

# **Iran and its Rivals: A Strategic Balance Sheet**

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2017 was marked by increased Saudi-Iranian hostility, on both the bilateral level and the regional level, and by the strategic balance tilting further in Iran's favor, intensifying the trend that emerged in the previous year. The new variable of 2017 – the entry of President Donald Trump into the White House – heightened the conflict between Iran and Saudi Arabia, and cast a potential shadow over Iran's room to maneuver. On the one hand, the Trump administration poses a threat to Iran, by casting it as the main cause of regional instability and threatening to re-impose sanctions. On the other hand, the opposition that the United States approach arouses among European countries as well as in Russia and China at this stage plays into Iranian hands, as Tehran hopes to isolate the United States and strengthen its political and economic relations with the other P5+1 countries.

## **Iran in the Regional Arena**

A series of developments in the regional arena continued to strengthen Iran's position, and perhaps chief among these was the destruction of the Islamic State in Iraq and Syria. The struggle against the Islamic State strongholds in Iraq and Syria, waged by a US-led coalition, was decidedly in the interests of Iran, which sees the extremist Sunni organization and its threat to Shiite elements as its primary enemy. The involvement of Iraqi Shiite militias, with the support of the Quds Force under Qasem Soleimani, who acted mainly in cooperation with the Iraqi army, was a significant contribution to

the defeat of the organization and the elimination of most of its positions in Iraq, and later in Syria.

This development joins previous moves by the United States in the region that have reinforced Iran's status, the most important being the removal of Saddam Hussein, the principal enemy of the Tehran regime, following the removal of the Taliban from Afghanistan, which for Iran was a harsh Sunni rival. These developments created several opportunities for Iran to reinforce its regional status, in some cases on the basis of a decision by Revolutionary Guard elements to intensify its regional involvement, both directly through ground deployments and indirectly through its proxies and allies.<sup>1</sup> Thus, in recent years there has been greater direct involvement in Syria of Revolutionary Guard forces, and in some cases of the Iranian army, alongside thousands of Shiites from Iraq, Afghanistan, and Pakistan who were recruited to fight for the Bashar al-Assad regime and ensure the continuation of his rule in Syria. The establishment of a majority Shiite government in Iraq allowed Iran to increase its political and economic influence, as well as its military influence through the Shiite militias that are allied with Iran and currently integrated into the Iraqi military apparatus.

In 2017 these two processes matured, establishing the Iranian presence in Iraq and Syria for the next few years, and giving it significant influence on decision making in those countries. This in fact creates a territorial continuum from Iran to the Mediterranean, and gives Tehran a land corridor, through Iraq and Syria, to Hezbollah in Lebanon. In this way Iran ensures it has the capability for large scale intervention in potential crises in these areas. Moreover, Iran is extending its hold within these countries to issues that are related to the non-military sphere, principally economic in nature. Iran signed an agreement with Syria to export five electric power plants in order to reinforce the Syrian electricity system; Iran has also announced its future intention of connecting the electric grids of Iran, Iraq, and Syria. In addition, an agreement has been signed to build an oil refinery in Syria that in the initial stages will have a capacity of 40,000 barrels a day, and will ultimately reach 140,000 barrels a day.<sup>2</sup>

Two other regional disputes have likewise benefited Iran. Iran did not initiate them, but discerned very well how to exploit these regional disputes and maximize their potential to damage the status of Saudi Arabia and

strengthen its own hand. One is the ongoing war in Yemen, where Tehran is assisting the Houthis with weapons, finances, knowledge, and training provided by Revolutionary Guard elements, apparently in conjunction with Hezbollah experts. This assistance, which has increased over the last two years, has prevented Saudi Arabia and the Emirates from achieving a decisive victory in the campaign, even though Saudi Arabia has some of the most advanced weapons in the world and in 2016 ranked fourth in military expenditures, after the United States, China, and Russia. Consequently, there is an impression that in spite of its enormous investment in defense, the Kingdom is a “paper tiger.”

