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Iran: Current Developments and U.S. Policy

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SUMMARY

More than two decades after the November 4, 1979 seizure of the U.S. embassy in Tehran, and even before Iran's tacit cooperation with post-September 11 U.S. efforts to defeat Afghanistan's Taliban regime, signs of moderation in Iran had stimulated the United States to try to engage Iran in official talks. Iran, still split between conservatives and reformers loyal to President Mohammad Khatemi, who was elected in May 1997 and overwhelmingly reelected on June 8, 2001, has not accepted to date. Even though open to engagement with Iran, the Bush Administration and many in Congress want to continue vigorous efforts to counter Iran's support for terrorist groups and its efforts to acquire weapons of mass destruction (WMD) programs.

Iran's human rights practices, particularly its treatment of the Baha'i and the Jewish communities, are also a major concern, although the Clinton Administration did not cite progress as a specific condition for an improvement in relations. The Bush Administration has identified Iran's modernization of its conventional forces as a potential threat to U.S. interests in the Persian Gulf, but others argue that the buildup has been minor and that Iran still is relatively poorly equipped.

Iran's efforts to acquire WMD and delivery means, particularly its ballistic missile program, have made major strides over the past few years, with the help of foreign suppliers. Barred from U.S. or European advanced technology, Iran continues to receive weaponry and WMD-related technology from China, Russia, and North Korea.

Iran has opposed the U.S.-led Middle East peace process since its inception in October 1991. It continues to provide material support to Hizballah in Lebanon and to Islamic-oriented Palestinian groups that oppose the Arab-Israeli peace process, such as Hamas and Palestinian Islamic Jihad. Iran apparently is also arming the Palestinian Authority. All Iranian factions have strongly supported Palestinian violence against Israel since September 2000.

Current U.S. policy toward Iran marks an apparent shift from the almost exclusive focus on containment that characterized U.S. policy during 1980 - 1997. During the first term of the Clinton Administration, as part of a policy of "dual containment" of Iran and Iraq, President Clinton imposed a ban on U.S. trade and investment in Iran in 1995, and a 1996 law imposed sanctions on foreign investment in Iran's energy sector (Iran-Libya Sanctions Act, ILSA). The sanctions were intended to deny Iran the material resources to threaten U.S. interests.

In keeping with the 1997 policy shift toward engagement, in 1999 and 2000 the Clinton Administration and Congress eased sanctions somewhat to allow U.S. exports to Iran of food and medical supplies and importation from Iran of luxury consumer goods, such as carpets. However, the United States continues to work with its allies to prevent arms and advanced technology sales to Iran and to limit Iran's influence over regional energy flows. U.S. purchases of Iranian oil and U.S. company investments in Iran remain barred. Legislation to renew ILSA for another 5 years was signed on August 3, 2001 (H.R. 1954, P.L. 107-24).

MOST RECENT DEVELOPMENTS

Legislation to renew the Iran-Libya Sanctions Act for another 5 years was passed by large majorities in both chambers and signed on August 3, 2001 (H.R. 1954, P.L. 107-24). A long-time supporter of anti-Taliban forces in Afghanistan, Iran has cooperated with U.S. efforts to defeat the Taliban and deliver humanitarian assistance to the Afghan people. However, the thawing of U.S.-Iran relations evident over the past four years began to reverse in January 2002 over revelations that Iran had sold arms to the Palestinian Authority and perceived Iranian efforts to exert influence on the new Afghan government.

BACKGROUND AND ANALYSIS

The power struggle in Iran between revolutionary purists and more moderate reformists colors Iran's domestic and foreign policies. President Mohammad Khatemi, who was re-elected on June 8, 2001 by a landslide 77% of the vote against nine more conservative candidates, holds a popular mandate for greater domestic freedoms. His reelection victory was larger than his 69% first win in May 1997. His supporters hold about 70% of the seats in the 290-seat Majlis (parliament) following victories in the February 18, 2000 Majlis elections. However, Khatemi has expressed frustration that his reform program has been obstructed by hardliners, including Supreme Leader Ali Khamene'i (successor to Ayatollah Khomeini), who use their control of key levers of power to prevent a loosening of domestic restrictions or moderation of foreign policy. As part of a hardline backlash since April 2000, hardliners in the judiciary have closed more than 30 reformist newspapers and imprisoned or questioned several editors. The power struggle broke into the open in early August 2001, when hardliners succeeded in delaying Khatemi's second term inauguration until the Majlis approved several hardliners to the legislative review body called the Council of Guardians. Khatemi made few changes to his cabinet, and the Majlis approved all his choices.

Iran's Strategic Buildup

Iran is not considered a major conventional threat to the United States, but some of its weapons of mass destruction (WMD) programs, particularly medium range ballistic missiles, appear to be making significant progress. Bush Administration officials have also expressed concern about Iran's plans to reinvigorate a conventional buildup. For further information, see CRS Report RL30551, *Iran: Arms and Technology Acquisitions*.

Conventional Weapons

Iran's armed forces total about 550,000 personnel, including both the regular military and the Revolutionary Guard, the latter of which is populated largely by hardliners. Low oil prices and high debts slowed Iran's defense acquisitions to about $300 million per year during 1996-1999, from over $1 billion per year in the early 1990s, although purchase levels appear set to rise again. Equipment already purchased has given Iran the ability to temporarily block the Strait of Hormuz or disrupt international shipping, but Iran is considered to lack the capability to move significant numbers of troops across the Gulf. In November 2000, Russia

told the United States it would no longer abide by a 1995 pledge to refrain from new conventional arms deals with Iran. On October 2, 2001, Iran and Russia signed an agreement that provides for $300 million per year in Iranian arms purchases over the next 5 years. Despite Russian assurances that the arms would be purely defensive, the systems reportedly under consideration include new MiG-29 and Sukhoi combat aircraft and anti-ship missiles, as well as the S-300 air defense system (the Russian counterpart of the U.S. "Patriot"). A provision of the Anti-Terrorism and Effective Death Penalty Act of 1996, P.L. 104-132, cuts U.S. aid to countries that sell lethal military equipment to countries on the U.S. terrorism list. See CRS Report RL30551, *Iran: Arms and Technology Acquisitions*, and CRS Report RL31083, *Conventional Arms Transfers to Developing Nations, 1993-2000*.

