

Iran Update, August 24, 2026



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Analyst Notes: Data Cutoff: 2:00 PM ET

The Institute for the Study of War (ISW) and The Critical Threats Project (CTP) at the American Enterprise Institute are publishing daily updates to provide analysis on the war with Iran. The updates cover events from the past 24-hour period.

Note: ISW-CTP will pause publishing weekend updates starting on August 15, 2026. ISW-CTP may publish special updates on Saturdays and Sundays if events warrant, however.

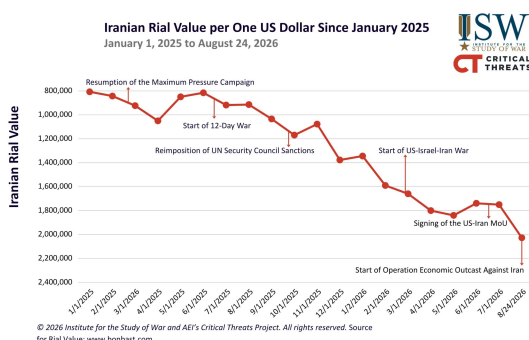
Key Takeaways

1. The United States is targeting Iran's sanctions-evasion networks to deepen Iran's economic isolation and strengthen international sanctions enforcement. US Treasury Secretary Scott Bessent announced Operation Economic Outcast on August 24 aimed to "foreclose every other [financial] option available to the Iranian regime." Bessent added that US officials are engaging with their international counterparts to emphasize that every country has a defined timeline to shut down problematic activities with Iran that the US Treasury has identified. These economic steps come as the Iranian economy continues to deteriorate.
2. The Iranian regime is attempting to find routes to alleviate economic pain while simultaneously trying to deter and prepare for potential social unrest in response to compounding economic pressure.
3. Regime officials and outlets are issuing threats against foreign states, likely to deter them from complying with the US economic campaign against Iran.
4. The Iraqi federal government and some Iranian-backed militias are likely attempting to reach an agreement to integrate militia elements operating outside the Popular Mobilization Forces (PMF) into recognized PMF units.
5. The Houthis struck a Saudi oil tanker roughly 950 kilometers north of Yemen in the northern Red Sea on August 24. The strike demonstrates the Houthi ability to launch anti-ship ballistic missiles (ASBM) further than 500km, assuming the Houthi claim is accurate. ISW-CTP has not observed any open-source reporting that confirms that the Houthis possess an ASBM with a range exceeding 500 kilometers.

Toplines

The United States is targeting Iran's sanctions-evasion networks to deepen Iran's economic isolation and strengthen international sanctions enforcement. US Treasury Secretary Scott Bessent announced Operation Economic Outcast on August 24 aimed to “foreclose every other [financial] option available to the Iranian regime.”[1] Bessent stated that the United States will block every potential source of revenue that funds the Islamic Revolutionary Guard Corps (IRGC) and Iranian regime.[2] The US Treasury Department sanctioned 60 entities, individuals, and vessels on August 24 that enable the regime to procure illicit nuclear and missile technology, conduct cyber operations, and generate oil revenue, for example.[3] Bessent stated that the regime ultimately relies on countries that continue to fund Iran despite the risk funding Iran poses.[4] Bessent emphasized that countries can no longer operate in the ambiguity surrounding Iran's activities.[5] Bessent added that US officials, including military officials, are engaging with their international counterparts to emphasize that every country has a defined timeline to shut down problematic activities with Iran that the US Treasury has identified.[6] He warned that US Treasury officials “will do so unilaterally” if governments fail to act within these specified timeframes.[7] Bessent replied that “no one is above sanctions” in response to a question about the United States sanctioning the People's Republic of China (PRC) for its economic ties with Iran — China imported around 90 percent of Iranian oil exports before the US blockade.[8]

These economic steps come as the Iranian economy continues to deteriorate. The Iranian rial fell to a record low of 2.02 million rials to one US dollar on August 24 in anticipation of Bessent's announcement.[9] Inflation has reached approximately 66 percent. Iranians have experienced a steep decline in their purchasing power and business prospects, according to Iranians speaking to the *New York Times* on August 22.[10] The rial's depreciation and the effects of the US naval blockade on the regime's ability to generate revenue through exports, as well as the regime's reported foreign currency shortages, likely put immense economic pressure on the domestic Iranian population, including Iranian security forces, who are on a government salary.[11] Bessent addressed Iranian soldiers in his August 24 announcement, stating that “as more of your paychecks stop or are just delayed, ask where your commanders are leading your country, to triumph or to ruin.”[12] Bessent notably compared Iranian security forces' situation in enforcing a regime crackdown on internal dissent to the falling of the Berlin Wall “when ordinary soldiers decided to not shoot on their own people.”[13] Bessent's plea to Iranian security forces follows his comments on August 20 that the new policy will set the conditions for “regime collapse.”[14]



The Iranian regime is attempting to find routes to alleviate economic pain while simultaneously trying to deter and prepare for potential social unrest in response to compounding economic pressure. The regime is seeking alternative methods to alleviate economic pressure and generate revenue amid the looming economic crisis. Iranian Central Bank Governor Abdol Nasser Hemmati and Parliament Speaker Mohammad Bagher Ghalibaf discussed preserving and

expanding economic ties between Iran and Iraq with Iraqi government officials and economic experts in Iraq from August 16 to 19.[15] These efforts come amid reports that Iraq and other regional countries are preparing land-based transregional pipelines to circumvent the Strait of Hormuz and weaken Iran's influence over international energy markets.[16] Iran is also attempting to establish alternative land routes to continue to export its petroleum products amid the US naval blockade.[17]

Iranian officials are also attempting to reassure the Iranian public of Iran's economic situation, likely in response to regime concerns about the potential for internal unrest. Hemmati claimed on August 24 that previous sanctions on Iran led to a decline in purchasing power but noted that "hardship is not the same as collapse." [18] Hemmati claimed that Iran has no problem supplying foreign exchange currency to import basic goods.[19] Hemmati admitted to Iranian state TV on August 19 that Iran is facing foreign currency reserve shortages as well as heavy reconstruction costs, however.[20] A Tehran Chamber of Commerce member told an IRGC-affiliated outlet on August 24 that Iranian traders have already shifted their business from the United Arab Emirates (UAE) to the PRC after the UAE announced on August 18 that it would halt all trade and financial transactions with Iran.[21] ISW-CTP previously assessed that the UAE's decision would further weaken Iran's already deteriorating economy by restricting both its access to essential imports and its ability to repatriate export revenues and circumvent sanctions.[22] The regime's messaging appears intended to project resilience and reassure domestic audiences.

The regime is simultaneously preparing for the possibility of renewed social unrest, which is consistent with its longstanding approach to suppressing dissent rather than addressing the underlying economic grievances that drive the unrest. The regime's brutal crackdown on the Iranian population in December 2025 and January 2026 effectively suppressed the protest movement for the time being.[23] The regime will likely employ a similar response in the event of renewed protest activity. IRGC, Basij Mohammad Rasollah Corps, and Law Enforcement Command — the regime's key institutions responsible for protest crackdowns commanders from Tehran Province — met on August 23 and announced an upcoming internal security exercise, "Janfada" [self-sacrifice], with 313,000 personnel to "bolster security." [24] The regime likely chose 313,000 to invoke a religious reference, as 313 holds symbolic significance in Shia Islam — 313 individuals are meant to accompany Imam Mahdi upon his return.[25] The exercise likely serves to demonstrate to the domestic population the regime's capacity for mass mobilization within Iran. The regime seeks to project strength, control, and its latent capacity to suppress its people. Iranian exercises have traditionally served to signal capability and resolve rather than to train forces.[26]

Regime officials and outlets are issuing threats against foreign states, likely to deter them from complying with the US economic campaign against Iran. Iranian Supreme National Security Council Secretary Major General Mohsen Rezaei threatened on X on August 23 to designate any country that complies with US sanctions as an enemy.[27] Iranian military action would be consistent with Iran's previous use of force against countries to drive them away from the United States.[28] An outlet affiliated with the Supreme Leader's Office reinforced Rezaei's threat on August 23 and warned that Iran would launch retaliatory attacks against the interests of such states.[29] The op-ed published an image of metal cages over reported Emirati fuel storage tanks, which is an implicit Iranian threat against Emirati energy infrastructure.[30] The UAE is the only Gulf country to have announced the severing of financial ties with Iran at the time of this writing.[31]

The Iraqi federal government and some Iranian-backed militias are likely attempting to reach an agreement to integrate militia elements operating outside the Popular Mobilization Forces (PMF) into recognized PMF units. The director of an unspecified Shia Coordination Framework leader's office leaked on August 24 that the Zaydi government and unspecified framework members had reached an agreement under which the militias would surrender their weapons to the PMF.[32] An Iranian-backed Iraqi militia-affiliated parliamentarian said in a media statement on August 24 that

disarmament discussions between the Iraqi government and militias will focus on integrating militia fighters into the PMF.[33] The Iraqi media discussions suggest that this move would, in effect, mean that the Iranian-backed militia-controlled PMF would accept the weapons from Iranian-backed militias operating outside the state. It is not clear how exactly individual fighters would be “integrated” into the PMF, but some militias have fighters operating both inside and outside state auspices.[34]

This reported plan comes as some Shia Coordination Framework members have urged the Iraqi government to postpone the September 30 disarmament deadline, possibly to allow time for the Iraqi parliament to pass the PMF Service and Retirement Law.[35] A framework source told Iraqi media on August 23 that the process of transferring militia weapons to PMF-controlled warehouses would only begin after US forces leave Iraq and parliament approves the PMF Service and Retirement Law.[36] Zaydi’s September 30 deadline for disarmament currently corresponds with the planned withdrawal of US-led international coalition forces from Iraq.[37] An informed framework source told Iraqi media on August 23 that the framework will refer the PMF Service and Retirement draft Law to the Parliament Security and Defense Committee in the coming days.[38] The exact text of the current draft PMF Service Law is not public, but the framework source stated that the draft law guarantees PMF members’ rights and covers PMF ranks, career progression, retirement mechanisms, as well as the PMF’s “general structure.”[39] Parliamentary committees must review and approve draft laws before Parliament can convene and vote on the laws, which can take several weeks, if not months.[40]

US and Partner Military Operations

Nothing significant to report.

