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Iran: Background and U.S. Policy

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Iran: Background and U.S. Policy

Relations between the Islamic Republic of Iran and the United States have been largely antagonistic since the Iranian Revolution of 1979, with tensions spiking again since 2023. Of particular concern for U.S. policymakers in 2024 are Iran's regional activities and those of its partners in light of the October 2023 Hamas-led attack on Israel; ongoing attacks against U.S. forces and additional targets in the region by other Iran-backed groups such as the Houthis; and the first-ever direct Iranian military attack against Israel in April 2024. The Iranian government's human rights violations, its nuclear program, and its increasingly close relationships with Russia and China also pose challenges for the United States. Congress has played a major role in shaping U.S. policy toward Iran, including by authorizing extensive U.S. sanctions, seeking to influence diplomatic engagement with Iran, and funding support to U.S. partners facing Iranian threats. Selected issues on which Congress has engaged include:

Iran's Foreign Policy and Support for Terrorist Groups. Iran's government seeks, among other goals, to erode U.S. influence in the Middle East while projecting power in neighboring states by backing a range of regional armed groups, including Hamas, Hezbollah, and other U.S.-designated terrorist organizations. Since the outbreak of war in Gaza, Iran-backed groups throughout the Middle East (which sometimes refer to themselves as the "axis of resistance") have conducted attacks against U.S. forces in Iraq and Syria and international shipping in the Red Sea, drawing retaliatory U.S. military action. Observers debate the nature of Tehran's relationships with and influence over these groups. While neither the United States nor Iran appears to seek a direct military confrontation, the evolving threat perceptions, political calculations, and strategic goals of multiple actors in a dynamic combat environment could increase the risk of such a conflict, particularly in light of Iran's unprecedented April 2024 attack on Israel. Israeli, U.S., and other partner forces reportedly intercepted almost all of the Iranian drones and missiles used in that attack; days later, Israel reportedly responded with an attack near an Iranian military base.

Prisoner Exchange and Fund Transfer. In September 2023, the United States and Iran concluded a prisoner exchange and the United States facilitated the transfer of \$6 billion in Iranian funds to Qatar. Some in Congress have criticized the move; the Biden Administration has said it will prevent Iran's use of the funds in the aftermath of the Hamas attack on Israel.

Iran's Nuclear Program. U.S. policymakers have for decades signaled concern about Iran's nuclear program. The 2015 Joint Comprehensive Plan of Action (JCPOA) imposed restraints on Iran's nuclear activities in exchange for relief from most U.S. and international sanctions; the Trump Administration ceased U.S. participation in the JCPOA, reimposing U.S. sanctions, and Biden Administration attempts to revive the JCPOA stalled in fall 2022. Iran has since decreased compliance with its JCPOA nuclear commitments and barred some international inspectors in the context of heightened regional tensions. The U.S. intelligence community continues to assess that Iran is not currently undertaking nuclear weapons-related activities, but that Iran could enrich enough uranium for three nuclear devices within weeks if it chose to do so.

Human Rights. Iran's authoritarian government is accused of overseeing and perpetrating a wide range of human rights abuses, including the violent repression of protests like those that broke out after the September 2022 death of Mahsa Amini, who was arrested for allegedly violating Iran's mandatory *hijab* (or head covering) law and died in custody. Those protests appear to have subsided but the grievances underlying them remain unresolved amid continued government repression.

Sanctions. Since 1979, successive U.S. Administrations have imposed economic sanctions in an effort to change various aspects of Iran's behavior, often at the direction of Congress. U.S. sanctions include measures targeting Iran's energy sector, its arms and weapons-related technology transfers, its financial sector, and various non-energy industries and sectors.

Iran's Military and Foreign Policy. In addition to its support for allied groups throughout the Middle East and arms sales elsewhere, Iran maintains what U.S. officials describe as "the largest inventory of ballistic missiles in the region" and has developed a range of unmanned aerial vehicles (UAVs). These activities give Iran considerable regional influence, which the Iranian government has sought to reinforce by taking steps to strengthen its economic and military ties with China and Russia—for example, by exporting UAVs to bolster Russian military operations in Ukraine and selling oil to China.

The U.S. government has used various tools, including comprehensive sanctions, limited military action, and diplomatic engagement with leaders in Iran and other countries to counter what the U.S. officials describe as Iranian threats to U.S. interests. The Iranian government faces some challenges at home but retains considerable influence in the Middle East region, is developing new ties to Russia and China (including via Iran's BRICS membership), and remains able to contest U.S. interests in the region and beyond. In this context, Members of Congress may consider U.S. and Iranian policy goals, the stability of Iran's government, and efforts to counter Iran's regional influence and deter its nuclear development activities.

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Overview and Issues for Congress

The Islamic Republic of Iran, the second-largest country in the Middle East by size (after Saudi Arabia) and population (after Egypt), has for decades played an assertive, and by many accounts destabilizing, role in the region and beyond. Iran's influence stems from its oil reserves (the world's fourth largest), its status as the world's most populous Shia Muslim country, and its active support for political and armed groups (including several U.S.-designated terrorist organizations) throughout the Middle East.

Figure I. Iran at a Glance



Geography	Total Area: 1,648,195 sq km (636,372 sq. miles), 2.5 times the size of Texas
People	Population: 87,590,873 (17 th largest in the world) % of Population 14 or Younger: 23.5% Religion: Muslim 98.5% (90-95% Shia, 5-10% Sunni), other (Christina, Baha'i, Zoroastrian, Jewish) 1.5% (2020) Literacy: 88.7% (male 92.4%, female 88.7%) (2020)
Economy	GDP Per Capita (at purchasing power parity): \$21,220 (2024) Real GDP Growth: 5.0% (2023); 2.5% (2024 forecast) Year-on-year Inflation: 33% (2024 forecast) Unemployment: 8% (2024 forecast)

Source: Graphic created by CRS. Fact information (2023 estimates unless otherwise specified) from Economist Intelligence Unit, International Monetary Fund, and Central Intelligence Agency, *The World Factbook*.

Since the 1979 Iranian Revolution that ushered in the Islamic Republic, Iran has presented a major foreign policy challenge for the United States, with successive U.S. Administrations identifying Iran and its activities as a threat to the United States and its interests. Of particular concern are the Iranian government's nuclear program, its military capabilities, its support for armed factions and terrorist groups, and its partnerships with Russia and China. The U.S. government has condemned the Iranian government's human rights violations and detention of U.S. citizens and others, and has wrestled with how to support protest movements in Iran. The U.S. government has used a range of policy tools intended to reduce the threat posed by Iran, including sanctions, limited military action, and diplomatic engagement. Despite these efforts, Iran's regional influence and strategic capabilities remain considerable and have arguably increased.

Congress has played a key role in shaping U.S. policy toward Iran, providing for extensive U.S. sanctions, providing aid and authorizing arms sales for partners threatened by Iran, seeking to influence negotiations over Iran's nuclear program, and enacting legislation that allows Congress to review related agreements. Much of that legislative energy was related to the 2015 Joint Comprehensive Plan of Action (JCPOA), which restricted Iran's nuclear program in return for relief from most U.S. and international sanctions; the Trump Administration ceased U.S. participation in the agreement in 2018. In 2021-2022, as the Biden Administration engaged in negotiations intended to reestablish mutual compliance with the JCPOA, Members expressed a range of views, some in support of and others opposed to renewing the agreement.

The prominence of the JCPOA in U.S. policy towards Iran waned in late 2022 as negotiations stalled amid other developments, such as nationwide unrest in Iran and Iran's provision of weapons to Russia for use in Ukraine. In September 2023, the United States and Iran concluded a prisoner exchange and the United States facilitated the transfer of \$6 billion in Iranian assets from South Korea to Qatar, attracting significant congressional attention. The October 2023 attack on Israel led by Hamas, an Iran-backed Palestinian Sunni Islamist group (and U.S. designated Foreign Terrorist Organization, or FTO), and subsequent attacks on U.S. forces and other targets by Iran-supported groups in Iraq, Syria, and Yemen, have increased tensions in the region.

Those tensions escalated further in April 2024, when Iran, in retaliation for a strike in Syria that killed senior Iranian military personnel, fired hundreds of drones and missiles at Israel (discussed further below). The attack, which represents the first-ever direct Iranian military strike against Israel, caused relatively little damage, with most projectiles successfully intercepted by Israeli, U.S., and other partner nation forces. Still, the attack marks a watershed in the long-simmering Iran-Israel conflict amid speculation about what the attack reveals about the evolution of Iranian strategic considerations and military capabilities. Israel's reportedly limited retaliation, and Iran's muted response to it, appear to have de-escalated tensions, but fears of a broader regional conflagration remain.

Rising Regional Tensions and Conflict

The October 7, 2023, Hamas-led assault on Israel and subsequent rise of regional tensions have significant implications for the United States. Iran-backed groups, which sometimes refer to themselves as the "axis of resistance," have for decades threatened various U.S. interests but are now engaged militarily against U.S. forces and partners simultaneously across multiple fronts to a degree not previously seen. Observers debate the varying nature of Tehran's relationships with and influence over these groups. While neither the United States nor Iran appears to seek direct military engagement, the evolving threat perceptions, political calculations or miscalculations, and strategic goals of multiple actors in a dynamic combat environment could increase the risk of such a conflict, particularly in light of the unprecedented April 2024 Iranian attack on Israel.¹

Background: Iran's Foreign Policy

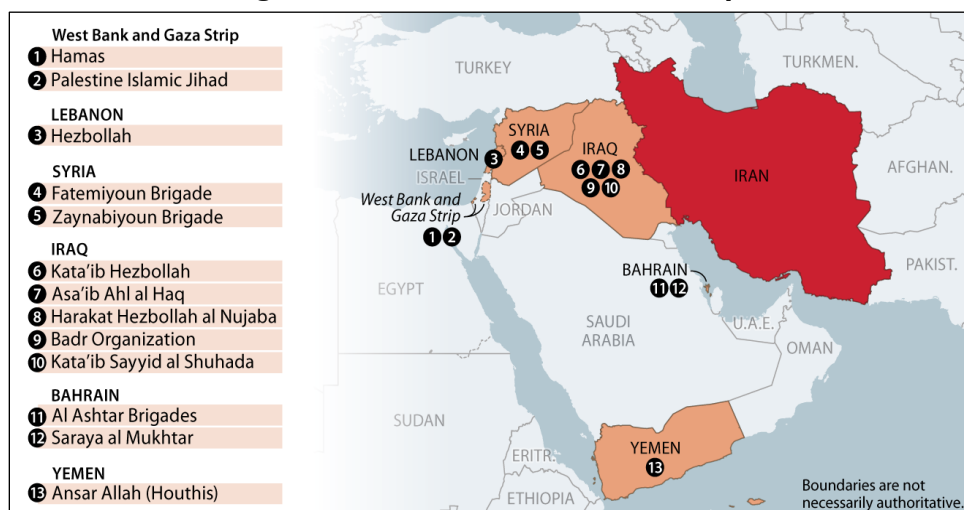
Iran's foreign policy appears to reflect overlapping and at times contradictory motivations, including countering perceived threats from the United States and U.S. partners like Israel;²

¹ Katie Bo Lillis, "US intelligence currently assesses Iran and its proxies are seeking to avoid a wider war with Israel," *CNN*, November 2, 2023; Peter Baker, "As U.S. and militias engage, White House worries about a tipping point," *New York Times*, January 21, 2024.

² Per the 2023 Annual Threat Assessment, "The Iranian regime sees itself as locked in an existential struggle with the (continued...)"

positioning Iran as the defender of Shia Muslim communities and other groups that the Iranian government characterizes as oppressed, such as the Palestinians; and the pursuit of Iran's geopolitical interests.³ To promote its priorities, Iran has backed a number of political and armed groups in the Middle East (see **Figure 1**).

Figure 2. Selected Iran-Backed Groups



Source: Created by CRS, based on U.S. Department of State, *Country Reports on Terrorism* and other open sources.

