

Research Paper

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Getting to a New Iran Deal A Guide for Trump, Washington, Tehran, Europe and the Middle East



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Summary

- This paper assesses the impact of US President Donald Trump's campaign of 'maximum pressure' against Iran, and the potential for future negotiations. It draws on 75 off-the-record interviews with policymakers and analysts in 10 countries (the US, Iran, France, Germany, the UK, Russia, China, Saudi Arabia, the UAE and Israel).
- Respondents generally did not foresee a 'grand bargain' on Iran as a viable outcome of the US strategy. Their scepticism reflected in part the Trump administration's execution of a zero-sum, sanctions-focused strategy, and its limited understanding of Iran's decision-making priorities and national interests. Interviewees suggested the current stand-off would not result in Washington's sought-after results.
- The maximum-pressure strategy has produced greater regional instability and anxiety among the US's regional partners, resulting in a loss of US credibility in Europe and the Middle East. The unilateral US approach has not only created divisions with Europe over Iran policy, but has also allowed Russia and China to exploit this disunity to further their own economic and political interests. As evidenced by European efforts to save the 2015 Joint Comprehensive Plan of Action (JCPOA) in the face of increasing Iranian pressure for economic benefits, Tehran has also been deftly turning these divisions to its advantage.
- Tehran's position is complicated by domestic dynamics. Iran has repeatedly demanded sanctions relief as a precursor to further negotiations. It will continue to do so until it receives some face-saving solution that would allow for more negotiations. At the same time, respondents repeatedly pointed out that Tehran's calculations are not solely predicated on economic variables, but rather are focused on protecting the longevity of the Islamic Republic and shifting regional and international policy away from containment of Tehran.
- Respondents saw a 'JCPOA+' model as the best outcome of the current stand-off. A new agreement along these lines would offer improvements on the original JCPOA, including extensions to its sunset clauses, greater International Atomic Energy Agency (IAEA) access to nuclear sites, expanded monitoring and verification of Iranian compliance, and codification of stated constraints on intercontinental ballistic missiles (ICBMs).
- Interviewees widely agreed that regional issues – including Iranian support for state and non-state actors in Lebanon, Syria, Iraq and Yemen – and Iran's pattern of ballistic missile proliferation can only be addressed via a multilateral, European-led negotiation. For most respondents, Europe is one of the few actors with the credibility to manage relations across the region.
- For regional actors such as Israel, Saudi Arabia and the United Arab Emirates (UAE), outsourcing the containment of Iran has proven ineffective. Instead, governments in these countries should consider crafting independent bilateral outreach, and a multilateral regional strategy that does not rely solely on containment but also includes engagement.

1. Introduction

On 8 May 2018, President Donald Trump announced the US's withdrawal from the Joint Comprehensive Plan of Action (JCPOA), also known as the Iran nuclear agreement, and the reimposition of US secondary sanctions against Iran. The 2015 deal – endorsed by the then US president, Barack Obama, alongside Iran, China, Russia, Germany, France and the UK – had come to fruition after a decade of international tensions and escalation over Iran's nuclear capabilities, during which Iran had undertaken to reduce its nuclear 'breakout time'¹ from one year to three months. In reaction, six UN Security Council (UNSC) resolutions had been passed condemning Iran's activities, and multilateral sanctions cutting off Iran's energy exports and its access to the international banking system had been imposed.

The 154-page JCPOA, painstakingly negotiated over a 20-month period, was the culmination of repeated deliberations between 2012 and 2015 – including an interim agreement in 2013 involving constraints on Iran's nuclear programme in exchange for nuclear sanctions relief and increasing 'steps on access in areas of trade, technology, finance and energy' in the Iranian economy.²

Despite 14 International Atomic Energy Agency (IAEA) verifications certifying that Iran was meeting its obligations, Trump's withdrawal from the deal was seen by many to be preordained. During the 2016 US presidential campaign, he had given early indication that the issue of Iran would become a political target. Specifically, he had criticized the deal for not imposing more stringent constraints on Iran's nuclear programme; for the limited timeline of the agreement; for providing significant sanctions relief which, critics say, Iran has exploited to sponsor regional groups beyond its borders; and for neglecting to address Iran's ballistic missile programme. Upon his election, Trump reiterated similar criticism, refusing in October 2017 to certify Iranian compliance with the JCPOA. European JCPOA signatories, collectively known as the E3 (France, Germany and the UK), and the US Congress were called upon to fix the deal. These diplomatic efforts, however, failed to address Trump's concerns, resulting in the May 2018 withdrawal announcement.

The Trump administration's policy is predicated on the belief that sustained economic pressure and sanctions could force Iran to renegotiate the JCPOA, accept concessions on critical issues not included in the deal (such as Iran's missile programme and regional activities beyond its borders), and limit Tehran's support for regional proxy groups. Although there have been a number of inconsistencies between the president's statements and actions, on 21 May 2018 US Secretary of State Mike Pompeo defined the new American agenda on Iran as one imposing 'unprecedented financial pressure on the Iranian regime ... to deter Iranian aggression', while advocating 'tirelessly for the Iranian people'. Pompeo listed 12 demands, including: an end to uranium enrichment; increased inspection access to military sites; a halt on missile proliferation and the launching of ballistic missiles; the release of dual nationals under detention; the termination of Iranian support for Hezbollah, Hamas, the Houthi rebels in Yemen and Shiite militias in Iraq; and the withdrawal of Iran's military forces from Syria. Should Iran significantly adjust

¹ The time needed to produce enough weapons-grade material for a single atomic bomb.

² European Parliament (2015), 'Joint Comprehensive Plan of Action', 15 July 2015, <http://www.europarl.europa.eu/cmsdata/122460/full-text-of-the-iran-nuclear-deal.pdf> (accessed 15 May 2019).

its policies, Pompeo offered ‘to end the principal components of every one of our sanctions against the regime ..., re-establish full diplomatic and commercial relationships with Iran and support the modernization and reintegration of the Iranian economy into the international economic system’.³

Box 1: Mike Pompeo’s 12 demands on Iran⁴

- Declare to the International Atomic Energy Agency (IAEA) a full account of the prior military dimensions of its nuclear programme, and permanently and verifiably abandon such work in perpetuity.
- Stop enrichment and never pursue plutonium reprocessing, including closing its heavy-water reactor.
- Provide the IAEA with unqualified access to all sites throughout the entire country.
- End proliferation of ballistic missiles and halt further launching or development of nuclear-capable missile systems.
- Release all US citizens as well as citizens of US partners and allies.
- End support to Middle East ‘terrorist’ groups, including Hezbollah, Hamas and Palestinian Islamic Jihad.
- Respect the sovereignty of the Iraqi government and permit the disarming, demobilization and reintegration of Shia militias.
- End military support for the Houthi rebels and work towards a peaceful political settlement in Yemen.
- Withdraw all forces under Iran’s command throughout the entirety of Syria.
- End support for the Taliban and other ‘terrorists’ in Afghanistan and the region, and cease harbouring senior Al-Qaeda leaders.
- End the Islamic Revolutionary Guard Corps-linked Quds Force’s support for ‘terrorists’ and ‘militant’ partners around the world.
- End threatening behaviour against neighbouring states, many of which are US allies, including threats to destroy Israel, the firing of missiles at Saudi Arabia and the United Arab Emirates (UAE), and threats to international shipping and destructive cyberattacks.

The remaining JCPOA signatories have criticized US unilateralism, considering the demands a violation of the nuclear deal. They have vowed to protect the deal and guarantee Iran’s economic benefits. In effect, US policy has created a rift between Washington and Europe, wherein EU states – and specifically the E3 – have made the protection and preservation of the JCPOA a question of principle, policy independence and economic sovereignty, as well as a security and non-proliferation priority. Europe sees Trump’s withdrawal from the JCPOA as having instigated an unnecessary crisis on Europe’s borders. European leaders have grown increasingly frustrated with Washington, as the burden has fallen to Europe to incentivize continued Iranian compliance through a long-awaited trade and investment package and the creation of a special-purpose vehicle (known as INSTEX)⁵

³ Pompeo, M. R. (2018), ‘After the Deal: A New Iran Strategy’, Heritage Foundation, 21 May 2018, <https://www.state.gov/after-the-deal-a-new-iran-strategy/> (accessed 5 Sep. 2019).

⁴ The list of the 12 demands was announced at the Heritage Foundation on 21 May 2018. In a *Foreign Affairs* article published in November 2018, Pompeo added the improvement in Iran’s human rights as a necessary component of these demands: ‘President Trump has made clear that the pressure will only increase if Iran does not live up to the standards the United States and its partners and allies—and the Iranian people themselves—want to see. That is why Washington is also demanding that Tehran make substantial improvements on human rights.’ See Pompeo, M. R. (2018), ‘Confronting Iran: The Trump Administration’s Iran Strategy’, *Foreign Affairs*, November/December, <https://www.foreignaffairs.com/articles/middle-east/2018-10-15/confronting-iran>.

⁵ Instrument in Support of Trade Exchanges.

to facilitate transactions. At the same time, the challenge of addressing outstanding concerns with Iran has been subordinated to the current efforts to save the JCPOA, stave off a potential wider nuclear crisis, and control tensions in the Persian Gulf.⁶

In the year or so since the US withdrawal from the deal, Iran's response has been varied, ranging from defiant rhetoric accusing the US of violating its obligations to repeated pressuring of Europe to provide economic incentives (as stipulated in the JCPOA in return for continued nuclear compliance). With the imposition of sanctions, most international companies have withdrawn from the Iranian market. Iran has been cut off from the international banking system, and on 2 May 2019 the US government revoked oil sanctions waivers that had permitted the limited sale of Iranian oil to a number of countries, including China, India and Turkey. Iran's oil sales have plummeted from 2.6 million barrels a day (b/d) in May 2018 to 350,000 b/d in June 2019. Under the strain of sanctions, Iran's economy has contracted by 6 per cent.⁷ The currency has lost over 50 per cent of its value and inflation has increased, nearing 50 per cent.

Tensions between Washington and Tehran appear to be increasing the likelihood of Iranian withdrawal from the JCPOA, the imposition of 'snapback' sanctions by the UN against Iran or even military confrontation.

In May 2019, on the one-year anniversary of Trump's withdrawal, Iran, frustrated by the limited solutions and lack of progress or economic benefits, switched tactics. It adopted a confrontational strategy: recommencing slightly higher levels of uranium enrichment, among other actions, and thus incrementally breaching some of its nuclear commitments. As part of this strategic shift, Tehran is believed to have been responsible for attacks on tankers in the Persian Gulf and the downing of a US drone. It has also been supportive of missile and rocket attacks sponsored by Houthi and Iraqi militias, and missile and drone attacks on the Abqaiq and Khurais oil-processing facilities in Saudi Arabia.

Through this period of tensions, President Trump has extended a number of offers of negotiation with Tehran while simultaneously imposing further sanctions, including on Iran's supreme leader, Ali Khamenei, and its foreign minister, Mohammad Javad Zarif.⁸ The sanctions and heated rhetoric have yet to yield progress towards Trump's stated endgame on Iran. In fact, tensions between Washington and Tehran appear to be increasing the likelihood of Iranian withdrawal from the JCPOA, the imposition of 'snapback' sanctions by the UN against Iran or even military confrontation. Since August 2019, as part of the first steps towards a new deal, French President Emmanuel Macron has been trying to broker a deal between Tehran and Washington that would provide Tehran with a \$15 billion credit line and sanctions relief in exchange for a return to compliance with the JCPOA.

⁶ Tirone, J. (2019), 'What Europe Can and Can't Do to Save the Iran Nuclear Deal', Bloomberg, 17 July 2019, <https://www.bloomberg.com/news/articles/2019-05-14/what-europe-can-can-t-do-to-save-iran-nuclear-deal-quicktake> (accessed 8 Sep. 2019).

⁷ RFE/RL (2018), 'IMF Says U.S. Sanctions Have Pushed Iran's Economy into Recession', 9 October 2018, <https://www.rferl.org/a/imf-says-us-sanctions-pushed-iran-economy-into-recession-cut-oil-exports/29533226.html> (accessed 30 Sep. 2019).

⁸ Sanger, D. and Crowley, M. (2019), 'Trump Administration Imposes Sanctions on Iran's Top Diplomat', *New York Times*, 31 July 2019, <https://www.nytimes.com/2019/07/31/world/middleeast/trump-iran-sanctions-zarif.html> (accessed 4 Sep. 2019).

About this paper

This paper reviews Trump's Iran strategy in the context of recent developments. It explores permutations for possible pathways to a new nuclear agreement with the Islamic Republic, and has been drafted on the assumption that the US president does indeed seek to negotiate such a deal.

The paper draws on off-the-record interviews with 75 policymakers, experts and analysts in 10 countries (the US, Iran, France, Germany, the UK, Russia, China, Saudi Arabia, the UAE and Israel) conducted over a six-month period from December 2018 to June 2019.⁹

The interviews followed a standardized set of questions, with respondents asked to answer questions on the effectiveness of Trump's Iran strategy, the possibility of a grand bargain, the feasibility of alternative agreements and the viability of future negotiations with Iran. Interviewees provided their opinions on plausible outcomes and options in relation to three specific issues – nuclear proliferation, regional dynamics and ballistic missiles – and also speculated on the varying objectives of each country. In the chapters below, we present these findings and lay out a roadmap for the likely outcomes of any future negotiations.

⁹ Drawing from Chatham House's networks in the 10 countries, we contacted subject matter experts, current and former policymakers, and serving decision-makers from across the political spectrum to gauge their views on these issues. Our researchers made every effort to avoid a selection bias in identifying interviewees for the project. Particular attention was given to targeting a diverse sample of interviewees. In total, 93 individuals were contacted and the participation rate was 80 per cent.

2. The Road to the JCPOA: A Brief History

The JCPOA was the product of a protracted international effort to impose oversight and restrictions on Iran's nuclear programme. A review of history surrounding this programme is instructive regarding past negotiation efforts, and relevant to understanding Iran's current trajectory and strategy (which are pertinent to today's stand-off).

Iran began its nuclear programme in the 1950s with the assistance of the US, and under the leadership of Mohammad Reza Shah. In the years prior to the revolution, Iran signed the nuclear Non-Proliferation Treaty (NPT)¹⁰ in 1970 and concluded a number of nuclear-related contracts, such as for construction of the Bushehr nuclear reactor. These projects were halted after the 1979 revolution.

Iran ceased its nuclear programme during its eight-year war with Iraq (1980–88), but efforts to revive the programme gradually recommenced through cooperation with Pakistan, China and Russia. In 1995, Russia committed to completing Bushehr and developing three new reactors for Tehran. These agreements, alongside Tehran's efforts to acquire sensitive nuclear technology, increased international suspicion of Iran's civilian nuclear programme.¹¹ Indeed, in 2002 such suspicions were publicly confirmed when an Iranian opposition group in exile revealed the existence of undeclared nuclear facilities, resulting in urgent mediation led by the E3.¹²

In 2003 Iran agreed to suspend uranium enrichment activities, and to implement the 'Additional Protocol'¹³ allowing for enhanced inspections. Despite this initial agreement, Iran did not adhere to these commitments. Following continued talks with the E3, Iran consented to the 2004 Paris Agreement committing it to the suspension of enrichment, and to negotiations for a long-term deal on 'objective guarantees' that its nuclear programme would be peaceful in nature. In exchange, the deal offered Tehran trade discussions and the possibility of application for membership of the World Trade Organization (WTO). The negotiations stalled in 2005, however, over the 'objective guarantees' and Iran's proposal for a small-scale enrichment capacity. After the election in that year of a hard-line president, Mahmoud Ahmadinejad, Iran rejected Europe's proposed incentive package and resumed uranium enrichment.¹⁴ Iran also terminated its voluntary implementation of the Additional Protocol.

These moves resulted in the IAEA referring Iran's case to the UNSC. The newly formed P5 + 1 group (composed of the UNSC's permanent members plus Germany)¹⁵ called for Iranian cooperation, and offered nuclear fuel for the Tehran research reactor in exchange for the suspension of

¹⁰ The Non-Proliferation Treaty (NPT), concluded in 1968, is a multilateral agreement that limits the spread of nuclear weapons through non-proliferation constraints, disarmament and commitments on the peaceful uses of nuclear energy. The treaty allows states that had tested nuclear weapons before 1968 to keep them, while committing to negotiations on disarmament, and compels remaining signatories to forgo the development of nuclear weapons in exchange for peaceful nuclear technology. In 1995, the NPT was extended indefinitely.

¹¹ Nuclear Threat Initiative (NTI) (2017), 'Bushehr Nuclear Power Plant (PNPP)', 10 July 2017, <https://www.nti.org/learn/facilities/184/> (accessed 31 Jul. 2019).

¹² Davenport, K. (2019), 'Timeline of Nuclear Diplomacy with Iran', Fact Sheet, Arms Control Association, <https://www.armscontrol.org/factsheet/Timeline-of-Nuclear-Diplomacy-With-Iran> (accessed 31 Jul. 2019).

¹³ The Additional Protocol is an expanded set of requirements for information and access to assist the International Atomic Energy Agency (IAEA) in its task of confirming that states are using nuclear material for solely peaceful purposes. The Additional Protocol is a voluntary agreement, and each one is independently reached between a state and the IAEA.

¹⁴ Farhi, F. (2009), 'Ahmadinejad's Nuclear Folly', *Middle East Report*, No. 252, 'Getting by in the Global Downturn' (Fall, 2009), pp. 2–5.

¹⁵ The P5 + 1 refers to the permanent members of the UNSC (the US, France, the UK, China and Russia) plus Germany, who came together on the Iranian nuclear negotiations. In Europe, this group is also commonly known as the E3 + 3.

enrichment and the reapplication of the Additional Protocol. Continued Iranian defiance, however, prompted the P5 + 1 to threaten sanctions, which duly began in July 2006 through UNSC Resolution (UNSCR) 1696.¹⁶ Despite these measures, Tehran accelerated its nuclear work while also inaugurating a heavy-water production facility in Arak and expanding activities at its Fordow enrichment plant. Throughout 2007 and 2008, Iran continued to ignore UNSC resolutions and P5 + 1 proposals, and instead accelerated its enrichment activities.

With Barack Obama's election in 2008, US policy shifted towards a multilateral Iran strategy that included direct US engagement in negotiations with Iran. P5 + 1 negotiations recommenced in 2009. These focused on a fuel swap arrangement that was ultimately rejected by Tehran.¹⁷ In 2010, Turkey and Brazil brokered their own nuclear fuel swap offer, which was accepted by Iran but rejected by international negotiators. UNSCR 1929 was passed in 2010, authorizing UN member states to impose sanctions on key Iranian economic sectors. Further rounds of discussion continued to founder on Iran's repeated demand for sanctions relief as a precondition for negotiations. During this period, Tehran also continued to demand recognition of its right to enrichment – a demand that, when dropped, allowed for the eventual negotiation of the JCPOA.

In 2012, a secret back channel was established between the Obama administration and Iran allowing for the beginning of a 'pragmatic complement'¹⁸ to the wider P5 + 1 discussion group. In these meetings, Obama administration officials presented Tehran with a new offer that, in exchange for 'long-term constraints on their nuclear program, with heavily intrusive verification and monitoring arrangements ... would be prepared to explore the possibility of a limited domestic enrichment program as part of a comprehensive agreement'.¹⁹ This change in the US position, alongside the 2013 election of a centrist candidate, Hassan Rouhani, as Iran's president, was instrumental in moving the stalled P5 + 1 process forward.

An interim nuclear agreement, the Joint Plan of Action (JPA), was announced on 24 November 2013. Under this plan, Iran agreed to limit 'any further advances of its activities', including taking interim steps over the ensuing six months and implementing elements of a longer-term, comprehensive solution.²⁰ Modest sanctions relief was granted in exchange for Iran eliminating its stockpile of 20 per cent enriched uranium, ceasing enrichment to that level, and freezing its stockpile of 3.5 per cent enriched uranium. Over the subsequent two-year period, the parties met numerous times and were forced to extend their agreed deadline, finally arriving at the JCPOA on 14 July 2015.

¹⁶ Between July 2006 and March 2008, the UNSC passed four resolutions criticizing Iran for its nuclear activities. On 31 July 2006, the UNSC passed Resolution 1696 demanding Iran cease nuclear enrichment, halt activity at its Arak heavy-water reactor and ratify the Additional Protocol to Iran's IAEA Safeguards Agreement. The second resolution, 1737, was passed in December 2006 under Chapter 7, Article 41 of the United Nations Charter. In addition to targeting the financial assets of a number of individuals connected to Iran's nuclear programme and banning the sale of nuclear technology, the resolution called on Iran to suspend its Arak reactor work. In March 2007, a third resolution, 1747, banned arms transfers to Iran, and demanded that countries stop selling dual-use items and not provide Iran with loans. A fourth resolution, 1803, passed in March 2008, imposed a travel ban on sanctioned individuals and banned all dual-use sales. Additionally, the resolution authorized inspections of Iran Air Cargo and Islamic Republic of Iran Shipping Line shipments suspected of transporting illegal goods. For more information, see Katzman, K. (2019), *Iran's Foreign and Defense Policies*, CRS Report, Congressional Research Service, July 2019, <https://fas.org/sgp/crs/mideast/R44017.pdf> (accessed 15 Jul. 2019).

