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By **ALI FATHOLLAH-NEJAD**

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TABLE OF CONTENTS

ABSTRACT	P. 1
THE SHADOW OF AN INTERIM NUCLEAR AGREEMENT BETWEEN THE US AND IRAN	P. 2
BEYOND THE HEADLINES	P. 2 - 3
WHAT IS THE MESSAGE REPLACEMENT OF ALI SHAMKHANI AS SECRETARY OF IRAN'S SUPREME NATIONAL SECURITY COUNCIL?	P. 3
BEYOND THE HEADLINES	P. 3 - 4
NEW ECONOMIC DEVELOPMENTS IN IRAN-RUSSIA RELATIONSHIP	P. 4 - 5
BEYOND THE HEADLINES	P. 5
INFLUENTIAL FACTORS BEHIND THE MARCH TEHRAN-RIYADH AGREEMENT: FROM KHAMENEI'S SILENCE TO THE 2024 US PRESIDENTIAL ELECTION	P. 5 - 6
BEYOND THE HEADLINES	P. 6
MORE INSIGHTS	P. 7
PUBLICATIONS	P. 7
TV & VIDEO INTERVIEWS	P. 7
MEDIA COMMENTARY	P. 8
ABOUT THE AUTHOR	P. 9

ABSTRACT

The Spring/Summer 2023 issue of the Iran in Focus brief examines the possibility of a mini nuclear deal between Iran and the US, the March Iranian–Saudi détente deal, the change at the top of Iran’s Supreme National Security Council (SNSC), as well as prospects for economic cooperation between Iran and Russia.

THE SHADOW OF AN INTERIM NUCLEAR AGREEMENT BETWEEN THE US AND IRAN

In early June, the Qatari outlet Middle East Eye claimed that Iran and the US are approaching an interim nuclear agreement, which would include some sanction relief for reducing Iranian uranium enrichment activities. Allegedly, direct discussions between the Biden administration's Special Envoy for Iran Robert Malley and Iran's Ambassador to the United Nations have taken place. However, both sides have denied any such development. The White House National Security Council spokesperson dismissed the report as "false and misleading," stating that "any reports of an interim deal are false." Similarly, Iran's Permanent Mission to the UN echoed these doubts, noting, "our comment is the same as the White House comment."

Additionally, media reports suggest that indirect talks between the Islamic Republic and the Biden administration had taken place in late May in Oman. The US has apparently made it clear that Iran will face severe consequences if it proceeds with 90% uranium enrichment, the level required for nuclear weapon production.

In parallel, a group of 35 US House of Representatives members urged European leaders to swiftly activate sanctions against Iran, calling for immediate implementation of the JCPOA's snapback mechanism. This would reinstate UN sanctions on Iran and could be triggered by EU signatories of the 2015 deal.

Moreover, while there are speculations surrounding a potential agreement for the release of US hostages from Iranian prisons, Senator Lindsey Graham expressed concern via a tweet: "Very disturbing reports that the Biden Administration may be willing to provide billions of dollars of aid to Iran for hostage releases."

BEYOND THE HEADLINES

It is evident that Iran's strategy of nuclear escalation has yielded success thus far, highlighting the West's lack of a comprehensive strategy toward the Islamic Republic. This setback has compelled US officials to extend their red lines. The Islamic Republic has now normalized 60% uranium enrichment, while the US merely warns of consequences if enrichment reaches 90%, i.e., weapons-grade.

In this context, as the US presidential election approaches, it is not implausible to consider that Iranian authorities may exert pressure on the Biden administration to secure substantial political and economic concessions. In essence, with the ongoing advancement of Iran's nuclear program, time is on the side of Iranian officials who can exploit the vulnerabilities of Joe Biden and the Democratic Party ahead of the elections in November 2024.

Therefore, it is conceivable that the White House may seek to reach an interim agreement, aimed at curbing the weaponization risk of Iran's nuclear program within a short timeframe. However, it would be a strategic mistake for Washington to provide Tehran with a significant financial infusion in exchange for what are likely to be insufficient nuclear restrictions.

In fact, in a June 11 address centered on the nuclear issue, Supreme Leader Khamenei gave a de facto green light to an interim nuclear deal, saying there is “nothing wrong” in striking a nuclear deal with the West. However, he also stressed that the country’s nuclear infrastructure should remain intact. He also stressed that nuclear capability provides Iran with political and international weight. In other words, Tehran wants to keep its leverage via its nuclear program and be able to restart its “nuclear escalation” strategy whenever it feels the need to do so to pressure the West.

WHAT IS THE MESSAGE OF THE REPLACEMENT OF ALI SHAMKHANI AS SECRETARY OF IRAN'S SUPREME NATIONAL SECURITY COUNCIL?

