



Not Like in the Old Days: The Iran Nuclear Deal After the US Elections and Its Implications for The Mena Region

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BACKGROUND

- [On May 8, 2018](#), the Trump administration withdrew from the Joint Comprehensive Plan of Action (JCPOA). Since then, he pursued a “maximum pressure” policy against Iran and reimposed all secondary sanctions/sanctions on firms conducting certain transactions.
- On January 31, 2019, E3 (France, Germany, and the UK) established a new channel known as [INSTEX](#) enabling European companies to circumvent US sanctions.
- On [March 31, 2020](#), the first transaction was carried out to import medical equipment.
- In August, the UNSC [rejected](#) a draft US resolution to extend bans on arms transfer to Iran. Subsequently, Washington tried to invoke the “[snapback mechanism](#),” which foresaw the reimposition of all sanctions in case of Iran’s breach. Nevertheless, the parties dismissed the move since the US already withdrew the accord.
- In September, President Trump issued an [Executive Order](#) to unilaterally impose the UN arms embargo on Iran in order to solidify its “maximum pressure policy”.
- The arms transfer ban from/to Iran imposed by the [UNSC Resolution 2231](#) that endorsed the JCPOA expired as of [October 18, 2020](#), despite the objection of the US.
- Joe Biden won the 2020 presidential elections. He reversed some of Trump policies, e.g. migration issues, the Paris Agreement, and the designation of Houthis as an FTA.
- Despite his promise, the US has yet to return to JCPOA. However, the recent statements from the US and the [Vienna process last week](#) increased the hope before the June elections in Iran.



THE UNITED STATES

The US position vis-à-vis JCPOA changed significantly between the administrations. After his election, former President Trump, who calls the JCPOA “the worst deal ever negotiated”, used all the assets at his disposal to destroy this “[decaying and rotten](#)” deal by withdrawing from JCPOA and implementing the maximum pressure policy. Moreover, the Trump administration imposed sanctions on Iran for issues inconsistent with the nuclear dossier.

In his article “[Why America Must Lead Again](#),” Biden criticised Trump by stating that “There is a smarter way to counter the threat Iran poses” that Trump did not choose, and he reiterated this opinion in a [CNN op-ed](#). His remarks created great expectations that the US will return the deal abruptly after Biden’s victory. He reversed some decisions of the former administration, yet JCPOA has yet to be one of them.

There is already a deep mistrust between Washington and Tehran, and Trump’s unilateral moves only exacerbated this situation. Iranians assert that it is the US who walked away from the deal, and Tehran has been breaching the rules to respond to Washington’s moves. At the same time, Secretary of State Blinken [stated](#) that “the path of diplomacy is open”, yet lifting the sanctions depends on Iran’s compliance with the deal. Thus, both parties [wait](#) for each other to make the first move.

An anonymous official told [Reuters](#) a couple of weeks ago that “That’s not the issue, who goes first.” If this is the case, then one would ask why Americans are waiting for restoring the accord. It is because the US administration pursues a diplomatic, smart but tough approach. Biden has domestic and international priorities that set the stage before rushing into the deal.

The former President not only spoiled the Iran Nuclear Deal, but he also undermined Washington’s relations with his allies, a crucial factor in the creation of the JCPOA. Hence, Biden has concentrated on rebuilding the ties with allies, particularly with the EU, the Nuclear Deal’s architect, since restoring the deal or generating a **JCPOA-redux** would be easier with broad support.

Domestically, not all democrats advocate the accord, e.g. [Senator Bob Menendez](#), the chairman of the Senate Foreign Relations Committee, and [Senator Chris Coons](#). The US already suffered from a deep polarisation during the former administration, and President Biden strives to alleviate this atmosphere by focusing on and overcoming domestic issues, e.g. economy and recovery from COVID. Therefore, he has not rushed on the Iran dossier in order to avoid the loss of the momentum gained during his first months.

The landscape in the Middle East has also changed in recent years. The UAE, Bahrain, Morocco, and Sudan signed normalisation agreements with Israel in the context of the Middle East Peace Process pioneered by Trump and his son-in-law Jared Kushner. Moreover, there is a détente between the Gulf countries after years, and the US conducts [air-strikes](#) in Syria against Iran’s assets and supports Israel’s attacks against groups connected with Iran.

