Economic Intelligence on Iran

Santiago López de Toledo Soler

1. Introduction

The gathering of economic intelligence on foreign governments – particularly when they are considered adversaries – constitutes a pivotal instrument of U.S. economic statecraft. Economic intelligence is a critical function of the Intelligence Community (IC), aimed at collecting, verifying, and analyzing essential economic, commercial, and technological information about foreign states for the purpose of informing national security and foreign policy decisions. By contrast, economic espionage – prohibited under U.S. law – refers to the illicit acquisition of proprietary or commercial information from private foreign entities to secure profit or competitive advantage. Many allied countries, like France, publicly and unapologetically conduct economic espionage on the United States. Whereas economic espionage operates in the realm of public-to-private theft, economic intelligence is government-to-government and remains a legitimate component of statecraft, intended to enhance the United States' understanding of the capabilities, intentions, and vulnerabilities of foreign actors. Economic intelligence plays a crucial role within the *DIME* framework, giving major relevance to the economic instrument of national power[1], forming part of what Blackwill and Harris (2016) define as geonomics, "the use of economic instruments to promote and defend national interests and produce beneficial geopolitical results" (Richard & Peters, 2025).

2. Context on Iran's economy

Since the Iranian Revolution in 1979, the country's growth rate has slowed considerably, showing a GDP per capita growth of roughly 2% from 1950 – 2018, but with far greater volatility and weaker performance compared to pre-1979 era (Mahmoudi, 2021). About 90% of Iran's foreign exchange reserves depend on oil exports, and 60% of government revenue comes through oil as well, making Iran's economy heavily sensitive and reliant of only that one commodity (Farzanegan, 2012). Much of Iran's productive capacity is controlled by the state or semi-state institutions, such as the Islamic Revolutionary Guard Corps (IRGC) and religious foundations known as *bonyads*. Official defense spending, according to the World Bank (2024) remains

[1] The DIME framework refers to the following elements of national power: Diplomatic, Information, Military and Economic.

modest, at 2.1%, but analyst note extensive off-budget financing through IRGC-linked enterprises and opaque government funds, making it challenging to achieve a real, verifiable number (Valadbaygi, 2025).

3. Gathering information and conducting economic intelligence on Iran

Since 1979, after the Iranian Revolution, Iran has shifted from being a key U.S. partner to one of its main adversaries in the Middle East – an energy powerhouse with a state-controlled economy and opaque financial structures. Much of the information available through open sources is unreliable or deliberately manipulated, making it difficult to grasp the real drivers of Iran's economy. For the U.S., gathering economic intelligence is crucial to understand how the regime sustains itself, how the Revolutionary Guard benefits from and controls key industries, and where its economic vulnerabilities lie. This allows U.S. policymakers to design targeted sanctions that effectively pressure the sectors and actors sustaining Iran's power (Mahmoudi, 2021).

It is precisely the unreliability of OSINT in this case that creates the need for direct involvement of the American Intelligence Community, as outlined by Philip Zelikow (1997). Zelikow established several criteria under which the IC should actively engage in collecting economic intelligence – conditions that fit Iran's case almost perfectly:

1) *When information serves a public good that the private sector alone cannot provide:* Iran's opaque institutions blend legal trade with covert financial operations, often using shell companies or charitable foundations to finance proxy militias and terrorist groups (Valadbaygi, 2015). Gathering economic intelligence on Iran's terror-financing mechanisms serves a *public good* by protecting U.S. and ally interests – such as Israel – and disrupting these financial covert operations that support Iran's militant activity.
2) *When unique collection capabilities are needed:* As mentioned before, Iran's financial system is deliberately opaque, making OSINT collection either unreliable or extremely challenging. Both the government and IRGC use front companies, foreign intermediaries or informal banking channels to avoid sanctions (Farzanegan, 2012). Through agencies inside the IC, like NSA or CIA, the U.S. can access confidential or encrypted information

through signals intelligence (SIGINT), penetrate the Iranian regime through human intelligence (HUMINT) or fly stealth-tech drones over Iranian airspace (GEOINT) to collect reliable classified information.

3) *When open information is unavailable or unreliable:* There is plenty of publicly available information on Iran, and certain non-military aspects – such as its dependence on oil exports (World Bank, 2024) – are relatively easy to track. However, when it comes to defense spending, weapons development, or covert trade with sanctioned countries or terrorist groups, data becomes unreliable, incomplete, or deliberately falsified. Iran's state-controlled reporting obscures the true flow of funds between the government, the Revolutionary Guard, and proxy organizations abroad. In these areas, open sources fall short, and the Intelligence Community must step in to produce accurate assessments that can guide sanctions and security policy.
4) *When there is a specific analytical challenge:* The IC becomes necessary when decisions require precise, policy-oriented insight. For instance, understanding how oil revenue cuts limit the Revolutionary Guard's ability to fund Hezbollah or sustain operations in Syria or Gaza (Saul & Hafezi, 2024). This kind of tailored intelligence allows the U.S. to align economic pressure – and effective targeted sanctions – with diplomatic and defense objectives.

The fact that all these standards are met in this case should make the collection of economic intelligence on Iran a top priority for the U.S. government. All of Iran's operations, both domestic and overseas, are tied to its economy, which has arguably given Tehran the upper hand over its regional neighbors (Valadbaygi, 2025). Understanding how that economic base fuels Iran's influence is key for the U.S. to effectively counter its reach.

As Rory Cormac (2014) argues, economic intelligence has become inseparable from national security. Modern threats are no longer defined solely by military capability but by a state's ability to sustain political influence through economic power. This approach fits Iran's case perfectly. Tehran's power relies not only on defense and military development, but also on the financial and industrial networks that sustain the Revolutionary Guard. Cormac argues that covert collection becomes essential when public information is unreliable or manipulated, like in Iran's case. In addition, Jefferey Herzog (2008) argues that economic intelligence should guide policymakers how economic structures shape stability and conflict. Integrating economic intelligence to the U.S. foreign policy regarding Iran enables the U.S. Government to implement effective sanctions and financial monitoring, ultimately expanding U.S. influence over the Middle East.

4. Conclusion

The United States should actively conduct economic intelligence on Iran. The country's closed and deceptive system, paired with unreliable OSINT, urges the U.S. Intelligence Community to play a crucial role in collecting information that would otherwise go unnoticed. Much of Iran's financial and economic structure revolves around the Revolutionary Guard – a military-religious organization that the United States has classified as a Foreign Terrorist Organization (FTO) since April 2019 (U.S. Department of State, 2024) – posing a clear security threat to the West. Gathering precise, actionable, and classified intelligence is therefore essential to disrupt the IRGC's financing operations. From a geonomics perspective (Blackwill & Harris, 2016), Iran's power arguably relies on its economic network (Mahmoudi, 2021) – one that they use to achieve their geopolitical goals – which reveals how the regime weaponizes, projects, and maintains its influence, making economic intelligence a critical element of the United States' national security strategy (Cormac, 2014).

5. References

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