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Issue: How to address Iran's nuclear aspirations

Background: The Islamic Republic of Iran was founded in 1979 following the overthrow of the U.S.-supported Shah, Reza Pahlavi. Iran is a Shia Islamic theocratic government, led by Supreme Leader Ayatollah Ali Khamenei. Iran, though ethnically diverse, is a Persian majority nation and is the leader of Shia Islam. Iran vies for regional leadership with Arab and Sunni-based, Saudi Arabia, and is engaged in a proxy conflict with Saudi Arabia in Yemen. Since its founding, Iran has employed anti-U.S., anti-Israel rhetoric, referring to each as the "Great Satan" and "Little Satan," respectively. The U.S. was involved in the coup that removed Mohammad Mosaddegh in 1953, installing Pahlavi as the ruler of Iran. The U.S. and Iran have not had diplomatic relations since 1980 when, during the revolution, Iranian militants seized the U.S. Embassy in Tehran and held 52 Americans hostage for 444 days. Iran's population is over 80 million people—nearly half under age 30. Iran's literacy rate is over 85% and its education budget is roughly the same as it spends on defense. Iran has a large university-educated population. As of 2013, 4.5 million students are enrolled in universities, and it graduates roughly 750,000 people annually. Iran's official unemployment rate remains at approximately 10 percent as does the inflation rate.

In 1980, Iraq—seizing on the instability of the newly-formed republic—invaded Iran leading to a war lasting eight years with between 200,000 and 600,000 casualties. Iraq used chemical weapons on Iranian soldiers and both countries fired missiles targeted against cities and civilian populations. Since the Iran-Iraq War, Tehran has been suspected of seeking weapons of mass destruction (WMD), consequently Iran has faced progressively onerous unilateral and multilateral economic sanctions targeted against key sectors of its economy to deter Tehran from pursuing WMD. Despite sanctions, Iran has successfully mastered uranium enrichment and by most conservative estimates could develop a uranium-based nuclear device in 6-12 months. Iran is a supporter of Lebanese Hezbollah, Shia militias, Hamas, and the Huthis, using these groups as proxies to target Tehran's enemies. Iran is militarily engaged in the fight against the Islamic State of Iraq and Syria (ISIS) supporting the Assad regime in Syria and the Shia-dominant government of Iraq. The Joint Comprehensive Plan of Action (JCPOA) signed in July 2015, if abided by, delays Tehran from developing a nuclear weapon for at least 15 years. The JCPOA does not address Iran's regional ambitions, support to terrorism, or Iran's ballistic missile program. JCPOA allows for the lifting of sanctions over time that will alleviate severe economic issues—Iran had negative GDP growth for the last 5 years leading to high unemployment and a critical lack of economic opportunities for its citizenry.

Assumptions:

- Iran has yet to decide whether it requires a nuclear weapon to effectively deter or guarantee its sovereignty. However, Iran has the technical knowledge and industrial base to develop a nuclear device if it decides to pursue development.
 - o If the JCPOA fails or is rejected, Iran is likely to pursue nuclear weapons development if only for the purposes of leverage.
- Iran recognizes it must rejoin the world economy in order to improve its economy. Although an oligarchic theocracy, Iran is responsive to the needs of its citizens—and likely views the primary threat to its form of government as coming from internal unrest driven by high unemployment, high inflation, and the lack of economic opportunity that threatens the long term prospects of the regime.
- Iran wishes to regain its prominence as a regional, if not world, leader driven by its proud Persian heritage dating back thousands of years.

Sean Asbury

DSS 723-501

- Iran wants stability in the region, and domestically, in order to rebuild its economy.
- Iran is wary of external threats to the nation and is distrustful of Western intentions and motives—most especially those of the United States. Tehran believes it requires a robust military capability—to include ballistic missiles—to deter potential threats.
- Iranian military leaders, generals in the Islamic Republic Revolutionary Guard, control key sectors of the economy and have a vested interest in retaining power and influence within the economy.
- Iran wants peace, but on its terms, and consistent with its interests. These interests are not always aligned to U.S. or Western interests.
- Since the 2003 U.S. invasion of Iraq and the removal of Saddam Hussein from power, Iran's threat perceptions have changed dramatically and likely coincided with the decision to pause on nuclear weapons development
- Iran uses anti-Israel rhetoric to deflect and redirect Sunni Arab anger in the region away from Tehran and toward Tel Aviv. Iran probably does not view Israel as an existential threat; however, Israel and Saudi Arabia will continue to view Iran as their primary threat.
- Iran is likely to maintain proxies in the region to promote and/or protect Shia Islamic values and interests. These proxies are considered terrorist groups in the U.S.
- Given that the JCPOA was a multilateral agreement, changes to the agreement will likely be impossible. Reneging on the agreement probably will lead to a downturn in relations with the nations involved.

