassan Rouhani | See box below. |
| Expediency Council Chair Ayatollah Ali Akbar Hashemi-Rafsanjani | <p>Born in 1944, a longtime key regime strategist, Khomeini disciple, and advocate of “grand bargain” to resolve all outstanding issues with United States. Was Majles speaker during 1981-1989 and president 1989-1997. Family owns large share of Iran’s total pistachio production. Ouster as Assembly of Experts chairman in 2011 widely attributed to his tacit support of popular opposition to Ahmadinejad 2009 reelection. That perception undoubtedly contributed to COG denying his candidacy in 2013 presidential elections, even though Khamene'i had reappointed him Expediency Council chair in March 2012. Victory of close ally Rouhani in the 2013 election has partly revived Rafsanjani’s influence.</p> <p>Political activities of his children remain a liability for Rafsanjani. Daughter Faizah participated in several 2009 protests, was detained briefly in February 2011 for protesting, and was jailed in September 2012 for opposition activities. She was moved to solitary confinement in early 2013. Five Rafsanjani family members arrested in June 2009 (and another briefly detained in March 2010), and his son, Mehdi, was released on bail in December 2012.</p> |
| Ex- President Mahmoud Ahmadinejad | <p>First non-cleric to serve as president of the Islamic republic since the assassination of then-president Mohammad Ali Rajai in August 1981. During his term, he asserted it is his mission is to prepare for the return of the 12th Imam from occultation that would, according to Twelver Shiite doctrine, be accompanied by the establishment of Islam as the global religion. Attracted significant criticism for an October 26, 2005, Tehran conference entitled “A World Without Zionism” by stating that “Israel should be wiped off the map,” and for a December 2006 conference in Tehran questioning the Holocaust. During his second term, he lost a power struggle with Khamene'i. Perhaps to prevent his criticizing the regime after leaving office, he was given permission to start a new university and was appointed to the Expediency Council.</p> |
| Majles Speaker Ali Larijani/Larijani brothers | <p>Ali Larijani has been Majles Speaker since 2008 but did not run again for president in the 2013 election after losing in 2005. Was state broadcasting head (1994-2004), minister of culture and Islamic guidance (1993), and head of Supreme National Security Council and chief nuclear negotiator (2005—2007). Considered amenable to a nuclear deal with the international community. Politically close to Khamene'i and was a leading antagonist of Ahmadinejad. One brother (Sadeq) is judiciary head; another (Mohammad Javad), was deputy foreign minister (1980s) and now heads a government human rights body. His predecessor as Majles Speaker is Gholam Ali Haddad Adel, whose daughter is married to Khamene'i's son, Mojtaba. Haddad Adel lost bid to regain Majles speakership in 2012, and ran unsuccessfully for president in June 2013.</p> |
| Tehran Mayor Mohammad Baqer Qalibaf | <p>Current mayor of Tehran and second-time candidate for president in June 2013 election. Former Revolutionary Guard Air Force commander and police chief, and critic of Ahmadinejad. Encourages comparisons of himself to Reza Shah, invoking an era of stability and strong leadership. Lost in 2005 presidential elections, but supporters won 9 out of 15 seats on Tehran city council in December 2006 elections, propelling him to the mayoralty. Has won support for Tehran's cleanliness, infrastructure repairs, and relative order.</p> |
| Senior Shiite Clerics | <p>The most senior clerics, most of whom are in Qom, including several Grand Ayatollahs, are generally “quietist”—they believe that the senior clergy should refrain from direct involvement in politics. These include Grand Ayatollah Nasser Makarem Shirazi, Grand Ayatollah Abdol Karim Musavi-Ardabili, and Grand</p> |

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| | <p>Ayatollah Yusuf Sanei, all of whom have criticized the regime's crackdown against oppositionists. Others believe in political involvement, including Ayatollah Mohammad Taqi Mesbah Yazdi. The founder of the hardline Haqqani school, Yazdi was the spiritual mentor to Ahmadinejad until breaking with him in 2011. Yazdi is an assertive defender of the powers of the Supreme Leader and a proponent of an "Islamic state" rather than the current "Islamic republic," but fared poorly in December 2006 elections for Assembly of Experts. Other hardline clerics include Ayatollah Kazem Haeri, mentor of Iraqi cleric and faction leader Moqtada Al Sadr; and Ahmad Khatemi, frequently Friday prayer leader at Tehran University and a senior Assembly of Experts member.</p> |
| Judiciary Chief Ayatollah Sadeq Larijani | <p>Judiciary head since August 2009. Like his brother, Majles Speaker Ali Larijani, Sadeq Larijani is close to the Supreme Leader and a hard liner against dissidents.</p> |
| Society of Militant Clerics | <p>Longtime organization of hardline clerics headed by Ayatollah Mohammad Mahdavi-Kani, who became chair of the Assembly of Experts on March 9, 2011. Did not back Ahmadinejad for reelection in 2009 and led a bloc opposing Ahmadinejad in the March 2, 2012, <i>Majles</i> elections. President-elect Rouhani is a member of this group.</p> |
| Bazaar Merchants ("Bazaaris") | <p>The urban bazaar merchants fear jeopardizing the economy by participating in political opposition activity; have conducted only a few strikes or other organized action since the 1979 revolution. Each city's bazaars are organized by industry (e.g., carpets, gold, jewelry, clothing) and bazaari leadership positions are chosen by consensus among elders of each industry represented in the bazaar.</p> |

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

All of the blocs and personalities below can be considered, to varying degrees, part of the Green Movement or as critics of Iran's political system.

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| <p>Titular Green Movement Leaders: Mir Hossein Musavi/ Mohammad Khatemi/Mehdi Karrubi and Other Reformists</p> | <p>The titular leader of the Green movement, Mir Hossein Musavi, a non-cleric, is about 70. An architect by training, and a disciple of Ayatollah Khomeini, he served as foreign minister (1980), then prime minister (1981-1989), at which time he successfully managed the state rationing program during the privations of the Iran-Iraq War but often feuded with Khamene'i, who was then president. At that time, he was an advocate of state control of the economy. His post was abolished in the 1989 revision of the constitution.</p> <p>Musavi supports political and social freedoms and reducing Iran's international isolation, but supports strong state intervention in the economy to benefit workers and lower classes. Appeared at some 2009 protests, sometimes intercepted or constrained by regime security agents. However, he is not respected by harder line opposition leaders who criticized his statements welcoming reconciliation with the regime. He and his wife (prominent activist Zahra Rahnevard), along with fellow Green Movement leader and defeated 2009 presidential candidate Mehdi Karrubi, were placed in detention in mid-2011. In early 2014, Karrubi was allowed to return to his home, although still under the control of regime guards. Musavi remains in detention. Karrubi was Speaker of the Majles during 1989-1992 and 2000-2004.</p> <p>Mohammad Khatemi was elected president on a reformist platform in May 1997, with 69% of the vote; reelected June 2001 with 77%. Rode wave of sentiment for easing social and political restrictions, but these groups became disillusioned with Khatemi's failure as president to stand up to hardliners on reform issues. He declined to run again for president in 2009 elections and endorsed Musavi, and declined to run in the 2013 election as well. Khatemi is perceived as open to a political compromise and voted in March 2, 2012, election, ignoring reformist boycott. Now heads International Center for Dialogue Among Civilizations. Says he has not been allowed outside Iran since 2009 because of his reformist/Green Movement links.</p> |
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| Student Groups | Groups composed of well-educated, Westernized urban youth are the backbone of the Green Movement. They have attempted, with mixed success, to gain support of older generation, labor, clerics, village-dwellers, and other segments. The Office of Consolidation of Unity is the student group that led the 1999 riots but which later became controlled by regime loyalists and disbanded. An offshoot, the Confederation of Iranian Students (CIS), believes in regime replacement and in U.S.-style free markets. CIS founder, Amir Abbas Fakhrafar, is based in Washington, DC. Co-founder, Arzhang Davoodi, remains in prison in Iran serving a lifetime prison sentence. |
| Islamic Iran Participation Front (IIPF) | The most prominent and best organized pro-reform grouping, but has lost political ground to Green Movement groups advocating outright overthrow of the regime. Its leaders include Khatemi's brother, Mohammad Reza Khatemi (a deputy speaker in the 2000-2004 Majles) and Mohsen Mirdamadi. Backed Musavi in June 2009 election; several IIPF leaders detained and prosecuted in postelection dispute. The party was outlawed by the regime in September 2010. |
| Mojahedin of the Islamic Revolution Organization (MIR) | Composed mainly of left-leaning Iranian figures who support state control of the economy, but want greater political pluralism and relaxation of rules on social behavior. A major constituency of the reformist camp. Its leader is former Heavy Industries Minister Behzad Nabavi, who supported Musavi in 2009 election and has been incarcerated for most of the time since June 2009. The organization was outlawed by the regime simultaneously with the outlawing of the IIPF, above. |
| Combatant Clerics Association | Very similar name to organization above, but politically very different. Formed in 1988, it is run by reformist, not hardline, clerics and officials. Leading figures include Mohammad Khatemi, former Interior Minister Ali Akbar Mohtashemi-Pur, and former Prosecutor General Ali Asgar Musavi-Koiniha. |
| Labor Unions | Organized labor has suffered from official repression for many years. It was not at the core of the 2009 uprising, but many laborers have openly demanded political change. Some laborers want political change but fear income disruption if they openly defy the regime. Some labor protests took place in Tehran on "May Day" 2010, and other small strikes (truckers, some factories) have taken place since. A bus drivers' union leader, Mansur Osanloo, was jail from 2007 until 2011. |
| Other Prominent Dissidents | Other leading dissidents, some in Iran, others in exile (including in the United States), have been challenging the regime since well before the Green Movement formed and are now significant opposition figures. Journalist Akbar Ganji conducted hunger strikes to protest regime oppression; he was released on schedule on March 18, 2006, after sentencing in 2001 to six years in prison for alleging high-level involvement in 1999 murders of Iranian dissident intellectuals. Abdol Karim Soroush, now exiled, has challenged the doctrine of clerical rule. Former Revolutionary Guard organizer Mohsen Sazegara is based in the United States, but his role in the IRGC likely discredits him in the eyes of dissidents who want regime replacement. Other significant dissidents include former Culture Minister Ataollah Mohajerani, Mohsen Kadivar, and U.S.-based Fatemah Haghighatgoo. Some well-known dissidents who have been incarcerated since 2010 include filmmaker Jafar Panahi; journalist Abdolreza Tajik; famed blogger Hossein Derakshan (serving a 20-year prison sentence); and human rights lawyer Nasrin Sotoudeh (serving an 11 year sentence). She was released in September 2013, as discussed below. 80-year-old Iran Freedom Movement leader Ibrahim Yazdi was released from prison in April 2011 after resigning as the Freedom Movement's leader. One major dissident figure is Nobel Peace Prize laureate (2003) and Iran human rights activist lawyer Shirin Abadi. She has often represented clients persecuted or prosecuted by the regime but she left Iran for Europe, fearing arrest. In December 2009, the regime confiscated her Nobel Prize. |
| Monarchists | Some Iranians outside Iran, including in the United States, want to replace the regime with a constitutional monarchy led by Reza Pahlavi, the U.S.-based son of |

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| | <p>the late former Shah and a U.S.-trained combat pilot. The Shah's son, who is about 60 years old, has delivered statements condemning the regime for the post-2009 election crackdown and he has called for international governments to withdraw their representation from Tehran. He appears periodically in broadcasts into Iran by Iranian exile-run stations in California,² as well as in other Iran-oriented media.</p> |
| | <p>Pahlavi has always had some support particularly in the older generation in Iran, but he reportedly is trying to broaden his following by asserting that he supports democracy and not restoration of a monarchy. Since March 2011, he has been increasingly cooperating with—and possibly attempting to co-opt—younger leaders in a “National Council of Iran” (NCI). He and over 30 opposition groups formally established the Council at a conference in Paris on April 27-28, 2013. The NCI, which has a 35 member “high council” elected by the opposition groups of the NCI, has drafted a set of principles for a post-Islamic republic Iran which advocates democracy and the protection of human rights.</p> |
| Leftist Groups | <p>Many oppositionists who support left-wing ideologies support the People's Mojahedin Organization of Iran (PMOI), which is discussed in a text box below.</p> |
| Sunni Armed Opposition: Jundullah | <p><i>Jundullah</i> is composed of Sunni Muslims primarily from the Baluchistan region bordering Pakistan. The region is inhabited by members of the Baluch minority and is far less developed than other parts of Iran. On the grounds that <i>Jundullah</i> has attacked civilians in the course of violent attacks in Iran, the State Department formally named it an FTO on November 4, 2010. Some saw the designation as an overture toward the Iranian government, while others saw it as a sign that the United States supports only groups that are committed to peaceful methods. <i>Jundullah</i> has conducted several attacks on Iranian security and civilian officials, including a May 2009 bombing of a mosque in Zahedan. On October 18, 2009, it claimed responsibility for killing five IRGC commanders during their meeting with local groups in Sistan va Baluchistan Province. The regime claimed a major victory against the group in late February 2010 by announcing the capture of <i>Jundullah</i>'s top leader, Abdolmalek Rigi. The regime executed him in June 2010, and the group retaliated in July 2010 with another major bombing in Zahedan, which killed 28 persons, including some IRGC personnel. Then Secretary of State Clinton publicly condemned the act. The group is believed responsible for a December 15, 2010, bombing at a mosque in Chahbahar, also in Baluchistan, that killed 38.</p> |
| Kurdish Armed Groups: Free Life Party (PJAK) | <p>An armed Kurdish group operating out of Iraq is the Free Life Party, known by its acronym PJAK. Its leader is believed to be Abdul Rahman Hajji Ahmadi, born in 1941, who is a citizen of Germany and lives in that country. Many PJAK members are women, supporting the organization's dedication to women's rights. PJAK was designated by the Treasury Department in early February 2009 as a terrorism supporting entity under Executive Order 13224, although the designation statement indicated the decision was based mainly on PJAK's association with the Turkish Kurdish opposition group Kongra Gel, also known as the PKK. Five Kurds executed by Iran's regime in May 2010 were alleged members of PJAK.</p> |
| | <p>In June 2010 and July 2011, Iran conducted some shelling of reputed PJAK bases inside Iraq, reportedly killing some Kurdish civilians. Some reports indicate that that PJAK may have reached a ceasefire agreement with the Iranian regime in early 2012.</p> |
| Arab Oppositionists/Ahwazi Arabs | <p>Another militant group, the <i>Ahwazi Arabs</i>, operates in the largely Arab-inhabited areas of southwest Iran, bordering Iraq. It has been relatively inactive over the past few years.</p> |

U.S.-Based Opposition and Advocacy-Groups

² Ron Kampeas, “Iran's Crown Prince Plots Nonviolent Insurrection from Suburban Washington,” *Associated Press*, August 26, 2002.

Of the more than 1 million Iranian-Americans of differing ideologies, a vast majority want to see a change of regime in Tehran, although many Iranian-Americans are not active on Iran policy issues. Many still have families living in Iran and appear concerned that high-profile activity in the United States will jeopardize them. As many as half of all Iranian Americans are based in the Los Angeles area, and some of them who are politically active in Iranian issues run at least two dozen small-scale radio or television stations that broadcast into Iran.

National Iranian-American Council (NIAC)

NIAC is an advocacy group that does not seek regime change in Iran. The stated mission of NIAC is to promote discussion of U.S. policy. The group advocates engagement with Iran, supports easing some U.S. sanctions against Iran and has asserted that the Administration is actively planning to take military action against Iran. These positions have led some experts and commentators to allege, although without providing evidence, that it is a front for the Iranian regime. NIAC has criticized the regime's human rights abuses.

Public Affairs Alliance of Iranian-Americans (PAAIA)

PAAIA's mission is to discuss issues affecting Iranian Americans, such as discrimination caused by public perceptions of association with terrorism or radical Islam. Some observers believe it has become less active since 2011 because of desertions by some members who want PAAIA be more active in trying to shape U.S. Iran policy and to take a stronger stand against Tehran.

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

Several major institutions are directly elected by the population. However, international organizations and governments have often questioned the credibility of elections in the Islamic Republic of Iran because of the COG's role in limiting the number and ideological diversity of candidates. Women can vote, and they can run for all offices, but no woman has ever been approved by the COG to run for President. Presidential candidates must receive more than 50% of the vote to avoid a runoff against the next highest vote-getter.

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

The Presidency

The main directly elected institution is the presidency, which is clearly subordinate to—but often institutionally feuds with—the Supreme Leader. Each president has tried, and failed, to expand his authority relative to the Supreme Leader. Presidential authority, particularly on matters of national security, is often countermanded by key clerics and allies of the Islamic Revolutionary Guard Corps (IRGC) and other powerful institutions. Presidential authority on economic and social issues tends to be more substantial. And, the presidency provides vast opportunities for the holder of the post to empower his political base and to affect policy, particularly on economic issues. The president appoints and supervises the work of the cabinet, but the Supreme Leader is believed to have significant input into security-related cabinet appointments—ministers of

defense, interior, and intelligence (Ministry of Information and Security, MOIS). Prior to 1989, Iran had both an elected president as well as a prime minister selected by the elected Majles (parliament). However, the officials who held these posts during 1981-1989 (Ali Khamene'i, who is now Supreme Leader, and Mir Hossein Musavi) were in constant institutional conflict and a 1989 constitutional revision eliminated the prime ministership.

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

Because Iran's presidents have sought to assert the powers of their institution, in October 2011, the Supreme Leader raised the possibility of eliminating the post of president and restoring the post of prime minister, which would be selected by the elected *Majles*. The prime minister would not be directly elected by the population and would presumably not seek to assert powers independent of the Supreme Leader. No further action on the concept has been evident since.

The Majles

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

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

The Assembly of Experts

A major although little publicized elected institution is the *Assembly of Experts*. Akin to an electoral college, it is empowered to choose a new Supreme Leader upon the death of the incumbent, and it oversees the work of the Supreme Leader. The Assembly can replace him if necessary, although invoking that impeachment power would, in most circumstances, be highly controversial. It is also the body empowered to amend the constitution. The Assembly has 86 seats, elected to an eight-year term, with elections conducted on a provincial basis. It generally meets two times a year, for a few days each. The fourth election for the Assembly was held on December 15, 2006; after that election, Rafsanjani, still a major figure having served two terms as president (1989-1997), was named deputy leader of the Assembly. After the death of the leader of the Assembly (Ayatollah Meshkini), Rafsanjani was selected its head in September 2007.

Rafsanjani's opposition to the crackdown on the 2009 uprising ran him afoul of the Supreme Leader and he was not reelected as chair of the body in March 2011. He was replaced by aging and infirm compromise candidate Ayatollah Mohammad Reza Mahdavi-Kani.

Recent Elections: Ahmadinejad Rides Conservative Tide in 2005

After suffering presidential election defeats at the hands of President Mohammad Khatemi and the reformists in 1997 and 2001, hardliners regained the sway they held when Khomeini was alive. Conservatives won 155 out of the 290 Majles seats in the February 20, 2004, Majles elections (which are always held one year prior to each presidential election), in large part because the COG disallowed 3,600 reformist candidates. The COG narrowed the field for the June 2005 presidential elections to 8 out of the 1,014 persons who filed. The major candidates were Rafsanjani,³ Ali Larijani, Mohammad Baqer Qalibaf, and Tehran mayor Mahmoud Ahmadinejad. With 21% and 19.5%, respectively, Rafsanjani and Ahmadinejad, who apparently had the tacit backing of Khamene'i, moved to a runoff on June 24. Reformist candidates Mehdi Karrubi and Mostafa Moin fared relatively poorly. Ahmadinejad won the runoff with 61.8% to Rafsanjani's 35.7% and took office on August 6, 2005.

Ahmadinejad Reelection in 2009: Protests and Subsequent Schisms

During his first term, splits widened between Ahmadinejad and other conservatives ("Principlists"). In the March 2008 Majles elections, some conservatives ran as an anti-Ahmadinejad bloc. Reformists saw this split among conservatives as an opportunity to unseat Ahmadinejad in the June 12, 2009, presidential election and rallied behind Mir Hossein Musavi, the prime minister during the 1980-1988 Iran-Iraq War. Out of 500 candidates that applied, the COG also allowed the candidacies of Mehdi Karrubi and Mohsen Reza'i (see above).

Musavi's young, urban supporters used social media such as Facebook and Twitter to organize large rallies in Tehran, but pro-Ahmadinejad rallies were large as well. Turnout was about 85%. The Interior Ministry announced two hours after the polls closed that Ahmadinejad had won, although in the past results have been announced the day after. The vote totals, released June 13, showed Ahmadinejad receiving about 25 million votes (63%); Musavi with about 13 million, and under 1 million each for Reza'i and Karrubi. Almost immediately, Musavi supporters began protesting, citing the infeasibility of counting the votes so quickly. Khamene'i declared the results a "divine assessment," appearing to short-cut a three-day complaint period. Demonstrations against alleged fraud built throughout June 13-19, 2009, largely in Tehran but also in other cities. Security forces used varying amounts of force, causing at least 27 protester deaths (opposition groups reported over 100 killed), including a 19-year-old woman, Neda Soltani. As 2009 progressed, the opposition congealed into the "Green Movement of Hope and Change," which later became a significant challenge to the regime. Some outside analysts said the results tracked pre-election polls, which showed strong support for Ahmadinejad in rural areas and among the urban poor.⁴

³ Rafsanjani was constitutionally permitted to run because a third term would not have been consecutive with his previous two terms. In the 2001 presidential election, the Council permitted 10 out of the 814 registered candidates.

⁴ A paper published by Chatham House and the University of St. Andrews strongly questions how Ahmadinejad's vote could have been as large as reported by official results, in light of past voting patterns throughout Iran. "Preliminary Analysis of the Voting Figures in Iran's 2009 Presidential Election." <http://www.chathamhouse.org.uk>.

As Green Movement-led unrest faded in 2010, Ahmadinejad sought to promote the interests of his loyalists—particularly chief-of-staff, Esfandiar Rahim Mashai, to whom he is related through their children’s marriage—and promote a nationalist version of Islam that limits the authority of Iran’s clerics. Anti-Ahmadinejad hardliners rallied around the Supreme Leader Khamene’i who was perceived by other Iranian figures as suspicious of Ahmadinejad’s allies’ ambitions and ideology. Infighting escalated in April 2011 when the Supreme Leader overrode Ahmadinejad’s dismissal of MOIS head (intelligence inister) Heydar Moslehi and Ahmadinejad protested by refusing to attend cabinet meetings from April 24 to May 4, 2011.

Amid the widening rifts, the March 2, 2012, Majles elections were held. Reflecting reduced faith in the fairness of the elections, 5,400 Iranians filed candidacies—33% fewer than four years ago. Only 10% were women. The COG issued a final candidate list of 3,400 for the 290 seats up for election. The regime used exhortations of nationalist obligations to try to encourage a large turnout, which it announced was about 65% but which outside experts said was barely over 50% because of a reformist boycott. Ahmadinejad and his allies concentrated their efforts on rural areas but the two blocs close to Khamene’i won about 75% of the seats in the ninth Majles. For the remainder of 2012 and the first half of 2013, the politically weakened Ahmadinejad feuded with his political adversaries, particularly the Larijani brothers who held the leading positions in the Majles and the judiciary.

