

*Working Paper*

## **Iran's Regional Policies One Year After the Nuclear Deal**

Mohsen Milani, Ph.D.

Executive Director, Center for Strategic & Diplomatic Studies, and Professor of Politics, University of South Florida-Tampa

© 2016 by the James A. Baker III Institute for Public Policy of Rice University  
This material may be quoted or reproduced without prior permission, provided appropriate credit is given to the author and the James A. Baker III Institute for Public Policy.

Wherever feasible, papers are reviewed by outside experts before they are released. However, the research and views expressed in this paper are those of the individual researcher(s) and do not necessarily represent the views of the James A. Baker III Institute for Public Policy.

This paper is a work in progress and has not been submitted for editorial review.

Have Iran's regional policies changed one year after the landmark nuclear deal—the Joint Comprehensive Plan of Action (JCPOA)—was struck between Iran and six global powers? Opponents of the nuclear deal lament that it has resulted in no discernible change in Iranian regional policies and has in fact financially enriched and rewarded that country to become more aggressive, ambitious, and hegemonic. For example, Yousef Al-Otaiba, the United Arab Emirates' ambassador to the United States, has written that Iran is "as dangerous as ever" one year after the nuclear deal, and Saudi Foreign Minister Adel al-Jubeir has opined that "Iran is the new great power of the Middle East and the U.S. is the old."

These assertions by the distinguished ambassador and the foreign minister are deeply rooted in their flawed understanding of the nuclear deal as well as one-sided. They are flawed because the JCPOA is exclusively an arms control agreement, which has nothing to do whatsoever with Iran's regional policies and behavior. They are one-sided because the two gentlemen are oblivious to the consequences of the regional policies of their own respective governments, which have, like Iran's policies, contributed to the chronic instability in the Middle East. As such, we are left with the misleading impression that while the policies of their own respective governments are contributing to regional stability, it is Iran that is mischievously and opportunistically fomenting instability in the Middle East. The two diplomats seem to imply that key factors such as despotism, corruption, and lack of freedom, liberty, and transparency have nothing to do with the lingering chaos in the region. The tragic situation in the Middle East is considerably more complex than this Manichean perspective offered by the two gentlemen suggests, and its resolution requires collaboration—not finger pointing and threats—among the regional powers, including Iran, Saudi Arabia and the United Arab Emirates.

The good news is that the historic nuclear deal has significantly diminished regional tensions and has made the region safer for all the players. This reduction of tension is most visible in three interrelated levels. First, the nuclear deal has profoundly reduced the chances for a devastating war between Iran and the United States or between Iran and Israel. Such a war would have destabilized the entire region and would have irresistibly dragged many regional countries into a bloody conflict. The dangerous nuclear impasse with Iran has now been resolved, at least temporarily, without a single shot being fired and without a single individual being killed. In a region where swords and not negotiations are often used to resolve conflict, the nuclear deal with Iran has demonstrated the incredible power of diplomacy. And that is no small feat.

Second, the nuclear deal has substantially reduced the prospects of the proliferation of weapons of mass destruction in a volatile but strategically important region. That, too, is no small achievement.

Finally, the nuclear deal has increased the prospects of better relations between Iran and the United States in the coming years. Without the nuclear deal, Iran and the United States would have continued to pursue their antagonistic policies toward each other. When tensions between Iran, a regional power, and the

United States, the world's sole superpower, are diminished or properly managed, chances for regional harmony increase, and that could be a "win-win" for all the regional states. It would be dangerously naive to expect an immediate improvement in U.S-Iran relations. However, 37 years of mutual animosity and demonization by the United States and Iran will not be erased overnight. Still, the nuclear deal has opened the doors of communication between the two countries, and that is an auspicious development for peace in the region.

