THE IRAN DOSSIER
The Islamic Republic of Iran holds its presidential elections on the 18th of June. During his two mandates, the current President Hassan Rouhani (2013 – present) tried to recalibrate Iran’s relationship with the world. However, his mission was not successfully accomplished. Rouhani, along with his Foreign Minister Javad Zarif, attempted to reintegrate Iran into the international order. Massive efforts were put into the negotiations of the Iran Deal that was sealed in 2015 under Barack Obama’s administration. Nevertheless, the deal’s lifespan was short. The withdrawal of Donald Trump in 2018 was one of the main reasons, but not the only one. In a recent leaked audio of Zarif, the Foreign Minister admits that the Revolutionary Guards are the ones setting policies in Iran. Zarif accused “the general” Qassem Soleimani, the commander of the Guards’ elite Quds Force for sabotaging the deal with the support of Vladimir Putin, the Russian President.

The failure of the deal exposed Iran to severe sanctions due to its nuclear program and its military activities around the region, mainly in Lebanon, Syria, Yemen, and the Persian Gulf. Consequently, and for the past few years, Iran has been witnessing a severe economic crisis that was aggravated by the outbreak of the pandemic.

The maximum pressure on Iran has led to uncoordinated but persistent protests all over the country. Unlike the 2009 Green Revolution, the demands focused in their majority on economic and social reforms with a lesser concentration on political rights. Regardless of this public discontent, some experts argue that the maximum pressure exercised on Iran has weakened the moderate camp and strengthened the hardliners’ narrative against the West. Iranian scholar Arash Azizi relates such claims. He argues that “There currently is a mass revolution against the entire political class in Iran which will most likely translate to the lowest turnout ever in history of Iranian presidential elections. This can be explained by Iran’s dire economic straits and the heavy-handed repression of protests in the last few years but also the fact that the vetting body threw out the candidacy of vast majority of candidates so that the victory of conservative Ebrahim Raisi is effectively preordained. Unlike for centrists and Rouhani, the elections are being contested by anti-regime groups and activists. Members of the exiled opposition have been running a social media campaign advocating for vote-boycotting. In response, the Supreme Leader has urged the people to ignore those campaigns. ‘Elections are held in one day, but the effect lasts for several years,’ he added.

According to polls, the voter turnout will not be satisfactory, which poses major legitimacy challenges to the new presidency. Iranian official poll poses major legitimacy challenges to the new presidency. Iranian official poll admits that only 34% of the people will participate and vote in the presidential elections.

Some experts argue that Khamenei, with the support of the Revolutionary Guards, is manipulating the election in favor of Raisi, as the other approved candidates belong – in majority – to the conservative stream and have less public support. Furthermore, Raisi is considered to be the potential successor of Khamenei, who is reportedly in poor health. Yet, other analysts argue that Raisi’s victory is not guaranteed, since Iranian elections have proven to be unpredictable.

Whether right or wrong, the upcoming presidential elections will fail to reflect the will of the Iranian people. Five hundred and ninety-two candidates had registered, including former President Mahmoud Ahmadinejad, former Speaker of the Parliament Ali Larijani and women candidates such as Zahra Sharifzad, a political scientist and women’s rights activist. Only seven candidates have passed the vetting process of the Council of Guardians. The disqualification of Ali Larijani and key reformist candidates including Rouhani’s first deputy Ishaq Jahangiri paved the way for Ebrahim Raisi’s victory.

Due to the exclusion of prominent candidates, the elections are being contested by anti-regime groups and activists. Members of the exiled opposition have been running a social media campaign advocating for vote-boycotting. In response, the Supreme Leader has urged the people to ignore those campaigns. ‘Elections are held in one day, but the effect lasts for several years,’ he added.

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If elected, Raisi will most likely use his term to harmonize the hardline factions, specifically hardline clerics and the IRGC. But regardless of what he wishes for, he will be a hostage in a larger autocratic establishment that has been planned without him.

On the international level, and despite his anti-West rhetoric and praise of the “resistant economy of Iran”, Raisi has expressed that he will most likely embrace a possible nuclear deal “with the right circumstances”.