June 2013 Presidential Election

In January 2013, the Majles enacted an election law for the June 14, 2013, presidential election. the law set up an 11-member independent election body, reducing the election role of the Interior Ministry, which is part of the executive branch. Municipal elections were held concurrently, perhaps in part to improve turnout among voters disillusioned with the presidential race but mobilized by local issues. Candidate registration took place during May 7-11, 2013, and the COG finalized the presidential candidate field on May 22. A runoff was to be held on June 21 if no candidate received more than 50% of the votes. The major candidates who filed, and the COG decisions on their candidacy, are discussed below.

- Four figures close to the Supreme Leader—Tehran mayor Qalibaf, former Majles Speaker Haddad Adel, former foreign minister and top Khamene’i foreign policy advisor Ali Akbar Velayati, and Iran’s chief nuclear negotiator, Seyed Jalilli—were approved by the COG. Haddad Adel dropped out in early June.
- Mohsen Reza’i (see above) was approved, although his constituency likely had not broadened since the 2009 contest.
- Former chief nuclear negotiator Hassan Rouhani, a moderate and a Rafsanjani loyalist, applied and was approved by the COG. Also approved was another moderate, Mohammad Reza Aref, a former Vice President, but he dropped out in early June to enable Rouhani to consolidate the reformist vote. Also approved was little known former Oil Minister Seyed Mohammad Qarazi.
- Rafsanjani filed his candidacy very close to the deadline, and was hailed by reformists and attacked by conservatives for supporting the 2009 reform protests. Conservatives also argued that he was too old at 78 to be president again. The COG did not approve his candidacy, reportedly shocking many Iranians because of Rafsanjani’s prominent place in the history of the regime.

- Ahmadinejad, in part to secure his own influence after he left office, promoted the candidacy of his close ally, Mashai. Mashai filed a candidacy but his candidacy was not approved the COG.

Even before the disqualification of Rafsanjani and Mashai, Green Movement supporters were expected to boycott the vote—either out of fear of a crackdown or out of lack of hope for electoral-driven change. The disqualification of Rafsanjani seemingly left these voters without a prominent champion. However, the reform vote mobilized behind Rouhani late in the campaign as reformist voters perceived that the regime was committed to preventing fraud and avoiding an election dispute. This vote propelled a 70% election turnout and a first-round victory for Hassan Rouhani, garnering about 50.7% of the 36 million votes cast—and enough to avoid a runoff. Qalibaf was second but trailed far behind with 15%.

After the election, many Iranians celebrated the election of the most moderate candidate in the race. Khamene'i and the rest of the political establishment congratulated Rouhani on his win. The Obama Administration, in statements, “respect[ed] the vote of the Iranian people and congratulat[ed] them for their participation in the political process, and their courage in making their voices heard,” and expressed readiness to engage Iran directly on the nuclear issue. Rouhani was sworn in on August 4, 2013, and nominated a cabinet that same day, well ahead of a two-week deadline to do so. His nominees appeared to reflect an intent to implement his platform, and the Majles, even though dominated by hardliners, approved all but three of his choices. The most significant confirmed appointees, as well as other personnel moves made by Rouhani, include

- Foreign Minister: Mohammad Javad Zarif, the former Ambassador to the United Nations in New York. That position enabled Zarif to forge a wide range of contacts with U.S. policy makers. During his tour, Zarif periodically visited Washington, DC, to meet with Members of Congress and congressional staff. Subsequently, Zarif was assigned to serve concurrently as chief nuclear negotiator, a post traditionally held by the chairman of the Supreme National Security Council. In September 2013, Rouhani appointed senior IRGC leader and former Defense Minister Ali Shamkhani as head of that body; he generally holds more moderate positions than his IRGC peers.
- Oil Minister: Bijan Zanganeh, who served in the same post during the Khatemi presidency and attracted significant foreign investment to the sector. He replaced Rostam Qasemi, who has been associated with the corporate arm of the Islamic Revolutionary Guard Corps (IRGC). Zanganeh has reappointed and recruited many oil industry technocrats.
- Defense Minister: Hosein Dehgan. An IRGC stalwart, he was an early organizer of the IRGC unit in Lebanon that helped form Hezbollah's militia wing; that unit later became the Qods Force. He later was IRGC Air Force commander and deputy Defense Minister.
- Justice Minister: Mostafa Pour-Mohammadi, perhaps Rouhani's most controversial choice because of Pour-Mohammadi's alleged abuses of political dissidents in previous positions, including as Interior Minister (2005-2008).
- After the formation of the cabinet, the relatively moderate ex-Foreign Minister Ali Akbar Salehi was appointed the head of Iran's atomic energy agency; and Reza Najafi was appointed as envoy to the International Atomic Energy Agency (IAEA).

Hojjat ol-Islam Dr. Hassan Rouhani

Hassan Rouhani is a Hojjat ol-Islam, one rank below Ayatollah. He was born in 1948. He holds a Ph.D. in law from Glasgow Caledonian University in Scotland. Rouhani is a long-time regime stalwart who was part of Ayatollah Khomeini's circle prior to the triumph of the Islamic revolution. He is also an associate and protégé of Rafsanjani, and Rouhani's pragmatic policy approach on issues such as the nuclear issue and relations with the United States approximates Rafsanjani's views. Rouhani's closeness to Rafsanjani could potentially complicate relations with Khamene'i, but there is no evidence of such complications to date.

Often nicknamed the "diplomat sheikh," Rouhani was chief nuclear negotiator during 2003-2005, when Iran did agree to suspend uranium enrichment. He is believed amenable to a nuclear deal with the international community that would reduce international sanctions but not necessarily preclude any options for Iran's nuclear program over the longer term. He also campaigned on a platform of easing the Islamic Republic's social restrictions as well as the suppression of free expression that has been particularly focused since the 2009 uprising. On the other hand, some accounts suggest that he supported the crackdown against the July 1999 student uprising.

Even though Rouhani drew support from the Green movement and reform movement to win his election, he is a longtime member of the political establishment. Rafsanjani appointed him a member of the Supreme National Security Council in 1989, and he remains on that body. He has been a member of the Assembly of Experts since 1999, and was a member of the Majles during 1980-2000, serving twice as deputy speaker. He has also been a member of the Expediency Council since 1991. He has headed the Center for Strategic Studies, a foreign policy think tank that advises both Rafsanjani and the Supreme Leader, since 1992.

The Domestic Opposition

The election of Rouhani appeared to hearten many Iranians who participated in the popular uprising of 2009, which constituted the most significant unrest faced by the regime since its inception in 1979. The Rouhani election also represented an apparent decision by those who rose to try to achieve change through regime-conducted elections and institutions. Some experts say the election of Rouhani has begun a process of national reconciliation in Iran.

During 2009-2013, many Iranians who wanted to achieve change were part of the Green Movement, which grew out of the 2009 uprising. The Green Movement consisted primarily of educated, urban youth, intellectuals, and former regime officials. After the initial post-election daily protests, Green Movement members organized protests around major holidays and called openly for the downfall of the regime, rather than its reform. Some of the protests in late 2009, such as one on the Ashura holy day (December 27, 2009) nearly overwhelmed regime security forces. The movement's outward activity declined after its demonstration planned for the February 11, 2010, anniversary of the founding of the Islamic Republic (in 1979) was suppressed. Minor protests were held on several occasions in 2010, and the opposition did not experience a resurgence after the start of the Arab uprisings in early 2011, suffering from an inability to win over many traditionally conservative groups such as older Iranians and Iranians who live in rural areas. It also experienced divisions between those who sought reform and those who sought outright regime overthrow.

The titular leaders of the Green Movement, defeated 2009 presidential candidates Mir Hossein Musavi and Mehdi Karrubi, were placed under house arrest in early 2011 and remain there. Rouhani promised during the campaign to reduce restrictions on freedom of expression, and Green movement supporters expect him to try to obtain the release of Mousavi and Karrubi and other imprisoned movement leaders. Student and other activists expressed sentiment for their release during a speech to 1,000 students at Tehran's Shahid (Martyr) Beheshti University on December 7, 2013, on the occasion of "Student Day." In September 2013, the government released nearly 80 political prisoners, including prominent human rights lawyer Nasrin Sotoudeh.

A deputy Industry Minister was assassinated in Tehran on November 10, 2013, although the perpetrator and the motive are not known.

People's Mojahedin Organization of Iran (PMOI)

The best-known exiled opposition group is the People's Mojahedin Organization of Iran (PMOI), also known as the Mohahedin-e-Khalq Organization (MKO). Secular and left-leaning, it was formed in the 1960s to try to overthrow the Shah of Iran and has been characterized by U.S. reports as attempting to blend several ideologies, including Marxism, feminism, and Islamism, although the organization denies that it ever advocated Marxism. It allied with pro-Khomeini forces during the Islamic revolution and, according to State Department reports, supported the November 1979 takeover of the U.S. Embassy in Tehran. The group was driven into exile after it unsuccessfully rose up against the Khomeini regime in September 1981. It is led by spouses Maryam and Massoud Rajavi; Maryam, based in France, is the "President-elect" of the PMOI-led opposition. The whereabouts of historical PMOI leader Massoud are unknown.

Even though the PMOI opposes the regime in Tehran, the State Department generally shied away from contact with the group during the 1980s and 1990s. The State Department designated the PMOI as an FTO in October 1997—during the presidency of the relatively moderate Mohammad Khatemi. The NCR was named as an alias of the PMOI in October 1999, and in August 2003, the State Department designated the NCR offices in the United States an alias of the PMOI and NCR and the Treasury Department ordered the groups' offices in the United States closed. The State Department's reports on international terrorism for the years until 2011 asserted that the members of the organization were responsible for: the alleged killing of seven American military personnel and contract advisers to the former Shah during 1973-1976—including the deputy chief of the U.S. Military Mission in Tehran; bombings at U.S. government facilities in Tehran in 1972 as a protest of the visit to Iran of then-President Richard Nixon; and bombings of U.S. corporate offices in Iran to protest the visit of Secretary of State Kissinger. The reports also listed as terrorism several attacks by the group against regime targets (including 1981 bombings that killed high ranking officials), attacks on Iranian government facilities, and attacks on Iranian security officials. However, the reports did not assert that any of these attacks purposely targeted civilians. The group's alliance with Saddam Hussein's regime in contributed to the designation, even though Saddam was a tacit U.S. ally when the group moved to Iraq in 1986.

In challenging its FTO decision, the PMOI asserted that, by retaining the group on the FTO list, the United States was preventing the PMOI from participating in opposition activities and was giving the Iranian regime justification for executing its members. In July 2008, the PMOI petitioned to the State Department that its designation be revoked, but the Department reaffirmed the listing in January 2009 and after a January 2010 review. The reaffirmations came despite the fact that in January 2009, the European Union (EU) had removed the group from its terrorist group list (2002 designation) and in May 2008, a British appeals court determined that the group should no longer be considered a terrorist organization. In June 2012, the Appeals Court gave the State Department until October 1, 2012, to decide on the FTO designation, although without prescribing how the Department should decide. On September 28, 2012, maintaining there had not been confirmed acts of PMOI terrorism for more than a decade and that it had cooperated on the Camp Ashraf issue (below), the group was removed from the FTO list as well as from the designation as a terrorism supporter under Executive Order 13224. However, State Department officials, in a background briefing that day, said "We do not see the [PMOI] as a viable or democratic opposition movement.... They are not part of our picture in terms of the future of Iran." On December 20, 2012, Canada removed the group from its list of terrorist organizations. The NCR-I reopened its offices in Washington, DC, in April 2013.

Camp Ashraf Issue

The de-listing of the group has not resolved the situation of PMOI members in Iraq. U.S. forces attacked PMOI military installations in Iraq during Operation Iraqi Freedom (March 2003) and negotiated a ceasefire with PMOI elements in Iraq, according to which the approximately 3,400 PMOI members consolidated at Camp Ashraf, near the border with Iran. Its weaponry was placed in storage, guarded first by U.S. and now by Iraqi personnel.

In July 2004, the United States granted the Ashraf detainees "protected persons" status under the 4th Geneva Convention, although that designation lapsed when Iraq resumed full sovereignty in June 2004. A subsequent bilateral U.S.-Iraq agreement limited U.S. flexibility in Iraq, and the Iraqi government pledged to adhere to all international obligations. That pledge came into question on July 28, 2009, when Iraq used force to overcome resident resistance to setting up a police post in the camp. Thirteen residents of the camp were killed. On April 8, 2011, after the Iraqi government changed the Iraq Security Forces (ISF) brigade that guards Ashraf, clashes between the Iraqi force and

camp residents resulted in the death of 35 Ashraf residents. The State Department issued a statement attributing the deaths to the actions of Iraq and its military.⁵

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

In December 2011, the Iraqi government and the United Nations announced agreement to relocate the residents to former U.S. military base Camp Liberty, near Baghdad’s main airport. The PMOI, which had demanded safeguards for their transfer, subsequently announced acceptance of the deal and the move to Camp Liberty (renamed Camp Hurriya). The relocation was completed by September 17, 2012, leaving a residual group of 101 PMOI persons at Ashraf. Still, the group alleges that conditions at Liberty are poor. On February 9, 2013, the camp was attacked by rockets, killing six PMOI members; the Shiite militia group Kata’ib Hezbollah (KAH) claimed responsibility. Another rocket attack on the camp took place on June 15, 2013. On September 1, 2013, 52 of the Ashraf residents were killed by organized gunmen that appeared to have, at the very least, assistance from Iraqi forces guarding Ashraf’s perimeter. Seven others are missing and allegedly being held by Iraqi security forces. The survivors were moved to Camp Liberty.

The U.N. High Commission on Refugees (UNHCR) is conducting refugee status determinations for all the residents after they relocate. To date, 240 Iraq-based PMOI members have been resettled through the UNHCR process in Albania and Germany and a number of Nordic countries. The United States reportedly might resettle 100 or more. Earlier, 200 Ashraf residents took advantage of an arrangement between Iran and the International Committee of the Red Cross for them to return to Iran if they disavow further PMOI activities; a few reportedly were subsequently imprisoned and mistreated.

Other Human Rights Practices

International criticism of Iran’s human rights practices predates the crackdown against the 2009 uprising, but criticism might ease if Rouhani implements his pledges to ease social and political restrictions. **Table 3**, which discusses the regime’s record on a number of human rights issues, is based on the latest State Department human rights report (for 2013: February 27, 2014)⁶ and on reports from the U.N. Special Rapporteur for human rights in Iran. These reports cite Iran for a wide range of serious abuses—aside from its suppression of political opponents—including unjust executions, politically motivated abductions by security forces, torture, arbitrary arrest and detention, and arrests of women’s rights activists. Some outside groups, including Human Rights Watch, assert that a revised Iranian penal code has left in place much of the legal framework that the regime uses to prosecute dissidents,⁷ even though it has made some reforms such as eliminating death sentences for children convicted of drug-related offenses.

Many different Iranian institutions play a role in repressing opposition. The most prominent include the Ministry of Intelligence and Security (MOIS), the IRGC, the Basij organization of the IRGC, and the Law Enforcement Forces (riot police, regular police, and gendarmerie). The Ministry of Islamic Guidance monitors journalists reporting from Iran as well as media and

⁵ <http://www.state.gov/r/pa/prs/ps/2011/04/160404.htm>.

⁶ <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2013&dliid=220352#wrapper>.

⁷ Human Rights Watch, “Codifying Repression,” August 29, 2012.

communications operations. Iran has an official body, the High Council for Human Rights, headed by former Foreign Minister Mohammad Javad Larijani (brother of the Majles speaker and the judiciary head). However, it largely defends the government's actions to outside bodies rather than acts to ensure that the government's human rights practices achieve international standards.

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

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

The Special Rapporteur also asserts that Iran has not, to date, permitted him to conduct fact-finding visits to Iran. On November 21, 2011, the U.N. General Assembly's Third Committee, by a vote of 86-32, with 59 abstentions, approved a resolution asserting that Iran must cooperate with the efforts of the Special Rapporteur. The full Assembly approved the resolution on December 19, 2011, by a vote of 89-30 with 64 abstentions. On March 22, 2013, the U.N. Human Rights Council voted 26 to 2 (17 abstentions) to renew the mandate of the Special Rapporteur for another year. On August 27, 2013, after Rouhani's election, Iran's foreign ministry spokesman said Iran had rejected the latest request by the Rapporteur to visit Iran because it views him as not impartial.

Despite the criticism of its human rights record, on April 29, 2010, Iran acceded to the U.N. Commission on the Status of Women, after dropping an attempt to sit on the higher-profile U.N. General Assembly Human Rights Council. It also has a seat on the boards of the U.N. Development Program (UNDP) and UNICEF. Iran's U.N. dues are about \$9 million per year.

Table 3. Human Rights Practices: General Categories

| Group/Issue | Regime Practice/Recent Developments |
|--------------------------------|---|
| Ethnic and Religious Breakdown | Persians are about 51% of the population, and Azeris (a Turkic people) are about 24%. Kurds are about 7%-15% of the population, and about 3% are Arab. Shiite Muslims are about 90% of the Muslim population and Sunnis are about 10%. About 2% of the population is non-Muslim, including Christians, Zoroastrians (an ancient religion in what is now Iran), Jewish, and Baha'i. |
| Media Freedoms | Even before the 2009 unrest, Iran's Ministry of Culture and Islamic Guidance had an active program of blocking pro-reform websites and blogs, and had closed hundreds of reformist newspapers, although many have tended to reopen under new names. Numerous journalists, bloggers, and editors have been arrested since 2009. The Majles investigated the November 2012 death in custody of blogger, Sattar Beheshti; seven security officers were arrested and the Tehran "Cyber Police" commander was removed for the incident. Iran is setting up a national network that would have a virtual monopoly on Internet service for Iranians. |
| Labor Restrictions | Independent unions are legal but not allowed in practice. The sole authorized national labor organization is a state-controlled "Workers' House" umbrella. |
| Women | Women can vote in all elections and run in parliamentary and municipal elections. They are permitted to drive, and work outside the home, including owning their own businesses, although less than 20% of the workforce is female and women earn nearly 5 times less than |

| Group/Issue | Regime Practice/Recent Developments |
|----------------------------|---|
| | men. Nine women are in the Majles, but women cannot serve as judges. There was one woman in the previous cabinet (Minister of Health) but she was fired in December 2012 for criticizing lack of funding for medicines. Masoumah Ebtekar, a prominent woman who has held the position of a vice president in previous governments, was scheduled to be the first woman to deliver the Friday Prayer at Tehran University in January 2014, but her appearance was cancelled. Women are required to be covered in public, generally with a garment called a <i>chador</i> , but enforcement varies. Women do not have inheritance or divorce rights equal to that of men, and their court testimony carries half the weight of a male's. Laws against rape are not enforced effectively. |
| Religious Freedom Overview | Each year since 1999, the State Department religious freedom report has named Iran as a "Country of Particular Concern" under the International Religious Freedom Act (IRFA). No sanctions have been added under IRFA, on the grounds that Iran is already subject to extensive U.S. sanctions. Continued deterioration in religious freedom have been noted in the past few International Religious Freedom reports, stating that government rhetoric and actions creates a threatening atmosphere for nearly all non-Shia religious groups. |
| Christians | In September 2011, a Protestant pastor who was born a Muslim, Youcef Nadarkhani, was sentenced to death for refusing to recant his Christian faith. The White House, State Department, and many human rights groups called for an overturning of the sentence, which was reaffirmed in late February 2012. He was released on September 8, 2012, but was rearrested on Christmas Day 2012. On February 29, 2012, the House debated but postponed action on H.Res. 556 demanding he be released. The issue of pastor Saeed Abedini, a dual national, is discussed below under "arrest of dual nationals." |
| Baha'is | Iran is repeatedly cited for virtually unrelenting repression of the Baha'i community, which Iran's Shiite Muslim clergy views as a heretical sect, which numbers about 300,000-350,000. At least 30 Baha'is remain imprisoned and 60 were arrested in 2012, according to the State Department IRFA report for 2012. U.N. Rapporteur said in February 2013 that 110 Baha'is are in jail, with 133 more to start serving jail time. Seven Baha'i leaders were sentenced to 20 years in August 2010; their sentences were reduced in September 2010 to 10 years but the full sentence was restored on appeal. In the 1990s, several Baha'is were executed for apostasy. Virtually yearly congressional resolutions condemn Iran's treatment of the Baha'is. |
| Jews | Along with Christians, a "recognized minority," with one seat in the Majles, the 8,800-member (2012 census) Jewish community enjoys somewhat more freedoms than Jewish communities in several other Muslim states. However, in practice the freedom of Iranian Jews to practice their religion is limited, and Iranian Jews remain fearful of reprisals. In June 1999, Iran arrested 13 Jews that it said were part of an "espionage ring" for Israel. After a 2000 trial, 10 of them were convicted and given sentences ranging from 4 to 13 years. An appeals panel reduced the sentences and all were released by April 2003. On November 17, 2008, Iran hanged Muslim businessman Ali Ashtari for providing Iranian nuclear information to Israel. On September 4, 2013, Rouhani's "Twitter" account issued greetings to Jews on the occasion of Jewish New Year ("Rosh Hashanah"). The Jewish <i>Majles</i> member accompanied Rouhani on his visit to the U.N. General Assembly meetings in September 2013. |
| Azeris | Azeris are one-quarter of the population and are mostly well integrated into government and society (Khamene'i himself is of Azeri heritage), but many Azeris complain of ethnic and linguistic discrimination. Each year, there are arrests of Azeri students and cultural activists who press for their right to celebrate their culture and history. The government accuses them of promoting revolution or separatism. |
| Kurds | There are about 5 million-11 million Kurds in Iran. The Kurdish language is not banned, but schools do not teach it and Kurdish political organizations, activists, and media outlets are routinely scrutinized, harassed, and closed down for supporting greater Kurdish autonomy. Several Kurdish oppositionists have been executed since 2010. |
| Arabs | Ethnic Arabs are prominent in southwestern Iran, particularly Khuzestan Province. The 2 million to 4 million Arabs in Iran encounter systematic oppression and discrimination, including torture and a prohibition on speaking or studying Arabic. |
| Human | The June 19, 2012 (latest), State Department "Trafficking in Persons" report, for the seventh |

| Group/Issue | Regime Practice/Recent Developments |
|--|---|
| Trafficking | consecutive year, placed Iran in Tier 3 (worst level) for failing to take significant action to prevent trafficking in persons. Iranian women, boys, and girls are trafficked for sexual exploitation in Iran as well to Pakistan, the Persian Gulf, and Europe. |
| Executions Policy | Human rights groups say executions have increased sharply since the dispute over the June 2009 election. U.N. experts said in late January 2014 that executions particularly spiked in early 2014 with 40 persons hanged in the first two weeks of January. Observer groups (Iran Human Rights Documentation Center) say the government executed 624 persons during 2013. Iran is a party to the International Covenant on Civil and Political Rights and the Convention on the Rights of the Child, and is obligated to cease the executions of minors. |
| Stonings | In 2002, the head of Iran's judiciary issued a ban on stoning. However, Iranian officials later called that directive "advisory" and could be ignored by individual judges. A sentence of stoning against a 45-year-old woman (Sakineh Ashtiani) convicted of adultery and assisting in the murder of her husband was set aside for further review in July 2010. In 2011, the stoning sentence was dropped but she is serving 10 years in prison. |
| Arrests of Dual Nationals and Foreign Nationals/Robert Levinson/ the American Hikers | <p>Iran does not recognize dual nationality. An Iranian American journalist, Roxanna Saberi, was arrested in January 2009 allegedly because her press credentials had expired, and was released in May 12, 2009. Three American hikers (Sara Shourd, Shane Bauer, and Josh Fattal) were arrested in August 2009 after crossing into Iran from a hike in northern Iraq. They were released in 2010 and 2011 on \$500,000 bail each—brokered by Oman. Several cases remain pending, as discussed below, and on August 28, 2013, coinciding with a visit to Iran by Oman's leader Sultan Qaboos bin Said Al Said, Secretary of State Kerry issued a statement asking Iran to cooperate with the United States to resolve them. President Obama reportedly discussed the three in his September 27, 2013, conversation with Rouhani. U.S. officials say they have raised these cases with Iran at the margins of international nuclear negotiations.</p> <p>Former FBI agent Robert Levinson, remains missing after a visit in 2005 to Kish Island to meet an Iranian source (Dawud Salahuddin, allegedly responsible for the 1980 killing in the United States of an Iranian diplomat who had served the Shah's government). In December 2011, Levinson's family released a one-year old taped statement by him. Ahmadinejad indicated in September 2012 that Iranian intelligence personnel may have had some knowledge of the case. In January 2013, his family released recent photos of him, and they acknowledged in late 2013 that his visit to Kish Island was partly related to his contract work for the CIA.</p> <p>A former U.S. Marine, Amir Hekmati, was arrested in 2011 and remains in jail in Iran allegedly for spying for the United States. His family has been permitted to visit him there. On December 20, 2012, a U.S. Christian convert of Iranian origin, Rev. Saeed Abedini, was imprisoned for "undermining national security" for setting up orphanages in Iran in partnership with Iranian Christians. His closed trial was held January 22, 2013, and he was convicted and sentenced to eight years in prison.</p> |

Sources: State Department's country report on human rights practices for 2013 (released February 27, 2014), <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2013&dliid=220352#wrapper>; The *International Religious Freedom Report* for 2012 (May 20, 2013), <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2012&dliid=208398#wrapper>; and the *Trafficking in Persons Report for 2013* (June 19, 2013), <http://www.state.gov/documents/organization/210740.pdf>; and U.N. Special Rapporteur report (February 28, 2013).

