

POLICY PAPER

The issue of nuclear nonproliferation in Iran has remained a major US policy focus for decades. Decades of threats, sanctions, and negotiations have resulted in a complicated diplomatic landscape that has shaped the United States' relationship with its Western partners, its Middle Eastern allies, and Iran itself. Despite the passage of the Joint Comprehensive Plan of Action (JCPOA) and its implementation by the international community, fears persist that Iranian leaders are merely stalling by not building a bomb, but remaining dangerously close to doing so. If US policymakers want to craft a plan that results in a lasting diplomatic solution to this problem, they must draft it in a way that effectively takes into account the complicated history and immense scope of US-Iranian relations. Understanding these two concepts will be crucial to implementing such a plan.

In discussing western approaches to the Iranian nuclear situation, it's important to discuss the country's long diplomatic past with the west. In the decades since the revolution of 1979, Iran's behavior both inside and outside its borders has made western nations doubt Iran's ability to perform as a diplomatic partner. This reluctance is best explained in Dore Gold's *The Rise of Nuclear Iran*. Gold recounts nearly three decades of attempted Western-Iranian engagement that was characterized by Iran's "diplomatic duplicity" where "saying one thing at the negotiating table and doing the exact opposite...was not

something of which to be ashamed” (Gold 2009, 17). There are numerous occasions where Iran assured the global community of its aspirations for peaceful, clean nuclear energy while turning around in closed door meetings to remark on its interest in more ominous “other activities” (Gold 2009, 15). These instances, combined with the penchant for Iranian clerics to make brazen, apocalyptic threats against Israel and the west have lead many US leaders to share Gold’s conviction that “there are serious reasons to doubt whether the concept of deterrence...could be relevant to an Islamic theocracy that idealizes the cult of martyrdom” (Gold 2009, 17). This viewpoint – shared widely among everyday Americans, academics, and top policy makers alike – is likely a major contributing factor to widespread distrust of the JCPOA and to the belief that Iranian sanctions were lifted too easily.

This is a fair criticism, as economic sanctions were and are a cornerstone of the United States’ Iran policy. Undersecretary of State for Political Affairs Wendy Sherman summed it up concisely in her testimony to the Committee on Banking, Housing, and Urban affairs that “since 2008, there have been five U.N. Security Council resolutions, nine Executive orders by the executive branch, and four wide-ranging laws passed by the U.S. Congress” that enacted sanctions that “carry real consequences for Iran” (2013). By action of the United States government and through its work in the United Nations Security council, the dominant US-Iran strategy was to enact “one of the toughest, most comprehensive

sanctions regimes ever” (2013). While years in the making, this strategy eventually came to fruition.

Between 2006 and 2011, the United States was a key player in a series of UN Security Council Resolutions that continually escalated international pressure on Iran in response to its nuclear program. This process began in 2006 with Resolution 1696, which simply expressed disapproval over the Iranian nuclear program, reaffirmed international commitment to the Nuclear Nonproliferation treaty, and encouraged Iranian leaders to cease all enrichment activities and to cooperate with the IAEA (S.C RES 1696). It was built upon the following year by Resolution 1747, which placed an embargo on outgoing Iranian arms, restricted foreign purchase of Iranian state-issued debt, and identified certain Iranian officials and organizations as “bad actors”, virtue of their involvement with the nuclear program (S.C. RES 1747). While these two actions by the UN Security Council (along with a third, largely inconsequential resolution in 2008) made it clear that the US and its foreign allies were unhappy with the state of the Iranian nuclear program and were willing to back their words up with actions, this escalation didn’t reach its peak until the Summer of 2010 with the enactment UN Security Council Resolution 1929 (S.C. RES 1803).

