



**RASANAHAH**  
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**Study**

# **The Mutual Escalation Regarding the Nuclear File**

The Predominant Balances in the  
Course of the Crisis Between the  
United States and Iran



By

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### **Disclaimer**

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## Introduction

A year after the US pullout from the nuclear agreement, US-Iranian relations escalated bringing the crisis between the two countries to a crucial and complex stage. The nuclear file, which is at the core of the crisis, witnessed a mutual escalation during the first week of May 2019. On May 3, 2019, US Assistant Secretary of State Christopher Ford announced in an official statement the end of the extension of the nuclear exemptions, which were among the terms of the nuclear agreement between Iran and the P5 + 1 countries.

Following a decision by the Iranian National Security Council, the Iranian President Hassan Rouhani announced on May 8 the reduction of some of Iran's commitments prescribed under the nuclear agreement<sup>(1)</sup> in response to the US escalation since its withdrawal from the nuclear agreement in May 2018. However, this agreement ended a year after the restoration of all non-nuclear sanctions. Within weeks of the US withdrawal from the agreement, there was unprecedented escalation which included designating the Islamic Revolutionary Guard Corps (IRGC) as a terrorist organization, ending the exemptions on oil exports, and imposing nuclear restrictions on the export of uranium and heavy water. Meanwhile, the other signatories have not fulfilled their pledges in order to maintain the agreement.

Moreover, the United States has increased its military presence in the Gulf region to a level not seen since the invasion of Iraq in 2003. This increased military presence is in response to leaked information regarding Iranian military moves and the transportation of troops and equipment for an anticipated confrontation with the United States. This information was further validated by previous statements expressing the readiness of both parties for military confrontation and escalation, if necessary.

These developments raise a number of questions, most importantly: Why did American pressure on Iran lead to nuclear sanctions? What is the next step after Iran suspended some of its nuclear deal commitments? In what context can this be understood? Which party is the closest to achieving its goals from this escalation?

In order to answer these questions, this study assumes the following:  
-The United States is working to undermine the remaining tenets of

the nuclear agreement in order to impose a new reality on Iran and the 4 + 1 group and give its maximum pressure strategy a new push in the hope of reaching a new agreement with Iran that includes nuclear and non-nuclear issues.

-The announcement of the Iranian government to suspend some of its nuclear commitments is to put pressure on the remaining countries in the nuclear agreement to test their seriousness and readiness for preventing the collapse of the nuclear agreement. If this was not the reason, then it will be used as a bargaining option before starting further negotiations with the United States.

-The effectiveness of the strategy adopted by the United States and Iran taking into account their differences with the United States heavily outweighing Iran in its capacity to influence. This makes the United States closer to implementing its goals, and increases the prospect of both parties engaging in new negotiations as a result of the current imbalance.

In light of this, we will address the dimensions of the US-Iranian escalation through a number of axes: firstly, the United States and the ending of its nuclear exemptions: dimensions and goals; secondly, Iran's suspension of some of its nuclear commitments: the stages and goals; thirdly, the US-Iranian escalation: balances not favoring Iran; fourthly, what is the future of the current crisis between the United States and Iran?

## **I- The United States and the Ending of its Nuclear Exemptions: Dimensions and Goals**

After President Donald Trump pulled out from the nuclear agreement on May 8, 2018, the US administration granted some exemptions which were renewed every six months. However, in line with ending its exemptions on oil exports, the US administration cancelled its nuclear exemptions which came into effect on May 4, 2019. Iran is prohibited from exporting heavy water and trading enriched uranium with natural uranium.<sup>(2)</sup> As result, Iran has had to suspend all sensitive activities since this date, including uranium enrichment because Washington would oppose any measure that supports the continuation of uranium enrichment, and will not allow Iran to store heavy water beyond the current limit. The United States will also impose sanctions if Iran's Bushehr nuclear power plant expands beyond the current reactor unit, and Russia supplies nuclear fuel to the plant. At the same time, the US extended exemptions regarding cooperation with Iran in scientific and civil research in the Arak, Bushehr and Fordow plants for 90 days.<sup>(3)</sup>

Although the new US nuclear restrictions regarding uranium enrichment and heavy water are in line with Washington's position, opposing uranium enrichment and Iran's heavy water production, even if Iran's enrichment level is only at 3.67 percent, puts Tehran and its nuclear partners in trouble and imposes a new reality on the nuclear agreement as a whole.

However, US measures included the renewal of certain exemptions that would allow some countries to continue working with Iran in accordance with the basic terms of the nuclear agreement. These exemptions allow Britain, China, France and Russia to continue working with Iran in the non-proliferation of nuclear weapons.<sup>(4)</sup> It seems that the United States aims to continue to monitor and keep Iran's nuclear activities under the control of the international community. Only this time, the United States reduced the exemption period to three instead of six months. This may be due to the US desire to retain the right of review and cancellation on a more regular basis in order to impose more pressure on Iran at the current stage, just as it did when it ended oil export waivers. In fact, the US ending its remaining nuclear waivers is likely given the current escalation

particularly if Iran does not reconsider its position and continues to violate the terms of the nuclear agreement.

