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ADDRESSING IRAN FROM A MULTILATERAL PERSPECTIVE: MANAGING PERMANENCE AMID TRANSITION

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and Konrad Adenauer Stiftung

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The NATO Strategic Direction-South Hub (NSD-S HUB) was established at Allied Joint Force Command Naples (JFCNP), Italy, in order to improve NATO awareness and understanding of common global challenges in the area of interest and to identify opportunities for cooperation with selected Partners, while contributing to the overall coordination of NATO activities and efforts.

The Multinational Development Policy Dialogue is the Konrad Adenauer Stiftung (KAS)'s Brussels based programme dedicated to structured engagement with the European Union and NATO on partnerships beyond Europe. A joint project team in Brussels and Berlin complements this outreach by supporting KAS country offices worldwide in preparing competitive proposals for EU funding and aligning projects with relevant European and transatlantic policy frameworks. The programme strengthens dialogue among EU and NATO institutions and KAS partners worldwide, particularly at the intersection of democracy promotion, human rights, defence and security, trade and climate policy. It integrates priorities and lessons from KAS activities to inform EU external action and NATO's partnership agenda, while supporting transformation in Africa, the Middle East, Latin America and Asia toward peace, stability and democratic governance. Its central instruments are dialogue programmes, including workshops and conferences. The programme also produces policy papers and analysis on democracy promotion and external relations, contributing to consultations on policy coherence, reforms to democracy support, and the evolution of cooperation instruments.

This report was written following a roundtable event held on 12-13 November 2025. This report leverages the insights shared during the discussion and reflects the range of views expressed by the participants rather than the position of any single author or institution, such as the NSD-S Hub or KAS.

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1 INTRODUCTION

On 12-13 November 2025, the Multinational Development Policy Dialogue of the Konrad-Adenauer-Stiftung and the NATO Strategic Direction-South Hub co-organised a roundtable that brought together Iran-experts from NATO, the EU, various UN bodies, as well as researchers and academics from the region. Amid ongoing events since 28 February, this report builds on the roundtable discussions[1] to translate the insights as policy recommendations for the multilateral community.

Since 28 February, a US-Israeli campaign targeting Iran has resulted in the deaths of Ayatollah Ali Khamenei and several high-ranking Iranian military figures. The strikes, which are part of Operation Epic Fury, have triggered numerous retaliatory strikes by Iran across the region. This has resulted in the targeting of US military assets in the Gulf, as well as Israel. The Strait of Hormuz has effectively been closed, and Gulf countries beyond US facilities have been directly targeted for the first time.

The confrontations have also had spill-over effects in Lebanon, Iraq and Syria, further heightening concerns for broader regional instability. These developments have also narrowed the perceived credibility of diplomatic pathways. This has re-emphasized the necessity to understand Iran to shape sustainable policies supporting Middle Eastern stability. As such, the report also seeks to highlight key elements that will continue to impact domestic dynamics within Iran, as well as Tehran's geopolitical posture, albeit now within a more constrained and evolving strategic environment.

2 DOMESTIC DYNAMICS: SUCCESSION, RESILIENCE AND THE LIMITS OF EXTERNAL PRESSURE

2.1 Leadership succession and system resilience

Iran has experienced only one transition of the Supreme Leader since 1979, and that episode resembled an internal power struggle more than a smooth institutional succession. This historical memory has made the political system acutely conscious of the inherent risks in any future transition. Consequently, the state invested heavily in layers of institutional redundancy, reinforced political messaging, and an expanded bureaucratic structure around the Supreme Leader's office, all aimed at mitigating prospective instability stemming from a succession, exemplified by the confirmation of Mojtaba Khamenei's nomination as the new Supreme Leader. Khamenei's appointment highlights how the system is seeking to assert control and legitimacy with its core base, while maintaining a leadership figure that is familiar and unifying, though this does not necessarily resolve underlying structural tensions.

A*yatollahs* and *marāji*ʿ (senior religious clerics) are likely to remain central figures in shaping Iran's political trajectory even after the ongoing confrontations, yet the gradual transfer of operational authority to the general staff and associated security institutions reflects an increasingly securitised system. In this evolving landscape, the Supreme Leader may assume a more symbolic or supervisory role, while the military-bureaucratic complex gains greater influence over day-to-day governance, potentially reinforcing regime resilience while also introducing new internal power frictions.

[1] Those inputs reflect the range of views expressed by the participants, rather than the position of any single author, institution, NATO Strategic Direction-South Hub or KAS.