This document was by far the most aggressive: It established a two-way arms embargo, restricted Iranian bank expansion abroad and foreign bank expansion in Iran, expanded the list of Iranians barred from travel, and further

discouraged foreign investment (S.C. RES 1929). It was also by far the most controversial. UN Security Council members Brazil and Turkey voted against it, claiming that it undermined their work to reach a diplomatic solution with the Iranian government (UN News). President Ahmadinejad called the resolution a “used handkerchief which should be thrown in the dustbin” (Bowen 2010), seemingly sharing the Brazil and Turkey’s view that this action was less about creating a lasting solution and more about bullying Iran into submission. Iranian leaders held firm in their beliefs, affirming that they shared the same inalienable right to nuclear technology as any other country in the world and that their pursuit of nuclear technology was of more value to their future as a sovereign nation than succumbing to Western coercion.

For all its controversy, however, the Resolution was effective. Iran’s blisteringly fast economic growth prior to the sanctions, regularly ranging from 5-8% each year, was stopped in its tracks. From the time that the sanctions took effect to the time that the JCPOA came into action, Iran’s GDP growth reached a low of -10%, and only crept above the prior 5% threshold for a period of about three months (World Bank). Despite Iran’s best attempts to circumvent the deal – such as exploiting a loophole that banned exports of oil, but not electricity – the effects of these sanctions were doing significant damage to Iran’s economy. The great Islamic republic, despite its large population of educated youth, despite its enormous network of connections throughout the Islamic world, and despite its

unique status as a Middle Eastern petrostate with a diversified economy, was proving vulnerable to international pressure. Returning once again to the words of Wendy Sherman: “Put simply, the Iranian economy is in a downward spiral” (2013). This was just the type of economic pressure that the UN had hoped to apply.

This decade-long escalation in international pressure on Iran is evidence of the United States and its Western allies making the Iranian nuclear program a priority. The fact that many of these resolutions were passed by all five permanent members of the UN Security Council, despite their competing agendas and varied levels of Iranian investment, speaks to the tremendous level of international concern. However, the fact that strong diplomatic action did take years to gestate harkens back to the reluctance of the international community to come down hard on Iranian leaders. It also contextualizes Iran’s confidence in its ability to outmaneuver the West and its normalization of so-called diplomatic duplicity. With this in mind, it makes sense that most of the United States’ individual actions towards combatting Iran were undertaken in 2010 and later. Only then did American leaders have the confidence that they had exhausted every nonconfrontational diplomatic approach and that they had the appropriate amount of global cooperation to back up their actions.

While the United States was most aggressive in its individual Iran policy around 2010 and later, modern US-Iran nuclear policy arguably starts with the

administration of president George W. Bush. In the summer of 2005, President Bush signed into action Executive Order 13382, which imposed asset freezes on certain Iranian people and organizations associated with the nuclear program. While technically the most aggressive action at the time, the order was more an annoyance and financial burden to select members of Iran's elite than it was a comprehensive Iran policy. For members of the elite that didn't have sizeable American investments or a strong desire to travel to the United States, it likely wasn't felt at all. However, it could be argued that the order provided a model for further individual US action and it is evident that many of the UN resolutions discussed previously take a similar initial approach. Nonetheless this is merely speculation, and there isn't any documented evidence to ascertain the validity of this idea. Only during the first term of the Obama administration did the United States begin to put all of its weight behind its Iran policy.

Decisive congressional legislation and executive action was frequent during the middle years of the Obama administration. In 2010, the US Congress passed the Comprehensive Iran Sanctions, Accountability, and Divestment Act which passed with an overwhelming 408-8 majority in the House and unanimously in the Senate (2010). This law, while enacting a wide range of sanctions on banking and foreign investment, was most aggressive in its attack on the Iranian petroleum industry. Iran, despite being one of the largest petroleum exporters and a member of OPEC, relied on foreign imports for its gasoline needs

due to a lack of refining capacity. Upon its enactment, this law placed restrictions on companies that sold gasoline to Iran as well as targeting companies that even tangentially supported the Iranian refining industry. This piece of legislation, while a significant policy move in its own right, reached its full potential when compounded with restrictions on outgoing Iranian oil were implemented in early 2012. Once again, from Wendy Sherman:

“The oil sanctions, which we have been implementing for 18 months, have resulted in Iran exporting over 1 million fewer barrels of crude oil each day than it did in 2011, costing Iran between \$3 and \$5 billion per month. To date, all 20 importers of Iranian oil have either significantly reduced or eliminated oil purchases from Iran.” (2013)

With this move, Iran’s economy was quickly approaching its breaking point. It would only take one more piece of US legislation to pressure Iranian leaders to work with the global community and postpone their nuclear ambitions.

