



THE FUTURE OF THE JCPOA AND ITS IMPACT ON THE MIDDLE EAST¹

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The Joint Comprehensive Plan of Action on Iran's nuclear programme (JCPOA) was the product of a compromise. It imposed restrictions on the Iranian nuclear program, but did not shut it down. It also reiterated Tehran's right to pursue peaceful uses of nuclear energy and lifted international sanctions – something the Iranians were particularly eager to achieve. Meanwhile, the international community secured temporary restrictions on the scope of Iran's nuclear activities, as well as regular intrusive inspections of all Iranian nuclear facilities to rule out the possibility of those facilities being diverted to a weapons program. Despite being based on compromise, the JCPOA strengthened the nuclear nonproliferation regime and opened up the path to a comprehensive peaceful resolution of the Iranian nuclear issue. It also helped to lay the ground for the eventual establishment of a WMD-free zone in the Middle East.

The Western parties to the Iranian nuclear deal – the United States, the UK, France, and Germany – regarded it as a first step towards eliminating, once and for all, their concerns over the Iranian nuclear program. By adopting the JCPOA, they hoped to eventually engage Iran in other compromises, including on its missile program and on the broader regional issues.

In Iran itself, the main advocates of the deal were from the reformist wing of the Iranian leadership led by President Hassan Rouhani. They hoped that the JCPOA would help to bolster trade and other forms of cooperation with the West, attract foreign investment, encourage an influx of advanced technologies leading to the improvement of the economic situation and, consequently, to strengthening their domestic standing. Another important goal tacitly pursued by the Rouhani administration was to create a favorable climate for progress towards a normalization of Iran's relations with the United States.

But all those carefully laid plans were thrown into disarray by the unexpected victory of Donald Trump, an impulsive and unpredictable Republican candidate, in the 2016 US presidential election. Upon arriving into the White House, he immediately proceeded to defenestrate his predecessor's domestic and foreign policy legacy. In fact, even during the election campaign he rejected Barack Obama's policy of engagement with Iran, derided the JCPOA and adopted a blatantly Iranophobic stance.

In the end, President Trump took the United States out of the Iranian nuclear deal. In what was couched in terms of an ultimatum, he made several demands to the Iranian government in a clear hope of triggering a regime change. He also re-imposed crippling

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economic sanctions, including a ban on imports of Iranian oil; put the Iranian Revolutionary Guards Corps (IRGC), an elite wing of the Iranian military, on America's list of international terrorist organizations; re-doubled efforts to bolster the anti-Iranian coalition of in the Middle East. All these steps have managed to demoralize the moderate liberal wing of the Iranian establishment and empower the Iranian ultra-conservatives eager for confrontation with Washington.

Trump Administration's pullout from the JCPOA was a major blow for the European parties of the deal. They had cherished a hope that not only the implementation of the Vienna agreements would block Iran from military use of nuclear technologies, but it would also strengthen their traditionally close trade and economic ties with Iran and bolster the reformist wing of the Iranian government, giving the reformists a greater say in domestic and foreign-policy matters, eventually enabling them to moderate Iran's anti-Western regional policies.

After the United States pulled out of the JCPOA, its remaining participants made a joint statement reiterating their commitment to the deal. They said they would continue to abide by their obligations in terms of lifting sanctions and offering Tehran various economic benefits for the sake of Iran sticking to its side of the bargain. The UK, France, and Germany said they would develop and implement a set of measures designed to protect European companies from falling foul of US sanctions for dealing with Iran. After a series of delays, amid Washington's threats to "punish" the Europeans and to the accompaniment of Tehran's warnings that it is ready to abandon the deal, the E3/EU+3 announced INSTEX, a special payments mechanism designed to facilitate trade between European economic actors and Iran without fear of US sanctions. But the Europeans failed to announce when exactly this mechanism would become operational. Meanwhile, Iran launched its own version of INSTEX, called the Special Trade and Finance Institute (STFI).

In the end, the Europeans failed to show resolve and determination to resist Washington's pressure. On several occasions, the EU has promised to reinstate the Blocking Statute that was supposed to be used 1996 to shield European businesses from the impact of US sanctions in Cuba, Iran, and Lebanon. The mechanism proved to be unnecessary then. This time around, it was never reintroduced. As a result, many of the large European banks and corporations closely intertwined with the US economy, unwilling to rely on the promises of protection and support made by the EU bureaucracy, have had to quit Iran to avoid being sanctioned themselves.