Support for these groups, a pillar of the Iranian government's foreign policy since the 1979 founding of the Islamic Republic, carries strategic benefits and risks for Iran. Iranian leaders might see supporting armed groups as a cost-effective way to project power, given that Iran lacks some key conventional military capabilities (such as modern fighter jets). Sponsorship of actors abroad could also deter potentially regime-destabilizing attacks on Iran itself, as part of what some Iran experts call a "forward defense" strategy, guided by the principle that "Iran should fight its opponents outside its borders to prevent conflict inside Iran."⁴ The sometimes-opaque nature of Iranian support for these groups may also allow Iran to attempt to deny responsibility for its beneficiaries' actions.⁵ At the same time, the United States and others may still seek to hold Iran accountable, including for actions that Iran may not have specifically directed or approved in advance.

U.S. government statements have catalogued Iranian support to various armed groups, including the "funding, training, weapons, and equipment" that Iran provides to them.⁶ Experts debate the nature of Iranian influence over these groups and their activities. Some contend that the groups

United States and its regional allies." Office of the Director of National Intelligence, *Annual Threat Assessment of the U.S. Intelligence Community*, February 6, 2023.

³ For example, Iran has supported Christian-inhabited Armenia, rather than Shia-inhabited Azerbaijan, possibly in part to thwart cross-border Azeri nationalism among Iran's large Azeri minority. Borzou Daraghi, "Nagorno-Karabakh: An unexpected conflict that tests and perplexes Iran," Atlantic Council, November 9, 2020; Vali Kaleji, "Iran increasingly uneasy about threats to common border with Armenia," *Eurasia Daily Monitor*, October 14, 2022.

⁴ Amr Yossef, "Upgrading Iran's military doctrine: An offensive 'forward defense,'" Middle East Institute, December 10, 2019; Alex Vatanka, *Whither the IRGC of the 2020s? Is Iran's Proxy Warfare Strategy of Forward Defense Sustainable?* New America, January 15, 2021.

⁵ Nakissa Jahanbani et al., "How Iranian-backed militias do political signaling," *Lawfare*, December 18, 2023.

⁶ State Department, *Country Reports on Terrorism 2022*.

are “mere appendages” of Iran that directly follow Tehran’s orders.⁷ Others assert that these groups have their own origins and grievances, “varying degrees of autonomy,” and “symbiotic” relationships with Tehran, and sometimes take actions, independent of those of the Iranian government.⁸ The Intelligence Community’s 2024 *Annual Threat Assessment* describes the axis of resistance as “a loose consortium of like-minded terrorist and militant actors.”⁹

The Iranian government’s support for regional groups is coordinated by Iran’s **Islamic Revolutionary Guard Corps (IRGC)**. The IRGC is a parallel military institution to Iran’s regular armed forces, plays a major unofficial role in Iran’s economy, and is responsible for regime security.¹⁰ The **IRGC-Qods Force (IRGC-QF)** is the IRGC component “responsible for conducting covert lethal activities outside of Iran, including asymmetric and terrorist operations.”¹¹ Both the IRGC and the IRGC-QF are designated for U.S. sanctions under terrorism-related authorities, as are many of the Iran-supported regional armed groups below.

Iran, Hamas, and the October 7, 2023, Attacks on Israel¹²

The Iranian government has backed Hamas for decades, going back nearly to the group’s inception in the 1980s.¹³ Since Hamas took de facto control of the Gaza Strip in 2007, it has engaged in several rounds of conflict with Israel, with continued reported material and financial support from Iran. Iran has aided Hamas despite Israeli-Egyptian restrictions on the transit of people and goods in place for Gaza since 2007; reported Iranian-supplied rockets provide Hamas with the ability to target population centers in central Israel.¹⁴ In a September 2020 publication, the State Department reported that “Iran historically provided up to \$100 million annually in combined support to Palestinian terrorist groups, including Hamas.”¹⁵

U.S. and Israeli officials stated publicly in October that despite the Iranian government’s longstanding support for Hamas, they did not have evidence that the government of Iran played a direct role in planning or carrying out the October 7 assault.¹⁶ Still, they contended that “Iran is

⁷ Patrick Wintour, “As Middle East Crisis Grows, Does Iran have Control of its Proxy Forces?” *Guardian*, January 6, 2024.

⁸ Sara Harmouch and Nakissa Jahanbani, “How much influence does Iran have over its proxies?” *Defense One*, January 23, 2024.

⁹ Office of the Director of National Intelligence, *Annual Threat Assessment of the U.S. Intelligence Community*, February 5, 2024. See also Erin Banco, “US Intelligence Officials Estimate Tehran Does Not have Full Control of its Proxy Groups,” *Politico*, February 1, 2024.

¹⁰ National Counterterrorism Center, “Foreign Terrorist Organizations: Islamic Revolutionary Guard Corps,” March 2022.

¹¹ Ibid. Executive Order 13224 of September 23, 2001, “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism,” 66 *Federal Register* 49079, as amended.

¹² For more, see CRS In Focus IF12549, *Hamas: Background, Current Status, and U.S. Policy*, by Jim Zanotti and CRS Report R47754, *Israel and Hamas October 2023 Conflict: Frequently Asked Questions (FAQs)*, coordinated by Jim Zanotti, Jeremy M. Sharp, and Christopher M. Blanchard.

¹³ The Iranian government has backed terrorist groups since the early 1980s, focused initially on supporting the Shia Islamist group Hezbollah in Lebanon and pressuring Persian Gulf monarchies to cease their support for Iraq in its war against Iran. After the first Palestinian *intifada* (or uprising) broke out in 1987 (the same year Hamas was founded), Iran began to focus more on supporting Palestinian groups. See U.S. State Department, *Patterns of Global Terrorism: 1986*, January 1988 and *Patterns of Global Terrorism: 1989*, April 1990.

¹⁴ Fabian Hinz, “Iran transfers rockets to Palestinian groups,” Wilson Center, May 19, 2021; Adnan Abu Amer, “Report outlines how Iran smuggles arms to Hamas,” *Al-Monitor*, April 9, 2021.

¹⁵ U.S. State Department, *Outlaw Regime: A Chronicle of Iran’s Destructive Activities*, September 2020.

¹⁶ U.S. State Department, “Secretary Antony J. Blinken with Dana Bash of CNN’s State of the Union,” October 8, 2023; “No evidence yet of Iran link to Hamas attack, says Israeli military,” *Guardian*, October 9, 2023.

broadly complicit in these attacks,” given that Iran has been Hamas’s “primary backer for decades,” as Deputy National Security Advisor Jon Finer said on October 9.¹⁷ Media accounts, citing a variety of unnamed U.S. and foreign officials, varied in their assessments of Iranian involvement, some indicating that Tehran may have been surprised by the October 7 attacks.¹⁸ For their part, Iranian officials expressed enthusiastic support for the assault but denied direct involvement.¹⁹

U.S. Policy amid “Axis of Resistance” Attacks

Despite U.S. attempts to keep the conflict from spreading, Iran-backed groups across the region have attacked a range of targets since October 2023, including Israel and U.S. forces. The United States has sought to deter and respond to these attacks, including via military action. Iranian officials have tied ongoing regional conflict to the status of the war in Gaza. For example, Iran’s foreign minister said in mid-January 2024 that an end to the conflict in Gaza “will lead to an end of military actions and crises in the region.”²⁰ The U.S. intelligence community assesses that Iran “will remain a threat to Israel and U.S. allies and interests in the region well after the Gaza conflict, and probably will continue arming and aiding its allies to threaten the United States.”²¹

Iraq and Syria

Iran has deeply rooted ties in neighboring Iraq, where it backs a number of powerful military and political actors, and with Syria, where it has for decades allied with the ruling Asad regime. Since 2017, Iran-backed groups have conducted attacks against U.S. forces (which have been in Iraq and Syria since 2014 and 2015, respectively, to support counter-Islamic State operations), sometimes prompting U.S. retaliatory airstrikes.

Those exchanges of fire became significantly more frequent after October 2023, with Iran-backed groups reportedly attacking U.S. forces in Iraq and Syria over 170 times between October 2023 and February 2024.²² Press reports citing the Defense Department stated that as of mid-February, 186 troops had been injured or killed in these attacks, including 130 traumatic brain injuries and three deaths.²³ In response, the U.S. military has conducted occasional airstrikes on Iran-linked

¹⁷ “U.S. to offer ‘every kind of support’ to Israel on hostages, White House advisor says,” CBS News, October 9, 2023.

¹⁸ Summer Said et al., “Iran helped plot attack on Israel over several weeks,” *Wall Street Journal*, October 8, 2023; Joby Warrick et al., “ Hamas received weapons and training from Iran, officials say,” *Washington Post*, October 9, 2023; Warren Strobel, “Iran knew Hamas was planning attacks, but not timing of scale, U.S. says,” *Wall Street Journal*, October 11, 2023; Zachary Cohen et al., “Initial US intelligence suggests Iran was surprised by the Hamas attack on Israel,” *CNN*, October 11, 2023; Adam Entous et al., “Early intelligence shows Hamas attack surprised Iranian leaders, U.S. says,” *New York Times*, October 11, 2023.

¹⁹ Supreme Leader Ayatollah Ali Khamenei (@khamenei_ir), X post, October 7, 2023, at https://twitter.com/khamenei_ir/status/1710752170096701778. Khamenei days earlier said much the same thing in public remarks. “Normalization with Israel like ‘backing the wrong horse’: Leader,” *Tehran Times*, October 3, 2023. “Inside story: Iran’s supreme leader strongly rejects role in Hamas attack,” *Amwaj.media*, October 10, 2023.

²⁰ “Iran foreign minister in Davos: Attacks on Israel will end if Gaza war stops,” *Reuters*, January 17, 2024.

²¹ Office of the Director of National Intelligence, *Annual Threat Assessment of the U.S. Intelligence Community*, February 5, 2024.

²² Carla Babb, “US forces attacked 151 times in Iraq, Syria during Biden presidency,” *VOA*, November 17, 2023. U.S. Department of Defense (DOD), “Pentagon Press Secretary Maj. Gen. Pat Ryder Holds a Press Briefing,” January 4, 2024. For a frequently updated collection of claimed attacks, see Michael Knights, Amir al-Kaabi, and Hamdi Malik, “Tracking Anti-U.S. Strikes in Iraq and Syria During the Gaza Crisis,” Washington Institute for Near East Policy, April 9, 2024.

²³ Rebecca Kheel, “Luck has prevented more US casualties from drone attacks in Iraq and Syria, top Mideast general says,” *Military.com*, March 7, 2024.

targets in both Syria and Iraq, including some facilities used by IRGC personnel. After a January 2024 attack killed three U.S. service members in Jordan, the United States launched air strikes on 85 Iran-backed militia sites across Syria and Iraq.²⁴ Press reports citing Iraqi and Iranian sources said that after the attack in Jordan IRGC-QF Commander Ismael Qani visited Iraq and prevailed upon Iraqi armed groups to halt attacks on U.S. and coalition personnel.²⁵ As of April 2024, there appears to have been one attack against U.S. troops in Iraq and Syria since February.²⁶

A January 2024 U.S. drone strike in Baghdad that killed a leader of a prominent Iran-backed Iraqi militia prompted Iraqi Prime Minister Mohammed Shia al Sudani to announce that he would seek to end the U.S.-led coalition military presence in Iraq. As of April 2024, the United States and Iraq are engaged in consultations about the future of bilateral military cooperation. The United States has around 2,500 troops in Iraq; the government of Iraq could invite some U.S. forces to remain in Iraq to continue training pursuant to bilateral security negotiations.²⁷ Changes to the U.S. military presence in Iraq could have consequences for U.S. operations against Islamic State fighters in Syria.

Yemen and the Red Sea²⁸

The Iranian government has long backed the Houthi movement in Yemen (who are Zaydi Shia Muslims, as opposed to Iran's Twelver Shia majority), reportedly giving the group material support for years before the Houthis took control of Yemen's capital and much of the north in 2014 and 2015.²⁹ Since then, the Houthis have battled forces of the Republic of Yemen and the Saudi-led Arab coalition that backs it. Iran's support to the Houthi movement in Yemen—including supplying ballistic and cruise missiles, as well as unmanned systems—has enabled the group to target U.S. partners, including Saudi Arabia and the United Arab Emirates.³⁰

The Houthis have espoused categorically anti-Israel views for decades, and since October 2023 have claimed several missile attacks against Israel, with many having been intercepted by Israeli or U.S. forces.³¹ More impactfully, the Houthis have asserted they are demonstrating solidarity with the Palestinians by launching dozens of drones and missiles at vessels in the Red Sea. These attacks have compelled many international shipping companies to abandon that waterway (through which approximately 10% of global trade transits) in favor of lengthier, costlier routes, which could have an impact on the global economy.³²

In mid-December 2023, the United States announced the establishment of Operation Prosperity Guardian “with the goal of ensuring freedom of navigation for all countries and bolstering

²⁴ Oren Liebermann and Natasha Bertrand, “US destroyed or damaged 84 of 85 targets in Iraq and Syria, officials say; no indications of Iranian casualties,” CNN, February 4, 2024.

