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## THE DAYS AFTER A DEAL WITH IRAN

### CONTINUITY AND CHANGE IN IRANIAN FOREIGN POLICY

*Alireza Nader*

This paper begins with the assumption that a final nuclear agreement will be reached between the P5+1 (United States, United Kingdom, France, China, Russia, and Germany) and Iran. Both Iran and the P5+1 have sufficient incentives to achieve such a deal, as the Iranian government is eager to lift sanctions that have devastated the Iranian economy, and the P5+1 is anxious to halt Iran's development of a nuclear weapons capability. The author makes this assumption knowing that the prospects of reaching a final deal are far from certain. But the possibility of reaching an agreement is great enough to warrant thinking about Iran's post-deal foreign policy. This paper is part of a series of RAND perspectives that explore the implications that would follow the "days after a deal."<sup>1</sup>

Iran's leadership, especially Supreme Leader Ayatollah Ali Khamenei, is likely to approve a final deal that, at least implicitly, recognizes Iran's self-declared right to enrich uranium, preserves most of its nuclear infrastructure, and enables Tehran to conduct future nuclear research.<sup>2</sup> For the purposes of the following analysis, this means that Iran would be able to continue to enrich uranium (albeit under strict safeguards) and its remaining infrastructure would leave it with the ability to develop nuclear weapons, although it would give the international community, including the United States, ample time to respond if Iran chose to weaponize its program.

A final nuclear agreement between Iran and the P5+1 has the potential not only to decrease a decade of rising tensions between Iran and the United States, but also to help moderate Iran's foreign

policy under President Hassan Rouhani, a relatively pragmatic politician. A final nuclear deal can empower Rouhani at home and provide him more room on foreign policy issues.

However, a nuclear deal alone will not allow Rouhani to change Tehran's foreign policy dramatically. The Islamic Republic's top leadership, including the Supreme Leader and his allies within the Islamic Revolutionary Guards Corps, will still have the final say on crucial policies, and can therefore be expected to pursue Iran's rivalry with the United States, oppose Israel, and compete with Saudi Arabia.

Iranian foreign policy after a nuclear deal will likely reflect core positions that have endured since the 1979 revolution. U.S.-Iran relations may lack the tensions seen during Mahmoud Ahmadinejad's presidency, but are still likely to remain complicated and problematic.

This paper will examine Rouhani's likely hopes for a post-deal foreign policy, the domestic constraints on his goals, and how a final deal might affect Iran's relations with Saudi Arabia, Israel, Turkey, and, finally, the United States.<sup>3</sup>

### **Iran's Post-Deal Policies: A Competition Between Rouhani and the Conservatives**

Rouhani's goal is to diminish, if not erase, the Islamic Republic's state of crisis caused by the 2009 disputed presidential election and Iran's political and economic isolation,<sup>4</sup> much of which was caused by Ahmadinejad's provocative rhetoric and Iran's nuclear advances. Rouhani and his allies, especially the still influential former President Ayatollah Hashemi Rafsanjani, perceive the regime to be undergoing a period of great crisis that can only be resolved by a shift of Iran's foreign policy, and perhaps some domestic policies as

### **Assumptions About the Contours of a Final Deal\***

For the purposes of analysis, the author presumes that if a final deal is reached between the P5+1 and Iran, it will be based on these general principles:

- Iran may continue to enrich uranium, but with limits placed on the degree of enrichment, as well as on the number and types of centrifuges at Natanz and Fordo.
- The Arak heavy water reactor will be redesigned with no reprocessing and subject to International Atomic Energy Agency (IAEA) safeguards.
- Intrusive IAEA inspection of nuclear sites would be imposed; Iran agrees to sign and ratify the Nuclear Nonproliferation Treaty Additional Protocol, which permits IAEA access to nondeclared sites with little notification.
- Iran would share information with IAEA on possible military dimensions of the program.
- Relevant sanctions would be phased out via implementation of the agreement through new legislation by Congress, lifting of sanctions by the European Union (EU), and removal of sanctions under a new UN Security Council resolution.

\*These principles are derived from the elements for a comprehensive solution found in the Joint Plan of Action. The author is not predicting what the actual agreement will look like, but using these plausible contours as a point of departure for our analysis.

well. Since taking power last year, Rouhani has indicated a preference for a centrist and more cooperative Iranian policy. His government of “prudence and moderation” is keen to improve the economy by taking actions that will lift sanctions, attract foreign investments, and improve ties with some neighboring countries and the United States. These are important reasons why Rouhani is likely to attempt a readjustment of some key approaches in both policy realms after a final nuclear deal.

Rouhani and his government appear to be in charge of specific foreign policy portfolios, including nuclear negotiations and improving relations with neighboring states such as Saudi Arabia and Turkey. Other key foreign policy issues, such as relations with Israel, are likely to remain under the control of the Supreme Leader and the Revolutionary Guards. But the Rouhani government can be expected to adopt a more moderate tone regarding Israel, and maybe even flirt with changing Iran’s position toward the Jewish state. Most important, Rouhani will likely engage the United States after a nuclear deal. Rouhani’s primary motivation in these efforts would be to attract foreign investments for Iran’s energy industry and to generally improve the Iranian economy and the lot of the average Iranian. His government is also keen to relax restrictions on cultural issues, although there are no indications of a desire for significant political reforms.

The new president’s actions up to this point, including the negotiation of the November 2013 Geneva interim deal regarding Iran’s nuclear program, are indicative of what he seeks from Iran’s post-deal policies. Rouhani has worked with the United States on the nuclear issue to the point of making a personal call to President Barack Obama while visiting the UN headquarters in New York in September 2013. The Rouhani government has also courted European and Asian powers since the Geneva deal.