Iranian Strike Campaign

Assessed Iranian War Aims:

- *Secure international recognition of Iranian control over the Strait of Hormuz*
- *Degrade the US ability and willingness to continue the war*
- *Restore deterrence vis-à-vis the United States and its regional partners*
- *Divide the United States and Israel from the Arab states*

US-Iran Negotiations

Nothing significant to report.

Iranian Domestic Affairs

See topline section.

Lebanon

The Israel Defense Forces (IDF) has identified “significant gaps” in Lebanese Armed Forces (LAF)’s efforts to secure pilot zones in southern Lebanon, according to Israeli military sources

speaking to Saudi media on August 24.[41] The sources added that the LAF has only conducted “partial” searches of the pilot zones and has not yet searched private property for Hezbollah weaponry.[42] Hezbollah frequently conceals its materiel in civilian homes and private property to prevent Lebanese authorities from seizing the group’s weapons and in order to deter adversaries from striking the group’s assets by placing them in civilian areas.[43] LAF sources told Saudi media in early August that the Lebanese judiciary had not authorized the LAF to search private homes and property pursuant to the government’s efforts to disarm Hezbollah.[44] ISW-CTP continues to assess that LAF efforts to disarm Hezbollah in the pilot zones in southern Lebanon will likely fail if the Lebanese government does not ensure that military forces have the will and authorities to search private property to confiscate Hezbollah materiel.[45]

Limited LAF efforts to secure pilot zones come amid stalled US-mediated Israel-Lebanon negotiations. These talks have stalled in part due to disagreements between the two delegations over the location of future pilot zones and selection of a third-party country to verify the LAF’s disarmament progress.[46] The Lebanese government reportedly refused in mid-August to set a date for the next round of negotiations due to Israel’s refusal to expand the pilot zone program.[47] Lebanese ministerial sources reiterated to Lebanese media on August 23 that Israel and Lebanon have still not set a date for the next meeting.[48]

Iraq

Iranian-backed Iraqi actors likely pressured Iraqi authorities on August 24 to release four Popular Mobilization Forces (PMF) members that Iraqi security forces had arrested earlier that day. A security source told Kurdish media that Iraqi security forces arrested PMF General Staff member Akram Abu Jaafar and three other PMF members in Baghdad City on August 24.[49] Iraqi authorities released Abu Jaafar and the other detained PMF officials to the PMF soon after their arrest, according to the PMF Media Department Director.[50] This incident comes after several Iranian-backed actors pressured the Iraqi government into surrendering an Iranian-backed Iraqi militia-affiliated PMF official to the PMF hours after the Counter Terrorism Service arrested the official in early August 2026.[51]

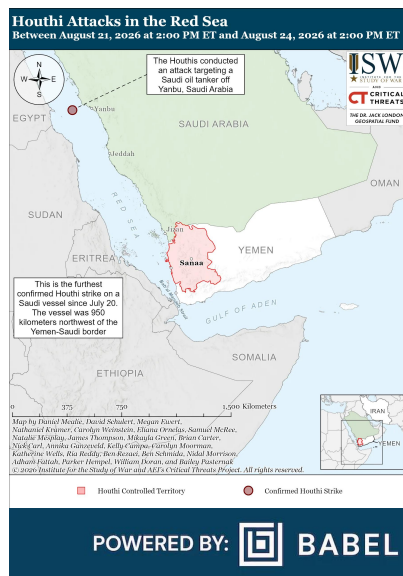
Iraqi national security adviser to the prime minister Qassem al Araj announced on August 23 that Iraq submitted a proposal to Iran and Saudi Arabia to establish an unspecified unified security coordination council.[52] Iran and Saudi Arabia have not responded to this proposal at the time of this writing. The details of the Iraqi proposal also remain unclear.

Arabian Peninsula

The Houthis struck a Saudi oil tanker roughly 950 kilometers north of Yemen in the northern Red Sea on August 24.[53] The strike is part of an effort to enforce the Houthi blockade on Saudi Arabia. Houthi military spokesperson Yahya Sarea announced on August 24 that the Houthis fired a ballistic missile at Saudi oil tanker *AMZAN* off the coast of Yanbu, Saudi Arabia.[54] United Kingdom Maritime Trade Operations (UKMTO) similarly reported that a projectile struck an oil tanker, almost certainly the *AMZAN*, 63 nautical miles west of Yanbu on August 24.[55] The strike is part of a broader Houthi effort to incapacitate the Saudi oil industry by disrupting supply chain nodes, including oil refineries, pipelines, and tankers, across Saudi Arabia and the Red Sea and raise Saudi political and economic costs to an untenable level to compel Saudi Arabia to end its kinetic campaign against the Houthis and accede to Houthi demands.[56] The Houthis’ demands to end the conflict include that Saudi

Arabia lift its blockade on Houthi ports and airports, cease all military activity in Yemen, pay the Houthis war reparations, and fund Houthi salaries.[57]

The strike also demonstrates the Houthi ability to launch ASBM further than 500km, assuming the Houthi claim is accurate. The AMZAN was at least 950 kilometers north of the Saudi-Yemeni border at the time of the attack, making it the furthest confirmed Houthi attack on a Saudi vessel since the Houthis began to enforce their blockade on Saudi Arabia on July 20.[58] ISW-CTP has not observed any open-source reporting that confirms that the Houthis possess an ASBM with a range exceeding 500 kilometers.[59] The Houthis could have drastically decreased the warhead weight or taken other technical measures to improve the range of their ASBM. They could also have employed a drone and not a ballistic missile. ISW-CTP cannot determine from the open source what specific steps the Houthis took to target the AMZAN at this range.



Endnotes

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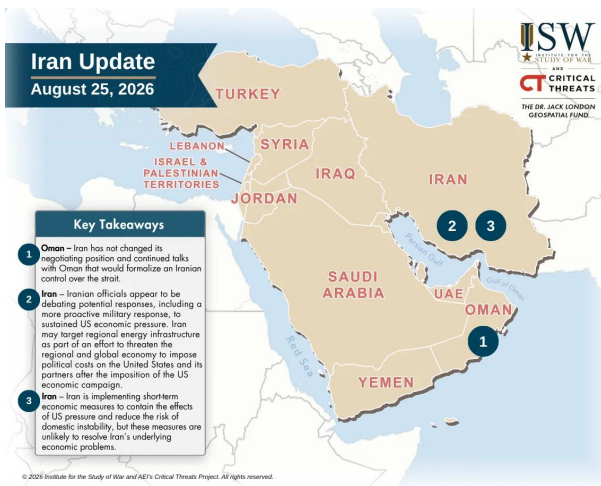
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Key Takeaways

1. Iran has not changed its negotiating position and continues to seek formal control over transit through the Strait of Hormuz as Pakistan tries to revive US-Iran negotiations. Iran has continued talks with Oman over transit arrangements that would formalize an Iranian role in controlling commercial traffic through the strait, which also demonstrates the lack of progress in talks.
2. Iranian officials appear to be debating potential responses, including a more proactive military response, to sustained US economic pressure. Iran may target regional energy infrastructure as part of an effort to threaten the regional and global economy to impose political costs on the United States and its partners after the imposition of the US economic campaign. The regime is likely debating whether it should target regional energy infrastructure, however.
3. Iran is implementing short-term economic measures to contain the effects of US pressure and reduce the risk of domestic instability, but these measures are unlikely to resolve Iran's underlying economic problems.