The limits to Iran's future development of the Bushehr plant are because <sup>(5)</sup> Russia is a party to the operation, and thus ensuring it is used for peaceful purposes. The United States is not seeking to antagonize Russia at this stage, and push it to take Iran's side. The Bushehr nuclear power plant produces electricity under an agreement between Iran and Russia that was concluded before the nuclear agreement. Under this agreement, Russia is committed to providing the fuel and Iran returns the waste to Russia. It is clear that Washington is pressuring Moscow not to provide Iran with nuclear assistance, or help it to circumvent US sanctions in the nuclear field.

In total, the United States aims to end some nuclear exemptions for the following goals:

### ***1- The Completion of the Elements of the Maximum Pressure Strategy***

The ending of nuclear exemptions complements the effectiveness of the United States' maximum pressure strategy against Iran,<sup>(6)</sup> which is heading towards escalation. The threat of imposing sanctions on countries if they continue to cooperate with Iran in prohibited nuclear areas would increase Iran's isolation and exert more pressure on it. Moreover, these sanctions would impose a new reality on the nuclear agreement, making it impossible to maintain it; therefore, Iran will lose an important option to help it achieve certain political and diplomatic gains in the midst of US pressure. Both the nuclear and non-nuclear sanctions will be integrated to tighten US pressure on Iran.

### ***2- The Desire to Rapidly Settle the Nuclear File***

Reducing the period of nuclear waivers on the Fordow, Arak and Bushehr nuclear plants from 180 days to 90 days underscores the importance of the timing of the US strategy,<sup>(7)</sup> which has been witnessing rapid developments in recent months, especially if we view these new US measures in the context of other measures it has undertaken in the near past such as: designating the IRGC as a terrorist organization on April 8, ending its oil exemptions on April 22,<sup>(8)</sup> and imposing sanctions on Iran's mineral exports in early May 2019.<sup>(9)</sup> These measures stem from the US desire to deny the Iranian

government of external sources of income and hinder its financial capabilities. In addition, the US sent its carrier Abraham Lincoln to the Gulf, redeployed more US forces and sent US B52 bombers to the region in response to expected threats from Iran.<sup>(10)</sup> These developments mean that the US administration has an urgent desire to pressure Iran, and has the determination to achieve decisive and rapid results in the Iranian file, especially given that the element of time favors Iran rather than Trump and his administration.

### ***3- Undermining the Nuclear Deal and Its Rescue Plans***

The new US measures will have repercussions on the technical dimensions of the Joint Comprehensive Plan of Action (JCPOA), undermine the legal entailments of the agreement, and impose a new and more difficult reality on Iran. These restrictions will squeeze the Iranian government and deny it of the remaining benefits of the agreement, namely its legal and diplomatic advantages which Iran has used to improve its image internationally. This will lead to further frustration, especially given that the European parties have not kept their promise to save the nuclear deal.<sup>(11)</sup> These sanctions will also restrict the freedom of movement of the other signatories to the nuclear agreement and prevent them from implementing any plans to cooperate with Iran in future.

Undoubtedly, if Iran opts for partial suspension of the nuclear agreement or violated the agreement this would give the US a pretext to condemn Iran for violating the agreement and attempting to activate its military nuclear program, given that the new restrictions and the resumption of uranium enrichment will lead to an accumulation of an additional amount of heavy water and enriched uranium for the Iranian government above the approved level in the nuclear agreement. This option will also create an environment to mobilize all regional and international forces against Iran. There may be international consensus and convergence against Iran's behavior due to the sensitivity of this nuclear file, which may lead to its isolation and lead to the re-imposition of all UN sanctions. Particularly, the European countries have great reservations about Iran's ballistic missile program, which Iran has been continuously developing. In the same context, the ballistic missile program is the main factor for the United States' imposition of nuclear sanctions on Iran.

#### ***4- Pushing Iran to Violate the Agreement***

Practically, the US nuclear restrictions lead Iran to breach its obligations under the nuclear agreement.<sup>(12)</sup> According to the nuclear agreement, Iran is allowed to retain 300 kg of enriched uranium upto a 3.67 percent concentration, as well as to maintain 130 tons of heavy water while any surplus can be sold or exported.<sup>(13)</sup> If Iran fails to export enriched uranium and heavy water surpluses, it will face an extremely difficult situation and would either have to halt uranium enrichment. As the Iranian government expects to continue uranium enrichment, it will not only be subject to US sanctions, as other countries and the partners of the nuclear agreement will support the sanctions. In addition, the decisions of the UN Security Council and all international legal resolutions against Iran will be restored.

