



Dimensions
for Strategic Studies

Situation Assessment

Iran and the Gaza War

Challenges, Opportunities and Scenarios

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INTRODUCTION

Irrespective of the debate over whether Iran played a direct role in Palestinian militant group Hamas's attack on Israel on October 7, and the question of whether Tehran had prior knowledge of the operation or not, what is clear is that Iran plays a central role in the conflict with Israel. Over the past two decades, it has invested heavily in bolstering its influence on Israel's frontiers, in Lebanon, Palestine and Syria, including through financial and military support to Hamas.

Since the outbreak of fighting in Gaza, much attention has been paid to Iran, both by those who expect it or its proxies to intervene - given that it has spent many years building up its "axis of resistance" - and by those, like the United States, who have sternly warned it against exploiting the situation to launch strikes against Israel. Washington has not only issued verbal threats, but also mobilized its forces on a massive scale across the Middle East, with the aim of deterring any action that could escalate and broaden the conflict. Yet the military build-up and American threats have not prevented Washington from offering Tehran incentives to avoid escalation, by easing sanctions and mulling unblocking Iranian funds currently frozen in Iraqi banks.

The confrontations in Gaza have thus presented Iran with both challenges and opportunities, analysis of which offers a chance to anticipate Iran's future path, and to assess whether the conflict is more likely to push Tehran to expand its military confrontations in the region, or towards seek calm in order to shield its interests from potential shocks. Such an analysis is also an opportunity to assess the likely repercussions of the conflict for the region in general.

THE GAZA WAR AND THE CHALLENGES FOR TEHRAN

Iran is faces several pressing challenges stemming from the ongoing confrontations in Gaza between Palestinian factions and the Israeli military. Most prominently:

1. “Joint Command” in Jeopardy:

Iran has hitherto limited itself to providing political support to its proxies, urging groups it backs in Iraq and Syria to carry out limited, even symbolic attacks against American forces without engaging in confrontation with Israel. This increases the possibility that Tehran’s “unity of battlefields” project, which it has been developing for the past year and which thus predated the “Al-Aqsa Flood” operation, could collapse.⁽¹⁾ The project aims to unify the Palestinian factions and Hezbollah under a single operations room supervised by the Iranian Revolutionary Guard, thus bolstering Iranian influence in the region, giving Tehran greater control over the Palestinian factions and thus strengthening its hand against Israel and the West. Given the complex political calculations that determine the positions of Tehran and Hezbollah, as well as indications that the Palestinian factions take a dim view of the idea, the project is clearly in jeopardy. This is especially clear given increasing domestic calls from within Iran for the regime to avoid engaging in any confrontation on behalf of the Palestinians⁽²⁾.

(1) “Islamic Jihad and Hamas delegations visit Tehran to affirm ‘unity of battlefields’ principle,” *Al-Alam News Network*, (in Arabic), June 21, 2023.

(2) “Iran told US it did not want Israel-Hamas war to escalate,” *Financial Times*, November 17, 2023.



2. Loss of Key Assets:

Iran has invested heavily in Palestinian militant factions in Gaza, seeking to build them up as strategic assets that it can deploy in the event of threats or attacks on its own vital interests, such as an Israeli strike against Iranian nuclear installations⁽³⁾. However, the future of the Palestinian factions in Gaza is uncertain given Israel's recent incursions deep inside the Strip, official declarations that it intends to wipe Hamas out entirely, and leaks indicating that the Israeli military is in Gaza for the long haul and could advance from its current position in northern Gaza into the south of the territory. If this scenario does materialize, Iran could lose a key instrument of deterrence against Israel.

3. The Risk of Escalation in South Lebanon:

There is a danger that clashes between Hezbollah and Israel, which have hitherto been carefully choreographed and calculated, could escalate into a broader war which would damage the influence Iran exerts in Lebanon via Hezbollah⁽⁴⁾. Since the last war between Israel and Hezbollah in the summer of 2006, the movement has realized the value of a long-term truce that allows it to focus on Lebanon's crisis-ridden domestic situation and gradually bolster its influence there. Hezbollah aspires to exert more control in Lebanon, as well as beefing up Iran's presence in the Mediterranean basin. Were a full-scale conflict to break out in the south, all these ambitions could be scuppered.

(3) Abdelraouf Arnaout, "Israel much prepared to attack Iran's nuclear sites: Army chief," *Anadolu*, December 27, 2022.

(4) "Worry in Lebanon that the war could spread – Will the situation deteriorate?" *Sky News Arabia*, November 13, 2023 (in Arabic).

OPPORTUNITIES FOR IRAN

Since the October 7 attack, Iran has made efforts to transform its challenges into opportunities. With this in mind, it has focused its rhetoric and military activities on US forces in Syria and Iraq, aiming to pressure Washington into demanding a halt to Israel's attack on Gaza⁽⁵⁾.