Tehran has reestablished diplomatic ties with the United Kingdom, received European foreign ministers in Tehran, and expanded diplomatic and economic contacts with Turkey, Russia, and China. Iran has already witnessed a thaw in relations with major powers since the Geneva accord, a trend that can be expected to continue with a final nuclear deal. Rouhani’s achievement of a final nuclear agreement and the ensuing easing of sanctions may very well give him a boost, and provide space for him to enact his foreign and domestic policy agendas.

But Rouhani’s likely post-deal approach will face real limits due to key power centers, especially Khamenei, conservatives within the Revolutionary Guards, and other hard-line associations and opinion makers. Khamenei has asked Iranians to support the current negotiations, but some conservatives have been critical of Rouhani’s policies, and are likely to constrain his domestic and foreign policy agenda if Iran achieves a final deal.

While Iranian conservatives seek a resolution of the nuclear crisis and the lifting of sanctions, they also have articulated certain “principles.” Specifically, they are unlikely to change their views regarding the United States, Israel, or Saudi Arabia. For example, Revolutionary Guards chief General Mohammad Ali Jafari has repeatedly expressed doubts about nuclear negotiations, stating that “one cannot be optimistic about America,”<sup>5</sup> and imploring Rouhani not to give away Iran’s interests, although Jafari acknowl-

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*A final nuclear deal should hinder Iran's nuclear breakout capability and could decrease the chances of a regional military conflict, both of which would be beneficial to overall American interests. But it is unlikely to produce a final breakthrough in issues driving regional instability, or a sudden and dramatic improvement in U.S.-Iran relations.*

edged the pain of sanctions and vowed to stay “silent” for “now.” The Guards have acted provocatively in other ways. After the Geneva accord, they tested “new” ballistic missiles and used strong language against the United States, despite being warned by Rouhani to show restraint.<sup>6</sup>

Khamenei, for his part, has delineated a foreign policy of “heroic flexibility” that allows for tactical shifts to alleviate economic pressure. But he is unlikely to surrender what he sees as the regime’s “principles.” Moreover, conservatives—including Khamenei—may make sure that Rouhani does not derive too much power and popularity from a diplomatic breakthrough by blocking some of his domestic goals, such as achieving a more open social and political atmosphere. Mohammad Khatami, the last Iranian president to attempt reforms and change Iranian foreign policy, was effectively impeded by the conservative camp.

Thus, after a deal, the Iranian president will have the freedom to court Europe, Russia, China, and Turkey to attract foreign investments for Iran’s declining energy sector. After all, this was Tehran’s

policy during the presidencies of Ayatollah Hashemi Rafsanjani (1989–1997) and Khatami (1997–2005). A final nuclear deal should hinder Iran’s nuclear breakout capability and could decrease the chances of a regional military conflict, both of which would be beneficial to overall American interests. But it is unlikely to produce a final breakthrough in issues driving regional instability, or a sudden and dramatic improvement in U.S.-Iran relations. Rouhani may be Iran’s president but at end of the day, Khamenei and his allies will still maintain a tight grip over the economy, the military, and the security forces, allowing them to control the state’s direction and decisions.

### **The Rivalry with Saudi Arabia: Can Rouhani Achieve a Rapprochement?**

The easing of tensions with Saudi Arabia is likely to be a key post-deal goal for Rouhani. But Saudi suspicions of Iran and Iranian domestic politics are likely to present major obstacles. Iran has reached out to the United Arab Emirates, Kuwait, and Oman since Rouhani’s election, and Iranian foreign minister Mohammad Javad Zarif has been invited to visit Saudi Arabia. But Riyadh is likely to remain deeply suspicious of Tehran, despite new efforts at engagement.

Riyadh appears to be deeply suspicious of Tehran and publicly reluctant to engage the new Rouhani government. This is due to a long-running Saudi-Iranian rivalry, which has intensified in the last decade. Iran’s support of the Bashar al-Assad regime in Syria is deeply troubling to the Saudis, and both Tehran and Riyadh appear to view the conflict as an intractable and zero-sum competition.

However, Rouhani’s goal of decreasing Iran’s global isolation and improving relations with neighboring countries could prove

difficult without engaging Riyadh. And some level of engagement is on Rouhani's list of priorities. He and other centrists appear to see Saudi Arabia as a rival, but also as a power that should be engaged and enticed, rather than opposed through undermining the Saudi government. To some extent, this viewpoint defined Iran's policy toward Saudi Arabia after Ayatollah Ruhollah Khomeini's 1989 death until Ahmadinejad's election in 2005. Ahmadinejad's predecessors, Rafsanjani (1989–1997) and Khatami (1997–2005), did much to improve Iranian-Saudi relations, including expanding economic relations and even exploring joint security cooperation. Rafsanjani has accused Ahmadinejad of “ruining” Tehran's relations with Riyadh.

In his first post-inauguration speech, Rouhani boasted of being the first Iranian official to sign a security cooperation agreement on counternarcotics with Riyadh as Iran's national security advisor. In the event of a final deal, Rouhani will seek to reintroduce some of the comity between Tehran and Riyadh that existed under the Rafsanjani and Khatami presidencies. But the enmity between the Islamic Republic and Saudi Arabia is deeply rooted and goes well beyond Iran's nuclear ambitions. It is unlikely to end completely after a final nuclear deal.

The rivalry is based on each state's aspiration to lead the global Muslim community. *Velayat-e faghib* (rule of the supreme jurist), the theoretical foundation of the Islamic Republic, views the Supreme Leader as God's representative on Earth and leader of the Shia (and in essence all Muslims) in the absence of the Hidden Imam. This directly counters the Saudi dynasty's leadership claim, especially as Islam's two holiest sites are located in Saudi Arabia. In addition, the Wahhabi strain of Sunni Islam predominant in Saudi Arabia considers the Shia to be heretics rather than true Muslims.