Objectives

- Promote stability in the Middle East
- Ensure Tehran's nuclear ambitions remain peacefully oriented
- Assure allies in the region that the U.S. will defend their interests
- Diminish the threat of terrorism to allies and the homeland

Option 1

The current Joint Comprehensive Plan of Action represents the *delay option*. JCPOA, if abided by, ensures Tehran's nuclear ambitions remain peacefully oriented by persuading Iran to abide by international norms and its commitments to the Nonproliferation Treaty with enforcement through the International Atomic Energy Agency (IAEA). JCPOA is the culmination of a multilateral effort among the five permanent members of the United Nations Security Council (UNSC P5 - Russia, China, Great Britain, France, and the United States), Germany and the European Union, and Iran. The agreement allows Iran to continue uranium enrichment and separation at levels below weapons grade, and requires Iran remove uranium enriched beyond 3.67%—the level necessary to fuel civil nuclear reactors.

In return for complying with its international obligations, Iran receive economic inducements—to include relief from United Nations Security Council Resolutions sanctioning the regime targeted to key economic aspects related to its nuclear program. Sanctions will be removed in phases as milestones are reached and the cessation of specific activities are verified by the IAEA and reported to the UNSC over the course of 15 years for which the agreement encompasses. Additionally, Iran is expected—per the agreement—to improve its civil nuclear infrastructure and its scientific base, essentially making Iran self-sufficient in the nuclear power sector by the time the agreement is finished.

Sean Asbury

DSS 723-501

The JCPOA/delay option, if implemented and abided by, prevents the Iranian regime from engaging in military-related nuclear development for the next 15 years. Iran's Supreme Leader, Khamenei is currently 76 and in poor health. Delaying Iran's nuclear ambitions provides space for a change in the upper levels of Iran's government. Concurrently, the lifting of sanctions provides an opportunity for foreign investment, finance, and interaction and travel of businesspersons in key sectors of Iran's economy. Iran, for several decades an inward-looking country focused on domestic control, will be forced to be more integrated with the global economy and conceivably global norms in order to maintain and capitalize on the economic benefits the agreement brings. JCPOA provides space and time needed to moderate the regime and evolve it in to the global order.

JCPOA is narrowly focused on delaying Iran's nuclear weapons potential. It fails to address Iranian behavior or intent in many areas that remain antithetical to U.S. interests; for example: Iran's missiles program and Tehran's support to terrorism (or proxy groups). Nor does the agreement curb Iran's intent to be a regional power at the expense of U.S. allies in the region such as Israel and Saudi Arabia. Additionally, if implemented to its fullest extent, JCPOA puts Iran at the threshold of nuclear weapon development, indigenously, no longer reliant on foreign assistance for key aspects of nuclear development or research by the time the agreement expires in 15 years. If the delay option fails to moderate the regime, and Tehran's hardliners remain in control of the government in 2030, Iran will have a nuclear breakout capability and a pathway to nuclear weapons significantly shortened from the current 6-12 month estimate.

Option 2

Leveraging the success of JCPOA, the co-opt option focuses on eliminating the adversarial environment between the United States and Iran by continued negotiations toward a non-threatening pact, removing and/or reducing sanctions in key economic sectors, and using financial, and trade incentives with the goal of the eventual restoration of normalized diplomatic relations between Tehran and Washington. Key areas of mutual interest—first and foremost the threat the Islamic State of Iraq and the Levant poses offers a unique opportunity for both countries to work together to address a common threat. Jihadist terrorism in the region poses a specific, existential threat to the Shia Islamic Republic of Iran and a broader, potential threat to the United States and allies in the region. Working with Iran directly on narrow areas of common concern, such as counterterrorism, can be trust building measures demonstrating Washington's intent to work with and not against the Iranian regime.

Within the Middle East, Iran provides a pillar of stability in an otherwise unstable region. Building on that stability, by jointly eliminating the sources of instability can build trust and provide a foundation for future areas of common interests that Tehran and Washington can work together on. Diplomatic efforts should begin immediately to engage Tehran in a non-aggression pact. The U.S. can formally recognize the legitimacy of the Islamic Republic and pledge that the West has no interest in changing the regime through overt or covert actions. In return, Tehran must cease promotion of proxy support threatening U.S. interests and allies in the region. Once in place, promoting U.S. trade in key sectors (airlines, heavy machinery, and possibly defensive military equipment) as key milestones are met, can promote and build trust between Tehran and Washington. These milestones would include the verifiable elimination of Iranian supply of offensive or lethal aid to Hezbollah in Lebanon, Hamas in Gaza, and the Huthis in Yemen where Iran, through its proxies, threatens U.S. allies and interests. Co-opting Tehran to work toward broader regional stability requires a recognition on the part of the U.S. that Iran's interests in protecting Shia Muslims throughout the region are valid.

Sean Asbury
DSS 723-501

The co-opt option addresses the broader regional stability objectives by eliminating Iran's need to support proxies (or terrorism) by normalizing relations and reintegrating Iran in to the world economy. U.S. levers include economic inducements that can satisfy Tehran's needs to reduce unemployment and underemployment within its highly educated and younger citizenry, boost gross domestic product and rein in inflation—issues of key concern within the regime's leadership. Washington does not need to make Iran an ally in this option, simply make Iran a non-enemy by enacting a non-aggression pact, boosting trade and financial ties and ultimately, restoring diplomatic relations with Tehran by reopening the U.S. Embassy in Tehran.

