

Iran and Its Neighbors: Regional Implications for U.S. Policy of a Nuclear Agreement

Dear Fellow Citizens,

As a group of former officials of the United States government and professionals in the field of U.S. national security, we support the publication of *Iran and Its Neighbors: Regional Implications for U.S. Policy of a Nuclear Agreement.* We applaud its authors and their goal of contributing an objective, nonpartisan analysis to a complex and important discussion. While some of us made contributions, we do not necessarily agree with every judgment or with each of the recommendations for U.S. policy.

We associate ourselves with this report in the hope that it will contribute to an informed debate on critical challenges to American interests. We also believe that it is consistent with President Obama's policy of trying to reach a diplomatic solution to limiting Iran's nuclear program and achieve greater stability in the Middle East through diplomatic and other efforts, without the large-scale use of American military force.

This report takes a balanced, fact-based approach, to form a strategic analysis of the challenges and opportunities for U.S. policymakers in the Middle East following a comprehensive nuclear agreement with Iran. It is similar to the last publication of The Iran Project, *Strategic Options for Iran: Balancing Pressure with Diplomacy*, in that it seeks to look forward and make recommendations for U.S. policy for the region around Iran. As suggested in the prior work, the conclusion of a nuclear agreement could lead to a wider discussion on issues of interest to the United States and Iran. This new document is an effort to lay the groundwork for a wider discussion of U.S. strategic thinking for the Middle East.

Given the report's forward-looking nature and the rapidly developing changes in Iran's part of the world, particularly the emergence of the Islamic State or ISIS, some of the analysis and policy recommendations may be out of date by the time of publication. The Iran Project chose to go forward knowing that significant change is likely to continue in that region for many years and perhaps decades.

We commend this publication to the American public because it sheds light on sectarian divides and ethnic tensions; the complex interaction of nationalism, terrorist action, and humanitarian disasters; and the impact of petroleum riches on the politics of the region. Abraham Lincoln said, "I am a firm believer in the people. If given the truth, they can be depended on to meet any national crisis. The great point is to bring them the real facts." This report tries to bring some of the facts about an unusually complex and violent region to the American people; and provide thoughts on how the U.S. might contribute to a more stable era.

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Any successful strategy...needs strong regional partners. I'm encouraged so far that countries in the region, countries that don't always agree on many things, increasingly recognize the primacy of the threat that ISIL [ISIS] poses to all of them.

President Barack Obama, August 2014

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Misery acquaints a man with strange bedfellows -

William Shakespeare, The Tempest

Iran and its Neighbors: **Regional Implications for U.S. Policy** of a Nuclear Agreement

A Paper from The Iran Project

This fourth report of The Iran Project¹ looks beyond the diplomatic, economic, and military aspects of the nuclear issue—the subjects of previous publications—to examine Iran's relations with its neighbors, and the possibility that a nuclear agreement could increase American leverage in the region. The nuclear issue has loomed so large for so long that it has heavily influenced how many see Iran. Resolving this problem would settle a matter important in its own right and open up opportunities for U.S. policy.

A comprehensive agreement on Iran's nuclear program will be a catalyst for change in the ever-turbulent Middle East. The United States has vital national interests at stake throughout the region and will need to develop strategies to face the latest threats to its security. This may involve new forms of cooperation—even with unusual bedfellows. Each player involved will react differently to a nuclear accord, which will in turn affect overlapping and diverging interests with Iran. This report examines these dynamics and the implications they will have for American policy in both the short and long term.

The authors of this report and the national security experts who endorse its overall findings and recommendations share a number of broad understandings that have guided the analysis. We recognize that Iranian policy and actions present serious challenges to American interests and are of high concern to Israel, the Gulf States, and others. Distrust of Iran's intentions in developing a large-scale nuclear program has contributed to the sanctions that the United States and other nations have imposed. We remain firmly against any effort by Iran to develop nuclear weapons and recognize that even reaching a comprehensive agreement in the current negotiations does not fully guarantee this outcome. We are persuaded, however, that concluding an agreement that imposes severe restrictions on Iran's nuclear activities and establishes a comprehensive and continual monitoring and verification program is the most effective means of reducing the risks that Iran could acquire nuclear weapons.

¹ Previous Iran Project reports include: Weighing the Benefits and Costs of Military Action Against Iran, September 2012; Weighing the Benefits and Costs of International Sanctions Against Iran, December 2012; and Strategic Options for Iran: Balancing Pressure with Diplomacy, April 2013, all found at www.theiranproject.org

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This report has been prepared amid events that suggest a tectonic shift in the Middle East. The successes of the Islamic State of Iraq and Syria (ISIS) threaten the unity of Iraq, exacerbate violence in Syria, and compound the already grave humanitarian crisis in the region. The severe unrest and current violence against Kurds in Iraq has increased pressure to establish a separate state of Kurdistan and has further complicated Turkey's relations with Iraq, Syria, and Iran. The rise of ISIS has reinforced Iran's role in support of the government in Iraq and raises the possibility of U.S.-Iran cooperation in stabilizing Iraq even before a nuclear agreement is signed. The intensification of Shi'ite-Sunni violence underlines the importance for the United States not siding with, nor appearing to side with, either party in this intensifying sectarian conflict. Additionally, as the United States withdraws from Afghanistan, it will need regional partners (such as Iran) to strengthen that country against a violent future.

We do not suggest that a nuclear agreement is the only event that will spark new relationships in the Middle East. Nor are we arguing that it is essential to reach agreement in order that discussions can take place with Iran on other vital regional problems. We do believe, however, that there is a strong link between settling the nuclear standoff and America's ability to play an effective role in a rapidly changing Middle East, and that a nuclear agreement will help unlock the door to new options.

The United States is the only outside power with the interest, leverage, and capacity to play a leading role in the region. It stands to reap more benefit than any other outside power from new patterns of cooperation. It will also bear the heaviest burdens if it contributes unwittingly to further deterioration of this troubled area because it misunderstood or did not appreciate a fresh dynamic.

A tough-minded assessment of priorities is more important than ever. A comprehensive nuclear agreement would enable the United States to perceive those priorities without every lens being colored by that single issue. Talking with Iran and coordinating strategies with it against ISIS are critical steps to making progress. While it is clear that discussions alone will not bring about agreement on common action, the opportunity to work through differences diplomatically could help in understanding whether other cooperative efforts are possible in the region. Such changes in the hostile relationship between the United States and Iran would unfold over several years and would depend on how Iran adjusts as it slowly emerges from its present status as an international pariah. Should it fail to honor its obligations under a nuclear accord, a quite different scenario would arise.

The talks between Iran and the permanent members of the United Nations Security Council plus Germany (P5+1) produced an important interim agreement, the Joint Plan of Action (JPOA), in November 2013. Under the terms of the JPOA, Iran has taken significant steps to interrupt the advance of its nuclear program, has complied with its commitments to reduce stockpiles of enriched uranium, and is now poised to grant greatly increased access and monitoring for many years ahead. Agreement to strict long-term limits to its nuclear activities and intrusive inspections would clarify that Iran is serious. Moreover, a substantial period of more open engagement with the world would increase Tehran's economic and political stake in upholding the agreement.

If the leaders of the United States and Iran are prepared to take on their domestic political opponents' opposition to the agreement now taking shape, then their governments can turn to the broader agenda of regional issues. Failure to sign an accord could have dangerous consequences: Iran's eventual acquisition of a nuclear weapon, a greatly reduced chance of defeating major threats elsewhere in the region, and even war.

This report differs from its predecessors in that it is more forward-looking, and necessarily includes some speculation. We have nonetheless sought to provide a balanced analysis and to make our judgments fact-based, as reflected in extensive footnotes. Our analysis and recommendations are informed by some of the leading experts in the field, several of whom prepared early drafts of the report.

HIGHLIGHTS FROM THE PAPER

ESSAYS ON IRAN'S SEVEN NEIGHBORS, NON-STATE ACTORS, ON ENERGY AND ON THE UNITED STATES' MILITARY PRESENCE

The policies toward Tehran in many states in the region are shaped at least as much by their relations with Washington as they are by differences with Iran. For several states, ties with the United States are the most important they have, and cannot be divorced from other considerations. Some of these states believe that an improvement in U.S.-Iran relations might help fashion their own rapprochement with Tehran. Others, such as Israel, fear and oppose any form of U.S.-Iran cooperation. However, over time, an Iran that is more integrated into the world community might have a stronger reason to pursue its interests through legitimate means rather than covert or illegal routes.

Iran will find it difficult to resolve all the issues with its neighbors, yet it could eventually function as one of several poles in a multipolar Middle East, each of which would present elements of conflict with the United States as well as elements of potential cooperation.

This report contains individual essays on the relations Iran has with seven of its neighbors, in which we seek to convey how these relations might evolve after a nuclear agreement. Every chapter includes an analysis of both sides of each relationship and the policy shifts that might be anticipated. We have tried to be scrupulous in presenting what we believe Iran and each of its neighbors think and how they approach each other. Also in this section are essays on Iran's relations with key non-state actors, on energy, and on the U.S. military presence in the Gulf. We believe that these ten essays set the stage for the recommendations for U.S. policy that follow.

Recommendations for U.S. policy.

This is a summary of the report's recommendations based on our analysis contained in the foregoing essays.

Talks with Iran. The United States must make every effort to negotiate a comprehensive nuclear agreement that limits Iran's enrichment of uranium and production and separation of plutonium in line with civilian purposes and provides for comprehensive inspection and monitoring of that program.

Assuming the successful completion of negotiations, the US should develop a comprehensive strategy for dealing with Iran on a wide range of regional issues. The U.S. and its friends and allies should follow a two-track approach of pressure and incentives. While maintaining a watchful eye on Iran's compliance with a readiness to bring pressure when needed, the United States and others should promote trade, investment, and other forms of cooperation that will encourage Iran to adhere to its commitments. The U.S. must also maintain robust military cooperation with Israel and the Gulf States.

After a nuclear agreement is reached, the United States should enter into regular discussions with Iran, which should include all outstanding questions. Although initially trust will be low, such discussions will be essential to determine the degree of possible cooperation.

Regional Cooperation against terrorist groups. A challenge for the U.S. will be to cooperate with nations in the region against terrorist threats without appearing to take sides in the Sunni and Shi'a conflict. The degradation and defeat of ISIS presents an opportunity for America to work even handedly with the

nations of the region to achieve a common goal. Cooperation with Iran would thus take place within a larger regional grouping that should include the Gulf States and Turkey in addition to the Government of Iraq. After an agreement, the U.S. should test whether Iran would collaborate on exchanges of information about ISIS and to discuss possible cooperation in direct action. However, even before an agreement is signed, given that the U.S. has publicly stated that it will not engage with Iran on such an effort, it may be necessary to explore such possibilities indirectly through intermediaries in the Iraqi government. None of these efforts with Iran for a common cause would negate or eliminate U.S. concerns about Iran's relations with and support for other organizations that have used terrorist tactics. The U.S. should make clear in any talks with Iran that it opposes Iran's support for terrorism including Hezbollah and Hamas actions against Israel.

Iraq. The United States should seek to work with all the nations that border Iraq to preserve it as a unitary state. Partition of the Sunni, Shi'ite, and Kurdish regions in Iraq will almost certainly lead to future conflict and ethnic cleansing, as well as disrupt the stability of other nations, including Lebanon and Jordan. After an agreement, the United States should encourage Iran to continue to press Baghdad on reconciliation, a more inclusive government, equitable treatment for all Iraqis, and the institution of extensive reforms. It should also seek ways to complement U.S. training and strikes by air and Special Forces against ISIS strongholds.

Syria. Since there is no military solution to the Syrian civil war the U.S. should develop a political strategy that could achieve short-term humanitarian objectives leading toward a long-term solution combined with steps that could defeat ISIS in their home bases in Syria. After a nuclear agreement, the United States should consult with the United Nations and with other states to convene a Geneva III meeting, with the aim of achieving immediate humanitarian aid, a cease-fire in western Syria and a long-term solution to maintain Syria as a unitary state. The constitution would guarantee civil and legal rights for its citizens and at some point internationally-supervised elections. In such a process, the United States should seek the participation of Saudi Arabia, Russia, Iran, Turkey, and representatives of the moderate Syrian opposition. The inclusion of Iran would be a crucial addition that would increase the possibility of success. Now that Assad has begun to direct his military might against ISIS he should also be invited. Without these key players, especially Iran and the Syrian government, another international meeting would be fruitless.

Afghanistan. The United States should set a high priority on developing broad international support for Afghanistan's transition to new leadership. In managing the period after U.S. forces depart, the emphasis should be on assuring the country's security, territorial integrity, and economic growth. Iran can play a critical part and, with the

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cooperation of America, be brought in as a full partner. Coordinating strategies could take the form of a trilateral working group of Iranian, Afghan, and American representatives.

Israel. Washington will have to make an extraordinary effort with Israel and its many supporters in the U.S. Congress to dampen hostility and promote acceptance of a nuclear agreement. The United States will need to persuade senior Israeli officials that an agreement will increase their country's security. It will also have to address their desire for advanced weaponry and defense equipment, and to convince Tel Aviv that, should Israel decide to attack Iran while the nuclear agreement is being implemented, this will be opposed by the United States.

Turkey. America should mount a diplomatic effort with Turkey to prepare for the period after the nuclear agreement and seek its help in encouraging Iran to play a constructive role. With the lifting of sanctions, renewed trade between Iran and Turkey could provide early benefits to both countries. The historic rivalry between the two countries would suggest that Turkey is not likely to become an ally of Iran, but it could still work with Tehran on such critical problems as defeating ISIS, building a stable and integrated Iraq, and addressing the future of the Kurds.

U.S. military presence. The United States should maintain an appropriate-sized force in the Gulf. While the draw down of American troops in Afghanistan will require less military support from Gulf facilities, a presence in the region would still be needed to meet other contingencies, including the possibility of increased action against ISIS, and to assure the Gulf States of America's commitment to their security.

Saudi Arabia and Gulf States cooperation. The United States should look toward a reduction of tensions across the Gulf after a nuclear agreement. Specifically, it should: reassure the Saudis and other Gulf States of the continued presence of U.S. forces; urge all of the Gulf States to help Sunnis in Iraq and Syria to oppose ISIS: and encourage greater cooperation among the Gulf States, particularly in the areas of petroleum, natural gas, and other commercial trade. The United States will need to undertake a strenuous effort with the Saudi ruling family to assure it of America's continuing good relations and of the benefits a nuclear agreement could bring.

Energy. Following an accord, the United States and its European allies should encourage the development of Iran's vast energy resources, particularly natural gas, to ease Europe's heavy dependence on Russia. The U.S. should also promote the expansion of energy interconnectivity through pipelines and electricity grids, and cross-border projects in the region. Such cooperation will not eliminate conflict from the Gulf, but shared interests in peaceful, reliable, and profitable energy markets could become a cornerstone of new intra-regional relations.

ALTERNATIVE STRATEGY AFTER A FAILURE TO REACH AN AGREEMENT

Should a nuclear agreement not be reached, the United States should prepare itself for a sustained confrontation with Iran and realize that, far from being a partner, it would more likely become an even greater obstacle to American interests. Failure in negotiations would lead Congress, probably with the support of the administration, to increase sanctions. The immediate consequence could be a failure to get many other nations to remain committed to the sanctions regime.

Without an agreement, it is unlikely that the existing Iranian government or its replacement would have the authority or desire to agree to collaborate over other U.S. objectives in the region—Iraq, ISIS, Syria, and Afghanistan. Iran's reaction to the renewal of sanctions would probably be to build its nuclear program with renewed conviction in America's assumed interest in regime change. Tehran might make the decision to build a nuclear weapon, calculating that hostility from the United States was inevitable and unending, and that what Iran most needed was a deterrent against possible military attack. This environment could lead the United States and Israel to threaten military strikes, with the probability of war, either deliberate or inadvertent.

A further consideration is that, if the Rouhani government failed to reach a nuclear agreement and relieve sanctions, then the conservatives in Tehran would return to dominate the thinking and actions of the Supreme Leader, resulting in a more reactionary, more corrupt, and poorer government more likely to violate the rights of its citizens.

Whether negotiations fail will depend on the negotiating behavior of both sides. But failure will likely have a far-reaching negative impact and inhibit America's ability to be strategic in managing the challenges and threats to its interests throughout the Middle East over the next decade and beyond.

This summary cannot do justice to the months of study that have gone into preparing what follows, or to the rigor of the research and analysis that buttress its conclusions. We have tried to provide an accurate assessment of each country's relations with Iran and how dynamics might change after an agreement on Iran's nuclear program. Despite the challenges entailed, we remain persuaded that such an accord will call for a restructuring of U.S. policy in the region. We believe the facts, professional judgments, and recommendations that we have assembled will stimulate the informed debate and reflection necessary for successful decision-making.

International politics is no longer a zerosum game but a multi-dimensional arena where cooperation and competition often occur simultaneously.... World leaders are expected to lead in turning threats into opportunities. \blacksquare

Iranian President Hassan Rouhani, September 2013

Introduction

1. Overview

This fourth report of The Iran Project¹ looks beyond the diplomatic, economic, and military aspects of the nuclear issue—the subjects of previous surveys—to examine Iran's relations with its neighbors and especially how those relations might evolve after a comprehensive agreement. In fact, the real reward of a nuclear agreement with Iran may well be significantly greater American leverage in the Middle East's many crises.

The nuclear issue has loomed so large for so long that it has heavily influenced how many see Iran, has shaped and limited Tehran's role, and has constrained America's ability to handle other regional questions. This is now changing. Resolving the problem of Iran's nuclear program would both settle a matter important in its own right and open up diplomatic opportunities throughout the Middle East.

We do not suggest that a nuclear agreement is the only event that will spark new relationships. Nor are we arguing that it is essential to reach agreement in order that contacts with Iran can take place on other vital aspects of U.S. security. We do say, however, that there is a strong link between settling the nuclear standoff and America's ability to play a role in a rapidly changing Middle East, and that a nuclear agreement will be a catalyst for setting U.S. priorities in the region.

We have decided to publish this report amid events that suggest a tectonic shift in parts of the Middle East. The successes of the Islamic State of Iraq and Syria (ISIS) threaten the unity of Iraq. In addition, the severe unrest in Iraq has contributed to the possible emergence of a separate state of Kurdistan, which in turn has affected Turkey's relations with the region. The rise of ISIS has also opened the door to an expanded role for Iran in support of the Shi'a majority government in Iraq; a new type of U.S.-Iran relationship even before a nuclear agreement is signed; and the intensification of Shi'ite-Sunni violence.

The occupation of large territory by ISIS has been a significant new challenge for Iran, most of its neighbors, and for the United States. The need to stop ISIS and other terrorist groups is an added reason for the United States to think about new strategies, including ways to work with Iran. Such discussions have been difficult without a nuclear agreement and will be much more so should negotiations break down.

¹ Previous Iran Project reports include: Weighing the Benefits and Costs of Military Action Against Iran, September 2012; Weighing the Benefits and Costs of International Sanctions Against Iran, December 2012; and Strategic Options for Iran: Balancing Pressure with Diplomacy, April 2013, all found at www.theiranproject.org

I. INTRODUCTION I. INTRODUCTION

In the same way, a failure to reach agreement would constrict the potential for U.S.-Iran cooperation in Afghanistan. Iran and the United States are the only nations in the region that share a strong interest in establishing a secure Afghanistan and in obstructing a Taliban return to power. As the United States withdraws its forces there, it will need partners, such as Iran, to strengthen Afghanistan against a violent future. A hard-thinking assessment of priorities is more important than ever. A comprehensive nuclear agreement would enable the United States to perceive more clearly how to set those priorities without every lens being colored by that single issue. Talking with Iran, and coordinating strategies with it against ISIS and other extremist groups, is essential. We need to develop relationships with whomever we can work, even if at first blush some partners may appear strange bedfellows.

Significant changes in the long hostile relationship between the United States and Iran would unfold over several years and would depend on how Iran, slowly emerging from its position as an international pariah, adjusted. Should it fail to comply with its commitments, a quite different scenario would develop. Iran's response will depend in turn on the policies of other nations, including the extent to which threats or positive incentives are used to enforce full compliance and to influence Tehran generally.

The talks between Iran and the permanent members of the United Nations Security Council plus Germany have stayed on track since the November 2013 Joint Plan of Action (JPOA). Since then, Iran has taken considerable steps to interrupt the advance of its nuclear program, has complied with all its commitments, and is now poised to grant greatly increased access and monitoring for many years ahead. Such severe limits and intrusive inspections would help clarify that Iran is serious about wanting a deal the United States can live with. Moreover, a substantial period of more open engagement with the world would increase Iran's economic and political stake in continuing to uphold the agreement.

A major issue in the negotiations has been the size and scope of Iran's nuclear program going forward. Given the progress already made, the resolution of remaining differences is down to the American President and Iran's Supreme Leader. If these two leaders are prepared to take on their domestic oppositions to achieve the agreement now taking shape, then their governments can turn more effectively to the broader agenda of the region. Failure could have dangerous consequences: Iran's eventual acquisition of a nuclear weapon, a greatly reduced chance of defeating major threats elsewhere in the region, and even war.

2. Shared Understandings

The authors of the report brought to their task many shared understandings that provided our diverse group with a common perspective, namely:

- ▶ This report focuses on U.S. policy implications involving Iran and other countries in the Middle East. We have decided to publish despite the fact that events are moving so quickly that some of what we say may be out of date by the time we go to print. We do not address outside states beyond the scope of the nuclear negotiations themselves, but we recognize that countries such as Russia, China, and nations within the European Union (who are involved in nuclear negotiations) as well as India and Pakistan—have a stake in the Middle East and varying degress of influence there. However, the nature of their engagement is beyond our immediate scope, mentioning them only as appropriate.
- ▶ We recognize, as in our previous reports, that Iran's policies represent a serious challenge to U.S. interests and are of high concern to Israel, the Gulf States, our European allies, and others. Iran bears substantial responsibility for the mutual hostility that characterizes relations between our two countries. Distrust of Iran's intentions in developing a largescale nuclear program has contributed to the sanctions that the United States and other nations have imposed on Iran.
- ▶ We oppose Iran's obtaining a nuclear weapon and recognize that reaching a comprehensive nuclear agreement does not make achieving this goal by any means certain. We hold, however, that a comprehensive agreement that both caps and rolls back key elements of the program and increases intensive monitoring provides the best means of reaching our common objective: the prevention of Iran becoming a nuclear weapons state.
- ▶ We believe that the opportunities for collaboration with Iran that we describe in this report should not lead the United States to sign a bad accord. On the contrary, the United States must reach a good agreement, as a forerunner to the type of cooperation we would hope is possible thereafter. We do not discuss the details of such an accord since these issues are being intensely negotiated now and because the ultimate decision on its contents will require the decision of the President of the United States (and his P5+1 colleagues) and the Supreme Leader of Iran.
- ▶ Even after an accord is reached, many reasons remain to be concerned about Iran. The United States must maintain a watchful eye. Yet, in the past year, Iran's government has demonstrated a strong interest in reaching a nuclear agreement. Thus far, it has complied fully with the commitments it made under the November 2013 JPOA to limit its nuclear program and make it more transparent. Direct talks and communication with Iranian officials have been more productive than thought possible after such a long history of deep distrust.

▶ We are also concerned that even if an agreement is signed, there will remain considerable opposition in Iran and the United States to implementing it. President Rouhani faces internal criticism from political and religious leaders who maintain deep distrust of the United States, from powerful individuals who have profited from the imposition of sanctions, and from leaders who have significant political stakes in the failure of the current government. In the next several months, President Rouhani will need to fight off opposition and convince Iran's Supreme Leader that a nuclear agreement offers the best opportunity to restore the economic well-being of Iran. President Obama also faces obstacles at home flowing from longstanding American distrust and the 35 years of opposition to any dealings with Iran. The President also has to manage the entrenched repugnance from Israel and from many members of Congress deeply skeptical of Iran who believe that ever more pressure will eventually lead Iran agree to all U.S. demands, including the suspension of all uranium enrichment. In view of these and other factors, U.S.-Iranian relations will remain tense.

▶ Nonetheless, we believe that reaching a comprehensive agreement will serve many purposes: to prevent Iran from acquiring a nuclear weapon, reduce the fear that distorts relations between Iran and its neighbors, enhance the security of Israel, bolster U.S. nonproliferation efforts, and open up opportunities to work with Iran on regional problems of mutual concern.

3. How to Read The Report

This report differs from its predecessors in that it is more forward-looking; it necessarily includes some speculation. We have nonetheless sought to provide a balanced analysis and to make our judgments fact-based, as reflected in extensive endnotes. Our projections are informed by some of the leading experts in the field, several of whom prepared early drafts of the report.

Our basic assumption is that Iran and the P5+1 will reach an agreement that places substantial restrictions on Iran's nuclear program in return for relief from sanctions. There is the possibility that no settlement will be reached or that an accord is signed but not complied with, but we believe that each side wants a settlement. What will finally be agreed to cannot be known for sure until a text is made public; but the changed patterns of regional relationships will depend less on those details and more on the fact that a binding agreement has been made that defines a new role for Iran in the world.

The participants in the P5+1 talks decided to concentrate on the immediate issues of the nuclear program and sanctions in the belief that broadening the agenda would complicate negotiations.

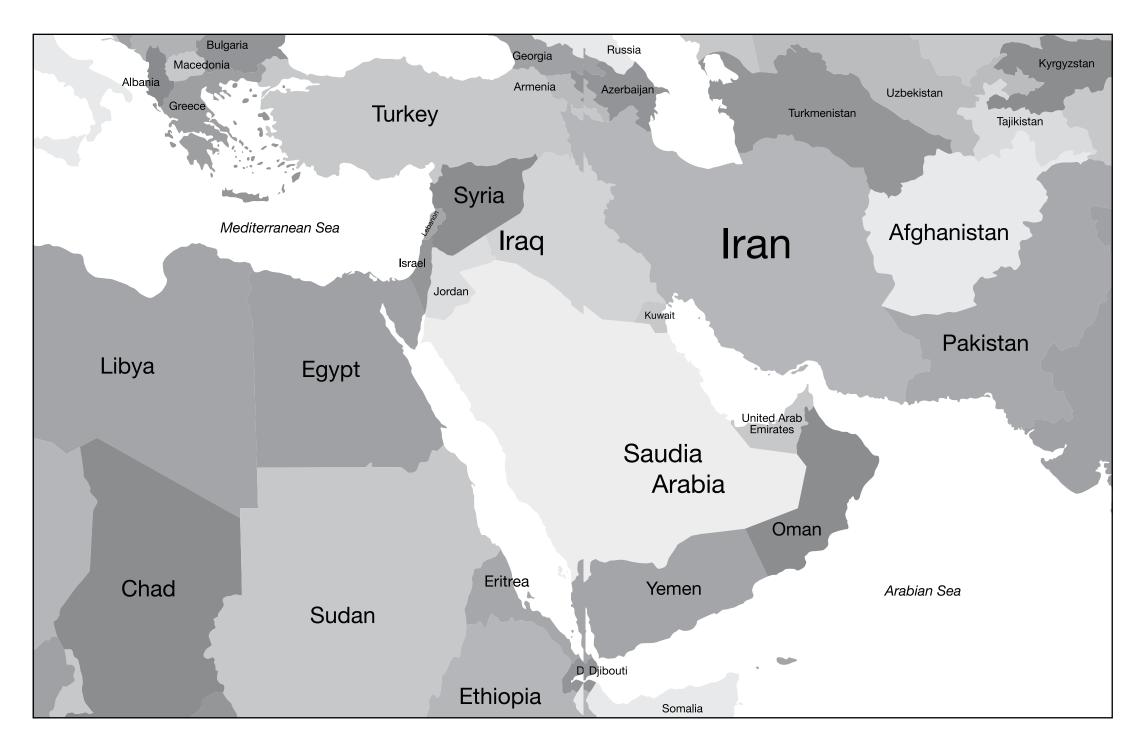
Our main subject is relations within the region itself, and we have chosen not to write specifically about the role of outside powers, mentioning them only as appropriate.

This does not examine in detail such issues as regional arms control, the Israeli-Palestinian peace process, or peacemaking in individual conflicts such as in Iraq and Syria, although these and other issues will be touched on. Our emphasis throughout is on identifying what would or would not change in regional politics as a result of an accord.

Part II contains separate essays on the relations Iran has with its neighbors. Every chapter includes an analysis of both sides of each relationship and the policy shifts that might be anticipated after a nuclear agreement has been reached and in view of the ongoing advances of ISIS. We have tried to be scrupulous in presenting what we believe Iran and its neighbors think and how they approach each other. Also in this section are specific essays on non-state actors; on energy; and on the U.S. military presence in the Gulf.

Part III provides specific policy recommendations for the future.

Iran and Its Neighbors



In this troubled world, the chance does not often arise to reach an agreement peacefully that will meet the essential and publicly-expressed needs of all sides, make the world safer, ease regional tensions and enable greater prosperity.

Secretary of State John Kerry, June 2014



Iran and Its Neighbors

Relations between Iran and other countries in the Middle East have been in transition ever since Iran's 1979 revolution. They have been affected by the awakening of Shi'ite communities in the region; the end of Taliban rule in Afghanistan; the increase in U.S. military forces in the Gulf; the mounting regional concern over Iran as a potential nuclear power; the reemergence of sectarian violence, particularly in Syria and Iraq; and the emergence of ISIS as a formidable force. Following a nuclear agreement, a number of factors will delay any impact on the region. In particular, some Middle Eastern states with which the United States has traditionally had close relations are likely resist new arrangements. Moreover, other issues, such as human rights and relations with groups that have espoused terrorism, will still be present. We do not deal with the problems that are certain to arise from Iranian and American political opposition groups within each country.

Even so, success in resolving the nuclear issue will impart momentum toward a different relationship between Iran and the rest of the world, especially with the immediate area. Any easing of Iran's status as an international pariah would enable the United States to deal with Iran on issues of importance as a more normal player. The policies toward Tehran in many states in the region are shaped at least as much by their relations with Washington as they are by differences with Iran. For several states, ties with the United States are the most important they have, and cannot be divorced from other considerations. Some of these states believe that an improvement in the U.S.–Iran relationship might help fashion their own rapprochement with Tehran. Others, such as Israel, fear and oppose any form of U.S.–Iran cooperation. However, over time, an Iran that is more integrated into the world community might have a stronger reason to pursue its interests through legitimate means rather than covert or illegal ones.

Iran will find it difficult to restore its relations with its neighbors, yet it could eventually function as one of several poles in a multipolar Middle East, each of which would present elements of conflict with the United States, as well as elements of potential cooperation.

