

Iran: U.S. Concerns and Policy Responses

Kenneth Katzman
Specialist in Middle Eastern Affairs

October 26, 2011

Congressional Research Service
7-5700
www.crs.gov
RL32048

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

The Obama Administration views Iran as a major threat to U.S. national security interests, a perception generated by uncertainty about Iran's intentions for its nuclear program as well as its materiel assistance to armed groups in Iraq and Afghanistan, to the Palestinian group Hamas, and to Lebanese Hezbollah. Since mid-2011, U.S. officials have openly accused Iran of stepping up support for Iraqi Shiite militias that have attacked U.S. forces, and U.S. officials accused Iran in October 2011 of plotting to assassinate the Saudi Ambassador to the United States. U.S. officials also accuse Iran of helping Syria's leadership try to defeat a growing popular opposition movement, and of taking advantage of Shiite majority unrest against the Sunni-led, pro-U.S. government of Bahrain.

The Obama Administration initially offered Iran's leaders consistent and sustained engagement with the potential for closer integration with and acceptance by the West in exchange for limits to its nuclear program. After observing a crackdown on peaceful protests in Iran in 2009, and failing to obtain Iran's agreement to implement any nuclear compromise, the Administration has worked since early 2010 to increase economic and diplomatic pressure on Iran. Significant additional sanctions were imposed on Iran by the U.N. Security Council (Resolution 1929), as well as related "national measures" by the European Union, Japan, South Korea, and other countries. Further measures intended to compel foreign firms to exit the Iranian market were contained in U.S. legislation passed in June 2010 (the Comprehensive Iran Sanctions, Accountability, and Divestment Act, P.L. 111-195). In concert, the Administration has stepped up arms sales to regional states that share the U.S. suspicions of Iran's intentions.

Perhaps hoping to avoid additional sanctions, Iran attended December 2010 and January 2011 talks with the six powers negotiating with Iran, but no substantive progress was reported at any of these meetings. The prospects for new talks have increased since August 2011 as a result of Iran-Russia discussions of new formulas for compromise, supplemented by Iranian official statements suggesting potential acceptance of some widely discussed international proposals. However, no date for new talks has been announced.

Some in and outside the 112th Congress hold out no hope for an acceptable compromise and believe that the United States and its partners should increase economic and diplomatic pressure on Iran. U.S. officials, particularly following the October 11, 2011, U.S. revelations of the alleged Iranian assassination plot, support additional economic pressure on Iran, perhaps by sanctioning Iran's Central Bank. Administration officials couple that with a stated willingness to engage in further nuclear talks if Iran demonstrates a willingness to engage seriously. There does not appear to be consideration of U.S., Israeli, or Persian Gulf military action against Iran.

In 2011, in the context of the popular uprisings throughout the Middle East, and perhaps addressing criticism that it did not sufficiently support the popular uprising in Iran in 2009, the Administration has increased its public criticism of Iran's human rights record. Some in the 112th Congress believe the United States should provide additional vocal and material support to the democracy movement in Iran, despite its outward quiescence in most of 2011. The Administration argues that it has supported the opposition through civil society and other programs, and by using recent authorities to sanction Iranian officials who suppress human rights in Iran and help Syria repress human rights. For further information, see CRS Report RS20871, *Iran Sanctions*; and CRS Report RL34544, *Iran's Nuclear Program: Status*.

Contents

Political History 1
Regime Structure, Stability, and Opposition 2
Unelected Governing Institutions: The Supreme Leader, His Powers, and Other Ruling Councils 3
Council of Guardians and Expediency Council 3
Elected Institutions: The Presidency, the Majles (Parliament), the Assembly of Experts, and Recent Elections 7
The Presidency 8
The Majles 8
The Assembly of Experts 8
Recent Presidential Elections: First Ahmadinejad Election in 2005 9
Ahmadinejad (Disputed) Reelection on June 12, 2009: Protests Erupt 10
Ahmadinejad's Second Term: Divisions Within the Regime Increase With Popular Unrest and Arab Uprisings As Backdrop 11
The Opposition 14
The Green Movement 14
Green Movement Allies and Other U.S.-Based Activists 16
The Opposition: Armed Factions 17
People's Mojahedin Organization of Iran (PMOI)/Camp Ashraf 17
Pro-Monarchy Radical Groups 20
Ethnic or Religiously Based Armed Groups 20
Other Human Rights Practices 21
Criticism of Iran's Record in U.N. Bodies 21
Special U.N. Rapporteur Reestablished 21
Iran's Strategic Capabilities and Weapons of Mass Destruction Programs 24
Conventional Military/Revolutionary Guard/Qods Force 24
Nuclear Program and Related International Diplomacy 27
Status of Enrichment and Time Frame Estimates 28
The International Response 29
The International Response Under the Obama Administration 33
Possible Additional U.N. Actions 37
Chemical Weapons, Biological Weapons, and Missiles 39
Ballistic Missiles/Warheads 39
Foreign Policy and Support for Terrorist Groups 41
Alleged Plot to Assassinate the Saudi Ambassador 43
Relations with the Persian Gulf States 43
Iranian Policy in Iraq 46
Supporting Palestinian Militant Groups 47
Iran and Hamas 47
Lebanese Hezbollah and Syria 48
Syria 49
Central Asia and the Caspian 50
South Asia: Afghanistan, Pakistan, and India 51
Afghanistan 51
Pakistan 52
India 53

Al Qaeda 53
Latin America 54
Venezuela 55
Africa 55
U.S. Policy Approaches and Additional Options 56
Relations Since the 1979 Revolution 56
Clinton Administration Policy 56
George W. Bush Administration Policy 57
Overview of Obama Administration Policy: Engagement Superseded by Pressure Strategies 58
2010 and 2011: Growing Skepticism on Engagement 59
Military Action: "On The Table" But Apparently Not Preferred 59
An Israeli Strike? 61
Likely Iranian Reactions 61
Presidential Authorities and Legislation 62
Containment and the Gulf Security Dialogue 63
Regime Change: Iran Crackdown and "Arab Spring" Add Support for This Option 64
Pursuing a Middle Ground: Democracy Promotion and Internet Freedom Efforts 65
Conclusion 71

Figures

Figure 1. Structure of the Iranian Government 73
Figure 2. Map of Iran 74

Tables

Table 1. Major Factions, Personalities, and Interest Groups 4
Table 2. Factions in the Eighth Majles 10
Table 3. Human Rights Practices: General Categories 22
Table 4. Iran's Conventional Military Arsenal 25
Table 5. The Revolutionary Guard 26
Table 6. Summary of Provisions of U.N. Resolutions on Iran Nuclear Program (1737, 1747, 1803, and 1929) 37
Table 7. Iran's Ballistic Missile Arsenal 41
Table 8. Iran Democracy Promotion Funding 69
Table 9. Digest of U.S. Sanctions Against Iran 70
Table 10. Selected Economic Indicators 72

Contacts

Author Contact Information 74

Much of the debate over U.S. policy toward Iran has centered on the nature of the current regime. Some believe that Iran, a country of about 70 million people, is a threat to U.S. interests because hardliners in Iran's regime dominate and set a policy direction intended to challenge U.S. influence and allies in the region. President George W. Bush, in his January 29, 2002, State of the Union message, labeled Iran part of an "axis of evil" along with Iraq and North Korea.

Political History

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, but 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 brought Iran out from 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 policies, which included his drive for nationalization of the oil industry. Mossadeq's followers began an uprising in August 1953 when the Shah tried to dismiss Mossadeq, and the Shah fled. The Shah was restored in a successful CIA-supported uprising against Mossadeq.

The Shah tried to modernize Iran and orient it toward the West, but in so doing he also sought to marginalize Iran's Shiite clergy. He exiled Ayatollah Ruhollah Khomeini in 1964 because of Khomeini's active opposition, which was 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 and, on February 11, 1979, declared an Islamic Republic of Iran, which was enshrined in the constitution that was adopted in a public referendum in December 1979 (and amended in 1989). Khomeini was strongly anti-West and particularly anti-U.S., 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 by Ayatollah Ali Khamene'i.

Regime Structure, Stability, and Opposition

Iran's Islamic regime established in its constitution is considered authoritarian; at the apex of the power structure is a "Supreme Leader" who has vast powers and no term limits, although an elected body (the Assembly of Experts) in theory "supervises" his work and can remove him. The system provides for a degree of popular input and checks and balances provided by elected institutions. The presidency and the Majles (parliament) are directly elected. There are also elections for municipal councils, which in turn 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.

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 close 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 and, later, Ibrahim Yazdi. 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. Still, during these years, there was diversity of opinion in ruling circles.

Despite these struggles, during 1982 until 2009, the regime had faced only episodic, relatively low-level unrest from minorities, intellectuals, students, labor groups, and women. Since the June 2009 presidential election, the regime has struggled to contain popular dissatisfaction. In late 2009, several Iran experts believed this opposition movement—calling itself "The Green Path of Hope" or "Green Movement" (*Rah-e-Sabz*)—posed a serious challenge to the current regime. The success of the regime in preventing the Green Movement from holding a large counter-demonstration on the 2010 anniversary of "Revolution Day" (February 11) and the movement's outward quiescence throughout 2010 and thus far in 2011 has led some to conclude the Green Movement has been largely crushed. However, some believe it will reemerge as other revolutionary movements succeed in ousting authoritarian regimes throughout the Middle East.

Unelected Governing Institutions: The Supreme Leader, His Powers, and Other Ruling Councils

Upon Khomeini's death, one of his disciples, Ayatollah Ali Khamene'i, was selected Supreme Leader by the elected 86-seat "*Assembly of Experts*" (see further below).[1] Although he has never had Khomeini's undisputed authority, Khamene'i has vast formal powers as Supreme Leader that help him maintain the regime's grip on power. Secretary of State Clinton said in February 2010 that the Supreme Leader's authority is being progressively usurped by regime security forces, most notably the Islamic Revolutionary Guard Corps (IRGC). This view is disputed by some outside experts who continue to see the clerics in firm control of regime decisionmaking.

Formally, the Supreme Leader is commander-in-chief of the armed forces, giving him the power to appoint commanders and to be represented on the highest national security body, the *Supreme National Security Council* (formerly called the Supreme Defense Council), composed of top military and civilian security officials. The Supreme Leader also has the power, under the constitution, to remove the elected president if either the judiciary or the elected *Majles* (parliament) say the president should be removed, with cause.

Council of Guardians and Expediency Council

The Supreme Leader appoints half of the 12-member *Council of Guardians*;[2] and the head of Iran's judiciary (currently Ayatollah Sadeq Larijani). Headed by Ayatollah Ahmad Jannati, the conservative-controlled Council of Guardians reviews legislation to ensure it conforms to Islamic law, and it screens election candidates and certifies election results. The Supreme Leader appoints members of the 42-member *Expediency Council*, set up in 1988 to resolve legislative disagreements between the *Majles* and the Council of Guardians. The Expedience Council's powers were expanded in 2006 to include oversight of the executive branch (cabinet) performance. Its members serve five-year terms; its chairman, appointed most recently in February 2007, is Ali Akbar Hashemi-Rafsanjani. He retains that post, although he was removed in March 2011 as head of the Assembly of Experts (see below). The Expediency Council's executive officer is former Revolutionary Guard commander-in-chief Mohsen Reza'i.

[1] At the time of his elevation to 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.

[2] The Council of Guardians consists of six Islamic jurists and six secular lawyers. The six Islamic jurists are appointed by the Supreme Leader. The six lawyers on the Council are selected by the judiciary but confirmed by the Majles.

Table 1. Major Factions, Personalities, and Interest Groups

Conservatives	
Supreme Leader 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. Served as 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 "Ayatollah" from the lower ranking "Hojjat ol-Islam." Although lacking Khomeini's undisputed authority, Khamene'i, like Khomeini, intervenes primarily on major security matters, to resolve factional disputes, or to quiet popular criticism. Took direct role to quiet opposition protests in wake of June 2009 election, in part by ordering Revolutionary Guard to crush dissent. Considered moderate-conservative on domestic policy but hardline on foreign policy and particularly toward Israel. Seeks to challenge U.S. hegemony and wants Israel defeated but greatly fears direct military confrontation with United States. Has generally supported the business community (bazaaris), and opposed state control of the economy. Senior aides in his office include second son, Mojtaba, who is said to be acquiring increasing influence. Has made public reference to letters to him from President Obama asking for renewed U.S.-Iran relations.
Expediency Council and Assembly of Experts Chair Ali Akbar Hashemi-Rafsanjani	Long a key strategist of the regime, and past advocate of "grand bargain" to resolve all outstanding issues with United States. A mid-ranking cleric, still heads the Expediency Council, but was seriously weakened in March 2011 by ouster as Assembly of Experts chairman, an outcome attributed to his tacit support of Green challenge to Ahmadinejad reelection. Rift with Ahmadinejad erupted when Ahmadinejad alleged Rafsanjani corruption in 2009 campaign; led Rafsanjani to fund much of Musavi's election campaign. Daughter Faizah participated in several 2009 protests and was detained briefly again in February 2011 as protests resumed. Five Rafsanjani family members arrested in June 2009 (and another briefly detained in March 2010), and there was a May 2010 threat to arrest his son, Mehdi, if he returns from exile in Britain. Opposition activists say his sister and brother-in-law have relocated to New York. In September 2010, criticized Ahmadinejad for minimizing the effects of growing international sanctions against Iran. In October 2010, Khamene'i blocked Rafsanjani's efforts to convert endowment of Islamic Azad University, which Rafsanjani helped found, to a religious trust. Was Majles speaker during 1981-1989 and President 1989-1997. One of Iran's richest men, family owns large share of Iran's total pistachio production.
President Mahmoud Ahmadinejad	Declared reelected on June 12, 2009, but results still not accepted by most Green Movement adherents. Increasingly at odds with Supreme Leader since April 2011—leading to increasing agitation by his conservative opponents to try to have him removed, including by tagging him with corruption. Split centers around Ahmadinejad effort to promote non-clerical allies in key posts, including former chief of staff and relative by marriage Esfandiar Rahim Mashai.
Majles Speaker Ali Larijani	Overwhelming winner for Majles seat from Qom on March 14, 2008, and selected Majles Speaker (237 out of 290 votes). Former state broadcasting head (1994-2004) and minister of culture and Islamic guidance (1993), was head of Supreme National Security Council and chief nuclear negotiator from August 2005 until October 2007 resignation. Sought to avoid U.N. Security Council isolation. Politically close to Khamene'i and is leading antagonist of Ahmadinejad. Also a staunch backer of repression of Green Movement protests. Brother of judiciary head. Another brother, Mohammad Javad, was deputy foreign minister (1980s.) May run again for

	President in 2013.
Tehran Mayor Mohammad Baqer Qalibaf	Former Revolutionary Guard Air Force commander and police chief, but a moderate-conservative ally of Larijani 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 nine out of 15 seats on Tehran city council in December 2006 elections, propelling him to current post as mayor of Tehran. Has won some popular support for Tehran's cleanliness and relative order. Recruited moderate-conservatives for March 2008 Majles election. May run again in 2013.
Senior Shiite Clerics	The most senior clerics, most of whom are in Qom, including several Grand Ayatollahs, are generally "quietist"—they believe that the senior clergy should refrain from direct involvement in politics. These include Grand Ayatollah Nasser Makarem Shirazi, Grand Ayatollah (former judiciary chief) Abdol Karim Musavi-Ardabili, and Grand Ayatollah Yusuf Sanei, all of whom have criticized regime crackdown against oppositionists. Others believe in political involvement, including Ayatollah Mohammad Taqi Mesbah Yazdi. He is founder of the hardline Haqqani school, and spiritual mentor of Ahmadinejad. Yazdi, an assertive defender of the powers of the Supreme Leader and a proponent of an "Islamic state" rather than the current "Islamic republic," fared poorly in December 2006 elections for Assembly of Experts. Another hardline senior cleric is Ayatollah Kazem Haeri, mentor of Iraqi cleric Moqtada Al Sadr.
Judiciary Chief/Ayatollah Sadeq Larijani	Named judiciary head in late August 2009, replacing Ayatollah Mahmoud Shahrudi, who had headed the Judiciary since 1999. Brother of Ali Larijani; both are close to the Supreme Leader but are moderate-conservative opponents of Ahmadinejad. Both also support hard line against Green Movement.
Militant Clerics Association	Longtime organization of hardline clerics headed by Ayatollah Mohammad Mahdavi-Kani, who became chair of the Assembly of Experts on March 9, 2011. Did not back Ahmadinejad for reelection in 2009 vote.
Bazaar Merchants ("Bazaaris")	The urban bazaar merchants fear jeopardizing the economy by participating in political opposition activity; have conducted only a few strikes or other organized action since the 1979 revolution. In July 2010, many Tehran bazaaris—and bazaaris in several other major cities—closed their shops for two weeks to protest a 70% tax increase, ultimately compelling the government to reduce the increase to 15%. Some interpreted the strikes as an indication that the bazaaris may be shifting against the regime, which they see as causing the international community to sanction Iran's economy and bringing economic damage. The bazaaris are also not a monolithic group; each city's bazaars are organized by industry (e.g., carpets, gold, jewelry, clothing) and bazaari positions tend to be reached by consensus among elders representing each industry represented at the bazaar.
Opposition/"Green Movement" (Rah-e-Sabz)	
All of the blocs and personalities below can be considered, to varying degrees, as part of the Green Movement. However, overall leadership of the movement and decision-making on protest activities is unclear, with several components competing for preeminence. Some Green supporters have left for Europe, Asia, or the United States.	
Titular Green Movement Leaders: Mir Hossein Musavi/ Mohammad Khatemi/Mehdi Karrubi	Khatemi—reformist president during 1997-2005 and declared he would run again for President in June 2009 elections, but withdrew when allied reformist Mir Hossein Musavi entered the race in late March 2009. Khatemi elected May 1997, with 69% of the vote; reelected June 2001 with 77%. Rode wave of sentiment for easing social and political restrictions among students, intellectuals, youths, and women. These groups later became disillusioned with Khatemi's failure to stand up to hardliners on reform issues. Now heads International Center for Dialogue

	Among Civilizations. Visited U.S. in September 2006 to speak at Harvard and the Washington National Cathedral on "dialogue of civilizations." Has hewed to staunch anti-Israel line of most Iranian officials, but perceived as open to accepting a Palestinian-Israeli compromise. Perceived as open to a political compromise that stops short of replacement of the regime. Musavi is a non-cleric. About 68. 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. Musavi later adopted views similar to Khatemi on political and social freedoms and on reducing Iran's international isolation, but supports strong state intervention in the economy to benefit workers, lower classes. Appeared at some 2009 protests, sometimes intercepted or constrained by regime security agents. However, not necessarily respected by harder line opposition leaders who criticize his statements indicating reconciliation with the regime is possible. He and wife (prominent activist Zahra Rahnevard) repeatedly harassed by regime during 2009 protests. He and Mehdi Karrubi, below, placed under strict house arrest after Green demonstrations resumed in February 2011. Prevented by regime from attending father's Tehran funeral on April 1, 2011. A founder of the leftwing Association of Combatant Clerics (different organization but with similar name from that above), Mehdi Karrubi was Speaker of the Majles during, 1989-1992 and 2000-2004. Formed a separate pro-reform "National Trust" faction after losing 2005 election. Ran again in 2009, but received few votes and subsequently emerged, along with Musavi, as a symbol of the opposition. Indicated in late January 2010 that Ahmadinejad is the chief executive of Iran by virtue of the Supreme Leader's backing, but later reiterated strong criticism of regime's use of force against protesters. Was been physically blocked by regime from attending Green demonstrations during 2010 and, with Musavi, was put under house arrest as of February 2011. Taken away to complete isolation (except for regime agents) at a two room office on July 16, 2011.
Other Prominent Dissidents/Shirin Abadi	Other leading dissidents, some in Iran, others in exile, have challenged the regime long before the Green Movement formed. They are now, to varying degrees, part of the Green Movement. For example, 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. Another prominent dissident is Abdol Karim Soroush, now exiled, who challenged the doctrine of clerical rule. Former Revolutionary Guard organizer Mohsen Sazegara is now based in the United States and is widely viewed in Iran via Youtube. Other leading dissidents include former Culture Minister Ataollah Mohajerani, and Mohsen Kadivar. Some well known dissidents who remained in Iran and were arrested in 2010 include filmmaker Jafar Panahi and journalist Abdolreza Tajik. In November 2008, before the 2009 unrest, famed Iranian blogger Hossein Derakshan was jailed; he has received a 20 year prison sentence. On the other hand, 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 longtime dissident and human rights activist 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. She left Iran for Europe, fearing arrest in connection with the postelection dispute. In December 2009, the regime confiscated her

	Nobel Prize. In January 2011, a colleague, Nasrin Sotoudeh, was sentenced to 11 years in prison.
Student Opposition Leaders/Confederation of Iranian Students/Office of Consolidation of Unity (Daftar Tahkim-e-Vahdat)	Groups composed of well-educated, Westernized urban youth are the backbone of the Green Movement. Many are women. Student leaders currently attempting, with mixed success, to gain support of older generation, labor, clerics, village-dwellers, and other segments. Many in the Office of Consolidation of Unity, the student group that led the 1999 riots, believe that major reform of the current regime might be acceptable. Along with many other student/youth opposition groups, one offshoot of the Office, the Confederation of Iranian Students (CIS), believes in outright replacement of the regime; it is populated by staunchly pro-American, pro-free market activists who support an embargo on Iranian oil purchases. CIS has a growing Washington, DC, presence led by Amir Abbas Fakhravar, who was jailed for five years for participating in July 1999 student riots, although it has chapters worldwide. Makes extensive use of female activists, such as spokeswoman Saghar Kasraie. Overall leader, Arzhang Davoodi, serving long prison sentence and several senior activists arrested in April 2011. CIS has organized several broad opposition conferences in Washington, DC.
Islamic Iran Participation Front (IIPF)	The most prominent and best organized pro-reform grouping, but has lost political ground to more active and forceful core of the Green Movement of which Musavi is the most visible symbol. Its leaders include Khatemi's brother, Mohammad Reza Khatemi (a deputy speaker in the 2000-2004 Majles) and Mohsen Mirdamadi. Backed Musavi in June 12 election; several IIPF leaders, including Mirdamadi, 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.
Labor Unions	Organized labor has suffered from official repression for many years. Organized labor is not a core constituency of the Green Movement, but laborers viewed as increasingly sympathetic to political change. Some labor protests took place in Tehran on "May Day" 2010, and selected small strikes (truckers, some factories) during 2010 led some experts to believe that labor might be gravitating toward Green Movement. However, younger Green Movement activists are suspicious of labor as a leftwing bastion. Others say union members fear income disruption if they openly defy the regime. A bus drivers union leader, Mansur Osanloo, has been in jail since July 2007.

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

Elections in Iran have become progressively less credible to international observers in recent cycles as hardliners, who control key election bodies such as the Interior Ministry and election oversight mechanisms, have sought to limit the candidate choices. Even before the 2009 presidential election, votes in the Islamic republic had already been criticized as unfair because of the "screening" function of the Council of Guardians. Another criticism of the political process in

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

The Presidency

The main elected institution is the presidency. Although clearly subordinate to the Supreme Leader, the presidency is a coveted position which provides vast opportunities for the holder of the post to empower his political base and to affect policy. The presidency, a position held since 2005 by Mahmoud Ahmadinejad, appoints and supervises the work of the cabinet. The Supreme Leader is believed to have significant input into security-related cabinet appointments, including ministers of defense, interior, and intelligence (Ministry of Information and Security, MOIS). Prior to 1989, Iran had an elected President as well as a Prime Minister selected by the elected Majles (parliament). However, the officials who held these posts during 1981-89 (Ali Khamene'i, who is now Supreme Leader, and Mir Hossein Musavi, who is now the main opposition leader, respectively) were in constant institutional conflict and the constitution was revised in 1989 to eliminate the post of Prime Minister.

