



Man on a Wire: A Way Forward for Iran's New President

Middle East Report N°245 | 30 July 2024

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Principal Findings

What's new? Masoud Pezeshkian, a reformist parliamentarian, won a hastily organised presidential election in Iran against five conservative and hardline candidates, following President Ebrahim Raisi's death in a helicopter crash. His inauguration is set to take place on 30 July.

Why does it matter? Pezeshkian campaigned on promises of forging national unity, loosening socio-cultural policies and improving the economy through more efficient management and better relations with the West. He will likely face stiff opposition from hardliners if he attempts to disrupt the status quo – and criticism from his supporters if he does not.

What should be done? Though his power is limited, Pezeshkian should take on the challenge of addressing social and economic grievances. Western and Gulf Arab governments should test his ability to shape foreign policy. They could start constructive engagement by trying to revive informal 2023 U.S.-Iran arrangements aimed at de-escalating regional and nuclear tensions.

Executive Summary

Iran's new president, Masoud Pezeshkian, comes to office having pledged to pursue change while seeking political cohesion, conscious of the formidable obstacles before him. He owes his unexpected rise to the death of President Ebrahim Raisi in a helicopter crash in May. Pezeshkian, a cardiac surgeon and little-known parliamentarian from the reformist end of the spectrum, entered the hastily staged contest to succeed Raisi on a platform of national unity, less restrictive social and cultural policy, enhanced economic management and improved relations with the West. He will face major challenges: hardline opposition, the weakest mandate of any Iranian president since the 1979 revolution, little executive experience, Middle East turmoil and political uncertainty in Washington, which may hinder securing relief from U.S. sanctions. But there are things his government can do. It should start by working to bridge the state-society gap at home and seeking to restore arrangements with the U.S. upended by the Gaza war. Western and Gulf Arab states should try to engage with his administration on nuclear and regional concerns.

During the last four years, Iran's conservatives overtly excluded reformist and centrist figures from national politics and consolidated their influence over all key power centres. The outcome was an ideologically brittle system wedded to hardline revolutionary values: severe – measured even by the regime's own track record – in its socio-cultural policy, strident in its posture toward the West and convinced of its ability to improve economic conditions despite sanctions. Raisi's interrupted tenure laid this approach's shortcomings bare, however. Popular frustration with the system's repression erupted in mass protests in late 2022, which the government quelled with brute force. Bullish talk by officials regarding economic growth and improving trade contrasted with everyday struggles against rising costs and a deteriorating currency. Infighting within the shrinking circles of power heated up, as conservatives vied for even greater clout. A system that had long pointed to the ballot box as proof of its legitimacy saw a steady decline in voter participation in parliamentary and presidential elections.

At the time of Raisi's death, there was little reason to expect that this trend would change. Five of the six candidates whom an unelected council of vetters deemed qualified to compete for the presidency were from the conservative camp; Pezeshkian was the outlying sixth. Loyal to the system but critical of its direction, he nevertheless emerged the winner from a two-round contest, helped by divisions among his opponents and alarm at their dogmatic views.

Many inside and outside Iran have low expectations of the new president. He campaigned on calls for political consensus, less draconian enforcement of social and cultural restrictions, including the dress code for women, expert-driven economic reforms and a rebalanced foreign policy at a time when relations with the West have worsened. But it is clear that carrying out this program will be easier said than done. Conservatives retain a grip on the country's main institutions and their most radical elements will likely resist even modest efforts at disrupting the status quo at home. Regional dynamics, which are the province of the Islamic Revolutionary Guards Corps, are volatile. Attempts at defusing tensions with the U.S. and Europe around

Iran's nuclear program, which has bounded ahead since the U.S. left a 2015 deal that reined it in, would start from a point of deep mutual suspicion. November's U.S. presidential election will have a significant impact on diplomacy, which will likely be difficult should another Democratic administration take office and yet more adversarial should a Republican one emerge.

Pezeshkian himself has been careful to manage expectations for what he can achieve. His campaign rhetoric about domestic and foreign policy priorities downplayed the possibility of radical change, emphasised coalition-building across the political spectrum and acknowledged the limits to his authority. Beyond concern about overpromising, he may have intended to blunt criticism coming from his conservative opponents and their supporters.

Pezeshkian will face hardline resistance in working to implement his agenda, but he must find a way to overcome this challenge. In repeated rounds of nationwide protest, many Iranians have made clear their disaffection with the direction the Islamic Republic has taken. The low turnout in the snap presidential election, in keeping with the trend of the past four years, is another such signal. To have the best chance of taking the edge off discontent and satisfying those who backed his candidacy, Pezeshkian should demonstrate his ability to deliver – at least incrementally – on promises of easing stifling social and cultural constraints and improving economic conditions, lest the glimmer of reform prove another false dawn that fuels public resentment of the system. To create space for Pezeshkian to succeed, Iran's powerful institutions and the supreme leader, Ayatollah Ali Khamenei, should restrain the ultra-conservatives, whose vision for the country has compounded its woes and threatens its stability.

Meanwhile, Western governments whose ties with Tehran deteriorated during Raisi's time in office should engage the incoming administration and both work toward stopgap understandings that serve as checks on escalatory risks and explore options for more sustainable diplomatic frameworks, including through involving the Gulf Arab states. The new president's stated wish to improve relations and to lower Middle East tensions may – with some luck, skill and persistence – create an opening to arrest or even reverse the trajectory of Iran's nuclear program. The only way to find out is to try.

Tehran/Washington/Brussels, 30 July 2024

Man on a Wire: A Way Forward for Iran's New President

I. Introduction

On 5 July, Masoud Pezeshkian, an unheralded reformist politician of Azeri-Kurdish descent, was elected president of the Islamic Republic of Iran, having defeated his run-off opponent, the ultra-conservative Saeed Jalili. His unanticipated rise, following President Ebrahim Raisi's demise in a May helicopter crash, marked a shift from Iran's last three national elections. The country's conservatives had increasingly used their grip on the levers of power to shape these contests, as they looked to further consolidate their control of government in anticipation of a transition at the very top. Ayatollah Ali Khamenei, the supreme leader, is 85, and the line of succession is unclear, especially after the death of Raisi, whom many saw as the heir apparent. Khamenei's passing from the scene could thus set off a spirited battle among his acolytes to replace him.

Pezeshkian's election comes at a pivotal moment. Discontent with political, social and economic conditions has manifested overtly in the form of repeated rounds of nationwide protests – which the state forcibly suppressed – and symbolically in growing apathy toward electoral exercises that the regime has long invoked as a metric for its legitimacy. While the gap between state and society has grown, so, too, has the power of hardliners who favour doubling down on, rather than backing away from, policies driving the country to the breaking point.

The foreign policy challenges Pezeshkian confronts are no less daunting. While Iran's relations with Gulf Arab states have thawed, its relations with the U.S. and Israel have worsened. Nuclear diplomacy with world powers has been dormant for nearly two years, and more limited efforts to de-escalate tensions with Washington were dashed after Hamas (an ally of Tehran's) attacked Israel on 7 October 2023 and Israel responded with a massive military campaign in Gaza. Since then, Iran-backed armed groups in Lebanon, Iraq, Syria and Yemen have clashed with Israel and the U.S. In April, Israel and Iran engaged in an unprecedented exchange of aerial attacks that could well have got out of hand. But much as Pezeshkian might wish to lower tensions and free Iran of the sanctions that have crippled its economy, he will again face obstacles in efforts to make change. These include institutional constraints (Iran's regional posture is tightly controlled by the Islamic Revolutionary Guard Corps (IRGC) rather than the presidency), internal resistance to mending ties with the West, and weariness in the U.S. and Europe of engaging Tehran.

This report assesses the potential ramifications of Pezeshkian's nascent presidency for Iran's domestic and foreign policy, with particular attention to the possibility of resuscitating talks about a new nuclear deal and regional de-escalation. It is based on more than three dozen interviews conducted with Iranian, European, U.S. and UN officials, as well as politicians, experts and activists inside Iran. Nearly a quarter of the interviewees were women. The report draws on Crisis Group's years of prior research, analysis and reporting on Iranian political dynamics.¹

¹ On previous presidential transitions, see Crisis Group Middle East Briefings N°18, *Iran: What Does Ahmadi-Nejad's Victory Mean?*, 4 August 2005; and N°36, *Great Expectations: Iran's New President and the Nuclear Talks*, 13 August 2013; as well as Crisis Group Middle East Report N°224, *Iran: The Riddle of Raisi*, 5 August 2021.

II. A Victorious Dark Horse

The Islamic Republic has always restricted the range of people who can compete for leadership of its elected institutions, notably in the executive and legislative branches. But in 2020 it tightened the constraints further to expand the influence of conservatives in the system, making elections less competitive and more predictable. In the last three national elections – the 2020 and 2024 parliamentary polls and the 2021 presidential contest – the Guardian Council, an unelected vetting body, adopted an increasingly exclusionary stance toward reformist, moderate and even critical conservative candidates. Some interpreted this manoeuvre as preparing the system for Supreme Leader Ali Khamenei's succession by filling it with like-minded people.² As the 2024 presidential race got under way, all the state's elected institutions, like their non-elected counterparts, had consequently fallen under conservative control.³

Raisi's death on 19 May elevated his vice president, Mohammad Mokhber, in a caretaker capacity while elections were quickly organised to choose Raisi's successor. Of the 80 registered aspirants, the Guardian Council approved only six.⁴ Pezeshkian was the sole exception to a slate of otherwise conservative candidates. These included:

- Mohammad Baqer Qalibaf, a senior IRGC veteran, former mayor of Tehran and current speaker of parliament, who made his fourth attempt to helm the executive branch. Representing the pragmatic conservative faction and presenting himself

² In the 2020 parliamentary elections, the reformists did not field a candidate in 22 of the country's 31 provinces. In 2021, the Guardian Council disqualified all the presidential candidates endorsed by the Reformist Front, leaving no one in the race who could pose a serious challenge to Raisi. In the March 2024 parliamentary elections, the Reformist Front declared that it had no candidates, in effect boycotting the elections. For details, see Crisis Group Commentary, "Iran's New Parliament Heralds Conservative Consolidation", 12 June 2020; Crisis Group Report, *Iran: The Riddle of Raisi*, op. cit.; and Crisis Group Commentary, "Closing Circles: Iran's Exclusionary 2024 Elections", 12 March 2024. Iran's political vernacular can be confusing. Reformists (اصلاح طلبان) seek to bring about changes to the Islamic Republic's system in order to strengthen its republican institutions, encourage pluralist politics and pursue a foreign policy open to engagement with the West. The conservatives, often also known as principlists (اصول گرا), hold harder-line views on political and cultural issues and pursue a foreign policy that is anti-Western and leaning toward China and Russia; they are aligned mainly with the supreme leader. Centrists (اعتدال گرایان) stay between these two poles, with more focus on economic development.

³ The conservative drive to dominate all the Islamic Republic's branches of government is an attempt at political "purification", a term widely used in Iranian political discourse to describe the elimination of more moderate elements from government. Conservatives believe that the government, military and other institutions need to be "cleansed" of all those whom they consider disloyal or ideologically unreliable. While such sentiments are longstanding, the conservatives' efforts to consolidate their hold on power have accelerated since 2020, and the parameters of whom they deem acceptable as candidates in national elections have narrowed.

⁴ "Iran approves six candidates to run for president", Reuters, 9 June 2024. The Council barred several notable figures from competing. They included Ali Larijani, an adviser to the supreme leader and the longest-serving former speaker of parliament, as well as Eshagh Jahangiri, a vice president under Hassan Rouhani. (The Council disqualified both Larijani and Jahangiri in 2021 as well.) Mahmoud Ahmadinejad, a two-term president whom the Council excluded from the race in 2017 and 2021, was blocked again, as were prominent moderates, reformists and even conservatives, including some members of Raisi's cabinet. There is no obvious explanation for the Council's decisions, which are opaque.

as an experienced technocrat, he found his candidacy handicapped by corruption allegations.⁵

- ❑ Saeed Jalili, the supreme leader's representative in the Supreme National Security Council and a nuclear negotiator under former President Mahmoud Ahmadinejad, was making his third presidential bid. Hailing from the hardline, ideologically conservative camp, mainly represented by the Steadfast (or Paydari) Front, he lacks significant executive experience.⁶
- ❑ Mostafa Pourmohammadi, the sole cleric in the race, a former interior minister under Ahmadinejad and a former justice minister under Raisi's predecessor Hassan Rouhani. A moderate conservative who was previously a prosecutor, he proved a harsher critic of the status quo than any of the other candidates.⁷
- ❑ The other two candidates were Tehran Mayor Alireza Zakani and Amirhossein Ghazizadeh-Hashemi, a vice president under Raisi, who also ran in 2021. Along with Jalili and Qalibaf, they were part of a consensus-building mechanism called the Revolution Front. They both withdrew a few days prior to the election in favour of whomever the Front would announce as its candidate, something that (as discussed below) never happened.⁸

Pezeshkian's inclusion, coming after rulings that prevented him from entering the 2013 and 2021 presidential races, was surprising, as it indicated either a lapse in the conservatives' quest for dominance or a shift away from it.⁹ The reason for the Guardi-

⁵ Three journalists who had reported on Qalibaf's alleged corruption were arrested during the campaign in a move that the candidate denied was a reprisal. But it was Qalibaf's own daughter who delivered the coup de grâce when, in defending her family from the allegations on state television, she instead drew attention to their luxurious lifestyle. See "Candidate's daughter shakes up Iranian presidential race", *Amwaj*, 21 June 2024; and "Qalibaf and a claim that reopened journalists' old wounds", BBC Persian, 14 June 2024 [Persian].