Weapons of Mass Destruction (WMD)

U.S. government proliferation reports, including an August 2001 CIA report covering July - December 2000, assert that Iran is actively seeking to acquire WMD and advanced conventional weapons. Iran's programs, particularly its missile program, continue to be assisted primarily by entities in Russia, China, and North Korea. The foreign assistance continued despite U.S. anti-proliferation efforts through multilateral export control regimes such as the Wassenaar Arrangement, Missile Technology Control Regime, Nuclear Suppliers Group, Zangger Committee, and Australia Group. (See also CRS Report RL30408, *Weapons of Mass Destruction in the Middle East*.)

Chemical and Biological Weapons. U.S. proliferation reports state that Iran is seeking to acquire a self-sufficient chemical weapons infrastructure, that it may have some capability for biological weapons deployment, and that it has stockpiled chemical weapons, including blister, blood, and choking agents. On June 11, 2001, the Bush Administration imposed trade sanctions, in accordance with the Iran Nonproliferation Act of 2000 (P.L. 106-178) on China's Jiangsu Yongli Chemicals and Technology Import and Export Corporation for allegedly selling Iran technology not permitted for export to Iran under the Chemical Weapons Convention. This record 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. However, the Organization for the Prohibition of Chemical Weapons (OPCW), charged with monitoring the convention, has indicated general satisfaction with Iran's compliance thus far. OPCW toured Iran's declared chemical sites in February 1999, and Iran has made required declarations. Iran is a party to the 1972 Biological and Toxin Weapons Convention.

Missiles. Largely with Russian help, Iran is making progress in its missile program. Although two of its first three tests of the 800-mile range *Shahab-3* (July 1998, July 2000, and September 2000) were either inconclusive or unsuccessful (the July 2000 test appears to have been a success), U.S. intelligence officials said publicly in August 2001 that Iran will soon "field" the Shahab-3. At least one defense publication said in mid-October 2001 that Iran had launched serial production of the Shahab-3. Iran is also developing a 1,200 mile range Shahab-4, and it has publicly mentioned an even longer- range Shahab-5, although development of the Shahab-5 apparently has not begun, according to U.S. reports. A *Washington Post* report of January 11, 2002 quotes an intelligence estimate as saying that most, but not all, U.S. intelligence agencies believe Iran will likely field an intercontinental ballistic missile by 2015. The *Washington Times* reported on April 18, 2001, that North Korea was in the process of shipping missile components to Iran, and on June 11, 2001, the Bush Administration imposed trade sanctions on North Korean and Iranian entities under the Iran Nonproliferation Act of 2000 for alleged exports to Iran of missile technology. In the

course of August 2001 talks with China on missile proliferation, Bush Administration officials appeared to cast doubt that China was upholding a November 2000 pledge not to export missile technology to Iran or other countries. See also CRS Report RL30551, *Iran: Arms and Technology Acquisitions*.

Nuclear Weapons. U.S. officials believe Iran is acquiring the expertise and technology that could be used in a nuclear weapons program. Russia, despite U.S. protests, is proceeding with its January 1995 contract with Iran to complete a nuclear power plant at Bushehr, and the two countries have said it should be complete by the end of 2002. In November 2001, Russia shipped to Iran the first reactor shell of the project. There have been inconclusive Iranian and Russian statements on whether Iran will commission Russia to build a second reactor at Bushehr. During his June 16, 2001 meeting with Russia's President Vladimir Putin, President Bush raised U.S. concerns about an alleged transfer by a Russian firm to Iran of high-strength aluminum that the United States believes Iran might use to manufacture enriched uranium for a nuclear weapons program. A February 2001 CIA report to Congress, which covered the period of Khatemi's June 2000 visit to China, dropped language from previous reports that China has kept its pledge to refrain from new nuclear cooperation with Iran. Iran accepts International Atomic Energy Agency (IAEA) safeguards of its known nuclear facilities, and agency visits to Iran's declared facilities since 1992 have found no evidence at the sites visited to indicate Iran is developing nuclear weapons. Iran has refused to permit an enhanced IAEA inspections program ("93+2") that would include surprise inspections to undeclared facilities, although some observers say Iran is mulling accepting more stringent inspections.

Each year since FY1998, foreign aid laws have contained provisions cutting U.S. aid to the Russian government if it continues the Bushehr project or assists Iran's ballistic missile program. No waiver was provided for either in the FY1998 or the FY2000 legislation, although the cuts do not apply to nuclear dismantlement in Russia or aid to Russia's private sector. The foreign operations appropriations for both FY2001 (P.L. 106-429) and FY2002 (conference report H.Rept. 107-345) contain a similar provision, but both increase the aid cut to 60%. The House version of the FY2002 foreign relations authorization bill, H.R. 1646, passed by the House on May 16, 2001, contains Title IX, the Iran Nuclear Proliferation Prevention Act of 2001. Virtually identical to bills introduced in the 106th and 105th congresses, the provision would make the IAEA subject to cuts in U.S. voluntary contributions if it continued technical assistance to Iran's nuclear program.

Iranian Foreign Policy and Involvement in Terrorism

Iran's continued support for terrorism is considered an obstacle to improved U.S.-Iran relations. The State Department report on international terrorism for 2000, released April 30, 2001, states that Iran "remained the most active state sponsor of terrorism in 2000," although the report attributed that activity to two hardline institutions — the Revolutionary Guard and the Intelligence Ministry. Iran strongly condemned the September 11 attacks, but an unprecedented visit by Britain's Foreign Secretary Jack Straw on September 25, 2001 failed to enlist Iran openly in an anti-terrorism coalition. Press reports in November 2001 indicated Iran is considering withdrawing some of its Revolutionary Guard officers from countries, such as Sudan, Lebanon, and Bosnia, where they have been supporting Islamist movements – possibly indicating, if true, diminished Iranian interest in sponsoring some radical Islamic groups that have been involved in terrorism. (See also CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors, 2001*.)