1. AFGHANISTAN

Background: Iran's relationship with Afghanistan has direct and important implications for U.S.-Iranian relations and for Iran's position in the region. The United States and Iran cooperated during the final period of the Taliban rule, with both having provided support to the Northern Alliance, and helped establish Afghanistan's transitional government that emerged from the 2001 Bonn Conference. Iran was helpful to the United States in inserting provisions for democracy, elections, and anti-terrorism into the Afghan constitution and in persuading the Northern Alliance to support the new Karzai government. It also provided \$500 million in economic assistance and training for the new Afghan national army.² As both Iran and the United States are expected to have good relations with Afghanistan's incoming unity government, renewed cooperation is a real option.

1.1 HOW IRAN SEES AFGHANISTAN

Since 2002, Iran's overarching strategy in Afghanistan has been to oppose the Taliban, assist Afghan Shi'a, and maintain contacts with Sunni groups previously associated with the Northern Alliance. It also aims to support the Karzai administration, respect Afghanistan's sovereignty, develop cordial neighborly relations, and encourage bilateral economic tiers. By consolidating its political and cultural influence over its eastern neighbor, Iran aims to protect its own domestic security as well as its geopolitical reach. It fears that a deterioration in Afghan security would increase the threat from radicalized Sunni insurgents, who could exacerbate cross-border drug trafficking and form allegiances with ISIS and other radicals within the Pakistani Taliban. Iran would also like to improve its trade with Afghanistan, and has already offered generous tax incentives to use its Chabahar port in Sistan and Baluchistan province.

1.1.2 Worst case for Iran.

Iran worries that Afghanistan's political system will be dominated by the Taliban, which it predicts would result in the marginalization of non-Pashtun and especially Shi'ite communities and the resurgence of Sunni extremism. Tehran remains wary of the Taliban's ambitions and is concerned it will demand more political influence as the International Security Assistance Force (ISAF)³ withdraws. The worst-case scenario would see a return to the situation before 2002—a country divided between groups previously aligned/associated with the former Northern Alliance, on the one hand, and on the other, the Taliban—if the Afghan government and Afghan National Security Forces (ANSF) collapse.

1.1.3 Iran and the peace process.

Since 2010, the Iranian government has endorsed the Afghan reconciliation process.⁴ It will continue to insist on being included in peace talks and will maintain its support for the High Peace Council, lobbying for the inclusion of former Northern Alliance leaders on the basis that they fought and defeated the Taliban. Having tried unsuccessfully since 2009 to host a regional conference on Afghanistan, Iran may again attempt to convene such a meeting and even set up its own peace talks, if current discussions do not succeed. Should reconciliation efforts fail, or the Taliban or other radical Sunni militants return to power, Iran is likely to support the revival of the Northern Alliance as a military entity.

1.1.4 Iran's major concerns.

A foremost worry for Iran has been the presence of foreign military bases and personnel on Afghan soil, especially U.S. and British forces near the Iranian border. Tehran has been demanding their complete withdrawal since 2007.5 It has consistently criticized the international community and the Afghan government for failing to address the growing drug trade, which has fueled its own domestic addiction rates and which it alleges helps fund the insurgency in Afghanistan.⁶ Iran also believes that the Afghan government could do much more to encourage the repatriation of refugees and manage border security. Another concern is the growing tension between Afghanistan and Tehran over scarce water resources, exacerbated by drought (especially the Helmand River, which flows into Iran's southeast province, Sistan and Baluchestan).⁷

1.1.5 ISIS influence.

Diverse Sunni, Pashtun, and Baluch insurgents maintain safe havens in Pakistan, from which they act to destabilize Afghanistan's nascent democracy, intermittently target Iranian security officials (particularly in Sistan and Baluchestan), and attack Shi'a minorities in Pakistan. At this time, there is little evidence of ISIS activity or support in Afghanistan. The Taliban has not officially commented on the self-appointment of Abu Bakr al-Baghdadi as the new Caliph, and it is doubtful that it will support his aspirations to head the global Islamic community.8 The announcement by the Tahreek-e Khilafat, a Pakistani Taliban group, of their allegiance to ISIS and alleged hoisting of the ISIS flag in areas bordering Afghanistan9 sounds an alarm for Iran and provides a rationale for cooperation with Pakistan and even the United States.

1.1.6 Drugs.

Iran is on the main drug transit route out of Afghanistan (the "Balkan route"), and is concerned about the predicted rise in narcotics production after 2014. 10 The country has more than 1,325,000 drug addicts,11 with a growing consumption of narcotics among its youth. It implements an array of ambitious domestic programs to reduce drug demand and increase treatment programs, 12 and since 2007, via the Triangular Initiative and bilateral agreements, has cooperated closely on this issue with Pakistan and Afghanistan.

1.1.7 Iran's ambivalence about Western troop withdrawal.

Notwithstanding Iran's repeated calls for foreign troops' withdrawal, its government hardliners have seen ISAF's presence as an opportunity to create headaches for the United States. The prospective drawdown, likely accompanied by the gradual financial disengagement of Western governments, presents Tehran with a different source of unease. Iran is concerned that it will again see an influx of illegal Afghans and a surge of Sunni extremist groups on its eastern and western borders.

1.1.8 Rouhani initiatives Iran's ambivalence about Western troop withdrawal.

The Iranian government's strong desire to improve relations with Afghanistan is reflected in its signing of a strategic cooperation agreement with its neighbor on President Rouhani's first day in office in 2013.¹³ It is further confirmed by the later signing of a long-term pact, including a strengthened bilateral security accord. Having made significant financial and political investments in Afghanistan over the past three decades, Iran may now use soft-power projects, especially along the western borders, to enhance its influence and economic benefits. The dire state of Iran's own economy, however, may make it difficult to fund large-scale reconstruction projects during the early part of transition.

1.2 HOW AFGHANISTAN SEES IRAN

The two countries share a 582-mile border and important historical, cultural, linguistic, economic, ethnic, and religious ties. Iran is a foremost source of essential imports—fuel, food, pharmaceuticals, and chemicals—and a significant pilgrimage destination for Afghanistan's estimated five million Shi'a.¹⁴

1.2.1 Sources of support.

Afghanistan is grateful for Iran's support to the mujahedin during the war against the Soviets and later, to the Northern Alliance against the Taliban. Since Afghanistan's

protracted conflict began 30 years ago, waves of Afghan refugees have crossed the border into Iran, where about one million remain.¹⁵ Comparable numbers of illegal Afghan migrants work there, sending much-needed money to their families back home. The return of large numbers of Afghans from Iran would undoubtedly strain the country's fragile democracy. With many areas of Afghanistan still insecure, Iran's continued sheltering of refugees and its tolerance of the presence of undocumented Afghans relieve Afghan ministries of some pressure in having to provide essential services.

1.2.2 Sources of resentment.

Iran's strong commercial influence, especially in Afghanistan's western provinces, has led to economic domination by Iranians and their Afghan partners. This is a source of resentment. The Afghan government is also aware that refugees and migrant workers have returned as drug addicts, and would like the Iranian government both to regularize work conditions for Afghans and to investigate drug abuse in Afghan settlements in Iran.¹⁶

Sectarian tensions exist to a degree in Afghanistan, but they are not easily generalized. Some Afghan Sunnis believe that, under Karzai, Iran encouraged Afghan Shi'a to express their cultural and religious rituals more assertively, even in Sunni neighborhoods. This was seen as provocative.

1.2.3 Afghanistan is the weaker neighbor.

Afghanistan is not in a strong position to oppose or overtly disagree with Iran. Its periodically expresses concerns about the difficulties Afghans encounter in obtaining Iranian visas and the high number of Afghans sentenced to death there on drug-related charges, in some cases without consular representation. On balance, Afghanistan would welcome better ties with Iran, including formal inter-governmental agreements. At the same time, President Karzai periodically used animosities between the United States and Iran to try to extract concessions from both governments.

Regardless of who will emerge as the president in the power-sharing arrangement between Dr. Ashraf Ghani and Dr. Abdullah Abdullah, the new unity coalition is expected to work well with the Iranian and U.S. governments. Dr. Abdullah has excellent links with Iranian officials dating from the mujahedin period; then when Iran supported the Northern Alliance; and even later, during the early Karzai presidency, as foreign minister. The Iranian government also respects Dr. Ghani and the competency he has demonstrated in various government posts. Iran asserts that it is mainly interested in a political process seen as fair by the majority of Afghans. It wants Afghanistan to stay out of Taliban hands, and eventually to stand on its own feet.

1.3 IMPLICATIONS FOR U.S. POLICY

With the conclusion of the NATO military mission, Iran will increasingly play a role in Afghanistan's longer-term stabilization. The United States and Iran share an interest in preventing a renewed outbreak of civil war and in fostering a security landscape that promotes state-building and economic development. Engagement with Iran on Afghanistan is possibly more important now than it was in 2001.

There were already signals during the final period of President Ahmadinejad's administration of an interest in such engagement. It is therefore both wise and vital that the United States talk to the Rouhani government about Afghanistan, after a nuclear agreement is signed.

Even though Iran supported the United States in the ousting of the Taliban, the listing by the U.S. Treasury Department on February 6, 2014 of four senior Iranian Revolutionary Guard Corps and Qods Force officials as global terrorists for their alleged activities against the Afghan government¹⁷ remains a controversial move that may limit renewed cooperation. In 2001, these same IRGC officials were instrumental in facilitating the U.S. government's contacts with the Northern Alliance. A review of their designation would help prepare the ground for U.S.-Iran collaboration on Afghanistan.

1.3.1 The Pakistan dimension.

U.S. policy on Afghanistan also needs to be viewed through the lens of Iran's engagement with Pakistan. Officially, Iran and Pakistan have good relations, exemplified by Prime Minister Nawaz Sharif's visit to Tehran in May 2014. The outcome of his meetings with the Iranian government included the signing of nine memoranda of understanding on border control, counter-terrorism, counter-narcotics, and money laundering. 18 Yet Pakistan's harboring of Sunni terrorist groups (particularly the Iranian Baluch Jundallah, which attacked and killed Iranian security forces in southeastern Iran during 2006-10, and radical Pakistani groups like the ISIS-friendly Tahreek-e Khilafat), as well as the two countries' rival economic interests (such as competition for port access to Afghanistan),¹⁹ have led to unrest. Iran also is concerned about Pakistan's relationship with Saudi Arabia and the potential escalation of regional sectarian tensions, especially if Iran signs a nuclear agreement with the P5+1 and emerges as an even stronger actor in the region.

Pakistan has developed a strategy to address gaps between growing energy demand and inadequate energy supply and to reduce electricity shortages. As part of this strategy, it has an agreement with Iran (now covered by U.S. sanctions) to import natural gas via the Iran-Pakistan (I-P) pipeline.²⁰ The signing of a nuclear deal could open the

door to implementation of this project, thereby enhancing bilateral economic relations and leading to even better Pakistan-India relations over time.

1.3.2 Impact of U.S. troop withdrawal.

President Obama has announced that all U.S. combat troops will leave Afghanistan by the end of 2016. Some 9,800 will remain by December 2014, with half that number by the end of 2015.²¹ No matter how small the number, such a presence will concern Iran. However, given their mutual interest in a stable and secure Afghanistan, the Iranian and U.S. governments have a number of common objectives. The United States needs to accept that peace can be achieved only via a security mechanism involving all Afghanistan's neighbors, including Iran. It should also be more frank in explaining its post-2014 military plans and reassure Tehran that the presence of some foreign forces, to and even beyond 2016, will not pose a threat to Iran's national security.

1.3.3 General opportunities for cooperation between Iran and the United States.

Such cooperation on a number of pivotal political, security, and economic issues is feasible and consistent with U.S. interests. For example, Iran could play a role in aiding the reconciliation efforts of the Afghan government with insurgents. It could facilitate development of a regional security cooperation that would support the stabilization of Afghanistan and other conflict-affected countries, advance regional economic development, and strengthen transport corridors to allow the expansion of trade between Central Asia, China, South Asia, and the Persian Gulf.

While Iran's official opposition to the presence of foreign troops is unlikely to change under Rouhani, any improvement in relations based on a nuclear accord should help encourage positive change. Public recognition by the United States of Iran's positive role in stabilizing Afghanistan as well as combating extremism and drug-trafficking would encourage a positive response from Tehran.

1.4 RECOMMENDATIONS FOR U.S. POLICY

Washington should set a high priority on developing a coalition of countries to support of Afghanistan's transition to a new leadership and to manage the period after the withdrawal of U.S. troops. It should seek to bring together other nations to assure the territorial integrity, security, and economic growth of Afghanistan. Iran must be part of any such coalition and be publicly recognized by the United States as a full partner in preserving Afghanistan's future. In general, the United States should seek to return to

more regular discussions with Iranian officials on coordinating strategies over its neighbor. Coordinating strategies could take the form of a trilateral working group of Iranian, Afghan, and American representatives.

2. GULF STATES

Background: The public statements of Gulf officials—primarily those in Saudi Arabia and the Emirates—suggest that the Gulf States as a group are frightened by the prospect of a nuclear-armed Iran; they fear the expansion of Iranian power; and they worry about the fallout should the United States or Israel attack Iran. Perhaps most of all, the Gulf States dread the possibility of U.S.-Iranian détente which, many believe, would leave them vulnerable to Iranian pressure. Several colleagues who have participated in this report hold that the Gulf States essentially react as a group to the Iranian threat.

To be sure, elements of these fears pervade the Gulf. But real consensus on the nature of the Iranian threat and especially on how to address it has always been more elusive than outward appearances convey. A mix of guarded outreach, hedging, and confrontation has long characterized the smaller Gulf States' interaction with Iran. In many ways, these countries' policies follow the classic diplomatic maneuvering of small states hemmed in by larger neighbors. Affected by geography, economic ties, history, elite preferences, domestic politics, and ethnic and even tribal affiliations, the Gulf monarchies have navigated their respective relations with Iran in ways that have confounded Saudi efforts to fashion an anti-Iranian bloc in the Gulf.

Similarly, many observers have taken at face value the sectarian drivers of Iran-Gulf tensions. Sectarian differences have certainly afflicted state-to-state relations, especially in the light of the fighting in Iraq and Syria and the advent of ISIS. But the real roots of Shi'ite-Sunni friction lie within the Gulf States themselves—in longstanding policies of discrimination, in ruling arrangements that entrench sectarian differences, and in the anti-Shi'ism of the Saudi Salafi establishment. As a matter of policy, Iran has generally refrained from highlighting sectarian differences. And the Gulf States' confrontation with Iran over Syria is informed more by balance-of-power calculations than by the Shi'ite-Sunni schism.

While the differences in the Gulf between Shi'a and Sunni (and Arabs and Persians) should not be minimized, they should also not hide the fact that other factors can push the Gulf-Iran relationship in a more non-ideological direction—the two most

prominent being a shared threat from Sunni extremism embodied in ISIS and the economic opportunities that arise from a de-escalation of the nuclear crisis.

2.1 IRAN'S VIEW OF THE GULF STATES

Pragmatists close to Rouhani believe that a nuclear deal could create greater space for Iranian economic and political engagement with the smaller states, to wean them away from the embrace of both Saudi Arabia and the United States. This has followed a timeworn Iranian pattern of trying to exploit intra-Gulf differences to cultivate relations with individual states rather than with the Gulf Cooperation Council (GCC, which includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates). Iranian leaders have welcomed the apparent ambivalence within the GCC about a broader union. Even with Saudi Arabia, there have been attempts by Iranian moderates to seek at least some superficial rapprochement.

2.1.1 Sectarian ties are not central to Iran's Gulf strategy.

Iran has tried to downplay sectarianism in framing its role, and largely abandoned attempts in the 1990s to export its revolution to the Gulf. Gulf Shi'ite activists also distanced themselves from the Iranian government, even while maintaining ties to its clerics. Today, only limited support exists for elites who embrace Iran's adherence to rule by Shi'ite scholars² and devotion to Ayatollah Khamenei as the highest authority of religious law (or marja'). Iran is not backing Gulf Shi'ite activity in the way that the paramilitary Qods Force is supporting Shi'ite militants in Iraq, Syria, and Lebanon.³

2.1.2 Impact of the Joint Plan of Action.

The 2013 Joint Plan of Action led many of the smaller Gulf States to modify their diplomacy to bolster trade, lower military tensions, and offset the dominance of Saudi Arabia. For their part, pragmatists in Iran believe the JPOA may usher in an era of economic ties. However, many in Ayatollah Khamenei's camp continue to cultivate a worldview that conflates the Gulf States with the "arrogance" of the United States, and a narrative that sees the Gulf States as America's frontline in a strategy of imperial encirclement.4

2.2 VARIED RELATIONS WITH IRAN

The Gulf monarchies have differing relations with Iran—rejection (Saudi Arabia and Bahrain), ambivalence tinged with real concern (the United Arab Emirates and Kuwait), and selective engagement (Qatar and Oman). The willingness of Oman and Qatar (and, to a lesser extent, the United Arab Emirates and Kuwait) to pursue guarded diplomatic and economic engagement with Iran helps lower tensions. The Gulf States' individual initiatives toward Iran and their traditional distrust of Saudi Arabia have complicated Washington's efforts, however.⁵

2.2.1 Bahrain: the steadfast rejectionist.

This is the one Gulf State (population 1.3 million) where sectarianism is deeply entrenched, both as a ruling strategy and a facet of political life. Bahrain's 70% Shi'a have long formed an underclass systematically shut out of key political sectors. Also critical have been the longstanding political, economic, and family links between the Al Saud and the Al Khalifa. Ties between Bahrain's vocal Salafi community and Saudi Arabia's Salafi establishment have helped influence Saudi Arabia and Bahrain's antipathy to Iran.⁶ Bahrain charges that Iran is orchestrating the Shi'a-led protests that since 2011 have rocked the island and brought GCC military intervention. Bahrain welcomed the JPOA accord,8 but progress on the negotiations has done nothing to temper virulent anti-Iranian sentiment.9 The two countries routinely trade accusations at the United Nations over human rights abuses, while Iran's territorial claim to Bahrain is a continuing irritant.¹⁰

2.2.2 The United Arab Emirates (UAE).

At one level, the Emirati position has generally been aligned with Saudi Arabia: Emirati officials have long warned of Iran's meddling in Arab affairs, bolstered their defenses through U.S. military cooperation, and privately supported a military strike on Iran's nuclear facilities. Together with Riyadh, the UAE (population 9.2 million) has spearheaded the Gulf's efforts to roll back Iranian influence. The two capitals have intervened in Bahrain and in the expulsion of alleged Iranian-backed Hezbollah cells. Emirati officials have claimed that Iran had a hand in several terror attempts or terror-related offenses.¹¹ In addition, relations have long been strained by the dispute over three islands in the eastern Persian Gulf (Abu Musa, and Greater and Lesser Tunbs) that Iran seized in 1971 from the Emirate of Sharjah.¹²

There are differences among the individual emirates. Dubai is less confrontational than Abu Dhabi because of the prominence of Iranian merchant families in its political

and economic life. The UAE has generally adhered to the Saudi line on the nuclear issue, yet it broke with Saudi Arabia on Iran when it became the first Gulf State to support the JPOA.¹³ Strong commercial ties explain why, soon after the November agreement, the governor of the UAE central bank announced a roadmap for improved trade with Iran, calling for sanctions to be lifted.14

2.2.3 Kuwait.

Like the Emirates, the policies of Kuwait (population 3.25 million) are mixed. On the one hand, the country's attitude toward Iran is shaped by a legacy of Iranian revolutionary activity within its borders; an important Shi'ite minority; Saudi influence; Kuwait's hosting of U.S. military forces; and a protracted dispute over Iran's drilling at the Dorra offshore oil field, which Kuwait shares with Saudi Arabia. Senior Kuwaiti officials have recently expressed a desire for better relations with Iran, and enmity has been tempered by the historic ties of Kuwait's Shi'ite merchant community with Iran. 15 Its parliament acts as another calming influence. Kuwait did not join the Saudi-led military intervention in Bahrain partly because of parliamentary objections by Shi'ite deputies.¹⁶

On the nuclear issue, Kuwait has a guardedly optimistic stance. Its officials routinely emphasize the need for more effective safeguards, their specific fear being of leakages or a catastrophic accident at the Bushehr nuclear plant, which would have devastating consequences for Kuwait City given its proximity to Iran and prevailing ocean currents.¹⁷

2.2.4 Qatar.

Many of Qatar's supportive actions with Iran appear designed to subvert the influence of its big and hegemonic neighbor, Saudi Arabia. It has done so by rallying a competing Arab consensus. Qatar (population 2.1 million) has also pursued a policy of independence and worked with Tehran to mediate disputes outside the Gulf, particularly in Lebanon. The state has acknowledged Iran's status as a "neighbor" and not an "enemy," while supporting anti-Assad forces in Syria and Hamas in Gaza.

The key factor behind Qatar's explosive growth in wealth is the undersea North Field natural gas reserve. It is shared with Iran, and the relationship is not an easy one. Doha has found itself publicly threatened with retaliation by Iran for hosting the U.S. Central Command (CENTCOM), the regional Department of Defense military command in charge of deploying forces in the Middle East and serving U.S. strategic interests.¹⁸ Qatar supported the November 2013 talks and subsequently welcomed the JPOA as "an important step towards protecting peace and stability in the region." For more than a

year, the Saudis have outmaneuvered Qatar by supporting the Syrian opposition, engineering the ouster of the Qatari-backed Muslim Brotherhood in Egypt; and Riyadh has threatened a land and sea blockade of Qatar to force it to cut ties with the Brotherhood.²⁰ As a result, Qatar's young emir Sheik Tamim has seen his room for maneuver curtailed. He is now trying to turn his country toward reconciliation with Saudi Arabia by tempering support for Islamist groups.²¹ Even so, Doha will continue to forge a GCC consensus on Iran that runs counter to the Saudi line.

2.2.5 Oman.

By virtue of its history with Iran, geography, and demographic make-up, Oman (population 3.3 million) has pursued a foreign policy independent from the other Gulf States, relying on support from Iran, its patron outside the GCC, to balance perceived Saudi hegemony.²² In the 1970s, under the Shah, Iranian military aid helped end the conflict with South Yemen. Oman is unusually 50% under significant influence by Ibadhis, another denomination of Islam, neither Shi'a nor Sunni. It recently rejected a Saudi-sponsored proposal in the GCC for a stronger Gulf union.²³

Oman's perception of the Iranian nuclear program stands in sharp contrast to other GCC states. "Why should we be afraid of an Iranian nuclear bomb more than a Pakistani one?" a retired Omani Air Force commander has asked.24 "Saudi-backed Wahhabism is the real nuclear bomb of this region," noted another former official.²⁵ Oman played a key part in helping to open and host confidential bilateral Iran-U.S. talks in 2013, and is positioning itself to expand its role as a regional mediator. ²⁶

Iran's economic dealings with Oman are more robust than with other GCC members and its investment there has increased rapidly since the JPOA.²⁷ The two countries recently agreed to a gas pipeline, mutual employment initiatives, and vocational training exchanges.²⁸ On military matters, there is stronger bilateral cooperation than elsewhere in the Gulf: an Omani-Iranian joint military committee meets regularly to discuss defense issues.

2.3 SECTARIANISM

The roots of Shi'ite-Sunni tensions in the Gulf are complex, primarily local, and embedded in the political history of individual states. Sectarian identities have been further affected by uneven access of Shi'a to political and economic institutions throughout the region, by official and quasi-official discrimination, and the absence of representation in governing institutions. This marginalization is the case in virtually every field.

2.3.1 Gulf attitudes shaped by Iran's revolution.

The Iranian revolution remains the prism through which many Gulf leaders assess local Shi'ite activism. They also intensely dislike Iran's meddling. The portrayal of Shi'ite protestors as Iran-backed delegitimizes them and undermines the possibility of cooperation between Shi'ites and Sunni reformists. Although this strategy is largely domestic, it tends to limit the Gulf States' policies toward Iran.²⁹ Conversely, concerted reform at home would lessen the Gulf States' concerns about Iran's meddling and give more space for constructive diplomacy. It would be a mistake to ignore the complicating factor of deep historical differences between Arabs and Persians, a factor that has been submerged with the current focus on Shi'ite-Sunni differences.

2.4 CONTINUED DISAGREEMENT OVER U.S. PRESENCE

At the heart of the Iran-Gulf-U.S. dynamic lie different preferences by the regional states regarding relations with America: Iran has mistrusted and feared the United States as devoted to "regime change" and wanted it to leave the region. Yet America's continued presence is desired by Gulf Arab nations precisely because they hold similar feelings about Iran. A nuclear deal will not lessen the Gulf States' longing for an external security patron. If anything, an agreement may strengthen it out of fear that such an accord will soften U.S. barriers to Iran's efforts to achieve greater influence. This will be particularly true for Saudi Arabia, Bahrain, and the UAE, with their harder line toward Iran, while Oman, Qatar, and possibly Kuwait balance cooperation with the United States and engagement with Iran.

2.5 RECOMMENDATIONS FOR U.S. POLICY

The United States needs to give sustained attention to the security needs and fears of the Gulf States, but at the same time should understand that should it do so it risks undercutting opportunities with Iran, particularly to the extent that assuaging the Gulf States involves U.S. military deployments in the region. The resolution of such dilemmas will depend on the U.S. approach, as well as on Iran's new policies.

2.5.1 Near-term U.S. actions.

The Untied States should engage more with Gulf foreign and defense ministries, to encourage coordinated approaches to regional problems.³⁰ It should also build upon existing examples of successful joint military exercises among the GCC, such as

maritime defense and counter-piracy, both of which carry relatively low political costs. At the same time it is solidifying relations among certain states or blocs of states—the UAE, Oman, Qatar, and possibly Kuwait—the United States can live with continuing Gulf security contacts with Iran.31 The Gulf States may also seek greater help from the Untied States in building a more comprehensive missile defense system, along the lines the United States developed with Israel.

2.5.2 Longer-term U.S. strategy.

The United States and its European and Gulf allies should consider planning for a future that involves Iran. Predictions about Iranian actions in the region are dangerous, but Tehran may seek an improved level of cooperation, both bilateral and regional. There are already signs of that happening. On the other hand, should Iran seize the new opportunities to influence the region through direct and covert action, dividing the Gulf States yet further, then the United States will have to consider even greater support for the Gulf. The challenge—and opportunity—for the United States is to make every effort to utilize any opening that may emerge following a nuclear deal to develop relations with the Islamic Republic in a manner that allays concerns of the Gulf States while advancing collective security, economic development, and, over time, improved governance and human rights.

2.5.3 Improving reforms.

The Gulf States understandably fear Iran's military capability, particularly its navy and ballistic missile arsenal; but the real threat is an ideological one. Gulf rulers believe that Iran is determined to subvert their domestic politics by exploiting aggrieved segments of their citizenry. One way to mitigate this challenge would be through domestic reform. This could help reduce Iran's influence in internal Gulf State affairs. As of now, the kings and autocratic rulers in the region remain wary of an Iran that still symbolizes popular, Shi'ite-influenced revolution. U.S. encouragement of such reforms, while desirable, is problematic.

3. IRAQ

Background: Since the collapse of Saddam Hussein's government, Iraq has lurched from one political crisis to another. Leaders of Sunni Arab, Shi'ite Arab, Kurdish and Turkmen parties have regularly threatened to walk away from their posts if a solution favoring their side on an issue was not adopted. Kurdish and Sunni Arabs in particular have walked out of endless negotiations over preparing a constitution, allocating budgets, distributing oil

revenues, the right to disputed territories, naming a president, and Baghdad's refusal to give amnesty to rivals and former Baathists. National reconciliation has never been an option; it has all been about revenge, retaliation, and power.

3.1.1 Failures of Maliki.

After his controversial victory in the 2010 election, former Prime Minister Nuri al-Maliki proceeded to ignore his promises of power-sharing, instead keeping the key defense and interior ministries under his control, stripping parliament of its power to propose legislation, eliminating independent regulatory commissions intended to oversee government operations and practices, and purging rivals, especially Sunni Arabs.

3.1.2 The threat of ISIS.

In December 2013, ISIS launched a military campaign in Fallujah that six months later gave them control of Mosul and roughly one-third of Iraq, eliminated the border with Syria, and created an Islamic caliphate. It marked the first time an Islamic terrorist faction has acquired territory and declared an independent state with the goal of global jihad. For Iraq, Iran, and their neighbors, it is an existential crisis of the worst sort. ISIS's goal is to take Damascus and Baghdad, eliminating any Muslims—Sunni and especially Shi'a—who do not conform to their values as a fundamentalist Islamic state. For Sunnis, this means acceptance of all standards and practices of the self-appointed Caliph Ibrahim, formerly known as Abu Bakr al-Baghdadi; for recalcitrant Sunnis and Shi'ite Muslims, who are deemed apostates, it means punishment by death (crucifixion, beheading, or burial alive); for women, it means rape, forced marriage to an ISIS fighter, or honor killing by her family if freed.

In addition, ISIS has threatened Kuwait as a way to attack U.S. interests in the region and urges its foreign fighters, especially those carrying European and American passports, to return home and prepare to attack on home soil.²

3.2 IRAN AND IRAQ: HOSTILE PAST, AMBIGUOUS PRESENT

Iran and Iraq have shared territorial ambitions, fought wars against each other, and honored common religious values and leaders since the Arab-Islamic conquests of the 7th century. Both were occupied by foreign powers, experiences that shaped their modern view towards the Turks, British, Russians, and Americans, and which describe their ambiguous relations today. Both are ruled by Shi'ite sectarian political factions intent on preserving their version of an Islamist and revolutionary nationalist legacy interwoven with democratic practices.

3.2.1 Dominance of ethnic and national issues.

Although public attention focuses on sectarian differences, it is nationalism and ethnic issues that shape loyalty and identity in both countries.³ ISIS rapid successes raise the question of whether sectarianism has become the driving force inside Iraq and the region. The takeover of Mosul and other cities in the Sunni-dominated northeast this spring was clearly accomplished with the support of Iraqi Sunni Arab dissidents, local tribal leaders, renegade Baathists, and ex-military officers, the same mix responsible for the 2006-07 insurgency in which ISIS's predecessor was an Al-Qaeda affiliate.⁴ When Mosul fell and the Iraqi army collapsed, Iraq's Kurdistan Regional Government (KRG) took advantage of the chaos to deploy its *peshmerga* (Kurdish paramilitary) and occupy territories under dispute with Baghdad. 5 KRG President Masud Barzani went further and talked about organizing a referendum on independence. ISIS then turned on the Kurds, to push them back to the mountains and out of territory that belonged (ISIS claimed) to Iraq's Arab Sunnis. As of this writing, Kurdish peshmerga, with U.S. assistance, are fighting to retake several Kurdish villages and the country's largest hydroelectric dam on the Tigris River near Mosul.⁶

3.3 U.S. AND IRANIAN RESPONSES TO IRAQI CRISIS

The long-predicted Iraq civil war and the accompanying humanitarian disaster have already affected virtually every Iraqi whether living in a war zone or an area soon to be one. On August 14, 2014, Nuri al-Maliki resigned as prime minister under pressure from all sides.