In a speech on October 16, Supreme Leader Khamene'i raised the possibility of his directing another alteration to eliminate the post of President and restore the post of Prime Minister. The comments were viewed in the context of a rift between him and President Ahmadinejad, discussed below. Khamene'i indicated the change would not be difficult to orchestrate, suggesting this change could conceivably be accomplished before the next scheduled presidential election in 2013.

The Majles

Iran's Majles, or parliament, consists of 290 seats, all elected. However, there are reserved seats (one each) for members of Iran's 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 not in proportion to their percentage of the population. Majles elections occur one year prior to the presidential elections; the next Majles elections are to be held in March-April 2012. Cabinet appointments are subject to confirmation by the Majles (parliament), which also drafts and acts on legislation. The unicameral Majles in Iran is highly factionalized but, as an institution, it is far from the "rubber stamp" that characterizes many elected national assemblies in the region, but it generally has lost institutional disputes to the President. 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) on March 21.

The Assembly of Experts

Another elected institution, mentioned above, is the *Assembly of Experts;* it is empowered to oversee the work of the Supreme Leader and replace him if necessary, as well as to amend the

constitution. The elected Assembly serves an eight-year term. It generally meets two times a year, for a few days each. The fourth election for the Assembly was held on December 15, 2006; after that election, Rafsanjani, still a major figure having served two terms as president (1989-1997), was named deputy leader of the Assembly. After the death of the leader of the Assembly (Ayatollah Meshkini), Rafsanjani was selected its head in September 2007. However, as part of the broader power struggles within the regime that have raged since the post-2009 election uprising, Rafsanjani was not reelected as Assembly of Experts chair in March 2011. He was replaced by aging and infirm compromise candidate Ayatollah Mohammad Reza Mahdavi-Kani. See **Figure 1** for a chart of the Iranian regime.

Recent Presidential Elections: First Ahmadinejad Election in 2005

After suffering several presidential election defeats at the hands of President Mohammad Khatemi and the reformists in the 1997 and 2001 presidential elections, hardliners successfully moved to regain the sway they held when Khomeini was alive. Conservatives won the February 20, 2004, Majles elections (which are always held one year prior to each presidential election), although the conservative win was the result of the Council of Guardians' disqualification of 3,600 reformist candidates, including 87 Majles incumbents. That helped conservatives win 155 out of the 290 seats. The George W. Bush Administration and the Senate (S.Res. 304, adopted by unanimous consent on February 12, 2004) criticized the elections as unfair.

As the reformist faction suffered setbacks, the Council of Guardians narrowed the field of candidates for the June 2005 presidential elections to 8 out of the 1,014 persons who filed. Rafsanjani[3] was considered the favorite against several opponents more hardline than he is—three had ties to the Revolutionary Guard: Ali Larijani; Mohammad Baqer Qalibaf; and Tehran mayor Mahmoud Ahmadinejad. In the June 17, 2005, first round, turnout was about 63% (29.4 million votes out of 46.7 million eligible voters). With 21% and 19.5%, respectively, Rafsanjani and Ahmadinejad, who did unexpectedly well because of tacit backing from Khamene'i and the Basij militia arm of the Revolutionary Guard, moved to a runoff. Reformist candidates (Mehdi Karrubi and Mostafa Moin) fared worse than expected. Ahmadinejad won in the June 24 runoff, receiving 61.8% to Rafsanjani's 35.7%. He first took office on August 6, 2005.

During his first term, splits widened between Ahmadinejad and other conservative members of his "Principalist" (*usulgaran*) faction. That rift was evident in the March 2008 Majles elections in which his base of support fractured and some conservatives ran as an anti-Ahmadinejad bloc, as shown in the table below.

[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.

Table 2. Factions in the Eighth Majles

(Elected March 14-April 25, 2008)

Pro-Ahmadinejad Conservatives (United Front of Principalists)	117
Anti-Ahmadinejad Conservatives (Coalition of Principalists)	53
Reformists (39 seats in seventh Majles)	46
Independents	71
Seats annulled or voided	3
Total	**290**

Ahmadinejad (Disputed) Reelection on June 12, 2009: Protests Erupt

With splits in Ahmadinejad's base, prospects for reformists to unseat Ahmadinejad through the established election process seemed to brighten. In February 2009, when Khatemi—who is still highly popular among reform-minded Iranians—said that he would run. However, on March 18, 2009, Khatemi withdrew from the race in favor of another reformist, former Prime Minister Mir Hossein Musavi. Musavi was viewed as somewhat less divisive (and therefore more acceptable to the Supreme Leader) because Musavi had served as prime minister during the 1980-1988 Iran-Iraq War. Khatemi endorsed Musavi.

A total of about 500 candidates for the June 12, 2009, presidential elections registered their names during May 5-10, 2009. The Council of Guardians decided on four final candidates on May 20: Ahmadinejad, Musavi, Mehdi Karrubi, and former Commander-in-Chief of the Revolutionary Guard Mohsen Reza'i. The Interior Ministry, which runs the election, also instituted an unprecedented series of one-on-one debates, which including Ahmadinejad's acrimonious accusations of corruption against Rafsanjani and against Musavi's wife. If no candidate received more than 50% of the vote on June 12, there would have been a runoff one week later.

The challengers and their backgrounds and platforms were as follows.

- Mir Hosein Musavi. The main reformist candidate. See box above.
- Mehdi Karrubi. See box above.
- Mohsen Reza'i. As noted, commander in chief of the Revolutionary Guard through the Iran-Iraq War. About 58 years old, he was considered an anti-Ahmadinejad conservative. Reza'i dropped out just prior to the 2005 presidential election. He alleged fraud in the 2009 election but later dropped his challenge.

The outcome of the election was always difficult to foresee; polling was inconsistent. Musavi supporters using social media such as Facebook and Twitter organized large rallies in Tehran, but pro-Ahmadinejad rallies were large as well. During the campaign, Khamene'i professed neutrality, but he and Musavi were often at odds during the Iran-Iraq War, when Khamene'i was president and Musavi was prime minister. Turnout was high at about 85%; 39.1 million valid (and invalid) votes were cast. The Interior Ministry announced two hours after the polls closed that Ahmadinejad had won, although in the past results have been announced the day after. The totals were announced on Saturday, June 13, 2009, as follows:

- Ahmadinejad: 24.5 million votes—62.6%

- Musavi: 13.2 million votes—33.75%
- Reza'i: 678,000 votes—1.73%
- Invalid: 409,000 votes—1%
- Karrubi: 333,600 votes—0.85%

Almost immediately after the results of the election were announced on June 13, 2009, Musavi supporters began protesting the results as he, Karrubi, and Reza'i asserted outright fraud and called for a new election. They cited the infeasibility of counting 40 million votes so quickly; the barring of candidate observers at many polling stations; regime shut down of Internet and text services; and repression of postelection protests. Khamene'i declared the results a "divine assessment," appearing to certify the results even though formal procedures require a three day complaint period. Some outside analysts said the results tracked pre-election polls, which showed strong support for Ahmadinejad in rural areas and among the urban poor.[4]

"Green Movement" Forms

Continuing to use Facebook and Twitter, and fueled by outrage over regime use of force as depicted on Youtube, the demonstrations built throughout June 13-19, large in Tehran but also held in other cities. Security forces used varying amounts of force to control them, causing 27 protester deaths (official tally) during that period, with figures from opposition groups running over 100. The protesters' hopes of having Khamene'i annul the election were dashed by his major Friday prayer sermon on June 19 in which he refuted allegations of vast fraud and threatened a crackdown on further protests. Protesters defied Khamene'i the following day but faced a crackdown that killed at least 10 protesters. On June 29, 2009, the Council of Guardians tried to address the complaints by performing a televised recount of 10% of the votes of Tehran's districts and some provincial ballots and, finding no irregularities, certified the results. As 2009 progressed, the opposition congealed into the "Green Movement of Hope and Change," which later moved well beyond the election issue into a challenge to the regime, as discussed below.

Ahmadinejad's Second Term: Divisions Within the Regime Increase With Popular Unrest and Arab Uprisings As Backdrop

As the Green Movement gathered strength in 2009, splits within the regime widened, although most of the core regime leaders tried to remain outwardly unified. Some regime leaders, including Supreme Leader Khamene'i, backed Ahmadinejad during the period of unrest, while some leaders argued that Iran needed to heed international criticism about the use of force against protesters.

In 2010, as unrest faded from the streets, Ahmadinejad sought to move beyond the election-related unrest and to promote the interests of his loyalists. In September 2010, Ahmadinejad sought to appoint "special envoys" to several world regions to circumvent longtime diplomats in the Foreign Ministry. The appointments reportedly led the Foreign Minister, Manuchehr Mottaki, to threaten to resign, withdrawing that threat only after the office of the Supreme Leader downgraded the appointments to that of "advisers." Ahmadinejad later gained Khamene'i's

[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.

acquiescence to dismiss Mottaki on December 13, 2010, while Mottaki was abroad. Ahmadinejad replaced him with a trusted associate, civilian nuclear chief Ali Akbar Salehi. Many interpreted Ahmadinejad's personnel shifts as narrowing his inner circle to only the most trusted confidants.

The disputes broadened to a contest over the relative powers of the executive and legislative branches. The proximate cause was Ahmadinejad's attempt to assert the primacy of the executive branch by refusing to carry out certain expenditures appropriated by the Majles and approved by the Expediency Council (headed by Ahmadinejad rival, Rafsanjani). That disagreement became potentially more ominous when, in October 2010, the politically powerful Revolutionary Guard, in one of its publications, sided with the Majles. A further split was exposed in mid-November when the Majles voted to remove the President from the post of chairman of the governing board of Iran's Central Bank.

However, the Supreme Leader helped Ahmadinejad against their mutual rival in October 2010. He sided with Ahmadinejad to block Rafsanjani from placing the endowment assets of Islamic Azad University, which has branches countrywide, into a religious trust. That move would have permanently prevented Ahmadinejad from a government takeover of that university system. As noted above, the Supreme Leader and Ahmadinejad's attempts to sideline Rafsanjani gained further strength in March 2011 when they persuaded a majority of the Assembly of Experts to replace Rafsanjani as chair of the body, in favor of Mahdavi-Kani (mentioned above).

Rift with the Supreme Leader Widens in mid-2011

In early 2011, the Supreme Leader began to firmly side with those who want to halt Ahmadinejad's efforts to promote his inner circle and to advance a nationalist version of Islam that would limit the authority of Iran's clerics. Ahmadinejad is undoubtedly aware that many in the regime want to see antagonists of his, such as Ali Larijani or Mohammad Baqr Qalibaf (who are viewed as more moderate), as the next president in 2013. Ahmadinejad is perceived as promoting the political fortunes of his former chief-of-staff, Esfandiar Rahim Mashai, to whom he is related through their children's marriage. As part of that effort, and to try to bolster his support in the 2012 Majles elections, Ahmadinejad has supported the application of seven groups, all said to be supportive of Mashai, to become formal political parties (which requires Interior Ministry approval).

The rift between Ahmadinejad and Khamene'i erupted into the open April 2011 when Ahmadinejad dismissed the intelligence minister Heydar Moslehi and attempted to replace him with a Mashai loyalist. The Supreme Leader reinstated Moslehi, and Ahmadinejad protested by refusing to attend cabinet meetings from April 24 to May 4. The political establishment, including the Revolutionary Guard and Majles, rallied around the Supreme Leader, forcing Ahmadinejad to accept Moslehi's reinstatement and later leading to the charging of 25 Mashai loyalists with witchcraft or sorcery. The Majles voted on May 25, 2011, to investigate Ahmadinejad for bribery in the 2009 election. On June 1, the Majles voted 165-1 to declare illegal Ahmadinejad's mid-May 2011 sacking of the Oil Minister and two other ministers. In late June, the Majles rejected Ahmadinejad's nominee to head a new Sports and Youth Affairs Ministry and said it would summon Ahmadinejad for formal questioning.

Perhaps seeking to prevent the Revolutionary Guard from acting more forcefully against him, Ahmadinejad appointed Guard official Rostam Ghasemi (commander of its engineering arm, Khatem ol-Anbiya) as Oil Minister on July 27, 2011. He was confirmed on August 3 and simultaneously took over leadership of the Organization of Petroleum Exporting Countries

(OPEC) because Iran holds the rotating leadership seat. Ghasemi is under U.S. financial sanctions and EU financial and travel sanctions, although an agreement between OPEC and Austria will allow him to attend the group's meetings in Vienna.

The institutional moves to criticize and investigate Ahmadinejad and his allies caused many outside experts to conclude that the Supreme Leader had shifted decisively against Ahmadinejad to the point where he was seeking his removal. Others concluded the Supreme Leader seeks to weaken Ahmadinejad but not force his replacement outright, an action that would expose divisiveness within the regime that could benefit the Green Movement. In September 2011, the split continued with allegations that a $2.6 billion embezzlement scheme involving fraudulent letters of credit were facilitated by Mashai—an implied link of the scam to Ahmadinejad himself. The allegations prompted the Majles to begin impeachment proceedings against the Finance Minister, Shams ed-Din Hoseini, an Ahmadinejad ally. As the split erupted, some in the Majles raised the possibility of abolishing the presidency entirely and putting governance directly in the hands of the Supreme Leader and a Prime Minister selected by the Majles. The Supreme Leader expressed support for that idea (an implicit threat to prevent Ahmadinejad from helping Mashai succeed him as President) on October 16, 2011, as discussed above.

Economy and Sanctions-Driven Schisms

There are no clear indications that the political disputes among senior level figures are specifically a response to economic issues or international sanctions. Well before international sanctions were expanded in 2010, many middle class Iranians accused Ahmadinejad for favoring the lower classes economically by raising some wages and lowering interest rates for poorer borrowers, cancelling some debts of farmers, and increasing some social welfare payments. Poorer Iranians saw Ahmadinejad as attentive to their economic plight.

These class divisions increased somewhat after Ahmadinejad, in October 2010, won Majles approval to reduce state subsidies on staple goods—which cost Iran at least $30 billion per year according to outside estimates (the government puts the cost at close to $100 billion per year)—over the subsequent five years. After several delays to plan for anticipated unrest, the subsidy elimination program began on December 19, 2010: Iranians can buy 16 gallons per month at a subsidized price ($1.44 per gallon), but amounts over that have to be purchased at near world prices of about $2.65 per gallon. To defuse popular unrest over the plan, direct cash handouts ($40 per month) are deposited in the accounts of nearly all Iranians, including 2 million abroad, at an estimated cost of about $36 billion per year. To date, unrest over the plan (separate from unrest over political grievances) has been minimal; many Iranians saw the necessity to reduce subsidies in order to reduce consumption and have supported the plan.

The relatively smooth implementation of the plan has, to some extent, quieted regime concerns about the loyalty of labor, although there are mixed indications on the attitudes of that sector. In July 2010, when the government attempted to raise taxes on the bazaar merchant incomes by 70%, several major bazaars shuttered in protest. To end the strike, the government eventually renegotiated a 15% tax increase, although there were reports of security force intimidation of the merchants. Iran's trucking industry reacted to the gasoline subsidy reduction in December 2010 with a brief strike.

Some believe that key regime constituencies may even benefit from economic sanctions. Major economic sectors and markets are controlled by the quasi-statal "foundations" (*bonyads*), run by powerful former officials, and there are special trading privileges for them and the bazaar

merchants, a key constituency for some conservatives. The same privileges—and more—reportedly apply to businesses run by the Revolutionary Guard, as discussed below, leading to criticism that the Guard is using its political influence to win business contracts. Additional analysis of the economic and policy effects of sanctions are discussed in substantial depth in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

Mahmoud Ahmadinejad

First non-cleric to be president of the Islamic republic since the assassination of then-president Mohammad Ali Rajai in August 1981. About 58, he asserts he is a "man of the people," the son of a blacksmith who lives in modest circumstances, who would promote the interests of the poor and return government to the original principles of the Islamic revolution. Has burnished that image as president through regular visits to poor areas and through subsidies directed at the lower classes. His official biography says he served with the "special forces" of the Revolutionary Guard, and he served subsequently (late 1980s) as a deputy provincial governor. Although he is a member of the Builders of Islamic Iran party, he more closely identifies with a Principalist faction composed of former Guard and Basij (volunteer popular forces) leaders and other hardliners. U.S. intelligence reportedly determined he was not one of the holders of the 52 American hostages during November 1979-January 1981. Other accounts say Ahmadinejad believes his mission is to prepare for the return of the 12th Imam—Imam Mahdi—whose return from occultation would, according to Twelver Shiite doctrine, be accompanied by the establishment of Islam as the global religion. Earned clerical criticism in May 2008 for again invoking intervention by Imam Mahdi in present day state affairs.

Following limited recount, declared winner of June 12, 2009, election. Well earlier, had been a controversial figure for inflammatory statements. He attracted significant world criticism for an October 26, 2005, Tehran conference entitled "A World Without Zionism" by stating that "Israel should be wiped off the map." In an October 2006 address, Ahmadinejad said, "I have a connection with God." He insisted on holding a December 2006 conference in Tehran questioning the Holocaust, a theme he has returned to several times since, including at a September 2007 speech at Columbia University. A U.N. Security Council statement and Senate and House resolutions (H.Res. 523 and S.Res. 292), passed by their respective chambers, condemned the statement. On June 21, 2007, the House passed H.Con.Res. 21, calling on the U.N. Security Council to charge Ahmadinejad with violating the 1948 Convention on the Prevention and Punishment of the Crime of Genocide; the Convention includes "direct and public incitement" of genocide as a punishable offense. On March 6, 2010, Ahmadinejad called the September 11, 2001, attacks on the United States a "big lie" used to justify intervention in Afghanistan. Was apparent target of an unsuccessful grenade attack on his motorcade in the city of Hamedan on August 4, 2010. As noted, has been embroiled in power struggle with the Supreme Leader since early 2011 as rival factions maneuver for advantage in 2012 Majles elections and then the 2013 presidential elections.

The Opposition

The popular uprising of 2009 constituted the most significant unrest faced by the regime since its inception in 1979. Many experts on Iran believe that the question of how to deal with the domestic unrest, particularly in the context of successful uprisings in the Arab world in 2011, is a key concern of the regime. Still, the regime's willingness to use force and mass arrests, and the lack of clear leadership of the protest movement, clouds Iranian opposition prospects for toppling the regime. Not all the opposition operates under the Green Movement banner; some opposition groups in exile or in Iran operate separately, and may be acting to further ethnic or other interests rather than establish democracy in Iran.

The Green Movement

The Green Movement, the genesis of which was the post-presidential election protests as discussed above, constitutes a significant popular opposition. It includes many different social

groups, although it is centered around educated, urban youth. On the other hand, it has not to date incorporated many traditionally conservative groups such as older Iranians and Iranians who live in rural areas. Many believe that bringing such groups into the movement is imperative if the Green Movement is to expand to the point where it can achieve its objectives.

2009 was clearly "the high water mark" of the Green Movement to date. After the initial post-election daily protests, Green Movement members organized protests around major holidays and called openly for the downfall of the regime, rather than its reform. Some of the protests in late 2009 nearly overwhelmed regime security forces. Large protests were held on the July 9 anniversary of the suppression of the 1999 student riots; the August 5, 2009, official inauguration of Ahmadinejad; September 18, 2009 ("Jerusalem Day"); November 4, 2009, 30th anniversary of the takeover of the U.S. embassy in Tehran; and the Ashura Shiite holy day (December 27, 2009). The latter protest, conducted the seventh day after the death of major regime critic Ayatollah Montazeri, was marked by the seizure and burning of several police vehicles, and the refusal by some anti-riot police to beat protesters; it spread to smaller cities and was joined by some clerics.

Quiescence in 2010 and Brief Reemergence At Outset of Arab Uprisings in 2011

The momentum of the Green Movement in late 2009 led some experts to predict the downfall of the regime, but 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. With weeks to prepare, the regime limited opposition communication and made several hundred preemptive arrests, as well as executing some oppositionists in January 2010. Minor protests were held on March 16, 2010, a Zoroastrian holiday (Fire Festival) celebrated by many Iranians, defying a Khamene'i edict against celebrations. Scattered protests, including by some labor groups, were held in major cities on May 1, 2010 (May Day). Musavi and Karrubi called for a huge demonstration on the June 12, 2010, anniversary of the election, leading to some movement by parliament hardliners to have them arrested. Sensing regime preparations for repression, the two publicly "called off" the protest in order to avoid harm to protesters.

A major question was whether the opposition uprisings in Tunisia and Egypt, which toppled leaders there in January and February 2011, would reinvigorate the Green Movement, which has used similar social media techniques and has similar grievances. The regime, seeking to parry such parallels, praised the Tunisian and Egyptian events as inspired by Iran's 1979 revolution, while Green Movement leaders compared those uprisings to their uprising in 2009. The question was answered when Musavi and Karrubi called for protests on February 14, 2011, and there were numerous clashes with tear-gas-wielding riot police in Tehran and other cities. In advance of that demonstration, Karrubi and Musavi were placed under house arrest, an action that appeared to energize some of the February 11 protests. Suggesting growing regime concerns, a sizeable bloc of Majles members demonstrated in the chamber chanting for their execution. Further protests, which reportedly drew large numbers of protesters but were ultimately suppressed by the Basij were held on February 20 and weekly from March 1 until Nowruz (March 21, 2011). Some close to the Green Movement said more protests were planned to begin around the anniversary of the June 12, 2009, disputed election, but no major demonstrations materialized. Expectations were similarly incorrect that protests would result from the death of activist Haleh Shahabi at the June 1, 2011, funeral of her father, prominent Freedom Movement dissident Ezatollah Sahabi. Her death was attributed to a heart attack caused by regime security forces' confrontation of her during the funeral procession. Despite these setbacks, observers in Iran say the Green Movement remains highly active underground and would reemerge, possibly around the 2012 Majles elections when the regime typically allows increased open political activity.

Green Movement Allies and Other U.S.-Based Activists

Some movements that are outside Iran are increasingly allied with the Green Movement inside Iran. Numerous Iranians Americans of differing ideologies in the United States want to see a change of regime in Tehran. Many of them are based in California, where there is a large Iranian American community, and there are about 25 small-scale radio or television stations that broadcast into Iran. A growing number of U.S.-based Iranian activists appear to be supporting or affiliated with the Green Movement. Many of them protest Ahmadinejad's visits to the United Nations General Assembly every September, and many others sport green bracelets showing support for the Green Movement. One U.S.-based group, the International Campaign for Human Rights in Iran, appears supportive of the Green Movement. Believed close to Karrubi and Musavi, it is headed by Hadi Ghaemi. Former CNN anchor Rudi Bahktiar, a relative of the Shah's last prime minister, Shahpour Bakhtiar, has been part of the group. During 2011, she briefly was an adviser at the Voice of America's Persian News Network (PNN).

Supporters of the Son of the Late Shah of Iran

Some Iranians want to replace the regime with a constitutional monarchy led by Reza Pahlavi, the U.S.-based son of the late former Shah and a U.S.-trained combat pilot. The Shah's son, who is about 53 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 has some support particularly in the older generation in Iran, but he may be trying to broaden his following by capitalizing on the opposition's growing popularity with Iranian youth.

As of March 2011, he has been increasingly cooperating with—and possibly attempting to co-opt—younger Green Movement figures. His office formally supported a CIS (see above) conference in Washington, DC, in June 2011. In a meeting with the author in June 2011, Pahlavi indicated that an internationally provided "strike fund" would help Iranian labor rise up against the regime by protecting their incomes from regime retaliation. He also advocates establishing a large scale opposition radio station, funded presumably by wealthy Persian Gulf states. He is supported by Iranian exile-run stations in California.[5] A younger brother, Ali Reza Pahlavi, committed suicide in January 2011.