¹⁷ Davenport (2019), 'Timeline of Nuclear Diplomacy with Iran'.

¹⁸ Burns, W. (2019), *The Back Channel: American Diplomacy in a Disordered World*, London: C. Hurst & Co., p. 360.

¹⁹ Ibid., p. 361.

²⁰ Davenport (2019), 'Timeline of Nuclear Diplomacy with Iran'.

3. The Final JCPOA

The objective of the JCPOA was to increase Iran's breakout time from a few months to one year, and to constrain Iran's pathways to developing nuclear weapons. The final agreement, accepted by the UNSC on 20 July 2015 when it adopted Resolution 2231, placed constraints on Iran's enrichment and heavy-water reactor programmes. The JCPOA also included enhanced monitoring provisions designed to detect Iranian efforts to develop nuclear weapons using either declared or covert facilities.

The JCPOA obligated Iran to reduce the number of centrifuges operating at its Natanz facility from 19,000 to 5,060. These restrictions will be lifted in 2025. Uranium enrichment at the Fordow facility has been banned for 15 years, and mandated reductions in centrifuge cascades limit the facility to operating no more than 1,044 machines. Moreover, only research and development activities are permitted at Fordow. By committing to the Additional Protocol and the comprehensive safeguards agreement, Iran also agreed to rigorous IAEA access and oversight of its nuclear facilities. To address and answer questions regarding the possible military dimensions (PMD) of its nuclear programme, Iran signed the 'Roadmap for Clarification of Past and Present Outstanding Issues' agreement with the IAEA.²¹ Although many critics considered the PMD issue not to have been adequately resolved, negotiators agreed that preventing a future nuclear weapons programme was more important than resolving questions about the past.

The JCPOA obligated Iran to reduce the number of centrifuges operating at its Natanz facility from 19,000 to 5,060. These restrictions will be lifted in 2025.

On 16 January 2016 (also known as Implementation Day), Iran, having implemented the commitments delineated in the JCPOA, was declared in full compliance with the deal. This allowed for nuclear sanctions to be lifted and IAEA inspections to be institutionalized.²² As part of the agreement, Iran consented to the redesign of its Arak reactor to guard against future production of weapons-grade plutonium. It also agreed to export spent fuel from all its reactors.

The IAEA is tasked with monitoring Iran's adherence to the JCPOA, and does so through the use of verification technologies. An important aspect of the monitoring and oversight arrangements is that Iran has accepted to abide by the Additional Protocol: as such, Iran consents to IAEA inspectors visiting any nuclear site deemed dubious. Iran's parliament must ratify the Additional Protocol by 2023. Until ratification, the JCPOA gives the Iranian authorities 24 days to grant inspectors access, if requested. Should Iran refuse to abide by this process, the case would be brought before the JCPOA's Joint Commission, which would discuss and decide upon next steps. These could include the referral of Iran to the UNSC and the reapplication of nuclear sanctions.²³

²¹ Kerr, P. K. (2019), *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, Report, Congressional Research Service, July 2019, <https://fas.org/sgp/crs/nuke/R40094.pdf> (accessed 23 Jul. 2019).

²² Ibid.

²³ BBC (2019), 'Iran nuclear deal: Key details', 11 June 2019, <https://www.bbc.co.uk/news/world-middle-east-33521655?> (accessed 8 Sep. 2019).

Despite these verification methods, criticism of the deal from within the US Congress and US partners in the region proved challenging for the Obama administration. The US critique centred on the time limits enshrined in the deal, their early expiration, and the limits of the IAEA inspections regime. Israel and Saudi Arabia also found fault with the deal, specifically with its failure to address Iran's ballistic missile programme or constrain Iranian support for proxy groups such as Palestinian Islamic Jihad (PIJ), Hamas, Lebanon's Hezbollah, the Popular Mobilization Units (PMU) in Iraq and the Houthis in Yemen – all of which have received varying degrees of Iranian financial and military assistance.²⁴

Opposition in the US Congress to the deal prevented President Obama from giving the JCPOA treaty status – a process that would have required the support of two-thirds of the Senate. In an attempt to hold the Obama administration accountable for Iranian compliance, in 2015 the Iran Nuclear Agreement Review Act (INARA) was passed. This required the president to confirm Iranian compliance every three months, a stipulation that ultimately rendered the deal vulnerable to domestic US political pressures.²⁵ As described below, criticisms of the JCPOA have continued to reverberate under the Trump administration.

Conservative politicians in Iran were also unhappy with the JCPOA. Although they had reined in their reservations at the behest of Iran's supreme leader, Ali Khamenei, during the negotiations, once the deal was concluded they became more vocal in their opposition to it.²⁶ Fearing the deal would lead to greater US interference in Iranian affairs, conservatives argued that the deal compromised Iranian sovereignty and independence. Despite these critiques, the deal received parliamentary approval and Khamenei's cautious endorsement.

Regional challenges

The signing of the JCPOA also met with disapproval from Gulf Arab state leaders and Israel. They had long argued that any solution to the crisis must take into account pressing regional issues, and that failure to do so would further empower Iran and increase its influence across the region. Gulf Arab leaders believed that the deal would encourage Tehran to further support non-state actors, to the detriment of Arab state interests. Although a number of key events in the early part of the decade, including the post-2011 Arab uprisings, the Syrian war and the rise of Islamic State of Iraq and Syria (ISIS), predated the signing of the JCPOA, they accentuated the fears that many states in the region harboured about Iran's growing influence.

Obama's response to the Arab uprisings in 2011 had already unnerved some Gulf Arab leaders, who regarded his equivocation on whether or not to stand beside the US's long-term ally, the then Egyptian president, Hosni Mubarak, as bordering on betrayal. As a result, they quickly lost confidence in the Obama administration, questioning its likely commitment to their own security in the event that they faced domestic or external threats. The Obama administration's non-committal position over the fate of Mubarak and his regime brought into question the very nature of the US security settlement in the Gulf.

²⁴ Katzman (2019), *Iran's Foreign and Defense Policies*.

²⁵ Katzman, K., Kerr, P. K. and Heitshusen, P. (2018), *U.S. Decision to Cease Implementing the Iran Nuclear Agreement*, CRS Report, Congressional Research Service, May 2018, <https://fas.org/sgp/crs/nuke/R44942.pdf> (accessed 23 Jul. 2019).

²⁶ Karami, A. (2015), 'Former Iran deal negotiator slams concessions in nuclear deal', *Al-Monitor*, 8 September 2015, <https://www.al-monitor.com/pulse/ru/originals/2015/09/jalili-jcpoa-nuclear-concessions.html> (accessed 7 Sep. 2019).

At the same time, and as the uprising in Syria turned into armed conflict (following the regime's brutal response to popular protests), Gulf Arab leaders expected Obama not only to enforce his 'red line' on the use of chemical weapons but also to help unseat President Bashar al-Assad. The Gulf Arab states were disappointed on both counts, and again – though the circumstances were different to those in Egypt – believed that the US was proving an unreliable security partner.

While Russia's decisive entry into the Syria war in September 2015, in support of the crumbling Assad regime, was viewed with deep suspicion among many states in the region, Gulf Arab leaders quietly admired the willingness of the Russian president, Vladimir Putin, to stand by an ally. As such, they drew parallels between the respective commitments of Obama and Putin to the security of allies, and came to admire the Putin in this respect.

At the same time, the rise and territorial advancement of ISIS in both Iraq and Syria posed a challenge to the region's leadership, most notably in the so-called Sunni Arab states.²⁷ ISIS leader Abu Bakr al-Baghdadi's claim to have re-established the caliphate in 2014 (with Mosul as its capital) posed a direct threat to the legitimacy of both republican and monarchical Arab leaders.

The combination of the Arab uprisings and the emergence of ISIS exposed a crisis of governance not only in Iraq and Syria, but also in other states in the region. It led to the counter-revolution driven by Saudi Arabia and the UAE. Responding to Obama's call to stop 'free-riding' on US power, both states began to play a much more assertive role in countering political Islam in the 'Arab Spring countries' and Iranian influence.

Although Russia played an instrumental role in preventing the defeat of the Assad regime, Iran also spent significant political and military capital shoring up its allies and, at the same time, embedding itself through business networks and proxies deep into the Syrian environment. The US, Israel and the Arab states saw this as inimical to their interests, and as part of a broader goal on the part of the Iranian leadership to establish a 'land bridge' from Tehran to the Mediterranean.

Set against this backdrop, the Obama administration's exclusive focus on restraining Iran's nuclear programme rather than seeking to design a comprehensive deal was viewed with deep concern by states in the region. The US's move was considered one that would provide a strong economic boost to the Iranian government and allow Tehran to pursue its regional policy with new vigour. Moreover, the proposed deal did not address the pressing concerns of the Arab states, which were more focused on Iran's ballistic missile capability and presence in Iraq, Syria, Lebanon and Yemen.

Of course, the view of the counter-revolutionary states (i.e. Saudi Arabia and the UAE) was informed by two assumptions that were largely incorrect: first, that the US pivot to Asia meant a disengagement from the Middle East, and from the Gulf in particular; and second, that US military support would no longer be guaranteed in the event that the security of these states was threatened. Yet during the Obama years, the US had in fact led the anti-ISIS coalition (which brought together 80 countries, worked closely with local allies in Iraq and Syria, and eventually defeated the organization in March 2019). The US has also continued to provide significant military assistance to Saudi Arabia and the UAE in their war against Houthi forces in Yemen. The Trump administration has been unequivocal in its support of its Gulf Arab allies in Yemen, in spite of growing concern within Congress about the nature of the conflict.²⁸

²⁷ Saudi Arabia, Jordan, the UAE and Egypt.

²⁸ Notwithstanding the Trump administration's cooperative position, it was actually the Obama administration that had originally approved support to the Saudis and the Emiratis when the Yemen war officially began in 2015.

Given the context, it is hardly surprising that the leaders of the newly aligned regional states – Saudi Arabia, the UAE, Bahrain, Israel and, at a pinch, Egypt – welcomed Trump’s election pledge to ‘tear up the nuclear deal’. They were even more enthusiastic when he kept his promise and did just that in May 2018. Trump’s embrace of Saudi Arabia, the UAE and Israel seemed to signal – at least in the early days of his presidency – that the new US administration would not only prioritize destroying in perpetuity Iran’s capability to develop nuclear capacity, but would also bring an end to Iran’s ability to project power into neighbouring Arab states and curtail or disable its ballistic missile programme.

Specific concerns with the deal

Four particular aspects of the JCPOA have drawn significant scrutiny from critics of the deal, and were flagged repeatedly by the policymakers and analysts interviewed for this paper: (i) the ‘sunset’ provisions, (ii) the inspections regime, (iii) Iran’s ballistic missile programme and (iv) its regional activities.²⁹

Sunset provisions

The expiry dates of key nuclear provisions have been the subject of much condemnation. Under the JCPOA, limits on the number of advanced centrifuges will be gradually relaxed in 2024; restrictions on centrifuge production will be lifted in 2026; constraints on Iran’s stockpile of enriched uranium will last until 2030. Enhanced IAEA monitoring is expected to remain in place until 2040, and Iran’s implementation of the Additional Protocol has no end date.³⁰ Critics are concerned that, as elements of the deal expire and given Iran’s history of opacity, the country will resume its programme and once again reduce its breakout time.

Box 2: Sunset provisions of the JCPOA

2020	Arms embargo expiration.
2023	Transition day: <ul style="list-style-type: none"> • UN ballistic missile sanctions to be lifted. • Iranian ratification of Additional Protocol.
2024	Iran permitted to use up to 30 advanced centrifuges in test cascades, and to manufacture IR-6 and IR-8 advanced centrifuges.
2025	Termination day: <ul style="list-style-type: none"> • UNSCR 2231 expires and UNSC closes the Iran nuclear file. • EU to lift remaining sanctions.
2026	R&D enrichment limits lifted.
2030	Most nuclear restrictions expire. End of physical restraints on enrichment.
2036	End of IAEA monitoring of centrifuge production.
2040	End of IAEA monitoring of uranium production.
No expiry	Implementation of Additional Protocol and NPT compliance.

²⁹ Fitzpatrick, M. (2019), *Uncertain Future: The JCPOA and Iran’s nuclear and missile programmes*, Adelphi Series, London: International Institute for Strategic Studies, January 2019.

³⁰ Kerr (2019), *Iran’s Nuclear Program: Tehran’s Compliance with International Obligations*.

Inspections regime

While the JCPOA stipulates a rigorous inspections regime that includes access to declared nuclear facilities, the monitoring process has been criticized over its inadequate provisions for access to undeclared sites. Should a request be made, Iran has up to 24 days to allow inspectors to visit a site. Detractors argue that such a period provides Iran with enough time to clean up any evidence of sensitive activity – although experts note that radioactive particles are very difficult to erase. Critics also fail to note that in the absence of the JCPOA there would be no time limit for responding to an IAEA access request. A secondary concern has emerged over Section T, regarding activities that could contribute to the development of a nuclear weapon. Included in the list of activities are (a) the use of computer models for simulating a nuclear bomb; and (b) the design of multi-point explosive detonation systems. What is missing is a process for the IAEA to verify whether such activities are occurring.³¹

Ballistic missiles

The size and composition of Iran's arsenal of missiles are regarded by many states in the Middle East as a threat to regional security. Conversely, Iran sees its indigenous missile programme as essential to its national security and as an effective tool of deterrence in the absence of a conventional military. This position was informed by its experience during the Iran–Iraq war, when Iran saw its regional neighbours and many Western countries support Iraq, and by the constraints on its air force and naval capabilities as a result of sanctions. Iran used its missiles during the Iran–Iraq war, and most recently has done so against non-state actors such as ISIS in Syria.

While Iran does not possess intercontinental ballistic missiles (ICBMs, which have a range of over 2,900 miles), it does have 13 types of short- and medium-range ballistic missiles, as well as cruise missiles. Some of these missiles are deemed intrinsically capable of delivering nuclear weapons. Iran's development of a space launch vehicle (SLV) is also causing concern, owing to the belief that progress on this technology could lead to ICBM capability.³² In October 2017 Ali Jafari, the then commander-in-chief of the Islamic Revolutionary Guard Corps (IRGC), stated that Iran's missiles were 'sufficient for now'.³³ He and others in Iran have publicly referenced Ali Khamenei's edict that Iran has no need for a missile with a range beyond 2,000 km. Iran has thus far not tested missiles beyond this range, but this has not placated concerns in certain quarters about Iran's future intentions.

During the JCPOA negotiations, Iran rejected attempts to include constraints on ballistic missiles. UNSCR 2231 stipulated limitations on Iran's ballistic missile programme, to be lifted in 2023. Yet Iran has rejected these constraints and has repeatedly tested missiles, including a medium-range missile in January 2017 and another in July 2019. Iran contends that these missiles are not designed to deliver nuclear weapons and are therefore not bound by UNSCR 2231 restrictions.

³¹ Ibid.

³² Einhorn, R. and Vann Diepen, V. H. (2019), *Constraining Iran's Missile Capabilities*, Report, Washington, DC: Brookings Institution, March 2019.

³³ Al Jazeera (2017), 'Iran: No need to extend 2,000km ballistic missile range', 31 October 2017, <https://www.aljazeera.com/news/2017/10/iran-extend-2000km-ballistic-missile-range-171031135651513.html> (accessed 25 Aug. 2019).

Iran has become a regional missile proliferator, supplying Hezbollah, PMU forces in Iraq and the Assad regime in Syria not only with a range of missiles and rockets but also with technology and missile production capability. Iran has also been providing Yemen's Houthi rebels with short-range missiles and local technological capability. The proliferation of these missiles in effect adds to Iran's wider arsenal, allowing non-state actors to deter attacks or retaliate on Iran's behalf.

Regional issues

In the JCPOA-related nomenclature, the term 'regional issues' refers to Iran's influence on the other side of the Gulf. Iran has always sought to project its influence across the Gulf and beyond, but many commentators assert that the US-led invasion of Iraq in 2003 enabled Tehran to exploit the ensuing insurgency and extend its networks from Iraq towards the Mediterranean. Indeed, in 2004 Jordan's King Abdullah II warned of an Iranian Shia 'crescent' that would encompass not only the littoral Gulf monarchies but also Iraq, Syria and Lebanon.³⁴

There is little doubt that Iran has capitalized on the political and security chaos that followed the 2003 Iraq war, has positioned itself deep within the Syria conflict by aligning itself with the Assad regime, and has continued to work closely with, and give guidance to, Lebanese Hezbollah.³⁵ Iran has also assisted the Houthis and their allies in consolidating political and territorial gains following their capture in September 2014 of the Yemeni capital, Sanaa.³⁶ Ever since then, Iran – including through its alliance with Hezbollah – has supported the Houthis in their struggle against the Saudi- and UAE-backed government of Abd Rabbu Mansour Hadi.³⁷

Iran has developed a role and capability that no other state in the region can compete with. It is a spoiler and asymmetrical actor par excellence.

Although many commentators attribute Iran's influence across the region to its constitutionally mandated goal since 1979 to export its revolution, and to the immediate consequences of the US-led wars in Afghanistan in 2001 and Iraq in 2003, historically Tehran has sought to project its power irrespective of the target involved. The Shah had been implicated in supporting the Kurdish insurgencies in Iraq during the 1960s and 1970s. Furthermore, Iran's seizure of Abu Musa and the Tunb Islands in 1971, at the moment of the UK's departure from the Gulf,³⁸ and the Shah's pursuit of a nuclear programme³⁹ were symptomatic of geopolitics that persist today.

Contemporary Iran has been presented with a number of opportunities to extend its influence across the Gulf and into the Levant, and it has proven adept at capitalizing on these. Iran has developed a role and capability that no other state in the region can compete with. It is a spoiler and asymmetrical actor par excellence. Whereas states such as Saudi Arabia and Egypt have sought to dominate the landscape,

³⁴ Balanche, F. (2018), *From the Iranian Corridor to the Shia Crescent*, Hoover Institution Essay, Stanford: Hoover Institution, https://www.hoover.org/sites/default/files/research/docs/balanche_iraniancorridor_pdf.pdf (accessed 26 Jul. 2019).

³⁵ Karam, J. (2018), 'Iran Pays Hizbullah \$700 Million a Year, US Official Says', *Al-Monitor*, 5 June 2018, <https://www.thenational.ae/world/the-americas/iran-pays-Hizbullah-700-million-a-year-us-official-says-1.737347> (accessed 26 Jul. 2019).

³⁶ BBC News (2014), 'How Yemen's capital Sanaa was seized by Houthi rebels', 27 September 2014, <https://www.bbc.com/news/world-29380668> (accessed 26 Jul. 2019).

³⁷ Al-Ashwal, A. (2019), 'Houthi taking battle to Saudis with upgraded weapons cache', *Al-Monitor*, 8 July 2019, <https://www.al-monitor.com/pulse/originals/2019/07/yemen-houthi-drone-attacks-saudi-arabia-uae-iran.html#ixzz5ulS6U7AV> (accessed 26 Jul. 2019).

³⁸ GlobalSecurity.org (undated), 'Abu Musa Island', <https://www.globalsecurity.org/wmd/world/iran/abu-musa.htm> (accessed 27 Jul. 2019).

³⁹ NTI (2018), 'Iran: Nuclear', <https://www.nti.org/learn/countries/iran/nuclear/> (accessed 27 Jul. 2019).

primarily partnering with US-led Western powers, Iran has invested its energies in the politics of defiance. By doing so, it has developed a model of intervention or, more accurately, interference that has proven highly effective.⁴⁰

As early as 1977–78, Iranian revolutionary factions had begun to invest their energies in Lebanon. Rivalries played out between Khomeinist and other factions, notably that of Mostafa Chamran, who was closely involved in building up the Lebanese Amal movement. Iran's cultivation of Hezbollah in Lebanon since the Israeli invasion in 1982⁴¹ has ensured Tehran a predominant role in Lebanese politics and has also allowed it to pose a direct and substantive threat to Israeli security. This threat has given the Iranian leadership an edge over Arab leaderships. It allows Iran to claim legitimacy as the only regional state actively resisting Israel's right to exist, and supporting Palestinian groups such as Hamas, PIJ and the Popular Front for the Liberation of Palestine – General Command (PFLP-GC).⁴²

In this context, the 34-day war between Israel and Hezbollah in 2006⁴³ appeared to earn Tehran the respect of the erroneously termed 'Arab street'.⁴⁴ Iran appeared willing to engage directly in conflict with Israel, even as most Arab leaders distanced themselves from the events and resisted calling for a ceasefire. Although difficult to verify, a common assertion from Damascus and Tehran at the time was that most Arab leaders had already lost the respect of 'the street' following their 'weak' responses to Israel's punitive reprisal over the 2002 intifada. By 2006, therefore, the Iranian leadership was riding high in public opinion polls. In many ways, it had eclipsed the Arab leaders, especially the monarchies that had positioned themselves as defenders of Islam and the Palestinian cause. Nevertheless, there is little real evidence to support this hypothesis, which many analysts attribute more to the messaging of Damascus and Tehran than to a strong factual basis. It did, however, contribute towards the impression of Iran being a strong state able to project its power across the region.