3.3.1 Iran and the United States share views on ISIS.

Washington and Tehran have come to the same conclusions over aid to Baghdad and the Kurds, both warning Irbil, Kurdistan's capital, on the need to achieve greater political inclusivity in Baghdad as a requirement for additional military aid. 7 It is difficult to measure the amount of recent support given by Iran; press and eyewitness accounts describe military units in the north and assistance to Shi'ite militias in Baghdad and southern Iraq, while Hezbollah has sent some advisors.8

3.3.2 Low interest in Iraq on nuclear agreement.

The Iraqi reaction to a nuclear agreement must be seen as part of a complex past relationship. Iraq acquired a nuclear power plant in 1958 from the Soviet Union, one of the first Middle East countries to do so, but also claimed to have learned much about nuclear

weapons from the U.S. Atoms for Peace Program of the 1950s.9 Tehran used the Iraqis' progress during the 1980-88 war to justify its own nuclear weapons initiative. 10 Since Saddam Hussein was removed from power, neither Iran nor Iraq has commented on the other's nuclear affairs except in the most laudatory terms.

3.4 OPTIONS FOR THE FUTURE: ONE, TWO, THREE IRAQS OR NONE

Even before ISIS's war, experts predicted a de facto break-up of Iraq, although there was no consensus on how many pieces would survive. Here are several scenarios:

3.4.1 The one-state solution.

Iraq hangs together, with the Kurds forgoing de jure independence in the short-term and cutting a deal with Baghdad whereby Iraq pays the KRG its share of the federal budget and accepts KRG control over the disputed provinces it has occupied. Iran and the United States continue to provide military and humanitarian assistance. This would be the preferred solution by all Iraq's neighbors, particular Turkey and Iran.

3.4.2 The two-state solution.

The Kurds declare independence but Iraq's Sunni and Shi'ite Arabs are drawn closer together as ISIS turns on its Sunni Arab allies, with whom it has little in common; the Shi'a, historically loyal to the state, identify as Arabs, resenting the Kurdish takeover of what they regard as Arab, Turkman, and Kurdish land. In this reading, the Kurds would probably receive no support from Turkey, Iran, the United States or any other regional power.¹¹ It also assumes that the Sunni Arabs would break from ISIS to avoid what is becoming a caliphate of fear. The new Iraq and the Kurdish states would be weak and most probably dependent on Turkey, with the Arabs looking to Iran and fragile Jordan and the Kurds to a friendly Israel. The United States and Iran might well find common purpose in seeking to avoid such a scenario.

3.4.3 The three-state solution.

Here, Sunnistan, Shiastan, and Kurdistan emerge as three weak states, dependent on a protector for survival, access to trade, and export of goods. Only the Shi'ite state with its oil wealth, access to the Gulf, and links to Iran would be able to sustain long-term growth. The Kurds would be dependent on access to trade and hydrocarbon export through Turkey and constant foreign investment in its financial well-being and security.

3.4.4 The no-state solution.

In this scenario, there would be no state, only warlords, militias and urban and tribal confederations dependent on ties with Iran, Saudi Arabia, Turkey, and Jordan. In a country without a state or government, the risk of instability caused by terrorists operating freely in ungoverned spaces would be high.

Under any of these futures, ISIS advances would force greater clarity in U.S. policies toward Iraq and Syria and would show the importance of coordinating strategies between the United States and Iran—the two nations with the greatest interest in preserving the one-state option or managing the others.

3.5 IRAN'S VIEWS OF IRAQ

Iran and Iraq have been at war or in an uneasy state of truce for nearly all the past hundred years. Rarely have the two countries enjoyed the kind of ambiguous and somewhat superficial harmony that has existed since the fall of Saddam. They share a virtually open 900-mile border and a history of pitting whatever allies are available, including unhappy minority populations, dissident factions, Israel, and the United States, against each other. In 1975, in a dramatic move, Saddam and the Shah signed the Algiers Accord, which both gave Iran control of the Shatt al-Arab and territory along the thalweg (mid-point) and stopped Iraqi encouragement of Iran's Kurds, in exchange for Iran putting an end to the aid provided by the Shah, to the rebellious Kurds of Iraq. 12

3.5.1 Iran-Iraq war.

In September 1980, Iraq, by then a much stronger state, took advantage of the chaos in Iran caused by the 1979 revolution and invaded. Both sides misread the other. Saddam feared Iran's clerics would seek to export their revolutionary ideology to Iraq's Shi'as, but he believed the Arab Sunnis of Iran would join in overthrowing the Islamic Republic. Ayatollah Khomeini assumed Iraq's Shi'a would abandon Baghdad and support the new Iran. Both were wrong; the suspect populations in each country remained loyal throughout the eight-year war.¹³

3.5.2 Iran's strategy toward Iraq.

Iran's policy towards Iraq has been consistent. Whoever ruled in Iran preferred a subtle approach to contain the ambitions of Iraq's leaders—exploiting the ethnic and sectarian tensions within the other, probing for signs of weakness, and taking advantage of internal political and economic vulnerabilities to control the other. This has worked especially well

for the Islamic Republic since 2003. Tehran has supported virtually every Shi'ite leader and aspiring politician and also influenced politicians from the other religious and ethnic groups.

3.5.3 Iranians in Iraq.

Again since 2003, millions of pilgrims, probably thousands of traders, and many military and security specialists have gone to Iraq for purposes both innocent and nefarious, including support to the major Shi'ite parties and their militias. ¹⁴ Since Iraq lacks any real border controls, Iranians have entered without check; their objectives range from religious tourism to commerce, investment, and smuggling (probably of narcotics, weapons, and possibly human trafficking as well). Iraq is the center of Shi'ite Islam; it contains four important religious shrine cities, which are global centers of learning and law. The most prominent Iranian "diplomats" in Iraq are Iran's ambassador and General Qassem Suleimani, the senior IRGC military commander in Iraq and Syria. Iranian advisors have permeated the many security, intelligence, police, and government agencies and exert considerable influence.

3.6 IRAQ'S VIEWS OF IRAN

Iraq's Shi'a have been influenced by the success of the Islamic revolution in Iran, and the vision of Iranian clerics of Shi'ite traditions and symbols resonates in both countries. Many Iraqi Shi'a who wanted to end Saddam's repressive government sought to replicate Iran's revolution in Iraq; yet not all Iraq's Shi'a seek to establish Ayatollah Khomeini's rule of the supreme cleric. Most Shi'a in Iraq and the Gulf region follow Ayatollah Sistani's doctrine of quietism, meaning opposition to the participation of clerics in government; but this does not preclude Iraq becoming an Islamic state under religious (sharia) law, which even Sistani advocates.¹⁵

Saddam saw Shi'ite religious extremists as his greatest threat. Iraq's Sunni Arabs continue this distrust and call the Shi'a of Iraq and Iran "safavids," referring to the 16th century conversion of Iran to Shi'ite Islam under the Safavid Shah Isma`il. They blame Iran for encouraging the marginalization of the Sunni minority in the new state and for trying to isolate them from the Sunni Arab world.

3.7 IMPLICATIONS FOR U.S. POLICY

Tehran and Washington share many interests in Iraq. Neither wants to see it divided. Iran is determined that the Shi'ite majority head the government, whereas the United States prefers a leader who will bring all major ethnic and sectarian groups together. For Iran,

however, it is vital that, whatever party, faction, or individual rules in Baghdad recognizes its interests, is a Shi'ite-dominated government strong enough to keep Iraq united and too weak to threaten it. In opposing Maliki, Tehran has shown flexibility—it was willing to change leaders rather than risk its need for stability and strategic depth.¹⁶

3.7.1 Iraq's weakness as a state.

Regardless of the outcome with ISIS, Iraq will remain weak for years, unable to defend its borders or keep its more powerful neighbors from meddling in its politics. As long as Iran works toward a unified Iraqi state, the United States is likely to find increasing reason to coordinate with Tehran. But should Baghdad become the capital of a Shi'ite state supported militarily by Iran fighting a sectarian war against Sunnis and others, the United States will find little common interest with Iran.

3.7.2 The nuclear issues. Iran will include cooperation with any government in Iraq as part of its national security considerations and will expect whoever governs in Baghdad and in the KRG in Irbil to support its nuclear programs, civilian and military. Tehran will not, however, heed warnings from Iraqi or Kurdish leaders, nor will it consult with them on nuclear matters. Maliki made little reference to the nuclear debate, and his successor, Haidar al-Abadi, will likely follow the same path.

3.8 RECOMMENDATIONS FOR U.S. POLICY

The United States and Iran have kept the nuclear talks separate from other questions. Yet because of the actions of ISIS, nuclear diplomacy has mixed with regional issues, raising the possibility that success in achieving a negotiated treaty could open Iran to discussions on Iraq's fate. Tehran's strong support for the replacement of Maliki suggests that the United States and Iran are cooperating even before the signing of an agreement.

Developments are underway in Iraq that will almost certainly continue to affect relations between Baghdad, Tehran, and Washington and could alter our judgments. This common ground is even more likely should ISIS continue to advance, counting on its fearsome reputation and superior military capabilities to wreak havoc on what remains of a weakened and demoralized Iraqi military. After nuclear agreement the United States needs to:

> ▶ Seek Iran's agreement to support Iraq as a unitary state and defeat ISIS. Partition between Kurds and Arabs will almost certainly lead to future conflict.

- ▶ Establish U.S. priorities in the region outside the framework of the nuclear talks and communicate those policies clearly and often to other states including Iran that ISIS is the most serious threat to nations in the Middle East.
- ▶ Determine whether Iran would join in pressing the new government in Baghdad for the need to emphasize reconciliation, the end to de-Baathification laws and the institution of reforms throughout the security and justice system.

4. ISRAEL

Background: Mistrust and animosity so weigh down relations between Iran and Israel that it is difficult to imagine positive change. The two countries are powerful non-Arab states in an Arab world that remains hostile to both of them. They have cooperated in the past and actually had close relations in the years when Iran was ruled by the Shah and for a short time thereafter. They are now at odds ideologically and politically. Tehran's leaders are sharply critical of Zionism, while Israelis believe Iran's animosity stems from the government's underlying Islamic character. Should a nuclear accord be reached, hostility will remain as long as the Israel-Palestine conflict is unresolved. Still, a nuclear agreement would sufficiently change regional dynamics that both countries would need to reassess their policies. Israel and Iran are already reacting to the radical changes underway in the Sunni Arab world and the new strategic threats some of these changes pose.

4.1 HOW IRAN SEES ISRAEL

Before the 1979 revolution, relations were constructive, albeit largely shielded from public view. The two countries engaged in trade and economic exchange, but for both, safety was the core concern. Israel supplied weapons and training to the Shah's military and helped shape the Iranian security agencies' capabilities. In turn, Iran provided Israel with substantial oil supplies and a secure area from which to monitor activities in the Persian Gulf. Iran, for example, helped facilitate the exodus of Iraqi Jews from Iraq.²

4.1.1 Post-revolution views.

Iran's new leaders equated Israel and the United States—"big Satan and little Satan"—as enemies of the revolution. Despite this rhetorical shift, Iran continued to purchase Israeli weapons during its eight-year war with Iraq.³ For Israel, this trade was part of a long-term strategy, originally put forth by Prime Minister David Ben Gurion. Under the so-called

doctrine of the periphery, Israel would bypass the hostile Arab states that surrounded it by seeking relations with non-Arab states on the periphery, specifically Ethiopia, Turkey, and Iran.⁴

Some Iranians also colluded with Israel via American middlemen in the Iran-Contra arrangement, by which Iran was to provide assistance in freeing American hostages in Lebanon in return for U.S.-originated military equipment to be provided by Israel. Sale proceeds would be channeled to the Nicaraguan Contras, thereby circumventing U.S. restrictions on aid to this group.5

With the end of the Iran-Iraq war and the transition of leadership following the death of Ayatollah Khomeini, Iran's hostility toward Israel resumed, but despite the venomous rhetoric Iran's leaders rejected the idea of being a "front line" state against Israel. From Tehran's point of view, the United States and Israel jointly supported Saddam's invasion of Iran. Tensions were further inflamed by Tel Aviv's support for dissident Iranian groups such as Jundullah and the Mojahedin-e-Khalq (MEK).6 Moreover, in the 1990s, Israel began to be seen as the major driving force behind U.S. efforts to sanction and isolate Iran. Tehran's rhetoric on Israel has often been harsh, reaching a peak during the eight-year presidency of Mahmoud Ahmadinejad, whose bellicose statements included a denial of the Holocaust and repeated promises to do away with the Zionist state.⁷

4.1.2 The Rouhani government's new approach.

President Rouhani and Foreign Minister Javad Zarif have sought to reduce tensions and have signaled that they would give their approval to whatever solution with Israel Palestinians would accept. Zarif has publicly held out the possibility of Iran's recognition of Israel once the Palestinian problem is resolved.8 Even with the recent violence in Gaza, with an estimated death toll of 1,900, Iran has remained relatively quiet—a significant shift from previous years.9 Iran's leaders also believe that by reducing their rhetoric against Israel they can avoid undermining the nuclear negotiations, but the country's anti-Zionist ideology has become so ingrained that it might be difficult for that mentality to change in anything like the short term. Tehran has, however, taken some symbolic actions, for example sending New Year greetings to the Iranian and world Jewish community, and providing a donation to the Jewish hospital in the capital.¹⁰

4.1.3 Iran threatened by U.S. allies.

Iran's status as a regional power is hindered by the presence of American forces in its neighborhood and by America's alliances with Israel and Arab Gulf States, which intensify Iran's conviction that an implacable American-led effort exists to destroy the Islamic Republic and to seek regime change. For Iran, any U.S. military presence and any extension of its power in the Middle East remain a threat. Iran sees Israel as part of that threat.

4.1.4 Israel's military superiority and nuclear arsenal.

Israel continues to threaten direct military action against Iran's nuclear program, and publicly pressures the United States to take such action. Iran believes that Israel has also been complicit in extensive covert activities, including the assassination of several top Iranian nuclear scientists, the deployment of a computer virus to disrupt its nuclear program, and explosions at its nuclear facilities.¹¹ Further, Israel has a clandestine nuclear weapons program with missile and aircraft delivery systems, 12 and its modern military and defense arrangements, particularly its anti-missile system, are superior to Iran's. Israel also has a committed ally in the United States in case of conflict.

4.1.5 Trying to capture the Arab street.

In recent years, Iran has sought a leadership role in supporting the Palestinian cause, a policy driven in part by the ideology of the Islamic Revolution. But it also flows from Iran's desire to demonstrate to the Arab street that its commitment to the Palestinians is greater than that of the Arab kings and autocratic rulers who, in Iran's eyes, are reluctant to support Palestine more assertively because they are heavily influenced by Washington.

Iran's decades-long support for Hezbollah in Lebanon (a combination of religious sympathy and strategic self-interest) and for Assad in Syria have helped increase Shi'ite and Iranian influence in the region. Iran has also aided Sunni Hamas and Islamic Jihad and has stood behind the Palestinians' right to self-determination. However, the civil war in Syria has hampered Tehran's effort to capture the Arab street, especially once Iran committed itself to supporting Assad. Hamas, as a Sunni group, turned against the Syrian leader in 2012, and this has since created friction between Iran and Hamas.

4.1.6 Iran's nuclear program.

Iran's leaders say that for Iran to be seen as a modern nation, it must maintain a high level of scientific and technical achievement, as demonstrated by its nuclear program.¹³ The Iranians seem to realize that any nuclear arsenal they could develop would remain vastly inferior to Israel's. Further, an actual weapons program—even a single nuclear device would make Iran a target for Israel and perhaps the United States. Ayatollah Khamenei has publicly declared in a fatwa (religious decree) that the development and use of nuclear weapons are forbidden.¹⁴ Iran already has the latent capability so that it could build a weapon should it so decide. The U.S. intelligence community has repeatedly stated that Iran has made no such decision.15

4.1.7 The ISIS factor.

The early successes of ISIS could have implications for Iran and Israel. Its victories are seen by both countries as a strategic threat. ISIS may try to establish inroads among Palestinians in the West Bank or Gaza, but is unlikely to win much influence. If ISIS were to continue to progress, Israel and Iran might find themselves with a common enemy. They have maintained good relations with the Iraqi Kurds, suggesting a second shared interest.

4.2 ISRAEL'S VIEW OF IRAN

For more than two decades, Israel has considered Iran its most important security threat and has spoken of it in rhetoric that evokes memories of the Holocaust of World War II. Israel's hostility has become even more pronounced as Iran has stepped up its support for Hezbollah, Hamas, and Islamic Jihad.

Israeli diplomacy is focused on exposing Iran's nuclear weapon program and its role as a state sponsor of terrorism. Its intelligence activities have focused on weakening Iran's capabilities in what in recent years has amounted to a covert war. Moreover, during the period of the Ahmadinejad presidency, Israeli Prime Minister Benjamin Netanyahu used Iran's threats as a basic plank of his foreign policy.

4.2.1 A covert war.

While Israel is suspected of having carried out multiple operations against the Iranian nuclear program, Iran has been implicated in terror activities against Israel and Jewish targets—for example, alleged actions in Argentina and more recently in Bulgaria.¹⁶ Iran's arms shipments to Hezbollah and Hamas demonstrate its direct involvement in operations against Israel.

The danger implicit in Tel Aviv's threats to attack Iran is questioned by some former Israeli security and defense officials, who doubt Israel's ability to inflict long-lasting damage. However, Israel's current political leadership appears convinced both of the necessity of action and of its ability to inflict a significant setback. It argues that if Iran were hit hard enough, it would abandon further nuclear activity, but it appears to be holding back on unilateral action in the expectation that negotiations will fail and the United States will have reason to strike on its own.

Israel opposes all potential nuclear proliferation in the region. It has struck twice in the past—in Iraq in 1981 and in Syria in 2007—to destroy nuclear reactor programs in Arab states and has been planning and practicing for military strikes for more than 20

years. While there is a diversity of opinion within Israel on the nuclear negotiations with Iran, its leadership has publicly declared that there is little prospect of success through diplomacy. Netanyahu and others have accused Iran of negotiating to buy time to get closer to a nuclear weapon.¹⁷ Sanctions, they believe, are the most important reason that Iran has come to negotiating table.¹⁸ Whether or not Israel eventually accepts a nuclear deal, it does not support the diplomatic process.

4.2.2 Adamancy of Israeli leaders.

The Israeli government professes itself unwilling to accept a continuing Iranian program at either a lower or slower level. It argues that the margin of error is too thin to trust the international system to know when Iran has decided to go for "breakout" (to enrich enough uranium for one weapon). The critical gap between the U.S. and Israel is that Israel wants to remove Iran's nuclear capability, while the United States seeks an agreement that will stop Iran specifically from building a nuclear weapon.¹⁹

4.2.3 Israel's military option.

Israel's options would be severely circumscribed by an international agreement and Netanyahu might pressure Congress to delay its implementation or reverse certain aspects. He is sure to demand a high price in compensation, such as advanced weaponry and technology or political commitments, and will likely increase covert operations against Iran. Israel will be particularly sensitive to any sign of Iranian rapprochement with the United States and the West, and will work strongly to prevent it. Israel will also oppose any perceived Iranian political pressure on its Arab neighbors. In this respect, it will find some common cause with Saudi Arabia and some other Gulf States.

As negotiations have progressed toward an agreement, differences between the United States and Israel have become more pronounced. Against the potential backdrop of growing doubts about the constancy and strength of America's commitment to Israel, the antagonism of Israelis toward Iran, and Iranian antagonism toward Israel, are likely to remain part of the regional landscape.

4.2.4 Israel's toleration of a nuclear agreement.

Broad international support for a comprehensive accord could, over time, convince Israel to adopt a wait-and-see approach. If Iran sticks to its commitments, the accord will achieve its purpose of limiting the nuclear program, increasing transparency, lengthening the time needed for breakout, and reducing the risk that Iran might acquire nuclear weapons.

4.3 PROSPECTS FOR IMPROVED RELATIONS

Achieving an agreement with Iran and reaching an Israel-Palestine agreement are two key aims of U.S. policy. The environment following a nuclear accord could permit the United States to probe a range of issues, as part of a wider effort to integrate Iran into a more stable regional framework.

4.4 RECOMMENDATIONS FOR U.S. POLICY

The U.S. administration will thus have to make a special diplomatic and political effort with Congress and with Israel to dampen hostility toward an agreement with Iran.

The administration will need to mount an extraordinary effort to persuade Prime Minister Netanyahu that a nuclear agreement will provide adequate assurances that Iran will not get a nuclear weapon. The U.S. government might also find it necessary to increase further Israel's access to advanced weaponry and defense equipment.

The administration may also need to convince the Israeli government that a decision by Israel to attack Iran militarily while the nuclear agreement is being implemented will be opposed by the U.S. government.

Finally, the administration will need to persuade Congress and the American people that the agreement represents that best way to stop Iran from acquiring a nuclear weapon and to avoid yet another war in the Middle East. It will have to anticipate that Congress may try to pass legislation that will make it impossible for the administration to implement any accord that is reached.

5. SAUDI ARABIA

Background: There is no one Saudi view of Iran nor one Iranian view of Saudi Arabia. In each country, the relationship is highly debated, with many who see the other as an implacable enemy. However, at the elite level there are those who can imagine a more normal relationship: that has actually been achieved in the recent past. Iranian and Saudi strategic interests diverge and their sectarian and ethnic/nationalist identities will continue to divide them based on geography, economics, and domestic political priorities. Nonetheless the ingredients are present for tensions to be considerably reduced. It is hard to envisage the two countries, as currently governed, becoming allies, but their hostility is not inevitable.

Important issues exist that cannot be easily resolved. Both countries claim a special right to speak for Islam on the world stage and to define the politics of Islam, not only within

their own borders, but also in Syria, Iraq, and Lebanon. With a Shi'ite minority in Saudi Arabia and Arab and Sunni minorities in Iran, each government sees the other as a potential ally of its own domestic opposition.

5.1 IRANIAN VIEWS OF SAUDI ARABIA

A long history of mistrust exists between Iran and members of the GCC, with causes that go back to the Arab Muslim invasion of Iran 1,400 years ago. That mutual mistrust has roots in Persian-Arab ethnic differences, the sectarian Sunni-Shi'a divide, and enduring geopolitical competition. More recently, Iran has seen the GCC, from its inception in May 1981, as a system established simply to confront it. A major reason for Iran's present hostility toward Saudi Arabia is the latter's support for Saddam Hussein's invasion in 1980. After the Iran-Iraq War, relations between Iran and Saudi Arabia were poisoned by the enormous financial assistance, tens of billions dollars, that the Saudis and other GCC members provided Saddam between 1980 and 1988.2 More than a quarter million Iranians were killed or injured, about two million displaced, and hundreds of cities and villages destroyed. Saddam's chemical weapons alone killed and injured about 100,000 Iranians.3

Ayatollah Khomeini declared that monarchy was an un-Islamic form of government,4 and labeled the Saudi version of Islam with the epithet "American Islam," reflecting his belief that the Saudis had allowed themselves to be used by the United States.⁵ Khomeini's views set the agenda for the first decade of the Islamic Republic's existence, and Iranian media encouraged Saudis to overthrow their government. Tensions flared regularly during the pilgrimage to Mecca, as the Iranian delegation took the opportunity of Islam's great annual coming-together to propagate the revolutionary state's political views of Islam, against the direct orders of the Saudi authorities. In 1987, some 275 Iranians were killed during the pilgrimage in clashes with security forces.⁶ The hostile view of the Saudi government has continued among some Iranian elites and beyond. Iran's allies, Hassan Nasrallah, the head of Hezbollah, and Nouri al-Maliki, the former prime minister of Iraq, have both blamed Saudi Arabia for terrorist attacks in their countries.8

5.1.1 Role of intelligence organizations.

The elements of the Iranian system directly responsible for Iran's influence abroad, most notably the Iranian Revolutionary Guard Corps (IRGC) and its overseas arm, the Qods Force, see Riyadh as a major rival. The IRGC is also a bastion of preserving the revolutionary Islamist ideology of Khomeini. Thus, for theological, ethnic, and balance-of-power reasons, the IRGC and its foreign intelligence branch are centers of hostility toward Riyadh.

Iranian intelligence operatives have taken the fight directly to Saudi Arabia. The 1996 truck bombing of Khobar Towers, an apartment complex in Dhahran housing American Air Force personnel, is still noted as an incident that may be linked back to Iran, although the evidence remains debated. That June day, 19 U.S. citizens were killed and more than 400 Americans, Saudis, and third-country nationals wounded.⁹ More recently, in October 2011, American officials accused elements of Iranian intelligence of supporting an amateurish plot to assassinate the Saudi ambassador to the United States. ¹⁰ Iran has also been linked to Houthi rebels in Yemen along the Saudi Arabian border, although the scale of Iranian involvement again remains unclear.11

5.1.2 Positive initiatives by Iran's leaders.

During their terms in office, both former presidents Ali Akbar Hashemi Rafsanjani and Muhammad Khatami made public efforts to improve relations with Riyadh. They were criticized by more ideological figures in Iran for such a departure from revolutionary orthodoxy,12 but since the election of Hassan Rouhani this pragmatic trend has re-emerged. In June 2013, he entered office calling Saudi Arabia "a friend and a brother," prioritizing the improvement of relations with Gulf neighbors.¹³

For the reformist wing of the Iranian political elite, confrontation with Riyadh creates unnecessary problems in the region and strengthens Iran's hardline ideological rivals at home. Tehran's pragmatic approach, based more on state-to-state relations than on support for the spread of Islamic revolutionary principles, includes a willingness to deal with Saudi Arabia as an important regional state rather than as an implacable ideological enemy.

5.2 SAUDI VIEWS OF IRAN

The Saudi elite's view is clearly affected by the strong anti-Shi'a bias in Wahhabi Islam. Clerics use the most insulting terms to refer to Shi'a in general and Iranians particularly. The Mufti of Saudi Arabia, the highest-ranking cleric in the country (and a state appointee), in an interview in April 2011, called Iranians "safavids," a reference to the dynasty that converted Iran to Shi'ism (at times with force) in the 17th century, implying that Iran's current foreign policy is similarly aimed at forcing Sunnis to convert. 14 Nor is such sectarian hostility limited to the clerical class. In March 2011 a prominent Saudi columnist, Jasir al-Jasir, wrote a series of articles in the Riyadh newspaper Al-Jazira under the titles "The plans of the Safavid regime to destroy the Arab States" (March 15-17) and "The plans of the Safavid regime to destroy the Gulf States" (March 12-14).15

5.2.1 State-to-state tensions override sectarian differences.

Saudi government officials do not couch their critiques of Iran in sectarian terms, at least in public, but they emphasize their belief that Iran is constantly interfering in the domestic affairs of Arab states. As recently as March 2014, Prince Turki Al Faisal, former head of foreign intelligence and an ambassador to both London and Washington, told an audience that a major issue that the kingdom had with Iran was "the Iranian leadership's meddling and destabilizing efforts in the countries with Shi'a majorities, Iraq and Bahrain, as well as those countries with significant minority Shi'a communities, such as Kuwait, Lebanon and Yemen."16 Over the past decade, the Saudis have attempted to counter Iranian influence in Iraq, Lebanon, and Palestine. Riyadh will require a reduction in what it sees as Iranian interference in its internal affairs and the internal affairs of its GCC partners as part of any modus vivendi with Tehran.

5.2.2 Worry about Iran's nuclear power.

The Saudis fear the political and strategic consequences of the Iranian nuclear program. While circumspect in public, in private Saudi decision-makers have urged the United States to take military action. Both King Abdullah and other prominent Saudis have hinted that, should Iran obtain nuclear weapons capability, Saudi Arabia will do the same. 17

5.2.3 No perpetual hostility.

During the presidencies of Rafsanjani and Khatami, Riyadh welcomed Tehran's downplaying the revolutionary aspects of its foreign policy and its emphasizing more normal relations. In December 1997, Abdullah, then Crown Prince but effectively the Saudi head of government, visited Tehran for the Islamic Conference Organization summit, and a few weeks later received Rafsanjani in Riyadh.¹⁸ In May 1999, President Khatami became the first sitting Iranian president to pay a state visit to Saudi Arabia. The Saudis tried to continue the more normal relationship with Mahmoud Ahmadinejad, welcoming him to Riyadh in April 2007. The two states even worked together to resolve tensions among their clients in Lebanon in early 2007.¹⁹ It was only some time later that year, as Iranian influence in Iraq, Lebanon, and Palestine grew, that Riyadh became more openly confrontational. In 2010 (according to diplomatic cables released by WikiLeaks), the Saudi ambassador in Washington, Adel Jubeir, reported that King Abdullah had given his backing to a possible U.S. attack on Iran.²⁰

Saudi Arabia will always view Iran with suspicion. But suspicion does not mean open confrontation. If the rumors of back-channel contacts and Rouhani having accepted an invitation to visit Riyadh turn out to be true, it will be another indication that the Saudis are open to an improved relationship.21

5.3 SECTARIANISM AND ITS LIMITS

Sectarianism is a pivotal point from which to evaluate the Saudi-Iranian relationship. It has sharpened as state institutions in major Arab countries have weakened, but while the Sunni-Shi'a divide complicates matters, it is not a permanent obstacle.

5.3.1 Sectarianism in the region.

The split in Islam is an enduring identity-marker, but has rarely been the driver of conflict it is today. Even in the countries where it is most virulent, as recently as just a few decades ago, the Sunni-Shi'a antagonism did not dominate politics. The Lebanese civil war of the 1970s and 1980s was (broadly) a Christian-Muslim conflict, with Sunnis and Shi'a on the same side. Iraqi politics in the monarchical period and in the 1960s was driven by ideological and personal rivalries that did not break down along sectarian lines. Similarly, in the period before the 1970s, Syrian political divisions tended to be regional (Damascus v. Aleppo) and ideological (Nasserists v. Baathists v. communists). In the early years of Saddam Hussein and Hafez al-Assad, the minority Baathists governments made an effort to reach across Sunni-Shi'a borders.