Iran's Defense Capabilities and Weapons of Mass Destruction Programs

The United States has viewed Iran as a key national security challenge in large part because of Iran's nuclear and missile programs and its attempts to counter U.S. objectives in the region. Some assert Iran does not define its policy in relationship to the United States or other big powers, but that it seeks to exert regional influence that Iranian leaders see as commensurate with

Iran's size and concept of nationhood. Others interpret Iran's foreign policy as intended not primarily to shape the region to Iran's strategic advantage, but rather to protect itself from any U.S. effort to change Iran's regime.

Conventional Military/Revolutionary Guard/Qods Force

Iran's armed forces are extensive but they are widely considered relatively combat ineffective in a confrontation against the United States or even a major neighbor such as Turkey. Iran is believed to lack the logistical ability to deploy ground forces much beyond its borders. However, a 2012 Defense Department report (required by P.L. 111-84) reported growing lethality and survivability of Iran's ballistic and cruise missiles, suggesting the Defense Department assesses a higher level of conventional threat from Iran as compared to a similar DOD report in 2010.⁸ The assessment raised the question of whether Iran possesses the capability to close the strategic Strait of Hormuz, where about one-third of all seaborne traded oil flows. The Iranian armed forces are considered sufficiently effective to deter or fend off any threats, should they emerge, from Iran's weaker neighbors such as post-war Iraq, Turkmenistan, Azerbaijan, and Afghanistan.

Organizationally, Iran's armed forces are divided to perform functions appropriate to their roles in Iran. The Islamic Revolutionary Guard Corps (IRGC, known in Persian as the *Sepah-e-Pasdaran Enghelab Islami*)⁹ controls the *Basij* (Mobilization of the Oppressed) volunteer militia that has been the main instrument to repress Green Movement protests in Iran. The IRGC and the regular military (*Artesh*) report to a joint headquarters, headed by Dr. Hassan Firuzabadi. The *Artesh* is deployed mainly at bases outside major cities and its leaders have publicly asserted—including to high-ranking Iranian officials—that it does not interpret its mandate to include maintaining internal security.

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; it reportedly deployed on that sea in March 2013 to augment its capabilities there. Iran said on January 21, 2014, it has sent some warships into the Atlantic Ocean for the first time ever—presumably a demonstration of strength rather than an actual threat to the United States.

Iran's armed forces have few formal relationships with foreign militaries. Most of Iran's other military-to-military relationships, such as with Russia, Ukraine, Belarus, and North Korea, generally have focused on Iranian arms purchases or upgrades. Such sales to Iran are now banned by U.N. Resolution 1929 of June 2010 and many of these relationships have lapsed. Iran has a formal defense relationship with Syria, in part explaining IRGC-Qods Force deployments and arms shipments there, as discussed further below. In September 2012, Iran and North Korea signed an agreement to cooperate on science and technology, raising concerns about potential

⁸ Department of Defense. Annual Report on Military Power of Iran, April 2012. For the 2010 report, see http://media.washingtontimes.com/media/docs/2010/Apr/20/Iran_Military_Report.pdf. The reports are required by §1245 of the National Defense Authorization Act for FY2010 (P.L. 111-84).

⁹ For a more extensive discussion of the IRGC, see Katzman, Kenneth, "The Warriors of Islam: Iran's Revolutionary Guard," *Westview Press*, 1993.

additional North Korean support to Iran's nuclear program.¹⁰ Iranian technicians reportedly attended North Korea's December 2012 launch of a rocket that achieved orbit. Iran and India have a "strategic dialogue" and some Iranian naval officers reportedly underwent some training in India in the 1990s, but this military-to-military relationship has largely ended.

Table 4. Iran's Conventional Military Arsenal

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

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

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

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

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

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

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

Anti-aircraft Missile Systems: Russia delivered to Iran (January 2007) 30 anti-aircraft missile systems (Tor M1), worth over \$1 billion. In December 2007, Russia agreed to sell the highly capable S-300 air defense system, which would greatly enhance Iran's air defense capability, at an estimated cost of \$800 million. The system would not, according to most experts, technically violate the provisions of U.N. Resolution 1929, because the system is not covered in the "U.N. Registry on Conventional Arms. However, on September 22, 2010, then Russian President Medvedev signed a decree banning the supply of the system to Iran, asserting that its provision to Iran is banned by Resolution 1929. In August 2011, Iran and Russia took their dispute over the non-delivery of the S-300 to the International Court of Justice. In November 2011, Iran claimed to have deployed its own version (Mersad) of the system, and in January 2014 an Iranian parliamentarian said Iran was pursuing with Russia potential delivery of a substitute system for the S-300.

Defense Budget: About 3% of GDP

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

¹⁰ Jay Solomon, "Iran-North Korea Pact Draws Concern," *Wall Street Journal*, March 9, 2013.

Table 5. The Revolutionary Guard

The IRGC is generally loyal to Iran's hardliners politically and is clearly more politically influential than is Iran's regular military, which is numerically larger, but was held over from the Shah's era. The IRGC's political influence has grown sharply as the regime has relied on it to suppress dissent. As described in a 2009 Rand Corporation study, "Founded by a decree from Ayatollah Khomeini shortly after the victory of the 1978-1979 Islamic Revolution, Iran's Islamic Revolutionary Guards Corps (IRGC) has evolved well beyond its original foundations as an ideological guard for the nascent revolutionary regime ... 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 QF numbers approximately 10,000-15,000 personnel who provide advice, support, and arrange weapons deliveries to pro-Iranian factions in Lebanon, Iraq, Persian Gulf states, Gaza/West Bank, Afghanistan, and Central Asia. IRGC leaders have confirmed the QF is in Syria to assist the regime of Bashar al-Assad against an armed uprising. It also operates a worldwide intelligence network to give Iran possible terrorist option and to assist in procurement of WMD-related technology. The QF commander, Brigadier General Qassem Soleimani, is said to have his own independent channel to Supreme Leader Khamene'i, bypassing the IRGC and Joint Staff command structure. The QF commander during 1988-1995 was Brigadier General Ahmad Vahidi, who served as Defense minister during 2009-2013. He led the QF when it allegedly assisted two bombings of Israeli and Jewish targets in Buenos Aires and is wanted by Interpol for a role in the 1994 bombing there. He allegedly recruited Saudi Hezbollah activists later accused of the June 1996 Khobar Towers bombing; and assassinated Iranian dissident leaders in Europe in the early 1990s.

IRGC leadership developments are significant because of the political influence of the IRGC. On September 2, 2007, Khamene'i named Mohammad Ali Jafari as commander in chief of the Guard. Jafari is considered a hardliner against political dissent and a close ally of the Supreme Leader. He criticized Rouhani for accepting a phone call from President Obama on September 27, 2013 and has continued to oppose major concessions as part of a permanent nuclear settlement. The *Basij* reports to the IRGC commander in chief; its leader is Brigadier General Mohammad Reza Naqdi. It operates from thousands of positions in Iran's institutions. Command reshuffles in July 2008 integrated the *Basij* more closely with provincially based IRGC units and increased the *Basij* role in internal security. In November 2009, the regime gave the IRGC's intelligence units greater authority, perhaps surpassing those of the Ministry of Intelligence, in monitoring dissent. The IRGC Navy has responsibility to patrol the Strait of Hormuz and the regular Navy has responsibility for the broader Arabian Sea and Gulf of Oman (deeper waters further off the coast).

As noted, the IRGC is also increasingly involved in Iran's economy, acting through a network of contracting businesses it has set up, most notably *Ghorb* (also called *Khatem ol-Anbiya*, Persian for "Seal of the Prophet"). Active duty IRGC senior commanders reportedly serve on *Ghorb*'s board of directors and its chief executive, Rostam Ghasemi, served as Oil Minister during 2011-2013. In September 2009, the Guard bought a 50% stake in Iran Telecommunication Company at a cost of \$7.8 billion. IRGC-affiliated firms have won 750 oil and gas and construction contracts, and the Guard has its own civilian port facilities. However, *Ghorb* pulled out of a contract to develop part of the large South Pars gas field in July 2010, citing the impact of expanded sanctions.

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

Sources: Frederic Wehrey et al., "The Rise of the Pasdaran," Rand Corporation, 2009; Katzman, Kenneth, "The Warriors of Islam: Iran's Revolutionary Guard," Westview Press, 1993; Dept. of the Treasury; http://www.newyorker.com/reporting/2013/09/30/130930fa_fact_filkins?printable=true¤tPage=all.

Nuclear Program and Related International Diplomacy

The United States and its allies have expressed a high degree of concern about the potential for Iran to develop a nuclear weapon. A nuclear armed Iran, in the view of U.S. and regional officials, would be more assertive than it now is in trying to influence the policies of regional states and in

supporting leaders and groups in the Middle East and elsewhere that oppose U.S. interests and allies. Iran could conclude that the United States would hesitate to use military pressure against it if it possessed nuclear weapons. And, some Iranian leaders appear to perceive a nuclear weapons capability as a means of ending Iran's historic vulnerability to domination by great powers. There is concern that Iran's developing a nuclear weapon would produce a nuclear arms race in one of the world's most volatile regions. Israel views an Iranian nuclear weapon as a threat to its existence. There are also fears Iran might transfer nuclear technology to extremist groups or countries.

These concerns explain why successive Administrations have sought, through diplomacy and various other options, to roll back Iran's nuclear program. The November 24, 2013, interim nuclear agreement between Iran and the United States and five other powers ("Joint Plan of Action," JPA) has, according to the Administration, halted Iran's nuclear progress and rolled it back in some areas while a broader accord is negotiated over the six month period of the agreement.

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

Whatever Iran's intentions, Iran's nuclear program has been a growing U.S. national security issue since late 2002, when Iran confirmed PMOI allegations that Iran was building a uranium enrichment facility at Natanz and a heavy water production plant at Arak.¹¹ The United States and its partners state that they accept Iran's right to use nuclear energy for peaceful purposes, but that Iran must verifiably demonstrate that its nuclear program is for only peaceful purposes. Since 2010 (but prior to the January 20, 2014, start of the JPA), Iran has been enriching to 20% U-235—relatively easy technically to enrich further to weapons-grade uranium (90%+). Another requirement for a nuclear weapon is a triggering mechanism that Iran is might have researched in the past. Iran's potential to develop a delivery vehicle for a nuclear weapon also is discussed below—and the United States and its partners are attempting to achieve limitations in Iran's missile capabilities as part of a permanent settlement of the nuclear issue.

Assessments of Iran's Nuclear Program

The U.S. intelligence community stated in its "worldwide threat assessment" testimony on January 29, 2014, that Iran has the "scientific, technical, and industrial capacity to eventually produce nuclear weapons," but that the intelligence community does not "know if Iran will eventually decide to build nuclear weapons."

To date, International Atomic Energy Agency (IAEA) reports indicate that Iran has not satisfactorily addressed IAEA information laid out in detail in an IAEA report of November 8, 2011, on Iran's alleged research efforts on designs for a nuclear explosive device ("possible military dimensions," PMD). Clearing up such questions is to be part of a permanent nuclear settlement.

¹¹ 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.

In the years prior to the interim nuclear agreement, Iran repeatedly dismissed the IAEA information as based on forged information. Iranian leaders denied they are trying to achieve a nuclear weapons capability and asserted that Iran's nuclear program is for medical uses and electricity generation, given finite oil and gas resources. Iran argues that uranium enrichment is its "right" as a party to the 1968 Nuclear Non-Proliferation Treaty¹² and that it wants to make its own nuclear fuel to avoid potential nuclear fuel supply disruptions by the United States and its international allies. Iran has claimed that the IAEA information demonstrates little beyond the fact that some of its scientists may have performed nuclear weapons calculations on computers. U.S. officials have said that Iran's gas resources make nuclear energy unnecessary.

Iran further professed that WMD are inconsistent with its ideology. In 2003, the Supreme Leader Khamene'i issued a formal pronouncement (*fatwas*) that nuclear weapons are un-Islamic. On February 22, 2012, he expanded on that concept in a speech saying that the production of and use of a nuclear weapon is prohibited as a "great sin," and that stockpiling such weapons is "futile, expensive, and harmful."¹³ On February 17, 2013, he reportedly told visitors that Iran is not seeking to develop a nuclear weapon but that the international community would not be able to prevent Iran from doing so if that were Iran's goal.¹⁴ In several interviews since taking office in August 2013, Rouhani has insisted that Iran does not seek to develop nuclear weapons.

The denials failed to convince the IAEA or the international community about Iran's intent. In January 2012, Iran began discussions with the IAEA on a "workplan" to clear up the allegations, including allowing IAEA inspections of the Parchin military base where the IAEA suspects research on nuclear explosive technology may have taken place. (The site was inspected twice in 2005.) IAEA Director Yukiya Amano, following an unexpected visit to Iran on May 21, 2012, announced an "agreement in principle" on the proposed workplan. Iran refused to finalize details until November 11, 2013, when the IAEA (with Amano signing) and Iran issued a joint statement providing for "managed" IAEA access, within three months, to several facilities (the heavy water plant at Arak, among others), Iranian activities (laser enrichment, for example), and planned facilities (additional enrichment facilities) previously excluded from IAEA scrutiny. The military facility at Parchin was not opened to inspection under the interim nuclear agreement.

Nuclear Weapons Time Frame Estimates

If Iran were to decide to pursue a nuclear weapon, estimates differ as to how long it would take Iran to achieve that goal. On March 14, 2013, President Obama stated the view of the intelligence community that "it would take Iran over a year or so" to develop a nuclear weapon after a decision to do so. The Institute for Science and International Security (ISIS), in a study released in January 2013, said that Iran could acquire the "critical capability" for a nuclear weapon (defined as ability to make enough HEU for one bomb before foreign detection) in mid-2014.¹⁵ ISIS issued an assessment in October 2013 that indicated Iran could produce enough weapons-grade uranium for one bomb in as little as a month, were there a decision to do so.

¹² For Iran's arguments about its program, see Iranian paid advertisement "An Unnecessary Crisis—Setting the Record Straight About Iran's Nuclear Program," in *The New York Times*, November 18, 2005, p. A11.

¹³ "Leader Says West Knows Iran Not Seeking 'Nuclear Weapons,'" Vision of the Islamic Republic of Iran Network, February 22, 2012.

¹⁴ The comments were posted on Khamene'i's website, khamenei.ir.

¹⁵ "Iran Set for 2014 Nuclear Capability: US Think Tank," *Agence France Presse*, January 14, 2013.

A related issue is the ability of the United States and IAEA to detect an all-out effort by Iran to develop an actual nuclear weapon. Director of National Intelligence Clapper, in his March 12 testimony mentioned earlier, said that Iran could not divert safeguarded material and produce a weapon-worth of weapons grade uranium before this activity is discovered.

Status of Uranium Enrichment and Ability to Produce Plutonium¹⁶

Prior to the JPA, some experts asserted that Iran was expanding its enrichment program steadily and bringing it close to producing fissionable material that could be used for a nuclear weapon. According to IAEA reports, prior to the start of JPA implementation, Iran had a stockpile of about 15,000 lbs of low-enriched (3.5%-5%) uranium—enough to produce about five nuclear weapons if it were to enrich that stockpile to weapons grade. And, Iran has a stockpile of about 400 lbs of 20% U-235, which requires nearly as much effort as is required to produce weapons grade uranium (90% U-235). That amount is still short of the 550 lbs. that would be needed, if enriched to HEU, to produce one nuclear weapon. Since early 2013, Iran has been converting most of its newly produced 20% enriched uranium to a form that is used to make medical isotopes and cannot practically be further enriched to HEU. Experts assess that Iran was doing so in order not to alarm the international community or provoke U.S. or other military action. Some of the enrichment to 20% has taken place at the heavily fortified Fordow site that Iran acknowledged in September 2009. As of late summer of 2013, about 700 of Iran's 18,000 total installed centrifuges (of which about half are in operation) were enriching uranium to the 20% level at that site, according to the August 2013 IAEA report—no change from the May 2013 report. The November 14, 2013, IAEA report, referenced above, indicated that Iran had generally stopped expanding its enrichment and heavy water reactor programs.

IAEA reports prior to the start of the JPA said that Iran had installed about 1000 of the more advanced IR-2 centrifuges at its Natanz enrichment site, although they were not put into operation. To some experts, the installation of the newer centrifuges cast doubt that an all-out Iranian effort to produce enough fissile material for a nuclear weapon would be discovered in time to take unspecified action. No IAEA reports—or U.S. intelligence testimony or comments—assert that Iran has diverted any nuclear material for a nuclear weapons program.¹⁷

Plutonium Route? Another means of acquiring fissile material for a nuclear weapon is to produce plutonium, and some experts are increasingly concerned Iran is developing the option to use this route to produce a nuclear weapon, if there were a decision to do so. Iran's heavy water plant at Arak, which had been slated for completion in 2014, could produce plutonium that can be reprocessed into fissile material for a nuclear weapon. However, Iran does not have a facility to reprocess the material from Arak and there have been no indications of construction of such a reprocessing facility. (The JPA requires Iran to halt construction of the reactor, although not necessarily all construction of the site).

JPA Implementation. On February 20, 2014, the IAEA reported that Iran's stockpiles of 5% enriched uranium (no increase in stockpile allowed) and 20% enriched uranium (halting further production and diluting existing stockpiles) ; its continued enrichment of uranium (no further

¹⁶ http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_Safeguards_Report_14Nov2013.pdf

¹⁷ 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>.

installation of centrifuges), and the disposition of the Arak facility (no work on the nuclear reactor), were in line with the requirements of the JPA.¹⁸

Bushehr Reactor

U.S. officials have generally been less concerned with Russia's work, under a January 1995 contract, on an \$800 million nuclear power plant at Bushehr. Russia insisted that Iran sign an agreement under which Russia would reprocess the plant's spent nuclear material; that agreement was signed on February 28, 2005. The plant was expected to become operational in 2007, but Russia appeared to delay opening it to pressure Iran on the nuclear issue. The plant was inaugurated on August 21, 2010, and fueling was completed by October 25, 2010. It began limited operations on May 8, 2011, and was linked to Iran's power grid in September 2011. It was reported by Iran as operational as of September 3, 2012, and Iran has been assuming full control over plant operations since then. As part of this work, Russia trained 1,500 Iranian nuclear engineers. In early December 2012, it was reported that Iran had discharged some fuel rods from Bushehr, raising the question of whether it would violate its agreement to submit them to Russia for reprocessing. Spent nuclear reactor fuel can be used to produce plutonium.

Early International Diplomatic Efforts to Address Iran's Nuclear Program

The international response to Iran's nuclear program evolved into a global consensus to apply substantial economic pressure on Iran, coupled with diplomacy, to persuade Iran to limit its nuclear program. In 2003, France, Britain, and Germany (the "EU-3") opened a separate diplomatic track to curb Iran's program. On October 21, 2003, Iran pledged, in return for peaceful nuclear technology, to (1) fully disclose its past nuclear activities, (2) sign and ratify the "Additional Protocol" to the NPT (allowing for enhanced inspections), and (3) suspend uranium enrichment activities. Iran signed the Additional Protocol on December 18, 2003, although the *Majles* has not ratified it.

Iran ended the suspension several months after it began, but the EU-3 and Iran reached a more specific November 14, 2004, "Paris Agreement," committing Iran to suspend uranium enrichment (which it did as of November 22, 2004) in exchange for renewed trade talks and other aid.¹⁹ The George W. Bush Administration supported Paris Agreement on March 11, 2005, by announcing it would drop U.S. objections to Iran applying to join the World Trade Organization and to selling civilian aircraft parts to Iran. The Paris Agreement broke down after Ahmadinejad's election, when Iran rejected as insufficient an EU-3 proposal for a permanent nuclear agreement that would provide Iran with peaceful uses of nuclear energy and limited security guarantees. On August 8, 2005, Iran broke the IAEA seals and began uranium "conversion" (one step before enrichment) at its Esfahan facility. On September 24, 2005, the IAEA Board declared Iran in non-compliance with the NPT and, on February 4, 2006, after Iran resumed enrichment, the IAEA

¹⁸ http://isis-online.org/uploads/isis-reports/documents/iaea-iranreport-02202014_1.pdf.

¹⁹ 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.

board voted 27-3²⁰ to refer the case to the Security Council. On March 29, 2006, the Council presidency set a 30-day time limit (April 28, 2006) for ceasing enrichment.²¹

“P5+1” Formed. With the EU-3 agreements with Iran having broken down, the Bush Administration offered on May 31, 2006, to join the nuclear talks if Iran suspends its uranium enrichment. Such talks would center on a package of incentives and possible sanctions—formally agreed on June 1, 2006—by a newly formed group of nations, the so-called “Permanent Five Plus 1” (P5+1: United States, Russia, China, France, Britain, and Germany). EU foreign policy chief Javier Solana presented the P5+1 offer to Iran on June 6, 2006, focused on easing sanctions and guaranteeing Iran nuclear fuel (Annex I to Resolution 1747). Sanctions threatened,²² such as a ban on technology and arms sales to Iran, were imposed in subsequent years.