Persian Gulf

Khatemi has largely succeeded in improving relations with Iran's neighbors, particularly the six states of the Gulf Cooperation Council (GCC; Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates). Since he came into office, Iran apparently has reduced support for Shiite Muslim dissident movements in the Gulf states. See also CRS Report RL30728, *Persian Gulf: Issues for U.S. Policy, 2000.*

Saudi Arabia/Khobar Towers/Gulf States. Iran and Saudi Arabia restored relations in December 1991 (after a 4 year break), and progressively higher level contacts have taken place since December 1997. In May 1999, Khatemi became the first senior Iranian leader to visit Saudi Arabia since the Islamic revolution. In April 2000, Saudi Arabia's number three leader, Prince Sultan, hosted a visit by Iran's Defense Minister. Supreme Leader Khamene'i has been invited to visit the Kingdom as well. In mid-April 2001, Saudi Arabia and Iran formally entered into an anti-crime security pact, suggesting that Saudi Arabia wishes to bury the issue of the June 25, 1996 Khobar Towers housing complex bombing, which killed 19 U.S. airmen. On June 21, 2001, a federal grand jury indicted 14 suspects, 13 Saudis and a Lebanese citizen, for the Khobar bombing. The indictment indicated that official elements in Iran were likely involved, but no indictments of any Iranians were announced. Saudi Arabia officials announced that the 11 Saudi suspects who are in custody in Saudi Arabia would be tried in Saudi courts and not turned over to U.S. justice. In 2000, Iran entered into anti-crime security pacts with the other Gulf states of Kuwait and Oman. (See CRS Issue Brief IB93113, *Saudi Arabia: Postwar Issues and U.S. Relations*.)

Gulf Islands Dispute With UAE. Relations between Iran and the UAE deteriorated sharply in April 1992, when Iran asserted complete control of 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, which later became part of the UAE.) The UAE wants to refer the dispute to the International Court of Justice (ICJ), but Iran insists on resolving the issue bilaterally. Several GCC states — Saudi Arabia, Qatar, and Oman — have attempted to mediate and Iran-UAE talks did resume in July 2001, but there is no evidence of Iranian flexibility to date on the key issue of sovereignty. The United States, which is concerned about Iran's military improvements to the islands, generally supports UAE proposals but takes no position on sovereignty. *Jane's Defence Weekly* reported in March 2000 that Iran's military improvements were relatively minor.

Iraq. A legacy of the 8-year long Iran-Iraq war (1980-1988) is deep lingering suspicion between Iran and Iraq, but relations have improved dramatically over the past few years. In early 1998, the two began exchanging significant numbers of prisoners from the 1980-1988 Iran-Iraq war, alleviating a key source of friction. An October 2000 visit to Iraq by Iran's Foreign Minister Kamal Kharrazi resulted in apparent agreement to abide by the waterway-sharing and other provisions of their 1975 Algiers Accords, which Iraq had abrogated prior to its September 1980 invasion of Iran. In exchange for a share of the proceeds, Iran cooperates with Iraq's illicit export of oil products (worth about $50 million per month as of early 2001) through the Gulf, although Iran has occasionally curtailed its cooperation with that exportation. Iranian hardliners still give support to Shiite militants in southern Iraq (the Supreme Council for the Islamic Revolution in Iraq, SCIRI) trying to overthrow Iraq's regime. Iran allowed the Iraqi National Congress (INC), Iraq's main opposition umbrella, to open an office in Tehran as of March 2001.

Middle East Peace Process/North Africa

Many of the allegations of Iran's support for terrorism center on its assistance to groups opposed to the Arab-Israeli peace process, primarily Hamas, Palestinian Islamic Jihad (PIJ), Hizballah, and the Popular Front for the Liberation of Palestine-General Command. Apparently corroborating press reports, U.S. officials and U.S. terrorism reports state that, following the start of the September 2000 Palestinian uprising, Iran increased its support for terrorism somewhat by encouraging coordination among Palestinian terrorist groups.

Hamas and PIJ terrorist attacks escalated since the Palestinian uprising began in late September 2000, and Hamas conducted several major suicide attacks against Israeli civilians in 2001. Many in Congress have criticized Iran's incitement activities, such as its hosting of a conference for anti-peace process organizations on April 24, 2001. The conference served as a platform for Iranian statements against Israel that the United States called "outrageous and intolerable." Khamene'i told the meeting that Israelis had exaggerated the Holocaust to justify "crimes" against the Palestinians. Khamene'i said in early November 2000 that the Palestinian-Israeli violence could end only if Israel were "eradicated." Khatemi has sometimes tried to moderate Iran's position somewhat, saying during his November 2001 visit to the United Nations that Iran would accept a final Israeli-Palestinian settlement acceptable to the Palestinians. At the same time, Khatemi has generally sought to avoid conflict with hardliners by joining them in a denunciation of Israeli-Palestinian interim agreements, and by pledging continued support to anti-peace process groups.

On the other hand, Iran has had few ties to the non-Islamist Palestinian organizations, including elements linked to the Palestinian Authority, that have conducted some of the day-to-day violence against Israel in the current uprising. It was therefore a new development when it was revealed in early January that Iran was the source of a shipment of 50 tons of arms bought by the Palestinian Authority, in contravention of the PA's agreements with Israel. The arms could be used for terrorism or to bolster the PA's conventional combat capabilities. Many analysts say that the warming trend in U.S.-Iran relations over the past four years has been set back by the shipment revelations.

About 100 Iranian Revolutionary Guards remain in Lebanon to coordinate arms deliveries to Hizballah, and the *Los Angeles Times* reported on May 6, 2001 that the United States, in late 2000, succeeded in persuading Turkey to prevent Iran from flying over Turkish airspace to Syria, thereby denying Iran an easy route for resupplying Hizballah. Even though the United Nations certified Israel's May 2000 withdrawal from Lebanon as complete, Hizballah continues to battle Israel in the Shebaa Farms border area that Israel controls but which Hizballah claims constitutes Lebanese territory that is still occupied by Israel; Iran publicly supported Hizballah's ambush and capture of three Israeli soldiers and one alleged Israeli agent in October 2000, all in the Shebaa Farms area. (H.Res. 99 expresses the sense of the House of Representatives that Iran, Syria, and Lebanon pressure Hizballah to allow visitations to the four captives by the International Committee of the Red Cross. The measure passed the House on June 25, 2001.) In late October 2001, Israel announced it believed the three captured soldiers had died. A *New York Times* report of January 12, 2002, said that, in the mid-1990s, Iran had transferred American-built Stinger anti-aircraft systems obtained in Afghanistan to Hizballah.