Reflections on the Upcoming Presidential Elections in Iran

Yara Asmar
Regional Strategy Manager - FNF MENA
There is an overwhelming cross-ideological consensus between politicians, the security establishment, and analysts in Israel that the Islamic Republic of Iran presents its biggest existential threat. Since the Islamic Revolution in 1979, Iran has been consistent in its hostility towards Israel. Whether the Iranian Presidents were moderates, like current President Hassan Rouhani, or hardliners, like his predecessor Mahmoud Ahmadinejad, the decisive political power has ever since 1979 remained with the Supreme Leader of Iran. Both Supreme Leaders, Ruhollah Khomeini (1979-1989) and Ali Khamenei (since 1989) have continuously called for Israel’s destruction. The moderate president Rouhani has refrained to repeat the regular calls for Israel’s destruction from Khomeini or Ahmadinejad, but also during his tenure since 2013, Iran has not given up its nuclear ambition and expanded the activities and influence of the Islamic Revolutionary Guards in the whole region. The new Israeli government shares the assessment of parting Prime Minister Benjamin Netanyahu, who said in June 2021: “Our greatest threat is the existential threat posed by Iran’s efforts to arm itself with nuclear weapons, whether to threaten us directly with atomic weapons, with the destruction of a small state, or to threaten us with tens of thousands of missiles or a great many missiles backed by a nuclear umbrella.”

But the new government is expected to refrain from Netanyahu’s undiplomatic rhetoric and aggressive pressure against any agreement with Iran. Yair Lapid, Deputy Prime Minister and Foreign Minister, who pulled together the new Israeli government with his liberal Yesh Atid party, already in 2018 heavily criticized the unilateral U.S. withdrawal from the Iran nuclear deal. He said to oppose the unilateral withdrawal could only follow negotiations with the European Union. He argued: “We should involve and coordinate this with the Europeans if we want sanctions on the ballistic missile program, on promoting terrorism and making the inspections stricter.” Coordination with the EU and the U.S. behind closed doors are, according to Lapid, essential for Israel’s security. Supporting the same approach, defense minister Benny Gantz said in June: “The Biden administration is a true friend, and Israel has and will have no better partner than the U.S. Even if there are disagreements, they must be solved behind closed doors and not with defiant rhetoric that could harm Israel’s security.”

Even though new Prime Minister Naftali Bennett has been, sometimes, harsher on the Iranian issue than Benjamin Netanyahu, he is expected to rely on foreign and security policy on his coalition partners who embrace a more diplomatic approach. On the other hand Israeli analysts expect a less diplomatic tone from front runner Ebrahim Raisi in the Iranian elections due to his known capacity as a hardliner and trustee of Supreme Leader Khamenei. Accordingly, Israel will monitor the elections in Iran without high expectations and will simultaneously engage with their U.S. and EU partners to make sure that any potential nuclear agreement with Iran does not undermine Israel’s security interests.

An Israeli view on Iran after Netanyahu: Same assessment, but more diplomatic tone

Julius Freytag-Loringhoven
Project Director - FNF Jerusalem
The conflict between Iran and Iraq (1980-1988) has set the stage for new dynamics in the region of the Middle East. The legacies of the war are several. The defeat of the Khomeinist military against Saddam Hussein did not prevent Iran from growing its network of proxies, starting from Lebanon to Syria, and Iraq. The American invasion of Iraq and the fall of the Baathists regime in 2003 paved the way for Iran to assume a greater role in the Iraqi political and military scenes.

First, Iran took advantage of the "anti-America" rhetoric in Iraq to integrate its expansionist ambitions and gain - modest but existent - legitimacy.

Second, Iran was able to develop capacities to mobilize the Shia community in Iraq - previously oppressed and silenced by the Saddam Regime.

And third, Iran benefited from the disintegration of the Iraqi military to spur Shia insurgency campaigns and support paramilitary groups, mainly the Iraqi Hezbollah and the Popular Mobilization Forces (PMF).

The love-hate relationship between Iraq and Iran is irresolvable – at least for the short run. Economically, they need each other as they share a 12 billion USD trade relationship per year. The geographic proximity along with religious, cultural, and historical ties serve to maintain a healthy relationship of interdependency between both countries. However, few ground rules need to be redefined as the question of Iraqi sovereignty is at stake.

The sanctions on Iran along with the ISIS invasion of Mosul and other areas were considered as opportunities for the Iranian regime to expand its network of proxies in Iraq. The expansion was not as systematic as in Lebanon where Hezbollah play a major political and military role, Iranians focused on supplying Shia militias with military resources, while executing direct political pressure on the Iraqi governments. Therefore, the fear of an upheaval against Iran has always been a source of worry for the Islamic Republic. For that reason, it was reported that late General Qassem Soleimani, Commander of the Quds Forces used to visit Iraq twice per month to follow up on and to control political and military developments in the country.