The support provided by Iran to Palestinian resistance groups – sometimes in concert with Syria, and at other times in opposition to Damascus – gave it another point of access into a regional issue. This assistance was both military and financial in nature. In the case of Lebanon, Syria and the Palestinian cause, Iran has managed to embed itself closely with allies rooted in each theatre, and this has given it significant leverage over local politics. Iran has become a dominant external influence in Lebanon and Syria. In respect of Palestinian agendas, Iran has an opportunity to spoil or undermine any initiative that might challenge its own interests.

Iran has also embedded itself deeply into the political, military, social and economic fabric of Iraq. As many analysts contend, Iran has been the main beneficiary of the US-led war in Iraq, as the conflict has helped transform the relationship between Iran and Iraq from one of rivalry to one of cooperation. Tehran has become a major powerbroker in Iraq, investing in the country's political, military and economic structures both through direct interventions and through the sponsorship of proxies. Although Iraqi nationalism may be undergoing a renaissance and sectarian distinctions

⁴⁰ An alternative school of analysis argues that Iranian influence is limited and faces significant pushback from a variety of players.

According to this interpretation, Iran's proxies have distinct agendas and are not always ready, willing or able to do its bidding.

⁴¹ MEMRI TV (2012), 'Hezbollah Secretary-General Hassan Nasrallah: We Have Received Moral, Political, and Material Support from Iran since 1982', 6 February 2012, <https://www.memri.org/tv/hizbullah-secretary-general-hassan-nasrallah-we-have-received-moral-political-and-material> (accessed 27 Jul. 2019).

⁴² *Asharq Al-Awsat* (2019), 'Palestinian Officials: Iran Greatest Player in Stoking Division', 18 February 2019, <https://aawsat.com/english/home/article/1596586/palestinian-officials-iran-greatest-player-stoking-division> (accessed 27 Jul. 2019).

⁴³ Eisenkot, G. (2019), 'Thirteen Years Since the Hezbollah-Israel War', 8 July 2019, The Washington Institute, <https://www.washingtoninstitute.org/policy-analysis/view/thirteen-years-since-the-hezbollah-israel-war> (accessed 27 Jul. 2019).

⁴⁴ A term popularized at the time by *New York Times* columnist Thomas Friedman.

are diminishing in importance, Iran's influence over the PMU⁴⁵ was clear during the conflict with ISIS.⁴⁶ Iran's support of the PMU, in concert with the anti-ISIS coalition, helped defeat ISIS in Iraq. Of course, Iran's relationship with Iraq is complex and multifaceted, its relationship with the US even more so. The US and Iran have both competed and cooperated with each other, at times pursuing common goals even when neither government would admit to doing so.⁴⁷

Unlike its relationship with Al-Qaeda, which could be characterized as a 'marriage of convenience'⁴⁸ marked by cooperation with intervals of tension,⁴⁹ Iran was threatened by the rise of ISIS at its doorstep. Iran initially downplayed the threat of ISIS. But as the group made increasing territorial gains, Tehran became more involved in efforts to repel ISIS forces. Finally, Iran engaged more actively in the conflict as ISIS advanced close to Iranian borders.⁵⁰

As with the country's interventions in Iraq and Lebanon, Iran's presence in Syria is best described as strategic. The relationship between Damascus and Tehran predates the 1979 revolution, but it took on greater importance following the Iran–Iraq war. It was no great surprise, therefore, that Tehran was willing to make a significant investment in shoring up the current regime (not Assad individually) in spite of facing punishing sanctions for doing so. Iran's strategy since its intervention in Syria in 2011 has amounted to expanding a forward base from which to deter and threaten Israel, absorbing the costs of doing so (which have included Israeli airstrikes against key assets in Syria), and accommodating Russia's obstructive role in the conflict. In a recent paper on Syria's 'transactional state',⁵¹ Lina Khatib and Lina Sinjab give further detail of Iran's strategy. They illustrate how Tehran has not only backed local militias aligned with the Assad regime, but has used its own IRGC forces and foreign militias to retake rebel-controlled areas. Moreover, Iran has focused on building alliances and implanting loyalists in areas that it sees as strategic for its long-term presence in Syria. Of course, the deployment of this model in Syria is only the latest iteration of an approach that Iran has used effectively in Lebanon, Iraq and now Yemen.

In contrast to Syria, Yemen is of little strategic importance to Iran and has served more as a base from which to frustrate Saudi Arabia. Following a number of developments – the uprisings in 2011, the failure of the national dialogue to address the grievances of the population at large, and the seizure of Sanaa by the Houthis and their allies – Iran and its proxy, Hezbollah, spotted an opportunity to draw Saudi Arabia into conflict. For Iran, the conflict in Yemen is a low-cost war requiring minimal investment on its part. Tehran allows Hezbollah to provide training, logistics and advisers, and permits the transfer to the Houthi alliance of missile technologies to threaten Saudi Arabia and the UAE. Iran's strategic interests lie elsewhere, but it has exploited Saudi Arabia's geographic and military vulnerability and has

⁴⁵ The main PMU forces include: the Badr Organization, Asaib Ahl al-Haq, Kataib Hezbollah, Kataib Sayyid al-Shuhada, Harakat Hezbollah al-Nujaba, Kataib al-Imam Ali and Kataib Jund al-Imam. See Mansour, R. and Jabar, F. A. (2017), *The Popular Mobilization Forces and Iraq's Future*, Beirut: Carnegie Middle East Center, https://carnegieendowment.org/files/CMEC_63_Mansour_PMF_Final_Web.pdf (accessed 27 Jul. 2019).

⁴⁶ Mansour, R. (2019), 'Reining in Iraq's Paramilitaries Will Just Make Them Stronger', *Foreign Policy*, 9 July 2019, <https://foreignpolicy.com/2019/07/09/reining-in-iraqs-paramilitaries-will-just-make-them-stronger/> (accessed 27 Jul. 2019).

⁴⁷ For a detailed analysis of Iran's confrontation and cooperation with the US, see Knights, M. (2019), 'Iran's Expanding Militia Army in Iraq: The New Special Groups', *CTC Sentinel*, Vol. 12, No. 7, <https://ctc.usma.edu/irans-expanding-militia-army-iraq-new-special-groups/> (accessed 26 Jul. 2019).

⁴⁸ Moghadam, A. (2017), 'Marriage of Convenience: The Evolution of Iran and al-Qa'ida's Tactical Cooperation', *CTC Sentinel*, Vol. 10, No. 4, <https://ctc.usma.edu/marriage-of-convenience-the-evolution-of-iran-and-al-qaidas-tactical-cooperation/> (accessed 28 Jul. 2019).

⁴⁹ Nada, G. and Rowan, M. (2018), 'Part 2: Pro-Iran Militias in Iraq', Wilson Center, 27 April 2018, <https://www.wilsoncenter.org/article/part-2-pro-iran-militias-iraq> (accessed 26 Jul. 2019).

⁵⁰ Esfandiary, D. and Tabatabai, A. (2015), 'Iran's ISIS policy', *International Affairs*, 91: 1, pp. 1–15, https://www.chathamhouse.org/sites/default/files/field/field_publication_docs/INTA91_1_01_Esfandiary_Tabatabai.pdf (accessed 28 Jul. 2019).

⁵¹ Khatib, L. and Sinjab, L. (2018), *Syria's Transactional State: How the Conflict Changed the Syrian State's Exercise of Power*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/sites/default/files/publications/research/2018-10-10-syrias-transactional-state-khatib-sinjab.pdf> (accessed 26 Jul. 2019).

embroiled the kingdom in a conflict from which it will be difficult to extract itself. Furthermore, Saudi Arabia has lost considerable support in many Western capitals following its intervention in Yemen, thus increasing the political cost of its actions.

Not only in Yemen but also to a very large degree across the region, Iran's approach to projecting power has been relatively low-cost, certainly compared to the investments the Gulf Arab states have made in their allies. Although the financial costs to Iran of supplying crude oil to Syria from the 1980s to 2013 have been considerable – as have those of military intervention in Syria and of providing financial support to Hezbollah's operations outside Lebanon – Iran has been far more effective than its competitors at building durable partnerships with groups with which it finds common cause. The embedding of Iranian forces and loyal local and regional allies, such as Hezbollah and the Iraqi PMU, extends from military to economic to religious spheres.

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Although it is common to characterize Iran's 'proxies' as sectarian partners or co-religionists, only in some cases is this an accurate description. Tehran's approach to cultivating allies is based more on pragmatism than on faith. In most cases it is incorrect to simply describe groups supported by Iran as its proxies, or to characterize the relationship as determined purely by Tehran. For the most part, the relationship between each actor and Iran is one of train and equip rather than command and control.

Given the above landscape, where competition between Iran and the Gulf Arab states (mostly Saudi Arabia) is intense, it is unsurprising that regional issues should dominate the concerns of most Arab leaders in the region. Similarly, Iran's ability – often characterized as malign – to influence events in so many Middle Eastern countries is of major concern to international powers.

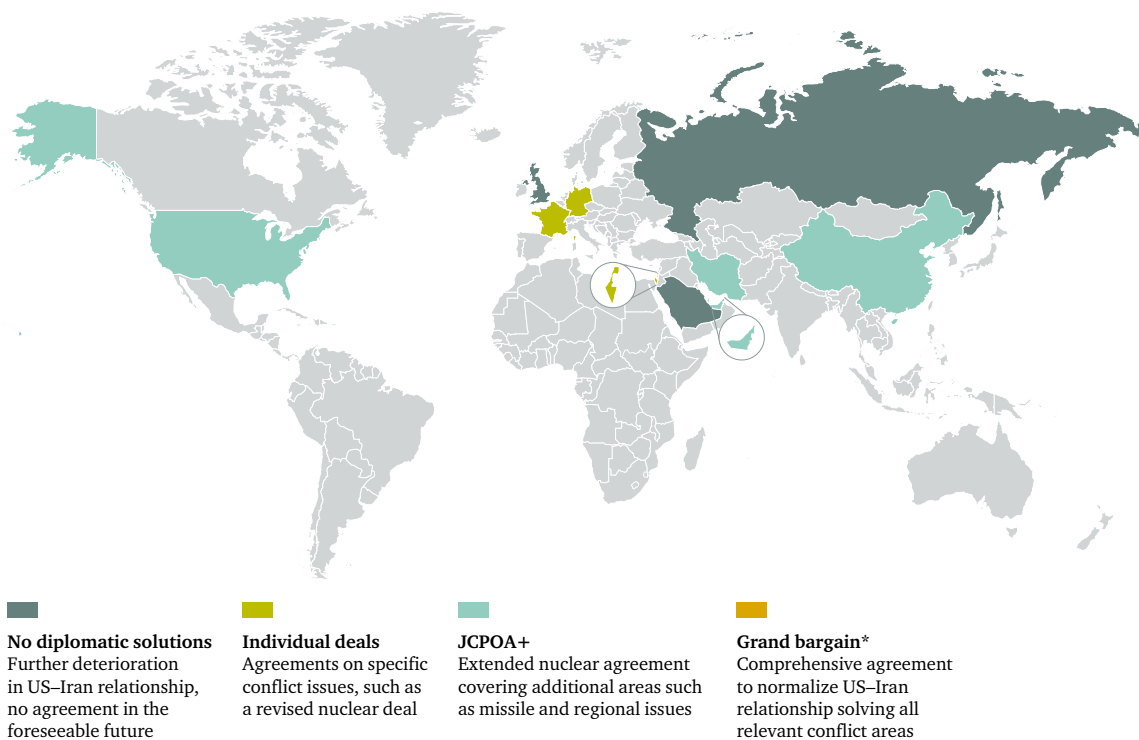
The common refrain from opponents, and indeed some supporters, of the JCPOA is that it focuses solely on the nuclear issue. In doing so, the argument goes, the JCPOA further enables Iran to extend and embed its influence across the region. Of course, Tehran's riposte to this assessment centres on its need to develop strategic depth in the pursuit of critical objectives: to prevent itself from being drawn into a further punishing conflict like the eight-year Iran–Iraq war; to keep Israel from beginning an aerial-led campaign against Iranian assets and cities; and to evict the superpowers (specifically, the US) from the region.

4. Possible Iran Deal Scenarios

Against this contextual backdrop, the authors sought to test out the viability of a grand bargain that would address the demands laid out by US Secretary of State Pompeo. We conducted interviews that asked respondents across 10 countries⁵² for their views on the likely preconditions required for a negotiation between the Trump administration and the Islamic Republic of Iran, and whether such a negotiation might be feasible in practice. The findings below are drawn from our candid, off-the-record discussions with experts.

Respondents overwhelmingly felt that Washington's policy of 'maximum pressure' towards Iran was not meeting the stated objective of bringing Iran back to the negotiating table. Specifically, only 16 per cent of respondents thought a grand bargain with Iran viable. The rest were divided as to what was achievable. Some 32 per cent thought an improved 'JCPOA+' scenario (often referred to as a JCPOA 2.0) was possible, while 23 per cent saw separate deals respectively targeting nuclear, ballistic and regional issues as the only realistic solution to tensions. Twenty-seven percent of respondents did not consider any diplomatic outcome possible. Among a majority of interviewees, the 2020 general election in the US was repeatedly cited as the most important timing-related variable. Analysts suggested that the outcome of the election could portend or block the possibility of new negotiations.

Figure 1: Most frequently mentioned expected scenario, by country



*For none of the surveyed countries was this scenario the most frequently mentioned. Source: Chatham House interviews.

⁵² As mentioned, the US, Iran, France, Germany, the UK, Russia, China, Saudi Arabia, the UAE and Israel.

Scenario 1: The ‘grand bargain’

Among our interviewees, only 16 per cent thought a grand bargain was still viable. Interestingly, these respondents were primarily American and Iranian. They indicated that – based on the key limitations of the JCPOA, namely that wider issues such as ballistic missiles, regional dynamics and sanctions relief remained unresolved – the current stand-off could only be settled with an overarching agreement between Tehran and Washington. One US respondent captured this by stating, ‘Everyone else is just along for the ride.’⁵³ Another stated that ‘President Trump’s instinct is to go big, similar to North Korea’.⁵⁴

Respondents who supported this solution could not outline the precise details of what one Iranian interviewee described as ‘a most complicated settlement’, but a number did suggest that the US language around Pompeo’s 12 demands demonstrated that flexible solutions could be found for many of the issues. One US interviewee suggested that this new deal could be ‘a version of the 2003 grand bargain offer’.⁵⁵ Regarding the nuclear framework, respondents thought that sunset clauses could be extended and that additional access to military sites could be provided. The issue of PMD could be dealt with by codifying Khamenei’s fatwa against nuclear weapons into law, and ratification of the Additional Protocol would be immediate. This solution would not resolve the issue of PMD but would endeavour to build greater trust and accountability to prevent future nuclear developments. A 2,000-km range limit on missiles could be agreed. Missile proliferation would be addressed within the regional context.

Solutions could be negotiated on areas of common interest, such as stability in Afghanistan and Iraq, where there are shared goals and fewer challenges. In respect of Yemen, it should be possible to convince Iran to withdraw support for the Houthis because ‘it is not in our security complex’,⁵⁶ according to one Iranian respondent. Regarding Syria, Russia could be called upon to convene a wider peace dialogue that would include the US. As offered in a 2003 deal, which Iran relayed through the Swiss embassy in Tehran, Iranian support for Hezbollah could be converted from a military relationship to a political one. On the issue of Israel, without providing formal political recognition, Iran could establish a ‘no conventional military first strike’ policy. Such a deal, as described by an American respondent, would envision a ‘security guarantee from the US in exchange for Iran pulling back from their [sic] broader efforts to create alternative government structures around the region’.⁵⁷

One area where respondents repeatedly struggled to identify a solution concerned the demand that Iran return to zero uranium enrichment. Almost all respondents considered it almost impossible to address this issue, given that the JCPOA had already permitted Iran’s domestic enrichment programme. One American interviewee said that it ‘would be hard for Iran to forgo something it already had’,⁵⁸ while another acknowledged the domestic sensitivities around Iran’s NPT rights.⁵⁹ Israeli interviewees also recognized that zero enrichment would be difficult, with the majority of respondents conceding that

⁵³ Phone interview, 2 April 2019.

⁵⁴ Phone interview, 7 March 2019.

⁵⁵ In-person interview, 15 February 2019.

⁵⁶ Phone interview, 7 February 2019.

⁵⁷ Phone interview, 31 January 2019.

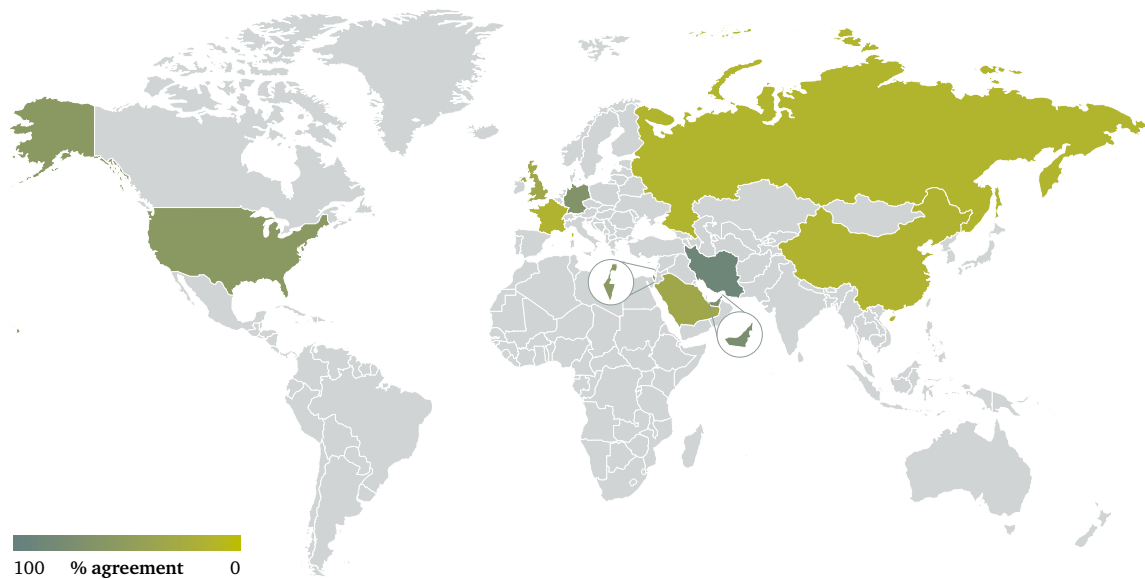
⁵⁸ In-person interview, 4 February 2019.

⁵⁹ Phone interview, 7 March 2019.

this was an unrealistic demand. One interviewee stated: ‘Israelis had to be convinced that an Iranian bomb would not happen.’⁶⁰ The key here, in the eyes of US respondents, would be for negotiators to find ‘workarounds’ that prevented Iran from ‘becoming another North Korea’.⁶¹

Another challenge for a grand bargain would be developing an effective monitoring and verification mechanism. As one respondent stated, ‘Enforcement or implementation would require [a] huge strategic shift and would be needed because Iran would have a tremendous incentive to cheat.’⁶²

Figure 2: In general, is a grand bargain realistic under the right circumstances?



Source: Chatham House interviews.

Most of these respondents indicated that *only* the US had the influence and power to provide Iran with the security guarantees and comprehensive sanctions relief necessary for a larger compromise deal. One Iranian interviewee stated that ‘for Iran to become a normal international actor, it would have to normalize its relations with the US’.⁶³ Moreover, only the US could placate the anxieties of Israel and the Arab Gulf states and provide the latter with the necessary security guarantees that they too would seek from a wider agreement.

For these respondents, Europe, caught between both sides, would not be particularly relevant to the dialogue. Interviewees also indicated that Russia and China, fearing the consequences of a US–Iran rapprochement, would not wish a grand bargain to come to fruition and would obstruct a wider deal between Tehran and Washington.

⁶⁰ In-person interview, 12 February 2019.

⁶¹ In-person interview, 30 January 2019.

⁶² In-person interview, 7 January 2019.

⁶³ Phone interview, 13 March 2019.

Challenges in Washington

Beyond the small cohort of respondents who saw a grand bargain as a potential outcome of Trump's Iran strategy, most interviewees provided a range of explanations for the lack of policy success to date and listed many reasons why a grand bargain was not achievable. Divisions and competition within the Trump administration over Iran policy were mentioned as among the principal reasons for the limited results. While President Trump has clearly stated his desire for a deal with Iran, including offering to meet President Rouhani without preconditions, respondents pointed to the seemingly different objectives and contradictory messaging from within the administration. Specifically, they highlighted the fact that the positions of John Bolton, at the time the US National Security Advisor, and Secretary of State Pompeo had more ideological undertones and potentially destabilizing objectives compared with Trump's more transactional agenda. Respondents also noted a lack of coordination between the Department of Defense and intelligence agencies. A number of interviewees, including Americans from both ends of the US political spectrum, expressed concern that Bolton and Pompeo would try to undermine any discussion with Iran. This lack of government unity is one among many factors to have deterred Iran from investing in negotiations with the US administration, which is perceived as divided and disorganized.