Therefore, many Saudi political and religious elite view the Islamic Republic as an apostate power bent on Shia “hegemony” in the Middle East.<sup>7</sup>

Iran's conservatives, especially within the Guards, are deeply suspicious of Saudi intentions.<sup>8</sup> They see Saudi Arabia as playing a crucial role in abetting the international sanctions regime that has battered Iran's economy and resulted in a 50-percent decrease in Iranian oil exports. Iran's major oil customers—including China, Japan, and India—agreed to reduce oil purchases from Iran in return for increased Saudi oil exports to them.<sup>9</sup> Increased Saudi oil production allowed the United States and its partners to take half of Iran's oil off the global market without a steep rise in oil prices.<sup>10</sup>

In addition, Iranian conservatives see Riyadh as obstructing Iran's regional influence. For example, Saudi Arabia backs Sunni insurgents fighting the pro-Iranian and Alawite-dominated Syrian regime. Saudi Arabia is also active against Iranian interests in Lebanon. Hezbollah, Lebanon's most powerful political and military actor, is closely supported by Iran, whereas Riyadh backs the rival Sunni-dominated March 14th movement, once led by the son of assassinated Lebanese Prime Minister Rafiq Hariri, a close Saudi ally.<sup>11</sup> The civil war in Syria has spilled into Lebanon, threatening to carry the “proxy” war between Iran and Saudi Arabia into a fragile state struggling to preserve its ethno-religious balance and prevent a return to the civil war that tore the country from 1975 to 1990.

The Iranian government also views Riyadh as having a hand in undermining its Iraqi allies. The current Iraqi government, led by Prime Minister Nouri al-Maliki and dominated by Shia parties closely aligned with Iran, is in the midst of a military campaign

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## *The rivalry between Iran and Saudi Arabia far transcends the dynamics surrounding Iran's nuclear capability and is unlikely to go away after a nuclear deal.*

against Sunni insurgents who captured much of al Anbar province in early 2014. Saudi Arabia perceives Maliki's government to be a "pawn" of Iran and the region-wide Shia agenda, and has refused to reestablish diplomatic ties with Baghdad.<sup>12</sup> Iran suspects Saudi involvement in the current Sunni insurgency against Maliki.

Finally, the Iranian regime perceives Saudi Arabia as stirring internal unrest in Iran by supporting ethnic insurgents and terrorist groups, including Iranian Baluchi secessionists and the Mujaheddin Khalq Organization. Iran has also accused Saudi Arabia of sabotaging its nuclear program. Iranian professor Nasser Hadian has described Riyadh as the main architect of an anti-Iranian insurgent "infrastructure" within Iran's own borders. Clearly, the Islamic Republic views Saudi Arabia as a critical threat to its interests at home and abroad.<sup>13</sup>

Syria is likely to stand as the greatest obstacle to Iranian-Saudi détente in the wake of a final nuclear agreement. The Revolutionary Guards have committed great resources (and even their lives) to preserving the Assad regime, and are likely to disapprove of a more conciliatory approach toward Riyadh.

But the differences between Iran and Saudi Arabia regarding Syria are not insurmountable. It is conceivable that all sides of the conflict will grow tired of the war's destruction and agree to some political settlement acceptable to both Tehran and Riyadh. Like Russia, Iran may not be vested in the person of Assad, but rather seek a Syrian government that serves as a conduit of Iranian weapons

to Hezbollah. And it is conceivable for Iran and Saudi Arabia to each maintain a zone of influence in Syria while recognizing each other's interests. Furthermore, the profusion of extremist al Qaeda-linked groups is a threat to both nations. Iran and Saudi Arabia would therefore benefit in general from rapprochement. Before seeking a common ground in Syria, Iran and Saudi Arabia could begin joint cooperation in Lebanon, a country in which both Riyadh and Tehran maintain influence, and in some ways tolerate the other power's respective interests. According to reports, Saudi Arabia and Iran may have discussed facilitating the appointment of a Lebanese president acceptable to both sides.<sup>14</sup>

The rivalry between Iran and Saudi Arabia far transcends the dynamics surrounding Iran's nuclear capability and is unlikely to go away after a nuclear deal. But the Rouhani government is likely to at least attempt greater engagement with Riyadh in order to lower tensions and perhaps get each side to respect the other's interests. However, Rouhani's ability to achieve success could be stymied by Riyadh's continuing suspicions of Iran regardless of a final agreement, and Iranian conservatives' distaste for Saudi policies.

### **Iranian Hostility Toward Israel: A Steadfast Position?**

Rouhani and his government have adopted a more moderate rhetoric on Israel, and will likely continue a less provocative tone toward the Jewish state after a final nuclear deal. However, beyond a change in rhetoric, there is not much to indicate that Rouhani and Foreign Minister Zarif have the will or authority to reshape Tehran's policy on Israel, especially its support for anti-Israeli groups such as Hezbollah. The Islamic Republic's opposition toward Israel, especially among Iranian conservatives, is not merely due to a sense of geopo-

litical competition; rather, it is defined at the most basic level by an ideological and religious hostility toward the Jewish state. Iranian conservatives may tolerate a toning down of rhetoric on Israel, but they are unlikely to change Iran's policies toward Israel after a final nuclear deal.

In order to decrease Iran's isolation, Rouhani may seek to defuse Israel's hostility toward Iran after a nuclear deal. Prime Minister Benjamin Netanyahu has been the foremost opponent of the Geneva nuclear agreement, and is likely to criticize a final deal. His strident denunciation of the Geneva agreement may be motivated by a genuine concern that it is a "bad deal," but there should be little doubt that Israeli hostility toward Iran, and by extension the Geneva deal, is partially shaped by Iran's steadfast opposition to Israel's existence as a Jewish state, which is manifested in Tehran's support for anti-Israeli groups, such as Hezbollah.<sup>15</sup> Israel's aggressive opposition to Geneva and its possible rejection of a final deal could complicate Iran's attempts to improve ties with the United States and European powers.