The myth of the "Shadow Commander" and his companion Abu Mahdi al-Muhandis, late deputy chief of the PMF, has vanished with the death of both commanders at the airport of Baghdad in January 2020. In Iran, Soleimani’s murder left a vacuum that multiple Iranian state networks sought to fill in order to avoid a fissure in Iraq. However, for the past year, the protests against Iranian militias rapidly intensified in Iraqi cities including Karbala.

Due to this popular dissatisfaction, Iran-backed groups have shown strong interest in the past few months in re-modeling the relationship with Iran – a request that the Islamic Republic will refuse to adhere to. In order to maintain power, Iran will have to revisit its tactics in Iraq. Potentially, the elected president might consider recreating balance within security institutions in Iraq to compensate for the void caused by the killing of Soleimani and to re-strengthen Iran’s engagement in Iraq. Furthermore, he might follow a neighborhood-centric policy enabling Iran to gain greater leverage over the parliamentary life in Iraq in order to lobby for an American complete withdrawal.

Despite those tactical shifts, the upcoming presidential elections in Iran will not lead to fundamental change in Iran's policy towards Iraq. However, the Iraqi Shia are keeping an eye on the moment on the future Supreme Leadership in Iran. Who will come after Khamenei? If Ebrahim Raisi, what does it mean for the Shia of Iraq eventually - considering that the death of Ayatollah Sistani, who is currently 90 years old, may also create a power vacuum in Najaf.
The degree of Iran’s influence in Lebanon is a highly contested topic. While it is clear that the “Cedar State”, despite its relatively small size, has always been a battleground for various geopolitical interests in the region, Iran’s role has nevertheless generated particular controversy. This is mainly due to the unique nature of its intervention. Of course, international actors such as Saudi Arabia, the U.S., France or Turkey represent their interests, but they primarily align their relations through official institutional channels and link support to cooperation, change, and reform. Examples are the French initiative after the explosion in Beirut’s harbour, where support is conditional on a functioning government and the implementation of reforms or U.S. support for the Lebanese armed forces. Iran, on the other hand, pursues a different logic, regularly forming militias with the main intention of undermining the state and getting a grip on its institutions.

This process can be seen in Syria, Yemen and, of course, Lebanon, where Iran played an important role in supporting the creation of Hezbollah in the 1980s. While it remained a militia for the first 20 years, in the aftermath of the conflict with Israel, it evolved into an important political actor. In 2008, Hezbollah even gained seats at the cabinet table.

Today, Lebanon is on the verge of economic and social collapse. The World Bank has recently published a report, stating “the economic and financial crisis is likely to rank in the top 10, possibly top 3, most severe crises episodes globally since the mid-nineteenth century.” Yet continuous policy inaction and the absence of a government for more than eight months threaten the already dire socio-economic conditions.

This situation plays into the hands of Hezbollah and Iran, as a collapsing state gives Iran opportunities to exert influence through Hezbollah. First, Tehran uses Lebanon as a base for smuggling drugs and weapons to coordinate and finance its operations in Syria. Second, the Shia militia is one of the few actors in Lebanon that can provide social services on a large scale, and it has already announced that it will provide sufficient aid to its own constituency.

In addition, Iran has already offered to sell oil and gas to Lebanon in domestic currency, knowing that this would provide Lebanon with a low-cost alternative to current imports in U.S. dollars. This offer gives the Lebanese public and especially the Shiite community the impression that there is someone out there to help while the rest of the international community has stepped aside. Political actors in Lebanon, however, know very well that accepting such an offer would be met by severe retaliation from the United States as well as Saudi Arabia and the Gulf states. Therefore, an open turn towards Iran would be a move that Lebanon cannot afford, demonstrating the limits of Teheran’s regional power grab. While Hezbollah has enough influence to undermine the state, it does not quite have enough power to make Lebanon the 35th province of Iran.