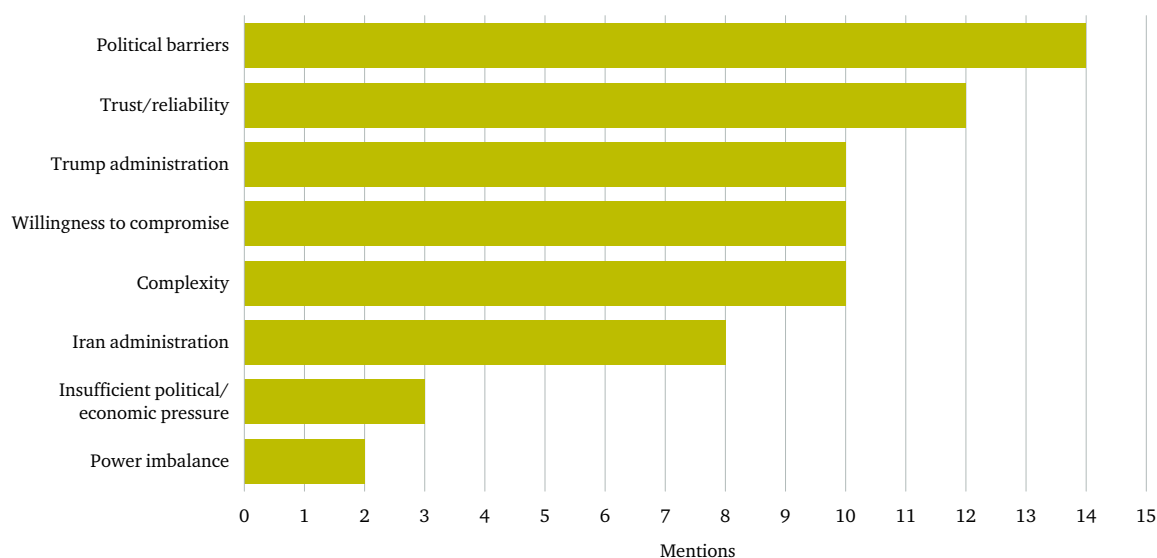
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Another issue limiting the likelihood of a grand bargain is the zero-sum approach articulated in Pompeo's 12 demands. This list was referred to by a number of interviewees as a set of 'negotiating positions'. Indeed, there is an international consensus that many of the issues on the list deserve attention. However, the method and manner of its delivery – and the US's repeated public hammering of Iran – have created much ill will in Tehran. Alongside the imposition of renewed sanctions and the revocation of oil waivers in May 2019, the US government has not provided any opening or 'off ramps' that would provide a path to new negotiations. Despite the impact of sanctions, which have restricted economic growth and inflicted pain on the Iranian government and population, Tehran has yet to change its behaviour in the region or concede to any of the US's demands. In fact, months of regional tensions offer proof that Iran's calculus has not altered. Interviewees largely concurred that a US policy of maximum pressure without enticements or sweeteners makes it very difficult for Iran to find any face-saving solutions, necessary for new negotiations to begin. Iranian leaders have echoed this sentiment repeatedly, stating that only with the removal of sanctions can Iran return to the negotiating table.

Our respondents further indicated that the Trump administration has yet to consider what Iran would seek in any future negotiation. Its demands could include the obvious need for sanctions relief and access to the US financial system (including US dollar liquidity), but would likely extend to calls for security guarantees, wider regional nuclear agreements, concessions on regional ballistic missile programmes, a further drawdown of US forces, and a goal of conventional military parity between Iran and the Gulf Arab states. Thinking through Tehran's likely demands and non-negotiable 'red lines' is a necessary precondition to policy development and implementation. Instead of weighing these options, the Trump administration appears to have mistakenly assumed that Tehran seeks the

restoration of full diplomatic ties and the return of US businesses to Iran – a move that most Iran experts don't see as viable, especially while the country's deeply anti-American supreme leader, Ali Khamenei, remains in power.

Figure 3: Most important barriers for a grand bargain, summed across all interviews



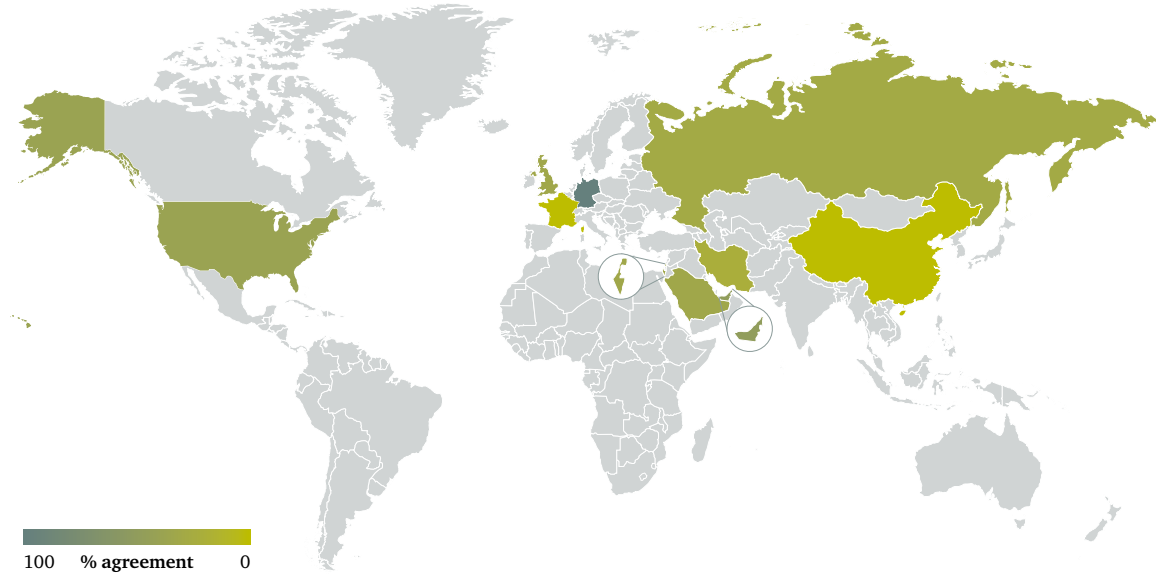
Source: Chatham House interviews.

This lack of understanding of Tehran's calculations and decision-making is further evidenced in the Trump administration's over-reliance on sanctions rather than on a basket of policy tools to pressure and engage Iran. As suggested by respondents, the US's current policy has been predicated on the belief that Iran's decision to negotiate with the Obama administration in 2012 was solely due to the economic pain caused by the oil embargo and Iran's suspension from the SWIFT international payments system. In reality, respondents in the 10 countries repeatedly identified the shift in the US position on enrichment as the determining factor in opening the door to negotiations. Between 2003 and 2013, the US moved from an initial position of not tolerating any enrichment to one codified in the JCPOA as allowing Iran to enrich uranium up to a 3.67 per cent concentration for 15 years. Many analysts believed that for negotiations to restart, the Trump administration would have to make a similar acknowledgment of Iran's rights, albeit by recognizing Iran's regional security concerns (including its limited conventional defence capability compared to its neighbours).

Another criticism raised by the respondents was that the Trump administration has not prepared the negotiating terrain. It has not consulted experts, former US nuclear negotiators or transatlantic partners; nor has it mapped out scenarios and no-compromise positions for negotiations. As one US interviewee stated, 'No one is thinking beyond the current standoff. We need to be defining the contours of what comes next.'⁶⁴ This includes accounting for the complexity of a lengthier, more expansive negotiation with Iran, which would require sustained attention, energy and the help of international partners.

⁶⁴ In-person interview, 10 January 2019.

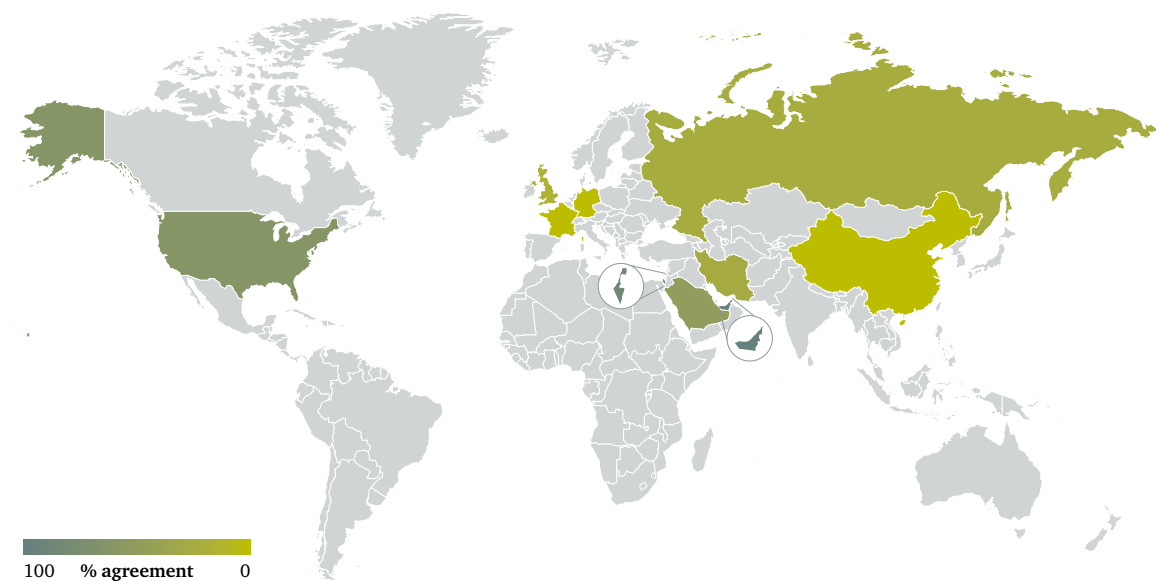
Figure 4: Is it realistic for Iran to agree to a zero-enrichment restriction?



Source: Chatham House interviews.

Indeed, more than a year on since its withdrawal from the JCPOA, Washington has done little to repair its frayed ties with its European partners, preferring to continue with a unilateral approach. Washington dismisses and discounts the impact of deepening anger in European capitals. Meanwhile, caught between the US and Iran, Europe is struggling to keep the JCPOA alive and stave off a nuclear-related crisis. On the one hand, it is facing pressure from Washington to support increased sanctions against Iran; on the other, it is under pressure from Tehran to provide economic benefits.

Figure 5: Is there a general chance for conflict resolution with the current Trump administration?



Source: Chatham House interviews.

Experts in most of the countries surveyed were highly sceptical that the Trump administration could strike a grand bargain with Iran. One reason, many argued, was that multiple countries – including China, Israel, Russia, Saudi Arabia and the UAE – were exploiting the stand-off for their own political purposes. For any negotiated outcome, and particularly a grand bargain, to come to fruition, the Trump administration must specifically prime its key regional partners: Israel, Saudi Arabia and the UAE. Yet most interviewees from Saudi Arabia and the UAE could not even fathom the prospect of negotiations with Iran. The muted reactions in both countries over the recent escalation of tensions in the Gulf provide further evidence of their limited groundwork and preparation for future policy, beyond backing the US's maintenance of its maximum-pressure strategy. Indeed, the UAE's July 2019 drawdown of forces from Yemen and sudden about-face and outreach to Tehran over maritime security issues suggest that Abu Dhabi is more concerned about the fallout from greater regional tensions. At the same time, Russian and Chinese interviewees indicated that Moscow and Beijing are unwilling to expend any political capital beyond continuing with their limited JCPOA preservation efforts.

Challenges in Tehran

Because of the pressure from US sanctions, and political obstacles associated with the US and Iranian leaderships, a majority of interviewees did not see a grand bargain as an easy option for Iran. Respondents principally attributed the impasse to the position of Supreme Leader Khamenei, who remains deeply anti-American and suspicious of US intentions. Although Khamenei endorsed the JCPOA negotiations and clearly supported the US–Iranian back channel set up through Oman, he also publicly expressed doubts about US intentions immediately after the JCPOA was signed.⁶⁵

Khamenei's worldview is shared by many Iranian hardliners who wish to preserve and protect the resistance- and Islamic values-based ideology of Iran's 1979 revolution – which also sought to sever Iran's perceived dependency on the US. The hardliners are not a homogeneous group. They are composed of various factions, including members of the IRGC. They have increased their power and influence both within the formal elected bodies of the state, such as parliament, and within unelected institutions such as the Guardian Council, a security apparatus and parastatal body appointed by Khamenei.

Buttressed by the support of Iran's young, middle class-dominated population, which voted for Rouhani in the 2013 and 2018 elections, the pragmatist factions favour the integration of Iran into the global economy, as originally envisaged in the JCPOA.

Other factional groups are made up of pragmatist and reformist members of the political establishment. While also seeking to preserve the security and stability of the Islamic Republic, these groups differ from the conservatives in terms of their political vision. For them, it is through internal reform and gradual economic liberalization that stability can be safeguarded. Buttressed by the support of Iran's young, middle class-dominated population, which voted for Rouhani in the 2013 and 2018 elections, the pragmatist factions favour the integration of Iran into the global economy, as originally envisaged in the JCPOA.

⁶⁵ In-person interview, 18 March 2019.

A key difference between the conservatives and pragmatists/reformers concerns their thinking on defence. The hardliners draw on their experiences from Iran's isolation and encirclement during the Iran–Iraq war and from the years of US containment, and have thus relied on a policy of forward defence – a policy predicated on pushing threats away from Iran's borders. Support for regional non-state actors is also an essential pillar of this approach. Pragmatists, on the other hand, prioritize diplomacy, although they are not opposed to the forward defence approach *per se*.

Several respondents suggested that Iran would be unable to enter into a grand bargain with the US while Khamenei – long rumoured to be ill – was alive. For one thing, doing so would require Iran to adjust its resistance-based anti-US ideology. For another, Iran's perception that it had previously engaged constructively with the US to little effect would likely dampen prospects for progress. The authorities in Tehran will be acutely aware that Iran had offered a grand bargain in 2003, only for its proposals to be discounted by the Bush administration; that it had come to the negotiating table in 2012; and that it had remained compliant with the JCPOA until 2019. Many respondents suggested that Khamenei would be unwilling to trust President Trump or the US political establishment to adhere to a wider settlement.

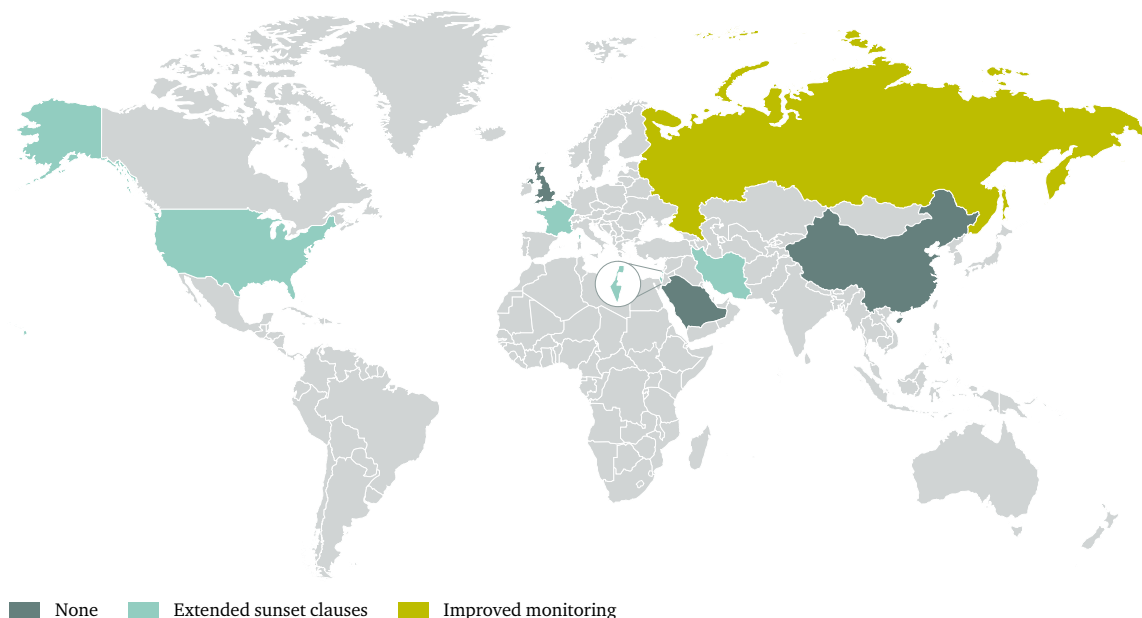
That said, other respondents alluded to a history of competition between Iran's conservative and reformist factions over outreach to the US as evidence that the political establishment is debating the path forward. Respondents stated that Iranian elites are cognizant of the fact that their country's stability and security are ultimately tied to resolving tensions with the US. Iranian respondents in particular pointed out that all former Iranian presidents had attempted outreach to the US – from Ali Khamenei himself, who was president during the 1985 Iran–Contra negotiations; to Akbar Hashemi Rafsanjani, who pursued tentative engagement; to Mohammad Khatami, who oversaw cooperation with the US in 2001 against the Taliban in Afghanistan, and whose government in 2003 had faxed a letter outlining a grand bargain to the Americans; to Ahmadinejad, who had sent multiple letters to George W. Bush and Obama. The same respondents who underlined the above history of bilateral contact now believe that consensus within the Iranian establishment is being built today over the timeline, terms and process for potential new negotiations.

Scenario 2: The 'JCPOA+' model

The largest percentage of respondents supported an enhanced JCPOA scenario that we refer to as 'JCPOA+'. This model (sometimes also referred to as JCPOA 2.0) can be defined as a new agreement that would maintain the contours of the JCPOA, add a number of new provisions to improve on the previous deal, but would not achieve complete resolution of the outstanding issues listed by the Trump administration. A majority of survey participants in the US, Iran, the UAE and China thought such a deal the most likely outcome. One UK interviewee summarized the approach in terms of requiring 'patient convergence ... and being able to shepherd change over time'.⁶⁶

⁶⁶ In-person interview, 17 December 2018.

Figure 6: Most likely concessions regarding nuclear issues (most mentions per country)



Note: Germany is unshaded because respondents' answers were equally divided between 'none', 'extended sunset clauses' and 'improved monitoring'. The UAE is unshaded because respondents' answers were equally divided between 'none', 'extended sunset clauses', 'improved monitoring' and 'stop enrichment' (the latter not shown in the key because no country's respondents listed this option as most likely).

Source: Chatham house interviews.

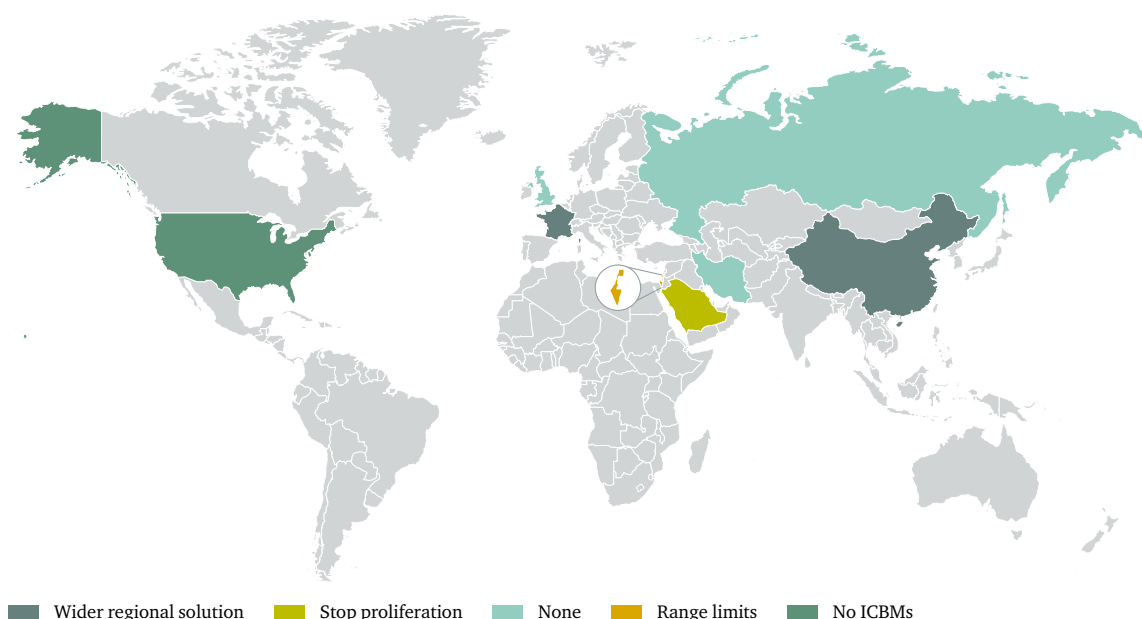
In particular, this cohort of respondents emphasized the following points:

- The first improvement that could be reached would involve extending the sunset clauses of the JCPOA beyond their current limits of 2030 and 2040. There was no consensus on what was achievable in terms of extension, however. Interviewees suggested that the period could range from five years to 10 years or even 25 years.
- Improving inspection mechanisms and clarifying Section T of the JCPOA regarding dual-use activities could also be areas in which compromises could be achieved. Problems could be resolved by empowering the IAEA's inspection and verification process. Additional nuclear and military sites mentioned in the 'atomic archive' could be added to the list of IAEA inspection sites.
- Empowerment of the IAEA was repeatedly mentioned as a means to address the PMD of Iran's nuclear programme. Most respondents believed that the IAEA already had this authority and that the PMD of Iran's programme were addressed in the JCPOA. However, US and Israeli interviewees felt the PMD issue was important to understanding not only Iran's past work but its future nuclear intentions.
- A further component of a JCPOA+ deal would codify Iran's previously stated commitment regarding ICBMs, limiting their range to 2,000 km. This would mark a major concession to US and European demands without compromising Iran's defence posture. An agreement on range would fall in line with the statement by Chris Ford, the US assistant secretary of state for international security and non-proliferation, that 'a negotiated solution that really

handles the Iran missile problem ... would presumably need to ... not least ... requir[e] that Iran divest itself of the range class of missiles that Iran itself has irretrievably tainted by trying to develop nuclear warheads for them'.⁶⁷

- In exchange for these improvements, Iran would ask for sanctions relief and look to obtain access to the US financial system. At the outset of such an arrangement and in the short run, respondents acknowledged, it is unlikely that the US would be willing or able to unravel the myriad of sanctions in place in exchange for a smaller deal than the sought-after grand bargain. However, participants suggested a potential trade mechanism that could facilitate permissible international transactions. This would serve as a tangible reward for compliance, and would be critical to sustaining and supporting a deal – in other words, it would offer concrete confidence-building measures. Over time, incremental sanctions relief could be granted in accordance with reporting on compliance, verification and trust.
- The release of dual nationals from detention in Iran would be a necessary US condition for this model. It would be important for the US to obtain agreement from Iran on stopping the policy of detaining citizens.