⁶ Leela Jacinto, "Iran's hardline Paydari Front eyes a political vacuum after Raisi's death", *France 24*, 21 May 2024. In 2017, Jalili established what he calls the "shadow government", a network of advisers and working groups offering policy recommendations to various branches of the state. Subsequently, he managed to extend this network throughout the country, paying publicised visits to his supporters like a parallel president. Jalili, a Raisi ally, claimed that Iran was able to sell more oil under Raisi than under Rouhani (despite the country being under sanctions during both administrations) because Raisi adopted the shadow government's proposals. "Saeed Jalili: With our solutions, oil sales reached over 1.5 million barrels per day", *Aparat*, 11 June 2024 [Persian]. For more information, see The Shadow Government website. The organisation has not disclosed its funding sources.

⁷ He said, for instance, that the Raisi government's military support for Russia following its all-out invasion of Ukraine helped drive relations with Europe to a low point for no discernible benefit. Tweet by Mostafa Pourmohammadi, @mopourmohammadi, 11:37am, 17 June 2024. Of Jalili, he said the hardline candidate was responsible for "hundreds of billions of dollars" in losses to Iran's economy due to the nuclear standoff over the past three years. See tweet by Mostafa Pourmohammadi, @mopourmohammadi, 1:06pm, 24 June 2024. Pourmohammadi has been implicated in mass executions of political prisoners in 1988. "Iran: Shocking Statements by Senior Official Highlight Impunity for 1988 Prison Massacres", Amnesty International, 30 July 2019.

⁸ The concept of "کاندیدای پوششی" (token candidate) refers to candidates who run only to serve as shields for a particular faction's main nominee, withdrawing at the last minute in that person's favour.

⁹ The Guardian Council rejected Pezeshkian's presidential candidacy on these occasions with no explanation. In an open parliamentary session in 2021, Pezeshkian complained that "the Guardian

an Council's unexpected move is unclear. Some speculate that the Council wanted to give the election a pluralist sheen by approving a token second-tier reformist candidate with no apparent chance of winning (early polling had Pezeshkian below 14 per cent among likely voters, running third behind Jalili and Qalibaf).¹⁰ Others argue that the Council knew Pezeshkian had a chance and was ready to accept him as winner of a somewhat competitive election aimed principally at boosting voter turnout — and thus the system's legitimacy.¹¹

One of these may have been the aim, but in neither case was the underlying assumption borne out: the reformist candidate clearly proved himself able to win, but the turnout in the first round hit a record low of 39.9 per cent. Participation improved by ten points in the head-to-head second round, but strong dislike of the hardline Jalili among the electorate was an undeniable factor in bringing more people to the polls. Allegations that the Guardian Council engineered Pezeshkian's victory appear implausible given that the electoral process was largely ad hoc, unfolding in a compressed timeframe that left space for unexpected turns.¹²

Whatever the Council's calculus, its acceptance of Pezeshkian as a candidate created an opening for the reformist camp, whose fortunes had ebbed in recent years. Although Pezeshkian, a health minister during reformist President Mohammad Khata-mi's second term (2001-2005) and a parliamentarian from Tabriz since 2008, was

Council must clarify its criteria. ... Currently, only one faction can compete in the elections ... whereas all groups should be represented in power. Iran belongs to everyone; it is not the property of a specific faction". Quoted in "Pezeshkian's first remarks after his disqualification", *Etemad Online*, 31 May 2021 [Persian]. In the March 2024 parliamentary elections, Pezeshkian was disqualified again. He claimed the reason was his criticism of government suppression of the 2022 women-led protests. "Masoud Pezeshkian: Why was I disqualified?", *Etemad*, 15 November 2023 [Persian]. The decision was overturned following an appeal to Khamenei by the supreme leader's representative to Azerbaijan. Crisis Group telephone interview, Pezeshkian adviser, 20 June 2024.

¹⁰ Crisis Group telephone interviews, Iranian experts, May-June 2024. See also "The latest ISPA election poll has been published", *ISNA*, 27 June 2024 [Persian].

¹¹ The reformists believed that Pezeshkian could win significant numbers of votes, based on his ethnic minority background, his record clean of corruption charges and his history of objecting to violent state repression of protest — from the 2009 Green Movement to the 2022 "Women, Life, Freedom" upheaval. Crisis Group interviews, Reformist Front members and Pezeshkian's campaign team, Tehran, June 2024. The sociologist Abbas Abdi tweeted, "If the official assumption is that Pezeshkian does not have a chance and only [serves to] increase the participation rate, I suggest you immediately remove him from the race ... because he is most likely to win in the first round. My assumption is that they [ie, the system] made such a decision with full knowledge of the results and are committed to its consequences". Tweet by Abbas Abdi, @abb_abdi, 2:30am, 10 June 2024 [Persian]. Even some conservatives echoed similar views. See, for example, tweet by Aliakbar Raefipour, conservative strategist, @Mahdiyar313, 8:42am, 9 June 2024 [Persian]. A Reformist Front member said, "Low turnout is shameful for the supreme leader and his legacy. That could be why the Guardian Council opened the door, even if just a little, to allow other factions to have at least one representative in the contest, thus hoping to boost participation. Although Pezeshkian may not be Khamenei's first choice, he is a tolerable option because of his loyalty to the system and Ayatollah Khamenei". Crisis Group interview, Tehran, June 2024.

¹² Parisa Hafezi, "How Iran's Khamenei elevated a little-known moderate to the presidency", *Reuters*, 18 July 2024. A prominent expert said, "The system had just a week to decide what it wanted to do. The timeline is so condensed that none of this is as well-thought-through as people imagine". Crisis Group interview, Tehran, 10 June 2024.

not officially affiliated with the reformist faction, he was one of three candidates whose qualification the Reformist Front, a coalition of several groups, made a condition for participating in the election. Despite being weakened by years of exclusion from power and imposed restrictions, reformist factions mobilised all their resources to support Pezeshkian once the Council approved his candidacy. Centrist figures, including former President Rouhani and prominent members of his cabinet, also endorsed or joined Pezeshkian's campaign.¹³ So did several former political prisoners and dismissed university professors.¹⁴

Pezeshkian faced three major challenges. First, he had to deal with endemic disillusionment with electoral politics and widespread refusal to participate in what many viewed as a hollow exercise, as shown by the decreasing turnout over the past four years. At the same time, critics of the government, including regime change advocates, kept calling for an election boycott.¹⁵ Acknowledging the difficulty of mobilising a sceptical and disaffected electorate, a Pezeshkian campaign manager said, "our rival is not the hardliners but voter abstention".¹⁶ It is unclear, however, whether turnout was low due more to indifference or more to the boycott call.

Secondly, Pezeshkian is not an especially seasoned or (it seems) skilled retail politician. He has scant executive experience – four years as health minister two decades ago – and when pressed during the campaign on concrete policy ideas, such as curbing inflation, he repeatedly professed that he was "not an expert", saying he would defer to specialists if elected. His speeches, replete with Islamic references, could be plod-

¹³ See, for example, "Vote for someone determined to lift sanctions' shadow from people", Hassan Rouhani, 26 June 2024 [Persian]. Former Foreign Minister Javad Zarif was probably the most high-profile person actively campaigning for Pezeshkian, travelling throughout the country. "Javad Zarif, negotiator of Iran nuclear deal, backs reformist presidential candidate", *The Guardian*, 25 June 2024.

¹⁴ Mohammad Fazeli, one of Pezeshkian's advisers, who had been dismissed from Shahid Beheshti University for his progressive views, had his microphone cut off during a televised debate, prompting him to storm off the set. Pezeshkian's defence of Fazeli became a social media trend: #LetHimSpeak. As a political science professor said, "Fazeli embodied the boiling anger of all those who had been subjected to injustices over the years and found no recourse – from dismissed professors and students to civil and political activists, as well as women and religious and ethnic minorities. ... Many of those who choose not to participate in the elections are driven by this same anger". Crisis Group telephone interview, June 2024.

¹⁵ From prison, Nobel Peace Prize winner Narges Mohammadi declared, "I will not participate in the illegal elections of the oppressive and illegitimate government. ... How can you, while holding a sword, gallows, weapons and prisons against the people with one hand, place a ballot box in front of the same people with the other hand, and deceitfully and falsely call them to the polls?" For more, see "Boycott calls: Iran's 2024 presidential election", Iran Primer (blog), 27 June 2024. Before the first round, a campaigner in Tehran observed, "When you walk down the street, it's not apparent that an election is scheduled to take place in less than ten days. There's no sign of street campaigning. It's as if a pall of death has been cast". Another noted, "I get cursed just for talking about the election, and some of my friends have stopped speaking to me. ... I don't know if this election is worth the cost". The campaigners said the atmosphere improved later, especially in the second round, but it still fell far short of their experiences in 2017, when over 70 per cent of eligible voters participated. Crisis Group interviews, Tehran, June-July 2024.

¹⁶ Mohammad-Sadegh Javadi-Hesar, quoted in Bitra Ghaffari, "The angry Iranians whose votes could determine the next president", *Financial Times*, 27 June 2024. Crisis Group telephone interview, reformist strategist, 21 June 2024.

ding, especially for middle-class and/or less religious audiences.¹⁷ As Azeri is his first language, some listeners found his accented, occasionally halting Persian difficult to follow.¹⁸

Thirdly, and relatedly, he had to compete against five other candidates, four of whom were part of the conservative Revolution Front and were planning to unite behind one person. All four had more experience than he in presidential campaigning.

Yet, despite his campaign's slow start and his liabilities as a candidate, Pezeshkian proved that he had better strategic instincts and greater voter appeal than many expected. According to his advisers, he knew that he was unlikely to convince the majority of the electorate to turn out. So, he chipped away at his conservative rivals' votes by presenting himself as a pious conservative-reformist, subservient to the supreme leader, whose guiding principles of justice and righteousness could unify the country.¹⁹

Pezeshkian's humble demeanour also won over a fair number of voters. Born and raised in the Kurdish city of Mahabad in a mixed Azeri-Kurdish family, and a single parent who lost his wife and son in a car accident, he promised to address the grievances of ethnic and religious minorities, who often face discrimination.²⁰ His common touch and refusal to wear a suit reinforced his populist image – evoking an earlier president with a penchant for casual attire and earning him the nickname “the Ahmadinejad of the reformists”.²¹

¹⁷ During the presidential debates, Pezeshkian constantly referenced *Nahj al-Balagha* (The Path of Eloquence), a collection of sermons and letters attributed to Imam Ali, the first Shiite imam, which he knows by heart.

¹⁸ An activist said, “Some people think Pezeshkian speaks incoherently because he lacks clarity of thought, but this perception is incorrect. He is at a disadvantage compared to his five opponents, because he thinks in Turkish [Azeri], his native tongue, but he must speak in Persian”. Crisis Group interview, Iranian activist, June 2024.

¹⁹ Crisis Group interviews, Tehran, June 2024.

²⁰ During his campaign trips, Pezeshkian would speak Azeri in Azeri-majority regions, Kurdish in Kurdish cities and Persian in the rest of the country. Some were concerned that Pezeshkian's focus on ethnic minorities might aggravate ethnic fault lines and undermine national unity. Crisis Group telephone interview, Iranian historian, June 2024. Pezeshkian addressed those concerns during his campaign, asserting: “If I were an ethno-centrist, I wouldn't say ‘Iran for everyone’. If I were an ethno-centrist, I wouldn't have fought to the death for Iran in the war” (with Iraq in the 1980s). “Pezeshkian: If I were ethno-centrist, I would not say ‘Iran for everyone.’”, *Entekhab*, 16 June 2024 [Persian]. For a case study of the grievances of Iran's minorities, see Crisis Group Middle East Report N°241, *Iran's Khuzestan: Thirst and Turmoil*, 21 August 2023.

