Iran: U.S. Concerns and Policy Responses

Kenneth Katzman
Specialist in Middle Eastern Affairs

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Summary

The issue of Iran and its nuclear program has emerged as a top priority for the Obama Administration. A sense of potential crisis in late 2011 and early 2012 was generated by growing suspicions in the international community that Iran's nuclear program is not for purely peaceful purposes, and the determination of the government of Israel, in particular, that it might take unilateral military action against Iran's nuclear facilities if its progress is not soon halted.

The heightened tensions follow three years in which the Obama Administration has assembled a broad international coalition to pressure Iran through economic sanctions while also offering sustained engagement with Iran if it verifiably assures the international community that its nuclear program is peaceful. None of the pressure has, to date, altered Iran's pursuit of its nuclear program: Iran attended December 2010 and January 2011 talks with the six powers negotiating with Iran, but no progress was reported at any of these meetings. In early 2012, Iran began uranium enrichment at a deep underground facility near Qom to a level of 20% enrichment. However, since the beginning of 2012, as significant multilateral sanctions have been added on Iran's oil exports—including an oil purchase embargo by the European Union to go into full effect by July 1, 2012—there are growing indications that the regime feels economic pressure. Iran's leaders have responded not only with threats to commerce in the Strait of Hormuz, but an acceptance of new nuclear talks without preconditions. Talks between Iran and the six negotiating powers took place on April 13-14, 2012; the talks yielded no substantive results but built sufficient confidence to schedule another round on May 23, in Baghdad, and to lower the prospects for Israeli or U.S. military action.

The United States has long seen a threat to U.S. interests posed by Iran's support for militant groups in the Middle East and in Iraq and Afghanistan. U.S. officials 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. However, to date, these issues have not generated the same sense of crisis that the nuclear issue has.

The Administration and many outside experts also perceive that the legitimacy and popularity of Iran's regime is in decline, although not to the point where the regime's grip on power is imminently threatened. The regime has sought to use the international pressure to rally the public to its side, playing on nationalist sentiment to encourage high turnout in the March 2, 2012, parliamentary elections. The boycott of the poll by reformist groups rendered the election a contest between factions supporting either President Mahmoud Ahmadinejad or Supreme Leader Ali Khamene'i. Khamene'i supporters were elected overwhelmingly, helping him solidify his control over day-to-day governance. Over the past two years, the United States has increased public criticism of Iran's human rights record, an effort broadly supported in the international community.

Some in the 112th Congress, aside from supporting additional economic sanctions against Iran, assert that the United States should provide additional political support to the democracy movement in Iran, despite the relative quiescence of the opposition since early 2010. 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, including pending Iran sanctions legislation, see CRS Report RS20871, *Iran Sanctions*, and CRS Report R40094, *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, by Paul K. Kerr.

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Political History

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

The Shah was anti-Communist, and the United States viewed his government as a bulwark against the expansion of Soviet influence in the Persian Gulf and a counterweight to pro-Soviet Arab regimes and movements. Israel maintained a representative office in Iran during the Shah's time and the Shah supported a peaceful resolution of the Arab-Israeli dispute. In 1951, under pressure from nationalists in the Majles (parliament) who gained strength in the 1949 Majles elections, he appointed a popular nationalist parliamentarian, Dr. Mohammad Mossadeq, as prime minister. Mossadeq was widely considered left-leaning, and the United States was wary of his 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 CIA-supported uprising that toppled Mossadeq ("Operation Ajax").

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 on February 1, 1979 and, on February 11, 1979, he declared an Islamic Republic of Iran. His political system of *velayat-e-faqih* was enshrined in the constitution that was adopted in a public referendum in December 1979 (and amended in 1989); it provided for the post of Supreme Leader. The regime based itself on strong opposition to foreign, particularly Western, influence, and relations between the United States and the Islamic Republic turned openly hostile after the November 4, 1979, seizure of the U.S. Embassy by pro-Khomeini

radicals. Ayatollah Khomeini died on June 3, 1989, and was succeeded as Supreme Leader by Ayatollah Ali Khamene'i.

The regime faced serious unrest in its first few years, including a June 1981 bombing at the headquarters of the Islamic Republican Party (IRP) and the prime minister's office that killed several senior leaders, including Khomeini confidant Mohammad Hossein Beheshti. These events, along with the hostage crisis with the United States, provided cover for the regime to purge many of the secular, liberal, and left-wing personalities and parties in the anti-Shah coalition. Examples included the Tudeh Party (Communist), the People's Mojahedin Organization of Iran (PMOI, see below), the first elected President Abolhassan Bani Sadr, and the Iran Freedom Movement of the regime's first Prime Minister Mehdi Bazargan 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 regime subsequently pushed the Green Movement underground through harsh repression, including imprisonment or house arrests of its leaders or main activists.

Regime Structure, Stability, and Opposition

Iran's Islamic regime, established in a constitution adopted in a popular referendum, is widely considered authoritarian but not "one-man rule." The system provides for a degree of popular input and checks and balances provided by elected institutions. The Supreme Leaders is not directly elected by the population; the president and the Majles (parliament) are. There are also direct 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.

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

At the apex of the Islamic Republic's power structure is a "Supreme Leader" who has vast formal powers and no term limits. He is chosen by an elected body—the Assembly of Experts—which also has the constitutional power to remove him. Upon Ayatollah Khomeini's death, the Assembly selected one of his disciples, Ayatollah Ali Khamene'i, as Supreme Leader.[1] Although he has never had Khomeini's undisputed authority, the powers of the office have enabled Khamene'i to preserve his status as the most powerful Iranian leader. 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*

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

(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.

Still, the growing dependence of the regime on internal security forces caused Secretary of State Clinton to assert 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.

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 Expediency Council's powers were expanded in 2006 to include oversight of the executive branch (cabinet) performance. Its members serve five-year terms; its chairman, Ali Akbar Hashemi-Rafsanjani, was reappointed in February 2007 and again in March 2012 . The March 2012 reappointment defied predictions of many experts that he would be removed because of perceived disloyalty to the Supreme Leader, and the reappointment has been widely interpreted as a Khamene'i effort to co-opt Rafsanjani. Earlier, 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.

[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. Was elected president during 1981-1989 and was selected Khomeini's successor in June 1989 upon his death. Upon that selection, Khamene'i religious ranking was advanced in official organs to "Grand Ayatollah" from the lower ranking "Hojjat ol-Islam." But, still lacks the undisputed authority and public adoration Khomeini had. Like Khomeini, Khamene'i has tended to intervenes primarily to resolve factional disputes, or to quiet popular criticism, but has taken more day-to-day role since 2009 uprising. Has sided with more decisively with hardline opponents of Ahmadinejad since mid-2011. Has taken consistently hard-line stances on foreign policy and particularly toward Israel, but reputedly issued religious proclamation (2003) against Iran acquiring a nuclear weapon. Has consistently opposed bowing to any U.S. pressure, including on nuclear issues, but greatly fears direct military confrontation with United States. In the past, has tended to support the business community (bazaaris), and opposed state control of the economy, making him attentive to the effects of international sanctions on Iran's economy. His office is run by Mohammad Mohammadi Gopayegani, with significant input from Khamene'i's second son, Mojtaba, who is said to be acquiring increasing influence. Also advised by Keyhan editor Hossein Shariatmadari and former Foreign Minister Ali Akbar Velayati. Has made public reference to letters to him from President Obama asking for renewed U.S.-Iran relations.
Expediency Council Chair Ali Akbar Hashemi-Rafsanjani	Now in eclipse, he was long a key strategist and advocate of "grand bargain" to resolve all outstanding issues with United States. 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. A mid-ranking cleric, 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 Supreme Leader erupted when Rafsanjani funded much of Musavi's election campaign and criticized crackdown on Green protests. His website was blocked by regime hardliners in January 2012. But, Khamene'i reappointed him Expediency Council chair in March 2012 in order to keep Rafsanjani in regime orbit. Daughter Faizah participated in several 2009 protests, was detained briefly in February 2011 for protesting, and was sentenced in early 2012 for opposition activities. 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.
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	Majles Speaker since 2008 after overwhelming election for Majles seat from Qom in March 2008 elections, and easily reelected in March 2012 elections. Likely to run again for president in 2013. 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, and sought to avoid U.N. Security Council isolation. Is politically close to Khamene'i and a leading antagonist of Ahmadinejad. Brother of judiciary head. Another brother, Mohammad Javad, was deputy foreign minister (1980s.)
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 has been considered spiritual mentor of Ahmadinejad, although he heads a bloc of hardliners not necessarily supportive of the president in the March 2, 2012, *Majl*es elections. 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 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 and 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 and led a bloc opposing Ahmadinejad in the March 2, 2012, *Majles* elections.
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 United States 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. Titular leader of the Green movement, 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 on February 14, 2011. With Karrubi, supported reformist boycott of March 2, 2012, Majles elections. 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 leader of the Green Movement. Was physically blocked by regime from attending Green demonstrations during 2010 and, with Musavi, was put under house arrest as of February 14,2011. Taken away to complete isolation (except for regime agents) at a two room office on July 16, 2011. Reportedly was allowed some access to his family in December 2011.
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 but which has since become controlled by regime loyalists, believes 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 members worldwide. Makes extensive use of female activists and visited Israel in January 2012 to meet with Israeli Knesset members and experts. Overall leader, Arzhang Davoodi, serving long prison sentence. 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 Green Movement groups advocating outright overthrow of the regime. Its leaders include Khatemi's brother, Mohammad Reza Khatemi (a deputy speaker in the 2000-2004 Majles) and Mohsen Mirdamadi. Backed Musavi in June 2009 election; several IIPF leaders, 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.
Other Prominent Dissidents	Other leading dissidents, some in Iran, others in exile, have been challenging the regime since well before the Green Movement formed and are now significant opposition figures. Journalist Akbar Ganji conducted hunger strikes to protest regime oppression; he was released on schedule on March 18, 2006, after sentencing in 2001 to six years in prison for alleging high-level involvement in 1999 murders of Iranian dissident intellectuals. Abdol Karim Soroush, now exiled, has challenged the doctrine of clerical rule. Former Revolutionary Guard organizer Mohsen Sazegara is based in the United States, but his role in the IRGC likely discredits him in the eyes of younger dissidents who want regime replacement. Other significant dissidents include former Culture Minister Ataollah Mohajerani, Mohsen Kadivar, and Fatemah Haghighatgoo. 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 but she left Iran for Europe, fearing arrest in connection with the 2009

postelection dispute. In December 2009, the regime confiscated her Nobel Prize. In April 2012, she publicly opposed U.S. and allied sanctions against Iran. In January 2011, a colleague, Nasrin Sotoudeh, was sentenced to 11 years in prison.

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

Elections in Iran have always lacked some credibility for international observers because hardliners are able to use their control over key election administration bodies such as the Interior Ministry and the Council of Guardians to limit the number and ideological diversity of candidates. The Council of Guardians has the power to approve or deny candidates based on its application of constitutional requirements about a candidate's knowledge of Islam and loyalty to the Islamic system of government.

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, which were formally outlawed in September 2010.

The Presidency

The main elected institution is the presidency. The presidency is clearly subordinate to the Supreme Leader, although most presidents during the Islamic republic have sought, generally unsuccessfully, more authority relative to that of the Supreme Leader. Still, the presidency is a coveted position which provides vast opportunities for the holder of the post to empower his political base and to affect day-to-day policy, particularly on economic issues. The president appoints and supervises the work of the cabinet, but the Supreme Leader is believed to have significant input into security-related cabinet appointments, including ministers of defense, interior, and intelligence (Ministry of Information and Security, MOIS). Prior to 1989, Iran had both an elected president as well as a prime minister selected by the elected Majles (parliament). However, the officials who held these posts during 1981-89 (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, 2011, 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 elections for the ninth Majles were held on March 2, 2012, and the dynamics and outcome of the upcoming contest are discussed below.

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 akin to an electoral college: it is empowered to choose a new Supreme Leader upon the death of the incumbent, and it oversees the work of the Supreme Leader and can replace him if necessary. It is also the body empowered to amend the constitution. The Assembly has 86 seats, elected to an eight-year term, with elections conducted on a provincial basis. It generally meets two times a year, for a few days each. The fourth election for the Assembly was held on December 15, 2006; after that election, Rafsanjani, still a major figure having served two terms as president (1989-1997), was named deputy leader of the Assembly. After the death of the leader of the Assembly (Ayatollah Meshkini), Rafsanjani was selected its head in September 2007. 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 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 a majority (155 out of the 290 Majles seats) in the February 20, 2004, Majles elections (which are always held one year prior to each presidential election), in large part because of the Council of Guardians' disqualification of 3,600 reformist candidates, including 87 Majles incumbents. The George W. Bush Administration and the Senate (S.Res. 304, adopted by unanimous consent on February 12, 2004) criticized the elections as unfair because of the disqualifications.

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

[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.

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. These splits foreshadowed the broader rift with the Supreme Leaders, discussed below.