#### ***5- Pushing the Iranians to the Point of Frustration and Deepening the Internal Crisis of the Government***

Iran has increased its belief in the non-feasibility and futility of the nuclear agreement after the latest US measures against it. However, the remaining parties to the agreement failed to meet their commitments with Iran and to activate appropriate mechanisms to maintain the nuclear deal. In contrast, the United States, through its restrictions, succeeded in furthering Iran's isolation since the states that cooperate with Iran in the nuclear field will be obligated to adhere to US sanctions. It seems that the Iranians are desperate, including those who were counting on maintaining the agreement. This was confirmed by Foreign Minister Mohammed Jawad Zarif, "that we should not have hope on the foreign countries in the first place."<sup>(14)</sup> This frustration is evident at the diplomatic and public levels, as the promises that accompanied the signing of the agreement have never materialised.

#### ***6- Exerting Pressure on the International Atomic Energy Agency***

The International Atomic Energy Agency (IAEA) has issued 14 reports which stated that Iran was complying with its nuclear commitments, but given the recent developments, the IAEA may not be able to acquit Iran, especially since the Iranian government has announced the suspension of some of its nuclear commitments. However, the IAEA acts as an observer of Iran's nuclear activities and has no effective



power. Accordingly, the latest US measures will exert pressure on the IAEA and thus its reports will be in question, especially since these restrictions have imposed a state of imbalance on Iran's nuclear commitments.

### ***7- Denying Iran International Support***

During its withdrawal from the nuclear deal, the United States granted exemptions to some countries allowing them to continue monitoring some of Iran's nuclear activities to ensure that some level of control over Iran's nuclear program was maintained. The experience of the United States in applying non-nuclear sanctions from May 2018 suggests that most of Iran's nuclear partners will not be able to challenge Washington's will this time, nor will they expose themselves to US sanctions, nor will they sacrifice their vast international interests in exchange for their limited interests with Iran. It is noteworthy that these countries announced their commitment to the agreement despite the withdrawal of the United States in May 2018, but none of them were able to make a genuine contribution to the activation of the agreement and commit to its terms. Instead, the US withdrawal froze the benefits of the agreement, and effectively denied Iran of its advantages. In addition, none of these countries have been able to create financial channels to avoid the impact of US sanctions on Iran.<sup>(15)</sup> Also, these countries have shown concern regarding Rouhani's statements on Iran reducing its nuclear obligations; for instance, Britain announced that "it is very concerned about Iran's announcement of reducing the restrictions on its nuclear program and it has announced that Tehran will face consequences if it pulls out of the nuclear agreement,"<sup>(16)</sup> and the German Foreign Minister Haikou Mas stated: "Germany wishes to maintain the nuclear deal, and for this reason it is important that Iran complies with its terms of the agreement," while he did not place blame on the United States.<sup>(17)</sup> The French position is no different from the British and German positions. Though these three countries supposedly were the guarantors of the nuclear agreement, the United States has succeeded in gaining these countries to its side. Thus, the United States is in the process of achieving real success in undermining the nuclear agreement and its effects, and pushing Iran to violate it with all the implications that this may have, which

all contribute to the effectiveness of the maximum pressure strategy against Iran.

## **II- Iran’s Reduction of Some of Its Nuclear Commitments: The Stages and Objectives**

The statement by the Supreme National Security Council of Iran held the United States and other members of the nuclear agreement responsible for the collapse of the nuclear agreement and any subsequent repercussions. It also mentioned that Tehran had no choice but to reduce its commitments to rebalance the demands of the parties to the agreement.<sup>(18)</sup>

For his part, President Rouhani announced the details of Iran’s plan for reducing its nuclear commitments and he said they would be implemented in three stages. Each stage would be limited to a two-month deadline, in accordance with Articles 26 and 36 of the nuclear agreement, under which Iran is allowed to suspend part of its obligations if sanctions are resumed.<sup>(19)</sup>

### **Screenshots of Paragraph 26 and Paragraph 36 of JCPOA**

26. The EU will refrain from re-introducing or re-imposing the sanctions that it has terminated implementing under this JCPOA, without prejudice to the dispute resolution process provided for under this JCPOA. There will be no new nuclear-related UN Security Council sanctions and no new EU nuclear-related sanctions or restrictive measures. The United States will make best efforts in good faith to sustain this JCPOA and to prevent interference with the realisation of the full benefit by Iran of the sanctions lifting specified in Annex II. The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from re-introducing or re-imposing the sanctions specified in Annex II that it has ceased applying under this JCPOA, without prejudice to the dispute resolution process provided for under this JCPOA. The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions. Iran has stated that it will treat such a re-introduction or re-imposition of the

sanctions specified in Annex II, or such an imposition of new nuclear-related sanctions, as grounds to cease performing its commitments under this JCPOA in whole or in part.