²⁵ Ahmed Rasheed, Parisa Hafezi, and Timour Azhari, “Iraqi armed groups dial down U.S. attacks on request of Iran commander,” Reuters, February 18, 2024.

²⁶ Jared Szuba, “US troops in Syria down drone as threat of Iran-backed attacks returns,” *Al Monitor*, April 2, 2024.

²⁷ Ahmed Rasheed and Phil Stewart, “Iraq prepares to close down US-led coalition’s mission – PM,” Reuters, January 5, 2024.

²⁸ For more, see CRS Insight IN12301, *Houthi Attacks in the Red Sea: Issues for Congress*, by Jeremy M. Sharp.

²⁹ Barak Salmoni et al., *Regime and Periphery in Northern Yemen: The Huthi Phenomenon*, RAND, 2010; David Schenker, “Who’s behind the Houthis?” Washington Institute for Near East Policy, February 22, 2010.

³⁰ Seth Jones et al., “The Iranian and Houthi war against Saudi Arabia,” Center for Strategic and International Studies (CSIS), Dec. 21, 2021; Bruce Reidel, “Yemen war spreads to the UAE,” Brookings Institution, February 10, 2022.

³¹ Jon Gambrell, “Yemen’s Houthi rebels claim attacks on Israel, drawing their main sponsor Iran closer to Hamas war,” Associated Press (AP), October 31, 2023.

³² Jason Dunn and Fernando Leibovici, “Shipping disruptions in the Red Sea: Local shock, global impact,” Center for Economic Policy Research, March 20, 2024.

regional security and prosperity.”³³ On January 11, 2024, after warnings from the United States and other countries, the U.S. and UK militaries launched airstrikes on a number of Houthi targets across Yemen; Houthi attacks (including some targeting U.S. warships) and U.S. airstrikes have continued in subsequent months. Ongoing Houthi attacks demonstrate sustained Houthi willingness and ability to conduct maritime attacks notwithstanding strikes that U.S. officials assess are degrading their military capability.³⁴

In February 2024, the Defense Intelligence Agency released unclassified analysis finding that “Iranian aid has enabled the Houthis to initiate a campaign of missile and UAV attacks against commercial ships in the Red Sea since November 2023.”³⁵ The analysis further found that “[p]hotographs of weapons displayed and fired by Iran and the Houthis, as well as those illegally smuggled aboard boats from Iran, strongly suggest their Iranian origin.” Iranian material support to the Houthis may provide Iran with influence over some of the group’s capabilities and decisions, but Houthi leaders and officials may act independently and contrary to Iranian government preferences in some circumstances. The group’s rhetoric reflects strong nationalist views, and religious differences between the Houthi movement’s Zaydi Shia core constituency and the Iranian government’s Twelver Shia ideology may complicate their coordination and compatibility.

Lebanon and Hezbollah

Hezbollah, backed by Iran since the group’s 1982 founding, is one of the most powerful non-state armed groups in the world, arguably making it the “crown jewel” of Iranian foreign policy.³⁶ One former U.S. official has described Lebanese Hezbollah as “Iran’s most successful – and most lethal – export,” and assessed that Hezbollah is “no longer merely a subsidiary or proxy of Iran but rather an almost equal partner.”³⁷ Hezbollah leader Hassan Nasrallah has claimed that the group boasts over 100,000 fighters, but most outside estimates are in the range of 25,000 to 50,000. That figure includes the elite Radwan Force (anywhere from 2,500 to 10,000), made up of commandos trained to conduct offensive operations, including potentially into Israel.³⁸ Hezbollah also holds seats in Lebanon’s parliament, where it is a member of the caretaker government. Hezbollah (along with Iran) has played a crucial role in supporting the Assad regime in neighboring Syria, where it has been the target of repeated Israeli airstrikes. Hezbollah fought an inconclusive 34-day war with Israel in 2006 that “killed some 1,100 people and displaced nearly a million.”³⁹ Hezbollah also has reportedly provided support to many other Iran-supported groups, including Hamas.⁴⁰

Since the October 2023 Hamas attacks, Hezbollah has periodically exchanged fire with Israeli forces, prompting the evacuation of tens of thousands of residents from northern Israel and southern Lebanon. These cross-border clashes have reportedly left over 250 Hezbollah fighters

³³ U.S. Department of Defense, “Statement from Secretary of Defense Lloyd J. Austin III on ensuring freedom of navigation in the Red Sea,” December 18, 2023.

³⁴ DOD, “Deputy Pentagon Press Secretary Sabrina Singh Holds a Press Briefing,” February 20, 2024.

³⁵ U.S. Defense Intelligence Agency, *Iran: Enabling Houthi Attacks Across the Middle East*, February 2024.

³⁶ Dana Khraiche, “Iran’s ‘crown jewel’ has much to lose from a full-blown war with Israel,” *Bloomberg*, November 17, 2023.

³⁷ Jeffrey Feltman and Kevin Huggard, “On Hezbollah, Lebanon, and the risk of escalation,” Brookings Institution, November 17, 2023.

³⁸ “For a Change, Hezbollah’s Boast of 100,000 Fighters Is Not Aimed at Israel,” *Times of Israel*, October 19, 2021.

³⁹ Robbie Gramer, “Inside Biden’s Push to Head Off an Israel-Hezbollah War,” *Foreign Policy*, January 11, 2024.

⁴⁰ Michael Knights et al., “The Houthi Jihad Council: Command and Control in ‘the Other Hezbollah,’” *CTC Sentinel*, October 2022; Feltman and Huggard, op. cit.

dead and raised fears of a broader escalation in which Hezbollah's arsenal of some 150,000 missiles and rockets could pose a grave threat to Israeli strategic sites and population centers.⁴¹

Israeli officials have threatened wider military action in Lebanon if Hezbollah's fighters (particularly the Radwan Force) are not kept back from the border in a way that mitigates the threat of an October 7-style attack and permits the roughly 70,000 evacuated Israelis to return to their homes.⁴² While Israeli Prime Minister Benjamin Netanyahu has expressed hope for a diplomatic resolution, as sought by U.S. officials, he has said Israel is willing to "work in other ways."⁴³ U.S. officials also have said they hope a resolution could permit displaced people from northern Israel and southern Lebanon (reportedly around 86,000) to return to their homes.⁴⁴ Hezbollah has insisted that Israel first halt fighting in Gaza, though one U.S. official has warned that an Israel-Hamas truce would not automatically carry over to the Israel-Lebanon border.⁴⁵

Different sources provide varying assessments of the prospects for further escalation. *The Economist* asserted in January 2024 that the major parties have compelling reasons to avoid conflict: Israel's probable reluctance to add a second major front while it is militarily engaged in Gaza, Hezbollah's apparent concern that widespread destruction in Lebanon from another war with Israel could seriously damage its domestic popularity, and Iran's likely desire to keep Hezbollah intact as a deterrent to direct Israeli action against Iran.⁴⁶ One analyst wrote in March that constraints that have prevented major Israel-Hezbollah war to date were "breaking down," and that the war in Gaza and supplemental U.S. military assistance for Israel could affect Israel's calculations on whether and when it may do more to address what it may consider to be an existential issue.⁴⁷ In March 12 testimony before the House Select Intelligence Committee, Director of National Intelligence Avril Haines said, "We continue to assess that Hezbollah and Iran do not want to cause an escalation of the conflict that pulls us or even them into a full out war."⁴⁸ It is unclear how, if at all, these assessments may change in light of the April 2024 Iranian attack on Israel. Regardless of the parties' intentions, accidents or miscalculations on either side could lead to broader conflict. Apparent gradual escalation since March, including occasional Israeli attacks on militants and installations deeper into Lebanon and Hezbollah strikes on civilian areas in Israel, have contributed to ongoing speculation about the likelihood of broader conflict.⁴⁹

Iran-Israel Conflict and Iran's April 2024 Attack on Israel⁵⁰

Iran's government has long supplied and otherwise backed armed groups that have targeted Israel but had never claimed (or apparently undertaken) a direct attack by its own military forces from

⁴¹ Yehoshua Kalisky, "Precision Missiles, UAVs, and Tens of Thousands of Fighters: Hezbollah's Order of Battle," Institute for National Security Studies, October 19, 2023; "Strike on Iran's consulate in Syria is 'turning point', Hezbollah head says," Reuters, April 5, 2024.

⁴² Patricia Karam, "Hezbollah-Israel war is becoming inevitable, and the United States may not prevent it," Arab Center Washington DC, April 10, 2024.

⁴³ Israeli Prime Minister's Office, "PM Netanyahu's Remarks at the Start of the Government Meeting," Jan. 7, 2024.

⁴⁴ "Israel and Lebanon are prepping for a war neither wants, but many fear it's becoming inevitable," Associated Press, February 1, 2024; Department of State, "Secretary Antony J. Blinken at a Press Availability," January 9, 2024.

⁴⁵ Raya Jalabi et al., "US Pushes for Israel-Hizbollah Deal as Diplomacy Window Narrows," *Financial Times*, January 17, 2024; "Hezbollah tells Iran it would fight alone in any war with Israel," Reuters, March 15, 2024.

⁴⁶ "Another War Could Break Out on the Israel-Lebanon Border," *Economist*, January 4, 2024.

⁴⁷ Steven A. Cook, "War Between Israel and Hezbollah Is Becoming Inevitable," *Foreign Policy*, February 29, 2024.

⁴⁸ See <https://plus.cq.com/doc/congressionaltranscripts-7960744?0>.

⁴⁹ Seth Jones et al., "The coming conflict with Hezbollah," CSIS, March 21, 2024.

⁵⁰ For more, see CRS Insight IN12347, *Escalation of the Israel-Iran Conflict*.

Iranian territory against Israel. That changed in April 2024, with Iranian aerial attacks against Israel in retaliation for a strike in Syria that Tehran attributed to Israel that killed senior Iranian officials. The United States and others supported Israeli forces in largely thwarting those attacks, and U.S. officials have praised Israel's capabilities while urging de-escalation.

Syria has been a prominent theater for Iran-Israel confrontation since at least 2017. According to Israeli officials, Israel has struck Iran-linked targets in Syria hundreds of times; Israel's then-Intelligence Minister said in 2018 that "in the last two years Israel has taken military action more than 200 times within Syria," and the Israel Defense Forces (IDF) Chief of Staff said in December 2020 that "we have struck over 500 targets [in Syria] this year."⁵¹ Israeli strikes have reportedly continued in the context of Israel's war with Hamas and elevated regional tensions.⁵²

On April 1, 2024, the IRGC announced that two IRGC commanders and other personnel had been killed in an Israeli airstrike in Damascus, including Brigadier General Mohammad Reza Zahedi, who led IRGC operations in Syria and Lebanon.⁵³ Iran has stated that the attack was on, and destroyed, its "diplomatic premises;"⁵⁴ many media accounts report the building as having been a consulate or "part of the Iranian Embassy complex."⁵⁵ An IDF spokesman declined to comment on the strike, but said, "According to our intelligence, this is no consulate and this is no embassy... This is a military building of Qods forces disguised as a civilian building in Damascus."⁵⁶

Iranian leaders immediately vowed to retaliate and as those threats escalated, the United States moved additional assets to the region to "bolster regional deterrence efforts and increase force protection for U.S. forces" in expectation of an Iranian attack.⁵⁷ That attack came on April 13, when Iran, alongside reported partners in Yemen, Syria, and Iraq, launched an aerial strike against Israel, the first-ever direct attack by Iranian government forces on Israel. The Iranian attack comprised approximately 300-350 projectiles, including 30 cruise missiles, 110-130 ballistic missiles, and 150-185 one-way attack drones (though some evidently failed to launch).⁵⁸ Reportedly, around 99% of projectiles were shot down, both by Israeli air defense systems as well as by U.S., UK, French, and Jordanian forces.⁵⁹ The few projectiles that apparently did land inside Israel caused "very little damage," per the Israeli Defense Minister.⁶⁰

U.S. and Israeli officials contend that Iran, given the scale of the attack, was seeking to cause "significant destruction and casualties," as National Security Communications Advisor John

⁵¹ "Israel says it launched 200 strikes in Syria since 2017," *Al Jazeera*, September 5, 2018; Suleiman Al-Khalidi, "Insight: Israel intensifying air war in Syria against Iranian encroachment," Reuters, April 22, 2021.