On May 10, 1999, Argentina's Supreme Court ruled that the March 17, 1992 bombing of the Israeli Embassy in Buenos Aires was the work of Hizballah. On September 2, 1999, Argentina issued an arrest warrant for senior Hizballah guerrilla leader Imad Mughniyah in

connection with it. An Argentine judge has also accused Iran and Hizballah of a July 18, 1994 bombing of a Jewish cultural center (AMIA) in Buenos Aires; 20 alleged Argentine accomplices have been arrested and their trial began in late September 2001, but the main suspects are still at large. H.Res. 531 and S.Res. 329, calling on Argentina to step up the investigation of the 1994 bombing, were passed by their full chambers on July 17 and July 19, 2000, respectively. In May 2001, an FBI team traveled to Argentina to help with the AMIA investigation.

Sudan/Egypt/Algeria. Sudan's close relations with Iran in the early 1990s contributed to Sudan's placement on the U.S. "terrorism list" on August 18, 1993. However, Sudan's earlier alliance with Iran has frayed as Sudan has sought to achieve removal from the terrorism list. Khatemi said in October 1999 that he wants full normalization with Egypt, but Egypt demands, as a precondition, that Iran rename a Tehran street named for Sadat's assassin (Khalid Islambouli). Iran and Algeria restored relations on September 8, 2000; they were broken in 1992 by Algeria, which accused Iran of aiding Islamic opponents of the secular regime.

Central and South Asia/Azerbaijan

Iran's policy in Central Asia has thus far emphasized economic cooperation over Islamic ideology, although Iran has become increasingly assertive in its relations with Azerbaijan. In early 1992, Iran led the drive to bring the Central Asian states and Azerbaijan into the Economic Cooperation Organization (founded in 1985 by Iran, Pakistan, and Turkey, as a successor to an organization founded by those states in 1964). Iran is hoping to attract energy pipeline routes through it, rather than through other countries. Iran does not appear to be supporting radical Islamic fundamentalist groups in the Central Asian countries (with the possible exception of Tajikistan) or in Russia's Dagestan and Chechnya regions, but Iran does host at least one anti-Azerbaijan guerrilla leader (Hasan Javadov), and it reportedly allows anti-Uzbekistan activists access to Iran's state radio. Tensions with Azerbaijan flared in late July 2001 over energy exploration rights in the Caspian; Iranian warships and combat aircraft intimidated an international oil firm (BP) on contract to Azerbaijan from continuing its work an area of the Caspian Iran considers its own. The United States called Iran's actions in the Caspian provocative, and it offered new border security aid and increased political support to Azerbaijan.

Afghanistan/Pakistan. Iran long opposed the puritanical Sunni Muslim regime of the Taliban in Afghanistan on the grounds that it oppressed Shiite Muslim and other Persian-speaking minorities. Iran nearly launched a military attack against the Taliban in September 1998 after Taliban fighters captured and killed several Iranian diplomats based in northern Afghanistan. Subsequently, Iran provided military aid to the anti-Taliban Northern Alliance coalition, made up of mostly Persian-speaking minority groups. Iran — along with the United States, Russia, and the countries bordering Afghanistan — attended U.N.-sponsored meetings in New York (the Six Plus Two group) to try to end the internal conflict in Afghanistan. Iran and the United States also participated in a U.N.-sponsored group in Geneva, which also includes Italy and Germany. Tacitly aligned with the U.S. military campaign against the Taliban in Afghanistan, Iran has pledged search and rescue assistance to the United States, and is allowing U.S. humanitarian aid for the Afghan people to transit Iran en route to Afghanistan. U.S. officials have called Iran's role in the anti-Taliban/Al Qaeda effort, including efforts to form a new government at the Bonn conference (ended in agreement December 5, 2001) "constructive" In late November, Iran reopened its embassy in Kabul.

Iran's public stance, and some of its activities, have reflected official suspicion of the United States: Iran publicly opposed U.S. military retaliation for the September 11 attacks and refused to join a U.S.-led anti-terrorism coalition. Iran is said to fear the pro-U.S. tilt of the new government of Afghanistan and the waning of Iran's traditional sway in western, central, and northern Afghanistan where Persian-speaking Afghans predominate. Amid press reports in January 2002 that Iran might be harboring some Al Qaeda fighters who have fled Afghanistan, President Bush warned Iran against such activity. He also warned Iran not to seek to exert influence over the new government of Afghanistan. (See CRS Report RL30588, *Afghanistan: Current Issues and U.S. Policy Concerns*.)

Former Yugoslavia

On June 26, 1996, and again on May 5, 1997, President Clinton certified to Congress that Bosnia had expelled foreign forces and ended intelligence cooperation with Iran. The certifications were required by P.L. 104-122, an FY1996 supplemental appropriation, and P.L. 104-208, the FY1997 foreign aid appropriation, in order to provide U.S. aid to Bosnia.

Human Rights Concerns

U.S. and U.N. human rights reports cite Iran for widespread human rights abuses, (especially of the Baha'i faith), including assassinations and executions of regime opponents (Kurds, People's Mojahedin, and others) in Iran and abroad. These reports note that Khatemi's efforts to promote rule of law have met repeated challenges from hardliners in Iran.

Religious Persecution. On October 27, 2001, the State Department again named Iran as a "Country of Particular Concern," under the International Religious Freedom Act. No sanctions were added, on the grounds that Iran is already subject to extensive U.S. sanctions. Religious persecution continues, especially against the Baha'i community, because Iran's Shiite Muslim clergy views the sect as heretical. Two Baha'is (Dhabihullah Mahrami and Musa Talibi) were sentenced to death in 1996 for apostasy. On July 21, 1998, Iran executed Ruhollah Ruhani, the first Bahai executed since 1992 (Bahman Samandari). The United States condemned the execution. In February 2000, Iran's Supreme Court set aside the death sentences against three Bahais, Sirus Zabihi-Moqaddam, Hedayat Kashefi-Najafabadi, and Manucher Khulusi. On April 21, 1999, the Clinton Administration expressed concern about the sentencing to prison of four Baha'is. Recent resolutions condemning Iran's treatment of the Baha'is, including S.Con.Res. 57, which passed the Senate July 19, 2000, and H.Con.Res. 257, which passed the House on September 19, 2000.