National Iranian-American Council and Public Affairs Alliance of Iranian-Americans

Some organizations, such as The National Iranian American Council (NIAC) and the Public Affairs Alliance of Iranian-Americans (PAAIA), are not necessarily seeking change within Iran. The stated mission of NIAC, composed largely of Iranian Americans, is to promote discussion of U.S. policy. The group advocates engagement with Iran, supports easing some U.S. sanctions against Iran, opposes removing the People's Mojahedin (see below) from the U.S. list of terrorist organizations, and has warned that some U.S. experts are seeking to convince the Administration to take military action against Iran. These positions have led some experts and commentators to criticize NIAC as sympathetic to or even supportive of Iran's regime. On the other hand, NIAC has criticized the regime's human rights abuses.

[5] Kampeas, Ron. "Iran's Crown Prince Plots Nonviolent Insurrection from Suburban Washington." Associated Press, August 26, 2002.

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 is less active in 2011 than in the two previous years, perhaps because of desertions by some who wanted PAAIA to take a strong stand against the regime in Tehran.

The Opposition: Armed Factions

Some groups have been committed to the replacement of the regime virtually since its inception, and have used, or are still using, violence to achieve their objectives. Their linkages to the Green Movement are tenuous, if present at all, and some indications suggest these movements want to dominate any coalition that might topple the regime.

People's Mojahedin Organization of Iran (PMOI)/Camp Ashraf

One of the best-known exiled opposition groups is the People's Mojahedin Organization of Iran (PMOI).[6] 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 past State Department reports, supported the November 1979 takeover of the U.S. Embassy in Tehran, although the group claims that it is the regime that alleged this support in order to discredit the group with the West. The group was driven into exile when it rose up against the Khomeini regime in September 1981. Even though it is an opponent of Tehran, since the late 1980s the State Department has refused contact with the PMOI and its umbrella organization, the National Council of Resistance of Iran (NCRI). The State Department designated the PMOI as a foreign terrorist organization (FTO) in October 1997[7] and the NCR was named as an alias of the PMOI in the October 1999 redesignation. In August 14, 2003, the State Department designated the NCR offices in the United States an alias of the PMOI, and NCR and the Justice Department closed down those offices.

The FTO designation is a widely debated issue. The State Department's annual reports on international terrorism, including the report for 2010 issued August 18, 2011, asserts that the organization—and not just a radical element of the organization as the group asserts—was responsible for the alleged killing of seven American military personnel and contract advisers to the former Shah in 1975-1976. The report also repeats allegations of the previous year's report that the group is responsible for bombings at U.S. government facilities in Tehran in 1972 as a protest of the visit to Iran of then-President Richard Nixon. The State Department report also list as terrorist acts numerous attacks by the group against regime officials, facilities in Iran and abroad, and security officers, all prior to 2001. However, the report does not list any attacks by the group that purposely targets civilians—a key distinction that leads several experts to argue that the group should not be considered "terrorist." The State Department report does not state that the group has, as of mid-2001, fulfilled pledges to end all use of violence inside Iran and that

[6] Other names by which this group is known is the Mojahedin-e-Khalq Organization (MEK or MKO) and the National Council of Resistance (NCR).

[7] The designation was made under the authority of the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132).

there are no reports that it has resumed those activities. The group's alliance with Saddam Hussein's regime in the 1980s and 1990s has contributed to the U.S. criticism of the organization.

In challenging its FTO decision, the PMOI also asserts that, by retaining the group on the FTO list, the United States is unfairly preventing the PMOI from participating in the opposition movement. The regime accuses the group of involvement in the post-June 2009 presidential election violence, and some of those tried for *mohareb* since February 2010 are members of the organization, according to statements issued by human rights groups such as Amnesty International.

It also points to recent legal successes in Europe as evidence that it should no longer be considered an FTO. On January 27, 2009, the European Union (EU) removed the group from its terrorist group list; the group had been so designated by the EU in 2002. In May 2008, a British appeals court determined that the group should no longer be considered a terrorist organization on the grounds that the British government did not provide "any reliable evidence" that the PMOI would "resort to terrorist activities in the future." Currently, the governments that still list the group as a "terrorist organization," include the United States, Canada, and Australia. In June 2003, France arrested about 170 opposition activists, including Maryam Rajavi (wife of PMOI founder Masoud Rajavi, whose whereabouts are unknown), the "President-elect" of the NCRI. She was released and remains based in France, and is frequently received by European parliamentarians and other politicians in Europe. On May 12, 2011, France dropped charges against Mrs. Rajavi and 23 other PMOI activists who remained under investigation, saying there was no evidence the PMOI conducted or backed violence against civilians, but only against regime personnel. Such action, in the view of the judges, constituted resistance, not terrorism. Nine of the 24 remained under investigation for embezzlement.

In related action, in July 2008, the PMOI petitioned to the State Department that its designation be revoked, on the grounds that it renounced any use of terrorism in 2001. However, the State Department reaffirmed the listing in January 2009 and after a January 2010 review. In her March 1, 2011, testimony, Secretary Clinton said the department would "carefully review" a July 16, 2010, Court of Appeals decision to ask the State Department to review the decision to retain the group's FTO listing; the decision was based on a ruling that the group had not been given proper opportunity to rebut allegations against it. At a May 5, 2011, House Foreign Affairs Committee hearing, State Department Coordinator for Counterterrorism Daniel Benjamin said a decision would be made by the end of 2011.[8] Apparently in an effort to obtain a favorable decision, during 2010 and 2011 supporters of the organization have reportedly paid several former U.S. officials for panel appearances in which they supported de-listing the group. H.Res. 60, introduced January 26, 2011, "urges" the Secretary of State to remove the PMOI from the FTO list. It has 84 co-sponsors. Some advocate that the United States not only remove the group from the FTO list but also enter an alliance with the group.

Camp Ashraf Issue

The issue of group members in Iraq is increasingly pressing. U.S. forces attacked PMOI military installations in Iraq during Operation Iraqi Freedom and negotiated a ceasefire with PMOI military elements in Iraq, requiring the approximately 3,400 PMOI fighters to remain confined to

[8]House Foreign Affairs Committee, Subcommittee on Europe and Eurasia. Overview of Security Issues in Europe and Eurasia. May 5, 2011.

their Ashraf camp near the border with Iran. Its weaponry is in storage, guarded by U.S. personnel. Another 200 Ashraf residents have taken advantage of an arrangement between Iran and the ICRC for them to return to Iran if they disavow further PMOI activities; none is known to have been persecuted since returning.

In July 2004, the United States granted the Ashraf detainees "protected persons" status under the 4th Geneva Convention. However, the U.S.-led security mandate in Iraq was replaced on January 1, 2009, by a bilateral U.S.-Iraq agreement that limits U.S. flexibility in Iraq. Iraq now has sovereignty over Ashraf, which the United States recognizes. The residents are not protected persons under the 4th Geneva Convention, according to the Administration, although that it disputed by some scholars of international humanitarian law.

The group has long feared that Iraqi control of the camp would lead to the expulsion of the group to Iran. The Iraqi government tried to calm those fears in January 2009 by saying that it would adhere to all international obligations not to do so, but that trust was reduced on July 28, 2009, when Iraq used force to overcome resident resistance to setting up a police post in the camp. Eleven residents of the camp were killed. Secretary of State Clinton has, on at least two occasions, testified before the House Foreign Affairs Committee (February 25, 2010, and March 1, 2011) that it is the U.S. understanding that adequate food, fuel, and medical supplies are reaching camp residents. However, supporters of the group continue to challenge that assertion.[9]

The PMOI's fears for Ashraf residents heightened as of July 1, 2010, when the Iraqi Security Forces assumed full physical control over Ashraf. That transfer occurred and the U.S. military post near the camp closed, although U.S. forces in Iraq continued to periodically visit the camp to monitor conditions and mentor Iraqi forces there. On April 2, 2011, with a U.S. military unit overseeing the rotation, the Iraqi government changed the Iraq Security Forces (ISF) brigade that guards Ashraf, triggering PMOI warnings that the troops might move against Ashraf residents. According to a timeline prepared by PMOI supporters in Washington, DC, the U.S. unit departed on April 7. Clashes between the Iraqi force and camp residents took place on April 8; U.N. High Commissioner for Human Rights Navanethem Pillay largely confirmed PMOI claims that 35 Ashraf residents were killed and that Iraqi forces were at fault. The State Department issued a statement attributing the deaths to the actions of Iraq and its military, although noting that the U.S. government may not have had complete facts about what transpired.[10] After the clash, Iraqi officials reiterated its commitment to close Ashraf at the end of 2011 (following a full U.S. withdrawal from Iraq), but said such closing would be done in co-operation with the United Nations and other international organizations. On May 16, 2011, the United States offered to help relocate camp residents before Iraq closes it and, in early July 2011, U.S. Ambassador to Iraq Jim Jeffrey called on the Ashraf residents to disband and seek refugee status elsewhere in Iraq as part of a solution. The U.N. High Commission for Refugees (UNHCR) has declared the residents "asylum seekers" and is seeking to assess each resident in an effort to resettle them elsewhere, but the group says the Iraqi government is demanding the residents leave the Camp and has called on the international community to press Iraq to postpone its deadline to close it. On September 26, 2011, the EU named Belgian diplomat Jean De Ruyt as an adviser to EU foreign policy chief Catherine Ashton on the Camp Ashraf issue.

[9] Author conversations with supporters of the PMOI in Washington, DC, February-April, 2011.

[10] http://www.state.gov/r/pa/prs/ps/2011/04/160404.htm

In the aftermath of the April 8 clashes, H.Res. 231 was introduced, calling on the President to undertake "all necessary and appropriate steps" to ensure the safety and protection of the Ashraf residents. It has 18 co-sponsors as of June 28, 2011. Another bill, H.Res. 332, introduced June 24, 2011, calls for a congressional investigation of the incident; it has 9 co-sponsors thus far.

Pro-Monarchy Radical Groups

One issue that has arisen in 2010 is that a pro-monarchist armed group in Iran, called *Tondar* (Thunder)/Kingdom Assembly of Iran is accused of conducting attacks inside Iran. One attack, a bombing of a mosque in Shiraz that took place in April 2008, killed 14 Iranian worshippers, including some children. There are some allegations that Iranians living in California are directing the group's activities in Iran.

Ethnic or Religiously Based Armed Groups

Some armed groups are operating in Iran's border areas, and are generally composed of ethnic or religious minorities. These groups are not known to be cooperating with the mostly Persian members of the Green Movement. One such group is *Jundullah*, composed of Sunni Muslims primarily from the Baluchistan region bordering Pakistan. On the grounds that the group has attacked civilians in the course of violent attacks in Iran, Jundallah was formally placed on the U.S. of Foreign Terrorist Organizations 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 does not support ethnic or sectarian opposition groups that use violence, but only groups that are committed to peaceful protest.

As noted in the State Department terrorism report for 2010, released August 18, 2011, since mid-2006, it has conducted several successful attacks on Iranian security and civilian officials. One of its most widely noted terrorist attacks was a May 2009 bombing of a mosque in Zahedan, which it claimed constituted revenge for the poor treatment of Sunnis in Iran. On October 18, 2009, it claimed responsibility for killing five Revolutionary Guard commanders during a meeting they were holding with local groups in Sistan va Baluchistan Province. The regime claimed a major victory against the group in late February 2010 by announcing the capture of Jundullah's top leader, Abdolmalek Rigi. The regime executed him in June 2010, and the group retaliated in July 2010 with another major bombing in Zahedan, which killed 28 persons, including some Revolutionary Guards. Secretary of State Clinton publicly condemned this bombing. The group is believed responsible for a December 15, 2010, bombing at a mosque in Chahbahar, also in the Baluchistan region, that killed 38 persons.

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

In June 2010, Iran conducted some shelling of reputed PJAK bases inside Iraq, reportedly killing some Kurdish civilians. It repeated that activity in July 2011. On September 26, 2011, Turkey's

Prime Minister Erdogan said that Iran and Turkey are planning joint operations against the Iraq-based hideouts of these Kurdish opposition groups.

Another militant group, the *Ahwazi Arabs*, operates in the largely Arab inhabited areas of southwest Iran, bordering Iraq. Its activity level appears to have been scant over the past few years.

Other Human Rights Practices

International criticism of Iran's human rights practices predates and transcends the crackdown against the Green Movement. **Table 3**, which discusses the regime's record on a number of human rights issues, is based largely on the latest State Department human rights report (for 2010: April 8, 2011)[11] and State Department *International Religious Freedom* report (for July-December 2010: September 13, 2011). These reports cite Iran for a wide range of serious abuses, including unjust executions (312 for 2010, according to the State Department human rights report), politically motivated abductions by security forces, torture, arbitrary arrest and detention, and arrests of women's rights activists. The State Department human rights report for 2010 contains detail on a substantial number of specific cases of dissident arrests, torture, or execution, many of them student activists; some of them are discussed in **Table 1**. On February 17, 2011, the Senate adopted S.Res. 73 (unanimous consent) "express[ing] strong support for the people of Iran in their peaceful calls for a representative and responsive democratic government that respects [human] rights."

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 mid-February 2010 in Geneva. Despite the criticism, on April 29, 2010, Iran acceded to the U.N. Commission on the Status of Women, after earlier dropping its attempt to win a seat on the higher-profile U.N. General Assembly Human Rights Council. Still, on June 10, 2010, Iran was formally questioned by the U.N. Human Rights Council about its record. On November 19, 2010, by a vote of 74-48, with 59 countries abstaining, the General Assembly's "Third Committee" expressed "deep concern" about Iran's forms of punishments and other abuses.

Special U.N. Rapporteur Reestablished

On February 28, 2011, in remarks at the U.N. Human Rights Council in Geneva, Secretary Clinton said the United States is working with Sweden and other countries to reconstitute a Special Rapporteur to report on Iranian human rights abuses. Such a mission existed during the from 1988-2002, but Iran tended to offer little, if any, cooperation with the various Rapporteurs who investigated the issue during that time. On March 24, 2011, the U.N. Human Rights Council voted, 22 to 7, to reestablish a Special Rapporteur for Iran's human rights situation. On June 17, 2011, former Maldives Foreign Minister Ahmad Shaheed was appointed to this role, but Iran has not, to date, indicated whether it would provide requested cooperation such as permitting him to conduct fact-finding visits to Iran. The Rapporteur issued his first report on September 23, 2011

[11] Text is at http://www.state.gov/g/drl/rls/hrrpt/2010/nea/154461.htm.

(U.N. Document Number A/66/374: "The Situation of Human Rights in the Islamic Republic of Iran"), citing many of the same abuses as do the State Department reports mentioned above.

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% of the population, and about 3% are Arab. Of religions, 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. The State Department human rights report discusses numerous journalists, bloggers, and editors that have been arrested, along with the news organizations they worked for. The report discusses censorship and monitoring of the Internet.
Labor Restrictions	Independent unions are technically legal but not allowed in practice. The sole authorized national labor organization is a state-controlled "Workers' House" umbrella.
Women	Women can vote and run in parliamentary and municipal elections. Iranian women can drive, and many work outside the home, including owning their own businesses. Nine women are in the Majles. Regime enforces requirement that women be covered in public, generally with a garment called a *chador*. Women do not have inheritance rights equal to that of men, and their court testimony carries half the weight of a male. In March 2007, the regime arrested 31 women activists who were protesting the arrest in 2006 of several other women's rights activists; all but 3 of the 31 were released by March 9. In May 2006, the Majles passed a bill calling for increased public awareness of Islamic dress; the bill did not contain a requirement that members of Iran's minority groups wear badges or distinctive clothing.
Religious Freedom	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 noted in the International Religious Freedom report for the second half of 2010, which stated that "Government rhetoric and actions created a threatening atmosphere for nearly all non-Shia religious groups, most notably for Bahais, as well as Sufi Muslims, evangelical Christians, Jews, and Shia groups that do not share the government's official religious views." In late September 2011, a Protestant pastor who was born a Muslim, Youcef Nadarkhani, was sentenced to death for refusing to recant his Christian faith. White House, State Department, and many human rights groups have called for an overturning of the sentence.
Baha'is	Iran repeatedly cited for repression of the Baha'i community, which Iran's Shiite Muslim clergy views as a heretical sect. It numbers about 300,000-350,000. At least 30 Baha'is remain imprisoned. Several were sentenced to death in February 2010. 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 (Bahman Samandari in 1992; Musa Talibi in 1996; and Ruhollah Ruhani in 1998). Another, Dhabihullah Mahrami, was in custody since 1995 and died of unknown causes in prison in December 2005. Virtually every year, congressional resolutions have condemned Iran's treatment of the Baha'is.
Jews	Along with Christians, a "recognized minority," with one seat in the Majles, the 30,000-member Jewish community (the largest in the Middle East aside from Israel) 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 reluctant to speak out for fear of reprisals. During 1993-1998, Iran executed five Jews allegedly spying for Israel. In June 1999, Iran arrested 13 Jews (mostly teachers, shopkeepers, and butchers) from the Shiraz area that it said were part of an "espionage ring" for Israel.

Group/Issue	Regime Practice/Recent Developments
	After an April-June 2000 trial, 10 of the Jews and 2 Muslim accomplices were convicted (July 1, 2000), receiving 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 businessman Ali Ashtari (a Muslim), who was arrested in 2006, for allegedly providing information on Iran's nuclear program to Israel.
Kurds/Other Sunni Muslims	The cited reports note other discrimination against Sufis and Sunni Muslims, although abuses against Sunnis could reflect that minority ethnicities, including Kurds, are mostly Sunnis. No reserved seats for Sunnis in the *Majles* but several are usually elected in their own right. Five Kurdish oppositionists executed in May 2010 and more in January 2011.
Human Trafficking	The June 27, 2011 (latest), State Department "Trafficking in Persons" report continued to place Iran in Tier 3 (worst level) for failing to take significant action to prevent trafficking in persons. Among many different examples of activity in the report, Iranian women and girls are trafficked for sexual exploitation to other countries, sometimes with the active involvement of Iranian religious leaders and immigration officials.
Executions Policy	Human rights groups say executions have increased sharply since the dispute over the June 2009 election. The State Department human rights report says there were 312 executions in 2010, and 135 during January 1-May 11, 2011. Iran executed six persons under the age of 18 in 2008, the only country to do so. As a party to the International Covenant on Civil and Political Rights and the Convention on the Rights of the Child, Iran is obligated to cease them. In a trend that sparked alarm from U.N. High Commissioner for Human Rights Navi Pillay, during January 2011, Iran reportedly executed 66 persons, including some for alleged participation in anti-regime activities.
Stonings	In 2002, the head of Iran's judiciary issued a ban on stoning. However, Iranian officials later called that directive "advisory" and could be ignored by individual judges. On December 2, 2008, Iran confirmed the stoning deaths of two men in Mashhad who were convicted of adultery. A sentence of stoning against a 45-year-old woman (Sakineh Ashtiani) convicted of adultery and assisting in the murder of her husband was set aside for further review in July 2010. An Iranian parliamentarian said on January 17, 2011, the stoning sentence was dropped but she would serve 10 years in prison.
Azeris	Azeris are one-quarter of the population, but they complain of ethnic and linguistic discrimination. In 2008, there were several arrests of Azeri students and cultural activists who were pressing for their right to celebrate their culture and history.
Arrests of Dual Nationals and Foreign Nationals/Robert Levinson/ the American Hikers	An Iranian American journalist, Roxanna Saberi, was arrested in January 2009 allegedly because her press credentials had expired; was charged on April 9, 2009, with espionage for possessing an Iranian military document. Sentenced to eight years in jail, she was released on appeal on May 12, 2009, and left Iran. Another dual national, Esha Momeni, arrested in October 2008, is unable to leave Iran. U.S. national, former FBI agent Robert Levinson, remains missing after a visit in 2005 to Kish Island, although the State Department announced on March 3, 2011, that it had received evidence he is alive and being held somewhere in "Southwest Asia." *Hikers.* Three American hikers were arrested in August 2009 after crossing into Iran, possibly mistakenly, from a hike in northern Iraq. The mothers visited the hikers during May 20-21, 2010, but left Iran with their children still incarcerated. On September 15, 2010, after Sara Shourd reported possible health issues, she was released on $500,000 bail, and her departure was brokered by Oman. Her fiancé, Shane Bauer, and Josh Fattal, remained incarcerated and were to go on trial beginning November 5, 2010, but postponed until February 6, 2011, and then again until a final hearing on August 3. On August 7, 2011, they were sentenced to eight years incarceration. On September 21, 2011, on the eve of Ahmadinejad's address to the U.N. General Assembly, the two were released on $500,000 bail each, a sum reportedly paid by Oman, which played a key role in brokering their exit. An ailing 72-year-old Iranian American, Reza Taghavi, was incarcerated since May 2008, but was released in October 2010 when the regime judged him not a threat to Iranian security. While on a visit to Iran, he delivered a small amount of funds from an Iranian American to this

Group/Issue	Regime Practice/Recent Developments
	person's relative in Iran who, unbeknownst to Taghavi, was part of the *Tondar* group.

Sources: Most recent State Department reports on human rights (April 8, 2011), trafficking in persons (June 27, 2011), and on religious freedom (September 13, 2011). http://www.state.gov.; U.N. Special Rapporteur report dated September 23, 2011 (U.N. document no. A/66/374).

Iran's Strategic Capabilities and Weapons of Mass Destruction Programs

The Obama Administration views Iran as one of the key national security challenges facing the United States.[12] This assessment is based largely on Iran's weapons of mass destruction (WMD) programs and its ability to exert influence in the region counter to U.S. objectives.[13] Many experts agree that Iran's core national security goals are to protect itself from foreign, primarily U.S., interference or attack, and to exert regional influence that Iran believes is commensurate with its size and concept of nationhood. A nuclear armed Iran, in the view of many experts, would be more assertive than it now is in supporting countries and movements that oppose U.S. interests and allies because Iran would likely conclude that the United States would hesitate to take military action against a nuclear power.

Conventional Military/Revolutionary Guard/Qods Force

Iran's armed forces are extensive but they are widely considered relatively combat ineffective in a head-on confrontation against a well-trained, sophisticated military such as that of the United States or even a major regional power such as Turkey. Iran is believed to largely lack the logistical ability to project power much beyond its borders. On September 28, 2011, a high ranking Iranian naval official, Rear Admiral Habibollah Sayyari, said it would send naval ships off the U.S. Atlantic coast, although Iran's ability to implement that deployment effectively enough to cause any U.S. concern was immediately questioned by most experts as well as White House spokesperson Jay Carney.

Whether or not Iran's claims about fielding naval forces close to the continental United States prove accurate, Iranian forces are widely assessed as able to cause damage to U.S. forces and allies in the Gulf region. The Iranian armed forces also are sufficiently effective to deter or fend off conventional threats from Iran's weaker neighbors such as post-war Iraq, Turkmenistan, Azerbaijan, and Afghanistan. Iran's armed forces have few formal relationships with foreign militaries, but Iran and India have a "strategic dialogue" and some Iranian naval officers reportedly have undergone some training in India. As noted above, Iran and Turkey are implementing an agreement in April 2008 to jointly fight terrorism (Kurdish opposition groups) along their border.

Most of Iran's other military-to-military relationships, such as with Russia, Ukraine, Belarus, North Korea, and a few others, generally center on Iranian arms purchases or upgrades (although

[12] A March 16, 2006, "National Security Strategy" document stated that the United States "may face no greater challenge from a single country than from Iran."

[13] See http://www.whitehouse.gov/nsc/nss/2006/.

such activity is now banned by U.N. Resolution 1929 of June 2010). This assessment was presented in the Defense Department's mandated *Unclassified Report on Military Power of Iran* released in April 2010.[14]

Iran's armed forces are divided organizationally. The Islamic Revolutionary Guard Corps (IRGC, known in Persian as the *Pasdaran*)[15] controls the *Basij* (Mobilization of the Oppressed) volunteer militia that enforces adherence to Islamic customs and has been the main instrument to repress the postelection protests in Iran. The IRGC and the regular military report to a joint headquarters, headed by Dr. Hassan Firuzabadi.