The risks this option poses are considerable. Iran's historical mistrust of the U.S. runs deep and will be difficult to overcome. Even with a non-aggression pact in place, Tehran is likely to hedge by continuing to develop MRBMs and ICBMs to deter potential U.S. military moves in the region. Iran's economy, intertwined with the military, is likely to continue investing in military hardware especially as its economy improves. U.S. Allies in the region, as well as U.S. politicians, are likely to question U.S. motives and will see the co-opt option as appeasement, rewarding the Iranian regime for decades of bad behavior toward U.S. interests and allies.

Option 3

The deter and coerce option is crafted to assure allies in the region that the U.S. will defend their interests by dissuading or coercing Tehran to act as a good neighbor in the event JCPOA fails or is rejected. Iran is likely to reengage in military-related nuclear development and will, probably before the end of the decade, have a nuclear weapon on a ballistic missile warhead. The U.S. can mobilize the international community to induce a new round of economic sanctions that continues to hurt the Iranian economy and further isolate the Iranian regime. However, Iran has proven adept at not allowing international sanctions to deter pursuit of its national security interests and regime survival. The U.S. can mitigate an emerging nuclear Iran through containment, forming alliances with countries in the region threatened by Tehran by offering the U.S. nuclear umbrella and publicly announcing the positioning of theater missile defense systems throughout the Gulf Cooperative Council nations.

Further isolation of Iran will likely destabilize the Iranian regime over the long term. Iran's current youth bubble, that generation under 30 years of age will grow in to adulthood with significantly reduced economical opportunities, high unemployment and underemployment and continued inflation, if not hyperinflation leading to widespread protests and calls for government reform. This represents one of the key areas the regime needs to avoid in order to maintain the integrity of the Islamic revolution. Concurrently, offering the U.S. nuclear umbrella to all countries in the region that believe they are threatened by Iranian intentions will adequately deter Tehran from using a nuclear weapon. Strategic messaging to Tehran that theater missile defense are deployed throughout the region further can deter the potential for an Iranian ballistic missile launch against its neighbors. This option also inhibits the potential or need for other nations in the region to pursue their own nuclear programs to match Tehran.

Destabilizing Iran has the strong potential for igniting another civil war within an already highly unstable region rife with conflict. Although the Iranian populace, with aspirations for better economic opportunities, will ostensibly be aligned to Western ideals, they lack access to weaponry that would enable them to be effective against the well-armed Iranian military and security forces who are likely not to share the general population's grievances and will potentially strengthen the hand of Iranian

Sean Asbury

DSS 723-501

hardliners. Regime change can be risky in and of itself. Depending on the outcome, the victor will emerge with a nuclear arsenal and there are no guarantees that the victor will be sympathetic to Western ideals. ISIL could also be poised to take advantage of the chaos within Iran and extend its lines from Iraq in to Northwestern Iran.

Discussion

The JCPOA option, though historic and multilaterally crafted, only delays Iran from pursuing a nuclear weapon over the next 15 years. At best, it provides time and space for additional policies to be crafted in order to meet long term U.S. interests. In and of itself, it fails to address broader key strategy issues but does begin the process of reintegrating Iran in to the world economy and this could begin the process of moderating the Iranian regime by providing greater economic opportunities for its citizenry. It also provides the regime with greater revenues to invest in its military programs to include ballistic missiles that will eventually threaten the U.S.

The co-opt option takes advantage of the time and space provided by JCPOA to begin the process of developing policies addressing key areas JCPOA does not. Co-opting Tehran requires recognition of the legitimacy of the Iranian government and understanding Iran's security needs. Pursuing a policy of non-aggression, investing in the Iranian economy, and reintegrating Iran in to the global economy satisfies Tehran's strategic interests while meeting U.S. objectives. Cooperating with Iran in the short term to bring stability to the region by eliminating ISIL and re-stabilizing Syria and Iraq can be areas Washington and Tehran can begin immediately to implement building trust for future negotiations.

The coerce and deter option can be implemented in the event JCPOA fails, either through Iranian non-compliance or the determination that JCPOA does not meet U.S. objectives. If the former, enforcing UNSCR snap-back sanctions will be far easier than if the U.S. unilaterally disengages from the agreement as the agreement encompasses the interests of the P5, Germany, the EU, and Iran. The U.S. must proceed with the assumption that Iran will re-engage in military-related nuclear development if the agreement fails. If Tehran pursues this course of action, in direct violation of its NPT obligations, the UNSCR will have little choice but to initiate new rounds of international sanctions on the regime which can lead to instability within the regime and potentially lead to widespread protests throughout the country.

Recommendation

The co-opt option has the best opportunity to meet U.S. objectives.