36. If Iran believed that any or all of the E3/EU+3 were not meeting their commitments under this JCPOA, Iran could refer the issue to the Joint Commission for resolution; similarly, if any of the E3/EU+3 believed that Iran was not meeting its commitments under this JCPOA, any of the E3/EU+3 could do the same. The Joint Commission would have 15 days to resolve the issue, unless the time period was extended by consensus. After Joint Commission consideration, any participant could refer the issue to Ministers of Foreign Affairs, if it believed the compliance issue had not been resolved. Ministers would have 15 days to resolve the issue, unless the time period was extended by consensus. After Joint Commission consideration – in parallel with (or in lieu of) review at the Ministerial level - either the complaining participant or the participant whose performance is in question could request that the issue be considered by an Advisory Board, which would consist of three members (one each appointed by the participants in the dispute and a third independent

member). The Advisory Board should provide a non-binding opinion on the compliance issue within 15 days. If, after this 30-day process the issue is not resolved, the Joint Commission would consider the opinion of the Advisory Board for no more than 5 days in order to resolve the issue. If the issue still has not been resolved to the satisfaction of the complaining participant, and if the complaining participant deems the issue to constitute significant non-performance, then that participant could treat the unresolved issue as grounds to cease performing its commitments under this JCPOA in whole or in part and/or notify the UN Security Council that it believes the issue constitutes

Source: *The Washington Post*, <https://wapo.st/3bhW3Rl>.

It is possible to characterize these stages as follows:

**The First Phase:** The sale of heavy water and enriched uranium are halted as a first step. Under this stage, the remaining countries have 60 days to start negotiations on how to preserve Iran's interests especially in the oil and banking sectors to return to the situation before the US withdrawal. If the deadline expires without any result, Iran will proceed to implement the second phase.

**The Second Phase:** If no agreement is reached with the parties to the

nuclear agreement within two months, Iran will begin to implement the second phase which includes two steps:

**First:** Iran is not committed to enrich uranium at 3.67 percent.

**Second:** Iran is able to modernize the Arak reactor for heavy water.

Iran has set a two month deadline for this phase. It is likely to raise its enrichment rate to 20 percent or more and it will also restore the design of the Arak reactor, which is scheduled to be developed under the nuclear deal, and in this case Iran's reactor will be prepared to develop nuclear weapons. According to the nuclear agreement, the 5 + 1 states were supposed to help Iran redesign the reactor. China and Russia, with Iran, composed the joint working group involved in the development process, but this was stopped due to the concerns of Chinese companies about cooperating with Iran under the United States' threat of imposing sanctions. Under this option, Iranian officials said that the initial designs were prepared and the equipment contract was readied, so that Iran would build the reactor itself by using the old design and technology.<sup>(20)</sup>

**The Third Phase:** This phase would be launched in the absence of any response by the remaining parties to the nuclear agreement within the second 60 days deadline, and the Iranian file would be referred to the UN Security Council.

Rouhani has not yet announced the contents of the third step, which includes a final 60 days deadline, but he stated that he has "sent the content of its steps to the remaining five countries in the nuclear agreement."<sup>(21)</sup>

If the first phase was primarily considered as a warning and aimed at exerting pressure on the remaining countries to the nuclear agreement, the second stage would effectively start Iran's reduction of its nuclear commitments to re-enrich uranium without any maximum limit and the development of the Arak reactor. The third stage would be the actual announcement of the death of the nuclear agreement because reaching this point means that negotiations between Iran and the remaining countries in the agreement have reached a dead end.

It can be noted that Iran is aiming to reduce its nuclear commitments for the following reasons:

## 1- To Avoid Violating the Agreement

In reviewing the Iranian plan, it can be said that the first stage of stopping the sale of heavy water and enriched uranium by Iran would entail restarting the negotiation process with the remaining parties to the nuclear agreement. But the impact of Iranian actions during this stage would be limited because Iran as a practical matter cannot exceed the amount of heavy water maintained on its territory since it had stored only 120 tons through last February, and its production capacity will not exceed 1.6 tons per month according to the latest report of the IAEA issued in February 2019.

Iran will not be able to produce low enriched uranium within 60 days beyond the limit permitted by the agreement without increasing the number of modern IR3 centrifuges, according to Iran's Atomic Energy Organization (IEA) President Ali Akbar Salehi. This statement was published by the Iranian news agency IRNA and deleted shortly after publication. The IAEA announced that Iran had retained 120 kg of low enriched uranium in May 2018 which reached 163.8 kg in February 2019. In fact, the nuclear deal allowed it to retain 300 kg of low enriched uranium, which would not be achieved in this short period.<sup>(22)</sup> Iran's only choice during the first phase is not to exceed the rate of scheduled reserves of enriched uranium and heavy water, as confirmed by the statements of Abbas Araghchi, a political assistant to the Iranian foreign minister, on May 8, 2019. This may be meant to create the appropriate conditions to negotiate with the remaining countries in the nuclear agreement and to avoid the reservations of these countries at this crucial time.