Despite these real and potentially positive outcomes, the nuclear deal has thus far resulted in no fundamental change in the orientation of Iran's regional policies. Nor should we have expected such a change. There is, however, evidence suggesting that Iran is prepared to moderate some aspects of its regional policies. However, Iran is unlikely to move toward moderation unless Iran's main regional rival power, Saudi Arabia, also moderates its policies toward the region. After all, the kingdom has recently bestowed upon itself the leadership of an "anti-Iran front" to stop Iran's "interference in the Arab affairs." The kingdom seems to believe that Iran poses a much greater threat to the region than ISIS and other violent Jihadists. Saudi Arabia appears too anxious to form an open or secret strategic or tactical alliance with any willing regional power or organization against Iran.

Today, the mini cold war between Iran and Saudi Arabia, which started years ago, is contributing to regional instability. Sectarianism, or the so-called Sunni-Shia schism, is not the cause of this lingering cold war. The reality is that the two countries have been engaged in a relentless rivalry for power, or expansion of influence in the region, for decades. This is not to belittle the importance of sectarianism. Rather, it is to suggest that sectarianism is only one of the many tools at the disposal of the two countries for achieving their strategic goals. In this sense, sectarianism is not the cause of the cold war between the two countries; it is rather a symptom of the conflict. (See Mohsen Milani: <https://www.foreignaffairs.com/articles/middle-east/2011-10-11/iran-and-saudi-arabia-square>)

Today, Iraq and Syria are the two major battlegrounds for this dangerous and futile cold war. Iran has the upper hand in both Iraq and Syria, and the nuclear deal has not altered that situation, much to Saudi Arabia's chagrin. The kingdom is determined to reverse the gains by Iran, almost at any cost. Iran, too, must recognize that its gains in Iraq and Syria are reversible and that it would have to pay an exuberant price to maintain its current positions in those two countries.

The United States' invasion of Iraq in March 2003 resulted in two profound changes that continue to alter the regional balance of power in Iran's favor and to Saudi's detriment. First, the overthrow of Saddam Hussein's secular rule, which was supported by his Sunni brethren in Iraq and by Saudi Arabia, created a huge security and political vacuum that allowed Iran to substantially expand its sphere of influence in Iraq, particularly southern Iraq, which shares borders with Saudi Arabia. Although Saudi Arabia had its own disagreements with Hussein, he was

nevertheless perceived as a megalomaniac leader, or, more accurately, as a “useful idiot,” who was instinctively anti-Persian and was willing to stop Iranian expansion in the Arab world. This explains why the kingdom lavishly lubricated Hussein’s brutal war machine by its magnanimous financial contributions during the Iraq-Iran war in the 1980s. Second, once Hussein was forcefully removed from power by American troops, the Shia majority in Iraq gradually ascended to power while the Arab Sunni minority, which had ruled the country for decades, became marginalized. This change in Iraq's internal balance of power was an unintended consequence of the American invasion of Iraq. The Shia awakening in Iraq has also posed a serious domestic threat to Saudi Arabia. After all, Saudi Arabia has its own persecuted Shia population, estimated to constitute between 10 percent to 15 percent of the population, who are mostly located in the oil-rich provinces of the kingdom.

Consequently, Iraq has been transformed in the past decade from a sworn enemy of Iran into a political ally of Tehran. Equally important, Iraq is no longer an ally of Saudi Arabia, as it was under Hussein. This is why what has happened in Iraq since 2003 remains the single most devastating strategic blow to Saudi Arabia in decades.

The rise of the overtly anti-Shia ISIS is threatening the territorial integrity of Iraq and has become a threat to Iran’s national security as well. However, ISIS is unlikely to reduce the role or power of Iran in Iraq. If anything, ISIS is likely to push Tehran and Baghdad closer, as both countries are determined to defeat the organization. Moreover, as the United States considers the terrorist organization a serious national security threat. Washington, like Tehran and Baghdad, shares the strategic goal of defeating ISIS. The convergence of this interest could possibly lead to some form of direct or indirect tactical cooperation among the three countries against ISIS, and that could pave the way for better relations between Tehran and Washington.