²¹ Crisis Group telephone interview, Pezeshkian campaign adviser, June 2024. Mahmoud Sadeghi, a Reformist Front member, said, “Pezeshkian's discourse is mostly aimed at the lower classes of society, that is, the same classes that Ahmadinejad once paid attention to. His justice-seeking orientation can attract these strata, but to attract the middle and upper strata he must speak more comprehensively, transparently and openly – and criticise certain practices”. Quoted in “Pezeshkian should correct his discourse/people have passed the slogan”, ISNA, 11 June 2024 [Persian]. See also Farnaz Fassihi, “Iran's new president promises changes. Can he deliver?”, *The New York Times*, 16 July 2024.

Pezeshkian also profited from fissures within the conservative camp, notably between Qalibaf and Jalili – two ambitious veterans of the system who both believed themselves better placed to vanquish Pezeshkian. The infighting derived from power struggles more than from ideological discord, with neither Qalibaf nor Jalili willing to drop out in the other's favour, and both reportedly resisting the IRGC's attempts to mediate.²²

²² Amirhossein Sabeti, a parliamentarian and prominent figure in Jalili's presidential campaign, said: "Jalili has never been a beloved candidate of the hard core of power, neither in 2013 nor in 2024. Some of the fights are because of Jalili's independence. ... He does not compromise with the powerful. That's why they label him as someone unwilling to engage. I argue, however, that Jalili is simply not willing to give in to pressure". "Untold stories of the fourteenth presidential election in a candid interview with Amirhossein Sabati", video, YouTube, 12 July 2024. See also "Iran's conservatives trade blame amid talk of Quds Force intervention in polls", *Amwaj*, 9 July 2024. Qalibaf is close to former IRGC commander Yahya Rahim-Safavi (1997-2007). Jalili is reportedly a confidant of Rahim-Safavi's successor, Mohammad Ali (Aziz) Jafari (2007-2019), who is part of the anti-Qalibaf faction in the IRGC. Crisis Group interviews, Iranian experts on domestic politics, Tehran, June 2024. See also "Revealing General Jafari's secret meeting on corruption and mafia relations at the highest levels of the IRGC", Radio Farda, 10 February 2022 [Persian]. Brigadier General Ali Hajizadeh, commander of the IRGC Aerospace Forces, frequently praised Qalibaf's management style and his key role in advancing Iran's missile program. "Hajizadeh's account of Qalibaf's role in the country's missile industry", *Mashregh News*, 28 February 2024 [Persian]; and "Following the leader's guidance and voting for a strong executive manager will bring transformation", *Mashregh News*, 24 June 2024 [Persian].

III. A Tale of Two Elections

The 28 June poll saw the lowest voter turnout in the history of the Islamic Republic's presidential elections, at 39.9 per cent.²³ This sharp drop occurred despite senior officials, as usual, exhorting the public to vote, as well as the mobilisation of reformists and centrists who had previously been pushed to the sidelines. It thus underscored the public's deep scepticism about the possibility of achieving change through the ballot box even with a slightly more diverse field of candidates. Ayatollah Khamenei, who usually issues a special congratulatory message the day after each election, remained silent for four days before acknowledging in a speech that the turnout was below his expectations. He then insisted that the 60 per cent who did not vote had not stayed away because they were opposed to the regime.²⁴

In the first round of voting – which saw neither the reformists nor the mainline conservatives able to mobilise nearly the number of voters they had in past presidential elections – Pezeshkian emerged as the leader.²⁵ Of the first-round ballots cast, 42.4 per cent went to Pezeshkian, followed by 38.6 per cent for Jalili.²⁶ Perhaps the most significant defeat, apart from the symbolic repudiation of the Islamic Republic that the low participation rate suggested, was for Qalibaf, who managed to secure only 13.7 per cent, losing to the ultra-conservative faction.²⁷ Voided ballots, accounting for 4.3 per cent, ranked fourth, ahead of Pourmohammadi, who got less than 1 per cent.²⁸ Since no candidate won a majority, the presidential race went to a run-off between the first- and second-place finishers for the first time in nineteen years.²⁹

The week leading up to the second round of voting sharpened the differences between the two ends of the political spectrum tolerated by the Islamic Republic –

²³ According to the government, 24.5 million of Iran's 61.4 million eligible voters participated. "Iran's presidential vote headed for runoff", Tasnim, 29 June 2024. Average turnout in the last thirteen presidential elections, along with one run-off, was 65 per cent. A decrease of 9 per cent from the 2021 presidential race, which had set the previous record low for participation, it also marked the fourth consecutive national election in which a majority of eligible voters failed to cast ballots. That city council elections, usually organised in conjunction with the presidential election, did not occur in parallel this time likely contributed to the low turnout.

²⁴ Khamenei emphasised, "If the people participate more clearly and effectively, the Islamic Republic will gain the ability to realise its words, intentions and goals, both domestically and in its strategic outreach. This is a significant opportunity for the country". "Remarks in a meeting with the directors and professors of Shahid Motahari Supreme School", Khamenei.ir, 3 July 2024 [Persian].

²⁵ Looking at past presidential elections reveals the shrinking support of various factions. In 2017, Rouhani, backed by reformists and centrists, secured more than 23.5 million votes, defeating the conservative candidate Raisi, who received 15.8 million votes. In 2021, with many reformists sitting out the election, Raisi got around 18 million votes, giving the conservative faction (represented by two other candidates as well) 22.5 million in total.

²⁶ Pezeshkian got 10.4 million votes and Jalili 9.4 million.

²⁷ This percentage corresponded to 3.3 million votes for Qalibaf. These two conservative factions also competed in the 2013 presidential election. In that election, which Rouhani won with 18.6 million votes, Qalibaf received around 6 million votes and Jalili garnered slightly more than 4 million.

²⁸ The number of voided ballots was slightly more than 1 million, a sharp decrease from three years earlier when the figure was 3.7 million, equal to approximately 13 per cent of the cast ballots.

²⁹ In 2005, Ahmadinejad, then mayor of Tehran, parlayed a second-place finish in the first round into victory over Ali Akbar Hashemi Rafsanjani, a former president.

Pezeshkian representing a reformist strand critical of the status quo, while still loyal to the system, and Jalili reflecting an ultra-conservative position in line with the Raisi administration. The candidates and their surrogates painted their opponents in stark terms: Pezeshkian's campaign changed its slogan from "For Iran" in the first round to "Saving Iran" in the second. It sought to muster the middle-class vote by raising the spectre of Iran's "first Taliban administration", pointing to Jalili's unbending views on socio-cultural restrictions. It also criticised the Raisi administration's economic performance, emphasised the need for diplomatic engagement with the West, warning of the risks of Jalili's stridently anti-Western worldview, and highlighted the dangers of having a hardline president in Iran should Donald Trump return to the U.S. presidency.³⁰

Concern about Jalili reduced the number of boycott calls and compelled prominent figures who had abstained in the first round to endorse Pezeshkian in the second. One such person was Keyvan Samimi, a prominent journalist and activist who served several years in prison. He congratulated the 60 per cent who did not vote in the first round for making a statement against the status quo, while urging them to back Pezeshkian in the second. "Pezeshkian can't perform miracles", Samimi said. "But at the very least, he can offer some relief to the people, whereas Jalili would snuff out even that small comfort".³¹

From his side, Jalili sought support from the working class by saying his rival might usher in a "third Rouhani administration" – which conservatives lambasted for naiveté in foreign policy and poor economic decision-making, such as the 2019 gasoline price hike, which led to nationwide protests.³² He also expected to get a boost from Qalibaf's voters in the run-off. While expressing respect for Pezeshkian, Qalibaf indeed urged voters to support Jalili in order to keep Pezeshkian's allies out of office, including ministers from the Rouhani administration whom he claimed were "responsible for many of our current economic and political problems".³³ Yet polling

³⁰ For instance, Jalili said, "Today, the enemy [Israel] has used all its strength against the Hamas group in a small region and achieved nothing. Are some people trying to scare the Iranian nation with war?" When footage of his remarks went viral, he faced widespread criticism for what many saw as glib bravado in seeming to welcome a military confrontation with Israel. On the domestic front, Jalili, unlike Pezeshkian, did not object to violent enforcement of hijab laws. During a debate, a woman from a conservative party who claimed to be active in Jalili's campaign said, "If a girl believes she has the right to enter society without a hijab and a boy who has a sexual instinct – an instinct without which marriage would not exist – is provoked and assaults her, she should not expect anyone to intervene. The girl wants to be free; the boy wants to be free, too". "The controversial debate between representatives of Saeed Jalili and Masoud Pezeshkian", *Shargh*, 27 June 2024 [Persian]. Her remarks sparked a widespread outcry. She later denied representing Jalili's campaign in the debate.

³¹ "Keyvan Samimi's remarks on voting for Pezeshkian and the significance of a protest vote", Aparat, 2 July 2024 [Persian]. Another former political prisoner said, "I didn't vote in the first round because I didn't fear Qalibaf. But now I fear Jalili. ... Some may ask, 'Can the situation get worse than now?' My response is ... there is no end to misery, suffering and hardship". Tweet by Ahmad Zeydabadi, journalist and analyst, @Zeidabadi_Ahmad, 11:07pm, 1 July 2024 [Persian].

³² Farnaz Fassihi and Rich Gladstone, "Iran abruptly raises fuel prices, and protests erupt", *The New York Times*, 15 November 2019. "Iran: No Justice for Bloody 2019 Crackdown", Human Rights Watch, 17 November 2020.

³³ "Qalibaf endorses Jalili", IRNA, 29 June 2024 [Persian].

suggested that some 20 per cent of Qalibaf's votes might go to Pezeshkian anyway.³⁴ Government-funded media outlets and entities such as the Qom Seminary, a conservative stronghold that trains members of the Shiite clergy, also promoted Jalili's candidacy.³⁵

The run-off took place on 5 July. Turnout was officially reported at 30.5 million or 49.7 per cent, an increase of nearly ten points over the first round.³⁶ The polarised atmosphere, starker choices, Pezeshkian's apparent viability and fear of a Jalili win may have helped push up participation, but more than half the population nonetheless stayed away from the ballot box.³⁷ Pezeshkian won with 53.6 per cent of the ballots cast (16.38 million votes), with Jalili coming in second at 44.34 per cent (13.53 million votes). It was the narrowest margin of victory since the Islamic Republic's inception. That Pezeshkian's total vote share from the electorate was just 26.6 per cent underscored the thinness of his popular mandate. Meanwhile, the ultra-conservative faction, despite its loss, contends that its share shows it still has a powerful constituency.³⁸ These factors could spell trouble for Pezeshkian as he tries to press forward with his agenda.

³⁴ "ISPA: Confirmed turnout reaches 43.9 per cent", *Entekhab*, 30 June 2024 [Persian].

³⁵ Pezeshkian's campaign officially filed a complaint against government-funded media outlets for promoting Jalili. "Pezeshkian's campaign chief protests state media campaigning in favour of Jalili", *Khabar*, 2 July 2024 [Persian]. Right after the first round, the Qom Seminary announced a one-week suspension of classes due to "the necessity of student and teacher involvement in encouraging maximum public participation in the second round". "One-week suspension of the summer courses for seminary students in Qom", *Mehr News*, 1 July 2024 [Persian]; and "Images of the mass deployment of seminary students and forces to villages to campaign for Jalili", *Fararu*, 2 July 2024 [Persian].

³⁶ "Iran election: Turnout near 50%", *Tasnim*, 6 July 2024.

³⁷ On the day of the run-off, Mohsen Borhani, a government critic who had campaigned for Pezeshkian, summed up what he viewed as the stakes: "Possible happiness or definite misery?" Tweet by Mohsen Borhani, lawyer and academic, @borhanimohsen1, 2:15am, 5 July 2024. (He was arrested two days later as part of a vague judicial case against him.) "Iran detains an outspoken lawyer who criticised 2022 crackdown following Mahsa Amini's death", *Associated Press*, 7 July 2024.

³⁸ Pointing to Jalili's 44 per cent share of the vote, one of his advisers insisted that "Jalili's political influence is going to increase". "Untold stories of the fourteenth presidential election in a candid interview with Amirhossein Sabati", op. cit. Others were less charitable, with a prominent conservative commentator asserting, "Just as Mr. Jalili had delusions of becoming president, he has delusions that in the 'shadow government' he has [developed policy] plans for running the country that he can simply give to Pezeshkian for implementation". Tweet by Mohammad Mohajeri, journalist, @Mohmohajeri, 2:53am, 8 July 2024.

