

“A Study Addressing the Options Available to Iran Following the United States’ Withdrawal from the Nuclear Agreement”

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Abstract:

Iran has been witnessing escalating tension and international disputes along with the parties of the Joint Comprehensive Plan of Action (JCPOA), namely the P5+1, after the United States had withdrawn itself from the nuclear agreement and many sanctions had been subsequently imposed on Iran. As a result of these sanctions, tens of French, German and Danish companies, and most recently Chinese and Dutch ones, decided to suspend economic cooperation with Iran. In addition, these sanctions also sparked off growing unrest and protests that were held in Tehran following the rising inflation which has hit 283 per cent. They also led to the deterioration of the Iranian currency against the US dollar, the increase in the prices of essential goods, and the decrease of Iran's oil exports to reach 1.5 million barrels a day in September 2018.

Iran has then become obliged to continue trading with the European Union under the European law, provided that Tehran remains fully committed to all the obligations of the Joint Comprehensive Plan of Action. The other option available to Iran is to accept the United States' new conditions or sign a new treaty with it.

Responding to the sanctions, the Iranian President Hassan Rouhani issued statements in strong terms threatening that his country will likely continue its uranium enrichment program. Also, he threatened to close the Strait of Hormuz harmly affecting one-third of the world's oil exports. Conceited and challenging as the Iran officials appear to be, Tehran will unlikely carry out its threats. This is because Iran finds itself obliged to negotiate with the United States and pursuing diplomatic solutions, especially amid the current Iranian regime being subject to severe economic and political pressures.

The US has continued to press on Iran by imposing more sanctions and hindering Tehran's oil exports in an attempt to force Iran to apply Washington's conditions and change the Iranian behavior in the region.

Research Problem:

Iran has been witnessing escalating tension and international disputes with the world's countries in general and the US in particular, especially after US President Donald Trump had signed the withdrawal from the nuclear agreement in May 8th, 2018 and at the same time declared putting the US sanctions related to Tehran's nuclear program into effect once again. Trump's decision has been widely favored, both regionally and internationally. The Joint Comprehensive Plan of Action (JCPOA) had been signed in the middle of 2015 by Iran and the P5+1. The agreement has sparked controversy largely on the regional and international arenas, specially that it failed to alter the Iranian regime's behavior internally or externally. The agreement caused no positive internal changes as former US President Barak Obama and his European partners had hoped. Neither did Iran suspend its military programs, particularly

the program of ballistic missiles. It also failed to be sufficiently cooperative, from the US point of view, with reference to its nuclear program. Externally, Iran has been exploiting the agreement to legalize its regional role, causing threats to regional security and peace.

Methodology of the Study:

The researcher of this study used the descriptive and analytical approach which describes the phenomenon under analysis by collecting and classifying some information then analyzing it to reveal the relationship between the different dimensions of this phenomenon so as to be sufficiently interpreted to reach general conclusions that would contribute to understanding the present and analyzing the current situation¹.

Objectives and Significance of the Study:

The US-Iranian relations has been, and continues to be, one of the most controversial issues which have less severe after Iran had signed a nuclear deal with Western countries in July 14th, 2015. Controversy increased after the US' withdrawal from the nuclear agreement in May, 2018. This withdrawal has not put an end to the regional and international concerns about the current and future policies of Iran and it has left it with many options to choose from over the coming period. Iran's regional policies have become more interfering than before, as affirmed by the support Iran gives to its affiliates to interfere in the Middle East region. These policies are also evident in Iran's aggressive statements especially after the United States pulled out of the nuclear deal and Tehran's threats to close the Strait of Hormuz and Bab Al-Mandeb which would subsequently threaten the Gulf states being the source of the world's oil exports. Therefore, the international community is facing the risks of the Iranian regional project which aims to turn Iran into a dominant power regardless of the threats imposed by Iran upon its neighbors and the breach of the principles of international relations. These principles include good neighborliness and noninterference in the internal affairs of other countries. Such principles have been the foundations upon which regional and international organizations were built.

since they act as the fundamental bedrock to protect countries' sovereignty and independence.