Furthermore, the military campaign in Yemen has become a burden on the Saudi budget, as the Houthis retain northern Yemen and the capital Sana’a and routinely fire rockets and missiles into Saudi territory. Moreover, alongside the international criticism of Saudi Arabia for aggravating the humanitarian situation in Yemen and harming the local civilian population, hundreds of Saudi soldiers have been killed there (there is no reliable official number of casualties published). Although domestic criticism is in the meantime silent, it is one of the factors impeding advancement of the policies promoted by Saudi Crown Prince Mohammed bin Salman.

The second crisis is between Saudi Arabia and Qatar. Since June 2017, a number of Arab countries – Saudi Arabia, Egypt, the Emirates, and Bahrain – have imposed a diplomatic and economic boycott on Qatar, while presenting Doha with a very high – not to say excessive – level of demands. They include downgrading relations with Iran, closing the al-Jazeera network, removing Turkish forces from the Emirates, and most importantly, stopping support for the Muslim Brotherhood. While Qatar is certainly paying a price, mainly economic, for this boycott, which includes an air and naval embargo, the price paid by Saudi Arabia has also begun to exceed any advantage it might gain. It looks far less powerful, if only because of its inability to bend a small (“recalcitrant”) country like Qatar to its will. Moreover, the hope for American support against Qatar did not materialize, and Washington continues to wage its war against the Islamic State from its bases in Qatar. Attempts at mediation by US Secretary of State Rex Tillerson and by Kuwait have failed so far, and a possible solution to the crisis seems only a distant possibility. Iran for its part is assisting Qatar with food and other essential

goods, and opened its air space to flights to and from Qatar. This crisis has cost Saudi Arabia in its relations with its main Muslim allies, which largely assumed a “neutral” stance in the crisis. The damage is particularly evident in Saudi-Pakistan relations.

Another important development that has benefited Iran is its improved relations with Turkey. This follows years of tension, largely around the war in Syria and the two countries’ support for opposing forces, with Turkey working to remove Bashar al-Assad and providing weapons and refuge to elements opposing the regime, and Iran working to keep him in power by sending Iranian and Hezbollah forces, and even Shiite militias recruited in Iraq, Afghanistan, and Pakistan to Syria. In view of Turkish fears of the growing strength of US-backed Kurdish forces, and the possibility that the Kurds could set up a semi-independent state in Syria, Ankara resigned itself to the survival of the Assad regime and joined Russia and Iran in what became a Moscow-led triumvirate that is securing the de-escalation zones in Syria. As such, it will also be involved in any political solution that may be achieved.

Among the most prominent examples of the rapprochement between Iran and Turkey are the historic visit of the Iranian Chief of Staff to Turkey in August 2017, the first such visit since the Islamic Revolution of 1979; the meeting between President Hassan Rouhani and President Recep Tayyip Erdogan during the Astana Conference (September 9, 2017); Erdogan’s visit to Iran (October 4, 2017); and the three way summit (November 22, 2017) between the Presidents of Russia, Iran, and Turkey in Sochi, within the framework of efforts to promote a political settlement in Syria – a summit defined by the Iranians as a victory over “infidel terror.”<sup>3</sup>

Iran and Turkey share other interests, and there is noticeable coordination between them in connection with Iraqi Kurdistan. This cooperation began as soon as the President of the Kurdish Regional Government in northern Iraq, Massoud Barzani, announced his intention to hold a referendum on the question of Kurdish independence – a move opposed by both Iran and Turkey, particularly after the actual referendum (September 25, 2017). The results showed a very high level of support for independence. There were forceful denunciations of Barzani from Ankara, which described the move as “treachery.” This position contrasted with the recent flourishing of trade

relations between Turkey and the Kurdish territory, including its use as a route that bypassed Baghdad for the export of oil. The level of coordination reached between Baghdad, Tehran, and Ankara in the tough response to the Kurdish referendum chastened the Kurds, which led to the Kurdish capitulation in Kirkuk, where there is a substantial Turkmen population that Ankara regards as under its protection. Turkey also dislikes its shrinking relative weight in this region due to lengthy processes of Arabization and Kurdification, and the referendum gave it the opportunity to take action.

