

# Iran's Regional Standing

Ephraim Kam and Yoel Guzansky

Significant changes have taken place in Iran's regional standing since the start of the previous decade, largely as a result of the regional upheavals and Iran's efforts to cope with the new situation. There were three main reasons for these changes. The first is the rise of a new type of terrorist organization with far reaching political and religious pretensions that seeks to promote global jihad – and also threatens Iran and its interests in Iraq and Syria. Al-Qaeda was the first such organization, followed by Islamic State (IS). The second reason is US military intervention in two of Iran's neighbors: Afghanistan, where activity that began in late 2001 is now in its final stages, and Iraq, which saw US activity from March 2003 until late 2011. The third reason is the turmoil that has rocked the Arab world in the past four years and likewise impacts on Iran. These changes join a previous wave of changes since the early 1980s that upset Iran's strategic environment: the Iran-Iraq War, the 1991 Gulf War, the collapse of the Soviet Union, and the emergence of the United States as the sole superpower in the world, and thus the Middle East as well.

## **The New Threats: Iraq, Syria, and IS**

The Iranian leadership was highly concerned by the US military intervention in Afghanistan and even more so by the intervention in Iraq, fearing that Iran would be the next US military target. Though fluctuating over the years and not receding entirely, Iran's fears in this regard have lessened over time, as Iran has come to the conclusion that the US administration does not intend to wage another comprehensive military operation following its

entanglement in Iraq and Afghanistan. Moreover, the Iranians realized that the US operation in Iraq yielded significant new opportunities for them: the Iraqi threat from the days of Saddam Hussein disappeared, and Iran inherited the possibility of gaining a foothold in Iraq. Thus, Iran established relationships with a large number of leaders, organizations, parties, and armed militias, primarily among Shiites in Iraq and partly also among Kurdish parties, while capitalizing on the fact that US intervention in the country turned the Shiites into the dominant element there.

Iran's goal was to create an Iraq that was stable but militarily weak, where it could not threaten Iran and where the Shiite government would retain power but would be dependent on Tehran and under its influence. To this end, Iran encouraged the Shiite organizations associated with it to participate in the democratic process and form a joint list to give political expression to the demographic weight of the Shiites and secure their leading role in the country. Iran intervened in the various elections held in Iraq since 2005, including through provision of financial aid, in order to ensure that its preferred candidates would be elected to the parliament. In addition, Iran arms, trains, and funds the Shiite militias associated with it in Iraq in their fight against the Sunni militias; prior to 2011, this effort was meant to expedite the withdrawal of US troops from Iraq. Iran thus gradually became the most influential outside party in Iraq even before the withdrawal of US troops, and even more so after their departure. However, there are limits to Iran's influence over the Shiite organizations in Iraq, which shun dependence on the Iranian regime and seek to preserve their freedom of action. They are prepared to receive Iranian aid, but in accordance with their interests or when they are forced to accept it in the absence of other aid. The lack of stability and the continuing war of the militias in Iraq also harm Iran's interests and standing in Iraq.

The outbreak of the "Arab Spring" in late 2010-early 2011 presented Iran with new challenges. Tehran initially saw the Arab Spring as a positive development and a continuation of the Islamic Revolution, which, it hoped, would be perceived by the Arabs as a model to be emulated. Furthermore, the turmoil in the Arab world was seen as a blow to moderate, pro-Western Arab states and posed new challenges for US Middle East policy, partly because of the threat to the peaceful relations between Israel and Egypt and

Jordan. The fall of the Mubarak regime, which was hostile to Iran, created expectations in both Iran and Egypt that diplomatic ties between the two countries, severed in 1979, would be restored. All of these developments lent Tehran a semblance of new opportunities in the region and the sense that the Arab world's increasing weakness could fuel its drive to achieve hegemony in the area. Iranian officials presented the developments in the Arab world as the shaping of a new Middle East that draws its inspiration from the Islamic Revolution in Iran and works to end Western hegemony in the region.

However, it quickly became clear to Iran that from its perspective the Arab uprising was less than a wholly positive development. There was a fear in Tehran, which has still not materialized, that the turmoil would spread to Iran. The Arab world has not inclined toward Iran in the past and has not considered the Iranian model of an Islamic republic attractive. The rivalry between Sunnis and Shiites in the entire region, along with the fear of the Iranian nuclear threat, has continued to cast a pall over the Arab world's relations with Iran. The current Egyptian regime is not inclined to draw closer to Iran, and even the Muslim Brotherhood regime had reservations about Iran and did not restore relations with it. The government of Abdel Fattah el-Sisi, which ousted the Muslim Brotherhood government, has improved its relations with Israel, assuaged most of the difficulties with the US government, and continued the policy of reservations about Iran.