Based on the information provided so far, the study seeks to explore the developments and the internal and external changes which Iran has been witnessing after the US withdrawal from

¹ Saleh Al-Assaf, *Al-Madkhal Ela Al-Bahth fi Al-Uloun Al-Solokiyah* (Introduction to Research on Behavioral Sciences), Riyadh: Obeikan 1996, p. 198.

the nuclear agreement. It also seeks to explore the potential options available to Iran following the US withdrawal and the impact of all this on the present and the future of Iran in the region.

Introduction: The US Withdrawal from Iran's Nuclear Agreement

US President Donald Trump had announced that the United States would withdraw from the nuclear agreement between Iran and the P5+1 in May 8th, 2018. The step came after Trump had made recent changes in the foreign policy officers, appointing Mike Pompeo as Secretary of State to replace Rex Tillerson, and appointing John Bolton as new national security adviser to replace Herbert McMaster. The two new officers oppose the agreement and support the president's decision to withdraw from the nuclear agreement².

Both the Americans and the US allies have adopted different points of view regarding this decision: While some of them supported the withdrawal from the nuclear program, believing that this agreement does not put an end to Iran's nuclear ambitions and its ballistic missile program or to Tehran's regional expansion agenda which can negatively affect the conditions in the Middle East region. The other point of view opposed this nuclear program because it terminates the restrictions that limit the Iranian nuclear program which would have a negative impact on the efforts exerted by the US and the international

community to prevent nuclear proliferation in the region and also globally. The agreement could also aggravate the deteriorating situation in the region. Therefore, the European countries which are parties in the Joint Comprehensive Plan of Action (JCPOA) announced that they would continue to be committed to the agreement, because they decided that the gains to be mutually committed to the nuclear agreement are greater than the gains obtained by cancelling it. Iran, however, doubts their commitment. The Iranian member of the parliament, Abdolhamid Khedri, said that the European countries were more likely to withdraw instantly from the nuclear agreement. Iran's Foreign Minister, Mohammed Javad Zarif, said in a statement released to the Islamic Republic News Agency (IRNA), that "Europe does not translate its words into actions with regard to its compliance with the nuclear agreement", especially that the European countries were hoped to be the ones to rescue the agreement³.

² The Guardian, 5 May, 2018. <http://ksa.pm/jl6>.

³ Istrategyit Trump Tigah Iran (Trump's Strategy for Iran), Strategic Fiker Center for Studies in Istanbul, 2018. <http://ksa.pm/jl9>.

The Impact of the US Withdrawal from the Nuclear Agreement on Iran:

Trump's stance on the withdrawal of the nuclear deal has significantly affected Iran, both internally and externally, as explained below:

1. The Internal Impact of the US Withdrawal from the Agreement on Iran:

1.1 The Political and Security Dimensions:

The political regime of Iran has been witnessing a critical period as a result of the current economic crisis, the collapse of the local currency, the deterioration of the standard of living and the rise of public anger since December 2017, that is, considerably long before Trump decides to withdraw from the nuclear

Agreement. This anger has been expressed by holding wide-scale protests against the regime's external policies, mismanagement, and drastic corruption. After the US withdrawal from the agreement, the number of protests rose and traders in the Grand Bazaar of Tehran suspended their work in June 25th 2018. All the truck drivers all over the country went on strike in July 2018. In August 2018, help was sought from riot police to respond to the unrest which sparked in Mashhad, Isfahan, Rasht, Ahvaz and Kharj. All these Iranian cities, except Ahvaz, were known to be conservative ones and supporting the Iranian regime. But they no longer support it. The angry protesters carried banners saying "Death to Palestine," "No to Gaza! No to Lebanon" and "Death to the Dictator". They want Iran's funds to be spent on meeting their needs rather than spending billions to rescue the Syrian president Bashar Al-Asad or to support Hezbollah or Hamas. Such protests are worrying the Iranian regime which bases its security on fear and a kind of alleged public legitimacy⁴.

Tehran filed a complaint with the International Court of Justice on 27 August 2018 against the United States for violating the 1955 Treaty of Amity, Economic Relations and Consular Rights between the two parties (this treaty is still valid and in force; however, it does not cancel the sanctions imposed on Iran). Meanwhile, protests organized by clergymen were held in the Iranian city, Qom, on August 16, 2018 blaming the United States to be responsible for Iran's economic problems. People inside Iran blamed President Rouhani for trusting the

⁴ Iran Case-File Report of May 2018, the International Institute for Iranian Studies, May 2018, p. 19.

<http://ksa.pm/jl8>.