⁵² Gianluca Pacchiani, "No longer afraid of sparking war, Israel takes gloves off against IRGC in Syria," *Times of Israel*, February 27, 2024.

⁵³ Maziar Motamedi, "Who was Mohammad Reza Zahedi, an Iranian general killed by Israel in Syria?" *Al Jazeera*, April 2, 2024.

⁵⁴ Permanent Mission of the Islamic Republic of Iran to the United Nations, "Ambassador's letter to UNSC following Israeli regime's terrorist attacks," April 1, 2024.

⁵⁵ Amanda Taub, "Israel bombed an Iranian Embassy complex. Is that allowed?" *New York Times*, April 2, 2024.

⁵⁶ CNN Transcripts, *CNN Newsroom*, 11AM EST, April 2, 2024. At an April 2024 press briefing, a State Department spokesperson said, "So we have not determined that that actually was an attack on a consulate. The status of that facility is something that we continue to assess." State Department, Department Press Briefing, April 15, 2024.

⁵⁷ Natasha Bertrand et al., "US expects Iran to carry out direct attack on Israel, sources say, as Biden warns 'don't,'" CNN, April 12, 2024.

⁵⁸ Gordon Lubold, "Many Iranian missiles failed to launch or crashed before striking target, U.S. officials say," *Wall Street Journal*, April 15, 2024.

⁵⁹ Per CENTCOM, U.S. forces destroyed "more than 80" drones and "at least six ballistic missiles."

⁶⁰ "Israel says Iran's missile and drone attack largely thwarted, with 'very little damage' caused," CBS, April 14, 2024.

Kirby said on April 15, explicitly arguing against analysis that “the Iranians meant to fail.”⁶¹ Those who align with that latter viewpoint contend that Iran could have used more drones and missiles and/or more advanced variants, and that Iran “did telegraph these attacks in advance which made them easier to deter.”⁶² Echoing reports that about half of the ballistic missiles launched by Iran failed to launch or crashed en route, Kirby also said that Iran’s “vaunted missile program...proved to be far less effective,” characterizing the attack as an “embarrassing failure” for Iran.⁶³

Still, Iran’s demonstrated ability and willingness to launch missiles and drones directly at Israel marks a watershed in the two nations’ conflict. Iranian military officials have said that the attack creates a “new equation,” with the IRGC commander stating that “From now on, if Israel attacks Iranian interests, figures and citizens anywhere, we will retaliate from Iran.”⁶⁴ The attack also appeared to demonstrate a degree of security cooperation and coordination between the United States and allies (including some Arab states).⁶⁵

In the aftermath of the attack, as Israeli leaders assess various responses, U.S. officials reportedly sought to dissuade Israel from a large-scale retaliation by urging it to “slow things down” and “take the win,” as President Biden reportedly told Prime Minister Netanyahu.⁶⁶ On April 19, Israel reportedly launched an air attack near an Iranian military base in the central province of Isfahan, and supposedly provided a few hours’ advance notice to U.S. officials.⁶⁷ Although the attack appeared to be relatively narrow in scope, it may have signaled an Israeli ability to evade and target Iranian air defenses—apparently damaging the radar on a Russian-origin S-300 system—in a province where some of Iran’s nuclear facilities are located.⁶⁸ Iranian leaders downplayed the strike’s impact while reiterating pledges to retaliate against any “proven” and “decisive” Israeli action against Iran.⁶⁹ The muted response from Iran, the relatively limited scope of the strike, and the lack of official U.S. or Israeli comment on the incident led many observers to conclude that the situation may have de-escalated.⁷⁰ Nevertheless, heightened risks of direct Israel-Iran conflict may persist. Some speculate that Israeli retaliation could spur further responses from Iran, including with regard to Iran’s nuclear program.⁷¹

⁶¹ Tovah Lazaroff, “Iran’s attack is an ‘embarrassing failure,’ a success for Israel, says US,” *Jerusalem Post*, April 16, 2024.

⁶² Michael Hirsh, “Iran’s attack seems like it was designed to fail. So what comes next?” *Politico*, April 14, 2024; Raffi Berg et al., “Why has Iran attacked Israel?” BBC, April 14, 2024; “Did Iran deploy ‘hypersonic’ missiles in attack on Israel?” *Amwaj.media*, April 16, 2024.

⁶³ Lazaroff, op. cit.; Lubold, op. cit.

⁶⁴ Susannah George, “Iran crosses old red lines and sets ‘new equation’ with attacks on Israel,” *Washington Post*, April 14, 2024.

⁶⁵ David Cloud et al., “How the U.S. forged a fragile Middle Eastern alliance to repel Iran’s Israel attack,” *Wall Street Journal*, April 15, 2024;

⁶⁶ Karen DeYoung and Matt Viser, “Biden counsels Netanyahu to ‘slow things down’ after Iranian attack,” *Washington Post*, April 14, 2024; Barak Ravid, “Scoop: Biden told Bibi U.S. won’t support an Israeli counterattack on Iran,” *Axios*, April 14, 2024; Barak Ravid, “Israel vows to retaliate against Iran for missile attacks,” *Axios*, April 15, 2024.

⁶⁷ Alex Marquardt and Katie Bo Lillis, “Washington wrestles with ‘new equation’ of direct attacks between Iran and Israel,” CNN, April 19, 2024.

⁶⁸ “Israeli weapon damaged Iranian air defenses without being detected, officials say,” *New York Times*, April 21, 2024.

⁶⁹ Tom Llamas et al., “Iranian foreign minister says it will not escalate conflict and mocks Israeli weapons as ‘toys that our children play with,’” NBC News, April 19, 2024.

⁷⁰ “Muted reactions to Israeli strikes on Iran hint at de-escalation,” *New York Times*, April 18, 2024; “Israel, Iran ready to de-escalate – for now: analysts,” *France24*, April 19, 2024.

⁷¹ David Sanger, “With nuclear deal dead, containing Iran grows more fraught,” *New York Times*, April 15, 2024.

U.S.-Iran Relations: Background and Recent Approaches

U.S.-Iran relations have been mostly adversarial since the 1979 Iranian Revolution, which deposed Shah Mohammad Reza Pahlavi, an authoritarian monarch who was a close U.S. ally, and led to the establishment of the Islamic Republic. The United States and Iran have not had diplomatic relations since 1980, following the U.S. Embassy hostage crisis.⁷²

U.S.-Iran tensions continued in the following decade, punctuated by armed confrontations in the Gulf and Iran-backed terrorist attacks (including the 1983 bombings of the U.S. Embassy and Marine barracks in Beirut). U.S. sanctions, first imposed in 1979, continued apace with the U.S. government designating Iran as a state sponsor of acts of international terrorism in 1984, an embargo on U.S. trade with and investment in Iran in 1995, and the first imposition of secondary sanctions (U.S. penalties against firms that invest in Iran's energy sector) in 1996.

After bilateral relations briefly improved during the late 1990s, tensions rose again in the early 2000s amid reports of Iran's armed support for Palestinian groups and the revelation of previously undisclosed nuclear facilities in Iran.⁷³ The United Nations Security Council imposed sanctions on Iran's nuclear program in response to concerns that the program could enable Iranian nuclear weapons development. The Obama Administration sought to address concerns about Iran's nuclear program through continued economic pressure via sanctions as well as through diplomatic engagement.⁷⁴ That engagement culminated in the 2015 multilateral nuclear agreement (Joint Comprehensive Plan of Action, JCPOA) that placed limits on Iran's nuclear activities in exchange for relief from most economic sanctions.

President Trump announced on May 8, 2018, that the United States would cease participating in the JCPOA, reinstating all sanctions that the United States had waived or terminated in meeting its JCPOA obligations. In articulating a new Iran strategy in May 2018, then-Secretary of State Mike Pompeo said that due to "unprecedented financial pressure" through reimposed U.S. sanctions, U.S. military deterrence, and U.S. advocacy, "we hope, and indeed we expect, that the Iranian regime will come to its senses."⁷⁵ He also laid out 12 demands for any future agreement with Iran, including the withdrawal of Iranian support for armed groups throughout the region. Iran's leaders rejected U.S. demands and insisted the United States return to compliance with the JCPOA before engaging on a new or revised accord.

The Trump Administration policy of applying "maximum pressure" on Iran after late 2018 took two main forms: additional sanctions and limited military action. From mid-2019 on, Iran escalated its regional military activities, at times coming into direct military conflict with the United States. Several Iranian attacks against oil tankers in the Persian Gulf and a September 2019 drone attack against Saudi Arabian oil production facilities further increased tensions. Those tensions peaked with the Trump Administration's January 3, 2020, killing of IRGC-Qods Force commander Qasem Soleimani in Baghdad, and Iran's retaliatory ballistic missile strikes against U.S. forces in Iraq and subsequent attacks by Iran-backed forces in Iraq against U.S. targets.⁷⁶

⁷² For an account of the crisis, see Mark Bowden, *Guests of the Ayatollah* (Atlantic Monthly Press, 2006).

⁷³ John Ghazvinian, *America and Iran: A History, 1720 to the Present* (Knopf, 2021).

⁷⁴ White House, "Statement by the President on Iran," July 14, 2015.

⁷⁵ "After the Deal: A New Iran Strategy," Heritage Foundation, May 21, 2018.

⁷⁶ For more, see CRS Report R46148, *U.S. Killing of Qasem Soleimani: Frequently Asked Questions*.

Iran also began exceeding JCPOA-mandated limits on its nuclear activities in 2019, according to the International Atomic Energy Agency (IAEA).⁷⁷

Developments under the Biden Administration

As a presidential candidate in 2020, Joe Biden described the Trump Administration’s Iran policy as a “dangerous failure” that had isolated the United States from its international partners, allowed Iran to increase its stockpiles of enriched uranium, and raised tensions throughout the region.⁷⁸ The Biden Administration initiated indirect talks with Iran and after months of halting negotiations, reports in August 2022 indicated that all sides were close to achieving agreement before stalling over Iran’s reported revival of some demands that the other parties had considered closed issues.⁷⁹ The Iranian government’s violent crackdown against nationwide unrest the following month (see Protests below) further diminished the prospects of a new agreement.⁸⁰

In its October 2022 National Security Strategy, the Administration laid out its policy toward Iran, stating the United States would “pursue diplomacy to ensure that Iran can never acquire a nuclear weapon, while remaining postured and prepared to use other means should diplomacy fail,” and that “we will respond when our people and interests are attacked.”⁸¹ The Strategy also states, “we will always stand with the Iranian people striving for the basic rights and dignity long denied them by the regime in Tehran.”

In 2023, friction between the United States and Iran persisted, with Iranian or Iran-backed attacks against commercial shipping in the Gulf, and the continued application of U.S. sanctions, including the interdiction of a tanker transporting Iranian oil. At the same time, the Biden Administration reportedly engaged directly with Iranian diplomats in an attempt to decrease tensions.⁸² In September 2023, the United States and Iran conducted mutual prisoner releases and the United States facilitated the transfer of \$6 billion in Iranian funds from South Korea to Qatar.⁸³

Attacks on Gulf Shipping. The United States seeks to safeguard freedom of navigation in the Persian Gulf, which has long been a flashpoint for U.S.-Iran tensions.⁸⁴ U.S. Naval Forces Central Command’s Fifth Fleet, based in Bahrain, said in a July 2023 statement that “Iran has harassed, attacked or seized nearly 20 internationally flagged merchant vessels” since 2021.⁸⁵ This includes the Iranian seizure of two tankers in April-May 2023 and the attempted seizure of two more in July 2023.⁸⁶ Iran’s April-May seizures came weeks after the United States confiscated the *Suez*

⁷⁷ See, for example, IAEA Board of Governors, *Verification and monitoring in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015)*, November 11, 2019.

