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# Iran: Background and U.S. Policy

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# Iran: Background and U.S. Policy

Congress has played a key role in shaping U.S. policy toward Iran, providing for extensive U.S. sanctions, providing aid and authorizing arms sales to partners threatened by Iran, seeking to influence negotiations over Iran's nuclear program, and enacting legislation that allows Congress to review related agreements. In addition to Iran's nuclear program, its government's support for armed proxies and terrorist groups, its human rights violations, and its increasingly close relationships with Russia and China have all posed challenges for the United States.

SUMMARY

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**Carla E. Humud**
Analyst in Middle Eastern Affairs

**Clayton Thomas**
Specialist in Middle Eastern Affairs

**2022 Political Protests**. The September 2022 death of 22-year-old Mahsa Amini, who was arrested by Iran's Morality Police for allegedly violating Iran's mandatory *hijab* (or head covering) law and died after reportedly having been beaten in custody, sparked nationwide unrest. The regime has cracked down violently against protesters, killing hundreds. The protests appear to have subsided in 2023 but could resurge as the grievances underlying them remain unresolved. The Biden Administration sanctioned a number of Iranian officials in response to the protests and issued a general license aimed at expanding secure internet access for Iranians.

**Iran's Military**. U.S. officials have expressed long-standing concern with the activities of Iran's Islamic Revolutionary Guard Corps (IRGC), which provides arms, training, and support to a network of regional proxies and armed groups. In addition to IRGC support to U.S. adversaries in the Middle East, Iran maintains what U.S. officials describe as "the largest inventory of ballistic missiles in the region." Iran also maintains an arsenal of unmanned aerial vehicles (UAVs, or drones).

**Iran's Foreign Policy**. According to the 2023 *Annual Threat Assessment of the U.S. Intelligence Community*, Iran's government seeks to erode U.S. influence in the Middle East while projecting power in neighboring states. Iran-backed militia forces in Iraq and Syria have carried out rocket, drone, and improvised explosive device (IED) attacks against U.S. and allied forces. Iran has provided thousands of rockets and short-range missiles to Lebanese Hezbollah, which the group has used in armed conflicts with Israel. Iran has provided Houthi militants in Yemen with ballistic and cruise missiles, as well as UAVs, that have enabled the Houthis to target Saudi Arabia and the United Arab Emirates. Iran also has sought to strengthen its economic and military ties with China and Russia—for example, by exporting drones to bolster Russian military operations in Ukraine. Iran's March 2023 agreement to reestablish ties with Saudi Arabia, which was brokered by China, also has implications for U.S. interests.

**Iran's Nuclear Program**. U.S. policymakers have long signaled concern that Tehran might seek to develop nuclear weapons, though Iranian leaders deny such ambitions. The 2015 Joint Comprehensive Plan of Action (JCPOA) imposed restraints on Iran's nuclear program in exchange for relief from most U.S. and UN Security Council economic sanctions. In 2018, the Trump Administration withdrew the United States from the JCPOA. Since the reimposition of U.S. sanctions in 2018 and resulting economic pressure, Iran has decreased its compliance with the nuclear commitments of the JCPOA. As of March 2023, indirect talks with Iran's government to revive the JCPOA appear to be stalled.

**Issues for Congress**. In recent years, congressional action on Iran has focused on sanctions and the JCPOA.

- **Sanctions**. Since 1979, successive U.S. Administrations have imposed economic sanctions in an effort to change Iran's behavior, often at the direction of Congress. The United States has imposed sanctions on Iran's energy sector, arms and weapons-related technology transfers, financial sector, and various non-oil industries and sectors. Sanctions appear to have had a mixed impact on Iranian behavior.
- **Oversight of Nuclear Talks**. In 2015, Congress enacted the Iran Nuclear Agreement Review Act (INARA, P.L. 114-17), which mandates congressional review of related agreements and provides for consideration of legislation to potentially block their implementation. Some in Congress who have opposed Biden Administration efforts to revive the JCPOA have indicated that they might use INARA to block or at least complicate a potential future agreement.

**Outlook.** Successive U.S. Administrations have used varying policy tools, including comprehensive sanctions, limited military action, and diplomatic engagement with leaders in Iran and other countries to counter perceived Iranian threats to U.S. interests. As of 2023, the Iranian government retains considerable influence in the Middle East region, is developing new ties to Russia and China, and remains able to challenge U.S. interests in the region and beyond. In this context, Members of Congress may consider questions related to U.S. and Iranian policy goals, the stability of Iran's government, and efforts to counter Iran's regional influence and deter its nuclear development activities.

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# Overview and Issues for Congress

The Islamic Republic of Iran, the second-largest country in the Middle East by size (after Saudi Arabia) and population (after Egypt), has for decades played an assertive, and by many accounts destabilizing, role in the region and beyond. Iran's influence stems from its oil reserves (the world's fourth largest), its status as the world's most populous Shia Muslim country, and its active support for political and armed groups (including several U.S.-designated terrorist organizations) throughout the Middle East.

Since the Iranian Revolution that ushered in the Islamic Republic in 1979, Iran has presented a major foreign policy challenge for the United States. Successive U.S. Administrations have identified Iran and its activities as a threat to the United States and its interests. Of particular concern are the Iranian government's nuclear program, its military capabilities, its partnerships with Russia and China, and its support for armed factions and terrorist groups. The United States has also condemned the Iranian government's human rights violations and detention of U.S. citizens and others, though it has wrestled with how to support protest movements in Iran. The U.S. government has used a range of policy tools intended to reduce the threat posed by Iran, including sanctions, limited military action, and diplomatic engagement; however, Iran's regional influence and strategic capabilities remain considerable and have arguably increased.

Congress has played a key role in shaping U.S. policy toward Iran, providing for extensive U.S. sanctions, providing aid and authorizing arms sales for partners threatened by Iran, seeking to influence negotiations over Iran's nuclear program, and enacting legislation that allows Congress to review related agreements. In 2021-2022, as the Biden Administration engaged in negotiations intended to reestablish mutual compliance with the 2015 Joint Comprehensive Plan of Action (JCPOA), numerous Members expressed a range of views, some in support of and others opposed to renewing the agreement. The prominence of the JCPOA in U.S. policy towards Iran waned in late 2022 because of developments such as nationwide unrest in Iran.

**Figure 1. Iran at a Glance**


| | |
|---|---|
| **Geography** | *Total Area:* 1,648,195 sq km (636,372 sq. miles), 2.5 times the size of Texas |

| | |
|---|---|
| **People** | *Population:* 86,758,304 (17th in the world)<br>*% of Population 14 or Younger:* 24.1%<br>*Religion:* Muslim 99.6% (90-95% Shia, 5-10% Sunni), other (Zoroastrian, Christian, and Jewish) 0.3% (2016)<br>*Literacy:* 85.5% (male 90.4%, female 80.8%) (2016) |
| **Economy** | *GDP Per Capita (at purchasing power parity):* $17,159 (2021)<br>*Real GDP Growth:* 4.7% (2021); 3.2% (2022 projection)<br>*Year-on-year Inflation:* 54% (July 2022)<br>*Unemployment:* 8.9% (2021); 8.7% (2022 projection) |

**Source:** Graphic created by CRS. Fact information (2022 estimates unless otherwise specified) from Economist Intelligence Unit and Central Intelligence Agency, *The World Factbook*.

# Iran's Political System[1]

Iran's Islamic Republic was established in 1979, ending the autocratic monarchy of the Shah, and is a hybrid political system that defies simple characterization. Iran has a parliament, regular elections, and some other features of representative democracy. In practice, though, the government is authoritarian, ranking 154th out of 167 countries in the Economist Intelligence Unit's 2022 Democracy Index.[2] Shia Islam is the state religion and the basis for all legislation and jurisprudence, and political contestation is tightly controlled, with ultimate decisionmaking power held by the Supreme Leader. That title has been held by Ayatollah Ali Khamenei since 1989, when he succeeded the Islamic Republic's founding leader, Ayatollah Ruhollah Khomeini. In September 2022, Khamenei appeared to have suffered a bout of significant illness; prospects for leadership succession are unclear.

Iran's top directly elected position is the presidency, which, like the directly elected unicameral parliament (the Islamic Consultative Assembly, also known as the *Majles*) and every other organ of Iran's government, is subordinate to the Supreme Leader. Incumbent president Ebrahim Raisi, a hardliner close to Khamenei, won the June 2021 election to succeed Hassan Rouhani, who won elections in 2013 and 2017. Rouhani, who oversaw Iran's negotiations with the United States and its entry into the JCPOA, was seen as relatively moderate. The 2018 U.S. exit from the JCPOA and reimposition of sanctions, as well as the January 2020 U.S. killing of Islamic Revolutionary Guard Corps (IRGC)-Qods Force commander Qasem Soleimani, appeared to shift public support away from moderates like Rouhani.[3] Hardliners prevailed in February 2020 *Majles* elections.