Among the widening range of interests shared by Iran and Turkey is also the crisis with Qatar. Here Iran and Turkey have found themselves on the same side of the fence, helping Qatar cope with the consequences of the boycott. For Turkey, the alliance with Qatar is one of its few stable relationships in recent years, where there is also an ideological basis for the relationship, along the lines of a “Muslim Brotherhood axis.” Ankara’s decision to set up a military base in Qatar and the rush to implement this decision following the Gulf crisis is clear evidence of the strong link between the countries. Moreover, Turkey believes that if the Gulf states and Egypt manage to subdue Qatar, Turkey itself will be the next target of their hostilities. The Turkish-Iranian rapprochement is likewise expressed at the economic level. Both countries, together with Russia, have signed a tripartite oil and gas deal involving drilling in Iran, a move that is very important to Turkey, which has no significant energy sources in its own territory.

Against this long line of regional achievements for Iran, which translate into a failure of Saudi policy, especially striking are the escalating direct verbal hostilities between Saudi Arabia and Iran, particularly since Mohammed bin Salman was appointed Crown Prince. Bin Salman derives much encouragement from President Trump’s position on the Iranian issue and speaks strongly against the regime in Tehran, and has dubbed Supreme Leader Ali Khamenei “the new Hitler of the Middle East.”<sup>24</sup> These verbal attacks join a move led by the Crown Prince using the Prime Minister of Lebanon, Saad Hariri, who in Riyadh accused Iran and its proxy Hezbollah of interfering in Lebanon’s internal affairs.

However, as of the time of this writing, there are no signs of an effective Saudi policy to limit Iran’s strategic regional achievements. Saudi Arabia has proven unable to form a significant Sunni anti-Iranian camp to oppose the

pro-Iranian, united, and dedicated Shiite camp. The Saudi difficulty derives mainly from the absence of a common denominator in how it and its Sunni partners perceive the nature of the threat. This is certainly true with respect to Riyadh's definition of Iran as the main enemy; for Egypt and Jordan, Iran is not top of their list of security risks, and they see the Salafi jihadist threat as far more serious. Moreover, there are signs of erosion in support of Riyadh among more distant countries, such as Pakistan and Afghanistan, traditional supporters of Saudi Arabia for many years, due to both controversial Saudi moves and in response to Iranian efforts to improve relations with them.

### **The Balance in the Global Arena**

As President Trump's first year in office draws to a close, Iran's strategic balance in the international arena is mixed. For Iran, without doubt the biggest achievement is its closer relationship with Russia, a relationship undergoing a long process of rapprochement and greater coordination that is unusual for both countries. There have been ups and downs, mainly in the context of Russian votes for sanctions against Iran in the Security Council, but in the last two years, following the nuclear agreement, the ties have grown stronger. Above all, the JCPOA enabled Moscow and Tehran to resume their military cooperation, and the first and most significant expression of this new atmosphere was the supply by Russia of the S-300 air defense system to Iran, after a ten-year delay due to pressure from Israel and the United States; this system has already become operational in Iran. The countries have discussed the acquisition of other weapon systems, including Sukhoi-30 fighter planes and T90 tanks. In addition, they recently signed an agreement for joint production of unmanned aircraft.

