In February 2012, the Islamic Republic of Iran celebrated the 33rd anniversary of the Islamic Revolution with the unveiling of new defense acquisition programs and the launch of a spy satellite. Defense Minister Ahmad Vahidi revealed that Iran’s latest laser-guided munitions, anti-armor missile systems, advanced radar and electronic warfare projects will all be developed and manufactured by its domestic defense industry. These displays of Iranian defense industrial capability are touted by the regime as a signal of Iran’s technical prowess and military strength in the face of intensified western sanctions. More importantly, these developments further highlight the important contributions of Iran’s defense industrial base to the country’s strategic goals: self-reliance in defense capabilities, building new diplomatic relations and deterrence by proxy.

**Home-Grown Weapons**

Following the 1979 revolution and Iraq’s invasion of Iran in 1980, the nascent Islamic Republic found itself militarily weak and politically isolated. Iranian forces were equipped with U.S. and European armaments inherited from the Shah era, yet due to western arms embargoes, the resupply and replacement of these weapons was nearly impossible. Iranian leaders recognized that the country would have to develop a domestic industrial base on which it could draw for its defense needs.

Under the supervision of the Islamic Revolutionary Guards Corps, Iran’s domestic industrial base was established. The Defense Industrial Organization (DIO) was created to manage the country’s research, development, testing and production of land systems and similar organizations were set up for maritime, aerospace and electronics systems. By investing in local industrial capacity as well as importing key technologies and weapons systems from the Soviet Union, China, and North Korea, Iran was able to succeed in its efforts despite limited access to western technology.

**Launch of Iranian Sayyad-2 anti-aircraft missile**

*Photo: Press.TV*

**Linking Defense Strategy to Industry**

In developing its defense industrial complex, the Iranian leadership has maintained a clear link to its national defense planning. From a strategy in the 1980s that was focused largely on responding to countering Iraqi aggression with large conventional forces, Iran’s security plans shifted to countering U.S. presence in the Persian Gulf, Iraq and Afghanistan via asymmetric warfare and striking at Israel. The capabilities required to implement the national security strategy shifted too, from heavy platforms (tanks, ships and aircraft indigenously upgraded from Soviet or western versions) to missiles and smaller systems (light boats, midget submarines, unmanned aerial vehicles), including placing these in the hands of proxy organizations.

To emphasize the link between strategy, capabilities and the domestic weapons manufacturing complex, Iran regularly displays the products of its defense industry as part of its much-publicized military exercises. The Valeyat-90 (Supremacy-90) exercises held in January 2012 simulated the closing of the Strait of Hormuz by Iranian forces using swarms of aerial and maritime systems, both manned and unmanned. Iranian military leaders involved in the
maneuvers took every opportunity to present Valeyat-90 as evidence of Iran’s ability to not only project power in the region, but to do so using domestically developed capabilities. Similarly, land exercises highlight the ability of Iran’s mobile and decentralized ground forces to operate independently in a war of attrition against would-be aggressors. In addition, tests of new missiles and displays of technologies to protect critical infrastructure (including air-defense systems and ultra-high performance concrete) emphasize Iran’s ability to domestically develop the capabilities to strike distant targets and absorb attacks on its own soil.

Enabling Diplomacy and Exporting Deterrence

Iran’s defense industrial base serves two additional strategic purposes: it allows the Islamic Republic to engage in diplomatic relations based on defense sales, and it enables the exporting of Iranian deterrence via proxy groups.

Iran claims that it has signed agreements to provide weapons and military training with over 50 countries worldwide, most recently with Zimbabwe. These defense exports are an important way – and sometimes the only option – for Iran to create, maintain and expand diplomatic relations with other countries. In the face of international sanctions against its defense exports, Iran has an extensive clandestine network in place to distribute arms across the globe. In the past few years, weapons shipments intercepted on the way to countries such as Sudan, Gambia, and Sri Lanka are indicative of Iran’s continuous efforts to export the products of its defense industrial complex. Once ties have been established over arms sales, other diplomatic overtures become possible.

In parallel to enabling diplomatic relations, Iran’s industrial complex also enables it to maintain a steady supply of arms to various non-state actors whose interests overlap its own. Iranian-made weapons have been uncovered in the hands of Shiite groups in Iraq, Lebanon, and Syria, as well as the insurgents in Afghanistan and Palestinian factions in Gaza. The ability to provide light arms, explosive devices and rockets to organizations such as Hezbollah and Hamas adds additional elements to Iran’s deterrence, since it is clear that Iran can direct these and other proxy organizations to initiate offensive action using the arms it supplied.

Looking Ahead

Iran’s ability to develop an indigenous defense industry has thus far proven to constitute an important and effective element in its broader national security doctrine. Building this industrial base and utilizing it as a tool for military self-reliance, diplomacy, and deterrence by proxy have all been undertaken despite an increasingly tougher series of international sanctions.

It remains to be seen whether Iran’s defense industrial policy can continue to maintain its direct links with the nation’s strategic defense goals. In the coming years, Iran’s security environment will change significantly with the reduction of the U.S. presence in Iraq and Afghanistan. This will force a rethinking of defense plans, which in turn will require the acquisition of new military capabilities. Whether the domestic industrial base is able and willing to meet future capabilities is unclear.

In parallel, positive developments in the negotiations over its nuclear weapons program may lead to the gradual removal of international sanctions. With defense exports no longer needing to be undertaken clandestinely, the possibilities for generating additional revenue through this source would increase. As a result, the Iranian defense industrial base could evolve into a profit-making, skilled labor-employing sector that takes on a life of its own.

Ironically, Iran may someday soon find itself in the position many Western nations are currently in: supporting a domestic defense industrial complex not because it fulfills strategic defense objectives, but because it generates profits and jobs.

– Andysheh Dadsetan and Guy Ben-Ari

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