



Country Profile: Iran

Iran: The Basics

Size (square miles)	636,296- Slightly larger than Alaska
Population	65,875,223, a little less than a fifth the size of the U.S.; 66% of which is below the age of 30.
Major Ethnic Groups	Persian 51%, Azeri 24%, Gilaki and Mazandarani 8%, Kurd 7%, Arab 3%
Major Religious Groups	Muslim 98% (Shi'a 89%, Sunni 9%)
GDP Growth Rate 2007	5.8%

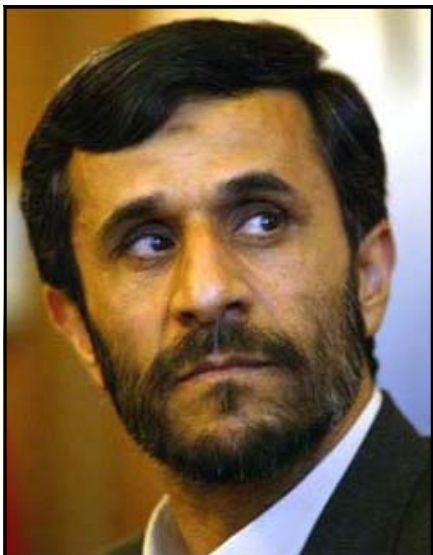
Government Overview

Since 1979, Iran has been governed by Shiite Muslim clerics committed to maintenance of Iran as a theocratic, Islamic state. Although Iran has three distinct branches of government (legislative, executive and judicial), Iran's governmental structure is complex and has an opaque decision-making process. What makes Iran's decision-making difficult to grasp is its strong system of undemocratic checks on the popularly elected Parliament and President. Parliamentary and Presidential powers and decisions are constitutionally limited and often subject to review by clerical institutions built into the governing structure.

Iran's government is highly opaque, making it difficult to understand who truly controls what, or which faction within the government is ascendant. It is typically recognized that the major divide in Iranian politics is between hard-line conservatives, who are more likely to opt for conflict with the United States, and moderate (often corrupt) conservatives, whose pragmatic views on foreign and economic policy would allow for a more constructive – though by no means friendly – relationship with the United States.

Freedom House Political Rights Score: Not Free

Key Players



Mahmoud Ahmadinejad: Current president of the Islamic Republic of Iran, Ahmadinejad is a populist radical and hardline fundamentalist theocrat. Prior to becoming president, Ahmadinejad served as mayor of Tehran, a governor of Kurdistan, Ardabil, and served in the Iran-Iraq War, as a member of Army of the Guardians of the Islamic Revolution. He is a critic of the George W. Bush Administration and supports strengthened relations with Russia, Venezuela, Syria, and the Persian Gulf states. He claims Iran’s nuclear program is for peaceful purposes and has refused to halt Iran’s enrichment of uranium despite United Nations Security Council resolutions. His inflammatory comments on Israel – such as denying the Holocaust and his references to Israel being “wiped off” the map—are even more vehement than the usual course of Iranian rhetoric.

Ali Khamenei: Supreme Leader of Iran since 1989, Khamenei outranks the current President, Ahmadinejad. He served as President of Iran from 1981-1989. In his speeches, Khamenei consistently dwells on familiar themes of the 1979 revolution: the importance of justice, independence, self-sufficiency, and Islam, and the need for resolute opposition to Israel and United States. Opposition to the United States is a consistent theme of his speeches, whether the topic is foreign policy, agriculture or education. He has declared that it is “clear that conflict and confrontation between” the Islamic Republic of Iran and the U.S. “is something natural and unavoidable” since the United States “is trying to establish a global dictatorship and further its own interests by dominating other nations and trampling on their rights.” Ayatollah Ali Khamenei issued a fatwa in 2005 saying the production, stockpiling and use of nuclear weapons was forbidden under Islam.



