



BRIEFING PAPER

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In brief: Iran

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1. Iran

Population (UN estimate, mid-2015): 79,476,308

Wali Faqih (Religious Leader/'Supreme Leader'): Ayatollah Sayed Ali Khamenei

Head of State/Government: President Hassan Rouhani

Minister of Foreign Affairs: Muhammad Javad Zarif

Last election: Presidential, 14 June 2013; **Next election:** Legislative, due 2016

Head of the Iranian Revolutionary Guards Corps (IRGC): Mohammed Ali Jafari

Head of the Qods Force overseas arm of the IRGC: Qasem Soleimani¹

GDP in current prices (World Bank estimates, 2013): US \$368,904m. (\$4,763 per head). This figure fell by 7% in 2013 and also contracted in 2014.

GDP per capita adjusted for purchasing power: \$17,100 (2014 estimate).²

Iran is quite a diverse country. The official language is Farsi (Persian), spoken by about 50% of the population. Turkic-speaking Azeris form about 27% of the population, and Kurds, Arabs, Baluchs and Turkomans form less than 25%. The great majority of Persians and Azeris are Shi'a Muslims, while the other ethnic groups are mainly Sunni Muslims. There are also small minorities of Christians (mainly Armenians), Zoroastrians and Jews.³

The election of Rouhani to the presidency in 2013 was the biggest political development recently. The relatively weak parliament (Majlis) remains in the hands of various factions of conservatives, after most of the liberal candidates were vetoed by the Guardian Council, one of the checks and balances designed to preserve the Islamic nature of the system. Conservative elements also have positions of strength in some media outlets, the judiciary, the military and especially the IRGC. Reformists are likely to try again at the 2016 election.

Iran has the world's fourth largest reserves of oil and perhaps the largest reserves of natural gas in the world. Oil exports are the motor of the economy. Between 2012 and 2013, revenues from oil exports fell by 12% and inflation hit 30%. Between 2011 and 2012, the Iranian

¹ These data from [Iran](#), in *Europa World online*. London, Routledge

² CIA World Fact Book, [Iran](#)

³ [Iran](#), in *Europa World online*. London, Routledge

currency, the rial, lost about 80% of its value against the dollar. Male youth unemployment grew from 20% in 2007 to 27% in 2012.

Agriculture, manufacturing (particularly automotive) and services are also important in the economy. Iran has a growing science sector and a highly-educated population. But the economy is constrained by a large and significantly corrupt public sector and by the ownership of large sections of it by the IRGC and religious foundations.

The EU used to be Iran's biggest trading partner but the sanctions regime saw China, the UAE and Turkey overtake the EU. Most EU imports from Iran are energy-related, while EU exports to Iran are mainly machinery and transport equipment and chemicals.⁴

⁴ [Iran Trade](#), European Commission

2. Nuclear deal

On 2 April 2015, the world powers negotiating with Iran over its nuclear programme announced a joint comprehensive plan of action to move towards a final agreement by the final deadline of 30 June 2015.

The plan involved Iran limiting its uranium enrichment and reducing its enrichment infrastructure for a period of several years and accepting intrusive International Atomic Energy Agency inspections.

The West agreed to lift sanctions in exchange and to pass a United Nations Security Council resolution backing the deal and setting out a framework for Iran's nuclear materials procurement and ballistic missile use.

Several aspects remained to be worked out in continued negotiations after the April announcement of a framework deal. These included an agreement on 'possible military dimensions' (evidence that Iran may have been working on a nuclear weapon) and the timing of the lifting of sanctions.

Finalisation Day. On 14 July, final agreement was reached. On 20 July the deal was endorsed by the Security Council. Adoption Day was 18 October 2015, 90 days after that.

Implementation Day will be when the IAEA confirms that Iran has fulfilled most of its undertakings and the EU, US and UN simultaneously suspend their nuclear-related sanctions against Iran.⁵

The deal could change international relations in the Middle East profoundly. Some Sunni Arab governments are worried that the lifting of sanctions relief would greatly increase the resources available to Iran, while Iran will move much closer to the US and the West. These factors would, according to those ideas, allow Iran to increase its 'mischief making' in Arab countries and tilt the balance in Iran's favour in the present battle for influence in the Middle East.

Others hope that the deal will bring Iran into the fold of the 'international community', strengthen the hand of Iranian moderates and help to divert Iran from its alleged destabilisation of the region.

⁵ For more information see the House of Commons Briefing Paper [The Lausanne Accord with Iran](#), 16 October 2015

3. Iran's interventions in the Middle East

3.1 Lebanon

Iran supports Hezbollah, the Lebanese Shiite militia that is the most powerful military force in Lebanon. Hezbollah has had a favourable image in the Muslim world for fighting Israel but has become increasingly sectarian, being linked to the assassination of Sunni Lebanese president Rafik Hariri⁶ and heavily involved in the Syrian conflict on the side of the Assad government.

In July 2015, after the signature of the nuclear deal, Hezbollah's leader Sayed Hassan Nasrallah said that he fully expected Iran to maintain support for his organisation.⁷

3.2 Iraq

In 2014, Iran bombed ISIS positions in eastern Iraq. Iran's most important intervention in Iraq, however, has been to train and organise and fund Iraqi Shiite militias, with the involvement of Qasem Soleimani of the Qods Force. Iran was reported in December 2014 to have 1,000 military advisers in Iraq and to have spent more than \$1 billion in military aid.⁸

Iran was quick to send military and financial aid to the Iraqi government after the ISIS surge; Iraqis complained that the Western response was slow.