⁷⁸ Joe Biden, “There’s a smarter way to be tough on Iran,” *CNN*, September 13, 2020.

⁷⁹ Ishaan Tharoor, “Is the Iran deal worth salvaging?” *Washington Post*, August 26, 2022; “Iran nuclear talks in ‘stalemate,’ says EU foreign policy chief,” *Arab News*, September 15, 2022.

⁸⁰ Nahal Toosi, “‘Everyone thinks we have magic powers’: Biden seeks a balance on Iran,” *Politico*, October 25, 2022.

⁸¹ White House, *National Security Strategy*, October 12, 2022.

⁸² Laurence Norman and David Cloud, “U.S. launches quiet diplomatic push with Iran to cool tensions,” *Wall Street Journal*, June 14, 2023.

⁸³ “U.S. reaches deal with Iran to free Americans for jailed Iranians and funds,” *op. cit.*

⁸⁴ See White House, “Fact Sheet: The United States strengthens cooperation with Middle East partners to address 21st century challenges,” July 16, 2022.

⁸⁵ U.S. Naval Forces Central Command, “U.S. prevents Iran from seizing two merchant tankers in Gulf of Oman,” July 5, 2023.

⁸⁶ Iranian forces seized the Marshall Islands-flagged *Advantage Sweet* and the Panama-flagged *Niovi* in April-May (continued...)

Rajan, a Marshall Islands-flagged tanker suspected of carrying Iranian crude oil to China in violation of U.S. sanctions.⁸⁷ The Justice Department hailed the confiscation and sale of the oil as “the first-ever criminal resolution involving a company that violated sanctions” related to trade in Iranian oil.⁸⁸ In January 2024, the Iranian navy announced that it had seized the *Suez Rajan* (renamed the *St Nikolas*) in the Gulf of Oman, drawing U.S. condemnation.⁸⁹

Prisoner Exchange and Transfer of Iranian Assets. In September 2023, Iran released five detained U.S. nationals who had been held in Iran on what the State Department called “baseless charges.”⁹⁰ In exchange, the Biden Administration granted clemency to five imprisoned Iranian nationals who had been charged with or convicted of violating U.S. sanctions and failing to register as a foreign agent.⁹¹ In a statement welcoming the return of U.S. detainees, President Biden thanked the leaders of Qatar and Oman for their role in facilitating the agreement and announced new sanctions on Iranian entities responsible for the wrongful detentions.⁹² President Biden also reaffirmed

The U.S. State Department has a longstanding travel warning that states: “Do not travel to Iran due to the risk of kidnapping and the arbitrary arrest and detention of U.S. citizens.” All Americans should heed those words and have no expectation that their release can be secured if they do not.

In connection with the exchange, the United States also facilitated the transfer of \$6 billion of Iranian funds from South Korea (where they had been held as payment for pre-2019 exports of Iranian oil to South Korea) to Qatar.⁹³ In a September 17, 2023, press briefing, one unnamed U.S. official stated that the funds in Qatar would be “available only for transactions for humanitarian goods [namely, food, medicine, medical devices, and agricultural products] with vetted third-party, non-Iranian vendors,” as part of what the Administration has termed “the humanitarian channel in Qatar” or HC.⁹⁴ In explaining why the Administration had facilitated the transfer of funds, an unnamed senior U.S. official said that while similar humanitarian transactions were permitted with respect to the South Korea-based funds, “the situation in Korea was unique because of difficulties to convert the Korean currency,” which “made it difficult to actually do humanitarian transactions.”⁹⁵ According to the U.S. Department of the Treasury, the Qatari banks operating the humanitarian channel “have committed to stringent due diligence measures,” and

2023, and attempted to seize the Marshall Islands-flagged *TRF Moss* and the Bahamas-flagged *Richmond Voyager* on July 5, 2023. “U.S. prevents Iran from seizing two merchant tankers in Gulf of Oman,” op. cit. Both tankers, and their crews, appear to remain in Iran.

⁸⁷ Nahmeh Bozorgmehr et al., “US seizure of oil vessel triggered Iran tanker capture,” *Financial Times*, April 28, 2023.

⁸⁸ U.S. Department of Justice, “Justice Department announces first criminal resolution involving the illicit sale and transport of Iranian oil in violation of U.S. sanctions,” September 8, 2023.

⁸⁹ “Iran seizes oil tanker involved in U.S.-Iran dispute in Gulf of Oman,” Reuters, January 15, 2024.

⁹⁰ U.S. Department of State, “Sixth anniversary of Iran’s wrongful detention of Baquer Namazi,” February 22, 2022.

⁹¹ Elizabeth Hagedorn, “Iran reveals names of 5 citizens sought in US prisoner deal,” *Al-Monitor*, September 11, 2023; Ellen Knickmeyer et al., “Americans released by Iran arrive home, tearfully embrace their loved ones and declare: ‘Freedom!’” Associated Press, September 19, 2023.

⁹² White House, “Statement from President Joe Biden on the return of American detainees from Iran,” September 18, 2023. The sanctions designations were made pursuant to E.O. 14078, which implements the Robert Levinson Hostage Recovery and Hostage-taking Accountability Act (Title III, Subtitle A of P.L. 116-260).

⁹³ The Administration issued a waiver permitting banks in several European countries to engage in the transfer of the Iranian funds from South Korea to Qatar. Lee, “The US moves to advance a prisoner swap deal,” op. cit.

⁹⁴ White House, “Background press call by senior Administration officials on the return of American detainees from Iran,” September 17, 2023.

⁹⁵ Ibid.

the United States “will closely monitor the HC and will take appropriate action should Iran attempt to use these funds for purposes other than permitted humanitarian transactions.”⁹⁶

Observers and some Members of Congress responded in varying ways to the exchange and transfer of funds. Some characterized the transfer of Iran’s South Korea-based funds to Qatar as a “ransom” that incentivizes hostage-taking.⁹⁷ Some of these critics argued that even if the regime is not able to use the unfrozen funds for malign activities, the regime’s access to additional funds for humanitarian purposes will free up other resources for those destabilizing activities.⁹⁸ Supporters of the arrangement lauded the Administration for securing the release of U.S. citizens held abroad (a stated Administration priority) and argued that supporting the conditional release of Iranian funds for humanitarian purposes may deprive the regime of an excuse for domestic economic problems.⁹⁹

The October 2023 Hamas-led attack on Israel appears to have changed U.S. policy with respect to the funds. According to press reports, Deputy Treasury Secretary Wally Adeyemo told legislators in October 2023 that in the wake of Hamas’s assault on Israel, U.S. and Qatari officials had agreed to prevent the use of the funds to finance the purchase of humanitarian goods for export to Iran for an unspecified period of time.¹⁰⁰ In November 2023, the House passed legislation (H.R. 5961) that would, among other provisions, direct the President to impose sanctions on any foreign financial institution that engages in transactions with the \$6 billion in Iranian funds. In testimony the following month, a State Department official said of the funds, “Not a penny of this money has been spent and these funds will not go anywhere anytime soon.”¹⁰¹

Iran’s Relations with Russia and China

Iran has acted to maintain and expand economic and military ties with Moscow and Beijing, reflecting what analysts describe as a “look East” strategy favored by hardline leaders, including President Raisi and Supreme Leader Khamenei.¹⁰² In 2024, Iran formally joined the BRICS group of emerging economies (Brazil, Russia, India, China, and South Africa).¹⁰³ The economic impacts of Iran’s BRICS membership are likely to be minimal, at least in the short term, but Iranian leaders characterize joining the group as a “strategic victory” that will buttress the Iranian government’s efforts to resist U.S.-led attempts to isolate and pressure it (including sanctions).¹⁰⁴

⁹⁶ Office of Foreign Assets Control, “Frequently Asked Question 1134: What is the humanitarian channel in Qatar,” September 18, 2023.

⁹⁷ See, for example, Senator Ted Cruz, “Sen. Cruz blasts Biden-Iran nuclear side deal on hostages,” September 11, 2023.

⁹⁸ See, for example, Chairman Michael McCaul, “McCaul statement on release of Americans held hostage in Iran,” September 18, 2023.

⁹⁹ See, for example, Senator Ben Cardin, “Cardin statement on the release of Americans from Iran,” September 18, 2023; Ryan Costello, “The latest Iran deal is a win-win,” *Defense One*, August 10, 2023.

¹⁰⁰ Jeff Stein and Jacob Bogage, “U.S., Qatar agree to stop Iran from tapping \$6 billion fund after Hamas attack,” *Washington Post*, October 12, 2023.

¹⁰¹ House Financial Services Subcommittee on Oversight and Investigations holds hearing on Iran’s financial support of terrorism, *CQ Congressional Transcripts*, December 13, 2023.

¹⁰² Javad Heiran-Nia, “How Iran’s interpretation of the world order affects its foreign policy,” Atlantic Council, May 11, 2022; Pierre Pahlavi, “The origins and foundations of Iran’s “Look East” policy,” Australian Institute of International Affairs, October 4, 2022.

¹⁰³ Farnaz Fassihi et al., “What to know about the 6 nations joining BRICS,” *New York Times*, August 23, 2023.

¹⁰⁴ “Deep dive: Iran hails invite to join BRICS, but few expect major dividends,” *Amwaj.media*, August 25, 2023; Farnaz Fassihi, “With BRICS invite, Iran shrugs off outcast status in the West,” *New York Times*, August 25, 2023.

Iran and **Russia** maintain a multifaceted relationship, bolstered by a shared rejection of what they consider a U.S., or Western, led international order.¹⁰⁵ In the words of one analyst, “as long as the West builds on its pressure campaign against Russia and Iran, Moscow and Tehran are likely to pursue further integration as a collective response.”¹⁰⁶ Relations between Iran and Russia have grown significantly in the wake of Russia’s full-scale invasion of Ukraine in February 2022.¹⁰⁷ Since 2022, Russia has turned to Iran to provide key capabilities and resources to sustain its war. According to the Biden Administration, “Iran has been providing Russia with significant numbers of drones, guided aerial bombs, and artillery ammunition, which Russia has been using to some effect to attack Ukraine.”¹⁰⁸ In return, Iran has reportedly sought advanced fighter jets and air defense systems from Russia.¹⁰⁹

In 2024, Iran-Russia ties have reached new heights, underpinned by what U.S. officials call a “full-scale defense partnership.”¹¹⁰ In March 2024, the leaders of the G7 released a statement warning Iran not to supply Russia with ballistic missiles and stating that the G7 is “prepared to respond swiftly and in a coordinated manner including with new and significant measures against Iran,” such as a ban on Iranian airlines’ travel to Europe.¹¹¹ Iran-Russia military cooperation has not been accompanied by a commensurate expansion of economic activity, given their similar economic profiles, though Russia and Iran have sought to cooperate on evading U.S. sanctions.¹¹²

For the past several decades, the **People’s Republic of China** (PRC or China) has taken steps to deepen its financial presence in numerous sectors of the Iranian economy, as well as to expand military cooperation. China is Iran’s largest trade partner and the largest importer of Iran’s crude oil and condensates, despite U.S. sanctions; Chinese imports of Iranian oil grew to over a million barrels per day in 2023 (see CRS Insight IN12267, *Iran’s Petroleum Exports to China and U.S. Sanctions*). On March 27, 2021, Iran and the PRC signed a 25-year China-Iran Comprehensive Cooperation Plan “to tap the potential for cooperation in areas such as economy and culture and map out prospects for cooperation in the long run.”¹¹³ U.S. officials also report that PRC-based

¹⁰⁵ Petr Topychkanov, “Iranian and Russian Perspective on the Global System,” Carnegie Endowment for International Peace, March 27, 2017; Michelle Grise and Alexandra T. Evans, “The Drivers of and Outlook for Russian-Iranian Cooperation,” RAND, October 2023; and, Hamidreza Azizi and Hanna Notte, “Russia’s Dangerous New Friends,” *Foreign Affairs*, February 14, 2024.