The June 2021 presidential election appears to have cemented this shift toward a more hardline approach to the United States. Rouhani was term-limited and ineligible to run; the government also banned several moderate candidates from running. These circumstances might have contributed to this election having the lowest turnout in the Islamic Republic's history; slightly less than half (49%) of eligible Iranians voted. Raisi, who reportedly played a role in a judicial decision to approve the execution of thousands of political prisoners in 1988, had lost the 2017

[1] For additional background, see CRS Report RL32048, *Iran: Internal Politics and U.S. Policy and Options*, by Kenneth Katzman; congressional offices may also contact the authors of this report.

[2] Economist Intelligence Unit, *Democracy Index 2022: Frontline democracy and the battle for Ukraine*, February 2023.

[3] Garrett Nada, "Iran's Parliamentary Polls: Hardliners on the Rise, Reformists Ruled Out," United States Institute of Peace, February 12, 2021. In Iran's political system, hardliners are also known as "principlists," moderates as "reformists."

presidential election to Rouhani. In 2019 Khamenei appointed Raisi to head Iran's judiciary. Raisi's presidential victory may boost his chances of succeeding Khamenei as Supreme Leader.[4]

Mass demonstrations shook Iran in 2009 and 2010, when hundreds of thousands of demonstrators took to the streets of Iran's urban centers to protest alleged fraud in the 2009 presidential election. Iran has experienced significant unrest intermittently since then, including in December 2017, summer 2018, and late 2019, based most frequently on economic conditions but also reflecting other opposition to Iran's leadership. The government has often used violence to disperse protests, in which hundreds have been killed by security forces. U.S. and UN assessments have long cited Iran's government for a wide range of human rights abuses in addition to its repression of political dissent and use of force against protesters, including severe violations of religious freedom and women's rights, human trafficking, and corporal punishment.

## 2022-2023 Political Protests

The September 2022 death of 22-year-old Mahsa Amini, who was arrested by Iran's Morality Police for allegedly violating Iran's mandatory *hijab* (or head covering) law and died after reportedly having been beaten in custody, sparked nationwide unrest in late 2022. In protests throughout the country, demonstrators voiced a broad range of grievances, with some calling for an end to the Islamic Republic and chanting "death to the dictator." Women played a particularly prominent role in the protests.[5] In response, the Iranian government deployed security forces who killed hundreds of protesters and arrested thousands. Iranian officials, who blamed the United States and other foreign countries for fomenting what they called "riots," also shut down internet access.

Throughout fall 2022, observers debated whether the protests, information about which remains opaque, fluid, and highly contested, represented the "turning point" that some activists claimed: one observer compared 2022 unrest to the circumstances that preceded the 1979 Islamic Revolution, while another discounted the revolutionary potential of the protests.[6] The demonstrations of 2022 were smaller and more geographically dispersed than those of 2009, and reportedly included protestors from a diverse range of social groups. In December 2022, as the protests appeared to wane, Director of National Intelligence Avril Haines stated, "this is not something that we see right now as being … an imminent threat to the regime."[7]

As of March 2023, the protest movement seems to have receded. The fundamental grievances that motivated the outbreak of unrest in September 2022 (and in previous years) remain unresolved, so further rounds of popular protests appear possible in the short term. However, the continued absence to date of an organized opposition, a popular leader, or a shared alternative vision for Iran's future may limit the existential risk protests pose to the Islamic Republic. The question of who might succeed 83-year old Supreme Leader Khamenei may be a more acutely destabilizing issue, though it is unclear how (if at all) Iranian foreign and domestic policy might change after Khamenei leaves office and whether such changes would be advantageous for the United States.[8]

[4] Parisa Hafezi, "Winner of Iran presidency is hardline judge who is under U.S. sanctions," *Reuters*, June 20, 2021.

[5] Suzanne Kianpour, "The women of Iran are not backing down," *Politico*, January 22, 2023.

[6] Ray Takeyh, "A second Iranian revolution?" *Commentary*, November 2022; Sajjed Safael, "Iran's protests are nowhere near revolutionary," *Foreign Policy*, January 17, 2023.

[7] "DNI Avril Haines: Protests in Iran not an 'imminent threat to the regime'" *MSNBC*, December 5, 2022.

[8] Murtaza Hussain, "The other giant crisis hanging over the Islamic Republic of Iran," *Intercept*, December 9, 2022.

## U.S. Policy Responses to the Protests

**New sanctions designations**. Since September 2022, the Biden Administration has announced sanctions designations targeting Iran's Morality Police and dozens of other government entities and officials for their role in the crackdown. Legislation introduced in the 118th Congress (H.R. 589) would direct the Administration to review whether additional specified Iranian officials meet the criteria for designation under certain existing sanctions authorities.

**General license and Internet service**. In September 2022, the U.S. Department of the Treasury's Office of Foreign Assets Control issued Iran General License D-2, designed to counter what officials described as Tehran's move to "cut off access to the Internet for most of its 80 million citizens to prevent the world from watching its violent crackdown on peaceful protestors."[9] Treasury officials stated that the new license expands access to cloud-based services, Virtual Private Networks (VPNs), and anti-surveillance tools critical to secure communication. In March 2023, a State Department spokesperson said "several U.S. companies have in turn taken advantage of the expanded authorization that we've provided."[10]

**Action at international bodies**. In late November, the U.N. Human Rights Council authorized a fact-finding mission to investigate allegations of human rights abuses committed by the Iranian government.[11] The United States also led a successful effort to remove Iran from U.N. Commission on the Status of Women in December 2022.

**Nuclear negotiations.** In the context of the protests, some Members of Congress have renewed calls on the Biden Administration to formally terminate stalled indirect talks with Iran over the 2015 Joint Comprehensive Plan of Action (JCPOA) nuclear agreement. As outlined below, Biden Administration officials are reportedly reluctant to do so, though they assert that negotiations are moribund and no longer a focus of U.S. efforts.[12] Secretary Blinken in December 2022 stated that the regime's actions in response to the protests "have only deepened our conviction that Iran must never be allowed to acquire a nuclear weapon. We continue to believe that the best way to ensure this is through diplomacy."[13]

**Congressional Action.** In the 118th Congress, some Members have introduced several resolutions and bills related to the protests that have received consideration. In January 2023, the House voted 420-1 to agree to H.Con.Res. 7 which condemns Amini's death and the violent suppression of protests and "encourages continued efforts" by the Biden Administration to respond to the protests via sanctions and the expansion of unrestricted internet access in Iran. Another introduced bill, H.R. 589, would direct the President to, within 90 days, review whether certain existing sanctions authorities apply to specified persons (including the Supreme Leader and associated persons and entities).

[9] U.S. Department of the Treasury, "U.S. Treasury issues Iran General License D-2 to increase support for internet freedom," September 23, 2022.

[10] U.S. Department of State Press Briefing, March 1, 2023.

[11] Office of the High Commissioner, "Human Rights Council establishes fact-finding mission to investigate alleged human rights violations in Iran related to the protests that began on 16 September 2022," November 24, 2022.

[12] Nahal Toosi, "'Everyone thinks we have magic powers': Biden seeks a balance on Iran," *Politico*, October 25, 2022.

[13] U.S. Department of State, "Secretary Antony J. Blinken at the J Street National Conference," December 4, 2022.

# Iran's Military: Structure and Capabilities[14]

Given the adversarial nature of U.S.-Iran relations and the centrality of various military-related entities in Iranian domestic and foreign policy, Iran's military has been a subject of sustained engagement by Congress and other U.S. policymakers. In 2023 testimony, U.S. Central Command (CENTCOM) Commander General Erik Kurilla said, "The advancement of Iranian military capabilities over the past 40 years is unparalleled in the region."[15] The elements of Iran's military that arguably threaten U.S. interests most directly are Iran's Islamic Revolutionary Guard Corps (IRGC) and the country's missile and unmanned aerial vehicle (UAV, or drone) programs.

Iran's traditional military force, the *Artesh*, is a legacy of Iran's Shah-era military force. The *Artesh* exists alongside the IRGC, which Khomeini established in 1979 as a force loyal to the new regime. Rivalries between the two parallel forces (each have their own land, air, and naval force components) stem from their "uneven access to resources, varying levels of influence with the regime, and inherent overlap in missions and responsibilities."[16] While both serve to defend Iran against external threats, the government deploys the *Artesh* primarily along Iran's borders to counter any invading force, while the IRGC has a more ideological character and the more expansive mission of combating internal threats and expanding Iran's influence abroad. Elements of the IRGC include

- The *Basij*, a "volunteer paramilitary reserve force," which plays a key role in suppressing protests and other forms of internal dissent.[17]
- The IRGC *Qods Force* (IRGC-QF), which coordinates Iran's regional activities, providing arms, training, and other forms of support to the network of proxies and armed groups that share Iran's objectives (see "Regional Activities and Strategy" below).