At the same time, the rise of ISIS has been both a blessing and a potential danger for Saudi Arabia. It has been a blessing because ISIS is anti-Shiite, anti-Iran, and a destabilizing force in Iraq. It is also a potential danger for the Saudis because ISIS seeks to create a caliphate whose heart would be Mecca in Saudi Arabia. This Janus-faced quality of ISIS explains the Saudis’ reluctance to seriously engage in the U.S. coalition to defeat ISIS. (See Milani: <https://www.foreignaffairs.com/articles/saudi-arabia/2016-01-10/saudi-arabias-desperate-measures>)

In short, the nuclear deal has not resulted in any discernible change in Iranian policy toward Iraq, as Baghdad and Tehran have become ever closer. At the same time, Saudi Arabia has lost the position of prominence it once enjoyed under Hussein, and it would be very difficult and costly for the kingdom to recapture it anytime soon.

In Syria, too, the Saudis have been outmaneuvered by the Persians. Iran has generously supported President Bashar al-Assad and has provided political,

financial, and military aid, including sending military advisors and Hezbollah troops to Syria. In fact, Iran's alliance with Syria is one of the most significant and durable alliances between two Islamic countries in the modern history of the Middle East. Iran considers Assad a pivotal figure in the "Axis of Resistance" it has established, which covers a vast swath of land stretching from Herat in Afghanistan to Iran, Iraq, Lebanon, and Syria.

At the same time, Saudi Arabia has generously provided multi-faceted support to Assad's opponents, including to some violent jihadists. Riyadh is determined to overthrow Assad and bring to power a Riyadh-friendly regime willing to terminate its strategic cooperation with Iran and disallow Tehran to use Damascus as a reliable conduit to transfer money and weapons to Hezbollah. And, perhaps most importantly, Riyadh seems to believe that a friendly Syria would provide the kingdom with a backdoor reentry into Iraq with the ultimate goal of undermining a Tehran-friendly government in Baghdad. Both Tehran and Riyadh fully recognize what is at stake in Syria; hence, their unwillingness to compromise about the future of Syria.

Unlike the United States, whose top priority is to defeat ISIS, Riyadh is obsessed with removing Assad and ultimately undermining Iran. And much to Saudi's chagrin, Russia has militarily intervened in the civil war and is propping up Assad. In fact, Moscow is working closely with Iran, Iraq, and Lebanese Hezbollah. Most important, and despite Riyadh's persistent objections, the United States has officially invited Tehran to participate in the peace negotiations to end the civil war in Syria. It is in those critical negotiations that we are likely to see some changes in Iranian regional policies, provided Saudi Arabia is also prepared to make changes in its policies.

Even more important than any change in Saudi policy toward Syria is a possible change in the United States' overall strategy toward the cold war between Iran and Saudi Arabia. As I have written elsewhere, it is high time for the United States to give a little [tough love to Saudi Arabia](#). This is not to suggest abandoning the kingdom, for Saudi Arabia has been a useful ally in some respects. It means that the United States should not automatically side with Saudi Arabia against Iran at a time when Iran is implementing the nuclear deal, seeks to improve relations with the West, and is waging a relentless war against ISIS. (See Milani: <https://www.foreignaffairs.com/articles/saudi-arabia/2016-01-10/saudi-arabias-desperate-measures>)

President Barack Obama has recently stated that, "The competition between the Saudis and the Iranians, which has helped to feed proxy wars and chaos in Syria and Iraq and Yemen, requires us to say to our friends, as well as to the Iranians, that they need to find an effective way to share the neighborhood and institute some sort of cold peace." (See Goldberg: <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>)

Obama has indeed made a wise recommendation to Iran and Saudi Arabia. But unless Washington changes its overall strategy toward the Iran-Saudi cold war

along the lines I have suggested, those two countries are unlikely to start moving toward a cold peace and ultimately toward establishing friendly relationships, which is a must for stabilizing a traumatized region.