2.2 Society, nationalism and the impact of external intervention

Domestic politics in Iran are profoundly shaped by a deep sensitivity to foreign involvement, a dynamic rooted in the country's historical experience and strongly reinforced by contemporary events. Attempts, and even perceived attempts, to influence or destabilise the system from the outside harden societal resistance and fuel a defensive nationalism posture that cuts across social groups. Rather than weakening the regime, the Israeli strikes in June 2025 undermined domestic and diaspora opposition movements by framing them as susceptible to foreign influence, thereby compromising their legitimacy in the eyes of the wider public. Because of the conflict, it remains to be seen to what extent the power dynamics inside the country have shifted and what political impact the death of Ali Khamenei had on the country.

While the Iranian population's strong aversion to an externally engineered regime change was amplified by the June 2025 strikes and strengthened the narrative that only indigenous, domestically driven change is acceptable, it remains to be seen to which extent that still applies given the ongoing conflict and the US/Israeli coalition's attempt to facilitate regime change. This is especially the case when even groups critical of the government found themselves compelled to distance their demands from perceived foreign agendas in June 2025. The regime has also been adept at exploiting this anti-Western and anti-interventionist public sentiment. In recent years, protest movements have brought together a diverse array of social and political actors, but periods of heightened external threat have allowed the authorities to justify harsher repression, offer carefully calibrated concessions and reinforce narratives around foreign enemies.

2.3 Economic pressures, structural constraints and the politics of reform

Iran's economy remains heavily state-dominated, with large industrial sectors inherited from the Shah era and numerous powerful entities – especially within the Islamic Revolutionary Guard Corps (IRGC), parastatal foundations, and large state-adjacent conglomerates – operating outside the formal tax and regulatory system.

This will remain a delicate issue for Tehran's new leadership in the aftermath of the ongoing confrontations, as this structural feature is a source of both regime stability and long-term vulnerability. Any reform implementation would entail significant redistribution of power and resources exacerbating factional politics, making the country's economy one of the central battlegrounds in intra-elite competition. Economic reforms would inevitably create winners and losers among influential clerical, political, and military factions, and how these trade-offs are managed will likely play a decisive role in shaping Iran's political trajectory. However, current dynamics – including the consolidation of power in the hands of the IRGC – provide little to no indication that the regime will engage in economic reforms over the medium term.

International sanctions compound the existing challenges, yet they do not fully account for them. While sanctions remain a critical source of leverage for external actors, Iran has showcased an ability to adapt, including by cultivating informal trade routes, deepening economic ties with sanctioned partners such as Russia, and embedding itself more deeply in illicit or grey market networks.

3 IRAN-ALIGNED MILITIA GROUPS AND PARTNERSHIPS: A WEAKENED BUT ADAPTIVE AXIS

3.1 The Axis of Resistance and the transformation of the strategic rationale behind Iran-Aligned Militia Groups

Iran's network of non-state partners and affiliated movements, commonly referred to as Iran-Aligned Militia Groups (IAMGs) remains a central feature of Tehran's regional posture. However, the configuration of this network – also known as the Axis of Resistance – has continued to evolve. Its members still contribute to Iran's security strategy, yet their cohesion, effectiveness and relationship with Tehran have all evolved in ways that are linked to broader regional uncertainties, and this architecture is now under heavy strain.

The distribution of influence across the network has shifted, and the strategic value of individual partners has fluctuated. Hezbollah, once the key component of Iran's deterrent posture, remains the most seasoned and controlled member of the Axis, even as its capabilities continue to be substantially curtailed. Iraqi militias maintain links with Tehran, but they increasingly act according to national priorities, and their reliance on Iranian direction has decreased. Hamas, on the other hand, has been severely degraded, but it is still significant in sustaining Iran's relevance in Sunni political spaces.

While Tehran cannot significantly expand its investment in the Axis due to its dire economic situation and the knock-on effects triggered by the latest confrontations since 28 February 2026, it is unwilling and unable to abandon a network that continues to serve as a buffer against Israel and other threats. Despite this latest round of confrontations, this will likely result in an enduring but more fragmented and adaptive Axis, with varying degrees of alignment to Tehran as a consequence of the conflict.

Meanwhile, the Houthis have become a critical test case for the evolution of Iran's strategy with regards to IAMGs. Support for the Houthis has cost Tehran relatively little in economic terms, yet this investment has delivered significant strategic value, as exemplified by their disruption of Red Sea routes. However, the very autonomy that makes the Houthis resilient also increases the likelihood that they could act as spoilers or pursue goals that run ahead of Tehran's strategic preferences. A weakened Tehran may embolden Houthi advances within Yemen in the future.