Key Players

Mohammad Khatami: served as the fifth President of Iran from August 2, 1997 to August 2, 2005, and was succeeded by Mahmoud Ahmadinejad. Regarded as Iran's first reformist president, Khatami advocated freedom of expression, tolerance and civil society, constructive diplomatic relations with other states including the EU and Asian governments, and an economic policy that supported free market and foreign investment. Khatami was originally beloved by reformist students. However, he was unable to accomplish most of his goals, disillusioning a generation of potential reformers. Khatami's policies of reform led to repeated clashes with hard-line and conservative Islamists in the Iranian government, who control powerful governmental organizations like the Guardian Council, whose members are appointed by the Supreme Leader. Khatami lost most of those clashes, and by the end of his presidency many of his followers had grown disillusioned with him. Khatami is widely regarded as having been unsuccessful in achieving his goal of making Iran more free and democratic.



Ali Larijani: The chairman of the Iranian parliament. Larijani was the secretary of the Supreme National Security Council, a body which helps draw up nuclear and other policies, from August 15, 2005 to October 20, 2007, appointed to the position by President Mahmoud Ahmadinejad. Larijani is one of the two representatives of the Supreme Leader Ayatollah Khamenei to the council, the other being Hassan Rowhani. In his post as secretary he effectively functioned as the top negotiator on issues of national security, including Iran's nuclear program. Larijani was a presidential candidate for the 2005 presidential elections, where he ranked sixth, winning 5.94% of the votes. As a moderate member of Iran's conservative establishment, he is thought to be a likely opponent to Ahmadinejad, who is a hard-line conservative, in Iran's 2009 presidential election.

Key Players

Akbar Rafsanjani: In September 2007 he was elected to the post of Chairman of the Assembly of Experts and of the Expediency Council of Iran. He served as President of Iran from 1989 to 1997. He later ran again for a third term in office, losing on the second ballot to Mahmoud Ahmadinejad in the 2005 election. Rafsanjani is currently the Chairman of the Expediency Discernment Council that resolves legislative issues between the Majlis and the Council of Guardians. Rafsanjani is heavily associated with the Iranian business class and, like his constituency, he is hostile to Ahmadinejad and the more ideological tendencies present in the Islamic Republic. Rafsanjani is best described as a pragmatic conservative, who supports a centrist position domestically and a moderate position internationally, seeking to avoid conflict with the United States.



Iran: A Theocracy with the Trappings of Democracy

Although the voting public (both men and women) elects three segments of Iran's government (President, Parliament and the Assembly of Experts), almost all policy decisions are guided by the Supreme Leader. Determining Iran's stance on a variety of issues can be difficult due to often conflicting messages from different segments of the Iranian government. For example, although Iranian President Ahmadinejad often speaks out on Iran's national security or foreign policy interests, the Supreme Leader has final authority on such matters and has at times disagreed, or let military leadership or diplomats disagree, with the President's public commentary on these issues.

Iran's Government

The Supreme Leader. At the top of the Iranian power structure is the Supreme Leader (currently Ayatollah Ali Khamenei). Under the Iranian Constitution, the Supreme Leader is responsible for the creation and supervision of “the general policies of the Islamic Republic of Iran.” In practice, the Supreme Leader sets the tone and direction of Iran’s domestic and foreign policies. The Supreme Leader is commander-in-chief of the armed forces and controls the Islamic Republic’s intelligence and security operations. The Supreme Leader alone can declare war or peace. The Supreme Leader also controls Iran’s judiciary and the ministry that controls radio and television broadcasts.

The President. The second-ranking official in the Iranian power structure is the President (currently Mahmoud Ahmadinejad). The President is popularly elected and is the most high profile member of the government. However, because most decision-making power is held by the Supreme Leader, the President’s power is limited to setting economic policy.

The Parliament. The legislative branch of the Iranian government is the Parliament. The Iranian Parliament, or “Majlis,” is a unicameral legislative body consisting of 290 members who are publicly elected every four years—although the Council of Guardians can determine who is eligible to run, most recently ensuring that the slate of candidates contained no reformers. Parliament drafts legislation, ratifies international treaties, and approves the country’s budget.