It is no surprise that sectarianism dominates Lebanese politics. The political system is set up that way, with parliamentary seats and state offices reserved for members of particular sects. In both Iraq and Syria, the sectarianism underlying those countries' security strategies became obvious in crisis. As the power of the Iraqi state withered under sanctions, Saddam relied more and more on the Sunni minority. When the American invasion of 2003 destroyed what was left of the state's capacity to govern, Iraqis were thrown back upon their tribal, ethnic, and sectarian groupings. Elections became, in effect, an ethnic-sectarian census, as voters supported candidates from their own communities. In Syria, with the uprisings of 2011 and the government's violent response to Sunni objections to Assad's Alawite minority rule, the state lost its ability to provide basic security, and services quickly diminished. The Alawites, a mystical offshoot of Shi'ite Islam, make up most of the country's military and security leadership, despite the fact that Sunnis make up a majority of the population and of the rank and file of the army. What began as a cross-sectarian protest against authoritarian rule quickly became a sectarian fight.

5.3.2 How sectarianism works.

Save in Saudi Arabia, sectarianism in the eastern Arab world is principally a bottom-up phenomenon, not a top-down one. Yet many believe that the actions of states—and particularly the export and promotion by Saudi Arabia of the Wahhabi version of Islam—have helped ignite otherwise latent sectarian differences at the popular level.²³ It was the weakness of the

state in Syria, Iraq, and Lebanon—in each case, its inability to police and control its population or to provide basic services—that encouraged sectarianism. Regional powers like Iran and Saudi Arabia (along with Turkey, Qatar, Jordan, Israel, and others) took advantage of the breakdowns in order to extend their influence; but they have not forced themselves but rather have been invited in: Riyadh and Tehran exacerbate sectarianism in these countries, but they do not cause it.

It is natural that Sunnis in these territories look to the richest Sunni state for assistance, and that Shi'a look to their Iranian co-religionists. Iran sends its own fighters and Shi'ite allies from Lebanon and Iraq to defend the Assad regime. The Saudi-funded Arab media play on sectarian tropes in describing the Syrian fighting, intentionally or unintentionally encouraging Sunnis to join the "jihad" there. Media outlets in both countries have played up the sectarian nature of the violence, encouraging Sunni and Shi'ite extremists to join the fighting. Such heightened tensions provide an ideal environment for the advances and growth of ISIS.

5.3.3 Sectarianism in civil conflicts—ISIS a new element.

The political vacuums in the region greatly reduce the prospects of achieving some kind of understanding between Saudi Arabia and Iran. Yet the rise of ISIS poses new possibilities for some common cause between the two in view of the threat it poses. The ISIS challenge to Baghdad and even to Iraqi unity is a setback for both Iran and Saudi Arabia, since ISIS also represents a challenge to the Saudi preeminence in the Sunni world.

Nonetheless Iran still enjoys a larger regional role than the Saudis would like. Iran will not want to give up its geopolitical gains despite the challenge from ISIS, while the Saudis would welcome an Iranian setback in that eastern Arab world, yet not if it is caused by a continuing consolidation of ISIS power. The open wounds in Syria, Iraq and Lebanon will roil regional politics for some time, yet pragmatism—particularly in view of the ISIS phenomenon-may yet win out.

5.4 THE IMPACT OF A NUCLEAR AGREEMENT

Given the interests at stake, Saudi Arabia and Iran are unlikely to come to a "grand bargain" following a nuclear accord. Yet any improvement in their relations would have a number of benefits, including Saudi support for moderate Sunni opposition to ISIS in Iraq. Some kind of rapprochement could lead to a greater Iranian willingness to consider political solutions in Syria. Any improvement in the bilateral relationship would be good for the United States.

5.4.1 Prospects for a Saudi-Iran détente.

It has to be asked what either country would gain by détente. For Iran, some sections of its leadership believe it would help improve their economy. The Saudis are the weaker party in the competition. Immutable geography places the country, with less than a third of the population of Iran, at a geopolitical disadvantage. Iran's demographic weight has no equivalent among any of the GCC nations. Its population of nearly 80 million is more than three times that of the six GCC member-states combined, while its workforce is in demand throughout the region (except for Saudi Arabia) due to its advanced education, professional skills, and training. Around 500,000 Iranians live and work in the United Arab Emirates alone.²⁴

5.4.2 Implications for US-Iran relations.

While Saudi Arabia is nervous about such improvement, paradoxically that very result could make it rethink its own connection with Tehran. Riyadh does not want to be the odd man out in the Gulf if it looks as if the United States and Iran are moving toward each other. Moreover, any such development will require some Iranian willingness to restrain its allies in Lebanon and Syria, if only because of the American-Israeli axis. Better relations with the United States, in other words, require a more moderate Iranian stance on a number of issues.

5.5 RECOMMENDATIONS FOR U.S. POLICY

The United States should not directly encourage a better relationship between Saudi Arabia and Iran, since such a move would likely be seen as part of a feared U.S. reassessment and rebalancing of its alliances in the Persian Gulf. But while Washington's outreach on the nuclear issue has aroused concern in Riyadh, in the long-term a deal that reduces the likelihood of Iranian nuclear breakout enhances Saudi Arabian security, and is worth the temporary tensions in U.S. relations with Saudi Arabia. Permanent Iranian-American hostility is not in the interests of anybody, including the Saudis (though they may be difficult to convince of this).

5.5.1 Need for the United States to reassure Gulf States.

In the context of improving American-Iranian relations, Washington needs to convince its Gulf allies that it still seeks to moderate Iranian aspirations. President Obama's March 2014 trip to Saudi Arabia was a first step. Such reassurance might require a period of increased U.S. military support and a defined U.S. presence (such as the maintenance of bases in the smaller Gulf States and of military and intelligence cooperation with the GCC states). Riyadh would be willing to explore a reduction of tensions with Tehran if the Saudis were more confident of their American ally.



ISIS-controlled/contested areas and other city areas currently under attack as of June 2014. © The Economist

6. SYRIA

Background: Current relations between Iran and Syria are shaped by the former's substantial support for the Assad regime in the face of opposition movements throughout the country. The intervention of Iran's close ally Hezbollah has been pivotal to Assad's ability to push back against this widespread rebellion. Two meetings of concerned nations convened in Geneva to seek a political solution to Syria's problem foundered, in part because Iran was not allowed to participate. A nuclear agreement will provide the opportunity for U.S. discussions with Iran that could lead to a third Geneva meeting convened by the UN. Iran's inclusion could improve the chances of success in this process. It could also help

improve the chances of achieving a long-term political solution by persuading Assad to use his armed forces to help defeat ISIS forces in eastern and northern Syria.

6.1 IRAN'S VIEW OF SYRIA

Iran has multiple interests—strategic, religious, and self-protective—in its neighbor. The loss of Syria as an ally, Tehran believes, would undermine its own security and leave it prey to foreign attempts at regime change.

6.1.1 Iran's link to Hezbollah.

Syria is Iran's beachhead into the Arab world. Hezbollah could not be resupplied with heavy weapons without Syrian help. Air and sea routes to Lebanon are carefully monitored and controlled by Israel and the United States, both of which have stopped and searched ships and turned back airplanes carrying weapons. The roads and mule tracks running from Damascus across the mountain range separating Syria from Lebanon are the only secure supply routes for Hezbollah, and Israeli planes regularly attack even these. Israel's superior airpower and U.S. counterterrorism could have greatly weakened Hezbollah in Lebanon had Syria not acted as its link to Iran.

6.1.2 Syrian support during Iran-Iraq War.

When in 1980 Iraq invaded Iran, Saddam had been supporting the Muslim Brotherhood in an effort to topple Syria's president, and Hafiz al-Assad at once committed his country to Tehran's defense. Iran's leaders named the war, which lasted until 1988, "the Sacred Defense" (of the revolution), and ever since has been meticulously building a Shi'ite sphere of influence. Called the "Shi'ite Crescent" by some detractors and the "Resistance Front" by those who belong to it, Iran's network stretches across Iraq and Syria to the Mediterranean. The Resistance Front, which was originally made up only of Hezbollah and Syria but which today includes Iraq, has been a central pillar of Iranian defense since the Islamic revolution. Without it, Tehran believes that its enemies could further isolate Iran and even bring about regime change. As one local cleric recently explained, "If we lose Syria, we cannot keep Tehran." Among Iranian leaders, this rhetoric is widespread. Major General Qassem Suleimani, the principal architect of Iran's military effort in Syria and head of its Qods Force, has asserted, "Syria is the front line of the resistance."3

6.1.3 Economic assistance.

This high concern about losing Syria is why Iran has supplied Damascus with billions of dollars. The exact amount is unknown but it has been crucial in keeping the government afloat. At the start of 2013, the Central Bank of Syria reached an agreement with Iran for \$3 billion-worth of letters of credit to cover oil imports, as part of an overall line of credit up to \$7 billion.⁴ In June 2013, Deputy Prime Minister Jamil revealed that \$500 million in monthly aid was being sent by Iran, Russia, and China in the form of oil and credit.⁵

This foreign assistance has allowed Assad to exhibit an impressive tenacity. In 2013, it was reported that more than two million government workers were still receiving salaries.⁶ Some are even located in rebel-held areas, but find ways to cross into safe territory to pick up their paychecks. Despite a widespread expectation that the government would quickly go bankrupt, it has stumbled along, providing low levels of services such as schooling, electricity, and water. This resilience contrasts markedly with the administrative chaos that predominates in rebel-held areas. Assad is counting on his superior ability to provide services to win back the acquiescence and ultimate submission of his country's silent majority.

6.1.4 Religious reasons for Iran's support.

The Syrian population is composed of roughly 70% Sunni-Arabs, 20% religious minorities, and 10% Kurdish Muslims.⁷ The Alawite sect, from whom most of the government is drawn, is less than half the religious minorities' total. If the war goes on long enough, Sunnis will eventually prevail by sheer force of numbers, but they will not necessarily be able to form a government or to take charge of the then likely chaotic remains of Syria.

Although the Alawites are not fully Shi'ites—especially the "Twelver Shi'ites" found in Iran—their survival is linked to the sect's survival, particularly in Lebanon. Iran's clerics view themselves as the protectors of all Shi'ites around the world. Thus Iran's leadership imbues its role in Syria with religious meaning.9

6.1.5 Iran's military support.

The number of Iranians who have participated in the war in Syria is unknown but probably significant. Most Revolutionary Guard officers serving there, however, are carrying out only advisory, logistical, and intelligence roles. 10 Even so, Tehran wants Washington to be clear that they are ready to send enough support to keep Assad in place.

Brig. Gen. Hossein Hamedani, the commander of the Revolutionary Guard, recently said that Assad is "fighting this war as our deputy." ¹¹ He added that 130,000 Republican Guard are "ready to be deployed" should the war escalate, and revealed that Iran had played an important role in setting up Syria's paramilitary forces—some 70,000 fighters, organized in 42 groups and 128 battalions, 12 which he said had been modeled on the Revolutionary Guard. The number of independent Shi'ite fighters in Syria is estimated

at 8,000 to 10,000 (though this is contested), mostly from Lebanon and Iraq.¹³ The number of foreign Sunni fighters assisting the rebel militias is thought to be similar.

The influence of Shi'ite foreign fighters in Syria has been decisive. In June 2013, Assad's forces were floundering. Today, his army has been re-conquering territory.¹⁴ Assad is consolidating his hold over Damascus suburbs that had joined the revolution, and besides Aleppo, which his forces now surround,15 has recaptured Homs, Syria's third-largest city, once the center of rebel activity. The regime's growing power is not simply a reflection of Iranian and external assistance. Syrian officers have reshaped the military along sectarian lines, solidifying loyalty among the rank and file, finding competent officers, and allowing for greater initiative among field commanders. The Assad government and military contain many Sunni and other minorities, so it would be a mistake to conclude that this is merely a war of Alawites versus the rest.

6.2 HOW SYRIA SEES IRAN

6.2.1 Cultural and ethnic tensions.

Although Iranians and Syrians seem to have a religious affinity through Islam, cultural differences place a strain on their relations. Iranians have historically viewed Arabs as culturally inferior—a sentiment reciprocated on the Arab side. This sense of superiority has manifested itself recently in Syria and proven problematic with Iranian commanders who are training Syrian fighters. Iranian videos have been leaked in which they call Syrian soldiers degrading epithets.¹⁶ Assad's legitimacy is partially predicated on his claim that he is the last of the true Arab nationalists of the 1960s generation still in power. This stated secularism may become a source of tension with Tehran.

The current civil war has awakened Syria's religious divisions and heightened tensions over Iran's and Hezbollah's intervention and their relations with the predominantly Alawite government. Most rebel commanders have returned to the old accusation that Alawites are pagans and non-Muslim, 17 while some have called for them to be cleansed from Damascus and the government entirely. Many Sunnis argue that they can no longer abide being ruled by Alawites, who they insist have been brutal, discriminatory, and corrupt. Almost all opposition leaders call for the imposition of Sharia law. This raises for Alawites specters from the past, when three decades ago they were a small and ostracized minority.

Many U.S.-backed opposition leaders claim that religious affiliation will be unimportant in a rebel-controlled Syria, but these leaders largely reside outside the country and have no military power. Their claim that a Sunni-led Syria will separate mosque from state and will consider Alawites and other minorities equal Syrians is not convincing to those minorities. Both communities see this war as a life-and-death struggle. The Alawites believe that, if they lose, they will be severely persecuted, if not driven from the country. The Sunnis claim that the regime is carrying out genocide by barrel-bombing rebel-held neighborhoods, torturing and killing prisoners, and using chemical weapons. The image of Iran as the major sectarian player intervening in Syria adds to a generally negative attitude on the part of most Syrians.

6.2.2 Assad's relations with Tehran.

Assad fears that Iran wields too much power by micro-managing the war. He is thus vulnerable to rebel accusations that he is a puppet who has lost legitimacy as an independent national leader. Prior to the outbreak of the conflict, he took frequent trips to Tehran, and was photographed with the head of Hezbollah, Hassan Nassrallah, which caused concern among many Syrians that he had become too dependent on his Shi'a allies.¹⁸ His father and former president, Hafez al-Assad, never met with Nassrallah and kept some distance between himself and Tehran. Bashar al-Assad has had a greater need to praise Iranians, and his opponents claim that he has opened Syria up to Iranian missionary activity and mosque-building efforts that undermine any chance of harmony in the country.

6.3 IMPACT OF A NUCLEAR AGREEMENT

As with the other states discussed in this paper, a nuclear agreement is unlikely to radically reshape relations. Country-to-country interactions are too complex and involve too many interests to be determined by one element. Nevertheless, there may be issues over which the United States and Iran share similar but not identical interests, and where discussions could advance mutual concerns.

With respect to Syria, a nuclear agreement could pave the way for limited bilateral or broader multi-lateral discussions on the issue of Syria or on non-state threats operating in Syria, such as ISIS.

The Syrian-Iranian relationship will continue to be defined by many interests, not least of which is the civil war and the rapid growth of Islamic extremists. A nuclear agreement will not have a direct impact here, but more direct communication between the United States and Iran creates the possibility that there may be opportunities for advancing humanitarian efforts and regional interests.

6.4 THE CURRENT SYRIAN CRISIS

The rapid rise of ISIS and its recent conquest of western Iraq have undermined U.S. policies for containing violence to within Syria. The dominance of Jihadist militias there leaves the United States with only unappealing alternatives, having to choose whether it wants to fight ISIS or Assad. If it tries to do both, the likely outcome will be Syria as a failed state like Somalia, with rising numbers of deaths and refugees, or an ISIS takeover. As Ambassador Ryan Crocker has argued, "as bad as [Assad] is, there is something worse." 19

Washington's strategy of fighting a two-front war needs to be reconsidered. The notion that Syria's "moderate" militias can or will take on ISIS while they forgo their revolution against Assad is unrealistic. A primary enabling factor for the rise of ISIS has been the stalemate between the Syrian Arab Army and rebel forces that has sapped the power of both. The grinding civil war in western Syria opened a void for the emergence of ISIS in the east. Continued arming of the rebels through leakage of weapons supplied by others may help ISIS,²⁰ whose growing strength has created a new sense of urgency in Western capitals. Iran may encourage Assad to increase military action against ISIS.²¹

6.4.1 The need to rethink U.S. policy.

During the first three years of the uprising, Washington pursued parallel policies. The first was to work with the Russians to convince Assad to concede to a transitional government that would progressively empower the opposition. The second was to strengthen that opposition with diplomatic, humanitarian, financial and selective military assistance.

This approach was designed to avoid an Iraq-like experience of rapid state destruction and the heavy loss of American lives and resources without achieving the desired objective. It also promised to avoid a costly proxy struggle with Russia and Iran; and it minimized the risk of making even more difficult the negotiations with Iran over its nuclear program. It has not resulted in Assad's departure. Iran has remained his strong supporter and Russia has refused to move against him. Meanwhile Russo-American conflict over Ukraine has limited efforts at further cooperation.

6.4.2 Where the rebellion stands.

The rebellion is at tipping point, although the crucial loss of Aleppo could take many months. Aleppo is the only valuable city still held by mainstream rebels, and if they lose it the rebellion would collapse, not so much militarily as politically. Fighters, leaders, and foreign sponsors would probably conclude that they are no longer a viable force, setting

off a new range of splits and defections. Rebel forces in the north would be reduced to regional bit-players. The "moderate" rebels fighting Assad in western Syria, whom some see as supporting U.S. and opposition interests, are in no position to replace Assad. They have proven ineffective and resistant to unity. It is no longer a viable approach to debate what difference providing more weapons in past years might have made.

Among reasons for Assad's survival are the loyalty of his military leaders, the commitment of his allies, particularly Iran, and his willingness to use deadly force. Just as important has been the closing of ranks of Shi'as and support from Syria's religious minorities. Assad has been fortunate, too, in his enemies. Syria's opposition elite has proven to be paralyzed by personal rivalries and mutual distrust. Even at the height of the conflict, local affiliates fought on different sides of the war. No one should be surprised that some U.S.-backed groups have now aligned with ISIS.²²

6.4.3 Assad and ISIS.

Assad has not attacked ISIS as forcefully as he has the moderate rebels, in large part because the rebels were actively attacking his forces, trying to rid Syria of his regime. Also, ISIS was for the most part not attacking him but fighting those rebels who were. In effect it was the rebels that pushed the government out of territory it once controlled and in doing so cleared the way for ISIS.23

Some American politicians have warned that, with Syria and parts of Iraq under ISIS control, the region could become a base from which terrorist strikes against America would be launched, raising visions of 9/11.24 That success was due in large part to recruiting, organization, and training and the exploitation of weaknesses in the U.S. National Security and Intelligence system than to foreign bases. The main dilemmas that U.S. policymakers face today are to decide whether the opposition has the capacity to overthrow Assad and whether in doing so it would help or hurt the struggle to defeat ISIS. There are profound moral and legal reasons to retain a policy of trying to rid Syria of Assad, which is only likely to come through political means supported by military pressure.

6.5 U.S. POLICY IMPLICATIONS AFTER A NUCLEAR AGREEMENT

U.S. policy on Syria in the months ahead could go in several directions. Given Tehran's major role, Iran necessarily figures prominently in an assessment of options, which would be broader with more extensive U.S.-Iranian engagement.

6.5.1 Continue to seek the overthrow of Assad.

Such an approach would give continuity to the U.S. policy of the past three years. It would also be supported by many Americans, and be consistent with humanitarian intervention and human rights. Yet how can Assad's removal be achieved? And should that be a major objective of U.S. policy, given the challenge of ISIS? Many nations continue to support the rebels, even if half-heartedly.²⁵ However, there is real concern that sophisticated weaponry transferred to rebels will end up in the hands of Jihadist groups. Although some U.S. politicians advocate increasing military support to moderate forces in the hope that they will fight both Assad and the Jihadist militias, that is increasingly unrealistic. It serves no purpose to continue speculating whether greater military support might have resulted in the departure of Assad. Looking back to what might have been has obstructed important decisions to meet today's crisis. A military solution has not appeared, and a political solution would once again require the participation of parties who, at the moment, are not willing to engage.

6.5.2 An Assad commitment to fight ISIS.

The thought of working with Assad on any project is offensive and cuts against American values and objectives. On the other hand, if the defeat of ISIS has become a principal strategic goal, then enlisting Assad could be important. U.S. commanders appear more concerned by continued ISIS expansion than by Assad's retention of power. Ambassador Crocker has warned: "We would be making a grave mistake if our policy were aimed at flipping the tables and bringing a Sunni ascendancy in Damascus." He added that a Sunni government in Damascus would probably be "dominated by the worst of the worst." ²⁶

American military commanders have made it clear that ISIS cannot be defeated without ground troops. The Iraqi armed forces and peshmerga (the Kurdish fighters) will probably not have sufficient strength to win, even with selective U.S. bombing, drone strikes, and attacks by Special Forces from the air against ISIS bases in eastern Syria. American leaders have been clear that, although they will not put large numbers of combat troops on the ground, some coalition of countries must. Syrian forces should be urged by Tehran to attack ISIS directly in Syria. Syrian military commanders, security personnel, and top government officials should be motivated to avoid an ISIS victory, which would likely result in the execution of many loyal to Assad.²⁷ Alawites and most other religious minorities and many Sunnis support Assad because they fear ethnic cleansing.²⁸

6.5.3 Return to a political solution Iran's role will be crucial.

Tehran has insisted that it is looking for a political outcome, but its notion of a deal is

very different from the West's. The Iranian Deputy Foreign Minister for Arab and African Affairs Amir Abdollahian has said, "We aren't seeking to have Bashar al-Assad remain president for life. But we do not subscribe to the idea of using extremist forces and terrorism to topple Assad."29 Iran's and the United States' views might be more compatible should Assad be successful in combating ISIS. President Rouhani has argued that Syrian state institutions —including the army—should be preserved. The Assad family has packed sensitive posts with loyal Alawites (some 80% of the top officer corps is composed of Alawites), minorities, and Baathists.³⁰ Yet Assad has still maintained valuable support among the Sunni elite and leaders of other minorities. Rouhani insists that "the Sunni Muslim majority would be represented in the new political structure, while the rights of the minority Alawites would be protected."31 He also proposes that Assad and other top Alawite officials be granted legal immunity. The Iranians seem to be angling for a Saudi-Iranian understanding over Syria, similar to that reached by Hafez al-Assad and Saudi Arabia over Lebanon in the 1990s. Iran seeks an agreement that would preserve Syria's minority-dominated military intact and with it the country's key position in the "Shi'ite Crescent" as a loyal ally. Such an arrangement might be feasible after the defeat of ISIS but not without Iranian and American cooperation.

6.6 RECOMMENDATIONS FOR U.S. POLICY

The United States after an agreement should work with the United Nations and other governments to convene a Geneva III meeting to relieve the immediate humanitarian crisis in Syria and develop a long-term political solution.

The United States should support the UN preference to include Iran, Saudi Arabia, Russia, Turkey, and representatives of the Syrian moderate opposition in the Geneva meeting. The agenda should include a regional cease-fire, release of prisoners, humanitarian assistance, refuge return, eventually the lifting of some sanctions, the establishment of a Syrian reconstruction fund, and a structure for the political and economic future of a united Syria.

The ideal political solution would maintain Syria as a unitary and sovereign state and would look to a new constitution that would guarantee civil and legal rights for all Syrians. To establish a new form of government will take a long time and probably include an extension of the current regime. However, Iran, Russia, and Saudi Arabia would be a powerful combination of states to achieve a transitional government and the eventual departure of the Assad family.

7. TURKEY

Background: Turkey's relationship with Iran has long been difficult. Competitive empires gave way to secularizing states. Throughout the 1980s and 1990s Tehran's rhetorical commitment to exporting its revolutionary Shi'ite-biased ideology sowed mistrust in Ankara. Nevertheless, concerns that Iran posed a threat to Turkey's secular system did not preclude successive Turkish governments from energy agreements and extensive business ties with the Iranians. Beginning in 1996, the government of Necmettin Erbakan—the founder and leader of the Turkish Islamist movement—signed a 22-year contract to supply ten billion cubic meters of gas annually. That deal, which was worth \$22 billion and skirted U.S. sanctions, caused consternation among secularists in Turkey who feared that Erbakan was moving Ankara toward Islamization. Despite this, the agreement was honored after the military pushed Erbakan from office and a succession of secular coalitions governed Turkey between 1997 and 2002.

The emergence of the Justice and Development Party (AKP) did not fundamentally alter the pattern of relations, best described as strategic competition. There may be an expansion of economic ties and even credible allegations that Turkey has helped Iran circumvent international sanctions, but the Turkish leadership has also sought to check Iran's influence. Ankara and Tehran have been careful not to challenge each other directly, but they compete in Iraq, Syria, and Palestine, as well as in the region more broadly. While the Gulf States view competition with Iran through a sectarian lens, Turkey does not explicitly do so. For Ankara, Tehran's accumulation of influence in the region is a reflection of their historic economic and political competitiveness, a rivalry colored by Persian and Turkish pride, not a sectarian one.

HOW IRAN VIEWS TURKEY

Tehran has generally seen Turkey as both a challenge and an opportunity. After the Shah was ousted, Iran's new leaders were suspicious of its neighbor—with its decidedly secular political order, NATO membership, and aspirations to join the European Union. Turkey had also become, post-revolution, home to many Iranian dissidents, and Ankara's ties with Tehran's enemies, especially Washington and Jerusalem, were additional reasons for distrust. Overall, though there was actually more continuity in Iran's post-revolution foreign policy than widely assumed, the main differences between Tehran and Ankara were those between a status quo and a perceived revolutionary power.²

7.1.1 The impact of the AKP on Iran.

Despite the development of economic ties in the 1990s, Iran-Turkey relations remained cool until the emergence of the AKP in 2002. Critics of both the AKP and the rulers of Iran have suggested that improved ties were a function of common cause between two countries with Islamist leaderships.³ This ignores the vastly different worldviews of the AKP (which has instilled a certainly flexibility and tolerance of piety in Turkey's secular order) and the velāyet-e faqīh theocracy of Iran's clerical establishment. Rather, Tehran's softening view has had more to do with changes in Turkish foreign policy under the AKP, which has sought good relations with Turkey's neighbors regardless of the character of their regimes.

7.1.2 Iran's response to Turkey's support for a nuclear agreement.

The Iranians responded positively to Turkish signals that it opposes resolving the impasse over Iran's nuclear program with force. This gave the Iranians enough confidence to work with the Turks (and the Brazilians) on the ill-fated Tehran Research Reactor in 2010.4 Relations cooled again in 2011 as a result of American pressure on Ankara leading to its agreement to accept a NATO early-warning radar installation directed at Iran, and also Tehran's increasing involvement in the suppression of the Syrian uprising against Assad. Still, Iran welcomed Turkey's positive response to the Joint Plan of Action of November 2013, and clearly sees opportunities for further improvement should there be a successful conclusion to the negotiations.

Ties suffered in 2011 as a result of American pressure on Ankara leading to its agreement to accept a NATO early-warning radar installation directed at Iran, and also Tehran's increasing involvement in the suppression of the Syrian uprising against Assad. Still, Iran welcomed Turkish positive response to the JOPA, and clearly sees opportunities for improvement with Turkey should there be a successful conclusion of the negotiations.

7.2 HOW TURKEY VIEWS IRAN

Turkey and Iran do not see each other exclusively through a prism of religion since Islam has played a different role in the development of each country.

7.2.1 The role of Islam in politics.

In keeping with Mustafa Kemal's reforms, the Turkish government sought to control religious expression in the political arena, whereas Ayatollah Khomeini's singular innovation of *velāyet-e faqīh* institutionalized the political preeminence of clerics and the propagation of religion in society.⁵ Turkey's dominant secular elites at the time feared less the emergence of an Iranian system than Turkish Islamists (who had participated in a variety of coalition governments in the 1970s), but Ankara feared that they would try to advance their agenda against the backdrop of Iran's social revolution. Consequently, wariness and mistrust characterized Ankara's relations with Tehran, though Turkey never severed diplomatic ties.

7.2.2 Cautious accommodation with the Islamic revolution.

During Turgut Ozal's rule in the mid-1980s and again in the 1990s, Turkish governments developed energy links with Iran. Still, those periods were brief and relatively restrained under the watchful eyes of Turkey's armed forces, the Turkish General Staff (TGS). The TGS, which had an oversized role in domestic politics, was concerned with the influence Iran's Islamic revolution would have on Turkey's domestic politics. 6 Over time, the perception of this threat diminished, and by mid-2000 Turkey and Iran cooperated against the Kurdistan Workers' Party—known commonly as the PKK—and its Iranian affiliate, PJAK (the Party of Free Life of Kurdistan). More recently, however, as a result of the Syrian civil war and Ankara's opposition to Assad, Ankara suspects Iran of plotting with Syria to foment PKK attacks.7

7.2.3 The role of Erdogan's AKP.

Not until the rise of the AKP was there any significant change in the relationship between the two countries. The AKP sought from the start to broaden Ankara's traditionally Western NATO/EU-focused foreign policy toward the East. There had been previous periods of Turkish activism in the Middle East, especially during the Ozal era, but the AKP's worldview, which seeks to establish Turkey as a leading Muslim power, dictated a more engaged approach. Consistent with Ankara's effort to establish good ties with its neighbors, Turkey sought to increase and diversify its trade relations with Iran.8 On the all-important nuclear issue, the Turks remained opposed to proliferation, but during a visit to Tehran in 2010, shortly before the Tehran Research Reactor deal was concluded, Erdogan made it clear that he believed that Iran had a right to peaceful nuclear technology.9 Turkey wanted to underline that Ankara did not see Tehran in the same light as the United States, its European partners, or Israel.¹⁰

7.2.4 Renewed competition among Arabs.

Throughout the AKP era there has been a competitive aspect to Turkey-Iran relations. In the aftermath of the conflict between Israel and Hezbollah in 2006, when the popularity of Hasan Nasrallah and the then Iranian President Ahmedinejad spiked, Turkish leaders sought to peel away some of Iran's prestige. Ankara took a variety of populist positions on the Palestinian issue, deployed peacekeeping forces to Lebanon, and followed a foreign policy that emphasized Muslim solidarity. Erdogan and his advisors believed that the Arab world and Turkey in particular had surrendered leadership to Iran for too long. The strengthening of ties between Turkey and Syria was part of this strategy. There were important reasons for Ankara's political and diplomatic investment in the Assad government, notably the economic benefits to Turkey of having direct access to Syria, Jordan, and the Gulf beyond, but drawing Damascus away from Tehran was always an important objective.¹¹

7.2.5 Deteriorating relations over Syria.

As the uprising in Syria escalated into civil war, Turkey's failure to sway Damascus became clear as the Assad government drew ever closer to Iran. The mounting death toll and the large number of Syrian refugees seeking shelter in Turkey had a profound effect on the way Ankara viewed Iran. The bilateral relationship continued, but the two countries found themselves on opposite sides of a major conflict. Once the Turks gave up on Assad, they did everything—short of direct intervention—to bring his rule and the power structures his father had built to an end. The Iranians sought to shore up Assad, understanding that if the rebellion prevailed it would be a major strategic blow.