Table 4. Iran's Conventional Military Arsenal

Military Personnel	Tanks	Surface-Air Missiles	Combat Aircraft	Ships	Defense Budget
460,000+. Regular ground force is about 220,000, Revolutionary Guard Corps (IRGC) ground force is about 130,000. Remainder are regular and IRGC navy (18,000 and 20,000 personnel respectively) and Air Forces (52,000 regular Air Force personnel and 5,000 Guard Air Force personnel.) About 12,000 air defense.	1,800+ (incl. 480 T-72)	150+ I-Hawk plus some Stinger	330+ (incl. 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.	100+ (IRGC and regular Navy) (incl. 4 Corvette; 18 IRGC-controlled Chinese-made Hudong, 40 Boghammer) Also has 3 Kilo subs (reg. Navy controlled)	About 2.8% of GDP

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.

Ship-launched cruise missiles. Iran is able to arm its patrol boats with Chinese-made C-802 cruise missiles. Iran also has Chinese-supplied HY-2 Seerseekers emplaced along Iran's coast.

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.

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

Source: IISS Military Balance: 2010—Section on Middle East and North Africa, and various press reports; April 2010 DOD report on "Military Power of Iran," cited earlier.

[14] For text, see http://media.washingtontimes.com/media/docs/2010/Apr/20/Iran_Military_Report.pdf. The report is required by Section 1245 of the National Defense Authorization Act for FY2010 (P.L. 111-84).

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

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

Through its Qods (Jerusalem) Force, the IRGC has a foreign policy role in exerting influence throughout the region by supporting pro-Iranian movements, as discussed further below. The Qods Force 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. It also operates a worldwide intelligence network to give Iran possible terrorist option and to assist in procurement of WMD-related technology. The Qods Force 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 Qods Force commander during 1988-1995 was Brigadier General Ahmad Vahidi, confirmed as defense minister on September 3, 2009. He led the Qods Force when it allegedly assisted two bombings of Israeli and Jewish targets in Buenos Aires (he is wanted by Interpol for a role in the 1994 bombing there); recruited Saudi Hezbollah activists later accused of the June 1996 Khobar Towers bombing; and assassinated Iranian dissident leaders in Europe in the early 1990s.

IRGC leadership developments are significant because of the political influence of the IRGC. On September 2, 2007, Khamene'i named Mohammad Ali Jafari as commander in chief of the Guard; Jafari is considered a hardliner against political dissent and increasingly at odds with Ahmadinejad in the context of the Ahmadinejad-Khamene' power struggle. The *Basij* reports to the IRGC commander in chief; its leadership was changed in October 2009, to Brigadier General Mohammad Reza Naqdi (replacing Hossein Taeb). 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; furthered the view that the Basij is playing a more active 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, an apparent response to the Green Movement. The IRGC Navy now has responsibility to patrol the entire Persian Gulf, and the regular Navy is patrolling the Strait of Hormuz. More information on how the Iranian military might perform against the United States is discussed later.

As noted, the IRGC is also increasingly involved in Iran's economy, acting through a network of contracting businesses it has set up, most notably *Ghorb* (also called *Khatem ol-Anbiya*, Persian for "Seal of the Prophet"). Active duty IRGC senior commanders reportedly serve on Ghorb's board of directors and its commander, Rostam Ghasemi, became Oil Minister in August 2011. In September 2009, the Guard bought a 50% stake in Iran Telecommunication Company at a cost of $7.8 billion. In the past five years, Guard affiliated firms have won 750 oil and gas and construction contracts, and the Guard has its own civilian port facilities. However, questions arose about the IRGC firms' capabilities in July 2010 when *Ghorb* pulled out of a contract to develop part of the large South Pars gas field, citing the impact of expanded U.S. and international sanctions (which might have caused foreign partner firms to refuse to cooperate with *Ghorb*). On October 21, 2007, the Treasury Department designated several IRGC companies as proliferation entities under Executive Order 13382. Also that day, the IRGC as a whole, the Ministry of Defense, several IRGC commanders, and several Iranian banks were sanctioned under that same executive order. Simultaneously, the Qods Force was named as a terrorism supporting entity under Executive Order 13224. These orders freeze the U.S.-based assets and prevent U.S. transactions with the named entities, but these entities are believed to have virtually no U.S.-based assets. On June 9, 2011, the IRGC and Basij were named as human rights abusers under Executive Order 13553.

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.

Nuclear Program and Related International Diplomacy

International scrutiny of Iran's nuclear program intensified in late 2002, when Iran confirmed PMOI allegations that Iran was building two facilities that could potentially be used to produce fissile material useful for a nuclear weapon: a uranium enrichment facility at Natanz and a heavy water production plant at Arak,[16]considered ideal for the production of plutonium. It was revealed in 2003 that the founder of Pakistan's nuclear weapons program, A. Q. Khan, sold Iran nuclear technology and designs.[17]

The United States and its partners state that they accept Iran's right to pursue peaceful uses of nuclear energy, but that Iran must verifiably demonstrate that its nuclear program is for only those purposes. Iran is enriching uranium, but doing so could reflect many intentions, depending on the level of enrichment. To construct an actual nuclear weapon, Iran would also have to develop a capability to trigger a nuclear detonation out of highly enriched (90%+) uranium.

As to Iran's intentions, International Atomic Energy Agency (IAEA) reports over the past several years indicate that Iran has not satisfactorily addressed IAEA information that Iran might have a nuclear *weapons* program,[18] stating that the body has evidence that Iran has conducted work on nuclear triggering technology. Several earlier IAEA reports describe Iranian documents that show a possible involvement of Iran's military in the program. The IAEA report released September 2, 2011, said the IAEA is "increasingly concerned" about the possible existence in Iran of past or undisclosed nuclear related activities, including "activities related to the development of a nuclear payload for a missile, about which the Agency continues to receive new information." In a February 21, 2011, interview with Lally Weymouth of the *Washington Post*, IAEA Director Yukia Amano stated, in response to the assertion that Iranian leaders seem very determined to build a nuclear weapon, "I have the same impression." In October 2011, press reports said the Obama Administration is pressuring the IAEA to release more of its information showing that Iran is working on nuclear weapons technology, but some reports say Russia and China, who tend to take a somewhat softer line on Iran's nuclear program, are arguing against additional IAEA information releases.[19]

Iranian leaders consistently deny they are trying to achieve a nuclear weapons capability. They assert that Iran's nuclear program is for electricity generation, given finite oil and gas resources, and that enrichment is its "right" as a party to the 1968 Nuclear Non-Proliferation Treaty.[20] An analysis was published by the National Academy of Sciences challenging the U.S. view that Iran is petroleum rich and therefore has no need for a nuclear power program. According to the analysis, the relative lack of investment could cause Iran to have negligible exports of oil by 2015.[21] U.S. officials have said that Iran's gas resources make nuclear energy unnecessary. Iran

[16] 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.

[17] Lancaster, John and Kamran Khan. "Pakistanis Say Nuclear Scientists Aided Iran." *Washington Post*, January 24, 2004.

[18] http://www.isis-online.org/uploads/isis-reports/documents/Iran_report-nov23.pdf.; http://lewis.armscontrolwonk.com/files/2011/02/gov2011-7.pdf

[19] David Sanger and Mark Landler. "To Isolate Iran, U.S. Presses Inspectors on Nuclear Data." *New York Times*, October 16, 2011.

[20] 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.

[21] Stern, Roger. "The Iranian Petroleum Crisis and United States National Security," *Proceedings of the National*
(continued...)

professes that WMD is inconsistent with its ideology and says that its leaders, including the late Ayatollah Khomeini, have issued formal pronouncements (*fatwas*) that nuclear weapons are un-Islamic.

Iran's assertions of a purely peaceful program are met with widespread skepticism, not only because of the activities discussed above but also because Iran's governing factions appear to perceive a nuclear weapons capability as a means of ending Iran's perceived historic vulnerability to invasion and domination by great powers, and as a symbol of Iran as a major nation. Others believe a nuclear weapon represents the instrument with which Iran intends to intimidate its neighbors and dominate the Persian Gulf region. There are also fears Iran might transfer WMD to extremist groups or countries.

On the other hand, some Iranian strategists agree with U.S. assertions that a nuclear weapon will not deliver Iran absolute security, but will instead make Iran less secure. According to this view, moving toward a nuclear weapons capability will bring Iran further sanctions, military containment, U.S. attempted interference in Iran, and efforts by neighbors to develop countervailing capabilities. Some Green Movement leaders, such as Musavi, have positions on the nuclear issue similar to those of regime leaders, but several Green Movement factions see the nuclear program as an impediment to eventual reintegration with the West and might be willing to significantly limit the program.

Status of Enrichment and Time Frame Estimates

Sparking further concerns among several governments is the steady progress of Iran's enrichment program. The May 24, 2011, and September 2, 2011, IAEA reports reiterated previous IAEA findings that Iran has enriched enough uranium for at least two nuclear weapons (if enriched to 90%), and enrichment has continued since. Most of Iran's enrichment thus far has been primarily to less than 5%, which is a level that would permit only civilian uses, but it has enriched a proportion to the 20% level, which is necessary for medical use but also shows Iran's capability to enrich to ever higher levels. Iranian nuclear officials have said since January 2011 that Iran would continue enriching to the 20% level in order to make its own fuel for use in a medical isotope reactor. Of concern to some experts, it announced on June 8, 2011, that it would triple production of the 20% enriched uranium by expanding its efforts at a the heavily fortified Fordow site that Iran admitted in September 2009 (after discovery by Western intelligence) that it had developed. In July 2011, Iran notified the IAEA it intended to install its newer generation centrifuges (IR-2M and IR-4) at the Fordow and the main Natanz enrichment site. In late August 2011, the head of Iran's atomic energy agency said Iran would produce more 20% enriched uranium than it needs for the medical reactor, causing further concern among experts about Iran's intentions. As of late October 2011, Iran has produced about 160 pounds of 20% enriched uranium. The IAEA reports continue to maintain that there is no evidence that Iran has diverted any nuclear material (for a nuclear weapons program). The February 25, 2011, IAEA report, the latest issued, has annexes listing Iran's declared nuclear sites as well as a summary of all the NPT obligations Iran is not meeting.[22]

(...continued)

Academy of Sciences of the United States of America. December 26, 2006.

[22] IAEA report of February 25, 2011. http://lewis.armscontrolwonk.com/files/2011/02/gov2011-7.pdf

Estimates differ as to when Iran might achieve a nuclear weapons capability if there were a decision to pursue that course: a decision that, according to public statements from the intelligence community, has not necessarily been made. DNI testimony on February 10, 2011 (annual worldwide threat briefing), stated that "Iran has the scientific, technical, and industrial capacity to … produce[] enough highly enriched uranium for a weapon in the next few years, if it chooses to." These statements take into account technical difficulties, possibly caused by Western activities and international sanctions, that might have delayed a nuclear-armed Iran. Among theses difficulties is the effect of a deliberate computer virus (Stuxnet) in September-October 2010 that appeared to target Iranian nuclear facility computers by altering their spin rate, causing Iran to take about 1,000 centrifuges out of service,[23] although the May 24, 2011, IAEA report indicates Iran has largely overcome the effects of Stuxnet.

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 had insisted that Iran first comply with the U.N. resolutions discussed below. Some tests of the plant began in February 2009, but Russia appeared to delay opening it to pressure Iran on the broader nuclear issue. The plant was inaugurated on August 21, 2010, and fueling was completed by October 25, 2010. It was scheduled to be operational as of late January 2011, but the February 25, 2011, IAEA report said Iran has to unload the fuel from the reactor core due to a reported problem with a cooling pump. It began limited operations on May 8, 2011, and was linked to Iran's power grid in September 2011. As part of this work, Russia trained 1,500 Iranian nuclear engineers.

The International Response

The international response to Iran's nuclear program has evolved into a growing global consensus to apply substantial pressure on Iran—coupled with incentives and diplomacy—to limit its program. The U.S. and international position is that an Iranian nuclear weapon would reinforce Iran's efforts to work against U.S. policy and could stimulate a nuclear weapons race in a volatile region.

Diplomatic Efforts in 2003 and 2004/Paris Agreement

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 discontinued abiding by the Protocol after the IAEA reports of November 10, 2003, and February 24, 2004, stated that Iran had violated its NPT reporting obligations over an 18-year period.

[23] For information on Stuxnet and its origins and effects, see Broad William, John Markoff and David Sanger. "Israeli Test on Worm Called Crucial in Iran Nuclear Delay." *New York Times*, January 15, 2011.

In the face of the U.S. threat to push for Security Council action, 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.[24] The Bush Administration did not openly support the track until March 11, 2005, when it announced it would drop U.S. objections to Iran applying to join the World Trade Organization (it applied in May 2005) and to selling civilian aircraft parts to Iran. The Bush Administration did not participate directly in the talks.

Reference to the Security Council

The Paris Agreement broke down just after Ahmadinejad's election; Iran rejected as insufficient an EU-3 offer to assist Iran with peaceful uses of nuclear energy and provide limited security guarantees in exchange for Iran's (1) permanently ending uranium enrichment; (2) dismantling the Arak heavy-water reactor;[25] (3) no-notice nuclear inspections; and (4) a pledge not to leave the NPT (it has a legal exit clause). On August 8, 2005, Iran broke the IAEA seals and began uranium "conversion" (one step before enrichment) at its Esfahan facility. On September 24, 2005, the IAEA Board declared Iran in non-compliance with the NPT and decided to refer the issue to the Security Council,[26] but no time frame was set for the referral. After Iran resumed enrichment activities, on February 4, 2006, the IAEA board voted 27-3[27] to refer the case to the Security Council. On March 29, 2006, the Council agreed on a presidency "statement" setting a 30-day time limit (April 28, 2006) for ceasing enrichment.[28]

Establishment of "P5+1" Contact Group/June 2006 Incentive Package

Taking a multilateral approach, the George W. Bush Administration offered on May 31, 2006, to join the nuclear talks with Iran if Iran first 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 representative Javier Solana formally presented the P5+1 offer to Iran on June 6, 2006. (The package is Annex I to Resolution 1747.)

Incentives:

- Negotiations on an EU-Iran trade agreements and acceptance of Iran into the World Trade Organization.
- Easing of U.S. sanctions to permit sales to Iran of commercial aircraft/parts.

[24] 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.

[25] In November 2006, the IAEA, at U.S. urging, declined to provide technical assistance to the Arak facility.

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

[27] Voting no: Cuba, Syria, Venezuela. Abstaining: Algeria, Belarus, Indonesia, Libya, South Africa.

[28] See http://daccessdds.un.org/doc/UNDOC/GEN/N06/290/88/PDF/N0629088.pdf?OpenElement.

- Sale to Iran of a light-water nuclear reactor and guarantees of nuclear fuel (including a five-year buffer stock of fuel), and possible sales of light-water research reactors for medicine and agriculture applications.
- An "energy partnership" between Iran and the EU, including help for Iran to modernize its oil and gas sector and to build export pipelines.
- Support for a regional security forum for the Persian Gulf, and support for the objective of a WMD free zone for the Middle East.
- The possibility of eventually allowing Iran to resume uranium enrichment if it complies with all outstanding IAEA requirements.

Sanctions:[29]

- Denial of visas for Iranians involved in Iran's nuclear program and for high-ranking Iranian officials.
- A freeze of assets of Iranian officials and institutions; a freeze of Iran's assets abroad; and a ban on some financial transactions.
- A ban on sales of advanced technology and of arms to Iran; and a ban on sales to Iran of gasoline and other refined oil products.
- An end to support for Iran's application to the WTO.

First Set of U.N. Security Council Resolutions Adopted

Iran did not immediately respond to the offer. In response, the U.N. Security Council began its efforts, still ongoing, to impose sanctions on Iran in an effort to shift Iran's calculations toward compromise.

- *Resolution 1696.* On July 31, 2006, the Security Council voted 14-1 (Qatar voting no) for U.N. Security Council Resolution 1696, giving Iran until August 31, 2006, to fulfill the long-standing IAEA nuclear demands (enrichment suspension, etc.). Purportedly in deference to Russia and China, it was passed under Article 40 of the U.N. Charter, which makes compliance mandatory, but not under Article 41, which refers to economic sanctions, or Article 42, which would authorize military action. It called on U.N. member states not to sell Iran WMD-useful technology. On August 22, 2006, Iran responded, but Iran did not offer enrichment suspension, instead offering vague proposals of engagement with the West.
- *Resolution 1737.* With the backing of the P5+1, chief EU negotiator Javier Solana negotiated with Iran to try arrange a temporary enrichment suspension, but talks ended on September 28, 2006, without agreement. 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 prohibits sale to Iran—or financing of such sale—of technology that could contribute to Iran's uranium enrichment or heavy-water reprocessing activities. It also required U.N. member

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

states to freeze the financial assets of 10 named Iranian nuclear and missile firms and 12 persons related to those programs. It called on—but did not mandate—member states not to permit travel by these persons. In deference to Russia, the Resolution did not apply to the Bushehr reactor.

- *Resolution 1747.* Resolution 1737 demanded enrichment suspension by February 21, 2007. With no Iranian compliance, on March 24, 2007, after only three weeks of P5+1 negotiations, Resolution 1747 was adopted unanimously, which demanded Iran suspend enrichment by May 24, 2007, and:
  - added 10 military/WMD-related entities, 3 Revolutionary Guard entities, 7 Revolutionary Guard commanders, 8 other persons, and Bank Sepah.
  - banned arms transfers by Iran, a provision targeted at Iran's alleged arms supplies to Lebanese Hezbollah and to Shiite militias in Iraq.
  - required all countries to report to the United Nations when sanctioned Iranian persons travel to their territories.
  - 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.
  - Iran did not comply with Resolution 1747, but, in August 2007, it agreed to sign with the IAEA an agreement to clear up outstanding questions on past nuclear activities by the end of 2007. On September 28, 2007, the P5+1 grouping—along with the EU itself—agreed to a joint statement pledging to negotiate another sanctions resolution if there is no progress reported by the IAEA in implementing the August 2007 agreement or in negotiations with EU representative Javier Solana. The IAEA and Solana indicated that Iran's responses fell short; Solana described a November 30, 2007, meeting with Iranian negotiator Sayid Jallili as "disappointing."
- *Resolution 1803 and Additional Incentives for Iran.* After several months of negotiations, Resolution 1803 was adopted by a vote of 14-0 (Indonesia abstaining) on March 3, 2008. It:
  - banned virtually all sales of dual use items to Iran, citing equipment listed as dual use in various proliferation conventions and documents;
  - authorized, but did not require, inspections of shipments by Iran Air Cargo and Islamic Republic of Iran Shipping Line, if such shipments are suspected of containing banned WMD-related goods;
  - imposed a firm travel ban on five Iranians named in Annex II to the Resolution and requires reports on travel by 13 other named individuals;
  - called for, but did not impose, a prohibition on financial transactions with Iran's Bank Melli and Bank Saderat;
  - added 12 entities to those sanctioned under Resolution 1737;
  - stated the willingness of the P5+1 to consider additional incentives to resolve the Iranian nuclear issue through negotiation "beyond those of June 2006.

- The Bush Administration agreed to expand the June 2006 incentive package at a meeting in London on May 2, 2008, offering to add political cooperation and enhanced energy cooperation for Iran. EU envoy Solana presented the package (which included a signature by Secretary of State Rice) on June 14, 2008, but Iran was non-committal. (The text of the enhanced incentive offer to Iran is contained in an Annex to Resolution 1929.)
- Iran did not accept the enhanced package of incentives as a basis of further discussion but, in July 2008, Iran indicated it might be ready to first accept a six week "freeze for freeze:" the P5+1 would freeze further sanctions efforts and Iran would freeze any expansion of uranium enrichment (though not suspend outright). To try to take advantage of this opening, the Bush Administration sent Under Secretary of State for Political Affairs William Burns to join Solana and the other P5+1 representatives at a meeting in Geneva on July 19, 2008. Iran did not accept the "freeze for freeze" by an extended deadline of August 2, 2008.
- *Resolution 1835.* As a result of the lack of progress, the P5+1 began discussing another sanctions resolution. However, 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 unity, the Council adopted Resolution 1835 (September 27, 2008), calling on Iran to comply with previous resolutions, but restating a willingness to negotiate and imposing no new sanctions.
- The P5+1 met again in October and in November of 2008, but U.S. partner officials were uncertain about what U.S. policy toward Iran might be under a new U.S. Administration. No consensus on additional sanctions was reached.

The International Response Under the Obama Administration

After President Obama was inaugurated, the P5+1 met in Germany (February 4, 2009), reportedly focusing on the new Administration's approach on Iran. The other members of the P5+1 sought to incorporate the Administration's commitment to direct U.S. engagement with Iran into the U.N. sanctions and negotiating framework. The meeting recommitted to the "two track" strategy of incentives and sanctions.[30] At another P5+1 meeting in London on April 8, 2009, Under Secretary Burns told the other members of the group that, henceforth, a U.S. diplomat would attend all of the group's meetings with Iran. Iran put off new meetings until after its Iranian June 12, 2009, election.[31] The P5+1 did not materially alter its approach because of the unrest in Iran that erupted after that election, and a July 9, 2009, G-8 summit statement, which included Russian concurrence, mentioned late September 2009 (G-20 summit on September 24) as a time by which the P5+1 would expect Iran to attend new talks and offer constructive proposals, lest the P5+1 consider imposing "crippling sanctions" on Iran.

Sensing pressure, on September 1, 2009, Iran's senior negotiator, Sayid Jallili, said Iran would come to new talks. On September 9, 2009, Iran distributed its long-anticipated proposals to settle the nuclear issue to P5+1 representatives in Iran (the Swiss ambassador represented the United

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

[31] CRS conversations with European diplomats in July 2009.

States).[32] The Iranian proposals were criticized as vague, but the P5+1 considered it a sufficient basis to meet with Iran in Geneva on October 1, 2009.

October 1, 2009, Agreement on Reprocessing Iran's Enriched Uranium

In light of September 25, 2009, revelations about the previously unreported Iranian nuclear site, little progress was expected at the meeting. However, the seven-hour session, in which U.S. Under Secretary of State William Burns, representing the United States, also met privately with Iranian negotiator Sayed Jallili, resulted in tentative agreements to (1) meet again later in October; (2) allow the IAEA to inspect the newly revealed Iranian facility near Qom; and (3) allow Russia and France, subject to technical talks to begin by mid-October, to reprocess 2,600 pounds (about 75% of Iran's low-enriched uranium) for medical use. (The Qom facility was inspected during October 25-29, 2009, as agreed.)

The technical talks were held October 19-21, 2009, at IAEA headquarters in Vienna, Austria, and chaired on the U.S. side by Deputy Energy Secretary Daniel Poneman. A draft agreement was approved by the P5+1 countries and the IAEA. Despite Ahmadinejad's comments in early February 2010 that he "did not have a problem" with the arrangement, political opposition from hardliners inside Iran led Iran to refuse to finalize the concept. Instead, Iran floated counter-proposals to ship its enriched uranium to France and Russia in increments, to ship the uranium to Turkey, or to reprocess the uranium in Iran itself.

Iran-Brazil-Turkey Uranium Exchange Deal ("Tehran Declaration")

All of Iran's counter-proposals were deemed insufficiently specific or responsive to meet P5+1 demands. Iran also rebuffed a specific U.S. proposal in January 2010 to allow it to buy on the open market isotopes for its medical reactor. However, 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.[33] As required by the agreement, Iran forwarded to the IAEA a formal letter accepting the agreement terms. Even though some assert that the Obama Administration quietly supported the Brazil-Turkey initiative, the Obama Administration did not accept the Tehran Declaration, asserting that the amount of enriched uranium to be reprocessed does not therefore preclude enrichment of enough uranium for a nuclear weapon and did not address Iran's enrichment to the 20% level.