On the other hand, the Iranian government announced that its road map is in accordance with the terms of the agreement and Articles 26 and 36 of the JCPOA. Through this announcement, the government aims to not provide the United States an opportunity to impose further sanctions. It also allows more time to negotiate with European countries to implement the terms of the agreement and to help Iran in exporting oil and overcoming financial sanctions. If these countries cannot help the Iranian government, Iran may win some of these countries over to its side so that it becomes impossible to activate the sanctions and the international resolutions. Finally, the government wants to hold the partners of the nuclear agreement responsible for the failure of the agreement.

## ***2- To Relieve American Pressure***

The Iranian government had not made the first steps to partially reduce its nuclear commitments a year after the US withdrawal from the nuclear deal, until US pressure reached its peak. This pressure dropped Iran's currency to its lowest level seven months ago. This reality presents a major challenge for the government, because it will be difficult for the government to meet its obligations and living conditions may deteriorate within several months making the political system vulnerable to collapse due to widespread popular uprisings.

Through this measure, the Iranian government seeks to reduce the American escalation and push the international parties to exert pressure on the United States. Indeed, the reactions and statements from several capitals have criticized US policy. Iran intends to convey a message to Trump's administration and other partners to the nuclear agreement that the continuous pressure on Iran will not be without a cost, and that escalation may occur and complicate all calculations, including more volatility in the oil market and insecurity in the region.

## ***3- To Change the Position of the 4 + 1 Group***

The Iranian government was deeply disappointed by the remaining countries in the nuclear agreement because of their position toward US sanctions, especially the recent US nuclear restrictions which were clearly aimed to push Iran to violate the nuclear agreement. Iran's plan to reduce its nuclear commitments is to move things forward and throw the ball in the court of the European Troika, China and Russia, and to explore their seriousness in maintaining the nuclear agreement. Significantly, the Iranian government has sought to refute the information leaked to these powers and the United States that the Iranian government would be willing to accept the end results stemming from the Trump administration's policies. On the contrary, the government seeks to show that Iran has the ability to complicate all calculations.

#### ***4- To Exert Pressure to Operationalize the Financial Exchange Mechanism (INSTEX)***

Iran seeks to pressure the European parties to activate the financial exchange mechanism INSTEX, which would provide the government an opportunity to overcome US sanctions. However, there are many challenges that could decommission this mechanism. On the Iranian side, there is no intention of accepting the European conditions in order to activate INSTEX, most importantly complying with FATF rules. The Iranian Foreign Minister Mohammed Jawad Zarif said, “When we cannot find any interest in the agreements we are involved in ... why should we join new agreements?”<sup>(23)</sup> On the European side, INSTEX limits financial transactions to only Germany, Britain and France. INSTEX would operate on an oil-for-food trade exchange basis. Additionally, the limits imposed by US sanctions make selling oil and yielding its revenues through INSTEX difficult, if not impossible.

#### ***5- To Gain Time and to Enhance Bargaining Capacities***

Iran’s use of Article 36 of the JCPOA means referring issues of non-compliance to the Joint Settlement Committee. This in turn will lead to consultations over a period of 35 days, giving Iran the right to suspend its obligations under the agreement. During this period, there will be negotiations and discussions conducted with the remaining parties to the nuclear agreement in order to fulfill their obligations, especially with regard to oil exports and INSTEX, without Iran having actually violated the agreement. Legally, this applies to the first and second stages; therefore, Iran gains more time, which it has bet on from the very beginning.

Through its escalation of reducing some of its commitments gradually, Iran is trying to enhance its bargaining position<sup>(24)</sup> if it is finally forced to the negotiating table. Iran is seeking to return to the very beginning before it signed the nuclear deal if it is forced to engage in new negotiations with the United States, hoping to start negotiations from that point in order to reduce losses and gain more time during the negotiating process.

### **III- The American-Iranian Escalation: The Balances are to the Disadvantage of Iran**

Given the mutual escalation by the United States and Iran, and in view of the conflicting objectives of the two sides, it can be said that the impact of the escalation on the future of the nuclear crisis and file will be subject to a number of considerations and differences such as the following:

#### ***1- Differences in the Capacity to Influence the Course of the Nuclear Agreement***

While Iran invokes the legitimacy of the nuclear agreement, its commitment and the 14 reports of the IAEA since the adoption of the UN Security Council resolution 2231 – all of which provide evidence of Iran’s commitment to the terms of the agreement – as well as the support of the remaining powers to the agreement for the agreement’s continuation, the United States did not care about any of this once it recognized that Iran had not respected the spirit of the nuclear agreement. Due to its capacity to influence, Washington has been able to impose a new reality on the nuclear deal. Within a year, Trump managed to deny Iran the benefits of the nuclear deal after reactivating all non-nuclear sanctions. Through ending the nuclear exemptions, it is forcing the Iranian government to violate the agreement and has thwarted any party from enforcing any of the terms of the agreement.