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.

- *Resolution 1696.* On July 31, 2006, the Security Council voted 14-1 (Qatar voting no) for U.N. Security Council Resolution 1696, giving Iran until August 31, 2006, to fulfill the long-standing IAEA nuclear demand to suspend enrichment suspension; suspend construction of the 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 would authorize military action.
- *Resolution 1737.* After Iran refused a proposal to temporarily suspend enrichment, the Security Council adopted U.N. Security Council Resolution 1737 unanimously on December 23, 2006, under Chapter 7, Article 41 of the U.N. Charter. It demanded enrichment suspension by February 21, 2007, and prohibits sale to Iran—or financing of such sale—of technology that could contribute to Iran’s nuclear program. It required U.N. member states to freeze the financial assets of several named Iranian nuclear and missile firms and related persons. In deference to Russia, the Resolution exempted the Bushehr reactor.
- *Resolution 1747.* With no Iranian compliance, on March 24, 2007, after only three weeks of P5+1 negotiations, Resolution 1747 was adopted unanimously demanding Iran suspend enrichment by May 24, 2007. The Resolution also added entities to those sanctioned by Resolution 1737; banned arms transfers by Iran, a provision targeted at Iran’s alleged arms supplies to Lebanese Hezbollah and to Shiite militias in Iraq; and called for (but did not require) countries to avoid selling arms or dual use items to Iran and for countries and international financial institutions to avoid any new lending or grants to Iran. The Resolution specifically exempted loans for humanitarian purposes, thereby not applying to World Bank loans.

²⁰ Voting no: Cuba, Syria, Venezuela. Abstaining: Algeria, Belarus, Indonesia, Libya, South Africa.

²¹ See <http://daccessdds.un.org/doc/UNDOC/GEN/N06/290/88/PDF/N0629088.pdf?OpenElement>.

²² One source purports to have obtained the contents of the package from ABC News: <http://www.basicint.org/pubs/Notes/BN060609.htm>.

- *Resolution 1803 and Additional Incentives for Iran.* With no Iranian compliance forthcoming, Resolution 1803 was adopted by a vote of 14-0 (Indonesia abstaining) on March 3, 2008. It added 12 more entities to those sanctioned; banned virtually all sales of dual use items to Iran (citing equipment listed as dual use in various proliferation conventions); authorized, but did not require, inspections of shipments by Iran Air Cargo and Islamic Republic of Iran Shipping Line, if such shipments are suspected of containing banned WMD-related goods; and imposed a firm travel ban on five Iranians named in Annex II. Resolution 1803 also stated the willingness of the P5+1 to consider additional incentives; in May 2008, the P5+1 added political and enhanced energy cooperation with Iran to previous incentives. (The text of that enhanced incentive offer to Iran was later revealed as an Annex to Resolution 1929, adopted in June 2010.) In July 2008, Iran indicated it might be ready to accept a temporary “freeze for freeze:” the P5+1 would impose no new sanctions and Iran would stop expanding uranium enrichment. No agreement on that concept was reached, even though the Bush Administration sent then-Under Secretary of State for Political Affairs William Burns to a P5+1—Iran negotiation in Geneva on July 19, 2008.
- *Resolution 1835.* The August 2008 crisis between Russia and Georgia contributed to Russia’s opposing new U.N. sanctions on Iran. In an effort to demonstrate to Iran continued P5+1 resolve, the Council adopted Resolution 1835 (September 27, 2008), demanding compliance with existing resolutions but not adding sanctions.

Developments During the Obama Administration

After President Obama was inaugurated, the P5+1 met in Germany on February 4, 2009, seeking to incorporate into its proposals to Iran the new Administration’s commitment to direct U.S. engagement with Iran.²³ On April 8, 2009, Under Secretary Burns announced that a U.S. diplomat would henceforth attend all of the group’s meetings with Iran. A July 9, 2009, G-8 summit statement said that Iran needed to offer constructive proposals by late September 2009 or face “crippling sanctions.” On September 9, 2009, Iran distributed its proposals to settle the nuclear issue to P5+1 representatives in Iran, which the P5+1 considered vague but still a sufficient basis to meet with Iran on October 1, 2009.

October 1, 2009, Tentative Agreement

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

²³ Dempsey, Judy. “U.S. Urged to Talk With Iran.” *International Herald Tribune*, February 5, 2009.

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

Tehran Declaration Brokered by Brazil and Turkey. As international discussions of new sanctions accelerated in April 2010, Brazil and Turkey negotiated with Iran to revive the October 1, 2009, arrangement. On May 17, 2010, with the president of Brazil and prime minister of Turkey in Tehran, the three signed an arrangement for Iran to send 2,600 pounds of uranium to Turkey, which would be exchanged for medically useful reprocessed uranium along the lines discussed in October 2009.²⁴ As required by the agreement, Iran forwarded to the IAEA a formal letter accepting the agreement terms. Even though some assert that the Obama Administration quietly supported the Brazil-Turkey initiative, the Obama Administration publicly rejected it on the grounds that it did not address Iran's enrichment to the 20% level.

Fifth and Most Sweeping Security Council Resolution Adopted: Resolution 1929

On May 18, 2010, one day after the signing of the Tehran Declaration, Secretary of State Clinton announced that the P5+1 had reached agreement on a new sanctions resolution that would give U.S. allies authority to take substantial new measures against Iran. Simultaneous with Russian agreement on the draft, several Russian entities, including the main state arms export agency Rosoboronexport, were removed from U.S. lists of sanctioned entities. Adopted on June 9, 2010,²⁵ the key provisions of Resolution 1929 are contained in the summary table below.²⁶ An annex presented the modified offer of incentives discussed above.

President Obama and other senior officials noted that the intent of Resolution 1929 was to bring Iran back to negotiations. However, P5+1-Iran talks during December 6-7, 2010, in Geneva and January 21-22, 2011, in Istanbul failed in part because Iran demanded lifting of international sanctions as a precondition to substantive discussions. Following Iran-Russia talks during August 15-16, 2011, Iran praised as a “basis to start negotiations” Russia’s proposals for a stepwise exchange of the lifting of international sanctions for Iran’s giving up some nuclear activities. State Department official Victoria Nuland confirmed that U.S. diplomats had worked with Russian counterparts to develop the proposal.

P5+1—Iran talks resumed—after a more than one year interruption—during April 13-14, 2012, in Istanbul. The P5+1 decided to focus on ending Iran’s 20% enrichment. At subsequent talks in Baghdad, Iraq on May 23-24, 2012, the P5+1 reportedly proposed:

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

²⁴ Text of the pact is at <http://www.cfr.org/publication/22140/>.

²⁵ It was adopted by a vote of 12-2 (Turkey and Brazil voting no) with one abstention (Lebanon)

²⁶ Text of the resolution is at http://www.isis-online.org/uploads/isis-reports/documents/Draft_resolution_on_Iran_annexes.pdf.

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

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

According to EU foreign policy representative Ashton’s concluding statement, Iran declared its readiness to address the 20% enrichment issue. A further round of P5+1—Iran talks was held June 18-19, 2012, in Moscow, focusing primarily on the P5+1 “stop, shut, and ship” proposals made in Baghdad. No breakthrough was achieved, but the parties subsequently held lower level technical talks on July 3, 2012, in Istanbul, and Ashton and Jallili met in Istanbul on September 18, 2012.

In meetings at the end of 2012, the P5+1 countries met to “refresh” their proposals, and agreed to another round of talks in Almaty, Kazakhstan, during February 26-27, 2013. At the talks, the P5+1: (1) dropped the insistence that Iran dismantle the Fordow site entirely, but continued to insist Iran cease enrichment to 20% there; (2) proposed that Iran be allowed to retain some 20% enriched uranium in a form that could be used for medical isotopes; and (3) offered to drop the multilateral ban on paying Iran with gold or other precious metals and on purchases of Iranian petrochemicals. Technical talks were held, as planned, on March 18, 2013, in Istanbul.

The second “Almaty round” convened during April 5-6, 2013, although Iran’s looming presidential election intruded on the talks. On the eve of the talks, Jallili said that the P5+1 should, at outset of the meeting, recognize Iran’s right to enrich uranium—a long-standing Iranian demand. During the talks, Iran reportedly did not offer to suspend enrichment of uranium to 20%, it demanded a rapid easing of all U.N. and multilateral sanctions, and it again raised broader regional issues. EU foreign policy chief Ashton’s concluding statement indicated that the parties remained far apart and no date for additional talks was announced.

Rouhani Spurs Optimism

Leaders in the P5+1 countries asserted that the election of Rouhani improved the prospects for a nuclear settlement. Those sentiments increased dramatically in the context of his visit to the U.N. General Assembly meetings in New York during September 23-27, 2013. In advance of his visit, Rouhani reiterated in press interviews that Iran’s nuclear program is for exclusively peaceful purposes and that Iran has no intention of developing a nuclear weapon. He also stated that the Supreme Leader had given him and his team—with Zarif as chief nuclear negotiator—authority to negotiate a nuclear deal. The Supreme Leader largely affirmed that authority in a speech to the IRGC on September 17, 2013, in which Khamene’i said he believes in the concept of “heroic flexibility” - adopting “proper and logical diplomatic moves, whether in the realm of diplomacy or in the sphere of domestic policies.”²⁷

²⁷ Open Source Center, “Iran: Leader Outlines Guard Corps Role, Talks of ‘Heroic Flexibility,’” published September 18, 2013.

President Obama stated in his General Assembly speech that he had directed Secretary of State John Kerry to pursue, in concert with the other P5+1 countries, a nuclear agreement with Iran. That effort began on September 26, 2013, with the attendance of Secretary Kerry at a P5+1 meeting with Iran on the sidelines of the U.N. General Assembly meetings. At that meeting, Foreign Minister Zarif and Secretary Kerry met separately; Secretary Kerry called the day's talks "constructive," and the meetings resulted in a decision to hold another round of high-level P5+1-Iran talks in Geneva on October 15-16, 2013.

Geneva Talks (October 15-16, 2013, and November 7-9, 2013). At the talks in Geneva, Iran outlined specific proposals during what EU foreign policy chief said in a concluding joint statement with Iran were "substantive and forward-looking negotiations." Under discussion was an interim agreement during which Iran would suspend 20% enrichment and take other steps to improve international oversight, and a more comprehensive end-stage agreement that would sharply limit Iran's enrichment of uranium. The talks concluded with agreement to meet again in Geneva during November 7-8, 2013, with technical talks to take place in advance of that meeting. As that round approached, substantial optimism built as Iranian official statements suggested an interim deal that would limit Iran's nuclear program in exchange for some sanctions relief was possible. As talks progressed, foreign ministers from all the P5+1 countries altered their schedules to join the talks, which were extended to try to agree on a final draft announcing an interim deal. No agreement was reached, reportedly because of some disagreements among the P5+1 ministers as well as Iranian hesitance to finalize the interim deal without further consultations with senior leaders in Tehran. The parties agreed to convene again on November 20.

Interim Deal (Joint Plan of Action) Reached on November 24, 2013

Meetings convened in Geneva on November 20, and ended with an agreement ("Joint Plan of Action") early in the morning of November 24, 2013. The interim deal:

- is to be in place for six months, and renewable for another six months, during which time a more comprehensive final deal would be negotiated. The agreement does not explicitly recognize Iran's "right" to enrich uranium but does indicate that a final agreement would likely "involve a mutually defined enrichment programme." Technical discussions agreed that implementation would begin on January 20, 2014 and the JPA would extend until July 20, 2014, unless extended by mutual agreement.
- requires Iran to cease enriching uranium to 20% U-235 and to reverse the process of the existing 20% stockpile to lower levels of enrichment. Iran is permitted to continue enriching to the 3.5% level but not to expand its stockpile of uranium at that level of enrichment.
- requires Iran not to make operational its newer-model centrifuges, to limit production of centrifuges to replacing those that break, and to halt development of the heavy-water nuclear reactor at Arak.
- provides for temporary sanctions relief totaling about \$7 billion, including access to \$4.2 billion in hard currency abroad that Iran has been unable to repatriate because of financial sanctions, tuition payments for Iranian students abroad, and likely revenues from resuming sales of petrochemicals, trading in precious metals, and easing of sanctions on Iran's auto industry. The agreement stipulates that Iran's current oil exports of about 1 million barrels per day will neither

increase or decrease, and that the P5+1 countries and EU will impose no new nuclear sanctions on Iran. Iran will also receive help buying humanitarian supplies, including spare parts for civilian aircraft. There was subsequent agreement for Iran to repatriate its \$4.2 billion in eight installments of about \$500 million each, with the first occurring on February 1, 2014. (For detail on the sanctions relief aspects of the deal, including steps needed to implement the deal as regards U.S. sanctions laws, please see CRS Report RS20871, *Iran Sanctions*.)

The JPA has received both support and criticism. Some U.S. allies, and Members of Congress have criticized it as allowing Iran to retain the infrastructure it could use to eventually develop a nuclear weapon. Israeli Prime Minister Benjamin Netanyahu said he opposes it entirely on those grounds, as well as on the presumption that an easing of sanctions will cause the entire sanctions regime to unravel. The Administration argues that the JPA accomplishes many U.S. objectives by “freezing” Iran’s nuclear program—and rolling some aspects of it back—at least temporarily, while not precluding U.S. options to increase sanctions or take other action if no comprehensive deal is reached. President Obama has stated that the chances for a permanent solution are about “50-50” but that the interim deal is in the U.S. national security interest.²⁸ Iranian hardliners criticized the putative deal as failing to substantially ease sanctions, but journalists say that there has been substantial optimism generated among Iran’s population by the sanctions relief aspects of the deal. Iran’s currency has appreciated and its stock market has risen substantially since the deal was announced. Supreme Leader Khamene’i has publicly backed the deal and further talks, while expressing pessimism that a permanent deal will be reached.

Prospects for a Broader Deal

With each side beginning to implement the JPA, the focus has shifted to a permanent settlement. Technical talks were held in Vienna on February 20, 2014, and all parties agreed to a framework for the subsequent negotiations. The next set of talks are to take place on March 17, 2014.

Still, hurdles to a permanent deal have appeared. Iran and the IAEA, as noted above, are pursuing separately the issue of Iran’s past research on a nuclear explosive device—a question that will be required to be resolved under any permanent deal. The P5+1 are raising the issue of limiting Iran’s ballistic missile capabilities under a final settlement—an issue Iran rejects including. And most experts assert that the most difficult aspect of any final deal will be enabling Iran to continue some uranium enrichment—which Iran says it will refuse to give up entirely—but which is not extensive enough to enable Iran to produce a nuclear weapon undetected.

²⁸ Remarks by the President in a Conversation with the Saban Forum. December 7, 2013.

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

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| Requires Iran to suspend uranium enrichment, cease construction of the heavy water reactor at Arak, and sign the Additional Protocol. (1737 and subsequent resolutions) |
| Prohibits transfer to Iran of nuclear, missile, and dual use items, except for use in light-water reactors. (All combined) |
| Prohibits Iran from exporting arms or WMD-useful technology. (1747) |
| Prohibits Iran from investing abroad in uranium mining, related nuclear technologies or nuclear capable ballistic missile technology. Prohibits Iran from launching ballistic missiles even on its own territory. (1929) |
| Freezes the assets of over 80 named Iranian persons and entities, including Bank Sepah, and several corporate affiliates of the Revolutionary Guard. (1737 and subsequent resolutions) |
| Requires that countries ban the travel of over 40 named Iranians. |
| Mandates that countries not export major combat systems to Iran. It did not bar sales of missiles not on the “U.N. Registry of Conventional Arms” (meaning that the delivery of the S-300 system, discussed above, would not be legally banned). (1929) |
| Calls for “vigilance” (a nonbinding call to cut off business) with respect to all Iranian banks, particularly Bank Melli and Bank Saderat. (1929) |
| Calls for vigilance (voluntary restraint) with respect to providing international lending to Iran and providing trade credits and other financing and financial interactions. (1929) |
| Calls on countries to inspect cargoes carried by Iran Air Cargo and Islamic Republic of Iran Shipping Lines—or by any ships in national or international waters—if there are indications they carry cargo banned for carriage to Iran. Searches in international waters would require concurrence of the country where the ship is registered. (1929) |
| A Sanctions Committee, composed of the 15 members of the Security Council, monitors implementation of all Iran sanctions and collects and disseminates information on Iranian violations and other entities involved in banned activities. A seven-member “panel of experts” is empowered (renewable each year) to report on sanctions violations and make recommendations for improved enforcement. The panel’s reports are not officially published by the Sanctions Committee but are usually carried by various websites. Resolution 2105, adopted June 5, 2013, extended the mandate of the Panel of Experts until July 9, 2014. (1929) |

Missiles and Chemical/Biological Weapons

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

Chemical and Biological Weapons

Official U.S. reports and testimony state that Iran maintains the capability to produce chemical warfare (CW) agents and “probably” has the capability to produce some biological warfare agents for offensive purposes, if it made the decision to do so.²⁹ 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.

²⁹ Deputy Director of National Intelligence for Analysis, “Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, Covering 1 January to 31 December 2010,” March 2011.

Ballistic and Cruise Missiles and Warheads³⁰

The Administration view is that Iran's growing inventory of ballistic missiles and its acquisition of indigenous production of anti-ship cruise missiles (ASCMs) provide capabilities for Iran to project power. Tehran views its conventionally armed missiles as an integral part of its strategy to deter—and if necessary retaliate against—forces in the region, including U.S. forces. A particular worry of U.S. commanders remains Iran's inventory of cruise missiles, which can reach U.S. ships in the Gulf quickly after launch. DNI Clapper testified on March 12, 2013, that the intelligence community assesses that “Iran's ballistic missiles are capable of delivering WMD” and corroborated an April 2012 DOD report that said Iran is steadily expanding its missile and rocket inventories, and has “boosted the lethality and effectiveness of existing systems with accuracy improvements and new sub-munition payloads.” However, there have been no alterations of the long-standing U.S. estimate that Iran would likely not be able to fully develop a missile of intercontinental range until 2015. Then Secretary of Defense Panetta said in January 2012 that Iran might be able to develop a nuclear-armed missile about a year or two after developing a nuclear explosive device.³¹ It is not clear to what extent, if any, Iran's missile programs might have been set back by the November 12, 2011, explosion at a ballistic missile base outside Tehran that almost completely destroyed it and killed the base commander.

The U.N. expert panel created by Resolution 1929 reported in May 2011 that might be getting ballistic missile technology from North Korea, in violation of U.S. sanctions against Iran. Some reports suggest Iranian technicians may have witnessed North Korea's satellite launch in December 2012, which, if true, could support the view that Iran-North Korea missile cooperation is extensive. **Table 7** contains some details on Iran's missile programs.³²

³⁰ For more information on Iran's missile arsenal, see CRS Report R42849, *Iran's Ballistic Missile and Space Launch Programs*, by Steven A. Hildreth.

³¹ <http://thehill.com/blogs/defcon-hill/policy-and-strategy/207275-panetta-iran-could-have-nuclear-weapons-delivery-vehicles-in-2-3-years>.

³² Annual Threat Assessment of the Intelligence for the Senate Select Committee on Intelligence, Dennis C. Blair, Director of National Intelligence, February 2, 2010.

Table 7. Iran's Missile Arsenal

| | |
|--|--|
| Shahab-3 ("Meteor") | 800-mile range. The missile is operational, and Defense Department report of April 2012, indicates Tehran has improved its lethality and effectiveness, tempering previous assessments by experts that the missile is not completely reliable. |
| Shahab-3 "Variant" /Sijil/Ashoura | 1,200-1,500-mile range. The April 2010 Defense Department report had the liquid fueled Shahab-3 "variant" as "possibly deployed," and the April 2102 report indicates the solid fuel version (Sijil or Ashoura) is increasing in range, lethality, and accuracy. These missiles potentially put large portions of the Near East and Southeastern Europe in range, including U.S. bases in Turkey. A U.N. experts panel reported in May 2011 that Iran tested the missile in October 2010 although the launch was "reported by a [U.N.] Member state," and not announced publicly. In concert with the beginning of 10-day "Great Prophet Six" military exercises, on June 28, 2011, Iran unveiled underground missile silos and undertook some missile tests. |
| BM-25 | 1,500-mile range. On April 27, 2006, Israel's military intelligence chief said that Iran had received a shipment of North Korean-supplied BM-25 missiles. Missile said to be capable of carrying nuclear warheads. <i>The Washington Times</i> appeared to corroborate this reporting in a July 6, 2006, story, which asserted that the North Korean-supplied missile is based on a Soviet-era "SS-N-6" missile. Press accounts in December 2010 indicate that Iran may have received components but not the entire BM-25 missile from North Korea. |
| ICBM | U.S. officials believe Iran might be capable of developing an intercontinental ballistic missile (3,000 mile range) by 2015, a time frame reiterated by the April 2012 DOD report. |
| Short Range Ballistic Missiles and Cruise Missiles | Iran is fielding increasingly capable, short range ballistic missiles, according to DOD 2012 report, such as ability to home in on and target ships while in flight. One version could be a short range ballistic missile named the Qiam, tested in August 2010. Iran has long worked on a 200 mile range "Fateh 110" missile (solid propellant), which it again tested in August 2012. Iran also possesses a few hundred short-range ballistic missiles, including the <i>Shahab-1</i> (Scud-b), the <i>Shahab-2</i> (Scud-C), and the <i>Tondar-69</i> (CSS-8). In January 2009, Iran claimed to have tested a new air-to-air missile. On March 7, 2010, Iran claimed it was producing short-range cruise missiles that it claimed are highly accurate and can destroy heavy targets. Iran also is able to arm its patrol boats with Chinese-made C-802 cruise missiles. Iran also has Chinese-supplied Seerseekers and C-802's emplaced along Iran's coast. |
| Space Vehicle | In February 2008 Iran claimed to have launched a probe into space, suggesting its missile technology might be improving to the point where an Iranian ICBM is realistic. Following an August 2008 failure, in early February 2009, Iran successfully launched a small, low-earth satellite on a Safir-2 rocket (range about 155 miles). The Pentagon said the launch was "clearly a concern of ours" because "there are dual-use capabilities here which could be applied toward the development of long-range missiles." A larger space vehicle, Simorgh, was displayed in February 2010. Iran claimed a satellite launch into orbit on June 16, 2011. Iran says it plans another space launch in late December 2013. |
| Warheads | <i>Wall Street Journal</i> report of September 14, 2005, said that U.S. intelligence believes Iran is working to adapt the Shahab-3 to deliver a nuclear warhead. Subsequent press reports say that U.S. intelligence captured an Iranian computer in mid-2004 showing plans to construct a nuclear warhead for the Shahab. ³³ |

³³ William Broad and David Sanger, "Relying On Computer, U.S. Seeks to Prove Iran's Nuclear Aims," *New York Times*, November 13, 2005.