An insightful and astute strategic thinker, Rouhani is surely aware that much of America's hostility toward the Islamic Republic, especially within the U.S. Congress, is motivated by Tehran's anti-Israeli policies. It is therefore reasonable that he has thought about a less confrontational stance toward Tel Aviv and has adopted a more moderate tone toward Israel. Rouhani's speeches, while not conciliatory, do not contain the usual bluster and threats in more hard-line speeches, including that of Khamenei. And unlike many Iranian officials, Rouhani has used the term "Israel" rather than the "Zionist entity."

In addition, Rouhani and Zarif have both condemned the Holocaust, a significant departure from Ahmadinejad's regular Holocaust denial. Rouhani has described the Israeli-Palestinian conflict as a

"wound" in the Middle East, instead of describing Israel itself as a "cancer," a common expression among conservatives such as Khamenei and Ahmadinejad. Zarif wished Jews a happy Rosh Hashanah, and the Rouhani government has provided funding to the only Jewish hospital remaining in Iran. Zarif has even gone as far as indicating in a German television interview Tehran's willingness to recognize Israel as a legitimate state if it were to achieve peace with the Palestinians.<sup>16</sup>

It is also possible that Rouhani and Zarif may want more than a mere change in rhetoric, but a truly different Israel policy. Some have argued that Rouhani may seek the adoption of the "Malaysia" option, in which Iran, like Muslim Malaysia, does not recognize Israel but also refrains from actively countering the Jewish state.<sup>17</sup> This could theoretically follow a possible peace agreement between the Palestinians and Israelis. This approach was also discussed during the Rafsanjani and Khatami presidencies, as both men seem inclined to at least consider a less hostile approach toward Tel Aviv. However, their presidencies did not lead to a significant change in policy toward Israel.

Both Rafsanjani and Khatami faced what Rouhani is likely to encounter if he attempts a shift: Khamenei and the conservative security establishment remain fundamentally hostile toward Israel. Khamenei's speeches are still characterized by deep enmity; a final nuclear deal between Iran and P5+1 will not change his mindset or rhetoric.

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## *A rhetorical change from Tehran, coupled with constraints on Iran's ability to weaponize the program due to a final deal, may defuse some tensions between Tehran and Tel Aviv.*

In his March 21, 2014, Persian New Year address to Iran, Khamenei again reiterated his thinking on the issue by criticizing the West for “suppressing” those who question the Holocaust. “Expressing opinion about the Holocaust, or casting doubt on it, is one of the greatest sins in the West,” Khamenei stated. “They prevent this, arrest the doubters, try them while claiming to be a free country.”<sup>18</sup>

Iranian conservatives see Israel as an outpost of Western “colonialism” and oppose what they view as Israeli occupation of Muslim lands, including the holy city of Jerusalem. Tehran also believes Israel to be a “proxy” for American interests in the Middle East, while claiming the “Zionists” to be in charge of America’s Middle East policy. Iran also derives geopolitical value from its unrelenting “resistance” to Tel Aviv. Much of the Arab public appears to appreciate Iran standing up to Israel by championing the Palestinians, possibly lessening Shia Iran’s isolation in the Sunni-dominated Middle East.<sup>19</sup>

A final nuclear agreement is unlikely to lead Iran’s abandonment of policies that are of greatest concern to Israeli and American decisionmakers, including the arming of Hezbollah. If anything, Hezbollah is reported to be receiving even more advanced missiles (through Syria) that can reach targets anywhere in Israel. Many

Israelis, and even Hezbollah supporters, expect a replay of the 2006 war between the Lebanese group and Israeli Defense Forces that devastated much of southern Lebanon and caused significant Israeli military and civilian casualties.

Thus, Rouhani may attempt to dial down the rhetoric against Israel after a final nuclear agreement. But an entirely different sort of policy toward Israel is unlikely to happen unless Iran witnesses major changes, including in its top leadership.<sup>20</sup> The Islamic Republic is likely to maintain its hostile stance toward Israel as long as Khamenei and the Guards maintain their grip on the country.

At the same time, a rhetorical change from Tehran, coupled with constraints on Iran’s ability to weaponize the program due to a final deal, may defuse some tensions between Tehran and Tel Aviv. Israel is less likely to take military action against Iran if a final deal is broadly accepted within the United States and international community. And Iran, traditionally reluctant to combat Israel directly, is likely to keep supporting Hezbollah with advanced missiles, not necessarily with the intent to go to war against Israel, but to enhance its position regionally as a force of “resistance” while deterring an Israeli military attack against Iran’s post-deal nuclear infrastructure. The rivalry between the two countries will continue, but a final deal may substantially decrease the chances of a direct military conflict.

## **Relations with Turkey Easier to Improve Than Others**

Rouhani will have a much easier task in improving Tehran’s ties with Ankara than with other countries after a final nuclear agreement. Iran and Turkey, while competitors in the Middle East, are not as ideologically opposed to each other as are Iran and Saudi

Arabia, and have a history of cooperation. Secular Turkey and Iran's theocracy have looked upon each other with suspicion since the 1979 revolution, but ties between the two improved significantly after Turkey's Islamist-rooted Justice and Development Party (or AKP) assumed power in 2002. But the Syrian civil war has divided Ankara and Tehran. International sanctions against Iran have also weakened economic ties that were once the driving force behind bilateral cooperation. However, Turkey and Iran may reach a point of convergence on Syria in the future. And a final nuclear deal and lifting of sanctions on Iran is likely to lead to reenergized economic ties, thus improving the overall relationship.