Ahmadinejad (Disputed) Reelection on June 12, 2009: Protests Erupt and Second Term is Riven by Schisms

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 indicated a willingness to run, but he ultimately yielded to and endorsed a fellow reformist, Mir Hossein Musavi. Musavi was viewed as somewhat less divisive (and therefore more acceptable to the Supreme Leader) than Khatemi because of Musavi's service as prime minister during the 1980-1988 Iran-Iraq War.

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 **Table 1**.
- Mehdi Karrubi. See **Table 1**.
- 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" Protest 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, 2009, largely in Tehran but also 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

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. Since 2010, as unrest faded from the streets, Ahmadinejad has sought to promote the interests of his loyalists and promote what his critics say is a nationalist version of Islam that limits the authority of Iran's clerics. This caused anti-Ahmadinejad hardliners to rally around the Supreme Leader Khamene'i—who himself is believed suspicious of Ahmadinejad's allies' ambitions and ideology—to try to weaken Ahmadinejad. 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. Ahmadinejad is undoubtedly aware that many in the regime want to see antagonists of his, such

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

as Ali Larijani or Mohammad Baqr Qalibaf, who are viewed as more moderate, as the next president in 2013.

The infighting evolved into a rift between Ahmadinejad and Khamene'i, breaking out into the open in 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, 2011. Most of 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 and on June 1, it voted 165-1 to declare illegal Ahmadinejad's mid-May 2011 sacking of the oil minister and two other ministers.

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, 2011 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 allows him to attend the group's meetings in Vienna.

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. On November 22, 2011, security forces loyal to the (pro-Khamene'i) judiciary briefly detained the head of official state news agency, the Islamic Republic News Agency (IRNA), Ali Akbar Javanfekr, who is considered an Ahmadinejad ally. The arrest was ostensibly for a newspaper he runs publication of an article questioning enforcement of the dress restrictions on women. On February 7, 2012, the rift escalated further when the Majles, still mostly populated by those loyal to the Supreme Leader, voted to summon Ahmadinejad for formal questioning—the first time this has happened since the Islamic revolution. He made the appearance on March 14, 2012, after the March 2 Majles elections, but the session reportedly was less contentious than some Iranian experts expected.

There are no 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 see Ahmadinejad as attentive to their economic plight.

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 these issues are discussed in substantial depth in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

March 2, 2012, Majles Elections Weaken Ahmadinejad Further Amid Reformist Boycott

The 2012 Majles elections arrived in the context of the schisms among the regime leaders, and between the regime and reformist factions seeking major change. The elections were held in the context of public nervousness over the degree to which international sanctions are harming Iran's currency and Iranians' daily lives.

Reflecting reduced faith in the fairness of the elections, during the candidate registration period, December 24-December 30, 2011, 5,400 Iranians put their names forward to compete. That is 33% less than those who filed candidacies four years ago. Only 10% are women. The leading reformist factions have announced that they are boycotting the elections, perceiving that the Council of Guardians was likely to limit voter choice to only hardline candidates. Perhaps justifying those fears, the Interior Ministry, the first body to screen candidates, disqualified 17% of the candidates as of January 24. The Council of Guardians, the ultimate arbiter, reinstated some of those candidates and issued the final candidate list of 3,400 (for the 290 seats) on February 21, 2012. Amid reported worries that the Green Movement might become active during the campaign season, the regime tried unsuccessfully to recruit some reformists into the contest.

After the final candidate list was established, the regime turned to exhortations of nationalist obligations to try to encourage a large turnout—an outcome that the regime wanted to portray as a sign of its popularity. The reformist boycott left pro and anti-Ahmadinejad hardline factions to compete against each other, with the winning faction likely to hold an advantage going into the 2013 presidential context. Ahmadinejad and his allies reportedly concentrated their efforts on rural areas where Ahmadinejad is relatively popular. The two blocs that competed against his bloc—one centered around Ayatollah Mesbah-Yazdi (the Front of Stability of the Islamic Revolution) and another centered around Assembly of Experts chair Mahdavi-Kani (United Front of Conservatives, and included likely 2013 presidential candidates Qalibaf and Ali Larijani)—concentrated their efforts mainly in urban and suburban areas. These two blocs are considered loyal primarily to Khamene'i.

The regime announced a turnout of about 65%, which it asserted was a retort to international pressure and a sign of regime popularity. Most analysts say that Khamene'i loyalists won a clear majority and control about 75% of the seats in the 9th *Majles*. However, a reported 40% of the winners were independents, making their ultimate allegiances unclear. In the May 4, 2012, second round runoff for 65 seats not determined on March 2, supporters of the Supreme Leader won an overwhelming 41, with pro-Ahmadinejad candidates winning only 13, and independents taking 11. Some predicted that a former Speaker, Gholam Haddad Adel, would return to the Speaker role because of his relationship to Khamene'i. His daughter is married to Khamene'i's son, Mojtaba, who is one of his top aides. However, Larijani remains Speaker.

With the elections completed, many experts say the Supreme Leaders has consolidated his authority and rendered Ahmadinejad virtually irrelevant in his final year in office. The outcome has also significantly reduced the chances that Ahmadinejad's ally Masha'i, discussed above, will run for president in 2013. As noted above, the Supreme Leader has sparked a debate over the possibility of abolishing the presidency entirely and the Majles elections outcome would ensure that such an effort would succeed, if the Supreme Leader decides to pursue it.

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.

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 still seething opposition remains a key concern of the regime, particularly in the context of successful uprisings in the Arab world in 2011-12. Still, the regime's willingness to use force and mass arrests, and the lack of clear leadership of the protest movement, clouds the opposition's prospects to mount a sustained return to the streets. 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 and Its Uprising

The Green Movement, the genesis of which was the post-presidential election protests as discussed above, constitutes a significant popular opposition. It includes various social groups, although it is centered around educated, urban youth, intellectuals, and former regime officials. Perhaps accounting for its failure to challenge the regime over the past two years, it has not to date incorporated many traditionally conservative groups such as older Iranians and Iranians who live in rural areas. It furthermore is divided between those who believe the regime can be reformed and moderated, and those who believe it must be replaced outright by a more secular, or at least less Islamic, system of government.

The year 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 Hossein Ali Montazeri, was marked by the seizure and burning of some police vehicles, and the refusal by some police to beat protesters; it spread to smaller cities and some clerics participated.

Quiescence in 2010-12 Despite Arab Spring

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), and there were scattered protests 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. Further protests, which reportedly drew large numbers of protesters, were held on February 20 and weekly from March 1 until Nowruz (March 21, 2011). However, no major demonstrations materialized at the 2011 anniversary of the June 12, 2009, disputed election.

Despite these setbacks, observers in Iran say the Green Movement remains highly active underground and is likely to reemerge. It conducted significant protests on the February 14, 2012, anniversary of the February 14, 2011, protests. This protest came despite the January 2012 regime arrests of numerous journalists and bloggers. However, no additional protests erupted in the run-up to the March 2, 2012, Majles elections, in part because the Green Movement leaders boycotted the vote and their supporters did not have candidates to champion.

Exiled Opposition Groups: Supporters of the Son of the Late Shah of Iran

Some Iranian outside Iran, including in the United States, want to replace the regime with a constitutional monarchy led by Reza Pahlavi, the U.S.-based son of the late former Shah and a U.S.-trained combat pilot. The Shah's son, who is about 55 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. 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.

Exiled Opposition Groups: People's Mojahedin

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.

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 Question of "De-Listing" the PMOI

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 re-designation. 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 PMOI's FTO designation has been widely debated for many years. 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

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

[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).

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 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 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.

As to the current state of consideration of the FTO listing, 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. The State Department reaffirmed the listing in January 2009 and after a January 2010 review. On July 16, 2010, the Court of Appeals required the State Department to review the listing, 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] although that deadline passed. Some sign of success in the group's campaign came on February 29, 2012, when Secretary Clinton, at a House Foreign Affairs Committee hearing, stated that a "key factor" in the de-listing decision will be the group's compliance with an agreement that its members leave Camp Ashraf, discussed below. That suggests that the Department has determined that the group qualifies for removal on the technical issues of involvement in terrorism. However, the group continued to press in court for a decision to require the Department

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

to issue a de-listing decision, and the State Department has contested the court actions by saying a de-listing decision requires careful review of a wide range of classified and other information. A Court of Appeals hearing was held on May 8, 2012, on the issue. Subsequently, press reports quoted unnamed Administration officials as saying the State Department is moving to remove the group from the list, most likely 60 days after the last Camp Ashraf residents relocate (see below). Some advocate that the United States not only remove the group from the FTO list but also enter an alliance with the group.

In an effort to obtain a favorable de-listing 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 nearly 100 co-sponsors.

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 (March 2003) and negotiated a ceasefire with PMOI military elements in Iraq, requiring the approximately 3,400 PMOI fighters to remain confined to their Ashraf camp near the border with Iran. Its weaponry was placed in storage, guarded first by U.S. and now by Iraqi personnel. Another 200 Ashraf residents took 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, that designation ended in June 2004 when Iraq formally reassumed full sovereignty from a U.S.-led occupation authority. The U.S.-led, U.N. supported security mandate in Iraq was replaced on January 1, 2009, by a bilateral U.S.-Iraq agreement that limits U.S. flexibility in Iraq. The group 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.

The PMOI's fears for Ashraf residents heightened on July 1, 2010, when the Iraqi Security Forces assumed full physical control over Ashraf 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. The U.S. unit departed on April 7 and 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.[9]

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

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

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) declared the residents "asylum seekers" and offered to assess each resident in an effort to resettle them elsewhere. The top U.N. envoy in Iraq, Martin Kobler, offered to mediate between the Ashraf residents and the Iraqi government and called on the Iraqi government to postpone its end of 2011 deadline to close the camp. On September 26, 2011, the EU named Belgian diplomat Jean De Ruyt as an adviser to EU foreign policy chief Catherine Ashton on the Ashraf issue.

The issue clouded the final withdrawal from Iraq, completed on December 18, 2011. Ambassador Daniel Fried, appointed in November 2011 as the Obama Administration's coordinator on the to Ashraf issue, testified on December 7, 2011, before the Subcommittee on Oversight and Investigations of the House Foreign Affairs Committee; he said that the United States was pressing the Iraqi government for a humane, peaceful resolution of the Ashraf issue, while also blaming the Ashraf leadership for refusing any relocation plan other than *en masse* relocation outside Iraq as refugees. U.S. officials said that adequate food, fuel, and medical supplies were reaching camp residents, although supporters of the group continued to challenge that assertion.[10] In late December 2011, Iraqi Prime Minister Nuri al-Maliki showed some flexibility by announcing that residents would have until as late as April 2012 to relocate. On December 25, 2011, the Iraqi government and the United Nations announced agreement to relocate the residents to former U.S. military base Camp Liberty, near Baghdad International Airport. The PMOI, which had demanded safeguards for their transfer, subsequently announced acceptance of the deal and the move to Camp Liberty (renamed Camp Hurriya). About 2,000 Ashraf residents have relocated as of mid-May 2012, and about 1,200 remain at Ashraf. PMOI supporters say that Camp Liberty conditions are poor and insufficient for the 3,200 eventual residents—the accommodations consist of trailers left over from the U.S. military's use of the base. The PMOI supporters report a shortage of water and electricity, and claim that residents are suffering from a ban by the Iraqi government on the use of pesticides there. The Iraqi government is also reportedly forbidding remaining residents from selling their properties still at Ashraf.

The U.N. High Commission on Refugees (UNHCR) is conducting refugee status determinations for all the residents after they relocate. As of May 10, 2012, a few hundred have been interviewed. Two have left Camp Liberty through their links to European countries, not through the resettlement process. UNHCR us conducting refugee status determinations for all the residents after they relocate. As noted above, the Secretary of State has linked the PMOI's cooperation with the relocation to a decision to take the PMOI from the FTO list.

In the aftermath of the April 8, 2011, 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. Another bill, H.Res. 332, introduced June 24, 2011, called for a congressional investigation of the incident.

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

Armed Groups: Pro-Monarchy Radicals

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. The region is inhabited by members of the Baluch minority and is far less developed than other parts of Iran. On the grounds that *Jundullah* has attacked civilians in the course of violent attacks in Iran, it 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.

Iranian-American Groups

Of the over one million Iranian-Americans of differing ideologies, a vast majority want to see a change of regime in Tehran. As many as half of all Iranian-Americans are based in the Los Angeles area, and they run at least two dozen small-scale radio or television stations that broadcast into Iran. A growing number of them are 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.

National Iranian-American Council, Public Affairs Alliance of Iranian-Americans (PAAIA) and Others

Some U.S.-based 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.

PAAIA's mission is to discuss issues affecting Iranian Americans, such as discrimination caused by public perceptions of association with terrorism or radical Islam. Some observers believe it has been less active in 2011-12 than it was in the two previous years, perhaps because of desertions by some who wanted PAAIA to take a strong stand against the regime in Tehran.

Another 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. She is an adviser at the Voice of America's widely criticized Persian News Network (PNN).

Other Human Rights Practices

International criticism of Iran's human rights practices predates and transcends the crackdown against the Green Movement. **Table 2**, 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,

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

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. 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 (U.N. Document Number A/66/374: "The Situation of Human Rights in the Islamic Republic of Iran"), and a subsequent report on March 6, 2012 (A/HRC/19/66). Both reports cite many of the same abuses as do the State Department reports mentioned above.