## *Ballistic Missiles*

According to the U.S. intelligence community, Iran has "the largest inventory of ballistic missiles in the region," and, as of 2022, has steadily improved the range and accuracy of its more than 3,000 ballistic missiles over "the last five to seven years."[18] Per CENTCOM Commander Kurilla, Iran has aggressively developed its missile capabilities to achieve "an asymmetric advantage against regional militaries."[19] Iran has used its ballistic missiles to target U.S. regional assets directly, including a January 2020 attack (shortly following the U.S. killing of IRGC-QF Commander Soleimani) against Iraqi sites where U.S. military forces were stationed that left scores of U.S. service members injured, and missile and drone attacks against Iraq's Kurdistan region in March and September 2022.[20]

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[14] For additional background, see CRS Report R44017, *Iran's Foreign and Defense Policies*, by Kenneth Katzman; congressional offices may also contact the authors of this report.

[15] Statement for the Record before the Senate Armed Services Committee on the Posture of U.S. Central Command, March 13, 2023.

[16] Defense Intelligence Agency, *Iran Military Power: Ensuring Regime Survival and Securing Regional Dominance*, 2019.

[17] Ibid.

[18] *Annual Threat Assessment of the U.S. Intelligence Community*, March 8, 2023; Senate Armed Services Committee Hearing, March 15, 2022, available at http://www.cq.com/doc/congressionaltranscripts-6484358.

[19] Statement for the Record before the Senate Armed Services Committee, March 13, 2023.

[20] "Who would live and who would die: The inside story of the Iranian attack on Al Asad Airbase," *CBS News*, August

Iran's medium-range ballistic missiles were assessed by the Defense Intelligence Agency (DIA) in 2019 to have a maximum range of around 2,000 kilometers from Iran's borders, reportedly capable of reaching targets as far as Israel or southeastern Europe.[21] U.S. officials and others have expressed concern that Iran's government could use its nascent space program to develop longer-range missiles, including intercontinental ballistic missiles (ICBMs).[22] In March 2022, the Biden Administration designated for sanctions five Iranian individuals and entities for their involvement in ballistic missile activities.[23]

### *UAVs*

According to CENTCOM, Iran has also developed "the largest and most capable Unmanned Aerial Vehicle force in the region," with which it has attacked numerous foreign targets.[24] While Iranian drones are not as technologically complex or advanced as the U.S. UAVs on which the Iranian versions are often modeled, they are a cost-effective way of projecting power, especially given Iran's underdeveloped air force. Traditional air defense systems have difficulty intercepting UAVs, in part because such systems were designed to detect manned aircraft with larger radar and/or heat signatures.[25] Iran's drone operations include attacks in September 2019 against Saudi oil production facilities in Abqaiq, a complex assault that featured 18 drones and several land-attack cruise missiles; in July 2021 against an oil tanker off the coast of Oman; and in October 2021 against a U.S. military base in At Tanf, Syria. The Biden Administration has designated for sanctions individuals and entities that have "provided critical support" to the IRGC's UAV programs,[26] and in the 117th Congress the House passed, and the Senate Foreign Relations Committee reported, a bill (H.R. 6089) that would have required the President to impose sanctions on persons that engage in activities related to Iranian UAVs.[27] In August 2022, Iran began transferring armed drones to Russia, which has used them against Ukrainian forces and civilian infrastructure.[28]

8, 2021; "Iran attacks Iraq's Erbil with missiles in warning to U.S., allies," *Reuters*, March 13, 2022; White House press release, "Statement by National Security Advisor Jake Sullivan on Iran's Missile and Drone Attacks in Northern Iraq," September 28, 2022.

[21] *Iran Military Power*, op. cit. 43.

[22] *Annual Threat Assessment*, op. cit.; Farzin Nadimi, "Iran's ballistic missile arsenal is still growing in size, reach, and accuracy," *Washington Institute for Near East Policy*, December 13, 2021.

[23] U.S. Department of the Treasury Press Release, "Treasury Sanctions Key Actors in Iran's Ballistic Missile Program," March 30, 2022.

[24] Statement for the Record, op. cit.

[25] Golnaz Esfandiari, "Iran deploys drones to target internal threats, protect external interests," *RFE/RL*, January 18, 2022.

[26] U.S. Department of the Treasury, "Treasury sanctions network and individuals in connection with Iran's unmanned aerial vehicle program," October 29, 2021.

[27] The bill would amend Section 107 of the Countering America's Adversaries Through Sanctions Act (CAATSA. P.L. 115-44) to include unmanned combat aerial vehicles.

[28] Ellen Nakashima and Joby Warrick, "Iran sends first shipment of drones to Russia for use in Ukraine," *Washington Post*, August 29, 2022; Yaroslav Trofimov and Dion Nissenbaum, "Russia's use of Iranian kamikaze drones creates new dangers for Ukrainian troops," *Wall Street Journal*, September 17, 2022.

# Foreign Policy and Regional Activities[29]

Iran's foreign policy appears to reflect overlapping and at times contradictory motivations. These include

**Threat Perception**. Iran's leaders argue that the United States and its allies seek to overturn Iran's regime, claiming, for example, that the U.S. military presence in and around the Persian Gulf reflects an intent to intimidate or attack Iran. Per the 2023 *Annual Threat Assessment of the U.S. Intelligence Community*, "The Iranian regime sees itself as locked in an existential struggle with the United States and its regional allies."[30] Iranian officials describes the country's missile program and other military programs as "defensive," arguing that they serve as a deterrent to attacks by hostile powers.[31] Iranian leaders have witnessed U.S. military intervention in two of Iran's neighboring states (Iraq and Afghanistan), and continue to reference what former Secretary of State Albright described as the "significant role" played by the United States in "orchestrating the overthrow of Iran's popular Prime Minister, Mohammed Massadegh" in 1953.[32] Iranian leaders describe U.S. sanctions as economic warfare against Iran.[33]

**Ideology**. Iran's 1979 Islamic Revolution replaced a secular, U.S.-backed authoritarian leader with a Shia cleric-dominated regime, and that change infuses Iran's foreign policy. Another ideological element of the Islamic Revolution is the regime's steadfast rhetorical opposition to the existence of Israel. Since the revolution, that enmity has fed Iran-Israel tensions, with broad implications for the region and U.S. policy.[34]

**Pragmatism**. Iranian leaders have expressed a commitment to aiding other Shia Muslims, but at times have tempered that approach to preserve Iran's geopolitical interests. For example, Iran has supported Christian-inhabited Armenia, rather than Shi'a-inhabited Azerbaijan, possibly in part to thwart cross-border Azeri nationalism among Iran's large Azeri minority.[35] President Raisi has also tried to improve relations with neighboring Gulf states, an effort that appears to place domestic economic concerns ahead of traditional regional rivalries.[36] Iran's March 2023 agreement to reestablish ties with rival Saudi Arabia (see textbox below) may also reflect this approach.

**Factional Interests and Competition**. Iran's foreign policy has reflected differing approaches among key internal actors and groups. Supreme Leader Khamenei sits at the apex of several decisionmaking and advisory councils dominated by hardliners that seek to shield Iran from

[29] For additional background, see CRS Report R44017, *Iran's Foreign and Defense Policies*, by Kenneth Katzman; congressional offices may also contact the authors of this report.

[30] Office of the Director of National Intelligence, *Annual Threat Assessment of the U.S. Intelligence Community*, February 6, 2023.

[31] Omer Carmi, "Khamenei's First Speech of 2021: Reemphasizing U.S. Weakness, Iranian Self-Reliance," *Washington Institute for Near East Policy*, January 8, 2021; "Iran's defensive power must increase daily and it does: Imam Khamenei," *Khamenei.Ir*, February 27, 2018.

[32] Secretary of State Madeleine K. Albright, Remarks before the American-Iranian Council, March 17, 2000; "Conflicts between Iran and US goes back to 1953 coup," *Khamenei.Ir*, November 2, 2022.

[33] "Sanctions are 'US way of war', Iranian President at UN," UN News, September 21, 2021.

[34] For more information on Israel's approach to threats it perceives from Iran, as relevant to U.S. foreign policy, see CRS Report R44245, *Israel: Major Issues and U.S. Relations*, by Jim Zanotti.

[35] Borzou Daraghi, "Nagorno-Karaback: An unexpected conflict that tests and perplexes Iran," Atlantic Council, November 9, 2020; Vali Kaleji, "Iran increasingly uneasy about threats to common border with Armenia," *Eurasia Daily Monitor*, October 14, 2022.

[36] "Iran's regional agenda and the call for détente with the Gulf states," Middle East Institute, March 17, 2022.

