

# The United States Betting on Iran's Internal Crises



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By November 4, 2018, a new phase of confrontation between Iran and the United States will start with a new set of sanctions come. They are expected to exert unprecedented pressure on Iran and represent a real test for the new US strategy adopted by President Donald Trump. The real challenge for President Trump and his administration will be their ability to compel Iran's leadership to reconsider its positions and sit down at the negotiating table. Trump administration is after a behavioral change in Iran, rather than regime change. This view was revealed by the US Special Envoy for Iran, Brian Hook when he said that the United States aimed to sign a new treaty with Iran, including its nuclear and ballistic missile programs.

President Trump's strategic goal is to sign a new comprehensive treaty to change the regime's behavior- rather than regime change- in Iran by renegotiating the nuclear deal, curbing Iran's missile program, and limiting its regional influence. This strategy can be realized by resuming the policy of escalation and exerting pressure on Tehran, including undermining the nuclear deal to reach a new treaty, isolating Iran internationally, facing its external project and threats, imposing unprecedented economic sanctions to disrupt its internal conditions, and exerting more pressure on the regime. This policy can be carried out at the international, regional, and interior level. However, the US administration has other priorities determined by many concerns and perspectives, knowing that these arenas have witnessed dramatic changes after signing the nuclear deal in 2015.

This paper will try to explain the US focus on Iran's interior as a more appropriate arena for implementing its strategy considering the regional and international challenges that resulted from signing the Iran nuclear deal. Indeed, using Iran's internal conditions could be the best way for the US to implement its strategy and change Iran's behavior.

## **The burden of a comprehensive agreement**

The Trump administration has faced many challenges to reach a new comprehensive treaty with Iran after sanctions relief that followed signing the nuclear deal in 2015. Iran acquired international legitimacy as a partner in a multilateral agreement that ended its international isolation. After signing the international pact, the Iranian government used the agreement as a cover to legitimize its ambitions and influence beyond the terms of the nuclear deal. It used the signing of the accord to expand its regional role.

Iran adopted a strategy to protect the nuclear deal and the gains of its project abroad to avoid going back to square one by relying on two parallel tracks:

First, improve Iran's relations as an international partner with the influential nations, especially the Troika member states- England, Germany, and France- in addition to Russia, China, and the European Union (EU). It also sought to improve relations with rising powers and multinational companies. At the time Iran remained discreet in its relations with the United States, economically and politically, because of its belief that one of its points of strength was the independence of its decision making away from the pressure of relations with the United States.

As a result, Iran increased its oil exports to the EU and expanded its economic relations with it, particularly in the investment and technology sectors to gain more political influence as the United States attempted to impose new sanctions. Iran opened its doors to foreign investment, signed several Memorandum of Understanding with countries and big companies, and increased trade rates with the European Union, Russia, as well as, with a host of Asian countries

Second, intensify its regional activities to expand its influence in one of the most vital regions in the world to protect its inter-

ests and gains. In addition, these regional activities maintain its problems with the world, as well as, addressing its army's inability to protect its borders or launch direct military operations by relying on asymmetric warfare launched by its proxy militias. Indeed, the expansion of Iran's influence has made it a very difficult actor in regional conflicts and interactions. A possible confrontation with this country would threaten regional and international peace and disrupt existing balances that would threaten US interests.

Considering these developments with the US desire to reach a new treaty, President Trump has adopted the policy of pressure not only on Iran but also on other international parties and powers that have improved relations with Tehran over the past three years. However, the United States is facing difficulties in achieving this policy. The Trump administration is intensifying its efforts to convince the international community of the uselessness of the nuclear deal and the importance of signing a new treaty by exerting unprecedented pressure on Tehran. Nevertheless, it seems that an international unanimous consensus is hard to achieve, given that the nuclear deal is protected by one of the United Nations (UN) Security Council resolutions and that other countries are willing to maintain the agreement to protect their interests and gains.

The US demands have increased by bypassing technical issues and turning to the spirit of the Iran nuclear deal. President Trump believes the agreement should not be limited to tackling the nuclear issues only, knowing that Iran was abiding by the terms of the agreement as stated by the International Atomic Energy Agency (IAEA). According to the United States and some of its regional allies, the agreement should include Iran's ballistic missile program and its regional role to remove any threat to Washington and its regional allies', particularly to their interests and to deny Iran obtaining nuclear weapons in the future by changing the terms of the agreements.

Changing Iran's behavior through a comprehensive treaty, including a change in the technical issues of the nuclear agreement and forcing Iran to change its military and strategic goals has created a major challenge for the US as some of the terms of the Joint Comprehensive Plan of Action (JCPOA) have been a point of dispute between the US and the other nuclear deal signatories, particularly, the European Troika states. In addition, the new amendments to the nuclear deal are a big loss and could delegitimize the Iranian regime, limit its influence, and deprive it of its gains.