7.2.6 The potential impact of ISIS on Turkey.

The advances of ISIS have created new threats to many of Turkey's core interests. Turkey had enabled many Sunni Islamists to cross its borders to join ISIS as part of its support for the rebellion against Assad. At the same time, Iraq's possible disintegration poses numerous challenges on its border, not least a future independent Kurdistan. The Iranian support for the replacement of Maliki in Iraq has also opened new possibilities. At this writing, it is still unclear how Turkey will evolve a policy to join other states in the region to oppose ISIS; but Turkey and Iran may be entering a new cycle of accommodation in a struggle against a common enemy on their borders.

7.3 IMPLICATIONS OF AN IRAN-U.S. RAPPROCHEMENT

Since the November 2013 accord, the Turks have demonstrated a renewed interest in Iran. Not only has diplomatic traffic picked up and Turkish trade delegations made their way to Tehran, but former Prime Minister—now President—Erdogan has changed his stance. When he visited in January 2014, he declared that Iran was his "second home." The

noticeable warming is a function of the nuclear negotiations, but also the deterioration of Turkey's strategic position. By the spring of 2014, Ankara had difficult relations with Saudi Arabia, Iraq, Egypt, the United Arab Emirates, Israel, and of course Syria. The perception that Erdogan and the AKP have sympathy for Egypt's Muslim Brotherhood and similar groups has an especially negative impact on Saudi Arabia, the UAE, and Egypt. Given absence of friends in the region beyond Qatar, the Kurdistan Regional Government, Tunisia, and Hamas, Ankara took advantage of the progress between Washington and Tehran to re-engage with the Iranians. It remains unclear what Turkey gained from this outreach, however.

An opening between the United States and Iran could help ameliorate the tensions that remain between Ankara and Tehran, although even a modest improvement would face resistance from other regional actors including the Gulf States, Egypt, Israel, and potentially Russia. Whatever the environment, the Turks and Iranians will retain their traditional competition. Even as they join in common cause against ISIS and enjoy the potential for greater trade relations, the two countries remain divided over Syria and awkward competitors in the Arab world, as they have been for centuries.

A comprehensive nuclear agreement could be an economic boon for Turkey. The Europeans, looking to diversify their gas supplies away from Russia, would likely look to Iran. Turkey is the obvious transit country for getting Iranian gas and oil to Europe. 13 Any project along these lines would take years to develop and face opposition, especially in Moscow, which has some leverage with Tehran. Nevertheless, a relief of sanctions opens up possibilities for Turkish-Iranian ties that were previously blocked. Turkey's trade with Iran is currently \$15 billion, with plans to double that figure by the end of 2015.14 Such an improvement will be difficult without a major change in U.S.-Iran relations and resultant sanctions relief.

Any rapprochement between Turkey and Iran would still be in the context of their rivalry. Turkey has some advantages over Iran in its previously closer relationships with other states in the region, encouraged by years of effort before the Erdogan policies brought negative results. Turkey also has a competitive advantage because the Gulf States, notably Saudi Arabia, are determined to check Iran's ambitions, especially in light of any potential nuclear accord.

7.4 RECOMMENDATIONS FOR U.S. POLICY

Washington should act on the assumption that despite—or even because of—the historic Iran-Turkey rivalry, Turkey could play a constructive role integrating Iran into the international community. (For example, increased trade between Tehran and Ankara will help convince the Iranians of the benefits of the nuclear agreement.) The United States should also, after the nuclear agreement, foster cooperation between Turkey and Iran as a way of confronting ISIS, which threatens both countries' interest in maintaining a unified Iraq.

Washington might, with the support of others in the P5+1, consider a role for Turkey in the implementation and monitoring of the nuclear agreement. Based on Turkey's support for Iran's development of peaceful nuclear technology, the inclusion of Ankara is likely to be an important confidence-building measure.

8. NON-STATE ACTORS

There are multiple trends and conflicts affecting such non-state actors as Hezbollah, Hamas, the Afghan Taliban, Al Qaeda, and ISIS, each likely to have a more pronounced impact than the signing of a nuclear agreement. Nonetheless, a nuclear deal would probably push Al Qaeda and Iran further apart. No two groups will be affected in the same way; some not at all. The Afghan Taliban may feel the fallout of a deal most, through a heightening of its existing tensions with Iran. A nuclear agreement could help the United States and its allies find common ground with Iran for a creative response to ISIS, although the United States must avoid seeming to ally itself with the Shi'a and thereby enhance the appeal of radicals to Sunnis. The challenge is whether synergy and common objectives with respect to some of these actors will help the United States and Iran to work against common threats or whether a breakdown of the talks might precipitate new areas of conflict.

8.1 IRAN'S RELATIONS WITH TERRORIST GROUPS

The United States has long considered Iran an active state sponsor of terrorism in the world. In recent years, it has had ties with at least seven terrorist groups, which it has used to perpetuate its revolutionary mission, buffer external threats, demonstrate opposition to the regional status quo, and project power beyond its borders.² This deployment is part of a longstanding strategy dating from Iran's early revolutionary days, flowing from its relatively weak conventional military capacity and isolation—as the major Shi'ite player—in the region and beyond.

8.1.1 Iran designated a sponsor of terrorism.

Designation followed the 1983 Beirut barracks bombing that killed 241 U.S. Marines. Iran supported the suicide truck operation that was traced to individuals within Lebanese Hezbollah. Adding Iran to the list of state sponsors of terrorism activated a range of sanctions that included restrictions on lending, arms sales, dual-use items, foreign assistance,

and U.S. aid. These formed the heart of a complex web of anti-Iran sanctions that were subsequently expanded to cover nuclear issues as well.3

8.1.2 Iran's support for terrorists against Israel.

Since its revolution, Iran has also supported violent anti-Israel groups, largely over Palestine. It has provided funding, weapons, and training to Hamas, Palestinian Islamic Jihad, the Al Aqsa Martyr's Brigades, and the Popular Front for the Liberation of Palestine— General Command (PFLP-GC).⁴ Beginning in 2010, the Iranians launched a wave of attacks against Israelis abroad, carried out by the Qods Force of the Iran's Islamic Revolutionary Guards Corps and by Hezbollah.⁵ Other attacks were planned for Turkey, Azerbaijan, and Thailand, but were thwarted. Some of Iran's covert actions occurred in the context of U.S.-Israeli Stuxnet⁶ cyber-attacks on Iranian nuclear systems and the threat by Israel's leaders that it might launch an air strike on Iran's nuclear sites.⁷

8.1.3 Iran's terrorist objectives.

Iran has used non-state actors and its Qods Force to keep opponents off-balance. If Tehran's perception of those opponents were to change, their deployment could also change. The civil wars in Iraq and Syria could reverse the temporary regional power advantage that Iran had gained from toppling Saddam Hussein in Iraq and the Taliban in Afghanistan. A nuclear agreement accompanied by improved relations with the West could reduce Iran's employment of non-state groups and even the Qods Force abroad—especially in the face of more urgent threats closer to home. Iran would have to judge which was more important gaining sanctions relief from the nuclear deal along with increased international acceptance, or sustaining the same level of clandestine violence through surrogates and associates.

8.2 KEY NON-STATE ACTORS AND IRAN

8.2.1 Hezbollah.

According to the U.S. government, Iran provides about \$100-200 million annually to Hezbollah.⁸ The organization is Iran's closest non-state ally but by no means merely a proxy. Hezbollah's ties to Iran are ideological, rooted in a common Shi'ite affiliation and Hezbollah's commitment to the Islamic revolution. Their alliance is also based on joint animosity toward Israel and support for Palestine's national aspirations. Beyond its ties to Iran, Hezbollah has a global network of private sympathizers, especially among ethnic Lebanese, and an extensive array of legal and illegal enterprises.

8.2.1.a Changing nature of Hezbollah.

For several years the organization has been torn between its revolutionary roots and terrorist actions on the one hand and its nationalist agenda in Lebanon on the other. Although still engaged in terrorist and criminal activity abroad, it has gradually shifted emphasis toward the political arena, winning parliamentary seats, expanding its public participation in national debate, and providing extensive social and health services in southern Lebanon. In addition to guerrilla forces, its formidable army has advanced artillery, communications, engineering know-how, and an impressive arsenal of surface-to-air rockets. By holding its own during the 2006 war with Israel, Hezbollah augmented its international reputation as a powerful player and solidified support among Lebanon's Shi'ite community.

Hezbollah's entry into the Syrian war to support Assad's government reinvigorated its militant identity, although it also strained its support among Lebanese political backers and depleted its reserve manpower. Even as its forces played a vital role in bolstering Assad's power, some followers questioned the campaign to kill fellow Muslims instead of Israelis. Many Lebanese fear that the continuing exodus of Syrian refugees and the expansion of the war among Sunni militants and Shi'ite defenders of Assad will undermine Lebanon's fragile stability. Eventually, the tidal wave of Sunni Syrian refugees threatens to upset Lebanon's precarious ethnic and political balance.

8.2.1.b Hezbollah's reach.

At the same time, Hezbollah still enjoys a well-developed global reach, with a record of attacks worldwide going back to the 1980s.9 With the help of Iran, it has extensive intelligence and counterintelligence networks, with Hezbollah-affiliated groups in Europe, Africa, South America, North America, and Asia. It also trains others in the use of explosives, guerrilla tactics, and tradecraft. It has instructed Palestinian terrorists in suicide attacks and trained Iraqi Shi'ite militants in the use of explosives aimed at American troops.¹⁰

8.2.1.c Impact of a nuclear deal.

Hezbollah's activities will be less affected by a nuclear agreement than by the outcome of the Syrian war. Hassan Nasrallah (Hezbollah's leader) argues that the group's involvement there is vital to protect Lebanon itself.11 Syria has long been the main transit point for Iranian-supplied weapons and is a key ally; losing such a partner would be a blow to both Iran and Hezbollah. A nuclear agreement could subtly influence the group's actions, however, because of how it would affect Iran's interests outside the region. Hezbollah last

allegedly targeted Americans in the 1996 Khobar Towers attack in Saudi Arabia (although there is still debate whether Hezbollah or Al Qaeda was responsible). 12 Its terrorist activities increased in 2012 with anti-Israeli operations in Nigeria, Thailand, Cyprus, and Bulgaria.¹³ In the past, Iran has secretly indicated it might try to rein in such activities in exchange for improved relations with the West.¹⁴

8.2.1.d Impact of lost funding for Hezbollah.

While the Iranians have strong political influence on Hezbollah, the organization is potentially financially independent because it has such a diverse portfolio of illicit economic activities. If Iran were to reduce funding, it could be restored through Hezbollah's legal and illegal enterprises—which already increase the group's autonomy and are unlikely to decline. Hezbollah will find resources with or without its main sponsor. Yet Iran has been an important supplier of weapons, particularly rockets and missiles, a major reason Hezbollah wants to keep open the supply line through Assad's retaining power in Syria.

8.2.2 Hamas and other Palestinian groups.

Hamas's key interests and influence are local, and a nuclear agreement will not directly affect it. Iran's ties with the group have already been strained by the war in Syria, with Hamas supporting Sunni rebels and Iran backing Assad. In recent months, Iran reportedly increased its support for Palestinian Islamic Jihad and Fatah, at Hamas's expense. 15 All these terrorist organizations will be much more directly affected by the outcome of the conflict in Gaza.

8.2.3 The Afghan Taliban.

In the months after 9/11, Iran helped American forces to work with the Northern Alliance in Afghanistan to establish the first U.S. military presence there and to remove the Taliban from Kabul. In early 2002, the Iranians offered to help fund and train the new Afghan army in its fight against remaining Taliban elements.¹⁶

8.2.3.a The United States and Iran break.

Only a few months after this initiative, the United States abruptly designated Iran as part of the "axis of evil," leading the two countries to go their own ways, even though both strongly supported the Karzai government, provided it economic assistance and publicly opposed the return of the Taliban. Iran reportedly then provided material support to individual Taliban groups in western Afghanistan,¹⁷ to maintain a hand in the Afghan struggle and use violence against U.S. troops as leverage against any attempt at regime change in Iran.

8.2.3.b Common U.S. and Iranian interests against the Taliban.

Nonetheless, over the past four years, Iran and the United States have made occasional probes toward a renewal of joint efforts. Iran has no wish to see the Taliban re-establishing an extremist Sunni state along its borders, which, at the least, would flood Iran with thousands of Afghan Shi'ite refugees. Tehran also knows that a Taliban-controlled Sunni Afghanistan would be aligned with Pakistan, spreading ideological radicalization, exporting violence, and shifting the regional balance against Iran. A stable, non-ideological, and independent Afghan government would serve the interests of both the United States and Iran.¹⁸ A nuclear deal might open up space for the two to cooperate more fully.

8.2.4 Al Qaeda.

A nuclear agreement that would open up Iran's relations with more of the international community would reduce incentives for any future cooperation between Al Qaeda and Iran.¹⁹

8.2.4.a Rumored Iranian relations with Al Qaeda.

Several senior Al Qaeda figures fled to Iran during the 2001 invasion of Afghanistan and were held there for years in a status somewhere between sanctuary and house arrest.²⁰ In the absence of reliable public evidence, Western analysts have speculated about why Iran kept Al Qaeda members on its soil. Some have argued that Iran and Al Qaeda were collaborators²¹ others that Teheran detained Al Qaeda operatives as insurance against attacks on Iranian interests and as potential bargaining chips with the Americans.²²

8.2.4.b Evidence of Iran-Al Qaeda antagonism.

Documents captured from the 2011 Abbottabad operation that killed Osama bin Laden support the insurance/bargaining-chip interpretation. According to bin Laden's letters, relations between Iran and Al Qaeda was hostile, characterized by disagreements over releasing Al Qaeda members and their families, as well as over covert actions taken by Al Qaeda against Iran. A complex series of negotiations and hostage exchanges, all detailed in bin Laden's letters, confirms their antagonism. The relationship has become even more troubled since Hezbollah and Al Qaeda affiliates began killing each other in Syria.

8.2.4.c Possible U.S.-Iran cooperation against Al Qaeda.

If Al Qaeda members still held in Iran are bargaining chips, Tehran seems ready to cash in. Over the past two years, up to a dozen senior members of the terrorist group have left or been forced out of the country, including two key leaders who ended up in U.S. custody.²³ A nuclear agreement might help undercut the classic Al Qaeda narrative—that the West is an implacable enemy of the Muslim umma or "nation"—adding to the

ideological incoherency of the jihadist movement. The pace of Al Qaeda-related attacks on Iranian interests would doubtless increase.

8.2.5 Iran and ISIS.

ISIS is no longer just a terrorist group but represents a hybrid state/non-state threat. In 2013, as Al Qaeda in Iraq, it split with Al Qaeda. Indeed, ISIS' Abu Bakr al-Baghdadi bristled at Al Qaeda's current leader Ayman's Zawahiri's directive to limit its territorial ambitions and stop the beheadings, executions, and barbarities associated with his group.²⁴ Since then, ISIS has eclipsed Al Qaeda as the jihadist group du jour, attracting an alarming number of violent extremists, including many with Western passports. Its media operations, publications, and on-line presence are slick, polished, and attractive to frustrated young men. The current size of ISIS's fighting force is difficult to estimate but it is growing. More to the point, its military successes appeal to those who are desperate to see results.

8.2.5.a The advances of ISIS.

ISIS has swept across Iraq, assisted by other Sunni forces and factions, including former Iraqi Baathists, tribal leaders and the Naqshbandi army (also known as the JRTN).²⁵ Confronted by ISIS fighters, the Iraqi army melted away, with troops abandoning weapons, U.S.-supplied vehicles, and even uniforms. ISIS's recent gains have alarmed Iran, which has openly sent Revolutionary Guard troops to fight alongside Iraqi government troops in Diyala province, for example.²⁶ Iran was also a decisive influence alongside the United States in removing Maliki as Iraq's leader in order to establish a government in Baghdad more responsive to all three major ethnic/religious groups.

8.2.5.b ISIS establishes a caliphate.

On June 30, 2014, ISIS announced an Islamic caliphate straddling Iraq and Syria, renamed itself the "Islamic State," declared an end to the 1916 British and French-imposed Sykes-Picot borders, and announced that its next goal would be to free Palestine.²⁷ In parts of the territory it now controls, ISIS exercises a kind of governance: it collects revenue, executes brutal Islamist law, has a police force, and controls a jihadist conventional army.²⁸ This is an accomplishment that Al Qaeda was unable to achieve.

8.2.5.c The weakening of ISIS.

To stop ISIS, several broad actions will be required. First, the new Iraqi government will have to establish a political environment that will offer Sunnis and Kurds a better alternative to Maliki's rule. Second, Iraqi Sunnis must become so repelled by ISIS that they develop on their own initiative an effective opposition in the Sunni-dominated regions of Iraq. To make that more likely, Iraqi Sunnis will need additional support from the Gulf States and others. Third, Iran, Turkey, and the Kurds, along with the Western powers, must work toward a common aim. The role of Iran will be important on this last front, as well as in influencing directly the behavior of the new Iraqi government. Dealing with the threat from ISIS will be a major element in any enhanced U.S.-Iranian dialogue about instability in Iraq and Syria. A key question will be whether this must await a nuclear agreement or whether parallel steps, perhaps synchronized by or through Iraq, can take place in advance of such a development. It will be difficult to walk the fine line of strengthening local resistance without being perceived as aligning with one side or the other of the sectarian divide. A failure in the nuclear talks could set back efforts to deal with ISIS.

8.3 IMPLICATIONS FOR U.S. POLICY

8.3.1 Terrorist designation remains a major obstacle.

Any nuclear accord that includes significant relief from sanctions will have to deal with the fact that some sanctions against Iran enacted by Congress have been keyed to terrorism. Thus removing Iran from the State Sponsors of Terrorism list would be difficult. The relevant legislation requires that the Secretary of State provide evidence either that the state has a new government (as was the case in Libya and Iraq) or that it has not engaged in terrorist activities in the prior six months and is committed not to do so in the future (as was argued in de-listing North Korea). Neither is the case here. Meanwhile, the Iranian public's expectations for relief from sanctions are a major factor moving the Rouhani government toward agreement. The sanctions linked to terrorism mean that, even if a nuclear deal is struck, the domestic politics in both countries may make it difficult to sustain a positive momentum. This could lead to a new phase of U.S.-Iranian tension.

8.3.2 The broader regional picture.

From a regional perspective, developments in Syria and Iraq—especially the military threat of ISIS, the potential break-up of Iraq, and the establishment of a radical Sunni safe haven ("caliphate")—would threaten all the states of the region, including Iran. The involvement of large numbers of young men holding Western passports and the rabid anti-Americanism of ISIS mean that it could also pose a threat to European allies and the United States, especially if it continues to gain strength. The United States cannot afford to fail in its diplomatic efforts and return to the utterly dysfunctional relationship with Iran since the revolution. As serious as the nuclear issue is, serious problems of regional stability are now also at hand.

8.3.3 Iran's past proposal to exchange information and cooperate on terrorism.

Iran has in the past suggested that it would consider cooperating against Al Qaeda and other terrorist groups under certain conditions. In May 2003, it purportedly proposed that, in the context of an improved relationship, Iran would agree to "enhanced action against Al Qaeda members in Iran, [and] agreement on cooperation and information exchange."29

8.4 U.S. POLICY RECOMMENDATIONS

A challenge for the US will be to cooperate with nations in the region against terrorist threats without appearing to take sides in the Sunni and Shi'a conflict or in the divide between Arabs and others. The decision to degrade and ultimately defeat ISIS presents an opportunity to test American diplomatic and political skills to work even-handedly with the nations of the region to achieve a common goal. Cooperation with Iran would thus take place within a larger regional grouping that should include the Gulf States and Turkey in addition to the Government of Iraq. NATO allies could support such regional efforts against ISIS but not dominate.

After the signing of the nuclear agreement, the US should test whether Iran would be prepared to collaborate through selective exchanges of information about ISIS and to discuss possible cooperation in direct action. However, even before an agreement is signed, given that the U.S. has publicly stated that it will not engage with Iran on such an effort, it may be necessary to explore such possibilities indirectly through intermediaries in the Iraqi government.

None of these efforts with Iran for a common cause would negate or eliminate US concerns about Iran's relations with and support for other organizations that have used terrorist tactics. The US should make clear in any talks with Iran that it opposes Iran's support for terrorist groups, including Hezbollah and Hamas against Israel.

Still cooperation with Iran against ISIS in the context of broader regional cooperation against this common enemy would serve two useful purposes. It would make action against groups such as ISIS more effective by being better coordinated and based on more information. And it could open up the possibility of further engagement with Tehran on similar subjects.

9. ENERGY: IRAN AND ITS NEIGHBORS

Background: Petroleum and energy resources in the Persian Gulf region will be an important factor in determining how the re-inclusion of Iran might affect U.S. interests and policy. Oil and gas will remain important to the United States and its allies for many reasons. Improved relations with Iran and the easing of sanctions will help Europe diversify its energy sources and reduce the heavy dependence on Russia. Russia may oppose this, and all exporters will be concerned to maintain a price point close to present levels, if not higher. Iran's nuclear development will continue to present challenges; it will be some time before it can take up a large share of electricity production. Iran's interest in being completely autonomous in providing enrichment services for a potentially large program will raise questions about whether it could then use that capability for military purposes. Such questions will shape any comprehensive agreement with Iran.

9.1 IRAN AND GLOBAL ENERGY

A lifting of sanctions would allow Iran to rebuild its petroleum sector, but that alone would not turn the country into a massive petroleum and natural gas producer. Reconstruction is likely to take years, delayed by bureaucratic, financial, and political obstacles. A gradual increase in Iranian exports of petroleum and gas is not in itself likely to reduce world prices significantly or create heightened competition among the Persian Gulf States.

How might Iran fit in to the regional energy picture? For the past few decades, the Persian Gulf has been the global hub for oil and gas production. Based on the latest data published in the BP Statistical Review of World Energy, the Gulf's littoral states (i.e., those with a coastline) hold about 48% of the world's oil reserves, with Saudi Arabia, Iran, and Iraq being the top reserve-holders; and Saudi Arabia, UAE, and Iran the leading producers. The same countries produce about 32% of the world's crude oil.¹

The Persian Gulf contains about 40% of the world's conventional natural gas reserves, the vast majority sited in Iran and Qatar. The BP Review claims that Iran now has the world's largest stocks of natural gas, followed by Russia and Qatar. However, Iran's actual gas production corresponds to just 5% of the world's total, and even though the country has recently become a net exporter, the actual amount is negligible. The most significant exporter in the region is Qatar, which has positioned itself as a major producer of liquefied natural gas (LNG).2

In the past few years, U.S. dependence on Gulf energy has declined due to the emergence of African and Latin American sources, and more recently to the development of hydraulic fracturing in North America. Nonetheless, the Gulf continues to play an important role, both as a producer of primary energy and as a source of petroleum products, petrochemicals, and other oil- and gas-based commodities.

The argument that new, unconventional reserves will eventually render Middle East production insignificant ignores price dynamics. Should increasing international crude oil production result in substantially lower prices, unconventional oil could lose some commercial value, to the benefit of Middle East producers. In the medium term, Gulf oil will remain essential to global markets, particularly Asia.³

Despite its overwhelming resources, the energy reserves of the Middle East are likely to continue to be underutilized because of regional conflicts. There has also been vast energy inefficiency throughout the entire area, particularly in Iran where there has not been adequate investment and management of its rich resources. Subsidized fuel prices have led to unsustainably high consumption in all these countries, so that an increasing amount of Gulf oil and gas is for domestic consumption.4

9.2 INTER-REGIONAL ENERGY CONSIDERATIONS

Despite the availability of huge hydrocarbon reserves, the Gulf States as a whole are a net importer of natural gas. Iran consumes almost its entire production domestically. Although what Qatar has available for export is needed by the other markets in the region, Qatar exports to world markets instead, leaving its neighbors to import from elsewhere.⁵

9.2.1 Region a net importer of natural gas.

In Saudi Arabia, about half what is used for power generation consists of liquid fuels as opposed to more efficient natural gas.⁶ Consequently, it and the other GCC countries (with the exception of Qatar) all need natural gas imports. Iraq is already buying electricity from Iran and has a provisional agreement to import natural gas. 7 Oman has also contracted with Iran for natural gas,8 and Kuwait recently announced that it would like a similar arrangement.9

9.2.2 Role of natural gas and other products.

Once the current sanctions on Iran are lifted, energy interdependence will play a significant role in regional relations. Iran will be able to export a larger volume of its oil. As other key producers invest heavily in producing downstream and value-added

products, such as gasoline and petrochemicals, competition over crude oil among Persian Gulf producers will be less important.

9.3 DEVELOPMENTS IN IRAN'S ENERGY SECTOR

Over the past decade, Iran's petroleum production has been heavily affected by political uncertainties, mismanagement, subsidy reforms, and sanctions. Oil output declined from its peak in 2010, when Iran produced an average of 4.35 million barrels per day (mbpd), dropping to 3.3 mbpd in 2013.10 However, the return of more moderate political forces to the government, as well as the signing of an interim nuclear deal, have allowed Iran to step up its oil production to about 3.6 mbpd. Another consequence of sanctions has been the decline in Iranian crude oil exports, which have dropped from some 2.3 mbpd in the first half of 2012 to about 1.5 mbpd in May 2014.11 Looking ahead, Iran will need substantial investment to strengthen its petroleum production facilities, develop its natural gas infrastructure, and at the same time build some of the nuclear power reactors it has proposed as justification for the size and scope of its nuclear fuel cycle program.

9.3.1 Petroleum and natural gas.

Despite the decline in the oil sector, Iran has actually experienced a growth in natural gas production. In 2013, it produced 167 billion cubic meters (bcm) and consumed almost all of it domestically. It is currently a net exporter of gas, importing about 7 bcm of per annum from Turkmenistan and exporting about 10 bcm to Turkey.¹² It may be more valuable for Iran to export gas and energy in other forms, such as electricity, or products made in so-called gas-based industries (petrochemicals, steel, cement, aluminum); but all this needs significant investment. Iran still imports gasoline, and its capacity to export natural gas and petrochemicals remains limited.

9.4 IRAN'S NUCLEAR PROGRAM

Iran has had plans for a nuclear program since the time of the Shah. These have included up to 20 nuclear power reactors.¹³ Since 2003, the enrichment of uranium has become a symbol of national pride and technical and scientific competence. While Iran, with the help of the Russians and others, finally managed to bring a nuclear power plant on line at Bushehr (on the southwest coast) in 2012, that plant has not played a significant role in satisfying the country's growing domestic needs. Foreign opposition to its enrichment program—a program that seemed unrelated to any realistic energy plans—began a costly cycle of Iran matching the number of its centrifuges to increasing Western sanctions. One of the main reasons for the negotiations leading up to a nuclear agreement is the fact that the international community could see no other purpose for the growth of Iran's stockpile of enriched uranium than building a nuclear weapon. Indeed, the core issue in the negotiations has been the P5+1 insistence that whatever enrichment capacity remains is related to a realistic projection of its domestic and export energy needs.¹⁴

9.4.1 Plans for new nuclear plants.

Though nuclear power currently is playing a negligible role in its overall energy consumption, Iran says it has plans to construct up to eight more power plants. In April 2014, it signed an agreement with Russia to build two additional reactors in Bushehr, and a construction contract is expected in late 2014. In addition, there have been reports of Iranian plans to build up to six more reactors at other sites. 15 The construction of these new plants will require multi-billion dollar investments, but Iran views such expansion as an integral part of its drive to become once again a significant energy exporter.¹⁶

Iran has insisted that it wishes to take over fueling of Bushehr in 2021 when the Russian supply contract runs out; and that it would require a large capacity (190K) of separative work units (or SWU, a standard measure for the amount of nuclear material produced by a centrifuge) to enrich significant quantities of uranium. Russia shows no interest in seeing this happen, as it wants to continue selling nuclear fuel to Iran.

9.4.2 The nuclear power option.

Other states in the Middle East have had similar ambitions for nuclear plants that did not come to fruition, e.g., Egypt. The UAE recently signed a nuclear cooperation agreement with the United States. Saudi and Jordan are in discussions with America on their own nuclear needs. Saudi Arabia says it plans to build 16 plants over the next 20 years, and Jordan is negotiating a contract with Russia's Rosatom for the construction of its first reactor. Jordan hopes to begin construction in 2015. For Iran to build many nuclear power plants requires overcoming significant challenges: 1) they are capital-intensive (i.e., the cost for foreign capital must be paid up front); 2) Iran is in an earthquake zone, which can make the use of such plants even more expensive in relative terms to other forms of energy; 3) a nuclear accident anywhere in the world could significantly undermine investment. It is conceivable that Iran could arrive at a point where it would decide to invest more aggressively in upgrading its outdated oil and gas infrastructure rather than in new nuclear plants. Given these problems, it could be many years before it will have a significant nuclear power program.

9.5 ENERGY COOPERATION IN THE GULF

Iran's ministry of petroleum has prioritized production in the country's largest gas field the South Pars in the Persian Gulf. One reason for this is that the field is shared with Qatar. Doha has offered support in developing the field to secure longer-term sustainable production,¹⁷ a collaboration that would be one example of how Iran and other Gulf States might cooperate. Iran and Iraq have also formally agreed to develop their shared oil fields, though no specific project has been announced. According to industry insiders, Iran's annual gas production has the potential to increase to 250 bcm by 2016, once South Pars and other projects come on stream.¹⁸

Cross-investments among the countries bordering Iran (such as Turkey, Pakistan, and Afghanistan) could lead to significant economic benefits. Also, the international trend towards greater trade flows in refined products, as opposed to crude oil, could create a new era of cooperation among the Gulf countries.

9.5.1 Energy competition in the Gulf.

The major producers in the Persian Gulf have been engaged in a tactical rivalry that has bred a number of proxy conflicts. It remains to be seen whether pragmatism and economic need will overcome strategic and geo-strategic competition.

The main area of rivalry will be petroleum products and petrochemicals, with Saudi Arabia, UAE, and Iran becoming major exporters. There will continue to be sensitivity on the international price of crude oil. Growing Iranian exports may reduce the price slightly, which could lead to tensions in the GCC countries, all of which need current price levels for their budgets. In addition, any such exports are likely to be affected by diverse geopolitical crises, such as the emergence of ISIS.

Another key area of competition will be the Gulf's desire to attract international investment. As sanctions are lifted, Iran should become a seeker and a destination for such investments, but all this must wait for legal, economic, and political reforms, so it may take years before rivalry for international investments would become a source of tension. At the same time, Western oil companies are anxious to re-enter a potentially profitable market.

Tehran will also try to attract advanced technology, which it already views as a main area of competition within the region, and will invest heavily to surpass other key players, particularly Saudi Arabia and Turkey.