Trial of 13 Jews. Although the 30,000 member Jewish community (the largest in the Middle East aside from Israel) enjoys more freedoms than Jewish communities in several other Muslim states, during 1993-1998 Iran executed five Jews allegedly spying for Israel. In June 1999, Iran confirmed that it had arrested 13 Jews — teachers, shopkeepers, and butchers — from the Shiraz area that it said were part of an "espionage ring" for Israel. After an April - June 2000 trial in which eight of the suspects "confessed" to the allegations, ten of the Jews and two Muslims accomplices were convicted (July 1, 2000) and received sentences ranging from 4 years to 13 years. Three Jews were acquitted. The affair provoked an international outcry, and the Clinton Administration worked through U.S. allies to intercede, possibly contributing to a September 21, 2000 decision by a three-judge appeals panel to reduce the sentences slightly, now ranging from 2 to 9 years. On February 8, 2001,

Iran's Supreme Court rejected their appeals, allowing the revised sentences to stand. In March 2001, Iran released one of the Jews on the grounds that his sentence included time served. Several bills in the 106th Congress condemned the arrests and called for the release of the detainees and for linking U.S. relations with Iran to the trial's outcome; the Senate passed S.Con.Res. 39 (June 23, 1999) and S.Con.Res. 109 (May 4, 2000). In April 2001, a similar bill, H.Con.Res. 29, was introduced in the 107th Congress.

U.S. Policy and Legislation

The February 11, 1979 fall of the Shah of Iran, a key U.S. ally, opened a long rift in U.S.-Iranian relations, but the rift appears to be starting to close somewhat. On November 4, 1979, radical "students" 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, and the two countries have had no official dialogue since. The exception was the abortive 1985-86 clandestine arms supply relationship with Iran in exchange for some American hostages held by Hizballah in Lebanon (the so-called "Iran-Contra Affair"). Iran maintains an interests section in Washington through the Embassy of Pakistan, staffed by Iranian permanent resident aliens or U.S. citizens of Iranian descent. The U.S. protecting power in Iran is Switzerland.

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 conventional weapons acquisition programs, its support for terrorist groups, and its efforts to subvert the Arab-Israeli peace process. The election of Khatemi in May 1997 precipitated a shift in U.S. policy from containment to engagement, although with key efforts to limit Iran's strategic capabilities still in place. The Clinton Administration sought to engage Iran in a dialogue, with no substantive preconditions. In January 1998, Khatemi publicly agreed to increase "people-to-people" exchanges with the United States but ruled out an official dialogue.

In a June 17, 1998 speech, then Secretary of State Albright stepped up the U.S. outreach effort by calling for mutual confidence building measures that could lead to a "road map" for normalization of relations. Encouraged by the reformist victory in Iran's March 2000 parliamentary elections, Secretary Albright gave another speech on March 17, 2000, acknowledging past U.S. meddling in Iran, easing sanctions on some Iranian imports, and promising to work to resolve outstanding claims disputes. Iran welcomed the steps, but called them insufficient to warrant the beginning of a dialogue. Iran also rejected a U.S. suggestion for consular visits by U.S. officials. In early September 2000 meetings at the United Nations in connection with the Millennium Summit, Secretary Albright and President Clinton sent a positive signal to Iran by attending Khatemi's speeches.

The Bush Administration appears to be continuing the Clinton Administration efforts to end the long U.S.-Iran estrangement, and it has been looking for ways to build on the tacit cooperation between the two countries in Afghanistan. The Administration's November 13, 2001 continuation of the 1979 national emergency on Iran justified the emergency by saying that U.S. "relations with Iran have not yet returned to normal," a far softer statement than previous justifications sighting a continued threat from Iran. However, Iran continued to refuse to engage in official, bilateral talks until at least some U.S. sanctions are lifted. Following a move by some Majlis deputies to call for re-establishing relations with the United

States, Supreme Leader Khamene'i moved forcefully to squash talk of improved relations on October 30, 2001, when he threatened to fire Iranian officials who strive for that result. His statement came a few weeks after several Members of Congress had dinner in the Senate with Iran's representative to the United Nations.

The gradual thaw in relations, which appeared to accelerate in the context of the Afghanistan crisis, appears to have stalled or reversed in January 2002. Revelations of Iran's sale of arms to the Palestinian Authority and reputed meddling in Afghanistan have caused the Administration and Congress to become far more critical of Iran's intentions and actions. However, these revelations have, to date, led few experts to argue that Iran is likely to become a target of the U.S. war on terrorism.

Economic Sanctions

Since the November 4, 1979 seizure of the U.S. hostages in Tehran, economic sanctions have formed a major part of U.S. policy toward Iran. On November 14, 1979, President Carter declared a national emergency with respect to Iran, renewed every year since 1979.

Terrorism List. Following the October 1983 bombing of the U.S. Marine barracks in Lebanon, believed perpetrated by Iranian allies, Iran was added to the "terrorism list" in January 1984. The designation bans direct U.S. financial assistance and arms sales, restricts sales of U.S. dual use items, and requires the United States to oppose multilateral lending to the designated countries. For information on U.S. sanctions on foreign suppliers of arms and technology, see CRS Report RL30551, *Iran: Arms and Technology Acquisitions*.

Counternarcotics. 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. The decision exempts Iran from the annual certification process that kept drug-related U.S. sanctions in place on Iran. In late January 1999, Iran allowed the UNDCP to open an office in Tehran. Press reports indicate that Britain has sold Iran small arms for its anti-drug efforts on the Afghan border.