Western political and cultural influence. More moderate Iranian leaders, such as former President Hassan Rouhani, have at times sought to use engagement with the West as a way to attract greater foreign investment and boost Iran's economy.[37]

## Regional Proxies and Allies

U.S. officials characterize the Iranian government's support for regional proxies and allies as a threat to U.S. interests and forces in the region. The 2023 intelligence community threat assessment predicted that, "Iran will continue to threaten U.S. interests as it tries to erode U.S. influence in the Middle East, entrench its influence and project power in neighboring states [...] Iranian-supported proxies will seek to launch attacks against U.S. forces and persons in Iraq and Syria, and perhaps in other countries and regions."[38]

**Iraq**. Iran-backed militia forces in Iraq continue to carry out intermittent rocket, drone, and improvised explosive device (IED) attacks against U.S. and Iraqi facilities and support systems. These groups seek to revise or rescind Iraq's invitation to the U.S. military to retain an advisory presence in Iraq beyond the withdrawal of U.S. combat forces from the country in December 2021. They also seek to retaliate for the January 2020 U.S. strike in Baghdad that killed IRGC-Qods Force commander Qasem Soleimani and the head of the Iran-backed Iraqi militia Kata'ib Hezbollah.[39] Iran also has carried out strikes in Iraq's Kurdistan region, targeting what Iran alleges are support networks for Israel and Iraq-based Iranian Kurdish opposition groups.

**Syria**. Iran-backed militias have used Syria as a base from which to target U.S. armed forces and facilities in Iraq. They also have targeted U.S. forces in Syria in what U.S. officials have sometimes described as retaliation for Israeli airstrikes on Iranian forces in Syria.[40] U.S. officials assess that Iran's government seeks a permanent military presence in Syria to bolster its regional influence, support Lebanon's Hezbollah, and threaten Israel.[41]

**Lebanon**. Iran's support for Hezbollah, including providing thousands of rockets and short-range missiles, helps Iran acquire leverage against Israel, a key regional adversary.[42] Israel has stated that Iran may be supplying Hezbollah with advanced weapons systems and technologies, and assisting Hezbollah in creating an indigenous production capability for rockets, missiles, and drones that could threaten Israel from Lebanon, Syria, Iraq, or Yemen.[43]

**Yemen**. Iran's support to the Houthi movement in Yemen—including supplying ballistic and cruise missiles, as well as unmanned systems—has enabled the group to target U.S. partners, including Saudi Arabia and the United Arab Emirates.[44] Iran reportedly agreed to halt arms

[37] "Iranian President Hassan Rouhani in Paris to court investors," *Los Angeles Times*, January 27, 2016.

[38] Office of the Director of National Intelligence, *Annual Threat Assessment of the U.S. Intelligence Community*, February 6, 2023.

[39] For additional background see, CRS Report R46148, *U.S. Killing of Qasem Soleimani: Frequently Asked Questions*, coordinated by Clayton Thomas.

[40] "Strike on U.S. Base Was Iranian Response to Israeli Attack, Officials Say," *New York Times*, November 18, 2021.

[41] See, for example, Posture statement of General Kenneth F. McKenzie Jr., before the Senate Armed Services Committee, March 15, 2022.

[42] For more, see CRS Report R44245, *Israel: Major Issues and U.S. Relations*, by Jim Zanotti.

[43] *Missile Multinational: Iran's New Approach to Missile Proliferation*, International Institute for Strategic Studies, April 2021; "Israeli minister says Iran using Syria facilities for weapons production," *Reuters*, September 12, 2022.

[44] Seth Jones et al., "The Iranian and Houthi war against Saudi Arabia," Center for Strategic and International Studies, December 21, 2021; Bruce Reidel, "Yemen war spreads to the UAE," Brookings, February 10, 2022.

shipments to the Houthis as part of its March 2023 agreement with Saudi Arabia (see textbox below).

**Gaza Strip.** Iran continues to support the Palestinian Sunni Islamist militant groups Hamas and Palestine Islamic Jihad (PIJ), whose Gaza-based operations threaten parts of Israel with rockets, missiles, and drones. Both groups also seek to make inroads into the West Bank to undermine Israeli and Palestinian Authority control there.

## Iran's Relations with China and Russia

Iran has sought to maintain and expand economic and military ties with Beijing and Moscow, reflecting what analysts describe as a "look East" strategy favored by hardline leaders including President Raisi and Supreme Leader Khamenei.[45]

For the past several decades, the **People's Republic of China** (PRC or China) has taken steps to deepen its financial presence in numerous sectors of the Iranian economy, as well as to expand military cooperation. China is Iran's largest trade partner and the largest importer of Iran's crude oil and condensates.[46] Over the years, the PRC has become a source of capital for Iran, in line with China's Belt and Road Initiative (BRI), which includes a series of energy and transportation corridors extending throughout Eurasia. On March 27, 2021, Iran and the PRC signed a 25-year China-Iran Comprehensive Cooperation Plan "to tap the potential for cooperation in areas such as economy and culture and map out prospects for cooperation in the long run."[47] Before doing so was banned by the UN Security Council, the PRC openly supplied Iran with advanced conventional arms, including cruise missile-armed fast patrol boats that the IRGC Navy operates in the Persian Gulf; anti-ship missiles; ballistic missile guidance systems; and other technology related to the proliferation of weapons of mass destruction (WMD).[48] U.S. officials also report that PRC-based entities have supplied Iran-backed armed groups with UAV technology.[49] The United States has imposed sanctions on a number of PRC-based entities for allegedly supplying Iran's missile, nuclear, and conventional weapons programs. Tehran has reportedly viewed with apprehension closer Chinese relations with Saudi Arabia (Iran's primary regional rival) and the UAE (with which Iran has strong economic ties but also some territorial disputes).[50]

### March 2023 China-Iran-Saudi Arabia Agreement

In March 2023, Iran, Saudi Arabia, and China announced that Iran and Saudi Arabia would reestablish diplomatic relations (suspended since 2016), reopen embassies in each other's capitals, and reinitiate exchanges pursuant to bilateral accords signed during a previous period of Saudi-Iranian rapprochement (in 1998 and 2001).[51] In the

[45] Pierre Pahlavi, "The origins and foundations of Iran's "Look East" policy," Australian Institute of International Affairs, October 4, 2022.

[46] U.S. Energy Information Administration, "Country Analysis Executive Summary: Iran," November 17, 2022.

[47] Ministry of Foreign Affairs of the PRC, "Wang Yi Holds Talks with Iranian Foreign Minister Mohammad Javad Zarif," March 28, 2021.

[48] Defense Intelligence Agency, Iran Military Power: Ensuring Regime Survival and Securing Regional Dominance, 2019.

[49] Testimony of Department of State Assistant Secretary of State for Near Eastern Affairs Barbara Leaf before the Senate Foreign Relations Subcommittee on Near East, South Asia, Central Asia and Counterterrorism, August 4, 2022.

[50] Jacopo Scita, "When it comes to Iran, China is shifting the balance," *Bourse and Bazaar*, December 13, 2022; Tala Taslimi, "China's embrace of Saudi Arabia leaves Iran out in the cold," *Nikkei Asia*, December 13, 2022.

[51] See Joint Trilateral Statement at https://twitter.com/KSAmofaEN/status/1634180277764276227. For more on past agreements, see Faris Almaari, "Clarifying the status of previous Iran-Saudi agreements," Washington Institute for Near East Policy, March 16, 2023.

China-brokered agreement, Iran and Saudi Arabia affirmed their respect for "non-interference in internal affairs of states." One media source indicates that specific elements include a Saudi pledge to "tone down critical coverage of Iran" by a Saudi-linked media outlet and an Iranian pledge to halt arms shipments to the Houthis in Yemen.[52] It is unclear what commitments, if any, China may have made as part of the agreement.