⁵ Ibid, page 17.

United States.⁵ President Rouhani frequently mentions the US' pressures imposed on him for advocating his economic policies. However, this excuse has

not been accepted as evident in the voting against him in August 2018 in the Shura Council as a result of which the parliament withdrew confidence from all Rouhani's economic experts.⁵

The head of the National Security and Foreign Policy Committee of Iran's parliament, Hashmatullah Fallah Bishah, called on President Hassan Rouhani to leave some diplomatic options open with the United States.

Since the beginning of Rouhani's earliest presidential term, the nuclear deal had been one of his means which he hoped would help him overcome these crises. But Trump's policy has mainly contributed to depriving the Iranian regime of reaping the economic fruits of the nuclear agreement. This is because the US policy has imposed a clear threat to the countries and companies which show their readiness to engage in economic relations and investments in Iran.⁶

1.2 The Economic Dimension:

The Iranian economy has been affected by the interruption of many contracts and economic and trade agreements which were signed by Iran after the nuclear agreement in 2015. Immediately after Trump announced his country's withdrawal from the nuclear agreement, US Treasury secretary Steven Mnuchin declared that after the US economic sanctions were re-imposed on Iran, licenses for Boeing Co. and Airbus to sell passenger jets to Iran will be revoked and that these companies would have only a few months to end their cooperation with Tehran. The chairman of the American Boeing Company issued a statement confirming that he would follow the U.S. government's lead and abide by its

decision, adding that he would discuss the issue with the government first. The chairman of European planemaker, Airbus, responded to Mnuchin's comments, saying: "Our decision to cancel our agreement with Iran will take some time." It is known that Airbus' products depend on some American components, and that there is a contract between the company and the US government obliging the former to obtain the approval of the United States for the European planemaker's export transactions. All the afore-mentioned facts confirm the

⁵ Ibid, p. 18.

⁶ Abdullah Bishara, *Taqdeer Mawqif Istrategy Li Iran* (Assessment of Iran's Strategic Position), Diplomatic Center for Strategic Studies, Cairo, August, 2018, p. 12.

economic and political damage caused to the Iranian regime as a result of the decision to withdraw from the nuclear agreement.⁷

Moreover, Iran's oil exports fell to about 600,000 barrels per day in May 2019, the lowest level since late 2015. Tehran no longer reports the figures related to its production to the Organization of the Petroleum Exporting Countries (OPEC) and there is no confirmed information about its exports.⁸

On the domestic side, the Iranian currency lost half of its value since April 2018, and deteriorated after the US withdrawal from the nuclear agreement, which means that the real value of the money put in the Iranian banks was consequently cut by half. Meanwhile, the Iranian government continued to implement the policy of the resistance economy to achieve self-sufficiency, amid high rates of extreme poverty which rose to reach include 25% of the Iranian people. The International Monetary Fund expected that growth in the Iranian gross domestic production would fall to 4.2% in 2019. Thus, the abovementioned problems from which the Iranians have been suffering can be summed up in five major economic problems: unemployment, decreased

purchasing power, currency depreciation, corruption, and the wide gap between the rich and the poor in the Iranian society.⁹

1.3 The Military Dimension:

Although Iran has increased its military spending over the recent years, it remains unable to import advanced weapons from the United States and the European countries because of the armament-related sanctions imposed on it. Old weapons which had been imported from the United States continue to make up the biggest portion of Iran's military equipment. These US-made weapons have been unused because there were no spare parts for these models. Locally manufactured weapons still lack the advanced features of modern technology. However, Iran's import transactions of arms from Russia, China, North Korea, and Germany continue to be conducted despite the United Nations Security Council Resolution 2231, which requires states to obtain prior approval from the Security Council for the sale of weapons, either directly or indirectly, to Iran.

On the other hand, Iran's missile program was not affected by the United States' decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA), because the program had

⁷ Katherine Bauer, Iran's Vulnerabilities to U.S. Sanctions (Part 2), 18 June, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/jla>.

⁸ Globalenergy.today. 28 April, 2019. <http://ksa.pm/jl5>.