Rouhani will likely attempt a return to more cordial relations with Turkey that existed from 2002 to 2011. And he is likely to find a partner in Ankara. The AKP sees greater Turkish-Iranian cooperation as beneficial to Turkish interests. It was Turkey's thirst for energy that led to an improvement of ties beginning in 2002. Soon after, the Erdogan government adopted a policy of "zero problems" with neighbors to expand Turkey's economy and increase its role in the Middle East. Turkey viewed closer ties with Iran and Syria as being a critical part of its new approach.<sup>21</sup> Finally, Turkey's dissatisfaction with the U.S. invasion and occupation of Iraq created a greater point of convergence between Turkey and Iran. Ahmadinejad was warmly greeted during his August 2008 trip to Istanbul, and Turkish-Iranian economic ties have grown at a relatively rapid pace. Turkey also attempted to mediate the nuclear crisis between Iran and the P5+1, to Washington's chagrin.<sup>22</sup>

The Arab Spring and the Syrian civil war have led to tense Turkish-Iranian relations in the last three years. Turkish Prime Minister Recep Tayyip Erdogan, once close to the Syria regime, is now a strong backer of Sunni insurgents trying to overthrow Assad. Iran

sees Turkey's opposition to the Syrian regime as a direct threat to its core national security interests. Conservative Iranian officials have described Turkey as pursuing a "liberal" Islam that suits America's agenda.

A final nuclear agreement could lead to a resetting of Turkish-Iranian relations, however. The outlines of Iran's post-deal Turkey policy emerged soon after Rouhani's election and the Geneva accord. Zarif visited Turkey to discuss bilateral ties; his trip was reciprocated by Turkish Foreign Minister Ahmet Davutoglu. More importantly, Erdogan made a trip to Tehran in January 2014 and met with Rouhani and Khamenei. The discussions focused not only on regional issues, but also on expanding Turkish-Iranian economic ties. A final nuclear deal and the lifting of sanctions against Iran are likely to lead to closer economic relations between Ankara and Tehran.

Closer economic ties could, in turn, help the two reevaluate their respective positions in Syria, and ease Iranian conservatives' misgivings about Turkey. The current stalemate in Syria is widely criticized in Turkey and has undermined Erdogan's standing as Assad remains in power while Syrian refugees continue to flood into Turkey. Moreover, the ascendance of Syrian Jihadi organizations, such as the Nusra Front and the Islamic State of Iraq and Syria (ISIS), has given Turkish officials pause and may even lead them to reconsider Turkey's strong support for the Sunni insurgents. The Iranian government is similarly concerned about the growing power of anti-Shia and anti-Iranian groups such as ISIS. It is possible that at some point, Turkey may accept some level of Iranian influence in Syria, especially if it means better Turkish-Iranian relations.

Rouhani's election and a potential final nuclear deal will not lead to a Turkey-Iran alliance. The two countries will continue to

compete in the Levant, Iraq, and beyond. However, a reenergized economic partnership and the dangers presented by Sunni extremist groups could pave the way to warmer Turkish-Iranian ties similar to those in the beginning of the last decade. This is a goal that may be amenable to both Rouhani and his conservative opponents.

### **U.S.-Iran Relations: Strategic Competition, “Heroic” Flexibility**

The Rouhani government will likely use a final nuclear agreement as a springboard for better U.S.-Iran relations. And even if Rouhani does not see a fully normalized relationship as possible, he may at the minimum seek more open communications on issues beyond the nuclear program. But it is less certain that Iranian conservatives, especially Khamenei, will be amenable to more normal ties. The Supreme Leader views the United States as the chief threat to his regime. In post-Geneva speeches, he has described the United States as Iran’s main rival. According to Khamenei, “nobody should believe that the enemies of the Islamic revolution have given up their enmity.”<sup>23</sup> He has supported nuclear negotiations in order to ease sanctions and economic pressure, but is unlikely to see a final deal as leading to diplomatic ties or even greater U.S.-Iran engagement.

Rouhani’s phone call with Obama on September 27, 2013, was the most significant direct public communication between senior Iranian and American officials since the 1979 revolution. Rouhani and Zarif, along with other figures such as Rafsanjani, have indicated a desire for improved ties with the United States and are likely to seek greater engagement after a final nuclear agreement. They appear to believe that Iran and the United States can engage on a number of issues beyond the nuclear program, especially regarding Afghanistan, but perhaps Syria as well.

There is precedent for the sort of U.S.-Iran cooperation that the Rouhani regime may seek. The 1979 revolution did not end U.S.-Iran ties completely. Rouhani was among the Iranian officials who greeted President Ronald Reagan’s envoys when they secretly visited Tehran in May 1986 in the hope of engaging and empowering more moderate Iranian figures.

There have been other explicit instances of U.S.-Iran cooperation in recent years. The Khatami government helped the United States establish the 2002 post-Taliban government in Kabul. Zarif, Iran’s envoy to the Bonn Conference at the time, persuaded the Northern Alliance to drop its opposition to Hamid Karzai as Afghanistan’s new leader. Khatami’s policy may have been blessed by Khamenei; at the minimum, the Supreme Leader gave Khatami some leeway to pursue his engagement strategy, which was ultimately met with Iran being branded as a member of the “Axis of Evil” by the George W. Bush administration.

The achievement of a final nuclear agreement may lead to some modest opportunities for engagement. The two countries face common threats, including Sunni extremism in Afghanistan, Iraq, Syria, and beyond.<sup>24</sup> Tehran and Washington may be able to renew their engagement in Afghanistan in the event of a final and lasting nuclear deal, especially as U.S. troops draw down and Afghanistan faces greater instability. The shared interests that led to cooperation in 2001–2002 still exist today; both Tehran and Washington fear a Taliban victory.