The Biden Administration indicated that it conditionally welcomed the agreement, while highlighting uncertainty over "whether the Iranians are going to honor their side of the deal" given the legacy of Iran's support to the Houthis in Yemen.[53] CENTCOM Commander General Kurilla cautioned, "an agreement is not implementation" and "They have had diplomatic relations in the past while they were still shooting at each other in the past."[54] Some Administration officials have characterized the agreement as "a good thing" that advances the U.S. goal of "de-escalation in the Middle East," while downplaying the significance of the deal and of China's role in brokering it.[55] Observers have expressed a range of views. Some view the PRC initiative as a sea change in regional diplomacy and as an indication of China's increased influence, while others see it as a modest win for China.[56] The implications of the deal for U.S. policy also elicited a range of views. Some experts perceive the deal as a major blow to U.S. credibility, while others argue that, despite China's foray into Middle Eastern diplomacy, the United States remains the essential partner to Gulf Arab states.[57]

**Russia** has traditionally been Iran's main supplier of conventional weaponry and a significant supplier of nuclear- and missile-related technology (for their role in the latter, Russian companies have been subject to U.S. sanctions). U.S. officials have expressed concern with Iran-Russia military cooperation, particularly in Syria. Following Russia's invasion of Ukraine in early 2022, Russia and Iran—both under U.S. sanctions—have deepened their relationship. Since August 2022, Iran has transferred armed unmanned aerial vehicles (UAVs, or drones) to Russia, which has used them against a range of targets in Ukraine. These transfers (and potential transfers of ballistic missiles) have implications for the trajectory of the conflict in Ukraine as well as for U.S. efforts to support Ukraine's defense against Russia's invasion. In late 2022, Administration officials warned that the relationship between Iran and Russia was advancing beyond the sale of drones; a National Security Council spokesperson stated, "Russia is offering Iran an unprecedented level of military and technical support that is transforming their relationship to a full-fledged defense partnership."[58] In February 2023, media reports suggested that Iran and Russia were advancing plans to construct a factory in Russia to produce Iranian-designed drones for Russia's war in Ukraine.[59]

[52] Summer Said et al., "China plans new Middle East summit as diplomatic role takes shape," *Wall Street Journal*, March 12, 2023; Dion Nissenbaum et al., "Iran agrees to stop arming Houthis in Yemen as part of pact with Saudi Arabia," *Wall Street Journal*, March 16, 2023.

[53] Patsy Widakuswara, "White House welcomes Chinese-brokered Saudi-Iran deal," *VOA*, March 10, 2023.

[54] "Senate Armed Services Committee Holds Hearing on Fiscal Year 2024 Defense Authorization Request for Central Command and Africa Command," *CQ Congressional Transcripts*, March 16, 2023.

[55] Nahal Toosi and Phelim Kine, "U.S. officials project calm as China stuns world with Iran-Saudi deal," *Politico*, March 13, 2023.

[56] "Experts react: Iran and Saudi Arabia just agreed to restore relations, with help from China. Here's what that means for the Middle East and the world," Atlantic Council, March 10, 2023.

[57] Michael McFaul and Abbas Milani, "How China's Saudi-Iran deal can serve U.S. interests," *Foreign Policy*, March 14, 2023; Adam Gallagher et al, "What you need to know about China's Saudi-Iran deal," United States Institute of Peace, March 16, 2023.

[58] "Russia and Iran Military Ties Deepening Into Partnership, Biden Administration Warns," *Wall Street Journal*, December 9, 2022.

[59] "Moscow, Tehran Advance Plans for Iranian-Designed Drone Facility in Russia," *Wall Street Journal*, February 5, 2023.

# Iran's Nuclear Program[60]

U.S. policymakers have signaled concern for decades that Tehran might attempt to develop nuclear weapons. Iran's construction of gas centrifuge uranium enrichment facilities is currently the main source of concern that Tehran is pursuing nuclear weapons. Gas centrifuges can produce both low-enriched uranium (LEU), which can be used in nuclear power reactors, and weapons-grade highly enriched uranium (HEU), which is one of the two types of fissile material used in nuclear weapons. Iranian leaders claim that the country's LEU production is only for Tehran's current and future civil nuclear reactors.

U.S. policy has focused on using various means of coercive diplomacy to pressure Iran to agree to limits on its nuclear program. The Obama Administration pursued a "dual track" strategy of stronger economic pressure through increased sanctions coupled with offers of sanctions relief if Iran accepted constraints on the nuclear program. Many observers assess that U.S. and multilateral sanctions contributed to Iran's 2013 decision to enter into negotiations that concluded in the 2015 Joint Comprehensive Plan of Action (JCPOA).[61] For more on Trump and Biden Administration approaches, see below.

## 2015 Joint Comprehensive Plan of Action (JCPOA)

The JCPOA imposed restraints on Iran's nuclear program in exchange for relief from most U.S. and UN Security Council economic sanctions. The agreement restricted Iran's enrichment and heavy water reactor programs and provided for enhanced International Atomic Energy Agency (IAEA) monitoring to detect Iranian efforts to produce nuclear weapons using either declared or covert facilities. The nuclear-related provisions of the agreement, according to U.S. officials, extended the nuclear breakout time—the amount of time that Iran would need to produce enough weapons-grade HEU for one nuclear weapon—to a minimum of one year, for a duration of at least 10 years.[62] In addition to the restrictions on activities related to fissile material production, the JCPOA indefinitely prohibited Iranian "activities which could contribute to the design and development of a nuclear explosive device," including research and diagnostic activities. The IAEA continues to monitor Iranian compliance with the JCPOA provisions but since 2019 has reported diminishing Iranian cooperation with JCPOA-mandated monitoring.[63]

**Sanctions relief**.[64] In accordance with the JCPOA, the United States waived its secondary sanctions—restrictions on any third country engaging in some types of trade with Iran, primarily in the energy sector—in 2016. The secondary sanctions eased during JCPOA implementation included (1) sanctions that limited Iran's exportation of oil and foreign sales to Iran of gasoline

[60] Material in this section is drawn from CRS Report R43333, by Paul K. Kerr, Clayton Thomas, and Carla E. Humud, which contains additional information on Iran's nuclear program and the JCPOA.

[61] Uri Berliner, "Crippled by sanctions, Iran's economy key in nuclear deal," NPR, November 25, 2013; Amir Toumaj, "Iran's economy of resistance: implications for future sanctions," AEI, November 17, 2014; "Inside the Iran nuclear deal," *Harvard Gazette*, October 6, 2015.

[62] "Background Conference Call by Senior Administration Officials on Iran," July 14, 2015. U.S. Secretary of Energy Ernest Moniz described this timeline as "very, very conservative" in an April 2015 interview (Michael Crowley, "Ernest Moniz: Iran Deal Closes Enrichment Loophole," *Politico*, April 7, 2015). See also CRS In Focus IF12106, *Iran and Nuclear Weapons Production*, by Paul K. Kerr.

[63] CRS Report R40094, *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, by Paul K. Kerr.

[64] For additional details on sanctions waived under the JCPOA, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; congressional offices may also contact the authors of this report.

and energy sector equipment, and which limited foreign investment in Iran's energy sector; (2) financial sector sanctions, including trading in Iran's currency, the *rial*; and (3) sanctions on Iran's auto sector. The European Union (EU) lifted its ban on purchases of oil and gas from Iran; and Iranian banks were readmitted to the SWIFT financial messaging services system.[65] The UN Security Council revoked its resolutions that required member states to impose restrictions. The JCPOA did not require the lifting of U.S. sanctions on direct U.S.-Iran trade or sanctions levied for Iran's support for regional armed factions and terrorist groups, its human rights abuses, or its efforts to acquire missile and advanced conventional weapons technology. The United States reimposed sanctions waived pursuant to JCPOA implementation in 2018 (see below).

**Post-JCPOA developments.** The International Atomic Energy Administration (IAEA) has reported that some of Iran's nuclear activities exceed JCPOA-mandated limits, including Iran's LEU stockpile and number of enrichment locations. In March 2023, after the detection of uranium particles enriched to 83.7 percent at Iran's Fordow enrichment site sparked U.S. and international concern,[66] IAEA Director General Rafael Grossi stated that the agency and Iran "have initiated technical discussions to fully clarify this issue."[67] Following a January IAEA inspection of the Fordow facility, during which inspectors observed that Iran was operating centrifuges in a manner inconsistent with Tehran's declaration to the agency, Iran agreed to "facilitate the further increase in the frequency and intensity of Agency verification activities" at the Fordow site, Grossi added.[68] The U.S. Representative to the IAEA welcomed the announcement but stated, "too many times in the past, Iran has issued similarly vague promises for cooperation in order to avoid international censure, only to never follow through."[69]

# U.S.-Iran Relations: History and Recent Approaches

Under Shah Mohammad Reza Pahlavi, an authoritarian monarch who ruled from 1941 until 1979, Iran was a close U.S. security partner, receiving a total of nearly $15 billion in U.S. foreign assistance to buttress its position against the neighboring Soviet Union.[70] Domestically, the Shah's social policies achieved some results but also alienated many Iranians; the government jailed tens of thousands as political prisoners and tortured many. Many other Iranians went into exile abroad, including prominent Shia cleric Ayatollah Ali Khomeini. Mass public protests by both religious and secular Iranians against the Shah's rule escalated throughout 1978, culminating in the Shah's January 1979 flight into exile, Khomeini's return the following month, and the March 1979 replacement of the monarchy with a new Islamic Republic that quickly moved to suppress domestic opposition.