Toplines

Iran has not changed its negotiating position and continues to seek formal control over transit through the Strait of Hormuz as Pakistan tries to revive US-Iran negotiations. Pakistani sources told *Reuters* on August 25 that there is “significant progress,” and some Iranian officials have expressed general willingness to reengage with the United States.[1] This Pakistani framing is unsurprising — a mediating party has a vested interest in ensuring mediation can occur — but the framing is at odds with reality. Iran’s negotiating team has, according to regime media, continued to emphasize to mediators that the United States must return to the original memorandum of understanding (MoU) and implement Clause 5, which Iran interprets as granting Iran the authority to determine transit arrangements in the strait.[2] That Iran communicated this to the mediators suggests that the mediators are only ferrying unchanged viewpoints between the two sides, not making progress towards a deal.[3]

Iran has continued talks with Oman over transit arrangements that would formalize an Iranian role in controlling commercial traffic through the strait, which also demonstrates the lack of progress in talks.[4] Omani Foreign Minister Badr al Busaidi said on August 25 that Iran and Oman could soon announce a temporary corridor through the strait and other arrangements to restore safe navigation.[5] The United States is continuing to take steps to undermine Iran’s efforts to control commercial traffic through the strait. The US Treasury Department warned on August 24 that companies could face sanctions or penalties if they comply with Iranian safe-passage requirements, including purchasing Iranian-linked insurance and services or complying with information requests.[6] The United States has also sought to keep commercial traffic moving without Iranian permission or fees, which creates a direct challenge to any Iranian influence or control over passage through the strait. US President Donald Trump stated on August 25 that the US Navy had cleared mines from international waters in the strait.[7] Two US officials confirmed that the US Navy cleared the traffic separation scheme between Iran and Oman.[8]

Iranian officials appear to be debating potential responses, including a more proactive military response, to sustained US economic pressure. Iranian Armed Forces General Staff-run outlet *Defa Press* argued on August 25 that Iran should move away from a reactive strategy in which it waits for an adversary to strike before responding and instead seizes the initiative by imposing costs during periods of pressure.[9] *Defa Press* argued that Supreme National Security Council Secretary (SNSC) Major General Mohsen Rezaei’s recent threats represent a shift from “reactive defense” toward “active deterrence and strategic initiative.”[10] Rezaei stated in an English-language post on X on August 23 that “if the economic war continues, not a single drop of oil will be exported — neither through the

Strait of Hormuz nor from anywhere in the Persian Gulf.”[11] Rezaei added that Iran would regard any country’s participation in or support for the US economic campaign against Iran as an act of war.[12] *Defa Press* argued that Iran could impose costs beyond the economic domain in response to sanctions, the blockade, and restrictions on Iranian oil exports.[13]

Iran may target regional energy infrastructure as part of an effort to threaten the regional and global economy to impose political costs on the United States and its partners after the imposition of the US economic campaign. Iran would ultimately aim to compel the United States to stop its economic program before Washington accomplishes its objectives in this scenario. Iran has struggled to reliably strike moving vessels, but it can locate and target fixed infrastructure.[14] *Axios* reported on August 25 that more than 500 ships used the southern channel under US protection in the past 30 days, and Iranian drones or missiles hit only about 2 percent of them.[15] Iran may decide to strike or conduct cyberattacks against static regional energy infrastructure or US civilian infrastructure to impose costs on global energy markets and the US homeland.

The regime is likely debating whether it should target regional energy infrastructure, however. *Defa Press* did not identify specific targets or call for immediate military action.[16] *Defa Press* warned that action without an imminent threat could escalate the conflict, encourage coalition-building against Iran, and impose additional political and economic costs.[17] These warnings suggest that Iranian officials are still weighing the risks of this approach and that the approach remains under intra-regime debate. Former Vice President Mostafa Hashemitaba criticized proposals to target neighboring countries’ oil facilities on August 24 and warned that such attacks could have “serious consequences” for Iran, for example.[18] Iranian Supreme Leader’s website, the Voice of Iran, stated in an op-ed on August 23 that Iran could retaliate against states that participate in US economic restrictions and would target those countries’ interests.[19] The op-ed published an image of metal cages over reported Emirati fuel storage tanks, which is an implicit Iranian threat against Emirati energy infrastructure.[20]

Iran is implementing short-term economic measures to contain the effects of US pressure and reduce the risk of domestic instability, but these measures are unlikely to resolve Iran’s underlying economic problems. The regime appears to recognize that continued economic deterioration could threaten domestic stability. Some issues, like rising gas prices, could serve as serious flashpoints for discontent.[21] Iranian officials are relying on measures that can temporarily support liquidity, employment, and household purchasing power without requiring politically costly reforms.[22] It remains unclear how the regime will address the long-term economic challenges caused by the recent US economic campaign.[23] Iranian Economic Affairs and Finance Minister Ali Madani Zadeh stated on August 24 that Iran has prepared alternative financial and trade channels and that the government is prioritizing employment, production, and household livelihoods.[24] The Central Bank of Iran separately announced on August 25 an initial \$500 million USD injection of foreign-currency banknotes into the banking system. Iranian authorities also imposed additional restrictions on individuals and entities involved in foreign-exchange and gold speculation.[25] These measures may temporarily improve liquidity and limit market pressure, but they do not address Iran’s broader foreign-currency, inflation, and energy problems.

US and Partner Military Operations

Nothing significant to report.

Iranian Strike Campaign

Assessed Iranian War Aims:

- *Secure international recognition of Iranian control over the Strait of Hormuz*
- *Degrade the US ability and willingness to continue the war*
- *Restore deterrence vis-à-vis the United States and its regional partners*
- *Divide the United States and Israel from the Arab states*

US-Iran Negotiations

Nothing significant to report.

Iranian Domestic Affairs

See topline section.

Lebanon

Nothing significant to report.

Iraq

Iranian-backed Iraqi Supreme Judicial Council President Faiq Zaidan met with several senior Iranian leaders in Tehran on August 25, reportedly to discuss bilateral judicial and legal cooperation between Iraq and Iran.[26] Zaidan and Iranian leaders also discussed recent US efforts to deepen Iran's economic isolation.[27] Zaidan met with Iranian President Masoud Pezeshkian, Parliament Speaker Mohammad Bagher Ghalibaf, SNSC Secretary Rezaei, and Judiciary Chief Gholam Ejei in Tehran on August 25 to discuss bilateral cooperation, according to Iranian and Iraqi media.[28] Iraqi media also reported on August 25 that Zaidan told Ejei that Iraq condemns “economic terrorism” against Iran, which is a reference to the latest US sanctions on Iran.[29]

Rezaei and Zaidan also discussed Iran-Iraq coordination against anti-regime Kurdish groups in Iraq along the Iraq-Iran border.[30] UK-based Saudi media reported on August 25 that Rezaei called for a resolution to the problem of anti-regime Kurdish groups operating on the Iran-Iraq border.[31] Zaidan reportedly emphasized the need to ensure border security and to address the threat posed by “anti-Iranian groups” along the Iran-Iraq border, according to Iraqi media.[32] Iran has historically pressured the Iraqi federal government to address anti-regime Kurdish groups that Tehran views as a threat to regime stability.[33]

Iraqi Prime Minister Ali Zaydi, Shia Coordination Framework forces, and Iranian Supreme Leader Representative Mohsen Qomi reportedly met in Baghdad on August 24 to discuss recent Iraqi federal government arrests that have targeted Popular Mobilization Forces (PMF) members.[34] An informed source told Iraqi media on August 25 that the framework asked Zaydi not to use military forces to arrest PMF fighters and instead rely on the judiciary to issue arrest warrants.[35] The source added that framework leaders criticized arrests of PMF leaders and demanded that Zaydi prevent similar operations, which they viewed as provocative.[36] The PMF is an organization largely

beholden to the framework and its leadership, so this stance is unsurprising.[37] It is extremely difficult for the government to arrest PMF members without the use of force, but it is also hard to keep PMF members in government custody after their arrest due to the political pressure coming from the framework to release those arrested. Zaydi's meetings with Iranian and framework officials follow the federal government's largely failed efforts to crack down on militia activity by force due to militia military strength and Iranian influence within Iraqi institutions.[38] Iranian-backed actors similarly impeded former Iraqi Prime Minister Mustafa al Kadhimi's efforts to confront the militias.[39]

Office of the Commander-in-Chief of the Armed Forces Director Lieutenant General Abdul Amir al Shammari chaired a Baghdad Operations Command meeting on August 25 to discuss and review a "regional security plan" for Baghdad.[40] Zaydi merged several offices into the Office of the Commander-in-Chief of the Armed Forces on July 26[41] The office, which answers directly to Zaydi, now oversees the Interior and Defense ministries, the Counter Terrorism Service, the Iraqi National Intelligence Service, the PMF, border crossings, and military manufacturing.[42] The Baghdad Operations Command is the Iraqi Security Forces (ISF)' operational headquarters responsible for security in Baghdad and in the surrounding area.[43] The meeting included representatives from the ISF, intelligence and security institutions, and the PMF.[44] Shammari reviewed implementation mechanisms for the "regional security plan," explained areas of responsibility, and assigned duties to security forces and agencies during the meeting, according to Shammari's statement.[45] The plan includes supporting local police agencies to enhance security and stability in Baghdad, intensifying unified intelligence efforts, and preventing the "militarization of the street," among other aspects.[46] The initiation of this new security plan is notable given recent threats by Iranian-backed Iraqi militias to blockade the Green Zone in Baghdad, which houses the US Embassy and other Iraqi institutions, due to Iraqi federal government attempts to crack down on the militias.[47]

Framework actors are continuing their negotiation efforts between the Iraqi federal government and the Iraqi militias. A framework parliamentarian told Iraqi Kurdish media on August 25 that a framework committee, which includes Badr Organization head Hadi al Ameri and National State Forces Alliance head Ammar al Hakim, has begun talks with Kataib Hezbollah, Harakat Hezbollah al Nujaba, and Kataib Sayyid al Shuhada on disarmament.[48] These militias have been the most kinetically active in recent months, are historically closest with Iran, and have continuously refused to disarm.[49] The Islamic Resistance in Iraq, which is a coalition of Iraqi militias that includes the three militias, released a list of preconditions on August 17 that further indicated the militias have no intention to disarm.[50] Iraqi government spokesperson Haider al Aboudi confirmed on August 25 that September 30 is the "decisive date" to restrict arms to the state, despite efforts by some framework actors to postpone the deadline.[51]

Arabian Peninsula

Saudi Arabia is reportedly seeking to subsidize commercial vessel insurance costs to encourage and increase Saudi and international commercial shipping in the Red Sea amid the ongoing Houthi blockade on Saudi ports.[52] People familiar with the discussions told *The Financial Times* on August 24 that Saudi Arabia is in talks with London-based insurance brokers to establish a Saudi state-backed fund to subsidize ship insurance rates and provide more comprehensive coverage to ship owners operating in the Red Sea.[53] Commercial vessel insurance coverage and costs for vessels operating in the Red Sea have increased since the Houthis started the group's blockade on Saudi ports on July 20.[54] Insurance brokerage firms have begun charging higher insurance rates and restricted coverage options in the Red Sea region due to increased risk of Houthi attacks in the Red Sea.[55]