Foreign Policy and Support for Terrorist Groups

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

Some argue that Iran's foreign policy is ineffective. Countries in the region have helped the United States enforce strict sanctions against Iran, particularly on its banking sector, rather than help Tehran avoid sanctions. Iran's strategic position is severely threatened by the civil conflict in Syria, in which Iran's closest Arab ally, Bashar Al Assad of Syria, has lost control of a considerable amount of the country. Assad's fall would harm a key Iranian objective to position itself to strategically counter Israel. On the other hand, Rouhani's election and the nuclear deal have made some of Iran's historic adversaries in the Persian Gulf and elsewhere somewhat more willing to engage with Iran on bilateral and regional issues.

Support for International Terrorism

Iran's foreign policy has made use of groups that are named as terrorist organizations by the United States. Iran was placed on the U.S. list of state sponsors of terrorism (“terrorism list”) in January 1984. The State Department report on international terrorism for 2012, released May 30, 2013, stated that Iran “increased its terrorist-related activity” in 2012 and that “there was a clear resurgence of Iran's state sponsorship of terrorism” during 2012. The report cited for that conclusion alleged Iran-sponsored terrorist plots against Israeli diplomats and officials in such countries as India (in which the wife of an Israeli diplomat was wounded in an attack in Delhi in on February 13, 2012), Bulgaria (where a July 19, 2012, bombing killed five Israeli tourists), Thailand, Georgia, and Kenya. Other alleged plots took place in Azerbaijan and Cyprus.

In 2011 and 2012, U.S. officials emphasized the potential for Iran to try to commit acts of terrorism in the United States itself. The assessment was based largely on an alleged Iranian plot, revealed on October 11, 2011, by the Department of Justice, to assassinate the Saudi Ambassador to the United States.

Rouhani is widely perceived as seeking to curb Iran's support for terrorist groups, in part because their activities could injure his goals of broader international engagement. However, some question whether Rouhani is able to curb Iranian support for terrorism. Rouhani is perceived as having no ability to remove the head of the Qods Force, Qasem Soleimani, who runs Iran's external operations and reports directly to Khamene'i.³⁴

³⁴ http://www.newyorker.com/reporting/2013/09/30/130930fa_fact_filkins?printable=true¤tPage=all.

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

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

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

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

Foreign Policy: Relations with the Persian Gulf States

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

strategically in the region. Still, the GCC states often seek to lower tensions with Iran, and Qatar, Oman, UAE, and Kuwait welcomed visits by Iranian Foreign Minister Zarif and his aides subsequent to the November 24, 2013 JPA agreement. The reaction of the GCC countries to the JPA was generally more positive than expected, even though experts note that the GCC states are concerned that the deal could lead to a U.S.-Iran rapprochement that might weaken the U.S. security commitment to the GCC countries.

- *Saudi Arabia.* Iran and Saudi Arabia represent opposing poles of influence and interests in the region; Saudi Arabia sees itself as leader of the Sunni Muslim world and views Shiite Muslims, including those in eastern Saudi Arabia, as heretical. In speeches and statements, several high-ranking Saudi officials have sharply criticized the Obama Administration's efforts to engage the Rouhani government. Saudi alarm over Iranian influence in the Gulf was a major factor in the military intervention by Saudi Arabia on behalf of the Bahrain government in March 2011. The Saudis repeatedly criticize Iran for past actions, including inspiring violent demonstrations at some Hajj pilgrimages in Mecca in the 1980s and 1990s—which caused a break in relations from 1987 to 1991. The Saudis also often accuse Iran of stoking Shiite oppositionists in the Gulf, including within the Kingdom itself.³⁵ Saudi leaders have threatened to try to acquire a nuclear weapon if Iran acquires one and it was reported in July 2013 that Saudi Arabia has enhanced its missile launch capabilities probably in part as a response to the possibility that Iran might become a nuclear power.³⁶
- *United Arab Emirates (UAE)* concerns about Iran have not recovered from the April 1992 Iranian expulsion of UAE security forces from the Persian Gulf island of Abu Musa, which it and the UAE shared under a 1971 bilateral agreement. (In 1971, Iran, then ruled by the U.S.-backed Shah, seized two other islands, Greater and Lesser Tunb, from the emirate of Ras al-Khaymah, as well as part of Abu Musa from the emirate of Sharjah.) The UAE has sought to refer the dispute to the International Court of Justice (ICJ), but Iran has insisted on resolving the issue bilaterally. (ICJ referral requires concurrence from both parties to a dispute.) The issue reignited on April 11, 2012, when Ahmadinejad visited Abu Musa, causing the UAE to submit to Iran and to the United Nations a formal letter of protest. On May 2, 2012, IRGC Commander Mohammad Ali Jafari, accompanied by several Majles deputies, visited the island and discussed developing a tourism industry there. Yet, in the aftermath of the interim nuclear deal and a visit to Iran by the UAE's Foreign Minister, press reports say that the two countries might be on the verge of resolving the islands dispute. Iran reportedly has removed some military equipment from the disputed islands.

Despite the territorial and political disputes, the UAE and Iran maintain relatively normal trade and diplomatic ties. Earlier, to avoid antagonizing Iran, in May 2007 the UAE received then president Ahmadinejad (the highest-level Iranian visit since the 1979 revolution) and allowed him to lead an anti-U.S. rally of

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

³⁶ Oren Dorell, "Report: Saudi Missile Sites Target Both Iran, Israel," *USA Today*, July 15, 2013.

- several hundred Iranian-origin residents of Dubai at a stadium there. This large Iranian-origin resident community (about 300,000) in Dubai may explain why Dubai takes a generally softer line on Iran than does the federation capital, Abu Dhabi. Reflecting Abu Dhabi's harder line, the UAE has provided extensive cooperation to U.S. and international efforts to enforce economic sanctions against Iran, as discussed further in CRS Report RS20871, *Iran Sanctions*.
- *Qatar* is wary that Iran might eventually seek to encroach on its large North Field (natural gas). It shares that field with Iran (called South Pars on Iran's side) and Qatar earns large revenues from natural gas exports from it. Qatar's fears have been heightened by occasional Iranian statements, such as one in April 2004, when Iran's deputy oil minister said that Qatar is probably producing more gas than "her right share" from the field and that Iran "will not allow" its wealth to be used by others. Possibly to try to ease such implied threats, Qatar invited Ahmadinejad to the December 2007 GCC summit there.
 - *Bahrain* is about 60% Shiite-inhabited, many of whom are of Persian origin, but its government is dominated by the Sunni Muslim Al Khalifa family. In 1981 and again in 1996, Bahrain publicly accused Iran of supporting Bahraini Shiite dissidents in efforts to overthrow the ruling Al Khalifa family. Bahrain has accused Iran of supporting the post-2011 uprising against the Al Khalifa regime by mostly Shiite demonstrators, although the November 2011 final report of the Bahrain Independent Commission of Inquiry (BICI) concluded there is no evidence to indicate Iran instigated the protests. On February 21, 2013, the government said that the IRGC had helped form a Bahraini cell to recruit other agents and store weapons in Bahrain for possible attacks on officials and key locations.³⁷ On December 30, 2013, following a two-day raid, Bahraini authorities seized a ship, originating in Iraq, allegedly carrying Iranian weaponry and bomb-making material for the Bahrain opposition.³⁸ DNI Clapper testified on January 29, 2014 that the intelligence community assesses that Iran "will continue to provide arms and other aid to ... Shiite militants in Bahrain"—the first official U.S. affirmation that Iran is providing such arms. Earlier, tensions flared several times after July 2007 over Iranian attempts to question the legitimacy of a 1970 U.N.-run referendum in which Bahrainis opted for independence from Iran.
 - *Oman*. Of the GCC states, the Sultanate of Oman is closest politically to Iran. During the Shah's rule, Iran sent troops to help the Sultan suppress rebellion in the Dhofar region. Sultan Qaboos made a state visit to Iran in August 2009, coinciding with the second inauguration of Ahmadinejad that coincided with substantial Iranian unrest inside Iran over his reelection. He visited again in late August 2013, reportedly to explore concepts for improved U.S.-Iran relations and, as discussed, to possibly try to obtain Iran's cooperation to resolve several cases involving missing or imprisoned American citizens/dual nationals. Press reports in November 2013 credit Qaboos with brokering U.S.-Iran meetings in Oman during 2012 and 2013 that might have paved the way for the November 24, 2013, JPA. Some press reports say Omani officials routinely turn a blind eye

³⁷ "Iran's Revolutionary guard Behind Terror Cell, Says Bahrain." Saudi Gazette, February 22, 2013.

³⁸ Sandeep Singh Grewal. Arms Ring is Smashed by Police. Daily News, December 31, 2013.

to or even cooperate in the smuggling of western goods to Iran. In April 2013, Oman assisted in the repatriation to Iran of an Iranian scientist (Mojtaba Atarodi) who served time in prison in the United States for allegedly helping Iran's nuclear program.

- *Kuwait* had pursued ties to Iran as a counterweight to Saddam Hussein, who invaded Kuwait in August 1990. Since Saddam's overthrow in 2003, Kuwait has become more distant from and critical of Iran. During 2010-2011, Kuwait and Iran arrested persons they accused of spying for or plotting attacks in the other.³⁹ About 25% of Kuwaitis are Shiite Muslims, and Iran supported Shiite radical groups in Kuwait in the 1980s as a means to try to pressure Kuwait not to support the Iraqi war effort in the Iran-Iraq War (1980-1988), as listed in the table above.

Yemen

Yemeni leaders have long claimed that Iran was trying to destabilize Yemen, which underwent a leadership transition in January 2012 following an uprising. Yemen's leaders have made such claims against Iran perhaps in order to secure more financial and military aid from the Arab Gulf states. The State Department report on international terrorism for 2012 says that, in the north, Iran is supporting members of the Houthi tribe.⁴⁰ DNI Clapper testified on January 29, 2014 that Iran will likely continue to "provide arms and other aid to ... Houthi rebels." Some accounts say that the Quds Force is using small boats to ship in AK-47s, rocket-propelled grenades, and other arms to replace older weapons used by the Houthi rebels. In January 2013, U.S. Ambassador to Yemen Gerald Feierstein accused Iran of supporting secessionist Yemeni leaders, particularly Ali Salim al-Baidh, who is in exile in Beirut. The U.N. Panel of Experts that is monitoring Iran's compliance with sanctions reportedly has found that Yemen-based militants are receiving arms from Iran, and some of the weapons might be subsequently moving to the militant Al Shabab group in Somalia.⁴¹ Perhaps in response to the allegations of Iran's help to militants in Yemen, in January 2014 gunmen assassinated an Iranian diplomat in Yemen's capital, Sanaa.

Iranian Policy in Iraq⁴²

The U.S. military ousting of Saddam Hussein in 2003 benefitted Iran strategically by removing a long-time antagonist and producing a government led by Shiite Islamists who have long-standing ties to Iran. The Iraqi government formed in May 2006 is still led by Prime Minister Nuri al-Maliki, the head of the Shiite Islamist Da'wa (Islamic Call) party. He has made numerous visits to Iran, most recently on December 4, 2013, and Iran has backed him in political disputes with Iraq's Sunni and Kurdish leaders. Maliki appears to support most of Iran's regional goals,

³⁹ "Iran Spy Cell Dismantled in Kuwait," *Associated Press*, May 6, 2010; "Iran Cell Planned Attacks in Kuwait, Minister Says," *Reuters*, April 21, 2011.

⁴⁰ Department of State, Office of the Coordinator for Counterterrorism, "Country Reports on Terrorism: 2012," May 30, 2013. A rebellion in northern Yemen was begun by dissident Shiite cleric Hussein Badruddin Al Houthi, and the rebellion is widely referred to as the Houthi rebellion. Eric Schmitt and Robert F. Worth, "With Arms for Yemen Rebels, Iran Seeks Wider Mideast Role," *New York Times*, March 15, 2012.

⁴¹ Louis Charbonneau, "U.N. Monitors See Arms Reaching Somalia From Yemen, Iran," *Reuters*, February 10, 2013.

⁴² Background on this issue is covered in CRS Report RS22323, *Iran-Iraq Relations*, by Kenneth Katzman.

including keeping Bashar Al Assad of Syria in power, and Iraq reportedly continues to allow Iran to overfly Iraqi airspace with cargo flights to supply the Syrian military.⁴³

Iraq also continues to conduct a full spectrum of trade with Iran, sometimes allegedly running afoul of U.S. and international sanctions against Iran. On July 31, 2012, the United States sanctioned the Elaf Islamic Bank of Iraq for conducting sanctionable banking transactions with Iran, although the sanctions were removed in May 2013 when Elaf bank ceased the sanctionable activity. In July 2013, Iraq and Iran signed an agreement for Iran to export natural gas to Iraq through a pipeline under construction; the project is potentially sanctionable under the Iran Sanctions Act. Press reports in late February 2014 said Iraq agreed a deal for nearly \$200 million worth of Iranian arms and ammunition—shipments that would violate Resolution 1747 on Iran—but Iraqi officials have told CRS the deal was cancelled shortly after it was signed. (For more information, see CRS Report RS20871, *Iran Sanctions*, and CRS Report RS21968, *Iraq: Politics, Governance, and Human Rights*.)

Yet, Maliki also seeks to preserve the ties to the United States, which helped establish his government and secure Shiite rule in Iraq. In July 2013, Maliki reportedly offered Iraq as an additional diplomatic avenue to reach out to Rouhani. During a visit to Washington, DC, during October 29–November 1, 2013, Maliki stressed that Iraq is an independent state whose foreign policy is not influenced by Iran.

Aside from Iran’s ties to Maliki and governing institutions, Iran exercises influence in Iraq through Shiite militias such as the Promised Day Brigade, As’aib Ahl Al Haq (League of the Righteous) and Kata’ib Hezbollah (Hezbollah Brigades). The latter organization has been named a Foreign Terrorist Organization (FTO) by the United States. Some experts assess that these groups are evolving from militias into political organizations. On the other hand, some of these groups, reportedly with Iranian encouragement and assistance, have sent fighters to Syria to fight on behalf of the Assad regime.

Supporting Militant Anti-Israel Groups

Iran has long opposed Israel as a creation of the West and an oppressor of the Palestinian people and other Arabs. Former president Ahmadinejad went well beyond that to statements that Israel should be destroyed. The Supreme Leader has repeatedly called Israel a “cancerous tumor.” Iran has hosted numerous conferences to which anti-peace process terrorist organizations were invited (for example: April 24, 2001, and June 2-3, 2002). President Rouhani has sought to soften Iran’s image on this issue, in part by publicly issuing greetings to the Jewish community on the occasion of the Jewish New Year (Rosh Hashana) in September 2013.

Iran’s support for Palestinian militant groups has long concerned U.S. administrations. The State Department report on terrorism for 2012 repeated previous year’s reports assertions that Iran provides funding, weapons, and training to Hamas, a faction of Palestinian Islamic Jihad (PIJ), the Al Aqsa Martyr’s Brigades, and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). All are named as foreign terrorist organizations (FTO) by the State Department for their use of violence against Israel. During the second Palestinian intifada (“uprising”) in January 2002, Israel intercepted a ship (the *Karine A*) carrying about 50 tons of

⁴³ Michael Gordon, “Iran Supplying Syrian Military Via Iraqi Airspace,” *New York Times*, September 5, 2012.

Iranian-supplied arms bound for the Gaza Strip. The formal position of the Iranian Foreign Ministry is that Iran would not seek to block an Israeli-Palestinian settlement but that the process is too weighted toward Israel to yield a fair result.

Iran and Hamas

For well over a decade, the State Department annual report on terrorism, including the report for 2012, has said that Hamas (named as an FTO) receives funding, weapons, and training from Iran. Hamas and Iran forged a relationship in the 1990s as part of an apparent attempt to disrupt the Israeli-Palestinian peace process through a campaign of Hamas suicide bombings and other attacks on buses, restaurants, and other civilian targets inside Israel. In recent years, however, Hamas has directly involved itself in Palestinian politics and its terrorist activities appear to have diminished. Iran's attempts to position its allies to strategically threaten Israel were strengthened by Hamas successes, such as its victory in the January 25, 2006, Palestinian Legislative Council elections, and even more so by Hamas's June 2007 armed takeover of the Gaza Strip. Iran provided material support to Hamas during the Israel-Hamas conflict in Gaza (December 27, 2008-January 17, 2009). In March 2011, Israel intercepted a ship, the *Victoria*, off its coast, and seized a large quantity of mortars and C-704 cruise missiles that Israel said were bound for Hamas in Gaza. On March 5, 2014, Israeli intercepted a ship in the Red Sea that Israel said was carrying Iranian "advanced weaponry" bound for Palestinian militants in Gaza, possibly via Sudan.

In recent years, however, Hamas' position on Syria has caused a rift with Iran and Iran has reportedly reduced its support to Hamas since July 2011. Hamas opposed the military-led crackdown by Syrian President Asad (Iran's ally), largely out of sectarian sympathy with the mostly Sunni protesters and rebels in Syria. Hamas' Syria-based leaders left that country in late 2011. Iran has tried to rebuild the Hamas relationship since late 2012 by reportedly providing "missile technology" that Hamas has apparently used to construct its own rockets including during the November 14-22, 2012 conflict between various Palestinian militant groups and Israel. Prior to the conflict, Iran reportedly supplied pre-built missiles, such as the "Fajr-5," to Hamas via Sudan, from where the gear was trucked into Gaza through Egypt.

Iran and Hezbollah⁴⁴

Lebanese Hezbollah is Iran's chief protégé movement in the region. The 2014 U.S. intelligence community worldwide threat assessment, referenced earlier, states that Hezbollah "has increased its global terrorist activity in recent years to a level that we have not seen since the 1990s." Their relationship began when Lebanese Shiite clerics of the pro-Iranian Lebanese Da'wa Party began to organize in 1982 into what later was unveiled in 1985 as Hezbollah. Iran's political, financial, and military aid to Hezbollah has helped it become a major force in Lebanon's politics and Iran reportedly has been instrumental in persuading Hezbollah leaders to become directly involved in the Syria conflict on behalf of Assad. The State Department terrorism report for 2012 repeated previous years' assertions that Iran "has provided hundreds of millions of dollars in support of Hezbollah and has trained thousands of Hezbollah fighters at camps in Iran."

⁴⁴ For detail on Hezbollah, see CRS Report R41446, *Hezbollah: Background and Issues for Congress*, by Casey L. Addis and Christopher M. Blanchard.

Hezbollah's attacks on Israeli forces in southern Lebanon contributed to an Israeli withdrawal in May 2000, but Hezbollah maintained military forces along the border. Although Iran likely did not instigate Lebanese Hezbollah to provoke the July-August 2006 war with Israel, Iran has long been its major arms supplier. Hezbollah fired Iranian-supplied rockets on Israel's northern towns during the fighting, including at the Israeli city of Haifa (30 miles from the border), and, more intensively, at cities within 20 miles of the Lebanese border.⁴⁵ During that conflict, on July 14, 2006, Hezbollah hit an Israeli warship with a C-802 sea-skimming missile probably provided by Iran. Iran's 50 QF personnel in Lebanon reportedly advised Hezbollah during the conflict, although that number might have increased during the conflict to help Hezbollah operate the Iran-supplied weaponry. Even though Hezbollah reduced its overt military presence in southern Lebanon in accordance with U.N. Security Council Resolution 1701 (July 31, 2006), Hezbollah was perceived as a victor in the war for holding out against Israel. Since that conflict, Iran has resupplied Hezbollah with at least 25,000 new rockets⁴⁶ and at least 500 Iranian-made "Zelzal" (Earthquake) missiles with a range of 186 miles, enough to reach Tel Aviv from south Lebanon. In November 2009, Israel intercepted a ship that it asserted was carrying 500 tons of arms purportedly for Hezbollah.

Subsequently, Iran was perceived as a political beneficiary of Hezbollah's decision in January 2011 to withdraw from the Lebanese cabinet, which led to the fall of the Hariri government and the formation of a government by Hezbollah-selectee Najib Makati, a Sunni Muslim. (Under a long-standing agreed political formula in Lebanon, the prime minister is a Sunni Muslim.) Then president Ahmadinejad advertised Iran's continued strong commitment to Hezbollah during his October 14-15, 2010, visit to Lebanon, the first by a president of the Islamic Republic, which included villages near the border with Israel.

However, there has been more vocal criticism of Hezbollah within and outside Lebanon because it supports its other key patron, Syrian President Assad, against the Sunni-led rebellion in Syria. On April 30, 2013, Hezbollah Secretary General Hassan Nasrallah openly admitted that Hezbollah fighters are helping Assad. Iranian financial and logistical help is reportedly facilitating the Hezbollah intervention, and Iran helped Hezbollah to send fighters to lead the Syrian government's successful recapture of the border town of Qusayr in June 2013. Probably in retaliation for Iran's role in the Syria conflict, militants detonated bombs outside Iran's embassy in Beirut on November 19, 2013, killing 25 persons including Iran's cultural attache to Lebanon.

Syria

Syria's Bashar Al Assad has been Iran's closest Arab ally, and Iran would suffer a considerable strategic setback if the Sunni-led rebellion in Syria succeeds in toppling his regime. Syria is the main transit point for Iranian weapons shipments to Hezbollah, and both Iran and Syria have used Hezbollah as leverage against Israel to try to achieve regional and territorial aims. Rouhani has given few indications he will slow Iranian support to Assad, although some Iranian leaders, including Rafsanjani, leaned toward the international position that the Syrian regime did use chemical weapons against opposition strongholds on August 21, 2013. Iran often stresses that it was the main victim of Iraq's use of chemical weaponry during the 1980-1988 Iran-Iraq war.

⁴⁵ "Israel's Peres Says Iran Arming Hizbollah," *Reuters*, February 4, 2002.

⁴⁶ Sebastian Rotella, "In Lebanon, Hezbollah Arms Stockpile Bigger, Deadlier," *Los Angeles Times*, May 4, 2008.

U.S. officials and reports assert that, to try to prevent Assad's downfall, and despite the Syrian use of chemical weapons, Iran is providing substantial amounts of material support to the Syrian regime, including funds, weapons, and fighters.⁴⁷ The State Department said on May 21, 2013, that Iran had sent Qods Forces (QF) to Syria to advise the regime and fight alongside the Syrian military. Some experts say the Iranian direct intervention goes beyond QF personnel to include an unknown number of IRGC ground forces as well.⁴⁸ The Iranian advisers also have helped Syria set up militia forces to ease the burden on the Syrian army.

Iran has not denied assisting Syria; on December 11, 2013, IRGC Commander-in-Chief Jafari said the IRGC had sent military experts to Syria to share experiences and provide consultations to the Syrian military. Iran bases its justification for its intervention in Syria on a long-standing defense relationship with the Assad regime. On December 13, 2009, the Syrian and Iranian defense ministers signed a defense agreement. In June 2010, it was reported that Iran had sent Syria a sophisticated air defense radar system that Syria could potentially use to thwart Israeli air strikes.⁴⁹ In March 2011, Iranian officials commented that they might contribute to improving some Syrian port facilities or other installations. On some occasions, including the early 1990s, Iran purportedly has acted as an intermediary with North Korea to supply Syria with various forms of WMD and missile technology, and Iran reportedly has helped Syria expand its chemical weapons arsenal.⁵⁰

Rouhani has continued to defend Iranian policy in Syria even though doing so conflicts, to some extent, with his efforts to reintegrate Iran into the international community. In large part to build on the JPA with Iran, the Obama Administration reportedly considered supporting inviting Iran to attend—or play a role at the margins of—the January 22, 2014, “Geneva 2” conference that is continuing efforts to achieve a political solution to the Syria conflict. One week before that meeting, U.N. Secretary General Ban Ki Moon invited Iran to the conference after Iran reportedly privately assured him its supports the main goal of the Geneva process—to move toward a transition government in Syria. However, Iran refused to state that position publicly and, in part because of U.S. pressure, the United Nations rescinded Iran's invitation to the conference. Earlier, in December 2012, Iran announced a six-point plan for a peaceful transition that would culminate in free, multiparty elections, although the plan was rejected by Syrian rebels because it provided for Assad to be able to compete in 2014 elections.