The 1979 Islamic Revolution marked a turning point for U.S. policy toward Iran, and the two countries have not had diplomatic relations since 1980, a result of the U.S. Embassy hostage crisis.[71] U.S.-Iran tensions continued in the following decade, punctuated by armed confrontations

[65] The Society for Worldwide Interbank Financial Telecommunication (SWIFT), based in Belgium, provides a financial messaging service to facilitate cross-border transactions, including payments involving multiple currencies. International energy-sector trade heavily depends on SWIFT services.

[66] Karen DeYoung and Joby Warrick, "Iran nuclear advance challenges U.S. as time to make potential bomb shortens," *Washington Post*, March 2, 2023.

[67] IAEA Director General's introductory statement to the Board of Governors, IAEA, March 6, 2023.

[68] Ibid.

[69] U.S. Mission to International Organizations in Vienna, IAEA Board of Governors Meeting, U.S. Statement as Delivered by Ambassador Laura S.H. Holgate, March 8, 2023.

[70] Figure is in constant dollars (retrieved September 2022) from foreignassistance.gov.

[71] For an account of the crisis, see Mark Bowden, *Guests of the Ayatollah* (Atlantic Monthly Press, 2006).

in the Gulf and Iran-backed terrorist attacks (including the 1983 bombings of the U.S. Embassy and Marine barracks in Beirut). U.S. sanctions, first imposed in 1979, continued apace with the government of Iran's designation as a state sponsor of international terrorism in 1984, the imposition of an embargo on U.S. trade with and investment in Iran in 1995, and the first imposition of secondary sanctions (U.S. penalties against firms that invest in Iran's energy sector) in 1996.

## Approaches under the Trump and Biden Administrations

In comparing recent Administrations' approaches to Iran, various points of continuity and change emerge, with Biden Administration policy apparently continuing elements of both the Obama and Trump Administrations. The Trump Administration reimposed sanctions that the Obama Administration had imposed prior to the JCPOA but lifted as part of that deal, and sanctions newly imposed by the Trump Administration remain in place under the Biden Administration. At the same time, the Biden Administration has sought to resuscitate the JCPOA, but the United States and Iran have not engaged directly as happened under the Obama Administration. The September 2022 outbreak of nationwide unrest in Iran appears to have shifted the Biden Administration's focus away from reviving the JCPOA, prospects for the revival of which were reportedly already dimming.

### Trump Administration Policy

U.S. policy toward Iran shifted significantly under the Trump Administration. As a candidate, Donald Trump said "my number one priority is to dismantle the disastrous deal with Iran."[72] Though then-President Trump initially certified to Congress in April and July 2017 that Iran was in compliance with the agreement (under an INARA requirement to submit such a report every 90 days),[73] in October 2017 President Trump announced he would not submit another certification of Iranian compliance, saying, "Iran is not living up to the spirit of the deal."[74] In January 2018, President Trump announced that he would again waive the application of certain energy-sector sanctions as a "last chance" to "secure our European allies' agreement to fix" the JCPOA.[75] No such deal was reached, and President Trump announced on May 8, 2018, that the United States would cease participating in the JCPOA, reinstating all sanctions that the United States had waived or terminated in meeting in meeting its JCPOA obligations. All sanctions went back into effect as of November 2018.

In articulating a new Iran strategy in May 2018, Secretary of State Mike Pompeo said that due to "unprecedented financial pressure" through reimposed U.S. sanctions, U.S. military deterrence, and U.S. advocacy, "we hope, and indeed we expect, that the Iranian regime will come to its senses."[76] He also laid out 12 demands for any future agreement with Iran, including the withdrawal of Iranian support for armed groups and proxies throughout the region. Iran's leaders rejected U.S. demands and insisted the United States return to compliance with the JCPOA before

[72] "Full transcript: First 2016 presidential debate," *Politico*, September 27, 2016; "Read Donald Trump's Speech to AIPAC," *Time*, March 21, 2016.

[73] Sections 135(d)(6) of the Atomic Energy Act of 1954 as added by INARA (P.L. 114-17).

[74] "Transcript: Trump's Remarks on Iran nuclear deal," *NPR*, October 13, 2017. The October 2017 decertification triggered a 60-day window for Congress to consider, under expedited procedures per INARA, legislation to re-impose sanctions lifted as part of the U.S. implementation of the JCPOA. Congress did not do so.

[75] Statement by the President on the Iran Nuclear Deal, White House, January 12, 2018.

[76] "After the Deal: A New Iran Strategy," Heritage Foundation, May 21, 2018.

engaging on a new or revised accord. The Trump Administration policy of applying "maximum pressure" on Iran after late 2018 took two forms: additional sanctions and limited military action. After U.S. sanctions were reinstated in November 2018, the Administration designated for sanctions a number of additional entities under existing authorities (e.g., designating Iran's Central Bank under Executive Order [E.O.] 13224, adding to the Central Bank's designation as a proliferation entity under E.O. 13382); issued new authorities (e.g., E.O. 13876, sanctioning the office of the Supreme Leader); and designated the entirety of Iran as a "jurisdiction of primary money laundering concern."[77]

From mid-2019 on, Iran escalated its regional military activities, at times coming into direct military conflict with the United States (such when Iran shot down an unmanned U.S. surveillance drone over the Persian Gulf in June 2019). Iranian attacks against oil tankers in the Persian Gulf and a complex September 2019 drone attack against Saudi Arabian oil production facilities further increased tensions. Those tensions peaked in the Trump Administration's January 3, 2020, killing of IRGC-Qods Force commander Qasem Soleimani in Baghdad, and Iran's retaliatory strikes against U.S. forces in Iraq.[78] Iran responded with ballistic missile attacks against U.S. forces based in Iraq that left over one hundred U.S. military personnel injured, and attacks by Iran-backed forces in Iraq against U.S. targets continued over the following year. Iran also began exceeding JCPOA-mandated limits on its nuclear activities according to the IAEA.

## Biden Administration Policy

As a presidential candidate, Joe Biden described the Trump Administration's Iran policy as a "dangerous failure" that had isolated the United States from its international partners, allowed Iran to increase its stockpiles of enriched uranium, and raised tensions throughout the region.[79] He pledged to "offer Tehran a credible path back to diplomacy" by promising to have the United States rejoin the JCPOA as long as "Iran returns to strict compliance" with it.

Less than a month after taking office, the Biden Administration offered to restart talks with Iran to revive the JCPOA and appointed Robert Malley as Special Envoy for Iran. However, Iran refused to engage directly with the United States until the United States decreased sanctions pressure, necessitating indirect negotiations facilitated by the EU and other JCPOA partners. During multiple subsequent rounds of talks, negotiators reported slow and uneven progress, with talks sometimes paused for weeks or months at a time. In August 2022, reports indicated that all sides were close to achieving agreement before again stalling over Iran's reported revival of some demands that the other parties had considered closed issues.[80] Since then, U.S. officials have stated that JCPOA talks are not a U.S. policy priority.[81]

President Biden has said, "Iran will never get a nuclear weapon on my watch," and Administration officials have told Congress that a negotiated settlement akin to the JCPOA is the best way to achieve that goal.[82] Administration officials also argue that it is not possible to resolve

[77] Department of the *Treasury, Financial Crimes Enforcement Network (FinCEN), 31 Code Federal Regulations Part 1010, 84 Federal* Register 59302.

[78] For more, see CRS Report R46148, *U.S. Killing of Qasem Soleimani: Frequently Asked Questions*.

[79] Joe Biden, "There's a smarter way to be tough on Iran," CNN, September 13, 2020.

[80] Ishaan Tharoor, "Is the Iran deal worth salvaging?" *Washington Post*, August 26, 2022; "Iran nuclear talks in 'stalemate,' says EU foreign policy chief," *Arab News*, September 15, 2022.

[81] U.S. Department of State, Briefing with Senior Administration Officials on the Administration's efforts to advance the free flow of information for the Iranian people, September 23, 2022.

[82] White House, Remarks by President Biden and President Rivlin of the State of Israel Before Bilateral Meeting, Jun

the challenge of Iran's nuclear program militarily, while maintaining that all U.S. options remain available.[83] In March 2023, Secretary of Defense Lloyd Austin said, "President Biden's preference is to explore all diplomatic avenues to ensure that we constrain Iran's progress in this field...And my job as secretary of defense...is to provide the president options if he so desires."[84]

Other Biden Administration courses of action related to Iran include:

- **New sanctions.** The Biden Administration has not exerted any new sanctions authorities but has continued to designate for sanctions Iranian and third-country-based entities pursuant to existing U.S. laws and executive orders. Newly designated entities include individuals involved in oil smuggling networks; IRGC financial facilitators; individuals involved in Iran's UAV programs; an air transportation service provider for its role in shipping Iranian UAVs to Russia for use in Ukraine; and Iran's Morality Police.
- **Military activities.** U.S. armed forces have reportedly struck Iran-related targets in Iraq (June 2021) and Syria (February 2021, June 2021, January 2022, and August 2022) in response to attacks by Iran-backed entities on U.S. forces.[85] U.S. naval forces have interdicted or supported the interdiction of weapons shipments originating from Iran, including in February 2023.[86]
- **Security cooperation with other regional partners.** The Biden Administration has continued the long-standing U.S. policy of bolstering the defense capabilities of U.S. partners in the Gulf through arms sales, including an August 2022 proposed sale of 300 Patriot missiles to Saudi Arabia ($3 billion) and 96 Terminal High Altitude Area Defense (THAAD) missiles to the United Arab Emirates ($2.2 billion).[87] The U.S. military and its partners have also continued to conduct joint military exercises, including some seen as intended to counter Iran.[88]

In its October 2022 National Security Strategy, the Administration laid out its policy toward Iran, stating the United States would "pursue diplomacy to ensure that Iran can never acquire a nuclear weapon, while remaining postured and prepared to use other means should diplomacy fail," and that "we will respond when our people and interests are attacked."[89] The Strategy also states, "we will always stand with the Iranian people striving for the basic rights and dignity long denied them by the regime in Tehran."