Resolution 1929 and EU Follow-Up

On May 18, 2010, one day after the signing of the Tehran Declaration, Secretary of State Clinton announced that the P5+1 had reached agreement on a new sanctions resolution. The resolution reflects a compromise designed to attract support from Russia and China, which believe sanctions might threaten their own interests in Iran, while also giving U.S. allies authority to take

[32] "Cooperation for Peace, Justice, and Progress." Text of Iranian proposals: http://enduringamerica.com/2009/09/11/irans-nukes-full-text-of-irans-proposal-to-51-powers/.

[33] Text of the pact is at http://www.cfr.org/publication/22140/.

substantial new measures against Iran. It largely met the insistence of Russia and China that new sanctions not target Iran's civilian economy or its population, although it does provide authority for those countries that want to limit banking or other corporate relationships with Iran. During the negotiations, China received U.S. briefings on the likely adverse implications for the oil market if Iran's nuclear program proceeds apace. China was also reportedly reassured that the UAE and Saudi Arabia would compensate for Iran's oil exports to China if Iran cut off supplies to retaliate for China's support for new sanctions.[34] Simultaneously 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. (See CRS Report RS20871, *Iran Sanctions* for a table of entities under sanction.)

The main points of the draft, which was adopted on June 9, 2010 (Resolution 1929), by a vote of 12-2 (Turkey and Brazil) with one abstention (Lebanon) are[35]

- It added 15 Iranian firms affiliated with the Revolutionary Guard firms to the list of U.N.-sanctioned entities, although some of these firms are alternate names for the *Khatem ol-Anbiya* (Seal of the Prophet) engineering firm under Guard control. Twenty-two other Iranian entities, including the "First East Export Bank," and one individual, AEIO head Javad Rahiqi, were also added to the list.
- It made mandatory a ban on travel for Iranian persons named in it and in previous resolutions—including those Iranians for whom there was a non-binding travel ban in previous resolutions.
- It gave countries the authorization to inspect any shipments—and to dispose of their cargo—if the shipments are suspected to carry contraband items. However, inspections on the high seas are subject to concurrence by the country that owns that ship. This provision is modeled after a similar provision imposed on North Korea, which did cause that country to reverse some of its shipments.
- It prohibited countries from allowing Iran to invest in uranium mining and related nuclear technologies, or nuclear-capable ballistic missile technology.
- It banned sales to Iran of most categories of heavy arms and requests restraint in sales of light arms, but did not bar sales of missiles not on the "U.N. Registry of Conventional Arms" (meaning that the delivery of the S-300 system, discussed above, would not be banned).
- It required countries to insist that their companies refrain from doing business with Iran *if* there is reason to believe that such business could further Iran's WMD programs.
- It requested, but does not mandate, that countries prohibit Iranian banks to open in their countries, or for their banks to open in Iran, *if* doing so could contribute to Iran's WMD activities.
- The resolution set up a "panel of experts," which the Obama Administration announced on June 10, 2010, would be chaired by senior State Department

[34] Mackenzie, Kate. "Oil At the Heart of Latest Iranian Sanctions Efforts." *Financial Times*, March 8, 2010.

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

official Robert Einhorn. The panel, which has been named, has assessed the effect of the U.N. resolutions and suggested ways of more effective implementation.

Most Recent Diplomatic Developments

President Obama and other senior officials noted that the intent of Resolution 1929 was to bring Iran back to negotiations, and an annex to the resolution reinforced that point by presenting a modified offer of incentives for Iran to rejoin the international community. After the passage of the Resolution, EU foreign policy chief Ashton issued a letter to Iran inviting it to attend new talks. Iran's chief nuclear negotiator Seyed Jallili responded on July 6, 2010, by letter, saying that Iran might welcome new talks in September 2010, although his letter indicated Iran might want to raise issues beyond just the nuclear question. Iran subsequently took the position that any new talks should take place with the "Vienna Group" (Russia, France, and the United States) that were the pivotal countries that would have implemented the October 1, 2009, agreement discussed above. Iran also wanted Brazil and Turkey, the two countries that orchestrated the "Tehran Declaration," to attend any new meetings. EU foreign affairs chief Ashton (on October 14, 2010) sent a new invitation to Iran for talks with the P5+1 (not the "Vienna Group"), and implying that Iran could raise issues beyond the nuclear issue.

Iran accepted talks, and they were held during December 6-7, 2010, with the P5+1, in Geneva. By all accounts, the meeting made little progress on core issues. The United States and Iran did not, as they did in the October 2009 talks, hold direct bilateral talks during the two days of meetings. Iran reportedly focused on a purported "double standard" that allow Israel to go unpunished for its reputed nuclear weapons arsenal. Still, there was agreement to hold additional Iran-P5+1 talks in Istanbul (January 21-22, 2011), which some thought might lead Iran to show more flexibility because of Turkey's stated willingness to take Iran's viewpoints into account.

The Istanbul talks, by all accounts, made virtually no progress and reportedly nearly broke down after the first full day as Iran demanded lifting of international sanctions as a precondition to substantive discussions. No date for new talks was announced. (In advance of the talks, Iran invited major powers, but not the United States, to tour some of its nuclear facilities in January 2011, but most turned down the offer on the grounds that any assessments need be done by qualified IAEA inspectors, not diplomats. A few countries accepted, including those friendly or neutral toward Iran such as Egypt, Cuba, Syria, Algeria, Venezuela, Oman, and the Arab League.)

Suggesting that the Administration seeks to keep diplomacy as an active option, Secretary Clinton testified before the House Foreign Affairs Committee on March 1, 2011, that the United States might agree to a settlement that allowed Iran to continue enriching uranium in Iran, if Iran resolved all outstanding questions about its program and if the enrichment were under supervision. A P5+1 statement of March 9, 2011, affirmed the lack of progress at Istanbul, but also said "the door remains open."[36] Iranian chief negotiator Jalilli sent a letter to Ms. Ashton on May 8, 2011, but she stated publicly on May 11, 2011, that that the letter "does not contain anything new and does not appear to justify another meeting."

Reflecting the U.S. view, National Security Adviser Tom Donilon said on July 3, 2011, that the United States remains open to further talks, although the United States remains focused on

[36] http://vienna.usmission.gov/110309p51.html.

continued pressure on Iran. Some indications that talks may revive followed Iran-Russia talks during August 15-16, 2011, when Iran praised as a "basis to start negotiations" Russia's proposals to exchange some lifting of international sanctions for Iran's increasing its cooperation with IAEA oversight and giving up some nuclear activities that might be used for a nuclear weapon. A State Department spokeswoman, Victoria Nuland, confirmed that U.S. diplomats had worked with Russian counterparts to develop the proposal. Further movement was apparent in connection with the U.N. General Assembly meetings in New York in mid-late September; in interviews with journalists before and during his stay in New York, Ahmadinejad indicated that Iran might give up enrichment to the 20% level in return for guaranteed outside supplies of that fuel. In an interview with CNN broadcast on October 23, 2011, Ahmadinejad indicated Iran's willingness in principle to engage in new talks. Although those statements can be viewed as conciliatory, no new P5+1-Iran talks have been announced.

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

Requires Iran to suspend uranium enrichment.
Prohibits transfer to Iran of nuclear, missile, and dual use items, except for use in light-water reactors.
Prohibits Iran from exporting arms or WMD-useful technology.
Prohibits Iran from investing abroad in uranium mining, related nuclear technologies or nuclear capable ballistic missile technology.
Freezes the assets of over 80 named Iranian persons and entities, including Bank Sepah, and several corporate affiliates of the Revolutionary Guard.
Requires that countries ban the travel of over 40 named Iranians.
Mandates that countries not export major combat systems to Iran.
Calls for "vigilance" (a non-binding call to cut off business) with respect to all Iranian banks, particularly Bank Melli and Bank Saderat.
Calls for vigilance (voluntary restraint) with respect to providing international lending to Iran and providing trade credits and other financing and financial interactions.
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.
A Sanctions Committee, composed of the fifteen 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 "panel of experts" is empowered to make recommendations for improved enforcement.

Possible Additional U.N. Actions[37]

Although there do not appear to be active discussions among the P5+1 on new actions to pressure Iran, there are a number of other possible U.N. or multilateral measures to isolate Iran that might receive consideration if and when such discussions occur. Some of these possibilities include

[37] The sanctions issue, particularly U.S. sanctions, is discussed in far greater detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

- *Mandating Reductions in Diplomatic Exchanges with Iran or Prohibiting Travel by Iranian Officials.* Some have suggested a worldwide ban on travel to Iranian civilian officials, such as those involved in suppressing democracy activists. Some have called on countries to reduce their diplomatic presence in Iran, or to expel some Iranian diplomats from Iranian embassies in their territories. A further option is to limit sports or cultural exchanges with Iran, such as Iran's participation in the World Cup soccer tournament. However, many experts oppose using sporting events to accomplish political goals.
- *Banning Passenger Flights to and from Iran.* Bans on flights to and from Libya were imposed on that country in response to the finding that its agents were responsible for the December 21, 1988, bombing of Pan Am 103 (now lifted). There are no indications that a passenger aircraft flight ban is under consideration among the P5+1.
- *A Ban on Exports to Iran of Refined Oil Products and Energy Equipment and Services.* As noted, the EU sanctions formalized July 27, 2010, did not ban sales of gasoline but did ban the sale to Iran of equipment or services for Iran's energy sector (refineries as well as exploration and drilling). Another possibility would be to make such a general ban on sales of energy equipment or services universal in a new U.N. resolution. U.N. sanctions against Libya for the Pan Am 103 bombing banned the sale of energy equipment to Libya.
- *Financial and Trade Sanctions, Such as Sanctions on the Central Bank.* Existing Receiving increasing U.S. consideration is an effort to shut the Central Bank of Iran (Bank Markazi) out of the international banking system—a step that would potentially prevent the clearing of payments for Iranian oil in hard currency. The step is said to be opposed by some European companies who fear harm to the civilian Iranian population from currency instability. A call for vigilance dealing with Iran's Central Bank is mentioned in Resolution 1929. U.N. resolutions do not freeze all Iranian assets abroad, but such a broad freeze does not appear to be under Security Council consideration.
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran. An option is to make a ban on such lending mandatory.
- *Banning Trade Financing or Official Insurance for Trade Financing*. Another option is to mandate a ban on official trade credit guarantees. This was not made mandatory by Resolution 1929, but several countries imposed this sanction (as far as most trade financing) subsequently. In discussions that led to Resolution 1929, a ban on investment in Iranian bonds reportedly was considered but deleted to attract China and Russia's support.
- *Banning Worldwide Investment in Iran's Energy Sector.* This option would represent an "internationalization" of the U.S. "Iran Sanctions Act," which is discussed in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman. Such a step is authorized, not mandated, by Resolution 1929, and a growing number of countries have used that authority to impose these sanctions on Iran.
- *Restricting Operations of and Insurance for Iranian Shipping.* One option, reportedly long under consideration, has been to ban the provision of insurance, or reinsurance, for any shipping to Iran. 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 operate. (The United States has imposed sanctions on IRISL.)

- *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 Purchases of Iranian Oil.* This is widely considered the most sweeping of sanctions that might be imposed. Achieving passage of a U.N. ban on Iranian exportation of oil is unlikely at this time because of high world oil prices, which would spike higher if this option were exercised. Some argue that a similar effect could be achieved by sanctioning the Central Bank, as discussed above. Others say a smaller effect can be achieved by an agreement among major European refiners not to use Iranian oil in their refining operations, which might cause other refiners to drive down the price of Iranian crude.

Chemical Weapons, Biological Weapons, and Missiles

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.[38] 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.

Ballistic Missiles/Warheads

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 to enhance its power projection. 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. However, Iran's technical capabilities are a matter of some debate among experts, and Iran appears to have focused on missiles capable of hitting regional targets rather than those of intercontinental range. **Table 7** contains some details on Iran's missile programs.[39] A U.N. experts panel reported in May 2011 that might be getting ballistic missile technology from North Korea, in violation of U.S. sanctions against Iran (discussed above).

In August 2008, the George W. Bush Administration reached agreements with Poland and the Czech Republic to establish a missile defense system to counter Iranian ballistic missiles. These agreements were reached over Russia's opposition, which was based on the belief that the missile defense system would be used to neutralize Russian capabilities. However, reportedly based on assessments of Iran's focus on missiles of regional range, on September 17, 2009, the Obama Administration reoriented this missile defense program to focus, at least initially, on ship-based

[38] 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.

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

systems, 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. In February 2010, Romania's top defense policy body approved a U.S. plan to base missile interceptors there. Russia has eased its resistance to this new architecture because Russia's own missiles would not need to overfly the systems. At the November 19-20, 2010, NATO meeting in Lisbon, NATO adopted the concept of a missile defense system, and to work with Russia to conceive a system that Russia could support, but the summit did not specifically name Iran as a threat the system is intended to address.

Table 7. Iran's Ballistic Missile Arsenal

Shahab-3 ("Meteor")	800-mile range. The Defense Department report of April 2010, cited earlier, has the missile as "deployed." Still, several of its tests (July 1998, July 2000, and September 2000) reportedly were unsuccessful or partially successful, and U.S. experts say the missile is not completely reliable. Iran tested several of the missiles on September 28, 2009, in advance of the October 1 meeting with the P5+1.
Shahab-3 "Variant" /Sijjil	1,200-1,500-mile range. The April 2010 Defense Department report has the liquid fueled Shahab-3 "variant" as "possibly deployed" The solid fuel version, called the Sijil, is considered "not" deployed by the Defense Department. The Sijil is alternately called the "Ashoura." 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 undeground 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. The *Washington Times* 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 2010 DOD report.
Other Missiles	On September 6, 2002, Iran said it successfully tested a 200 mile range "Fateh 110" missile (solid propellant), and Iran said in late September 2002 that it had begun production. Iran also possesses a few hundred short-range ballistic missiles, including the *Shahab-1* (Scud-b), the *Shahab-2* (Scud-C), and the *Tondar-69* (CSS-8). In January 2009, Iran claimed to have tested a new air-to-air missile. On March 7, 2010, Iran claimed it was now producing short-range cruise missiles that it claimed are highly accurate and can destroy heavy targets. This could be the same as a short range ballistic missile named the Qiam, tested in August 2010.
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 to have launched a satellite into orbit on June 16, 2011.
Warheads	*Wall Street Journal* 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.[40] The IAEA is seeking additional information from Iran.

Foreign Policy and Support for Terrorist Groups

Iran's foreign policy is a product of the ideology of Iran's Islamic revolution, blended with long-standing national interests and what some describe as a near obsession about U.S. strategic power. Some of Iran's leaders, including Ahmadinejad, increasingly assert that Iran is a major regional

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

power whose interests must be taken into account. Others interpret Iran's objectives as well beyond defensive—as a vision of overturning of the power structure in the Middle East, which Iran believes favors the United States, Israel, and their "collaborators": Sunni Muslim regimes such as Egypt, Jordan, and Saudi Arabia.

Because of Iran's objectives, some experts saw Iran as a potential strategic beneficiary of the uprisings that have toppled the leaders of Egypt, Tunisia, and Libya, and which have threatened the grip on power of the Sunni Muslim rulers of Bahrain. Some evidence of Iran as beneficiary could be provided by reports of a willingness of the new leaders of Egypt to end decades of diplomatic estrangement with Iran, and their decision to allow two Iranian ships to transit the Suez Canal shortly after the fall of President Mubarak.

In addition, according to some, Iran remains ascendant in the region because of the installation of pro-Iranian regimes in Iraq and Afghanistan, and the continuing political strength of Hezbollah in Lebanon and Hamas in Gaza. Iran might, according to this view, seek to press its advantage to strengthen regional Shiite movements and possibly drive the United States out of the Gulf. Others say Iran's attendance at a June 8, 2010, regional summit of Turkey, Russia, and Iran, its hosting on August 5, 2010, of a summit of Persian speaking countries (Iran, Afghanistan, and Tajikistan), and its participation in successive trilateral summits with the Afghan and Pakistani presidents, demonstrates that Iran is far from isolated.

On the other hand, Iran itself has become threatened by the unrest in its key Middle Eastern ally, Syria, on which Iran depends for its ability to intervene in the Arab-Israeli dispute. As a sign of that nervousness, on August 31, 2011, Supreme Leader Khamene'i warned that the United States and Israel might take advantage of or benefit from the various uprisings. Some accounts say that the Administration decided to militarily support the uprising in Libya in part to signal support for pro-democracy protesters in Iran, and to demonstrate potential consequences to Iran if it uses force against protesters.

Although Iran's foreign policy is broad and complex, some focus on its support of movements that are considered terrorist by the United States. The State Department report on international terrorism for 2010 released August 18, 2011, again stated (as it has for more than a decade) that Iran "remained the most active state sponsor of terrorism" in 2010, and it again attributed the terrorist activity primarily to the Qods Force of the Revolutionary Guard. On October 27, 2008, the deputy commander of the Basij became the first top Guard leader to publicly acknowledge that Iran supplies weapons to "liberation armies" in the region, a reference to pro-Iranian movements discussed below. The appointment of Brigadier General Ahmad Vahidi, the former Qods Forces commander, as defense minister in September 2009 (who got the highest number of Majles votes for his confirmation) caused concern in some neighboring states. A congressionally mandated April 2010 Defense Department report on Iran, cited earlier, contained substantial discussion of the role of the Qods Force in supporting the movements and factions discussed below.

In the 1990s, Iran allegedly was involved in the assassination of several Iranian dissidents based in Europe. 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 over a decade.

Alleged Plot to Assassinate the Saudi Ambassador

On October 11, 2011, in an alleged plot that the Administration called a "dangerous escalation" by Iran, the U.S. Justice Department indicted an Iranian American, Mansour Arbabsiar, for allegedly trying to hire, at the behest of named Qods Force officers (Gholam Shakuri and his superior and a purported Arbabsiar relative, Abdul Reza Shahlai), what he thought was a member of the Los Zetas organization of Mexican drug dealers, to assassinate the Saudi Ambassador to the United States (Adel al-Jubeir). The Justice Department complaint cited evidence of financial transfers originating with the Qods Force, and Administration officials said that senior Qods and Iranian civilian leaders appeared to have at least some knowledge of the plot, although there is not firm evidence of that. Amid comments by some experts that, among other factors, Iran has not typically used non-Muslim proxies such as Los Zetas in its terrorist plots, the Administration informed the U.N. Secretary General of the alleged plot and subsequently briefed its evidence to allied governments to support an argument for additional sanctions against Iran. Others noted that Iran typically would not use figures like Arbabsiar, who was not himself a Qods Force officer and was a 30-year resident of the United States, in a high level terrorist plot. Arbabsiar and four named Qods Force officials were sanctioned under Executive Order 13224, and an Iranian airline, Mahan Air, was sanctioned as well for allegedly helping the Qods Force move weapons and materiel around the Middle East.

Relations with the Persian Gulf States

The Persian Gulf monarchy states (Gulf Cooperation Council, GCC: Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates) are concerned about Iranian strategic influence. They have not openly supported U.S. conflict with Iran that might cause Iran to retaliate against Gulf state targets, although observers who meet with Gulf leaders say these leaders believe the United States should move decisively to end Iran's nuclear potential. Reflecting that concern, the Gulf states are, for the most part, cooperating with U.S. containment strategies discussed in the sections, below. That is evident from the large quantities of potential arms sales to the Gulf states—possibly totaling more than $120 billion over the next several years—that are in varying stages of implementation.

Still, outwardly, both diplomatic and commercial relations between the Gulf states and Iran are relatively normal. Several of the Gulf states, particularly Kuwait, Bahrain, and UAE, have excess oil refining capacity and some refiners, particularly in UAE and Bahrain, may still be selling gasoline to Iran.

- *Saudi Arabia*. Many observers closely watch the relationship between Iran and Saudi Arabia because of Saudi alarm over the establishment of a pro-Iranian government in Iraq and Iran's nuclear program. Saudi Arabia sees itself as leader of the Sunni Muslim world and views Shiite Muslims, including those in eastern Saudi Arabia, as heretical and disloyal. Concerns about Iranian influence in the Gulf were a major factor in the military intervention by Saudi Arabia (joined by UAE) on behalf of the Bahraini government in March 2011. The Saudis blame Iran for disruptive and sometimes violent demonstrations at annual Hajj pilgrimages in Mecca in the 1980s and 1990s, and for supporting a pro-Iranian movement in the Kingdom, Saudi Hezbollah, that the Saudis hold responsible for

the June 25, 1996, Khobar Towers housing complex bombing, which killed 19 U.S. airmen.[41] Still, after restoring relations in December 1991 (after a four-year break), Saudi-Iran ties progressed to high-level contacts during Khatemi's presidency, including Khatemi visits in 1999 and 2002. Ahmadinejad has visited on several occasions.

- *United Arab Emirates* (UAE) concerns about Iran never fully 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.) In general, the UAE (particularly the federation capital, Abu Dhabi), backs U.S. efforts to dissuade Iran from developing its nuclear capability through international sanctions. The UAE reportedly has increased scrutiny of exports to Iran and Iranian banking activities in the UAE since the passage of Resolution 1929 in June 2010, and it has frozen the assets of Iranians subject to asset freezes under the U.N. resolutions. These moves have slightly reduced the estimated $12 billion in Iran-UAE trade.

  Within the UAE, Abu Dhabi generally takes a harder line against Iran than does the emirate of Dubai, which has an Iranian-origin resident community as large as 300,000 and business ties to Iran. This view could explain comments by the UAE Ambassador to the United States on July 6, 2010, when, on a panel at the Aspen Institute, Ambassador Yusuf Otaiba said, when asked about UAE support for military action to try to halt Iran's nuclear program, "We cannot live with a nuclear Iran…. I am willing to absorb what takes place at the expense of the security of the UAE." On the islands dispute, the UAE seeks to refer the dispute to the International Court of Justice (ICJ), but Iran insists on resolving the issue bilaterally. (ICJ referral requires concurrence from both parties to a dispute.) The UAE formally protested Iran's setting up of a maritime and ship registration office on Abu Musa in July 2008. The United States supports UAE proposals but takes no formal position on sovereignty. Still seeking to avoid antagonizing Iran, in May 2007 the UAE received Ahmadinejad (the highest-level Iranian visit since the 1979 revolution) and allowed him to lead an anti-U.S. rally of several hundred Iranian-origin residents of Dubai at a stadium there.

- *Qatar*, like most of the other Gulf states, does not seek confrontation and seeks to accommodate some of its interests, yet Qatar remains 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 were heightened on April 26, 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.

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

- *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 (the Islamic Front for the Liberation of Bahrain, Bahrain-Hezbollah, and other Bahraini dissident groups) in efforts to overthrow the ruling Al Khalifa family. These concerns underlie the 2011 uprising against the Al Khalifa regime by mostly Shiite demonstrators. There is no hard evidence, to date, to indicate Iran instigated the protests, although then-Secretary of Defense Gates stated on April 6, 2011, that there is evidence Iran is "trying to exploit the situation in Bahrain," by working with Shiite hardline groups that seek the downfall of the regime. That position was reiterated by National Security Adviser Donilon on July 3, 2011. Earlier, tensions flared several times since July 2007, when Iranian editorialists asserted that Bahrain is part of Iran—that question was the subject of the 1970 U.N.-run referendum in which Bahrainis opted for independence. The issued flared again after a February 20, 2009, statement by Ali Akbar Nateq Nuri, an adviser to Khamene'i, that Bahrain was at one time an Iranian province.

  Still, Bahrain has sought not to antagonize Iran and has apparently allowed Iran's banks to establish a presence in Bahrain's vibrant banking sector. On March 12, 2008, the Treasury Department sanctioned the Bahrain-based Future Bank under Executive Order 13382 that sanctions proliferation entities. Future Bank purportedly is controlled by Bank Melli, but it remains in operation.