The Council of Guardians. Parliament’s legislative power is checked by a 12-member “Council of Guardians,” a body that examines all laws passed by Parliament to determine their compatibility with Islamic law. The Council of Guardians, half of whom are appointed by the Supreme Leader, has the power to strike down laws passed by Parliament. It also determines which candidates are fit for Parliament before an election and traditionally rejects large numbers of liberal, reformist candidates. If there is a stalemate between the Council of Guardians and Parliament, an “Expediency Council” appointed by the Supreme Leader mediates the dispute.

Iran's Government Continued...

The Assembly of Experts. Additionally, an “Assembly of Experts,” made up of 86 popularly elected religious clerics, meets once a year. The Assembly chooses the Supreme Leader from within the Assembly’s ranks, and has the power to remove the Supreme Leader.

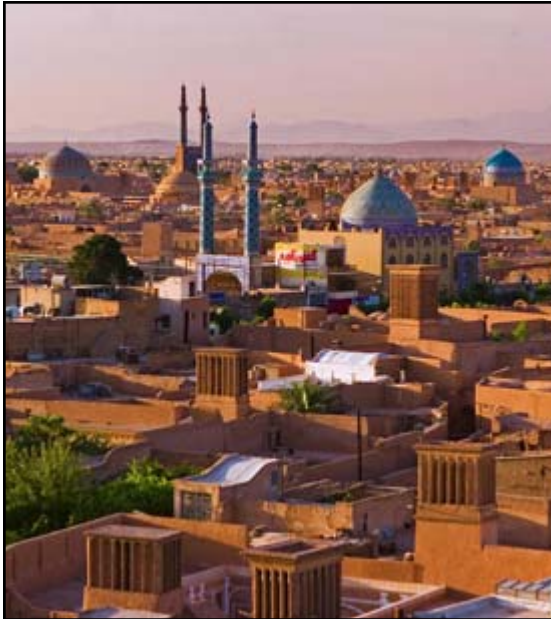
The Judicial Branch. Finally, Iran maintains a judicial branch. The Supreme Leader appoints the head of the judiciary who, in turn, appoints the head of the Supreme Court. A system of public courts handles civil and criminal cases. In addition, a system of “revolutionary” courts handles criminal acts including drug smuggling and breaches of national security.

U.S.-Iran Diplomatic Relations



In 1979, a revolution overthrew the U.S.-backed Shah of Iran. The Shah had been a steadfast U.S. ally during the Cold War, but ruled his country in a rigidly authoritarian style, and was renowned for his corruption. The revolution that toppled him from power was composed of Islamist, communist, and liberal elements. Many hoped for a more Western, liberal, or even Marxist Iran. However, the Islamists consolidated power and established the Islamic Republic of Iran, killing and imprisoning many of their fellow revolutionaries who did not share their religious convictions. A group of Iranian students took over the U.S. Embassy in Tehran, and 52 U.S. diplomats were held hostage for 444 days. Since 1979, the U.S. has not maintained formal diplomatic relations with Iran. It has used the Swiss government as an intermediary when it wishes to send formal communications to Iran. Iran maintains a small Interests Section in Washington, D.C.

U.S.-Iran Continued...



The Bush Administration has maintained that any direct talks with Iran will not occur until Iran meets a number of benchmarks, such as suspending uranium enrichment and ceasing support of terrorist organizations. Recently, however, the U.S. has begun to show signs that it is willing to talk with Iran in order to obtain U.S. objectives. The U.S. has taken a more active role in international attempts to convince Iran to suspend its uranium enrichment efforts and there has been preliminary discussion about opening an American Interests Section in Tehran, which would put U.S. diplomats on the ground in Iran for the first time in nearly thirty years. This would provide much needed understanding and intelligence on Iran.