However, the most serious development from Iran's point of view took place in Syria. Iran's close alliance with Syria is the longest relationship between countries in the Middle East and one of the cornerstones of Iranian policy. If the Assad regime falls, this will constitute a severe blow to Iran and be seen as a victory for the United States, Israel, and the moderate Arab states. Therefore, at a critical stage, Iran was forced to intervene in order to aid the tottering Assad regime. It has given Syria significant assistance, sending hundreds of Revolutionary Guards forces to offer training and advice, furnish weapons and military equipment, gather intelligence, and provide extensive financial aid. At the same time, Iran saw to it that Hizbollah would send hundreds of its fighters to Syria in combat roles – to serve as snipers, to protect facilities, for “cleanup” operations, and for direct fighting against opposition forces. Iran also recruited groups of Shiites in Iraq to

fight alongside the Syrian army. However, Tehran has paid a price for its aid to the Assad regime. It was harshly criticized in the Arab world, in Turkey, and in the international arena generally for its participation in the killing of unarmed civilians, yet ultimately the Iranian aid played an important role in improving the Assad regime's situation.

Since the spring of 2014, however, an important new actor has appeared in the Syrian-Iraqi arena: the Islamic State organization. Iran sees IS as a serious threat. As a radical Sunni organization, Islamic State jeopardizes Iran's standing and interests in the three countries most important to Tehran, Iraq, Syria, and Lebanon, and threatens Iran's allies there, i.e., the Shiites in Iraq, the Assad regime, and the Shiites in Lebanon. Islamic State's success harms the Shiite camp in Iraq, which is the key to Iranian influence there, and in particular, the armed Shiite militias, some of which are connected to Iran. The group's control over a considerable area in Iraq and Syria is an important component of the opposition to the Assad regime, and its successes in the two countries feed off each other and threaten the Shiite holy cities in Iraq with violence that might spill over into Iran.

In light of this challenge, Iran was forced to intervene and aid the Iraqi government against IS. This aid involved the dispatch of Revolutionary Guards units to Iraq, air strikes against IS targets, provision of weapons to the Iraqi army and the Shiite militias, and concentration of forces in western Iran near the border with Iraq. In this context, the possibility of US-Iranian cooperation to restrain IS in Iraq has been raised. The two sides have emphasized that in any case, they do not plan to engage in substantive military cooperation, but apparently there has been some coordination between them through the Iraqi government to prevent mistakes and air attacks against one another.

The turmoil in Syria and Iraq has also affected Iran's relations with Turkey. During 2011-2012, relations worsened after Patriot missiles and a NATO early warning anti-missile system were stationed in Turkey. The early warning system became operational in early 2012, and Iran perceived it as hostile and a direct threat. The opposing positions of Iran and Turkey toward the Assad regime and Iranian involvement in Iraq have also added to the tension. Nevertheless, since early 2013, there have been signs that relations are improving because of a significant expansion of trade, which resulted from Turkey understanding that it could exploit Iran's influence

in Iraq and Syria to stabilize the situation in those countries and from the interest in stopping IS, shared by Iran and Turkey.

### **Limited Improvements: Relations with Saudi Arabia and the Gulf States**

To varying degrees Saudi Arabia and the small Gulf states have adopted a dual policy toward Iran, which given the need to contend with the Iranian threat, particularly the nuclear threat, comprises some readiness for cooperation, albeit accompanied by suspicion and caution. This dual stance allows the Gulf states to maintain a considerable part of the complex of relations with the state that is most threatening to them, and thereby reduce the chances of conflict with it in the short term, while continuing to seek a solution to the threat it poses in the long term. The background to this approach is also the possible change in the US attitude to the Middle East in general and Iran in particular, and the fear among the Gulf states that they might face Iran without sufficient backing from the United States. In light of these considerations, some Gulf states believe that they must maintain as good relations as possible with Iran in order to reduce risks. For its part, Iran generally presents a willingness to improve its relations with the Gulf states and thereby drive a wedge between them and the United States.

