

IDC Herzliya Conference 2015

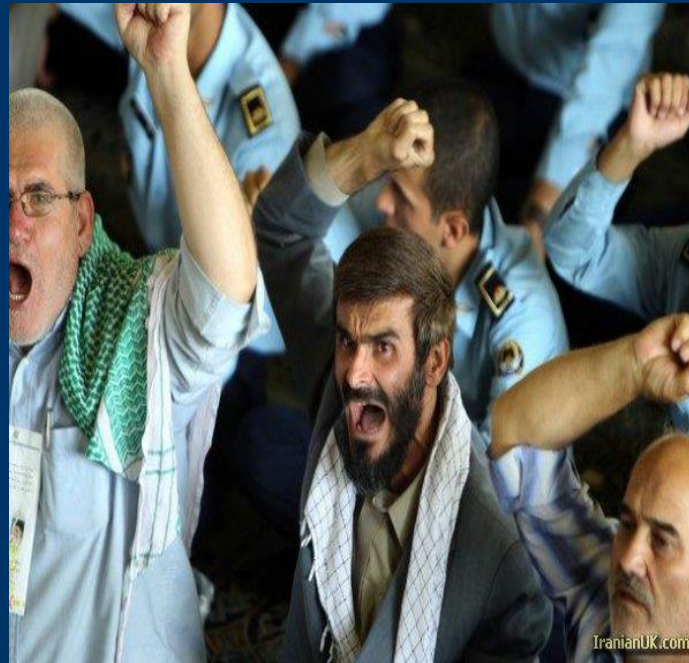
Title:

The Middle East after an Iran deal

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Hypothesis

Iran nuclear deal = end of all sanctions = more money for Iran regime = *a more aggressive Iranian regime in the Middle East*



Hypothesis

Reverse: **no nuclear deal** = sanctions remain = less money for the Iranian regime = ***a less aggressive Iranian regime in the Middle East***



Hypothesis

More funds does **NOT** on its own = a more aggressive Iran regime in the region...

If sanctions remain, Iran regime Middle East strategy
likely to remain the same...

Why?

Hypothesis

Because when it comes to Iran regime decision making in region, there are more important factors than money....



Hypothesis

Because when it comes to Iran regime decision making in region, **there are more important factors than money....**

Lets see what the numbers and history of Iran's involvement in the region tell us...

Cost of supporting Iran allies in the region

Support For Bashar Al Assad regime

In July last year, Iran granted Syria a **\$3.6 billion credit facility** to buy oil products, according to officials and bankers at the time. Another **\$1 billion** went for non-oil products.

Estimates of Iran's (total) financial commitment to the Assad regime

given by the Syrian opposition are as high as **US\$15bn** (1)

Cost of supporting Iran allies in the region

Support For Hezbollah

“Iran bankrolls Hezbollah with up to \$200 million a year, Matthew Levitt, a senior fellow at the Washington Institute for Near East Policy, said at a CFR meeting in October 2013.” (2)

Cost of supporting Iran allies in the region

Support For Shia Militia in Iraq

- Saraya Al Salam – Peace Brigades (PB) (60,000) headed by Muqatada Al Sadr
- The Badr Organization- (10,000 – 20,000 members)
- Asa'ib Ahl al-Haq (League of the Righteous) (10,000 – 20,000 members).

Smaller organizations such as Kata'ib Imam Ali, Kata'ib Hezbollah, Harakat Hezbollah al-Nujaba

All brought under - Hashd Al Shaabi umbrella and financed **officially by the Iraqi government budget.** (4)

Cost of supporting Iran allies in the region

Support for Houthis in Yemen

No figures available - lets put a maximum estimate of half

of that figure being available for Hezbollah, at \$100 million

Hamas and Islamic Jihad

\$150million a year (a very high estimate)

Cost of supporting Iran allies in the region

Estimated total cost of Iran's involvement in the region, per year=

\$4 billion (Assad) + \$200 million (Hezbollah)+ \$100 million

Quds force in Iraq and Syria + \$100 million (Yemen) +\$150

million (Islamic Jihad and Hamas) = approximately \$4.6 billion a year

Cost of supporting Iran allies in the region

Iran's total **official** budget is: 21 March 2015 to 20 March 2016 = \$294 billion (5)

Militants are paid from Iran's unofficial and undeclared budget.. no figures available...lets estimate 10% of official budget= \$29 billion

Total funds available o regime= \$294 billion + \$29 billion=
\$323 billion

Cost of supporting Iran allies in the region

- \$4.5 billion estimated cost of support for Iran allies in the region
- \$323 billion estimated total funds available to regime
- 1.4% of regime funds goes to supporting allies in the region

More important variables in Iran regime posturing in the region

- 1- Domestic politics (which faction has the upper hand and whether the Supreme Leader supports them)
- 2- Geopolitical events in the region

The Conservatives vs Moderates

In Iran

- Rouhani and Zarif who belong to Rafsanjani camp want less involvement in places such as Syria, to reduce tensions with the Saudis



The Conservatives vs Moderates

In Iran

- The IRGC camp and the majority of conservatives want the opposite. They
- **want to challenge and isolate the Saudis in the region**



Weaker Moderates

After a deal, the second group (the conservatives) is likely to win the argument because:

- * Rouhani likely to become sacrificial lamb for nuclear compromises
- * Conservatives likely to attack Rouhani for sanctions not being removed as soon as deal is signed
- * Key regime political and security establishments are likely to remain in the hands of the conservatives and their allies after a deal

Saudi and Iranian public supporting conflict more

The animosity between Shia Iran and Sunni Saudi Arabia is winning over the population on both sides. People are “buying in” more.

In Saudi Arabia

- people in Saudi Arabia see Iran as a bigger threat than Israel
- anti Shia preaching by Wahabists is increasing
- recent sexual abuse of Iranian tourists in Saudi Arabia

Saudi and Iranian public supporting conflict more

Iran

- Public becoming more racist towards Arabs, especially Saudis on line
- Poisoning of 32 Saudis last week in Iranian city of Mashhad, 3 dead, 7 in Intensive Care Unit

Saudi and Iranian public supporting conflict more



Geo-strategically

Iran

- Feeling more vulnerable after Saudi attack against Houthis in Yemen (unexpected)
 - More isolated after Israel – Saudi rapprochement
 - Most importantly: Iran regime sees itself as a victim, not also victimizer of a sectarian war
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Cost of supporting Iran allies in the region

Iran is likely to remain as aggressive after a nuclear deal, if not more, with emphasis being placed on the:

1 – Saudis and their allies

2- Israel