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# Iran's Proxy Network Strategy in the Middle East

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# Iran's Proxy Network Strategy in the Middle East

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## OVERVIEW

Amid the unprecedented direct military exchange between Iran and Israel in June 2025, global attention has turned to the evolving dynamics of Tehran's foreign policy. The Israeli airstrikes on Iranian nuclear facilities and Iran's retaliatory missile and drone campaign, dubbed Operation True Promise III, mark a significant escalation in a long-simmering shadow war <sup>[1]</sup>. Yet **even as Iran demonstrates an increased willingness to engage in overt confrontation, its regional strategy is still defined by its network of proxy groups**: non-state actors that serve as instruments of political influence, ideological projection, and military pressure. Iran maintains active ties with Hezbollah in Lebanon, the Houthis (Ansar Allah) in Yemen, and Hamas in Palestine <sup>[2]</sup>. These groups operate as both political and paramilitary forces, enabling Iran to influence events across borders without direct engagement. Their embeddedness within local institutions and communities makes them particularly resilient and effective in pursuing shared objectives, such as countering U.S. and Israeli influence and advancing Shi'a political ideology. **However, their collapse forces Tehran to rely on direct military confrontation, such as the recent retaliatory strikes.**

This proxy-based approach previously allowed Iran to maintain strategic depth, project power asymmetrically, and compensate for conventional military limitations. It also provided Tehran with a degree of plausible deniability in conflicts where its fingerprints may not be immediately visible<sup>[3]</sup>. However, this strategy carried risks. Iran's network of proxies has invited international sanctions, intensified regional rivalries, and contributed to cycles of instability in neighboring states. As shifting geopolitical alliances, such as the Abraham Accords, reshape the regional landscape, the role and resilience of Iranian proxies will remain a critical factor in the Middle East's evolving security architecture, and **their collapse will push Iranian-Israeli relations to the brink.**

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<sup>[1]</sup> Gambrell, J., Lidman, M., & Frankel, J. (2025, June 13). Israel strikes Iran's nuclear sites and kills top generals. Iran retaliates with missile barrages. AP News. <https://apnews.com/article/iran-explosions-israel-tehran-00234a06e5128a8aceb406b140297299>.

<sup>[2]</sup> Lane. (2023, September 12). Iran's Islamist Proxies in the Middle East. Wilson Center. <https://www.wilsoncenter.org/article/irans-islamist-proxies>.

<sup>[3]</sup> Mens, J. (2023, November 27). Iran's Implausible Deniability. Tablet Magazine. <https://www.tabletmag.com/sections/israel-middle-east/articles/iran-deniability>.



## SHIFTS IN IRAN'S REGIONAL STRATEGY

The reimposition of U.S. sanctions during Donald Trump's first presidency, following the U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA) in 2018, marked a turning point in Iran's foreign policy posture. Faced with renewed economic pressure, Tehran was compelled to adapt its regional strategy, prioritizing more covert and cost-effective means of influence. Sanctions severely restricted Iran's ability to fund state-led initiatives and increased its reliance on proxy groups as instruments of regional leverage<sup>[4]</sup>. These developments coincided with broader strategic shifts, particularly in the Levant, where Iran's ability to maintain its logistical and military networks came under strain.

A particularly significant setback was the collapse of the Assad regime in Syria, which has long been a linchpin of Iran's regional supply chain. Syria had served as a crucial transit route for Iranian arms, intelligence, and military support to Hezbollah in Lebanon. Previously the Syrian civil war, while initially a theater of opportunity for Iran to expand its influence, eventually exposed vulnerabilities in Iran's regional connectivity<sup>[5]</sup>. As opposition forces and foreign actors contested control over Syrian territory, Iran's reliable access through Damascus to Beirut and southern Lebanon was significantly threatened.

In response, Iran has sought to consolidate its influence in Iraq, which now represents its last major overland corridor to the Eastern Mediterranean. Through a mix of political engagement and support for allied militias, Iran has entrenched itself in Iraq's security and political structures<sup>[3]</sup>. Baghdad's strategic position allows Iran to circumvent logistical constraints in Syria and maintain a presence along the critical axis linking Tehran to the Levant. However, growing Iraqi nationalist sentiment and international scrutiny of Iranian-backed militias have made this position more tenuous, raising questions about the long-term viability of Iran's regional logistics network.

## SOCIOPOLITICAL CONTEXT AND PERCEPTIONS OF POWER

Public sentiment across the Middle East significantly influences how regional developments are interpreted and responded to. In less secular and more traditional societies, such as parts of Yemen, Iraq, and Palestine, populations often engage with geopolitics through a deeply emotional and identity-driven lens. Religious narratives, historical grievances, and communal affiliations tend to play a larger role in shaping perceptions of power. For many in these contexts, symbolism and perceived strength are as important as material capability<sup>[7]</sup>. As a result, even symbolic shifts such as the

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<sup>[4]</sup> Six charts that show how hard US sanctions have hit Iran. (2019, May 2). <https://www.bbc.com/news/world-middle-east-48119109>.