28, 2021; Senate Foreign Relations Committee Holds Hearing on US-Iran Policy, CQ Congressional Transcripts, May 25, 2022.

[83] Senate Foreign Relations Committee Holds Hearing on US-Iran Policy, CQ Congressional Transcripts, May 25, 2022.

[84] Secretary of Defense Lloyd J. Austin III Holds a Joint Press Conference with Israeli Defense Minister Yoav Gallant, U.S. Department of Defense, March 9, 2023.

[85] See for example, U.S. Central Command, "Statement regarding precision strikes in Syria," August 23, 2022.

[86] U.S. Central Command Public Affairs, "U.S. Central Command supports partner forces in major Iranian weapons seizure," February 2, 2023.

[87] Defense Security Cooperation Agency Transmittals 22-32 and 22-26, August 2, 2022.

[88] Dion Nissenbaum, "U.S.. Israel send message to Iran with biggest-ever military exercises," *Wall Street Journal*, January 26, 2023.

[89] White House, *National Security Strategy*, October 12, 2022.

# Issues for Congress

## Sanctions

Since 1979, successive U.S. Administrations have imposed economic sanctions in an effort to change Iran's behavior, often at the direction of Congress.[90] U.S. sanctions on Iran are multifaceted and complex, a result of over four decades of legislative, administrative, and law enforcement actions by successive presidential administrations and Congresses.

U.S. sanctions on Iran were first imposed during the U.S.-Iran hostage crisis of 1979-1981, when President Jimmy Carter issued executive orders blocking nearly all Iranian assets held in the United States. In 1984, Secretary of State George Schultz designated the government of Iran a state sponsor of acts of international terrorism (SSOT) following the October 1983 bombing of the U.S. Marine barracks in Lebanon by elements that later established Lebanese Hezbollah. Iran's status as an SSOT triggers several sanctions including restrictions on licenses for U.S. dual-use exports; a ban on U.S. foreign assistance, arms sales, and support in the international financial institutions; and the withholding of U.S. foreign assistance to countries that assist or sell arms to the designee.[91]

Later in the 1980s and throughout the 1990s, other U.S. sanctions sought to limit Iran's conventional arsenal and its ability to project power throughout the Middle East. In the 2000s, as Iran's nuclear program progressed, U.S. sanctions focused largely on trying to pressure Iran to limit its nuclear activities (see **Table 1**). Most of the U.S. sanctions enacted after 2010 were secondary sanctions—essentially denying U.S. market access to foreign firms that transact with major sectors of the Iranian economy, including banking, energy, and shipping. Successive Administrations issued Executive Orders under which they designated specific individuals and entities to implement and supplement the provisions of these laws. United States has also, pursuant to various authorities, imposed sanctions on a number of individuals and entities held responsible for human rights violations.

**Table 1. Select Sanctions Legislation Pertaining to Iran**

| Legislation Name | Public Law Number | Final Votes | Target of Sanctions |
|---|---|---|---|
| The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) | P.L. 111-195, 22 U.S.C. §§8501 et seq. | Conference Report agreed to in the House 408-8 and in the Senate 99-0. | Codifies the U.S. ban on trade with and investment in Iran, first imposed by Executive Order 12959 of May 1995; imposes sanctions on foreign banks that facilitate transactions for Iranian entities. |
| FY2012 National Defense Authorization Act (NDAA) | Section 1245(d), P.L. 112-81, 22 U.S.C. 8513a | Conference Report agreed to in the House 283-136 and in the Senate 86-13. | Imposes sanctions on banks of countries that do not reduce Iran oil imports. |

[90] For details on the legislative bases for sanctions imposed on Iran, see CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by Dianne E. Rennack.

[91] CRS Report R43835, *State Sponsors of Acts of International Terrorism—Legislative Parameters: In Brief*, by Dianne E. Rennack.

| Legislation Name | Public Law Number | Final Votes | Target of Sanctions |
|---|---|---|---|
| Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA) | P.L. 112-158, 22 U.S.C. §§8701 et seq. | Passed in the House 410-11; passed in the Senate with an amendment by voice vote. | Expands sanctions relating to Iran's energy sector; prohibits foreign banks from allowing Iran to withdraw its funds; imposes sanctions relating to Iran's Revolutionary Guard Corps (IRGC) and to human rights violations. |
| Iran Freedom and Counter-Proliferation Act (IFCA) | Sections 1244-1247, P.L. 112-239, 22 U.S.C. §§8801 et seq. | Conference Report agreed to in the House 315-107 and in the Senate 81-14. | Imposes sanctions on transactions with Iran's energy, shipping, and shipbuilding sectors, and banks that conduct transactions with sanctioned Iranian entities. |

**Notes:** Congress grants to the President the authority to terminate most of the sanctions imposed on Iran in CISADA, ITRSHRA, and IFCA. Before terminating these sanctions, however, the President must certify that the government of Iran has ceased its engagement in the two critical areas of terrorism and weapons, as set forth in Section 401 of CISADA, as amended.

**Impact of sanctions**. U.S. sanctions imposed during 2011-2015, and since 2018, have taken a substantial toll on Iran's economy. A UN official, in a May 2022 visit to Iran, said that economic sanctions had increased inflation and poverty, exacerbating overall humanitarian conditions.[92] Some analysts, while agreeing that sanctions have an impact, also have argued that Iran suffers from "decades of failed economic policies."[93] The CIA World Factbook states, "Distortions—including corruption, price controls, subsidies, and a banking system holding billions of dollars of non-performing loans—weigh down the economy."[94]

Sanctions appear to have had a mixed impact on the range of Iranian behaviors their imposition has been intended to curb. As mentioned above, many experts attribute Iran's decision to enter into multilateral negotiations and agree to limits on its nuclear program under the JCPOA at least in part to sanctions pressure. Many other aspects of Iranian policy seen as threatening to U.S. interests, including its regional influence and military capabilities, appear to remain considerable and have arguably increased in the last decade.[95]

Since the reimposition of U.S. sanctions in 2018 and resulting economic pressure, Iran has decreased its compliance with the nuclear commitments of the JCPOA and conducted provocations in the Persian Gulf and in Iraq. Those nuclear advances and regional provocations continued as Iran and the United States engaged with other JCPOA signatories in indirect negotiations around reviving the JCPOA. The reimposition of U.S. sanctions after 2018 may also have contributed to Iran's growing closeness to China (with which Iran signed a March 2021 agreement to deepen economic and security ties)[96] and Russia. Following Russia's invasion of

[92] Golnaz Esfandiari, "Visit to Iran by controversial UN rapporteur provokes concerns," *RFE/RL*, May 13, 2022; Amir Vahdat, "UN envoy: US sanctions on Iran worsen humanitarian situation," ABC News, May 18, 2022.

[93] Anthony Cordesman, "The Crisis in Iran: What Now?" Center for Strategic and International Studies, January 11, 2018.

[94] CIA World Factbook, "Iran," updated September 28, 2022.

[95] See, for example, "New report reveals extent of Iran's growing Middle East influence," *Al Jazeera*, November 7, 2019; Ariane Tabatabai et al., "Iran's Military Interventions: Patterns, Drivers, and Signposts," RAND Corporation, 2021; David Gardner, "Curbing Iran's regional ambitions remains a distant hope for the west," *Financial Times*, June 10, 2021; Philip Loft, "Iran's influence in the Middle East," House of Commons Library (UK Parliament), March 23, 2022.

[96] "China, With $400 Billion Iran Deal, Could Deepen Influence in Mideast," *New York Times*, March 27, 2021.