On November 21, 2011, the U.N. General Assembly's Third Committee, by a vote of 86-32, with 59 abstentions, approved a resolution asserting that Iran must cooperate with the efforts of the Special Rapporteur to assess the human rights situation in Iran. The full Assembly approved the resolution on December 19, 2011, by a vote of 89-30 with 64 abstentions.

Table 2. 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. In early 2012, Iran has announced it is setting up a national network that would have a virtual monopoly on Internet service for Iranians, and increase the regime's ability to monitor use.
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, which was reaffirmed in late February 2012 and could be carried out at any time. On February 29, the House debated but postponed action on H.Res. 556 demanding he be released.
Baha'is	Iran is repeatedly cited for virtually unrelenting repression of the Baha'i community, which Iran's Shiite Muslim clergy views as a heretical sect, which numbers about 300,000-350,000. At least 30 Baha'is remain imprisoned. 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. In December 2011, his family released a one-year old taped statement by him and appealed for help in obtaining his release, although Iran said it does not know where he is. *Hikers.* Three American hikers were arrested in August 2009 after crossing into Iran, possibly mistakenly, from a hike in northern Iraq. 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. 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.

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. This assessment, made clear repeatedly by senior U.S. officials and reiterated in a U.S. national defense guidance issued in January 2012, is based largely on suspicions about Iran's nuclear and missile programs and its ability to counter U.S. objectives in the region. A nuclear armed Iran, in the view of U.S. officials, would be more assertive than it now is in trying to influence the foreign and energy policies of the Persian Gulf states and in supporting countries and movements that oppose U.S. interests and allies. Iran would likely conclude that the United States would hesitate to take military action against—or undertake any action to try to change the regime of—a nuclear armed Iran. A nuclear-armed Iran would also likely cause a scramble among other countries in the region to acquire a countervailing nuclear capability—stimulating a nuclear arms race in one of the world's most volatile regions.

Others see Iran's foreign policy as more defensive. Some believe Iran's core national security goals are to protect itself from foreign, primarily U.S., interference or attack; to prevent any efforts to cut off its ability to export oil; and to exert regional influence that Iran believes is commensurate with its size and concept of nationhood.

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 deploy ground forces much beyond its borders. On September 28, 2011, the commander of Iran's regular navy, 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. The Iranian armed forces are sufficiently effective to deter or fend off any threats, should they emerge, from Iran's weaker neighbors such as post-war Iraq, Turkmenistan, Azerbaijan, and Afghanistan.

A more immediate consideration is whether Iran possesses the capability to close the strategic Strait of Hormuz, where about one-third of all traded oil flows. This question gained greater urgency in December 2011 and January 2012 when several Iranian leaders and commanders talked openly of trying to do so if sanctions were imposed on Iran's ability to export oil. Scenarios for such Iranian action are discussed later in the section on military options.

Organizationally, Iran's armed forces are divided to perform functions appropriate to their roles in Iran. The Islamic Revolutionary Guard Corps (IRGC, known in Persian as the *Sepah-e-Pasdaran Enghelab Islami*)[12] 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 (*Artesh*) report to a joint

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

headquarters, headed by Dr. Hassan Firuzabadi. The *Artesh* has no role in internal security and is deployed mainly at bases outside major cities. The IRGC Navy and regular Navy (Islamic Republic of Iran Navy, IRIN) are distinct forces; the IRIN has responsibility for the Gulf of Oman, whereas the IRGC Navy has responsibility for the closer-in Persian Gulf and Strait of Hormuz. The regular Air Force controls most of Iran's combat aircraft, whereas the IRGC Air Force has come to focus primarily on developing Iran's ballistic missile capabilities.

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. 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 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.[13]

Table 3. Iran's Conventional Military Arsenal

Military Personnel 460,000+. Regular ground force is about 220,000, Revolutionary Guard Corps (IRGC) ground force is about 130,000. 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.
Security Forces About 40,000-60,000 law enforcement forces on duty, with another 600,000 Basij security/paramilitary forces available for combat or internal security missions.
Tanks 1,800+ Includes 480 Russian-made T-72
Ships 100+ (IRGC and regular Navy) Includes 4 Corvette; 18 IRGC-controlled Chinese-made patrol boats, several hundred small boats.) Also has 3 Kilo subs (reg. Navy controlled)
Ship-launched cruise missiles. Iran is able to arm its patrol boats with Chinese-made C-802 cruise missiles. Iran also has Chinese-supplied Seerseekers and C-802's emplaced along Iran's coast.
Midget Subs. Iran has been long said to possess several small subs, possibly purchased assembled or in kit form from North Korea. Iran claimed on November 29, 2007, to have produced a new small sub equipped with sonar-evading technology, and it claimed to deploy four Iranian-made "Ghadir class" subs to the Red Sea in June 2011.
Surface-to-Air Missiles (SAMs) 150+ I-Hawk plus possibly some Stinger
Combat Aircraft 330+ Includes 25 MiG-29 and 30 Su-24. Still dependent on U.S. F-4's, F-5's and F-14 bought during Shah's era.
Anti-aircraft missile systems. Russia delivered to Iran (January 2007) 30 anti-aircraft missile systems (Tor M1), worth over $1 billion. In 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.
Defense Budget. About 3% of GDP

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

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

Table 4. 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 leader is Brigadier General Mohammad Reza Naqdi. It operates from thousands of positions in Iran's institutions. Command reshuffles in July 2008 integrated the Basij more closely with provincially based IRGC units and increased the Basij role in internal security. In November 2009, the regime gave the IRGC's intelligence units greater authority, perhaps surpassing those of the Ministry of Intelligence, in monitoring dissent. The IRGC Navy has responsibility to patrol the Strait of Hormuz and the regular Navy has responsibility for the broader Arabian Sea and Gulf of Oman (deeper waters further off the coast).

As noted, the IRGC is also increasingly involved in Iran's economy, acting through a network of contracting businesses it has set up, most notably *Ghorb* (also called *Khatem ol-Anbiya*, Persian for "Seal of the Prophet"). Active duty IRGC senior commanders reportedly serve on Ghorb's board of directors and its 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, with the same penalties as the above Executive Orders.

Sources: Frederic Wehrey et al. "The Rise of the Pasdaran." Rand Corporation. 2009. Katzman, Kenneth. "The Warriors of Islam: Iran's Revolutionary Guard." Westview Press, 1993; Dept. of the Treasury.

Nuclear Program and Related International Diplomacy

International attention to 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,[14] considered ideal for the production of plutonium.

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 has been producing low-enriched uranium (3.5% - 5%, suitable only for electricity production) since 2002, and more recently has been enriching to 20% (which Iran says is being used to produce medical isotopes). To construct an actual nuclear weapon, Iran would have to produce highly enriched uranium (90%+) and master the complicated capability to trigger a nuclear detonation.

Iran's Nuclear Intentions and the November 8, 2011, IAEA Report[15]

U.S. officials have stated on several occasions in 2012 that the U.S. believes Iran has not, to date, made a decision to construct a nuclear weapon. However, International Atomic Energy Agency (IAEA) reports indicate that Iran has not satisfactorily addressed IAEA information that Iran might have a nuclear *weapons* program.[16] Several pre-2011 IAEA reports describe Iranian documents that show a possible involvement of Iran's military in the program. This issue garnered heightened attention after the IAEA released its November 8, 2011, report that contained an extensive annex laying out the IAEA's information on Iran's apparent efforts to acquire the knowledge required to weaponize highly enriched uranium, and on some possible facilities Iran had constructed that could be used for that effort. The annex discussed the IAEA's sources, purported foreign scientific assistance to the experimentation, and Iran's management structure for a weapons program. Based on the November 8 report, on November 18, 2011, the IAEA Board of Governors adopted a resolution expressing "deep and increasing concern" about Iran's nuclear program. The vote was 32 in favor, 2 against (Cuba, Ecuador), and 1 abstention (Indonesia).

After repeatedly refusing to discuss the IAEA information, in January 2012 Iran agreed to host an IAEA team to discuss the allegations during January 29-31, 2012. That visit, as well as a subsequent IAEA visit during February 20-21, 2012, did not satisfy the IAEA on the question of Iran's nuclear *weapons* research. In particular, Iran did not allow the IAEA team, in either trip, to visit the Parchin military base where the IAEA suspects some research on nuclear explosive technology may have taken place. The site was inspected twice in 2005. On March 6, 2012, Iran said it would allow at least one new IAEA visit to Parchin, but that visit has not taken place, to date. In April 2012, the Institute for Science and International Security reported that Iran may have tested a nuclear trigger at Parchin some time in the past.

[14] 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.

[15] Text of the report is at http://isis-online.org/uploads/isis-reports/documents/IAEA_Iran_8Nov2011.pdf.

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

Iran's Position and Counter-Arguments

Iranian leaders continue to deny they are trying to achieve a nuclear weapons capability. They accuse the IAEA of basing its findings on forged or erroneous information, and asserted that the November 8, 2011, report demonstrated little more than that some of its scientists may have experimented with nuclear weapons calculations on their computers. They assert that Iran's nuclear program is mainly for medical uses and electricity generation, given finite oil and gas resources, and that enrichment is its "right" as a party to the 1968 Nuclear Non-Proliferation Treaty.[17] They cite studies, including an analysis by the National Academy of Sciences, that Iran might have negligible exports of oil by 2015.[18] U.S. officials have said that Iran's gas resources make nuclear energy unnecessary.

Iran professes that WMD is inconsistent with its ideology. In 2003, the Supreme Leader Khamene'i issued a formal pronouncement (*fatwas*) that nuclear weapons are un-Islamic. On February 22, 2012, he expanded on that concept in a speech saying that the production of and use of a nuclear weapon is prohibited as a "great sin," and that stockpiling such weapons is "futile, expensive, and harmful."[19]

Iran's assertions of a purely peaceful program have been 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. Still others believe regime leaders see a nuclear weapon as insurance that domestic or international opponents will end perceived attempts to displace the regime. There are also fears Iran might transfer WMD to extremist groups or countries.

Some Iranian strategists appear to 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.

Nuclear Weapons Time Frame Estimates

If Iran were to pursue a nuclear weapon, estimates differ as to when Iran might achieve that capability. Secretary of Defense Panetta said on January 29, 2012, that Iran could produce a nuclear weapon within about one year of a decision to do so, and delivery vehicle for that weapon one-two years after that. Because most of the information presented in the November 8, 2011,

[17] 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.

[18] Stern, Roger. "The Iranian Petroleum Crisis and United States National Security," *Proceedings of the National Academy of Sciences of the United States of America*. December 26, 2006.

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

IAEA report was apparently known to the United States and its partners, the report did not necessarily alter U.S. assessments.

These statements take into account technical difficulties, possibly caused by Western activities and international sanctions, as well as reported covert action (discussed further below), that might have delayed a nuclear-armed Iran. National Security Adviser Donilon stated in his Brookings Institution speech on November 22, 2011, that sanctions and other difficulties "have succeeded in slowing [Iran's] nuclear program." Among these 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,[20] although the May 24, 2011, IAEA report indicates Iran had largely overcome these effects.

Status of Enrichment

Sparking further concerns among several governments is the steady progress of Iran's enrichment program. The November 8, 2011, IAEA reports reiterated previous IAEA findings that Iran has enriched enough uranium that experts say could produce four nuclear weapons (if enriched to 90%) as enrichment continues. Most of Iran's enrichment thus far has been primarily to less than 3.5%-5%, which is a level that would permit only civilian uses. However, according to the IAEA report of February 24, 2012,[21] it has enriched about 240 pounds to the 20% level, which is necessary for medical use but which could relatively easily be enriched further to highly enriched uranium. Enrichment to 20% is taking place at the heavily fortified Fordow site that Iran admitted in September 2009 (after discovery by Western intelligence) that it had developed. The IAEA report added that Iran has had minimal success with 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. On January 1, 2012, Iran claimed to have produced its first nuclear fuel rod for its Tehran research reactor.

The IAEA reports maintain that there is no evidence that Iran has diverted any nuclear material (for a nuclear weapons program). The February 25, 2011, IAEA report has annexes listing Iran's declared nuclear sites as well as a summary of all the NPT obligations Iran is not meeting.[22]

Bushehr Reactor

U.S. officials have generally been less concerned with Russia's work, under a January 1995 contract, on an $800 million nuclear power plant at Bushehr. Russia insisted that Iran sign an agreement under which Russia would reprocess the plant's spent nuclear material; that agreement was signed on February 28, 2005. The plant was expected to become operational in 2007, but Russia appeared to delay opening it to pressure Iran on the broader nuclear issue. The plant was inaugurated on August 21, 2010, and fueling was completed by October 25, 2010. It began limited operations on May 8, 2011, and was linked to Iran's power grid in September 2011. As part of this work, Russia trained 1,500 Iranian nuclear engineers.

[20] 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.

[21] http://www.isisnucleariran.org/assets/pdf/IAEA_Iran_Report_24February2012.pdf.