Trade Ban. On May 6, 1995, President Clinton issued Executive Order 12959 banning U.S. trade and investment in Iran, including the trading of Iranian oil overseas by U.S. companies. This followed an earlier March 1995 executive order barring U.S. investment in Iran's energy sector, and, although modified, has been extended each year since. On March 13, 2001, President Bush renewed the declaration of a state of emergency that triggered the March 1995 investment ban. An August 1997 amendment to the trade ban (Executive Order 13059) prevented U.S. companies from knowingly exporting goods to a third country for incorporation into products destined for Iran. The trade ban was partly intended to blunt criticism that U.S. trade with Iran made U.S. appeals for multilateral containment of Iran less credible. Some goods related to the safe operation of civilian aircraft can be licensed for export to Iran, and in December 1999, the Clinton Administration allowed the repair of engine mountings on seven Iran Air 747's (Boeing). Implementing regulations do not permit U.S. firms to negotiate investment deals with Iran, and, in November 2000, the Office of Foreign Assets Control (OFAC, Department of Treasury) warned U.S. firms against co-sponsoring energy-related conferences with Iran.

Following a 1998 application by a U.S. firm to sell Iran agricultural products, and in the context of Clinton Administration and congressional reviews of U.S. unilateral sanctions policies, the Clinton Administration announced in April 1999 that it would license, on a case-by-case basis, commercial sales of food and medical products to certain countries on which unilateral U.S. trade bans are in place (Iran, Libya, and Sudan). Under regulations issued in July 1999, private letters of credit can be used to finance approved sales, but no U.S. government credit guarantees were made available and U.S. exporters were not permitted to deal directly with Iranian banks. Iran says the lack of credit makes U.S. sales, particularly of wheat, uncompetitive. The FY2001 agriculture appropriations (P.L. 106-387), contains a provision banning the use of official credit guarantees for food and medical sales to Iran and other countries on the U.S. terrorism list, except Cuba, although allowing for a presidential waiver to permit such credit guarantees. (In the 107th Congress, S.171, introduced January 24, 2001, would repeal this provision.) The Clinton Administration did not provide credit guarantees, and the Bush Administration has not indicated whether it will do so.

In her March 17, 2000 speech, then Secretary Albright announced an easing of the trade ban to allow U.S. importation of Iranian nuts, dried fruits, carpets, and caviar. Regulations governing the sales were issued in April 2000. The United States was the largest market for Iranian carpets before the 1979 revolution, although U.S. anti-dumping tariffs imposed on Iranian pistachio nut imports in 1986 (about 300%) and still in effect are dampening imports of that product. Iranian caviar began arriving in the United States in May 2000, and Iranian carpets are being sold in the United States, estimated to be a $100 million per year market.

The Iran-Libya Sanctions Act (ILSA). The Iran-Libya Sanctions Act (ILSA, H.R. 3107, P.L. 104-172, signed August 5, 1996), a law that sanctions foreign investment in Iran or Libya's energy sector, was scheduled to expire on August 5, 2001. H.R. 1954, which renewed ILSA for five years but requires an Administration report on its effectiveness within 24-30 months, was passed by large majorities in both chambers in July 2001. It was signed on August 3, 2001 (P.L. 107-24). For further discussion of ILSA and its renewal, see CRS Report RS20871, *The Iran-Libya Sanctions Act (ILSA).*

Caspian/Central Asian Energy Routes Through Iran. The U.S. trade ban permits U.S. companies to apply for licenses to conduct "swaps" of Caspian Sea oil with Iran, but, as part of a U.S. policy to route Central Asian energy around Iran (and Russia), a Mobil Corporation application to do so was denied in April 1999. The Administration continues to oppose, and to threaten imposing ILSA sanctions on, pipeline projects that route Caspian/Central Asian energy through Iran. U.S. policy has been to strongly favor construction of a pipeline that would cross the Caspian Sea and let out in Ceyhan, Turkey (Baku-Ceyhan pipeline), avoiding Iran or Russia. Four Caspian nations (Turkey, Georgia, Azerbaijan, and Kazakhstan) signed an agreement embracing Baku-Ceyhan on November 18, 1999, and support for the project among oil companies and regional governments has gained momentum over the past few months. A detailed engineering study is under way. However, in a potential setback to Baku-Ceyhan, it was reported in late May 2001 that Kazakhstan will ask Totalfina Elf to study construction of an oil pipeline across Iran. In December 2001, Kazakhstan's President Nazarbayev urged visiting Secretary of State Powell to reconsider U.S. policy to allow oil routes through Iran; Powell reiterated U.S. policy but did not reject the request outright. Russia, which seeks to route oil and gas lines through it, reportedly also favors a route from Kazakhstan through Iran. Despite U.S. pressure not to import Iranian gas, Turkey has begun to do so through a new cross-border pipeline, under an August 1996 bilateral agreement. (See CRS Report 98-86, *Iran: Relations With Key Central Asian States*.)

European and Japanese Relations With/Lending to Iran. U.S.-allied differences on Iran narrowed since 1998 in concert with the Clinton Administration's attempt to engage Iran, a policy consistently favored by the European countries as a way to moderate Iran's behavior. During 1992-1997, the European Union (EU) countries maintained a policy of "critical dialogue" with Iran. The United States did not oppose those talks with Iran but maintained that the EU's dialogue would not change Iranian behavior. The dialogue was suspended immediately following the April 1997 German terrorism trial that found high-level Iranian involvement in assassinating Iranian dissidents in Germany. Simultaneous with the U.S. shift toward engagement, the EU-Iran dialogue formally resumed in May 1998, about eight months after Khatemi took office. Since then, Khatemi has undertaken state visits to several Western countries, including Italy (March 1999), France (October 1999), Germany (July 2000), and Japan (November 2000). The United States publicly welcomed these visits.

The resolution of the "Rushdie affair" to Britain's satisfaction sparked improvement in its relations with Iran. Iran maintains that Ayatollah Khomeini's 1989 death sentence against author Salman Rushdie cannot be revoked (his "Satanic Verses" novel was labeled blasphemous) because Khomeini is no longer alive to revoke it. However, on September 24, 1998, Iran's Foreign Minister pledged to Britain that Iran will not seek to implement the sentence and opposes any bounties offered for his death. Britain then upgraded relations with Iran to the ambassadorial level, and Foreign Ministers of the two countries have exchanged visits. In October 2000, the United Kingdom began extending longer term credit (two years or greater) for exports to Iran. Some Iranian clerics (outside the formal government structure) have said the death sentence stands, and the Iranian government has not required the Fifteen Khordad foundation to withdraw its $2.8 million reward for Rushdie's death. Khatemi said on June 4, 2001 that he considers the issue closed.