Meanwhile, Washington's decision to put the IRGC on the list of terrorist organizations has significantly complicated other countries' trade with Iran. Apart from its obvious security role, the IRGC is a major Iranian economic player that controls large industrial conglomerates, banks and corporations that have numerous ties with foreign partners. The United States continues to believe that its withdrawal from the JCPOA and the tightening of anti-Iranian sanctions will cause major social and economic turmoil in Iran, forcing it to accept American terms at any future talks on its nuclear and missile program, as well as on regional issues. The White House believes that even if the regime doesn't yield to its pressure, it will eventually be swept aside by popular protests.



The fact that the Trump administration entertains such fond hopes suggests that it either knows little about the Iranian mindset and the real situation on the ground or deliberately chooses to ignore it. Over its 40-year history, the Islamic Republic of Iran has often faced major external challenges, including the protracted war with Iraq. But all those challenges have always served to rally the Iranians round the flag of their religious or nationalist sentiment, making them all the more determined not to buckle to foreign pressure. As for the regime change the US officials hope to trigger, the possibility of such a change any time soon has been reduced to almost nothing. Iran is not on the verge of a revolution. Protests break out here and there from time to time, but their basis is primarily economic; they don't have a serious political undercurrent and they are quickly brought under control by the government. The youth, who are the largest and the most politically active group among the Iranian population, is not ready to take decisive action as their parents and grandparents did during the 1979 revolution.

Iran lacks a strong and well-organized opposition. The exiled leftist radicals of the People's Mojahedeen Organization of Iran, which the hawks in DC hope to bring to power in the country, has disgraced itself by supporting Saddam Hussein during the Iran-Iraq war and by terrorist attacks committed against Iranian officials. Meanwhile, Iran's ethnic minorities have largely learned to coexist with the government in Tehran and aren't eager for a showdown with the Iranian military, especially the IRGC.

Despite the growing signs of economic strain caused by the US sanctions, such as the rising inflation and unemployment, or the devaluation of the national currency, Iran had for a long time shown strategic patience and continued to abide with all its commitments under the JCPOA. The Iranian leadership, including the Supreme Leader, Ayatollah Ali Khamenei, understood very well the importance of sticking to the nuclear deal. It realized that should it walk out and resume nuclear activities outside the restrictions imposed by the JCPOA, the international anti-Iranian coalition would quickly be rebuilt, and international sanctions would be re-imposed, this time under UNSC Resolution 2231.

But in view of the growing pressure of US sanctions, which also target Iran's nuclear energy cooperation with other countries authorized by the JCPOA, the EU's continued inaction in terms of offering Tehran clear economic benefits of sticking with the nuclear deal, and the urgings of the Iranian radicals for the Rouhani government to take tough retaliatory steps, Iran was forced to respond. Exactly one year after the US pullout from the JCPOA, President Rouhani announced Tehran's suspension of compliance with some of its commitments under the deal. To be more specific, Iran said it would stop exports of surplus low-enriched uranium and heavy water. That was a logical step because the United States itself had previously imposed a ban on such exports. Tehran also said that such a step was in accord with Articles 26 and 36 of the JCPOA, and did not constitute a violation of its terms.

Iran also gave the remaining participants of the JCPOA 60 days to resolve the situation with its oil exports and the Iranian banking sector. If they don't, Iran will start to enrich uranium to a level above the threshold stipulated in the nuclear deal; it will also revise



the arrangements regarding the modernization of the heavy-water reactor in Arak. To put more pressure on the EU, Tehran also threatened to release the Afghan and Iraqi refugees who were detained in the country on their way to Europe and to halt its efforts against the trafficking of drugs from Afghanistan into Europe.

Additionally, Tehran made it clear that should the situation with sanctions continue to deteriorate, it will gradually begin to pursue other steps, including the suspension of the Additional Protocol to the IAEA Safeguards Agreement and a pullout from the JCPOA – as well as perhaps from the Nuclear Non-Proliferation Treaty itself. It cannot be ruled out that if an international anti-Iranian coalition comes into being, and if pressure on Iran reaches a critical threshold, Tehran might choose the North Korean scenario and start developing its own nuclear arsenal and delivery systems as a safeguard of its own security and as a means of protecting its national interests at any future nuclear talks. Such a development would be a blow for the nuclear nonproliferation regime. It might even encourage other countries in the region to enter into a nuclear arms race.