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

The International Response and Policies

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, particularly that of the Persian Gulf states, is that an Iranian nuclear weapon would reinforce Iran's efforts to intimidate the region and would stimulate a nuclear weapons race in a volatile region. Israel views an Iranian nuclear weapon as a threat to its existence.

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.

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.[23] 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;[24] (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,[25] but no time frame was set for the referral. After Iran resumed enrichment activities, on February 4, 2006, the IAEA board voted 27-3[26] to refer the case to the

[23] 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.

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

[25] 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.

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

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.[27]

Establishment of "P5+1" Contact Group/ 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 incentive package is Annex I to Resolution 1747, and the offer remains on the table as of 2012, according to U.S. and EU diplomats:

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.
- 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:[28]

- 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.

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

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

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 by offering vague proposals of engagement with the West.
- *Resolution 1737.* After Iran refused a proposal to temporarily suspend enrichment, the Security Council adopted U.N. Security Council Resolution 1737 unanimously on December 23, 2006, under Chapter 7, Article 41 of the U.N. Charter. It 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 states to freeze the financial assets of 10 named Iranian nuclear and missile firms and 12 persons related to those programs. 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.

- *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;
- 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.* 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), demanding compliance with previous resolutions but not adding new sanctions.

The P5+1 met again in October and in November of 2008, but 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.[29] At another P5+1 meeting in London on April 8, 2009, then 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. 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 offer constructive proposals, lest the P5+1 consider imposing "crippling sanctions" on Iran. On September 9, 2009, Iran distributed its long-anticipated proposals to settle the nuclear issue to P5+1 representatives in Iran

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

(the Swiss ambassador represented the United States).[30] The P5+1 considered the proposals vague but still 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—purportedly including the Supreme Leader himself—caused Iran to refuse to finalize the agreement. 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. All of Iran's counter-proposals were deemed insufficiently specific or responsive. 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, although this proposal appears active as of mid-2012.

May 2010 Iran-Brazil-Turkey Uranium Exchange Deal ("Tehran Declaration")

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.[31] 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, primarily, that the arrangement 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 was 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 substantial new measures against Iran. China was reportedly reassured that the UAE and Saudi Arabia would compensate

[30] "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/.

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

for Iran's oil exports to China if Iran retaliated for China's support for new sanctions.[32] 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 the following.[33]

- It added 15 Iranian firms affiliated with the Revolutionary Guard firms, and 22 other Iranian entities, to the list of U.N.-sanctioned entities. Some of the IRGC firms are alternate names for the *Khatem ol-Anbiya* (Seal of the Prophet) engineering firm under IRGC control.
- It made mandatory a ban on travel for Iranian persons named in it and in which a non-binding travel restriction was instituted 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.
- It prohibited countries from allowing Iran to invest in uranium mining and related nuclear technologies, or in 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 legally banned).
- It required countries to insist that their companies refrain from doing business with Iran *if* 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.
- It authorized the establishment of an eight person "panel of experts," with a mandate to assist the U.N. Sanctions Committee in implementing the Resolution and previous Resolutions, and to suggest ways of more effective implementation. The Panel's coordinator is French; current membership includes the P-5 countries plus Japan, Germany, and Nigeria. To date, the panel's June 2010 report has not been officially published by the Sanctions Committee but has been carried by various websites.

2011-12 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 presented a modified offer of incentives for Iran to rejoin

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

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

the international community. After the passage of the Resolution, EU foreign policy chief Catherine Ashton issued a letter to Iran inviting it to attend new talks. After several months of discussions over venue, agenda, talks 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 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 (January 21-22, 2011), talks, by all accounts, made no progress because Iran demanded lifting of international sanctions as a precondition to substantive discussions. No date for new talks was then announced. A P5+1 statement of March 9, 2011, affirmed the lack of progress at Istanbul, but also said "the door remains open."[34] Indications that talks might revive followed Iran-Russia talks during August 15-16, 2011, when Iran praised as a "basis to start negotiations" Russia's proposals for a stepwise exchange of the lifting of international sanctions for Iran's giving up some nuclear activities. A State Department spokeswoman, Victoria Nuland, confirmed that U.S. diplomats had worked with Russian counterparts to develop the proposal.

The prospect for new talks appeared to recede after the release of the November 8, 2011, IAEA report, which cast doubt on Iran's assertions of its purely peaceful nuclear program, and National Security Adviser Donilon made clear in a speech on November 22, 2011, at the Brookings Institution that the United States remains focused on pressuring Iran through sanctions. In late November 2011, in response to a move by the United States, Britain, and Canada to shut Iran out of the international banking system, a mob supported by the Basij militia ransacked the British Embassy in Tehran on November 29, 2011. This led to the closure of the Iranian and British embassies in London and Tehran, respectively and caused the EU to impose on January 23, 2012, an embargo on purchases of Iranian oil, to be fully in effect by July 1, 2012. Iran perceived such a move (along with an amendment to the FY2012 National Defense Authorization Act (P.L. 112-81) sanctioning banks that do business with Iran's Central Bank) as a potential vital threat to its survival. Iran threatened to close the Strait of Hormuz if new sanctions are imposed and to immediately cut off oil sales to at least some EU states before they can arrange alternative suppliers. Iran did not implement either threats.

As sanctions started to harm Iran's economy severely, Iran—alongside its threats to the Strait of Hormuz—began to publicly proposed a new round of nuclear talks and it invited the IAEA to discuss Iran's past nuclear explosive device work, as discussed above. A 200- word letter of acceptance was sent by chief negotiator Jalilli to EU foreign policy chief Catherine Ashton on February 15, 2012. The United States and its partners announced on March 6, 2012, that they accept new talks. As an example of the economic pressure sanctions have imposed on Iran, its Iran's oil production has dropped substantially, due to a reduction in buys from customers, from about 4 million barrels per day in 2011 to about 3 million barrels per day as of May 2012. The effect of sanctions on Iran's economy, political system, and nuclear decisionmaking is analyzed in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

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

April 13-14 Istanbul Talks and Prospects for May 23 Baghdad Talks

Talks were tentatively set for April 13-14, 2012, in Istanbul. In early April when Iran balked at the venue—attributing distrust to Turkey's support for strong action against Iran's ally, Bashar al-Assad of Syria—instead suggesting Iraq or China as a location. Iran relented and agreed to the dates and the venue.

Pressured by sanctions, Iran went into the talks suggesting it might accept P5+1 demands to halt 20% enrichment. The talks were held and, by all accounts, including a statement by EU foreign policy chief Ashton, did not focus on substantive details. However, Iran agreed to enter a negotiating process on its nuclear program—a pledge considered sufficient to announce a follow-up round in Iraq on May 23, 2012, to be held in Baghdad—a venue intended to accommodate Iran's earlier proposal. Since then, technical teams from the Iranian and P5+1 have been working on substantive proposals in advance of that round, and an IAEA team has had meeting in Iran in mid-May.

The following outlines what both sides, by numerous accounts, appear prepared to offer. The positions of both sides appear based on the principal of "reciprocity"—a term used by Secretary Clinton, EU foreign policy chief Ashton, and others—referring to a stepwise easing of sanctions in exchange for verifiable Iranian compliance. These officials have also stated the talks with Iran should represent a "sustained" negotiating process, suggesting that there might not be an agreement in Baghdad on all issues, and that an agreement might require several more rounds of talks.

Iranian officials indicate they might be willing to accept:

- A halt to all enrichment to the 20% level and a removal from Iran of the existing stockpile of 20% enriched uranium.
- Limitations in the activities and very close monitoring of the Fordow facility, although not a closing of the facility as U.S. officials indicated they seek.
- A comprehensive verification regime to ensure that Iran fulfills any commitments made.
- A full explanation of Iran's reputed efforts to design a nuclear explosive device, including inspections of Parchin and other facilities.

The international community appears prepared to offer the following:

- Iran would be allowed, at least in the interim, to enrich uranium in Iran, although only to the 3.5% - 5% level. This represents a dropping or de-emphasis of the demands of U.N. resolutions that Iran suspend all uranium enrichment.
- Iran will be guaranteed a supply of medical isotopes that it says it needs
- The EU oil embargo might be deferred or lifted entirely. Such a move would be coupled with a U.S. effort to avoid sanctioning foreign banks that pay Iran's Central Bank for oil (provision of P.L. 112-81).

The international community remains optimistic about achieving an agreement. Foreign Minister Ali Akbar Salehi has said publicly that Iran might agree to halt 20% enrichment in exchange for guaranteed external supplies of the needed medical isotopes—an apparent acceptance of an earlier U.S. idea. Senior clerics, such as Guardian Council chair Ayatollah Jannati, has appeared

to prepare the Iranian public for compromise by emphasizing that the prospective agreement preserves Iran's right to enrich uranium, as Iran claims is allowed by the NPT. However, tempering the optimism is the view among many experts that the Supreme Leader remains suspicions of U.S. and international intent and might, in the end, not accept an agreement.

Israel has called on the United States and its partners not to allow talks to drag on for many months before moving toward stronger sanctions or even military action. It is likely that, should the new round of talks fail, Israeli will likely resume open discussion of unilateral Israeli military action against Iran's nuclear facilities.

Table 5. 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 nonbinding 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.

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.[35] 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.

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

Ballistic 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. Still, there are concerns that Iran might seek to develop warheads that could carry a nuclear payload, and the November 8, 2011, IAEA report discusses a "Project 111" conducted during 2002-2003 that could have had that intent. Secretary of Defense Panetta said in January 2012 that Iran might be able to develop a nuclear-armed missile about a year or two after developing a nuclear explosive device.[36] **Table 6** contains some details on Iran's missile programs.[37] 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).

On November 12, 2011, an unexplained explosion at a ballistic missile base 25 miles from Tehran killed 17 IRGC missile force officers, including commander Hassan Tehrani Moghaddam. He reportedly was instrumental in developing Iran's missile force and his death might set back the program. Iran said the explosion was accidental, caused during a movement of munitions at the base. However, the death of Moqhaddam in the blast raised suspicions that it was caused by sabotage, possibly by an outside power or possibly by a domestic opposition group. The base was almost completely destroyed, according to commercial satellite photos posted on various websites. Iran may have tried to restore its image as a success in missile development by test firing anti-ship missiles during its naval exercises from December 23, 2011, to January 2, 2012.

Missile Defense Concepts Against Iran

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 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, although President Medvedev expressed continued Russian disagreement with the plan during an Asia Pacific summit meeting in Hawaii in mid-November 2011.

As far as implementation, in February 2010, Romania's top defense policy body approved a U.S. plan to base missile interceptors there. At the November 19-20, 2010, NATO meeting in Lisbon, NATO adopted the concept of a missile defense system but the summit did not specifically name Iran as a threat the system is intended to address.

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

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

Table 6. 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" /Sijil	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 underground missile silos and undertook some missile tests.
BM-25	1,500-mile range. On April 27, 2006, Israel's military intelligence chief said that Iran had received a shipment of North Korean-supplied BM-25 missiles. Missile said to be capable of carrying nuclear warheads. *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.[38] 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 the belief that the United States seeks ultimately to overturn Iran's

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

Islamic revolution. Iran's leaders increasingly assert that Iran is a major regional power whose interests must be taken into account. Others interpret Iran's foreign policy objectives as beyond defensive—as attempting to overturn the power structure in the Middle East that Iran believes favors the United States, Israel, and their "collaborators": Sunni Muslim regimes such as Egypt, Jordan, and the Gulf monarchies. Iran couches that policy as support for Shiite Muslim minorities and factions that, in Iran's view, represent an "oppressed" underclass in a region dominated by Sunni Muslims.

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 ruler 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 Iranian ships to transit the Suez Canal since the fall of President Mubarak. Others assert that, even before Arab uprisings, Iran had benefitted from the installation of friendly regimes in Iraq and Afghanistan, and the continuing political strength of Hezbollah in Lebanon and Hamas in the Gaza Strip.

On the other hand, Iran itself has become threatened by the unrest in its key Middle Eastern ally, Syria. Should that regime fall, Iran might lose its ability to intervene in the Arab-Israeli dispute. In addition, countries in the region, such as the UAE, increasingly are helping the United States enforce strict sanctions against Iran, and Iran finds itself potentially isolated in the region.

Support for International Terrorism

Iran's foreign policy is broad and complex, and often involves support of groups 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. The current Defense Minister of Iran is Brigadier General Ahmad Vahidi, the former Qods Forces commander.

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.

In 2011 and 2012, U.S. officials have emphasized what they see as a new dimension to the Iranian threat—the potential for Iran to try to commit acts of terrorism in the United States itself. This was discussed by DNI Clapper in testimony before the Senate Intelligence Committee on January 31, 2012, and represents a change from the previous U.S. view that the risk of U.S. retaliation makes Iran's leaders highly unlikely to authorize attacks inside the United States. The altered assessment is based on an Iranian alleged plot, revealed on October 11, 2011, by the U.S. Justice Department, to assassinate the Saudi Ambassador to the United States. According to the allegation, an Iranian American, Mansour Arbabsiar, tried 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 commit the attack. Administration officials said that senior Qods and Iranian civilian leaders appeared to have at least some knowledge of the 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.

