

Analysis No. 275, November 2014

IRAN'S REGIONAL POLICY: INTERESTS, CHALLENGES AND AMBITIONS

Sara Bazoobandi

Iran's regional strategy has been a matter of controversy over the past decades. The country has sought to establish itself as a key cultural, political and economic player that links the Middle East and Asia. Iran's strategy in the region underwent changes due to the regional trends that have often been triggered by external powers' military intervention, as well as the administrative changes in Tehran. The latest Iranian presidential election has opened a new door for the country's foreign policy strategies.

***Sara Bazoobandi** is Lecturer in International Political Economy at Regent's University London and Associate Fellow at Middle East North Africa Programme of the Royal Institute of International Affairs, Chatham House.*

President Rouhani's moderate approach has shifted the country's attitude towards the West, particularly within the framework of its nuclear agenda, while Iran's regional strategy has remained broadly unchanged. Recently, Iran has made the nuclear issue a first priority for its foreign policy towards the West. While most of the pre-Rouhani involvement strategies specifically in Iraq and Syria have not been interrupted, Tehran has frequently expressed its will to collaborate with global powers in resolving the regional conflicts, if it will be offered a sweet nuclear deal that is equally acceptable to moderates and hard-liners in Iran. The country's policies in neighbouring Iraq and Syria have attracted a great deal of attention at the regional and global level. The emerging theme from those policies has been to establish Iran as a player in the region who is capable of protecting its own security and sovereignty. Moreover, maintaining a good level of sustained alliance with some countries in the region (particularly Iraq and Syria), and persistent balance of power strategies with both regional and international players have been on the Iranian agenda.

Iran's foreign policy principles

Iran's strategy in its hostile surrounding region has been a matter of controversy over the past decades. The country has sought to establish itself as a key cultural, political and economic player that links the Middle East and Asia. Iran has been surrounded by crises in neighbouring Iraq and Afghanistan. While these crises have provided Iran with opportunities to establish strong alliances with the new governments in both countries, it has exposed Iran to a balance of power struggle with external and regional actors. The US, whose relations with Iran had soured after the Islamic Revolution of 1979, has been the leading external power in the region over the past two decades¹.

Iran's regional policy underwent changes due to a number of internal and external factors. The external factors have mainly followed regional trends and have often been triggered by external powers' military intervention in the neighbouring countries and/or occupation of those countries. The internal factors forming the country's regional strategies have been following administration changes. Although it is widely accepted that the Iranian Supreme Leader, Ayatollah Ali Khamenei, directly and personally supervises the country's foreign policy, there was some degree of change in the regional and foreign policies of Iran under the administration of Hashemi Rafsanjani (1989–1997), when the country

President Rouhani's moderate approach has shifted the country's attitude towards the West, particularly within the framework of its nuclear agenda, while Iran's regional strategy has remained broadly unchanged

Iran's strategy in its hostile surrounding region has been a matter of controversy over the past decades. The country has sought to establish itself as a key cultural, political and economic player that links the Middle East and Asia. Iran has been surrounded by crises in neighbouring Iraq and Afghanistan

¹ Chatham House, *Iran, its neighbours and the regional crises*, 2006, available at: <https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Middle%20East/iran0806.pdf>

was busy with post-war reconstruction and development, while some efforts were made to normalise relations with global and regional powers (including Saudi Arabia). That period was followed by the election of Mohammed Khatami (1997-2005) who was supportive of a combination of pragmatism and cooperation on the global level. Former President Ahmadinejad had, however, applied a completely different approach by openly condemning his predecessors, calling for an aggressive method of revitalising revolutionary values. The latest Iranian presidential election has opened a new door for the country's foreign policy strategies. President Rouhani's moderate approach has shifted the country's attitude towards the West, particularly within the framework of its nuclear agenda, while Iran's regional strategy has remained broadly unchanged.

Through a combination of regional trends often triggered by external powers' strategies, and Tehran's definition of national expediency, Iran has become one of the most significant and influential states in the region and has tailored its foreign policy based on the following factors:

- 1- the sovereignty factor: in accordance with article 9 of the Iranian constitution,² the government aims to protect Iranian sovereignty from violation by neighbouring countries or occupying forces of the neighbouring countries;
- 2- the influence factor: seeking to maintain strong influence in post-occupation, newly formed governments in neighbouring countries;
- 3- the balance of power factor: concentrating on balancing both external and regional powers. Iran has put a great deal of effort into defying the US's influence in the region, and has shown a strong degree of aspiration to maintaining a leading position as the largest Shia majority country of the region to offset the Saudi influence cross-regionally.

It is worth noting that these factors have often been subject to intense internal debate amongst the political and military elite in Iran. While the ideologically driven revolutionary sentiments have never vanished from Iran's political dialogue, a language of moderation and pragmatism has been developed over the past decades. The latter puts a strong emphasis on a homogenous security structure across the region through a constructive foreign policy implemented by Tehran.