⁹ British Express newspaper, 30 April, 2019. <http://ksa.pm/jl7>.

not been mentioned in that agreement. Nevertheless, the United Nations Security Council Resolution 2231, which endorsed the JCPOA, prevents Iran from carrying out any activity related to ballistic missiles. Iran responded to the US withdrawal from the nuclear agreement by making a decision to significantly increase the budget it allocated to the missile program. The Islamic Republic News Agency, or IRNA, reported that Tehran allocated extra \$260 million to develop the Iranian missile program and \$260 million to the Quds

Force, a unit of the Iranian Revolutionary Guard responsible for implementing operations beyond Iran, particularly in Syria and Iraq.¹⁰

2. The External Impact of the US Withdrawal from the Agreement on Iran:

The United States' decision to withdraw from the nuclear agreement was met with different regional and international reactions. On the international level, Britain, France and Germany (which were among the P5+1 countries) opposed Trump's stance towards Iran, regarding it as a negative step that will not contribute to stability in the region. To continue coordination among themselves, the three countries issued a joint statement immediately after the announcement of Trump's decision. According to the statement, the British, French and German governments will remain committed to the implementation of the nuclear agreement and will cooperate with all other concerned parties to ensure this commitment is met. This includes ensuring the continuation of economic relations with Iran and that the nuclear deal is the best way to prevent Tehran from acquiring a nuclear weapon.

The stances adopted by both Russia and China towards Trump's decision were similar to each other. As the first reaction from Moscow, the Russian Foreign Ministry expressed its disappointment over the US decision. The Chinese Foreign Ministry took up the same stance. In a related context, the two countries (Russia and China) showed their readiness to continue cooperation with the other parties which had signed the nuclear agreement, as well as to continue developing their economic relationship with Iran.¹¹

However, Russia raised oil production in August 2018, prompting Iranian officials to criticize Moscow for taking advantage of Tehran's weakness in the export of crude oil.

¹⁰ Michael Eisenstadt, Iranian Military Power: Capabilities and Intentions, The Washington Institute for Near East Policy. <http://ksa.pm/ilb>.

¹¹ Anadolu Agency, 9 May, 2018. <http://ksa.pm/ilc>.

At the regional level, the stances adopted by both Israel and Turkey need to be highlighted. Taking advantage of these developments, Israel targeted some Iranian military positions in Damascus only few hours after the US decision. Immediately after Trump finished the announcement of the US decision, Israeli Prime Minister, Benjamin Netanyahu, affirmed “his full support to the brave decision”. From the very beginning, Israel has regarded Iran as one of the hostile forces threatening Tel Aviv.¹²

On the other hand, Turkey opposed the decision of the US withdrawal from the nuclear agreement due to a number of factors, the most important of which are the Turkish-Iranian interests in Syria, the sensitivity of the relationship between the two countries, especially with regard to eliminating the Kurdish movements and halting their cross-border attacks, the lack of a mutual agreement over the support given to Hamas and other Islamist movements, as well as the economic and trade cooperation between the two sides concerning oil and natural gas.¹⁴

The Options Available to Iran

Iran's foreign relations after the US withdrawal from the nuclear agreement stand at a crossroad. On the one hand, Tehran has found itself in confrontation with the United States which has a significantly enormous influence in the region. On the other hand, the European Union, Russia and China negotiated with Washington in an attempt to make the US re-endorse the agreement but

under new terms. Therefore, the options of policies which are available for Iran to choose from can be stated as follows:

The 1st Option: Maintaining the Status Quo or Pacification

Taking up this option means adopting a number of policies which are dependent on the actions of the major international actors as well as Iran's reactions to these actions, in order to continue to keep the status quo and achieve pacification. The following are two expected options to achieve this pacification:

1. **“Iran’s evasion from the US sanctions”**: This option is dependent on the range and strength of the international opposition to the US withdrawal from the nuclear deal, which Iran can employ to prevent or stand against Washington's attempts to re-impose the former sanctions in full. Many EU countries, as well as Russia and China, have negotiated with Washington to re-

¹² The British newspaper, The Guardian, 8 May, 2018. <http://ksa.pm/jld>.
¹⁴ Anadolu Agency, 9 May, 2018. <http://ksa.pm/jle>.

endorse the nuclear agreement but under new terms and to approve that all the various parties in the deal will continue to implement the agreement. The success of this option is dependent on the seriousness of those countries to abide by the nuclear agreement. Hinting at this seriousness, Iran's Foreign Minister Jawad Zarif said, "Europe does not translate its words into actions when it comes to its commitment to the nuclear agreement," adding that "the European countries must bear the costs if they want to reap the benefits of the nuclear agreement".¹³