In August 1999, Japan's Foreign Minister continued a gradual improvement in relations with Iran by visiting that country and announcing that Japan would resume its official development lending program for Iran to construct a hydroelectric dam over the Karun River. However, the $70 million increment announced was less that Iran had wanted, and Japan said that this tranche would close out Japan's involvement in the project. (In 1993, Japan provided the first $400 million tranche of the overall $1.4 billion official development loan program, but the lending was subsequently placed on hold as the United States sought to persuade its allies to pressure Iran.) In late January 2000, Japan agreed to resume medium- and long-term (two years or longer) export credit insurance for exports to Iran, suspended since 1994. Economic relations improved further during Khatemi's November 2000 visit to Tokyo, which resulted in Japan's commitment to provide insurance cover for over $500 million in private sector projects, including refurbishment of steel and petrochemical plants. Iran also granted Japanese firms the first right to negotiate to develop the large Azadegan field, and Iran and a Japanese-led consortium are moving forward with preliminary studies of the field. Some press reports suggest that Royal Dutch/Shell might join the Azadegan project, apparently because it can provide needed technology. In exchange, Japan agreed to prepay Iran $1 billion per year for the next 3 years for Iranian oil. Partly at U.S. urging, Japan refused to extend to Iran additional official loans.

During 1994-1995, and over U.S. objections at the time, Iran's European and Japanese creditors rescheduled about $16 billion in Iranian debt. These countries (governments and private creditors) rescheduled the debt bilaterally, in spite of Paris Club rules that call for multilateral rescheduling and International Monetary Fund (IMF) involvement. Iran has worked its external debt down from $32 billion in 1997 to $7.8 billion as of April 2001, according to Iran's Central Bank. Iran plans to retire about half of that remaining debt by

March 2002. The improved debt picture has led most European export credit agencies, including Germany's Hermes, France's COFACE, and that of Spain, to restore insurance cover for exports to Iran. In October 1999, Dutch banks extended $2 billion in credits to investors in Iran. In July 2000, Germany increased its export insurance cover from $100 million to $500 million in conjunction with Khatemi's visit there. In July 2001, France's Societe Generale de France extended a $1 billion credit line to a group of Iranian commercial banks. In early September 2001, Iran and the EU met to discuss a possible trade pact that would lower the tariffs or increase quotas for Iranian exports to the EU countries. In August 2001, Iran announced it would tap international capital markets for the first time since the Islamic revolution by issuing a $280 million Eurobond.

Multilateral Lending to Iran/WTO. Section 1621 of the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132) amended the Foreign Assistance Act to require the United States to vote against international loans to countries on the U.S. terrorism list. Acting under provisions of successive foreign aid laws, in 1993 the United States voted its 16.5% share of the World Bank against loans to Iran of $460 million for electricity, health, and irrigation projects. To signal opposition to international lending to Iran, the FY1994 foreign aid appropriations act (P.L. 103-87) cut the Administration's request for the U.S. contribution to the World Bank by the amount of those loans. That law, the FY1995 foreign aid appropriation (P.L. 103-326), and the FY1996 foreign aid appropriations (P.L. 104-107), would have significantly reduced U.S. payments to the Bank if it had provided new loans to Iran. The legislation contributed to the Bank's refusal to approve any new lending to since then. By 1999, Iran's moderating image had led the World Bank to consider new loans.

In May 2000, the United States was unsuccessful in obtaining further delay on a vote on new lending for Iran, and its allies outvoted the United States to approve $232 million in loans for health and sewage projects. Twenty one of the Bank's twenty four governors voted in favor, and France and Canada abstained. Earlier, Iran also had asked the International Monetary Fund for about $400 million in loans (its quota is about $2 billion) to help it deal with its trade financing shortfalls. However, Iran balked at accepting IMF conditionality, and discussions broke off. Despite the required U.S. opposition, on May 10, 2001, the World Bank's executive directors voted to approve a two-year economic reform strategy for Iran that envisions $775 million in new Bank loans. Voting on the actual loans is expected in the spring of 2002. On May 8, 2001, the World Trade Organization, at U.S. urging, postponed until July 2001 a discussion on whether to launch entry talks with Iran. On July 18, 2001, and again on October 10, 2001, the United States achieved further postponements in considering Iran's application for admission, although the Administration says that position is "under review." Iranian officials indicate to U.S. visitors that the dropping of U.S. opposition to Iran's membership in the WTO would be taken as a positive U.S. gesture.

Assets Disputes/Victims of Terrorism. Iran claims that the United States has frozen vast amounts of Iranian assets, presenting an obstacle to improved relations. A U.S.-Iran Claims Tribunal, at the Hague, is arbitrating cases resulting from the break in relations following the Iranian revolution. The major cases yet to be decided center on hundreds of Foreign Military Sales cases between the United States and the Shah's regime, which Iran claims it paid for but were unfulfilled. About $400 million in proceeds from the resale of that equipment is in a DOD account. In April 2000, then Secretary Albright named a representative to negotiate a resolution of the claims issue at the Hague.

The assets issue moved to the forefront following several U.S. court judgements against Iran for past acts of terrorism against Americans, filed under the Anti-Terrorism and Effective

Death Penalty Act of 1996. Since March 1998, U.S. courts have awarded the following: $247 million to the family of Alisa Flatow, killed in Israel in April 1995 in a bombing by Palestinian Islamic Jihad (awarded in March 1998); $65 million to three Americans held hostage in Lebanon: David Jacobsen, Joseph Cicippio, and Frank Reed (August 1998); $324 for Lebanon hostage Terry Anderson (March 2000); $327 million to the families of two Americans killed in a February 1996 Hamas bombing (July 2000); and $355 million to the family of Marine Lt. Col. William Higgins, killed by Hizballah in 1989 (September 2000). Former Lebanon hostage Thomas Sutherland won a $353 million judgement against Iran on June 26, 2001. In August 2001, the family of former Lebanon hostage father Lawrence Jenco won a $314.6 million judgment against Iran for his captivity. In June 2001, former hostages Benjamin Weir and Frank Regier sued Iran for over $100 million for their captivity in Lebanon. Also in early June 2001, the family of former hostage Peter Kilburn, who was killed in the course of his captivity in Lebanon, filed a suit against both Libya and Iran for more than $200 million. In mid-October 2001, the Bush Administration asked a federal judge to throw out a lawsuit against Iran by the 52 Americans held hostage by Iran for 444 days.