Iran's 2003 Proposal

In 2003, after the U.S. invaded Iraq, Iran sent a proposal for direct talks with the U.S. to Washington via the Swiss Embassy. The document proposed direct talks between the U.S. and Iran and a series of aims for potential talks. Iran sought an end to sanctions on Iran, full access to peaceful nuclear technology and recognition of Iran's "legitimate security interests." In return, Iran offered to put a series of U.S. aims on the agenda, including full Iranian cooperation on nuclear safeguards, Iranian assistance against known terrorists, coordination in Iraq, ending "material support" for and disarming Palestinian militants and accepting a two-state solution in the Israeli-Palestinian conflict. The document also laid out an agenda for negotiations, including possible steps to be achieved at a first meeting and the development of road maps on disarmament, countering terrorism and economic cooperation.

The U.S. did not respond to the proposal.

U.S. Intelligence on Iran

For decades, the U.S. has had unreliable intelligence on Iran. For example, a month before the Iranian Revolution in 1979, during which time the U.S. maintained an embassy in Iran and Americans could move freely around the country, a CIA intelligence analysis stated that Iran was not “in a revolutionary stage or even a pre-revolutionary stage.”

Post-Revolution U.S. intelligence gathering in Iran has been made even more difficult by the absence of an American diplomatic presence and tight controls over Western influence inside Iran. U.S. Secretary of State Condoleezza Rice recently commented on the difficulty of acquiring credible intelligence on Iran, stating “ [you] never know what you don’t know, particularly in a fairly opaque place like Iran. And you would be surprised what it does to both your diplomatic and intelligence capability to not be in the country...We don’t really have very good veracity or a feel for the place.” The lack of intelligence, diplomatic understanding, or even cultural exchange makes it very difficult to make policy regarding Iran with any understanding of what we are affecting.

Iran’s Nuclear Program and U.S. Policy

While there is virtual unanimity among U.S. policy makers that Iran must not be allowed to obtain nuclear weapons, there is vigorous disagreement about how the U.S. should try to achieve that goal. One way to stop or at least mitigate Iran’s enrichment activities is to present Iran with an enhanced set of carrots and sticks in order to change its “cost-benefit analysis of the issue.” Possible incentives include membership in the World Trade Organization, while possible disincentives include sanctions or air strikes. Certainly, Iran’s huge youth population and low employment is a very serious issue for the Iranian government, which fears social disintegration or even violence—and they may be willing to trade a nuclear vanity project for such assistance. However, given our lack of understanding of the country, it is hard to say for certain. Hammering out a program of incentives and disincentives that can affect Iran’s decision-making process is therefore one of the most difficult issues for U.S. foreign policy today.

Use of Military Force to Stop Iranian Nuclear Development

For economic, political and security reasons, the use of military force on Iran is an unappealing option to many, including the U.S. military. As Secretary of Defense Robert Gates wrote in a recent article for the United States Army War College quarterly, “Another war in the Middle East is the last thing we need.” The Chairman of the Joint Chiefs of Staff, Michael Mullen, recently spoke against the use of force on Iran out of concern for “unintended consequences.” For example, a U.S. (or Israeli) attack on Iran could result in Iranian retaliation against U.S. forces in Iraq and Afghanistan. Also, a military strike on Iran could lead to an immediate restriction in the world’s oil supply, drastically increasing the cost of oil worldwide and threatening global economic stability. In August 2008, Iran made a point of test-launching a naval missile with 300-km capability to establish that it could quickly shut down the Strait of Hormuz if it so desired. Forty percent of the world’s oil supply passes through Strait of Hormuz, which borders Iran.



Although military strikes against Iranian nuclear sites remain on the table, they would prompt widespread Iranian retaliation throughout the region, including terrorism against U.S. troops in Iraq and against Israel. They might also spark longer-term military action from Iranian terrorist groups against the U.S. It is also highly unlikely that such a strike could definitively destroy Iran’s nuclear program, which is well-hidden and may include sites buried deep underground. After Iraq, the idea of regime change is not viewed as a realistic short-term option, even to those in the Bush Administration. Iran is too large for the U.S. to occupy, and the population, although friendly towards America and fed up with the clerical regime, is nationalistic and proud of its Iranian heritage. They are likely to rally behind their government in the event of military action.

Use of Military Force Continued...