During the second half of May, Ali-Akbar Ahmadian, an IRGC General, replaced Ali Shamkhani as the new Secretary of Iran’s Supreme National Security Council (SNSC). Ahmadian has been the head of the IRGC Strategic Centre since 2007 but has not been publicly known or appeared in the media like other top IRGC generals. The IRGC-affiliated Fars News Agency stated that Ahmadian possesses in-depth knowledge of Iran's national security issues. Shamkhani, who had a close relationship with Supreme Leader Khamenei, stepped down after ten years of service. He played a crucial role as Iran's top negotiator during recent talks with Saudi Arabia, which led to a détente between the two countries. Etemad, a reformist daily, alleges that Shamkhani's replacement stems from the fear among hardliners who believe he might facilitate the revival of the 2015 nuclear deal.

Additionally, Heshmatollah Falahat-Pisheh, the former head of the Iranian Parliament’s Commission of National Security and Foreign Policy – often seen as representing the view of Supreme Leader Khamenei – has claimed that the change in the SNSC sends a message that the JCPOA will not be restored in the future. In fact, the SNSC can be seen as the key consensus-building elite organ on crucial questions regarding the Islamic Republic’s security and foreign policy, i.e., areas that concern the regime’s stability and survival. Iran’s nuclear escalation strategy, for example, also stems from this body.

BEYOND THE HEADLINES

The dismissal of Ali Shamkhani has sparked a heated debate regarding the future of Iran's foreign and security policies. The reformist camp has reinforced the idea that Shamkhani, as a moderate figure, pursued the revival of the JCPOA despite opposition from hardliners within the Islamic Republic's center of power.

This narrative found support even outside the country, with some observers highlighting Shamkhani's role in normalizing ties between Tehran and Riyadh. However, it is essential to recognize that Shamkhani never acted independently in Iranian foreign policy. As such, the Iranian-Saudi deal was made possible by Khamenei's green light.

Although Shamkhani supported the JCPOA between 2013 and 2015, in 2019, he stated that signing the JCPOA was a mistake. This decision likely stemmed from the political cost of being a JCPOA supporter when influential actors, including Khamenei, had criticized the deal. Thus, the question arises as to why Shamkhani is now seen as the last hope for the nuclear deal. The latter analysis oversimplifies the power dynamics within the Islamic Republic. It is crucial to remember that Shamkhani, especially his sons, have been deeply involved in economic corruption. Consequently, Shamkhani cannot be seen in a position to be able to play the role of a hero seeking to revive the JCPOA and reform Iran's foreign policy.

Within this context, the appointment of Ahmadian should also have no significant impact on Iranian foreign and security policies. Supreme Leader Khamenei retains the final say, and the IRGC fully supports him, despite misleading arguments suggesting a growing rift between Khamenei and the IRGC. Therefore, officials like Shamkhani or Ahmadian cannot be considered independent actors capable of bringing about a shift in Iran's foreign and security policies. Consequently, a significant mid-term change is unlikely to occur. In all cases, the appointment reconfirms the IRGC's key role in Iranian security and foreign policy, belying expectations of moderation in the wake of the Iranian-Saudi deal.

NEW ECONOMIC DEVELOPMENTS IN IRAN-RUSSIA RELATIONSHIP

In May, VTB, Russia's second-largest bank, established a representative office in Iran. Alireza Peymanpak, the head of Iran's Trade Promotion Organization, stated that while the number of foreign banks' representative offices in Iran had decreased from approximately 45 to 15 in recent years, VTB was the only bank to open an office during this period. Peymanpak added that VTB's active involvement in banking networks within Iran's key export destinations – such as the CIS countries, India, Vietnam and especially China – would assist in attracting export revenue and minimizing foreign transfer expenses for Iran.

Moreover, Iran and Russia reached an agreement to cooperate in building the last segment of a commercial transportation network that connects to the Persian Gulf and India, while bypassing traditional Western sea routes. Iran's Minister for Roads and Urban Development Mehrdad Bazrpash, who signed the agreement with his Russian counterpart in Tehran, said the 164-kilometer railway in Iran's north would be completed within three years.

Meanwhile, it is reported that Iran and Russia are exploring the possibility of collaborating on the development of approximately 10 oil and gas fields in Iran. As part of this initiative, the Iranian government is engaging in discussions with Russia's Gazprom regarding potential investments that could amount to USD 40 billion, according to Javad Owiji, Iran's Oil Minister. While the agreed-upon amount is outlined in a memorandum of understanding, Owiji mentioned that some of these agreements are already progressing into concrete contracts. The two countries are also working to reach an agreement in order to use their national currency in bilateral trade.