9.6 RECOMMENDATIONS FOR U.S. POLICY

Over the long term, economic growth and political stability could help to marginalize extremist forces radicalized by unemployment and underdevelopment. The U.S. government and other international stakeholders should promote energy and trade relations throughout the region. The promotion of mutually beneficial relations through expansion of energy interconnectivity (through pipelines and electricity grids) and cross-border energy projects (such as investments in refineries that receive their feedstock from neighboring markets) would benefit everyone. Energy cooperation will not remove conflict from the Persian Gulf but it could become one of the cornerstones of new, more constructive, intra-regional relations.

9.6.1 Role of increased Iranian gas.

Increased Iranian gas production will benefit the region as a whole. Furthermore, it could reduce the dominant role of Russia as a supplier to Europe. Russia would probably oppose conditions in which Iran could take a share of the European gas market, and this, combined with Iran's dependency on Russia in the nuclear field, could explain why in the medium term Tehran won't push for direct gas exports to the European Union. The United States and Europe would benefit from encouraging Iran to develop its enormous gas reserves and eventually provide Europe with an alternative source. Such supplies could also come in the form of commodities rather than natural gas itself.

9.6.2 Is Middle East petroleum still a vital U.S. security interest?

A core issue for U.S. policymakers is whether access to Middle East petroleum plays the same vital role today that it once did. On the one hand, we live in a globally interrelated world, with friends and allies dependent on significant trade and an ample supply of energy to help build mutual prosperity. Many of those trading partners will continue to depend on Middle East oil at reasonable prices, so even while America becomes less dependent on the Gulf, it will still need to focus on the role that oil plays. But Gulf oil is no longer as important as it was, and frequently other considerations, 19 such as developing regional cooperation and combating terrorist forces, may take precedence.

10. THE U.S. MILITARY IN THE GULF

Background: Currently the United States has about 35,000 personnel at 12 bases in the Gulf. Historically, this is a large footprint. Until the mid-1980s, the only meaningful U.S. military presence was a small number of ships based in Bahrain. Saddam's invasion of Kuwait led to a sharp increase, but the level was reduced quickly after Operation Desert Storm ended in early 1991. For 10 years after 9/11, the U.S. presence was sustained at unprecedented levels for the wars in Afghanistan and Iraq, but it has now been significantly reduced in the Gulf region, with a commitment to lower it still further in 2016.

10.1.1 U.S. forces' role in countering Iran.

Arab leaders in the Gulf are not worried so much by an Iranian military attack as by the potential for the subversion of their countries' Shi'ite populations and especially the threat of Iranian political dominance (given its current role in Iraq and Syria).² The challenges of ISIS to Iran in Syria and Iraq hardly reduce these concerns. The U.S. military has a limited ability to counter Iranian subversion or its growing influence, but a strong presence may serve as psychological and political reassurance. The challenge for the United States is how best to manage a transition to a smaller military footprint while convincing Arab partners that it will be highly attentive to their needs after a nuclear agreement.

Washington and Tehran may settle on a parallel strategy to handle the challenge in Iraq. The United States must ensure that such a relationship is not construed as taking sides between Sunni and Shi'a, nor as threatening Arab states, much as the close U.S. relationship with Iran from 1953 to 1979 did not threaten them.

10.1.2 Deciding how large a force is needed.

For the last three decades, a U.S. military presence, predominantly offshore, has been a defining feature of the region. Originally, this presence was to check any strategic move by the Soviet Union. As the Cold War ended, that mission changed. Today, a more landbased presence serves three primary purposes: to deter Iran, to support military missions in Iraq and Afghanistan, and to reassure allies. Yet a comprehensive agreement on Iran's nuclear program combined with the reduction of U.S. forces in Afghanistan will modify these aims and make accomplishing them more complicated. While reduced numbers are inevitable, the discussion will be about what level (and what type) of force is appropriate. Even though some Gulf State anxiety is more rhetorical than real, reassuring the GCC will probably require significant forces, though not necessarily the same ones for the same purposes deployed today, and not necessarily land-based.

10.1.3 Reassuring Gulf States without threatening Iran.

At the same time, deterring Iran will be both more and less important. Although a U.S. military presence will be a major factor in reassuring the Gulf States, it must be a part of broader diplomatic and economic initiatives coordinated with the U.S. military.³

Moreover, given that full implementation of a comprehensive agreement is likely to take many years, reassuring U.S. allies and ensuring Iranian compliance will be essential. The United States will not want to seem threatening to Iran or to violate the agreement. Tehran is mindful of that, after Libya reached its nuclear agreement with the West, the United States and other Western states effectively removed Qaddafi from power through bombing and support for insurgents.⁴ A U.S. military presence in the Gulf will therefore be required to reassure allies while simultaneously deterring adversaries. Such a force must ultimately be prepared to act if warranted.

10.2 THE U.S. CENTRAL COMMAND IN THE GULF

U.S. Central Command (USCENTCOM) has five main components: U.S. Air Forces Central Command (AFCENT); U.S. Army Forces Central Command (ARCENT); U.S. Marine Forces Central Command (MARCENT); U.S. Naval Forces Central Command (NAVCENT); and a sub-unified command, U.S. Special Operations Command Central Command (SOCCENT). In 2014, more than a third of CENTCOM's assigned 94,000 personnel⁵ were deployed in the Gulf.

AFCENT maintains its forward headquarters at Qatar's Al Udeid Air Base. Al Udeid hosts the 379th Air Expeditionary Wing, which has intelligence, surveillance, and reconnaissance (ISR) aircraft in addition to transports, tankers, and strategic bombers. Al Udeid is also home to the Air and Space Operations Center that coordinates air operations across CENTCOM's area of responsibility (AOR), including the Gulf. AFCENT has two other expeditionary wings deployed in the Gulf, the 380th Air Expeditionary Wing, which operates ISR and tanker aircraft; and the 386th Air Expeditionary Wing, which operates transport and ISR aircraft.⁶ Finally, elements of the 432nd Wing support AFCENT, including operations in the Gulf. The 432nd is based at Creech Air Force Base in Nevada but exclusively operates remote piloted aircraft (drones).

ARCENT maintains a forward headquarters at Camp Arifjan in Kuwait. It has another base in Kuwait, Camp Buehring, and a third at Camp As Saliyah in Qatar. AR-CENT's primary focus in the Gulf is on air defense and receiving land forces. At present, most of the personnel in the CENTCOM AOR continue on to Afghanistan, but the bases are able to receive army units for Gulf operations.

MARCENT provides the senior headquarters to U.S. Marines deployed to the CENTCOM AOR. At present this includes those in Afghanistan as well as units embarked on Navy amphibious ships. This frequently includes an embarked Marine Expeditionary Unit (MEU) that provides a combination of ground forces, helicopters, and fixed-wing jets for immediate crisis response in the Gulf or elsewhere.

NAVCENT is headquartered in Manama, Bahrain. Its main operational unit is the U.S. Navy's 5th Fleet, usually at sea throughout the region. Only the NAVCENT/5th Fleet is permanently based in the CENTCOM geographic region, and typically includes an aircraft carrier strike group (a carrier plus aircraft, as well as cruisers and destroyers) and an expeditionary strike group (combining surface ships with amphibious ships, Marine amphibious groups, and aircraft), as well as substantial land-based supporting assets. NAVCENT is also heavily involved in the operations of the Combined Maritime Forces (CMF), which deploys multinational task forces. The most important for Gulf security is Combined Task Force (CTF) 152, which patrols between the Strait of Hormuz and the waters around Iraq. It has typically included personnel and vessels from Kuwait, Bahrain, the UAE, Saudi Arabia, and Qatar along with the United States, United Kingdom, Australia, and Italy.

SOCCENT maintains a significant set of special operations forces (SOF). While at present many of these are operating in Afghanistan, some conduct missions to train, advise, and assist U.S. allies in the Gulf. Others, such as special reconnaissance missions, are prepared for SOF missions that could directly or indirectly affect Gulf allies.

As well as these forces, USCENTCOM participates with countries in the Gulf Cooperation Council (GCC) in the Combined Air Operations Center in Qatar and the Combined Maritime Operations Center in Bahrain.

10.3 ADDITIONAL FORCES FOR REASSURANCE, **COMPLIANCE, AND DETERRENCE**

Three sets of military capabilities will play a critical role after any nuclear deal. The first are intelligence, surveillance, and reconnaissance (ISR); the second are missile and air defenses; and the third is the more general daily role of advisors and contractors who establish the personal relationships essential to maintain assured partnerships in the region.

ISR enhanced capabilities will be critical to all aspects of U.S. operations after an agreement. Some of the new equipment mentioned here might not be cleared for provision to the Gulf States but might be helpful for purely defensive missions. Sharing with GCC partners may require a high-level policy decision and potentially diplomatic

negotiations. For example, Iranian strategies to close the Strait of Hormuz rely heavily on being able to achieve surprise, particularly by covertly laying mines. ISR makes such operations far harder. Additional ISR assets would ideally have two characteristics: continual and wide-area coverage. This would allow United States and allied forces to monitor naval traffic continuously in critical areas of the Gulf with much higher effectiveness than at present. Such systems have been deployed extensively in Afghanistan.⁷ Other assets would be the Gorgon Stare wide-area surveillance system installed on remote piloted aircraft and the RQ-170 Sentinel stealth drone. At the lower end of the technology spectrum, systems such as the Persistent Threat Detection System (PTDS), a tethered aerostat (essentially a blimp held in place by a cable) could also support surveillance and might be sufficiently less sensitive that it could be made available to allies.

Air defense. Missiles are a major component of Iranian military capability, so to neutralize them would be a major advance. One innovation is the Terminal High Altitude Air Defense (THAAD) system that intercepts ballistic missiles at high altitude. Others, such as the Patriot PAC-3 surface to air missile, engage projectiles that evade THAAD so that even if one layer of defense fails, others succeed. At present there is no THAAD system deployed in the Gulf, though the UAE is in the process of acquiring one from the United States.8 Washington could suggest that one of its four operational THAAD batteries could deploy to the UAE.

Advisors. The presence of advisors and trainers across the region who sell or transfer U.S. military equipment and build the military-to-military relationships is vital to the operation, yet often overlooked.

10.4 REDUCTION IN FORCES

Even as the United States considers adding components, it may need to reduce overall numbers. The forces that most directly threaten Iran—and reassure partners—are fighterbombers, bombers, and power projection ships. Reductions here, as long as they do not compromise important missions, would be welcomed. However, it has yet to be decided what type of military force will be necessary against ISIS in Iraq and Syria.

Fighter bombers. The drawdown in Afghanistan will result in the reduction of B1-B bombers in the Gulf. The United States could withdraw the B-1s completely while publicly underscoring that they are not needed for likely near-term missions. This assumes that these longer-distance bombers will not be required against ISIS.

Ships. Reducing the U.S. naval presence would be significantly more complex given the importance of NAVCENT/5th Fleet to the region's overall security. However,

the United States has already pressed the GCC to take the lead in directing the combined naval task force responsible for the Gulf (CTF 152), so it might be possible to have them do so. U.S. forces would still be commanded from Bahrain, but they would patrol further offshore where they would be less visible, perhaps operating more frequently in the northern Indian Ocean. As with aircraft cover, it is still unclear what naval forces will be needed against ISIS, how many ships should be deployed to the USCENTCOM region and how many inside the Straits of Hormuz.

10.4.1 Strategic management of force levels.

Achieving a balance between reassuring the Iranians and providing adequate deterrent forces will be complex and require diplomacy. The key is to focus on a post-nuclear agreement military mission that serves several purposes.

In conjunction with reducing forward-based troops, the United States could institute routine exercises in the Gulf. This could be modeled on a similar U.S. effort during the Cold War in Germany. After reducing troops in the 1970s, the United States instituted an annual exercise known as the Return of Forces to Germany (REFORGER).9 A similar exercise in the Gulf could help reassure allies without unduly threatening Iran.

Strategic management should integrate America's political objectives and its security needs. This will depend on several factors:

- ▶ The possibility that crises will arise that will require a significant increase in forces in the region
- ▶ The extensive monitoring of Iran, given that the nuclear agreement may require 5-15 years to implement fully
- ▶ The actions of Iran and the Gulf states during the implementation period
- ▶ The U.S. strategic vision for its relations with the Gulf States during implementation

10.5 NEW CRISES

In the Middle East, surprises leading to the need for an enlarged U.S. military presence are endemic. One such development might be solid evidence that Iran was not complying with [or was violating] the nuclear agreement. A new military challenge is the Islamic State that spans Syria and Iraq.10

So far, the U.S. response has focused on providing intelligence from ISR assets to the Iraqi government, bombing to protect American advisors in Irbil, and assisting the Yazidis, Turkmen, Christians, Kurds, and other threatened minorities. CENTCOM has allocated more ISR assets to the Gulf and positioned U.S. Navy and Marine forces to provide additional options. These overlap with the ISR needed to ensure Iranian compliance with a nuclear agreement. While they are potentially useful for ensuring compliance, the continuing crisis in Iraq will impose demands for ISR sorties that may limit monitoring of Iranian activity. The current limited contingent of advisors consists primarily of special operations personnel, and at present there is no prospect of a major commitment of U.S. troops to Iraq. However, ARCENT and SOCCENT are ready to receive such forces.

10.6 RECOMMENDATIONS FOR U.S. POLICY

10.6.1 Plan for period of implementation of the Agreement.

The United States should begin diplomatic and military-to-military exchanges with Gulf States at the outset of its expectation that a nuclear agreement will be reached. The United States early on will want to make clear to all other governments that it intends to maintain a watchful eye on Iran's compliance and other activities in the region during the implementation period. The nuclear agreement will target dates for specific steps. If Iran were to miss targets or be in violation, pressure could mount for a renewed build-up of U.S. forces. On the other hand, should Iran over the first year show a determination to meet objectives, then the improved confidence about Iran's intentions may lead to a decline in hostility, opening the way to new forms of cooperation.

10.6.2 ISIS contingency.

The wild card in discussing U.S. force levels in the Gulf will be the scale of U.S. armed forces deployment to achieve the degredation and defeat of ISIS.

10.6.3 Anticipate even great military support.

The United States must be mindful that Arab fears after a nuclear agreement might try to define their security around an even stronger commitment of the United States including its armed forces. A new U.S.—Iran relationship will exacerbate Arab concerns, particularly in the Gulf about: revolutions against oligarchs; mounting violence, particularly between Israel and Palestine; the perceived failure of the United States to exercise its power in support of allies.

The Arab nations say that they fear that a new Iranian assertiveness could mix with sectarian and geopolitical tensions to obstruct cooperation or plunge the region into an even more intensive conflict.

It's because of Iran's strategic importance and influence in the Islamic world that we chose to probe for a better relationship between our countries.

President Ronald Reagan, 1986



Policy Recommendations

Background: A completed comprehensive nuclear agreement with Iran will have farreaching implications for the United States, as we have outlined. Virtually every nation in the region will be affected by the possibility of renewed U.S.-Iran cooperation. Iran will become a more prominent, yet potentially troublesome player, although any agreement the P5+1 sign will ensure that Tehran has a difficult path to acquire a nuclear weapon.

1.1 ISIS threat.

The second significant event in the region over the past few months has been the rise of the Islamic State of Iraq and Syria (ISIS), a disruptive and polarizing factor. If allowed to consolidate its control over large parts of Syria and Iraq, it would also represent a terrorist threat to the American homeland.

1.2 U.S. policy.

These developments come amid other changes in the region that require decisions on policy that will affect U.S. national security interests for several years. The United States will need to set priorities to confront security threats and to build new forms of collaboration among nations, some with a long history of mutual hostility. The key drivers for selecting these collaborators will be national interests defined by common practical and security needs.

1.3 Value of a good nuclear agreement.

This report has highlighted the intimate relation between concluding a nuclear agreement and working with Iran on the serious problems now being faced by both countries. Failure to reach an agreement is likely to make more difficult, if not rule out, any new collaboration of forces working together to enhance regional security. A good nuclear agreement, on the other hand, could lead to parallel and even joint U.S. and Iran actions—probably beginning with those involving ISIS, Iraq, Syria, and Afghanistan. More specific policy recommendations for individual issues can be found at the end of each of the chapters in the preceding Part II.

2. RECOMMENDATIONS FOR U.S. POLICY

The United States must make every effort to negotiate a comprehensive nuclear agreement that limits Iran's enrichment of uranium and production and separation of plutonium in line with civilian purposes and provides for comprehensive inspection and monitoring of that program.

Assuming the successful completion of negotiations, the US should develop a comprehensive strategy for dealing with Iran on a wide range of regional issues. The U.S. and its friends and allies should follow a two-track approach of pressure and incentives. While maintaining a watchful eye on Iran's compliance with a readiness to bring pressure when needed, the United States and others should promote trade, investment, and other forms of cooperation that will encourage Iran to adhere to its commitments. The U.S. must also maintain robust military cooperation with Israel and the Gulf States

After a nuclear agreement is reached, the United States should enter into regular discussions with Iran, which should include all outstanding questions. Although initially trust will be low, such discussions will be essential to determine the degree of possible cooperation.

2.1 REGIONAL COOPERATION AGAINST TERRORIST GROUPS

A challenge for the U.S. will be to cooperate with nations in the region against terrorist threats without appearing to take sides in the Sunni and Shi'a conflict. The degradation and defeat of ISIS presents an opportunity for America to work even handedly with the nations of the region to achieve a common goal. Cooperation with Iran would thus take place within a larger regional grouping that should include the Gulf States and Turkey in addition to the Government of Iraq. After an agreement, the U.S. should test whether Iran would collaborate on exchanges of information about ISIS and to discuss possible cooperation in direct action. However, even before an agreement is signed, given that the U.S. has publicly stated that it will not engage with Iran on such an effort, it may be necessary to explore such possibilities indirectly through intermediaries in the Iraqi government. None of these efforts with Iran for a common cause would negate or eliminate U.S. concerns about Iran's relations with and support for other organizations that have used terrorist tactics. The U.S. should make clear in any talks with Iran that it opposes Iran's support for terrorism including Hezbollah and Hamas actions against Israel.

2.2 IRAQ

The United States should seek to work with all the nations that border Iraq to preserve it as a unitary state. Partition of the Sunni, Shi'ite, and Kurdish regions in Iraq will almost certainly lead to future conflict and ethnic cleansing, as well as disrupt the stability of other nations, including Lebanon and Jordan. After an agreement, the United States should encourage Iran to continue to press Baghdad on reconciliation, a more inclusive government, equitable treatment for all Iraqis, and the institution of extensive reforms. It should also seek ways to complement U.S. training and strikes by air and Special Forces against ISIS strongholds.

2.3 SYRIA

Since there is no military solution to the Syrian civil war the U.S. should develop a political strategy that could achieve short-term humanitarian objectives leading toward a long-term solution combined with steps that could defeat ISIS in their home bases in Syria. After a nuclear agreement, the United States should consult with the United Nations and with other states to convene a Geneva III meeting, with the aim of achieving immediate humanitarian aid, a cease-fire in western Syria and a long-term solution to maintain Syria as a unitary state. The constitution would guarantee civil and legal rights for its citizens and at some point internationally-supervised elections. In such a process, the United States should seek the participation of Saudi Arabia, Russia, Iran, Turkey, and representatives of the moderate Syrian opposition. The inclusion of Iran would be a crucial addition that would increase the possibility of success. Now that Assad has begun to direct his military might against ISIS he should also be invited. Without these key players, especially Iran and the Syrian government, another international meeting would be fruitless.

2.4 AFGHANISTAN

The United States should set a high priority on developing broad international support for Afghanistan's transition to new leadership. In managing the period after U.S. forces depart, the emphasis should be on assuring the country's security, territorial integrity, and economic growth. Iran can play a critical part and, with the cooperation of America, be brought in as a full partner. Coordinating strategies could take the form of a trilateral working group of Iranian, Afghan, and American representatives.

2.5 ISRAEL

Washington will have to make an extraordinary effort with Israel and its many supporters in the U.S. Congress to dampen hostility and promote acceptance of a nuclear agreement. The United States will need to persuade senior Israeli officials that an agreement will increase their country's security. It will also have to address their desire for advanced weaponry and defense equipment, and to convince Tel Aviv that, should Israel decide to attack Iran while the nuclear agreement is being implemented, this will be opposed by the United States.

2.6 TURKEY

America should mount a diplomatic effort with Turkey to prepare for the period after the nuclear agreement and seek its help in encouraging Iran to play a constructive role. With the lifting of sanctions, renewed trade between Iran and Turkey could provide early benefits to both countries. The historic rivalry between the two countries would suggest that Turkey is not likely to become an ally of Iran, but it could still work with Tehran on such critical problems as defeating ISIS, building a stable and integrated Iraq, and addressing the future of the Kurds.

2.7 U.S. MILITARY PRESENCE

The United States should maintain an appropriate-sized force in the Gulf. While the drawdown of American troops in Afghanistan will require less military support from Gulf facilities, a presence in the region would still be needed to meet other contingencies, including the possibility of increased action against ISIS, and to assure the Gulf States of America's commitment to their security.

2.8 SAUDI ARABIA AND GULF STATES COOPERATION

The United States should look toward a reduction of tensions across the Gulf after a nuclear agreement. Specifically, it should: reassure the Saudis and other Gulf States of the continued presence of U.S. forces; urge all of the Gulf States to help Sunnis in Iraq and Syria to oppose ISIS: and encourage greater cooperation among the Gulf States,

particularly in the areas of petroleum, natural gas, and other commercial trade. The United States will need to undertake a strenuous effort with the Saudi ruling family to assure it of America's continuing good relations and of the benefits a nuclear agreement could bring.

2.9 ENERGY

Following an accord, the United States and its European allies should encourage the development of Iran's vast natural gas resources to ease Europe's heavy dependence on Russia. The United States should also promote the expansion of energy interconnectivity through pipelines and electricity grids and cross-border energy projects. Energy cooperation will not eliminate conflict from the Gulf, but shared interests in peaceful, reliable, and profitable energy markets could become a cornerstone of new and more constructive intra-regional relations.

2.9.1 Nuclear energy.

The Iranian government has ambitions to develop a nuclear power capacity and plans for at least six new reactors. Part of the rationale for increasing its capacity to produce low-enriched uranium (LEU) is to satisfy a substantial increase in the scope and requirements of a peaceful nuclear program. Yet the large capital investments to develop Iran's capacity to export from its vast reserves of natural gas (which are larger than Russia's reserves) and to upgrade petroleum production would provide much quicker returns to Iran than investing in the higher-cost nuclear power plants that have a much longer-term pay out. Therefore there is a possibility that Iran, after reaching a nuclear agreement, could lower its civil nuclear needs and begin to rely on other sources of investment and support in order to develop its natural gas and petroleum export capacity.

3. ALTERNATIVE STRATEGY FOR THE REGION

Should a nuclear agreement not be reached, the United States should prepare itself for sustained confrontation with Iran with the realization that, far from being a partner, it would more likely become an even greater obstacle to American interests.

3.1 NO NUCLEAR AGREEMENT.

Even if the United States were to delay an agreement for an indeterminate period, Congress, possibly with the support of the Obama administration, would increase sanctions. Much of Congress would feel comfortable with this strategy remaining distrustful of Iran. Israel and some other nations would welcome the decision and be confirmed in their close links with Washington. The most important immediate result could be a failure to renew the international sanctions program that was so successfully constructed over the past decade with strong support from all the major powers. Iran would mount a campaign saying that the failure of nuclear talks was caused by U.S. intransigence. Many nations would be likely to view the situation similarly and decide to withdraw from punishing Iran, placing the U.S. government and Treasury Department in a position of having to enforce measures that would not have international support. However, should the major world powers become convinced that Iran had failed to accept fair terms offered by the P5+1, Iran might not be successful in its effort to break the sanctions.

3.2 IRAN'S REACTION TO INCREASING ISOLATION

In addition to renewing sanctions, the United States would seek to expand the policy of isolating Iran through threats and increased pressure to bring it back to the table for a deal that essentially would meet U.S. requirements. Such an effort would have no certainty of success.

Keeping Iran out of world and regional affairs is likely to be difficult if only because it borders on and plays a major role in both Iraq and Afghanistan, the two most critical areas in the Middle East for the United States and other world powers. Washington might find it advantageous to work with Iran in those countries. Without an agreement, however, it is unlikely that the existing Iranian government or its replacement would have the authority for any significant contacts.

Moreover, Iran's reaction to the renewal of sanctions would probably be to reverse the constraints it has accepted in the JPOA on its nuclear program. It could well return—out of pride and renewed conviction in America's assumed interest in regime

change in the Islamic Republic—to its efforts to build greater enrichment capacity, complete its plutonium reactor at Arak, and possibly reduce or break ties with the IAEA. Tehran might make the decision to build a nuclear weapon, calculating that hostility from the United States was inevitable and unending, and that what Iran most needs is a deterrent against possible military attack.

If Tehran were to break with the IAEA, the United States and Israel would have fewer options. If they are convinced that further sanctions and pressure will not change Iran's approach, the United States and Israel would probably decide to threaten military strikes, with the probability of war breaking out, either inadvertently or intentionally.

3.3 REGIONAL CONFLICTS

A renewed American policy of pressuring and isolating Iran would most likely rule out: coordination with Iran on confronting ISIS and Al-Qaeda affiliates; working with Iran and Iraq's new prime minister to achieve a more inclusive government in Baghdad and one better equipped and able to combat ISIS; reduction of an ability to reach a political solution in Syria; and the elimination of any chance of working with Iran to help the new government in Kabul build a more stable Afghanistan. A new more assertive U.S. policy against Iran would probably also provoke Iran to undertake more covert action by the Revolutionary Guard and Qods Force against U.S. interests. Further, Iran could well expand efforts to increase the work of surrogates such as Hezbollah, and could encourage a more hostile attitude toward Israel, recalling the Ahmadinejad era.

3.4 WEAKEN OR REPLACE ROUHANI

If the Rouhani government fails to reach a nuclear agreement and relieve sanctions, then the conservatives in Tehran would return to dominate the thinking and actions of the Supreme Leader. The resulting crack-down could have a long-term impact on Iranian society—making it more conservative, more corrupt, poorer, and more likely to violate the rights of its citizens.

3.5 CONCLUSION

Whether negotiations fail and this alternative scenario materializes will depend on the negotiating decisions of both sides. But given the new environment in the region and the opportunities and challenges these changes present for U.S. policy, a failure to reach a nuclear agreement will likely have a far-reaching negative impact. In particular, it will affect America's ability to be strategic in managing the challenges and threats to its interests throughout the Middle East over the next decade and beyond.

Glossary

AIPAC

American Israel Public Affairs Committee. A lobbying group that advocates pro-Israel policies to the Congress and Executive Branch of the United States

AKP

Justice and Development Party. A social conservative party in Turkey.

ANSF

Afghan National Security Forces. Trained by NATO; includes the Afghan National Army and Afghan National Police.

bcm

billion cubic meters

CENTCOM

U.S. Central Command in charge of deploying forces in the Middle East and serving U.S. strategic interests.

GCC

Gulf Cooperation Council an intergovernmental political and economic union. Member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

High Peace Council

Part of the Afghan Peace and Reintegration Program, appointed by Hamid Karzai to negotiate with elements of the Taliban.

IAEA

International Atomic Energy Agency the world's center of cooperation in the nuclear field; set up in 1957 within the United Nations.

IRGC and Qods Force

Iranian Revolutionary Guard Corps (in Persian Pasdaran). A branch of Iran's military intended to protect the country's Islamic system; founded after the Iranian Revolution in 1979. The Qods Force, an elite paramilitary arm of the IRGC, conducts foreign policy missions and has armed pro-Iranian militant groups.

ISAF

Security Assistance Force. A NATO-led security assistance force created in accordance with the Bonn Conference in December 2001.

ISIS/ISIL/IS

Sunni militant group in Syria and Iraq (In Arabic: גע אין אינן אול פנע ad-Dawlah l-Islāmiyyah or Da'ash). This group has taken on several iterations including: "Islamic State of Iraq and Syria" (ISIS), "Islamic State of Iraq and the Levant" (ISIL), or "Islamic State of Iraq and al-sham" (ISIS) or the "Islamic State" (IS). We have chosen to use the common term ISIS.

JPOA

Joint Plan of Action. Interim agreement signed by Iran and the P5+1 in November 2013 temporarily freezing Iran's nuclear program.

JRTN

Jaysh al-Tariqa al-Naqshbandia. Also called the Naqshbandi Army, is a resistance organization and one of a number of underground Baathist and Islamist militant insurgency groups in Iraq.

KRG

Kurdistan Regional Government of Northern Iraq

LEU

low-enriched uranium

LNG

liquefied natural gas

mbpd

million barrels per day

MEK

Jundullah and the Mojahedin-e-Khalq. Iranian resistance group

NATO

North Atlantic Treaty Organization

Northern Alliance

A multi-ethnic military front in Afghanistan formed in 1996 to combat the Taliban.

P5+1

Five permanent members of the United Nations Security Council (United States, United Kingdom, Russia, China, and France) plus Germany

PJAK

Party of Free Life of Kurdistan. Kurdish political and militant organization

PKK

Kurdistan Workers' Party. Kurdish political and military organization

PLFP-GC

Popular Front of the Liberation of Palestine-General Command. Palestinian nationalist militant organization based in Syria.

SWU

separative work units. A complex unit that is a function of the amount of uranium processed and the degree to which it is enriched.

TGS

Turkish General Staff. Turkey's armed forces.

Triangular Initiative

A cooperative effort between Afghanistan, Pakistan and Iran to stem the flow of drugs through the region.

UNODOC

United Nations Office on Drugs and Crime. Assists member states in their struggle against illicit drugs, crime, and terrorism.

UAE

United Arab Emirates

1. Afganistan

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- 9 Sharif Amiri, "Pakistani Taliban Declares Allegiance to ISIS," Tolo News, July 10, 2014, http://www.tolonews.com/en/ afghanistan/15548-pakistani-taliban-declares-allegiance-to-isis?tmpl=component&print=1&dayout=default.
- ¹⁰ Afghanistan's Opium Survey 2013: Summary Findings, United Nations Office on Drugs and Crime (UNODC), http://www. unodc.org/documents/crop-monitoring/Afghanistan/Afghan_report_Summary_Findings_2013.pdf. From 2012 to 2013, opium production in Afghanistan increased from 3,700 tons to 5,500 tons, UNODC, http://www.unodc.org/islamicrepublicofiran/en/ mini-dublin-group-diplomats-at-the-iran-afghanistan-border.html.
- ¹¹ Ehsan Keivani, "Iranian Narcotics Police Reviews Last Year's Anti-Drug Activities, Press TV," February 9, 2014, http://www.presstv.ir/detail/349948.html. The real number of Iran's domestic addicts is likely to be considerably higher.
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- ¹⁸ "Iran, Pakistan Sign 9 MoUs on Expansion of Ties," Press TV, May 11, 2014, http://www.presstv.com/detail/2014/05/11/362260/iran-pakistan-sign-9-cooperation-deals/.
- $^{19}\,Specifically, Pakistan's\,Gwadar\,port\,in\,Baluchistan\,province\,and\,Iran's\,Chabahar\,port\,in\,Sistan\,and\,Baluchestan.$
- ²⁰ "Energy Crisis: Pakistan Needs to Complete I-P Project, Says Envoy," Express Tribune, May 12, 2014, http://tribune.com.pk/story/707460/energy-crisis-pakistan-needs-to-complete-i-p-project-says-envoy/.