IV. Domestic Policy: Order Out of Chaos?

Pezeshkian will be presiding over a country whose people have repeatedly expressed their deep unhappiness with the system. His campaign had three interwoven themes: that the status quo is dysfunctional; that his hardline rivals, if elected, would persist with, or even double down on, Raisi's failed policies; and that his administration would be more pragmatic and competent than its predecessor. During the presidential debates, he repeatedly emphasised that the state had lost its problem-solving capacity due to fratricidal factionalism. The public has paid the price, he said, with the result being social discontent and, all too frequently, popular upheavals, which the state has met with brute force.³⁹ On another occasion, he said, "Every day, we are losing the public's backing because of our performance, because of price hikes, because of how we treat women, because of how we filter the internet. Because of our conduct, people are dissatisfied".⁴⁰

But the contours of how the new president intends to address these formidable challenges remain vague. As a candidate, Pezeshkian portrayed his plans in broad strokes. He may have wanted to avoid specifics because he expects to encounter opposition in shaping policy or because his familiarity with various issues is limited. Though he has served in legislative roles, including as first deputy speaker, and was part of the Khatami government two decades ago, his lack of leadership experience may constrain his effectiveness as president. He has neither led a branch of government, as Raisi did as head of the judiciary, nor worked intensively on the national security side of the government like Rouhani did.

To compensate, Pezeshkian underlined his general governance strategy, focused on consensus building, meritocracy and his advisers' technocratic expertise. The emphasis on consensus shows the new president's awareness of the impediments he is likely to face, as his predecessors did, in implementing his agenda given the conservatives' resistance to major reforms.⁴¹ Efforts to disrupt the status quo could also sow division within his own camp over what to do first, who to appoint, how ambitiously to proceed and whether courting the other side is a fool's errand.⁴²

³⁹ He said, "The people's interests are sacrificed through diverging interpretations of national interests. Additionally, the gap between the people and the state has led to an aversion to taking significant decisions, which the public might not support". "Full text of the 2024 presidential election's last debate", Mizan, 25 June 2024 [Persian].

⁴⁰ He also said, "When 60 per cent of the people do not vote, it means we must recognise that there is a flaw in our work. If we are to stand against the enemy, it is the people who will stand, and we [ie, the government] cannot do it alone". "Full text of the 2024 run-off presidential election's first debate", Mizan, 1 July 2024 [Persian].

⁴¹ Sociologist Abdi observed, "Mr. Rouhani started with foreign policy to fix the economy but neglected domestic policy, which became his downfall. Mr. Pezeshkian, however, has a different approach. He wants to begin by reforming domestic policy. ... Our main issue is not foreign policy. Our primary issue is the lack of political unity within the country". Quoted from Clubhouse discussion, 25 June 2024.

⁴² As a prominent reformist put it, "The pre-election slogan 'for Iran' gave way to 'for the ministry' after the election". Behzad Nabavi, quoted in "Behzad Nabavi's request to some reformists: Stop demanding your share of this sacrificial meat!", Khabar, 17 July 2024.

Pezeshkian's unprecedented focus on fostering cohesion among various political factions appears to be a personal initiative.⁴³ He has yet to detail how he intends to unify a historically splintered polity, instead threatening to resign if his opponents broadly block his agenda.⁴⁴ Pezeshkian's history of working with moderate conservatives in parliament suggests some potential for cooperation.⁴⁵ Yet the longstanding animosity between the country's reformists and conservatives is unlikely to dissipate anytime soon. Finding common ground with conservatives can be daunting, all the more so because their camp is not monolithic.⁴⁶ Working with ultra-conservatives, who have continued attacking Pezeshkian and his entourage after the election, will be especially challenging.⁴⁷

Pezeshkian's rise also raises the question of who will succeed Ayatollah Khamenei as supreme leader. If Ayatollah Khamenei was indeed grooming Raisi to take his place through the presidency, the process of selecting an heir will now have to be decoupled from the presidency, as the constitution requires the supreme leader to be a cleric and Pezeshkian is a layman.⁴⁸ Consequently, his tenure could see heightened intrigue behind the scenes as aspirants for the Islamic Republic's most decisive post position themselves for its first vacancy in over three decades.

⁴³ The most concrete unifying measure Pezeshkian has adopted so far is his attempt to include conservative politicians in the cabinet. In the absence of a party system, Pezeshkian's team formed an unprecedented advisory body during the transition period called the Steering Council, headed by Zarif. Its task was setting criteria for cabinet positions and then proposing a number of candidates with input from individuals and factional representatives across the political spectrum, including Pezeshkian's rivals. Crisis Group interview, Pezeshkian adviser, Tehran, July 2024. "I have asked everyone, including Mr. Qalibaf ... and even Jalili, to propose their candidates" for cabinet positions. Tweet by Masoud Pezeshkian, president of Iran, @drpezeskian, 12:04pm, 19 July 2024 [Persian].

⁴⁴ "Pezeshkian: I never lie – If I can't fulfil my promises, I will say goodbye to politics", ISNA, 3 July 2024 [Persian].

⁴⁵ Between 80 and 100 of the 290 parliamentarians are either politically unaffiliated, centrist or reformist. Their votes were critical for Qalibaf to retain his speakership in mid-May, despite finishing fourth in his own Tehran constituency, with ultra-conservatives outperforming him. "The key role of moderates in determining the leadership of the twelfth parliament", *Arman-e Meli*, 17 May 2024 [Persian]. Given how helpful the moderate conservative bloc could be to Pezeshkian's agenda, one of the new president's advisers said, "Pezeshkian was smart to refrain from personal attacks on Qalibaf in the electoral debates". Crisis Group telephone interview, July 2024. Members of Qalibaf's campaign joined Pezeshkian's in the run-off. See, for example, "Head of Qalibaf's national grassroots campaign joined Pezeshkian's campaign", *Shargh*, 2 July 2024 [Persian]; and "The national Jihadist Group announces its support for Pezeshkian", *Mehr News*, 1 July 2024 [Persian].

⁴⁶ A Pezeshkian adviser said, "A few experts who joined the Steering Council's lower bodies were Qalibaf and Jalili supporters, but they faced opposition from other members who contended that if the shoe had been on the other foot, they would never have had a place in a Jalili or Qalibaf government". Another adviser admitted, "Sometimes reformists can't even tolerate each other, let alone conservatives". Crisis Group interviews, Tehran, July 2024.

⁴⁷ Ultra-conservatives have belittled Pezeshkian's victory by contending that his votes were primarily ethnic-based and blaming the Guardian Council for dividing the conservative vote. But a senior IRGC general warned the conservatives not to question the election's integrity or Pezeshkian's legitimacy. Ali Hajizadeh, "Pezeshkian is the president of the entire nation of Iran", *Javan*, 10 July 2024 [Persian]; and Najmeh Bozorgmehr, "Iran's hardliners trade blows over election loss", *Financial Times*, 10 July 2024.

⁴⁸ Ayatollah Khamenei himself served as president (1981-1989) before becoming Supreme Leader. "Iran: How Ayatollah Khamenei became its most powerful man", BBC, 9 March 2020.

As for social issues, Pezeshkian is inheriting his predecessor's legacy of strictures, notably regarding the mandatory hijab for women.⁴⁹ Since 2022, the state has doubled down on enforcing its dress code for women.⁵⁰ The "morality police" – ie, Guidance Patrols – have been given licence to enforce the rules more aggressively, culminating in nationwide anti-government protests sparked by the death in September 2022 of Mahsa Amini, a young woman arrested for alleged dress code infractions who died in custody.⁵¹ Despite his personal piety, Pezeshkian has opposed coercion in matters of belief and comportment, including regarding the hijab. Unlike other presidential candidates, Pezeshkian criticised the Noor (Light) plan – the most recent initiative for enforcing mandatory hijab – calling it a regressive move that was pushing society into "darkness".⁵² But with imposition of the hijab being a pillar of the Islamic Republic's identity, he is unlikely to be able to achieve anything beyond somewhat laxer enforcement of the rules.⁵³

Pezeshkian will also need to respond to criticism of restrictions on access to foreign social media platforms and websites. The state has also intentionally slowed internet speeds, imposed frequent internet blackouts and made plans to develop a National Information Network that would tighten its grip on internet access. The restrictions have disrupted business and prompted public ire.⁵⁴ While Pezeshkian has said internet shutdowns may be acceptable in exceptional cases, he has committed to standing

⁴⁹ "Presentation of the Secretary-General's report on the situation of human rights in the Islamic Republic of Iran (A/HRC/56/22)", UN High Commissioner for Human Rights, 20 June 2024; and "Iran: New President Should Confront Rights Abuses", Human Rights Watch, 12 July 2024.

⁵⁰ After Raisi decreed additional dress code restrictions for women in mid-2022, Iranian authorities intensified enforcement of compulsory hijab laws. Women and girls, including celebrities, have been prosecuted for not wearing the hijab in public. Police issue traffic citations to car passengers without a hijab and use surveillance cameras to identify women not complying with the laws. Authorities also close businesses for failing to comply. "Iran: Events of 2023", Human Rights Watch, 2023. State-conducted polls indicate that the number of people opposing enforcement of mandatory hijab doubled from 22.2 to 45.5 per cent between 2015 and 2023. The same polls indicated that over three quarters of the population were either not concerned about women forgoing the hijab or inclined to keep their objections to themselves. "Confidential government survey in Iran: 73 per cent support the separation of religion and politics", BBC Persian, 20 February 2024 [Persian].

⁵¹ Crisis Group Statement, "Iranian Leaders Should Call Off Their Campaign of Repression", 23 September 2022.

⁵² Tweet by Masoud Pezeshkian, @drpezeshkian, 5:38am, 30 June 2024 [Persian].

⁵³ Khamenei said, "Compliance with the [hijab] law is compulsory for all individuals. Regardless of whether they personally believe in Islamic law, the law must be obeyed". "Zionist regime moving closer to its extinction day by day", Khamenei.ir, 3 April 2024. Khamenei also contends that many Iranian women who are not abiding by compulsory hijab "are unaware of who is behind this policy of removing and fighting hijab. The enemy's spies and the enemy's spy agencies are pursuing this matter". "Strength of Palestinian groups has increased by tens of times compared to the past", Khamenei.ir, 4 April 2023.

⁵⁴ He argued, "Administrative, health care, financial and educational services are all dependent on the internet. Most academic activities are now conducted virtually. Our communication with the world is based on this system. We cannot live in a cage and cut off relations with the world". See "Full text of the 2024 run-off presidential election's first debate", op. cit. For more, see "Iran: Freedom on the Net 2023 Country Report", Freedom House, 4 October 2023; and "Tightening the Net: Iran's New Phase of Digital Repression", Article 19, 23 July 2024.

against aggressive restrictions.⁵⁵ He will likely face significant challenges in preventing them, however, as there are several decision-making bodies in this domain over which he will lack full control. Moreover, the government has spent millions of dollars creating a national internet and social media platforms as alternatives to foreign ones.⁵⁶ A massive market for virtual private networks (VPNs) has also emerged. Changes that might render those investments worthless are certain to face resistance, whether from the state or from the middlemen reaping profits from the VPNs.

Pezeshkian will also be judged on his ability to rescue the embattled Iranian economy. The World Bank projects that GDP growth, estimated at 5 per cent in 2023 – primarily on the back of oil exports that are almost entirely China-bound, along with growth in manufacturing and service industries – will drop to 3.2 per cent in 2024 and further still in coming years.⁵⁷ Inflation runs at over 35 per cent, while the value of the Iranian rial, which stood at around 60,000 to the dollar prior to the U.S. exit from the 2015 nuclear deal, is now closer to 600,000. Corruption and mismanagement have compounded the impact of sanctions, and Iran is one of only three countries on the black list of the intergovernmental Financial Action Task Force.⁵⁸ The struggles of the Raisi-led “resistance economy”, which emphasises domestic production and developing trade with non-Western partners in order to work around sanctions, suggest that no Iranian government is likely to lower living costs, reduce unemployment, stem brain drain and fix budget deficits without better management and a measure of sanctions relief.

Pezeshkian has acknowledged as much, and during the campaign he voiced sharp criticism of the economic situation, while largely sticking to generalities as to his proposed remedies. He called for raising the minimum wage in line with inflation, increasing financial transparency, rooting out corruption, supporting the poorest sectors of society and limiting government intervention. He also lamented what he called a tendency to “put unqualified people in charge”, promising to rely on specialist advice and to bring efficiency and competence back into governance. “I have no illusions about my own expertise”, he said. “If you put me in charge of the economy, I’m going to mess up”.⁵⁹ In sharp contrast to Jalili, Pezeshkian was emphatic about the

⁵⁵ Tweet by Pezeshkian, op. cit. Pezeshkian has argued: “Filtering the internet has made the middlemen and those who sell anti-filtering software richer. ... It is hurting users and costing them a lot of money”. Quoted in Elizabeth Palmer and Seyed Bathaei, “What Iran’s moderate new President Masoud Pezeshkian might try to change – and what he definitely won’t”, CBS News, 9 July 2024.

⁵⁶ “How much does it cost to launch domestic messaging apps?”, Tejarat News, 12 October 2022 [Persian]; and “Iran digital marketing report in 2022”, Yektanet, August 2022 [Persian].