Figure 7: Most likely concessions regarding missile issues (most mentions per country)



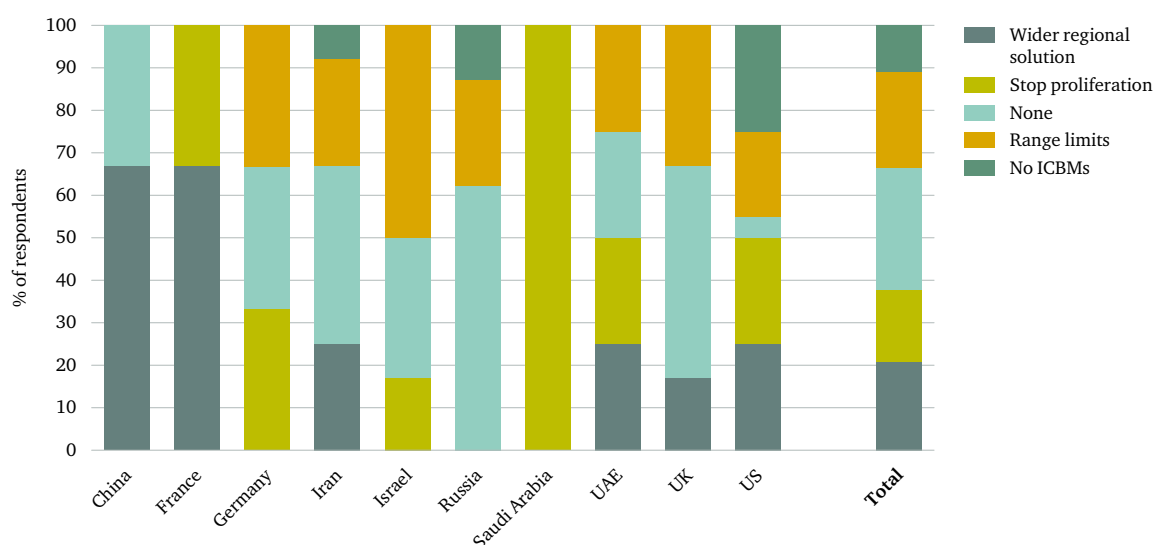
Note: Germany is unshaded because respondents' answers were equally divided between 'stop proliferation', 'range limits' and 'none'. The UAE is unshaded because respondents' answers were equally divided between 'stop proliferation', 'none', 'range limits' and 'wider regional solution'. Source: Chatham House interviews.

The issues of missile proliferation and regional tensions would not be included in a JCPOA+ scenario because they remain too difficult and time-consuming to resolve. This is not to say that those issues should be overlooked. Rather, respondents indicated that a JCPOA+ should prioritize more achievable compromises in order to (i) safeguard the key provisions of the current JCPOA, (ii) stave

⁶⁷ Ford, C. A. (2018), 'Towards a Successful, Comprehensive, and Enduring Negotiated Solution with Iran', speech, Wilton Park, UK, 11 December 2018, <https://www.iranwatch.org/library/governments/united-states/executive-branch/department-state/towards-successful-comprehensive-enduring-negotiated-solution-iran> (accessed 15 Jul. 2019).

off a wider crisis, and (iii) create a platform for confidence-building measure between Iran, the US and other signatories. A commitment to begin regional discussions could be added to such an agreement. Respondents agreed that regional issues should be discussed multilaterally, with countries including Israel, Saudi Arabia and the UAE also involved in the process. European respondents were particularly supportive of this option, although they acknowledged that it would not be feasible to hold discussions with Israel and Iran simultaneously.

Figure 8: Most likely concessions regarding missile issues, distribution per country



Source: Chatham House interviews.

Respondents were divided on the negotiation strategy needed for this deal to come to fruition. Some indicated that European leadership would need to be instrumental in negotiating and managing differences between Tehran and Washington. Drawing from past negotiation experience, respondents suggested that the E3 countries – namely, France, Germany and the UK – would be best placed to lead the discussions. A number of interviewees indicated that the Joint Commission could be used as a mechanism to begin negotiations with Tehran. While the Joint Commission would have no authority to discuss non-nuclear issues under the current framework set out by the JCPOA, its members could alter the parameters to allow negotiations to begin.

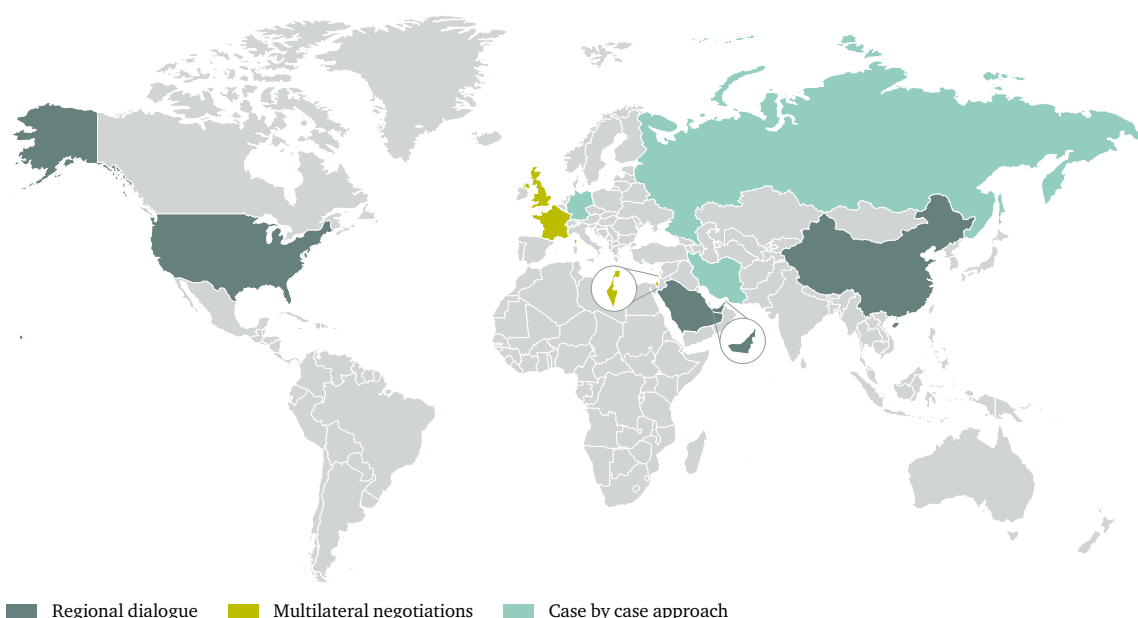
US respondents who favoured the JCPOA+ model suggested that US leadership was essential for the success of any negotiations. As with the process pursued in 2012, any discussions should be facilitated through a back channel to build trust between Tehran and Washington before going public with the contours of a negotiation. Oman, the European Commission, Russia and Germany were most often identified as potential mediators in this respect.

Scenario 3: Individual deals

A third cohort of respondents saw the creation of three separate agreements as the best pathway to solving tensions. This approach would entail segregating the nuclear, ballistic missile and regional issues into three distinct negotiating tracks. A majority of respondents in Israel, France and Germany saw this scenario as viable.

Respondents were divided as to whether these tracks should operate simultaneously. Some interviewees suggested that most of the issues were ultimately interlinked, and that parallel discussions would thus prevent participants from moving parameters on previously agreed issues. One European interviewee stated: ‘Success here would be dependent on the connection between the issues. The nuances of these issues could draw together a bigger negotiation.’⁶⁸ Other respondents stated that linking regional issues together in multiple countries would not bring about results, and that a case-by-case approach to each country should be pursued. ‘Iraq is the most optimistic arena for success where competing claims could be harmonized, and could be a blueprint for other cases,’ stated another European participant.

Figure 9: Best format for regional conflict resolution



Source: Chatham House interviews.

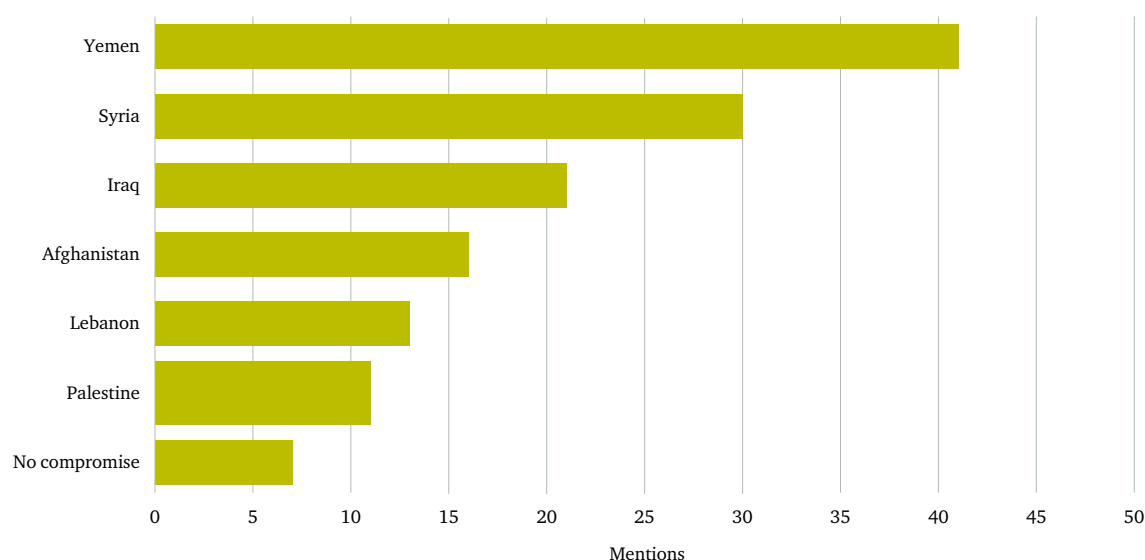
For this scenario, respondents resoundingly agreed that regional issues would be the most difficult to resolve, due to the range of countries involved and the depth of interconnected challenges. The process would require the active participation of Israel, Saudi Arabia and the UAE, but would also have to include representatives from (or the approval of) governments and key political actors in Yemen, Iraq, Syria, Afghanistan and Lebanon – all countries where Iran has proxy relationships. Interviewees suggested that addressing the Qatar crisis would also be relevant to the regional discussion but would add another complicating layer. Iranian respondents saw recognition of Iran's regional influence as an implicit requirement of any wider deal. This was captured by one participant who stated that 'Iran has a strategic interest in its near abroad that must be acknowledged'.

The E3 and EU would be important interlocutors in this scenario, but their participation would require a strategy and long-term commitment. Respondents stated that one outcome of this discussion could be the creation of a wider regional security framework that could include commitments to non-aggression and non-interference.

⁶⁸ In-person interview, 29 March 2019.

European respondents saw individual settlements in each of the countries as the most productive likely conflict resolution strategy. ‘By empowering national governments, the hope is to be able to reduce Iran’s influence over time,’⁶⁹ said one German respondent. Another Iranian respondent stated: ‘If the position is to look at areas of alignments rather than tensions, then it will be easier to arrive at solutions. Different actors have different levels of importance for Iran.’⁷⁰ Interviewees identified Afghanistan, Iraq, Yemen and Palestine as the areas in which an agreement with Iran could be ‘more easily achieved due to the commonality of issues’. In relation to Iraq and Afghanistan, respondents thought that Iran and the US shared goals of national stability that could be harnessed for a common outcome. Unravelling Iran’s ties with Hezbollah was considered the most pressing challenge, but also more difficult to achieve.

Figure 10: Most likely regional compromise in US–Iran negotiations, summed across all interviews



Source: Chatham House interviews.

Scenario 4: No deal

A wide array of respondents, accounting for 27 per cent of the total, saw no diplomatic solution between Tehran and Washington as the most likely outcome. Many of these individuals have both a deep understanding of Iran’s worldview and professional experience in dealing with Tehran alongside other regional actors. The scepticism of respondents primarily reflected their recognition of the ideological inclinations of the Iranian government, as well as the history and scale of regional tensions. On the ideological front, many respondents could not see a significant deal emerging while Khamenei remained alive. Moreover, highlighting the Islamic Republic’s history of resilience, one respondent argued that ‘if Tehran knows how to do one thing, it is surviving under pressure’.⁷¹

⁶⁹ Phone interview, 13 April 2019.

⁷⁰ Phone interview, 15 April 2019.

⁷¹ Phone interview, 22 January 2019.

Another sceptic pointed to the profound animosity lingering between Tehran and Washington as the principal factor inhibiting a potential deal.⁷² Saudi respondents were also pessimistic, deeming change in Iranian behaviour – considered unlikely – a prerequisite for meaningful negotiations.⁷³

For most respondents, the best outcome would be to ‘muddle through’ until the US presidential election in November 2020. Respondents saw the Trump administration’s Iran strategy as inhibiting a negotiated outcome. Over 70 per cent of interviewees considered the result of the 2020 US election as a critical factor determining whether future negotiations would be possible. Only with the US election settled could a strategy be determined. Until then, interviewees did not think that Iran would invest heavily in negotiation. On the other hand, many interviewees saw negotiations as inevitable in the event of Trump being re-elected, as they expected Iran to be unable to withstand sustained economic pressure. They also believed that a second-term Trump administration might re-evaluate its pre-election position.

For most respondents, the best outcome would be to ‘muddle through’ until the US presidential election in November 2020.

It was felt that Trump, facing foreign policy challenges not only with Iran but also with China, Venezuela and North Korea, could try to use a successful outcome in any of these crises to help secure a second term. Conversely, if no deal were in prospect, Trump could try to generate political capital by saying that Iran and China, in particular, were lobbying for a Democratic president, who would be weak on any future deal.

Part of Iran’s potential waiting game is based on the hope that a Democratic candidate might be elected, and that this new president would be able either to return to the JCPOA or use the JCPOA framework to develop a JCPOA+ agreement. Interviewees repeatedly characterized this strategy as a part of Iran’s calculus, but underlined the point that it would work only if tensions with Iran remained contained and if the original JCPOA survived until after the US election.

A number of Iranian participants also pointed to Iran’s 2021 presidential election as a determining factor for the prospect of new negotiations. Iran is also holding a parliamentary election in February 2020. It is expected that the outcome of both these elections, in the context of an apathetic Iranian public, will change the domestic political alignment in favour of conservatives. As suggested by one respondent, ‘unity in Iran’s factional political system could make consensus-building in favour of a deal easier’.⁷⁴ At the same time, though, conservatives could be tougher negotiators.

Human rights dimension

As part of our questions, we asked participants if the issue of Iran’s human rights had a place in any future discussion with the Trump administration. Respondents were unequivocal in observing that the Trump administration did not have the credibility to bring Iranian human rights issues into any agreement. While predominantly agreeing on the importance of addressing Iran’s human rights violations, respondents saw a number of factors as having rendered the discussion moot. These included the Trump administration’s transactional approach to international relations; US domestic

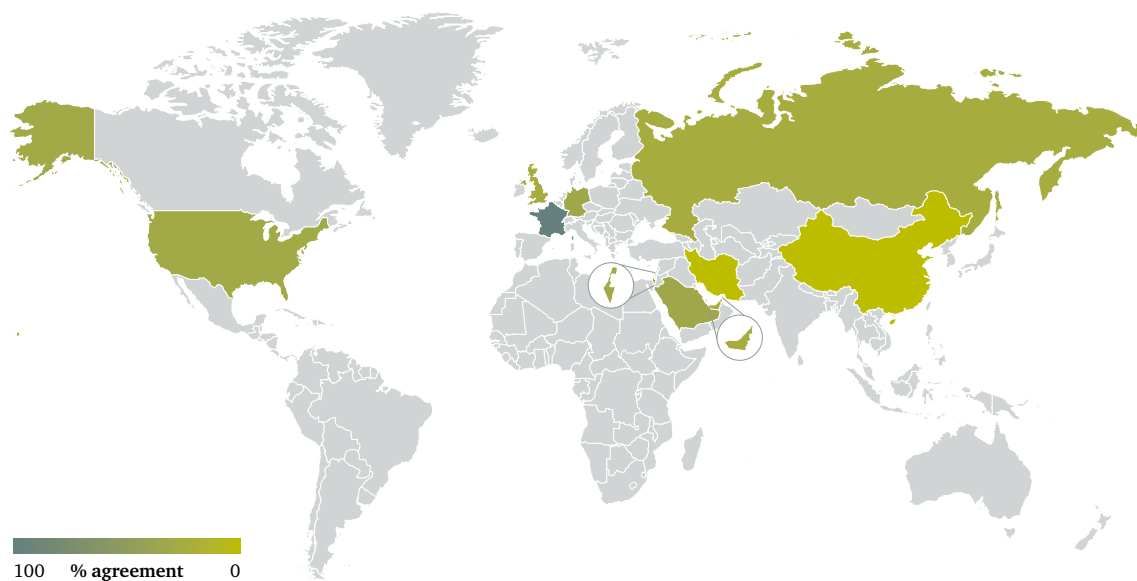
⁷² In-person interview, 11 January 2019.

⁷³ In-person interviews, 23 March 2019 and 2 April 2019.

⁷⁴ Phone interview, 16 February 2019.

issues such as the targeting of Muslim immigrants; and the lacklustre US response to the murder of Saudi journalist Jamal Khashoggi. The Iranian government would also refuse to discuss human rights, on the basis that it views this as a domestic issue. European respondents said that the EU could keep the human rights dialogue with Iran going, but that discussion of human rights would only be feasible after the JCPOA had been preserved or a follow-up agreement established.

Figure 11: Do human rights have a place in a grand bargain?

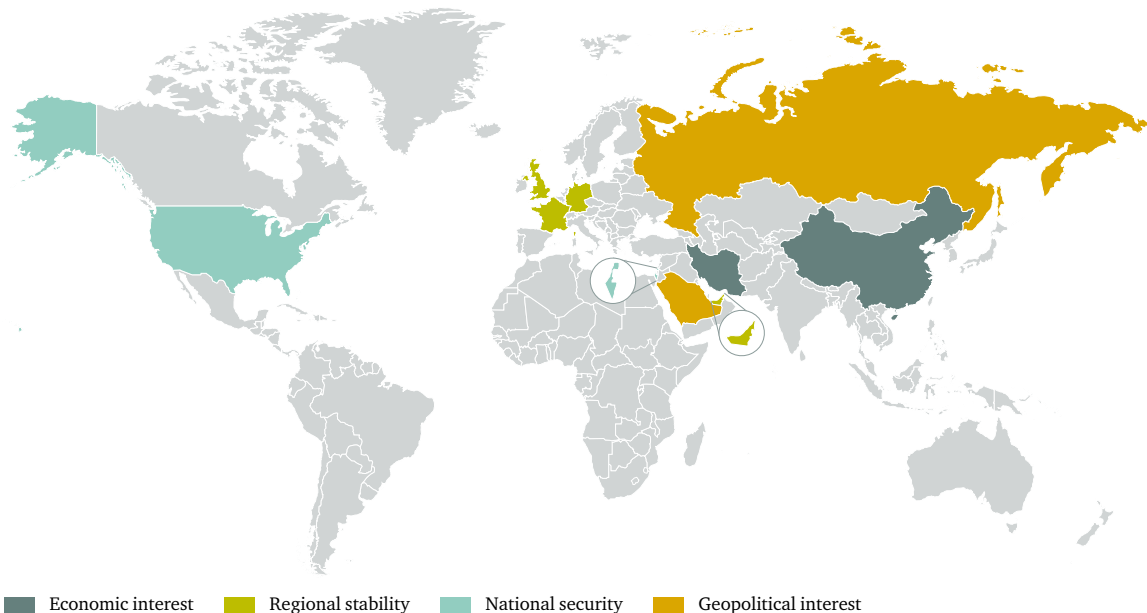


Source: Chatham House interviews.