3.2 Regional and extra regional partnerships

Alongside this non-state network, Iran has cultivated a range of state relationships across Africa (such as Mauritania, Tunisia, Algeria, Kenya and Zimbabwe) and Latin America (such as Venezuela and Colombia) that support its broader geopolitical aims. These ties are driven less by ideology than by a pragmatic search for strategic depth, access and leverage in an increasingly constrained international environment. These partnerships demonstrate a foreign policy driven by adaptation and strategic utility. Tehran continually evaluates whether engagement with a particular state continues to advance its deterrent posture, economic resilience or diplomatic leverage. As economic constraints tighten and regional alignments evolve, Iran's approach to these partnerships will likely become even more guided by the imperative of regime survival.

4 NUCLEAR AND MISSILE POLICY

4.1 The nuclear programme as national identity and regime insurance

The Iranian leadership has tied its legitimacy to the claim that the country must protect and advance its technological achievements on its own terms, particularly on the nuclear fuel cycle. Retreating from this narrative would carry significant political costs. This delicate equilibrium is now firmly embedded in its security doctrine. Any durable diplomatic approach will need to recognise that Iran's nuclear trajectory is not simply a bargaining chip, but a fundamental element of how the state understands its sovereignty, legitimacy and survival.

At the strategic level, Iran has historically pursued a threshold posture. Latency provided deterrence and preserved diplomatic flexibility: adversaries must assume that Iran could cross the threshold quickly, but Tehran can continue to claim compliance with the Non-Proliferation Treaty (NPT). This posture reflected a persistent dilemma in Iranian thinking: openly weaponizing could invite overwhelming countermeasures yet relinquishing the option would leave the country vulnerable. However, recent confrontations may be testing the limits of this approach and could affect how deterrence is conceptualised in the longer term.

However, developments confrontations since 28 February may have shifted the leadership's calculus on how it envisions deterrence in the longer term. This may increase the likelihood of a move toward the weaponization of its nuclear program, should the regime survive degradation or destruction of its facilities and capabilities. The US-Israeli strikes, as well as the 12-Day War with Israel, in 2025, have already in part reinforced this strategic logic. These caused temporary damage to parts of Iran's nuclear infrastructure, but they neither eliminated core capabilities nor achieved the intended objective of meaningfully setting back the programme. Instead, they strengthened the prevailing belief in Tehran that nuclear know-how cannot be erased and that only self-reliance can safeguard national achievements.

4.2 Negotiating diplomatic openings vis-à-vis confrontations

Sanctions relief may still serve as an incentive, though the credibility of negotiated guarantees has been significantly affected by recent developments. While economic pressure stemming from the sanctions has not produced coercive compliance previously, Iran is not negotiating from a position of strength. The increasingly dire economic outlook in the country and the accompanying societal unrest (also exacerbated by the conflict) could create narrow incentives for renewed compromise after the conflict should the regime remain in power, as the leadership seeks domestic stability.

While a future arrangement cannot simply replicate the Joint Comprehensive Plan of Action (JCPOA) – even if controversial in the eyes of some – it continues to provide a valuable legal and technical foundation. A lesson from past diplomacy is the need for careful compartmentalisation, even as the scope for structured engagement may have narrowed. Attempting to incorporate Iran's missile forces, regional partnerships or broader geopolitical ambitions into a single negotiation could overwhelm and derail the process.

Another essential element is the preservation of Iran's relationship with the International Atomic Energy Agency (IAEA). By staying within the NPT and accepting

inspections, prior to the conflict Iran has shown that technical engagement still remains possible. However, confidence in institutional safeguards will likely be affected due to the current context. An Iranian withdrawal from the NPT would be a severe setback for the global non-proliferation system and would sharply narrow the space for diplomacy. Cooperation with the IAEA after the conflict is crucial not only for monitoring purposes, but also for preserving the legitimacy of future agreements. Furthermore, Iran has diversified its infrastructure into smaller and more dispersed sites that are harder to target or dismantle, but potentially easier to monitor if the necessary arrangements are in place.

4.3 Regional nuclear dynamics and the role of Israel

Key regional dynamics in this regard include the growing interest among several regional states in developing their own nuclear capacities. Saudi Arabia has expressed its intention to pursue a full fuel cycle, arguing that it requires a civilian programme that mirrors Iran's technological capabilities. Other states are also exploring nuclear options as part of their long-term energy and security planning. However, if agreements focus solely on Iran without addressing these parallel ambitions, they risk accelerating rather than mitigating regional proliferation pressures.