⁵⁷ “Macro Poverty Outlook for Iran”, World Bank, 3 April 2024; and Alissa Rubin, “Iranians’ demand for their leaders: Fix the economy”, *The New York Times*, 4 July 2024.

⁵⁸ The other two are North Korea and Myanmar. Pezeshkian and Jalili expressed diverging views during the campaign about the Financial Action Task Force, a longstanding bone of contention. The former emphasised the need to make reforms required to improve Iran’s banking relations, while the latter dismissed the importance of doing so. “High-risk Jurisdictions Subject to a Call for Action”, Financial Action Task Force, 28 June 2024.

⁵⁹ “Masoud Pezeshkian’s remarks at the economic roundtable”, ISNA, 14 June 2024 [Persian]. In a possible indication of the challenges ahead, conservative critics pounced when a senior member of Pezeshkian’s team mooted the possibility of increasing gasoline prices that are heavily subsidised by the state. Pezeshkian then denied any plans in this respect, while noting his government would “do

need to break Iran's diplomatic isolation as a way to boost trade, attract investment and spur the economic growth envisaged in the government's development plans.⁶⁰

His acknowledgment of Iran's dire economic reality marks a shift from his predecessor's practice, but it also underscores the critical nexus between domestic imperatives and the Islamic Republic's foreign policy, particularly its relationship with the U.S.

nothing without the approval of the people". Nasser Karimi and Jon Gambrell, "Ahead of Iran's presidential runoff, a floated rise in gasoline prices may spark new protests", Associated Press, 4 July 2024.

⁶⁰ "Jalili, Pezeshkian debate over sanctions, inflation, housing", Mehr News, 2 July 2024.

V. Foreign Policy: Back to the Future?

In seeking to anticipate what direction Pezeshkian's foreign policy will take, the first question to ask concerns how much authority he will have to alter Iran's approach to the outside world. Iranian presidents must reckon with myriad competing power centres. Supreme Leader Khamenei has the final say, and he will inevitably have his differences with Pezeshkian.⁶¹ The IRGC has more influence in setting regional policies than the government.⁶² In addition, hardline elements in parliament will certainly try to restrain the new president. But although Pezeshkian will not have a decisive voice, his government and the new officials he will name to the Supreme National Security Council will help shape the balance of power and, in turn, the style and substance of Iranian foreign policy. Thus, he has the potential to guide foreign policy to a more pragmatic and less belligerent place than where it was under Raisi.⁶³ While Pezeshkian is a novice in international affairs, his pronouncements during and after the campaign – and his emerging foreign policy team comprising the most seasoned Iranian diplomats – offer clues about his inclinations.

The overarching theme of the new president's campaign statements was the need for a moderate, balanced foreign policy that produces economic prosperity. Reaching this goal, in his view, requires unburdening the economy from sanctions and recalibrating Iran's ties with both the East and the West. As he said during the televised debates, using a phrase that has been heavily quoted since, "No government in history has flourished in a cage".⁶⁴

On the campaign trail, Pezeshkian lamented the opportunity costs of Iran's international isolation, of which Tehran's blacklisting by the Financial Action Task Force is an important index. He complained, for instance, that China can buy Iranian oil at highly discounted rates because of Tehran's failure to adopt the financial transparency measures the Task Force requires; under sanctions, Iran's oil exports have been almost entirely reliant on Chinese demand. Beijing is "not repatriating our revenue",

⁶¹ Already before the election, the supreme leader put Pezeshkian on notice, stating that those who believe that "all ways to progress pass through America ... can't run the country well". Quoted in Jon Gambrell, "Iran's supreme leader warns sole reformist in presidential race, while calling for 'maximum' turnout", Associated Press, 25 June 2024. In his message congratulating Pezeshkian on his victory, Ayatollah Khamenei advised the new president to "follow the path" of Raisi and "make use of the abundant capacities in the country". "Supreme Leader's message on the fourteenth presidential election", Khamenei.ir, 6 July 2024. For his part, Pezeshkian repeatedly maintained during televised debates that he would follow the supreme leader's directives on foreign policy.

⁶² In 2021, after an audio leak in which Zarif as foreign minister complained about the IRGC's heavy hand in Iran's regional policies, Ayatollah Khamenei reprimanded him by stating that the foreign ministry "is not a decision-maker but an implementer" of Iran's policies. Golnar Motevalli, "Iran's Khamenei slams top minister Zarif after leaked audio tape", Bloomberg, 2 May 2021. In his latest book, *The Audacity of Resilience* (Tehran, 2023), Zarif describes the IRGC's growing dominance in Iran's national security decision-making. For a review, see Ali Alfoneh, "Militarized: National security decision-making in Iran", Arab Gulf States Institute in Washington, 11 July 2024.

⁶³ The president heads the Supreme National Security Council, which includes seven government ministers among its thirteen members. For background on Iran's national security decision-making, see Crisis Group Middle East Report N°184, *Iran's Priorities in a Turbulent Middle East*, 13 April 2018.

⁶⁴ "Iran's presidential candidates discuss economic sanctions and nuclear deal ahead of Friday runoff", Associated Press, 2 July 2024.

he said, “and instead is selling us junk”.⁶⁵ He went on: “We could be the transit route from East to West and realise great benefit from it. Why haven’t we done this? Because we are in conflict both among ourselves and with our neighbours”.⁶⁶

Yet Pezeshkian has not outlined any concrete plan for tackling these challenges.⁶⁷ In two post-election opinion pieces, he sketched a broad roadmap for the path ahead. The first one, appearing in an Arabic-language outlet, suggested that Iran will continue to work on enhancing relations with its Gulf Arab neighbours and remains committed to Raisi’s de-escalatory approach toward these states.⁶⁸ In the second, he suggested that Iran will try to balance its close ties with Russia, China and countries of the so-called Global South with conciliation toward the West, conditioned on Europe abandoning “self-arrogated moral supremacy” and the U.S. recognising “that Iran does not – and will not – respond to pressure”.⁶⁹

Such boilerplate statements, and what they leave out, reveal the areas of Iran’s foreign policy Pezeshkian can neither control nor alter. Key among them is Iran’s hostility toward Israel and its support for its partners and proxies in the “axis of resistance” – a coalition of state and non-state actors opposed to Israel and the U.S. Here, any adjustment in Iran’s calculus will be a function of changes in the regional balance of power and its threat perception, not a particular presidential transition in the Islamic Republic.⁷⁰ But Pezeshkian’s administration will have influence in other areas, making it worthwhile to look at the composition of its foreign policy team.

The team brings a mixed record to the table. Pezeshkian’s nominee for foreign minister, Abbas Araghchi, whom parliament must confirm, was an architect of the 2015 nuclear agreement between Iran and six world powers, known as the Joint Comprehensive Plan of Action (JCPOA), from which the U.S. withdrew in 2018, when Trump was president. Araghchi also led the unsuccessful efforts during the short overlap between the Rouhani and Biden administrations in 2021 to revive the agreement.⁷¹ As an adviser to the new team put it,

⁶⁵ See “Full text of the 2024 run-off presidential election’s first debate”, op. cit.; and “High-risk Jurisdictions Subject to a Call for Action”, op. cit.

⁶⁶ “Highlights: Fourth debate in 2024 Iran presidential election”, Press TV, 24 June 2024.

⁶⁷ A prominent Pezeshkian surrogate explained, “This is a surprise candidacy in an unexpected election. We had no time to plan for anything”. Crisis Group telephone interview, 26 June 2024.

⁶⁸ Masoud Pezeshkian, “Let us come together to build a strong, prosperous region”, *Al-Araby al-Jadeed*, 11 July 2024 [Arabic]. The concept of a “strong region”, which Zarif first presented in 2019, is based on the proposition that Iran’s neighbours will perceive its rise as peaceful only if it occurs within an inclusive regional arrangement, akin to Germany’s post-World War II recovery as part of what would become the European Union. Crisis Group interviews, Iranian officials, Tehran, 2019-2020. “Zarif described the elements of the ‘strong region’ concept”, IRNA, 9 January 2019. The key achievement of Raisi’s “neighbours first” policy was the 2023 normalisation of ties with Saudi Arabia. For more, see Crisis Group Middle East Briefing N°92, *Great Expectations: The Future of Iranian-Saudi Détente*, 13 June 2024.

⁶⁹ Masoud Pezeshkian, “My message to the new world”, *Tehran Times*, 12 July 2024.

⁷⁰ “Iran’s president-elect reaffirms policy towards Israel”, Reuters, 8 July 2024. Pezeshkian’s post-election calls included conversations with senior “axis of resistance” leaders in Hizbollah, Hamas and the Houthi movement in Yemen.

⁷¹ Araghchi, Iran’s former ambassador to Finland and Japan, served as deputy foreign minister during the Rouhani administration. Pezeshkian’s team assessed that Araghchi’s former boss, Zarif, would be unlikely to be confirmed as foreign minister by the hardline parliament. Crisis Group interviews,

The good news is that Pezeshkian will once again empower diplomats who are competent and pragmatic and know how to engage with the West. The bad news is that these are the same people who were burned by the West – be it when Trump abandoned the JCPOA and the Europeans failed to uphold it, or when Biden hesitated to restore it – and subsequently endured bitter criticism at home. That resentment is likely to make them more cynical and cautious this time around.⁷²

That sentiment cuts both ways. The Raisi administration's policies leave his successor with no surfeit of good-will in Western capitals. Since Raisi came to power in 2021, U.S. and European concerns about Iranian actions have deepened as engagement between the two sides has faltered. The West blames Iran for repeated failures to conclude nuclear negotiations that in 2022 seemed on the verge of success.⁷³ It is alarmed by the continued expansion of Iran's nuclear program and the new limits on the International Atomic Energy Agency's access to Iranian nuclear sites, not to mention the bloody crackdown on anti-government protests in 2022, Iranian military assistance to Russia amid the war in Ukraine and Tehran's support for its partners in the "axis".⁷⁴ The Pezeshkian team will therefore start from a low point in relations with the West in putting his rebalancing rhetoric into practice. It will likely need to revisit points of contention that have stymied previous negotiations.

Pezeshkian's entourage perceives the West as dismissing the new president before he has even taken office. Statements by U.S. officials in particular evinced doubt that Pezeshkian's administration will be willing or able to act differently than earlier ones in Tehran.⁷⁵ A close foreign policy adviser of the new president's asked rhetorically,

Tehran, July 2024. "Scoop: Ex-nuclear negotiator named as Iran's foreign minister, sources say", *Amwaj*, 28 July 2024.

⁷² Crisis Group telephone interview, 12 July 2024. A former senior Iranian official close to Pezeshkian contended that the Biden administration ended up making more concessions to Ali Bagheri-Kani, the hardline deputy foreign minister and chief nuclear negotiator under Raisi. "The U.S. seems keen to discredit the moderates in Iran and validate the hardliners", he observed. Crisis Group interview, Brussels, January 2023.

⁷³ Negotiations that were paused toward the end of Rouhani's time in office continued under the Raisi administration and in 2022 came close to a successful conclusion. But U.S. and European officials viewed Iranian demands as unreasonable requests at best and poison pills at worst. For background on the nuclear talks in 2021-2022, see Crisis Group Middle East Briefing N°87, *Is Restoring the Iran Nuclear Deal Still Possible?*, 12 September 2022.

⁷⁴ Crisis Group interviews, European officials, Brussels, London, Paris, Madrid, Geneva, Vienna, and Berlin, 2022-2023.

⁷⁵ Crisis Group interviews, Pezeshkian campaign officials, Tehran, 10-15 July 2024. Prior to the Iranian election, the Biden administration stated that it had "no expectation of free and fair elections or fundamental change in Iran's direction". Tweet by Abram Paley, U.S. deputy special envoy for Iran, @USEnvoyIran, 11:36am, 26 June 2024. Subsequent pronouncements by John Kirby, U.S. national security council coordinator for strategic communications, particularly angered Pezeshkian's team. Kirby said, "We're not in a position where we're willing to get back to the negotiating table with Iran just because they elected a new president. They're still supporting terrorist groups like Hamas and Hezbollah. They're still supporting the Houthis as [they] attack ships in the Red Sea. They're still attacking shipping as well. And they're still supplying drones and drone technology and drone expertise to the Russians so that the Russians can continue to kill innocent Ukrainians like they did over the weekend. We will see what [Pezeshkian] wants to get done, but we are not expecting any changes in

“The U.S. could issue a condolence statement when Raisi died, but not a congratulatory statement when Pezeshkian won? They don’t appreciate that ill-will begets ill-will?”⁷⁶ Another associate said, “Our impression is that the West believes we are desperate for a deal. That is a misperception that we will have to rectify by digging our heels in”.⁷⁷ Such impressions could harden Tehran’s stance and lead to new obstacles down the road.