"We should doubt the promises given to us by the Europeans and be cautious when dealing with them," Iran's Supreme Leader, Ali Khamenei, said criticizing the European Union. "The nuclear agreement is a tool to protect the Iranian

interests, not a target. Iran will put aside the nuclear agreement when it does not reach the desired result," Khamenei added according to IRNA.¹⁴

Such statements reflect the nature of Iran's foreign policy towards the European countries through which Tehran attempts to arrive at compromises in secret and threaten these countries in public. Such actions seek to exercise pressures on the Europeans to protect what is left from the nuclear deal, so that it could continue to sell oil despite the US sanctions.

In a related context, Tehran continues to echo the same slogan asking the other parties (Europe, Russia, China and Turkey) to compensate for Iran's losses. Yet, day after day, it becomes unlikely that this would happen as major companies in these countries, even those owned by the governments there, announced they would leave Iran. For example, the Iranian regime seemed to be confident that China National Petroleum Corporation (CNPC) would complete the 11th phase of the South Pars/North Dome Gas-Condensate field project after France's Total S.A. withdrew from it. Nevertheless, the Wall Street Journal reported on August 21, 2018 that Beijing had not even shown the slightest interest in the issue. In the same month, the same newspaper revealed that China Petroleum & Chemical Corporation (Sinopec) "was facing difficulties at that time in finding appropriate banking channels" to be invested in Yadavaran Field at a cost of \$ 3 billion.¹⁵

As for Iran's response to the US sanctions, the regime's way of thinking about this matter is unclear. One approach that Iran can possibly adopt is to wait for Trump's term to end hoping that he will not be reelected, to rely on the other parties for the time being, and to depend on the Iranian local currency in trade.

¹³ An above-stated reference published by Strategic Fikir Center for Studies in Istanbul, 2018. <http://ksa.pm/il9>.

¹⁴ IRNA, 19 August, 2018. <http://ksa.pm/ilf>.

¹⁵ The Wall Street Journal, 21 August, 2018. <http://ksa.pm/ilg>.

However, Iran's chances of success in evading from the US sanctions remain slim for two reasons: firstly, the United States is able to pursue a serious and sustained diplomatic effort to ensure that the economic sanctions are ongoing; and secondly, the other state parties have a low ability to confront Washington because of the mutual US-Europe security interests and the mutual economic interests between the US and both China and India.

2. **Renegotiation with the US:** This option means that Trump himself concludes a better deal or maybe a convention with Iran, after he had recently offered to enter into a dialogue with the Iranian side without preconditions. However, Iran's Supreme Leader Ali Khamenei announced his disapproval saying, "I ban holding any talks with America. America never remains loyal to its promises in talks." The ban came after the Commander of the Iranian Revolutionary Guard Corps (IRGC), Major General Mohammad Ali Jafari, had insisted that "the Iranian people will never allow their leaders to meet or negotiate with the Great Satan. Iran is not North Korea."¹⁶

The political history reveals that Iran's defiant stance on the negotiations will become less rigid before long. An agreement is also expected to be concluded by the two sides, especially with regard to the conditions outlined by Secretary of State Mike Pompeo which are required of Iran as a condition for normalizing

US relations with Tehran. The conditions can be stated as follows:¹⁷

- a. Stop enrichment and never pursue plutonium reprocessing, including closing its heavy water reactor;
- b. Declare to the International Atomic Energy Agency (IAEA) a full account of the prior military dimensions of its nuclear program and permanently and verifiably abandon such work in perpetuity;
- c. Provide the IAEA with unqualified access to all sites throughout the entire country;
- d. End its proliferation of ballistic missiles and halt further launching or development of nuclear-capable missile systems;
- e. Release all US citizens as well as citizens of US partners and allies who were taken in custody by Iran based on fabricated charges or who were lost in the country;

¹⁶ Dennis Ross, Iran Is Throwing a Tantrum but Wants a Deal, 15 August 2018, The Washington Institute for Near East Policy. <http://ksa.pm/ilh>.

¹⁷ Iran Daily, 20 June, 2018. <http://ksa.pm/ili>.