Saudi Arabia likely aims to support commercial carriers, which must be able to turn a profit and be relatively low risk. This will help maintain Saudi Arabia's ability to export oil and other goods to the global market at a sufficient level. Saudi Arabia has increasingly relied on Yanbu and other Saudi Red Sea ports to export oil and circumvent Iran's control over the Strait of Hormuz.[56] Saudi oil exports via the Red Sea have increased to 3.5 million barrels per day, up from 120,000 barrels per day prior to the current war, according to *The Economist* on July 30.[57]

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Iran Update, August 26, 2026



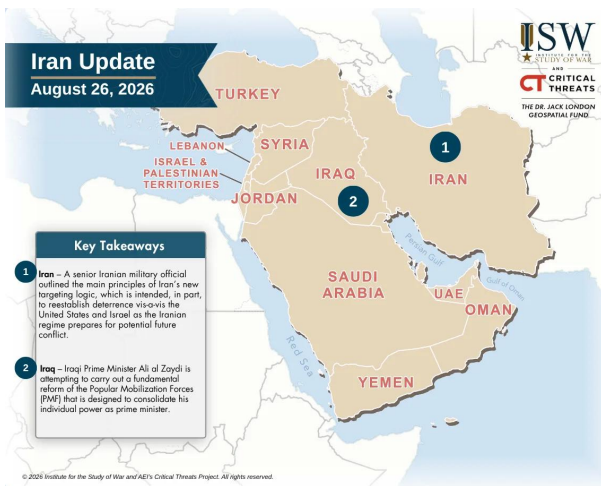
Adham Fattah, Carolyn Moorman, Nidal Morrison, Katherine Wells, Annika Ganzeveld

Analyst Notes: Data Cutoff: 2:00 PM ET.

The Institute for the Study of War (ISW) and The Critical Threats Project (CTP) at the American Enterprise Institute are publishing updates Monday through Friday to provide analysis on the war with Iran. Most updates cover events from the past 24-hour period, whereas Monday updates also include events from the preceding weekend, collected after ISW-CTP's 2:00 PM ET Friday data cutoff. ISW-CTP may publish special updates on Saturdays and Sundays if events warrant, however.

Key Takeaways

1. A senior Iranian military official outlined the main principles of Iran's new targeting logic, which is intended, in part, to reestablish deterrence vis-à-vis the United States and Israel as the Iranian regime prepares for potential future conflict. These principles include "rapid response[s]" to US and Israeli attacks, responding to individual strikes on Iranian territory with multiple strikes on various targets, preemptive strikes against US assets, and expanding the geographic scope of Iranian conflicts with the United States and Israel.
2. Iraqi Prime Minister Ali al Zaydi is attempting to carry out a fundamental reform of the Popular Mobilization Forces (PMF) that is designed to consolidate his individual power as prime minister. Zaydi's efforts to professionalize the PMF could fulfill US objectives regarding militia disarmament. The success of these reforms would depend on Zaydi's ability to enforce them and appoint professional personnel to undertake institutional changes throughout the PMF.
3. The Iraqi Parliament is unlikely to approve this draft PMF Law, however. The Parliamentary Security and Defense Committee is unlikely to approve the amended draft PMF Law, given that the committee includes parliamentarians from Iranian-backed Iraqi militia political wings that also control PMF brigades.
4. Iranian opposition to any Iraqi federal government attempts to weaken the Iraqi militias could undermine Zaydi's efforts to subordinate the PMF under himself, even if this draft law were to pass through the Iraqi Parliament.



Toplines

A senior Iranian military official outlined the main principles of Iran’s new targeting logic, which is intended, in part, to reestablish deterrence vis-à-vis the United States and Israel as the Iranian regime prepares for potential future conflict. Iranian Artesh Spokesperson Brigadier General Mohammad Akraminia conducted an interview with regime media on August 26 in which he explained Iran’s “new” military doctrine, which he described as a shift from “defensive” military action to “offensive” action.[1] Akraminia noted that this doctrinal shift emerged following the June 2025 12-Day War, which is consistent with statements from Iranian officials over the past year that Iran has shifted to an “offensive” and “proactive” military posture.

Akraminia laid out four key principles of Iran’s new targeting logic. Akraminia claimed that Iran’s new approach involves “rapid response” and that Iran responded to the start of US and Israeli operations in February 2026 “within two hours.”[2] The Iranian regime had struggled to respond quickly in previous rounds of conflict with Israel and the United States, including in the June 2025 War, when Israeli strikes on missile sites and dozens of Islamic Revolutionary Guards Corps (IRGC) Aerospace Force commanders disrupted Iran’s ability to respond.[3]

Akraminia stated that another element of Iran’s new targeting logic involves responding to individual strikes on Iranian territory with multiple strikes against various targets. ISW-CTP cannot confirm that Iran adopted this approach during the recent war, but this approach would be consistent with Iranian efforts to impose high costs on the United States and its regional partners and allies to degrade their willingness to continue the war and to coerce them to acquiesce to Iranian demands.

Akraminia claimed that Iran’s new doctrine includes preemptive strikes against US assets, which is consistent with recent statements from Iranian officials to Western media that Iran is considering taking preemptive action against the United States and regional countries. Akraminia cited Iran’s July 28 attack on the Muwaffaq Salti Airbase in Azraq, Jordan, after a four-day pause in strikes between the United States and Iran as an example of a preemptive strike. Akraminia claimed that US forces were “assembling personnel and equipment there to intensify attacks [against Iran].”^[4] Unspecified Iranian officials similarly told the *Wall Street Journal* on August 16 that the IRGC has developed plans for potential “preemptive strikes.”[5] ISW-CTP assessed at the time that Iranian officials likely decided to publicize these plans to Western media to coerce the United States to surrender to Iranian demands as well as to restore deterrence vis-à-vis the United States and its regional partners.[6]

Akraminia lastly emphasized that the regime’s new military doctrine includes expanding a conflict’s

geographic scope to encompass adversary interests across the region, including energy hubs, the Bab al Mandeb Strait, and undersea internet cables.[7] This statement also echoes what unspecified Iranian officials told the *Wall Street Journal* on August 16, specifically that the IRGC had reportedly devised plans for further escalation against the United States and its allies, including potential strikes on internet cables in the Persian Gulf.[8] Akraminia's comments about expanding regional conflicts to the Bab al Mandeb Strait are consistent with the Iranian regime's effort during the recent conflict to encourage the Houthis to conduct attacks on international shipping.[9] Iran also sent advisers to Yemen and monitored the deployment of missiles, drone launchers, and naval weapons along the Red Sea coast during the conflict.[10]

Iraqi Prime Minister Ali al Zaydi is attempting to carry out a fundamental reform of the Popular Mobilization Forces (PMF) that is designed to consolidate his individual power as prime minister. Zaydi recently reestablished the Office of the Commander in Chief of the Armed Forces, which places several security institutions, including the PMF, under his authority.[11] A senior Iraqi government source separately told UK-based, Qatari-owned media on August 25 that unidentified actors, likely referring to Zaydi administration officials, made several amendments to the draft PMF Law that aim to limit the PMF's operational powers.[12] The Iraqi government has not published the text of the draft PMF Law or submitted the draft law to the Iraqi Parliament at this time. The draft PMF Law likely refers to the Popular Mobilization Authority Law that former Prime Minister Mohammad Shia al Sudani withdrew from Parliament in August 2025 due to US opposition to the law.[13] The legislation would have likely increased Iran's influence in the Iraqi security establishment by formalizing key PMF structures, per a July 2025 version of the draft law.[14]

The senior Iraqi government source stated that the new amendments to the draft PMF Law eliminate provisions that make the PMF a "competitor" to the Iraqi Army.[15] The source stated that the amended draft law sets a retirement age of 60, which would force several current PMF leaders, including Popular Mobilization Commission Chairman Faleh al Fayyadh, to retire and enable Zaydi to make comprehensive changes to the PMF's current leadership.[16] Zaydi has reportedly been considering "sweeping" leadership changes to the PMF, which could include appointing Iraqi Army and Counter Terrorism Service officers to PMF leadership positions.[17] Iraqi sources previously told UK-based, Qatari-owned media on August 12 that high-ranking Iraqi Army officers will be integrated into the PMF to assist with redistributing PMF fighters across brigades and provinces.[18] The replacement of senior PMF leaders with high-ranking Iraqi Army officers would in effect subordinate the PMF to the Iraqi Army. The Iraqi source speaking to UK-based, Qatari-owned media on August 25 similarly noted that the draft law aims to disperse PMF fighters to curb the existence of "factional blocs" within the PMF, likely referring to Iranian-backed Iraqi militia-controlled PMF brigades that do not answer to the prime minister.[19] These amendments highlight that Zaydi is attempting to dilute the power of the PMF, which would help consolidate his individual authority over this institution and as the Iraqi prime minister more broadly. The federal government could change these amendments or add new ones at any time before submitting the draft law to parliament.