¹⁰⁶ Alex Vatanka, “Can the West stop Russian-Iranian convergence?” Middle East Institute, April 3, 2023.

¹⁰⁷ According to one study, Moscow-Tehran relations suffer from, “systemic mistrust between Russia and Iran that has arisen from—and contributes to—disagreements about the nature of the partnership and Iran’s status within it.” Michelle Grise and Alexandra T. Evans, “The Drivers of and Outlook for Russian-Iranian Cooperation,” RAND, October 2023, p. 12.

¹⁰⁸ White House, “On-the-Record Press Gaggle by White House National Security Communications Advisor John Kirby,” February 22, 2024.

¹⁰⁹ Joby Warrick, “Russian weapons help Iran harden defenses against Israeli airstrike,” *Washington Post*, April 15, 2024.

¹¹⁰ Lara Seligman and Alexander War, “New U.S. Intelligence Shows Russia’s Deepening Defense Ties with Iran,” *Politico*, June 6, 2023.

¹¹¹ The G7 consists of the United States, Italy, Japan, Germany, Britain, France and Canada. Laurence Norman and Michael Gordon, “G-7 Threatens Coordinated Sanctions if Iran Provides Ballistic Missiles to Russia,” *Wall Street Journal*, March 15, 2024. “G-7 threatens coordinated sanctions if Iran provides ballistic missiles to Russia,” *Wall Street Journal*, March 15, 2024.

¹¹² Matthew Karnitschnig, “Iran teaches Russia its tricks on beating oil sanctions,” *Politico*, November 9, 2022; Tom Keatinge, “Developing bad habits: What Russia might learn from Russia’s sanctions evasion,” RUSI, June 2023.

¹¹³ Ministry of Foreign Affairs of the PRC, “Wang Yi Holds Talks with Iranian Foreign Minister Mohammad Javad Zarif,” March 28, 2021.

entities have supplied Iran-backed armed groups with UAV technology.¹¹⁴ The United States has imposed sanctions on a number of PRC-based entities for allegedly supplying Iran's missile, nuclear, and conventional weapons programs. China's role in brokering a 2023 agreement between Iran and Saudi Arabia to reestablish diplomatic relations has been seen by some as a sea change in regional diplomacy, though others contend the United States remains the essential partner to Gulf Arab states.¹¹⁵

Iran's Political System

Iran's Islamic Republic was established in 1979, ending the autocratic monarchy of the Shah, and is a hybrid political system that defies simple characterization. Iran has a parliament, regular elections, and some other features of representative democracy. In practice, though, the government is authoritarian, ranking 154th out of 167 countries in the Economist Intelligence Unit's 2023 Democracy Index.¹¹⁶ Shia Islam is the state religion and the basis for all legislation and jurisprudence, and political contestation is tightly controlled, with ultimate decision-making power in the hands of the Supreme Leader. That title has been held by Ayatollah Ali Khamenei since 1989, when he succeeded the Islamic Republic's founding leader, Ayatollah Ruhollah Khomeini. In September 2022, Khamenei appeared to suffer a brief bout of significant illness; prospects for leadership succession are unclear.

Iran's top directly elected position is the presidency, which, like the directly elected unicameral parliament (the Islamic Consultative Assembly, also known as the *Majles*) and every other organ of Iran's government, is subordinate to the Supreme Leader. Incumbent president Ebrahim Raisi, a hardliner close to Khamenei who reportedly played a role in a judicial decision to approve the execution of thousands of political prisoners in 1988, won the June 2021 election to succeed the moderate Hassan Rouhani.¹¹⁷ Rouhani, who won elections in 2013 and 2017, had overseen Iran's negotiations with the United States and its entry into the JCPOA. The 2018 U.S. exit from the JCPOA and reimposition of sanctions, as well as the January 2020 U.S. killing of Islamic Revolutionary Guard Corps (IRGC)-Qods Force commander Qasem Soleimani, appeared to shift public support away from moderates like Rouhani.¹¹⁸ Hardliners prevailed in the February 2020 *Majles* elections.

The June 2021 presidential election appears to have cemented this shift toward a more hardline approach to the United States. Rouhani was term-limited and ineligible to run; the government also banned several moderate candidates from running. These circumstances might have

¹¹⁴ Testimony of Department of State Assistant Secretary of State for Near Eastern Affairs Barbara Leaf, in U.S. Congress, Senate Foreign Relations Subcommittee on Near East, South Asia, Central Asia and Counterterrorism, *China's Role in the Middle East*, hearing, 117th Cong., 2nd sess., August 4, 2022.

¹¹⁵ "Experts react: Iran and Saudi Arabia just agreed to restore relations, with help from China. Here's what that means for the Middle East and the world," Atlantic Council, March 10, 2023; Michael McFaul and Abbas Milani, "How China's Saudi-Iran deal can serve U.S. interests," *Foreign Policy*, March 14, 2023; Adam Gallagher et al., "What you need to know about China's Saudi-Iran deal," United States Institute of Peace, March 16, 2023.

¹¹⁶ Economist Intelligence Unit, *Democracy Index 2022: Frontline democracy and the battle for Ukraine*, February 2023.

¹¹⁷ In Iran's political system, hardliners, who support the Islamic Republic and generally oppose accommodation with the West, are also known as conservatives or "principlists"; "reformists" generally support greater political openness and engagement with the West. "Moderates" exist between these groups, but are increasingly identified with the reformists. Benoit Faucon and David Cloud, "Confronting Iran protests, regime uses brute force but secretly appeals to moderates," *Wall Street Journal*, November 23, 2022.

¹¹⁸ Kim Sengupta, "Iran's moderates fear backlash in crucial election as supreme leader Khamenei urges voters to 'foil evil American intentions,'" *Independent*, February 19, 2020.

contributed to this election having the lowest turnout in the Islamic Republic's history up to that point; slightly less than half (49%) of eligible Iranians voted. Turnout declined further to 41% in March 2024 elections for the *Majles* and the Assembly of Experts, a body whose constitutional responsibilities include selecting the Supreme Leader; hardliners dominated those elections, in which most other candidates were disqualified from running.¹¹⁹

Iran has intermittently experienced popular unrest, including mass demonstrations that shook Iran in 2009 and 2010, when hundreds of thousands of demonstrators took to the streets of Iran's urban centers to protest alleged fraud in the 2009 presidential election. Other periods of upheaval since then include protests in December 2017, summer 2018, and late 2019, based most frequently on economic conditions but also reflecting other grievances with Iran's leadership. The government has often used violence to disperse protests, in which hundreds have been killed by security forces. U.S. and U.N. assessments have long cited Iran's government for a wide range of human rights abuses in addition to its repression of political dissent and use of force against protesters, including severe violations of religious freedom and women's rights, human trafficking, and corporal punishment.

2022-2023 Political Protests

The September 2022 death of 22-year-old Mahsa Amini, who was arrested by Iran's Morality Police for allegedly violating Iran's mandatory *hijab* (head covering) law and died after reportedly having been beaten in custody, sparked nationwide unrest in late 2022. In protests throughout the country, demonstrators voiced a broad range of grievances, with some calling for an end to the Islamic Republic and chanting "death to the dictator." Women played a prominent role in the protests.¹²⁰ In response, the Iranian government deployed security forces who reportedly killed hundreds of protesters and arrested thousands. Iranian officials, who blamed the United States and other foreign countries for fomenting what they called "riots," also shut down internet access. In March 2024, the Independent International Fact-Finding Mission on the Islamic Republic of Iran issued its first report to the United Nations Human Rights Council, assessing that the Iranian government's "violent repression of peaceful protests...led to serious human rights violations," including extrajudicial killings, enforced disappearances, rape, and gender persecution.¹²¹

Throughout fall 2022, observers debated whether the protests, information about which remains opaque and highly contested, represented the "turning point" that some activists claimed: for example, one observer compared 2022 unrest to the circumstances that preceded the 1979 Islamic Revolution, while another discounted the revolutionary potential of the protests.¹²² The demonstrations of 2022 were smaller and more geographically dispersed than those of 2009, and reportedly included protestors from a diverse range of social groups. In December 2022, as the protests appeared to wane, Director of National Intelligence Avril Haines stated, "this is not something that we see right now as being ... an imminent threat to the regime."¹²³

¹¹⁹ Mehrzad Boroujerdi, "Iran's Faustian 2024 elections: Statistics tell the story," Stimson Center, March 4, 2024.

¹²⁰ Suzanne Kianpour, "The women of Iran are not backing down," *Politico*, January 22, 2023.

¹²¹ United Nations, Office of the High Commissioner for Human Rights, "Iran: Institutional discrimination against women and girls enabled human rights violations and crimes against humanity in the context of recent protests, UN Fact-Finding Mission says," March 8, 2024.

¹²² Ray Takeyh, "A second Iranian revolution?" *Commentary*, November 2022; Sajjed Safael, "Iran's protests are nowhere near revolutionary," *Foreign Policy*, January 17, 2023.

¹²³ "DNI Avril Haines: Protests in Iran not an 'imminent threat to the regime'" *MSNBC*, December 5, 2022.

As of April 2024, the protest movement has receded but the fundamental grievances that motivated the outbreak of unrest in September 2022 (and in previous years) remain unresolved, so further rounds of popular protests are possible. The protest movement apparently lacks an organized structure, a visible leader, and a shared alternative vision for Iran's future, and therefore may have limited capacity to pose an existential risk to the Islamic Republic. Many Iranian women (particularly in urban areas) have reportedly stopped wearing mandatory head coverings, prompting Iran's parliament to pass legislation to impose heavier punishments on women who flout the mandate.¹²⁴ Iranian police reportedly launched a crackdown on women in Tehran accused of violating the mandatory head covering law in April 2024.¹²⁵

In response to the protests, the Biden Administration announced sanctions designations targeting Iran's Morality Police and dozens of other government entities and officials for their role in the crackdown; issued a general license to counter what officials described as Tehran's move to "cut off access to the Internet for most of its 80 million citizens to prevent the world from watching its violent crackdown on peaceful protestors;" and led a successful effort to remove Iran from the U.N. Commission on the Status of Women in December 2022.¹²⁶

Iran's Military: Structure and Capabilities

Given the adversarial nature of U.S.-Iran relations and the centrality of various military-related entities in Iranian domestic and foreign policy, Iran's military has been a subject of sustained engagement by Congress and other U.S. policymakers. The elements of Iran's military that arguably threaten U.S. interests most directly are Iran's Islamic Revolutionary Guard Corps (IRGC) and the country's missile and unmanned aerial vehicle (UAV, or drone) programs.

Iran's traditional military force, the *Artesh*, is a legacy of Iran's Shah-era military force. The *Artesh* exists alongside the IRGC, which Khomeini established in 1979 as a force loyal to the new regime. Rivalries between the two parallel forces (each have their own land, air, and naval force components) stem from their "uneven access to resources, varying levels of influence with the regime, and inherent overlap in missions and responsibilities."¹²⁷ While both serve to defend Iran against external threats, the government deploys the *Artesh* primarily along Iran's borders to counter any invading force, while the IRGC has a more ideological character and the more expansive mission of combating internal threats and expanding Iran's influence abroad.

Ballistic Missiles

According to the U.S. intelligence community, "Iran's ballistic missile programs have the largest inventory in the region and Tehran is emphasizing improving the accuracy, lethality, and reliability of its missiles."¹²⁸ Per CENTCOM Commander General Michael E. Kurilla, Iran has aggressively developed its missile capabilities to achieve "an asymmetric advantage against

¹²⁴ Nasser Karimi and Jon Gambrell, "A year ago, an Iranian woman's death sparked hijab protests. Now businesses are a new battleground," Associated Press, August 10, 2023; "Iran's politicians to debate hijab laws in secret," *BBC*, August 13, 2023.

¹²⁵ "Wave of complaints follows police hijab crackdown in Tehran," Radio Farda, April 16, 2024.

¹²⁶ U.S. Department of the Treasury, "U.S. Treasury issues Iran General License D-2 to increase support for internet freedom," September 23, 2022.

¹²⁷ Defense Intelligence Agency, *Iran Military Power: Ensuring Regime Survival and Securing Regional Dominance*, 2019.