Hezbollah’s Positioning

Kristof Kleemann
Project Director - FNF Lebanon & Syria
Saudi Arabia and Iran are rivals: economically, politically and ideologically. Both countries claim a leading role in the Islamic world and repeatedly readjusted their respective hegemony in the region in recent years. At the same time, both countries are under enormous economic tension. On the one hand, Iran is hit hard by the effects of tough U.S. sanctions while at the same time needing to deal with the tremendous negative effects of the Corona pandemic. On the other hand, the Kingdom of Saudi Arabia (KSA) has accumulated a national debt of around 33 percent of its gross domestic product, mainly due to the low price of oil. At the same time, the Islamic Republic of Iran has gained more and more influence in the region in recent years, moving ever closer to the borders of the Sunni kingdom. In Yemen, Iraq, Lebanon and Syria, Iran is an active adversary of Saudi Arabia. And since KSA's relationship with Jordan has also been disrupted, albeit without Iran's involvement, the picture of complicated relations between the Saudi state and almost all of its neighboring countries is reflecting a dire situation for the region. Those in power in Riyadh, above all Crown Prince Mohammed bin Salman (MBS), are extremely frustrated by Iran's advance and are trying to diversify an economic and foreign policy, that is independent of the United States. For far too long, Saudi Arabia had relied on U.S. pressure on Iran to grow stronger. But then came JCPOA and with it a readjustment of U.S. Middle East policy to the detriment of the Sunni kingdom. Although U.S. President Trump briefly ensured renewed unrestricted U.S. support for Saudi Arabia, the inauguration of Joe Biden marks yet another turnaround in America's stance on the Middle East. Biden clearly criticized Saudi Arabia's war in Yemen and at the same time began negotiations with Iran on a revival of the 2015 nuclear agreement. Should this come to pass, a nuclear armament of Saudi Arabia could be one reaction to this development and thus the starting signal for a very worrying arms race in the entire region. Yet, the visible diplomatic initiatives from Riyadh in recent times speak a different language. On the one hand, all signs point in the direction of a future "normalization" of relations with Israel. Iran, however, sees this rapprochement as a military threat, since Israel could, among other things, supply technology and/or weapons, which could be directed against Iran and its military and nuclear programs. On the other hand, MBS, the heir to the Saudi throne, is trying to revive diplomatic relations with Iran, which have been suspended since 2016. "We do not want Iran's situation to be difficult. On the contrary, we want Iran to grow ... and to push the region and the world towards prosperity," he said on Saudi television in late April 2021. With the field of candidates for the presidential election in Iran clearing, Saudi Arabia will soon enough be able to assess who their counterpart in Iran will be. However, Riyadh is well aware of the fact that the presidential elections will not lead to a fundamental change of the general Iranian narrative. The center of power in Iran does not lie with the president. That is why the Kingdom of Saudi Arabia is following these elections closely but calmly.

The other Giant of the Region between hostility and diplomatic Initiatives

Dirk Kunze
Regional Director - FNF MENA
The relationship between Iran and Syria has been one of significant resilience and constancy. While many date the beginning of today’s ties to the 1980s when both countries viewed Saddam Hussein’s Iraq as their common enemy, the origins of their relation go back even further: before the establishment of the Islamic Republic when Hafiz Assad provided Iranians opposing the Shah refuge in the 1970s.

The heart of the bond lies in the shared view that cooperation generates substantial strategic and political returns for both countries. In an article in Middle East Policy, the scholar Edward Wastnidge argues that “shared interests on Iraq and Lebanon, relations with key external powers such as Russia, the United States to Israel are [... most important”, while varying “in their ideological confluence, as with Israel and practical realpolitik interests, as with Iraq, often combining the two”. For instance, both states regard Israel as the main enemy in the region. Hence, both support a strong presence of Hezbollah in Lebanon, although for different reasons: While Iran primarily views Hezbollah as a means to strike against Israel and as an effective deterrent, Syria sees in the Shia militia above all an opportunity to push back Western influence in the Levant and thus strengthen its own grab on an area it considers its own.

Yet Iran’s engagement came at a great cost. Tehran offered Damascus a generous credit line to pay for oil imports and other essential goods. What essentially constitutes a “high-limit credit card” was designed to cover up the real costs of Tehran’s engagement in Syria. Although it is almost impossible to estimate the all costs incurred, estimates range from $30 billion to $100 billion for the first seven years of the conflict, according to the Atlantic Council. Interestingly, the financial engagement of Iran has been considerably higher than that of the other big sponsor of the Assad regime, namely Russia.

Despite this, Moscow has gained much more through contracts awarded to its national companies. For example, Russian enterprises won five major oil contracts between 2013 and 2020, while Iran only won one. This has led to some level of frustration in the Iranian leadership and it remains to be seen how patient Tehran will be after the Presidential election with the Syrian regime, especially if Iran’s hardliner candidate Ebrahim Raisi is able to take up office in the Saadabad Palace. What has become apparent, however, is that the relationship has fundamentally changed, as Syria is heavily dependent on Iranian support to sustain the regime as the country lacks alternative sources of funding. In this way, the balance between the two countries has clearly tilted in favour of Tehran.
The two main parties fighting each other in the Yemeni Civil War since 2014 are the Shia movement Ansar Allah, known as the Houthis, and the internationally recognized central government under the lead of president Abdrabbuh Mansur Hadi. By means of a military offensive and backed by Iran, the Houthi militia has been fighting to establish an autonomous Imamate in the country. Saudi Arabia and the United Arab Emirates (UAE) formed a coalition to keep president Hadi in power that led to a Saudi-led military offensive in 2015. This step transformed the intra-Yemen conflict into a Saudi-Iranian proxy war with far-reaching impact.