<sup>[5]</sup> Grajewski, N. (2024, December 9). Why Did Iran Allow Bashar al-Assad's Downfall? Carnegie Endowment for International Peace. <https://carnegieendowment.org/middle-east/diwan/2024/12/why-did-iran-allow-assads-downfall?lang=en>.

<sup>[6]</sup> Bahgat, G. (2025, June 16). Iran's post-Assad Syria Policy – Challenges and Opportunities. <https://www.iemed.org/publication/irans-post-assad-syria-policy-challenges-and-opportunities/>.

<sup>[7]</sup> Tremayne, S. (2009). Religion, Identity and Minorities in the Middle East: Strategies and Developments. *Anthropology of the Middle East*. <https://doi.org/10.3167/AME.2009.040201>.



weakening of a key ally such as Syria can be interpreted as strategic defeat, potentially shaking confidence in Iran's leadership of the so-called "Axis of Resistance".

In contrast, states with more industrialized economies and technocratic governance structures such as Saudi Arabia, the United Arab Emirates, and Qatar tend to assess regional power shifts through a more calculated, interest-based framework. These governments increasingly pursue pragmatic foreign policies focused on economic diversification, regional stability, and global partnerships <sup>[8]</sup>. Within this landscape, Tehran's setbacks may not carry the same ideological weight but are instead evaluated for their implications on trade, diplomacy, and energy markets. However, even in these more secularized states, Iranian influence remains a core concern, particularly when it threatens to spill over into domestic politics or disrupt strategic shipping routes.

## IRAN'S OIL EXPORTS

Oil remains the lifeblood of Iran's economy, accounting for the majority of the country's export revenue and underpinning much of its regional foreign policy. However, since the reimposition of U.S. sanctions in 2018, Iran has been forced to navigate a complex web of restrictions on its crude exports. Unable to sell oil freely on global markets, Tehran has increasingly relied on informal networks, barter arrangements, and friendly states to keep its oil trade afloat <sup>[9]</sup>. These evasive strategies have become central to Iran's broader economic survival and strategic planning.

One of Iran's most consistent and politically aligned customers has previously been Syria. As a close ally with limited access to international energy markets due to international pressures, Syria emerged as a critical destination for Iranian oil. The relationship has been mutually beneficial: Damascus receives discounted energy supplies necessary for reconstruction and regime survival, while Tehran secures a loyal client and a geographic foothold in the Eastern Mediterranean. Iranian oil shipments have long helped stabilize the government, serving both economic and military purposes.

Despite the importance of this relationship, Iranian oil deliveries to Syria have declined in recent years. According to export tracking by United Against Nuclear Iran (UANI), Iranian oil flows to Syria fell from a peak of 147,000 barrels per day (bpd) in 2022 to approximately 57,190 bpd in 2024 <sup>[10]</sup>. This reduction reflects a broader diversification strategy by Tehran, which is actively seeking to expand its customer base and reduce overdependence on politically vulnerable recipients like Syria. In July 2024, Iranian Oil Minister Javad Oji claimed that Iran was selling crude to 17 countries, including some in

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<sup>[8]</sup> Maco, J. (2016, June 8). The Role of Ideology in Preserving a Political Order: Assessing the Role of Ideology in Islamist Saudi Arabia - Security Outlines. <https://www.securityoutlines.cz/role-ideology-preserving-political-order-assessing-role-ideology-islamist-saudi-arabia/>.

<sup>[9]</sup> Raanan, T., & Shen, C. (2024, November 8). Trump vs the dark fleet: Can the US choke off Iran's oil exports? Lloyd's List. <https://www.lloydslist.com/LL1151310/Trump-vs-the-dark-fleet-can-the-US-choke-off-Irans-oil-exports>.

<sup>[10]</sup> Saul, J., & Lawler, A. (2024, August 9). Iran's oil finds new destinations in Tehran export push, sources say. Reuters. <https://www.reuters.com/business/energy/irans-oil-finds-new-destinations-tehran-export-push-sources-say-2024-08-09/>.



Europe, despite international pressure <sup>[11]</sup>. Furthermore, after the December 2024 collapse of the Assad regime, Iranian oil exports to Syria were frozen, causing a scramble for new buyers <sup>[12]</sup>.