- *Oman*. Of the GCC states, the Sultanate of Oman is closest politically to Iran and has refused to ostracize Iran or directly criticize Iranian policies. During the Shah's rule, Iran sent troops to help the Sultan suppress rebellion in the Dhofar region. Sultan Qaboos made a state visit to Iran in August 2009, coinciding with the inauguration of Ahmadinejad, and despite the substantial unrest inside Iran over his reelection. As noted, Oman supplied the aircraft to fly U.S. hiker Sara Shourd out of Iran in September 2010, and her companions who were releaed on September 21, 2011, one year later, suggesting it played a brokering role in these releases. Some press reports say local Omani officials routinely turn a blind eye to or even cooperate in the smuggling of western goods to Iran.

- *Kuwait* has enjoyed generally good relations with Iran because it saw Iran as the counterweight to Saddam Hussein, who invaded Kuwait in August 1990. Since Saddam's overthrow in 2003, Kuwait has become somewhat more distant from Iran and, in May 2010, Kuwait confirmed that it had arrested some Kuwaiti civil servants and stateless residents for allegedly working on behalf of the Qods (Jerusalem) Force of the Revolutionary Guard Corps of Iran in a plot to blow up Kuwaiti energy facilities.[42] In March 2011, a Kuwait court sentenced two Iranians and a Kuwaiti were sentenced to death in the alleged plot. In a related development that month, Kuwait expelled three Iranian diplomats, and Iran expelled three Kuwaiti diplomats in response. Iranian official visits to Kuwait in May 2011 defused the issue, to some extent. 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

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

War (1980-1988). Kuwaiti refineries also have ceased sales of gasoline to Iran as of mid-2010, according to the State Department.

Iranian Policy in Iraq[43]

The U.S. military ousting of Saddam Hussein in 2003 appeared to benefit Iran strategically by removing a long time nemesis of Iran and bringing to power a government led by Shiite Islamists who have longstanding ties to Iran. These Iraqi leaders are sympathetic to Iran's regional goals, such as keeping in power Iran's ally President Bashar al-Assad of Syria, and of eliminating Iranian opposition groups, particularly the PMOI, from Iran's borders. The Iraqi government first formed in May 2006 has been led by Prime Minister Nuri al-Maliki, the head of a Shiite Islamist party called the Da'wa (Islamic Call) Party; he has made several visits to Iran during his tenure. Maliki is also close to the United States, and, in late 2010, both the United States and Iran supported an agreement among Iraqi factions for Maliki to serve a second term as Prime Minister.

At the same time, the State Department terrorism report for 2010 says that Iran (particularly the Qods Force) continues to support materially (funds, weapons, training, and guidance) Shiite militia groups that act outside the formal political structure. These Shiite militias, such as Asa'ib al-Haq (League of the Righteous), Promised Day Brigade, and Kata'ib Hezbollah (Hezbollah Brigades) are, to varying degrees, loyal to or supportive of Iran's key protégé in Iraq: Shiite cleric and faction leader Moqtada Al Sadr. Kata'ib Hezbollah, although with a strength of only 400 persons, according to the State Department 2010 report on terrorism, was designated an FTO in July 2009. Since returning to Iraq in January 2011, Al Sadr has strongly opposed any U.S. military presence in Iraq after the mandated withdrawal date of December 31, 2011, and has threatened to allow militias loyal to him to rearm and to attack U.S. forces if U.S. forces remain in Iraq beyond 2011. That opposition apparently contributed to an Iraqi refusal to meet U.S. requirements that any U.S. forces remaining in Iraq after 2011 continue to enjoy existing legal immunities. President Obama announced on October 21, 2011, that all U.S. forces would leave Iraq as scheduled by the end of 2011. Addressing expert concerns that Iran would increase its influence over an Iraq that is devoid of U.S. forces, Secretary of State Clinton and Secretary of Defense Panetta indicated that the United States retains a large presence in the region and can continue to engage Iraq extensively with diplomatic and military training and other programs that do not require U.S. troops to be in Iraq. Still, in an October 23, 2011, interview with CNN, Ahmadinejad said Iran might begin training Iraqi Security Forces after U.S. forces depart.

U.S. officials have gone to substantial lengths to demonstrate the assertions about Iranian arming of Iraqi Shiite militias. Since 2005, U.S. commanders in Iraq have asserted that the *Qods* (Jerusalem) Force was providing highly lethal "explosively forced projectiles," training, guidance, and financing) to Shiite militias in Iraq. In late June and early July 2011, a spate of reports quoting senior U.S. officials (including Joint Chiefs of Staff Chairman Mike Mullen and Ambassador to Iraq Jeffrey) said there was recent, forensically confirmed evidence of Iranian weapons deliveries to Shiite militias: weapons that in June 2011 caused more U.S. troop deaths in Iraq (14 during the month) that at any time in the past two years. The shipments included more advanced versions of rocket-propelled munitions and bombs and were fielded by Shiite militias mostly in southern Iraq. Defense Secretary Leon Panetta, on his first trip to Iraq in that capacity on July 11, 2011, vowed that the United States would press the Iraqi government to combat the militias that are responsible for the violence. Joint Iraqi-U.S. interdiction action reportedly was

[43] This issue is covered in greater depth in CRS Report RS22323, *Iran-Iraq Relations*, by Kenneth Katzman.

taken and, as of September 1, 2011, U.S. commanders say Shiite attacks on U.S. forces in southern Iraq have been reduced. There were no U.S. troop deaths in Iraq at all in August 2011. However, suggesting that the threat is ongoing, on September 22, 2011, outgoing Joint Chiefs of Staff Chairman Mullen testified before the Senate Armed Services Committee that Iran is supplying increasingly large rocket-propelled munitions (Improvised Rocket Assisted Munitions, or IRAM's) to Iraqi militias and that the United States would not "sit idly by and watch" if Iranian supplied militias attack U.S. forces.

Supporting Palestinian Militant Groups

Iran's support for Palestinian militant groups has long concerned U.S. administrations, as part of an apparent effort by Tehran to obstruct an Israeli-Palestinian peace, which Iran believes would strengthen the United States and Israel. Ahmadinejad's various statements on Israel were discussed above, and Supreme Leader Khamene'i has repeatedly called Israel a "cancerous tumor." He used a similar term ("disease") in an August 18, 2010, speech. In December 2001, Rafsanjani, now considered a moderate, said that it would take only one Iranian nuclear bomb to destroy Israel, whereas a similar strike against Iran by Israel would have far less impact because Iran's population is large. Iran has hosted numerous conferences to which anti-peace process terrorist organizations were invited (for example: April 24, 2001, and June 2-3, 2002). The formal position of the Iranian Foreign Ministry, considered a bastion of moderates, 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 supports Palestinian efforts to obtain U.N. recognition of statehood.

Iran and Hamas

The State Department report on terrorism for 2010 (mentioned above) says that Hamas "receives the majority of its funding, weapons, and training from Iran." The report repeats previous year's reports assertions that Iran also provides funding, weapons, and training to 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 to undermine the Arab-Israeli peace process. Some saw Iran's regional policy further strengthened by Hamas's victory in the January 25, 2006, Palestinian legislative elections, and even more so by Hamas's June 2007 armed takeover of the Gaza Strip. Hamas activists downplay Iranian influence asserting that Iran is mostly Shiite, while Hamas members are Sunni Muslims.[44]

It was evident from the December 27, 2008-January 17, 2009, Israel-Hamas war in Gaza, that Iran provides material support to Hamas. Joint Chiefs Chairman Admiral Mike Mullen said on January 27, 2009, that the United States boarded but did not seize a ship carrying light arms to Hamas from Iran; the ship (the *Monchegorsk*) later went to Cyprus. On March 11, 2009, a U.N. committee monitoring Iran's compliance with Resolution 1747, which bans Iranian arms exports, said Iran might have violated that resolution with the alleged shipment. Hamas appeared to corroborate allegations of Iranian weapons supplies when its exiled leader, Khaled Meshal, on February 1, 2009, publicly praised Iran for helping Hamas achieve "victory" over Israel in the conflict.[45] Iran joined in regional criticism of Israel for its May 31, 2010, armed inspection of a

[44] CNN "Late Edition" interview with Hamas co-founder Mahmoud Zahar, January 29, 2006.

[45] Hamas Leader Praises Iran's Help in Gaza 'Victory.' *CNN.com*, February 1, 2009.

Turkish ship, carrying humanitarian goods, that attempted to evade Israel's naval blockade of Gaza. 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 the other hand, the 2011 Arab uprisings may be affecting Iran's relationship with Hamas. Hamas has been halting in its public support for a miltary-led crackdown against unrest by Syrian President Bashar Al Assad. Iran has encouraged such support and, perhaps to prod Hamas to support Assad, Iran reportedly suspended payments to Hamas as of July 2011.

Lebanese Hezbollah and Syria[46]

Iran has maintained a close relationship with Hezbollah since the group was formed in 1982, and then officially unveiled in 1985, by Lebanese Shiite clerics of the pro-Iranian Lebanese Da'wa Party. That aid has helped Hezbollah become a major force in Lebanon's politics. Ahmadinejad advertised Iran's strong commitment to Hezbollah during his October 14-15, 2010, visit to Lebanon, the first by a president of the Islamic Republic of Iran, which included his visiting villages near the border with Israel. Ahmadinejad did not commit any direct acts of provocation, which some feared, such as throwing stones across the Israeli border. Demonstrating Iran's influence in Lebanon, Lebanon's then Prime Minister Saad Hariri visited Iran on November 27, 2010, for a three-day visit. Hariri represents factions in Lebanon generally opposed to Hezbollah, and his visit suggested a need to try to assuage Iran. 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.)

Iran has long seen Hezbollah as an instrument to exert regional influence. Hezbollah was responsible for several acts of anti-U.S. and anti-Israel terrorism in the 1980s and 1990s.[47] 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. Hezbollah continued to remain armed and outside Lebanese government control, despite U.N. Security Council Resolution 1559 (September 2, 2004) that required its dismantlement. In refusing to disarm, Hezbollah says it was resisting Israeli occupation of some Lebanese territory (Shib'a Farms).

Although Iran likely did not instigate Lebanese Hezbollah to provoke the July-August 2006 war, Iran has long been its major arms supplier. Hezbollah fired Iranian-supplied rockets on Israel's northern towns during the fighting. Reported Iranian shipments to Hezbollah prior to the conflict included the "Fajr" (dawn) and Khaybar series of rockets that were fired at the Israeli city of Haifa (30 miles from the border), and over 10,000 Katyusha rockets that were fired at cities

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

[47] Hezbollah is believed responsible for the October 1983 bombing of the U.S. Marine barracks in Beirut, as well as attacks on U.S. Embassy Beirut facilities in April 1983 and September 1984, and for the hijacking of TWA Flight 847 in June 1985 in which Navy diver Robert Stetham was killed. Hezbollah is also believed to have committed the March 17, 1992, bombing of Israel's embassy in that city, which killed 29 people. Its last known terrorist attack outside Lebanon was the July 18, 1994, bombing of a Jewish community center in Buenos Aires, which killed 85. On October 31, 2006, Argentine prosecutors asked a federal judge to seek the arrest of Rafsanjani, former Intelligence Minister Ali Fallahian, former Foreign Minister Ali Akbar Velayati, and four other Iranian officials for this attack.

within 20 miles of the Lebanese border.[48] Iran also supplied Hezbollah with an unmanned aerial vehicle (UAV), the *Mirsad*, which Hezbollah briefly flew over the Israel-Lebanon border on November 7, 2004, and April 11, 2005; at least three were shot down by Israel during the conflict. On July 14, 2006, Hezbollah apparently hit an Israeli warship with a C-802 sea-skimming missile probably provided by Iran. Iran also purportedly provided advice during the conflict; about 50 Revolutionary Guards Qods Force personnel were in Lebanon (down from about 2,000 when Hezbollah was formed, according to a *Washington Post* report of April 13, 2005) when the conflict began; 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 the conflict-related U.N. Security Council Resolution 1701 (July 31, 2006), Hezbollah was perceived as a victor in the war for holding out against Israel.

Recent Arming and Funding

Since the 2006 conflict, Iran has resupplied Hezbollah with at least 25,000 new rockets and[49] press reports in early 2010 said Hezbollah maintains a wide network of arms and missile caches around Lebanon. Among the post-war deliveries were 500 Iranian-made "Zelzal" (Earthquake) missiles with a range of 186 miles, enough to reach Tel Aviv from south Lebanon. In November 2009, Israel intercepted a ship that it asserted was carrying 500 tons of arms purportedly for Hezbollah. Iran also made at least $150 million available for Hezbollah to distribute to Lebanese citizens (mostly Shiite supporters of Hezbollah) whose homes were damaged in the Israeli military campaign.[50]

As far as funding, the State Department terrorism report for 2008, released on April 30, 2009, specified Iranian aid to Hezbollah as exceeding $200 million in 2008, and said that Iran trained over 3,000 Hezbollah fighters in Iran during that year. The report for 2009 used similar figures for Iranian aid and training for Hezbollah but over an unspecified time frame. The State Department report for 2010, released August 18, 2011, said Iran "has provided hundreds of millions of dollars in support of Hezbollah and has trained thousands of Hezbollah fighters at camps in Iran."

Syria

Iran is one of Syria's few strategic allies, and Iran fears that this alliance is likely to dissolve outright if the pro-democracy movement in Syria succeeds in changing Syria's regime. To try to prevent this outcome, Iran, which has trumpeted protests elsewhere in the region as evidence of the success of its own revolution, has supported the Syrian regime and its crackdown against Syrian protesters. On April 14, 2011, U.S. officials, commenting on background, reportedly said that Iran is providing Syria with equipment to suppress crowds and to monitor and block protester use of the Internet.[51] U.S. officials told journalists in May 2011 that Iran was sending Qods Force advisers to help Syria crush the unrest; on May 4, 2011, the Treasury Department designated the Qods Force as an entity subject to a U.S. assets freeze for human rights abuses in Syria (under Executive Order 13572). On May 18, 2011, the Treasury Department designated Mohsen Chizari,

[48] "Israel's Peres Says Iran Arming Hizbollah." Reuters, February 4, 2002.

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

[50] Shadid, Anthony. "Armed With Iran's Millions, Fighters Turn to Rebuilding." *Washington Post*, August 16, 2006.

[51] Adam Entous and Matthew Rosenberg. "U.S. Says Iran Helps Crackdown in Syria." *Wall Street Journal*, April 14, 2011.

a Qods Force officer, and Qods Force overall commander Qasem Soleimani under that order. Other Iranians were sanctioned in late June under that order. In late August 2011, the European Union sanctioned the Qods Force for assisting the Syrian crackdown. Prior to the unrest in Syria, there was a widespread belief that the Iran-Syria alliance would not be severed unless and until Syria and Israel reach a peace agreement that results in the return of the Golan Heights to Syria.

At the same time, perhaps trying to preserve its influence should President Bashar Al Assad fall, Iran has tried to encourage President Assad to take steps to calm the unrest through reforms. Foreign Minister Salehi said on August 28, 2011, that Syria should recognize its people's "legitimate demands." In September 2011, Ahmadinejad called on Assad to cease using force against demonstrators and open dialogue on reforms.

Iran's relationship with Syria is key to Iran's efforts to support Hezbollah. Syria is the transit point for the Iranian weapons shipments to Hezbollah, and both countries see Hezbollah as leverage against Israel to achieve their regional and territorial aims. In March 2011, Turkey intercepted and removed weapons from an Iranian cargo plane bound for Syria. Turkey impounded another such shipment consisting of several truckloads in late April. It is not known whether Syria was the final destination for either of these cargoes. Referring to these shipments, a May 2011 report of the U.N. experts panel chartered under Security Council Resolution 1929 reportedly says that most documented cases of Iran's exports of arms, in violation of Resolution 1747, involve weapons shipments to Syria.

In order to foster its links to Syria, Iran purportedly has acted as an intermediary with North Korea to supply Syria with various forms of WMD and missile technology. In April 2010, the Obama Administration called in Syria's ambassador to ask about reports that Syria had transferred Scud missiles to Hezbollah, although an Iranian connection to the purported transfer remains unclear. However, in late 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.[52] On December 13, 2009, the Syrian and Iranian defense ministers signed a defense agreement to "face common enemies and challenges." In March 2011, Iranian officials commented that they might contribute to improving some Syrian port facilities or other installations.

Central Asia and the Caspian

Iran's policy in Central Asia has thus far emphasized Iran's rights to Caspian Sea resources, particularly against Azerbaijan. That country's population, like Iran's, is mostly Shiite Muslim, but its leadership is secular. In addition, Azerbaijan is ethnically Turkic, and Iran fears that Azerbaijan nationalists might stoke separatism among Iran's large Azeri Turkic population, which demonstrated some unrest in 2006. These factors could explain why Iran has generally tilted toward Armenia, which is Christian, even though it has been at odds with Azerbaijan over territory and control of ethnic Armenians. In July 2001, Iranian warships and combat aircraft threatened a British Petroleum (BP) ship on contract to Azerbaijan out of an area of the Caspian that Iran considers its own. The United States called that action provocative, and it is engaged in border security and defense cooperation with Azerbaijan directed against Iran (and Russia). The

[52] Levinson, Charles. "Iran Arms Syria With Radar." *Wall Street Journal*, June 30, 2010.

United States successfully backed construction of the Baku-Tblisi-Ceyhan oil pipeline, intended in part to provide alternatives to Iranian oil.

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, which opposes a long-term U.S. presence in Central Asia. However, illustrating the degree to which the United States has been able to isolate Iran, in June 2010 the SCO denied Iran's bid by barring admission to countries under U.N. Security Council sanctions.

South Asia: Afghanistan, Pakistan, and India[53]

Iran looks to its eastern neighbors in South Asia as allies and potential allies to help parry U.S. and European pressure on Iran's economy and its leaders.

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 by arming anti-U.S. militant groups. Iran appears to be seeking to restore some of its traditional sway in eastern, central, and northern Afghanistan, where Persian-speaking Afghans predominate. Because Iran has some influence in Afghanistan, some U.S. officials reportedly are arguing that the United States should develop a bilateral dialogue on Afghanistan, to be conducted by their respective ambassadors in Kabul. Iran may have signaled a willingness for such engagement when 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 was represented by its Foreign Ministry director of Asian Affairs Mohammad Ali Qanezadeh. 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. Afghanistan has invited Iran to the major international Bonn Conference on Afghanistan on December 5, 2011.

Iran may also want to be in position to threaten U.S. forces, and in particular the U.S. use of the air base at Shindand, in Herat Province, which Iran believes could be used for surveillance of or strikes on Iran. (The Administration is using FY2011 military construction funds to improve that airbase.) U.S. reports, including the State Department terrorism report for 2010, continue to accuse the Qods Force of supplying various munitions, including 107 mm rockets, to Taliban and other militants in Afghanistan, and of training Taliban fighters in small unit tactics, small arms use, explosives, and indirect weapons fire. In February 2011, British forces captured a shipment of 48 Iranian-made rockets in Afghanistan's western province of Nimruz, allegedly bound for Talibgan militants. Observers said the 122 mm rockets were the most powerful Iranian weapons seized in Afghanistan to date. The State Department report for 2010 asserts Iran is arming factions in Qandahar, which is a Pashtun-inhabited province in southern Afghanistan and

[53] 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.

demonstrates that Iran is not only assisting militants near its borders. On the other hand, U.S. commanders have consistently maintained that the Iranian assistance to Afghan militants is not decisive on the battlefield. Iran's materiel support for Taliban elements may also give it leverage in any Taliban-government political settlement in Afghanistan; Iran reportedly invited some Taliban members to an "Islamic Awakening" conference in Tehran in mid-September 2011. The invitation was reportedly part of an attempt to broker a meeting between the Taliban representatives and Afghan government representatives attending the conference—the chief Afghan representative was the then head of the Afghanistan High Peace Council overseeing the reconciliation process, former President Burhanuddin Rabbani who was assassinated in Kabul after returning from the conference.

In August 2010, the Treasury Department sanctioned two Iranian Qods Force officers allegedly involved in supplying funds and materiel to Afghan militants. They were sanctioned under Executive Order 13224 for supporting international terrorism.

Iran may also seek to use economic weapons against the Afghan government to complicate the U.S. mission. In January 2011, Iran halted about 2,500 trucks carrying gasoline to Afghanistan, claiming the fuel was going to supply U.S. and NATO forces there. Afghanistan is dependent on Iranian gasoline supplies and the halt caused fuel shortages in the west of Afghanistan and in Kabul. Some interpreted the move as an Iranian attempt to identify additional fuel supplies should protests erupt in Iran as a result of the reduction of gasoline subsidies there. After several months, the shipments into Afghanistan returned to or near previous levels.

For Afghanistan's part, President Hamid Karzai considers Iran an important neighbor and has said that he does not want proxy competition between the United States and Iran in Afghanistan (he reiterated this during a May 2010 visit to Washington). Many Afghans speak Dari, a dialect of Persian language, and have long affinity with Iran. Partly as a signal of respect for these Afghans, Karzai visited Iran for the celebration of Nowruz (Persian new year). He returned to Kabul to receive President Obama on March 28, 2010. Karzai and Ahmadinejad have met several times since, including at the summit of Persian-speaking nations in Tehran on August 5, 2010, and during a June 2011 tripartite meeting of leaders of Afghanistan, Pakistan, and Iran. Karzai admitted on October 26, 2010, that press reports were true that Iran has given Afghanistan direct cash payments (about $2 million per year) to support its budget and to possibly drive a wedge between Afghanistan and the United States. The funds have reportedly been passed via Karzai's former chief of staff Mohammad Umar Daudzai (who is now ambassador to Pakistan). In addition, 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.

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 had a burgeoning military cooperation with Pakistan in the early 1990s, and as noted Iran's nuclear program benefitted from the A. Q. Khan network. 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 Afghanistan. Currently, Iran remains suspicious that Pakistan might want to again implant the Taliban in power in Afghanistan, but Iran and Pakistan now have a broad agenda that includes a potential major gas pipeline project.

India

India and Iran have sought to accommodate each others' interests and avoid mutual conflict; India has tended to shy away from joining U.S.-led efforts to isolate Iran but, since 2010, it has sided more clearly with the United States by limiting its relations with Iran. A major Indian gasoline refiner, Reliance Industries Ltd, reportedly has ended gasoline sales to Iran in an effort to avoid any U.S. sanction. In December 2010, India ceased using the Tehran-based Asian Clearing Union to process payments to Iran for oil shipments; an alternate arrangement using a bank in Germany (EIH) was found. However, the EU sanctioning of the bank in May 2011 threw that alternate arrangement into doubt and necessitated talks on yet another alternative. India built up an arrearage in payments to Iran of over $6 billion, causing Iran, in July 2011, to threaten to reduce or cut off oil shipments to India entirely. As of early August, Iran says India has transferred about $1.4 billion reportedly through Turkey's Halkbank, but an unknown amount may still be due. Another aspect of the energy relationship involves the potential building of a natural gas pipeline from Iran, through Pakistan, to India. While India's participation in a trans-Pakistan pipeline remains uncertain over pricing and security issues, India and Iran reportedly are discussing a direct, undersea pipeline that would bypass Pakistan. India reportedly wants to expedite the development of Iran's Chabahar port, which would give India direct access to Afghanistan and Central Asia without relying on transit routes through Pakistan.

Of particular concern to some U.S. officials, particularly in the late 1990s, were India-Iran military-to-military relationships and projects. The relationship included visits to India by some Iranian naval personnel, although India said these exchanges involve junior personnel and focus mainly on promoting interpersonal relations and not on India's provision to Iran of military expertise. The military relationship between the countries has withered over at least the past five years. India and Iran, along with the United States, backed anti-Taliban factions 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 might want to use Al Qaeda activists as leverage against the United States and its allies, although that view might fade with the May 1, 2011, death of Al Qaeda founder Osama bin Laden in a U.S. raid in Pakistan. 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 cooperated with or knew about the plot. A court filing in May 2011 in New York named Iranian officials and ministries as complicit in the September 11 attacks and alleges Iran helped Al Qaeda plan the attacks.