The Syrian conflict could also emerge as common ground between Tehran and Washington, but the differences between the two are wide. The United States has called for Assad to step down from power and has provided limited support for the insurgents. Iran is (arguably) the Syrian regime’s biggest supporter. But the

United States also maintains that the Syrian civil war should be resolved through a negotiated settlement. It is difficult to imagine such a settlement without Iran's active role in negotiations.

The U.S. government has indicated a possible Iranian role in negotiations, but only if it agrees to the Geneva I communique that calls for a transitional government to replace the current Syrian regime. Tehran has refused to sign the communique, which called for Assad's departure and was excluded from the Geneva II negotiations between the Syrian regime and the opposition coalition. However, it is not inconceivable that Iran could be included in future discussions; Tehran may not be as wedded to Assad leading Syria as it is to a Syrian regime that can maintain its interests in the future. But in order to engage the United States, Tehran may ultimately want recognition of its interests in Syria by the United States and other regional powers, such as Saudi Arabia.

Regardless, common interests in Afghanistan and perhaps Syria are unlikely to lead to full U.S.-Iran engagement or normalized diplomatic relations. Rouhani appears to want a more normalized relationship with Washington, but the decision is not his to make. The Supreme Leader and Iranian conservatives appear uninterested in a strategic shift. Past experiences with the United States, including Iran being branded as a member of the "Axis of Evil" may have reinforced their suspicions. Khamenei believes that the United States seeks to undermine, if not overthrow, his regime, irrespective of the nuclear issue. A final nuclear agreement between the United States and Iran may not diminish his view that the contest between America and Iran is ideologically driven. Khamenei sees the United States not only as a political, military, and economic competitor, but also as the source of a perceived cultural onslaught against the Islamic revolution.

Khamenei has supported a policy of "heroic flexibility" since Rouhani's election; comparing the U.S.-Iran relationship to a wrestling match, he believes Iran could adopt "flexible" tactics to win the overall competition.<sup>25</sup> This is why he has supported nuclear negotiations. But if Iran reaches a final deal, Khamenei's "heroic" flexibility will not necessarily mean normalized U.S.-Iran relations.<sup>26</sup>

The Islamic Republic needs the United States as an enemy. Normalized diplomatic relations and the end of Iran's enmity with the United States would undermine Khamenei's authority. At the same time, the Supreme Leader does not want an overt and costly conflict with Washington. A contained and manageable rivalry with the United States may suit his agenda. A final nuclear deal is likely to lead to a continuation of the U.S.-Iran rivalry, albeit with the possibility of engagement on some regional issues, such as Afghanistan. Khamenei has stated that "the Islamic Republic will negotiate with the Satan on specific issues that are of interest."<sup>27</sup> Iranian conservatives hold rigid positions toward the United States, Saudi Arabia, and Israel, but may be more amenable to U.S.-Iran cooperation in Afghanistan if it serves the regime's interests.

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*Khamenei has supported a policy of "heroic flexibility" since Rouhani's election; comparing the U.S.-Iran relationship to a wrestling match, he believes Iran could adopt "flexible" tactics to win the overall competition.*

## Conclusion and Policy Implications

A final nuclear agreement between Iran and the P5+1 is likely to reduce tensions between Iran and some of its neighboring states. Iranian-Turkish relations are likely to improve, while Iran may attempt more diplomatic engagement and even dialogue with Saudi Arabia on issues such as Syria. However, the Saudi-Iranian rivalry is unlikely to end any time soon. And Iran's hostility toward Israel will continue, although the Rouhani government may tone down its rhetoric toward the Jewish state. The Netanyahu government is unlikely to change its views of the Islamic Republic and will likely portray Iran as an "existential" threat.

A nuclear deal is also likely to defuse some U.S.-Iran tensions and reduce the possibility of armed conflict between the two, as Iran's nuclear quest has served as the primary motivation for a U.S. military option against Iran. The United States and the Rouhani government may be more eager to normalize relations, and could explore cooperation on some regional issues where Iranian and American interests largely converge. But a final nuclear deal is unlikely to lead to full U.S.-Iran rapprochement. The Supreme Leader and the conservative establishment will oppose it for ideological, political, and even economic reasons. And Iranian policies of greatest U.S. concern are unlikely to change; Iran will continue to seek regional influence and support groups such as Hezbollah.

Thus, Washington's post-deal policy toward Iran should continue to counter Iranian ambitions that contradict U.S. interests in the region. A nuclear deal with Iran does not mean that the United States will "retreat" from the Middle East or abandon its decades-long alliance structure. The United States may decrease forces in the

Persian Gulf due to the drawdown from Afghanistan, but it should be prepared to maintain significant forces in the region.

Nevertheless, a final nuclear agreement and Rouhani's presidency may provide the United States with some opportunities.

Therefore, the United States should:

- **Explore modest opportunities for engagement with Iran,** especially in Afghanistan, but also on other issues, such as Syria. Afghanistan may present the best opportunity for U.S.-Iran engagement after a nuclear deal, as both powers fear the resurgence of the Taliban and Sunni jihadi forces. Although the United States and Iran may have different objectives in Syria, the participation of Iran in a negotiated settlement is crucial to its success, although this may cause more anxiety for American partners, such as Saudi Arabia.
- **Encourage better relations between Iran and Saudi Arabia.** The Syrian conflict and the increasing sectarian nature of conflict in the Middle East are driven by the historic rivalry between Iran and Saudi Arabia. Washington may not be able or willing to fully resolve the rivalry, but an easing of tensions between Riyadh and Tehran may lead to bilateral discussions on Syria and other regional conflicts, boosting U.S. diplomatic efforts.
- **Seek a normalized relationship with Iran, but don't expect much.** The United States does not have a formal diplomatic presence in Iran, which prevents better communication not only with the political elite, but with the Iranian people as well. Some have argued that it may be time to again explore diplomatic relations with Tehran, especially with the more moderate Rouhani in power. However, there are no indications that Khamenei and the conservative establishment would be open

to normalized relations; their political interests and ideologies would suggest that an American embassy in Tehran would actually weaken the Supreme Leader's basis of power. Khamenei leads a state that bases its legitimacy on the revolution that overthrew the pro-American shah. Anti-Americanism is a core principle of Iran's most conservative revolutionaries, and to accept normalized relations with Washington is to admit that anti-Americanism, and Khamenei's belief system, are no longer core principles of the Islamic Republic.