This piece of legislation was the Iran Freedom and Counter-Proliferation Act of 2012 which was officially implemented as part of the National Defense Authorization Act for Fiscal Year 2013. The bill was nothing groundbreaking. The accompanying fact sheet put out by the State Department described it as implementing “new measures that require the imposition of sanctions set forth in the Iran Sanctions Act (ISA) on persons ... connected to Iran’s energy... and

shipbuilding sectors, as well as on ...certain materials to or from Iran that can be used in connection with nuclear, military, or ballistic missile programs” (2013). These provisions followed the pattern of the last few years of Iranian sanctions. They targeted the sectors that brought Iran the most income or that could allow Iran to increase the strength of its military. They remained purposefully vague such that US authorities could have some flexibility with how they enforced new developments in the Iranian economy. They made clear that Iran’s nuclear ambitions were not to be tolerated, and that only if Iran ceased all non-civilian nuclear development would the sanctions be reconsidered. However, while these provisions may have lacked novelty, they were what finally brought Iran’s economy to its breaking point. It is for this reason that Iran finally agreed to international talks and acquiesced to a diplomatic solution.

This solution was the Joint Comprehensive Plan of Action, or the JCPOA, finally passed in Vienna, Austria on July 14th, 2015. A landmark compromise between the UN Security Council P5+1, Iran, and the European Union, the JCPOA outlined the future of Iran regarding its standing in the world and the continuance of its nuclear program. This agreement, often simply called the Iran nuclear deal, had three main components. First, it established very specific rules for Iranian leaders to follow regarding their future development of nuclear technology. Second, it laid out a plan of international inspection and enforcement that would confirm that all parties to the deal were holding up their end of the

bargain. Third, it provided a clear plan, effective 2016, for sanctions relief by the EU, the P5+1, and the United States.

Following the implementation of the deal, Iran was required to make dramatic changes to its existing and planned nuclear infrastructure. Under the terms of the agreement, Iran could now enrich Uranium “exclusively in the Natanz Enrichment Facility” and only up to a maximum enrichment of 3.67% - far less than the level required for a conventional nuclear weapon (JCPOA). Iran’s enriched Uranium stockpile would also have to be reduced to a maximum of 300 kilograms, an exceedingly small amount of fuel for any country with a growing nuclear program. In addition to reducing its enriched Uranium stockpile, Iran would also have to reduce its enrichment capacity – via reducing its number of centrifuges – by nearly a factor of four. This provision is crucial in extending Iran’s nuclear weapon breakout time past the one-year threshold. These provisions combined with numerous other rules affecting Iran’s ability to reprocess nuclear fuel, operate its experimental Arak reactor, produce heavy water, isolate medical isotopes, and various other activities beyond the scope of this paper intended to change the Iranian nuclear program from a phantom menace to a safe, well-behaved civilian endeavor.

These rules were and are closely monitored by the newly instituted system of inspection and enforcement that the JCPOA makes non-negotiable. First and foremost, Iranian officials must allow regular inspections of key nuclear sites by

inspectors from the International Atomic Energy Agency, or IAEA. For example, to enforce rules regarding heavy water production, Iran must “Inform the IAEA about the inventory and the production of the HWPP [Heavy Water Production Plant]” on a consistent basis (JCPOA). That being said, Iran has a rocky past with IAEA oversight, having in years past refused access to large portions of their nuclear infrastructure and having on multiple occasions been caught red-handed with technical documents and diagrams related to key nuclear weapon components (Timmerman 2006). However, in order to remain in compliance with the deal, and in order to reap the benefits that the deal offers, this behavior can not continue. In the two years since the deal’s implementation, Iranian officials have remained in compliance by granting IAEA officials necessary access to their nuclear facilities and to key paperwork. However, recent ballistic missile tests and Iran’s failure to reduce their nuclear stockpile below the 300-kilogram threshold have led some to worry about their level of dedication to the agreement (Timmerman 2006).