Zaydi's efforts to professionalize the PMF could fulfill US objectives regarding militia disarmament. The United States has applied intense financial pressure on Zaydi to disarm the militias due to militia attacks on US and foreign targets in Iraq and the region in recent months.[20] This US pressure provides Zaydi with political cover to attempt to reform the PMF, which some members of his Shia Coordination Framework coalition will likely oppose. Integrating the militias into the PMF and successfully implementing the reforms included in the reported draft law would probably address the United States' core objectives concerning the militias, which include stopping militia attacks on US and allied targets in Iraq and the region as well as reducing Iranian influence in Iraq. An unidentified "high-ranking" source told Qatari media on August 25 that Zaydi discussed the PMF Law with unspecified US officials during his July visit to Washington, D.C.[21] The US officials reportedly expressed concern over

some provisions of the draft law, but Zaydi emphasized that the law would regulate the status of PMF members and the PMF's administrative structure.[22]

The success of these reforms would depend on Zaydi's ability to enforce them and appoint professional personnel to undertake institutional changes throughout the PMF. The PMF has previously resisted Iraqi federal government attempts to reform the institution, such as under former Prime Minister Haider al Abadi's administration. Zaydi's efforts to reform the PMF will require him to appoint professional officers to senior PMF positions who incentivize good behavior, hold their subordinates accountable, and ensure adherence to the formal chain of command, thus professionalizing the organization. Zaydi is reportedly considering appointing Iraqi Army and Counter Terrorism Service officers to PMF leadership positions as part of his reform effort. Former Prime Minister Mustafa al Kadhimi executed similar reforms to the Iraqi National Intelligence Service to increase its efficiency and independence while serving as its head between 2016 and 2020.[23] Kadhimi then protected these gains as prime minister between 2020 and 2022 while reforming the security sector.[24]

The Iraqi Parliament is unlikely to approve this draft PMF Law, however. Parliamentary committees must review and approve draft laws before Parliament can convene and vote on the law.[25] The Parliamentary Security and Defense Committee is unlikely to approve the amended draft PMF Law, given that the committee includes parliamentarians from Iranian-backed Iraqi militia political wings that also control PMF brigades.[26] These parliamentarians would almost certainly oppose the draft law's provisions that reduce PMF leaders' privileges.[27]

Iranian opposition to any Iraqi federal government attempts to weaken the Iraqi militias could undermine Zaydi's efforts to subordinate the PMF under himself, even if this draft law were to pass through the Iraqi Parliament. Sources close to the federal government told Iraqi media on August 26 that Iran has become less flexible on militia disarmament in recent weeks and has attempted to convince the federal government to push back its September 30 deadline to restrict arms to the state.[28] The sources assessed that Iran's increased opposition to militia disarmament is due to stalled US-Iran negotiations and US economic pressure on Iran.[29] Iran has rejected militia disarmament for months, as corroborated during recent visits by IRGC Quds Force Commander Brigadier General Esmail Ghaani and Iranian Parliament Speaker Mohammad Bagher Ghalibaf to Baghdad.[30] The sources added to Iraqi media that additional Iranian officials, besides Ghaani and Ghalibaf, have also engaged with Iraqi officials on militia disarmament in recent weeks.[31]

Iran has reportedly presented alternatives to disarmament that have included the militias transferring heavy weapons to Iran or the PMF.[32] Even if Iran supports the transfer of weapons to the PMF, it likely opposes and would seek to undermine the amendments to the draft PMF Law outlined above given that those amendments, if successfully implemented, would weaken Iranian influence in the PMF. Iranian-backed Iraqi actors, including within the framework and members of Zaydi's administration, have recently attempted to convince Zaydi to push back the September 30 deadline.[33] Zaydi's security adviser and former Iraqi National Security Adviser Qasim al Araj, who is a member of the Iranian-backed Badr Organization, said on August 24 that the deadline is a "starting point" to restrict arms to the state.[34]

US and Partner Military Operations

Nothing significant to report.

Iranian Strike Campaign

Assessed Iranian War Aims:

- *Secure international recognition of Iranian control over the Strait of Hormuz*
- *Degrade the US ability and willingness to continue the war*
- *Restore deterrence vis-à-vis the United States and its regional partners*
- *Divide the United States and Israel from the Arab states*

See topline section.

US-Iran Negotiations

Nothing significant to report.

Iranian Domestic Affairs

Nothing significant to report.

Lebanon

Nothing significant to report.

Iraq

See topline section.

Arabian Peninsula

Nothing significant to report.

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Iran Update, August 27, 2026



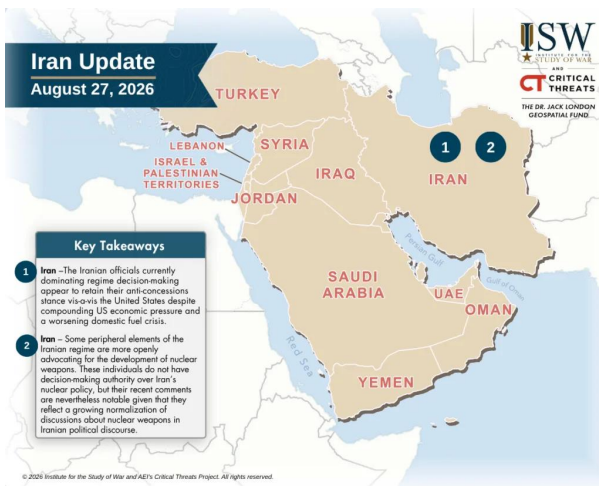
Katherine Wells, Ben Rezaei, Parker Hempel, Nidal Morrison, Benjamin Schmida, Annika Ganzeveld

Analyst Notes: Data Cutoff: 2:00 PM ET.

The Institute for the Study of War (ISW) and The Critical Threats Project (CTP) at the American Enterprise Institute are publishing updates Monday through Friday to provide analysis on the war with Iran. Most updates cover events from the past 24-hour period, whereas Monday updates also include events from the preceding weekend, collected after ISW-CTP's 2:00 PM ET Friday data cutoff. ISW-CTP may publish special updates on Saturdays and Sundays if events warrant, however.

Key Takeaways

1. The Iranian officials currently dominating regime decision-making appear to retain their anti-concessions stance vis-à-vis the United States despite compounding US economic pressure and a worsening domestic fuel crisis. Western media has recently reported long lines at gas stations and gas station closures as a result of fuel shortages across Iran.
2. Key decision-makers in Supreme Leader Mojtaba Khamenei's inner circle continue to threaten to respond to US economic pressure and do not appear to have softened their position on core regime demands. These decision-makers' insistence on maintaining maximalist demands despite immense economic pressure highlights their willingness to incur economic costs and the risk of potential domestic unrest.
3. Some senior Pezeshkian administration officials are trying to downplay the situation and reassure the public, likely to try to mitigate the risk of social unrest during this economic crisis.
4. The Iranian regime appears to be considering several courses of action to address the fuel crisis, including potentially raising gasoline prices. Raising fuel prices has previously caused widespread protests in Iran.
5. Some peripheral elements of the Iranian regime are more openly advocating for the development of nuclear weapons. These individuals do not have decision-making authority over Iran's nuclear policy, but their recent comments are nevertheless notable given that they reflect a growing normalization of discussions about nuclear weapons in Iranian political discourse.
6. These parliamentarians and commentators' support for nuclear weapons development reflects a public debate over how Iran should restore deterrence after the recent US-Israel-Iran War, similar to debates that followed the June 2025 Israel-Iran War.
7. The recent public discussions about nuclear weapons among peripheral elements of the regime may reflect decreased control over the information space by the Supreme Leader, as opposed to an actual increase in discussions about nuclear weapons.



Toplines

The Iranian officials currently dominating regime decision-making appear to retain their anti-concessions stance vis-à-vis the United States despite compounding US economic pressure and a worsening domestic fuel crisis. Iran is facing an acute fuel crisis, which has been exacerbated by the US naval blockade.[1] Western media has recently reported long lines at gas stations and gas station closures as a result of fuel shortages nationwide.[2] The lack of trade during the war has also led to shortages in foreign currency and basic goods, causing hyperinflation, all of which have reduced Iranians' purchasing power and deteriorated Iran's economic conditions.[3]

Iran's domestic refining capacity has historically struggled to meet domestic consumption demand, making imported gasoline an important supplement to domestic supply.[4] Informed sources told anti-regime media on August 26 that the US blockade on Iranian ports, Ukrainian strikes on Russian refining infrastructure, and disruption to the Caspian Sea supply route between Iran and Russia have restricted Iran's refined gasoline imports.[5] Disruptions to Caspian Sea trade may refer to Ukraine's drone attack that targeted cargo ships and a naval vessel transporting military equipment between Russia and Iran in July.[6] The sources noted that Iran has yet to secure alternative fuel supplies to manage its current gasoline deficit, which is around 15 million liters per day, and that Iran has resorted to using fuel reserves to meet domestic demand.[7]

Key decision-makers in Supreme Leader Mojtaba Khamenei's inner circle continue to threaten to respond to US economic pressure and do not appear to have softened their positions on core regime demands. Basij Commander Hossein Taeb warned on August 27 that Iran will respond to US economic pressure by imposing economic costs on the United States and Israel.[8] Taeb and Supreme National Security Council Secretary Mohsen Rezaei both emphasized on August 27 that the United States must fulfill its commitments in the US-Iran memorandum of understanding (MoU), which highlights their continued support for maximalist demands such as comprehensive sanctions relief.[9] The IRGC Navy separately likely attacked a Kuwaiti-flagged tanker in the Strait of Hormuz on August 27, underscoring how the regime retains its objective of securing control over maritime traffic in the strait.[10] Senior Iranian decision-makers interpreted the MoU as allowing Iran to determine traffic arrangements in the strait and the regime has repeatedly used force to materialize this interpretation.

