

The Region

A Weekly Analysis of Strategically Significant Developments in the Middle East

February 14-20, 2023

IRAN

1. Iranian Regime Exploits Earthquake to Advance Its Conflict Against Israel and the U.S.

As the world has rushed aid to Turkiye and Syria in the aftermath of the February 6 earthquake, the Iranian regime has used earthquake relief as a pretext for expanding its activities in Syria. Alleged “aid convoys” sent by the Iranian regime and its Iraqi militia allies have arrived in Syria, but Syrian authorities have yet to reveal the actual contents of these convoys.

The Iranian-backed Iraqi proxy militia [Al Hashed](#) was the first foreign force to enter Syria hours after the quake, [publicizing their alleged aid deliveries](#) on their social media platforms. Within days, however, the [Jerusalem Post](#) reported that Israeli security officials were concerned the alleged aid convoys were actually a cover for Iranian weapons shipments.

On February 10, a suspected Iranian [Shahed-136](#) suicide targeted a commercial tanker owned by the Israeli billionaire Eyal Ofer as it transited the Persian Gulf. Although Tehran [rejected accusations](#) it was behind the attack, the Iranian regime is the only plausible culprit, and the attack may have been the regime’s attempt to retaliate for the Israeli drone attack against an IRGC missile facility on January 28.

On February 14, [US forces in Syria](#) engaged and shot down an Iranian-manufactured drone that was attempting to conduct surveillance of

a US military outpost in northeast Syria. [A local Syrian media platform](#) reported the Iranian drone had flown over the base for hours before being brought down. Athar Press further cited Iranian media ridiculing the counter-engagement of American forces explaining that it cost the United States thousands of dollars to bring down a \$1,000 drone that was on drill exercise and achieved its mission.

Just four days later, on February 18, a nearby U.S. outpost came under attack by [two rockets](#) that caused no U.S. casualties but fit an established pattern of IRGC-backed militia attacks against U.S. troops in the area. The Iranian-regime-associated [Tasnim Agency](#) in Iran was the first media outlet to comment on the rocket attack by condemning the US presence in Syria's nearby Al-Omar oil field. The likely IRGC attack occurred the same day that U.S. Central Command announced a raid that [killed a senior ISIS leader](#) and left four American service members wounded in eastern Syria.

The following day, Israeli missiles targeted [Iranian and Hizballah sites](#) in the Damascus countryside. A few minutes later, a projectile struck one of Damascus's most prominent neighborhoods, Kafr Sousah, an area heavily occupied by Iranian security agencies since 2011 and also the neighborhood where Hizballah's top commander, Imad Moughniyeh, was killed in an Israeli bombing in 2008.

It remains unclear if the Israeli strikes targeted Kafr Sousah or the other residential neighborhoods in Damascus. [The Times of Israel](#) neither denied nor claimed Israeli responsibility for the explosion in Kafr Sousah but hinted that Israeli jets had targeted Iranian and Syrian regime military sites near Damascus Airport, Sitt Zaynab, and al-Kiswah, all of which are at least 30 minutes drive from Kafersousah.

It is entirely possible the explosion in Kafr Sousah was caused by the Israeli airstrikes but by errant Syrian regime air defenses. [Al Jazeera](#) quoted an unnamed Syrian military source who said stray Syrian anti-aircraft missiles fired from Mount Qasioun had fallen on several other locations, including near the capital's historic citadel. While Assad's news agency, SANA, reported that only five people were killed in the night's strikes, other news sources reported the figure of [15, six of whom remain unknown](#).

According to [the Jerusalem Post](#), three main reasons lay behind the Israeli attack. The first was the attack on the Israeli-owned fuel vessel in the Persian Gulf; the second was the Iranian militias' rocket strikes on American forces in eastern Syria; and the third was the Iranian president's visit to China, indicating Iran's persistence in continuing uranium enrichment while attempting to break out of international [isolation](#). It is noteworthy, however, that the Iranian president's visit to China was high on optics but [did not achieve](#) any immediate deals.

The Saudi media outlet Al Hadath, meanwhile, reported that the Israeli strike had targeted a unique project run by a former Hizballah operative, [Ali Assaf](#), now working for the IRGC Quds Force in Damascus, where he has stockpiled missiles and weapons and is seeking to organize an IRGC proxy force that can use them against Israel.