¹²⁸ *Annual Threat Assessment of the U.S. Intelligence Community*, February 5, 2024.

regional militaries.”¹²⁹ Iran has used its ballistic missiles to target U.S. regional assets directly, including a January 2020 attack (shortly following the U.S. killing of IRGC-QF Commander Soleimani) against Iraqi sites where U.S. military forces were stationed, and attacks against Iraq’s Kurdistan region in March and September 2022.¹³⁰

Iran’s medium-range ballistic missiles were assessed by the Defense Intelligence Agency (DIA) in 2019 to have a maximum range of around 2,000 kilometers from Iran’s borders, reportedly capable of reaching targets as far as southeastern Europe; General Kurilla repeated that estimate in 2024 testimony.¹³¹ U.S. officials and others have expressed concern that Iran’s government could use its nascent space program to develop longer-range missiles, including intercontinental ballistic missiles (ICBMs).¹³² According to a congressionally mandated report issued by the Office of the Director of National Intelligence in June 2023, Iran’s work on space launch vehicles (SLVs) “shortens the timeline to an ICBM if it decided to develop one because SLVs and ICBMs use similar technologies.”¹³³ The Biden Administration has designated for sanctions several Iranian and Chinese entities for their involvement in the Iranian government’s ballistic missile activities.¹³⁴ As mentioned above, U.S. officials reportedly assess that half of the ballistic missiles Iran attempted to launch at Israel in April 2024 failed to reach Israel, and most of those that did were shot down.¹³⁵

Iran’s Missile Program and U.N. Sanctions “Snapback”¹³⁶

In July 2015, the U.N. Security Council adopted Resolution 2231 (UNSCR 2231), which, in addition to endorsing full implementation of the JCPOA, also contained provisions related to Iran’s arms and missile development activities. Specifically, Annex B of the Resolution provides for a ban on the transfer of conventional arms to or from Iran (the conventional weapons ban expired in October 2020), and restricts exports of missile-related items until October 2023. UNSCR 2231 also includes provisions that effectively allow any “JCPOA participant state” to force the reimposition of UN sanctions, including the arms transfer and ballistic missile bans as well as a ban on purchasing Iranian oil, in a process known as “snapback.” In August 2020, the Trump Administration invoked the snapback provision in an attempt to extend the conventional arms embargo, but most other members of the Security Council (including JCPOA participants France, the United Kingdom, Russia, and China) asserted that the United States, having ceased implementing its JCPOA commitments in 2018, was not a participant and therefore did not have the standing to trigger the snapback of sanctions, and the conventional arms ban expired in October 2020.¹³⁷ The Biden Administration has reversed the Trump Administration’s position on the snapback provision.

On October 18, 2023, U.N. sanctions related to Iran’s missile-related activities also expired; on the day of expiration the United States and 47 other countries issued a statement expressing their commitment to “take all

¹²⁹ Statement for the Record before the Senate Armed Services Committee, March 13, 2023.

¹³⁰ “Who would live and who would die: The inside story of the Iranian attack on Al Asad Airbase,” *CBS News*, August 8, 2021; “Iran attacks Iraq’s Erbil with missiles in warning to U.S., allies,” Reuters, March 13, 2022; White House, “Statement by National Security Advisor Jake Sullivan on Iran’s Missile and Drone Attacks in Northern Iraq,” September 28, 2022.

¹³¹ *Iran Military Power*, op. cit. 43; “Two visions for the future of the Central Command,” March 7, 2024.

¹³² *Annual Threat Assessment*, op. cit.; Farzin Nadimi, “Iran’s ballistic missile arsenal is still growing in size, reach, and accuracy,” Washington Institute for Near East Policy, December 13, 2021.

¹³³ Office of the Director of National Intelligence, *Iran’s Nuclear Weapons Capability and Terrorism Monitoring Act of 2022*, June 2023.

¹³⁴ U.S. Department of the Treasury, “Treasury Sanctions Key Actors in Iran’s Ballistic Missile Program,” March 30, 2022; “Treasury sanctions international procurement network supporting Iran’s missile and military programs,” June 6, 2023.

¹³⁵ Laurence Norman, “Iran attack demonstrates ballistic missile capabilities,” *Wall Street Journal*, April 14, 2024.

¹³⁶ For more, see CRS In Focus IF11583, *Iran’s Nuclear Program and U.N. Sanctions Reimposition*, by Paul K. Kerr.

¹³⁷ “UNSC dismisses US demand to impose ‘snapback’ sanctions on Iran,” *Al Jazeera*, August 25, 2020. For more, see CRS In Focus IF11429, *U.N. Ban on Iran Arms Transfers and Sanctions Snapback*.

necessary measures to prevent” the transfer of drones and related technology to and from Iran.¹³⁸ Some observers have argued that the expiration of U.N. sanctions will strengthen both Iran and its ties with other U.S. adversaries like Russia.¹³⁹ Others contend the impact of the expiration is likely to be minimal, given existing U.S. and other bilateral sanctions and the evident inability of the ban to constrain Iran’s drone exports while in place.¹⁴⁰

UAVs

While Iranian drones are not as technologically complex or advanced as the U.S. or Israeli UAVs on which the Iranian versions are often modeled, they are a cost-effective way of projecting power, especially given Iran’s underdeveloped air force. Traditional air defense systems have difficulty intercepting UAVs, in part because such systems were designed to detect manned aircraft with larger radar and/or heat signatures.¹⁴¹ Iran’s drone operations include attacks in September 2019 against Saudi oil production facilities, a complex assault that featured 18 drones and several land-attack cruise missiles; in July 2021 against an oil tanker off the coast of Oman; and in October 2021 against a U.S. military base in At Tanf, Syria. Iran’s April 2024 attack on Israel also featured 150 or more drones. The Biden Administration has designated for sanctions numerous individuals and entities that have supported Iran’s UAV programs.¹⁴² Iran’s drone program is at the heart of its growing military partnership with Russia: according to news accounts, Iran has transferred “at least 1,000 attack drones” and “dozens of multipurpose” drones to Russia, and the two countries have engaged in a “joint venture” at a factory in southeastern Russia that is producing hundreds of Iranian-designed drones.¹⁴³ Iran has also reportedly exported drones to other countries, such as Ethiopia, Sudan, and Venezuela.¹⁴⁴

Iran’s Nuclear Program¹⁴⁵

U.S. policymakers have signaled concern for decades that Tehran might attempt to develop nuclear weapons. Iran’s construction of gas centrifuge uranium enrichment facilities is currently the main source of concern that Tehran is pursuing nuclear weapons. Gas centrifuges can produce both low-enriched uranium (LEU), which can be used in nuclear power reactors, and weapons-grade highly enriched uranium (HEU), which is one of the two types of fissile material used in nuclear weapons. Iranian leaders claim that the country’s LEU production is only for Tehran’s current and future civil nuclear reactors.

¹³⁸ U.S. Department of State, “Joint statement on UN Security Council Resolution 2231 Transition Day,” October 18, 2023.

¹³⁹ Foundation for Defense of Democracies, “Expiration of UN ban on Iran’s missile development will strengthen U.S. adversaries,” October 16, 2023.

¹⁴⁰ Vali Kaleji, “Expiration of UN missile sanctions has limited effect on Iran’s arms trade,” Jamestown Foundation, November 30, 2023.

¹⁴¹ Golnaz Esfandiari, “Iran deploys drones to target internal threats, protect external interests,” *RFE/RL*, January 18, 2022.

¹⁴² See, for example, U.S. Department of the Treasury, “Treasury sanctions network and individuals in connection with Iran’s unmanned aerial vehicle program,” October 29, 2021; “Treasury sanctions multinational network supporting Iran’s UAV and military aircraft production,” September 19, 2023.

¹⁴³ Joby Warrick, “Russian weapons help Iran harden defenses against Israeli airstrike,” *op. cit.*

¹⁴⁴ Euan Ward and Farnaz Fassihi, “Iran ramps up drone exports, signaling global ambitions,” *New York Times*, July 28, 2022; Peter Waldman et al., “Iran’s better, stealthier drones are remaking global warfare,” *Bloomberg*, April 8, 2024.

¹⁴⁵ Material in this section is drawn from CRS Report R43333, *Iran Nuclear Agreement and U.S. Exit*, which contains additional information on Iran’s nuclear program and the JCPOA.

2015 Joint Comprehensive Plan of Action (JCPOA)

The Obama Administration pursued a “dual track” strategy of stronger economic pressure through increased sanctions coupled with offers of sanctions relief if Iran accepted constraints on the nuclear program. Many observers assess that U.S. and multilateral sanctions contributed to Iran’s 2013 decision to enter into negotiations that concluded in the 2015 Joint Comprehensive Plan of Action (JCPOA).¹⁴⁶

The JCPOA imposed restraints on Iran’s nuclear program in exchange for relief from most U.S. and U.N. Security Council economic sanctions. The agreement restricted Iran’s enrichment and heavy water reactor programs and provided for enhanced IAEA monitoring to detect Iranian efforts to produce nuclear weapons using either declared or covert facilities. The nuclear-related provisions of the agreement, according to U.S. officials, extended the nuclear breakout time—the amount of time that Iran would need to produce enough weapons-grade HEU for one nuclear weapon—to a minimum of one year, for a duration of at least 10 years.¹⁴⁷ In addition to the restrictions on activities related to fissile material production, the JCPOA indefinitely prohibited Iranian “activities which could contribute to the design and development of a nuclear explosive device,” including research and diagnostic activities. The IAEA continues to monitor Iranian compliance with the JCPOA provisions but since 2019 has reported diminishing Iranian cooperation with JCPOA-mandated monitoring.¹⁴⁸

Sanctions relief.¹⁴⁹ In accordance with the JCPOA, the United States waived its secondary sanctions—penalties on third country entities engaging in some types of trade with Iran, primarily in the energy sector—in 2016. The secondary sanctions eased during JCPOA implementation included sanctions on Iran’s exportation of oil and on its financial sector. The European Union (EU) lifted its ban on purchases of oil from Iran; and Iranian banks were readmitted to the SWIFT financial messaging services system.¹⁵⁰ The U.N. Security Council revoked its resolutions that required member states to impose certain restrictions. The JCPOA did not require the lifting of U.S. sanctions on direct U.S.-Iran trade or sanctions levied for Iran’s support for regional armed factions and terrorist groups, its human rights abuses, or its efforts to acquire missile and advanced conventional weapons technology. In 2018, the United States reimposed those sanctions that had been waived pursuant to JCPOA implementation (see below).

Post-2019 nuclear developments.¹⁵¹ The IAEA has reported that some of Iran’s nuclear activities, including Iran’s LEU stockpile and number of enrichment locations, exceed JCPOA-mandated limits, and that the agency is unable to fully perform JCPOA verification and monitoring activities. Iran’s September 2023 de-designation of several IAEA inspectors,

¹⁴⁶ Uri Berliner, “Crippled by sanctions, Iran’s economy key in nuclear deal,” NPR, November 25, 2013; Amir Toumaj, “Iran’s economy of resistance: implications for future sanctions,” AEI, November 17, 2014; “Inside the Iran nuclear deal,” *Harvard Gazette*, October 6, 2015.

¹⁴⁷ “Background Conference Call by Senior Administration Officials on Iran,” July 14, 2015. U.S. Secretary of Energy Ernest Moniz described this timeline as “very, very conservative” in an April 2015 interview (Michael Crowley, “Ernest Moniz: Iran Deal Closes Enrichment Loophole,” *Politico*, April 7, 2015). See also CRS In Focus IF12106, *Iran and Nuclear Weapons Production*, by Paul K. Kerr.

¹⁴⁸ CRS Report R40094, *Iran’s Nuclear Program: Tehran’s Compliance with International Obligations*, by Paul K. Kerr.

¹⁴⁹ For additional details on sanctions waived under the JCPOA, see CRS Report RS20871, *Iran Sanctions*.

¹⁵⁰ The Society for Worldwide Interbank Financial Telecommunication (SWIFT), based in Belgium, provides a financial messaging service to facilitate cross-border transactions, including payments involving multiple currencies. International energy-sector trade heavily depends on SWIFT services.