These decision-makers' insistence on maintaining maximalist demands despite immense economic pressure highlights their willingness to incur economic costs and the risk of potential domestic unrest. Unspecified sources told anti-regime media that the IRGC, likely referring to the ruling IRGC faction, is unwilling to use Iran's fuel reserves to satisfy domestic consumption while

government officials, including President Masoud Pezeshkian, support using Iran's fuel reserves to "contain public concern over shortages and higher prices." [11] This dispute between the anti-concessions and pro-concessions camps is consistent with previous conflicts between these factions, in which the latter has supported making limited concessions to the United States to obtain economic relief and maintain internal stability. The anti-concessions faction has, in contrast, prioritized achieving the regime's maximalist objectives over securing economic relief.

Some senior Pezeshkian administration officials are trying to downplay Iran's economic situation and reassure the public, likely to try to mitigate the risk of social unrest during this economic crisis. Central Bank of Iran (CBI) Governor Abdolnasser Hemmati claimed on August 27 that Iran has avoided inflation due to stabilizing measures adopted by the CBI and that the CBI has at least \$17.2 billion US dollars in foreign currency reserves. [12] Hemmati also noted the CBI's plans to create further employment opportunities. [13] Hemmati notably acknowledged last week that Iran is facing foreign currency reserve shortages, however. Iranian Oil Minister Mohsen Paknejad separately claimed that Iran is still exporting oil outside of the region, implying that Iran is still generating revenue from oil exports beyond the US blockade. [14] Other Iranian officials are also promoting new energy projects and plans to revive energy infrastructure, such as the South Pars Gas Field, that US and Israeli airstrikes damaged in the war. [15] Most of these measures are unlikely to alleviate Iran's energy deficit in the near term, indicating that the announcements may be intended primarily to reassure the Iranian population rather than signal actual economic improvements. Such messaging can help preserve public confidence and reduce the risk of panic buying and bank runs, which could intensify shortages of fuel and other basic goods.

The Iranian regime appears to be considering several courses of action to address the fuel crisis, including potentially raising gasoline prices. Raising fuel prices has previously caused widespread protests in Iran. Iranian Vice President for Executive Affairs and adviser to President Masoud Pezeshkian, Mohammad Jafar Ghaempanah, admitted on August 27 that there have been disruptions to Iran's gasoline imports since the start of the conflict. [16] Ghaempanah argued that Iran's gasoline subsidy system and restrictions that prevent increasing fuel prices are no longer sustainable, implicitly arguing that the government should increase fuel prices. [17] Other government officials have consistently signaled that they will not increase gas prices in recent weeks, however, almost certainly to avoid backlash from the Iranian population. [18] A previous fuel price increase in 2019 triggered large-scale protests across Iran. [19]

Some peripheral elements of the Iranian regime are more openly advocating for the development of nuclear weapons. These individuals do not have decision-making authority over Iran's nuclear policy, but their recent comments are nevertheless notable given that they reflect a growing normalization of discussions about nuclear weapons in Iranian political discourse. Some Iranian parliamentarians, including some affiliated with the ultra-hardline Paydari (Stability) Front, and commentators close to the regime have argued in recent months that Iran has incurred the costs of its nuclear program without receiving the deterrent benefit they associate with a nuclear weapon, which they claim challenges the logic of remaining a nuclear-threshold state. [20] A political analyst close to the regime argued on April 20 that complete nuclear deterrence requires possessing nuclear weapons and described threshold deterrence as "incomplete, limited, uncertain, and unstable," for example. [21] These comments are consistent with a Reuters report from late March in which unspecified Iranian sources claimed that debates among hardliners over acquiring a nuclear weapon had become "louder, more public, and more insistent." [22] The officials and commentators who have publicly advocated for weaponization do not control the regime's nuclear policy, and the available evidence does not indicate that senior leaders have authorized weapons production or that Iran currently has a feasible path to build a weapon. A member of the Supreme Leader's Office, Mehdi Fazaeli,

acknowledged on July 27 that there have been stronger demands for nuclear weapons among some elites and parts of the public but added that these demands do not reflect official policy, for example.[23]

These parliamentarians and commentators' support for nuclear weapons development reflects a public debate over how Iran should restore deterrence after the recent US-Israel-Iran War, similar to debates that followed the June 2025 Israel-Iran War.[24] Some advocates portray nuclear weapons as a way to compensate for perceived weaknesses in Iran's existing forms of deterrence, such as setbacks to the Axis of Resistance. IRGC-affiliated Mashregh News republished an assessment on August 23 that argued that the weakening of the Axis of Resistance and failures of Iran's conventional deterrence tools have strengthened support for crossing the nuclear threshold.[25] An expert close to the regime, Hassan Hanizadeh, similarly argued on July 9 that Iran must review its defense doctrine and defended the "military use of nuclear technology." [26] These comments are notable given that some senior Iranian officials, such as Supreme Leader Adviser Mohammad Mokhber, have recently argued that Iranian control over the Strait of Hormuz provides Iran with the same, if not more, deterrence power as a nuclear weapon.[27] It is unclear whether the advocates of nuclear weapons development view the Strait of Hormuz as an insufficient form of deterrence, or whether they seek to both maintain control over the strait as well as develop a nuclear deterrent.

Some regime elements are also developing political and religious arguments that they may use to try to justify a future reversal of Iran's nuclear policy. Paydari-affiliated Parliamentary Cultural Commission member Hassan Ali Akhlaghi Amiri argued on July 20 that "different circumstances," likely referring to the death of former Supreme Leader Ali Khamenei and appointment of Supreme Leader Mojtaba Khamenei, could reverse Ali Khamenei's fatwa that prohibited the production and use of nuclear weapons.[28] Arguments that Mojtaba could alter his father's fatwa could allow proponents to present weaponization as consistent with the regime's religious framework.

The recent public discussions about nuclear weapons among peripheral elements of the regime may reflect decreased control over the information space by the Supreme Leader, as opposed to an actual increase in discussions about nuclear weapons. Ali Khamenei closely controlled the information space and limited discussions of this topic. It is unclear how much Mojtaba is controlling decision-making, let alone how much control he has over the information space and the regime's messaging. A more open information space could make discussions about developing nuclear weapons more public, rather than reflecting an actual uptick in such discussions within the regime.

US and Partner Military Operations

Nothing significant to report.

Iranian Strike Campaign

Assessed Iranian War Aims:

- *Secure international recognition of Iranian control over the Strait of Hormuz*
- *Degrade the US ability and willingness to continue the war*
- *Restore deterrence vis-à-vis the United States and its regional partners*
- *Divide the United States and Israel from the Arab states*

US-Iran Negotiations

See topline section.

Iranian Domestic Affairs

See topline section.

Lebanon

Nothing significant to report.

Iraq

Iranian-backed Iraqi militia Kataib Sayyid al Shuhada Spokesperson Kazem al Fartousi told Saudi-owned media on August 27 that the militias asked the Iraqi federal government to find unspecified “alternatives to their weapons” to convince them to disarm.[29] It is unclear what “alternatives” Fartousi was referring to, but Iraqi media reported on July 14 that unspecified Iranian-backed Iraqi militias had demanded guarantees from the Iraqi government before they disarm, including immunity from prosecution and protection from US or Israeli strikes.[30] Fartousi could have also been referring to jobs in Iraq’s security establishment that Iraqi Prime Minister Ali al Zaydi has reportedly set aside for militia members willing to disarm.[31] Kataib Sayyid al Shuhada is one of several Iranian-backed Iraqi militias that have repeatedly refused to disarm, however.[32]

Arabian Peninsula

The Houthis likely launched multiple drones targeting oil infrastructure in the vicinity of Yanbu, Saudi Arabia, on July 27.[33] Greek security sources told Reuters that a Greek-operated air defense system and Saudi air defenses intercepted a “drone swarm” on August 27.[34] The Houthis have not claimed the attack at the time of this writing. Saudi and Greek air defenses previously intercepted Houthi ballistic missiles fired at Yanbu on July 25.[35] Houthi Spokesperson Yahya Sarea claimed that the group targeted Saudi Aramco oil facilities in Yanbu during the July 25 attack.[36] Saudi Arabia has increasingly relied on Yanbu and other Saudi Red Sea ports to export oil and circumvent Iran’s control over the Strait of Hormuz.[37] ISW-CTP assesses that the Houthis likely seek to compel Saudi Arabia to end its blockade on Houthi ports and airports and meet Houthi demands by threatening Saudi oil infrastructure.[38]



The Republic of Yemen Government (ROYG)-aligned National Resistance Front reportedly seized a drone component shipment from a vessel off the Yemeni coast that was likely bound for the Houthis on August 27.[39] ROYG authorities previously seized multiple caches of electronic components that could be used for first-person view (FPV) drone production at Yemeni ports and land crossings on August 13.[40] The Houthis have increasingly shifted away from smuggling completed weapons systems toward components to support domestic weapons production in recent years.[41] Houthi domestic weapons production continues to rely on components smuggled into Yemen, however.[42] The Houthi maritime smuggling network expands across multiple littoral Red Sea African countries and Iran.[43]

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Iran Update, August 28, 2026



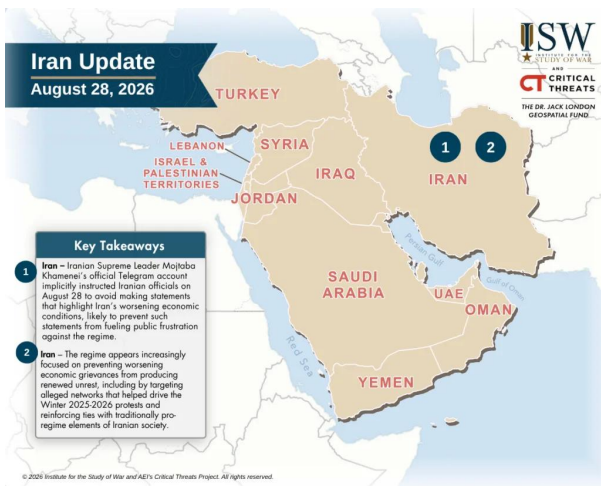
Ben Rezaei, Carolyn Moorman, Benjamin Schmida, William Doran, Adham Fattah, Ariel Robledo, Annika Ganzeveld

Analyst Notes: Data Cutoff: 2:00 PM ET

The Institute for the Study of War (ISW) and The Critical Threats Project (CTP) at the American Enterprise Institute are publishing updates Monday through Friday to provide analysis on the war with Iran. Most updates cover events from the past 24-hour period, whereas Monday updates also include events from the preceding weekend, collected after ISW-CTP's 2:00 PM ET Friday data cutoff. ISW-CTP may publish special updates on Saturdays and Sundays if events warrant, however.