Iran's ability to expand exports under sanctions is a testament to its growing sophistication in sanctions evasion. Through methods such as ship-to-ship transfers, use of foreign-flagged vessels, and obfuscated documentation, Iran has managed to sustain significant oil exports without triggering immediate international enforcement. However, this strategy is not without risk. Growing scrutiny by the U.S. and its allies, as well as increased surveillance of Iranian-linked shipping lanes, could constrain Iran's maneuverability. Moreover, fluctuations in global oil prices and the emergence of alternative energy suppliers may further weaken Iran's leverage in international energy markets over time.

Israel recognized Iran's over-reliance on oil for its economic and political stability, and targeted oil refineries in the recent airstrikes. As a result, oil prices have skyrocketed, and are currently around 70 dollars per barrel – an almost 20 cent increase per gallon for the average consumer <sup>[13]</sup>. While in previous conflicts Israel has attacked Iranian energy resources, this recent escalation marks a new phase in their relations, where oil shortages are not simply a byproduct of conflict – they are one of the central goals.

## THE HOUTHI CAMPAIGN AND REGIONAL THREATS

Among Iran's network of proxy actors, the Houthi movement in Yemen (formally known as Ansar Allah) has emerged as one of the most militarily active and strategically disruptive. Backed by Tehran through material support, training, and ideological alignment, the Houthis have extended their operational reach beyond Yemen's borders. Their activities in the Bab al-Mandab Strait, a vital chokepoint for global maritime trade, have raised alarm among international actors, particularly as attacks have increasingly targeted civilian and commercial vessels. These operations represent a deliberate attempt to project power, disrupt global supply chains, and create leverage for Iran and its allies in broader regional confrontations.

One of the most notable recent incidents occurred in February 2024, when Houthi forces struck the Rubymar, a 32,200-ton commercial tanker. Hit by multiple missiles, the ship was quickly abandoned by its crew and left to drift for several days. It ultimately sank on March 2, becoming one of the most visible casualties of the Houthi maritime campaign <sup>[14]</sup>.

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<sup>[11]</sup> Oil minister: Iran's crude production at five-year high despite sanctions. (2024, March 10). [Image]. PressTV; PressTV. <https://www.presstv.ir/Detail/2024/03/10/721649/iran-oil-production-five-year-high-javad-oji>.

<sup>[12]</sup> Perkins, R. (2024, October 12). Iran's crude exports to Syria halt after rebels seize power. S&P Global Commodity Insights. <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/crude-oil/121024-irans-crude-exports-to-syria-halt-after-rebels-seize-power>.

<sup>[13]</sup> Hoskins, P. (2025, June 13). Global oil prices soar after Israel attacks Iran. <https://www.bbc.com/news/articles/cn4qe4w1n2go>.

<sup>[14]</sup> UK cargo ship hit by Yemen's Houthis sinks in the Red Sea. (2024, March 2). Al Jazeera. <https://www.aljazeera.com/news/2024/3/2/rubymar-cargo-ship-earlier-hit-by-houthis-has-sunk-yemeni-government-says>.





The Rubymar was carrying Class 5.1 fertilizer, a highly combustible substance, further heightening the environmental and security risks associated with the incident. This attack marked a significant escalation in both the scale and symbolism of Houthi maritime operations, demonstrating their capacity to threaten international shipping with minimal warning.

Efforts to salvage the vessel were further complicated by the Houthis' political demands. In exchange for permitting a tow operation, they insisted on the delivery of humanitarian aid to Gaza – an attempt to tie regional leverage to Iran's broader ideological and political messaging. Meanwhile, the nearest capable port in Djibouti refused entry due to the risk of explosion, highlighting how one targeted attack can ripple across humanitarian, economic, and geopolitical domains <sup>[15]</sup>. As the Houthis continue to expand their influence with Tehran's backing, their actions in the Red Sea and beyond represent a growing asymmetric threat to maritime security, regional trade, and the rules-based international order. The US backs away from the Houthis – with President Trump agreeing to a peace deal against the wishes of Israel – allows Iran to leverage its paramilitary forces in Yemen to weaken Israel, including restricting airspace, decreasing Israeli imports, and diverting military focus.

## **HAMAS AND IRAN'S SOUTHERN FRONT**

In Palestine, Hamas functions as a key component of Iran's broader strategy to contain Israeli influence and assert its own ideological leadership in the region. As a long-standing recipient of Iranian financial and military support, Hamas plays a pivotal role in Tehran's southern axis of force. The October 7, 2023 attacks launched by Hamas against Israel were intended to trigger a multi-front confrontation, with pressure applied simultaneously from the north by Hezbollah and from the south by Hamas <sup>[16]</sup>. This strategy was designed not only to stretch Israeli defenses but also to reinforce Iran's image as the central patron of resistance to Israeli expansion.

However, the effectiveness of this dual-pronged campaign was undercut by several emerging limitations. Internal disruptions within Iran, including economic pressures and delays in arms transfers, hindered sustained support to Hamas. Compounding this was the instability in Syria, which had long served as a conduit for arms and logistical support to Palestinian factions. With that corridor compromised, Hamas has found itself operating with reduced material capacity and increased strategic isolation – especially in the early phases of the October conflict.