Even though bin Laden has been killed, Iran might see possibilities for tactical alliance with Al Qaeda. Three major Al Qaeda figures believed to still be based mostly in Iran include spokesman

Sulayman Abu Ghaith, top operative Sayf Al Adl, and a bin Laden's son, Saad.[54] Sayf Al Adl's name was floated by some in Al Qaeda as a successor to bin Laden. All three have been reported, at least on occasion, to have been allowed outside Iran to travel to Pakistan. (U.S. officials blamed Saad bin Laden, Adl, and Abu Ghaith for the May 12, 2003, bombings in Riyadh, Saudi Arabia, against four expatriate housing complexes, saying they have been able to contact associates outside Iran.[55]) The Department of Treasury, on January 16, 2009, designated four Al Qaeda operatives in Iran, including Saad bin Laden (and three lesser known figures) as terrorist entities under Executive Order 13224. On July 28, 2011, under that same order, the Treasury Department sanctioned six Al Qaeda members for allegedly moving funds to Al Qaeda in Pakistan and Afghanistan via their bases in Iran, and under a specific agreement between Al Qaeda and Iran. Another bin Laden ally, Abu Musab al-Zarqawi, killed by U.S. forces in Iraq on June 7, 2006, reportedly transited Iran after the September 11 attacks and took root in Iraq, becoming an insurgent leader there.

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.[56] U.S. officials have said since January 2002 that Iran has not prosecuted or extradited any senior Al Qaeda operatives. In December 2009, Iran's foreign minister confirmed that a teenage daughter of Osama bin Laden had sought refuge in the Saudi embassy in Tehran—the first official confirmation that members of bin Laden's family have been in Iran. She left Iran in March 2010, and one of her brothers may have left for Syria around this time. As many as 20 other family members are said to still be living in a compound in Iran since the September 11, 2001, attacks, and accusing Iran of refusing to allow them to leave for Saudi Arabia or other places. Some family members have said the young bin Ladens have never been affiliated with Al Qaeda.

Latin America

A growing concern has been Iran's developing relations with countries and leaders in Latin America considered adversaries of the United States, particularly Cuba and Venezuela's Hugo Chavez. Venezuela is probably Iran's closest ally in that region, and is discussed in greater detail below. Recent State Department terrorism reports have said that Cuba, a named state sponsor of terrorism by the United States, maintains "close relationships with other state sponsors of terrorism such as Iran." Aside from those two countries, Iran has built closer ties to Ecuador, Bolivia, Nicaragua, and Brazil, although some press accounts may have exaggerated some of these relations. For example, Iran's embassy in Managua, Nicaragua, is said by close observers to be small, contrasting with some reports on that issue, and Nicaragua has refused Iranian demands to repay $160 million in debt it owes Iran. Because of its large economy, Brazil has 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. Iran has also apparently succeeded in persuading Brazil to publicly oppose additional U.N. sanctions on Iran.

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

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

[56] "Tehran Pledges to Crack Down on Militants." Associated Press, July 18, 2005.

Venezuela

The relationship between Venezuela and Iran has attracted substantial attention, particularly during Ahmadinejad's presidency. On October 30, 2007, then-Secretary of Homeland Security Michael Chertoff said that Iran's relationship with Venezuela is an emerging threat because it represents a "marriage" of Iran's extremist ideology with "those who have anti-American views." On January 27, 2009, Secretary of Defense Gates said Iran was trying to build influence in Latin America by expanding front companies and opening offices in countries there. The April 2010 Defense Department report on Iran was the first U.S. government publication to say that Qods Force personnel are in Venezuela, where their presence has "increased" in recent years. Venezuelan President Hugo Chavez has visited Iran on several occasions, offering to engage in joint oil and gas projects, and Ahmadinejad has visited Venezuela officially. It was reported in May 2011 that the two may have signed an agreement in October 2010 to develop a joint missile base in Venezuela, but Venezuela has denied these reports. On the other hand, a State Department official testified before the House Foreign Affairs Committee on June 24, 2011, that Iran's embassy in Caracas has only about 14 diplomats and is not particularly active in terms of open diplomatic activity, casting doubt on reports that Iran has a large, active presence in Venezuela.

However, many accounts say that most of the agreements between Iran and Venezuela are agreements in principle that have not been implemented in reality. Among the arrangements implemented are the establishment of direct air links through an obscure air service dedicated to this route. A firm deal for Petroleos de Venezuela to supply Iran with gasoline was signed in September 2009, apparently in a joint effort to circumvent the reduction in worldwide sales of gasoline to Iran. Because of this trade, the firm was sanctioned under the Iran Sanctions Act in May 2011 (see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman). About 400 Iranian engineers have reportedly been sent to Venezuela to work on infrastructure projects there.

Africa

To reduce Iran's isolation, Ahmadinejad has reached tried to enlist the support of some African leaders. Iran has cultivated Senegal as an ally, for example. In April 2010, Ahmadinejad visited Uganda and Zimbabwe, even though Zimbabwe's leader, Robert Mugabe, has himself been heavily criticized by the international community in recent years. Still, it is believed that African support for Iran is unlikely to outweigh its growing estrangement from Europe and its partial abandonment by Russia and China. Some observers believe that Iran's outreach is focused on those African countries that might be able to export natural uranium for Iran's nuclear program to compensate for Iran's domestic deficiencies; such uranium producers include Zimbabwe, Senagal, Nigeria, and the Democratic Republic of Congo.

Some Members of Congress are concerned that Iran is supporting radical Islamist movements in Africa. In the 111th Congress, H.Con.Res. 16 cited Hezbollah for engaging in raising funds in Africa by trafficking in "conflict diamonds." Iran also might have supplied Islamists in Somalia with anti-aircraft and anti-tank weaponry, although the few press reports about such activity suggests it is a minor component of Iranian policy, if at all. The possible transfer of weaponry to Hamas via Sudan was discussed above. A U.N. panel of experts report on Iranian arms sales embargo violations, discussed above, reportedly cites Iranian attempts to ship weapons to allies in the Middle East via Nigeria.

U.S. Policy Approaches and Additional Options

The February 11, 1979, fall of the Shah of Iran, a key U.S. ally, opened a long and deep rift in U.S.-Iranian relations. As noted in the section on Iran's foreign policy and support of terrorism, U.S.-Iran differences predated and transcend more recent concerns over Iran's nuclear program. The nuclear issue has, according to many, made a U.S. policy focus on Iran more urgent.

Relations Since the 1979 Revolution

The Carter Administration sought a degree of engagement with the Islamic regime during 1979, but it agreed to allow in the ex-Shah for medical treatment, and Iranian officials of the new regime who engaged the United States were singled out as insufficiently loyal or revolutionary. As a result, the U.S.-Iran estrangement began in earnest on November 4, 1979, when radical pro-Khomeini "students in the line of the Imam (Khomeini)" seized the U.S. Embassy in Tehran and held its diplomats hostage until minutes after President Reagan's inauguration on January 20, 1981. The United States broke relations with Iran on April 7, 1980 (two weeks prior to the failed U.S. military attempt to rescue the hostages during April 24-25, 1980), and the two countries had only limited official contact thereafter.[57] The United States tilted toward Iraq in the 1980-1988 Iran-Iraq War, including U.S. diplomatic attempts to block conventional arms sales to Iran, providing battlefield intelligence to Iraq[58] and, during 1987-1988, direct skirmishes with Iranian naval elements in the course of U.S. efforts to protect international oil shipments in the Gulf from Iranian mines and other attacks. In one battle on April 18, 1988 ("Operation Praying Mantis"), Iran lost about one-quarter of its larger naval ships in a one-day engagement with the U.S. Navy, including one frigate sunk and another badly damaged. Iran strongly disputed the U.S. assertion that the July 3, 1988, U.S. shoot down of Iran Air Flight 655 by the U.S.S. *Vincennes* over the Persian Gulf (bound for Dubai, UAE) was an accident.

In his January 1989 inaugural speech, President George H. W. Bush laid the groundwork for a rapprochement, 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 reportedly did assist in obtaining their releases, which was completed in December 1991, but no thaw followed, possibly because Iran continued to back groups opposed to the U.S.-sponsored Middle East peace process, a major U.S. priority.

Clinton Administration Policy

Upon taking office in 1993, the Clinton Administration moved to further isolate Iran as part of a strategy of "dual containment" of Iran and Iraq. In 1995 and 1996, the Clinton Administration and Congress added sanctions on Iran in response to growing concerns about Iran's weapons of mass destruction and its efforts to subvert the Arab-Israeli peace process by supporting militants opposed to peace. The election of Khatemi in May 1997 precipitated a U.S. shift toward

[57] An exception was the abortive 1985-1986 clandestine arms supply relationship with Iran in exchange for some American hostages held by Hezbollah in Lebanon (the so-called "Iran-Contra Affair"). Iran has an interest section in Washington, DC, under the auspices of the Embassy of Pakistan; it is staffed by Iranian Americans. The U.S. interest section in Tehran has no American personnel; it is under the Embassy of Switzerland.

[58] Sciolino, Elaine. *The Outlaw State: Saddam Hussein's Quest for Power and the Gulf Crisis*. New York: John Wiley and Sons, 1991. p. 168.

engagement; the Clinton Administration offered Iran official dialogue, with no substantive 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. Encouraged by the reformist victory in Iran's March 2000 *Majles* elections, Secretary Albright, in a March 17, 2000, speech, acknowledged past U.S. meddling in Iran, announcing an easing of the U.S. trade ban with Iran, and promised to try to resolve outstanding claims disputes. In September 2000 U.N. "Millennium Summit" meetings, Albright and President Clinton sent a positive signal to Iran by attending Khatemi's speeches.

George W. Bush Administration Policy

The George W. Bush Administration undertook multi-faceted efforts to limit Iran's strategic capabilities through international diplomacy and sanctions—both international sanctions as well as national measures outside Security Council mandate. The policy framework was supported by maintenance of large U.S. conventional military capabilities in the Persian Gulf and through U.S. alliances with Iran's neighbors. On only one occasion during the Bush Administration, July 19, 2008, did a U.S. official attend the P5+1 nuclear negotiations with Iran. An amendment by then Senator Biden (adopted June 2006) to the FY2007 defense authorization bill (P.L. 109-364) supported the Administration joining nuclear talks with Iran.

On the other hand, Bush Administration statements that it considered Iran a great nation and respects its history could have reflected the views of those in the Bush Administration who, like those in other Administrations, believed diplomacy was the optimal policy choice. Such themes were prominent in speeches by President George W. Bush such as at the Merchant Marine Academy on June 19, 2006, and his September 18, 2006, speech to the U.N. General Assembly. Bush Administration officials engaged Iran on specific regional (Afghanistan and Iraq) and humanitarian issues. The United States had a dialogue with Iran on Iraq and Afghanistan from late 2001 until May 2003, when the United States broke off the talks following the May 12, 2003, terrorist bombing in Riyadh. At that time, the United States and Iran publicly acknowledged that they were conducting direct talks in Geneva on those two issues,[59] the first confirmed direct dialogue between the two countries since the 1979 revolution. The United States aided victims of the December 2003 earthquake in Bam, Iran, including a reported offer—rebuffed by Iran—to send a high-level delegation to Iran reportedly including Senator Elizabeth Dole and President George W. Bush's sister, Dorothy.

At times, the George W. Bush Administration considered or pursued more assertive options. Some Administration officials, reportedly led by Vice President Cheney, believed that policy should focus on using the leverage of possible military confrontation with Iran or on U.S. efforts to change Iran's regime.[60] The George W. Bush Administration's belief in this option became apparent after the September 11, 2001, attacks, when President George W. Bush described Iran as part of an "axis of evil" in his January 2002 State of the Union message. President George W. Bush's second inaugural address (January 20, 2005) and his State of the Union message of January 31, 2006, stated that the United States would be a close ally of a free and democratic Iran.

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

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

"Grand Bargain Concept"

The George W. Bush Administration did not offer Iran an unconditional, direct U.S.-Iran bilateral dialogue on *all* issues of U.S. concern. Some argue that the issues that divide the United States and Iran cannot be segregated, and that the key to resolving the nuclear issue is striking a "grand bargain" on all outstanding issues. Some say the Bush Administration "missed an opportunity," saying that U.S. officials rebuffed 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 Guldimann, had informed U.S. officials of a comprehensive Iranian proposal for talks with the United States.[61] However, State Department officials and some European diplomats based in Tehran at that time question whether that proposal represented an authoritative Iranian communication. Others argue that the offer was unrealistic because an agreement would have required Iran to abandon key tenets of its Islamic revolution.

Overview of Obama Administration Policy: Engagement Superseded by Pressure Strategies

President Obama's Administration came into office asserting that there was an opportunity to dissuade Iran from expanding its nuclear program, and possibly to build a new framework for relations with Iran after the decades of estrangement and enmity. The Administration offered to integrate Iran into the world economy in return for Iranian compromises on its nuclear program. Early in the Administration, some officials, including Secretary of State Clinton and Secretary of Defense Gates, expressed skepticism that engagement would yield changes in Iran's policies. Others, including Dennis Ross, first an adviser to Secretary of State Clinton for "Southwest Asia" (a formulation understood to center on Iran) and then assigned to a similar capacity in the White House in June 2009, believed that the United States and its partners need to present Iran with clear incentives and punishments for continuing nuclear enrichment.

The first major public manifestation of President Obama's approach to Iran policy came in his message to the Iranian people on the occasion of Nowruz (Persian New Year), 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 that suggested that the United States fully accepts the Islamic revolution in Iran and did not seek "regime change." (President Obama issued another Nowruz message on March 20, 2010, but it was critical of Iran's lack of acceptance of the diplomatic overtures of the past year.) In concert with that approach, Obama Administration officials did not indicate support for hardline options such as military action or regime change, although no option was explicitly "taken off the table." Prior to the June 12, 2009, election in Iran, other steps included:

- President Obama's reported two letters in 2009 to Iran's Supreme Leader expressing the Administration's philosophy in favor of engagement with Iran.
- A major speech to the "Muslim World" in Cairo on June 4, 2009, in which President Obama said the United States had played a role in the overthrow of

[61] http://www.armscontrol.org/pdf/2003_Spring_Iran_Proposal.pdf.

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 future P5+1 meetings with Iran.
- Loosened restrictions on U.S. diplomats to meet their Iranian counterparts at international meetings, and permission for U.S. embassies to invite Iranian diplomats to the 2009 celebration of U.S. Independence Day. (The July 4, 2009, invitations did not get issued because of the Iran unrest.)

2010 and 2011: Growing Skepticism on Engagement

The crackdown on the 2009 election-related unrest by Iran and its refusal to agree to technical terms of the October 1, 2009, nuclear agreement substantially lessened the Administration's belief in engagement. In a statement following the June 9, 2010, passage of Resolution 1929, President Obama has described Iran as refusing, thus far, to accept the path of engagement and choosing instead to preserve all elements of its nuclear program. During 2010-2011, the Administration has worked with partner countries to impose and implement a broad array of economic sanctions—discussed in detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

In concert with the democratic uprisings in the Middle East in early 2011, the Administration has moved further away from engagement and expressed more direct criticism of Iran for its use of force against protesters. These comments, including by Secretary Clinton at the U.N. Human Rights Council in Geneva on February 28, 2011, did not state that the United States would no longer pursue engagement, but the statements were likely to cause Iran's leaders to believe that few benefits would accrue from future talks. As noted above, President Obama's March 20, 2011, Nowruz statement was significantly more supportive of the pro-democracy movement in Iran than it was in prior years. These pronouncements have been supported by imposition of sanctions on Iranian human rights abusers, as discussed further below in the section on regime change. Still, indicating that the Administration may still hope for a diplomatic breakthrough, on July 3, 2011, National Security Adviser Tom Donilon reiterated that the United States will continue to pressure Iran with sanctions and other diplomatic actions but remains open to diplomacy with Iran on its nuclear program. The U.S. engagement with Russia to help it formulate August 2011 proposals for Iran to revive talks further suggests the Administration continues to see value in diplomacy to resolve the Iran nuclear issue. Still, Under Secretary of State for Political Affairs Wendy Sherman testified before the House Foreign Affairs Committee on October 14, 2011, that the United States and its partners had agreed in late September 2011 that there would be no further dialogue with Iran unless it indicates its seriousness to engage substantively on the main nuclear issues of concern.

Supreme Leader Khamene'i has ruled out bilateral talks with the United States unless the United States ceases a strategy of pressuring Iran through sanctions. This differs somewhat from the position of Ahmadinejad who continues to indicate willingness to talk directly to President Obama.

Military Action: "On The Table" But Apparently Not Preferred

Those who view a nuclear Iran as an unacceptable development believe that military action might be the only means of preventing Iran from acquiring a working nuclear device. Others see such

action as a punishment for Iran's support of terrorism, for example had the purported plot to assassinate the Saudi Ambassador been launched successfully. The Obama Administration has not has not indicated an inclination toward military options against Iran's nuclear program, repeatedly stressing instead the potential adverse consequences (then Joint Chiefs Chairman Admiral Michael Mullen) and temporary effectiveness (then-Secretary Gates) of such options. Then-Secretary Gates stressed the limited benefits during a speech in Australia on November 8, 2010, and an interview with *Wall Street Journal* editor Gerald Seib on November 16, 2010. Discussion of this option appears to have further receded in 2011 along with estimates that Iran's nuclear program has encountered difficulties.

Still, Administration officials stress that this option remains available. Then-Secretary of Defense Gates wrote a memo to the White House in January 2010 offering the view that the United States had not developed clear options to counter a nuclear Iran, if sanctions do not work.[62] He subsequently issued a formal statement denying his memo was a call to develop new military options, but was rather an effort to stimulate thinking about several options, including containment. In June and July 2010, then Joint Chiefs Chairman Mullen said that it would be "incredibly dangerous" for Iran to achieve a nuclear weapons capability, while reiterating his long-standing concerns about the adverse consequences of a strike on Iran. Perhaps in the belief that there needs to be more advanced planning for military action, the FY2011 Defense Authorization Act (P.L. 111-383, signed January 7, 2011) contains a provision (Section 1243) requiring the Administration to develop a "National Military Strategy to Counter Iran."

Proponents of U.S. air and missile strikes against suspected nuclear sites argue that military action could set back Iran's nuclear program because there are only a limited number of key targets, and these targets are known to U.S. planners and vulnerable, even those that are hardened or buried.[63] Estimates of the target set range from 400 nuclear and other WMD-related targets, to potentially a few thousand targets crucial to Iran's economy and military. Those who take an expansive view of the target set argue that the United States would need to reduce Iran's potential for retaliation by striking not only nuclear facilities but also Iran's conventional military, particularly its small ships and coastal missiles.

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. This option has also suffered from a widespread belief that U.S. action would undercut the prospects of the Green opposition movement within Iran by rallying the public around the regime. Most U.S. allies in Europe, not to mention Russia and China, oppose military action.

Still others argue that there are military options that do not require actual combat. Some say that a naval embargo or related embargo is possible and could pressure Iran into reconsidering its stand on the nuclear issue. Others say that the imposition of a "no-fly zone" over Iran might also serve that purpose. Still others say that the United Nations could set up a special inspection mission to dismantle Iran's WMD programs, although inserting such a mission is likely to be resisted by Iran and could involve hostilities.

---

[62] Sanger, David and Thom Shanker. "Gates Says U.S. Lacks Policy to Curb Iran's Nuclear Drive." *New York Times*, April 18, 2010.

[63] 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.

An Israeli Strike?

Some experts express greater concern over the potential for a strategic strike on Iran by Israel as compared to strikes by the United States. The debate over this possibility increased following the publication by the September 2010 issue of *The Atlantic* magazine of an article by Jeffrey Goldberg entitled "Point of No Return."[64] As noted in the piece, Israeli officials view a nuclear armed Iran as an existential threat and have repeatedly refused to rule out the possibility that Israel might strike Iran's nuclear infrastructure. Speculation about this possibility increased in March and April 2009 with statements by Israeli Prime Minister Benjamin Netanyahu to *The Atlantic* magazine stating that "You don't want a messianic apocalyptic cult controlling atomic bombs." Adding to the prospects for this scenario, in mid-June 2008, Israeli officials confirmed reports that Israel had practiced a long-range strike such as that which would be required. Taking a position similar to that of the George W. Bush Administration, senior U.S. officials visited Israel throughout 2010 (including Vice President Biden in March 2010) in part to express the view that the Obama Administration is committed to strict sanctions on Iran—with the implication that Israeli military action should not be undertaken. Others say that Israeli urgency has abated since the end of 2010 because of shared U.S.-Israeli assessments that an Iranian nuclear weapons capability is not imminent.

Although Israeli strategists say this might be a viable option, several experts doubt that Israel has the capability to make such action sufficiently effective to justify the risks. U.S. military leaders are said by observers to believe that an Israeli strike would inevitably draw the United States into a conflict with Iran but without the degree of planning that would be needed for success. Others believe Israel may also calculate that a strike would hurt the Green Movement's prospects.

Likely Iranian Reactions[65]

Some officials and experts warn that a U.S. military strike on Iran could provoke conventional or, of even more concern, unconventional retaliation. As Iran sees and hears growing consideration of such possibilities, Iran's military leaders have, in mid-2010, stressed its willingness and ability to retaliate in the Gulf and cause the West economic difficulty. Iran has repeatedly stated it is capable of closing the Strait of Hormuz and would do so, if attacked. Such conflict is likely to raise world oil prices significantly out of fear of an extended supply disruption. Others say such action would cause Iran to withdraw from the NPT and refuse any IAEA inspections.

Iran has developed a strategy for unconventional warfare that partly compensates for its conventional weakness. On January 30, 2007, then CENTCOM commander, Admiral William Fallon, said that "Based on my read of their military hardware acquisitions and development of tactics ... [the Iranians] are posturing themselves with the capability to attempt to deny us the ability to operate in [the Strait of Hormuz]." U.S. commanders have not expressed views that differed with that assessment since. In July 2008 Iran again claimed it could close the Strait in a crisis but the then commander of U.S. naval forces in the Gulf, Admiral Kevin Cosgriff said U.S. forces could quickly reopen the waterway. Some of these comments appear to reflect the findings of unclassified studies by the Office of Naval Intelligence that Iran has developed new

[64] See http://www.theatlantic.com/magazine/archive/2010/09/the-point-of-no-return/8186/.

[65] 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.

capabilities and tactics, backed by new acquisitions, that could pose a threat to U.S. naval forces in the Gulf. If there were a conflict in the Gulf, some fear that Iran might try to use large numbers of boats to attack U.S. ships or to lay mines in the Strait.

Iran has tried repeatedly to demonstrate its retaliatory capacity. In February 2007, Iran seized 15 British sailors that Iran said were patrolling in Iran's waters, although Britain says they were in Iraqi waters performing coalition-related searches. They were held until April 5, 2007. On January 6, 2008, the U.S. Navy reported a confrontation in which five IRGC Navy small boats approached three U.S. Navy ships to the point where they manned battle stations. The IRGC boats veered off before any shots were fired. In October 2008, Iran announced it is building several new naval bases along the southern coast, including at Jask, indicating enhanced capability to threaten the entry and exit to the Strait of Hormuz. In late November 2009, Iran seized and held for about one week a British civilian sailing vessel and crew that Iran said had strayed into its waters.

Many experts view as potentially more significant the potential for Iran to fire missiles at Israel—and Iran's July 2008 missile tests could have been intended to demonstrate this retaliatory capability—or to direct Lebanese Hezbollah or Hamas to fire rockets at Israel. Iran could also try to direct anti-U.S. militias in Iraq and Afghanistan to attack U.S. troops. The Gulf states fear that Iran will fire coastal-based cruise missiles at their oil loading or other installations across the Gulf, as happened during the Iran-Iraq War.