¹⁵¹ For more, see CRS Report R40094, *Iran’s Nuclear Program: Tehran’s Compliance with International Obligations*, by Paul K. Kerr.

effectively barring them from taking part in the monitoring of Iran’s nuclear program, drew condemnation from the IAEA Director General, who called the move “disproportionate and unprecedented” and “another step in the wrong direction” that “constitutes an unnecessary blow to an already strained relationship between the IAEA and Iran.”¹⁵² Iran reportedly continued to advance its nuclear activities in late 2023, increasing its “production of highly enriched uranium” in November 2023, “reversing a previous output reduction from mid-2023.”¹⁵³ The IAEA reported those trends continuing, with Iran having further increased its stockpile of enriched uranium, in its February 2024 report. In testimony the next month, General Kurilla stated that Iran “could enrich enough uranium for three nuclear devices within weeks.”¹⁵⁴ The U.S. Intelligence Community continues to assess that Iran “is not currently undertaking the key nuclear weapons-development activities to produce a testable nuclear device” but that it has “undertaken activities that better position it to produce a nuclear device, if it chooses to do so.”¹⁵⁵

U.S. Sanctions¹⁵⁶

Since 1979, U.S. administrations have imposed economic sanctions in an effort to change Iran’s behavior, often at the direction of Congress. U.S. sanctions on Iran are multifaceted and complex, a result of over four decades of legislative, administrative, and law enforcement actions by successive presidential administrations and Congresses.

U.S. sanctions on Iran were first imposed during the U.S.-Iran hostage crisis of 1979-1981, when President Jimmy Carter issued executive orders blocking nearly all Iranian assets held in the United States. In 1984, Secretary of State George Shultz designated the government of Iran a state sponsor of acts of international terrorism (SSOT) following the October 1983 bombing of the U.S. Marine barracks in Lebanon by elements that later established Lebanese Hezbollah. Iran’s status as an SSOT triggers several sanctions including restrictions on licenses for U.S. dual-use exports; a ban on U.S. foreign assistance, arms sales, and support in the international financial institutions; and the withholding of U.S. foreign assistance to countries that assist or sell arms to the designee.

Later in the 1980s and throughout the 1990s, other U.S. sanctions sought to limit Iran’s conventional arsenal and its ability to project power throughout the Middle East. In the 2000s, as Iran’s nuclear program progressed, U.S. sanctions focused largely on trying to pressure Iran to limit its nuclear activities. Most of the U.S. sanctions enacted after 2010 were secondary sanctions on foreign firms that conduct transactions with major sectors of the Iranian economy, including banking, energy, and shipping. Successive Administrations issued Executive Orders under which they designated specific individuals and entities to implement and supplement the provisions of these laws. The United States has also, pursuant to various authorities, imposed sanctions on scores of entities held responsible for human rights violations.

Impact of sanctions. U.S. sanctions imposed during 2011-2015, and since 2018, have taken a substantial toll on Iran’s economy. According to one assessment, economic outcomes in Iran “are determined primarily by the multiple negative consequences of sanctions.”¹⁵⁷ Some analysts,

¹⁵² IAEA, “IAEA Director General’s statement on verification in Iran,” September 16, 2023.

¹⁵³ Francois Murphy, “Iran undoes slowdown in enrichment of uranium to near weapons-grade—IAEA,” Reuters, December 26, 2023.

¹⁵⁴ “Two visions for the future of the Central Command,” op. cit.

¹⁵⁵ *Annual Threat Assessment of the U.S. Intelligence Community*, February 5, 2024.

¹⁵⁶ For more, see CRS In Focus IF12452, *U.S. Sanctions on Iran*, by Clayton Thomas.

¹⁵⁷ *Country Forecast: Iran*, Economist Intelligence Unit, August 2023.

while agreeing that sanctions have an impact, also have argued that Iran suffers from “decades of failed economic policies.”¹⁵⁸ A U.N. official, in a May 2022 visit to Iran, said that economic sanctions had increased inflation and poverty, exacerbating overall humanitarian conditions.¹⁵⁹

Sanctions appear to have had a mixed impact on the range of Iranian behaviors their imposition has been intended to curb. As mentioned above, some experts attribute Iran’s decision to enter into multilateral negotiations and agree to limits on its nuclear program under the JCPOA at least in part to sanctions pressure. Other aspects of Iranian policy seen as threatening to U.S. interests, including its regional influence and military capabilities, appear to remain considerable and have arguably increased in the last decade.¹⁶⁰ The reimposition of U.S. sanctions after 2018 may also have contributed to Iran’s growing closeness to Russia and China.

As part of its oversight responsibilities and to better inform legislative action, Congress has directed successive Administrations to provide reports on a wide array of Iran-related topics, including U.S. sanctions. In recent legislation, they include reports on the “status of United States bilateral sanctions on Iran” (§7041(b)(2)(B) of FY2024 Further Consolidated Appropriations Act, P.L. 118-47) and the impact of sanctions on various Iranian entities and Iran-backed groups (§1227 of the FY2022 National Defense Authorization Act, NDAA, P.L. 117-81). Congress has also held numerous hearings focused primarily or in part on U.S. sanctions on Iran.

The Biden Administration has not issued any new sanctions authorities but has continued to designate for sanctions Iranian and third-country-based entities pursuant to existing U.S. laws and executive orders. Entities designated in 2023 and 2024 include individuals and companies involved in Iran’s unmanned aerial vehicle (UAV) and ballistic missile programs; individuals involved in the production, sale, and shipment of Iranian oil to Asia; individuals involved in the crackdown on protesters and in other human rights abuses; senior IRGC officials involved in the wrongful detention of U.S. nationals in Iran; and individuals and companies facilitating the Iranian regime’s internet censorship.¹⁶¹ After Iran’s April 2024 attack on Israel, National Security Advisor Jake Sullivan announced that the United States would “impose new sanctions targeting Iran” in conjunction with allies and partners, saying:

These new sanctions and other measures will continue a steady drumbeat of pressure to contain and degrade Iran’s military capacity and effectiveness and confront the full range of its problematic behaviors. Over the last three years, in addition to missile and drone-related sanctions, the United States has sanctioned over 600 individuals and entities connected to terrorism, terrorist financing and other forms of illicit trade, horrific human

¹⁵⁸ Anthony Cordesman, “The Crisis in Iran: What Now?” Center for Strategic and International Studies, January 11, 2018.

¹⁵⁹ Golnaz Esfandiari, “Visit to Iran by controversial UN rapporteur provokes concerns,” *RFE/RL*, May 13, 2022; Amir Vahdat, “UN envoy: US sanctions on Iran worsen humanitarian situation,” *ABC News*, May 18, 2022.

¹⁶⁰ See, for example, “New report reveals extent of Iran’s growing Middle East influence,” *Al Jazeera*, November 7, 2019; Ariane Tabatabai et al., “Iran’s Military Interventions: Patterns, Drivers, and Signposts,” RAND Corporation, 2021; David Gardner, “Curbing Iran’s regional ambitions remains a distant hope for the west,” *Financial Times*, June 10, 2021; Philip Loft, “Iran’s influence in the Middle East,” House of Commons Library (UK Parliament), March 23, 2022.

¹⁶¹ See U.S. Department of the Treasury, Office of Foreign Assets Control press releases “Treasury sanctions international procurement network supporting Iran’s missile and military programs,” June 6, 2023; “Treasury sanctions companies involved in production, sale, and shipment of Iranian petrochemicals and petroleum,” February 9, 2023; “Treasury sanctions senior Iranian officials overseeing violent protest suppression and censorship,” April 24, 2023; “Treasury sanctions officials of Iranian intelligence agency responsible for detention of U.S. nationals in Iran,” April 27, 2023; “Treasury sanctions Iranian company aiding in internet censorship,” June 2, 2023.

rights abuses, and support for proxy terrorist groups, including Hamas, Hezbollah, the Houthis, and Kataib Hezbollah. The pressure will continue.¹⁶²

Action in the 118th Congress. Legislation in the 118th Congress has targeted a number of Iranian government behaviors, including its crackdown on popular protests, its continued oil exports, and its support for terrorist groups across the Middle East. Dozens of measures related to Iran sanctions have been introduced in the 118th Congress; bills agreed to in the House include:

- H.R. 589 (the Mahsa Amini Human Rights and Security Accountability, or MAHSA, Act), which the House agreed to 410-3 on September 12, 2023. This bill would, among other provisions, direct the Administration to review whether specified Iranian entities meet the criteria for designation under certain existing sanctions authorities.
- H.R. 3152 (the Fight and Combat Rampant Iranian Missile Exports, or Fight CRIME, Act), which the House agreed to 403-8 on September 12, 2023. This bill would, among other provisions, direct the President to impose sanctions on persons the President determines engage in efforts to transfer missile-related technology to or from Iran.
- H.R. 3774 (the Stop Harboring Iranian Petroleum, or SHIP, Act), which the House agreed to 342-69 on November 3, 2023. This bill would, among other provisions, direct the President to impose sanctions on person the President determines have engaged in certain transactions related to Iranian petroleum exports.
- H.R. 5923 (the Iran-China Energy Sanctions Act of 2023), which the House agreed to 383-11 on April 15, 2024. This bill would amend the FY2012 NDAA to clarify that potentially sanctionable “significant financial transactions” related to Iranian petroleum include those carried out by Chinese financial institutions.
- Those and several other Iran-related measures were included in H.R. 8038, which the House agreed to 360-58 on April 20, 2024, alongside several foreign assistance bills.

Outlook

While the challenges posed by the Iranian government’s nuclear program, its human rights abuses, and its growing ties with China and Russia remain, the regional turmoil unleashed by the October 2023 Hamas-led assault on Israel has been the foremost issue affecting U.S. policy toward Iran in 2024. Clashes between Iran-backed groups and U.S. forces across the Middle East have caused casualties (including some U.S. service members), disrupted regional economies, and stoked fears of a wider conflict, fears that rose in the wake of direct Iran-Israel clashes in April 2024.

These dynamics pose a complex challenge for U.S. policymakers and Congress, which has long played an active role in shaping and overseeing U.S. policy toward Iran. The Biden Administration appears to remain focused on preventing the regionalization of the Israel-Hamas conflict while stating that the United States will respond when its interests are threatened (pointing to military action in Syria, Iraq, and Yemen, and its role in defending against Iran’s April 2024 attack on Israel). Some Members of Congress have called for more U.S. military

¹⁶² White House, “Statement by National Security Advisor Jake Sullivan on holding Iran accountable for unprecedented attack on Israel,” April 16, 2024.

action, including direct attacks against Iran.¹⁶³ Others have echoed Biden Administration calls for restraint and de-escalation.¹⁶⁴ Successive appropriations acts since FY2020 have included provisions stating that they may not be construed as authorizing the use of force against Iran.¹⁶⁵

In seeking to understand Iran and to shape U.S. policy, potential questions that Members of Congress may consider include:

- What are the ultimate goals of U.S. policy toward Iran? What U.S. policy approaches have been most and least successful in moving toward those goals?
- What are the Iranian government’s regional aims and how does it seek to achieve them? What additional assets/capabilities do U.S. partners need to counter Iran? What are the implications of diplomatic engagement and economic ties between Iran and U.S. regional partners for U.S. interests?
- To what extent does Iran’s April 2024 attack on Israel represent a fundamental shift in Iran’s tactical and/or strategic approach toward Israel specifically and in the region more broadly? What was the attack intended to achieve? How can the United States and its partners deter and combat future attacks?
- Why has Iran increased its nuclear activities and what is the ultimate purpose of the program? What additional steps would Iran need to obtain a nuclear weapon and how can the United States and partners prevent that? What might be the implications of Iran’s obtaining a nuclear weapon for Iran’s broader foreign policy, regional stability, and other U.S. interests?

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¹⁶³ See, for example, “US senator calls for bombing IRGC positions inside Iran,” *Iran International*, December 28, 2023; Filip Timotija, “GOP senator calls for US retaliatory strikes on Iran,” *The Hill*, April 13, 2024.

¹⁶⁴ See, for example, Senator Tom Caper, Statement on Iran’s unprecedented attack against Israel, April 14, 2024.

¹⁶⁵ Section 8133 of the Consolidated Appropriations Act, 2023 (P.L. 117-328).