5. National Positions on Negotiations and Issues

Drawing on our interviews, this chapter lays out the potential strategies and negotiating priorities of each of the 10 countries covered. The analysis reflects the interpretations of interviewees towards their respective government positions and also their own personally held views, rather than an official view.

Figure 12: National interests in the US–Iran conflict



Source: Chatham House interviews.

United States

While there has been much uncertainty over the Trump administration's Iran policy, the principal US objective is to guarantee that Iran will never obtain nuclear weapons. All of the US interviewees pointed to nuclear issues as the priority for the US, and 36 per cent saw the JCPOA+ model as the most viable scenario in terms of protecting American interests. As such, strengthening the nuclear provisions of any follow-up agreement will be a priority for the Trump administration and for its closest regional partner, Israel. Seventy-one per cent of US respondents saw an extension of the sunset provisions in the JCPOA as the most viable way to achieve this aim. An extension *per se* would not prevent Iran from obtaining nuclear weapons, but respondents implied that by building trust and ensuring regular verification, the threat could be mitigated.

Iran's missile programme is of concern for US security because of its potential in terms of future nuclear weapons delivery capability. Closing off that pathway is critical. Interviewees overwhelmingly agreed that a declaration on ICBMs was an achievable goal of any negotiation. Respondents were divided over priorities and solutions in respect of any missile deal, with 25 per cent supporting a regional solution, 25 per cent advocating curbs on proliferation, 20 per cent calling for limits on the range of missiles, and a further 25 per cent advocating a ban on ICBMs. The remaining 5 per cent thought no solution likely.

A majority of interviewees considered a wider regional dialogue to be important for a regional agreement. These interviewees did not see the US under President Trump, who has declared his 'America first' intentions, as being able to lead this initiative. A wider resolution of US–Iran tensions was not perceived to be very likely, due to their endemic nature and the fact that bipartisan agreement on confronting Iran has remained a durable feature of US politics for four decades.

Iran

Iran's strategy is multifaceted and evolving, predicated above all on maintaining regime security and stability. This goal has guided Iranian decision-making since the US's withdrawal from the JCPOA. In the first year following that decision, Iran maintained compliance with the agreement to obtain leverage and support from the remaining JCPOA signatories. By maintaining its commitments, Iran benefited from international sympathy and from symbolic efforts to protect the JCPOA, and thus succeeded in driving a wedge between the transatlantic partners. However, Tehran also became increasingly frustrated by European efforts that it perceived as providing an insufficient buffer against the impact of US sanctions.

While repeatedly advocating a return to the JCPOA as a necessary first step for solving bilateral differences, Tehran interpreted Washington's non-renewal of oil waivers in May 2019 as an escalatory action. Moreover, Tehran has been frustrated by Europe's inability to stand up to Washington or provide financial support that could adequately mitigate US sanctions. As a result, there has been a strategic shift in Iran away from conciliation towards a confrontational posture. Tehran has calculated that calibrated provocations can enable it to elevate the 'Iran issue' to a higher level of importance, thus forcing European and international powers to address the tensions. This calculation has also taken into account Trump's disinclination for direct military conflict with Tehran, a reluctance heightened by the president's pre-election manoeuvring. Because of the US political calendar, Iranian respondents did not see meaningful negotiations as likely until after the 2020 US presidential election.

What has also become clear is that the choke on Iran's oil exports fundamentally changes the geopolitical calculus. Hence Tehran's more confrontational approach in seeking to protect its market share and export modest volumes of oil. Before Trump revoked the waivers, Iran's export volume amounted to 2.1 million b/d – an amount that Tehran has indicated could be acceptable. In recent months, it has demonstrated its willingness to disrupt others' oil exports in the Persian Gulf to assert its interests.

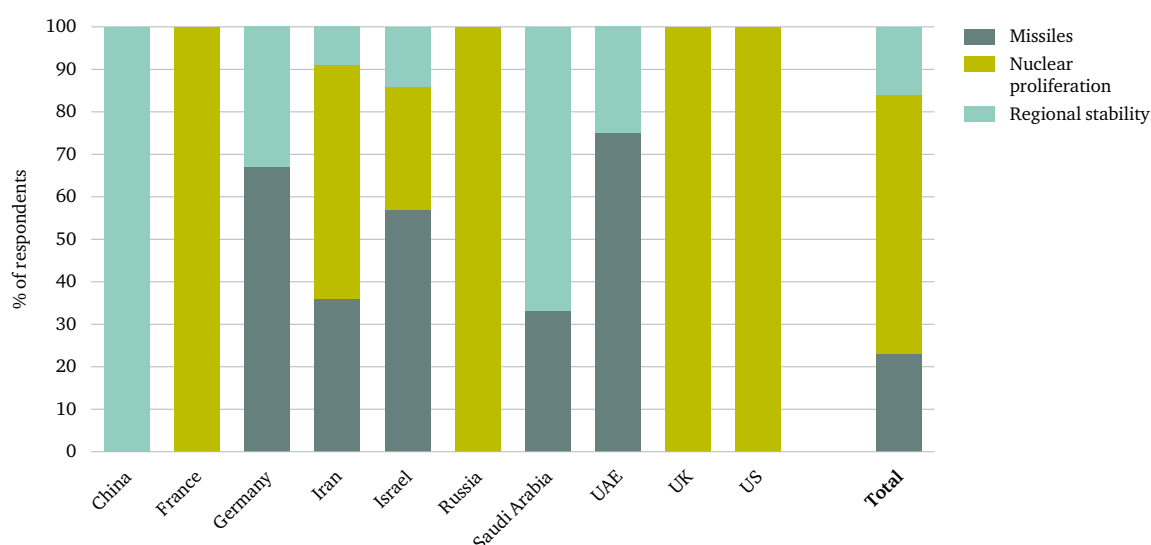
Another important Iranian objective is to pressure the Trump administration into providing sanctions relief. Indeed, President Rouhani has stated that only with some form of sanctions relief will the Iranian government be able to justify negotiations to its own population. Here respondents stressed that the Trump administration should understand that Iran's decision-making is not predicated solely on economic growth. As one interviewee stated: 'Despite what people think,

the economy can survive, but it might not achieve its goals.⁷⁵ Another interviewee emphasized that ‘regime survival even at the expense of the impoverishment of the population is the principal calculation for the leadership’.⁷⁶ At the same time, the Iranian leadership seeks to avoid a Venezuela- or Syria-like scenario of internal dissent.

Fifty-five per cent of Iranian interviewees found resolution of the nuclear issue to be more important than addressing missiles or regional issues, whereas 36 per cent and 9 per cent respectively identified one of the latter two areas as the priority. Interestingly, 78 per cent of Iranian participants considered zero enrichment unattainable. However, 67 per cent suggested that an extension of the sunset provisions would be achievable.

Iranian respondents maintained that Iran’s regional role and defensive posture had been informed by its wartime military experience. Because of the military and defence asymmetry it has relative to its neighbours, Tehran’s ballistic missile programme and proxy relationships are defining features of its forward defence policy – for this reason, it will be hard for Iran’s interlocutors to obtain compromises in these areas without the offer of substantial incentives in return. One analyst captured this with the following observation: ‘Iran has two military assets, its asymmetric capability and missiles. It has no motivation to voluntarily give up on the only instruments that are working for it.’⁷⁷ As a result, 42 per cent of Iranian respondents did not think any solution on missiles likely.

Figure 13: Negotiating priorities, distribution by country



Source: Chatham House interviews.

For compromise to be reached, respondents stated, the Trump administration would have to understand what Iran does and does not want. Security guarantees and sanctions relief were repeatedly mentioned by participants as critical factors. Recognition of Iran’s relevance as a regional actor would also be an essential concession. Such acknowledgment could pave the way for flexibility on regional tensions. Because US sanctions are referred to as ‘economic warfare’ in Tehran, Iran would also seek compensation

⁷⁵ Phone interview, 22 March 2019.

⁷⁶ Phone interview, 23 February 2019.

⁷⁷ Phone interview, 17 December 2018.

for the US's withdrawal from the JCPOA. Finally, participants stressed that secret negotiations, where there is 'plausible deniability',⁷⁸ would be the best means of beginning the process while protecting the interests of both the US and Iran.

France

French interviewees were strongly of the view that the JCPOA has been working well, and that any return to negotiations should therefore take the form of a JCPOA+ approach. Most French respondents identified the pursuit of national interests as the primary driver in the US–Iran conflict. While they noted that the current US position on uranium enrichment remains unclear, they argued that the goal of zero enrichment is now unattainable. Furthermore, they argued that the commitment on plutonium production has been achieved already, and that there should be no requirement to reopen the file as part of future negotiations. Therefore, the focus of fresh negotiations should be on the 2025 benchmark. All conversations should focus on the future, rather than the past. In other words, French interviewees felt that considering PMD was a waste of energy.

It was made clear during the course of the interviews that France is intent on pursuing an issue-centred approach, entailing consideration of wider diplomatic engagement rather than focusing on the nuclear issue *per se*. Nonetheless, the negotiating priorities identified by all interviewees started with nuclear proliferation, ahead of the issues of missiles and regional stability.

Respondents believed that the issues of sunset clauses, inspections and monitoring had all been adequately addressed, and that there was no need to push Iran for further concessions in these areas. One interviewee argued that, at most, the signatories could begin to consider extending the sunset deadlines and perhaps revisiting inspection modalities marginally, but that this 'is not the crux of the matter'.⁷⁹

It was made clear during the course of the interviews that France is intent on pursuing an issue-centred approach, entailing consideration of wider diplomatic engagement rather than focusing on the nuclear issue *per se*.

Interviewees were asked where they thought concessions on the nuclear issue were most likely to be agreed: 67 per cent believed that an extension of the sunset clauses could be achieved, while 33 per cent believed there to be scope for improved monitoring. However, as noted above, most respondents did not believe these concessions were necessary.

Two-thirds of French interviewees thought individual deals the most likely means of resolving the many different issues, while the remaining third saw the JCPOA+ approach as the most viable mechanism for doing so. When discussions focused on the missile issue, respondents unanimously advocated a regional missile arrangement. Moreover, they made clear that neither a regional transfer of missiles nor autonomous missile production would be an acceptable solution. Most French interviewees (67 per cent) stated that the most likely concessions achievable on missiles would be through a wider

⁷⁸ In-person interview, 24 February 2019.

⁷⁹ In-person interview, 20 December 2018.

regional solution, while 33 per cent believed this would be possible via non-proliferation. However, French interviewees stressed that ‘a respectful dialogue rather than a monologue on ballistic missiles is necessary’,⁸⁰ and that this would mean working with partners ‘step by step and file by file’.⁸¹

French interviewees differed in their views on other aspects of regional issues. The crisis in Syria was a sticking point: some interviewees argued that discussions on Syria should be avoided to assist compromise elsewhere; others insisted that all support for Assad must stop, and that Iran withdraw all forces under its command in Syria before a wider dialogue on other regional matters could begin in earnest. There was almost full agreement on the need for Iran to cease transfers of military equipment to Hezbollah and the Houthis – with some respondents considering this to be a more important issue than Syria. At the same time, irrespective of their viewpoint on the centrality of Syria to regional issues, there was consensus that the complex of security issues could be addressed in one go. However, it was noted that it would be important to ‘dial down the risk of direct military engagement’ and pursue individual deals.

Germany

Most German interviewees thought that, while no diplomatic solution was achievable, individual deals could offer progress in the short term. They did concede that a grand bargain was possible over the longer term. ‘Both US and Iran stance is too uncompromising – we are back at square one.’⁸² One interviewee noted that Khamenei will not come to the negotiating table with Trump – the US president has gifted the Iranian supreme leader an advantage by pulling out of the JCPOA; this has justified Khamenei’s strong anti-US position and further boosted his domestic legitimacy. ‘It doesn’t make sense for Iran to enter into negotiations if primary sanctions are not on the table,’⁸³ said one respondent. The Iranians will wait for the next US presidential election and, in the meantime, acquire as much additional leverage as possible. This will take many forms – for example, testing new missiles with the goal of improving precision and weight-bearing capacity. Similarly, Iran will continue to embed itself deeper into Syria in preparation for negotiations with Trump in a second term, or with a Democratic Party president.

Although Germany is very keen to press forward with a solution, talks are hostage to domestic politics in both the US and Iran. At the same time, EU efforts – driven by Germany – are compromised by the UK’s distraction with Brexit and unwillingness to invest resources to resolve the crisis, while Iranian-sponsored terrorism undermines all goodwill. There was consensus among interviewees that nothing will happen until the next US election, and that although tensions may spike, Iran is unlikely to place the original JCPOA at risk. One respondent argued that, should Trump be re-elected, there would be no chance of a diplomatic solution. Were a Democrat to be elected as president, the JCPOA could be reconstituted with US participation, but the EU would insist on opening additional dossiers, including on regional issues.

The majority of German interviewees (67 per cent) thought it possible to conclude individual deals, while a third believed that a JCPOA+ plus was still viable. Their view was that the JCPOA itself was a compromise and had taken many years to reach. There is therefore very little room for manoeuvre

⁸⁰ In-person interview, 17 December 2018.

⁸¹ In-person interview, 20 December 2018.

⁸² Phone interview, 4 April 2019.

⁸³ Phone interview, 14 April 2019.

on its actual terms. Moreover, although the presence of sunset clauses is less than ideal, this is the package that all parties agreed upon and it should therefore stand. Zero enrichment should be possible, and can be a starting point for further discussions. A number of respondents said that it was difficult to imagine a better deal being reached. The E3 are fatigued with the US position, and there is no appetite for reopening negotiations.

It was noted that the current JCPOA addresses all of the major nuclear issues, and that signatories should respect that. Access to Iran's nuclear sites is important to Germany, but it was felt there was no real cause for concern as Iran has been compliant. The timeline and sunset provisions issue should be addressed, but this should occur closer to the end of the current process and should not be attempted by means of signatories' withdrawal from the deal.

Respondents were equally split in their perception of the most likely concessions to be won on nuclear issues, with around 33 per cent identifying the extension of sunset clauses as the area in which a breakthrough seemed most achievable and 33 per cent identifying improved monitoring as the more promising option. A similar number of respondents thought no concessions likely.

Negotiating priorities identified by German interviewees were missiles (67 per cent of respondents) and regional stability (33 per cent). The proliferation of missiles is addressed in UNSCR 2231 and is not part of the JCPOA. The issue of range does need to be addressed, and agreement can be reached at a 2,000-km limit given that Iran – unlike its Gulf Arab neighbours – has limited conventional forces and an effective air force. Further discussions are required on the proliferation of ballistic missiles; though difficult, the issue demands a regional approach. According to one interviewee, the parties need to adopt a holistic approach to proliferation. Iran is in a stronger bargaining position than it was 10 years ago. Neither the US nor the EU can offer Iran sufficient incentive to end its proliferation of ballistic missiles. A major change in position, combined with creative diplomacy, is required to persuade Iran to make concessions on an issue so vital to its national security. There was no agreement among respondents on the most likely concessions regarding missiles: one-third saw non-proliferation as the most likely area for progress, another third identified range limits as most promising, and another third did not see any concessions as possible.

Germany's key national interest in the US–Iran conflict is ensuring regional stability. Germany is very displeased with the role that Iran plays in the region. It sees Iran as a destabilizing force that has added to instability in Saudi Arabia. Regional issues need to be addressed, but the JCPOA was the start of a wider dialogue that should have led to another diplomatic process. Germany has invested considerable time and effort in trying to bridge the gap between Iran and Saudi Arabia; this has taken the form of ministerial visits, dialogue, and government-funded Track 2 and Track 1.5 endeavours. The most suitable solution to regional issues would be a security arrangement that broadly resembled the Helsinki Accords. The Iranians have proven more willing to engage in regional dialogue than the Saudis. Since the Saudi crown prince, Mohammed bin Salman, emerged as a prominent leader, the prospects for talks have diminished.

Respondents seemed to agree that a grand bargain is the best approach in theory, but that in practice this will not happen and that issues will need to be addressed on a case-by-case basis. There is unlikely to be much success with Syria and Lebanon. It is very unlikely that tensions between Iran and Israel can be resolved, though Russia has acquired a more significant political and diplomatic role in the region and could use its influence to manage tensions more effectively. According to interviewees, there are some easy wins in the region – with Yemen offering some of the most potential for progress. A compromise could be reached because Iran is hardly invested in Yemen while Saudi

Arabia is overly committed to Yemen. Iraq is another regional issue on which compromise could be reached, as all parties share a common interest in its stability and success, though agreeing terms will require significant diplomatic capital. Regional security is important to all parties; however, Iran seeks recognition of its role within the region and its legitimate right to forward self-defence. The EU can play an important bridging role between Iran and its Gulf Arab neighbours, helping to reconcile their differences and working towards a common security framework.

United Kingdom

Half of UK respondents believed no diplomatic solution is possible in the current climate, while 33 per cent believed it possible to conclude individual deals and 17 per cent considered a grand bargain achievable. As far as the overall UK position is concerned, most respondents believed that the preservation of the JCPOA was the best outcome.

Most UK interviewees attributed the low likelihood of a diplomatic breakthrough to the roles played by President Trump and Supreme Leader Khamenei. One interviewee with considerable experience of Iran noted the depth of animosity that runs between the two systems, and how Trump's decision to withdraw the US from the JCPOA had caused irreparable damage and deepened distrust between Tehran and Washington.⁸⁴ Another interviewee argued that it had been difficult to 'get the deal going in the first place', and that it would be near impossible in the current environment to persuade Iran to come back to the table. The respondent said that 'it's very hard to imagine Iran taking another risk again' and that 'the best bet for Iran is narrow negotiations'.⁸⁵ Another interviewee developed this point separately, arguing that the US (as well as the West more generally) does not understand how Iran sees itself. Because of this, even if the US offered a security guarantee as part of a grand bargain, such an overture would never be taken seriously by Tehran.

Most UK interviewees attributed the low likelihood of a diplomatic breakthrough to the roles played by President Trump and Supreme Leader Khamenei.

A number of British respondents commented that a deal was inconceivable until Khamenei dies. As such, the opportunity for negotiation had passed in the short term, and – as noted above – any residue of trust built up through the JCPOA process had all but gone. Furthermore, there was a common view that Iranians have passed through difficult times before, most notably during the eight-year war with Iraq, and that they have always shown great resourcefulness and resilience. Therefore, the US approach of 'maximum pressure' simply will not work. According to one UK interviewee: 'Trump does not understand the Iranian approach and thinks that pressure will push Iran to the table. At the same time, it doesn't seem that Iran can make any meaningful changes while Khamenei is alive. He cannot compromise on his legacy.'⁸⁶

At best, most UK respondents said, the only realistic approach would be to manage the problem until circumstances change. This ultimately requires a generational change. With a gradual convergence of interests, Iran could decide to return to negotiations, but not before 2021. Therefore, the principle

⁸⁴ In-person interview, 12 January 2019.

⁸⁵ In-person interview, 13 February 2019.

⁸⁶ In-person interview, 19 February 2019.

tactical objective of the Iranian leadership is to sit and wait until the next US presidential election. Should a Democrat win, he or she would still have to renegotiate terms, as the JCPOA would be quite redundant by then – the longer the US remains outside the agreement, the more it will have to renegotiate.

All UK respondents prioritized the issue of nuclear proliferation over ballistic missiles and regional stability. Sixty per cent of UK interviewees responded that concessions could not be reached on nuclear issues, while equal proportions – 20 per cent respectively – believed extending sunset provisions or stopping enrichment to be attainable. One interviewee noted that ‘dealing with the sunset issue is the important thing here and extending the deal beyond 2025 is critical and could buy everyone time’.⁸⁷ Unqualified access to all sites, on the other hand, was not considered an important issue. Interviewees felt that this had been resolved under the original JCPOA and that Iran had been amenable to all inspections, as verified by the IAEA. UK interviewees argued that a goal of zero enrichment is impossible, though limited enrichment for research and development only might be a point for negotiation. One interviewee suggested that multilateralizing enrichment under a consortium of international powers would be the best way to allow enrichment in Iran.

One interviewee with intimate knowledge of previous negotiations argued that the JCPOA had been about ‘building up trust on the deal and to see if all sides kept to their sides of the bargain’.⁸⁸ The interviewee noted that success on that track should have led to negotiations on ballistic missiles and the wider region. For the reasons noted above, the same interviewee said that now Iran will ‘only negotiate about what it will negotiate about. It will be either JCPOA or missiles, not both.’⁸⁹

UK respondents shared a common perspective on the issue of ballistic missiles, noting that this is closely tied to the EU security agenda. During the interviews, the issue of range was discussed at length and considered critical by nearly all interviewees. However, only 33 per cent of UK interviewees believed that concessions on range could be achieved. Fifty per cent argued that concessions would be not be possible, as Iran would insist on an unfeasible region-wide solution. The remaining 17 per cent of UK interviewees shared some optimism that a regional solution could be reached, but only after the next US presidential election.