#### ***2- Unprecedented American Pressure in the Absence of an Effective Iranian Strategy***

The United States prefers a strategy of maximum pressure, and it works to coordinate its elements according to a timetable and enact tactics that are very influential. Therefore, the Iranian government is facing a dilemma that it may not have experienced before even under the comprehensive sanctions prior to the signing of the nuclear agreement.

On the other hand, Iran does not seem to have a corresponding strategy to deal with the intense US pressure. Iran’s policy has clearly been based on “reaction,” not on a coordinated “plan.”<sup>(25)</sup>



Ending the oil export waivers have led to a fall in the local currency, the rial, to its lowest level in seven months. As the majority of the exempted countries suspended their oil imports, the Iranian budget could lose about 50 percent of its resources. In addition, the United States has imposed sanctions on mineral exports, denying the Iranian budget of more resources. There is a US inclination to impose additional sanctions on Iran's petrochemical sector. These sanctions will undoubtedly increase Iran's internal burdens. Consequently, a large segment of the workforce will be affected, public discontent will increase, and the situation would be further aggravated leading to a further decline in the government's legitimacy. With the pressure increasing, Iran would have two options: face collapse, or bend to the pressure and renegotiate.

It has been noted that the United States moved its Abraham Lincoln carrier to the Gulf, redeployed more troops and sent B52 bombers to the region. It also threatened Iran with a violent response if it engaged in any irrational reaction.<sup>(26)</sup> As the pressure reached its peak in recent weeks, it is likely that this trend of being strict with Iran is the preferred way to change the behavior of the Iranian government.

### ***3- Betting on Time Between US Decisiveness and Iran's Waiting and Seeing***

Iran's first option was to be careful and wait after the US withdrawal from the nuclear deal in the hope that the European Troika, China and Russia would launch effective mechanisms to help Iran cope with US pressures, and fulfill their obligations as well as to activate real mechanisms to save the nuclear deal, including the activation of INSTEX<sup>(27)</sup> and to help Iran export its oil. Although the Europeans are still promising to fulfill their nuclear commitments and have rejected US actions against the nuclear agreement, and Russia has rejected the latest US restrictions and declared the continuation of its cooperation with Iran including nuclear cooperation, none of the remaining five countries in the agreement have been able to provide any help to Iran in avoiding US sanctions and thus saving the nuclear agreement.

The Iranian government was also betting on withstanding American pressure for as long as possible, or at least until the US elections in 2020 in the hope that the US president would not be re-elected<sup>(28)</sup> thus possibly changing US policy towards Iran accordingly.

Betting on time would enable Iran to continue its diplomatic efforts exploiting the legitimacy of the agreement and the divergence of the United States and the partners of the nuclear agreement to ease the pressure. The absence of an international consensus would rescue Iran from isolation. In reality, this option has failed since these bets and the accompanying channels did not provide a guarantee to help the Iranian government in overcoming the dilemmas it is facing.

Iran's bet on Trump not being reelected is a risk given the indications of his domestic success, with unemployment at its lowest level in nearly half a century. Moreover, Iran's diplomacy is insufficient due to its poor international position and weaknesses given its strained international relations because of its hostile policies. Therefore, the bet on time and its wait and see policy failed and the Iranian government has found itself in a difficult situation. For all these reasons, Iran resorted to a new option: suspending some of its commitments under the nuclear agreement.

On the other hand, it seems that the United States has pursued a progressive and accelerated path of escalation against Iran, and that it is in the process of completing and supporting the elements of its strategy in a very intensive and integrated way. This may represent an American desire to complete this file before the election. The shortage of time for the Trump administration before the election and regional pressures on the United States have not acted as a constraint but led to a fast track policy as well as an attempt to resolve the Iranian nuclear issue which has hindered Iran's policy of betting on time.

#### ***4- The Group (4 + 1) Between Maintaining the Nuclear Agreement and Challenging US Sanctions***

The competition for gaining the support of the remaining countries in the nuclear agreement between the United States and Iran is unequal because the United States has enormous influence over these countries, whether through encouragement or intimidation. For a year now, they have shown no willingness to challenge America's will and perhaps will not do so in the future, since the cost of standing with Iran is expensive. As result of the US restrictions, Europe has failed thus far in activating the mechanism of financial exchange so that Iran can export its oil and obtain its oil or non-oil returns.<sup>(29)</sup> The Iranians instead started to sense that the Europeans are closer to the

American position, and they serve the American strategy deliberately or unintentionally.