Shiite militias have been making a significant impact in the fight against ISIS; showing themselves to be militarily more effective than the Iraqi regular forces. They may be politically toxic in the longer term, however, encouraging sectarian divisions. Iran is reported to be aware of the danger of fanning sectarian fires and has tried to keep a relatively low profile in Iraq. It has also helped to train some Sunni tribal militias for the fight against ISIS.⁹

3.3 Syria

Iran is thought to have several thousand militiamen in Syria. These recently participated in ground offensives against Syrian rebels, reportedly under the cover of Russian airstrikes. Hundreds more fighters are reported to have been arriving in Syria in recent weeks. Iran has also helped the Syrian government with military supplies and intelligence. IRGC ground forces have also been deployed to Syria.

⁶ ['Rafik Hariri assassination: trial of Hezbollah suspects begins'](#), *Guardian*, 16 January 2014

⁷ ['Lebanon's Hezbollah leader says Iran will not abandon support after nuclear deal'](#), *Reuters*, 25 July 2015

⁸ ['The U.S. and Iran are aligned in Iraq against the Islamic State — for now'](#), *Washington Post*, 27 December 2014

⁹ ['Iraq Begins Training of Sunni Tribal Fighters to Stem Advance of Islamic State'](#), *Wall Street Journal*, 10 May 2015

Iran may not be entirely happy with the Russian intervention, which may either eclipse Iranian influence or demand a far higher Iranian contribution, something which the reformist side in Iran opposes, while hardliners are more enthusiastic.¹⁰

Tehran has spent as much as \$6 billion every year to prop the Assad government, according to one source.¹¹ Another source in the same article said that “total support from Iran for Assad would be between \$15 and \$20 billion annually”, including indirect subsidies through Hizballah, for example, and other benefits such as discounted oil.

Iran helps to organise the Alawite Shabbiha militia. This is partly a hedge against the possible fall of the Syrian government, as it would give Iran a proxy force that it could continue to use.¹²

Iran’s proxy force in Lebanon, Hizballah, has participated directly in the Syrian conflict since 2013, and now controls a large slice of Syria along the border with Lebanon.

3.4 Yemen

It is not clear how much support Iran has given to the Houthi rebellion in Yemen.

The Sunni Arab countries participating in the present Saudi-led bombing campaign, present the action as countering Iranian interference in the Arabian peninsula in favour of a non-Sunni group (the Houthis are Zaidis, adherents to an offshoot of Shia Islam). That narrative has gone down well with the Saudi public.

Iran is thought to have provided some military equipment to the Houthis, particularly since daily flights from Tehran to Sana’a began in January 2015 after the Houthis took over the capital’s airport. Iran has also reportedly provided money for the Houthis.

However, the Houthis are backed by elements loyal to the former president, Ali Abdullah Saleh, and most of their equipment is thought to be captured from the Yemeni army. The Saudis accuse Iran of sending IRGC Qods Force and Hizballah advisers to help the Houthis, and some Iranians have been arrested in Yemen, and subsequently released after Omani mediation.

Two Iranian ships were intercepted in Yemeni waters bringing arms from Iran, in contravention of the UN arms embargo on Iran. It was not clear, however, if the weapons were intended for the Houthis or for al-Shebaab, the Somali militant group.¹³

Overall, there is support from Iran for the Houthis, but Iran’s direct military involvement is limited, certainly compared with the Gulf Sunni states’ participation.¹⁴

¹⁰ [‘Russia’s Syria intervention threatens to eclipse Iranian influence’](#), *Middle East Eye*, 7 October 2015

¹¹ [‘Iran Spends Billions to Prop Up Assad’](#), *Bloomberg*, 9 June 2015

¹² Institute for the Study of War, [Iran’s strategy in Syria](#)

¹³ [‘Yemen and Iran – What’s really going on?’](#), al-Bab, 30 March 2015

¹⁴ [Yemen at War](#), International Crisis Group Middle East Briefing N°45, 27 March 2015

3.5 Alleged political agitation

Sunni governments in countries such as Bahrain and Saudi Arabia blame Iran for some of the unrest with their Shiite populations. Although the blame is often implied rather than stated openly, sometimes direct accusations are levelled.

In 2013, Bahrain's head of security accused the Iranian Revolutionary Guards of setting up a militant cell in Bahrain to carry out attacks. Evidence was produced that Western sources reportedly found credible. The Bahraini opposition dismissed the accusation.¹⁵

¹⁵ ['Iran 'set up Bahrain militant cell''](#), BBC News Online, 20 February 2013

4. Outlook

It is too early to tell which vision for the future of Iran is closer to the truth. The successful conclusion of the nuclear deal so far does seem to have strengthened President Rouhani's faction, with support for it coming from figures that are usually described as 'hard-liners'. On the other hand, Sunni critics of the deal may be right: they may simply have decided that Iran needs to sell oil again to be able to fund interventions in the region.

In an opinion piece in *Al-Sharq al-Awsat*, a Saudi newspaper that is close to the government, the deal was described in blood-curdling terms:

The Iranian regime is like a monster that was tied to a tree and has finally been set loose in our region. This means we are on the threshold of a new, bloody era. Verbal promises from Washington will not be enough, and Iranian pledges will not reassure us. The countries of the region have only one choice: to expect a worst-case scenario.¹⁶

The war in Syria is the main event. The future of Iran and of the region will be deeply influenced by its eventual outcome.

¹⁶ Abdulrahman al-Rashed, '[Opinion: Thwarting Iran's Regional Influence](#)', *Al-Sharq al-Awsat*, 19 July 2015

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