

## MIDDLE EAST NOTES AND COMMENT

## Iran's Soft Power Creates Hard Realities

by Ethan Chorin and Haim Malka

While U.S. public diplomacy appears to be withering in the Middle East, the Islamic Republic of Iran is on a tear. The country is exploiting an ever-widening array of instruments to build goodwill and strategic partnerships throughout the Muslim world and beyond. Even as it comes under growing pressure for its apparent pursuit of nuclear weapons capabilities and ongoing support for violent extremist groups in the region, Iran has successfully deployed an array of “soft power” instruments (including but not limited to media, trade and investment, local assistance, and cultural ties) to advance the country’s international agenda.

Recognizing that its longstanding policy of actively exporting the Revolution only went so far in winning friends and influencing people, Iran has become both more pragmatic and more patient. Especially since September 11, 2001, the country has expanded beyond traditional allies such as Syria and Hezbollah to establish relationships with seemingly unlikely partners such as Nicaragua, Egypt and Algeria. Further agreements in key areas such as energy, trade and transport seek to drive a wedge between the United States and its allies.

The extent of Iran’s trade in hydrocarbons—particularly with China—has been well documented elsewhere, and constitutes one of the major inducements for large and rapidly industrializing countries including India and Russia to expend political capital on Iran’s behalf. Even if one leaves oil aside, however, Iran’s trade relations are complex, far-reaching and heavily strategic. Central Asia, North Africa and Latin America are prime targets of Iranian soft power. Relationships range from the seemingly straightforward and benign, to the shrewd and somewhat sinister.

Examples of Iran extending its regional influence through trade include Iran’s state-owned Khodro emerging as the largest carmaker in the Middle East, reportedly exporting over one million cars, trucks, and buses to over 30 countries in 2007. In addition, Iran is cooperating with Turkey and Malaysia to design and manufacture cars for Islamic markets. In Central Asia, and despite recent troubles

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## Unholy Tobacco

Anti-smoking sentiment is often associated with elite liberal communities in the United States, yet that depth of feeling is rivaled in a surprising place: Saudi Arabia. Today, the holy cities of Mecca and Medina are virtually tobacco-free as a result of severe restrictions on the sale of tobacco products initiated in 2002. Not only did the Saudis ban smoking around religious sites, but they also launched huge media campaigns urging the millions of Muslim pilgrims who annually descend on Saudi Arabia to quit smoking. Last May, the Saudi government sued the tobacco industry for more than \$2.7 billion to cover the expenses of treating tobacco-related illnesses.

Saudi Arabia has even used its religious clout to push the message. Through formal and informal religious networks, the government has helped create a Muslim consensus that smoking is forbidden, or *haram*, because it is harmful to health. Such rulings are based on the Quranic edict, “Do not, with your own hands, expose yourself to destruction.” (2:195) Based on that reasoning, scholars at Egypt’s al-Azhar University, the *muftis* of Oman and Egypt, the Saudi Permanent Committee of Academic Research and Fatwa, and even the influential television cleric Yusuf al-Qaradawi have forbidden its use, sale, transport and production.

Almost two decades ago, tobacco industry strategists sought to bolster Muslim religious figures who argued that anti-smoking sentiment is a matter of individual judgment, not religious obligation. The tide appears to be turning against them in the Muslim world, as it is in the West. ■ OB

## Recentring the Global Economy

“U.S. companies have no choice but to depend on sovereign wealth funds for assets,” stated Daniel Gross, *Newsweek’s* chief economic columnist. The sharp rise in oil prices and increased manufacturing capacity in Asia have meant that a growing supply of dollar-based capital is piling up on the balance sheets of foreign governments. At the same time, the dollar has fallen and there is a sudden demand for capital in the United States. These conditions have created opportunities for U.S. businesses but have also created concerns about foreign influence. Gross examined the role of sovereign wealth funds (SWF) and the challenges and opportunities posed by sovereign wealth fund investment in the United States at a CSIS Gulf Roundtable on March 26, 2008. For more information please click [HERE](#). ■

with Turkmenistan, Iran recently signed trade and cooperation agreements with Afghanistan and Tajikistan to build railroad and power lines linking Iran and the Central Asian Republics to one another, as well as China and Russia—what many see as a broader effort to revive the old Silk Road concept. Since cooperating with the United States to remove the Taliban (one of Iran’s main foes) from power in Afghanistan, the country has expanded its local development assistance, funding local *madrasas* and reaching out directly to lower-level clerics and village leaders. Many of these local notables have remained untouched by the much better funded U.S. and U.N. programs, as the vast majority of money gets siphoned off before it reaches this level.