Some have suggested that Israel could strike against Iran, allowing the U.S. to remain free of blame. However, Iran is likely to read Israeli military action as either authorized or enabled by the U.S.; even if this were not the case. Therefore, an Israeli strike is likely to have the same consequences for the U.S.—and Israel—as a U.S. strike.

A military strike on Iran would therefore create the worst of all possible worlds: Iran would retaliate against the U.S. and Israel in the Middle East, the U.S. would find itself mired in another costly war, and the clerical regime would be strengthened because the Iranian people – who otherwise are friendly towards the United States – would reject American actions and rally around their government. Military strikes would also most likely fail to end Iran’s nuclear program, while almost guaranteeing that Iran would redouble its efforts and obtain a bomb to protect itself from an aggressive United States.



We have no good options regarding the Iranian nuclear program. However, given the likely consequences of military action and the frightening possibility of an Iranian bomb, it is in the interest of the United States to enter into tough, direct negotiations with Iran. We should not expect Iran to halt enrichment or cease its support for terrorism first; they have not done so and we have no way to force them to do so. Instead, we should expect Iran to move in that direction as a consequence of robust diplomacy. After rejecting Iran’s 2003 offer for direct negotiations, the Iranian government is skeptical of U.S. intentions. Just as Iran will have to prove its seriousness *during* negotiations, the U.S. will have to prove its seriousness by *entering* negotiations. Since it is unclear whether Iran truly wishes to possess nuclear weapons (see “Iran’s Nuclear Intentions” below), there is reason to believe Iran would be willing to slow down its enrichment program or open itself to rigorous inspections – but we cannot know without seeing our interlocutors in person, on the other side of the table.

Use of Military Force Continued...

If we enter direct negotiations without demanding pre-conditions, and Iran still refuses to budge, the international community is more likely to see the danger Iran poses and the bad faith with which it is acting. This will allow the United States to set up a more effective sanctions regime by soliciting the cooperation of countries that have extensive trading ties to Iran, such as Europe, the Gulf, Russia and China. Lacking any trade ties due to years of sanctions, the U.S. cannot mount an effective sanctions regime without broader support. This path is fraught with risk, but since the alternative is certain war and an almost certain Iranian bomb, it is the least bad option presently available to the United States.



The Bush Administration and Iran's Nuclear Program

Under the Bush administration, the U.S. has allowed Europe to take the lead on negotiating with Iran on the nuclear issue. While Europe has headed negotiations with Iran, the U.S. has taken, in contrast, a hard line with Iran, often using neo-conservative rhetoric suggesting that a preemptive strike on Iranian nuclear facilities may be warranted if diplomatic efforts fail. Iran is unlikely to make a deal with Europe unless it feels the U.S. is engaged, because the U.S. is the only country Iran truly sees as a threat. Iran simply will not abandon its nuclear program unless it is certain the U.S. will not pursue a policy of “regime change” – from the Iranian point of view, enriching uranium is thus a bargaining chip to be used to protect itself from a possible U.S. invasion.

The Bush Administration and Iran's Nuclear Program Continued...

Recently, however, the U.S. has shown more direct diplomatic engagement in efforts to entice Iran to suspend its uranium enrichment program. Against the hardliners who insist that Iran wants a bomb and can only be stopped militarily, advocates of diplomacy argue that we have no idea what Iran wants; that we lack the ability to destroy Iran's nuclear program with certainty; and that the threat of "regime change" or other preemptive military action makes Iran more likely to construct a nuclear weapons because it will feel the need to protect itself from the United States. During the Bush administration, both approaches have been taken in an ad hoc fashion, resulting in an incoherent policy that has failed to achieve results.



The Status of Iran's Nuclear Program

Ironically, Iran began its nuclear energy program in the 1950's with the direct assistance of the United States. American assistance with Iran's nuclear program continued until 1979, when the U.S.-backed government of Shah Reza Pahlavi was overthrown in the "Islamic Revolution." Following the Revolution, Iran sought assistance from non-Western nations to continue developing its nuclear program. Today, Iran has 16 known nuclear-related facilities. These consist of research facilities, a uranium mine, uranium processing and enrichment facilities, and a nuclear reactor. Iran has one nuclear power plant (Bushehr) that is not yet online.