On April 2, the joint Commission of the JCPOA, chaired by the EU High Representative, “[met virtually](#) to find common ground for “a full return of the US” to the deal. Iran rejected [a direct talk](#) with the US and preferred to work through the EU, yet they agree to move forward and set up [working groups](#) to reach a mutual understanding and synchronize their moves. On April 7, the State Department spokesperson [said](#) that the United States is ready to remove sanctions, comprising those not relevant to the JCPOA.

In this context, even though Biden picks his way to avoid a mistake, his pledge to restore the JCPOA is still valid and genuine. The real problem is about timing. In the US, moderates won the 2020 election but only a couple of months left until the Iranian presidential elections, for which moderates and conservatives compete with each other. Therefore, the US, the EU, and the current Iranian government do not have so much time until June if they want to save the deal.



THE EUROPEAN UNION

There is no change in the EU's position, or E3's (Germany, France and the UK), vis-à-vis JCPOA as the [architect of the agreement](#). They regretted when the US withdrew unilaterally from the deal and became highly concerned about Iran's increasing uranium enrichment and suspended implementation of transparency provisions regarding IAEA's monitoring activities.

The EU has been demanding the US to reverse its decision and participate in international efforts to curb Tehran's nuclear ambitions. In this regard, it is fair to remind that the EU sees no connection between the JCPOA and the United States' concerns irrelevant to JCPOA, i.e. Iran's missile program or manipulating proxies in the neighbourhood. Likewise, the Union has been conveying its grave concerns over Iran's plans to continue uranium enrichment. In brief, the EU requests the full implementation of JCPOA by all parties in its current form.

These demands, regrets and concerns underline one thing: the EU's inability to reverse the developments or find out a new way. The EU does not possess a powerful carrot. INSTEX, the sole carrot the EU had proposed, long proved [ineffective](#) due to the dollar's global power and the US's dominance on the SWIFT system, whereas no one has ever mentioned a stick apart from declaring grave concerns.

There is no quick fix for this except for Washington's return. Following the new status quo, the US wants to contain Iran more and upgrade the JCPOA by incorporating other issues than the nuclear ones, while Tehran aims to return the status quo ante. The EU is a remarkable mediator and facilitator, but it has few resources to enforce the nuclear deal, particularly against the [weaponization of the interdependence](#) by the US. Consequently, it is up to the US and Iran to continue on this path.

IRAN

Does Iran really want to restore the JCPOA? Or Tehran just wants to get rid of the sanctions and acquire economic benefits. This is the one million question which everybody is curious about. Yet, whatever the intention Tehran has does not change the fundamental trade at the heart of the nuclear deal. Iran would comply with the restrictions, and in turn, the international community would lift the sanctions also incorporated into the UN Security Council Resolutions.

Trump's decisions shattered these efforts. After three years of economic sanctions combined with the Covid-19 that affected the oil market, the Iranian economy has come to the point of collapse. Iran's foreign minister Zarif [stated](#) that it lost 1 trillion dollars because of the US sanctions. According to the Minister, Iran does not only request the suspension of the punitive measures, but Tehran also anticipates compensation for the financial harm caused by former President Trump's decisions.

The sanctions affected the Iranian people directly and profoundly by [diminishing their access](#) to basic needs such as food and healthcare. Rouhani has recently [stated](#) that Iran could not receive COVID vaccines from India due to the US Sanctions. Therefore, Iran also sees this deal as a significant gain since it will make an outstanding contribution to its economy.

In this context, Iran will go to the presidential elections in June. Tehran's conservative camp strives to amplify its power in June after its victory in the 2020 parliamentary elections. They anticipate that the US will not end all sanctions immediately and rescue the deal. The hardliners can mobilize their electorate with this narrative. However, they still fear a full return of the US to the agreement that may affect the fate of the presidential elections.

Iran uses very well the diplomacy stemming from the victimization in a way that Tehran's proxy activities threatening the region and its missile capability were always discussed as a secondary issue. Note that, according to Iran's moves, the EU has always tried to find a solution and be a mediator. Tehran's request to work through intermediaries, i.e. the EU, in the Vienna process is a recent manifestation of this fact. Moreover, despite blame games and the negative atmosphere concerning the JCPOA, Iran concluded a special deal with International Atomic Energy Agency (IAEA) in the last month. That shows Tehran's willingness to revive the nuclear deal.