A final nuclear agreement cannot be expected to greatly diminish the U.S.-Iran rivalry, but it can reduce the chances of a U.S.-Iran military conflict and a potential war encompassing the entire region. Saudi Arabia and Israel, while still suspicious of Iran, may nevertheless face a foe with a much diminished nuclear weapons capability. Iran's economy is likely to continue to suffer under the perennial

mismanagement, corruption, and dysfunction evident even before the imposition of sanctions. And the Islamic Republic is likely to experience broad public dissatisfaction with continued social and political restrictions. Iran is unlikely to emerge from a nuclear deal as a greater power, although it will still present a challenge to interests of the United States and its allies in the Middle East, especially as long as Khamenei and the Revolutionary Guards maintain their dominant position.

A nuclear deal with Iran will buy the United States the necessary time and space to counter Iranian policies that challenge U.S. interests. And the eventual passing of Khamenei may lead to a more open Iran, one willing to engage the international community. None of this is guaranteed, however. The best result of a final nuclear deal that constrains and rolls back Iran's nuclear program could be the prevention of a nuclear armed Iran, and the end of a decade-long crisis.

## Notes

<sup>1</sup> See Dalia Dassa Kaye and Jeffrey Martini, “The Days After a Deal with Iran: Regional Responses to a Final Nuclear Agreement,” Santa Monica, Calif.: RAND Corporation, PE-122-RC, 2014. As of May 15, 2014: <http://www.rand.org/pubs/perspectives/PE122.html>

<sup>2</sup> George Perkovich, “No Endgame in Sight: Demanding Zero Enrichment from Iran Makes Zero Sense,” *Foreign Affairs*, January 15, 2014. As of February 12, 2014: <http://www.foreignaffairs.com/articles/140650/george-perkovich/no-endgame-in-sight>  
See also Colin Kahl and Alireza Nader, “Zero-Sum Enrichment,” *Foreign Policy*, October 14, 2013. As of February 12, 2014: [http://www.foreignpolicy.com/articles/2013/10/14/zero\\_sum\\_enrichment\\_iran\\_us\\_nuclear\\_deal](http://www.foreignpolicy.com/articles/2013/10/14/zero_sum_enrichment_iran_us_nuclear_deal)

<sup>3</sup> Early signs of change in Iranian foreign policy are most likely to be apparent in relations with neighbors such as Saudi Arabia and Turkey because of the immediate relevance for Iran’s security and economy, although the Rouhani government also will pay close attention to the United States as both a bilateral interlocutor and a major factor in regional affairs.

<sup>4</sup> Suzanne Maloney, “Saved by the Deal: How Rouhani Won the Negotiations and Rescued His Regime,” *Foreign Affairs*, November 27, 2013.

<sup>5</sup> Mehr News, “Pishbini as Mozakreta Felli Nadaram (I Have No Predictions Regarding Negotiations),” February 19, 2014. As of March 2014: <http://www.mehrnews.com/detail/News/2239631>

<sup>6</sup> Scott Lucas, “Rouhani Tells Revolutionary Guards ‘Back Off Anti-US Tough Talk,’” EA Worldview, March 2, 2014. As of March 4, 2014: <http://eaworldview.com/2014/03/iran-rouhani-tells-revolutionary-guards-back-anti-us-tough-talk/>

<sup>7</sup> Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy J. Ghez, Lydia Hansell, and Robert A. Guffey, *Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy*, Santa Monica, Calif.: RAND Corporation, MG-840-SRF, 2009. As of April 29, 2013: <http://www.rand.org/pubs/monographs/MG840.html>

<sup>8</sup> Wehrey et al., 2009.

<sup>9</sup> Saudi-Iranian differences regarding oil have gone beyond the short-term stepping in by the Saudis to meet shortfalls caused by sanctions on Iran. They also have included longer-term differences in optimal prices that reflect things such as the different sizes of their respective reserves.

<sup>10</sup> Scott Harold and Alireza Nader, *China and Iran: Economic, Political, and Military Relations*, Santa Monica, Calif.: RAND Corporation, OP-351-CMEPP, 2012. As of May 16, 2014: [http://www.rand.org/pubs/occasional\\_papers/OP351.html](http://www.rand.org/pubs/occasional_papers/OP351.html)

<sup>11</sup> The al-Assad regime and perhaps Hezbollah are widely believed to have orchestrated Hariri’s car bomb assassination.