Ukraine in early 2022, Russia and Iran—both under U.S. sanctions—have explored expanding bilateral and energy cooperation.[97]

As part of its oversight responsibilities and to better inform legislative action, Congress has directed successive Administrations to provide numerous reports on a wide array of Iran-related topics, including U.S. sanctions. In FY2022 legislation, they include reports on the "status of United States bilateral sanctions on Iran" (§7041(b)(2)(B) of FY2022 Consolidated Appropriations Act, P.L. 117-103) and the impact of sanctions on various Iranian entities and Iran-backed groups (§1227 of the FY2022 National Defense Authorization Act, P.L. 117-81). Congress has also held numerous hearings focused primarily or in part on U.S. sanctions on Iran.

## Oversight of Nuclear Talks/Agreement

Congress has sought to influence the outcome and implementation of international negotiations over Iran's nuclear program. In 2015, Congress enacted the Iran Nuclear Agreement Review Act (INARA, P.L. 114-17), which mandates congressional review of related agreements and provides for consideration of legislation to potentially block their implementation.[98]

Among other provisions, INARA directs the President to submit to Congress within five calendar days of reaching "an agreement with Iran relating to the nuclear program of Iran" that agreement and a certification that it meets certain conditions, such as that the agreement ensures that Iran will not be permitted to use its nuclear program for military purposes. It also provides Congress with a 30-day period following transmittal to review the agreement, during which the President may not waive or otherwise limit sanctions; if Congress enacts a resolution of disapproval during that period, the executive branch may not take any "action involving any measure of statutory sanctions relief."

Indirect negotiations over potentially reviving the JCPOA (see above) have implications for INARA. The Biden Administration would likely be required to report any JCPOA amendments to Congress, triggering the congressional review process described above, but it remains unclear whether reentering the JCPOA would do so.[99] For their part, Biden Administration officials have stated publicly that they are "committed to ensuring the requirements of INARA are fully satisfied" without engaging on the question of whether they would submit a hypothetical agreement for congressional review.[100] Many observers consider it likely that deal opponents would be able to muster majorities against a potential agreement but would again fall short of veto-proof majorities to block its implementation, as they did in 2015.[101]

Some in Congress who oppose Biden Administration efforts to revive the JCPOA have indicated that they might use INARA to block or at least complicate a potential future agreement. Several dozen senators wrote to President Biden in March 2022 urging him to submit any agreement for congressional review expressing opposition to any agreement that does not constrain Iran's

[97] "Russia's Lavrov in Iran to Discuss Nuclear Deal, Cooperation," *Reuters*, June 22, 2022.

[98] For a legislative history of INARA, and the several votes taken in Congress that demonstrated opposition to the JCPOA but failed to block its implementation, see CRS Report R46796, *Congress and the Middle East, 2011-2020: Selected Case Studies*, coordinated by Christopher M. Blanchard.

[99] CRS Report R46663, *Possible U.S. Return to Iran Nuclear Agreement: Frequently Asked Questions*, by Kenneth Katzman et al.

[100] State Department Press Briefing, March 16, 2022.

[101] See, for example, Dan De Luce, "Biden is betting Republican senators lack votes to derail revival of Iran nuclear deal," *NBC News*, March 2, 2022; Patricia Zengerle and Arshad Mohammed, "Analysis: U.S. Congress may squawk over a new Iran deal but is unlikely to block it," Reuters, February 17, 2022.

nuclear program, its ballistic missile activities, and its support for international terrorism.[102] In the 117th Congress, some Members also introduced legislation related to Iran's nuclear program.[103] Other Members issued public statements or introduced legislation in support of the Biden Administration's diplomatic efforts to revive the JCPOA.[104] In the 118th Congress, legislation directly relating to Iran's nuclear program has been relatively limited to date.

# Outlook

A vigorous protest movement shook the Islamic Republic in fall 2022. Although visible unrest diminished in early 2023, protests could resurge in the near future, and Iran remains beset by economic challenges that are at least partly a result of wide-ranging U.S. sanctions. At the same time, Iran's regional influence remains considerable, and its growing ties with China and Russia could benefit Iran's economy, military capabilities, and regional relationships. Looming over all of these domestic and foreign policy developments are Iran's nuclear activities, which have advanced in recent years.

Together, these dynamics pose a complex challenge for U.S. policymakers and Congress, which has long played an active role in overseeing U.S. policy toward Iran. The Biden Administration and many in Congress express support for demonstrators, but the United States' ability to support the right of Iranians to protest, or to aid the protesters in achieving their various objectives, appears limited. To counter Iran's strategic clout, the United States has sought to marshal regional opposition to Iran and isolate Iran on the world stage. Despite some successes on both fronts, Iran remains diplomatically engaged with many of its neighbors, including some U.S. partners, and the lack of U.S. relations with Tehran precludes direct U.S. involvement in those diplomatic engagements.

It is unclear how the 2023 agreement between Iran and Saudi Arabia may affect the likelihood of a revival of JCPOA negotiations. On the one hand, Iranian leaders may calculate that, given deeper ties with countries like China and Russia, they may not need the U.S. sanctions relief that an agreement to limit their nuclear program would secure. On the other hand, the re-establishment of relations with Saudi Arabia could possibly signal the beginning of a shift towards a policy of greater re-engagement. Following the agreement, an IRGC-affiliated media outlet reportedly stated, "The agreement with Saudi Arabia might pave the way for resolving the deadlock over the revival of the Joint Comprehensive Plan of Action (JCPOA)."[105]

Beyond the limitations of existing U.S. policy tools, a number of other factors may influence congressional views of, and action toward, U.S. policies regarding Iran, including:

[102] "49 Senate Republicans tell President Biden: An agreement without broad congressional support will not survive," Senator James M. Inhofe, March 14, 2022.

[103] Such measures include legislation to condition potential U.S. entry into an agreement on IAEA inspectors having full access to Iranian nuclear facilities (H.R. 1203); on the Administration's commitment to submit the agreement for approval by the Senate as a treaty (S. 1205/H.R. 1479); or on the President's submission of the agreement as a treaty (S. 2030). Other proposed measures would have created congressional review and disapproval procedures similar to those of INARA for the lifting of any sanctions on Iran (S. 488/H.R. 1699).

[104] See, for example, S. 434 and Senator Chris Murphy, "Murphy: After four years of failed maximum pressure in Iran, we know we're better off with a nuclear agreement," September 22, 2022.

[105] "Deal With KSA May Facilitate Return To Nuclear Deal, Iran Media Say," Iran International, March 14, 2023.

- A lack of detailed, current information about dynamics within Iran, at least partially a result of the absence of U.S.-Iran diplomatic relations. No Members of Congress or congressional staff appear to have visited Iran since 1979.[106]
- The historical legacy of animosity between the United States and Iran, particularly the U.S. embassy hostage crisis of 1979-1981 and subsequent Iranian government support for terrorism and attacks on U.S. military personnel in the Middle East.
- The large, diverse, and politically active Iranian diaspora community.

In seeking to understand Iran and to shape U.S. policy, potential questions that Members of Congress may consider include:

- What are the ultimate goals of U.S. policy toward Iran? What U.S. policy approaches have been most and least successful in moving toward those goals?
- How secure is the position of Supreme Leader Khamenei? Who might succeed him? What other factions or power centers exist within the Iranian political system and how might they influence leadership succession and future regime policy?
- To what extent did protests in fall 2022 and early 2023 represent a threat to regime stability? How did they compare with similar periods of unrest in Iranian history? What are the goals of the current protest movement and how likely are they to achieve those goals? What, if anything, can the United States do to support them?
- What are Iran's regional aims, and what do they need to achieve them? What additional assets/capabilities do U.S. partners need to counter Iran? What are the implications of diplomatic engagement and economic ties between Iran and U.S. regional partners for U.S. interests?
- Why has Iran provided Russia with weaponry for use in Ukraine and how has their partnership impacted Iran and its other bilateral relationships? What drives the deepening Iran-Russia relationship and should the United States and its partners seek to impede it?
- Why has Iran increased its nuclear activities and what is the ultimate purpose of the program? What additional steps would Iran need to obtain a nuclear weapon and how can the United States and partners prevent that? What might be the implications of Iran's obtaining a nuclear weapon for Iran's broader foreign policy, regional stability, and other U.S. interests?
- What was the impact of the JCPOA on Iran's nuclear program, Iran's regional activities, domestic politics in Iran, and U.S.-Iran relations overall? What was the impact of the U.S. withdrawal from the JCPOA?
- What are the arguments for and against attempting to rejoin the JCPOA? Given changes on both sides since 2015, is reviving the accord feasible? What alternative arrangements, if any, might meet the U.S. goal of securing limits on Iran's nuclear activities?

[106] Some Members of Congress have visited other countries without a U.S. embassy such as Syria (in 2017), Cuba (in 2009), and North Korea (in 2003).

## Author Information

Carla E. Humud
Analyst in Middle Eastern Affairs

Clayton Thomas
Specialist in Middle Eastern Affairs

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