- f. Respect the sovereignty of the Iraqi government and permit the disarming, demobilization and reintegration of Shia militias;
- g. Withdraw all forces under Iran's command throughout the entirety of Syria;
- h. End support to Middle East "terrorist" groups, including Lebanese Hezbollah, Hamas and the Islamic Jihad. End its military support for the Houthi rebels in Yemen, the Taliban and other "terrorists" in Afghanistan, and cease harboring Al-Qaeda armed militants;
- i. End the IRGC-linked Quds Force's support for "terrorists";
- j. End its threatening behavior against its neighbors, many of whom are US allies, including its threats to destroy Israel and its firing of missiles at Saudi Arabia and the United Arab Emirates;
- k. End its threats to international shipping; and finally
- l. End its destructive cyberattacks.¹⁸

But the next round of US-Iranian negotiations will not be the same as the first round and some of those US preconditions might be waived. Russian President Vladimir Putin is also likely to enter into the US-Iran negotiations as a peacemaker.

The 2nd Option: Changing the status quo: Escalation

This potential option means that Iran might choose to further escalate its disputes with the US following the latter's announcement to withdraw from the nuclear agreement. This choice would change the status quo and may lead to a policy of brinkmanship. Taking this option means that Iran may either threaten to close the Strait of Hormuz, or further escalate the Iranian nuclear dossier by further enriching and possessing nuclear weapons, or threaten the US interests in the region.

1. **The Closure of the Strait of Hormuz:** Iran will probably take this option if tension between the United States and Iran escalates, and the two sides resort to take actions and produce

¹⁸ Iran Daily, 20 June, 2018. <http://ksa.pm/jli>.

reactions which may lead to heightened tensions between them. In this case, Iran will attempt to close the Strait of Hormuz and the United States will declare war on Iran and military intervention to prevent Tehran from taking this dangerous step.

The chances of taking the option of threatening to close the strait are not possible, however, the option cannot be excluded as Iran's behavior is difficult to predict, especially that of the Iranian politicians and military officials. Iran's Supreme Leader Ali Khamenei rejected once again the idea of negotiating with

The US, lauding the statements issued by Iranian President Hassan Rouhani in which the latter threatened to close the strait if the Iranian oil exports would be banned, as reported by IRNA.¹⁹

On the other hand, a spokesman for the United States Central Command (USCENTCOM) commented on Rouhani's statements, hinting that his country and its allies would protect the ships traveling through the Strait of Hormuz. According to the Associated Press, Commander Bill Arben said that US forces and regional allies "are ready to ensure freedom of movement and free trade as permitted by international law."²⁰

Therefore, Iran resumes its threat to close the Strait of Hormuz so that it could counter any tension arising with the US and attempt to put more pressure on the Gulf states. Despite all the Iranian threats, nothing really happens on the ground. It is worth mentioning that, despite repeated threats to close the strait, Iran has never carried out these threats. The only thing Iran can do is to create some problems that would make it unsafe to use the straight, such as planting mines in the strait or using speedboats to threaten the ships traveling through it. Iran's closure of the strait is more damaging not to the oil-producing countries but to the oil-consuming countries which would be significantly harmed should Iran closes it. Thus, it is a risk for Iran to close the strait and perhaps Tehran is more prudent to take this step as the closure will prevent the export of more than a third of the world's oil exports and about 40% of the world's oil products and derivatives.²¹

2. The Possession of Nuclear Weapons: Tehran may resort to the manufacture of nuclear warheads - which was not part of its previous activities – and this could lead to a possible

¹⁹ IRNA, 22 May, 2018. <http://ksa.pm/jlf>.

²⁰ The Associated Press, 28 May, 2018. <http://ksa.pm/lij>.

²¹ Ashraf Kishk, Al-Elakat Al-Khaleejiah Al-Iranyah, Bahrain Center for Strategic, International and Energy Studies (DERASAT), March 2014, p. 23.

escalation in confrontation between Iran, the United States and Israel. If Tehran sees Washington making effort to change the Iranian regime, it may resort to sabotaging or destabilizing the Arabian Gulf, or launch terrorist attacks, or even go beyond the limits of nuclear production. Trump's procedures over the coming months of 2019 may help determine the course Iran will choose.²²

