



W O
R I S
G O

Death of Iranian President

Uncertainty and Short-term Implications



Prepared by

Vaishnavi Sharma

RISK ANALYST

22 May 2024

Introduction

On 20 May 2024, Iranian President Ebrahim Raisi and Foreign Minister Hossein Amir-Abdollahian were among 9 people who were confirmed dead after their chopper crashed in Iran's mountainous northwestern region of the Dizmar forest on 19 May. The reason for the crash is attributed to severe inclement weather conditions and equipment failure as quoted by Iranian state media. They were travelling from Iran's border with Azerbaijan after inaugurating the Qiz Qalasi dam project when their helicopter went down. Hours of search and rescue operations were carried out in dense forest through unfavourable weather conditions before the crash site was found; however, no survivors were found. The death of 2 important figures in Iran has left the country without key leaders.

While the incident is not likely to have significant implications on Iran's regional and domestic strategy in the long run, the uncertainty around immediate impact persists surrounding the upcoming elections for the Presidential candidate and the country's supreme leader successor.

Who was Ebrahim Raisi?

Ebrahim Raisi, 63, the late Iranian President, rose through the ranks of Iran's theocracy, transitioning from a hardline prosecutor to an uncompromising president. Raisi was in the third year of his four-year presidential term and a potential successor to Supreme Leader Ayatollah Ali Khamenei. In the domestic sphere, Raisi's tenure was marked by crackdowns on dissent and tightening of morality laws which led to protests and backlash from the populace of Iran. He also pushed hard for nuclear talks with world powers.

He strongly supported the conservative factions of the country and engaged in confrontations with Western powers while choosing to establish closer ties with Russia and China. Iran also actively supported Russia and reportedly provided military assistance and aided in the establishment of transportation routes to diminish the impacts of sanctions.

Despite several controversies during his tenure Raisi managed to sail the complexity of international relations and the domestic arena effectively. Under his leadership, Iran also continued to enrich uranium which escalated tensions with the West. He also initiated restoration of ties with Saudi Arabia in 2023 which were mediated by China. This restoration of diplomatic ties resulted in the progress of peace talks with Yemen and led to the contribution of a temporary reduction in regional tensions. Additionally, his tenure also saw significant development with India on the Chabahar Port deal despite fears of US sanctions.