Differences over Syria have caused significant tensions between Iran and its large neighbor, Turkey. The cooperation between Iran and Turkey on nuclear and regional issues that existed in 2010 dissipated after 2011 when both powers supported opposite sides in Syria's civil conflict. Turkey has been a major host and supporter of the armed opposition to Assad. In late November 2013, immediately after the interim nuclear deal was agreed, Turkey's Foreign Minister Ahmad Davatoglu visited Tehran in an effort to reduce tensions.

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

⁴⁸ Will Fulton, Joseph Holliday, and Sam Wyer, “Iranian Strategy in Syria,” Institute for the Study of War, May 2013.

⁴⁹ Charles Levinson, “Iran Arms Syria With Radar,” *Wall Street Journal*, June 30, 2010.

⁵⁰ James Ball, “Documents: Iran Helped Syria Expand Chemical Weaponry,” *Washington Post*, July 28, 2012.

The Caucasus and Central Asia

Iran's policy in the nearby Caucasus has thus far emphasized Iran's rights to Caspian Sea resources, particularly against Azerbaijan. Azerbaijan is, like Iran, mostly Shiite Muslim-inhabited, but Azerbaijan is ethnically Turkic and its leadership is secular. Iran reportedly fears not only Azerbaijan's alignment with the United States, but also that Azerbaijan nationalists might stoke separatism among Iran's large Azeri Turkic population, which has sometimes been restive. These differences could explain why Iran has generally tilted toward Armenia, which is Christian, in Armenia's disputes with Azerbaijan. Iran has often slowed or stopped Azerbaijani truck traffic that must transit Iran in order to reach a non-contiguous part of Azerbaijan (Nakichevan), which is cut off from the rest of Azerbaijan by Armenia's occupation of Nagorno-Karabakh. In May 2012, Azerbaijan refused entry to a senior aide to Khamene'i.

The United States successfully backed construction of the Baku-Tblisi-Ceyhan oil pipeline, intended in part to provide alternatives to Iranian oil. In July 2001, Iranian warships and combat aircraft threatened a British Petroleum (BP) ship on contract to Azerbaijan out of an area of the Caspian that Iran considers its own. The United States called that action provocative. Israel also is apparently looking to Azerbaijan to counter Iran, announcing in February 2012 a major sale of defense equipment. In mid-March 2012, Azerbaijan arrested 22 persons it said were Iranian agents plotting attacks against Israeli and Western targets there.

Iran has generally sought and maintained good relations with the Central Asian states. Along with India and Pakistan, Iran has been given observer status at the Central Asian security grouping called the Shanghai Cooperation Organization (SCO—Russia, China, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan). In April 2008, Iran applied for full membership in the organization, but, not wanting to antagonize the United States, in June 2010 the SCO barred admission to countries under U.N. Security Council sanctions (which is the case for Iran).⁵¹

South and East Asia

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

East Asia

Many countries in East Asia are aligned with the United States. China is an emerging world power that opposes a nuclear-armed Iran but also opposes unilateral U.S. and U.S.-allied sanctions against Iran. Iran's main ally in East Asia is North Korea which, as noted elsewhere, has weapons-related technology ties to Tehran. In April 2013, press reports indicated Iran might supply oil to North Korea, presumably in exchange for the technological help. For more information on Iran's relations with East Asia, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman, which focuses on Iran's oil customers such as China.

⁵¹ Substantially more detail on Iran's activities in Afghanistan is contained in: CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman.

South Asia: Afghanistan

In Afghanistan, as in Iraq, Iran is viewed by U.S. officials as pursuing a multi-track strategy—attempting to help develop Afghanistan and enhance its influence there, while also building leverage against the United States through ties to pro-Iranian groups and anti-U.S. militants. A key long-term Iranian goal appears to be to restore some of its traditional sway in eastern, central, and northern Afghanistan, where Persian-speaking supporters of the “Northern Alliance” grouping of non-Pashtun Afghan minorities predominate. Many Afghans, even those of Pashtun ethnicity, speak Dari, a dialect of Persian language. Iran might also be using its influence in parts of Afghanistan to try to blunt the effects of international sanctions against Iran.⁵²

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

Iran also has positioned itself—in ways at odds with Afghan government interests—to threaten U.S. forces. Reflecting concern about the U.S. military presence in Afghanistan, Iran reportedly tried to derail the U.S.-Afghanistan Strategic Partnership Agreement that was signed on May 1, 2012, and it is attempting to derail the Bilateral Security Agreement that has been completed by not signed by Karzai to date. The BSA text prohibits the United States from using Afghanistan as a base from which to launch military action against other countries. During a visit by Karzai to Tehran to meet with the new leadership team of Rouhani on December 7, 2013, the two presidents agreed to start negotiating a “pact of friendship.” U.S. officials say the pact, even if signed, would not affect U.S. post-2014 plans in Afghanistan. Iran has not shied away from using financial resources to try to sway the Afghan leadership; in the past, Iran has given about \$2 million per year in direct payments to Karzai’s government. Karzai admitted on October 26, 2010, that Iran was providing cash payments to his government, through his chief of staff.

Even though it engages the Afghan government, Tehran seeks leverage against U.S. forces in Afghanistan. The State Department has provided information on Iranian materiel support to militants in Afghanistan in its annual reports on terrorism, including citing the Qods Force for supplying various munitions, including 107 mm rockets, to select Taliban and other militants in Afghanistan, and of training Taliban fighters in small unit tactics, small arms use, explosives, and indirect weapons fire. The State Department reports assert that Iran has supplied militants in Qandahar, which is a Pashtun-inhabited province in southern Afghanistan and demonstrates that Iran is not only assisting militants near its borders. In February 2011, British forces captured 48 Iranian-made rockets in Afghanistan’s western province of Nimruz, allegedly bound for Taliban militants. On the other hand, U.S. commanders have consistently maintained that the Iranian assistance to Afghan militants is not decisive on the battlefield.

The support Iran gives to Afghan insurgents gives Iran potential leverage in any Taliban-government political settlement in Afghanistan. In July 2012, Iran reportedly allowed the Taliban

⁵² Matthew Rosenberg and Annie Lowry, “Iranian Currency Traders Find a Haven in Afghanistan,” *New York Times*, August 18, 2012.

to open an office in Zahedan, in eastern Iran—possibly to better coordinate policy with the Taliban or possibly to facilitate and Iranian role in political reconciliation in Afghanistan.⁵³

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

Pakistan

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

Iran engaged in substantial military cooperation with Pakistan in the early 1990s, and it was revealed in 2003 that the founder of Pakistan’s nuclear weapons program, A. Q. Khan, sold Iran nuclear technology and designs.⁵⁴ However, Iran-Pakistan relations became strained in the 1990s when Pakistan was supporting the Taliban in Afghanistan, which committed alleged atrocities against Shiite Afghans (Hazara tribe), and which seized control of Persian-speaking areas of western and northern Afghanistan. Iran remains suspicious that Pakistan might want to again implant Taliban militants in power in Afghanistan, but Iran-Pakistan relations have improved since mid-2011 as Pakistan’s relations with the United States have worsened. Iran and Pakistan now have a broad bilateral agenda that includes a potential major gas pipeline project that Pakistan hopes can alleviate its energy shortages. Then president of Iran Ahmadinejad and Pakistan’s then President Asif Ali Zardari formally inaugurated the project in early March 2013. Iran has completed the line on its side of the border, and Pakistan is trying to accelerate work on its part of the line, although Pakistan reportedly is having trouble financing the project. U.S. officials say they consider it potentially sanctionable under the Iran Sanctions Act.

India

India and Iran have overlapping histories, civilizations, and interests, aligning on numerous issues including Afghanistan. Both countries support the minority factions based in the north and west. As international sanctions increased in 2011-2012, India wrestled with a choice of preserving its ties to Iran—which has provided it with needed oil for its growing economy—or joining U.S. and

⁵³ Maria Abi-Habib, “Tehran Builds On Outreach to Taliban,” *Wall Street Journal*, August 1, 2012.

⁵⁴ John Lancaster and Kamran Khan, “Pakistanis Say Nuclear Scientists Aided Iran,” *Washington Post*, January 24, 2004, http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_8Nov2011.pdf.

international attempts to isolate Iran. Since 2012, it has generally sided with the United States and the EU by cutting its purchases of Iranian oil, and has received exemptions from U.S. sanctions. However, India wants to preserve ties to Iran in support of India's own strategic interests; after the November 24, 2013, interim nuclear deal was reached, Indian officials said they want to move forward on the development of Iran's Chabahar port, which would give India direct access to Afghanistan and Central Asia without relying on transit routes through Pakistan. International sanctions have delayed that project to date. India's cooperation with U.S. sanctions is discussed more extensively in CRS Report RS20871, *Iran Sanctions*.

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

Al Qaeda

Iran is not a natural ally of Al Qaeda, largely because Al Qaeda is an orthodox Sunni Muslim organization. However, some experts believe that hardliners in Iran still might want to use Al Qaeda activists as leverage against the United States and its allies, despite the May 1, 2011, death of Al Qaeda founder Osama bin Laden in a U.S. raid in Pakistan. Some allege that Iran is forging links to Al Qaeda affiliates in Africa for the purpose of extending its influence there. However, it is unclear whether any Iranian ties to these groups are approved at the highest levels of the Iranian leadership. On April 22, 2013, Canada asserted it had foiled a plot by Al Qaeda members based in Iran to bomb Amtrak trains running between Canada and the United States. Officials who revealed the alleged plot did not assert that the Iranian government was involved.

Three major Al Qaeda figures who have been in Iran since the September 11, 2001, attacks include spokesman Sulayman Abu Ghaith, top operative Sayf Al Adl, and a bin Laden son, Saad.⁵⁵ U.S. officials blamed the three for the May 12, 2003, bombings in Riyadh, Saudi Arabia, against four expatriate housing complexes, saying they were able to contact associates outside Iran.⁵⁶ As a possible sign of an Iranian shift, Abu Ghaith was expelled to Turkey, and was apprehended by U.S. authorities on March 13, 2013, with the help of Turkey and Jordan while on his way to his native Kuwait. In February 2014, it was reported that another senior Al Qaeda figure, Thirwat Shihata, was expelled by Iran.⁵⁷

Earlier, the Department of Treasury, on January 16, 2009, designated four Al Qaeda operatives in Iran, including Saad bin Laden (and three lesser known figures) as terrorist entities under Executive Order 13224. On July 28, 2011, under that same order, the Treasury Department sanctioned six Al Qaeda members for allegedly moving funds to Al Qaeda in Pakistan and Afghanistan via their bases in Iran, and under a specific agreement between Al Qaeda and Iran. Another bin Laden ally, Abu Musab al-Zarqawi, killed by U.S. forces in Iraq on June 7, 2006,

⁵⁵ Bill Gertz, "Al Qaeda Terrorists Being Held by Iran," *Washington Times*, July 24, 2003.

⁵⁶ Bill Gertz, "CIA Points to Continuing Iran Tie to Al Qaeda," *Washington Times*, July 23, 2004.

⁵⁷ Adam Goldman. "Senior al-Qaeda Figure Leaves Iran Amid Series of Departures." *Washington Post*, February 16, 2014.

reportedly transited Iran into Iraq after the September 11, 2001, attacks and became an insurgent leader in Iraq.

Iran has, to some extent, confirmed the presence of Al Qaeda militants in Iran. It asserted on July 23, 2003, that it had “in custody” senior Al Qaeda figures. On July 16, 2005, Iran’s intelligence minister said that 200 Al Qaeda members are in Iranian jails.⁵⁸ U.S. officials have said since January 2002 that Iran has not prosecuted or extradited any senior Al Qaeda operatives.

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

Latin America

Some U.S. officials and some in Congress have sought to scrutinize Iran’s relations with countries and leaders in Latin America. Iran views some left-leaning and anti-U.S. leaning countries in Latin American countries as sharing its distrust of the United States and as willing to help Iran circumvent some international sanctions. However, Rouhani has not expressed substantial interest in expanding ties in Latin America, and his policies on the region are likely to differ sharply from those of Ahmadinejad, who visited the region six times as President. Iran has developed exchange programs that bring students from Latin America to study Islam in Iran; it does not appear that these programs are intended to build terrorist or other pro-Iranian operational cells.⁵⁹

During 2006-2011, when Ahmadinejad was president, Iran opened six embassies in countries in the region (Colombia, Nicaragua, Chile, Ecuador, Uruguay, and Bolivia), and expanded embassies in Cuba, Argentina, Brazil, Mexico, and Venezuela. In his visits to the region, some economic agreements were reached but few were implemented, by all accounts. Ahmadinejad attended the U.N. Conference on Sustainable Development in Brazil on June 21, 2012, which was bounded by his travel to Bolivia and Venezuela.

In the 112th Congress, H.R. 3783, the “Countering Iran in the Western Hemisphere Act,” requiring the Administration to develop within 180 days of enactment a strategy to counter Iran’s influence in Latin America, passed both chambers and was signed on December 28, 2012 (P.L. 112-220). The Administration report required by that law was provided to Congress in late June 2013; the unclassified portion asserted 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.⁶⁰ No Latin American leader attended the NAM summit in Tehran in August 2012.

⁵⁸ “Tehran Pledges to Crack Down on Militants,” *Associated Press*, July 18, 2005.

⁵⁹ Joby Warrick, “Mexican Depicts Iran’s Wooing of Hispanic Youths,” *Washington Post*, August 11, 2013.

⁶⁰ Department of State, “Annex Z: Unclassified Summary of Policy Recommendations,” June 2013.

Venezuela. Ahmadinejad had particularly close relations with Venezuela during the presidency of Hugo Chavez, who passed away in March 2013. Chavez's hand-picked successor, Nicolas Maduro, was declared the winner of the April 2013 presidential election and he has not formally altered Chavez's policy toward Iran. However, Maduro's degree of enthusiasm for the Iran relationship appears far lower than that of Chavez. Even before Chavez's death on March 5, 2013, there was no consensus on the degree of threat posed by Iran-Venezuela ties; in July 2012, President Obama stated that Iran-Venezuela ties do not constitute a strategic threat to the United States.

Indications differ over how active is Iran's presence in Venezuela. An April 2010 Defense Department report on Iran was the first U.S. government publication to say that Qods Force personnel were in Venezuela, although the 2012 version of the report did not address that issue. However, a State Department official testified before the House Foreign Affairs Committee on June 24, 2011, that Iran's embassy in Caracas has only about 14 diplomats and is not particularly active in terms of open diplomatic activity. About 400 Iranian engineers reportedly were sent to Venezuela to work on infrastructure projects there. Many accounts say that most of the economic agreements between Iran and Venezuela were not implemented. The arrangements that were implemented included the establishment of direct air links through an obscure air service, although the route was suspended in 2010. A deal for Petroleos de Venezuela to supply Iran with gasoline was signed in September 2009, apparently in a joint effort to circumvent U.S. sanctions on sales of gasoline to Iran. In part because of this trade, the firm was sanctioned under the Iran Sanctions Act in May 2011. Other Venezuelan firms have also been sanctioned for ties to Iran, as discussed in CRS Report RS20871, *Iran Sanctions*.

As far as military cooperation, it was reported in May 2011 that the two may have signed an agreement in October 2010 to develop a joint missile base in Venezuela. However, the Obama Administration said there was no evidence to support the missile base assertion. Venezuela reportedly has purchased some Iranian military equipment, such as rifles, as well as \$23 million in military equipment upgrades and an explosives factory.⁶¹

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

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

Argentina. Iran's relations with Argentina have been strained since the 1992 bombing of the Israeli embassy in Buenos Aires, which was followed by the 1994 bombing of a Jewish community center there. Both events were widely blamed by investigators and others on Iran, working through its close ally Hezbollah. Then-Iranian Defense Minister Ahmad Vahidi visited

⁶¹ Martin Arostegui, "Iran Tries to Gain Sway in Latin America," *Wall Street Journal*, December 6, 2011.

Bolivia in May 2011, but President Evo Morales was compelled to apologize to Argentina for inviting him because of Vahidi's alleged involvement in the 1994 Buenos Aires bombing. Vahidi was, at the time of the bombing, the head of the Qods Force. Some in the Jewish community have opposed a January 2013 Iran-Argentina memorandum of understanding to investigate the 1994 bombing by forming 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.

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

Africa

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

As an example of what the Administration called Iran's exports of lethal aid to foment violence in Africa, in October 2010, according to Senegalese government sources, the QF reportedly attempted to ship weapons to Gambia, via Nigeria, but the shipment was intercepted in Nigeria. Several Iranian entities, and a Nigerian shipping agent, were sanctioned by the United States in April 2012 for facilitating this incident. The Nigerian shipping agent allegedly helped Qods Force personnel enter Nigeria. On May 13, 2013, a Nigerian court convicted one alleged QF member and his Nigerian accomplice to five years in prison for the shipment. The U.N. panel of experts report on Iranian arms sales embargo violations, discussed above, have cited Iranian attempts to ship weapons to allies in the Middle East via Nigeria. Iran restored relations with Senegal on February 7, 2013; relations had been severed in February 2011 when Senegal accused Iran of supplying weapons to rebels in its southern Casamance region. (For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.)

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

had reached Al Shabab in Somalia. However, such activity appears to be a minor component of Iranian policy and it is not clear that Iran seeks a broad relationship with Al Shabab.

Sudan

Perhaps Iran's closest relationship in Africa is with the government of Sudan. Sudan is identified by the United States as a state sponsor of terrorism, but relations with Sudan give Iran leverage against Egypt and a channel to supply weapons to Hamas and pro-Iranian movements in north and east Africa.⁶² Independent experts have documented Iranian defense transfers to Sudan, which are not voluntarily reported to the United Nations.⁶³ There is periodic media speculation, and accusations from Israel, that links Iran to alleged weapons shipments through Sudan bound for Gaza.⁶⁴ In October 2012, a weapons factory in Khartoum, purportedly a source of Iranian weapons supplies for Hamas, was bombed, apparently by Israel.

Iran's relations with Sudan were particularly close in the early 1990s when Islamist leaders in Sudan welcomed international Islamist movements to train and organize there, but outwardly cooled in the mid-1990s when international sanctions on Sudan compelled that country to downplay Islamist links abroad. Iran nonetheless continued to supply the Sudanese government with weapons it has used on its various fronts, such as the one with South Sudan, and the QF reportedly has armed and trained Sudanese forces including the Popular Defense Force militia.⁶⁵ Some observers say Iranian pilots have assisted Sudan's air force there. Iran's naval forces made three visits to Port Sudan since 2012, and Iran has offered to build missile defense platforms in Sudan that would help stop further Israeli attacks. Sudan's Foreign Minister Ali Ahmed Karti stated in November 2013 that Sudan had rejected the offer, possibly to avoid alarming the Persian Gulf states who view Khartoum's relations with Sudan with suspicion.

U.S. Policy Approaches and Additional Options

The February 11, 1979, fall of the Shah of Iran, a key U.S. ally, opened a deep and ongoing rift in U.S.-Iranian relations. Although U.S. concerns about Iran and its nuclear program are long-standing, Israel's threat to use military action against Iran's nuclear facilities—with or without U.S. backing—has made U.S. policy toward Iran an urgent issue. Many of the policy options being implemented or under consideration are the same options that have faced the United States since 1979.

⁶² Michael Lipin. "Sudan's Iran Alliance Under Scrutiny." VOA News October 31, 2012. <http://www.voanews.com/content/article/1536472.html>

⁶³ Mike Lewis, *Skirting the Law, Sudan's Post-CPA Arms Flows*, Small Arms Survey, September 2009; Sudan Human Security Baseline Assessment, "SAF "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.

⁶⁴ "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.

⁶⁵ <http://www.csmonitor.com/World/Security-Watch/terrorism-security/2012/1025/Did-Israel-just-blow-up-an-Iranian-weapons-factory-in-Sudan>

Iran has an interest section in Washington, DC, under the auspices of the Embassy of Pakistan; it is staffed by Iranian Americans. The former Iranian Embassy closed in April 1980 when the two countries broke diplomatic relations, and remains under the control of the State Department. The U.S. interest section in Tehran—under the auspices of the Embassy of Switzerland there—has no American personnel. There has been occasional U.S. consideration of requesting that Tehran allow U.S. personnel there, but Iran has not supported the idea to date. Still, the State Department is attempting outreach to the Iranian people by establishing in November 2011 an Internet-based “virtual embassy,” that explains the visa application process and other items of interest to Iranians.

Background on Relations since the 1979 Revolution

The Islamic revolution in Iran occurred at the start of the third year of the Carter Administration. That Administration initially sought a degree of engagement with the Islamic regime, but it agreed to allow the ex-Shah into the United States for medical treatment and engaged some moderate Iranian officials of the new regime who were viewed by Khomeini loyalists as insufficiently revolutionary. As a result, the U.S.-Iran estrangement deepened significantly began on November 4, 1979, when radical pro-Khomeini “students in the line of the Imam (Khomeini)” seized the U.S. Embassy in Tehran and held its diplomats hostage until minutes after President Reagan’s inauguration on January 20, 1981. That anniversary is remembered each year in Iran with large government-orchestrated anti-U.S. demonstrations near the former U.S. embassy in Tehran. That embassy is now used as a museum commemorating the revolution and as a Basij headquarters. The United States broke relations with Iran on April 7, 1980, two weeks prior to the failed U.S. military attempt to rescue the hostages during April 24-25, 1980. Until 2013, the two countries had limited contact after that time.

Reagan Administration. Iran was placed on the U.S. “terrorism list” during the first term of the Reagan Administration. The United States tilted toward Iraq in the 1980-1988 Iran-Iraq War, including executing U.S. diplomatic attempts to block conventional arms sales to Iran and providing battlefield intelligence to Iraq.⁶⁶ During 1987-1988, U.S. naval forces engaged in several skirmishes with Iranian naval elements in the course of U.S. efforts to protect international oil shipments in the Gulf from Iranian mines and other attacks. On April 18, 1988 (“Operation Praying Mantis”), Iran lost one-quarter of its larger naval ships in an engagement with the U.S. Navy, including a frigate sunk. On July 3, 1988, U.S. forces in the Gulf mistakenly shot down Iran Air Flight 655 by the USS *Vincennes* over the Gulf.

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

Clinton Administration. Upon taking office in 1993, the Clinton Administration at first adopted a strategy of “dual containment” of Iran and Iraq. In 1995 and 1996, the Clinton Administration and Congress banned U.S. trade and investment with Iran and imposed penalties on investment in

⁶⁶ Elaine Sciolino, *The Outlaw State: Saddam Hussein’s Quest for Power and the Gulf Crisis* (New York: John Wiley and Sons, 1991), p. 168.