Still, what Pezeshkian can achieve, particularly regarding nuclear talks, is likely to be shaped at least as much by external as by internal forces – above all, by the outcome of the 2024 U.S. presidential election. A Democratic victory would appear more conducive to a mutually beneficial agreement with Iran, given that a Democratic president (Barack Obama) negotiated the JCPOA and a successor (Biden) sought to restore it, while former President Trump repudiated it. Yet, even if the Democratic candidate – who is almost sure to be Biden’s vice president, Kamala Harris – prevails, reaching a deal will be anything but easy. Developments since the nuclear talks collapsed in mid-2022, and especially since Hamas’s 7 October 2023 attack on Israel, have largely rendered the JCPOA moot on technical and political grounds. But there is little consideration as to what could succeed it.⁷⁸

The 2015 agreement narrowly focused on limiting Iran’s nuclear activity, which world powers viewed as the most critical concern. Non-proliferation remains a pre-occupation but has been overshadowed by Iranian policies that likely make a repeat standalone nuclear deal close to infeasible. These include Iran’s support for attacks by “axis of resistance” members on Israel and U.S. interests, its military backing of Russia in Ukraine, its threats to dissidents abroad and its human rights violations at home. Some European diplomats take Iran’s refusal of a compromise text during the JCPOA restoration talks in 2022 and developments in its nuclear program since as indications that Tehran has little intention of striking a bargain, meaning that renewed talks would be pointless. Others counter that the promise of lifting sanctions might

Iranian behaviour, sadly”. Quoted in “U.S. not expecting policy change from Iran under new president”, Agence France Presse, 8 July 2024. A Pezeshkian associate said of Kirby’s statement: it “led the new team to toughen the language on the U.S. in Pezeshkian’s op-ed on his foreign policy”. Crisis Group telephone interview, 10 July 2024.

⁷⁶ Crisis Group telephone interview, 12 July 2024. A senior EU official characterised the initial U.S. reaction as “prickly”. Crisis Group interview, Brussels, 11 July 2024. The few Western actors that congratulated the new president included the European Union. Tweet by Nabila Massrali, @NabilaEUspox, 11:45am, 6 July 2024. See also Michael Crowley, “U.S. ‘condolences’ for Raisi reflect a delicate diplomatic ritual”, *The New York Times*, 20 May 2024.

⁷⁷ Crisis Group telephone interview, 14 July 2024.

⁷⁸ Bagheri-Kani, Raisi’s lead negotiator in the 2021-2022 talks to restore the JCPOA and Iran’s acting foreign minister since the death of his boss, Hossein Amir-Abdollahian, in the helicopter crash that also killed Raisi, said, “We are not looking for a new agreement. ... Neither I nor anyone else in Iran has talked or will talk about a new agreement. We have an agreement [signed] in 2015”. Quoted in “Iran capable of producing fissile material in ‘one or two weeks’: Blinken”, Agence France Presse, 19 July 2024. The U.S. and Iran have reportedly held occasional indirect talks since October 2023, primarily aimed at containing escalation risks. See Felicia Schwartz and Andrew England, “U.S. held secret talks with Iran over Red Sea attacks”, *Financial Times*, 14 March 2024; and Barak Ravid, “Scoop: U.S., Iran held indirect talks this week on avoiding more attacks”, *Axios*, 17 May 2024.

still shift Iran's calculus, but they remain unclear as to what issues might be on the table in future talks or who might be sitting at it.⁷⁹

Trump's re-election would further complicate the conundrum. While some Iranian policymakers believe that Trump, as a businessman, might be more amenable to making a deal with Iran than a Democratic president (despite having exited the JCPOA), others point to the fact that his entourage does not seem to want to engage with Iran.⁸⁰ The killing of Iran's most senior military commander, General Qassem Soleimani, by the U.S. in early 2020 rendered Trump especially toxic in Iranian politics, adding to concern in Washington about Iranian threats on U.S. soil.⁸¹ That fact notwithstanding, some on Pezeshkian's foreign policy team have been considering an approach similar to North Korea's during Trump's first term: engaging in performative exchanges with Trump, aimed not at striking a deal but at limiting the harm he inflicts upon the country.⁸² Yet if Trump resorts to tightening U.S. sanctions as a means of negotiating with Tehran from a position of strength, as some of his advisers have suggested he might, Iran and the U.S. could once again find themselves on a collision course.⁸³

But even if the next U.S. administration is eager to get back to the table for nuclear diplomacy, Tehran will be a wary counterparty. The caution will come in large part from the incoming Iranian team's experience of negotiating with the Biden administration to restore the JCPOA in early 2021. Their sense that the U.S. dithered has rendered them suspicious of Washington's intentions.⁸⁴

Beyond broad mistrust regarding Washington's reliability as a negotiating partner, Iran is concerned that any sanctions relief could be reversed. It was already anxious about this prospect in 2021, given Trump's exit from the JCPOA, but its worries about the durability of any agreement have subsequently heightened further. The Pezeshkian team contends that after Hamas attacked Israel on 7 October and "axis" members later took aim at Israeli and U.S. targets, the Biden administration in effect reneged on a deal it had made with Iran the preceding September. Under this deal,

⁷⁹ Crisis Group interviews, European officials, March-June 2024.

⁸⁰ Crisis Group interviews, former Iranian officials and foreign policy experts, Tehran, May-June 2024.

⁸¹ U.S. intelligence agencies reportedly possess concrete evidence that Iran has been seeking to assassinate former Trump administration officials involved in killing Soleimani in January 2020, as well as indications of Iranian plots to harm Trump himself. Jana Winter, "U.S. government warns that Iran may try to kill American officials as revenge for killing top general", Yahoo! News, 13 July 2022; "Member of Iran's Islamic Revolutionary Guard Corps Charged with Plot to Murder the Former National Security Advisor", U.S. Department of Justice, 10 August 2022; Borzou Daragahi, "Iran's supreme leader shares animated video depicting assassination of Donald Trump", *The Independent*, 13 January 2022; "Secret Service ramped up security after receiving intel of Iranian plot to assassinate Trump; no known connection to shooting", CNN, 16 July 2024; and Erin Banco, "U.S. officials have gathered increasing amount of intel about Iran plotting to assassinate Trump", *Politico*, 16 July 2024.

⁸² Crisis Group interviews, Pezeshkian advisers, Tehran, June 2024.

⁸³ Crisis Group interview, Trump campaign adviser, Washington, 18 June 2024. See also Robert O'Brien, "The Return of Peace Through Strength", *Foreign Affairs*, July-August 2024. For more background on Iran-U.S. tensions under Trump, see Crisis Group Middle East Reports N°205, *Averting the Middle East's 1914 Moment*, 1 August 2019; and N°210, *The Iran Nuclear Deal at Four: A Requiem?*, 16 January 2020.

⁸⁴ "We hope that Democrats have realised pushing for an unfair more-for-more agreement can only lead to a less-for-less arrangement", noted a Pezeshkian adviser. Crisis Group telephone interview, 12 July 2024.

the parties swapped detainees and the U.S. facilitated the transfer of \$6 billion of Iran's frozen assets in South Korea to Qatar. The funds were to be made available to Iran for humanitarian trade monitored by the U.S. Treasury but, following the Hamas attack, Washington in effect made them inaccessible.⁸⁵ Summarising the deep cynicism in Iran about Washington's willingness and ability to deliver effective, sustainable sanctions relief, a Pezeshkian adviser said,

In the coming years, U.S. strategy will be dictated primarily by great-power competition. Conventional wisdom in Washington seems to be that Iran is already in China and Russia's camp. So, why would the U.S. do anything to enrich and empower its foes' partner? The ineffective sanctions relief during the Obama administration, their snapback under Trump and Biden's embrace of Trump's "maximum pressure" strategy all point in the same direction: sanctions in perpetuity.⁸⁶

One way Iran might try to address sanctions-related concerns would be to demand financial compensation to make up for the damage caused by sanctions, as well as guarantees that the U.S. remain committed to any future deal with Iran. (It is not clear what form the guarantees would take, as there is no legal or political mechanism allowing a U.S. president to make commitments that would bind a successor.⁸⁷) Tehran might also decide it will go no further than agreeing to freeze its nuclear advancements – by limiting, *inter alia*, further enrichment or uranium stockpiling – thereby consolidating its status as a virtual nuclear weapon state that could quickly weaponise its civilian nuclear capabilities. In return, it might seek economic incentives from the U.S.⁸⁸ Western powers are likely to balk at such terms, however, as they are seeking a non-proliferation agreement even stronger than the JCPOA in light of Iran's nuclear advances.⁸⁹ It is also hard to imagine the U.S. granting sanctions relief as Iranian-backed groups keep conducting attacks on U.S. and allied assets that are at a minimum facilitated by Tehran's support.

⁸⁵ For details about the detainee swap and the humanitarian deal, see Farnaz Fassihi and Michael Shear, "U.S. reaches deal with Iran to free Americans for jailed Iranians and funds", *The New York Times*, 10 August 2024. A senior Qatari official noted that "the U.S. has not de jure restricted the assets, but de facto Iran has not been able to access them". Crisis Group interview, Doha, 19 May 2024.

⁸⁶ Crisis Group telephone interview, 12 July 2024.

⁸⁷ The demand for guarantees was one reason why the JCPOA revival talks failed. Crisis Group interviews, U.S. and Iranian officials, Vienna, 2021-2022. Iran might ask to retain a much larger stockpile of enriched fissile material than the limited 300kg allowed under the JCPOA, as a guarantee that the U.S. would not abandon the agreement again. Crisis Group interview, Iranian experts, Geneva, March 2024.

⁸⁸ An idea that has gained traction in decision-making circles in Tehran is that instead of a JCPOA-type agreement, Iran and the U.S. might engage in a series of smaller, straightforward tradeoffs, where each measurable, verifiable step can be taken independent of the others. For instance, Iran might agree to freeze all uranium metal work in return for a licence from the U.S. to sell oil up to an agreed-upon threshold of 1.2 million barrels per day, with the revenues to be used to purchase civilian aircraft. For details, see "Iran, the U.S. and the reciprocal actions agreement", *Azad Debates*, 15 April 2024.

⁸⁹ A senior French official noted, "If the Iranians believe that the West is going to reward them for retaining their status as a virtual nuclear weapon state, they are deeply mistaken". Crisis Group interview, Washington, 6 March 2024.

Even if the two sides manage to find a way forward on nuclear diplomacy, and regardless of the U.S. election outcome, other considerations in the volatile Middle East will invariably affect the dialogue. For as long as it lasts, the Gaza war will likely continue to reverberate in the region, increasing the risk of a direct confrontation between Israel and Iran on a par with, or worse than, their direct exchange of fire in April.⁹⁰ A 27 July attack that killed twelve children in the Golan Heights, attributed by the U.S. and Israel to Hizbollah, may see cross-border exchanges that have been frequent but relatively contained since October escalate significantly. Expanded hostilities in Israel and Lebanon involving Tehran's pre-eminent non-state ally would come at a high cost on both sides, while complicating any attempt at restarting constructive U.S.-Iran engagement.⁹¹

Tensions in Yemen could boil over, as they threatened to do in mid-July, with the Iran-supported Houthis escalating strikes on Israel or resuming cross-border attacks on Saudi Arabia and/or the United Arab Emirates. This last step would reverse the de-escalatory trajectory that Iran and its Gulf Arab neighbours have been pursuing in the past few years.⁹² Lastly, Tehran's continued military support for Russia in its war in Ukraine could undercut prospects for a thaw in Iran-Europe relations.⁹³

⁹⁰ Crisis Group Alert, "Iran-Israel 'Shadow War' Risks Spinning Out of Control", 12 April 2024; and Crisis Group Statement, "The Israel-Iran Crisis: A Chance to Step Back from the Brink", 17 April 2024.

⁹¹ Barak Ravid, "Golan Heights attack raises concerns of war between Israel and Hezbollah", *Axios*, 27 July 2024.

⁹² In July, the Houthis, who have launched repeated attacks on Israel and maritime traffic in the Red Sea and Gulf of Aden, citing the Gaza war, fired off a drone that killed an Israeli and injured several others in Tel Aviv. In response, Israel carried out airstrikes on the Yemeni port of Hodeida, asserting it was a conduit for Iranian weapons transfers to the Houthis. "Israeli jets bomb sites in Yemen linked to Iran-backed Houthis", *The New York Times*, 20 July 2024.

⁹³ European officials have threatened that if Iran transfers ballistic missiles to Russia, they will shut European airspace to Iranian aircraft. Crisis Group interviews, senior French, German and UK officials, Washington, 29 April 2024.