These worries have the potential to manifest themselves in reality. The JCPOA grants partner countries powerful enforcement tools for when they believe that Iran is acting out. Each country party to the agreement can file a dispute through the UN Joint Commission if they believe that the terms of the deal are being violated. In the United States, the sitting president must recertify the terms of the agreement every ninety days by executive action, but he or she may at any

time judge Iran to be out of compliance and renege on the terms of the deal. This is particularly important, as Iran's recent ballistic missile tests have reportedly led President Donald Trump on multiple occasions to consider performing this decertification, but eventually not doing so on the advice of other members of his administration. If Iran were to be decertified, the JCPOA dictates that sanctions will "snap back" into place. However, this process is easier said than done. The process of re-imposing sanctions is "complicated and unreliable" and "the renewed sanctions would not cancel contracts already signed" by partner states (Mandelbaum 2015). More daunting however, is that if the deal is called off, then Iran will have no incentive to keep its nuclear program on hold. Iranian leaders would most like take the opportunity to make up for lost time in their pursuit of a nuclear weapon.

But assuming that Iran does remain in compliance, it stands to gain a tremendous amount from the deal. The third major component of the JCPOA is arguably the most comprehensive sanctions relief plan in history. The United States alone will terminate Executive Orders 13574, 13590, 13622, 13645, and selected sections of 13628, also known as the five pieces of executive action discussed by Wendy Sherman in her 2013 congressional testimony. The US will also repeal the bulk of the provisions set forth in both the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 and the Iran Freedom and Counter-Proliferation Act of 2012 – two of the four pieces of sanction legislation

mentioned in that same testimony. The EU and the P5+1 followed in kind, relaxing or eliminating Iran related provisions in their economic rulebooks. In addition to individualized sanctions relief, the deal will nullify the previous four UN Security Council Resolutions that formed the basis of the international Iran sanctions strategy. Excluding the sanctions placed on Iran due to its state sponsorship of terror, the United States and its UN partners effectively repealed every major piece of Iran sanctions legislation imposed in the last ten years. For the projected lifetime of the deal, Iran will become increasingly integrated into the world economy and will remain distant from its nuclear ambitions.

While current United States and United Nations Policy are effectively temporary solutions to the issues surrounding the Iran nuclear program, the sun will eventually set on the Iran Nuclear Deal. Even if the terms of the deal are extended, Iran remains a problematic diplomatic partner. Iran's post-JCPOA breakout time of one year is far better than its prior four months, but extending this time further should be high priority. While the harshest economic sanctions have been removed, the United States still maintains some sanctions that are motivated by Iran's state sponsorship of terror – most notably Hezbollah. As a result, Iran still remains largely unincorporated into the global economy, particularly considering its large, educated population and vast natural resources. Finally, isolation from Western powers encourages Iranian leaders to cozy up to central and east Asian governments who share their authoritarian tendencies. As

these relationships grow closer and become more vital to the Iranian economy, the United States and its Western allies will be further diminished in their ability to exert influence over the region. For these reasons, the United States should implement a series of strategies that constitute a comprehensive, long-term Iran policy that is fitting for a post-JCPOA Iran.

First, the United States should encourage partnerships between its domestic nuclear vendors and its Middle Eastern allies. This will benefit the United States from several different angles. By promoting American nuclear technology in the Middle East, US leaders can be confident that civilian reactors in this region follow designs and safeguards that are determined by the Nuclear Regulatory Commission. Additionally, many modern reactor designs can run on unenriched nuclear fuel. If implemented in Iran, this could eliminate the need for enrichment facilities and dramatically extend Iran's nuclear weapon breakout time. Finally, this could prove to be a valuable economic partnership between the United States and potentially valuable Middle Eastern allies. It could build good will between the United States and Middle Eastern countries who have been negatively affected by Western interference and sanctions. It could serve as an example to Iran's disgruntled younger generation of how cooperation with the US can lead to tangible economic benefits. And perhaps most importantly, it could accomplish these goals at little to no cost to the American taxpayer and to the benefit of the United States' standing as a global industrial power.