Consequently, there are three issues for the continuation of the agreement expressed by Iran. **First and foremost**, Iran [states](#) that it will return to full compliance when the US lifts all sanctions. **Second**, Tehran does not accept any approach limiting the missile capability that threatens the countries of the region, i.e. it should be separated during any negotiation with respect to the JCPOA. **Lastly**, Iran does not agree to upgrade the existing agreement. Hence, Iran expects that the US should take the first step since it was the one who did not keep its promise.



LEBANON

Lebanon is in the midst of a severe economic, financial, and political crisis that might devolve into a full-blown humanitarian meltdown in the next few months. There are many causes and factors that have resulted in this catastrophe, and the Trump administration sanctions against Iran have played an essential role in that.

Hezbollah was used to receiving close to a billion in aid every year, yet when the sanctions hit Iran, the well started drying up. Hezbollah had to find alternative streams of revenues, such as funnelling more money from the Lebanese state to its many institutions, especially those that managed the health sector of Hezbollah's supporters and general constituency, further taxing the already empty state coffers. Nevertheless, the [dwindling Iranian aid](#) to Hezbollah has not affected their relations with Iran. On the contrary, it further solidified their bond, as even when Iran had few funds available to spend on its own people, it made sure to send a minimum of aid to Hezbollah.

Meanwhile, with the arrival of the new US administration, Hezbollah and Iran started preparing for a new deal and the possible lifting of sanctions and a return to business as usual. This came at an opportune time as the economic and general situation in Lebanon is rapidly deteriorating. President Biden's slow approach to talks with Iran has put a damper on these hopes, causing Hezbollah to perpetrate a political deadlock in Lebanon to pressure the US further and maintain a winning ace in the sleeve of Iran. The upcoming [Vienna talks](#) might change this status quo, although the consensus is that the talks are going to be slow and arduous.

EGYPT AND THE GULF COUNTRIES

Egypt and their Gulf allies prefer to keep Trump's aggressive stance and increasing the maximum pressure campaign. Indeed, they dread a return to Obama's conciliatory stance, trading Iranian concessions on the nuclear issue for Tehran's regional expansion and increased influence. The Gulf and Egypt have little leverage in the issue and are trying to consolidate any cards they have left to strengthen their position. Libya, Iraq, and to a certain degree Lebanon come into mind, as well as their positions towards Turkey. Indeed, the semi-official stance of the Gulf in their media is their [insistence](#) on being included in the negotiation, pushing against [Iranian reluctance](#) for a seat at the table.

Nevertheless, the same conclusion can be reached, it is still too early in the process, and the different players are still manoeuvring and changing their stance in preparations of the opening bids. The upcoming Iraqi and the Iranian elections will be significant indicators of how the wind will blow.

RUSSIA

For Moscow, Biden's decision to rejoin the JCPOA has mixed implications. On the one hand, Russia is hopeful about new opportunities to sell Tehran weapons since the US failed to convince the UN Security Council to reimpose the UN arms embargo. Iranian military officials already have expressed their [interest](#) in buying Su-30 fighter jets and S-400 anti-air missile systems. Therefore, Tehran needs an important amount of money to acquire those weapons, and Russia will be happy for the amelioration of Iran's financial situation after a restoration of the JCPOA.

On the flip side, few countries have an advanced defence industry to provide systems in those classes and willingness to sell arms to Iran. Export of weapons and other military equipment are critical areas that Russia has a significant influence and leverage upon Iran's economy. The restoration of the JCPOA would diminish this financial and political leverage by providing fresh air to Iran's economy in the emergency room and normalising Tehran's relations with the West to some extent.

Arms sales to Iran could damage Moscow's security-economic cooperation with Gulf Cooperation Council states and Israel, yet they would also give Russia more bargaining power in the oil and gas market with Persian Gulf Arab monarchies. Aside from weapons sales, Moscow could increase nuclear technology exports to Iran secure more contracts to build more power plants.

Energy considerations are likely to have an effect on Russia's material well-being, in addition to the political ramifications of the JCPOA's reimplementation. Oil and gas [account](#) for about 60% of Russia's gross domestic product. It is well-known that Iran has the world's fourth-largest combined oil and gas reserves, behind Venezuela, Saudi Arabia, and Canada.