Leadership Void & Succession Dynamics

Interim President Mohammad Mokhber

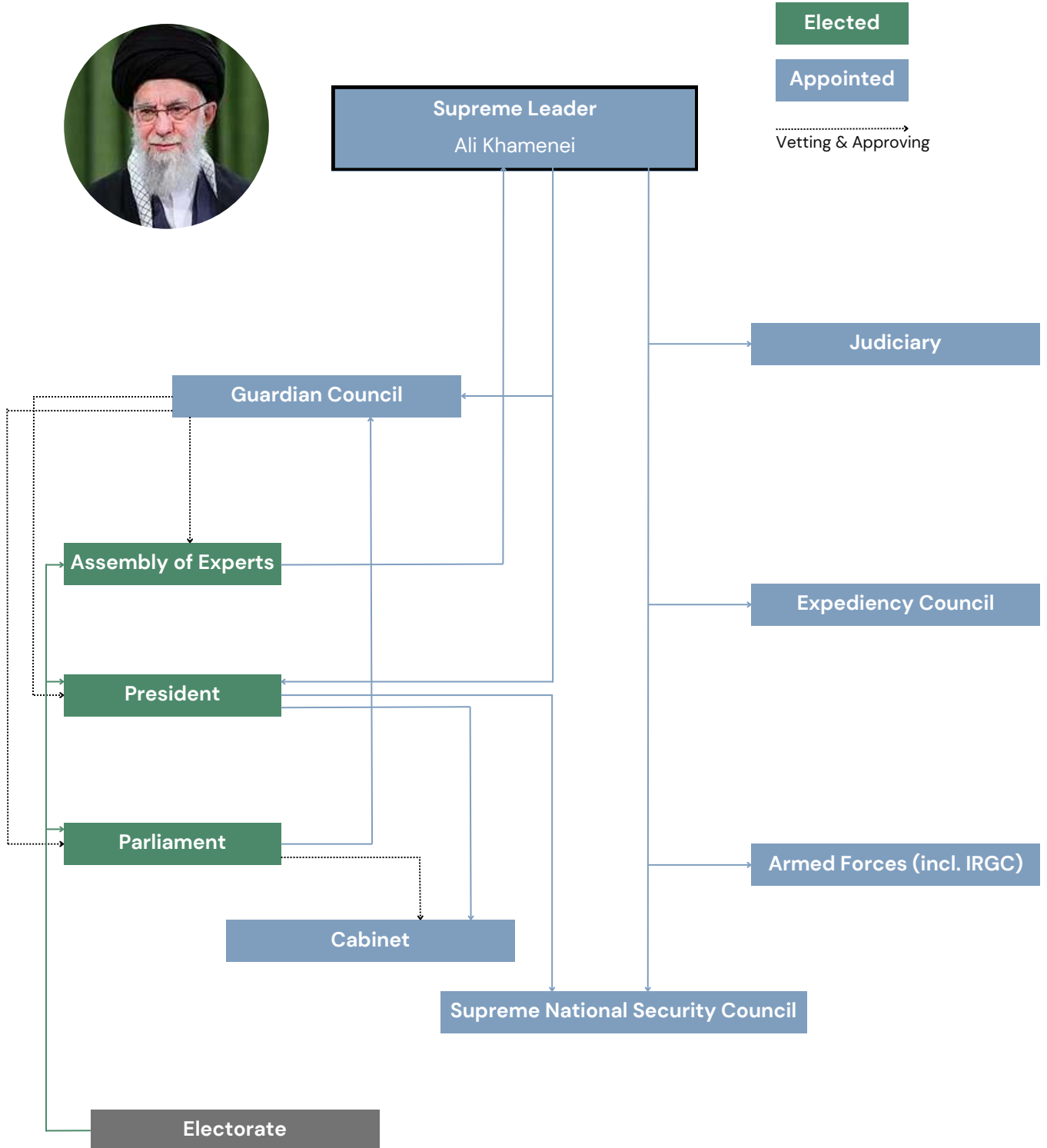


As stated in the Iranian constitution, the country's first vice president, Mohammad Mokhber, has been appointed for the role of interim president. Mokhber, a conservative figure, is expected to maintain the status quo during his 50-day tenure until new presidential elections are conducted. Mixed reactions were seen in the local populace with some mourning and some were seen rejoicing over Raisi's passing. However, Mokhber's leadership is likely to maintain continuity in Iran's political landscape.

Upcoming Presidential Elections

Iran will hold its presidential election on 28 Jun. Candidate registration will occur 30 May – 03 Jun 2024, and the Guardian Council will decide which candidates to approve by 11 Jun 2024. There is no clear successor to the late President Raisi, but, likely, the Guardian Council will only select with the approval of the supreme leader conservative or hardline candidates. Potential candidates include Mohammad Mokhber (Acting President of Iran), Mohammad Bagher Ghalibaf who is a parliamentary speaker of Iran, former parliamentary speaker– Ali Larijani, former foreign minister Mohammad Javad Zarif, and Saeed Jalili who served as Iran's chief nuclear negotiator from 2007 to 2013.

Structure of the Iranian Regime



Succession Battle for Supreme Leader

The sudden death of President Ebrahim Raisi has triggered significant speculation and uncertainty regarding the succession of Iran's Supreme Leader, Ayatollah Ali Khamenei. Raisi, who was viewed as a potential successor to Khamenei, will be replaced by someone close to his camp. Khamenei had previously expressed disapproval of his son Mojtaba's potential candidacy, citing concerns about hereditary leadership.

The ultimate decision on the next Supreme Leader will depend on various factors, including the composition of the Assembly of Experts and the intricate power dynamics within Iran's political elite. While continuity in most domestic and foreign affairs is expected to be maintained, no other conservative candidate has the same amount of support and close relationship with Khamenei as Raisi did. This will likely initiate infighting within the conservative faction in the coming months, both in the presidential elections and to succeed the supreme leader.