VI. No Honeymoon Period

The Islamic Republic's new president takes office with the country at a tumultuous juncture, grappling with deeply intertwined economic, social and political concerns that require fundamental overhauls at home and in Iran's foreign relations. While Pezeshkian's ability to substantively alter the course of domestic and foreign policies remains uncertain, the mixed hand he is playing offers some advantages. His aversion to making concrete commitments prior to assuming the presidency may give him more early leeway than that enjoyed by most of his predecessors, who overpromised and then underdelivered. Low expectations – given the limits he will face as president – may also work in his favour.⁹⁴ To be sure, with only 26 per cent of the eligible electorate's votes in his pocket, he sets off with a weak mandate to face so many tough challenges. Still, it would be as wrong to assume that Pezeshkian will be unable to change anything as to think that he will be able to change everything.

The administration's ability to better the country's situation will likely be hindered by several key obstacles, notably the influence of parallel power structures and the pushback Pezeshkian will almost certainly encounter. Although he is a reformist, Pezeshkian has ascended to power with a call for consensus building, an aspiration that is not typically associated with that political camp. The path to improvement lies in replacing destructive intra-system relationships with constructive ones to address strategic problems. This task, in turn, will require intensive inter-personal efforts by the new president and his team. Buy-in for his calls for consensus remains far from assured, however. Should dysfunction become the order of the day, it will be more a sign of the system's inadequacies than solely an indictment of the reformists' political skills. In this case, the vicious cycle of infighting at the top and deepening discontent from below is bound to repeat itself, perhaps with destabilising effects.

As a policy matter, three daunting challenges lie before the new president: social discontent, economic malaise and strangulating sanctions. The latter two are inter-linked and unlikely to be resolved in the short run. Structural economic reform could also backfire if the population remains mistrustful of the state. As such, Pezeshkian should focus first on narrowing the gap between the state and society by redressing some of the policies that have fuelled public resentment, particularly by staying the state's heavy hand with social and cultural restrictions. If the president is to succeed, the supreme leader will have to rein in the ultra-conservatives, who would keep such things as harsh enforcement of hijab laws in place.⁹⁵ Imposing the dogmatic views of the few on the many is a formula that all but ensures more domestic turmoil down the road, which Ayatollah Khamenei is unlikely to desire as he prepares the ground for the succession.

⁹⁴ His former classmate and colleague said, "Pezeshkian is neither as meek as Khatami was nor as sly as Rouhani. He is as forthright as Ahmadinejad was, but not as confrontational". Crisis Group telephone interview, Nouraldin Pirmoazen, former parliamentarian, 9 July 2024.

⁹⁵ Khamenei has signalled he may be prepared to provide such support. In a July meeting with members of parliament, he emphasised, "Everyone should help the elected president fulfil his duties toward the country. ... His victory is our victory; this is something we must truly believe in from the bottom of our hearts". Quoted in "Remarks in the meeting with the president and representatives of the twelfth parliament", Khamenei.ir, 21 July 2024 [Persian].

If the new administration can secure at least some gains on these issues, it could earn breathing room to press ahead with long overdue reforms to the economy.⁹⁶ Reform requires empowering experienced technocrats, who will certainly face opposition from vested interests and – as underscored by the protests that followed the government's 2019 decision to increase fuel prices – may also encounter volatility from below. Even then, there are limits to what better management can achieve in terms of replacing the economy's inflationary trajectory with sustainable growth absent significant sanctions relief, itself unimaginable without a new or revived nuclear accord.

On that front, the next several months could be critical for testing whether the Pezeshkian administration's approach to foreign policy, notably vis-à-vis the nuclear program, can yield such dividends. There are several dynamics that put pressure on this timeline. First is the stalemate between Iran and the International Atomic Energy Agency (IAEA) deriving from the latter's inconclusive investigations at several sites that Tehran had not disclosed and where the agency found evidence of human-made uranium and other activities that the Iranian leadership has yet to satisfactorily explain.⁹⁷ On 5 June, the IAEA's Board of Governors voted twenty to two, with twelve abstentions, in favour of a censure resolution – the first such formal rebuke since November 2022. It reiterated calls for Iranian cooperation regarding IAEA's safeguards concerns, adding that “a comprehensive and updated [IAEA] assessment” may be in order if Iran fails to comply.⁹⁸

If little moves between now and the IAEA's mid-September convocation, the Board could mandate the agency to issue a comprehensive report by year's end and eventually refer Iran to the UN Security Council.⁹⁹ Iran has habitually responded to such pressure by ratcheting up its nuclear program or reducing the IAEA's access. It is currently in the process of further expanding enrichment capacities that have long exceeded the JCPOA-imposed limits.¹⁰⁰

Another milestone – this one farther off – is October 2025, when UN Security Council Resolution 2231 is set to expire. Adopted to endorse the JCPOA, this resolu-

⁹⁶ “Steering out of crisis”, *Donya-Eghtesad*, 25 July 2024 [Persian].

⁹⁷ Iran and the IAEA agreed to a roadmap to resolving these issues in a joint statement on 4 March 2023. But a year later, the agency reported no progress. For details, see “GOV/2024/29”, IAEA, 27 May 2024.

⁹⁸ “GOV/2024/39”, IAEA, 5 June 2024; and “IAEA Board of Governors resolution on Iran: E3 joint statement”, UK Foreign, Commonwealth & Development Office, 5 June 2024. The U.S., unlike its European allies, was against the resolution but ultimately voted in favour. A senior White House official noted, “We don't believe draconian action at the Board elicits positive Iranian behaviour”. Crisis Group interview, Washington, 24 May 2024. A senior European official countered, “We can't allow Iran to undermine the IAEA's credibility and set a problematic precedent for the non-proliferation regime”. Crisis Group telephone interview, 25 May 2024.

⁹⁹ A senior EU official said, “This will kick the can down the road until after the U.S. election, but it will also increase the political stakes in 2025”. Crisis Group interview, Washington, 20 June 2024. The IAEA published its last comprehensive report on Iran in 2011. “GOV/2011/65”, IAEA, 8 November 2011.

¹⁰⁰ In response to the June censure, Iran moved to install eight advanced IR-6 centrifuge cascades at the bunker facility in Fordow, as well as IR-2m centrifuges at the Natanz facility. Francois Murphy, “IAEA report: Iran installs more centrifuges at Fordow enrichment plant”, Reuters, 13 June 2024. “This could double Iran's enrichment capacity by the time the next U.S. president is elected”, warned a senior EU official. Crisis Group interview, Washington, 20 June 2024.

tion contains the snapback mechanism by which parties to the agreement may reimpose pre-deal UN sanctions enacted under Chapter VII of the UN Charter.¹⁰¹ The JCPOA's European signatories (France, Germany and the UK), which remain party to the deal, will be loath to lose this leverage without at least a partial solution to the nuclear standoff.¹⁰²

But should they use the snapback in order to preserve this leverage, the risk of escalation would increase. Such a move could prompt Iran to withdraw from the Nuclear Non-Proliferation Treaty, which obligates non-nuclear-weapons state parties not to acquire nuclear weapons.¹⁰³ Should that happen, which would spell the end to remaining transparency around Iran's nuclear activities, Israeli and U.S. threat perceptions could spike; even without evidence of weaponisation, there could be new momentum behind calls for Israel and/or the U.S. to strike Iran's nuclear facilities in order to stop it from building a bomb. A crescendo of statements by Iranian politicians hinting at the country's capacity to develop nuclear weapons, something they have long denied, calling it religiously forbidden, could only add to Israeli and U.S. jitters about bomb acquisition.¹⁰⁴

The political uncertainty in Washington and the chaos in the Middle East caused by the war in Gaza leave the U.S. and Iran little space to reach a new agreement in the short term, but the two countries' leaders should at least try to restore some of the informal understandings reached in 2023 prior to 7 October. These understandings included enhancing the IAEA's access; capping and freezing the more proliferation-sensitive aspects of Iran's nuclear program; and calming regional tensions. In return, Iran was to receive partial, monitored access to its frozen assets. Returning to this arrangement, as a senior Biden administration official put it, would help "erect guardrails around tensions with Iran on the nuclear front and in the region".¹⁰⁵ It could also give Pezeshkian a minor economic reprieve as he starts his presidency.¹⁰⁶ But the political backlash all but certain to follow in Washington – and during election season, to boot – makes revival of the informal arrangement a tall order, even more so absent a quieting of hostilities in Gaza.

Ideally, interested parties would also begin thinking sooner rather than later about a long-term arrangement to deal with the nuclear issue. Since the U.S. is in no position before the November election to engage with the Pezeshkian administration on a

¹⁰¹ The mechanism is designed to bypass blocking efforts by other JCPOA participants, but it seems fair to assume that Russia and perhaps China, if opposed, would do what they can to make the process contentious and portray it as illegitimate. For background, see Crisis Group Middle East Report N°218, *Iran: The U.S. Brings Maximum Pressure to the UN*, 19 August 2020.

¹⁰² A senior French official said, "We see snapback as a tool, not a solution. The question is what we can get from Iran if we're not to use this point of leverage". Crisis Group telephone interview, 29 April 2024.

¹⁰³ The only country to withdraw from this treaty is North Korea, which did so in 2003 ahead of its first nuclear weapon test three years later.

¹⁰⁴ Jon Gambrell, "Analysis: Iran now speaking openly on nuclear bomb prospects", Associated Press, 4 August 2022; David Sanger and Farnaz Fassihi, "As Iran picks a president, a nuclear shift: Open talk about building the bomb", *The New York Times*, 27 June 2024; and Barak Ravid, "U.S. privately warned Iran over suspicious nuclear activities", *Axios*, 17 July 2024.

¹⁰⁵ Crisis Group interview, Washington, 24 May 2024.

¹⁰⁶ Crisis Group telephone interviews, Iranian foreign policy experts, May-June 2024.

long-term solution to the nuclear crisis and other areas of disagreement, the task of testing the diplomatic waters will fall on the shoulders of intermediaries.¹⁰⁷ The first opportunity for serious talks will be on the sidelines of the UN General Assembly in New York in September. Laying the groundwork could help a Democratic administration, should one emerge from the election, make rapid progress thereafter. If a second Trump presidency emerges instead, such preparatory work could at least offer it a choice: finding a mutually beneficial arrangement with Tehran or risking another conflict that would only further bog the U.S. down in the Middle East.¹⁰⁸

Notwithstanding the U.S. election outcome, the JCPOA no longer appears salvageable, given Iran's nuclear advancements, some of which are seemingly irreversible, the multiplication of U.S. sanctions, deepened mutual mistrust and the improbability of near-term cooperation among the six world powers that negotiated the deal. For this reason, it might be better in the first months of the new U.S. administration for the two sides to try reaching an interim agreement or a series of limited trades to buy time for a new and more sustainable pact later in 2025 or in 2026.¹⁰⁹

As they contemplate how to forge an enduring arrangement, the two sides cannot afford to overlook a major lesson of the JCPOA experience: a narrow, transactional deal is unlikely to survive amid enmity between the U.S. and Iran. But there may be another option. The Gulf Arab states' better ties with Tehran have rendered what was once impossible – a regional agreement that simultaneously tackles Iran's power projection and its nuclear program – conceivable for the first time. Such an arrangement could create a set of common nuclear restrictions and transparency measures, while allowing free trade and investment among Iran and its Gulf Arab neighbours, which are U.S. allies, through specific U.S. sanctions exemptions. A regionally driven, externally supported process like this one could address both non-proliferation and escalatory risks on non-nuclear concerns. Achieving such an arrangement would be a huge task but, given the doors that have closed over the last several years, it is not clear that a better alternative exists.

¹⁰⁷ For many years, the Europeans served that function. In recent years, Oman and Qatar have played a more prominent role.

¹⁰⁸ As a former U.S. official observed, "Iran's nuclear program is now much more advanced than when Trump withdrew from the JCPOA. At the time, it would have taken Iran more than a year to enrich enough uranium for a single nuclear weapon. Now that process would take mere days. The fuse for uncontrolled escalation is thus much shorter now". Crisis Group interview, Washington, 15 July 2024. For an overview of Iran's nuclear advances, see Kelsey Davenport, "Constraining Iran's Nuclear Potential in the Absence of the JCPOA", Arms Control Association, July 2024.

¹⁰⁹ A senior White House official said, "Given how sceptical Iran is of the U.S. not going back on its sanctions relief commitments, the fact that we can no longer create sufficient distance between their civilian and potential military nuclear capabilities, and the fact that we can no longer compartmentalise our problems with Iran, a series of limited transactional deals appears to be the likeliest path forward". Crisis Group interview, Washington, 19 July 2024.