The European response to the measures announced by Iran has been very cautious. Brussels said that ultimatums were unacceptable, but added that the EU intends to continue its efforts to ease trade with Iran.

Should Iran follow through on its threats, it would put wind in the sails of the hawks in Washington by providing a clear pretext for ramping up the sanctions even further and persuading European allies to impose sanctions of their own.

Meanwhile, in a dangerous turn, Washington has taken its belligerent anti-Iranian rhetoric to a new level by as much as deploying an aircraft carrier group in the Persian Gulf, putting the US Fifth Fleet on high alert, deploying Patriot missile systems at the fleet's base in Bahrain. All these steps are explained by the growing likelihood of aggressive Iranian action against US and/or allied facilities in the region. Even though the US and Iranian presidents say they have no intention of going to war, this dangerous escalation of mutual threats and the risk of accidental or carefully orchestrated incidents, especially in the absence of direct channels of communication between the US and Iranian military and diplomats, could lead to a major deterioration and trigger an armed conflict with entirely unpredictable consequences.

Regardless of how the situation unfolds with the JCPOA and the sanctions, Iran will never relinquish its military-political presence in Iraq and Syria or withdraw support from its proxy Shia organizations and groups in the region, which are seen as an “axis of resistance” vital to protecting Iran from various national security threats. Tehran has been building that axis as part of a deliberate strategy of containing the terrorists and other threats, keeping them away from the Iranian homeland, creating the logistics for countering the regional military-political challenges, and laying the ground for a sophisticated response to any possible use of force against Iran.

In theory, the JCPOA can yet be saved to live on even without US participation. To do that, other parties to the deal must demonstrate the political will and determination to offer Iran at least the bare minimum of economic advantages that would justify its own



continued participation. The EU's INSTEX payment mechanism should finally become operational. Legal instruments must also be put in place to protect European companies dealing with Iran from US sanctions – including taking legal action at US courts against the extraterritorial activities that the US leadership engages into.

Meanwhile, Iran expects China, Russia, India and Turkey to help it alleviate the pressure of US sanctions. All these countries support the JCPOA and declare their willingness to maintain trade, economic, and other forms of cooperation with Iran. They will also be instrumental for Tehran's plans to circumvent the total embargo on Iranian oil exports Washington is gearing to impose.

During a visit to Moscow by Iranian Foreign Minister Mohammad Javad Zarif in May 2019, Russian Foreign Minister Sergey Lavrov reiterated Russia's full commitment to the terms of the JCPOA, including closer nuclear energy cooperation and mutually beneficial trade, economic, and other ties, which the two countries are determined to pursue despite the sanctions imposed by the United States on Iran as well as on Russia itself.

China has also stated that it will continue to abide by the commitments it undertook under the nuclear deal; it also voiced opposition to an oil embargo on Iran.

Should the existing sanctions against Iran continue, and should Washington impose new ones, Tehran will likely reinstate its previous "grey" channels for oil exports and trade operations with the rest of the world that existed before the Vienna agreements. Perhaps it will even find new ones.

A collapse of the JCPOA that would follow Iran's complete withdrawal from the deal would represent a major escalation of the already tense situation in the Middle East. Iran's main regional adversaries – Israel, Saudi Arabia, and the UAE – would ramp up their anti-Iranian rhetoric and propaganda. The Gulf monarchies would hardly dare to launch any aggressive action because Iran has a clear military superiority and its retaliatory strikes would be catastrophic. But they may well try to prod the United States and Israel into the use of force against Tehran.

Israel, which is very sensitive to Iranian nuclear program, may launch missile strikes against Iranian nuclear facilities. Should that happen, Iran will certainly make use of Hezbollah in Lebanon to launch retaliatory strikes.

There may be a major escalation in Iraq and Syria, where US forces and pro-Iranian Shia groups are in close proximity to each other. Any small incident may trigger an armed conflict.

Despite their belligerent rhetoric, the Iranians themselves will do all they can to avoid a direct military confrontation with the United States, especially in the Persian Gulf. But in the event of a direct aggression by US forces against targets and facilities on the Iranian territory, Tehran would be forced to use its own forces and the capabilities of the pro-Iranian groups in the region to strike at US military facilities.