Key Takeaways

1. Iranian Supreme Leader Mojtaba Khamenei's official Telegram account implicitly instructed Iranian officials on August 28 to avoid making statements that highlight Iran's worsening economic conditions, likely to prevent such statements from fueling public frustration against the regime. Mojtaba's Telegram account acknowledged that Iran faces inflation, unemployment, high prices, and other economic problems but emphasized that domestic production, "resistance economy" policies, and better economic management are the solutions to such problems.
2. Pezeshkian reiterated the severity of Iran's economic situation in an address to the Iranian public on August 28 that was broadcast shortly after Mojtaba's account warned officials against discussing Iran's poor economic conditions. Pezeshkian linked Iran's deteriorating economic conditions to the war, US sanctions, and the naval blockade.
3. The regime appears increasingly focused on preventing worsening economic grievances from producing renewed unrest, including by targeting alleged networks that helped drive the Winter 2025-2026 protests and reinforcing ties with traditionally pro-regime elements of Iranian society. The Iranian Intelligence Ministry announced on August 28 that it arrested 30 alleged leaders and participants of the December-January protests.
4. The United States reportedly rejected a proposal by five Iranian-backed Iraqi militias to pause their military operations for two years instead of fully disarming. Multiple Iraqi sources told Iraqi Kurdish media on August 28 that the United States labeled the proposal a "trick."



Toplines

Iranian Supreme Leader Mojtaba Khamenei's official Telegram account implicitly instructed Iranian officials on August 28 to avoid making statements that highlight Iran's worsening economic conditions, likely to prevent such statements from fueling public frustration against the regime.[1] It is unclear whether Mojtaba himself or individuals close to him operate Mojtaba's Telegram channel, given reports that Mojtaba was seriously wounded or incapacitated during the war.[2] Mojtaba's account issued a statement on August 28 that warned officials against using "disappointing speech" and artificial binaries such as "war or negotiation" and "compromise or warmongering." [3] The account added that anything detrimental to social cohesion is prohibited.[4] These comments likely refer to recent statements by members of the pro-concessions camp, including Iranian President Masoud Pezeshkian and Parliament Speaker Mohammad Bagher Ghalibaf, who have recently publicly warned about Iran's deteriorating economic conditions.[5] Pezeshkian stated on August 21 that "it would be better to end [the war] now." [6] Ghalibaf warned on August 21 that Iran cannot endure, regardless of its military strength, if its population is hungry and the country lacks financial circulation, economic growth, and domestic production.[7]

Mojtaba's Telegram account acknowledged that Iran faces inflation, unemployment, high prices, and other economic problems but emphasized that domestic production, "resistance economy" policies, and better economic management are the solutions to such problems.[8] This statement suggests that individuals close to Mojtaba support resisting US economic pressure instead of granting concessions to the United States in return for economic relief. Increasing domestic production and improving economic "management" are long-standing solutions that hardline officials have historically proposed to improve the Iranian economy, but these solutions have not translated into actual economic improvement.[9]

The Voice of Iran, an outlet historically tied to former Supreme Leader Ali Khamenei's office, similarly warned officials on August 25 against discussing Iran's economic and social problems in ways that could "benefit the enemy."^[10] The outlet also acknowledged that Iran is struggling with economic, infrastructure, social, and cultural problems but argued that Iranian officials should not highlight these issues in their public statements.^[11] It is unclear whether Voice of Iran currently reflects the views of Mojtaba's inner circle. Mojtaba's younger brother Massoud Khamenei has overseen, at least as of November 2025, the office responsible for preserving and publishing Ali Khamenei's works and the media apparatus that publishes Voice of Iran.[12] It is unclear if Massoud still heads this office. The similarity between the outlet's warning and Mojtaba's message on August 28 may indicate that figures close to Mojtaba are trying to prevent worsening economic conditions from strengthening the position of pro-

concessions camp officials who argue that Iran should make concessions to secure economic relief.

Pezeshkian reiterated the severity of Iran's economic situation in an address to the Iranian public on August 28 that was broadcast shortly after Mojtaba's account warned officials against discussing Iran's poor economic conditions.[13] Pezeshkian linked Iran's deteriorating economic conditions to the war, US sanctions, and the naval blockade.[14] It is unclear whether Pezeshkian delivered his address live or recorded it before Mojtaba's account issued the warning, but the publication of his remarks after the warning is nevertheless noteworthy. Other members of Pezeshkian's administration have highlighted Iran's poor economic conditions with a seemingly increased sense of urgency in recent days. Iranian Vice President for Executive Affairs and adviser to Pezeshkian, Mohammad Jafar Ghaempanah, stated on August 28 that Iran should stop enrichment if doing so would prevent the United States from striking Iranian industries, roads, refineries, and electricity infrastructure, which he said would further increase unemployment.[15] Ghaempanah also warned on August 27 that disruptions to gasoline imports have made Iran's fuel subsidy system unsustainable and implicitly argued for raising gasoline prices.[16]

The regime appears increasingly focused on preventing worsening economic grievances from producing renewed unrest, including by targeting alleged networks that helped drive the Winter 2025-2026 protests and reinforcing ties with traditionally pro-regime elements of Iranian society. The Iranian Intelligence Ministry announced on August 28 that it arrested 30 alleged leaders and participants of the December-January protests.[17] This new round of arrests is notable because the regime has not publicized large-scale arrests tied to that protest wave in recent months. The regime may be trying to preemptively disrupt networks and actors that could initiate renewed protests. The regime may also be using the most recent protest movement as a pretext to further securitize society, create fear among potential protesters, or disrupt small networks before they can develop into broader grassroots mobilization.

Basij Commander Hossein Taeb separately emphasized during a "Basij of Traders Week" meeting in Qom on August 28 that traders and bazaar merchants helped maintain social stability and prevent shortages during the recent wars.[18] Taeb's emphasis on bazaaris is significant because the Winter 2025-2026 protests began among bazaar merchants despite this group's traditional ties to the regime.[19] Taeb's remark suggests that the regime is paying particular attention to groups and networks that previously helped transform economic grievances into broader unrest.[20] Taeb specifically sharing this message in Qom, which is home to an important pro-regime and clerical demographic, may also reflect a regime effort to reinforce support among social groups that the regime would normally expect to remain aligned with it.[21] Mojtaba's August 17 appointment of Taeb as Basij commander tasked Taeb with strengthening the Basij's "public information network" and expanding Basij networks among social groups and neighborhoods, including through mosque-centered activities.[22]

The United States reportedly rejected a proposal by five Iranian-backed Iraqi militias to pause their military operations for two years instead of fully disarming.[23] Multiple Iraqi sources told Iraqi Kurdish media on August 28 that the United States labeled the proposal a "trick." [24] The United States has applied intense financial pressure on Iraqi Prime Minister Ali al Zaydi to disarm the militias due to militia attacks on US and foreign targets in Iraq and the region in recent months.[25] The Iraqi federal government, in response, has set a September 30 deadline to restrict arms to the state and considered options such as integrating the militias into the Iranian-backed Popular Mobilization Forces (PMF). The PMF is a state security service that already includes Iraqi militias who answer to Iran instead of the Iraqi prime minister.[26] The five Iraqi militias that reportedly submitted the proposal included Kataib Hezbollah, Kataib Sayyid al Shuhada, and Harakat Hezbollah al Nujaba, which have been the most kinetically active militias in recent months and are historically closest to Iran.[27]

One Iraqi source told Iraqi Kurdish media that the five Iraqi militias had initially offered to integrate into the PMF on an “individual basis” if the Iraqi Parliament passed a stalled bill to regulate PMF service and pensions, likely in reference to the draft PMF Service and Retirement Law.[28] Qatari media reported on August 25 that unspecified actors, likely referring to Zaydi’s administration, have made several amendments to the draft PMF law.[29] The PMF law likely refers to the Popular Mobilization Authority Law that former Prime Minister Mohammad Shia al Sudani withdrew from parliament, reportedly due to US pressure.[30] The amended PMF law reportedly includes elements of the PMF Service and Retirement law, including provisions on retirement.[31] ISW-CTP assessed on August 26 that Zaydi is attempting to use the amended law to carry out a fundamental reform of the PMF that would consolidate his personal power as prime minister.[32] The Iraqi militias are unlikely to support this amended legislation, as it could fulfill US objectives regarding militia disarmament. The Iraqi Parliament is also unlikely to approve the amended law, given that parliamentarians affiliated with Iraqi militias that control PMF brigades are members of the parliamentary committee that must review and approve the draft law before Parliament can convene and vote on the law.[33]