A series of studies by Majlis Research Centre³, a research facility attached to the Iranian parliament, set the criteria for such constructive approaches as the following:

² Gha'noon-i-Asasi-i Jumhouri-i Islami-i-Iran (Iranian Constitution)

Markaz-i-Pajhoush-ha-ie-Majlis-i-Shuraie-Islami, <http://rc.majlis.ir/fa/law/show/133613>, last retrieved 15 June 2013.

³ <http://rc.majlis.ir/en>.

The latest Iranian presidential election has opened a new door for the country's foreign policy strategies. President Rouhani's moderate approach has shifted the country's attitude towards the West, particularly within the framework of its nuclear agenda, while Iran's regional strategy has remained broadly unchanged

1. considering at all times and prioritizing the issue of development;
2. maintaining stability and security across the country⁴;
3. focusing on expansion and deepening relations with a greater number of countries;
4. and avoiding engaging in crises unless they are to defend the vital interests of Iran.

The Centre for Strategic Research, another government-sponsored think tank, known for advocating a more moderate attitude globally and formerly headed by President Rouhani, defines constructive foreign policy as: “creating a balance between ideas and possibilities, choosing appropriate discourse/language, avoiding emphasis on ‘being special’ and different from other regional players, encouraging international collaboration, avoiding acts which make Iran known as a security threat to other countries, and emerging into the global economy”⁵.

With the election of President Rouhani, Iran has been openly holding the nuclear issue as a first priority for its foreign policy towards the West. While most of the pre-Rouhani involvement strategies specifically in Iraq and Syria have not been interrupted, Tehran has frequently expressed willingness to collaborate with global powers in resolving the regional conflict, if it will be offered a sweet nuclear deal that is equally acceptable to moderates and hard-liners in Iran.

The Dynamics of Iran-Syria Alliance

The alliance between Iran and Syria, which has become more evident since the crisis in Syria began, indeed reflects a common need. Both countries seem to have a higher chance of surviving as well as of achieving their long-term goals through their strategic, military, and economic ties. The relations between the two countries have attracted more headlines since the beginning of the Syrian crisis, but they actually date back to the early stages of the inception of the revolutionary government in Tehran when Syria was the first Arab country to recognize the provisional government after the shah⁶.

The mutually beneficial relations between the two countries have provided Iran with opportunities to use Syria as a guaranteed life-line for

While most of the pre-Rouhani involvement strategies specifically in Iraq and Syria have not been interrupted, Tehran has frequently expressed willingness to collaborate with global powers in resolving the regional conflict, if it will be offered a sweet nuclear deal that is equally acceptable to moderates and hard-liners in Iran

⁴ Various studies argue that being in a troubled region like the Middle East, and sharing borders with countries like Afghanistan and Pakistan poses a wide range of risks on Iran’s security.

⁵ M. VAEZI, *Iran’s Constructive Foreign Policy under the 20-Year Vision Plan*, Centre for Strategic Research, 2009, available at: <http://www.csr.ir/departments.aspx?lng=en&abtId=06&&depId=74&semId=1679>.

⁶ J. GOODARZI, *Syria and Iran: Alliance Cooperation in a Changing Regional Environment*, 2013, available at: http://www.orsam.org.tr/en/enUploads/Article/Files/201331_makale2.pdf.

supporting Hezbollah in Lebanon, and a safe channel for shipping undisclosed commercial and military goods, which became particularly important after the sanctions were tightened on Iran in 2011.

In exchange Iran has been able to offer what neither the West nor other regional powers could offer Syria. After the Al-Kibar bombing of 2007 when Syria received no sympathy or support from the Arab world, Iran recognized the opportunity for becoming closer to the Syrian government. In addition to undisclosed security assurances, Iran tried to strengthen financial links to support the Syrian economy. The economic cooperation initiative led to 30 signed bilateral MOUs and agreements by 2007, covering various sectors including the oil and banking industries. Engaging with the Iranian economy, which was almost 20 times bigger than Syria's (prior to the tightening of the sanctions on both countries) would have provided Syria with great potential⁷. In practice, however, the economic collaboration was left mainly with a number of unfinished projects, due to security priorities and inefficient and bureaucratic business environments in both countries.

Iran has pursued a multifaceted strategic alliance with Syria, which has been in line with all the three main pillars of its foreign policy. In line with the sovereignty factor and with keeping Damascus close to Tehran, Iran has retained strategic grounds for retaliating to potential Israeli military aggression. Moreover, in keeping close to the Assad regime, Iran, unlike other regional and international players who have largely alienated Assad since the crisis, has maintained a great deal of influence in the Syrian government. Such influence does not necessarily mean that Iran's green light would guarantee an Assad exit, but broadly speaking, Iran is perhaps the only regional player that the Assad government trusts so far. Finally, since the beginning of the Syrian crisis, Iran has been the only regional player willing to and capable of putting boots on the ground. This has maintained the balance of power factor, which is a key concern in Iran's foreign policy.