The Status of Iran's Nuclear Program

In 2002, Iran admitted that it had run a secret nuclear program for nearly 20 years. U.S. intelligence reports indicate that Iran actually stopped its attempt to develop nuclear weapons in the fall of 2003 (more on this below). In 2005, Iran publicly re-started uranium enrichment, provoking international concern – not just from the U.S., but also from France, the United Kingdom, Germany and others – that Iran was attempting to develop nuclear weapons *capability*. Although uranium enrichment and nuclear weapons are not the same thing, the ability to enrich uranium is a precursor to the ability to build a bomb. Enriching uranium for civilian nuclear power would thus give Iran the ability to produce nuclear weapons, if it one day decides to do so.

The production of fissile material – not weapons-design – is the most challenging part of the process of building a nuclear weapon. Even using its narrow definition of a nuclear weapons program, the NIE still reported that until about 2003, Iran was secretly working on the military aspects of a nuclear weapons program in violation of its Nuclear Nonproliferation Treaty (NPT) commitments.

THE NIE AND EXPERTS BELIEVE IRAN COULD HAVE ENOUGH ENRICHED URANIUM TO PRODUCE A NUCLEAR WEAPON WITHIN TWO TO SEVEN YEARS.

Iran's Nuclear Intentions

Iran has long defended what it claims is its “inalienable right” to enrich uranium, and frequently defends its nuclear program under the rights afforded to it as a signatory to the Nuclear Non-Proliferation Treaty (NPT). The NPT permits civilian nuclear power programs, but prohibits development of nuclear weapons. Domestically, Iranian politicians paint foreign attempts to suspend Iran's uranium program as an attack on Iran's sovereign rights to develop nuclear energy. To signal the purity of Iran's motives, Iran's Supreme Leader issued a religious decree stating that the production, stockpiling and use of nuclear weapons was forbidden under Islam.

Iran has consistently said its nuclear program is strictly for peaceful energy purposes and is a legitimate attempt to diversify its energy sources. Despite vast oil and natural gas reserves, Iran imports refined oil due to internal refining inefficiencies. Iran is also experiencing rapid energy demand from a growing population, and boasts one of the mostly highly developed wind energy programs in the Middle East. Thus, Iran's professed attempt to diversify its energy sources might well be legitimate.

Iran's Nuclear Intentions Continued...

The U.S., however, believes that Iran is working to develop a nuclear weapon. There is little doubt that Iran is actively working toward a nuclear weapons capability, even if final decisions within Iran on whether to build an actual weapon may not (yet) have been made. In this sense, according to a number of experts on Iran, the conclusion of last December's National Intelligence Estimate (NIE), that Iran had "halted its nuclear weapons program" was highly misleading. Although the NIE thankfully undercut support for ill-advised military actions against Iran, by defining "nuclear weapons program" only in terms of weapons-design and covert uranium enrichment programs, the NIE gave the impression that Iran had ceased to move toward a nuclear weapons capability, which is untrue. Iran may have ceased working on nuclear weapon design, but it continues to enrich uranium, meaning that a nuclear weapons *capability* is within reach, even if there is no active nuclear weapons program.

Once again, the opaque nature of Iran's political system makes it difficult to assess Iran's true intentions. This is problematic, because there is a powerful logic for Iran to develop nuclear weapons; there is also a powerful logic for Iran *not* to develop nuclear weapons. If Iran obtains nuclear weapons, its neighbors could do so as well, which would pose a threat to Iran's security. Since Iran has rugged terrain, a larger population than most of its neighbors, and a stronger military than most of its neighbors, forgoing nuclear weapons and relying on conventional military strength would be in Iran's long-term security interest. However, if Iran believes it needs a nuclear weapon to act as a deterrent against the United States, or wishes to mount a campaign of aggression against Israel or other states in the region, Iran would want a nuclear weapon no matter what. Given these competing logics, the opaque nature of Iran's government, and our own lack of intelligence and "feel" for Iran after a quarter century of self-imposed separation from Iran, it is simply not possible to know what Iran's true intentions are.