YEMEN

Yemen is one of the hedging tools Iran holds. If we should revisit the US Administration's reasons for leaving JCPOA, the line of argument was that the agreement only bound Iran in terms of uranium enrichment while giving it a free ride in terms of its disruptive actions in the region like support to terrorism and interference into the internal affairs of other regional countries. This was also given as the same reason by Gulf Cooperation Council countries in their support to Trump's decision to leave the deal.

Despite Biden's pre-election promises to return to JCPOA, he intends to make an agreement with Iran under conditions that will bind Iran beyond nuclear issues, such as diminishing its support to terrorist organisations like Hezbollah, its support to Houthis and further interference into internal affairs of other regional countries like Bahrain. On the other hand, Iran is trying to bring the US back at the table under the same rules as JCPOA to get sanctions lifted off.

If the US can convince Iran to agree on the terms mentioned above, that will at least cut its interference into domestic affairs of the regional countries to include its support to the Houthis. However, this does not directly translate into total disengagement. Iran will likely, one way or another, find a path to support Houthis, though smaller in scale due to irregular ways to be employed. The same is valid for other countries. The West is willing to conclude a deal with Iran that they have nearly no leverage over this country. Iran will use this to continue its support covertly.

If a deal cannot be reached in terms of nuclear limitations, the scenario for both Yemen and other regional countries will likely be more chaotic. Probably, Saudi Arabia and UAE [just today declared its first fully functioning nuclear reactor] will try to own nuclear weapons too; an ambition recited openly before. Since nuclear weapons are more deterrent than conventional ones, the increased tension due to nuclear weapons will show themselves in conventional ways over proxies, meaning Houthis in Yemen.

In Abqaiq and Khurais Aramco attacks, we saw how Houthis are ready to implement the Iranian agenda in the region. In this regard, the parameter to show the limit of intensification of the fight between the Coalition and

Khoutis will severely impair Iran's financial capacity with sanctions.

Iran has been skillfully employing nuclear hedging to hold the region on tenterhooks while disseminating its disruptive influence for nearly a decade. Both Iran and Houthis rejected a ceasefire proposal by Saudi Arabia last week. Iran may be willing to block a solution to use it as a bargaining chip in negotiations with the US.

JORDAN

Jordan has been supportive of diplomatic efforts vis-à-vis Iran's nuclear activities despite the tensions with Tehran. In 2015, Jordan's permanent representative to the UN [stated](#) that Jordan had always called for a peaceful diplomatic solution to the Iranian nuclear file and supported all efforts to entrench peace and stability in the region.

Amman keeps its position. In January, the country's foreign minister [said](#) that regional countries should be a part of any upcoming dialogue on the Iranian nuclear file, stressing the need for the dialogue to include Iran's interference in the region and its missile programs. As a result, Jordan not only advocates the diplomatic efforts for the JCPOA but also strives to be a part of the process and extend the dialogue over Iran's activities in the region outside the nuclear dossier.



STRATEGIC FORESIGHT

Based on the analyses above, it is highly likely that:

- After months of stalling, the recent momentum seen in Vienna raised the expectations for a revival of the nuclear deal.
- Considering the June presidential elections in Iran, the conservative camp in Tehran will use the nuclear deal to mobilise their constituents, and they will not support the dialogue. Hence, the parties of the JCPOA do not have much time to reach a deal.
- The Biden Administration and Iran are willing to reach an agreement. Yet, they have to convince their domestic audience and find a creative path to return the JCPOA or create a JCPOA-redux and synchronise their actions in order to overcome the deep mistrust.
- The EU is a remarkable mediator and facilitator, but it has few resources to enforce the nuclear deal, particularly against the [weaponisation of the interdependence](#) by the US. Consequently, it is up to the US and Iran to continue on this path.
- A return to the JCPOA by the US in 2021 will be a mixed blessing for Russia. The Russians will stand to gain significantly from that the US remains as a non-party to the agreement, yet they cannot influence this process. At the same time, the Kremlin recognises that, even if Biden's administration rejoins the nuclear deal, Iranian leadership will work hard to ensure that the Islamic Republic is not vulnerable to unilateral US actions in which Russia would have a prominent role. Russia prepares for both cases and plays both sides, which is also useful for its damaged international image.
- Egypt and their Gulf allies prefer to keep Trump's aggressive stance and increasing the maximum pressure campaign while they avoid harming their relations with the new US administration.
- Concerning Yemen, if the US administration can convince Iran on incorporating the other issues into the existing deal, such as curbing its activities in the region, it would have a significant impact on Houthis.



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