Regarding the regional map, most significant for Moscow and Tehran is their developing cooperation in Syria. Since Russia became directly involved in the fighting in Syria in September 2015, Iran and Russia have operated within the framework of a military coalition and have even engaged in combat operations together. This is why Russia sees Iran as a principal element in any future arrangement in Syria. Their enhanced relationship also has an economic dimension, which is very important for Russia. During Iranian President Rouhani's visit to Moscow (in March 2017), talks with Putin explored opportunities for closer economic ties, with more trade and

investment between the two countries. In 2017 trade between them grew by 70 percent, and President Rouhani announced that they had moved past the stage of regular relations to long term projects. In a joint press release at the end of the visit, they mentioned agreements in the areas of oil and gas, communications and information technology, nuclear energy (two additional units in Bushehr), a thermal power station in Bandar Abbas, and construction. Toward increased tourism, an agreement was signed removing the need for Russian tour groups to obtain visas to enter Iran, the first achievement in the talks to remove barriers before Russian nationals to visa-free travel to Iran. Cooperation between the two countries was thus extended beyond the military dimension.

Russia's support for Iran is also important with regard to the Trump administration, which currently sees Iran as the central problem in the Middle East and is threatening to restore the sanctions that were lifted in return for the nuclear deal. Moscow affirms that in its view, based on reports from the International Atomic Energy Agency (IAEA), Iran is observing all its commitments, and therefore there is no reason to talk about restoring the sanctions. On the issue of Iran's missile program, Moscow is also insisting that this is not part of the nuclear agreement and therefore activity by Iran does not constitute a breach. This Russian position is essential for Iran in the face of what appears to be a real possibility of American moves against it.

Iran's relations with the European Union and various European countries have also grown stronger over the past year. The EU continues to support the JCPOA and on this is firmly opposed to the Trump administration, which in October 2017 refused to certify to Congress that Iran was observing the terms of the agreement, and even threatened to restore the sanctions. The EU position was expressed by High Representative for Foreign Affairs Federica Mogherini during a visit to Washington (November 6, 2017), and following a meeting of EU foreign ministers (November 13, 2017). This support is essential for Tehran, which sees it as a way of isolating the United States and ensuring the ongoing development of economic relations with Europe and continued European investment. Indeed, in the 2016 Iranian financial year (from March 2016 to March 2017), there was an increase of over 300 percent in Iranian exports to the EU, and an increase of 27 percent in imports from the EU. The rise in trade with the EU continued over the last six months of

2017 (about 4.4 billion euros): there were significant increases in exports to Italy (1.54 billion euros), France (1.26 billion euros), Greece (638 million euros), and Spain (609 million euros). There was also an increase of some 30 percent in imports from the EU: from Germany (1.39 billion euros), Italy (some 900 million euros), and France (763 million euros). Implementation of the Airbus deal that was signed with the French company (for over 100 aircraft) began, and a large deal, worth about \$5 billion, was signed by the French company Total with a Chinese and Iranian company to develop the Pars 3 gas field.

Economic cooperation with China and other Far East countries has also developed over the last two years since the sanctions were lifted. With China, which is an important trading partner of Iran, there has been an increase of 7 percent in exports over the same period last year, amounting to \$4.31 billion; imports from China amounted to almost \$6 billion, more than from any other country.

These positive trends for Iran are overshadowed by United States policy, which threatens to undercut Tehran's achievements. The most important change presented by the Trump administration is its casting Iranian policy as the central threat to regional security and United States interests. This is a sharp shift from the paradigm that maintained that the JCPOA would lead to a more moderate Iran and perhaps even to regional cooperation, given the interest shared by the P5+1 to avoid moves undermining the agreement. Rather, the goal is a new paradigm claiming that the continuation of the JCPOA, which is not seen by the Trump administration as an asset to the US, must be used to address additional issues, such as Iran's ballistic missile program, its regional policy, and lapses in the agreement itself. This American objective challenges the clear interest shared by Iran and America's European allies to preserve the agreement. At the end of 2017, Iran is uncertain about President Trump's next moves, particularly with regard to the sanctions. If they are restored, European countries may need to choose between investment and further cooperation with Iran, and their interests in the United States. Faced with this dilemma, some would certainly prefer their US interests. This American policy threatens to harm Iran's achievements in the global arena, which could have serious consequences for foreign investments, the



primary factor driving improvement in the Iranian economy. It also has the potential for damaging what Iran sees as a very positive balance in its favor.