Implications

Domestic Upheaval

Policy Implications

The incident has the potential to cause temporary disruptions to the policy agendas and can prompt a shift in priorities under a new leadership influencing the domestic policies in the upcoming months. However, a statement released by the cabinet members on 20 May 2024 citing 'the government will continue without slightest disruptions' suggests otherwise.

The supreme leader has also assured the government will operate uninterrupted. However, the challenge lies ahead in the urgent need to plan the upcoming presidential elections, set for 28 Jun 2024 and the appointment of a new foreign minister also presents a political challenge.

Public Response

Public mourning or potential protests from the Iranian populace also hold significant importance against the backdrop of Raisi's death and they have the potential to shape the government's immediate decision-making processes. This can also lead to potential political repression and election malpractices. These political challenges are significant in the backdrop of the President's untimely demise.

Election Uncertainties

The constitution of Iran requires mandatory new presidential elections within the next 50 days, thereby aggravating the uncertainty of lower voter turnout as observed in the 2021 elections. The cooperation or conflict among the various political elites will also be crucial in shaping the directions and candidature of elections paving the way for policy responses by the new administration.

Regional Landscape

Gulf Ties & Arab Alliances

While Iranian foreign policies are likely to remain consistent as all the strategic decisions take shape by the approval of the supreme leader and the Islamic Revolutionary Guard Corps (IRGC), the void left by a prominent leader like Raisi has the potential to influence regional dynamics and impact alliances with regional players and global allies. Officials will almost certainly prioritise internal affairs to ensure a smooth leadership transition and prevent perceptions of vulnerability domestically and internationally. This development is crucial as it occurred amidst heightened regional tensions and is also marked by confrontational attacks between Iran and Israel in mid-April.

Israel-Iran Tensions & Proxy Support

Hamas and Hezbollah, Iran's allies in the region have expressed solidarity with Iran following the demise of Raisi. While there is no direct evidence that links Iran to attacks against Israel, its proxies have actively engaged in conflicts that escalated tensions in the region. The absence of Raisi's confrontational attitude might have implications for the support of these proxy groups by Iran which can lead to potential alteration in the security landscape.

Foreign Policy Implications

Iran's strategic decisions are set with the approval of the Supreme Leader and the Islamic Revolutionary Guard Corps (IRGC), and hence major ideology or policy shifts are less likely. Raisi's absence can lead to a change of foreign policy priorities under a new leader. Raisi's tenure saw Iran aligning with countries hostile to the West and distancing itself from the world order. A shift in foreign policy approach can impact discussions on major issues like nuclear weapons, relations with neighbouring countries and Iran's broader regional influence.

Security Dynamics

Iran's Nuclear Program

Concerns regarding Iran's Nuclear program have garnered international criticism and have strained relations with the West. The demise of Raisi has exemplified the concerns as the new leadership can alter Iranian strong stance on the nuclear negotiations, which can further complicate the existing tense situation.

Activities of IRGC & Militias

Militias in Syria and Iraq with Iranian backing have targeted US bases, leading to retaliatory strikes. The absence of Raisi and his confrontational attitude might have security implications in terms of the direct support Raisi gave to the activities of the IRGC and other affiliated militias. However, the impact of this development is uncertain as of this moment.

Allegations of Israel's Involvement

There is also some speculation about Israel's involvement in the helicopter crash which adds another layer of complexity and uncertainty to the security landscape. While Israel has historically refrained from assassination attempts of foreign heads of the state to avoid triggering a full-scale conflict, this speculation can complicate the dynamics in the region. However, it is also crucial to note that Israel has denied any involvement in the leader's death.

Economic Consequences

Oil Market Volatility

The incident has also added uncertainty surrounding the leadership transition and its impact on oil market volatility as investors may evaluate the potential effects on Iran's oil production and exports. Early Asian trading on 20 May 2024 suggested a rise in oil prices after the crash involving the helicopter crash. Potential disruption in Iran's oil production could influence global oil supplies and prices, given the status of a major oil producer in Iran.