On the basis of the sanctity of diplomatic property, the Clinton Administration blocked efforts by the claimants to satisfy their judgments from frozen Iranian assets — diplomatic property in Washington (worth about $22 million) or the DOD account mentioned above. In December 1999, the Clinton Administration also blocked a Flatow effort to seize a $6 million U.S.-Iran Claims Tribunal judgement awarded to Iran. A provision of the Victims of Trafficking and Violence Protection Act of 2000 (H.R. 3244, P.L. 106-386) provides for the use of general revenues to pay 110% of *compensatory* damage awards to the above and future successful claimants in a total not to exceed the rental proceeds from Iran's diplomatic property and the DOD account. The provision requires the President to try to recoup the expended funds from Iran as part of an overall reconciliation in relations and assets settlement, although there is no requirement that funds ultimately be withheld from Iran. A provision of the FY2002 Commerce, Justice, State appropriation (P.L. 107-77) requires an Administration legislative proposal on how to compensate successful U.S. claimants in future terrorism-related judgments against Iran.

Regarding the mistaken U.S. shootdown on July 3,1988 of an Iranian Airbus passenger jet, on February 22, 1996, the United States, responding to an Iranian case before the International Court of Justice (ICJ), agreed to pay Iran up to $61.8 million in compensation ($300,000 per wage earning victim, $150,000 per non wage earner) for the 248 Iranians killed in the shootdown. The funds for this settlement came from a general appropriation for judgments against the United States. The United States previously paid $3 million in death benefits for 47 non-Iranians killed in the attack, but has not compensated Iran for the airplane itself. A different case, pending before the ICJ, involves an Iranian claim for damages to Iranian oil platforms during U.S. naval clashes with Iran in October 1987 and April 1988.

Related Issues. Use of U.S. passports for travel to Iran is permitted, but a State Department travel warning, softened somewhat in April 1998, asks that Americans "defer" travel to Iran. Iranians entering the United States are fingerprinted, although Secretary Albright implied in her March 17, 2000 speech that this practice would be eliminated. U.S. regulations do not bar disaster relief and the United States donated $125,000, through relief agencies, to help victims of two earthquakes in Iran (February and May 1997).

Military Containment

U.S. policy has focused on containing the military threat posed by Iran to the United States, U.S. allies in the Persian Gulf, and international shipping. Although containing Iraq has been the primary goal of U.S. forces in the Persian Gulf region since the Iraqi invasion of Kuwait, U.S. military officials note that U.S. forces can also be used to monitor and deter Iran, if necessary. U.S. military officers note that their encounters with Iranian naval vessels in the Gulf have been more professional and less tense since Khatemi took office.

Iran's Opposition Movements

On February 8, 1995, then House Speaker Newt Gingrich said that a U.S. policy supporting the overthrow of Iran's regime was the only policy that made sense. The 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) — about $14 million more than requested — according to a *Washington Post* report of December 22, 1995. The Clinton Administration reportedly succeeded in focusing the covert aid on changing the regime's behavior, rather than its overthrow. The conference report on H.R. 2267 (H.Rept. 105-405), the FY1998 Commerce/State/ Justice appropriation, provided $4 million for a "Radio Free Iran," to be run by Radio Free Europe/Radio Liberty (RFE/RL). The radio, which the Administration is calling the Farsi service of RFE/RL, began operations in Prague on October 31, 1998. Another $4 million for the radio for FY1999 was provided by the omnibus appropriation (H.R. 4328, P.L. 105-277). (See CRS Report 98-539, *Radio Free Iraq and Radio Free Iran: Background, Legislation, and Policy Issues for Congress*.)

Since the late 1980s, the State Department has refused contact with the People's Mojahedin Organization of Iran (PMOI) and its umbrella organization, the National Council of Resistance (NCR). It was designated as a foreign terrorist organization in October 1997 under the Anti-Terrorism and Effective Death Penalty Act of 1996. On October 8, 1999, the PMOI's umbrella organization, the National Council of Resistance (NCR), was designated an alias of the PMOI, subjecting it to the same restrictions as apply to the PMOI (no visits by its members to the United States, seizure of its U.S. assets, and a ban on U.S. resident contributions to the group). The State Department's annual terrorism review, issued in April 2000, cited several PMOI attacks on Iran as justifying Iran's claim that Iran is a victim of terrorism. Many in Congress appear to differ with the Administration view of the group and majorities in Congress have occasionally signed letters asking the Secretary of State to explore the possibility of working with the PMOI against Iran. On October 11, 2000, a letter signed by 225 House Members and 28 Senators was released, calling for support for the NCR and deploring Iran's human rights record.

Among its recent activities in Iran, the PMOI claimed responsibility for assassinating a senior Iranian military officer in Tehran in April 2000. The United States condemned the killing. The PMOI claimed responsibility for a mortar attack on the presidential palace on February 6, 2000; Khatemi was not hurt. On March 13, 2000, the PMOI claimed responsibility for launching a mortar attack in Tehran, although it missed its target and hit an apartment complex. In August 2000, the PMOI claimed responsibility for a mortar attack on an army base in Tehran, and the group's supporters in Iran have been putting up posters of the group's leaders, Masud and Maryam Rajavi. On January 21, 2001, the PMOI claimed responsibility for a rocket attack on a court in Tehran, and, on February 20, 2001, its Iraq-based military arm made a brief incursion into Iran, clashing with local security forces. Iran's

agents and military forces frequently retaliate against the group's personnel and facilities in Iraq. Seven alleged members were arrested in Los Angeles in March 2001 for allegedly raising money for the organization, and subsequently were indicted. (See CRS Report 97-961, *Iran: The People's Mojahedin Organization of Iran.)*

Some Iranian exiles follow the son of the late former Shah, who lives in the United States. On January 24, 2001, the Shah's son, Reza Pahlavi, 40 years old, ended a long period of inactivity by giving a speech in Washington calling for unity in opposition to the current regime and for the institution of a constitutional monarchy and genuine democracy in Iran. He has since broadcast messages into Iran from a station in California, and press reports say a growing number of Iranians are listening to his broadcasts.