BEYOND THE HEADLINES

Despite facing Western sanctions, both Iran and Russia are determined to demonstrate that the US and the EU have been unsuccessful in isolating Tehran and Moscow. Consequently, we have witnessed a rapid strengthening of ties between the Islamic Republic and the Kremlin, particularly in the past year. This trend is expected to persist as the two countries strive to highlight substantial advancements in their political, economic and security cooperation. However, it is important to bear in mind that not all these agreements are likely to materialize into concrete contracts, even though they can now fulfill the political needs of both sides.

Assessing the long-term outcome of collaboration between Iran and Russia beyond their current propaganda may be premature. Both countries are grappling with weak economies that could potentially impact their cooperation in the future. However, it is crucial to acknowledge that without robust deterrence policies from Western powers against Tehran and Moscow, the deepening of their ties could pose increasing challenges over time. In the past, Tehran and Moscow exercised caution in expanding their relationship to maintain a managed rapport with the West. However, if they successfully navigate sanctions without significant obstacles, it may embolden the Kremlin and the Islamic Republic to pursue a more determined long-term collaboration.

INFLUENTIAL FACTORS BEHIND THE MARCH TEHRAN-RIYADH AGREEMENT: FROM KHAMENEI'S SILENCE TO THE 2024 US PRESIDENTIAL ELECTION

One month into the March Iranian–Saudi détente deal, the Iranian foreign minister met his Saudi counterpart in Beijing to reaffirm the recent agreement between the two countries. According to Hossein Amir-Abdollahian's [tweet](#), they “stressed stability, sustainable security, and development in the region.”

Saudi Foreign Minister Faisal bin Farhan also stated that the deal between Tehran and Riyadh has created “a positive atmosphere” across the Middle East. While China played a crucial role in the normalization of ties between the two Middle Eastern powers, Chinese Foreign Ministry spokesperson Mao Ning emphasized that Beijing is ready to continue its support for the improvement of relations between the Islamic Republic and Saudi Arabia. Iranian dailies covered the meeting on their front pages, describing it as “a new order in West Asia” (Sobh-e No, a daily close to the principalists, i.e. Iran’s wider conservative camp) and “a new era in regional developments” (Tehran’s main daily Hamshahri).

BEYOND THE HEADLINES

Currently, it is clear that both Saudi Arabia and Iran have a vested interest in the Tehran–Riyadh agreement. The Islamic Republic has faced a new wave of international isolation since the recent Iranian uprising, and the deal is a means to alleviate some of that pressure. Iranian efforts to construct a narrative that the agreement will shape a new regional order should be understood in this context. Similarly, Saudi officials are seeking to put an end to the frustrating war in Yemen, and the agreement with Iran could be a step toward achieving that goal. As a result, both sides will attempt to show that significant change has been made in Beijing, portraying it as a source of regional stability.

Unlike in the short-term, there are several factors that signal a potential negative shift in the future. One such factor is the lack of reaction from the Islamic Republic's Supreme Leader, which suggests that the decision to forge a deal with Saudi Arabia may have been a tactical response to the current situation, rather than a long-term strategy. In fact, Khamenei has recently emphasized Iran's determination to support the Tehran-led regional “axis of resistance” of pro-Iranian militias, which has been a key source of contention between Tehran and Riyadh. In fact, the Iranian regime's identity and survival are intertwined with its regional policies, making it unlikely that Iranian leadership will sacrifice its regional influence for the sake of normalizing ties with Riyadh.

Also, potential Israeli military attacks on Iranian nuclear and/or military installations would also challenge the Iranian–Saudi rapprochement, as Tel Aviv and Riyadh are both opposed to an Iranian nuclear bomb.

Moreover, although the US was sidelined in the agreement and China played a prominent role, Washington still holds significant leverage to influence decision-making in Saudi Arabia. It is worth noting that the US presidential election in 2024 could bring a positive change in the Riyadh–Washington relationship, especially in the case of a Republican victory, which could in turn affect the Riyadh–Tel Aviv relationship and undermine the current agreement between Iran and Saudi Arabia.

MORE INSIGHTS

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ABOUT THE AUTHOR

Ali Fathollah-Nejad, Ph.D. (SOAS), is an Associate Fellow at IFI. He is Founder and Director of the Center for Middle East and Global Order (CMEG), a think-tank devoted to exploring transformations and promoting a more sustainable foreign policy toward the Middle East. The German–Iranian political scientist focuses on Iran, the Middle East, and the post-unipolar world order.

He is the author of the much-acclaimed *Iran in an Emerging New World Order: From Ahmadinejad to Rouhani* (2021) and of, more recently, *The Islamic Republic in Existential Crisis: The Need for a Paradigm Shift in the EU's Iran Policy* (2023).



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📍 American University of Beirut
P. O. Box 11-0236,
Riad El-Solh Beirut,
Lebanon 1107 2020

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