2. Iranian Opposition Gains Momentum Against the Khamenei Regime

The opposition to the Iranian regime gained momentum last week from events inside and outside Iran. In Tehran, a female engineer [removed her headscarf](#) on stage during the annual assembly of the Tehran Construction Engineering Organization after the board of directors banned her from running as a candidate for the board. During the few moments she had on

stage before being escorted out of the assembly, she said, “I don’t recognize the assembly that doesn’t allow candidates to run because they don’t wear a headscarf.”

Meanwhile, in Europe, high-profile Iranian opposition figures were invited to participate in the [Munich Conference](#), a high-level gathering to which the Iranian regime has routinely been invited in the past but to which no Iranian regime officials were invited this year. Reza Pahlavi, Iran’s exiled Crown Prince; Masih Alinejad, a U.S.-based women’s rights activist; and British-Iranian actress Nazanin Boniadi headlined the Iranian opposition [delegation](#). In response to a question about the importance of unity among Iranians abroad, Prince Pahlavi said, “if we do not have unity now, we will not effectively support our compatriots inside the country.” The appearance of these opposition figures in place of Iranian regime officials was the latest in a series of indications that European attitudes have turned against the regime.

3. U.S. Envoy’s Hostage Release Efforts Hit a Dead End.

Iran’s foreign ministry spokesperson Nasser Kanaani said the United States’ efforts to use a “carrot and stick” strategy would not weaken Tehran’s will to resist U.S. demands.

These comments came in response to an offer reportedly made by the US special envoy for Iran, [Rob Malley](#), during a visit to Oman last week to negotiate the release of American hostages held in Iran.

Kanaani appeared to confirm an earlier report by NBC News that Malley had offered to green-light the release of \$7 billion of Iranian regime cash frozen in South Korea in exchange for the release of American prisoners, as

long as Tehran would agree to the \$7 billion could be used only to purchase food.

Iran International explained that Supreme Leader Khamenei could not agree to such a condition, as it would be considered a humiliation and would result in Khamenei's loss of credibility among other hardliners, anti-Western groups, and the already highly dissatisfied Iranian population.

4. Iranian Regime Ramps Up Nuclear Program, and Conventional Weapons Production

The International Atomic Energy Agency announced this week that it had detected Iranian [uranium enrichment at a level of 84%](#).

Israel's Defense Minister Yoav Gallant also revealed that Iran has been advancing sales of missiles and drones to no fewer than [50 different countries](#).

Meanwhile, Iran's Brigadier General Afshin Khajefard, the chief executive of the Iran Aviation Industries Organization (IAIO), claimed his country is [self-sufficient](#) in producing drones and cruise missile engines.

TUNISIA

5. Tunisia's Leader Carries Out an Authoritarian Crackdown, Threatening Democratic Rule Where the Arab Spring Began

Security agencies loyal to Tunisian leader Qais Said have carried out a growing number of arrests of opposition politicians, activists, and journalists over the past month, raising longstanding fears that Said is intent on reestablishing authoritarian rule in the country. The month of arrests is the

latest in a string of red flags concerning Said's plans. The story began in July of 2021 when Said staged a coup against the government institutions and began to rule unopposed. He dismissed the elected parliament, sacked the government, and ruled the country by decree after appointing a new cabinet of his own choice. He then brushed aside the 2014 constitution and authored his own, changing the country's parliamentary system to a presidential one granting himself more power than any Tunisian president in history since its independence from France. See Video: ([Tunisia's slide to the one-man rule: Who is Kais Saied?](#))

After two rounds of the parliamentary elections had a turnout of [only 11.4 percent](#) in January, seeming to indicate that the electorate disapproved of Said's entire system, Said launched a sweeping arrest campaign against prominent members of his opposition along with [dismissals](#) of a number of his own appointees.

A former MP was sentenced to seven months in prison for his role in a high-profile case in which a Tunisian woman was prevented from traveling because her name was put on a [no-fly list](#). Another prominent businessman and lawyer who had remained close to the late president Zine El Abidine Ben Ali [was arrested without any public explanation](#).

Said has been able to continue normal interaction with the international community as he conducts his arrest campaign and consolidates control in Tunis. On February 8, Said imposed a [new foreign exchange law](#) to "modernize the exchange system." The next day, [the World Bank](#) announced approving a \$120 million loan to Tunisia on the grounds that the loan would empower small and medium-sized businesses.