2. The Gulf States

- ² This is known as velāyet-e faqīh, the Arabic term for the authority, or governance, of the jurist. It was associated particularly with Ayatollah Ruhollah Khomeini and holds that those scholars of Shi'ite Islam most qualified in terms of piety and erudition are to exercise the government functions of the Twelfth Imam during his major "occultation" (absence from the terrestrial plane), which began in 939 B.C. and still continues. Although velāyet-e faqīh began to be discussed as a distinct legal topic in the 19th century, no concrete political conclusions were drawn from the concept. It was left to Ayatollah Khomeini to claim the right or even duty of the leading Shi'ite scholars to rule. He did this in his first published work (Kashf alAsrar, 1944), and most fully in a series of lectures delivered in 1970 during his exile in Iraq. See Hamid Algar, Gale Encyclopedia of the Modern Middle East & North Africa, 2nd ed., 4v, New York: Macmillan, 2004, "velayat-e faqih," http://www.answers.com/topic/velayat-e-faqih#ixzz34O264bqA.
- ³ The Iranian Revolutionary Guard Corps (IRGC), was created during the Iran-Iraq war to "export the ideals of the [Iranian] revolution throughout the Middle East." The Qods Force, an elite paramilitary arm of the IRGC, conducts foreign policy missions and has armed pro-Iranian militant groups. For more, see Greg Bruno, Jayshree Bajoria, and Jonathan Masters, "Iran's Revolutionary Guards," Council on Foreign Relations, June 14, 2013, http://www.cfr.org/iran/irans-revolutionary-guards/p14324.
- ⁴ For further discussion on U.S. policy in the Gulf and frontline states, see Anthony Cordesman,
- "Saudi Arabia and the Arab 'Frontline' States," Center for Strategic and International Studies (CSIS), November 4, 2014, http://csis.org/publication/saudi-arabia-and-arab-frontline-states.
- ⁵ For example, on December 16, 2013, President Obama issued a determination authorizing the United States to sell weapons to the GCC as a collective whole, rather than as individual states. Given the deep divisions in the GCC, it is hard to see how this can be achieved. See Zachary Fryer Briggs and Awad Mustafa. "Obama Issues Directive to Sell Weapons to GCC," Defense News, December 18, 2013, http://www.defensenews.com/article/M5/20131218/DEFREG04/312180019/Obama-Issues-Directive-Sell-Weapons-GCC.
- ⁶ Many Salafi figures have been the strongest proponents for a political and military union with Saudi Arabia, to offset Iranian influence. See Faten Hamza, "The Union Is Our Demand," Al-Bilad Press, March 21, 2014, http://www.albiladpress.com/column14246-15363.html
- ⁷ While some degree of Iranian funding to and training of more militant Shi'ite elements appears plausible, the notion of Iran backing mainstream Shi'ite groups is exaggerated—a strategy by the government in Bahrain to invoke sectarianism to discredit those in opposition. See Frederic M. Wehrey, Sectarian Politics in the Gulf: From the Iraq War to the Arab Uprisings. New York: Columbia University Press, 2014. For a recent example of Bahraini accusations, see "Bahrain's Foreign Minister: the Violence the Country Is Witnessing Has Direct Support from Iranian Elements," Al-Sharq, March 7, 2014, http://www.alsharq.net.sa/2014/03/07/1092935.
- ⁸ Ministry of Foreign Affairs, Kingdom of Bahrain, "His Excellency the Foreign Minister Participates in Bahraini-Chinese Strategic Dialogue," January 17, 2014, http://www.mofa.gov.bh/Default.aspx?tabid=7824&language=ar-BH&ItemId=3850.
- 9 Bahrain's foreign minister stated recently that his government has tried to improve relations but had been stymied by the lack of any genuine effort on Iran's part. See "Foreign Minister: The Problem with Iran is Its Interference, and Tehran Thwarted Attempts at Rapprochement," Al-Watan, March 21, 2014, http://www.alwatannews.net/NewsViewer.aspx?ID=733337uhWGulVNzKn1wi4guIs ZA933339933339.
- 10 Stephanie Nebehay, "Bahrain and Iran Trade Accusations at UN Rights Forum," Reuters, March 6, 2014, http://www.reuters.com/article/2014/03/06/us-bahrain-iran-unrest-idUSBREA250V920140306.
- $^{11} A \ Mohhamed, ``The Price of Terrorism Against the Gulf,'` \textit{Al-Roeya}, January 5, 2014, http://alroeya.ae/2014/01/05/117083.$
- 12 There were rumors in January 2014 that the UAE and Iran had reached an agreement over the islands. However, Iran denied this, and the GCC in March affirmed the Emirate's sovereignty. See Awad Mustafa, "Source: UAE, Iran Reach Accord on Disputed Hormuz Islands," Defense News, January 15, 2014, http://www.defensenews.com/article/20140115/DEFREG04/301150034/Source-UAE-Iran-Reach-Accord-Disputed-Hormuz-Islands; "No Understanding Regarding the Trio of Islands Has Taken Place with the Emirates," Islamic Consultative News Agency, January 21, 2014, http://www.icana.ir/Fa/News/246216; and "Affirmation of the Emirates' Sovereignty over Its Occupied Islands and Rejection of Extremism," Al-Roeya, March 5, 2014, http://alroeya.ae/2014/03/05/132784.

²¹ Mark Landler, "U.S. Troops to Leave Afghanistan by End of 2016," New York Times, May 27, 2014, $http://www.nytimes.com/2014/05/28/world/asia/us-to-complete-afghan-pullout-by-end-of-2016-obama-to-say.html?_r=0.$

¹ The GCC member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

 $^{^{\}rm 13}$ "Gulf State Newsletter," Cross-border Information, No. 962, January 23, 2014, p 3.

¹⁴ See Shafiq Al-Asadi. "The Emirates Expect Improved Trade with Iran," November 28, 2013, Al-Hayat, http://alhayat.com/Details/576765. See also Yara Bayoumy, "Dubai Ruler Calls for Iran Sanctions to be Lifted: BBC," Reuters, January 13, 2014, http://www.reuters.com/article/2014/01/13/us-iran-dubai-sanctions-idUSBREA0C08A20140113.

- ¹⁵ See "Al-Jarallah: Our Relations with Iran Are Excellent, Historical, and Developed... and We Are Coordinating to Solve Pending Issues, Including the Continental Shelf," Al-Rai, February 12, 2014, http://www.alraimedia.com/Articles.aspx?id=484219. Under the leadership of the previous prime minister, Nasser Al-Mohammed al-Sabah (Kuwait's former ambassador to Iran), Kuwait redirected its foreign policy toward warmer relations with Iran. For more, see Kenneth Katzman, "Kuwait: Security, Reform, and US Policy" $Congressional\ Research\ Service,\ January\ 2014,\ http://fpc.state.gov/documents/organization/221768.pdf.$
- ¹⁶ More recently, some of these Shi'a deputies have called for the inclusion of Iran and Iraq in an expanded GCC. See "Representatives in Kuwait Demand the Inclusion of Iran and Iraq in the Cooperation Council," Al-Arabiya, March 20, 2014, ...http://www.alarabiya.net/ar/arab-and-world/2014/03/20/ن واع سن الريام من ب- ن وب ل الوي ستى و كل اب ب- باون http://www.alarabiya.net/ar/arab-and-world/2014/03/20/
- ¹⁷ For more, see "Who Will Ensure the Lack of Nuclear Leakages that Hurt Kuwait?" Al-Alaan, March 13, 2014, http://www.alaan. cc/pagedetails.asp?nid=177512&cid=30. Member of the Council of Wise Men and former Kuwaiti Foreign Minister Muhammad Sabbah al-Salem expressed similar concern that even a peaceful nuclear program in Iran could present environmental and health dangers to the Gulf States.
- ¹⁸ Originally conceived as a Rapid Deployment Joint Task Force (RDJTF) in 1983, it has been the main American presence in many military operations, including the Persian Gulf War, the war in Afghanistan in 2001, and in Iraq in 2003, but also covers North Africa and Central Asia. While CENTCOM'S headquarters is at MacDill Air Force Base in Tampa, Florida, in 2002 a regional headquarters was established in Doha, which relocated to Al Udeid Air Base in Qatar in 2009.
- ¹⁹ Qatari Foreign Ministry, "Qatar Welcomes the Nuclear Deal Between Iran and the International Community," November 24, 2013, http://www.mofa.gov.qa/ar/SiteServices/MediaCenter/News/Pages/News20131125085653.aspx.
- ²⁰ See David Hearst, "Saudi Arabia Threatens to Lay Siege to Qatar: Cooperation or Confrontation?" Huffington Post, March 29, $2014, http://www.huffingtonpost.com/david-hearst/saudi-arabia-threatens-to_b_4930518.html.$
- ²¹ See Sigurd Neubauer, "Qatar's Changing Foreign Policy," Carnegie Endowment, Sada Journal, April 8, 2014, http://carnegieendowment. org/s ada/2014/04/08/q at ar-s-changing-foreign-policy/h7gf; and Kristian Coates Ulrichsen, "Qatar and the Arab Spring: Policy PolicyDrivers and Regional Implications," Carnegie Paper, May 2014.
- 22 Between 1970 and 1977, Iranian military assistance proved crucial in fighting an insurgency in Oman's underdeveloped province of Dhofar. In a 2006 interview, a senior Omani military officer argued that this support continues to inform Oman's perceptions of Iran; it occurred during a critical period "when the rest of our Arab allies abandoned us." Fredrick Wehrey's interview with a senior Omani military officer, Muscat, Oman, November 2006. Also see the forthcoming Carnegie Endowment for International Peace paper on Omani foreign policy by Marc Valeri. For historical background, Joseph Kechichian, Oman and the World: The Emergence of an Independent Foreign Policy. Santa Monica. CA: RAND Corporation, 1995.
- ²³ "A Reading of the Omani Vision on the Matters of Rapprochement with Iran and the Gulf Union," January 8, 2014, Al-Jazeera Center for Studies, http://studies.aljazeera.net/reports/2014/01/2014189038704848.htm.
- 24 Fredrick Wehrey's interview with a retired Omani air force commander, Muscat, Oman, November 2006.
- 25 Fredrick Wehrey's interview with Omani diplomatic officials, Muscat, Oman, November 2006.
- ²⁶ Jay Solomon, "Oman Stands in U.S.'s Corner on Iran Deal," Wall Street Journal, December 29, 2013 http://online.wsj.com/news/articles/SB10001424052702304753504579284870097243180.
- ²⁷ As of March 2014, Iran will invest \$4 billion in Oman: an Iranian firm won the contract to manage the port of Khasab there. There are also reports of a \$60 billion deal to export gas from Iran to Oman. "Peace Dividends," Economist, March 3, 2014, http://www.economist.com/blogs/pomegranate/2014/03/oman-and-iran.
- ²⁸ Omani Foreign Ministry, "Shared Desire to Strengthen Relations and Increase Cooperation in All Areas," March 13, 2014, http://mofa.gov.om/?p=2152.
- ²⁹ For context on sectarianism's local roots and the use of sectarianism as a ruling strategy, see Frederic Wehrey, Sectarian Politics in the Gulf: From the Iraq War to the Arab Uprisings, New York: Columbia University Press, 2013; and Toby Matthiesen, Sectarian Gulf: Saudi Arabia, Bahrain and the Arab Spring that Wasn't, Stanford: Stanford University Press, 2013.
- ³⁰ A GCC-U.S. Strategic Cooperation Forum was created on March 31, 2012, and subsequent ministerial meetings were held on October 1, 2012, and September 26, 2013. The September 2013 meeting of the Strategic Cooperation Forum saw the formation of a joint U.S.-GCC Security Committee to address issues related to counter-terrorism and border security. U.S. Department of State, "Joint Communique from the Second Ministerial Meeting for the US-GCC Strategic Cooperation Forum," October 1, 2012, http://www.state.gov/r/pa/prs/ps/2012/10/198516.htm.
- 31 See Frederic Wehrey, "A New U.S. Approach to Gulf Security," $Policy\ Outlook,\ March\ 10,\ 2014.$ http://carnegieendowment.org/2014/03/10/new-u.s.-approach-to-gulf-security/h30d.

3. Iraq

- ¹ After Baghdad, many Arabs believe it will move into the Arabian Peninsula to conquer Mecca and Medina and destroy the shrines in the two holy cities. Many Arabs also believe that Saudi Arabia will not be able to fight ISIS because the organization and its loyalists follow precepts and practices preached by Wahhabi clerics and is supported by Saudi nationals, media, and popular opinion. Private interviews by Judith Yaphe, August 2014.
- ² For threat to United States, see Greg Miller, "Islamic State Working to Establish Cells Outside the Middle East, U.S. Says," Washington Post, August 14, 2014, http://www.washingtonpost.com/world/national-security/islamic-state-working-to-establish $cells-outside-iraq-and-syria-us-says/2014/08/14/639c32b0-23f5-11e4-8593-da634b334390_story.html?utm_source=Sailthru&utm_sour$ $medium = email\&utm_term = \%2ASituation\%20Report\&utm_campaign = SITREP\%20AUG\%2015\%202014.$

Individual westerners fighting for foreign radical groups have long been a concern, but the well-established pattern is of already radicalized individuals seeking out groups rather than the other way around, and of the groups using them chiefly as ordinary fighters and occasionally for propaganda. "At this point, we have no credible information that ISIL is planning to attack the U.S." See, "The honorable Matthew G. Olsen, Director, National Counterterrorism Center," Brookings Institution, September 3, 2014, $http://www.brookings.edu/\sim/media/events/2014/09/03\%20 national\%20 counterterrorism\%20 center\%20 threat\%20 assessment\%20 and the second secon$ isil%20al%20qaeda%20iraq%20syria%20beyond/03%20nctc%20director%20speech.pdf

- ³ In terms of demographics, Iran's 80 million people are approximately 90% Shi'a, 5% Sunni, and 5% other (Zoroastrian, Christian, and Jewish). Iraq's population of 32.6 million is approximately 75% Arab and 20% Kurd ethnically; by sect it is 60-65% Shi'a Arab and 37% Sunni (Arab and Kurd), with a smattering (3%) Turkmen, Assyrian-Chaldean Christian, and Yazidi. For more see the CIA World Factbook, https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html and https://www.cia.gov/library/ publications/the-world-factbook/geos/ir.html.
- ⁴ In early 2014, Al-Qaeda leader Ayman al-Zawahiri disavowed ties with ISIS, which was formed from an Al-Qaeda affiliate led by Jordan terrorist Abu Musab al-Zarqawi, killed in Iraq in 2006. Zawahiri accused Zarqawi and his successor Abu Bakr al-Baghdadi of being too violent in their murderous pursuit of Iraq's Shi'a, with the aim of instigating sectarian civil war there. See Liz Sly, "Al-Qaeda Disavows any Ties with Radical Islamist ISIS Group in Syria, Iraq," Washington Post, February 3, 2014, http://www.washing $ton post.com/world/middle_east/al-qaeda-disavows-any-ties-with-radical-islamist-isis-group-in-syria-iraq/2014/02/03/2c9afc3a-ton post.com/world/middle_east/al-qaeda-disavows-any-ties-group-iraq/al-qaeda-disavows-any-ties-group-iraq/al-qaeda-disavows-any-ties-group-iraq/al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-group-iraq-al-qaeda-disavows-any-ties-gro$ 8cef-11e3-98ab-fe5228217bd1_story.html.
- ⁵ For more on the Peshmerga (or Kurdish paramilitary) and their fighting with ISIS, see Dominique Soguel, "With Islamic State threatening region, can Iraq's Peshmerga turn the tide?" Christian Science Monitor, August 18, 2014, http://www.csmonitor.com/ World/Middle-East/2014/0818/With-Islamic-State-threatening-region-can-Iraq-s-peshmerga-turn-the-tide-video.
- ⁶ The Peshmerga are said to have reclaimed the dam as of August 18, 2014: Paul Wood, "Iraq Ccrisis: Mosul Dam Recaptured from Militants—Obama," BBC World News, August 18, 2014, http://www.bbc.com/news/world-middle-east-28833519.
- ⁷ For more discussion, see Malcolm Rifkind, "If we have to work with Iran to defeat the Islamic State, so be it," *Telegraph,* August 17, 2014, http://www.telegraph.co.uk/news/worldnews/middleeast/iran/11040245/If-we-have-to-work-with-Iran-to-defeat-the-Islamic-landscape and the statement of thState-so-be-it.html.
- ⁸ Qassim Abdul-Zahra and Hamza Hendawi, "Iranian Commanders on Front Line of Iraq's Fight Against ISIL," Associated Press, July 17, 2014, http://www.washingtontimes.com/news/2014/jul/17/iranian-commanders-on-front-line-of-iraqs-fight/?page=all.
- ⁹ For more on the history of Iraq's nuclear program, see "Iraq Country Profile," Nuclear Threat Initiative," February 2013, http://www.nti.org/country-profiles/iraq/nuclear/.
- $^{10}\,For\,more\,on\,Iran's\,nuclear\,program\,initiative\,in\,response\,to\,Iraq's\,program, see\,David\,Albright\,and\,Andrea\,Stricker,\,"Iran's\,program,\,progr$ Nuclear Program" The Iran Primer, U.S. Institute of Peace, 2011, http://iranprimer.usip.org/resource/irans-nuclear-program.
- $^{11} See \ ``Israel Would Welcome Kurdish State; ``Al-Monitor, July 2, 2014, http://www.al-monitor.com/pulse/politics/2014/07/iraq-research to the complex of the property of the property$ crisis-israel-welcome-kurdish-state-us-turkey.html.
- 12 For official U.S. government documentation of the Algiers Agreement at the time, see "The Implications of the Iran-Iraq Agreement," U.S. Department of State, Central Intelligence Agency and Defense Intelligence Agency joint report, May 1, 1975 (released August 2004), http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB167/01.pdf.
- 13 There is extensive literature and analysis of the Iran-Iraq war. For more recent analysis, see Lawrence G. Potter and Gary G. Sick (eds), Iran, Iraq, and the Legacies of War. New York: Palgrave Macmillan, 2004.
- 14 The Supreme Council, or SCIRI, was meant to be an umbrella organization for Iraqis in exile in Iran. After its return to Iraq it became the Islamic Supreme Council, or ISCI. Its Badr Brigade militia of approximately 20,000 was headed by Abd al-Aziz al-Hakim and fought during the Iraq-Iran war. For more on SCIRI/ISCI and Shi'ite politics in Iran, see: "Shiite Politics in Iraq: The Role of

the Supreme Council," International Crisis Group, Middle East Report No. 70, November 15, 2007, http://www.crisisgroup.org/~/ $media/Files/Middle\%20East\%20North\%20Africa/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/70_shiite_politics_in_iraq__the_role_of_the_surface/Iraq\%20Syria\%20Lebanon/Iraq/Traq/30Syria\%20Lebanon/Iraq/Traq/30Syria\%20Sy$ preme council.ashx.

¹⁵ For more on Ayatollah al-Sistani, see Sharon Otterman, "Iraq: Grand Ayatollah Ali al-Sistani," Council on Foreign Relations, September 1, 2004, http://www.cfr.org/iraq/iraq-grand-ayatollah-ali-al-sistani/p7636. 16 For more on Iran's opposition to Maliki along with the United States, see Ambiz Foroohar and Zaid Sabah, "Iran Joins U.S. in Backing Replacement for Iraq's Maliki," Bloomberg News, August 12, 2014, http://www.bloomberg.com/news/2014-08-12/iran-joins-u-s-in-backing-replacement-for-iraq-s-maliki.html.

¹⁶ For more on Iran's opposition to Maliki along with the United States, see Ambiz Foroohar and Zaid Sabah, "Iran Joins U.S. in Backing Replacement for Iraq's Maliki," Bloomberg News, August 12, 2014, http://www.bloomberg.com/news/2014-08-12/iran-joins-u-s-in-backing-replacement-for-iraq-s-maliki.html.

4. Israel

 1 $^{\circ}$ The main purpose of the Israeli relationship with Iran was the development of a pro-Israel and anti-Arab policy on the part of Iranian officials. Mossad has engaged in joint operations with SAVAK over the years since the late 1950s." See Johnathan Marshall, Peter Dale Scott, and Jane Hunter, The Iran Contra Connection: Secret Teams and Covert Operations in the Reagan Era., New York: South End Press, 1987, p. 167.

² The depth of the Iran-Israel strategic relationship prior to the revolution was demonstrated by "Operation Flower": the clandestine (i.e., not shared with their mutual ally the United States) joint development of a ballistic missile capable of carrying a nuclear warhead. The United States had refused to provide such missiles to both Iran and Israel, so the two nations developed the capability themselves, combining Israeli expertise and Iranian funding. See Stanley A. Weiss, "Israel and Iran: The Bonds that Tie Persians and Jews-Editorials & Commentary-International Herald Tribune," New York Times, July 10, 2006, http://www.nytimes.com/2006/07/10/ opinion/10iht-edweiss.2165689.html?_r=1 See also Elaine Sciolino, "Documents Detail Israeli Missile Deal with the Shah," New York Times, April 1, 1986, http://www.nytimes.com/1986/04/01/world/documents-detail-israeli-missile-deal-with-the-shah.html.

³ Iranian officials later claimed that they did not know the source of the weapons and, as soon as they found out, cancelled the deal.

- 12 Note that Israel has not made its nuclear program public, but may have as many as 200 nuclear weapons. Avner Cohen, Israel and the Bomb, New York: Columbia University Press, 1998. Secondary Source: Federation of American Scientists. "Nuclear Weapons—Israel," January 2007, http://www.fas.org/nuke/guide/israel/nuke/.
- 13 See Mohammad Javad Zarif, "Mohammad Javad Zarif: Iran Is Committed to a Peaceful Nuclear Program," Washington Post, June 13, 2014, http://www.washingtonpost.com/opinions/mohammad-javad-zarif-iran-is-committed-to-a-peaceful-nuclear-program /2014/06/13/491fc982-f197-11e3-bf76-447a5df6411f_story.html.
- 14 "Iran: Religious Decree Against Nuclear Weapons Binding," CBS News via Associated Press, January 15, 2013, http://www.cbsnews.com/news/iran-religious-decree-against-nuclear-weapons-is-binding.
- ¹⁵ For the most recent testimony, see James R. Clapper, "Statement for the Record: Worldwide Threat Assessment of the U.S. Intelligence Community," Senate Select Committee on Intelligence, January 29, 2014, http://www.intelligence.senate.gov/140129/clapper.pdf.
- ¹⁶ Iran has denied responsibility for either attack; see "Iran Denies Involvement in Bulgaria Bomb Attack," Reuters, February 2008, http://www.reuters.com/article/2013/02/08/us-bulgaria-bombing-iran-idUSBRE9170AT20130208 See also "Iran Denies Argentina Bomb Charge," BBC News, October 26, 2006, http://news.bbc.co.uk/2/hi/middle_east/6089788.stm.
- ¹⁷ See Dan Williams, "Netanyahu Says Iran Using Nuclear Talks to 'Buy Time' for Bomb," Reuters, March 3, 2013, http://www.reuters.com/article/2013/03/03/us-iran-nuclear-israel-idUSBRE92204F20130303.
- 18 For more, see Louis Charbonneau and Dan Williams, "Netanyahu at UN: Don't Trust Rouhani, Iran's Overtures a Ruse," Reuters, October 1, 2013, http://www.reuters.com/article/2013/10/01/us-un-assembly-israel-idUSBRE9900Z920131001.
- 19 It is important to note that Iranian scientists already have the technical knowledge to build a nuclear weapon. They do not have enough highly enriched uranium (HEU) to do so. Israeli officials want to eliminate the possibility of Iran acquiring enough HEU to apply this capability.

5. Saudi Arabia

- 1 This includes many territorial disputes. Since the early 1900s, Iran has regarded Bahrain as its 14th province, with a seat in its parliament. In the late 1960s and early 1970s, the Shah agreed to Bahrain's independence, and in return Britain recognized the Greater and Lesser Tomb (Tunb) Islands, and Abu Musa as longstanding Iranian territory. The continued territorial dispute with the UAE remains a concern. Further, decades of Iran-Iraq territorial disputes were settled through the 1975 Algeria Accord between Saddam Hussein and the Shah. However, following the revolution, Saddam tore up the accord and invaded Iran. When the GCC supported the move, Iranians were convinced that it wanted the disintegration of their country.
- ² Estimates on the exact financial assistance vary, but Kuwait and Saudi Arabia between them probably advanced Iraq more than \$50 billion during the Iran-Iraq War. See F. Gregory Gause, III, The International Relations of the Persian Gulf, Cambridge: Cambridge University Press, 2010, p. 76; Gerd Nonneman, Iraq, the Gulf States and the War, London: Ithaca Press, 1986, pp. 95-104.
- ³ See Narges Bajoghli, "Iran's Chemical Weapon Survivors Show Twin Horrors of WMD and Sanctions," Guardian, September 2013, http://www.theguardian.com/world/iran-blog/2013/sep/02/iran-chemical-weapons-wmd-sanctions.
- ⁴ "Islam proclaims monarchy and hereditary succession wrong and invalid," Ruhollah Khomeini, "Islamic Government," in Khomeini, Islam and Revolution: Writings and Declarations, translated and annotated by Hamid Algar, London: KPI, 1985, p. 31.
- ⁵ Henner Furtig, Iran's Rivalry with Saudi Arabia Between the Gulf Wars, Reading: Ithaca Press, 2002, pp. 40, 222–25.
- ⁶ ibid, pp. 47-50. In total, 403 people died and some 2,000 were injured. See also John Kifner, "400 Die As Iranian Marchers Battle Saudi Police in Mecca; Embassies Smashed in Tehran," New York Times, August 2, 1987, http://www.nytimes.com/1987/08/02/ world/400-die-iranian-marchers-battle-saudi-police-mecca-embassies-smashed-teheran.html?pagewanted=all&src=pm.
- ⁷ The Wahhabi or Salafi interpretation of Islam, the official version in Saudi Arabia, is frequently cited by Iranian leaders as a threat to Iran and to the Muslim world as a whole. As recently as 2009, Ayatollah Khamenei, said: "Who are those who want to destroy the nation's unity? These are [the] enemy's agents...There are many poor and unaware Salafists and Wahhabis who are fed by petrodollars to go here and there and carry on terrorist operations, in Iraq, Afghanistan, Pakistan, and other places...Today this Wahhabi Salafist $community\ regards\ Shiites\ as\ infidels.\ 'Cited\ in\ Mehdi\ Khalaji,\ 'Salafism\ as\ a\ National\ Security\ Threat\ for\ Iran,''\ Washington\ Institute$ for Near East Policy, Policy Watch #2211, February 20, 2014, http://washin.st/1dRPsLo.
- ⁸ Maliki told France 24 television in a March 9, 2014, interview that "I accuse them [Saudi Arabia and Qatar] of inciting and encour $aging \ the \ terror ist \ movements... I \ accuse \ them \ of \ leading \ an \ open \ war \ against \ the \ Iraqi \ government." \ http://www.france 24.com/$ en/20140308-france24-exclusive-interview-iraq-maliki/. Nasrallah in a February 16, 2014, speech accused Saudi Arabia of funding "takfiri" terrorist groups throughout the Middle East, http://www.presstv.com/detail/2014/02/16/351004/riyadh-behind-terrorism-in-

⁴ For a more recent and brief analysis of how this doctrine unfolded, see Leon T. Hadar,

[&]quot;The Collapse of Israel's 'Periphery Doctrine': Popping Pipe(s) Turkey Dreams," Huffington Post, June 2010, http://www.huffingtonpost.com/leon-t-hadar/the-collapse-of-israels-p_b_617694.html.

⁵ For more background, see Larry J. Sabato, "The Iran-Contra Affair: 1986-1987" Washington Post, 1998, http://www.washingtonpost.com/wp-srv/politics/special/clinton/frenzy/iran.htm.

⁶ Mehdi Marizad, "Israel Teams with Terror Group to Kill Iran's Nuclear Scientists, U.S. Officials Tell NBC News," NBC News, February 9, 2012, http://rockcenter.nbcnews.com/_news/2012/02/08/10354553-israel-teams-with-terror-group-to-kill-irans-nuclearscientists-us-officials-tell-nbc-news.

⁷ The translation of these comments were later disputed, furthering the controversy. For more, see Glenn Kessler, "Did Ahmadinejad really say Israel should be 'wiped off the map?" Washington Post, October 5, 2011, http://www.washingtonpost.com/blogs/fact-checker/post/did-ahmadinejad-really-say-israel-should-be-wiped-off-the-map/2011/10/04/gIQABJIKML_blog.html.

⁸ "Iranian FM: Recognition of Israel Possible if Deal Reached with Palestinians," Haaretz, February 3, 2014, http://www.haaretz.com/news/diplomacy-defense/1.572256.

⁹ For more on possible reasons for Iran's quiet reaction to the escalation in Gaza, including tensions with Hamas since 2012, see Trita Parsi, "Fair-weather friend: Iran claims to be Palestine's biggest proponent. So why has Tehran been silent on Gaza?" Foreign Policy, August 2014, http://www.foreignpolicy.com/articles/2014/08/08/fair_weather_friend_iran_gaza_hamas_israel.

¹⁰ See Laura Rozen, "Iran's Rosh Hashana Twitter diplomacy stirs amazement, disbelief," Al-Monitor, September 5, 2013, http://backchannel. al-monitor. com/index.php/2013/09/6144/iran-fm-presidents-rosh-hashana-twitter-diplomacy-stirs-amazement-disbelief/.The Rouhani government also provided a donation to the Jewish hospital in Tehran. See Thomas Erdbrink, "Iran Delivers Surprise, Money, to Jewish Hospital," New York Times, February 6, 2014, http://www.nytimes.com/2014/02/07/world/middleeast/iran-deliverssurprise-money-to-jewish-hospital.html?_r=1.