### **The problem of isolating Iran, internationally, and challenging its influence, regionally**

The Trump administration is facing many challenges in isolating Iran and curbing its foreign policy. In the United States, there is controversy on US policy towards Iran. The three meetings of the former US Secretary of state, John Kerry with his Iranian counterpart, Mohammed Javad Zarif in 2018 reflect this controversy, particularly as Kerry's position on Iran contradicts that of the Trump administration. Controversy on Iran in the United States has gone too far to the extent that some American elites have advised the Iranian regime to buy time and rely on President Trump's loss in the upcoming presidential elections; a position that differs from the US position on Iran during the pre-nuclear deal era. The Europeans have serious reservations concerning US withdrawal from the nuclear deal. Some European countries have studied developing a mechanism to decrease the impact of US withdrawal from the deal and to face potential sanctions that could be imposed on Iran's European partners, both countries and companies, by using new remittance channels away from the US banking system. On September 25, 2018, Britain, China, France, Germany, and Russia held a meeting on the sideline of the UN General Assembly and announced their commitment to their contracts

and the continuity of trade with Iran despite US sanctions. As a result, the EU developed a legal entity to facilitate legitimate financial deals with Iran to pave the way for European corporations to continue business with Tehran in compliance with EU laws. This position of Europe seems to challenge the US position although both sides agree on Iran in general. However, the European perspectives on the nuclear agreement differ, representing a major challenge for President Trump's strategy in strangulating the Iranian regime and forcing it to sign a new treaty.

Some international partners have improved economic relations with Iran after signing the nuclear deal such as Russia, India, and Japan. These countries deny the US position and try to find ways to maintain cooperation and preserve their interests by resisting US pressure or obtaining waivers to avoid sanctions and to continue business with Tehran, especially Japan.

President Trump is leading a campaign to isolate Tehran despite tense relations with the EU, China, and Russia. He lacks the international support necessary to exert the greatest arena of pressure on Iran. In addition, Washington is not willing to enter in to direct confrontation with Tehran to preserve international balances, given that Iran has taken its military operations beyond its borders by its proxy militias and by developing key alliances, particularly, the one with Russia in Syria.

Regionally, the United States is no more the only active player as before. Regional interactions by other major players are apparent, with highly contradictory, competitive, and interrelated interests. This means to develop a scenario to face Iran's role without big challenges is impossible for the following reasons: the Iranians and Russians have a strategic alliance in Syria, the Iraqi and Syrian governments are major allies of Iran and cannot cut off relations with it politically and doctrinally, Turkey and Iran have shared interests on a number of is-

sues and important spheres of influence, and Hezbollah- Iran's proxy militia- has strengthened its role in Lebanon and as a regional military power with and without coordination with the Lebanese army. Perhaps, Iran has been significantly strangled in Yemen after the Decisive Storm Operation under the leadership of the Kingdom of Saudi Arabia.

Iran has important political cards to play in Iraq, Syria, Yemen, and Lebanon. Its major regional role cannot be ignored or curbed at least in the medium term except by external pressure. Many observers believe that even expelling some of Iran's regular forces from these countries will not limit the influence of its proxy militias that have become an important party in the regional political and sectarian crisis.

Iran's extensive borders and its regional relations allow it to circumvent sanctions on its oil exports. At the same time, it threatens international shipping lanes at Bab Al-Mandab and at the Hormuz Strait if sanctions target its oil exports. In addition, Tehran is threatening US interests in the region, which could lead to confrontation and impact oil supplies and world prices. In fact, oil exporting and importing countries would be unable to afford the consequences of a possible confrontation.

Iran is aware of the nature of its crisis and its points of strength and weakness and is maneuvering using conditions surrounding this crisis. So, Tehran is still wedded to the nuclear deal as long as any of its signatories are committed to the agreement, knowing that it has always threatened to withdraw from the accord as a means of leverage and maneuvering only. Tehran is intensifying its diplomacy to attain support in the face of US pressure, preserve its foreign trading relations, and maintain its presence on the regional arena and its intensive engagement. This was apparent by the recent missile attacks Iran launched on ISIS positions in Syria and by attacking armed Kurdish groups in Iraqi Kurdistan. Tehran believes these arenas are its major gains and the most effective cards in facing

the US and its pressure.