Iran's energy sector (Iran Sanctions Act) in response to growing concerns about Iran's weapons of mass destruction and its efforts to subvert the Arab-Israeli peace process. The Clinton Administration expressed skepticism of the EU's policy of "critical dialogue" with Iran—a dialogue consisting of EU meetings with Iran that included criticisms of Iran's human rights policies and its support for militant movements in the Middle East.

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

George W. Bush Administration. Although Iran's government apparently had no direct role in the September 11, 2001, attacks, President George W. Bush defined Iran as an adversary of the United States when he included Iran as part of an "axis of evil" (along with Iraq and North Korea) in his January 2002 State of the Union message. Later that year, Iran's nuclear program emerged as a major issue for U.S. policy toward Iran. President Bush's January 20, 2005, second inaugural address and his January 31, 2006, State of the Union message stated that the United States would be a close ally of a free and democratic Iran—reflecting sentiment for changing Iran's regime.⁶⁷

On the other hand, reflecting the views of those in the Administration who favored diplomacy, particularly on Iraq and Afghanistan. The Administration conducted a dialogue in Geneva with Iran on Iraq and Afghanistan from late 2001 until May 2003,⁶⁸ representing the first confirmed direct dialogue between the two countries since the 1979 revolution. The United States aided victims of the December 2003 earthquake in Bam, Iran. An amendment by then Senator Joseph Biden to the FY2007 defense authorization bill (P.L. 109-364) supported the Administration joining the European countries' nuclear talks with Iran.

The Bush Administration did not offer Iran an unconditional, direct U.S.-Iran bilateral dialogue on *all* issues of U.S. concern. However, some say the Bush Administration "missed an opportunity" for a "grand bargain" with Iran on its nuclear program and other issues of concern by rebuffing a reported comprehensive overture from Iran just before the May 12, 2003, Riyadh bombing. The *Washington Post* reported on February 14, 2007, ("2003 Memo Says Iranian Leaders Backed Talks") that the Swiss ambassador to Iran in 2003, Tim Guldemann, had informed U.S. officials of a comprehensive Iranian proposal for talks with the United States.⁶⁹ However, State Department and some European diplomats questioned whether that proposal was fully vetted within the Iranian leadership.

⁶⁷ Helene Cooper and David Sanger, "Strategy on Iran Stirs New Debate at White House," *New York Times*, June 16, 2007.

⁶⁸ Robin Wright, "U.S. In 'Useful' Talks With Iran," *Los Angeles Times*, May 13, 2003.

⁶⁹ http://www.armscontrol.org/pdf/2003_Spring_Iran_Proposal.pdf.

Obama Administration Policy: Pressure Coupled with Engagement

After taking office in 2009, President Obama asserted that there was an opportunity to diplomatically dissuade Iran from expanding its nuclear program and to build a new framework for relations after the decades of estrangement and enmity. Some Obama Administration officials expressed skepticism that engagement would yield changes in Iran's policies, while other officials believed that the United States needed to present Iran with clear incentives and punishments for continuing uranium enrichment. Obama Administration Iran policy unfolded in President Obama's first message to the Iranian people on the occasion of Nowruz (Persian New Year) on March 21, 2009. He stated that the United States "is now committed to diplomacy that addresses the full range of issues before us, and to pursuing constructive ties among the United States, Iran, and the international community." He also referred to Iran as "The Islamic Republic of Iran," a formulation suggesting aversion to regime change. Other steps included the following.

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

Shift In Late 2009: Pressure Combined With Diplomacy

At the end of 2009, Iran's crackdown on the 2009 election-related unrest and its refusal to finalize the October 1, 2009, interim nuclear agreement discussed above caused the Administration to shift to a "two track strategy." The strategy consisted of economic pressure through sanctions, coupled with continuing nuclear negotiations and offers of sanctions relief in return for a compromise. The sanctions imposed during the period, and the degree of international cooperation with the sanctions engendered, is discussed in detail in CRS Report RS20871, *Iran Sanctions*. The Administration also criticized Iran's human rights abuses, altered some sanctions regulations to help Iranians circumvent government restrictions on the Internet, and continued to fund training and exchanges with civil society activists in Iran. The Administration repeatedly stated that a military option "remains on the table" and it has continued to work with the Persian Gulf states and other regional allies to contain Iranian missile and other capabilities.

Another Shift in Response to Rouhani Election

The election of Hassan Rouhani was judged by the Administration as providing an opportunity for a shift in policy. The Administration reacted to the election by reiterating the offer stated by Vice President Biden on February 2, 2013, to engage in direct talks with Iran on the nuclear issue. A letter signed by 131 House Members to President Obama, dated July 19, 2013, stated that it would be "prudent for the United States to utilize all diplomatic tools to reinvigorate ongoing nuclear talks."

The potential for rapprochement seemed to improve as the U.N. General Assembly meetings in New York approached. On September 20, 2013, the *Washington Post* published an op-ed by Rouhani, entitled “Time to Engage,” stating a commitment to “fulfilling my promises to my people, including my pledge to engage in constructive interaction with the world.” President Obama, in his September 24, 2013, speech, confirmed that he had exchanged letters with Rouhani stating the U.S. willingness to resolve the nuclear issue peacefully.⁷⁰ President Obama’s speech also appeared intended to assuage long-standing Iranian fears, reportedly strongly held by the Supreme Leader, by stating “We are not seeking regime change.” He also reiterated that the United States “respect[s] the right of the Iranian people to access peaceful nuclear energy.”

Historic Phone Conversation. The Administration signaled that the President would be open to meeting Rouhani on September 24, 2013, between their respective speeches to the General Assembly. That meeting did not occur; Rouhani attributed the failure to meet to inadequate time to prepare for a meeting, although experts attributed it to Rouhani’s need to avoid angering hardline regime elements in Iran. However, the September 27, 2013, phone call President Obama placed to Rouhani represented the first direct contact between presidents of the two countries since the Islamic revolution of 1979. The two presidents reportedly agreed to direct their teams to focus on a nuclear solution, which Rouhani said could be achievable within six months.

After the U.N. meetings, the Administration focused on the nuclear talks in Geneva, which reached a successful conclusion in producing the November 24, 2013, interim deal. President Obama said that because of the deal “we can begin to chip away at the mistrust between our two nations.” At the World Economic Forum in Davos on January 22, 2014, Rouhani said it is possible to transform U.S.-Iran relations from animosity to friendship if both sides made an effort to do so. The Administration also has sought to reassure U.S. allies in Israel and the Persian Gulf that improved U.S.-Iran relations do not come at the expense of U.S. relations with those countries or represent a U.S. retreat from its historic security responsibilities in the Gulf. And, some observers say that U.S.-Iran relations will likely not improve broadly as long as Iran does not shift policy in the Middle East that continues to try to thwart many U.S. regional objectives.

U.S. Defense Posture in the Gulf: Containment and Military Options

Some assert that no permanent nuclear agreement with Iran will be reached and that Iran will inevitably become a nuclear armed state. Some who take this view argue that containing a nuclear armed Iran is a feasible and effective option. Experts who support containment argue that the strategy can also limit Iran’s political and military influence more broadly, even if there is a nuclear settlement. Critics of containment see any formal adoption of that strategy as an abandonment of U.S. efforts to prevent Iran from becoming a nuclear state. All senior Obama Administration officials, including President Obama, have explicitly asserted that U.S. policy is to prevent Iran from becoming a nuclear state. S.J.Res. 41, which passed the Senate on September 22, 2012, in the 112th Congress, rejects any U.S. policy that relies on containment but acknowledges that President Obama has ruled out a containment policy.

There is no consensus on the exact parameters of a containment strategy. Many argue that such a policy would consist of isolating Iran to the extent possible through sanctions and diplomacy, as

⁷⁰ Remarks by President Obama in Address to the United Nations General Assembly, September 24, 2013.

well as through the threat of U.S. military action to prevent Iranian aggression. A key component of a containment policy is for the United States to maintain a significant defense capability in the Gulf and to enhance the capabilities and resolve of U.S. allies there. The Obama Administration has continued to implement both of these policy components, as discussed below.

Military Action: Pros and Cons. A significant U.S. defense posture can be used not only for containment, but to implement any U.S. decision to take military action to stop Iran's nuclear progress. President Obama has repeatedly stated that "all options are on the table" to prevent Iran from acquiring a nuclear weapon. In a March 2, 2012, interview in *The Atlantic*, President Obama clarified that the "military option" as meaning that there is a military component to preventing a nuclear-armed Iran.⁷¹ He has repeated the "all options on the table" formulation even after the November 24, 2013, nuclear deal, indicating that such an option is open should the deal collapse or no permanent nuclear deal be reached. Yet, President Obama and other senior officials continued to maintain that military action is a last resort if sanctions and diplomacy fail.

Some argue that U.S. military action could set back Iran's nuclear program substantially because there are a limited number of key targets and all targets, even the hardened Fordow site, are vulnerable to U.S. air power.⁷² Other experts suggest that U.S. expressions of confidence in its ability to do substantial damage to Iranian nuclear targets could be intended to signal to Israel that the United States can destroy Iran's nuclear infrastructure, if needed.

Senior U.S. officials have repeatedly stressed the potential adverse consequences of military action, such as Iranian retaliation that might expand throughout the region or even beyond, a reduction of Iran's regional isolation, a strengthening of Iran's regime domestically, an escalation of world oil prices, and the likelihood that military action would only delay Iran's eventual acquisition of a nuclear weapons capability by about one to two years.⁷³ Most U.S. allies oppose military action, and some allied countries and experts warn that U.S.-Iran military conflict could result from events or actions other than a deliberate U.S. strike. For example, Iran threatened repeatedly in 2012 to close the Strait of Hormuz if sanctions are imposed on Iran's exportation of oil. This issue is discussed in substantial detail in CRS Report R42335, *Iran's Threat to the Strait of Hormuz*, coordinated by Kenneth Katzman.

Some argue that there are U.S. military options that would not require hostilities. These options include a naval embargo or a "no-fly zone" over Iran to pressure the regime. None of these options appear to be under current consideration. A U.S. ground invasion to remove Iran's regime has not, at any time, appeared to be under serious consideration, in part because of the likely resistance an invasion would meet in Iran.

U.S. Deployments in the Persian Gulf

Whether or not U.S. military action against Iran is ordered, the United States maintains a large Persian Gulf presence as a demonstration that a military option can be implemented. During an

⁷¹ Jeffrey Goldberg, "Obama to Iran and Israel: 'As President of the United States, I Don't Bluff'," *The Atlantic*, March 2, 2012.

⁷² Joby Warrick, "Iran: Underground Sites Vulnerable, Experts Say," *Washington Post*, March 1, 2012. For an extended discussion of U.S. air strike options on Iran, see Rogers, Paul. *Iran: Consequences Of a War*. Oxford Research Group, February 2006.

⁷³ <http://2scottmontgomery.blogspot.com/2011/12/panetta-brookings-speech.html>.

early December 2013 visit to several Gulf states, Secretary of Defense Hagel stated that the United States maintains about 35,000 forces in the Gulf region. Most of them are stationed at various Gulf state facilities that the United States has access to, in accordance with Defense Cooperation Agreements (DCAs) between the United States and these countries. Some of the forces are aboard the at least one U.S. aircraft carrier task force the United States maintains in the Gulf region at a given time. In June 2012, the United States, added a ship (USS *Ponce*) in the Gulf that serves as a platform for helicopters and Special Operations Forces, and added minesweeping capabilities including underwater drones that can find and destroy mines. In September 2012, the United States and 30 other nations held minesweeping exercises in the Persian Gulf to reinforce their ability to respond to any Iranian military action there. On November 15, 2012, it was reported that the United States was sending additional advanced anti-mine technology to the Gulf. Another set of anti-mine drills in the Gulf, involving 41 nations led by the United States took place during May 5-25, 2013. The U.S. defense posture in the Gulf is as follows:⁷⁴

- *Saudi Arabia*. The United States does not have a DCA with Saudi Arabia. Nonetheless, a few hundred U.S. military personnel are in Saudi Arabia training its military and Saudi Arabia National Guard (SANG) forces. During the 1990s, the United States emplaced forces and combat aircraft at such Saudi facilities as Prince Sultan Air Base, about 60 miles south of Riyadh, and at facilities on the east coast of Saudi Arabia.
- *Kuwait*. The United States has had a DCA with Kuwait since 1991, and about 10,000 U.S. Army personnel are stationed there, providing ground combat capability in the wake of the full U.S. withdrawal from Iraq. The forces operate out of such facilities as Camp Arifjan, south of Kuwait City, where the United States prepositions ground armor including tanks. U.S. forces train at Camp Buehring, about 50 miles west of the capital, and operate in other facilities such as Shaykh Jabir Air Base.
- *Qatar*. The United States has had a DCA with Qatar since 1992; Secretary Hagel signed an updated version during his visit in December 2013. About 5,000 U.S. forces, 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 have been prepositioned since the DCA was signed in 1992.
- *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. They particularly operate surveillance and refueling aircraft from Al Dhafra Air Force base, and service U.S. Navy and contract ships which dock at the large commercial port of Jebel Ali.
- *Bahrain*. The United States has had a DCA with Bahrain since 1991. About 6,000 U.S. personnel, mostly Navy, operate out of the large Naval Support Activity

⁷⁴ 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.

facility that houses the U.S. command structure for all U.S. naval operations in the Gulf. U.S. Air Force personnel also have access to Shaykh Isa Air Base under the DCA.

- *Oman.* The United States has had a “facilities access agreement”—not a full DCA—with Oman since April 1980. Under the agreement, U.S. forces, mostly Air Force, have access to Omani air bases such as those at Seeb, Masirah Island, Thumrait, and Musnanah. A few hundred U.S. forces are in Oman, serving at these facilities.

U.S. Efforts to Enhance Indigenous Gulf Defense Capabilities

The Obama Administration has continued, and in some ways expanded, prior initiatives to support the indigenous military capabilities of the GCC states. The Administration inaugurated a “U.S.-GCC Strategic Dialogue” in March 30-31, 2012. A cornerstone of the U.S.-GCC Strategic Dialogue, as it was during earlier efforts, is to link into one system Gulf state missile defense capabilities. Secretary of Defense Hagel emphasized the joint missile defense vision during his December 2013 visit to the Gulf, including stating that the United States is hoping to sell related equipment to the GCC as a bloc, rather than to individual GCC countries. As part of this effort, there have been several recent missile defense sales include PAC-3 sales to UAE and Kuwait; and the very advanced “THAAD” (Theater High Altitude Area Defense) to UAE and Qatar. In early September 2012, it was reported that the United States would soon put in place an early-warning missile defense radar in Qatar that, when combined with radars in Israel and Turkey, would provide a wide range of coverage against Iran’s missile forces.⁷⁵

Other major U.S. arms sales to the GCC countries have been intended to improve their air and naval capabilities and their interoperability with U.S. forces, as well as to improve border and maritime security. During 2013, the United States has announced major sales to the UAE and Saudi Arabia, including advanced air-launched munitions and, in the case of the UAE, additional Joint Directed Attack Munitions (JDAMs) and F-16 combat aircraft. Other equipment sold to the GCC states include combat littoral ships, radar systems, and communications gear. With the exception of some arms sales to Bahrain, most major arms sales to the Gulf states have continued without interruption, despite the Arab uprisings that have occurred in the region since early 2011.

Some U.S. officials have at times raised the possibility of a more expansive U.S. security commitment to the Gulf states against Iran. In February 2010, then Secretary of State Clinton raised the issue of a possible U.S. extension of a “security umbrella” or guarantee to regional states against Iran. During his visit to the Gulf in December 2013, Secretary of Defense Hagel stressed that the U.S. commitment to the security of the Gulf remains intact despite the November 24, 2013, interim nuclear deal with Iran.

Other Strategic Missile Defense Concepts Against Iran

As part of the effort to demonstrate to Iran that nuclear weapons have no utility, there has also been planning to defend against an eventual long-range Iranian missile system. In August 2008, the George W. Bush Administration reached agreements with Poland and the Czech Republic to

⁷⁵ David Sanger and Eric Schmitt, “To Calm Israel, U.S. Offers Ways to Restrain Iran,” *New York Times*, September 3, 2012.

establish a missile defense system to counter Iranian ballistic missiles. These agreements were reached over Russia's opposition, which was based on the belief that the missile defense system would be used to neutralize Russian capabilities. However, reportedly based on assessments of Iran's focus on missiles of regional range, on September 17, 2009, the Obama Administration reoriented this missile defense program to focus, at least initially, on ship-based systems, and systems based in other European countries, including Romania, possibly later returning to the idea of Poland- and Czech-based systems. Some saw this as an effort to win Russia's support for additional sanctions on Iran, although Russia continues to disagree with the plan. The FY2013 national defense authorization act (P.L. 112-239) contains provisions urging the Administration to undertake more extensive efforts, in cooperation with U.S. partners and others, to defend against the missile programs of Iran (and North Korea).

Iranian Retaliation Scenarios⁷⁶

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

Were Iran to take retaliatory action against the United States and the GCC states, it would probably rely most heavily on its ships, submarines, and increasingly accurate and lethal short range ballistic missiles. Iran could potentially use its large fleet of small boats to "swarm" U.S. ships, and its ability to lay numerous mines in the narrow Strait of Hormuz. Iran reportedly is developing missile capabilities that can retarget themselves while in flight. Iran has also added naval bases along its Gulf coast, according to the DOD report, enhancing its ability to threaten shipping in the Strait. In February 2013, Iran announced plans to establish a new naval base near Iran's border with Pakistan, on the Sea of Oman.

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

Presidential Authorities and Legislation on Military Action

A decision to take military action might raise the question of presidential authorities, but no legislation has been passed by both chambers and signed into law limiting the President's authority to use military force against Iran. On July 23, 2013, Senator Lindsey Graham told a conference audience that he would introduce a resolution in the Senate in October 2013 to authorize the use of military force to prevent Iran from developing a nuclear weapon if Iran does not halt its nuclear program by that time.

⁷⁶ See also, Washington Institute for Near East Policy, "The Last Resort: Consequences of Preventive Military Action Against Iran," by Patrick Clawson and Michael Eisenstadt, June 2008.

Among earlier efforts, in the 109th Congress, H.Con.Res. 391 (introduced on April 26, 2006) called on the President to not initiate military action against Iran without first obtaining authorization from Congress. A similar bill, H.Con.Res. 33, was introduced in the 110th Congress. An amendment to H.R. 1585, the National Defense Authorization Act for FY2008, requiring authorization for force against Iran, was defeated 136 to 288. A provision that sought to bar the Administration from taking military action against Iran without congressional authorization was taken out of an early draft of an FY2007 supplemental appropriation (H.R. 1591). Other provisions, including requiring briefings to Congress about military contingency planning related to Iran's nuclear program, were in the House version (H.R. 5658) of a FY2009 defense authorization bill, but not the final law. The FY2011 Defense Authorization Act (P.L. 111-383, signed January 7, 2011) contained a provision (§1243) requiring the Administration to develop a "National Military Strategy to Counter Iran."

In the 111th Congress, H.Con.Res. 94 called for the United States to negotiate an "Incidents at Sea" agreement with Iran. Section 1240 of the National Defense Authorization Act for FY2011 (P.L. 111-383) called for a DOD report, within one year of enactment, on the merits of such an agreement with Iran and other Persian Gulf countries. A press report in September 2011 said that some Defense Department officials were contemplating establishing formal communications channels to Iranian naval officers to prevent misunderstandings and unintended conflict.⁷⁷ The idea grew out of a series of incidents with Iranian vessels, some of the incidents involving British warships, that nearly prompted confrontation with Iran. The concept has not been implemented.

Potential for an Israeli Strike?⁷⁸

Prime Minister Benjamin Netanyahu of Israel has asserted that a nuclear-armed Iran would constitute an existential threat to Israel, and that outcome must be prevented even if doing so requires unilateral Israeli action. Implicit in these Israeli statements is the view that Israeli leaders do not believe the Obama Administration will take military action to prevent Iran from acquiring a nuclear weapon. Prime Minister Netanyahu has openly expressed opposition to the November 24, 2013, interim nuclear agreement as failing to dismantle Iran's nuclear infrastructure and paving the way for a broad unraveling of Iran sanctions. Israeli leaders have previously expressed concern that Iran's nuclear program might be advancing to the point where Israel would no longer have a military option. Still, the interim nuclear deal appears to preclude an Israeli military option against Iran at least in the short term.

The Obama Administration has refused to accept Israeli urgings—such as by Prime Minister Netanyahu in his September 27, 2012, U.N. General Assembly speech, to set clear "red lines"—actions that, if taken by Iran, would trigger certain U.S. military action. However, during President Obama's March 20-22, 2013, visit to Israel, U.S.-Israel differences appeared to narrow. On April 17, 2013, the Senate Foreign Relations Committee reported out a "sense of Congress" resolution, S.Res. 65, that the United States should support Israel diplomatically, economically, and militarily if it felt compelled to strike Iran's nuclear facilities. The resolution passed the Senate on May 22, 2013, by a vote of 99-0.

⁷⁷ Jay Solomon and Julian Barnes, "U.S. Weighs A Direct Line to Tehran," *Wall Street Journal*, September 19, 2011.

⁷⁸ This option is analyzed in substantial depth in CRS Report R42443, *Israel: Possible Military Strike Against Iran's Nuclear Facilities*, coordinated by Jim Zanotti.

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

Reported Covert Action

There reportedly has also been U.S. covert action to slow Iran's nuclear program, but not recent reports of any U.S. covert action to try to destabilize Iran politically. During 2006-2008, it was reported that the United States and Israel conducted operations that resulted in the sale to Iran of nuclear and other technology rigged to have a destructive effect on Iran's programs. Another example includes the Stuxnet computer virus that caused many Iranian centrifuges to be destroyed. The killings of some Iranian scientists over the past few years remain unexplained and could have been the result of covert action. The latest Iranian scientist to be killed was Mostafa Ahmadi Roshan, a chemical engineer at the Natanz enrichment facility, who died when a bomb placed under his car exploded on January 10, 2012.

Some believe that Iran is retaliating for the reported covert action through cyberattacks on U.S. or foreign financial institutions, which have been occurring since 2012. U.S. officials have said Iran might also have perpetrated a cyber-attack against Persian Gulf state oil and gas firms in mid-2012. U.S. officials say they are working with affected institutions to try to stop the attacks, and some press reports say that other forms of retaliation against Iran might be under consideration.⁷⁹

Regime Change

Even before the election of Rouhani, the Obama Administration has consistently sought to allay Iran's long-standing suspicions that the main U.S. goal is to unseat the Islamic regime in Iran. Since then, the Administration has sought to reinforce that point; in his September 24, 2013, General Assembly speech, President Obama explicitly stated the United States does not seek to change Iran's regime. However, many of Iran's leaders, particularly Khamene'i, continue to articulate a perception that the United States has never accepted the 1979 Islamic revolution. Khamene'i and other Iranian figures note that the United States provided some funding to anti-regime groups, mainly pro-monarchists, during the 1980s,⁸⁰ and the George W. Bush Administration expressed attraction to this option on several occasions.