The Iraqi federal government continues to affirm its September 30 disarmament deadline despite limited indications of progress toward disarming the Iraqi militias. Iraqi Commander-in-Chief Spokesperson Sabah Numan affirmed on August 28 the government’s commitment to applying laws, including the Counterterrorism law, to the use of weapons outside of the state after the deadline.[34] Iran and other Iranian-backed Iraqi actors have attempted to pressure the federal government to push back the deadline.[35] Numan also said that the militias have handed over half of their weapons thus far to the government.[36] It is virtually impossible for the federal government to verify this information given the covert nature of the militias. Kataib Hezbollah, Kataib Sayyid al Shuhada, and Harakat Hezbollah al Nujaba have all continuously refused to disarm.[37] Other Iraqi militias providing weapons to the government have deliberately sought to circumvent the disarmament campaign, including by handing over inoperable weapons.[38] The main militias that have appeared to somewhat comply with the disarmament campaign, Asaib Ahl al Haq and Kataib al Imam Ali, both announced their willingness to disarm on June 2, likely to lessen US opposition to their involvement in Iraqi politics.[39] Militia access to weapons from Iran and stockpiles left over in Syria, both of which aided militia attacks in March and April, further complicate the federal government’s ability to obtain accurate information on the type and quantity of militia weapons.[40] Numan noted on August 28 that the militias have surrendered some “locally manufactured and simple-to-use drones.”[41] Iraqi authorities arrested three individuals who operated a first-person view (FPV) drone factory in Baghdad on July 21.[42] The factory is likely located in an area of eastern Baghdad in which Kataib Hezbollah maintains a presence, highlighting the militias’ access to advanced drone technology.[43]

US and Partner Military Operations

Nothing significant to report.

Iranian Strike Campaign

Assessed Iranian War Aims:

- *Secure international recognition of Iranian control over the Strait of Hormuz*
- *Degrade the US ability and willingness to continue the war*
- *Restore deterrence vis-à-vis the United States and its regional partners*

- *Divide the United States and Israel from the Arab states*

Nothing significant to report.

US-Iran Negotiations

Nothing significant to report.

Iranian Domestic Affairs

The United States has continued to apply increased economic pressure on the Iranian regime as part of Operation Economic Outcast. The US Treasury Department announced on August 28 that it sanctioned the Emirati branch of an Egyptian bank, Banque Misr. The Department stated that the bank processed nearly \$1.8 billion USD for 103 companies potentially linked to Iranian shadow-banking networks between January 2024 and June 2026.[44] The Department separately sanctioned the general manager of the Dubai branch of Bank Melli, which is critical to the regime's money laundering efforts as Iran's largest bank.[45] The Department also sanctioned the Hong Kong-based Kameng Trading Limited, which the regime has also used to access the international financial system.[46] The Department's sanctions on Emirati and UAE-based banking entities come after the UAE announced on August 18 that it will halt all trade and financial transactions with Iran, which ISW-CTP assessed would weaken Iran's already deteriorating economy.[47]

Lebanon

Hezbollah social service organizations and affiliated groups have continued to distribute aid to Lebanese civilians in the pilot zones, which undermines the Lebanese government's ability to assert sovereignty over these areas and disarm the group. The Lebanese government has deployed the Lebanese Armed Forces (LAF) to disarm Hezbollah and reassert government sovereignty in Froun, Ghandouriyeh, and Zawtar el Gharbiyeh in southern Lebanon's Nabatieh Governorate as part of the June 26 Trilateral Framework Agreement.[48] The Hezbollah-affiliated Wataawanu Association announced on July 29 that it established a support center for displaced civilians returning to towns within the pilot zones.[49] Wataawanu later posted a video on August 24 that showed organization members preparing temporary shelters for displaced civilians and distributing aid in Ghandouriyeh and Froun.[50] The Hezbollah-linked Islamic Health Authority, which provides healthcare services to civilians in Hezbollah-dominated areas, also returned to Zawtar el Gharbiyeh on July 24.[51] These reports are consistent with UK media reporting from August 25 that Hezbollah and its affiliated organizations continue to provide social services, including healthcare and relocation services, to southern Lebanese civilians and Hezbollah fighters' families.[52] These efforts follow reports that Hezbollah intends to use Iranian funding to resume financial payments to displaced Lebanese families in southern Lebanon, Beirut's southern suburbs, and the Bekaa Valley, according to Erem News on June 29.[53]

Hezbollah seeks to maintain its social services and conduct reconstruction efforts across southern Lebanon and other Shia-majority areas in order to strengthen its popular support base. Hezbollah has long provided social services to civilians in southern Lebanon, the Bekaa Valley, and Beirut's southern suburbs.[54] Civilians who receive social welfare from Hezbollah may have less incentive to support or assist the LAF in disarming the group, particularly if the LAF begins searching private property for Hezbollah weapons and contraband.[55] The LAF previously sought permission from property owners to

conduct limited private property searches during disarmament efforts in 2025.[56] Hezbollah's provision of social services to civilians in the pilot zones could reduce their willingness to allow LAF private property searches if the LAF decided to initiate such searches during the current disarmament efforts.

Israeli officials expressed dissatisfaction on August 27 with LAF efforts to disarm Hezbollah in the pilot zones, amid ongoing disagreements between Israel and Lebanon on implementing the Trilateral Framework Agreement.[57] Israeli security officials reportedly told unspecified US officials that the pilot zones have “failed” because the LAF has not seized Hezbollah weapons or dismantled the group's infrastructure, according to Israeli media on August 27.[58] The Trilateral Framework Agreement stipulates that the LAF must complete these steps in the pilot zones upon the IDF's withdrawal from the areas.[59] The officials expressed frustration that the Lebanese government has urged Israel to approve additional pilot zones without proving that the LAF has successfully disarmed Hezbollah in the initial zones.[60] The LAF's lack of progress in disarming Hezbollah and Israeli officials' related discontent contribute to the ongoing diplomatic impasse that has stalled US-mediated Israel-Lebanon negotiations since early August.[61] These negotiations have stalled, in part, due to disagreements between the two countries over the location of future pilot zones.[62] The Lebanese government reportedly refused in mid-August to set a date for the next round of negotiations due to Israel's refusal to expand the pilot zone program.[63]

The LAF's lack of progress reflects the Lebanese government's attempt to balance its commitments to the United States and Israel under the framework agreement with its strategic objective of avoiding destabilization in Lebanon. ISW-CTP has assessed that Hezbollah poses a significant threat to Lebanese stability despite the group's unprecedented weakness following the Spring 2026 conflict.[64] Lebanese government officials, namely President Joseph Aoun, have expressed caution toward disarming Hezbollah out of concern for potential fighting with Hezbollah.[65] The Lebanese government seeks to avoid conflict with Hezbollah, in part because the group's military wing is full of Iranian and other foreign cadres who have less incentive to exercise restraint than Hezbollah fighters who are Lebanese citizens.[66]

Iraq

Iran likely seeks to facilitate Iraqi oil exports through the Strait of Hormuz to reinforce its control over the strait and undermine efforts to establish alternative export routes. An Asaib Ahl al Haq Sadiqoun bloc parliamentarian, Ahmed al Khazali, announced to Iraqi media on August 27 that an Iraqi delegation will travel to Iran to negotiate the passage of oil tankers carrying Iraqi oil through the Strait of Hormuz.[67] Khazali added that the parliamentary delegation to Iran will include leaders from different groups but did not specify who will be part of the delegation or when it will visit Iran.[68] Khazali acknowledged that increased Iraqi oil exports through border crossings and the Kirkuk-Ceyhan Pipeline have increased government revenues but said that these alternatives cannot offset the revenue lost from reduced exports through the Strait of Hormuz.[69] Khazali also called on the Iraqi Finance Ministry to develop additional alternatives to export Iraqi oil.[70] Iran will likely use the visit of the Iraqi delegation to Iran to try to preserve its leverage over Iraqi oil exports amid US efforts to reduce that leverage through alternative pipelines and escorted shipping. US Central Command (CENTCOM) Commander Admiral Brad Cooper stated on August 27 that US forces have assisted nearly 1,500 vessels with crossing through the Strait of Hormuz, which demonstrates that Iran has not been able to fully restrict maritime traffic.[71] A US official separately told Axios on August 28 that vessel traffic through the southern traffic separation scheme near Oman has increased to between 20 and 30 tankers every night.^[72]

The Iraqi Federal Supreme Court ruled on August 27 that the Iraqi constitution allows the prime minister and Council of Ministers to remove “negligent and incompetent” director

generals and senior officials from their positions in order to improve institutional performance and protect public interests.[73]

The ruling stipulated that the prime minister and Council of Ministers must receive parliamentary approval to remove officials whom parliament originally approved, however.[74] The Supreme Court also stressed that the ruling should not be used to punish disloyal officials and instead requires thorough investigations and evidence that removal is necessary to protect the rights of officials and the state from legal complications.[75] Iraqi Prime Minister Ali al Zaydi reportedly requested the Supreme Court to issue the ruling, according to Iraqi Kurdish media.[76] The Supreme Court's ruling comes amid Zaydi's ongoing anti-corruption campaign and attempts to consolidate his personal power.[77]

Arabian Peninsula

Nothing significant to report.

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