In response, Iran appears to have recalibrated by leveraging its other proxies, most notably the Houthis in Yemen. The Houthis' growing operational tempo in the Red Sea not only disrupts maritime traffic but also forces Israel to divert military resources

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<sup>[1]</sup> Houthis insist on entry of aid into Gaza in exchange for salvaging sunken British ship. (2024, March 2). Middle East Monitor. <https://www.middleeastmonitor.com/20240302-houthis-insist-on-entry-of-aid-into-gaza-in-exchange-for-salvaging-sunken-british-ship/>.

<sup>[2]</sup> Hassan, K. (2024, October 7). How October 7 Transformed the Middle East • Stimson Center. Stimson Center. <https://www.stimson.org/2024/how-october-7-transformed-the-middle-east/>, p. 7.



southward. This emerging southern pressure serves a dual purpose: it provides Hamas with indirect relief from Israeli focus, and it reinforces Tehran's narrative of a resilient, adaptable axis of resistance. The synergy between Hamas and the Houthis illustrates Iran's evolving proxy coordination strategy, where geographically dispersed allies work in tandem to dilute the operational focus of their adversaries and prolong regional instability to Iran's advantage.

## INTERNATIONAL ISOLATION AND SOFT POWER

The presence of Iranian proxy groups within a country's borders often carries significant diplomatic costs. Alignment with Tehran – a government under sweeping international sanctions – can isolate host states from Western economic and political engagement. This association may deter foreign investment, limit access to development aid, and strain relations with Gulf neighbors seeking closer ties with the United States and Europe. As a result, countries that accommodate Iranian proxies risk becoming marginalized within the broader international system.

Beyond its direct military partnerships, Iran pursues a long-term strategy of soft power and ideological entrenchment. Hezbollah serves as a case in point. Originally formed as a militant group inspired by the teachings of Ayatollah Khomeini, Hezbollah has grown into a powerful political actor in Lebanon. It maintains an independent intelligence network, military capabilities, and a formal political party, allowing it to exert substantial influence over Lebanese governance, particularly in the country's south. This dominance has weakened Lebanon's national sovereignty and complicated its international diplomacy, particularly with Western states.

A similar process is unfolding in Iraq, where Iran has invested heavily in shaping political outcomes and expanding its cultural and religious influence. Through financial support, militia networks, and political alliances, Tehran has turned Baghdad into a strategic arena for contesting regional influence with Israel and the West. Iran's approach of combining ideological alignment, economic leverage, and grassroots mobilization aims to create enduring footholds that outlast military campaigns, embedding Tehran's agenda deep within the political structures of its allies.

## CONCLUSION

For decades, Iran's proxy network has been the cornerstone of its regional strategy, allowing it to project power, shape political outcomes, and challenge adversaries while avoiding direct confrontation. From the Houthis in Yemen to Hezbollah in Lebanon, these actors served as force multipliers that enabled Tehran to wage asymmetric warfare far from its borders. However, that system is now fraying. **The collapse of Syria as a reliable logistical hub, weakened capacities within Hezbollah and Hamas, and intensified pressure from regional normalization agreements have exposed deep vulnerabilities in Iran's indirect approach.**

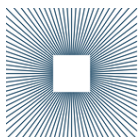
Though Tehran has attempted to adapt by rerouting supplies through Iraq, diversifying oil



exports under sanctions, and fostering coordination between geographically dispersed proxies, these measures have proven insufficient to maintain the deterrent credibility that proxies once offered. As proxies falter, Iran finds itself increasingly forced to act overtly to maintain strategic relevance. This shift came to a head in June 2025, when Israel attacked senior Iranian officers and nuclear sites, forcing a direct military confrontation. **As retaliation, Iran launched Operation True Promise III, marking the first direct Iranian missile strike on Israeli territory, piercing the infamous Iron Dome and crossing a red line that had long defined the limits of their shadow conflict.**

This moment represents more than just a tactical escalation: it signals a strategic inflection point. Iran's reliance on proxies is no longer a shield against direct conflict; rather, the collapse of its proxy network is making such confrontations more frequent and less avoidable. As Israeli countermeasures grow more forceful and Netanyahu grows desperate in light of Trump's isolationist stances, Tehran faces a narrowing set of options. The long-standing balance of proxy warfare is giving way to an era of direct military engagement, raising the stakes not only for Iran and Israel but for the stability of the Middle East as a whole.





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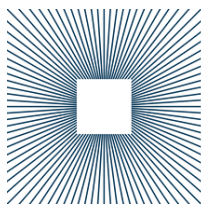
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