India's Chabahar Port Deal

India recently signed a crucial agreement with Iran to operate the Chabahar port, which is a strategic initiative aimed at boosting trade with Central Asia. The agreement was signed despite the potential threat of US sanctions for those engaging in business with Iran, the significance of this agreement speaks for itself. Chabahar aims to serve as a crucial link to Afghanistan, Central Asia and the Eurasian region, offering an alternative to Gwadar Port of Pakistan and China's Belt and Road Initiative. The deal will boost the port's handling capacity, enhance efficiency and lower transportation costs. The incident may prompt minor hiccups in the pace of development of this agreement but significant changes are less likely.

Global Ties

Iran–West Relations

The confrontational approach of Raisi towards the West has significantly impacted their relations since he assumed office. His demise has the potential to pave the way for revision of the ties between the two countries, depending on the policies adopted by the new leadership. However, concerns over Iran's nuclear program and its support for proxies in Iraq and Syria are likely to remain a concern for the West.

Geopolitical Shifts & Russia Ties

During Raisi's tenure, he solidified ties with Russia amid the conflict in Ukraine and even went on to provide military assistance and aid in the establishment of new transportation routes to undermine sanctions. The impact of his demise on these strategic partnerships remains uncertain, however, the probability of drastic changes is less likely.



Risk Assessment

Probability

High

Medium

Impact

Leadership Vacuum and Succession

- With the power vacuum that this incident has created, there is a high probability that internal conflicts may arise as factions vie for power.
 - Temporary political and domestic changes can be expected in the upcoming few months.
-

Probability

High

High

Impact

Domestic Sphere

- A temporary shift in priorities can be expected to cater to succession processes until a new president is elected.
 - A 5-day period of mourning has been declared in Iran until 24 May, with expectations of service disruptions across the country.
 - A heightened security posture is likely to be maintained during this time period, extending until the presidential elections on 28 Jun.
-

Probability

Medium

Medium

Impact

Economic Implications

- A rise in oil prices is anticipated, as Iran is OPEC's third-largest crude oil producer.
 - While the incident is not expected to severely disrupt the markets, volatility in oil markets due to production uncertainties can influence global supply.
 - Minor hiccups can be anticipated in trade agreements, such as the Chabahar Port agreement with India, as a temporary shift in prioritisation is likely to occur.
-

Probability

High

Medium

Impact

Regional & Global Ties

- While Iranian foreign policies are likely to continue, the presidential elections can give a new direction to the regional ties in the region.
- Regional allies are expected to come together to offer condolences on the occasion of the sudden demise of an influential leader.
- However, there is a high likelihood that the new Iranian leadership will attempt to showcase their prominence and strength in the region through aggressive actions, either directly or via their proxies, in order to assert their dominance.
- Iran-West ties will continue to remain a point of concern, as the ideologies and foreign policy of Iran are expected to continue.

Probability

Medium

Medium

Impact

Security Landscape

- The probability of a significant alteration in security dynamics appears to be low, as all national and defense policies are directed by Supreme Leader Khamenei.
- Support for Iranian proxy groups in the region is expected to experience minor disruptions until the transition of leadership is complete.
- Speculation of Israeli involvement in the helicopter crash is likely to fuel the rivalry between Iran and Israel; however, no foul play is suspected by Iran at this moment. Israel has also denied any involvement in the helicopter crash.



Prepared by

Vaishnavi Sharma
RISK ANALYST



worisgo.com



risk.services@worisgo.com



1800-572-8600

Prepared at the Risk Assessment and Analysis Centre, Bangalore

@COPYRIGHT - WoRisGo

Terms of use: The business continuity, compliance and security risk advisory contained above is based on analysis of information in public domain and our expertise in the domains. For certain verifications, we have also depended on due diligence with officials wherever necessary or feasible. The analysis and information are provided on an as-is basis with no liability. Various organizations may arrive at different outcomes, business continuity plans and other decisions based off on these inputs. Our analysis is just one of the several data points towards enabling such decisions. This analysis should be consumed in the context of your organization's risk appetite, business practices, governance policies and bearing other situational and relevant factors in mind.