He has also moved to change some of Tunisia's foreign policy stances. Three days after the Turkiye-Syria earthquake, Said announced his intention [to develop diplomatic relations with Syria's Assad](#). Cooperating with Assad may serve Said's domestic political purposes, as the prosecutor in the case against two of Said's major opponents, [Rashid Ganoushi and his Deputy Ali Al-Areedh](#), said he had received evidence that the two men's Nahada Movement had helped send Jihadi terrorists to Syria in 2013.

By February 13, Said's security agencies had arrested [twenty politicians](#) for conspiring against state security. Although [local](#), [American](#), and [European](#) officials condemned Said's actions, he responded by defiantly [warning](#) the United States to respect Tunisian sovereignty and [expelling](#) Esther Lynch, Secretary-General of the European Union of Trade Unions. After thousands of [Tunisian Labor Union members](#) protested in several cities, Said's security agencies [arrested](#) the president of the [Syndicate of Journalists](#) as well.

On February 15, Tunisian security forces [arrested](#) Noureddine Al-Buhairi, the deputy head of the Ennahda Movement and former Minister of Justice, removing him from his home to [an unknown location](#), without announcing the reasons for his arrest. The next day, the former Chief of Staff for Rashid Al Ganoushi, Fawzi Kammoun, was [arrested](#) on suspicion of assaulting state security and planning a coup against Said. On February 21, Fadel Abdel Kafi, the head of the Afek Tounes Party, was [arrested](#) by the anti-crime squad of the National Guard.

As for the president of the Ennahda Movement, Rashid Ghannouchi, and the speaker of the dissolved parliament, he [appeared](#) before the combating terrorism court this week after several other interrogations throughout this last year. The case dates back to February 2022, when Ghannouchi described the security forces as [tyrants](#).

Said's stunning arrest campaign comes just months after former and first democratically elected Tunisian President [Dr. Moncef Marzouki](#) warned the United States during a visit in November 2022 that Tunisia's democratic system was in danger.

IRAQ AND IRAN

6. U.S. Scrutiny of Baghdad's "Dollar Auctions" is Apparently Shutting off Tehran's Illicit Access to Dollars

This week, the Iranian rial fell for the first time past the psychologically significant barrier of [500,000 rials to the U.S. dollar](#). The Iranian currency has lost more than a third of its value in the past year, with the losses having begun [a steep decline in early November 2022](#). That timeframe is significant because in early November the U.S. Federal Reserve also [instituted closer scrutiny of the daily "dollar auctions"](#) conducted by the Iraqi Central Bank, a channel through which hundreds of billions of dollars have gone to fund Iraqi imports over the past two decades.

Before November, the daily dollar auctions often resulted in \$200 million going to pay for Iraq's foreign invoices, but growing concern in the U.S. government that the dollar auctions were enabling the Iranian regime and its allies to access large amounts of foreign currency fraudulently led to the Federal Reserve's tighter guidelines. Since that change, the [daily dollar auction results reported on the Iraqi Central Bank's website](#) have stayed under \$100 million going to foreign invoices, with only a few exceptions.

As a result, the currency market in Baghdad has seen a tighter supply of dollars, and the value of the Iraqi dinar has fallen in the currency market. But the fact that the Iranian rial has fallen just as sharply as the dinar, and at almost the same time, indicates that the dollar auction has probably been a significant source of new foreign currency for the Iranian regime.

An economic advisor to Iraqi Prime Minister Muhammad Shia Sudani appeared to indicate as much when he told reporters on February 16 that probably [20 percent of all foreign invoices presented at the dollar auction were fraudulent.](#)

A senior Iraqi government delegation visited Washington earlier this month seeking a relaxation of the Federal Reserve's guidelines to increase the supply of dollars in the Baghdad currency market, thereby driving up the value of the Iraqi Dinar. Despite statements from the Iraqi visitors that they had [reached agreements on the issue with the Biden administration,](#) the volume of the dollar auctions reported by the Central Bank has not risen significantly. Concurrently, the Iranian rial has continued its nosedive with no end in sight. One item to watch, then, is whether the Iranian regime and its Iraqi militia allies will pressure the Iraqi government to make another attempt at reopening the dollar auction floodgates, thereby expanding Tehran's illicit access to dollars via Baghdad. For the moment, either by accident or design, the tightening of the dollar auction in Baghdad has become one of the U.S. government's most formidable pressure tools against the Iranian regime.