<sup>12</sup> Frederic Wehrey, Dalia Dassa Kaye, Jessica Watkins, Jeffrey Martini, and Robert A. Guffey, *The Iraq Effect: The Middle East After the Iraq War*, Santa Monica, Calif.: RAND Corporation, MG-892-AF, 2010. As of August 16, 2011: <http://www.rand.org/pubs/monographs/MG892.html>

<sup>13</sup> United States Institute of Peace, “Nasser Hadian on Why Iran is Ready,” The Iran Primer, web page, September 20, 2013. As of May 30, 2014: <http://iranprimer.usip.org/blog/2013/sep/20/nasser-hadian-why-iran-ready>

Saudi Arabia fears Iran’s manipulation of its own minority Shia population, most of whom inhabit the oil-rich Eastern Province. The Shia-led rebellion against Bahrain’s Sunni-dominated monarchy has further exacerbated Saudi fears of Iranian “hegemony.” However, although Iran has interfered in Bahraini affairs in the past, there is little evidence that Tehran is behind the Bahraini uprising, which is driven by the inherent inequality of Bahraini society and widespread discrimination against the Shia. Nevertheless, the Saudis see an Iranian hand behind most of their regional troubles, or at least pretend to.

<sup>14</sup> Abdulmajeed Al-Buluwi, “Saudi Invitation a First Step with Iran,” *Al Monitor*, May 16, 2014.

<sup>15</sup> Some seasoned analysts say Netanyahu’s position toward Iran is primarily shaped by his own personal political interests. See Paul Pillar, “Netanyahu’s Anti-Iranian Rant,” *National Interest*, March 4, 2014. As of April 2014: <http://nationalinterest.org/blog/paul-pillar/netanyahus-anti-iranian-rant-10004>. See also Kaye and Martini, 2014.

<sup>16</sup> Muhammad Javad Zarif interview with Phoenix television, February 2, 2014. As of February 14, 2014: [http://www.phoenix.de/content/phoenix/die\\_sendungen/diskussionen/802368](http://www.phoenix.de/content/phoenix/die_sendungen/diskussionen/802368)

<sup>17</sup> Trita Parsi, “Why Iranian Leader Hassan Rowhani May Not Be Ahmadinejad II,” *Jewish Daily Forward*, August 9, 2013. As of February 2014: <http://forward.com/articles/182013/why-iranian-leader-hassan-rowhani-may-not-be-ahmad/?p=all>

<sup>18</sup> Laura Rozen, “In Iran New Year’s Address, Khamenei Questions Holocaust,” *al Monitor*, March 21, 2014. As of March 2014: <http://backchannel.al-monitor.com/index.php/2014/03/8006/in-iran-new-years-address-khamenei-questions-holocaust/>

<sup>19</sup> Colin Kahl, Melissa Dalton, and Matthew Irvine, *Risk and Rivalry: Iran, Israel and the Bomb*, Washington, D.C.: Center for a New American Security, June 2012. As of February 24, 2013: [http://www.cnas.org/files/documents/publications/CNAS\\_RiskandRivalry\\_Kahl\\_0.pdf](http://www.cnas.org/files/documents/publications/CNAS_RiskandRivalry_Kahl_0.pdf)

<sup>20</sup> Parsi, 2013.

<sup>21</sup> Turkey and Iran have rivaled each other for centuries. The Turkish Ottoman and Safavid Persian empires fought for power in the Middle East for much of the 16th and 17th centuries. Iran’s Pahlavi monarchs (1925–1979) may have admired Kemal Atatürk’s secularization and modernization of Turkey, but the Islamic Republic was suspicious of Turkey’s secular system and close ties to America and Israel.

<sup>22</sup> Parsi, 2013.

<sup>23</sup> Fars News, “Ashkar shodan doshmani America ba Iran va Islam dar mozakerat e akhir (The Revelation of America’s Enmity with Iran and Islam in the Latest Negotiations),” January 4, 2014. As of February 2014: <http://www.farsnews.com/newstext.php?nn=13921019000241>

<sup>24</sup> Both Iran and the United States also may want to maintain stability in the Persian Gulf, but they are pursuing opposite goals here as well: Tehran wants to remove foreign military forces and become the premier security actor in the region, while Washington is likely to maintain sizable forces in the region to contain Iranian power and reassure Arab allies.

<sup>25</sup> Arash Karami, “Ayatollah Khamenei’s Heroic Flexibility,” *al Monitor*. September 19, 2013. As of February 11, 2014: <http://iranpulse.al-monitor.com/index.php/2013/09/2854/khameneis-heroic-flexibility/>. See also Alireza Nader, “The U.S. Iran Wrestling Match,” *Inter Press Service*, September 27, 2014. As of February 12, 2014: [http://www.international.to/index.php?option=com\\_content&view=article&id=9666:the-us-iran-wrestling-match&catid=268:inter-press-service&Itemid=377](http://www.international.to/index.php?option=com_content&view=article&id=9666:the-us-iran-wrestling-match&catid=268:inter-press-service&Itemid=377)

<sup>26</sup> Khamenei and the Guards may also be motivated by a different economic incentive than Rouhani, who wants greater international investment and privatization. A more open and privatized economy could create competition for Khamenei and the Guards’ vast business empires, and perhaps diminish their political power as well. Khamenei’s business interests appear to be centered around the Setad Ejraiye Farmane Hazrate Emam (Headquarters for Executing the Order of the Imam), a \$95 billion organization responsible for administering private property seized by the Iranian regime since the revolution. It is reported to be accountable to no one but the Supreme Leader. The Revolutionary Guards are also believed to be one of the most powerful commercial players in Iran, with a major stake in almost every economic sector. Khamenei and the Guards have thrived from a monopolistic economic environment largely closed to internal and external competition. Khamenei’s financial control has helped him create a loyal patronage network used to bypass competing power centers, including Iran’s elected institutions.

<sup>27</sup> Fars News, 2014.

## About This Perspective

One of a series of RAND perspectives on what the Middle East and U.S. policy might look like in “the days after a deal” (a final nuclear agreement) with Iran, this paper examines the Rouhani government’s likely hopes for a post-deal foreign policy, the domestic constraints on its goals, and how a final deal might affect Iran’s relations with Saudi Arabia, Israel, Turkey, and, finally, the United States.

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