Table 7. Major Past Acts of Iran or Iran-Related Terrorism

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

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

Foreign Policy: 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, fearing doing so might cause Iran to retaliate against Gulf state targets, and they maintain relatively normal trade and other interactions with Iran. However, several Gulf rulers have periodically asserted publicly that the United States should move decisively to end Iran's nuclear program. The Gulf states are cooperating with U.S. containment strategies and with many aspects of U.S. and multilateral sanctions against Iran—particularly by offering more oil to customers to substitute for their purchases of Iranian oil and ending transactions with sanctioned Iranian banks. On May 14, 2012, the GCC states met in Riyadh to discuss a Saudi plan for greater political and economic

integration of the GCC states—a plan proposed in part to present a united front against Iran. However, the plan was not adopted and deferred to further discussions. The Gulf states also appear to be working toward the ouster of Syrian President Bashar al-Assad in part to weaken Iran strategically in the region.

- *Saudi Arabia*. Iran and Saudi Arabia represent opposite poles of influence and interests in the region. Saudi Arabia sees itself as leader of the Sunni Muslim world and views Shiite Muslims, including those in eastern Saudi Arabia, as heretical and disloyal. Saudi alarm over Iranian influence in the Gulf was a major factor in the military intervention by Saudi Arabia (joined by UAE) on behalf of the Bahraini government in March 2011. The Saudis repeatedly raise past issues, including blame of 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 bombing listed in the table above.[39] 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, and Iran's intelligence minister, Heydar Moslehi, visited in December 2011 ostensibly to reduce tensions. Yet, in January 2012 Iran warned Saudi Arabia, in particular, not to sell additional oil to Iranian oil customers who are implementing the EU embargo on Iranian oil purchases. And Saudi leaders have threatened to try to acquire a nuclear weapons capability if Iran does.
- U*nited Arab Emirates* (UAE) concerns about Iran have not recovered from the April 1992 Iranian expulsion of UAE security forces from the Persian Gulf island of Abu Musa, which it and the UAE shared under a 1971 bilateral agreement. (In 1971, Iran, then ruled by the U.S.-backed Shah, seized two other islands, Greater and Lesser Tunb, from the emirate of Ras al-Khaymah, as well as part of Abu Musa from the emirate of Sharjah.) The UAE 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 emotion of the issue was inflamed again on April 11, 2012, when Ahmadinejad visited Abu Musa, causing the UAE to submit to Iran and to the United Nations a formal letter of protest. UAE officials say the visit undid about one year of quiet diplomacy between the two countries on the issue, which included the naming of negotiators by both sides. The United States supports UAE proposals but takes no formal position on sovereignty.
- Earlier, 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. This large Iranian-origin resident community (about

[39] 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.

300,000) in Dubai may explain why Dubai takes a generally softer line on Iran than does the federation capital, Abu Dhabi.

- In cooperating with U.S. and international sanctions, the UAE has increased scrutiny of exports to Iran and restricted 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. In February 2012, a major bank in Dubai (Noor Islamic Bank) ended transactions with Iran; Iran was using the bank to process hard currency oil payments. UAE officials say their cooperation with sanctions enforcement has reduced trade with Iran by about 30% since 2010 (when the level was about $12 billion). The UAE is also close to completing a new oil pipeline that will allow its oil exports to bypass the Strait of Hormuz and lessen the vulnerability of UAE oil exports to disruption caused by conflict 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 have been heightened by occasional Iranian statements, such as one in April 2004, when Iran's deputy oil minister said that Qatar is probably producing more gas than "her right share" from the field and that Iran "will not allow" its wealth to be used by others. Possibly to try to ease such implied threats, Qatar invited Ahmadinejad to the December 2007 GCC summit there.
- *Bahrain* is about 60% Shiite-inhabited, many of whom are of Persian origin, but its government is dominated by the Sunni Muslim Al Khalifa family. In 1981 and again in 1996, Bahrain publicly accused Iran of supporting Bahraini Shiite dissidents in efforts to overthrow the ruling Al Khalifa family. These concerns underlie the government response to the 2011-2012 uprising against the Al Khalifa regime by mostly Shiite demonstrators. In November 2011, an investigatory commission (Bahrain Independent Commission of Inquiry) concluded there is no evidence to indicate Iran instigated the protests, although U.S. officials say there is evidence Iran is working with Shiite hardline groups to block any political settlement there. Tensions have flared several times since July 2007 over Iranian attempts to question the legitimacy of a 1970 U.N.-run referendum in which Bahrainis opted for independence from Iran.
- *Oman*. Of the GCC states, the Sultanate of Oman is closest politically to Iran 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 second inauguration of Ahmadinejad that coincided with substantial Iranian 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 released 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* had pursued ties to Iran as a counterweight to Saddam Hussein, who invaded Kuwait in August 1990. Since Saddam's overthrow in 2003, Kuwait has become more distant from and critical of Iran 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 Force in an alleged plot to blow up Kuwaiti energy facilities.[40] In March 2011, a Kuwait court sentenced two Iranians and a Kuwaiti 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, but the suspicions flared again in November 2011 when Iran arrested two persons its says are Kuwaiti spies. About 25% of Kuwaitis are Shiite Muslims, and Iran supported Shiite radical groups in Kuwait in the 1980s as a means to try to pressure Kuwait not to support the Iraqi war effort in the Iran-Iraq War (1980-1988). Some of those acts are listed in the table above.

Iranian Policy in Iraq[41]

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 long-standing ties to Iran. The Iraqi government first formed in May 2006 is still 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—most recently in late April 2012—and is strongly backed by Iran in his political disputes with Iraq's Sunni-dominated factions. He and allied Iraqi leaders are sympathetic to some of Iran's regional goals, such as keeping in power Iran's ally President Bashar al-Assad of Syria, and of eliminating Iranian opposition groups from Iran's borders. (For more information, see CRS Report RS21968, *Iraq: Politics, Governance, and Human Rights*, by Kenneth Katzman.)

U.S. officials stress that the United States did not leave a "vacuum" in Iraq for Iran to exploit—the United States retains a large presence (about 50,000 military personnel, including those deployed on ships) in the region and 16,000 U.S. civilian personnel continue to engage Iraq extensively with diplomatic and military training and other programs. Still, in an October 23, 2011, interview with CNN, Ahmadinejad said Iran might begin training Iraqi Security Forces after U.S. forces depart.

Aside from Iran's ties to Maliki and governing institutions, Iran exercises influence in Iraq through Shiite factions, particularly that of young Shiite cleric Moqtada Al Sadr. Since returning to Iraq in January 2011, Al Sadr strongly opposed any U.S. military presence in Iraq after the mandated withdrawal date of December 31, 2011, and his threats to allow militias loyal to him to rearm and to attack U.S. forces if U.S. forces remain in Iraq beyond 2011 were instrumental in Iraq's refusal to meet U.S. requirements for U.S. forces to remain in Iraq. There are concerns that Sadrist and other pro-Iranian Shiite militias in Iraq can continue to target U.S. personnel still in country, including those based at the U.S. Embassy in Baghdad and U.S. consulates in Basra and Irbil. The consulate in Basra reportedly is shelled a few times a week. The State Department terrorism report for 2010 said that Iran (particularly the Qods Force) continues to support

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

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

materially (funds, weapons, training, and guidance) these groups, including such militias as the Promised Day Brigade and Kata'ib Hezbollah (Hezbollah Brigades). 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.

Another possible sign of Iranian intent to influence Iraq came in November 2011 when supporters of an Iraq-born senior cleric, longtime resident in Iran, Ayatollah Mahmoud Shahrudi, began opening representatives offices in the holy Iraqi city of Najaf. This is viewed as an Iranian effort to position Shahrudi as a successor to the frail senior Iraqi cleric, Grand Ayatollah Ali al-Sistani. Iraqi Shiites reportedly are shunning Shahrudi, suggesting they do not want additional Iranian religious influence in Najaf. Maliki met with Shahrudi during his April 2012 visit to Iran.

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 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. However, Hamas activists have long downplayed the Iran relationship, asserting that Iran is mostly Shiite, while Hamas members are Sunni Muslims.[42]

The relationship with Hamas led many experts to conclude that Iran's regional policy was 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. Iran provided material support to Hamas during the December 27, 2008-January 17, 2009, Israel-Hamas War in Gaza. Then 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

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

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.[43] Iran joined in regional criticism of Israel for its May 31, 2010, armed inspection of a 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.

Since mid-2011, the Iran-Hamas relationship appears to have deteriorated over their differing views of the unrest in Syria. Hamas opposes the military-led crackdown against unrest by Syrian President Bashar Al Assad, possibly out of sectarian sympathy with the mostly Sunni protesters in Syria. Because it took this position, Hamas' Syria-based leaders left that country in late 2011 and relocated to Qatar and elsewhere. This position is at odds with Iranian policy and, perhaps as a punishment, Iran reportedly suspended payments to Hamas as of July 2011. In an attempt to signal that the two continue to have good relations, the prime minister of the Hamas authority in Gaza, Ismail Haniya, visited Tehran on February 10, 2012. However, on March 6, 2012, Hamas leaders stated they would not necessarily retaliate against Israel, on Iran's behalf, if Israel undertook unilateral military action against Iranian nuclear facilities.

Lebanese Hezbollah[44]

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. Iran has long seen Hezbollah as an instrument to exert regional influence. Iran's political, financial, and military aid to Hezbollah has helped it become a major force in Lebanon's politics. It remains politically close to Iran but is no longer seen as a reflexive "proxy" of Iran. Acts of terrorism by the group and its antecedents are listed in the table above, and Hezbollah has largely forsaken acts of international terrorism in recent years, focusing instead on its role in Lebanon.

Hezbollah's attacks on Israeli forces in southern Lebanon contributed to an Israeli withdrawal in May 2000, but Hezbollah maintained military forces along the border. Although Iran likely did not instigate Lebanese Hezbollah to provoke the July-August 2006 war with Israel, Iran has long been its major arms supplier. Hezbollah fired Iranian-supplied rockets on Israel's northern towns during the fighting, including at the Israeli city of Haifa (30 miles from the border), and, more intensively, at cities within 20 miles of the Lebanese border.[45] During that conflict, on July 14, 2006, Hezbollah hit an Israeli warship with a C-802 sea-skimming missile probably provided by Iran. Iran 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.

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

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

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

Ahmadinejad advertised Iran's continued strong commitment to Hezbollah during his October 14-15, 2010, visit to Lebanon, the first by a president of the Islamic Republic, which included his visiting villages near the border with Israel. 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.) However, there has been more vocal criticism of Hezbollah within and outside Lebanon because it continues to support its other key patron, Syrian President Bashar Al Assad, despite his violent crackdown against protesters in Syria.

Recent Arming and Funding

Since the 2006 conflict, Iran has resupplied Hezbollah with at least 25,000 new rockets and[46] 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.[47]

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." Some experts believe Iranian support to Hezbollah declined in 2011 as international sanctions have taken a toll on Iran's economy and supply of available hard currency.

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, which is at its core Sunni Muslim, succeeds in changing Syria's regime. 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.

To try to prevent this outcome, Iran has materially supported the Syrian regime. 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 2011. 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.[48] U.S.

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

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

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

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, 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. In January 2012, the armed opposition in Syria captured several men who it said were members of the Qods Force, and showed them and their identification cards on a video. The capture, if confirmed as presented, would represent the first piece of public hard evidence that Iran has sent fighters to Syria to assist the regime there. On May 17, 2012, press reports quoted a study by the "panel of experts" that is monitoring Iranian compliance with the U.N. resolutions (see above) as saying that Iran has shipped weaponry to Syria. 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.

Prior to the unrest in Syria, Iran had developed a defense relationship with the Assad regime. On December 13, 2009, the Syrian and Iranian defense ministers signed a defense agreement to "face common enemies and challenges." 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.[49] In March 2011, Iranian officials commented that they might contribute to improving some Syrian port facilities or other installations. On some occasions, including the early 1990s, Iran purportedly has acted as an intermediary with North Korea to supply Syria with various forms of WMD and missile technology.

At the same time, perhaps trying to hedge its position 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, and he and other Iranian leaders have expressed similar themes since. In late January 2012, Iran said Syria should hold free elections, but that doing so would take time to organize.

The Caucuses and Central Asia

Iran's policy in the nearby Caucuses 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 highly secular. 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 and during the Green Movement uprising in Iran in 2009. These factors could explain why Iran has generally tilted toward Armenia, which is Christian, and which is 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 has since been engaged in border security and defense

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

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

Israel also is apparently looking to Azerbaijan to counter Iran, announcing in February 2012 a major sale of defense equipment. In mid-March 2012, Azerbaijan arrested 22 persons it said were Iranian agents plotting attacks against Israeli and Western targets there.

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[50]

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's main goal appears to be to restore some of its traditional sway in eastern, central, and northern Afghanistan, where Persian-speaking Afghans predominate. Many Afghans, even those of Pashtun ethnicity, speak Dari, a dialect of Persian language.