The country’s multi-layered conflict is comprised of a variety of actors, not all loyal to one of the main conflict parties, such as the Yemeni Muslim Brotherhood wing (Al-Islah), Al-Qaeda as well as the Islamic State (IS) in Yemen. The coalition partners Saudi Arabia and the UAE also pursue differing goals in Yemen. While the Saudis’ main goal is to reduce Iranian influence and eliminate the threat emanating from the Houthi militia to their borders, the Emiratis seek to secure their control over South Yemeni ports and waters as well as to weaken the Yemeni Muslim Brotherhood.

Contrary to Saudi but also international perception, the cooperation between the Houthi militia and Iran has initially been relatively limited. Only since the Saudi military intervention in 2015 has Iran’s and the Houthi’s cooperation intensified. Since the Houthis were already a well-established, autonomously operating group before the war, Iran views its military alliance with them as a low-cost, high-impact way to reduce Iranian influence and eliminate the threat emanating from the Houthi militia to their borders, the Emiratis seek to secure their control over South Yemeni ports and waters as well as to weaken the Yemeni Muslim Brotherhood.

Iran’s support to the Houthis

Sophie Schmid
Regional Project Manager - FNF MENA

The upcoming presidential elections in Iran will most probably not lead to fundamental change in the country’s regional policy. According to the leak of Javad Zarif’s interview on the role of the Revolutionary Guards (IRGC) in Iran, only the Supreme Leader and the IRGC are in the position to take decisions on foreign policy dialogue continuation or rejection. Despite this fact, the Saudis still fear the potential rise of hardliners who could jeopardize the rapprochement process between them and Iran. Therefore, Saudi Arabia is likely to press ahead with its cautious policy of tactical rapprochement, disregarding the outcome of the Iranian presidential elections.
Dirk Kunze

Regional Director - FNF MENA

Dirk Kunze holds a Master's degree in political science from the Free University Berlin, Germany. He worked many years for the German Bundestag (Parliament) in Bonn and subsequently in Berlin. He also researched on and at parliaments worldwide and published on parliamentary traditions. From 2009 to 2012 he was seconded by the Parliamentary Group of the Free Democratic Party (FDP) to Brussels, Belgium to liaise with the European Union. From 2012 to 2019 he lived and worked in Cairo, Egypt and Beirut, Lebanon where he reviewed and communicated on current political developments in the MENA region. Since summer 2019 he heads the FNF Regional Office for the Middle East and North Africa (MENA) in Amman, Jordan
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Julius von Freytag-Loringhoven heads the FNF Jerusalem office since 2020, trying to enhance innovation to foster dialogue and strengthen liberal principles. From 2012 to 2020 he ran the Moscow office of FNF, trying to improve dialogue with Russia, while advocating for individual dignity, freedom and responsibility. He has launched new programmes on bilateral dialogue, market economy, civic and human rights, promoting entrepreneurship and bringing together young change agents. He brought Fuck Up Nights to Russia and is also deputy chairman of the board of trustees of the Boris Nemtsov Foundation for Freedom. From 2010 to 2012 he co-founded and coordinated a dialogue forum within the German Free Democratic Party (FDP), while working for six years as political consultant in the surroundings of EU politics in Brussels. Julius is an officer of the reserve of German tank reconnaissance. He studied - in Brussels, Munich and Saint Petersburg - Politics, Philosophy and Economics and holds an MA in Political Strategy and Communications from the University of Kent.
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Kristof Kleemann is the Head of the Beirut Office since March 2020. He obtained his Master's Degree in Public Policy at the Hertie School of Governance in Berlin. After his studies, he worked at the German Chancellery in Berlin in the directorate for European affairs. Between 2010-2017, he was Chief of Staff of Alexander Graf Lambsdorff, a liberal Member of Parliament and Vice-President of the European Parliament. After that, he worked for former European Commissioner Pavel Telicka in the European Parliament before taking up his post with the Friedrich Naumann Foundation for Freedom in 2019. He has been an active Member of the Free Democratic Party and serves as a delegate for the Party Congress of the European liberal party (ALDE).