More menacingly, Iran has been encouraging the nuclear aspirations of countries like Algeria and Egypt, while offering assistance in hydroelectric power to Nicaragua, all in an effort to create a ready-made lobby for its own nuclear program. Even as Iran’s neighbors in the Gulf flinch at the thought of a nuclear-armed Iran, officials in both Algeria and Morocco have publicly supported Iran’s pursuit of civilian nuclear technology.

Iran has become increasingly adept at using soft power to send signals to its Arab neighbors—and indirectly to the United States—that its tentacles reach wide and deep. This has been most obvious in Iraq. Though that success is not surprising given the extent of historic and religious cross-pollination of the Shi’a communities, the precise nature of Iran’s unquestionable influence in that country remains somewhat ambiguous. For each subversive act, one can find more subtle examples of Iran’s constructive influence and power, including brokering a recent ceasefire between government forces and the Mahdi Army.

Iran holds similar truck in the small Gulf emirate of Bahrain, whose large Shi’a underclass constitutes a majority. Iran’s ability to influence sentiment in Bahrain—and the broader Gulf—with the slightest effort was dramatically illustrated last year in the reaction to an editorial appearing in the semi-official *Kayhan* newspaper, reviving a long-standing but latent Iranian claim to Bahrain. Not only did Bahrain’s Shi’a not join in anti-*Kayhan* protests, they ramped up their own violent protests against the country’s Sunni regime. A main target of the editorial, which successfully unnerved the broader Arab Gulf, was likely the United States, whose Manama-based Fifth fleet would presumably play a major role in any strike on Iran. As much as the Israel-Hezbollah conflict of 2006, the incident underlines Iran’s relevance to regional stability.

Faced with an Iranian carrot and stick policy, an uncertain future in Iraq, and a distracted United States, many U.S. allies in the region now see nothing wrong—and much to gain—from an Iranian hedge. President Ahmedinejad’s visits to the Gulf Cooperation Council’s summit in Doha this year and to Mecca on pilgrimage at official Saudi invitation are just two examples from a long list of Iranian diplomatic triumphs that would have been thought highly unlikely just a year ago.

All told, the Iranians have in the past few years managed to breach a number of significant barriers, quietly winning hearts and minds on the Arab street, a region historically hostile to Persian influence. It has been skillful at identifying strategic partners in far-flung corners of the world. As many Arab investors complain of the increasingly tight screen on Arab investments in U.S. markets and the United States is accused of neglecting its allies, Iran’s propositions are wholly different. The United States’ heavy-handed efforts in Iraq and elsewhere only add to a regional cynicism that works in Iran’s favor. Collectively the Islamic Republic’s leadership aims to demonstrate what the United States seeks to deny: Iran’s relevance to the major issues of the day. While the U.S. has developed great talents in reducing issues to black-and-white conflicts, Iran has become a master of both subtle and non-subtle manipulation. If the U.S. were paying full attention, policy-makers would recognize that a little subtlety can go a long way. ■ 4/15/08

## Links of Interest

CSIS hosted Iraqi Ambassador Samir Sumaida’ie for a discussion entitled “Iraq: After Five Years” on April 8, 2008.

Anthony Cordesman has released a new report on Iraq entitled “Iraq and the Crocker-Petraeus Testimony.”

CSIS hosted Royal Dutch Shell on April 1, 2008 to speak about their recent report *Shell energy scenarios to 2050*.

Jon Alterman was quoted about Iraq by *Congressional Quarterly* and the AP.

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