This is the background to the limited rapprochement between Iran and Saudi Arabia and several of the Gulf states that is evident since 2013. Beyond the basic considerations already mentioned, several developments contributed to this change. One is the election of Hassan Rouhani as President of Iran. Another is the signing of the interim agreement on the Iranian nuclear issue and the start of direct dialogue between the United States and Iran. These have encouraged the sense that the Iranian nuclear issue will be resolved through diplomatic means, even though certainly the Saudis are worried that what from their point of view is a bad agreement will be signed and will leave Iran a nuclear threshold state. Another development is the shared interest of Iran and the Gulf states in stabilizing the situation in Iraq and Syria and halting IS. The rapprochement has involved a series of positive statements by officials on both sides of the Gulf, reciprocal visits by high ranking officials, high profile meetings, and the signing of agreements in various fields. Thus, several days after the interim agreement on the

nuclear issue was signed, Iranian Foreign Minister Mohammad Zarif left for visits in all the Gulf states other than Saudi Arabia and Bahrain. The goal was to ease the tensions between Iran and its neighbors, which worsened during President Ahmadinejad's term, and attempt to turn over a new leaf in relations. In addition, several leaders of Gulf states visited Tehran and met with Supreme Leader Khamenei and President Rouhani.

A possible thaw in relations between Iran and Saudi Arabia has a chance of reducing tension, even if it does not mean a resolution of regional conflicts. The two countries have proven in the past that they are pragmatic and are prepared to adapt their positions when this is justified by the circumstances. However, despite the potential for regional change inherent in an Iranian-Saudi rapprochement, the measured thaw in relations has been limited to the Gulf only, and hostility and suspicion toward Iran are manifested primarily in criticism of Iran's increased involvement in Syria, Iraq, and Yemen. The Gulf states are also worried about the growing strength of IS. The challenge to Iran's interests in Iraq and Syria by the organization has served the interests of the Gulf states. However, today IS is also threatening their interests as a result of its attempts to undermine the moderate Arab regimes, and it is contributing to Iran's increased involvement in Iraq. Therefore, it is not clear what the Gulf states perceive as a greater threat: increased Iranian involvement in the region or the strengthening of IS. At this stage, it would appear that the Gulf states are attempting to cope with the two challenges simultaneously.

The need to fight IS could create a convergence of interests between Iran and the Gulf states, which believe that temporary and limited cooperation, even with Iran, should not be ruled out in order to address the more serious and immediate threat from radical Islam. However, along with public statements about aspirations to friendship between the parties there have been continuing exchanges of accusations on this dual policy by regime officials and clerics. Iran has accused Saudi Arabia of taking steps that led to a decline in the price of oil in order to harm Iran, while the Saudi Foreign Minister was quoted as saying that if Iran seeks to be part of the solution in the region, it must withdraw its forces from Syria, Yemen, and Iraq.

These mutual recriminations show that the road to an historic reconciliation between Iran and the Gulf states is still a long one. The parties are separated

by historical animosities, contradictory basic interests, religious-ideological competition, weighty political-strategic disputes, and above all, fears about Iran's ambition to achieve regional hegemony. The relative thaw in relations between Iran and Saudi Arabia and the Gulf states, which began gradually after Rouhani's election as President, is mainly due to Iran's desire to end its isolation, primarily economic, and the understanding in Tehran that reducing the tension with Iran's Arab neighbors is an important step toward achieving this goal. From the perspective of Saudi Arabia and the Gulf states, the thaw with Iran is an attempt to adjust their policy to the situation that is developing in the region. Iran has become an important player in the effort to stabilize the region after some of the isolation imposed on it was relaxed and its position has strengthened. Future relations will depend largely on several factors: Iran's regional policy, developments on the nuclear issue, the continuation of dialogue between the United States and Iran, the threats arising from the situation in Iraq and Syria and from IS, and in the longer term, perhaps also the internal developments in Iran.

### **Iran's Regional Balance**

In the past four years, new risks have confronted Iran's regional interests. There is still heavy pressure on the Assad regime: a considerable part of the country is not under its control, the end of the civil war is nowhere in sight, the regime is deemed illegitimate by many Western and Arab governments, and Iran is paying a political price for supporting it. The continued instability in Iraq is detrimental to Iran's influence there and could spill over into Iran. The significant achievements by Islamic State jeopardize Iranian interests in Iraq, Syria, and Lebanon, and the difficult economic situation in Iran as a result of the Western sanctions and the drop in oil prices could likewise affect Iran's ability to promote its objectives in the region.