 $^{^{11}}$ For more on Israeli alleged involvement in the computer worm Stuxnet, see "US and Israel were behind Stuxnet Claims Researcher," BBC News, March 4, 2011, http://www.bbc.com/news/technology-12633240. For more on Israeli intelligence behind the assassination of Iranian scientists, see "Sunday Times: Mossad Agents Behind Iran Scientist Assassination," Haaretz, June 16, 2012, http://www.haaretz.com/news/diplomacy-defense/sunday-times-mossad-agents-behind-iran-scientist-assassination-1.407593.

me-nasrallah/. In December 2013, he named Saudi Arabia as being behind a suicide bomb attack on the Iranian embassy in Beirut. Aryn Baker, "Hizballah's War of Shadows with Saudi Arabia Comes into the Light," Time, December 4, 2013, http://world.time.com/2013/12/04/hizballahs-war-of-shadows-with-saudi-arabia-comes-into-the-light/.

9 American and Saudi officials initially concluded that the attack was by the Saudi Shi'a opposition group Saudi Hezbollah with the support of elements in Iran, though different theories have emerged in recent years pointing toward Al Qaeda, not Iran. For evidence of Iranian involvement, see Gregory Gause, The International Relations of the Persian Gulf, Cambridge: Cambridge University Press, 2010, pp. 128-29. However, according to former Defense Secretary William Perry, evidence that Iran was responsible was never strong enough to warrant U.S. response or retaliation. See United Press International Press, "US Eyed Iran attack after bombing," June 6, 2007, http://www.upi.com/Business_News/Security-Industry/2007/06/06/Perry-US-eyed-Iran-attack-after-bombing/UPI-70451181161509/#ixzz32whSRUZw. The 9/11 Commission report found that "the operation was carried out principally, perhaps exclusively, by Saudi Hezbollah, an organization that received support from the government of Iran. While the evidence of Iranian involvement is strong, there are also signs that al Qaeda played some role, as yet unknown." http://govinfo.library.unt.edu/911/ report/911Report_Ch2.htm. It is also worth noting that the United States indicted 14 individuals responsible for the bombing roughly five years after the incident. According to Attorney General John Ashcroft, none of those individuals was Iranian (13 were Saudis and one Lebanese, all Shi'a). See "Indictments in Khobar Towers Bombing" ABC News, June 21, 2001, http://abcnews.go.com/International/story?id=80890.

10 Charlie Savage and Scott Shane, "Iranians Accused of a Plot to Kill Saudis' US Envoy," New York Times, October 11, 2011, http:// www.nytimes.com/2011/10/12/us/us-accuses-iranians-of-plotting-to-kill-saudi-envoy.html.

 $^{11} \ For more, see \ Eric Schmitt \ and \ Robert \ Worth, "With \ Arms \ for \ Yemen \ Rebels, Iran \ Seeks \ Wider \ Mideast \ Role," \ \textit{New York Times},$ March, 15, 2012, http://www.nytimes.com/2012/03/15/world/middleeast/aiding-yemen-rebels-iran-seeks-wider-mideast-role. html?pagewanted=all.

12 Ray Takeyh, Guardians of the Revolution: Iran and the World in the Age of the Ayatollahs, New York: Oxford University Press, 2009, pp. 130-39, 196-99.

13 "Iranian president: Saudi Arabia is a friend and brother," al-Arabiyya, September 19, 2013, http://english.alarabiya.net/en/News/ middle-east/2013/09/19/Iranian-president-Saudi-Arabia-is-a-friend-and-brother-.html. On the recent contacts between Iran and Saudi Arabia, President Hassan Rouhani said: "The differences between Tehran and Riyadh are not related to relations between the two countries. Iran is keen and determined to develop friendly relations with all its neighbors, particularly Saudi Arabia, despite existing differences. From our side, we are interested in maintaining cordial ties with all our neighbors, including Saudi Arabia. The differences between Tehran and Riyadh are not in regard to their bilateral relations rather it is regional issues, from North Africa to the Middle East, that divide the two countries." See "Iran and Saudi differences not related to bilateral ties: Rouhani," Tehran Times, August 31, 2014, http://www.tehrantimes.com/politics/118046-iran-saudi-differences-not-related-to-bilateral-ties-rouhani

¹⁴ Interview with Grand Mufti Shaykh Abd al-Aziz bin Abdallah Al al-Shaykh, Okaz, April 15, 2011, http://www.okaz.com.sa/new/Issues/20110415/Con20110415412196.htm.

¹⁵ See also http://www.al-jazirah.com.sa/writers/20111.html.

16 "New Regional Conditions: A Saudi View—Prince Turki AlFaisal," Saudi-U.S. Relations Information Service, March 12, 2014, http://us1.campaign-archive2.com/?u=eccfe5fcd268d2f33b066f0ea&id=e00908fcc7&e=b0e482f3ad.

¹⁷ King Abdallah in a meeting with Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates in August 2007 urged, in the words of Gates, "a full-scale military attack on Iranian military targets, not just the nuclear sites." 16 Both the king and other prominent Saudis have hinted at the possibility that, should Iran obtain a nuclear weapons capability, Saudi Arabia will do the same. Robert M. Gates, Duty: Memoirs of a Secretary at War, New York: Knopf, 2014, p. 192. For more on this subject and why Saudi Arabia may not seek a nuclear program, see Thomas Lippman, "Saudi Arabia's Nuclear Policy," Saudi-U.S. Relations Information Service, August 5, 2011, http://susris.com/2011/08/05/saudi-arabia%E2%80%99s-nuclear-policy-lippman/.

¹⁸ Many experts have argued that for a variety of reasons Saudi Arabia would be unlikely to seek to develop or acquire its own arsenal. On the general improvement in Saudi-Iranian relations during this period, see Christin Marschall, Iran's Persian Gulf Policy: From Khomeini to Khatami, London: Routledge Curzon, 2003, pp. 143-45; and Takeyh, Guardians of the Revolution, pp. 198-99.

¹⁹ Michael Slackman, "US Ally and Foe Are Trying to Avert War in Lebanon," New York Times, January 30, 2007, http://www.nytimes.com/2007/01/30/world/middleeast/30lebanon.html?_r=0.

²⁰ Arshad Mohammed and Ross Colvin, "Saudi King Urged U.S. to Attack Iran: WikiLeaks," Reuters, November 29, 2010, http://www.reuters.com/article/2010/11/29/us-wikileaks-usa-idUSTRE6AP06Z20101129. Some experts argue that King Abdullah did not say this, but rather Adel al-Jubair, the Saudi Arabian Ambassador to the United States, was summarizing the King's attitude.

²¹ On back-channel talks, see "Iran and Saudi Arabia in Back-Channel Talks," Middle East Briefing, March 9, 2014, http://mebriefing. com/. On the Saudi invitation to Rouhani, see "Rouhani Accepts Invitation to Visit Saudi Arabia," Daily Star (Beirut),

March 8, 2014, http://www.dailystar.com.lb/News/Lebanon-News/2014/Mar-08/249647-rouhani-accepts-invitation-to-visit-saudiarabia.ashx#axzz2vyU3P4Ws. It needs to be emphasized that both these reports have not been confirmed by either capital.

²² Elsewhere in the Arab world the collapse of the state has also led to the emergence of sub-state groups, but those have not been sectarian. In Libya and Yemen (with the exception of the Huthis), they tend to be tribal and regional; in Palestine to be ideological, Fateh v. Hamas. In Syria, Iraq, and Lebanon, those identities happen to be sectarian (with the exception of the Kurds, an ethnic identity).

²³ See Ed Husain, "Saudis Must Stop Exporting Extremism," New York Times, August 22, 2014, http://www.nytimes.com/2014/08/23/opinion/isis-atrocities-started-with-saudi-support-for-salafi-hate.html.

²⁴ Jean-Francois Seznac and Mimi Kirk (eds), Industrialization in the Gulf: A Socio-Economic Revolution, Center for Contemporary Arab Studies, Georgetown University. August 2010, pp. 15. http://ncusar.org/publications/Publications/2010-08-04-Strategic-Dynamics-Iran-GCC.pdf.

6. Syria

¹ Omar Oshour, "Will Egypt's Muslim Brotherhood return to political violence?" BBC, July 2014, http://www.bbc.com/news/world-africa-28524510.

² Dexter Filkins, "The Shadow Commander: Qassem Suleimani is the Iranian operative who has been reshaping the Middle East. Now he's directing Assad's war in Syria." New Yorker, September 30, 2013.

³ Ibid.

⁴ David Butter, "Fueling Conflict: Syria's War for Oil and Gas," Carnegie Endowment for International Peace, April 2, 2014, http://carnegieendowment.org/syriaincrisis/?fa=55195.

⁵ Not long after, the Central Bank of Syria agreed with Iran on a further \$3.6-billion credit facility to cover oil supplies, this on top of a previous \$1-billion credit line to buy other products from Iran. Ella Wind and Omar Dahi, "The Economic Consequences of the Conflict in Syria," Turkish Review, March 1, 2014, http://www.turkishreview.org/newsDetail getNewsById.action?newsId=223582.

⁷ CIA World Factobook, "Syria Country Profile," June 20, 2014, https://www.cia.gov/library/publications/the-world-factbook/geos/sy.html.

⁸ Jeffrey White, "Syria's Summer War and the Fate of the Regime," Washington Institute for Near East Analysis, August 14, 2012, http://www.washingtoninstitute.org/policy-analysis/view/syrias-summer-war-and-the-fate-of-the-regime; and Andrew J. Tabler and Jeffrey White "Syria at War: Views from the Turkish and Lebanese Borders," WINEP, September 13, 2012. They write, "Looking ahead, Assad's regime will fall when his forces break—and the Syrian army is on its way to breaking."

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 11 "Sepah Pasdaran commander: Al-Assad is fighting Syria war as 'our deputy'" $\it Naame\ Shaam$, May 8, 2014, http://www.naameshaam.org/en/sepah-pasdaran-commander-al-assad-is-fighting-syria-war-as-our-deputy/.

12 "Iranian general admits 'advising' Syrian regime on establishing 'shabbiha' paramilitary force," Naame Shaam, April 4, 2014, http://www.naameshaam.org/en/iranian-general-admits-advising-syrian-regime-on-establishing-shabbiha-paramilitary-force/.

¹³ Erika Solomon, "Shia fighters tip balance in Assad's favour in Syria," Financial Times, March 24, 2014, http://www.ft.com/cms/s/0/2dfaf756-a9fa-11e3-8bd6-00144feab7de.html. Recently the Wall Street Journal has claimed that, "Iran has been recruiting thousands of Afghan refugees to fight in Syria as well, offering \$500 a month and Iranian residency." Farnaz Fassihi, "Iran Recruiting Afghan Refugees to Fight for Regime in Syria," Wall Street Journal, May 15, 2014, http://online.wsj.com/news/ articles/SB10001424052702304908304579564161508613846?mg=reno64-wsj. This number could be an exaggeration, as are many estimates. According to information received from Shi'as who fought in Syria, in June 2013, there were more than 10,000 foreign Shi'ite operatives (Guardian, July 4, 2013). A London-based Arabic newspaper, quoting "Western experts," has claimed that there are more than 40,000 (Al-Sharq Al-Awsat, February 19, 2014). See "Shi'ite Foreign Fighters in Syria," Meir Amit Intelligence and Terrorism Information Center, March 18, 2014, http://www.terrorism-info.org.il/en/article/20631.

 14 The government has retaken a lengthy strip of land extending along the Lebanese boarder from Qusair in the north, along the Kalamoun mountain range, down to Zabadani, west of Damascus. This corridor served as the major re-supply route for weapons and men coming from Lebanon to Damascus and Homs. It is now shut.

¹⁵ Yezid Sayigh, "A Melancholy Perspective on Syria," Carnegie Endowment for Peace, April 8, 2014, http://carnegie-mec.org/2014/04/08/melancholy-perspective-on-syria/h7fc#.

16 "Iran's Secret Army," produced by Darius Bazargan 2013 for the BBC, available on YouTube, https://www.youtube.com/watch?v=ZI_88ChjQtU.

 17 The Alawites are a heterodox offshoot of Shi'ite Islam who have traditionally been viewed as beyond the pale of Islam. The sect was not considered to belong to the "People of the Book" or the protected religions, into which category both Christians and Jews fell. Because Alawites were considered apostates, they were severely discriminated against. Until 1918, they could not appear in an Ottoman court of law and were so demographically isolated that they shared no town or city with Sunni Muslims. Their cultural differences were also profound. Alawites may consume alcohol, they pray regularly, and Alawite women do not cover their heads. In the 1970s, a senior Lebanese Shi'ite scholar, Musa al-Sadr, issued a fatwa declaring Alawites Muslims. This religious recognition was critical for Assad, since article three of Syria's constitution states that the Syrian president must be Muslim. Assad tried to eliminate this clause from the constitution in 1973, but was forced to reinstate it after widespread Sunni demonstrations threatened to pull the country apart.

¹⁸ "Bashar Assad, Hassan Nasrallah and Mahmoud Ahmadinejad," AP, February 25, 2010, http://bigstory.ap.org/photo/bashar-assad-hassan-nasrallah-mahmoud-ahmadinejad.

¹⁹ Ryan Crocker, "Assad Is the Least Worst Option in Syria," New York Times, December 21 2013, http://www.nytimes.com/roomfordebate/2013/12/21/for-peace-in-syria-will-assad-have-to-stay/assad-is-the-least-worst-option-in-syria.

²⁰ Marc Lynch, "Would arming Syria's rebels have stopped the Islamic State?" Washington Post, August 11, 2014, http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/08/11/would-arming-syrias-rebels-have-stopped-the-islamic-state/.

 21 Richard N. Haass, president of the Council on Foreign Relations, calls for Washington to limit expectations; WINEP's James Jeffrey says that dramatic efforts to transform the fundamentals of the Middle East are bound to fail, and that we have to deal with a dysfunctional region as it is. See http://www.project-syndicate.org/commentary/richard-n--haass-argues-that-the-middle-east-is-lessa-problem-to-be-solved-than-a-condition-to-be-managed#2mBL3u0VX643vLWd.99.

²² See, Hassan Hassan, "Isis, the jihadists who turned the tables," *Guardian*, August 9, 2014, http://www.theguardian.com/world/2014/ aug/10/isis-syria-iraq-barack-obama-airstrikes. See also Jordan Schachtel, "US Backed 'Moderate' Free Syrian Army Factions Join ISIS Terror Group," Breitbart, July 8, 2014,

http://www.breitbart.com/Big-Peace/2014/07/08/US-Backed-Moderate-Free-Syrian-Army-Factions-Join-Islamic-State-Terror-Group.

²³ Some argue that Assad's regime actually enabled ISIS by not fighting with them, see Maria Abi-Habib, "Assad Policies Aided Rise of Islamic State Militant Group," Wall Street Journal, August 22, 2014, http://online.wsj.com/articles/assad-policies-aided-rise-ofislamic-state-militant-group-1408739733.

²⁴ Eric Schmitt, "Qaeda Militants Seek Syria Base, U.S. Officials Say," New York Times, March 25, 2014. Jennifer Griffin, "Top intelligence chiefs warn Syria could become base for attacks against US," Foxnews.com, February 04, 2014, http://www.foxnews.com/politics/2014/02/04/top-intelligence-chiefs-warn-syria-could-become-base-for-attacks-against-us/.

²⁵ Joint Chiefs of Staff Chairman Gen. Martin Dempsey has explained that the United States is not providing the rebels with what they need to win. Cf. Kevin Baron, "U.S. Not on a Path' to Help Syrian Rebels Win, Says Dempsey," Defense One Newsletter, May 14, 2014, http://www.defenseone.com/threats/2014/05/us-not-path-help-syrian-rebels-win-says-dempsey/84415/.

²⁶ "Is Intervention in Syria the Answer?" Video of Council on Foreign Relations event with Ryan Crocker, Paul Pilar, and Charles Dunne. May 1, 2014, http://www.cfr.org/syria/intervention-syria-answer/p32864; Barbara Slavin, "Former US diplomat warns of possible 'grave mistake' in Syria," Al-Monitor, May 1, 2014, http://www.al-monitor.com/pulse/originals/2014/05/syria-ryan-crockergrave-mistake.html#ixzz32wlID6lG.

²⁷ "Nusra rejects trials for regime figures, demands 'death by sword," Syria Direct, May 21, 2014, http://syriadirect.org/main/36-interviews/1387-nusra-rejects-trials-for-regime-figures-demands-death-by-sword.

²⁸ In instances where rebel militias have penetrated deep into Alawi-dominated territory, such as north of Latakia in 2012 or to its east in August 2013, threatened Alawite villages emptied out within hours, their inhabitants reasonably fearing a massacre. Human Rights Watch reports that "witnesses described how opposition forces executed residents and opened fire on civilians, sometimes killing or attempting to kill entire families who were either in their homes unarmed or fleeing from the attack, and at other times killing adult male family members, and holding the female relatives and children hostage." See also "Syria rebels executed civilians, says Human Rights Watch," BBC.com, October 11, 2013, http://www.bbc.com/news/world-middle-east-24486627.

²⁹ Michelle Moghtader, "Iran says does not seek indefinite power of Assad," Reuters, April 2, 2014, http://www.reuters.com/article/2014/04/02/us-iran-syria-idUSBREA311X220140402.

7. Turkev

Gulden Ayman, "Turkey and Iran: Between Friendly Competition and Fierce Rivalry," Arab Studies Quarterly 36, no.1, Winter 2014.

² Status quo meaning it is not seeking to change its borders. Ray Takeyh, Guardians of the Revolution: Iran and the World in the Age of the Ayatollahs, New York: Oxford University Press, 2009.

 $^3 \ James \ Kitfield, "Who \ Lost \ Turkey?" \ \textit{National Journal http://www.nationaljournal.com/njonline/ns_20100621_3616.php.$

⁵ Ayatollah Ruhollah Khomeini, Islam and Revolution—Writings and Declarations of Imam Khomeini, translated and annotated by Hamid Algar, Berkeley, CA: Mizan Press, 1981.

⁶ Steven A. Cook, Ruling But Not Governing: The Military and Political Development in Egypt, Algeria, and Turkey, Baltimore: Johns Hopkins University Press, 2007.

⁷ F. Stephen Larrabee and Alireza Nader, *Turkish-Iranian Relations in a Changing Middle East*, Santa Monica, CA: RAND Corporation, 2013.

⁸ Bijan Khajehpour, "Five Trends in Iran-Turkey Trade, Energy Ties," Al-Monitor, October 31, 2013, http://is.gd/f9wMW1.

9 "Iran Hails Turkey's Nuclear Support," Al Jazeera, March 9, 2010, http://m.aljazeera.com/story/2009102711739736523.

¹⁰ Sinan Ulgen, "Turkey's Iran Strategy," Carnegie Europe, December 27, 2013, http://is.gd/Dl02MU.

¹¹ Steven A. Cook, Jacob Stokes, and Alexander J. Brock, The Contest for Regional Leadership in the New Middle East, Center for New American Security—Middle East Security Series, June 2014.

12 "Prime Minister Erdogan Says Iran Is Like His 'Second Home" Today's Zaman, January 29, 2014, http://www.todayszaman.com/news-337891-prime-minister-erdogan-says-iran-is-like-his-second-home.html.

13 Madeleine K. Albright and Stephen J. Hadley, U.S.-Turkey Relations—A New Partnership, Independent Task Force Report No. 69, New York: Council on Foreign Relations, 2012.

¹⁴ "Turkey-Iran Economic and Trade Relations," Ministry of Foreign Affairs, Republic of Turkey, http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-iran.en.mfa.

8. Non-State Actors

 1 Not all are treated here. In addition to those discussed, the United States has formally designated Jundallah (2010) and the Popular Front for the Liberation of Palestine-General Command (1997).

² "Terrorist group" refers to organizations appearing on the State Department's list of Foreign Terrorist Organizations. See http://www.state.gov/j/ct/rls/other/des/123085.htm; and Audrey Kurth Cronin, The 'FTO List' and Congress, CRS Report for Congress #RL32120, October 21, 2003.

³ In 1996, the Anti-Terrorism and Effective Death Penalty Act imposed an additional restriction requiring the United States to vote against international loans to Iran and withhold foreign aid to any country selling arms to Iran. See Center for Arms Control and Nonproliferation, http://armscontrolcenter.org/publications/factsheets/fact_sheet_iran_sanctions/.

⁴ U.S. Department of State, Country Reports on Terrorism, 2013, April 2014, http://www.state.gov/j/ct/rls/crt/2013/224826.htm.

⁵ The Qods Force often functions like a non-state actor, particularly in the way it built up Hezbollah. It does however respond to Iran's leadership (unlike other non-state actors), with its Commander, Qassim Suleimani, very close to the Supreme Leader. Some Iranian covert operations were probably undertaken in retaliation for covert Israeli and possibly American-backed covert actions in Iran. For example, a deadly July 2012 attack on Israeli tourists in Burgas, Bulgaria, in which five Israelis were killed and dozens wounded, was said to have been carried out by Hezbollah in retaliation for the assassination by Israeli agents of Iranian nuclear scientists. For more, see Nicholas Kulish and Eric Schmitt, "Hezbollah Is Blamed for Attack on Israeli Tourists in Bulgaria," New York Times, July 19, 2012. No organization claimed credit for the operation; but the Bulgarian government publicly implicated Hezbollah. See U.S.

³⁰ Joshua Landis, "Why Assad Is Likely to Survive to 2013," Middle East Policy, Spring 2012, pp. 72–85.

³¹ Ibrahim Hamidi, "Iran's plan for Syria aims to woo Saudi Arabia and the west," Financial Times, June 8, 2014; Frederic Hof, "Syria: Can the United States and Iran Reach an Understanding?" Atlantic Council, June 10, 2014, http://www.atlanticcouncil.org/blogs/ menasource/syria-can-the-united-states-and-iran-reach-an-understanding.

⁴ For the full text of the agreement, see http://news.bbc.co.uk/2/hi/middle_east/8686728.stm.

Department of State, Office of the Coordinator for Counterterrorism, Country Reports on Terrorism 2012, Chapter 2, at http://www.state.gov/j/ct/rls/crt/2012/209981.htm.

- ⁶ Stuxnet is a sophisticated computer worm that uses malicious code to infect industrial systems, in this case Iranian nuclear centrifuges. See "Stuxnet's Secret Twin," Foreign Policy, November 19, 2013, http://www.foreignpolicy.com/articles/2013/11/19/ stuxnets_secret_twin_iran_nukes_cyber_attack?page=0,0.
- ⁷ See Harriet Sherwood, "Iran 'trying to attack Israeli targets in retaliation for scientists' deaths," Guardian, February 3, 2012.
- 8 U.S. Department of Defense, Annual Unclassified Report on Military Power of Iran, Required by Section 1245 of the FY 2010 National Defense Authorization Act (P.L. 111-84), April 2010; cited by Casey L. Addis and Christopher Blanchard, Hezbollah: Background and Issues for Congress, CRS Report for Congress, #R41446, January 3, 2011, p. 19.
- ⁹ See Matthew Levitt, Hezbollah: *The Global Footprint of Lebanon's Party of God*, Washington: Georgetown University Press, 2013.
- ¹⁰ Audrey Kurth Cronin, Terrorists and Suicide Attacks, CRS Report for Congress #RL32058, August 28, 2003, http://www.fas.org/irp/ crs/RL32058.pdf. On explosive devices, see Michael Knights, "The Evolution of Iran's Special Groups in Iraq," CTC Sentinel, Vol. 3, $No.\ 11-12, November\ 2010, pp.\ 12-16, https://www.ctc.usma.edu/wp-content/uploads/2011/05/CTCSentinel-Vol3Iss11-127.pdf.$
- ¹¹ Anne Barnard, "As Hezbollah Fights in Syria, Life Changes in a Lebanese Border Town," New York Times, June 21, 2013; and Kieran Elliott, "The Syrian Conflict and its Impact on Hezbollah's Authority," Small Wars Journal, 5 April 2014.
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9. Energy

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- ¹⁴ From "Joint Plan of Action" November 24, 2013, http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf. The JPOA states that elements of a comprehensive agreement should "involve a mutually defined enrichment programme with mutually agreed parameters consistent with practical needs, with agreed limits on scope and level of enrichment activities, capacity, where it is carried out, and stocks of enriched uranium, for a period to be agreed upon." See also Seyed Hossein Mousavian, "How much nuclear power does Iran need?" Al-Monitor, February 2014, http://www.al-monitor.com/pulse/originals/2014/02/iran-nuclear-energy-domestic-need.html.
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- 16 For a comprehensive outline of Iran's objectives in the nuclear energy program, see the Iranian government's nuclear energy website: http://nuclearenergy.ir/motives/.
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- 19 While the Middle East had considerable influence on U.S. imports from the 1970s through the 1990s, African and Latin American production has helped relieve that dependence. Saudi Arabia also increased production (from 9.0 mbpd to 12 mbpd) over six months to help cover shortfalls. As the United States becomes less dependent on the Middle East, market prices will likely drop, with Iraq maintaining current production levels and Iran increasing levels (currently around 3.0 mbpd). China's increased imports will also help OPEC deal with market fluctuations.

10. U.S. Military

- ¹ See Adam Entous, "Hagel Assures Gulf Allies of Continued US Military Presence: In Saudi Arabia, US Defense Secretary Says Iran Nuclear Deal Wouldn't Mean Military Cutback," Wall Street Journal, May 14, 2014, http://online.wsj.com/news/articles/SB100014240 52702304547704579561321483535490. Many of these bases belong to regional allies but host significant numbers of U.S. troops.
- ² For more on Saudi Arabia and Gulf States' fear of Iranian regional dominance, see Gregory Gause, "Why the Iran Deal Scares Saudi Arabia," New Yorker, November 26, 2013, http://www.newyorker.com/news/news-desk/why-the-iran-deal-scares-saudi-arabia.
- ³ This was underscored by Chuck Hagel's remarks in May 2014 at the U.S.-GCC Defense Dialogue, where he noted the importance of U.S. military maneuvers, in conjunction with diplomatic and economic efforts: "We got to Vienna thanks to our collective efforts to isolate Iran diplomatically and economically, and to deter it militarily. And as negotiations progress, I want to assure you of two things.
- "First, these negotiations will under no circumstances trade away regional security for concessions on Iran's nuclear program. Our commitment to Gulf security and stability is unwavering. Second, while our strong preference is for a diplomatic solution, the United States will remain postured and prepared to ensure that Iran does not acquire a nuclear weapon—and that Iran abides by the terms of any potential agreement." See "Introductory Remarks at the U.S.-GCC Defense," as delivered by Secretary of Defense Chuck Hagel, Jeddah, Saudi Arabia, May 14, 2014, http://www.defense.gov/Speeches/Speech.aspx?SpeechID=1847.
- 4 For more on Libya's WMD disarmament, see Kelsey Davenport, "Chronology of Libya's Disarmament and Relations with the United States," Arms Control Association, February 2014, https://www.armscontrol.org/factsheets/LibyaChronology. For more on U.S. and allied forces later bombing Libya's airfields in 2011, see "Crisis in Libya: US Bombs Qaddifi's Airfields," CBS news, March 20, 2011, http://www.cbsnews.com/news/crisis-in-libya-us-bombs-qaddafis-airfields/.
- 5 When forces are not deployed to CENTCOM they almost always belong to some other headquarters. In other words, roughly two-thirds of that 94,000 figure that are not part of CENTCOM's headquarters would come from elsewhere until deployed. The 94,000 figure was taken from a statement from Commander of CENTCOM, General Lloyd Austin III, "This work is being done each day by the dedicated and hard-working men and women of this command, including more than 94,000 U.S. soldiers, sailors, airmen, Marines, coastguards and civilians selflessly serving and sacrificing in difficult and dangerous places." See "Commander's Posture Statement: Statement of the General Lloyd J. Austin II Commander U.S. Central Command Before the House Armed Services Committee on the Posture of US Central Command," United States Central Command, March 5, 2014, http://www.centcom.mil/en/ about-centcom-en/commanders-posture-statement-en.
- 6 Michael J. Lostumbo et al. Overseas Basing of U.S. Military Force: An Assessment of Relative Costs and Strategic Benefits, RAND Corporation, 2013, http://www.rand.org/pubs/research_reports/RR201.html.
- ⁷ See Rita Boland, "Airforce ISR Changes after Afghanistan," Signal Magazine, May 2014, http://www.afcea.org/ content/?q=node/12660.
- ⁸ See Ken Katzman, "The United Arab Emirates: Issues for US policy" Congressional Research Service, May 2014, p.15, http://fas.org/ sgp/crs/mideast/RS21852.pdf.
- ⁹ For more on U.S. military presence in Germany before, during and after the Cold War see Keith B. Cunningham and Andreas Klemmer, "Report 4: Restructuring the US Military Bases in Germany: Scope, Impacts and Opportunities," Bonn International Center for Conversion, June 1995, http://www.bicc.de/uploads/tx_bicctools/report4.pdf.
- 10 "The Iraq-ISIS Conflict in Maps, Photos and Video" New York Times, August 20, 2014, http://www.nytimes.com/interactive/2014/06/12/world/middle east/the-iraq-is is-conflict-in-maps-photos-and-video. html.
- ¹¹ Statement for the Record: Deputy Assistant Secretary Brett McGurk, Senate Foreign Relations Committee Hearing: Iraq at a Crossroads: Options for U.S. Policy, July 24, 2014.

This Report was drafted by William Luers, the Director of The Iran Project, based on special essays from ten different scholars and with major contributions from Thomas Pickering, Paul Pillar, Jim Walsh, James Hoge, Stephen Heintz, Gary Sick and Frank Wisner. Iris Bieri, Deputy Director of The Iran Project, contributed content, editing and research, and coordinated the entire project. Richard Cohen edited the full report. Many of the essays were transformed by the variety of contributions from a broad group of experts who work with The Iran Project and have built on the original texts we received from the authors. Daniel Kurtzer and Gregory Gause made significant contributions to the Israel and Saudi Arabia chapter respectively, and also helped shape other sections. The writers of the additional eight essays are: Bruce Koepke (Afghanistan), Frederic Wehrey (Gulf States), Judith Yaphe (Iraq), Joshua Landis (Syria), Steven Cook (Turkey), Audrey Cronin (Non-State Actors), Bijan Khajehpour (Energy) and Austin Long (U.S. Military).

Our copy editor, Trish Leader, and the design team from On Design led by Okey Nestor, made valuable contributions to the final report.

The Iran Project is a non-governmental organization that seeks to improve official contacts between the United States and Iranian governments. Founded in 2002 by the United Nations Association of the USA and Rockefeller Brother's Fund, The Iran Project became independent in 2009. Its core members are: Stephen Heintz, William Luers, Jessica Mathews, William Miller, Thomas Pickering, Paul Pillar, Jim Walsh, and Frank Wisner.

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