Presidential Authorities and Legislation

A decision to take military action might raise the question of presidential authorities. 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) to fund additional costs for Iraq and Afghanistan combat (vetoed on May 1, 2007). Other provisions, including requiring briefings to Congress about military contingency planning related to Iran's nuclear program, were in a House-passed FY2009 defense authorization bill (H.R. 5658).

Incidents at Sea Agreement?

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) calls for a DOD report, within one year of enactment, on the merits of such an agreement with Iran and other Persian Gulf countries. A press report in September 2011 said that some Defense Department officials are contemplating establishing formal communications channels to Iranian naval officers to prevent misunderstandings and unintended conflict.[66] 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.

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

Containment and the Gulf Security Dialogue

Successive Administrations have taken steps to pursue containment of Iran, either to contribute to dissuading Iran from pursuing a nuclear weapon or to constrain Iranian power if that capability is achieved. A containment component of policy was emphasized during the Bush Administration; in mid-2006 the State Department, primarily the Bureau of Political-Military Affairs ("Pol-Mil"), established the "Gulf Security Dialogue" (GSD). This built on U.S.-Gulf state defense initiatives begun during the Clinton Administration but later languished during 2001-2005 as the United States focused on the post-September 11 wars in Afghanistan and Iraq.

The Obama Administration is continuing the GSD effort. During a visit to the Middle East in March 2009, Secretary of State Clinton said, after meeting with several Arab and Israeli leaders in the region, that "there is a great deal of concern about Iran from this whole region." Iran was also the focus of her trip to the Gulf region (Qatar and Saudi Arabia) in February 2010. On this trip, she again raised the issue of a possible U.S. extension of a "security umbrella" or guarantee to regional states against Iran, as a means of preventing Gulf accommodations to Iranian demands or attempting themselves to acquire countervailing nuclear capabilities.

One goal of the GSD, kept in place by the Obama Administration, is to boost Gulf state capabilities through new arms sales to the GCC states. As noted above, the Gulf states might buy more than $120 billion worth of U.S. military equipment and services over the next several years, the core of which is a sale of $60 billion worth of aircraft, helicopters, and services for Saudi Arabia[67] that was notified to Congress in mid-October 2010. The period of congressional review has expired as of November 28, 2010. A major intent of the sales has been to improve Gulf state missile defense capabilities, as well as to improve border and maritime security equipment through sales of combat littoral ships, radar systems, and communications gear. Several GSD-inspired sales include PAC-3 sales to UAE and Kuwait, and Joint Direct Attack Munitions (JDAMs) to Saudi Arabia and UAE (notified to Congress in December 2007 and January 2008). A sale to UAE of the very advanced "THAAD" (Theater High Altitude Area Defense) has also been notified, and the sale is expected to be finalized some time in 2011, although some reports in August 2011 say the UAE might reduce the order from what was expected.

The containment policy may have been furthered somewhat in May 2009 when France inaugurated a small military base in UAE, its first in the region. This signaled that France is committed to helping contain Iran. In May 2011, the UAE discussed with NATO the hosting of a NATO facility in UAE and it plans to appoint an Ambassador to NATO.

However, the Middle East unrest that spread to the Gulf states of Bahrain and Oman in February 2011 caused the Administration to announce a broad arms sales review of all Middle East arms sales, and placed the GSD concept in some doubt. It is likely that, if Shiites were to take over the government of Bahrain, the use of key facilities by the United States might be jeopardized, thereby compromising the underpinnings of a containment strategy.

[67] Khalaf, Roula and James Drummond. "Gulf in $123 Bn Arms Spree." *Financial Times*, September 21, 2010.

Regime Change: Iran Crackdown and "Arab Spring" Add Support for This Option

The Obama Administration, particularly in its first year, sought to allay Iran's long-standing suspicions that the main U.S. goal is to unseat the Islamic regime in Iran. Iran's suspicions of U.S. intentions are based on the widespread perception that the United States has hoped, and at times sought, to promote regime change since the 1979 Islamic revolution. The United States provided some funding to anti-regime groups, mainly pro-monarchists, during the 1980s.[68] The George W. Bush Administration's attraction to this option was discussed above. Stated Obama Administration policy is not to change Iran's regime, but to alter its behavior to abide by international norms of foreign policy and human rights practices.

The 2009 domestic unrest in Iran complicated Iran policy for the Obama Administration because it represented, for perhaps the first time since 1979, that the Islamic regime in Iran might be vulnerable to overthrow. However, the Administration, seeing no opportunity to intervene in Iran to achieve that outcome, sought to preserve the possibility of a nuclear agreement with Iran while expressing support for human and political rights demanded by the Green Movement. As 2009 progressed, the statements of President Obama and other U.S. officials became progressively more critical of the regime. On December 28, 2009, President Obama expressed forthright support for the opposition outright by saying, in regard to the unrest in Iran, "Along with all free nations, the United States stands with those who seek their universal rights."[69] With the protests absent in Iran for nearly a year, Secretary of State Clinton reiterated this position on September 19, 2010, but said the United States needs take care not to be so overtly supportive as to make the Iranian opposition appear as "stooges" of the United States.

In 2011, the Administration reevaluated its stance on the Green Movement in the context of the broader Middle East uprisings. Statements by Secretary Clinton and the National Security Council condemned Iran's use of force against protesters and accused Iran of hypocrisy for supporting demonstrations in Egypt while preventing similar free expression inside Iran.[70] Many observers noted that President Obama's 2011 Nowruz address (delivered March 20, the eve of Nowruz) 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."[71] Since that statement, the Administration has, as noted below, sanctioned Iranian officials for human rights abuses in Iran and for assisting Syria with its crackdown against demonstrations. In his speech to the U.N. General Assembly on September 21, 2011, President Obama said "In Iran, we've seen a government that refuses to recognize the rights of its own people." These statements and steps stop short of constituting a policy of "regime

[68] 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.

[69] 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.

[70] http://www.whitehouse.gov/the-press-office/2011/02/27/statement-national-security-council-spokesman-tommy-vietor-iran.

[71] White House. "Remarks of President Obama Marking Nowruz." March 20, 2011.

change," although Iran interprets any public support for the Green Movement as evidence of U.S. intent to overthrow the clerical government.

Some Congress appear to advocate more direct, public, and broad U.S. support for the Green Movement as a focus of U.S. policy. 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). On December 9, 2010, at a forum in Washington, DC, Senator-elect Mark Kirk proposed a dedicated U.S. funding stream to promote democracy and human rights in Iran, which would benefit the Green Movement and demonstrate to the opposition that it can count on support from the United States.

Pursuing a Middle Ground: Democracy Promotion and Internet Freedom Efforts

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

Sanctioning Iranian Human Rights Abusers and Abuses

As part of its efforts to isolate the regime on human rights grounds, on September 29, 2010, President Obama, acting in accordance with Section 105 of P.L. 111-195, 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. Two more Iranian officials (Tehran prosecutor Abbas Dowlatabadi and Basij commander Mohammad Reza Naqdi) were added to that list on February 23, 2011, and, on June 9, 2011, the Administration added the IRGC (already sanctioned as a proliferator), the Basij, the Law Enforcement Forces (LEF), and LEF Commander Ismail Ahmadi Moghaddam to the list. (The list is provided in Table 6 of CRS Report RS20871, *Iran Sanctions*; it includes Iranian entities and persons sanctioned under various executive orders and U.N. Resolutions.) On April 14, 2011, the European Union announced a travel ban on 32 regime officials involved in repressing popular unrest; many of them are the same as those named to date by President Obama. On July 8, 2011, the Administration, in concert with a similar move by Britain, imposed restrictions on more than 50 Iranian officials deemed to have played a role in repression. The action was taken under authority in the Immigration and Nationality Act (INA). The Administration did not name the Iranian officials covered by the ruling, on the grounds that the INA requires that visa records are confidential.

In the 112th Congress, several bills have been introduced to increase sanctions on Iranian human rights abusers. On May 4, 2011, the Iran Human Rights and Democracy Promotion Act of 2011 was introduced (S. 879 / H.R. 1714)—it would make mandatory investigations of Iranian human rights abusers; sanction the sale to Iran of equipment that could be used to suppress demonstrations; reauthorize the Iran Freedom Support Act (see below); and create a "Special Representative" position at the Department of State to focus on highlighting Iran's human rights abuses and coordinate U.S. and international responses. This legislation is intended, in part, to build on several human rights-related provisions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195, signed July 1, 2010), including provisions to prevent suppression of information and to "name and shame" Iranian officials who

suppress protesters. Elements of these bills are also contained in broader Iran sanctions bills, H.R. 1905 and S. 1048. As noted, as of June 9, 2011, 11 Iranian persons and 3 entities have been designated as human rights abusers under an executive order (3553) issued pursuant to CISADA. For specific names, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

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.[72] Iran asserts that funding democracy promotion represents a violation of the 1981 "Algiers Accords" that settled the Iran hostage crisis and provide for non-interference in each others' internal affairs.

The George W. Bush Administration asserted that open funding of Iranian pro-democracy activists (see below) as a stated effort to change regime behavior, not to overthrow the regime, although some saw the Bush Administration's efforts as a cover to achieve a regime change objective. A few accounts, such as "Preparing the Battlefield" by Seymour Hersh in the *New Yorker* (July 7 and 14, 2008) say that President George W. Bush authorized U.S. covert operations to destabilize the regime,[73] 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 8**) 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 billion 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, and FY2012 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.[74] In May 2007—Iranian American scholar Haleh Esfandiari, of the Woodrow Wilson Center in Washington, DC, was imprisoned for several months, on the

[72] 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.

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

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

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.[75] 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.[76] 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. Some outside experts believe that, particularly in the current context of a regime crackdown against democracy activists, the contract should have been renewed. That criticism went hand in hand with the view of some experts that the post-election unrest in Iran was evidence that such democracy promotion programs were working and should be enhanced.

In line with legislation and new assessments of the best use of U.S. assistance, recent U.S. actions have focused on preventing the Iranian government's suppression of electronic communication. Among legislation that was enacted is the "Voice (Victims of Iranian Censorship) Act" (Subtitle D of the FY2010 Defense Authorization, P.L. 111-84), which contains provisions to potentially penalize companies that are selling Iran technology equipment that it can use to suppress or monitor the Internet usage of Iranians.[77] In February 2010, the Administration eased licensing requirements for Iranians to download free mass market U.S. software. And, the U.S. Office of Foreign Assets Control has reportedly licensed a California firm (Censorship Research Center) to export anti-filtering software to Iran.[78] Under Secretary of State Sherman testified on October 14 that some of the democracy promotion funding has been to train Iranians in the use of technologies that undermine regime Internet censorship efforts.

Broadcasting/Public Diplomacy Issues

Another part of the democracy promotion effort has been the development of new U.S. broadcasting services to Iran. The broadcasting component of policy has been an extension of a trend that began in the late 1990s. Radio *Farda* ("tomorrow," in Farsi) began under Radio Free Europe/Radio Liberty (RFE/RL), in partnership with the Voice of America (VOA), in October 1998. The service was established 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, and 15 freelancers. No U.S. assistance has been provided to Iranian exile-run stations.[79]

[75] CRS conversation with U.S. officials of the "Iran Office" of the U.S. Consulate in Dubai. October 2009.

[76] Solomon, Jay. "U.S. Shifts Its Strategy Toward Iran's Dissidents." *Wall Street Journal*, June 11, 2010.

[77] For more discussion of such legislation, see CRS Report RS20871, *Iran Sanctions*.

[78] Ibid.

[79] 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.

According to information provided to CRS by the BBG in February 2011, the costs of Radio Farda are: FY2010 (actual)—$9.9 million; FY2011 (estimate)—$11.84 million; FY2012 (request)—$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 (7 hours a day of original or acquired programming, rebroadcast throughout a 24 hour period); and Internet.

Even though PNN has expanded its offerings significantly, it has come under criticism from observers who say that PNN risks losing its audience among young, educated Iranians who form the core of the anti-regime Green Movement and are looking for signs of U.S. official support. The Inspector General report cited above, as well as many observers maintain that decisions on who to put on PNN panel discussion shows have been made by a small group of Iranian exiles who do not seek the replacement of the Iranian regime and who deliberately exclude certain Green Movement persons 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.[80] Other critics say PNN offers little coverage of the Green Movement, even though, in the view of these critics, one mission of the network is, or should be, to highlight the purported unpopularity of the regime. Several observers point to one particular PNN show as having particular ffect 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, mock President Mahmoud Ahmadinejad and other Iranian figures, using political satire.

To address the various criticisms, all of which were reflected in the Inspectors General report, the Broadcasting Board of Governors formed a "PNN subcommittee," headed by one of its members, Enders Wimbush. In an e-mail to the author on February 25, 2011, Wimbush provided an update on the progress of efforts to address the criticisms, saying "I wish I could say that PNN is 'fixed,' but we still have some way to go." In February 2011, Ramin Asgard, a former State Department officer, was hired as PNN director.[81] tasked with redressing the PNN deficiencies.

PNN has 92 full-time slots available, of which nearly all are filled. According to information provided to CRS by the BBG board of governors in February 2011, the costs for PNN are: FY2010 (actual)—$23.78 million; FY2011 (estimate)—$22.5 million; FY2012 (request)—$23.32 million.

In part to augment U.S. public diplomacy, the State Department announced in April 2011 that a Persian-speaking U.S. diplomat, Alan Eyre, based at the U.S. Consulate in Dubai, would make regular appearances on Iranian official media to explain U.S. positions.

Other Internet and Media Efforts. Separate from the Internet efforts of the BBG-supervised services, the State Department is trying to expand outreach to the Iranian population. In May 2003, the State Department added a Persian-language website to its list of foreign language

[80] CRS conversations with Iranian members of the Green Movement. December 2009-August 2010.

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

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.

Table 8. 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 requested for Near East Regional Democracy, and Iran-related use is to be similar to FY2010 and FY2011.

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

Enhanced Iran-Focused Regional Diplomatic Presence

In 2006, the George W. Bush Administration also began 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.[82] 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.

Enhanced U.S. Interests Section

Some go further and say that the United States should staff the U.S. interests section in Tehran with U.S. personnel, who would mostly process Iranian visas and help facilitate U.S.-Iran people-to-people contacts (the interests section is currently under the auspices of the Swiss Embassy). U.S. staffing was considered by the George W. Bush Administration in late 2008, but the decision was left to the Obama Administration. The Obama Administration appeared inclined toward U.S. staffing, but no decision was announced. Such a step was likely delayed or derailed outright by the Iranian response to the postelection protests. However, some observers say that there are State Department officials who see U.S. staffing as a way to broaden U.S. contacts with representatives of the Green Movement and more accurately gauge its strength.

Table 9. Digest of 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 apply to foreign subsidiaries of U.S. firms.

U.S. Sanctions Against Foreign Firms that Invest in Iran's Energy Sector . The Iran Sanctions Act (P.L. 104-172, August 5, 1996, as amended, most recently by P.L. 111-195) authorizes the President to select three out of a menu of nine 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, or which sell Iran more than $1 million worth of gasoline or equipment to import gasoline or refine oil into gasoline. in the 112th Congress, Representative Sherman has introduced H.R. 1655 which would amend ISA to make sanctionable "long term agreements" to buy oil from Iran—agreements that would involve large, up-front payments to Iran for purchases of oil over a long period of time.

Targeted Financial Measures by Treasury Department. U.S. Treasury Department officials say they have had substantial success in efforts to persuade foreign banks to cease transactions with Iran. CISADA bans accounts with banks that do business with the Revolutionary Guard and sanctioned entities.

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 Iran (and other terrorism list states, by those institutions.

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, under the act, to have provided assistance to Iran's weapons of mass destruction (WMD) programs. Sanctions to be imposed 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.

[82] Stockman, Farah. "'Long Struggle' With Iran Seen Ahead." *Boston Globe*, March 9, 2006.

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. U.S. and U.N. Drug Control Program (UNDCP) assessments of drug production in Iran prompted the Clinton Administration, on December 7, 1998, to remove Iran from the U.S. list of major drug producing countries. This exempts Iran from the annual certification process that kept drug-related U.S. sanctions in place on Iran. According to the State Department's International Narcotics Strategy Report (INSCR), the most recent of which was issued March 3, 2011, several governments, over the past few years Iran has augmented security on its border with Afghanistan in part to prevent the flow of narcotics from that country into Iran.

U.S.-Iran Assets Disputes. Iranian leaders continue to assert that the United States is holding Iranian assets, and that this is an impediment to improved relations. See CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

Travel-Related Guidance. Use of U.S. passports for travel to Iran is permitted. Iranians entering the United States are required to be fingerprinted, and Iran has imposed reciprocal requirements.

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

Conclusion

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

Others argue that U.S. concerns stem first and foremost from the character of Iran's regime. Those who take this view see in the Green Movement the potential to replace the regime and to integrate Iran into a pro-U.S. strategic architecture in the region. Many argue that a wholesale replacement of the current regime could produce major strategic benefits beyond potentially reducing the threat from Iran's nuclear program, including an end to Iran's effort to obstruct a broad Arab-Israeli peace.

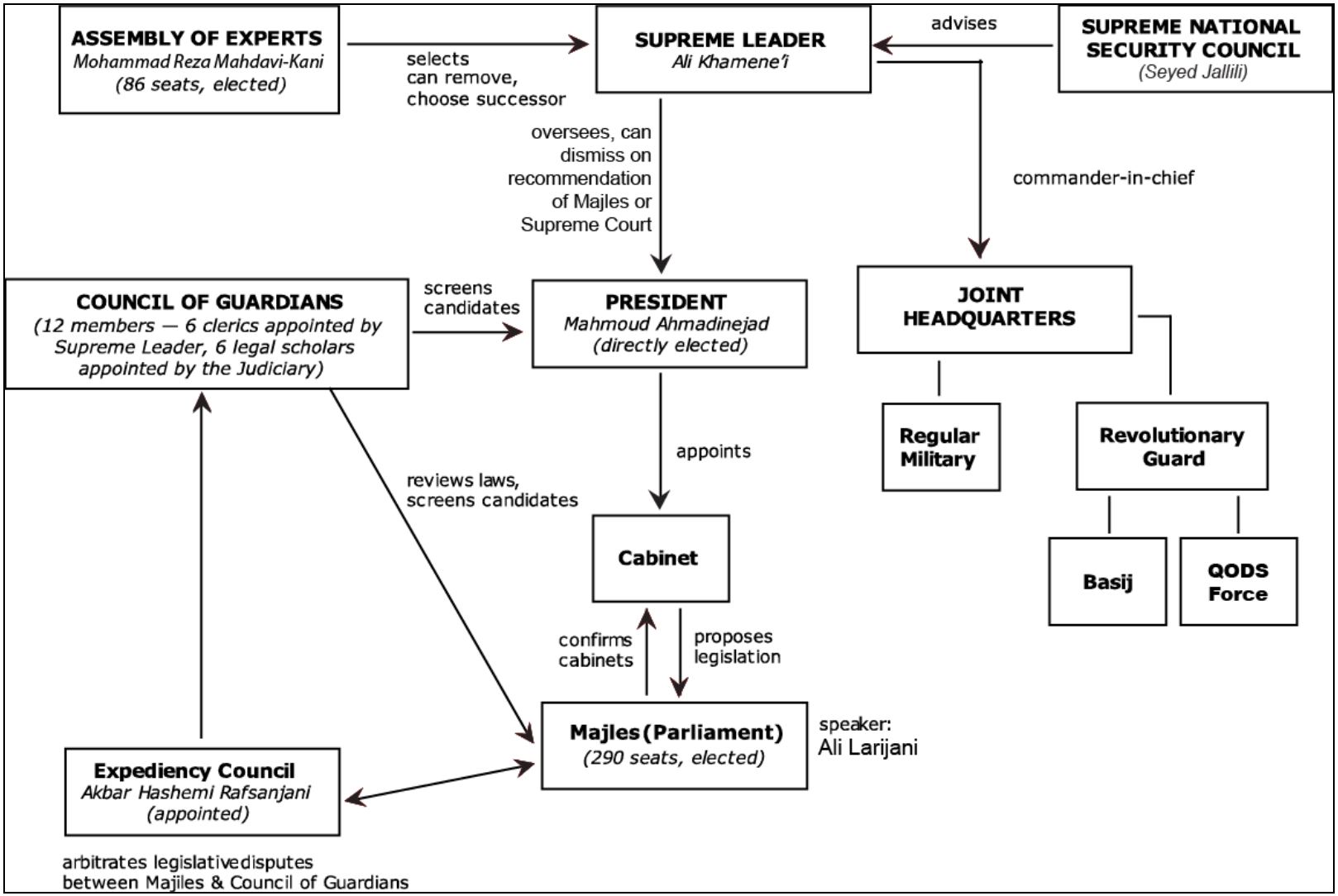
Others argue that many Iranians are united on major national security issues and that a new regime would not necessarily align with the United States. Some believe that many Iranians fear that alignment with the United States would produce a degree of U.S. control and infuse Iran with Western culture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

Table 10. Selected Economic Indicators

Economic Growth	1 % (2010 est.); 1.5% (2009)
Per Capita Income	$10,600/yr purchasing power parity (2010)
GDP	$818 billion purchasing power parity (2010)
Proven Oil Reserves	135 billion barrels (highest after Russia and Canada)
Oil Production/Exports	About 3.9 million barrels per day (mbd)/ 2.4 mbd exports.
Major Oil/Gas Customers	China—300,00 barrels per day (bpd); about 4% of China's oil imports; Japan—600,000 bpd, about 12% of oil imports; other Asia (mainly South Korea)—450,000 bpd; Italy—300,000 bpd; France—210,000 bpd; Netherlands 40,000 bpd; other Europe—200,000 bpd; India—150,000 bpd (10% of its oil imports; Africa—200,000 bpd. Turkey—gas: 8.6 billion cubic meters/yr
Major Export Markets	Japan ($9.9 billion); China ($9.2 billion); Turkey ($5.1 billion); Italy ($4.45 billion); South Korea ($4 billion); Netherlands ($3.2 billion); France ($2.7 billion); South Africa ($2.7 billion); Spain ($2.3 billion); Greece ($2 billion)
Major Imports	Germany ($5.6 billion); China ($5 billion); UAE ($4 billion); S. Korea ($2.9 billion); France ($2.6 billion); Italy ($2.5 billion); Russia ($1.7 billion); India ($1.6 billion); Brazil ($1.3 billion); Japan ($1.3 billion).
Trade With U.S. (2010)	Total U.S. Exports to Iran: $208 million; Total Imports to U.S. from Iran: $94 million
Major Non-Oil Investments	Renault (France) and Mercedes (Germany)—automobile production in Karaj, Iran—valued at $370 million; Renault (France), Peugeot (France) and Volkswagen (Germany)—auto parts production; Turkey—Tehran airport, hotels; China—shipbuilding on Qeshm Island, aluminum factory in Shirvan, cement plant in Hamadan; UAE financing Esfahan Steel Company; India—steel plant, petrochemical plant; S. Korea—steel plant in Kerman Province; S. Korea and Germany—$1.7 billion to expand Esfahan refinery.
"Oil Stabilization Fund" Reserves	$12.1 billion (August 2008, IMF estimate).
Public Debt	$16.2% of GDP (2010 est.)
Development Assistance Received	2003 (latest available): $136 million grant aid. Biggest donors: Germany ($38 million); Japan ($17 million); France ($9 million).
Inflation	10% + (May 2011), official estimate. Outside experts put the rate much higher.
Unemployment Rate	14.6%+

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

Figure 1. Structure of the Iranian Government



Source: CRS.

Figure 2. Map of Iran



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

Author Contact Information

Kenneth Katzman
Specialist in Middle Eastern Affairs
kkatzman@crs.loc.gov, 7-7612