Iran pointed out that the United States' withdrawal from the nuclear agreement might prompt it to increase the components of centrifuges which it collects and to resume the production of its stockpile of uranium hexafluoride (UF₆) for enrichment. These activities do violate the agreement, yet, they raise fears that they would eventually help Tehran breaching it. The regime can also speed up work on the ballistic missiles, the range of which exceeded 2,000 km, which is the current borders Iran has set for itself and announced in 2011 as a gesture towards Europe. But since then, Tehran has been testing longer-ranged ballistic missiles named Khorramshahr, and it threatened to go beyond this range in case Europe threatens Iran. If the US oil sanctions are strictly enforced in a manner that worsens Iran's economic conditions, Tehran may eventually escalate the situation towards nuclear brinkmanship. For example, it can exceed the limits set by the nuclear agreement by enriching its uranium stockpiles beyond the currently permitted level (which is 3.67 per cent of Uranium-235), or by stockpiling over 300

Kilograms of low-enriched uranium (LEU). It can also suspend the implementation of the Additional Protocol or cease cooperation with the IAEA.²³ As such, Iran may seek to increase its nuclear capabilities go beyond the limits of nuclear production by rapidly stockpiling large quantities of fissile material (adopting the so-called Japan's model) to increase pressure on the United States. Or it may reveal some hidden aspects of its nuclear program to manufacture a small quantity of weapons, perhaps to resume negotiations from a position of strength and to lift the sanctions in return for agreeing to suspend its emerging nuclear activities (adopting the so-called North Korean's model). However, taking any of the two options could prompt anxious Israel or the United States (which is less likely) to take a military action against Iran. Up till now, President Trump has not pointed out whether he is prepared to use force against Iran's nuclear program or not. This may depend partly on whether the US diplomacy

²² Farzin Nadimi, Iran Seems Prepared for Major—But Measured—Escalation in the Gulf, 14 June, 2019. <http://ksa.pm/jlk>.

²³ Dennis Ross, Iran Is Throwing a Tantrum but Wants a Deal, 15 August, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/jlh>.

contained the risk of war with North Korea after Washington had been threatening Pyongyang to use force against the latter's nuclear program.

3. **The Increase of Cyberattacks or Conventional Terrorist Operations:** Since the early 1980s, Iran has declared that if it failed to export oil, none of its neighbors would be able to do that either.²⁴

Thus, the US sanctions, which significantly limit Iran's oil revenues, could prompt the regime to disrupt the Arab countries' oil production and export by launching cyberattacks, acts of sabotage or military actions, or impede the maritime transit traffic of oil tankers.

In addition, if growing US pressures on Iran lead to destabilizing the country, Tehran may decide to undermine Washington's interests in Syria, Iraq and Afghanistan. To that end, Iran may give orders to its agents to carry out terrorist acts harming the US interests in these countries or increase the frequency of these attacks. For example, Iran can confront the United States by increasing the former's activities against Israel and other countries in the region, by carrying out, either by itself or by its agents, acts of sabotage. This was the case with the oil tankers which were attacked and sabotaged in the international waters in May 2019. Tehran may also try to destabilize Jordan to facilitate the transfer of weapons to the Palestinians of the West Bank - as called by Supreme Leader Ali Khamenei in 2014.²⁵ A third option is that Iran may carry out cyberattacks targeting critical infrastructure in the US and in the US-allied countries, such as the oil facilities in the Gulf States. Or it may steal information and plant espionage cells, destroy sensitive websites, manipulate propaganda, and wage psychological warfare. The Islamic Revolutionary Guard Corps is suspected to have been engaged in developing viruses to collect information, serve other espionage and sabotage purposes, and develop Botnet software and networks to launch DoS attacks. This was the case of the attacks

²⁴ Michael Eisenstadt, Cyber: Iran's Weapon of Choice, 29 January, 2017, The Washington Institute for Near East Policy. <http://ksa.pm/jil>.