On the other hand, Iran scored several important achievements in the region last year. The Assad regime's situation is better than it was a year ago, in part because of the split among Iran's adversaries and the focus on the international effort to stop IS. Even if the danger to the Assad regime has not passed, there does not appear to be an imminent existential threat. Furthermore, Iran has become a key country in stabilizing the situation in Iraq and Syria and in the effort to stop IS. Even if it is difficult to have actual

cooperation with Iran in these efforts, there is an understanding in Western countries and the Arab world that on these issues, there is a convergence of interests with Tehran. At the same time, the proximity of interests between Iran and Russia on the survival of the Assad regime and the initiatives undertaken by Russia from time to time to find a settlement in Syria serve the interests of Tehran. And just as importantly, Rouhani's image of relative moderation, the development of direct dialogue between the United States and Iran on the nuclear issue, and the Arab world's weakness could help include Iran in some way in confronting the challenges in Iraq and Syria and the struggle against IS. Moreover, despite Iran's concern about the growing strength of IS and the deterioration of the situation in Syria and Iraq, trouble in Iraq could actually strengthen the dependence of Shiite elements there on Iranian aid. If Islamic State is ultimately defeated, Iran could gain more from this than any other actor and increase its influence in Iraq and Syria.

There are two additional positive developments for Iran. One is that the Houthi rebels in Yemen, a Shiite faction close to Iran, have grown stronger. Helped by Iranian weapons and money, the Houthi takeover of key positions in Yemen, including the capital, Sanaa, and the Hudayda port give Iran a base for influence south of Saudi Arabia on the edge of the Red Sea. The second development is that relations between Iran and Hamas have improved after some three years of estrangement resulting from Hamas' distance from the Assad regime and the deterioration of relations. This rapprochement includes a resumption of the supply of weapons and financial aid from Iran. It stems from Hamas' distress, its isolation following Operation Protective Edge, and its need to renew its stockpiles of weapons and receive aid for the Gaza Strip following the fighting. At the same time, Iran has consistently sought to deepen its involvement in the Palestinian arena so as to influence developments in the Israeli-Palestinian conflict.

Iran's position in the region in the coming years will depend on several possible developments. First are the changes that take place in Iran's neighbors, especially Iraq and Syria, along with the situation of IS, and to a lesser extent, Afghanistan once the withdrawal of US forces from the country has been completed. It is likely that in the coming years there will continue to be instability, serious internal weakness, and harsh violence in Iraq and Syria, and that IS will not disappear, even if it is weakened. This situation

will continue to worry Iran and may require it to make difficult decisions. However, it also has the potential to benefit Iran due to its influence in these countries and the possibility that the instability will allow it to increase its influence.

Second is the continuation of the dialogue between Iran and the United States and the possibility that a comprehensive agreement will be reached on the nuclear issue. The core question is whether an agreement is reached that distances Iran from military nuclear capability for a considerable period of time, which would allow for an expanded dialogue between Iran and the United States and between Iran and its neighbors in the Gulf on regional issues. Alternatively, if the nuclear talks reach an impasse without an agreement, Iran could once again accelerate its nuclear program; in turn, the regional atmosphere is prone to deterioration.

Third is the possibility that the turmoil in the Arab world will spill over into countries that until now have not been affected by it, among them Saudi Arabia and Iran itself. It is difficult to estimate the likelihood of such a development, but if it happens, there is no doubt that it would influence Iran and its perception of its strategic environment. Iran and Saudi Arabia's rulers are elderly and not healthy, and it is an open question how their successors would influence Iran's regional deployment.

For Israel, the significance of the changes in Iran's position in the region is mixed. On the one hand, the dangers to Iran's position in Syria and Iraq and the IS threat to Tehran and its allies in these countries are a positive development from Israel's point of view. They harm Iran's freedom of action and its standing in the region – all the more so if it loses its influence in either of these two countries, and especially in Syria. On the other hand, Western and Arab countries' recognition of Iran's ability to assist in stabilizing the situation in Iraq and Syria and in stopping IS, in tandem with the start of direct dialogue with the US administration and a limited improvement in relations between Iran and the Gulf states, could help Tehran strengthen its position in the region, which might also have a positive impact for Iran in the talks on the nuclear issue.