Israel's role in the regional nuclear order is also a pivotal element, as the country maintains an undeclared nuclear arsenal and a long-standing willingness to conduct pre-emptive strikes against perceived proliferation threats. These policies complicate the normative foundations of the non-proliferation regime and shape the strategic logic in Tehran. The failure of many NPT and IAEA members to condemn strikes on Iranian facilities in 2025 has further weakened the authority of the institutions that underpin global nuclear governance. In diplomatic practice, Israel will likely continue to be treated as a special case, but this asymmetry must be acknowledged and managed.

Finally, the P5+1[2] configuration that negotiated the JCPOA no longer functions as it once did. Russia's confrontation with the West, China's growing international activism and the increased assertiveness of regional states have complicated the diplomatic landscape. Any future arrangement will, therefore, require a more flexible and inclusive structure, combining a direct United States-Iran dialogue with structured involvement from European partners, regional governments and international institutions.

5 CONCLUSION: STRATEGIC IMPLICATIONS AND POLICY RECOMMENDATIONS

Iran stands at a moment of great geopolitical uncertainty that will influence its strategic trajectory. The underlying logic of the state, the protection of sovereignty, deterrence against external threats and the assertion of national legitimacy, will persist. Confrontations and coercive measures have repeatedly bolstered defensive nationalism and discredited actors perceived as aligned with foreign agendas. As a result, pathways for domestically driven reform remain constrained, and strategies aimed at regime change from abroad reliably generate the opposite of their intended outcome. The same logic applies in foreign and security policy. IAMG's are experiencing strain and transformation, but they remain essential features of Iran's deterrence architecture.

[2] UN Security Council's five permanent members (China, France, United Kingdom, United States, and Russian Federation) plus Germany.

Public support for nuclear technology transcends factional divides and generational shifts. The programme has evolved from a symbol of sovereign modernisation into a central pillar of national identity and regime survival. A future leadership is no more likely than the current one to relinquish this perceived insurance. Iran's nuclear trajectory is not dependent on personalities but is embedded in a societal and political culture that links nuclear development to sovereignty, dignity and survival.

Drawing together the analysis above, several key directions emerge for multilateral actors:

- **Plan for strategic continuity rather than political transformation:** changes in leadership or internal power dynamics will not fundamentally alter Iran's national security priorities. Strategies premised on the collapse of the current system or a rapid behavioural shift risk strengthening hardline actors. External efforts could instead focus on recognising that recent developments have not fundamentally altered. Tehran's cost-benefit calculations within the parameters of enduring strategic continuity.
- **Replace cycles of military coercion with a long-term strategic framework:** sanctions, targeted strikes and short-lived diplomatic interventions have generated uncertain outcomes and instability. A more sustainable approach requires a clear articulation of what an agreement with Iran could entail, including exploring whether acceptable levels of nuclear capability under safeguards is feasible in the international community, mechanisms to manage regional competition and incentives or consequences linked to spoiler behaviour, and must acknowledge that recent actions have reduced confidence in diplomatic off-ramps and formal agreements.
- **Support domestically driven reform rather than external destabilisation:** attempts to influence Iranian politics from outside impact the civilian population, feed nationalist reflexes, marginalise pragmatic voices and provide hardliners with a stronger claim to legitimacy. Engagement should therefore prioritise societal linkages and preserve channels that benefit the middle class and reform-minded constituencies.
- **Preserve and modernise the nuclear diplomacy toolbox:** Despite a more constrained and credibility-challenged diplomatic environment, engagement remains necessary and negotiations should remain focused on the nuclear file, underpinned by verifiable and sequenced sanctions relief that offers tangible benefits for compliance. Future arrangements will need to incorporate innovative oversight models suited to a dispersed Iranian nuclear infrastructure, while ensuring ongoing monitoring by and cooperation with the IAEA.
- **Embed Iran policy within a broader regional nuclear framework:** regional proliferation pressures cannot be addressed by focusing solely on Iran. Saudi ambitions in fuel cycle capabilities, combined with Israel's undeclared arsenal and strike posture, shape Tehran's threat perceptions and strategic decisions.
- **Reinforce defence diplomacy and crisis-prevention mechanisms:** with so many potential flashpoints in Iran's security environment, pursuing isolation without communication increases the risk of miscalculation, especially in interactions involving Israel. Structured defence diplomacy, crisis

communication channels and coordinated regional confidence-building measures are necessary to prevent further escalations, even as trust in diplomatic mechanisms has been affected.