Iran has sought some influence by supporting the government of President Hamid Karzai, who is a Sunni Muslim and a Pashtun. Karzai has said publicly, most recently in December 2011 (during a visit by Defense Secretary Panetta) that he does not want proxy competition between the United States and Iran in Afghanistan. Karzai regularly meets with Ahmadinejad bilaterally and in the context of several regional summit series that include Pakistan and Central Asian states. The latest such summit, between Iran, Afghanistan, and Pakistan, was held during February 17-18, 2012. 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. 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.

While dealing with Karzai, Iran also is positioning itself—in ways at odds with Afghan government interests—to threaten U.S. forces. Reflecting concern about the U.S. military presence in Afghanistan, Iran reportedly tried to derail the U.S.-Afghanistan Strategic Partnership Agreement that was signed on May 1, 2012, and which provides for the possibility that the United States will keep forces in Afghanistan beyond the planned transition to Afghan lead in 2014.

[50] 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.

However, the agreement also prohibits the United States from using Afghanistan as a base from which to launch military action against other countries.

Iran is particularly concerned about 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 drone that went down in Iran in December 2011 was believed to be based in Shindand. 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. The State Department report for 2010 asserts Iran is arming factions in Qandahar, which is a Pashtun-inhabited province in southern Afghanistan and 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.

Because Iran has multifaceted 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. Iran attended the regional meeting on Afghanistan in Istanbul on November 2, 2011, at which all regional countries pledged to support Afghan stability and sovereignty. It also attended the major international Bonn Conference on Afghanistan on December 5, 2011.

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 it was revealed in 2003 that the founder of Pakistan's nuclear weapons program, A. Q. Khan, sold Iran nuclear technology and designs.[51] 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 Taliban and related militants in power in Afghanistan, but Iran now sees Pakistan as one of its few regional friends. That could also reflect Pakistan's desire for more regional contacts as its relations with the United States have worsened since mid-2011. Iran and Pakistan now have a broad bilateral agenda that includes a potential major gas pipeline project. Iran has completed the line on its side of the border, and Pakistan is trying to accelerate work on its part of the line. However, as of March 2012, Pakistan reportedly has run into trouble arranging the more than $1 billion in financing needed to complete the project.

India

India and Iran have sought to accommodate each others' interests and avoid mutual conflict. Their interests have tended to align on several issues, particularly Afghanistan, where both countries support the minority factions based in the north and west. However, as international sanctions have increased in 2011-2012, India appears to be wrestling with a choice of preserving its ties to Iran—which has provided it with needed oil for its growing economy—or joining U.S. and international attempts to isolate Iran. Since 2010, it has tended to side with the United States by limiting its relations with Iran and enforcing aspects of international and U.S.-led multilateral sanctions against Iran. In May 2012, India announced it would reduce oil purchases from Iran by about 11% in 2012. This is discussed more extensively in CRS Report RS20871, *Iran Sanctions*.

India's participation in the trans-Pakistan gas pipeline discussed above appears unlikely, at least initially, because of India-Pakistan mistrust but also over pricing and security issues. India and Iran reportedly have discussed an alternative 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 still might want to use Al Qaeda activists as leverage against the United States and its allies, despite the May 1, 2011, death

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

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 U.S. district court filing in May 2011 in New York named Iranian officials and ministries as materially supporting the Al Qaeda in the September 11 attacks. The court found, on December 15, 2011, in favor of the plaintiffs. Earlier, on November 28, 2011, a U.S. district court issued a ruling linking Iran (and Sudan) to the August 1998 Al Qaeda bombings of the U.S. embassies in Kenya and Tanzania.

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.[52] 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.[53]) 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 into Iraq after the September 11 attacks and became 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.[54] 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. As many as 20 other family members have been said to 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 in Congress has been Iran's developing relations with countries and leaders in Latin America. Iran views some Latin American countries, particularly Cuba and Venezuela, as sharing its distrust of the United States and as willing to help Iran circumvent some international sanctions. Suggesting expanded Iranian interest in the Western Hemisphere, during 2006-2011, Iran opened six embassies in countries in the region (Colombia, Nicaragua, Chile, Ecuador, Uruguay, and Bolivia), and expanded embassies in Cuba, Argentina, Brazil, Mexico, and Venezuela. In January 2012, Ahmadinejad undertook a visit to Latin America, including

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

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

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

Venezuela, Ecuador, Cuba, and Nicaragua. By all accounts, few concrete economic agreements were reached during the latest visit, which expands on a pattern in Iran-Latin America relations in which agreements tend to be announced but subsequently not implemented. His advisers said in mid-April 2012 that he will soon (no specified dates) visit Brazil and Peru.

On March 1, 2012, a House Foreign Affairs Committee Subcommittee on Terrorism, Nonproliferation and Trade reported out H.R. 3783, the "Countering Iran in the Western Hemisphere Act," requiring the Administration to develop a strategy to counter Iran's purportedly growing influence in Latin America. It was reported out by the full Committee on March 7, 2012. Many outside experts, however, believe that most Latin American countries see little benefit to a major expansion of ties to Iran and that assessments of Iran's influence in the region may be overstated by some think-tank experts.

Venezuela and Cuba

Venezuela under President Hugo Chavez continues to be Iran's main champion in the region. 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, then Secretary of Defense Gates said Iran was expanding front companies and opening offices in countries there. An 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, according to the report. Venezuelan President Hugo Chavez has visited Iran on several occasions, offering to engage in joint oil and gas projects, and Ahmadinejad has visited Venezuela on each of his five trips to Latin America as president, including the January 8, 2012, trip. However, contrary to the assertions of some experts, 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.

Among the major U.S. 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 and the Obama Administration has said there is no evidence to support the missile base assertion. Venezuela reportedly has purchased some Iranian military equipment, such as rifles, as well as $23 million in military equipment upgrades and an explosives factory.[55]

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, although the route was suspended in 2010. 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. In part because of this trade, the firm was sanctioned under the Iran Sanctions Act in May 2011, as discussed in CRS Report RS20871, *Iran Sanctions*. About 400 Iranian engineers have reportedly been sent to Venezuela to work on infrastructure projects there.

[55] Martin Arostegui. "Iran Tries to Gain Sway in Latin America." Wall Street Journal, December 6, 2011.

Cuba

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

Other Ties in the Region

Iran also has built ties to Ecuador, Bolivia, Nicaragua, and Brazil, although some press accounts may exaggerate the extent and strategic significance of these relations. Iranian Defense Minister Ahmad Vahidi visited Bolivia in May 2011, but President Evo Morales was then compelled to apologize to Argentina for inviting him because of Vahidi's alleged involvement in the 1994 Buenos Aires bombing listed in the table above. Vahidi was, at the time, the head of the Qods Force. Iran reportedly has $1 billion in joint ventures with Bolivia. Trade with Ecuador expanded from $6 million annually to $168 million from 2007-2008.

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 $164 million in debt it owes Iran for past crude oil deliveries. Nicaragua reportedly was upset that Ahmadinejad's January 2012 visit did not result in an Iranian pledge to forgive that debt. Iran also failed to implement some promises to undertake joint ventures with Nicaragua, including a $350 million deep water port there. Still, President Daniel Ortega hosted Ahmadinejad during his visit there in January 2012.

Because of its large economy, Brazil, under previous President Luiz Inacio Lula da Silva, emerged as Iran's most significant supporter, particularly because of Brazil's engagement with Iran to forge the "Tehran Declaration" on nuclear issues in June 2010. Iran also succeeded in persuading Brazil to publicly oppose additional U.N. sanctions on Iran. However, the government of President Dilma Roussef, whose term began January 1, 2011, has been less supportive of Iran than was her predecessor. Ahmadinejad did not visit Brazil during his January 2012 visit to the region, furthering the impression that Iran's influence in South America is limited to mainly smaller nations. However, the mid-April 2012 statement that Ahmadinejad would "soon" visit Brazil appeared to be an effort by Tehran to show that its relations with Brazil is not in decline.

Africa

To reduce Iran's isolation, Ahmadinejad has reached tried to enlist the support of some African leaders. 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, Senegal, Nigeria, and the Democratic Republic of Congo. 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. Iran has also cultivated Senegal as an ally. Still, it is believed that African support for Iran is unlikely to outweigh Iran's growing estrangement from Europe and its partial abandonment by Russia and China.

As an example of what the Administration called Iran's exports of lethal aid to foment violence in Africa, in October 2010, the Qods Force reportedly attempted to ship weapons to Gambia, via Nigeria, but the shipment was intercepted in Nigeria. Several Iranian entities, and a Nigerian shipping agent, were sanctioned by the United States in April 2012 for facilitating this incident. The Nigerian shipping agent allegedly helped Qods Force personnel enter Nigeria. (For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.)

Some Members of Congress are concerned that Iran is supporting radical Islamist movements 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. Although U.S. concerns about Iran and its nuclear program are long-standing, a growing Israeli threat to use military action against Iran's nuclear facilities—with or without U.S. backing—has made U.S. policy toward Iran an urgent issue. Many of the policy options being implemented or still under consideration are the same options that have faced the United States since 1979—and virtually no U.S. policy option has been "taken off the table."

Background on 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 engaged some moderate Iranian officials of the new regime who were viewed by Khomeini loyalists as insufficiently revolutionary. As a result, the U.S.-Iran estrangement 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.[56]

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[57] 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

[56] 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.

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

on April 18, 1988 ("Operation Praying Mantis"), Iran lost 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.

After the Iran-Iraq War ended, President George H. W. Bush laid the groundwork for a rapprochement with Iran. In his January 1989 inaugural speech, saying that, in relations with Iran, "goodwill begets goodwill," implying better relations if Iran helped obtain the release of U.S. hostages held by Hezbollah in Lebanon. Iran 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.

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 (a ban on U.S. trade and investment with Iran and the Iran Sanctions Act that sanctions foreign investment in Iran's energy sector) 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 intent of many of these sanctions were to persuade U.S. allies to restrict trade with Iran, and the Administration also expressed substantial skepticism over the EU's policy of "critical dialogue" with Iran. That dialogue consisted of EU meetings with Iran that included criticisms of Iran's human rights policies and its support for militant movements in the Middle East.

The election of Khatemi in May 1997 precipitated a U.S. shift toward 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 in New York, Albright and President Clinton sent a positive signal to Iran by attending Khatemi's speeches.

George W. Bush Administration Policy

With Iran's nuclear program emerging as an issue as of 2002, the George W. Bush Administration undertook multi-faceted efforts to limit Iran's strategic capabilities through international diplomacy and sanctions. Although Iran appeared to have no role in the September 11, 2011 attacks, President Bush appeared to define Iran as an enemy of the United States when he included Iran as part of an "axis of evil" in his January 2002 State of the Union message (along with Iraq and North Korea). 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, perhaps reflecting the views of those in the Administration, such as Vice President Richard Cheney, who argued that policy should focus on U.S. efforts to change Iran's regime.[58]

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

Bush Administration statements that it considered Iran a great nation and respects its history reflected the views of those in the Bush Administration who 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. With Iran's nuclear program still relatively small, Bush Administration officials engaged Iran on specific regional issues: for example, 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. The Administration generally deferred to European countries to try to negotiate a permanent suspension of Iran's enrichment of uranium enrichment; on only one occasion (July 19, 2008), did a U.S. official attend the P5+1 nuclear negotiations with Iran. An amendment by then Senator Biden to the FY2007 defense authorization bill (P.L. 109-364) supported the Administration joining nuclear talks with Iran.

"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. However, some say the Bush Administration "missed an opportunity" for a "grand bargain" with Iran on its nuclear program and other issues of concern by rebuffing a reported comprehensive overture from Iran just before the May 12, 2003, Riyadh bombing. The *Washington Post* reported on February 14, 2007, ("2003 Memo Says Iranian Leaders Backed Talks") that the Swiss ambassador to Iran in 2003, Tim Guldimann, had informed U.S. officials of a comprehensive Iranian proposal for talks with the United States.[60] 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: Straddling Engagement and Pressure Strategies

President Obama's Administration took office asserting that there was an opportunity to diplomatically 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. Some officials, including Secretary of State Clinton and then Secretary of Defense Gates expressed skepticism that engagement would yield changes in Iran's policies. Others, including Dennis Ross, a Middle East adviser to Secretary of State Clinton later assigned a similar capacity in the White House from June 2009-November 2011, believed

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

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

that the United States needed to present Iran with clear incentives and punishments for continuing uranium 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 suggests acceptance of the Islamic revolution in Iran. 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 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 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.)

2010-2012: Focus on Pressure

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 reduced the Administration's focus on engagement. In a statement following the June 9, 2010, passage of Resolution 1929, President Obama described Iran as refusing to accept the path of engagement and choosing instead to preserve all elements of its nuclear program. During 2010-2012, the Administration has emphasized pressuring Iran through sanctions, while still offering dialogue and negotiations if Iran is willing to bargain seriously on the core concerns about its nuclear program. In attempting to dissuade Israel from striking Iran militarily, President Obama said during the March 4-6, 2012, visit of Israeli Prime Minister Benjamin Netanyahu—a visit that focused on differing U.S. and Israeli perceptions of the urgency of the Iranian nuclear issue—that sanctions are beginning to work and should be given more time. He made these points in his March 4, 2012, speech before the America-Israel Public Affairs Committee (AIPAC). And, as noted, the Administration has accepted Iran's professions of flexibility in agreeing to a negotiating process that began in Istanbul in mid-April 2012 and will continue in Baghdad on May 23, 2012. The sanctions imposed in 2010-2012 are discussed in detail in CRS Report RS20871, *Iran Sanctions*.