International Attempts to halt Iran's Nuclear Program

Despite four United Nations (UN) Security Council resolutions, three of which demanded that Iran suspend its uranium enrichment program because of its efforts to hide that program for 18 years, Iran continues to enrich uranium. Iran is operating a pilot-scale enrichment plant of some 3,000 P-1 centrifuges (an older, Pakistani model) at Natanz, which, if operated efficiently – no easy task – could generate enough highly enriched uranium (HEU) for a nuclear weapon about a year after operation began running smoothly. Additionally, Iranian President Ahmadinejad announced recently that Iran is expanding its nuclear enrichment program at the Natanz nuclear plant by installing 6,000 new uranium centrifuges there. Iran has declared that it eventually wants to have 54,000 centrifuges to help produce fuel for a planned network of power plants.



International attempts to get Iran to suspend its uranium enrichment program have been unsuccessful to date. Many proposals have been made to entice Iran to suspend enrichment, typically using either the promise of economic liberalization or the threat of sanctions, or both simultaneously. In response, Iran has alternated between appearing to be open to compromise and then rejecting negotiations, which may be a play for time.

In May 2006, in response to Iran's refusal to halt its uranium enrichment, the United Nations Security Council adopted a resolution endorsing an offer of diplomatic and economic incentives from several Western powers in exchange for Iran suspending all uranium enrichment programs by August 31, 2006. Iran rejected the offer.

In December 2006, the U.N. Security Council imposed sanctions on Iran's trade in sensitive nuclear materials and technology. In March 2007, after Iran ignored additional opportunities to suspend enrichment, the U.N. Security Council passed a resolution strengthening the previous sanctions package. Iran has vowed to continue with its nuclear energy program but informal talks continue. Iran has also sporadically permitted inspections by the International Atomic Energy Agency (IAEA).

International Attempts to halt Iran's Nuclear Program

Most recently, in July 2008, Iran engaged in direct talks with the permanent five members of the UN Security Council (U.S., U.K., France, China and Russia) plus Germany (known as the P5+1) over its uranium enrichment program. The six powers offered to refrain from imposing additional UN sanctions on Iran if Iran froze expansion of its nuclear work (known as the “freeze for freeze” program). Western officials said Iran had two weeks to reply to respond to the international community’s offer. At first, Iran seemed interested in the deal, which seemed to favor them. Yet on July 27, Ahmadinejad announced that Iran was running more than 5,000 centrifuges for enriching uranium (up from 3,500 in May), suggesting a continued expansion of the country’s nuclear program even while international negotiations are ongoing. After Iran did not respond within the two-week time-frame the P5+1 had given Iran, the U.S. Treasury announced that sanctions would be imposed on five Iranian entities for their alleged links to Iran’s nuclear and missile programs.

Unless the United States commits to rigorous negotiations, Iran is likely to continue to send mixed signals by negotiating a compromise and then taking a hard-line position in defense of its enrichment activities. Since the United States is the one country Iran truly sees as a threat, it will not bargain away its nuclear enrichment program unless it is confident that it will not become the victim of U.S. military strikes.



Iran as State Sponsor of Terrorism

Since 1994, the U.S. has characterized Iran as a state-sponsor of terrorism. According to the State Department's Country Reports on Terrorism in 2007 (released in April 2008), Iran remains the world's "most active" state sponsor of terrorism. Supporting terrorist groups in the Middle East enables Iran to increase its own regional influence while putting pressure on the U.S. and U.S.-allied actors in the region. Iran primarily backs Islamists groups, such as Hamas, Palestinian Islamic Jihad and the Lebanese movement Hezbollah, all of which are considered terrorist organizations by the U.S. government. (Iran helped Lebanese Shiites found Hezbollah in the early 1980s to fight the Israeli invasion of Lebanon.)