The election of Rouhani has, to some extent, quieted criticism of the Administration decision not to materially support the 2009 domestic uprising in Iran. The Administration asserts that it was appropriately critical of the regime crackdown on protests. On December 28, 2009, he stated that "Along with all free nations, the United States stands with those who seek their universal

⁷⁹ Siobhan Gorman and Danny Yadron, "Banks Seek U.S. Help on Iran Cyberattacks," *Wall Street Journal*, January 16, 2013.

⁸⁰ CRS conversations with U.S. officials responsible for Iran policy, 1980-1990. After a period of suspension of such assistance, in 1995, the Clinton Administration accepted a House-Senate conference agreement to include \$18-\$20 million in funding authority for covert operations against Iran in the FY1996 Intelligence Authorization Act (H.R. 1655, P.L. 104-93), according to a *Washington Post* report of December 22, 1995. The Clinton Administration reportedly focused the covert aid on changing the regime's behavior, rather than its overthrow.

rights.”⁸¹ On September 19, 2010, then Secretary of State Clinton explained that more overt and extensive U.S. support for the opposition could undermine the opposition’s position in Iran.

In 2011, the Administration reevaluated its stance slightly in the context of the broader Middle East uprisings. Statements by then Secretary Clinton accused Iran of hypocrisy for supporting demonstrations in Egypt while preventing similar free expression inside Iran.⁸² Many observers noted that President Obama’s 2011 Nowruz address was far more explicitly supportive of the Iranian opposition than in past years, mentioning specific dissidents who have been jailed and saying to the “young people of Iran ... I want you to know that I am with you.”⁸³ Since that statement, the Administration has sanctioned Iranian officials for human rights abuses in Iran and for assisting Syria with its crackdown against demonstrations. These statements and steps stop short of constituting a policy of “regime change,” although Iran interprets any public support for the domestic opposition as evidence of U.S. intent to overthrow the clerical government.

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

Pursuing a Middle Ground: Democracy Promotion and Internet Freedom Efforts

In the absence of all-out U.S. pursuit of regime change, successive Administrations and Congress have agreed on more modest steps to promote political evolution in Iran through “democracy promotion” and sanctioning Iranian human rights abusers. Provisions of the laws and Executive Orders discussed in this section are analyzed in greater detail in CRS Report RS20871, *Iran Sanctions*. That report also contains tables listing Iranian entities sanctioned under these provisions.

Sanctioning Iranian Human Rights Abusers and Abuses

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

In the 112th Congress, several bills were introduced to increase sanctions on Iranian human rights abusers, including S. 879 and H.R. 1714. Elements of them were incorporated into a broad Iran sanctions bill, H.R. 1905, passed by both chambers on August 1, 2012, and signed on August 10 (P.L. 112-158), and expanded since.

⁸¹ White House, Office of the Press Secretary, “Statement by the President on the Attempted Attack on Christmas Day and Recent Violence in Iran,” December 28, 2009.

⁸² <http://www.whitehouse.gov/the-press-office/2011/02/27/statement-national-security-council-spokesman-tommy-vietor-iran>.

⁸³ White House, “Remarks of President Obama Marking Nowruz,” March 20, 2011.

Promoting Internet Freedom in Iran

U.S. actions have focused on preventing the Iranian government's suppression of electronic communication. Several laws and Executive Orders issued since 2010 are intended to promote Internet freedom, and the Administration has amended U.S.-Iran trade regulations to allow for the sale to Iranians of consumer electronics and software that help them communicate. Under Secretary of State Wendy Sherman testified on October 14, 2011, that some of the democracy promotion funding for Iran has been to train Iranians in the use of technologies that undermine regime Internet censorship efforts.

Democracy Promotion Funding

Binding legislation to favor democracy promotion in Iran was enacted in the 109th Congress. The Iran Freedom Support Act (P.L. 109-293), signed September 30, 2006, authorized funds (no specific dollar amount) for Iran democracy promotion.⁸⁴ Iran asserts that funding democracy promotion represents a violation of the 1981 "Algiers Accords" that settled the Iran hostage crisis and provide for non-interference in each other's internal affairs.

The George W. Bush Administration asserted that open funding of Iranian pro-democracy activists (see below) as a stated effort to change regime behavior, not to overthrow the regime, although some saw the Bush Administration's efforts as a cover to achieve a regime change objective. A few accounts, such as "Preparing the Battlefield" by Seymour Hersh in the *New Yorker* (July 7 and 14, 2008) say that President George W. Bush authorized U.S. covert operations to destabilize the regime,⁸⁵ involving assistance to some of the ethnic-based armed groups discussed above. CRS has no way to confirm assertions in the Hersh article that up to \$400 million was appropriated and/or used to aid the groups mentioned.

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

Many have consistently questioned the effectiveness of such funding. In the view of many experts, U.S. funds would make the aid recipients less attractive to most Iranians. Even before the post-2009 election crackdown, Iran was arresting civil society activists by alleging they are accepting the U.S. democracy promotion funds, while others have refused to participate in U.S.-funded programs, fearing arrest.⁸⁶ In May 2007—Iranian American scholar Haleh Esfandiari, of

⁸⁴ This legislation was a modification of H.R. 282, which passed the House on April 26, 2006, by a vote of 397-21, and S. 333, which was introduced in the Senate.

⁸⁵ Brian Ross and Richard Esposito, "Bush Authorizes New Covert Action Against Iran," http://blogs.abcnews.com/theblotter/2007/05/bush_authorizes.html.

⁸⁶ Three other Iranian Americans were arrested and accused by the Intelligence Ministry of actions contrary to national (continued...)

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

Perhaps in response to some of these criticisms, the Obama Administration altered Iran democracy promotion programs somewhat toward working directly with Iranians inside Iran who are organized around such apolitical issues as health care, the environment, and science.⁸⁷ During 2009, less emphasis was placed on funding journalists and human rights activists in Iran, or on sponsoring visits by Iranians to the United States.⁸⁸ One issue arose concerning the State Department decision in late 2009 not to renew a contract to the Iran Human Rights Documentation Center (IHRDC), based at Yale University, which was cataloguing human rights abuses in Iran. However, IHRDC has reportedly continued to receive some U.S. funding to continue its work.

Broadcasting/Public Diplomacy Issues

Another part of the democracy promotion effort has been the development of new U.S. broadcasting services to Iran. The broadcasting component of policy has been an extension of a trend that began in the late 1990s. Radio *Farda* (“tomorrow,” in Farsi) began under Radio Free Europe/Radio Liberty (RFE/RL), in partnership with the Voice of America (VOA), in 2002. The service was established as a successor to a smaller Iran broadcasting effort begun with an initial \$4 million from the FY1998 Commerce/State/Justice appropriation (P.L. 105-119). It was to be called Radio Free Iran but was never formally given that name by RFE/RL. Radio *Farda* now broadcasts 24 hours/day. Radio *Farda* has 59 full time employees. No U.S. assistance has been provided to Iranian exile-run stations.⁸⁹

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

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

Even though PNN has expanded its offerings significantly, it has come under substantial criticism from observers. Some say that PNN has lost much of its audience among young, educated, anti-regime Iranians who are looking for signs of U.S. official support. The Inspector General report

(...continued)

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

⁸⁷ CRS conversation with U.S. officials of the “Iran Office” of the U.S. Consulate in Dubai, October 2009.

⁸⁸ Jay Solomon, “U.S. Shifts Its Strategy Toward Iran’s Dissidents,” *Wall Street Journal*, June 11, 2010.

⁸⁹ The conference report on the FY2006 regular foreign aid appropriations, P.L. 109-102, stated the sense of Congress that such support should be considered.

cited above, as well as many observers, maintains that decisions on who to put on PNN panel discussion shows have been made by a small group of Iranian exiles who deliberately deny appearances to certain Iranians with whom they disagree. Still others say that PNN frequently airs the views of Iranian groups that are advocates of U.S. engagement of the regime or who downplay regime transgressions. Some have criticized PNN for covering long-standing exiled opposition groups, such as supporters of the son of the former Shah of Iran.⁹⁰ Other critics say PNN offers little coverage of the Green Movement, even though a mission of the network is, or should be, to highlight the purported unpopularity of the regime. Others say it has run pieces pointing out such U.S. social problems as homelessness and drug use, while refusing to air pieces showcasing U.S. democracy and rule of law. Other observers say there is wide-ranging nepotism at PNN, in which employees hire their relatives and deny opportunities to employment applicants based on merit. VOA officials said in September 2012 they are attempting address some of these issues through the human resources office of the VOA.

Several observers point to one particular PNN show as having particular effect on audiences inside Iran. That show is called “Parazit” (Persian for static); it is a weekly comedy show modeled on a U.S. program on Comedy Central network called “The Daily Show.” On Parazit, the writers of the show, Kambiz Hosseini and Saman Arbabi, mocked then president Ahmadinejad and other Iranian figures, using political satire. Observers say that the show deteriorated in quality in 2012 after Mr. Hosseini left the show or was ousted from it, and it was taken off PNN in February 2012. A different show that satirizes Iranian leaders and news from Iran—called On Ten—began in April 2012.

Other issues relate to the PNN’s leadership and governance. In February 2011, Ramin Asgard, a former State Department officer, was hired as PNN director,⁹¹ tasked with redressing the PNN deficiencies. However, he left in January 2012, reportedly out of frustration at his inability to restructure PNN. PNN is temporarily run by VOA official Steve Redisch. The VOA is attempting to recruit a permanent replacement for Asgard.

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

⁹⁰ CRS conversations with Iranian members of the Green Movement, December 2009-August 2010.

⁹¹ <http://ipsnews.net/news.asp?idnews=54504>. Confirmed to CRS on February 25, 2011, by a member of the BBG.

Table 9. Iran Democracy Promotion Funding

| | |
|-----------------|---|
| FY2004 | Foreign operations appropriation (P.L. 108-199) earmarked \$1.5 million for “educational, humanitarian and non-governmental organizations and individuals inside Iran to support the advancement of democracy and human rights in Iran.” The State Department Bureau of Democracy and Labor (DRL) gave \$1 million to a unit of Yale University, and \$500,000 to National Endowment for Democracy. |
| FY2005 | \$3 million from FY2005 foreign aid appropriation (P.L. 108-447) for democracy promotion. Priority areas: political party development, media, labor rights, civil society promotion, and human rights. |
| FY2006 | \$11.15 for democracy promotion from regular FY2006 foreign aid appropriation (P.L. 109-102). \$4.15 million administered by DRL and \$7 million for the Bureau of Near Eastern Affairs. |
| FY2006 supp. | Total of \$66.1 million (of \$75 million requested) from FY2006 supplemental (P.L. 109-234): \$20 million for democracy promotion; \$5 million for public diplomacy directed at the Iranian population; \$5 million for cultural exchanges; and \$36.1 million for Voice of America-TV and “Radio Farda” broadcasting. Broadcasting funds are provided through the Broadcasting Board of Governors. |
| FY2007 | FY2007 continuing resolution provided \$6.55 million for Iran (and Syria) to be administered through DRL. \$3.04 million was used for Iran. No funds were requested. |
| FY2008 | \$60 million (of \$75 million requested) is contained in Consolidated Appropriation (H.R. 2764, P.L. 110-161), of which, according to the conference report \$21.6 million is ESF for pro-democracy programs, including non-violent efforts to oppose Iran’s meddling in other countries. \$7.9 million is from a “Democracy Fund” for use by DRL. The Appropriation also fully funded additional \$33.6 million requested for Iran broadcasting: \$20 million for VOA Persian service; and \$8.1 million for Radio Farda; and \$5.5 million for exchanges with Iran. |
| FY2009 | Request was for \$65 million in ESF “to support the aspirations of the Iranian people for a democratic and open society by promoting civil society, civic participation, media freedom, and freedom of information.” H.R. 1105 (P.L. 111-8) provides \$25 million for democracy promotion programs in the region, including in Iran. |
| FY2010 | \$40 million requested and used for Near East Regional Democracy programming. Programs to promote human rights, civil society, and public diplomacy in Iran constitute a significant use of these region-wide funds. |
| FY2011 | \$40 million requested and will be used for Near East Regional Democracy programs. Programming for Iran with these funds to be similar to FY2010 |
| FY2012 | \$35 million for Near East Regional Democracy, and Iran-related use is to be similar to FY2010 and FY2011. |
| FY2013 | \$30 million for Near East Regional Democracy, with Iran use similar to prior two fiscal years. |
| FY2014 | \$30 million for Near East Regional Democracy, with Iran use similar to prior three fiscal years. |
| FY2015 | \$30 million requested for Near East Regional Democracy, with Iran use likely similar to previous years. Request mentions funding to be used to help circumvent Internet censorship in countries where the funds are to be used. |

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

State Department Diplomatic and Public Diplomacy Efforts

Since 2006, the State Department has been increasing the presence of Persian-speaking U.S. diplomats in U.S. diplomatic missions around Iran, in part to help identify and facilitate Iranian participate in U.S. democracy-promotion programs. The Iran unit at the U.S. consulate in Dubai has been enlarged significantly into a “regional presence” office, and “Iran-watcher” positions have been added to U.S. diplomatic facilities in Baku, Azerbaijan; Istanbul, Turkey; Frankfurt,

Germany; London; and Ashkabad, Turkmenistan, all of which have large expatriate Iranian populations and/or proximity to Iran.⁹² An Iran watch position is being added in Herat, Afghanistan, in early 2013. An enlarged (eight-person) “Office of Iran Affairs” has been formed at the State Department, and it is reportedly engaged in contacts with U.S.-based exile groups such as those discussed earlier.

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

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

Adding or Easing International Sanctions

Many assert that it is the significant effect of sanctions on Iran’s economy that caused Rouhani’s election and his subsequent adoption of a more apparently accommodating approach to nuclear talks and direct talks with the United States. Several major Iran sanctions bills were enacted in the 112th Congress, including the Iran Threat Reduction and Syria Human Rights Act of 2012 (P.L. 112-158); and provisions of both the FY2012 and FY2013 National Defense Authorization Acts (P.L. 112-81 and P.L. 112-239, respectively). The specific Iran sanctions laws and their effects are discussed in detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

However, the interim nuclear deal requires some easing of U.S. sanctions on foreign firms and countries that deal with Iran, as outlined in CRS Report RS20871 and CRS Report R43333, *Interim Agreement on Iran’s Nuclear Program*, by Kenneth Katzman and Paul K. Kerr. Several sanctions were eased in line with U.S. commitments on January 20, 2014—the first day of implementation of the JPA. The deal also requires the international community not to impose any new sanctions against Iran during the period of the interim deal. The Administration argues that Congress should not enact legislation such as H.R. 850 or a Senate bill, S. 1881, the latter of which was introduced after the nuclear deal was struck and would take effect after the interim nuclear agreement period expires. The President has said he would veto S. 1881 if passed by both chambers.

Should the interim deal collapse or it fail to translate into a comprehensive deal, there are numerous remaining ideas and suggestions for additional economic and diplomatic sanctions against Iran. Some are U.S. sanctions, some are U.S. sanctions against foreign entities intended to

⁹² Farah Stockman, “‘Long Struggle’ With Iran Seen Ahead,” *Boston Globe*, March 9, 2006.

compel them to exit the Iranian market, and others are multilateral or international. Other options include

- *Mandating Reductions in Diplomatic Exchanges with Iran or Prohibiting Travel by Iranian Officials.*
- *Banning Passenger Flights to and from Iran.*
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran.
- *Banning Trade Financing or Official Insurance for Trade Financing.* This was not made mandatory by Resolution 1929, but several countries imposed this sanction (as far as most trade financing) subsequently.
- *Banning All Investment in Iran's Energy Sector.* Such a step is authorized, not mandated, by Resolution 1929, and the Iran Sanctions Act allows for U.S. sanctions against foreign investment in that sector. A growing number of countries have used that authority to impose these sanctions on Iran.
- *Restricting Operations of and Insurance for Iranian Shipping.* A call for restraint is in Resolution 1929, but is not mandatory. The EU and other national measures announced subsequently did include this sanction (IRISL) to take effect as of July 1.
- *Imposing a Worldwide Ban on Sales of Arms to Iran.* Resolution 1929 imposes a ban on sales of major weapons systems to Iran, but another option is to extend that ban to all lethal equipment.
- *Imposing an International Ban on Trade With Iran, Particularly Purchases of Iranian Oil or Gas.* As noted, the EU has agreed to stop all purchases of Iranian oil as of July 1, 2012, and it later banned purchases of Iranian natural gas. Other countries have cut their oil buys. An option is to impose a worldwide ban on all purchases of oil or gas, or to further pressure or incent nations to end such buys from Iran. A related idea could be the enactment of a global ban on trade with Iran or of U.S. sanctions that seek to compel a partial or comprehensive global ban on trade with Iran. As noted, H.R. 850, introduced in the 113th Congress on February 27, 2013, comes close to this later concept.

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

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

U.S. Sanctions Against Foreign Firms that Deal With Iran's Energy Sector. The Iran Sanctions Act (P.L. 104-172, August 5, 1996, as amended, most recently by H.R. 1905/P.L. 112-158) authorizes the President to select five out of a menu of twelve sanctions to impose against firms that the Administration has determined: have invested more than \$20 million to develop Iran's petroleum (oil and gas) sector; that buy Iranian oil (unless such country has a sanctions exemption under the FY2012 National Defense Act, see below); have sold Iran more than \$1 million worth of gasoline or equipment to import gasoline or refine oil into gasoline; have sold energy \$1 million or more worth of energy equipment to Iran; that provided shipping services to transport oil from Iran; that have engaged in an energy joint venture with Iran outside Iran; or that buy Iran's sovereign debt.

Sanctions On Iran's Central Bank. CISADA bans accounts with banks that do business with the Revolutionary Guard and sanctioned entities and the Treasury Dept. in November 2011 declared Iran's financial system an entity of primary money laundering concern. Section 1245 of the FY2012 National Defense Act, signed December 31, 2011, prevents foreign banks that do business with Iran's Central Bank from opening U.S. accounts.

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

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

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

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

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

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

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

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

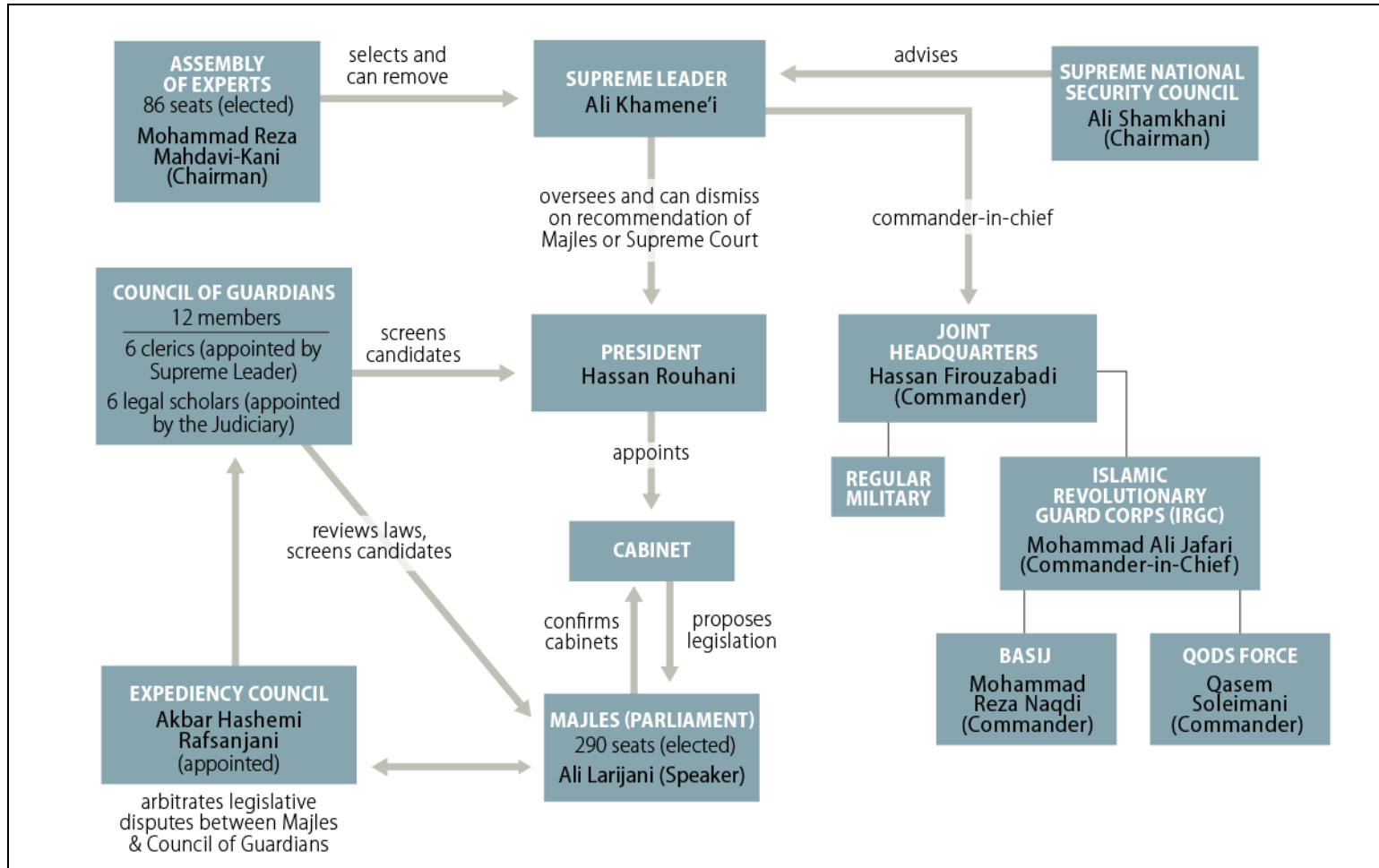
Source: CRS. For analysis and extended discussion of U.S. and international sanctions against Iran, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

Table 11. Selected Economic Indicators

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|---------------------------------|---|
| Economic Growth | Negative 5% growth in 2013 |
| Per Capita Income | \$13,300/yr purchasing power parity (2012) |
| GDP | \$1.106 trillion purchasing power parity (2012) |
| Proven Oil Reserves | 135 billion barrels (highest after Russia and Canada) |
| Oil Production/Exports | About 2.6 million barrels per day (mbd)/ 1 mbd exports by the end of 2013. |
| Major Oil/Gas Customers | Remaining customers: primarily China, India, South Korea, Japan, and Turkey. Turkey also buys 8.6 billion cubic meters/yr of gas from Iran. |
| Major Export Markets | Mirrors major oil customers, with dollar values in flux due to sanctions implementation. |
| Major Imports | Mirrors major oil customers, with dollar values in flux due to sanctions implementation. |
| Development Assistance Received | 2003 (latest available): \$136 million grant aid. Biggest donors: Germany (\$38 million); Japan (\$17 million); France (\$9 million). |
| Inflation | 30%+, according to Iran Central Bank in May 2013, but believed to be over 50% by outside experts. |
| Unemployment Rate | Official rate is 15.3%, but outside experts believe the rate is higher |

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

Figure I. Structure of the Iranian Government



Source: CRS.

Figure 2. Map of Iran



Source: Map boundaries from Map Resources, 2005. GRAPHIC: CRS.

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