Despite the challenge of isolating Iran and facing its influence internationally, the United States is capable of exerting pressure on Tehran. Although some countries have adopted different views from the United States, especially on sanctions, many companies have violated their countries positions and left Iran for fears of US sanctions and losing entry to the US market. Some countries have started negotiations with the United States to avoid sanctions after Washington imposes a new phase of sanctions on Tehran on November 4, 2018, while others will be obliged to abide by the US position to preserve their significant interests with Washington rather than the limited ones they have with Tehran.

Regionally, the United States has the ability to curb Iran's influence and cause it great losses, particularly in the areas where it deploys its forces and proxy militias. However, this option does not seem to be one of the US priorities at this stage. Accordingly, some questions have been raised about the US fixation on Iran's interior as a means to change the Iranian regime's behavior.

### **Iran's interior: an arena for more confrontation**

The first reason for the US focus on Iran's interior resulted from its willingness to change the regime's behavior rather than changing the regime itself, as the US sanctions seem to have already been prepared for this purpose. The Iranian interior arena exerting more pressures on the Iranian regime and aligning with the balance of fear by which the United States is administering its interests in the region. Defeating the Iranian regime is an unacceptable scenario neither by the United States nor by some regional powers. This is apparent by the establishment of the Iran Action Group (IAG) on August 16, 2018. It is tasked with implementing the strongest pressure to change Iran's behavior, coordinate US policy towards Iran, coordinate



with US allies concerning sanctions on Tehran, and to pursue the countries having trade relations with Iran after the second set of sanctions on Tehran come into being on November 2018. On the other hand, President Trump and his administration have said that the goal of sanctions is to change the behavior of the Iranian regime rather than changing it. President Trump called for meeting with the Iranian President, Hassan Rouhani. This means that the US policy on Iran is like its policy on North Korea.

The second reason for the US focus on Iran interior is betting on its political, economic, and social crisis. This is a point of weakness that could result in positive consequences and exert pressure on the Iranian regime. Despite signing the international accord, President Hassan Rouhani failed to implement his reformist economic policies and to prepare the internal situation to benefit from the nuclear deal and its gains. In fact, the Iranian Revolutionary Guards Corps (IRGC) has thwarted economic progress and Iran's desire to integrate its economy in the world economy by dominating all economic aspects and wealth in the country. In addition, the IRGC is wasting Iran's wealth on its external expansionist project, disregarding President Rouhani's calls to give up this project that has become a burden. Moreover, the IRGC external project has exhausted Iran's resources and wasted the economic opportunities provided by the nuclear deal to improve the high unemployment rates, low living standards, and high rates of poverty. As a result, over the last year, public demonstrations arose that reflected the depth of the internal crisis in Iran, particularly as the protestors raised slogans against the regime itself, as well as, its religious and political figures.

The US withdrawal from the nuclear deal and the imposition of the first set of sanctions have already exacerbated the harsh economic conditions. Iran's national currency has devalued with a small appreciation recently. The black market for trad-

ing the US dollar has flourished, leading to public demonstrations all over the country at the beginning of 2018, and other protests by the end of July of the same year, as well as, some demonstrations and strikes, representing the depth of public rage against the regime.

After the intensification of internal protests, hardliners exerted big pressure on President Rouhani and set him up as a scapegoat after US withdrawal from the nuclear deal. They forced a cabinet reshuffle by replacing the Ministers of Labor and Economy, as well as, the Central Bank Governor. President Rouhani was questioned by lawmakers in parliament, which means that the hardliners won a round of confrontation with President Rouhani in the backdrop of the breakdown of the nuclear deal, public rage, and harsh internal conditions. Indeed, that reflection for the crisis and dispute, which would increase the state of dissatisfaction in the country.

On the other hand, the sanctions imposed by President Trump and his threats to companies investing in Iran's oil sector led to a decrease in oil production that negatively impacted governmental revenues and decreased its capability to resist currency devaluation and fulfill its responsibilities, leading to protests against the regime by the bazaar merchants- one of the regime's supporters. The upcoming sanctions in November 2018 targeting Iran's energy sector and the US dollar transactions to decrease Iran's oil exports to zero level. In case this happens, it will pose a new challenge to the Iranian regime's survival prospects, which might drive the Iranian leadership to accept President Trump's call for negotiating a new comprehensive treaty or maneuvering on that before November 4, 2018.

Based on the aforementioned, the US administration finds it an opportunity to strangulate and delegitimize the Iranian regime, as well as, to force it to compromise in exchange for sanctions relief and stability back in the country. On the other

hand, the Iranian regime is trying to address its internal crisis by fighting corruption and stabilizing its currency to appease its major supporters, especially the bazaar merchants who initiated internal demonstrations for days following the collapse of Iran's exchange market after US withdrawal from the nuclear deal and the resumption of sanctions. This rage is expected to increase due to banking sanctions and a recession that could accompany the new set of sanctions in November 2018. In fact, the US is using this tactic intensively and is trying to set the internal and external conditions to impose the new phase of sanctions on November 4, 2018.