### ***5- Betting on the Iranian Internal Situation***

The US bets on creating a deep internal crisis that threatens the legitimacy of the Iranian government, forcing it to accept American conditions. Through intensive sanctions, Washington has succeeded in denying the Iranian government of the necessary resources to deal with the country's economic crisis. Accordingly, public protests broke out in response to deteriorating living conditions and declining economic indicators. By imposing further sanctions depriving the Iranian government of hard currency, it may exacerbate the internal conditions thus increasing the pressure on the government and raising the probability that it will come to the negotiating table.

However, the government is aware of this danger, so it has started to work promptly on several fronts to face the challenge of growing popular anger and perhaps a revolution. It has resorted to work on various economic measures to maintain stability, including its attempts to control the currency, raise wages, declare austerity and reduce expenses as well as adopting a plan to overcome the sanctions. More importantly, the government exploited the US escalation to distract from the economic crisis and to bet on unifying the external front. It also exploited the US decision to incite the Iranian people against the political system, such as the US designation of the IRGC as a terrorist organization.

Finally, the government still has considerable legitimacy and it has authoritarian tools that can curb any popular protests that may threaten its survival. The security apparatus has a stranglehold on society. Yet it is difficult to predict how stable the situation will be inside Iran, especially with the escalation of American pressure that is targeted to stifle the Iranian economy and dry up the budget's resources. However, no matter how powerful the grip of the state, it will not be able to withstand public outrage if the state fails to perform its main roles, which the American administration is working on undermining at the moment.

## ***6- The Divergent Perceptions of the US and Iranian Parties to the Settlement of the Crisis***

The Iranian government has emphasized that dialogue is possible, but the terms of negotiations from an Iranian point of view are different from those offered by the Trump administration. Iran suggested negotiations within the framework of the nuclear agreement, excluding the United States because it withdrew from it. It also has offered to negotiate to reactivate the agreement since it did not violate it but not to modify it or sign a new one. By involving itself in these negotiations, Iran will be content if the remaining countries commit to buying its oil and finding a financial mechanism in order to obtain its oil and non oil returns.

On the other hand, Trump offered to negotiate, and the last time he did so was on May 9, 2019. Trump perceives negotiations with Iran to be direct and bilateral. Trump talks about a new agreement covering nuclear issues, the missile program, regional interventions and changing Iran's behavior. There is a deep gap between the two sides and that there will be further rounds of escalation.

## ***7- The Difference in Military Capabilities***

The military capabilities and their overall components vary. Although Iran has its tools to disturb and harm US forces or its interests and the interests of US allies in the region, there is no comparison between Iran's capability and the United States' in this regard. The large scale use of force is not in any way in the interest of Iran.

## **IV- What is the Future of the Iran-US Crisis?**

In light of the above, developments in the current escalation can be predicated as follows:

### ***1- The Possibility of Escalation Leading to Military Confrontation***

The current stage which has witnessed mutual escalation in the context of the nuclear file is one of the most influential stages in the course of the crisis since the US withdrawal from the nuclear agreement because it has led to US military movements in the Gulf region which have not occurred since the invasion of Iraq in 2003. This puts the option of war strongly on the table, especially since wars

do not always require a prior decision. A war may erupt as a response to an unintended accident, but what if the voices controlling both sides are hawks?

The Iranian integral affairs are orchestrated by hardliners represented by the supreme leader and the IRGC leadership that stand for the most radical views inside the government and are ideologically motivated, with them continuously promoting the revolution's permanent slogan "Death to America." In fact, the Iranian hardliners have an inclination toward military confrontation and are willing to bear the burden of direct or indirect military confrontations. The moderate elite joined the hardliners following the failure of their bet on the nuclear agreement, and after the US withdrawal.

On the US side, John Bolton, the former national security adviser, and Secretary of State Mike Pompeo, belong to the extreme right in dealing with Iran. They both have displayed a tendency to support changing the government rather than modifying its behavior, particularly Bolton during his tenure. This process is difficult to implement, occurring only through a military operation that could undermine the capabilities of this government and its chances of remaining in power.

There are indications that predict scenarios of a military confrontation with the rise of Iranian threats given that the United States is planning to announce its intention to end oil exemptions and drop Iranian oil exports to zero. In response, Iran announced that if it is prevented from exporting its oil it will not allow other countries to export their oil through the Strait of Hormuz. Iran sent a clear message to the United States by targeting its consulate in Basra which is considered a case study for possible escalation against US forces in the region in the future. Iran even recently instructed its militias to target US allies through long-range aircraft and missiles. White House and Pentagon officials reported about "recent intelligence and specific threats against the US forces operating in the region, and indications that the Iranians are mobilizing their military equipment transporting them by land and sea."<sup>(30)</sup> The possibility of military confrontation will likely increase given Iran's growing concerns that Washington's intensive military moves in the Gulf are directed at imposing a naval blockade on Iran from the Arabian Gulf, which may

deny it access to one of its most important ports for its oil and non-oil exports.