In concert with the democratic uprisings in the Middle East that began in 2011, the Administration also has expressed more direct criticism of Iran for its human rights abuses. 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. The focus of his March 20, 2012, Nowruz statement was on stating that the United States will seek to help Iranians

circumvent government restrictions on the Internet and other media forms. These pronouncements have been supported by imposition of sanctions on Iranian human rights abusers, as discussed further below in the section on regime change.

U.S. and Other Military Action: "On The Table" as Iran's Nuclear Program Continues to Advance

The statements by President Obama before, during, and after the Netanyahu visit suggest that there will likely be consideration of military options if the 2012 negotiating process breaks down. For example, President Obama indicated in an interview published March 2, 2012 (*The Atlantic*) that the U.S. position that "all options are on the table" means that there is a military component to preventing a nuclear-armed Iran.[61] During the Netanyahu visit, he also explicitly stated that U.S. policy is to prevent a nuclear-armed Iran, rather than to contain Iran after it presumably becomes as nuclear weapons state.

Yet, President Obama and other senior officials clearly view military action as a last resort. Senior U.S. officials have repeatedly stressed the potential adverse consequences, such as Iranian retaliation that might expand throughout the region or even beyond, a reduction of Iran's regional isolation, a strengthening of Iran's regime domestically, an escalation of world oil prices, and the likelihood that military action would only delay Iran's eventual acquisition of a nuclear weapons capability by about one to two years. These points were enumerated by Secretary of Defense Panetta in a speech to the Brookings Institution on December 2, 2011.[62] Iran's Supreme Leader and other Iranian political and military figures have repeatedly warned that Iran will retaliate for any military action taken against Iran. Most U.S. allies in Europe, not to mention Russia and China, oppose military action. 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) contained a provision (§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, such as the enrichment site at Fordow, that are hard or buried.[63] On the other hand, reports about U.S. confidence in its ability to do substantial damage to any Iranian nuclear target could be intended to signal to Israel that the United States can destroy Iran's nuclear infrastructure, if needed and so ordered.

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. Press reports in late February 2012, citing reported Defense Department briefings of President Obama on military

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

[62] http://2scottmontgomery.blogspot.com/2011/12/panetta-brookings-speech.html.

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

options on Iran, say that a U.S. strike could include IRGC and leadership targets. 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.

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.

Other Scenarios of U.S.-Iran Conflict[64]

Deliberate U.S. military action to halt Iran's nuclear program is not the only scenario that could lead to U.S.-Iran hostilities. The possibility of other causes of conflict has drawn increased attention in relation to Iran's December 2011-January 2012 threats to close the Strait of Hormuz, through which about one-third of traded oil flows, if sanctions are imposed on Iran's exportation of oil. This issue is discussed in substantial detail in CRS Report R42335, *Iran's Threat to the Strait of Hormuz*, coordinated by Kenneth Katzman and Neelesh Nerurkar

Even before the late 2011 U.S.-Iran tensions in the Gulf, Iran had tried repeatedly in recent years to demonstrate its naval 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.

In any conflict with Iran, no matter the cause, many experts view as increasingly significant the potential for Iran to try to retaliate inside the United States through terrorism. Others believe that Iran would try to retaliate against U.S. personnel abroad, such as embassies and facilities in Europe or the Persian Gulf. Iran could also try to direct anti-U.S. militias in Iraq and Afghanistan to attack U.S. personnel. There are no U.S. troops have left in Iraq, but there are still 16,000 U.S. personnel at various diplomatic installations there.

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

[64] 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.

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.[65] 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.

An Israeli Strike?[66]

Some Israeli leaders, including Prime Minister Benjamin Netanyahu, view a nuclear Iran as a potential existential threat, and say they are determined to prevent a nuclear Iran, even if Israel has to take unilateral action. Particularly following the November 2011 IAEA report and the start of enrichment activities at the hardened site at Fordow, Defense Minister Ehud Barak and other Israeli leaders expressed concern that Iran's nuclear program might be entering a "zone of immunity" beyond which Israel will have no military options.

With U.S. concern about a potential Israeli strike increasing, Joint Chiefs of Staff Chairman Martin Dempsey said on February 19, 2012, in a CNN interview: "We think that it's not prudent at this point to decide to attack Iran…I'm confident that they understand our concerns, that a strike at this time would be destabilizing and wouldn't achieve their long-term objectives."[67] In his U.S. visit during March 4-5, 2012, Prime Minister Netanyahu expressed the right of Israel to act in its self-defense. President Obama, in speeches to the America-Israel Public Affairs Committee on March 4, 2012, and in statements before and after the Netanyahu visit, acknowledged Israel's "sovereign right" of self-defense.[68] However, as noted earlier, he also maintained that sanctions and diplomacy are beginning to bear fruit and should be given more time to succeed. While the possibility of an Israeli strike on Iran is diminished while the negotiating process goes on through mid-2012, Israel is likely to revive the issue if the talks break down or produce little or no progress. Some believe the possibility of an Israeli strike has further receded with the restructuring of Israel's ruling coalition in May 2012 that includes Kadima leader Shaul Mofaz, considered somewhat less convinced of the benefits of military action against Iran.

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

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

[67] Interview of Joint Chiefs of Staff Chairman Gen. Martin Dempsey by Fareed Zakaria. CNN, February 19, 2012.

[68] Jeffrey Goldberg. "Obama to Iran and Israel…" op. cit.

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

While the Israeli strike possibility has become acute, is not new. In mid-June 2008, Israeli officials confirmed reports that the Israel Air Force (IAF) had practiced a long-range strike such as that which would be required for an attack on Iran's nuclear sites. Debate recurred in September 2010 following the publication of an article in The Atlantic by Jeffrey Goldberg entitled "Point of No Return" that hinted at a possibly impending strike in early 2011.[69]

Reported Covert Action

As international concern about Iran's nuclear program has grown, there is increasing discussion about a reported covert component to U.S. attempts to slow Iran's nuclear program. These efforts may be joined by Israel, which is also striving to prevent a nuclear armed Iran.[70] An option is for the United States and partner countries to increase this activity, which is distinct from covert action to support groups inside Iran looking to overthrow Iran's regime.

Previously, during 2006-8, it was reported that the United States and Israel conducted operations that resulted in the sale to Iran of nuclear and other technology rigged to have a destructive effect on Iran's programs. Another example includes the Stuxnet virus, discussed above. The killings of some Iranian scientists over the past few years remain unexplained and could have been the result of covert action. The latest Iranian scientist to be killed was Mostafa Ahmadi Roshan, a chemical engineer at the Natanz enrichment facility, who died when a bomb placed under his car exploded on January 10, 2012. Earlier, on December 5, 2011, a U.S. drone, the RQ-170 Sentinel, went down in Iran; it reportedly was based in Afghanistan and may have been sent over Iran to monitor Iran's nuclear sites. Iran has refused a U.S. request to return the drone.

Containment and the Gulf Security Dialogue

Some see a containment policy as an abandonment of U.S. efforts to prevent Iran from becoming a nuclear state. As noted above, during the visit of Netanyahu in early March 2012, President Obama explicitly ruled out such a strategy. S.Res. 380 and H.Res. 568, introduced in the 112th Congress, are sense of Congress resolutions that urge the President to "reaffirm the unacceptability of an Iran with nuclear weapons capability and oppose any policy that would rely on containment as an option in response to the Iranian nuclear threat." H.Res. 568 passed the House on May 17, 2012, by a vote of 401-11. Provisions of the National Defense Authorization Act for FY2013 (H.R. 4310) would mandate additional Defense Department planning for exercises and other actions, such as those involving the U.S. Fifth Fleet that is headquartered in Bahrain, that would demonstrate U.S. resolve to Iran.

Many elements of a containment strategy have already been put in place by successive Administrations, in part to limit Iran's regional influence or to convince Iran of the seriousness of

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

[70] http://www.cbc.ca/news/world/story/2012/02/29/f-israel-iran.html.

any U.S. military options. U.S.-Gulf state containment initiatives begun during the Clinton Administration, a containment component of policy was further developed 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). The Obama Administration has continued 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, in which 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. The Middle East unrest that spread to the Gulf states of Bahrain and Oman in 2011 caused the Administration to announce a broad arms sales review of all Middle East arms sales. That at first appeared to place the GSD concept in some doubt, although the continuing threat from Iran makes it unlikely that the United States will fundamentally alter its close alliance with any of the GCC states. With the exception of those to Bahrain, most major arms sales to the Gulf states appear to be continuing without interruption.

An cornerstone of the strategy—and resulting 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; and the very advanced "THAAD" (Theater High Altitude Area Defense) to UAE. The THAAD sale, previously notified to Congress, was finalized in early January 2012.[71] The JDAM sale to that country was notified in December 2011. During her visit to Saudi Arabia on March 30-31, 2012, Secretary Clinton inaugurated a U.S.-GCC strategic dialogue that is to focus on reviving the longstanding concept of a GCC-wide, integrated missile defense architecture.

Regime Change

Throughout its first year, the Obama Administration 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 for and at times sought to promote regime change in Iran since the 1979 Islamic revolution. The United States provided some funding to anti-regime groups, mainly pro-monarchists, during the 1980s,[72] and the George W. Bush Administration expressed attraction to this option on several occasions. The Obama Administration's stated policy remains to alter Iran's behavior, not change its regime.

The 2009 domestic unrest in Iran complicated policy for the Obama Administration because it demonstrated that the regime in Iran might be vulnerable to overthrow. However, the Administration, assessing that outcome as unlikely, sought to preserve the possibility of a nuclear

[71] For more information on this and other U.S. sales to the UAE, see: CRS Report RS21852, *The United Arab Emirates (UAE): Issues for U.S. Policy*, by Kenneth Katzman.

[72] 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.

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 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."[73] 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 slightly in the context of the broader Middle East uprisings. Statements by Secretary Clinton and the National Security Council accused Iran of hypocrisy for supporting demonstrations in Egypt while preventing similar free expression inside Iran.[74] Many observers noted that President Obama's 2011 Nowruz address (delivered March 20, 2011, 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."[75] 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 change," although Iran interprets any public support for the domestic opposition as evidence of U.S. intent to overthrow the clerical government. As noted above, his 2012 Nowruz message (March 20, 2012) focused on U.S. efforts to help Iranians circumvent government restrictions on the Internet and other media—a so-called "electronic curtain."

Some Congress appear to advocate more direct, public, and broad U.S. support for the overthrow of the regime 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).

Pursuing a Middle Ground: Democracy Promotion and Internet Freedom Efforts

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

Sanctioning Iranian Human Rights Abusers and Abuses

As part of its efforts to isolate the regime on human rights grounds, on September 29, 2010, President Obama, acting in accordance with Section 105 of P.L. 111-195 (CISADA), issued Executive Order 13553, imposing sanctions on Iranian officials determined to have committed human rights abuses since Iran's 2009 election. Sanctions include a ban on visas to the United

[73] 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.

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

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

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. On December 14, 2011, two more Iranians (head of the Joint Staff Dr. Hassan Firuzabadi and deputy IRGC commander Abdullah Argahi) were named as well. That brought the total to 13 Iranian persons and 3 entities designated to date. (The full list of Iranian sanctioned is provided in Table 6 of CRS Report RS20871, *Iran Sanctions*.)

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 CISADA. Elements of these bills are also contained in broader Iran sanctions bills, H.R. 1905, S. 1048, and S. 2101. H.R. 1905 was passed by the full House on December 14, 2011, by a vote of 410-11.

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.[76] 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,[77] 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.

[76] 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.

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

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, FY2012, and FY2013 budget requests, but no specific requests for funds for Iran were delineated.

Many have consistently questioned the effectiveness of such funding. In the view of many experts, U.S. funds would make the aid recipients less attractive to most Iranians. Even before the post-2009 election crackdown, Iran was arresting civil society activists by alleging they are accepting the U.S. democracy promotion funds, while others have refused to participate in U.S.-funded programs, fearing arrest.[78] In May 2007—Iranian American scholar Haleh Esfandiari, of the Woodrow Wilson Center in Washington, DC, was imprisoned for several months, on the grounds that the Wilson Center was part of this effort. The center has denied being part of the democracy promotion effort in Iran.

Perhaps in response to some of these criticisms, the Obama Administration altered Iran democracy promotion programs somewhat toward working directly with Iranians inside Iran who are organized around such apolitical issues as health care, the environment, and science.[79] 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.[80] 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.

Promoting Internet Freedom in Iran

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

[78] 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.

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

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

monitor the Internet usage of Iranians.[81] 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.[82] Under Secretary of State Sherman testified on October 14, 2011, that some of the democracy promotion funding has been to train Iranians in the use of technologies that undermine regime Internet censorship efforts.