## **Conclusion**

The real battle between Iran and the United States will be inside Iran as this is a fluid environment prepared, from the US viewpoint, for incurring efficient impact without any negative and unexpected consequences as this policy of pressure aligns with the strategy of changing the regime's behavior. The Iranian regime has succeeded, temporarily, in calming the internal situation, but there are some demonstrations that reflect the economic crisis in the country.

The United States believes the state of confusion inside the Iranian regime can contribute to the success of its strategy on Tehran. Once the second set of sanctions come into being on November 4, 2018, the internal situation will be more pressuring on Rouhani's government and the regime as a whole, knowing that the sanctions, will basically, target Iran's oil sector, the major source of Iran's revenues. President Trump said that he would bring Iran's oil exports to a zero level and is exerting big pressure on countries and companies to withdraw their investments and stop their joint projects with Tehran, which is evidence that the US administration is serious in its policy of targeting Iran's interior. On the other hand, the US is striving to compensate the shortage in the world oil market by

making agreements with its Gulf allies, reflecting its seriousness in reinstating sanctions on Iran's energy sector.

Nevertheless, things are not that easy. Banning Iran's oil exports could negatively reflect on the world oil prices in case the Kingdom of Saudi Arabia and the Gulf states do not make up the shortfall. This means that the US could exclude this sector from sanctions or grant waivers to some companies in this regard, it might be very challenging to maintain global supply and would come at the expense of maintaining an adequate spare capacity cushion. In addition, Iran has broad borders with a number of countries where it can easily smuggle some of its oil to the external world. Countries such as Russia, China, and the EU could establish a monitorial transfer system away from the US banking system, giving the Iranian regime the ability to face its internal crisis and prevent destabilization or force it to sit down at the negotiation table. Furthermore, the US pressure on Iran could widen the gap between Washington and its European allies, paving the way for Iran to maneuver by using these differences. The absence of an international consensus concerning sanctions on Iran will not force the regime to accept negotiations, given that President Trump's policy has strengthened the position of the hardliners in power in Iran with their hardline position on the issue of negotiations with the United States. On August 13, 2018, the Iranian Supreme Leader, Ali Khamenei said, "America suggested holding new negotiations and this is not new. However, things have changed now and we will not sit down for new negotiations." Hence, the US pressure on Iran might not achieve its objectives in convincing the Iranian regime to sign a new treaty with it. On the contrary, collapse of the nuclear deal might motivate Iran to withdraw from the agreement and resume its nuclear activities, which is evident when Iran's Foreign Minister, Mohammed Javad Zarif threatened, on September 13, 2018, of resuming uranium enrichment had Europe adopted a negative position on the US withdrawal from the international

pact. Nevertheless, Zarif's statement is a two-edged sword; as much as it is an Iranian pressuring card, it might unify the international powers with the US position on this issue.

Finally, the upcoming sanctions in November 2018 will strangle the Iranian regime as it will disrupt its domestic conditions and exacerbate its economic crisis. If the Iranian regime does not respond to these pressures and accept new negotiations, President Trump will face a real challenge in terms of his pledges and popularity and ultimately his upcoming electoral campaign, as well as, the international position of the United States under his leadership, leading to one of two scenarios:

**First**, change US tactics and move towards escalation and confrontation that starts- most likely- outside Iran and could extend, due to any random reaction by Tehran, to Iran's interior because of the intense pressure of the United States and its regional allies on the necessity of restraining Iran and limiting its influence and regional role. In addition, President Trump is willing to reach prompt results to fulfill his vows and show his competence on the North Korean reconciliation model. This could require more US pressure on more than one front such as in Iraq, Syria, and Yemen. Indeed, public rage might not be more effective than defeating Iran in one of its regional spheres of influence, given public discontent with Iran's interference in these countries.

**Second**, intensify pressure by relying on a long-term policy until the Iranian regime surrenders and gives in to US demands.

The latter scenario is the most probable in the short run. By the time, the Trump administration can attract international powers opposing the US position on Iran, the Iranian regime could have the ability to absorb the shock of sanctions in the beginning, but might not have the ability to survive the unprecedented pressure in the long run. In addition, this scenario limits any random reaction by Iran and perhaps, this is the

answer for understanding the US focus on Iran's interior as a means to change the regime's behavior. Let us wait and see if President Trump is more patient or rushing off to reach his goals and if Iran is going to face the US position with intransigence or understanding.



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