Iran has escalated its attacks against American bases in Syria and Iraq, without claiming responsibility for them, aiming to deliver a message to Washington whilst avoiding any direct consequences⁽⁶⁾. In parallel, the two have continued to communicate via regional mediators, including the Sultanate of Oman, out of a desire to avoid a slide towards a region-wide confrontation. Iran also hopes to use these communications to gain the maximum possible rewards from its non-escalation⁽⁷⁾.

Indeed, communications with Washington have increased as Tehran seeks to further its interests. There are reports that the Biden administration is mulling releasing \$10 billion in Iranian funds currently frozen in Iraq, under a mechanism that guaranteeing they would be used for humanitarian purposes⁽⁸⁾.

Iran has also leveraged the tension between Israel and countries in the region that oppose its war on Gaza, such as Turkey. For example, Tehran successfully convinced Ankara that Turkey and Azerbaijan should host a meeting of a South Caucasus regional cooperation platform to discuss efforts for peace between Azerbaijan and Armenia⁽⁹⁾.

(5) "Iran warns the United States of new fronts," *Al-Sharq Al-Awsat*, October 28, 2023.

(6) Jennifer Deaton and Kathleen Magramo, "Iran envoy says Tehran had no direct role in Hamas' Israel rampage, or proxy attacks on US forces," *CNN*, November 9, 2023.

(7) Interview with Western diplomat, November 16, 2023.

(8) Adam Kredo, "Biden Mulls Approval of Fresh \$10 Billion for Iran," *Freebeacon*, November 13, 2023.

(9) Muhammed Enes Çallı, "Turkish foreign minister joins meeting of South Caucasus platform in Iran," *Anadolu*, October 23, 2023.



Iran has also obtained Azerbaijani approval to establish a corridor connecting Zangezur and the Azeri exclave of Nakhchivan via Iranian territory, bypassing staunch opposition from Yerevan to any such road crossing Armenian territory⁽¹⁰⁾.

While Baku's approval for this alternative is preliminary and may shift depending on developments, the move marks a political achievement for Tehran and opens the door to further progress.

(10) "Iranian-Azerbaijani rapprochement: has Israel lost its bet on Karabakh?" *Al Jazeera*, November 18, 2023 (in Arabic).

WHAT WILL IRAN DO NEXT?

Iran is likely to continue to exert pressure on the US in a controlled way, with the aim of pushing forward negotiations which Tehran hopes could produce economic gains, such as the release of frozen Iranian funds or sanctions relief.

Iran can also be expected to make efforts to strengthen its proxies in Yemen, Iraq and Lebanon through various means, such as by stepping up its support for the Houthis, including by arming them, to strengthen their position vis-à-vis other Yemeni actors and equip them to carry out attacks against Israeli and Western interests in the Red Sea in support of Palestinian groups in Gaza. Iran may also urge its proxies to carry out largely symbolic steps that will be leveraged as propaganda, such as in the case of the recent hijacking of a ship linked to an Israeli businessman⁽¹¹⁾.

In Lebanon, Iran will likely use negotiations with global and regional players to push for a deal between Hezbollah and other stakeholders in the country, including through recognition of the movement's influence and role in the country's political and economic life, in exchange for refraining from escalating the confrontation with Israel.

In addition, Iran may seek to exploit tensions between Israel and its neighbors, such as expanding and developing its own relations with countries such as Egypt and Jordan, which also want to strengthen their ability to resist any displacement of Palestinians from Gaza and the West Bank, respectively.

In Palestine, Iran may seek to increase its influence in the West Bank to avoid relying solely on militant groups in the Gaza Strip, whose fate is uncertain given the current conflict. Iran has reportedly already attempted to smuggle weapons into the West Bank⁽¹²⁾.

(11) "What do we know about the Houthis' capture of a cargo ship linked to an Israeli businessman on the Red Sea?" *France 24*, October 25, 2023 (in Arabic).

(12) Sune Engel Rasmussen and Benoit Faucon, "Weapons Flood West Bank, Fueling Fears of New War Front With Israel," *Wall Street Journal*, October 25, 2023.

CONCLUSION



Since the start of the war in the Gaza Strip, Iran has demonstrated extreme caution, indicating a strong desire to avoid being drawn into an escalation that would harm its influence in the Middle East. It appears to be betting on a decline in the momentum of Israel's military operations in Gaza under the dual pressures of the attrition resulting from attacks by Palestinian militants and diplomatic efforts to bring about a ceasefire. There are also indications that Washington, with an eye on the 2024 presidential elections, wants to avoid a drawn-out conflict.

On the other hand, Tehran's caution does not prevent it from trying to exploit the current situation to the maximum for its own political and economic purposes. The regime sees opportunities here to strengthen its domestic position, as well as bolstering its influence in the broader region.



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