## **Conclusion**

By the end of 2017, following years of fighting in Iraq and Syria, and the growing involvement of Iran and its allies in this arena, Tehran has positioned itself as an influential element, not only in the Fertile Crescent, but in the Middle East as a whole. This development, as well as the ongoing, albeit slow, improvement in the economic cooperation between Iran and international elements, and the stability of the regime, notwithstanding internal tensions and the instability that characterizes the Middle East, has turned Iran into a very important actor with regard to future developments and regional crises. The cooperation with Russia, currently the only external power element in the region involved in future developments in the Middle East, creates a kind of “protective umbrella” for Iran to secure its achievements. However, all these are overshadowed by the question mark and threat posed by the Trump administration, with its demands to limit Iran’s ballistic missile development program and its regional involvement, along with certain aspects of the JCPOA. At this stage, the Trump administration does not have international support for most of its views, but simply stating them is enough to arouse fears in Tehran regarding the continuation of the existing situation.

Israel, which has in recent years enjoyed an absence of serious threats along its borders – given a crumbling regime in Syria, quiet on the Lebanese border while Hezbollah is deeply involved in the Syrian fighting, and ongoing difficulties in Iraq – finds itself facing new processes, which from its perspective could potentially harm the regional balance. The focus of the change is Iran’s growing influence in Syria and Lebanon, directly and through its allies, and with Russian patronage. Both Russia and Iran state that they intend to remain in Syria in the coming years – in what context, format, or roles is not yet entirely clear. On the other hand, what appear to be Israel’s closer ties with Saudi Arabia and other Gulf states do not strengthen Israel’s regional position. This is mainly due to the weakness of its “new friends” in the Gulf, and their unwillingness to demonstrate their rapprochement with Israel in public as long as there is no progress on the Palestinian issue. In addition, America’s lack of interest in deeper and more

active involvement in regional developments does not help Israel. In the Syrian context, Israel is the only element publicly opposed to Iran. This indirectly pits Israel against Russia, which is spearheading the process to reach an arrangement in Syria. It is doubtful whether Israel has operational tools to materially change the emerging situation. In particular, it must avoid direct confrontation with Russia over Syria, where Moscow and President Putin continue to invest considerable effort. Instead, it must give Moscow a clear interest in restraining Iran and Hezbollah, and prevent them from exploiting the emerging settlement in Syria to promote their anti-Israel policy – a mission that vis-à-vis Russia is both possible and desirable.

## Notes

- 1 Suzanne Maloney, “The Roots and Evolution of Iran’s Regional Strategy,” Atlantic Council, September 2017, [http://www.atlanticcouncil.org/images/The\\_Roots\\_and\\_Evolution\\_of\\_Irans\\_Regional\\_Strategy\\_web\\_0928.pdf](http://www.atlanticcouncil.org/images/The_Roots_and_Evolution_of_Irans_Regional_Strategy_web_0928.pdf).
- 2 “Iran to Build Refinery in Syria’s Homs,” *Press TV*, the Iranian English language news agency, September 26, 2017, <http://www.presstv.com/Detail/2017/09/26/536539/Iran-to-build-refinery-in-Syrias-Homs->.
- 3 “Iran’s President: Region on Brink of New Era of Eradication of Violence,” Tasnim News Agency, November 23, 2017, <https://www.tasnimnews.com/en/news/2017/11/23/1580569/iran-s-president-region-on-brink-of-new-era-of-eradication-of-violence>.
- 4 In an interview given by Mohammed bin Salman; see Thomas L. Friedman, “Saudi Arabia’s Arab Spring, at Last,” *New York Times*, November 23, 2013, <https://www.nytimes.com/2017/11/23/opinion/saudi-prince-mbs-arab-spring.html>.