²⁵ Michael Eisenstadt, Iran After the JCPOA Withdrawal, 17 July, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/jilm>.

targeting a group of US banks in 2012, which the US officials believed were carried out by Iran.²⁶

Conclusions:

Considering all the above-mentioned ideas, Iran may negotiate with the United States of America to amend the nuclear agreement or sign a new treaty for a number of reasons: Firstly, despite the provisions of the new EU-imposed embargo, European banks and companies are withdrawing from Iran. When these banks and companies are faced with the option of doing business with the US or Iran, it becomes clear to them that they have no other choice. This was the case of the withdrawal of major energy, auto and shipping companies from Iran, such as Total S.A., Peugeot and Maersk, as well as several banks including German Deutsche Bank. Multinational Banks and corporations will act in their own interests, not as mandated by their governments.²⁷

Secondly, the Iranian local currency has lost half of its value since April 2018, leading to a 100% rise in the prices of some imported goods, as well as a dramatic increase in the prices of commodities. In addition, the activity of Iran Mercantile Exchange has reached its minimum level. Experts from BMI Research, a global research firm, have expected that the Iranian economy will deteriorate by 4 percent next year.²⁸ However, the US demand upon international companies for halting the import of Iranian oil is a greater threat to the economy of Tehran, with Iran's oil exports accounting for 64% of the total exports. South Korea, France and India completely stopped buying the Iranian crude oil. China, the largest buyer of

²⁶ Dennis Ross, Iran Is Throwing a Tantrum but Wants a Deal, 15 August, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/jlh>.

²⁷ Iran Case-File Report of May 2018, the International Institute for Iranian Studies, May 2018, p. 20. <http://ksa.pm/jl8>.

²⁸ Katherine Bauer, Iran's Vulnerabilities to U.S. Sanctions (Part 2), 18 June, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/jla>.

Iranian crude oil, has been importing fewer barrels. According to FGE, a leading consultancy, Iran is currently storing 10 to 15 million barrels of

Its oil onboard of naval vessels and no one has shown interest in buying them. The FGE added, "Iran is going through a critical time to sell its crude oil."²⁹

Thirdly, when the Iranian regime feels pressure being put on it and threatening its integrity, it responds by changing its behavior. Iran's Supreme Leader Ali Khamenei had claimed that Iran would fight Iraq as much as it was needed to defeat Baghdad. Yet, he ended the war in August 1988 when US forces in the Gulf had destroyed Iranian naval vessels and oil platforms³⁰ and dropped by mistake an Iranian civilian aircraft. In the 1990s, Iran stopped killing its opponents in Europe after Germany had threatened to impose sanctions on Tehran. After the US had defeated Saddam Hussein's army in 2003 and the Iranian regime feared to be the next to be overthrown, the regime made intensive offers to reduce its nuclear program and end its support to both Hezbollah and Hamas. Then, after the Iranian side had stated that it would never negotiate on its nuclear program as long as it was subject to sanctions - and stepped up sanctions under Barak Obama's administration - the Iranians eventually engaged itself in the negotiations.

Thus, Iran is likely to seek a means of dialogue that is indirect because direct negotiations will make it appear as a surrender. Rather, it is probable that Iran's leaders will develop relations with Russian in late 2019 because they observe the closeness between Trump and Vladimir Putin. Putin is interested in highlighting Russia's influence globally, and thus he can act as a mediator between the United States and Iran. This mediation would mean that Russia may suggest increasing the JCPOA-stipulated years during which Iran should be committed to sharply

Limit its centrifuge program and enriched materials that is from 10 to 15 years, in exchange for the lift of US sanctions. In other words, the US lifts all its current nuclear and non-nuclear sanctions in return for extending restrictions on Iran's enrichment program from 2030 to 2045.³¹ A consequence of this suggestion, there will be no ambiguity about Iran's ability to deal with American banks. In theory, this proposal is not up to Trump's demands from Iran as

²⁹ The FGE website, Iran, 13 May, 2018. <http://ksa.pm/iln>.

³⁰ Dennis Ross, Iran Is Throwing a Tantrum but Wants a Deal, 15 August, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/ilh>.

³¹ Dennis Ross, Iran Is Throwing a Tantrum but Wants a Deal, 15 August, 2018, The Washington Institute for Near East Policy. <http://ksa.pm/ilh>.

it can be deduced from US Secretary of State Mike Pompeo who outlined his 12 demands. The demands are not limited to ending the nuclear enrichment program but they also include putting an end to Iran's threats and destabilization acts in the region. But it will not be absolutely certain whether the Iranians will negotiate any amendments to the nuclear deal or not. This is because both the internal pressure and Russia's willingness to act as a mediator could be an outlet for the Iranians.³²

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³² Anna Borshchevskaya, What to Expect from the U.S.-Russia Meeting in Jerusalem, 12 June, 2019, The Washington Institute for Near East Policy. <http://ksa.pm/jlp>.

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