

The Regional Impact of a Post-Sanctions Windfall for Iran

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The Washington Institute is studying the potential impacts of the Iran nuclear deal, including the effects of additional Iranian money from a post-sanctions windfall. Here are some of the most important impacts.

Syria

In Syria, it would give Tehran ample capacity to rescue the Assad regime, which is struggling to survive amidst a horrific civil war. The money would be used for everything from supplementing the regime's public expenditures to keeping the bureaucracy functioning, maintaining the diminished army, and propping up the exchange rate.

Iraq

In Iraq, the post-sanctions boom would result in unprecedented influence-buying by Iran, in Iraq's upcoming provincial elections in 2017, and national elections in 2018. Iraq is at an important crossroads, in which additional Iranian influence could tip the balance toward Tehran overtaking Washington as the dominant player there.

Hezbollah

Another likely beneficiary is Hezbollah. Iran had to cut its support for the group because of the drop in oil prices and pressure from sanctions, which has hurt Hezbollah's activities within Lebanon. That tide could reverse with Iran's post-sanctions windfall, and Iranian support would also fuel the Hezbollah's international and regional terrorist activities. Hamas has had serious challenges which more Iranian support will help it overcome. Other Palestinian terrorist groups, such as Fatah and Palestinian Islamic Jihad, will benefit too.

Persian Gulf States

The prospect of Iran becoming flush with cash petrifies the Sunni-ruled kingdoms and sheikhdoms of the Gulf, especially Bahrain (move to Saudi Arabia) and Saudi Arabia. In Yemen, the Saudi/UAE-led coalition fighting to reinstall the president continues to blame Iran for backing opposition forces. The potential lifting of sanctions means that any future aid to Houthi rebels would not be constrained by a lack of cash in Tehran.

Conventional Arms

In addition the post-sanctions bonanza will fuel Iran's ongoing efforts to acquire conventional arms like ballistic missiles. The nuclear accord continues the ban on the sale of major weapons systems to Iran. It's less clear on the issue of Iran selling major weapons systems. In either case Iran is allowed to buy or sell small arms or light weapons systems, and it will have more money to do so in the future.

Conclusion

Perhaps the agreement's most important impact is to support Iran's narrative that it's a rising power and the U.S. a declining one and, with this post-sanctions windfall, Iran will further that goal through its ability to provide greater support to its regional allies. The Washington Institute brings unmatched expertise to this fluid situation, as it has experts in all the affected regions and subjects. For more information, read the full PolicyWatch, "[The Regional Impact of Additional Iranian Money \(/policy-analysis/view/the-regional-impact-of-additional-iranian-money\)](#)"

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