Although UK respondents differed in emphasis, most shared similar views to the effect that Iran has regional security interests that must be recognized, and that it has a direct and ‘legitimate’ interest in its near abroad. One interviewee noted: ‘There is no grand Khamenei plan to dominate the region and be responsible for it. In fact, Iran does not want to own anything; its method for projecting influence is being defensive.’⁹⁰ Most interviewees believed that Iran’s national interest was served neither in Syria nor in Yemen, and that there is therefore some room for negotiation on regional issues. In any bargain, one interviewee noted, Iran would have to give up interests in Syria to reinforce itself in Iraq. However, Hezbollah remains the most important group for Iran. While Iran will not give up supporting the organization, it could be persuaded to stop endorsing Hezbollah’s terrorist attacks and ‘providing it with training and military equipment’.⁹¹ Given that Iran’s interests in the region are mostly defensive, and uneven in terms of priority, several respondents argued that an individual deal could be reached as part of a JCPOA+. However, this would need to be pursued through a regional security conference, with the best model to employ being one similar in structure to the Organization for Security and Co-operation in Europe (OSCE).

⁸⁷ In-person interview, 22 February 2019.

⁸⁸ In-person interview, 31 January 2019.

⁸⁹ Ibid.

⁹⁰ In-person interview, 28 January 2019.

⁹¹ In-person interview, 28 February 2019.

Russia

Russian interviewees made it clear that Moscow does not want a nuclear-capable Iran. One respondent said: 'Iran with a nuclear bomb is not an option for Russia – not for the purpose of the international community, but for its own sake.' Another interviewee commented that 'Russia does not want Iran to set a precedent and witness a 'domino' effect'.⁹² All interviewees mentioned non-proliferation as the negotiating priority.

According to the majority of Russian interviewees (63 per cent), there can be no diplomatic solution under current circumstances. Twenty-five per cent of Russian interviewees saw a possibility of individual deals, while 12 per cent thought a grand bargain possible. None of the interviewees believed the JCPOA+ model was viable. One interviewee argued that the US has lost credibility as a negotiating partner and that this makes future negotiations nearly impossible. 'One president agreed, one president withdrew, so there is a trust deficit.'⁹³ The consensus was that no negotiations will happen under Trump – but that progress might be possible in 2021 with a different president. The message from Russian respondents was unequivocal that the current 'stand-off will continue until the next US president comes into office' and that 'there can be no "grand bargain" as Trump's demands are unacceptable for Tehran'.⁹⁴ One interviewee noted that Pompeo's 12 demands cannot be part of one deal, stating that 'Iran will not make a grand bargain, though negotiations on individual issues are possible'.⁹⁵ Most Russian respondents said they believe a grand bargain to be impossible. According to one interviewee: 'Iran and the West can only agree on a few aspects of a grand bargain. Consent on a range of issues between the US and Iran is practically impossible.'⁹⁶

Most Russian respondents believed that concessions on Iran's missile programme could not be agreed. They argued that it is difficult to ask Iran to make concessions given its weak air force capability and without addressing wider regional issues.

Half of the respondents believed that the most likely concessions on nuclear issues would involve improved monitoring of nuclear sites. Twenty-five per cent believed extending the sunset clauses to be attainable, while another 25 per cent believed that no nuclear concessions could be achieved. All respondents argued that Moscow wants the JCPOA to stay in place and its terms to be extended. Several respondents said that while the uranium enrichment process 'is not so important to Russia',⁹⁷ it is possible to limit enrichment so long as some concession is offered in exchange. Tehran will not desist from enriching uranium unilaterally; it will need to receive some kind of benefit, such as security guarantees, either from the US or the P5+1.

Although only 25 per cent of Russian respondents, as mentioned, believed that Iran would make concessions on sunset clauses, most argued that Russia would support efforts to extend the provisions and would work with its international partners to help achieve that goal. As also noted above,

⁹² In-person interview, 25 May 2019.

⁹³ In-person interview, 12 May 2019.

⁹⁴ In-person interview, 14 May 2019.

⁹⁵ In-person interview, 17 May 2019.

⁹⁶ In-person interview, 23 January 2019.

⁹⁷ In-person interview, 3 May 2019.

50 per cent of respondents considered greater margin for manoeuvre to exist on securing more access to nuclear facilities. However, getting Iran's agreement on unqualified access to all sites across the entire country, as suggested in Pompeo's 12 conditions, would be very difficult.

Most Russian respondents believed that concessions on Iran's missile programme could not be agreed. They argued that it is difficult to ask Iran to make concessions given its weak air force capability and without addressing wider regional issues. They shared a similar perspective to Chinese interviewees (see below) in assessing that Iran does not have natural allies in the region and is therefore dependent upon a ballistic missile capability for its security, especially when its Gulf Arab neighbours possess such sophisticated air power. A number of interviewees made a similar point that 'Tehran will never open discussions on its ballistic missile programme – as it is considered to be a pillar of its national security'.⁹⁸ Furthermore, one interviewee noted that Iran does not believe that the US is serious in addressing this issue, given that Saudi Arabia is developing its own missile programme.

Another interviewee commented that an end to Iran's ballistic missile programme would only be possible in the event of regime change. The respondent said that Tehran had learned from North Korea, rather than the Muammar Gaddafi regime in Libya, and that this meant retaining and further enhancing its missile capabilities. As such, Iran believes that its missile programme is a guarantee of national security '[although] it might be willing to negotiate limitations on range'.⁹⁹

Some interviewees made it clear that Iran's ballistic missile programme is not a concern for Russia, while others argued that the range of Iranian missiles is important as Moscow is theoretically within reach. While several interviewees argued that missile proliferation is a concern to Moscow, they were confident that Russia and Israel have the capacity and will to manage the issue. As one respondent said, 'Russian relations with Israel are critical; and it relies upon Israel to keep Iran in check'.¹⁰⁰

The perspective of Russian interviewees on Iran's role in the region was almost universal – they are not troubled by Iran's activities. Most characterized Russia's perspective as 'realistic', as it considers many of the problems to be intractable, and therefore believes that each crisis should be dealt with on a case-by-case basis. Interviewees attributed different values to Tehran's relations with actors in the region. For example, one interviewee argued that PIJ is not that important to Iran; Iran can limit its contacts with Hamas, but not cut them. Several Russian interviewees suggested that Iran is likely to compromise on Yemen and that its level of support to the Houthis is highly exaggerated. As such, Tehran is content to capitalize upon the myth of its influence. One respondent noted that Russia can accept a divided Yemen – Iran's activities there are inconsequential to Russian interests. Ties with Hezbollah, on the other hand, were described as strategic by one respondent, not only in terms of Iran's presence in the region, but also in terms of its networks outside the region. As a consequence, there is very limited room for negotiation in recalibrating that relationship.

All respondents observed that Russia and Iran are on the same side in Syria. One former official noted that neither wants 'the Alawis' to fall and that both have used military intervention to support that goal. Russia and Iran have complementary interests. Iran will not withdraw from Syria, nor will it draw down its assets. One interviewee highlighted the fact that Tehran may have decreased its support for the National Defence Forces (NDF) but has substantially increased the support and assistance it provides to the Local Defence Forces. In other words, Iran is creating covert and indirect schemes

⁹⁸ In-person interview, 17 May 2019.

⁹⁹ In-person interview, 7 May 2019.

¹⁰⁰ In-person interview, 22 May 2019.

of support through local businesses and communities that will guarantee it a long-term presence in Syria well beyond the duration of the military conflict. It is possible, however, that these stated views are disingenuous and that Russia is content to let Israel target Iranian assets in Syria, so long as Russian and Syrian troops are not killed. An important test will be when Iran takes over the Latakia container terminal in late 2019; Russia intends to develop the Tartous terminal as an alternative, and it is highly likely that Israel will seek to disrupt Iran's operations in Latakia.

China

Chinese respondents noted that China's national interests in the US–Iran conflict are predominantly economic, and that these take priority over regional stability, national security and geopolitical interests.

The majority of Chinese interviewees (75 per cent) mentioned that the most likely outcome of future negotiations is a JCPOA+ agreement, while 25 per cent expected individual deals. No respondents believed a grand bargain to be possible. All respondents stressed the importance of the JCPOA, and noted that this is considered in Beijing to be the pathway to integrating Iran into the global economy. It is seen as important for regional stability too. However, all interviewees believed that the current deadlock will continue until at least the next US presidential election. If a Democratic candidate wins, then the US could come back to the JCPOA, said a number of respondents, also pointing out that a further delay would be expected as Iran held parliamentary elections. In the event that Trump were re-elected, several respondents noted, Iran would have to negotiate with him, as this was the only way to mitigate his inflexibility and desire for regime change.

Chinese respondents made it clear that they held the US responsible for the current crisis. One commented that the US had left the JCPOA unilaterally, had broken the rules, and is now isolated. Another interviewee pointed out that US–Iranian confrontation serves China's interests, and that, short of war, will continue to benefit China. The interviewee added: 'China is flexible – it will never say no or yes – to Iran's nuclear programme. As long as its commercial interests are protected, then China will be fine.'¹⁰¹

All interviewees agreed that the most likely concession on nuclear proliferation involves controlling levels of uranium enrichment. If Iran restarts enrichment to 20 per cent, it was noted, then all countries would oppose this move. This is the 'red line' for all members of the P5+1, including China, although Beijing is convinced that Iran has no motive to establish a nuclear weapons programme. One interviewee argued that the US and EU use the issue to create fear among other countries, and in turn use that fear as leverage against Iran. Furthermore, Chinese interviewees claimed that it is impossible for Iran to acquire the technology to develop a nuclear weapons programme.

Chinese interviewees confirmed that China does not want to see instability in the region, but that it will not play an active role in conflict prevention or management. While recognizing that ballistic missiles pose a threat to stability, most respondents said that it is not a major issue for China. As with the Russian interviewees, Chinese respondents observed that Iran has no natural allies in the region and is dependent upon its missile system for national security. China does not have a clear position

¹⁰¹ In-person interview, 11 May 2019.

on missiles and considers Iran's ballistic missile programme to be defensive in nature. Nonetheless, 67 per cent of those interviewed believed that the most likely concessions on missiles would be achieved through a wider regional solution, while 33 per cent thought no concessions possible.

Proliferation will not harm China's commercial interests, though it could cause an arms race. China is comfortable with a certain level of tensions, but does not want military escalation between any of the countries. China is not concerned about missile range – even ICBMs would not pose a threat to China.

Interviewees were keen to stress China's mercantilist approach to Iran and the wider set of issues. They commented that Iran itself is not that relevant to China's national interests. In fact, they noted that China is both preoccupied with its trade dispute with the US and, at the same time, frustrated with Iran. One respondent commented that many Chinese companies are 'punishing' Iran, as they believe that Iran has prioritized its relations with Europe over those with China. Many Chinese businesses do not believe that it is worth doing business with Iran, given the difficulties involved. Consequently, China will not assist the EU with negotiations or with keeping the JCPOA alive.

China's negotiating priority is regional stability rather than addressing nuclear proliferation or missiles. China sees Iran as destabilizing, but will be unable to stop any escalation.

In the view of all the Chinese interviewees, China's negotiating priority is regional stability rather than addressing nuclear proliferation or missiles. China sees Iran as destabilizing, but will be unable to stop any escalation. It also sees Iran's behaviour as defensive-offensive: the Iranian regime is threatened not only by the US, but also by its neighbours. Its actions are rooted in insecurity. China believes that collective security could be reached through a wider Middle East peace and security conference. However, this would require a firm commitment from the US, Saudi Arabia and Israel to set aside the option of pursuing regime change in Tehran. Collective security, some of the respondents argued, could be achieved. Moreover, it would reduce the dependency of states in the region on external powers to provide their security. However, respondents were unequivocal in stating that China would not play a role in bringing all the parties to the table: 'China can only offer advice and encourage all sides to refrain from resorting to military action. China is happy to mediate but that's it.'¹⁰²

Saudi Arabia

In assessing the US–Iran conflict, Saudi interviewees gave a higher priority to geopolitical interests than to economic interests, regional stability or national security. Sixty-seven per cent of respondents cited regional stability as a negotiating priority, while 33 per cent identified missiles as the most important issue; curbing Iran's nuclear activities did not feature in the responses. Saudi respondents believed that regional dialogue – rather than multilateral negotiations – and a case-by-case approach offer the only means of resolving the broader crisis. Almost two-thirds thought that there would be no diplomatic solution under current circumstances, and only a third believed that the JCPOA+ option was viable.

¹⁰² In-person interview, 31 March 2019.

Fifty per cent of the Saudi interviewees believed that the US and Iran could not reach a deal at the present time. In fact, one interviewee doubted that either side is really interested in talks: 'Neither Trump nor Khamenei wants or needs a breakthrough.'¹⁰³ As with so many other interviewees for this project, Saudi respondents believed that while the security environment may deteriorate, nothing will change the status quo until the next US presidential election. One interviewee was adamant that even if a new president comes into office in 2021, it will still be very difficult to agree a JCPOA+ deal. Indeed, the same interviewee opined that it does not matter whether a Republican or Democrat occupies the White House, because the moment that gave rise to the original JCPOA has passed. At best, a new president could bring the US back into the JCPOA and no more.

A number of respondents speculated that if Trump is re-elected, the status quo will persist. They said that the president has no desire to secure a 'real' deal and does not have a team in place that could work towards a grand bargain. The White House, one respondent noted, lacks the capacity to reach a grand bargain. The same interviewee argued that getting to a deal would be practically impossible because the conditions are too tough. For example, getting Iran back to the negotiating table would require the following: the guaranteed lifting of sanctions; a scaling back of the US adversarial position; the drawdown of US forces in Iraq; recognition of Iran's role in the region; and the diminution or removal of US military bases. None of the Saudi respondents thought these conditions would ever be met under a Trump presidency, or even under a Democratic president. However, should the US work towards such a deal, all Saudi respondents argued that lessons from the JCPOA had been learned. They observed that Iran's 'neighbours should have been involved in the last deal and that if anything happens in the future, then Saudi Arabia must be involved next time'.¹⁰⁴

When asked which concessions were most likely to be agreed on nuclear issues, 67 per cent of respondents said none; 33 per cent said that there was scope to improve monitoring. None of the respondents thought it possible to reach concessions on stopping enrichment or extending sunset clauses.

All Saudi interviewees said that, in the unlikely event that a new deal were reached, it should be permanent and contain no sunset provisions. If a Democratic president is elected, then the next administration should renegotiate the terms of the JCPOA before re-integrating the US into the deal. Ideally, the new terms should include two key points: (a) zero enrichment – though Iran would never agree to this, because 'these are the issues of national pride and the country has cultivated these capabilities in spite of sanctions and Israeli/US mischief-making',¹⁰⁵ and (b) the development of more robust inspections. On the latter point, the interviewees did not believe that Iran would grant unqualified access to all sites. One commented that Tehran might agree to 'access to some sites, yes, [but] not military or sensitive sites and certainly not anytime anywhere'.¹⁰⁶

As for missile issues, all Saudi respondents thought that concessions were most likely on the issue of non-proliferation. Interviewees believed that Iran must end its proliferation of ballistic missiles and halt further launches of nuclear-capable missiles or the development of nuclear-capable systems. The sharing of ballistic-missile technology with the Houthis in Yemen and with Hezbollah is categorically

¹⁰³ In-person interview, 7 April 2019.

¹⁰⁴ In-person interview, 28 April 2019.

¹⁰⁵ Phone interview, 12 April 2019.

¹⁰⁶ In-person interview, 18 March 2019.

unacceptable to Riyadh, as this poses a direct security threat to the kingdom. However, several interviewees recognized scope for negotiation, with one stating: ‘Proliferation is an area that the Iranians might entertain in some theatres, such as Yemen, Iraq, Syria, but not Lebanon.’¹⁰⁷

All Saudi respondents characterized Iran’s support for non-state actors across the region as malign. None believed that Iran will end its support of groups such as Hezbollah, Hamas and PIJ, as these provide Tehran not only with leverage, but also with an important depth of assets with which to secure its territorial sovereignty and maintain a forward-leaning strategic posture. However, the Saudi interviewees identified Iraq and Yemen as two theatres in which an agreement could potentially be reached within a wider regional context. In Iraq, one Saudi interviewee observed, Iran may permit the disarmament, demobilization and reintegration of Shia militias. However, it would want to maintain influence within the system and would continue to support Shia militias, resisting their full integration into a national force. Another interviewee suggested that Iran is more likely to be willing to lessen its support for the Houthis in Yemen if it can secure concessions from the US and regional states in other areas. The respondent further suggested that Iran needs to be encouraged to withdraw its support for Houthis, stop missile technology transfers, respect the sovereignty of states in the region, and support all UNSC resolutions. As such, potential policy changes on Yemen were seen by Saudi respondents as a quick win for all countries concerned. Saudi Arabia and Iran are invested asymmetrically in the country, but reduced Iranian intervention in Yemen would require a quid pro quo elsewhere in the region.

United Arab Emirates

UAE interviewees identified their primary national interests in the US–Iran conflict as best served by regional stability rather than economic, national security or geopolitical gains. UAE respondents did not believe a deal likely before the US presidential election. One interviewee argued that if Trump gets re-elected, Iran will be compelled to engage with the US. ‘Trump is a deal-maker – and with the US playing bad cop to the EU’s good cop. It is a good division of labour between the two with the EU offering incentives.’¹⁰⁸ The same interviewee expected a further round of sanctions to be placed on Iran, with the goal of forcing it back to the negotiating table in 2021. According to the UAE interviewees, Iran only responds to heavy pressure.

However, the next deal needs to include ballistic missiles and regional issues, and the UAE has to be part of the negotiations, said one of the interviewees. Another interviewee argued that the US must begin to address wider regional security issues before returning to negotiations. For this to take place, common ground must be established among regional actors and the leading members of the international community. UAE respondents reported that the US’s ‘maximum pressure’ campaign had the best chance of compelling Iran to negotiate on issues such as ICBMs, water problems, pollution and the environment – though, interestingly, no other respondents in the survey raised these issues. UAE respondents considered a grand bargain to be the most effective approach for addressing all key issues, but one that would only be feasible during a second-term Trump presidency.

Most UAE respondents argued that a revised deal should either stipulate zero enrichment or allow any country to have an unrestricted civilian nuclear fuel programme. They argued that, if Iran is exempted, other countries in the region should be exempted too. One interviewee suggested that Iran follow the

¹⁰⁷ Phone interview, 7 March 2019.

¹⁰⁸ Phone interview, 18 March 2019.

pathway of the UAE nuclear programme, which entails the UAE leasing rather than enriching fuel (in its nuclear cooperation agreement with the US, the UAE agreed to forego uranium enrichment altogether). Sunset provisions were noted as important, as well as the terms of inspections; however, the JCPOA's shortcomings in respect of these issues were attributed to technical faults with the deal itself and to the narrow focus of previous talks. One interviewee argued that these issues need to be addressed post-2021, and that a longer and broader deal offered the only way forward.

For UAE respondents, the proliferation of short-range missiles poses the greatest threat to the region, followed by the destabilizing activities of Iran-backed non-state actors. The nuclear issue itself is not a major concern. To mitigate these threats, the Gulf Arab states should be allowed to establish an indigenous missile defence system; establishing a nuclear-free zone is also an option, suggested one respondent. Thus, the key negotiating priorities for the majority of UAE respondents were missiles (75 per cent) followed by regional stability (25 per cent), while none of the respondents identified nuclear proliferation as a national priority. Respondents were divided equally in terms of which concessions could most likely be achieved on nuclear issues, variously citing extended sunset clauses, improved monitoring and a halt to enrichment. At the same time, an equal number of interviewees thought no concessions could be achieved. All respondents thought that concessions on missile issues could probably be achieved through a wider regional solution.

According to Emirati respondents, the UAE went to war in Yemen in order to prevent a Hezbollah model from developing close to its border. There was consensus among all interviewees that sectarianism fuelled by Iran needs to stop. 'Iran is the spoiler in Yemen ... However, the UAE is betting on Russia's role in Yemen and utilizing its [Russia's] influence over the Houthis.'¹⁰⁹

Israel

Israeli respondents identified national security as their primary interest in the US–Iran conflict, ahead of economics, regional stability and any geopolitical agenda. Almost a third (29 per cent) of Israeli interviewees believed there to be no diplomatic solution, while 43 per cent thought that individual deals might be reached. On the other hand, equal proportions – 14 per cent respectively – thought a JCPOA+ deal or grand bargain possible.

One interviewee stated: 'Trump has the wherewithal to make a deal and he should keep some sanctions alive to use as further leverage. Sanctions are the most important element to keep Iran under control.'¹¹⁰ Another asserted confidently that Iran will want to negotiate because 'it is scared about a repeat of [the] 2009 and 2018 protests, where students shouted death to Khamenei'.¹¹¹ In other words, some respondents believed that the campaign of maximum pressure is working.