Military confrontation is most likely to erupt since the American pressure will force the Iranian government into complacency and surrender. Thus, it will lose many of its gains achieved over the past years, whether in relation to its nuclear level, its ballistic missile program or its regional activity. Losses may not necessarily stop at these issues. The government will also lose its popularity and credibility, face a deep internal crisis, criticism will increase leading to a suspension of Iran's external projects and compel the government to pay more attention to internal demands instead, and Iran's military forces, especially the IRGC, will lose its reputation for this dishonorable surrender after slogans of resistance and non-submission have been promoted by its leaders over the years.

On the other hand, modifying Iran's behavior has become a primary target of the Trump administration. The strategy of achieving this goal has taken an unprecedented turn towards escalation, which has aimed to stifle Iran economically and the US has moved more military forces to the region to deter it. There are those inside the Trump administration who are not opposed to developing this escalation into a war in order to change the government, even if some administration officials have stated otherwise. A war could erupt by a mistake given the direct military friction in the Gulf waters between US forces and the IRGC.

Although the drums of war are beating hard in Tehran and Washington, this scenario is not always an option because the two parties have no desire to resort to it. While US forces are increasing their military presence and tightening their pressure, President Trump is offering to negotiate with the Iranian leadership. Despite the intensive movement of US forces, there is no direct indication that they will resort to military confrontation. For their part, the Iranians consider Washington's military moves a kind of a psychological war, and that through their policy of waiting they can absorb this escalation. There are also widespread international concerns that military confrontation will have serious consequences on stability and security not only in the region but also at the global level. The oil market in the event of a military confrontation will probably

destabilize in an unprecedented manner, and the United States takes these risks into account. US military presence, in addition to meeting the objectives of the strategy of maximum pressure, will ensure oil flows from the Gulf region and US forces will act as a deterrence while not being involved in a direct military confrontation. The threat of military use has been and remains a soft power tool that the United States depends on to influence the course of crises and to secure its gains without engaging in military action, similar to when it threatened to use force against the Syrian government and forced it to give up its chemical weapons.

## ***2- The Possibilities of Negotiating a New Deal***

The signing of a new nuclear deal is an option to be considered later, and Iran will resort to this option after it exhausts its policy of waiting and its ability to bear the cost of confrontation financially and publicly, as well as the costs of its failure in betting on time to fundamentally change US policy. In addition, the partial suspension of the terms of the nuclear agreement was fruitless and did not receive sufficient support from the rest of the signatory states.

This option also reinforces Trump's move to impose new restrictions, which may further increase, on Iran's nuclear program after it tightened its oil and financial sanctions. Trump issued a new executive order on May 8 imposing sanctions on Iranian mineral exports. The US administration is also planning to impose sanctions on petrochemical exports. This approach apparently aims to dry up hard currency sources and foreign income.

For the US administration, Iran's case has become a major test for Trump's success and failure at the international level, especially after his failure in relation to North Korea and Venezuela. Trump faces internal criticism that he is responsible for US sanctions losing their impact, which have always been a powerful US weapon internationally. While Trump is not inclined to pursue military action, he will undoubtedly support all measures and pressures on Iran that could force it to negotiate.

The chances for this option would increase due to the poor results expected from the other Iranian options in view of the tough position of the Trump administration, the US desire to settle the Iranian file before the US elections in 2020, the regional pressures on the United

States to end Iran's aggressive behavior in the region, and American military moves in the region to deter Iran in anticipation of any irresponsible reaction by the Iranian government.

In addition, none of the remaining parties to the nuclear agreement have shown signs of challenging the US restrictions, because they will not sacrifice their vast interests with the United States for Iran. The European position revealed its failure to save the nuclear deal. Rather than saving the deal, they took advantage of US sanctions to bargain with the Iranian government to maintain the nuclear agreement in exchange for Iran's accession to the International Financial Action Task Force and the adoption of its conditions, as well as the reconsideration of its regional interventions, ballistic missile program and human rights file. At the same time, Russia's position was limited only to condemnation.

The economic situation inside Iran is likely to deteriorate with the cancellation of oil exemptions on Iranian oil exports and the emergence of a multi-faceted economic crisis that may affect the legitimacy of the government and its survival.

According to these realities, a new comprehensive nuclear deal is the most possible option, but only after the government reaches the brink and feels that the only alternative option to negotiations is to collapse under unprecedented isolation and pressure. The Iranian government may face a military campaign by the United States. This option strongly remains on the table at any stage of the Iranian government's suspension of its nuclear obligations, because most of the escalatory actions that the Iranian government might resort to would increase its predicament.



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