Second, the United States and its Western allies should encourage action from Iran's neighboring countries. The recent pledge by South Korean President Moon Jae-in and North Korean leader Kim Jong Un to denuclearize the Korean peninsula and end the nearly seventy-year-long Korean war acts as a shining example of the power of regional cooperation. This example is all the more relevant considering the escalation of the North Korean nuclear situation in the face of unwelcome American attempts at diplomacy. To draw heavily on Samuel Huntington's essay *The Clash of Civilizations*, the idea that "development is more likely to happen within civilizations than between them" seems particularly relevant to the Iranian nuclear debacle. Just as progress on the Korean peninsula was made between Koreans, it is intuitive that Iran's neighbors, with whom it shares deep cultural and economic ties, are more likely to formulate lasting solutions than Western onlookers (Huntington).

Third, the United States should advertise US-Iran partnership as something that results in tangible economic benefits to Iran's disgruntled and unemployed youth. Young Iranians have already felt some relief following the lifting of sanctions by the JCPOA, but the youth unemployment rate still remains above 28% (Trading Economics). Nuclear related sanctions may have been lifted, but other measures remain in place on account of Iran's continued sponsorship of terrorism throughout the region. Iranian leaders, in the words of Cyrus Amir-Mokri and Hamid Biglari, have made "lackluster attempts at market

liberalization” (2015, 28) and the country is known to be extremely corrupt, unwelcoming to foreign businesses, and “a poor protector of intellectual property rights” (2015, 28). On both the Ease of Doing Business and the Corruption Perceptions Index, Iran has historically scored in the bottom quartile (2015, 28). US leaders should make it clear, in a series of statements and policies, that until Iranian leaders clean up their act they will not be able to reap the full benefits of American partnerships and capital. This will put the agency of change on Iran’s youth to pressure their leaders into compliance. With widespread protests in recent memory and Arab Spring tensions bubbling just below the surface, this could be the incentive necessary to quell Iran’s aggressive foreign policy and nuclear ambitions.

Fourth, and finally, the United States should prepare for the case of failure. While the policies outlined in this paper are intended to provide a sustainable US-Iran policy, history has taught us that Middle Eastern policy is easier said than done. In the case of the Iran agreement expiring without a new solution put into place, or in the case that Iran violates the terms of the JCPOA, the US should prepare a revised set of sanctions that will be snapped back into place. These sanctions should be more aggressive than before. They should close loopholes, like the provision that bans Iranian petroleum exports while allowing Iranian electricity exports, that allow Iran to continue to sell its products abroad. They should keep in mind Iran’s key dependents – countries like Turkey and

India – that fulfill a large portion of their oil diet with Iranian crude, so that the US can gain international partnership without alienating its allies. And finally, they should list Iranian ballistic missile tests as a violation of any sanctions relief agreement, making clear that such tests are unwelcome acts of aggression.

In the face of such aggression, US leaders will at some point consider a military option. Military intervention in the Middle East has been a common policy over the past two decades from the wars in Iraq and Afghanistan, to air strikes in Libya and Syria. However enticing this option may be, it will likely only serve to cause unnecessary bloodshed and further inflame anti-Americanism throughout the country and the region. While Iran may not be able to develop a nuclear weapon if it is embroiled in military conflict, it likewise won't be able to if it doesn't have the money or popular support to do so. Applying such policies has the potential to weaken Iranian leaders into submission, and they have the potential to open up new economic partnerships. It is for this reason that sanctions have been a cornerstone of US-Iran policy for decades, and it is for this reason that it should continue to be the case.

Iran and its leaders have challenged American diplomats for decades. The issue of the Iranian nuclear program has been on the forefront of the US foreign policy agenda since the early 2000's and arguably for decades prior, yet a lasting solution has not been found. Iran's regional power, shrewd diplomacy, and global ambitions make it both a troublesome adversary and a potentially valuable

partner. While the country's confrontational history with the west, ties to terrorist organizations, and quarrels with key US allies may mean that completely normalized relations may never be achievable, understanding the history of this conflict and considering the recommendations outlined in the paper could be critical to creating a lasting solution in the region.

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