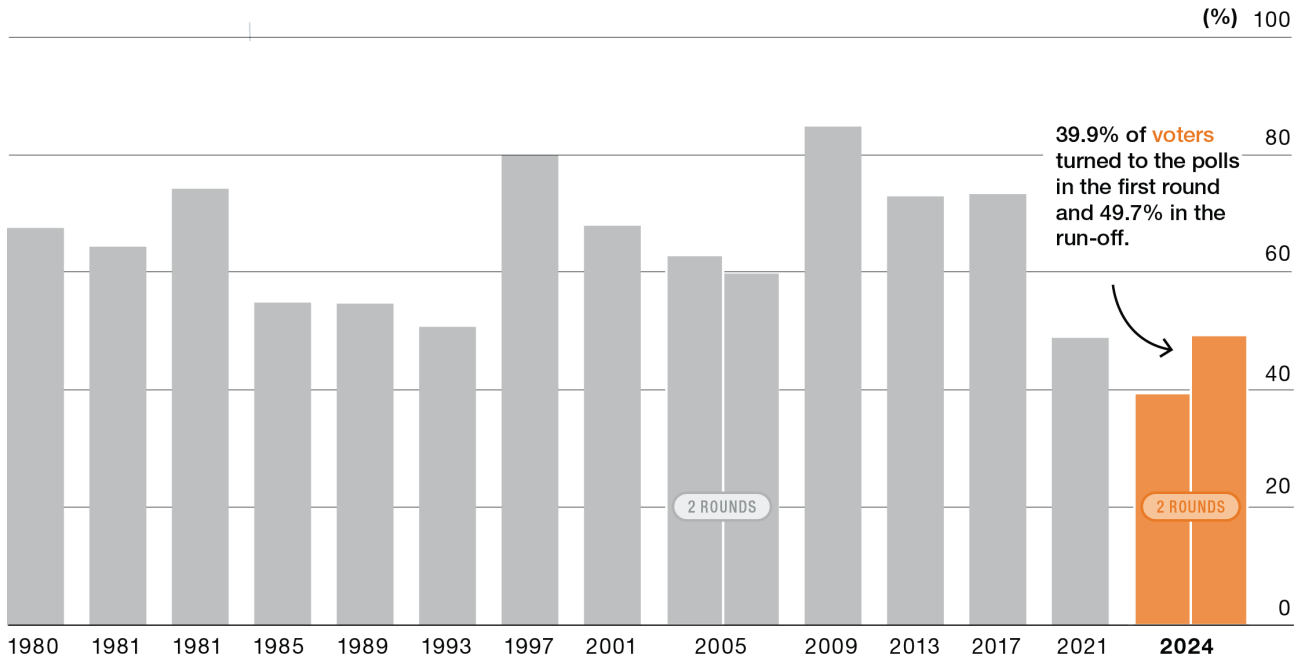
VII. Conclusion

The Islamic Republic's ninth president assumes office with an unenviable inheritance. He comes to office against the backdrop of domestic discontent, an economy weighed down by mismanagement and international sanctions, a regional environment that mixes tentative engagement with neighbours with confrontation between Tehran and its adversaries, and chilly relations with the West. Pezeshkian has sought to temper expectations about what he may be able to achieve, with good reason. It is one thing to note the failures of the status quo. It is quite another to promise change when powerful actors throughout the system are likely to impede his stated agenda, while others – especially the half of the electorate who shunned the ballot box – are unlikely to be satisfied with anything less than a major course correction in the Islamic Republic's policies.

On the campaign trail, the incoming president walked a fine line between not alarming the former with pledges of sweeping reform in social, cultural and economic policy and not discouraging the latter by suggesting the political opposition he faces will be insurmountable. To his administration now falls the task of governing while perched on a tightrope – with little margin for error and a fraying net to break the possible fall.

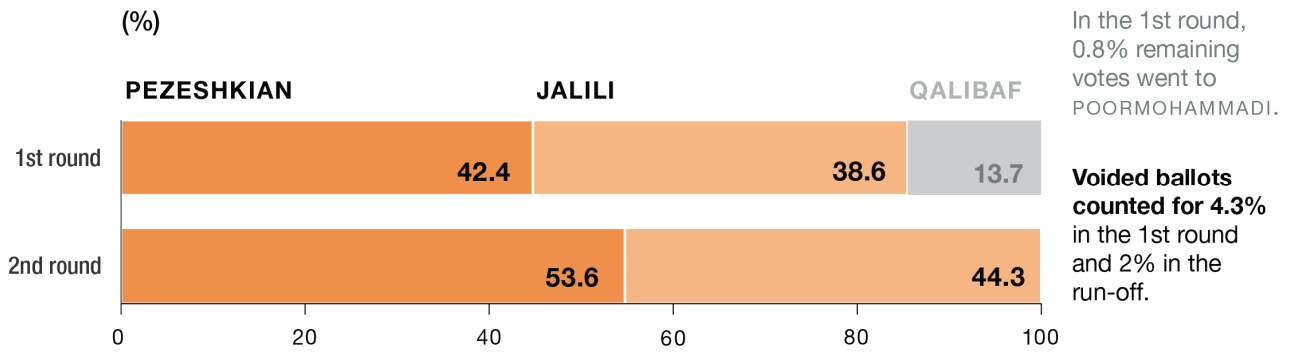
Tehran/Washington/Brussels, 30 July 2024

Appendix A: Voter Turnout in Presidential Elections, 1980-2024



In the first round of the election, voter turnout hit a record low of 39.9 per cent, climbing up by almost ten points in the run-off. **Source:** Ministry of Interior, Iran:

Appendix B: Voter Breakdown in the 2024 Presidential Election



Pezeshkian emerged as the leader in a presidential race that went to a run-off between the first- and second-place finishers for the first time in nineteen years. **Source:** Ministry of Interior, Iran

Appendix C: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes *CrisisWatch*, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former Foreign Minister of Argentina and Chef de Cabinet to the United Nations Secretary-General, Susana Malcorra.

Comfort Ero was appointed Crisis Group's President & CEO in December 2021. She first joined Crisis Group as West Africa Project Director in 2001 and later rose to become Africa Program Director in 2011 and then Interim Vice President. In between her two tenures at Crisis Group, she worked for the International Centre for Transitional Justice and the Special Representative of the UN Secretary-General in Liberia.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Jerusalem, Johannesburg, Juba, Kabul, Kyiv, Manila, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.

Crisis Group receives financial support from a wide range of governments, foundations, and private sources. The ideas, opinions and comments expressed by Crisis Group are entirely its own and do not represent or reflect the views of any donor. Currently Crisis Group holds relationships with the following governmental departments and agencies: Australia (Department of Foreign Affairs and Trade), Austria (Austrian Development Agency), Canada (Global Affairs Canada), Complex Risk Analytics Fund (CRAF'd), Denmark (Ministry of Foreign Affairs), European Union (Instrument contributing to Stability and Peace, DG INTPA), Finland (Ministry for Foreign Affairs), France (Ministry for Europe and Foreign Affairs, French Development Agency), Ireland (Department of Foreign Affairs), Japan (Japan International Cooperation Agency and Japan External Trade Organization), Principality of Liechtenstein (Ministry of Foreign Affairs), Luxembourg (Ministry of Foreign and European Affairs), The Netherlands (Ministry of Foreign Affairs), New Zealand (Ministry of Foreign Affairs and Trade), Norway (Ministry of Foreign Affairs), Qatar (Ministry of Foreign Affairs), Slovenia (Ministry of Foreign Affairs), Sweden (Ministry of Foreign Affairs), Switzerland (Federal Department of Foreign Affairs), United Nations World Food Programme (WFP), United Kingdom (Foreign, Commonwealth & Development Office) and the World Bank.

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Appendix D: Reports and Briefings on the Middle East since 2021

Special Reports and Briefings

Ten Challenges for the UN in 2021-2022, Special Briefing N°6, 13 September 2021.

7 Priorities for the G7: Managing the Global Fallout of Russia's War on Ukraine, Special Briefing N°7, 22 June 2022.

Ten Challenges for the UN in 2022-2023, Special Briefing N°8, 14 September 2022.

Seven Priorities for Preserving the OSCE in a Time of War, Special Briefing N°9, 29 November 2022.

Seven Priorities for the G7 in 2023, Special Briefing N°10, 15 May 2023.

Ten Challenges for the UN in 2023-2024, Crisis Group Special Briefing N°11, 14 September 2023.

Eastern Mediterranean

Rethinking Gas Diplomacy in the Eastern Mediterranean, Middle East Report N°240, 26 April 2023 (also available in Arabic).

Israel/Palestine

Beyond Business as Usual in Israel-Palestine, Middle East Report N°225, 10 August 2021 (also available in Arabic).

The Israeli Government's Old-New Palestine Strategy, Middle East Briefing N°86, 28 March 2022 (also available in Arabic).

Realigning European Policy toward Palestine with Ground Realities, Middle East Report N°237, 23 August 2022 (also available in Arabic).

Managing Palestine's Looming Leadership Transition, Middle East Report N°238, 1 February 2023 (also available in Arabic).

UNRWA's Reckoning: Preserving the UN Agency Serving Palestinian Refugees, Middle East Report N°242, 15 September 2023 (also available in Arabic).

A Way Out for Gaza, Middle East Briefing N°90, 9 December 2023 (also available in Arabic).

Stopping Famine in Gaza, Middle East Report N°244, 8 April 2024 (also available in Arabic).

Iraq/Syria/Lebanon

Iraq's Tishreen Uprising: From Barricades to Ballot Box, Middle East Report N°223, 26 July 2021 (also available in Arabic).

Managing Lebanon's Compounding Crises, Middle East Report N°228, 28 October 2021 (also available in Arabic).

Syria: Shoring Up Raqqa's Shaky Recovery, Middle East Report N°229, 18 November 2021 (also available in Arabic).

Syria: Ruling over Aleppo's Ruins, Middle East Report N°234, 9 May 2022 (also available in Arabic).

Iraq: Stabilising the Contested District of Sinjar, Middle East Report N°235, 31 May 2022 (also available in Arabic).

Containing a Resilient ISIS in Central and Northeastern Syria, Middle East Report N°236, 18 July 2022 (also available in Arabic).

Limiting the Damage of Lebanon's Looming Presidential Vacuum, Middle East Briefing N°88, 27 October 2022 (also available in Arabic).

Containing Transnational Jihadists in Syria's North West, Middle East Report N°239, 7 March 2023 (also available in Arabic).

North Africa

Time for International Re-engagement in Western Sahara, Middle East and North Africa Briefing N°82, 11 March 2021.

Libya Turns the Page, Middle East and North Africa Report N°222, 21 May 2021 (also available in Arabic).

Jihadisme en Tunisie : éviter la recrudescence des violences, Middle East and North Africa Briefing N°83, 4 juin 2021 (only available in French).

Relaunching Negotiations over Western Sahara, Middle East and North Africa Report N°227, 14 October 2021 (also available in Arabic).

Steering Libya Past Another Perilous Crossroads, Middle East and North Africa Briefing N°85, 18 March 2022 (also available in Arabic).

Saïed's Tunisia: Promoting Dialogue and Fixing the Economy to Ease Tensions, Middle East and North Africa Report N°232, 6 April 2022 (also available in French).

Tunisia's Challenge: Avoiding Default and Preserving Peace, Middle East and North Africa Report N°243, 22 December 2023 (also available in Arabic).

Egypt's Gaza Dilemmas, Middle East and North Africa Briefing N°91, 16 May 2024 (also available in Arabic).

Iran/Yemen/Gulf

The Iran Nuclear Deal at Five: A Revival?, Middle East Report N°220, 15 January 2021 (also available in Arabic and Farsi).

The Case for More Inclusive – and More Effective – Peacemaking in Yemen, Middle East Report N°221, 18 March 2021 (also available in Arabic).

Iran: The Riddle of Raisi, Middle East Report N°224, 5 August 2021 (also available in Arabic).

A Time for Talks: Toward Dialogue between the Gulf Arab States and Iran, Middle East Report N°226, 24 August 2021 (also available in Arabic).

After al-Bayda, the Beginning of the Endgame for Northern Yemen?, Middle East Briefing N°84, 14 October 2021 (also available in Arabic).

The Iran Nuclear Deal at Six: Now or Never, Middle East Report N°230, 17 January 2022 (also available in Arabic).

Brokering a Ceasefire in Yemen's Economic Conflict, Middle East Report N°231, 20 January 2022 (also available in Arabic).

Truce Test: The Huthis and Yemen's War of Narratives, Middle East Report N°233, 29 April 2022 (also available in Arabic).

Is Restoring the Iran Nuclear Deal Still Possible? Middle East Briefing N°87, 12 September 2022 (also available in Farsi).

How Huthi-Saudi Negotiations Will Make or Break Yemen, Middle East Briefing N°89, 29 December 2022 (also available in Arabic).

Iran's Khuzestan: Thirst and Turmoil, Middle East Report N°241, 21 August 2023 (also available in Arabic).

Great Expectations: The Future of Iranian-Saudi Détente, Middle East Briefing N°92, 13 June 2024.

Appendix E: International Crisis Group Board of Trustees

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