In March 2012, the Administration focused on this issue anew. In his March 20, 2012, Nowruz message, President Obama stated that in recent weeks the regime had increased Internet restrictions and that the Administration is taking new steps to promote Internet freedom in Iran. Acting in accordance with P.L. 111-195 (Comprehensive Iran Sanctions, Accountability, and Divestment Act), which allows U.S. exports of technologies used to expand Internet freedom in Iran, on March 20, 2012, the Administration announced that certain software that can be sued to circumvent regime restrictions on Internet use could be exported to Iran without a specific license. The Administration announced examples such as software for personal communications, data storage, Internet browsing, document reading, and related technologies. This appeared to be a major new step in the Administration effort to break Iran's "electronic curtain."

On April 23, 2012, President Obama issued an Executive Order directly addressing the issue. The Order blocks the U.S.-based property and essentially bars U.S. entry and bans any U.S. trade with persons and entities listed in an Annex and persons or entities subsequently determined to be operating any technology that allows the Iranian (or Syrian) government to disrupt, monitor, or track computer usage by citizens of those countries; or to have sold to Iran or Syria any technology that enables those government to carry out such disruptions or monitoring. (For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.)

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.[83]

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),

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

[82] Ibid.

[83] 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.

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 substantial criticism from observers. Some say that PNN has lost much of its audience among young, educated, anti-regime Iranians who are looking for signs of U.S. official support. The Inspector General report 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 deliberately deny appearances to certain Iranians with whom they disagree. Still others say that PNN frequently airs the views of Iranian groups that are advocates of U.S. engagement of the regime or who downplay regime transgressions. Some have criticized PNN for covering long-standing exiled opposition groups, such as supporters of the son of the former Shah of Iran.[84] 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. Others say it has run pieces pointing out such U.S. social problems as homelessness and drug use, while refusing to air pieces showcasing U.S. democracy and rule of law. Several observers point to one particular PNN show as having particular effect on audiences inside Iran. That show is called "Parazit" (Persian for static); it is a weekly comedy show modeled on a U.S. program on Comedy Central network called "The Daily Show." On Parazit, the writers of the show, Kambiz Hosseini and Saman Arbabi, mock President Mahmoud Ahmadinejad and other Iranian figures, using political satire. Observers say that the show has deteriorated in quality in 2012 after Mr. Hosseini left the show or was ousted from it. A different show that satirizes Iranian leaders and news from Iran began in April 2012.

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.[85] tasked with redressing the PNN deficiencies. However, he left in January 2012, reportedly out of frustration at his inability to restructure PNN and make it more effective as a voice for U.S. policy. PNN is now run by VOA officials, at least temporarily.

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: $23.32 million.

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

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

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 for Near East Regional Democracy, and Iran-related use is to be similar to FY2010 and FY2011.
FY2013	$30 million for Near East Regional Democracy, with Iran use similar to prior two fiscal years.

Sources: 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.

State Department Diplomatic and Public Diplomacy Efforts

Since 2006, the State Department has been increasing the presence of Persian-speaking U.S. diplomats in U.S. diplomatic missions around Iran, in part to help identify and facilitate Iranian participate in U.S. democracy-promotion programs. The Iran unit at the U.S. consulate in Dubai has been enlarged significantly into a "regional presence" office, and "Iran-watcher" positions have been added to U.S. diplomatic facilities in Baku, Azerbaijan; Istanbul, Turkey; Frankfurt, Germany; London; and Ashkabad, Turkmenistan, all of which have large expatriate Iranian populations and/or proximity to Iran.[86] An enlarged (eight-person) "Office of Iran Affairs" has

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

been formed at the State Department, and it is reportedly engaged in contacts with U.S.-based exile groups such as those discussed earlier.

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

- In May 2003, the State Department added a Persian-language website to its list of foreign language websites, under the authority of the Bureau of International Information Programs. The website, according to a statement issued by then-Secretary of State Colin Powell, is intended to be a source of information about the United States and its policy toward Iran.
- On February 14, 2011, the State Department announced that it had begun Persian-language Twitter feeds in an effort to connect better with Internet users in Iran.
- In part to augment U.S. public diplomacy, the State Department announced in April 2011 that a Persian-speaking U.S. diplomat, Alan Eyre, based at the U.S. Consulate in Dubai, would make regular appearances on Iranian official media to explain U.S. positions.
- On October 27, 2011, Secretary Clinton announced the United States would set up a "virtual Embassy" to Iran on the Internet, which would provide Iranians with information on visas to the United States and exchange programs.

Option: 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 post-election 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. Perhaps as a temporary alternative, the State Department is attempting outreach to the Iranian people by establishing, as of November 2011, an Internet-based "virtual embassy," that explains the visa application process and other items of interest to Iranians. However, press reports say Iran has censored the site and rendered it at least partially inaccessible.

Additional Sanctions

Amid signs that sanctions are weakening Iran's economy and possibly pressuring its leadership, the Administration and its international partners continue to impose additional sanctions on Iran, as noted throughout. However, impositions of major new sanctions is expected to be on hold until the outcome of nuclear talks with Iran, begun in mid-April 2012, become clear. Iran has signaled it might be willing to compromise on some aspects of its uranium enrichment program, but it is demanding an easing of sanctions in return, and has threatened to end the talks if any new sanctions are imposed.

Among sanctions imposed in late 2011 and early 2012 were: U.S. sanctions against firms that sell Iran energy equipment or petrochemical equipment (Executive Order 13590 of November 21, 2011); sanctions against foreign banks that do business with Iran's Central Bank (Section 1245 of P.L. 112-81); and an EU embargo of purchases of Iranian oil. In addition, the Society for Worldwide International Financial Transfers (SWIFT) announced that it cut sanctioned Iranian banks out of its electronic payments network as of March 17, 2012. Iran has demanded that the negotiating process begun in Istanbul in mid-April 2012 produce an early rollback of the EU oil embargo, but the EU has not pledged that step in advance of verified Iranian commitments on the nuclear issue.

Still, there are numerous ideas and suggestions for additional economic and diplomatic sanctions against Iran, should the negotiating process break down. Some are U.S. sanctions, some are U.S. sanctions against foreign entities intended to compel them to exit the Iranian market, and others are multilateral or international. These and other options, as well as existing sanctions, are discussed in significant detail in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman:

- *Mandating Reductions in Diplomatic Exchanges with Iran or Prohibiting Travel by Iranian Officials.*
- *Banning Passenger Flights to and from Iran.*
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran.
- *Banning Trade Financing or Official Insurance for Trade Financing*. This was not made mandatory by Resolution 1929, but several countries imposed this sanction (as far as most trade financing) subsequently.
- *Banning Investment in Iran's Energy Sector.* Such a step is authorized, not mandated, by Resolution 1929, and the Iran Sanctions Act allows for U.S. sanctions against foreign investment in that sector. A growing number of countries have used that authority to impose these sanctions on Iran.
- *Restricting Operations of and Insurance for Iranian Shipping.* A call for restraint is in Resolution 1929, but is not mandatory. The EU and other national measures announced subsequently did include this sanction (IRISL) to operate.
- *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.* As noted, the EU has agreed to stop purchases of Iranian oil as early as its January 30, 2012. Another option is to impose a worldwide ban on all purchases through a U.N. resolution. However, doing so could drive up world oil prices.

Table 9. Digest of Existing U.S. Sanctions Against Iran

Ban on U.S. Trade With and Investment in Iran. Executive Order 12959 (May 6, 1995) bans almost all U.S. trade with and investment in Iran. Modifications in 1999 and 2000 allowed for exportation of U.S. food and medical equipment, and importation from Iran of luxury goods (carpets, caviar, dried fruits, nuts), but P.L. 111-195 (Comprehensive Iran Sanctions, Accountability, and Divestment Act, CISADA) restored the complete ban on imports. The trade ban does not 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. A November 21, 2011, Executive Order (13590) extended sanctions to firms that sell Iran any energy related equipment, including for its petrochemical sector.

Sanctions On Iran's Central Bank. CISADA bans accounts with banks that do business with the Revolutionary Guard and sanctioned entities and the Treasury Dept. in November 2011 declared Iran's financial system an entity of primary money laundering concern. Section 1245 P.L. 112-81 signed December 31, 2011, prevents new foreign banks that do business with Iran's Central Bank from opening U.S. accounts.

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

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

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

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

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

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

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

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 and will be difficult to reverse. 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, and that no diplomatic breakthrough is possible until the regime changes. 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.

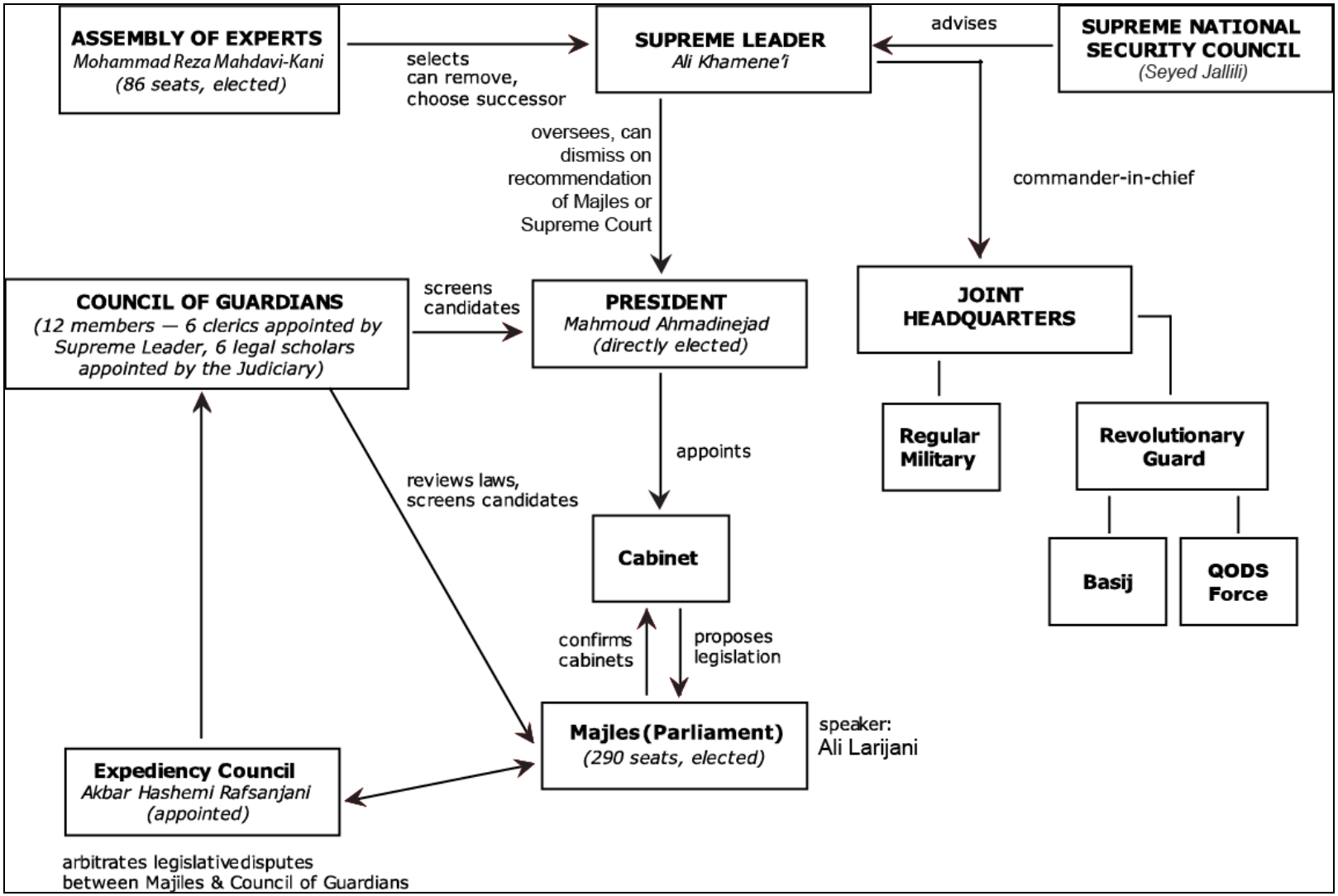
Others argue that many Iranians are united on major national security issues and that a new regime would not necessarily align with the United States. Some believe that many Iranians fear that alignment with the United States would produce a degree of U.S. control and infuse Iran with Western culture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

Table 10. Selected Economic Indicators

Economic Growth	2.5 % (2011 est.); 3.2% (2010)
Per Capita Income	$12,200/yr purchasing power parity (2011)
GDP	$930 billion purchasing power parity (2011)
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	EU—600,000 barrels per day (bpd), but embargo pending. China—550,000 barrels per day (bpd); about 4% of China's oil imports; Japan—350,000 bpd, about 12% of oil imports; South Korea—230,000 bpd; India—200,000 bpd. Turkey—gas: 8.6 billion cubic meters/yr
Major Export Markets	Mirrors major oil customers.
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).
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.
Development Assistance Received	2003 (latest available): $136 million grant aid. Biggest donors: Germany ($38 million); Japan ($17 million); France ($9 million).
Inflation	22.5% (2011)
Unemployment Rate	15.3% (2011)

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