Iraq, a Former Enemy, Turned into an Ally

The relation between Iran and Iraq has been an important pillar of Iranian foreign policy in dealing with neighbouring countries, particularly as the two countries went through a long period at war in the 1980s. From Iran's perspective, the devastation of eight years of war with Iraq and its aftermath were not only a traumatizing experience, but also presented the

After the Al-Kibar bombing of 2007 when Syria received no sympathy or support from the Arab world, Iran recognized the opportunity for becoming closer to the Syrian government. In addition to undisclosed security assurances, Iran tried to strengthen financial links to support the Syrian economy

Such influence does not necessarily mean that Iran's green light would guarantee an Assad exit, but broadly speaking, Iran is perhaps the only regional player that the Assad government trusts so far

⁷ F.W. KAGAN - A.K. MAJIDYAR - D. PLETKA - M. COCHRANE SULLIVAN, *Iranian Influence in the Levant, Egypt, Iraq, and Afghanistan*, American Enterprise Institute, 2012, http://www.aei.org/files/2012/05/22/iranian-influence-in-the-levant-egypt-iraq-and-afghanistan_171235465754.pdf.

biggest threat to Iran's sovereignty in contemporary history. After Saddam Hussein's army marched into the southern cities of Iran, confronting and reversing any threat of foreign occupation has become a core of Iranian foreign policy. After the ceasefire with Iraq, Iran welcomed international condemnation of Saddam Hussein's regional policies. Nearly a decade later, the US army's victory parade was greeted by many Iraqis waving the US flag, dancing on the streets of Iraqi cities, and celebrating their liberation from years of the dictator's rule. At the time, the threat of formerly aggressive Iraq was perceived in Tehran to be far from completely diminished.

Iran's overall strategy with Iraq underwent massive changes after the collapse of Saddam's regime in 2003. The 'influence factor' in the case of Iraq has translated into maintaining a strong influence in the post-Saddam Iraqi government and become a key strategy for the Iranian government's dealings with Iraq. Since 2003, Iran has, both directly and indirectly, supported creation of a Shia-dominated government in Iraq. The Islamic Republic has sought to penetrate into the fractured Iraqi government to maintain a fairly strong coalition that is friendly towards Iran and provides an overall support for Tehran's foreign policy objectives in the region. To maintain its influence with a Shia dominated political system in Iraq, Iran has heavily invested in promotion of unity among Iraq's Shia political groups⁸.

The next key factor in Iranian foreign policy towards Iraq is to counter the influence of other competitors. The Iranian interest in Iraq is widely shared with the Western powers, Turkey, and regional Sunni Arab states. A main consideration for Iran, therefore, has been to win the competition with other players for gaining more regional influence. Iraq has provided an excellent platform for projecting such influence. As noted, the quest for influence across the region is shared amongst various players including Saudi Arabia, which is considered the main rival of Iran in the Gulf region. Given the support of Saudi Arabia for the Sunni Iraqi groups, Iraq therefore has not only become an important gateway for Iran into the region⁹, but has also provided Iran with immense opportunities to counter Saudi power.

Moreover, maintaining influence in Iraqi politics has become more crucial to the Islamic Republic as Iraq's large market provides an accommodating environment for Iran's licit and illicit trade. In light of the unilateral sanctions on Iran, Iraq has provided Iran with an immense

After Saddam Hussein's army marched into the southern cities of Iran, confronting and reversing any threat of foreign occupation has become a core of Iranian foreign policy. After the ceasefire with Iraq, Iran welcomed international condemnation of Saddam Hussein's regional policies

The next key factor in Iranian foreign policy towards Iraq is to counter the influence of other competitors. The Iranian interest in Iraq is widely shared with the Western powers, Turkey, and regional Sunni Arab states

⁸ Ibid.

⁹ J. RISEN - D. ADNAN, "US Says Iraqis Are Helping Iran to Skirt Sanctions", *New York Times*, 2012, http://www.nytimes.com/2012/08/19/world/middleeast/us-says-iraqis-are-helping-iran-skirt-sanctions.html?pagewanted=all&_r=0.

opportunity to evade the increasingly harsh international sanctions regime. As the oil embargo pushed Iran's crude exports to a historic low, unofficial sources reported the Iraqi government's support for re-branding Iranian hydrocarbon products to be offered as Iraqi products to the markets. Iran has become Iraq's second largest trading partner after Turkey, one of the largest investors in the construction sector, and one of its biggest partners in religious tourism, electricity provision and the banking sector. Iraq's Central Bank has reported that its currency sales significantly increased (from around \$160 ml in late 2010, to \$400 ml in late 2011) due to heavy purchases of foreign currencies by both Syria and Iran¹⁰.

Conclusion

The regional strategy Iran pursues has retained visible elements of a multi-dimensional approach aiming to maintain a degree of influence in the weaker neighbouring countries while at the same time protecting the security and sovereignty of Iran, sustaining a balance of power with regional and global players in the region. Given the importance to Iran of its nuclear agenda and the future of the country's economic, political and social stability, Iran is likely to compromise some aspects of its regional strategy, while the key elements of concern will not be completely removed from the country's foreign policy agenda.

¹⁰ F.W. KAGAN - A.K. MAJIDYAR - D. PLETKA - M. COCHRANE SULLIVAN, op. cit.