Others discounted the likelihood of Iran and the US reaching a deal. To them, Trump does not have the capacity to reach a deal; moreover, Tehran will not trust the US president. As indicated elsewhere, there is some expectation that negotiations will be renewed after 2020. One interviewee opined that if Trump is re-elected, then direct US–Iran talks will begin – and Trump, unlike Obama, will keep Israel informed each step of the way. Other Israeli interlocutors disagreed with this analysis. They argued

¹⁰⁹ In-person interview, 20 February 2019.

¹¹⁰ In-person interview, 10 February 2019.

¹¹¹ In-person interview, 12 February 2019.

that while talks may begin, a revised deal is highly unlikely, as Khamenei will be unwilling to make any further concessions beyond those previously agreed in the JCPOA. In fact, other interviewees observed that as long as Khamenei is in power, direct negotiations are off the table.

While all Israeli interviewees believed that Iran has to stop enrichment and never pursue any part of the path to plutonium weapons (including construction of a heavy-water reactor), there is a consensus that Iran would never agree to zero enrichment. Iran has not given up its aspirations to develop nuclear weapons; in fact, Iran has been discussing renewing enrichment above 20 per cent. Some interviewees noted that it is totally unrealistic to imagine zero enrichment: ‘No Iranian is going to give up enrichment. One has to understand who the Iranians are and their pride, their history and culture.’¹¹²

One interviewee argued that better proof is needed that Iran has given up its nuclear operations. This can only be achieved through inspections and access to Parchin and other military sites. At the same time, Iran must give the IAEA a full account of the PMD issue, and permanently and verifiably abandon such work in perpetuity. Other interviewees said that Iran must also provide the IAEA with unqualified access to all sites throughout the entire country. Said one respondent: ‘[t]here are holes in the inspection programme. The IAEA is not strong enough ... inspectors should be allowed to enter more sites than currently permitted ... the leadership and mandate of the IAEA to blame ... and the agreement needs extending with no time limitation.’¹¹³

Sixty-seven per cent of Israeli interviewees said they believe that concessions on extending the sunset clauses can be achieved, while 33 per cent considered new deal provisions possible via improved monitoring. ‘Sunset is a pressing issue for Israel from the right and left ... Extending sunsets is the most achievable goal, but more access to sites is important. As long as Iran retains its regional policies, it is impossible to see a scenario where sunsets expire. Israel cannot see a country talking about annihilating it and having a nuclear weapon to do so.’¹¹⁴

For Israeli respondents, the negotiating priorities, in descending order of importance, were missiles (57 per cent), non-proliferation (29 per cent) and regional stability (14 per cent). With 100,000 rockets targeting Israel from Lebanon, it is unsurprising that missiles are the major issue. Fifty per cent of interviewees cited the imposition of range limits as the most likely concession on missiles. Thirty-three per cent indicated that no concessions were likely, and 17 per cent identified non-proliferation as likely.

It is unsurprising that Israel also considers the threat from Iran’s regional activities – beyond missile proliferation, which is substantive in Lebanon – to be a pressing concern. For the most part, Israel remains confident in its ability to undermine Iran’s military activities in countries other than Lebanon, such as Syria and Iraq. Israeli interviewees concluded that it is very difficult to have one overall negotiation to address the concerns of the Middle East states.

¹¹² In-person interview, 13 February 2019.

¹¹³ In-person interview, 11 February 2019.

¹¹⁴ In-person interview, 11 February 2019.

6. Getting to a Deal

President Trump made clear his opposition to the JCPOA during his election campaign, describing it as the ‘worst deal in history’. He has also made clear his willingness to strike a ‘bigger and better’ new deal that would address all outstanding issues in one process, though more recently he has given higher priority to nuclear non-proliferation. To that end, the Trump administration has supported a policy of maximalist pressure, which it believes will lead Tehran to reopen negotiations and expand the terms of the JCPOA. Of course, one should note that it was the US that withdrew from the deal and that Iran so far has remained a party to it.

The findings of this research paper suggest that, at best, the signatories to the 2015 agreement will only be able to renegotiate aspects of the deal to accommodate concerns that have arisen among all parties, including Iran, and that any successful outcome will consist of a JCPOA+ agreement rather than a so-called ‘grand bargain’.

There is little to suggest that the Trump White House’s policy on Iran will do more than follow the template established *vis-à-vis* North Korea, which involved Trump promising a breakthrough (which he characterized as ‘the deal of the century’) in resolving the nuclear stand-off with that country but delivering little, if anything, in the way of substance.

Very few respondents were willing to entertain the idea of a grand deal, but it was welcomed by some interviewees, notably a number from Iran and the US. A number of structural factors certainly work against a move towards a bigger and better deal, frustrating US efforts to kick-start negotiations. Nonetheless, this paper has explored potential pathways back to negotiations, and has given consideration to areas in which the parties involved can find common interests.

This chapter assesses which of the pathways to a deal is most likely to prove productive. Before making any recommendations, however, it is first necessary to reconsider some of the obstacles that must be overcome, and to re-examine some of the working assumptions that have informed the approaches of the different parties.

Mistaken assumptions

As mentioned, the Trump administration’s policy of maximum pressure on Iran is unlikely to succeed. Despite this, the current US administration remains steadfast in its belief that the only way to engage Tehran in a new round of negotiations is by increasing sanctions. Furthermore, the Trump White House appears to have calculated that time is on its side, and that the more it pressures Iran, the more likely it is that it will be able to extract important concessions. In other words, Trump may be prepared to ‘squeeze’ Iran throughout his current presidency, and then pursue new negotiations if he is re-elected in 2020. In the climate of current regional tensions and President Macron’s diplomatic initiatives, there could be scope for a deal before November 2020; such a deal would require Iranian nuclear compliance in exchange for sanctions relief.

While Trump has made clear that his end game is a deal, not regime change, he has yet to adjust or moderate his strategy to meet his objectives. This failure or unwillingness to adapt to changing realities will mostly likely serve as a major constraint on kick-starting negotiations. Steadfast adherence to a simple, linear strategy will frustrate efforts at building consensus between the US and its international partners.

Rather than completely isolating Tehran, Trump's unilateral policy has created openings for US allies and adversaries. The E3 countries continue, albeit limitedly, to pursue multilateral efforts to save the JCPOA. The continued efforts to operationalize INSTEX in 2019 and sustained diplomatic traffic between European capitals and Tehran confirm the validity of this agenda. Transatlantic tensions continue to frustrate wider coordination on Iran policy between Europe and Washington. Russia and China also continue to provide Tehran with strategic support and marginal economic engagement, further obstructing Washington's goals of isolation. Israel, Saudi Arabia and the UAE – while publicly supportive of Iran's containment – remain privately anxious that in any negotiation the US administration will sacrifice their interests, as they believe Obama did.

Iran is highly unlikely to return to negotiations simply because of maximalist pressure. One interviewee stressed that Iran's calculations were not based on the state of the economy: 'There was no magic number or economic statistic that would drive decision-making.'¹¹⁵ While sanctions played a role in pushing Iran to reach agreement in 2015, the decisive factor was the Obama administration's willingness to agree a limited uranium enrichment programme as part of the JCPOA.

Restoring full diplomatic relations with the US government and opening up to US businesses is not the objective of the Iranian government. Tehran wants access to the US financial system, the withdrawal of US forces from the region, and above all security guarantees.

Nonetheless, Iranian leaders have said repeatedly that the removal of sanctions would constitute an inducement to reopen negotiations. Many analysts now also believe that Tehran would require the Trump administration to acknowledge Iran's regional security concerns or defence asymmetry.

Despite sanctions that have restricted economic growth and inflicted pain on the government and population, Tehran's regional policy has not changed since Trump was elected. Its willingness and ability to strike out, not only against regional targets but also against international players, have increased.

Restoring full diplomatic relations with the US government and opening up to US businesses is not the objective of the Iranian government. Tehran wants access to the US financial system, the withdrawal of US forces from the region, and above all security guarantees. It would consider regional agreements on security issues only if its neighbours made similar concessions. The current US administration has yet to appreciate this, and simply believes that the promise of business will be enough to persuade Iran to sign up to a new deal.

It is not clear that the US administration has considered what concessions Iran would seek in any forthcoming agreement. While the US has set out 12 challenging conditions, it appears to have done little preparation for getting beyond the current impasse. Iran, on the other hand,

¹¹⁵ In-person interview, 5 May 2019.

is already engaged in its own domestic process of coalition-building and bargaining. This means that an internal consensus will be reached over the timeline, terms and process of any future negotiations. Therefore, should negotiations begin, Iran will be better prepared than the US.

While a trust deficit between the governments of the US and Iran is not new, Trump's decision to withdraw the US from the JCPOA may have irrevocably damaged prospects for future talks. Domestic opposition prevented President Obama from negotiating the JCPOA as a treaty – a process that would have required the support of two-thirds of the US Senate. Consequently, the Iranian leadership has lost further trust in the US system, and would therefore be unlikely to accept a deal on the promise of a president.

The lack of US government unity on Iran has also deterred Tehran from investing in negotiations with what it perceives to be a divided and disorganized administration. The Iranians have made it clear that they would prefer to wait out the current impasse until the next US presidential election in 2020.

However, it is not clear whether the JCPOA will survive the remainder of the Trump presidency. With a continued escalatory pattern of tensions between Washington and Tehran, a danger of miscalculation looms large. While nearly all respondents to our survey expected talks of some kind to begin in 2021, the interregnum presents a major challenge to the integrity of the JCPOA. Without immediate remedial care, the nuclear deal is unlikely to survive, which makes the prospect of negotiations in 2021 that much more remote. In other words, all original parties to the deal, including the US, need to keep the current nuclear agreement alive. They need to invest time now, ahead of any future negotiations, to lay the groundwork for what comes next.

Policy recommendations

Based on the findings of this paper, it is clear that a grand bargain is highly unlikely, given the nature of the challenges. In fact, seeking to address all the issues as part of a comprehensive deal would likely frustrate progress in individual areas where there remains a greater likelihood of reaching new agreements.

While Iran's nuclear programme, ballistic missiles and regional dynamics are all issues that need addressing to satisfy the national interests of different countries, as well as to enhance regional stability, the majority of interviewees agreed that the approach most likely to achieve results is either a JCPOA+ model or individual deals on each of the three issues.

JCPOA+

The goal of the JCPOA was to limit Iran's breakout time to building a nuclear weapon from an estimated few months to one year. An equally important and little-discussed aspect of the JCPOA is its procurement channel, which provides a legitimate and controlled pathway for Iran to obtain needed nuclear-related goods while controlling dual-use procurement. All US interviewees pointed to nuclear issues as the most important priority for the US, with 36 per cent seeing the JCPOA+ model as the most viable scenario for protecting American interests. Therefore, strengthening the nuclear provisions of a follow-up agreement should be a priority for the Trump administration. The US objective is to guarantee that Iran will never

obtain nuclear weapons. Therefore, the goal of extending Iran's breakout time should be the primary objective of a JCPOA+ agreement. Seventy-one per cent of US respondents saw an extension of the sunset provisions as the most viable way to achieve this aim.

Drawing from the findings of this paper and recommendations from interviewees, the basic contours of an improved deal could include the following points:

- The sunset provisions should be extended by at least 15 years, as this would provide a basis for confidence-building.
- IAEA access to military and non-military sites, such as those listed in the atomic archive, should be increased. This would provide certainty and transparency over Iran's activities. The IAEA has visited Iran's military sites in the past, and allowing further inspections could allay fears of nuclear activity at military sites. Empowering the IAEA could also provide assurances regarding the PMD of Iran's nuclear programme, thereby providing greater security for regional actors such as Israel.
- Clarification of Section T should be provided, as this would allow for stronger IAEA verification and monitoring authority.
- Iran should ensure early ratification of the Additional Protocol, and codification in law of Khamenei's 2005 fatwa confirming Iran's commitment against the production, accumulation and use of nuclear weapons.

Ballistic missiles

- Iran's unilateral decision to limit the range of its missiles to 2,000 km should be codified. This would be a concession to the US and Europe that would not compromise Iran's defence posture.
- An agreement should be reached on regional range limitations.
- The validity period of UNSCR 2231 should be extended beyond 2023, and Iran's compliance with it ensured.
- The issue of proliferation should be addressed in a separate regional deal.

Sanctions

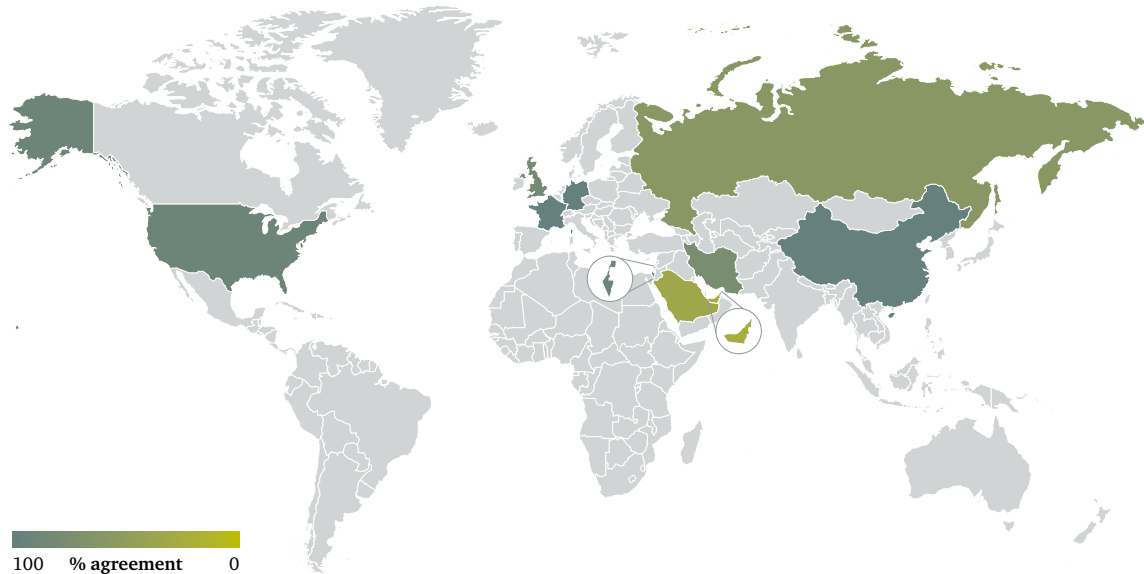
- Iran should be granted incremental sanctions relief and provided with qualified access to the US financial system. At the outset of such an arrangement, the US would be highly unlikely to unwind existing sanctions to secure a smaller deal. However, a designated trade mechanism could facilitate permissible international transactions. Over time, based upon compliance, verification and trust, incremental sanctions relief could be granted.
- Penalties should be imposed for failure to comply with the deal. Iran will look for guaranteed long-term commitments that the deal will be respected either through US Congressional approval or through penalties for lack of compliance.
- The US and Iran would need to agree to a clear, definable and verifiable pathway that would guarantee and institutionalize the process and insulate it from political interference. While this would be difficult to implement, it would be important for all parties to begin providing forward-looking solutions. Requests for Office of Foreign Assets Control (OFAC) licences by EU businesses should be fast-tracked.

- Iran must approve Financial Action Task Force (FATF) legislation bringing it into compliance with international anti-money-laundering and anti-terrorism financing standards.
- The European Investment Bank (EIB) should be authorized to underwrite European investment in Iran.
- The sequencing of sanctions relief would need to be complemented by a financing mechanism, such as an 'INSTEX 2.0', and underwritten by the EU with the US as an ultimate guarantor. INSTEX 2.0 would need to guarantee oil purchases and revive energy partnerships and trade. In order to restore business confidence, the US government would need to embark on a diplomatic roadshow.

Region

- The issue of regional missile proliferation and regional tensions would not be included in a JCPOA+ scenario because regional issues remain too difficult and time-consuming to address. Linking a deal to resolution of regional issues – which in many cases, such as in respect of Syria and Yemen, cannot be delivered by Iran alone – risks halting progress on the nuclear file.
- A JCPOA+ model should prioritize more achievable compromises in order to safeguard the JCPOA, stave off a wider crisis *vis-à-vis* Iran, and establish a platform for confidence-building measures between Iran, the US and other signatories. However, as part of a JCPOA+ agreement, an EU-led commitment to begin regional discussions should be developed.
- The EU should lead and manage a strategy to create a wider regional security framework that could include commitments to non-aggression and non-interference by regional actors. This could be advanced through the establishment of a multilateral process, closely resembling the Madrid Conference and peace process.
- All regional actors should be invited to participate. Unlike with the Madrid process, participants must include Iran and Israel, at least in the opening plenary session. Once an agreement among all parties on the principles of a regional security framework has been agreed, then separate negotiating tracks can be established that pertain to multilateral and bilateral issues. Given the complexity of regional issues, specific deliverables could be agreed among the parties within each negotiating track, but progress towards each set of goals should be delinked from other issues. Progress will be non-linear, and artificial timelines should therefore not be imposed. In fact, while short-term progress is essential, the overall approach should be informed by a desire to address and resolve long-term issues. This will require a long-term investment from the sponsors. The full weight of the EU and the US, plus other international actors, will be required to make this happen. This research paper has highlighted areas where agreement is likely to be reached.
- Regional actors including Israel, Saudi Arabia and the UAE should acknowledge that maximum pressure has had little effect. Containment and sanctions strategy should be coupled with policies that include engagement, confidence-building and discussions on regional security issues.

Figure 14: Should the JCPOA be saved?



Source: Chatham House interviews.

To arrive at negotiated outcomes, policymakers in Washington, Tehran and Europe should consider the following recommendations as they work towards new, achievable agreements:

- Negotiations above all should be multilateral in orientation. The Trump administration's unilateral approach has done nothing but frustrate and delay potential progress on addressing the issues. Transatlantic cooperation in the context of a strategy of 'carrots and sticks' is more likely to yield results than Washington's current unilateral path. Moreover, Europe retains unrivalled knowledge, expertise and relevant experience in negotiating and engaging with Iran.
- Due to the complexities of US and Iranian politics and domestic challenges in European capitals, all sides should consider appointing a non-partisan special envoy to define, coordinate and manage negotiations.
- The over-personalization of policy and the focus on the personality of individual leaders, such as President Trump, Supreme Leader Khamenei and even Foreign Minister Zarif, are not productive for negotiations. All parties would be wise to avoid focusing on individuals, and would do better to seek to understand national issues and final decision-making processes.
- The JCPOA remains the best foundation and framework to build on for a new deal. Rather than starting new negotiations, the structure of the JCPOA should therefore form the basis of a new agreement. Moreover, the JCPOA Joint Commission already provides an institutional mechanism for multilateral discussions. The mandate of the Joint Commission could be adjusted to allow for broader discussion and negotiations.
- The release of dual nationals detained in Iran, alongside a commitment to halt such detentions, must be obtained from Tehran. This step would not only improve trust, but also would send important signals to strengthen Iran's business ties with the international community.

-
- Washington and Tehran should each begin building an internal consensus on a new agreement. Acquiring legitimacy from political establishments in both countries, and building non-partisan support, will be essential to the success and outcome of negotiations.
 - Any new agreement should include a commitment and timeline to begin a European-led regional dialogue. In spite of current tensions, conditions are ripe for such a dialogue.
 - Washington should prepare regional partners for the prospect of new negotiations, while committing to include them in regional discussions. This should include providing reassurances as to the US's commitment to these partners' security.
 - Europe should take the lead in defining the terms of, and managing, a regional dialogue with Iran and key players in the Middle East. Missile proliferation, procurement limits and regional interference should form the foundational pillars of discussion. Talks should include wider regional alignment, compromises on ballistic missiles, and acceptance of the Hague Code of Conduct on Ballistic Missile Proliferation (HCOC) and the Comprehensive Nuclear-Test-Ban Treaty.

Appendix

Table 1: Iran's ballistic missiles

Missile	Class	Range	Status
Safir	SLV	350 km altitude	Operational
Khorramshahr	MRBM	2,000 km	In development
Qiam-1	SRBM	700–800 km	Operational
Shahab-1	SRBM	285–330 km	Operational
Simorgh	SLV	500 km altitude	In development
Koksan M1978	Artillery	40–60 km	Operational
Zolfaghar	SRBM	700 km	Operational
Emad (Shahab-3 variant)	MRBM	1,700 km	In development
Sejjil	MRBM	2,000 km	Operational
Shahab 2 (Scud C-variant)	SRBM	500 km	Operational
Shahab-3	MRBM	1,300 km	Operational
Ghadr 1 (Shahab-3 variant)	MRBM	1,950 km	In development
Fateh-110	SRBM	200–300 km	Operational
Tondar 69	SRBM	150 km	Operational
Soumar	Cruise missile	2,000–3,000 km	Presumed operational
Ra'ad	Cruise missile	150 km	Operational

Notes: SRBM = short-range ballistic missile; MRBM = medium-range ballistic missile.

Source: Centre for Strategic and International Studies (2019), Missile Threat, <https://missilethreat.csis.org/>.

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Cover image: The flags of the EU, Iran, France, Germany and the UK are pictured before meetings on 15 May 2018 in Brussels, Belgium, in response to the US's announcement of its withdrawal from the Iran nuclear deal.

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