On the Palestinian front, Iran provides funding, weapons, and training to Hamas, Palestinian Islamic Jihad (PIJ), the Al Aqsa Martyr's Brigades, and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). All are named as foreign terrorist organizations (FTO) by the U.S. State Department for their use of violence to harm Israel and undermine the Arab-Israeli peace process. Iran opposes progress toward a peace process and objects to a two-state solution; therefore, its position was further strengthened by Hamas's victory in the January 2006 Palestinian legislative elections, and even more so by Hamas's June 2007 armed takeover of the Gaza Strip.

In Lebanon, Iran is more directly involved in arming and training Hezbollah fighters. Whether or not Iran instigated Hezbollah to provoke the July-August 2006 crisis, Iran has long been its major arms supplier. As part of a package of aid to Hezbollah thought to exceed \$100 million per year, Iranian shipments to Hezbollah over the past five years have included the long-range rockets that were fired at the Israel's northern towns during the 2006 Israeli-Lebanon war. Iran's Revolutionary Guards Qods Force personnel were in Lebanon during the 2006 conflict to provide training and advice.

Iranian Military Interference in Iraq

The U.S. maintains that Iran is interfering in Iraq by providing funding, safe transit, and arms to Shiite groups and insurgent leaders like Muqtada al-Sadr, head of the largest militia in Iraq. The U.S. has openly accused Iran of supporting, training, and financing Shiite militias, and supplying weapons to Shiite militias that are being used against American forces. Specifically, the U.S. has accused Iran of supplying Shiite militias with explosively formed penetrators (EFPs; roadside bombs), as well as rocket-propelled grenades and Katyusha rockets. In October 2007, the U.S. State Department designated Iran's Revolutionary Guard and elite Qods Force division as supporters of terrorism (a move somewhat akin to Iran designating the U.S. National Guard or the U.S. Marines a terrorist organization) and imposed economic sanctions on both. Iran denies military interference in Iraq.

Iranian Influence and Engagement in Iraq

Iran has openly stated its interest in strong Iraq-Iran relations and in a stable Iraq. However, it may well mean a "stable Iraq under Iranian influence," as it has gained a neighboring Shiite state to act as a buffer against its traditional enemy, Sunni Saudi Arabia. Iran is an active influence in Iraq economically, religiously, and politically. Iran is one of Iraq's largest trading partners.

In 2006, Iran exported \$1.8 billion in goods to Iraq, aided in part by a free trade zone in southern Iraq. Iran has also sent thousands of Shiite religious scholars to visit Iraq's religious holy sites, though as many as a third of these are suspected to be members of Iranian intelligence agencies. There is also a booming religious tourism industry between Iraq and Iran, with tens of thousands of visitors crossing the border in both directions to visit Shiite holy sites. In early 2008, Iran was also credited with helping negotiate a cease-fire between Iraqi forces and Shiite militias in southern Iraq. Finally, Iran maintains close ties to Iraq's Shiite political leadership, many of whom lived in Iran during Saddam Hussein's rule. Baghdad and Tehran have each hosted the others' leadership in the post-Saddam era. Iran maintains an active diplomatic presence in Iraq.

Iran's Military

The Iranian military consists of an army, navy and air force with roughly 425,000 active personnel. Of these personnel, 350,000 serve in the Iranian Army. The Iranian Revolutionary Guard (IRG) maintains its own army, navy, air force and a Special Forces team (Qods Force). The IRG consists of approximately 125,000 personnel and is intended to complement the regular military by focusing on national security and internal and border security. Finally, the IRG oversees a volunteer paramilitary force known as the Basij. The Basij acts as an auxiliary force engaged in activities such as law enforcement, emergency management, morals policing, and the suppression of dissidents. The Basij serves, in part, as a reservist system. The Basij are based out of towns and mosques all over the country. Iran claims that the Basij has over 12 million members.

Iran's ballistic weapons capability is marked by a number of missile systems, many developed domestically. Iran has advertised its development of the Shahab-2 and Shahab-3 missiles, the latter of which has a range of 1300km. Iran is allegedly developing a missile with 3000km range, which would be able to strike many European countries and U.S. assets in the Gulf region.



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