
FRIENDS OF ISRAEL INITIATIVE

Iran and the Middle East after the Nuclear Agreement

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Preface

The framework agreement between Iran and the P5+1 (Joint Comprehensive Plan of Action – JCPOA) is a watershed event for the region, both on its own merit and in the light of other events in the region. Advocates of the agreement view it as the harbinger of stability insofar as it is supposed to defuse one of the most critical issues that hovered over the Middle East during the last decade – the specter of Iran becoming a nuclear power. Its critics view it as appeasement of an extremist Islamist regime that will give birth to a polynuclear Middle East, encourage Tehran to persevere in its current aggressive policies in the region and add fuel to the Sunni-Shiite war.

But even under the optimistic assumptions of the proponents of the nuclear agreement with Iran, the Middle East is undergoing a sea change, precipitated by Iranian regional influence on one hand and the breakdown of the nation state and the emergence of the “Islamic State” on the other hand. Iran’s involvement in Yemen and the subsequent intervention by a coalition of Sunni Arab countries, the perception that the United States has “flipped” to the Iranian side of the Arab-Sunni/Iranian-Shiite conflict, the emergence of the “Islamic State”, the weakening of the nation state and “re-tribalisation” of Arab society, are producing a sea change in the strategic worldview of the Sunni Arab world. Erstwhile mainstays of American influence in the region (Saudi Arabia, Egypt and others) are gradually reaching the conclusion that they can no longer rely on American security guarantees and they must forge a new level of regional cooperation (a Saudi “Monroe Doctrine”) in order to block Iran, and are willing to risk political conflict with the United States on these issues.

The nuclear agreement therefore must be assessed in the broader context of the strategic reality of the Middle East. The emerging threats from the region entail second and third order consequences for its immediate neighbors and further abroad into Europe, the Western world and Asia. The countries of the region will have to take strategic decisions: the coalition of Arab states fighting in Yemen may evolve into a permanent anti-Iranian coalition that may intervene in other parts of the region (Libya, Syria, Iraq), Saudi Arabia, Egypt and others may now decide to initiate their own nuclear weapons programs in response to the legitimacy accorded the Iranian program; oil production and prices will be affected by the conflict in the Gulf; Egypt and the Gulf Arabs will seek to diversify their arms sources (Russian, China, France) in order to minimize the reliance on the US; and all the above will certainly have an impact on the relations with Israel.

The purpose of this paper is to provide observations on potential emerging threats from the Middle East in the light of the agreement and the strategic situation in the region.

The Demise of the Nation State and the New Map

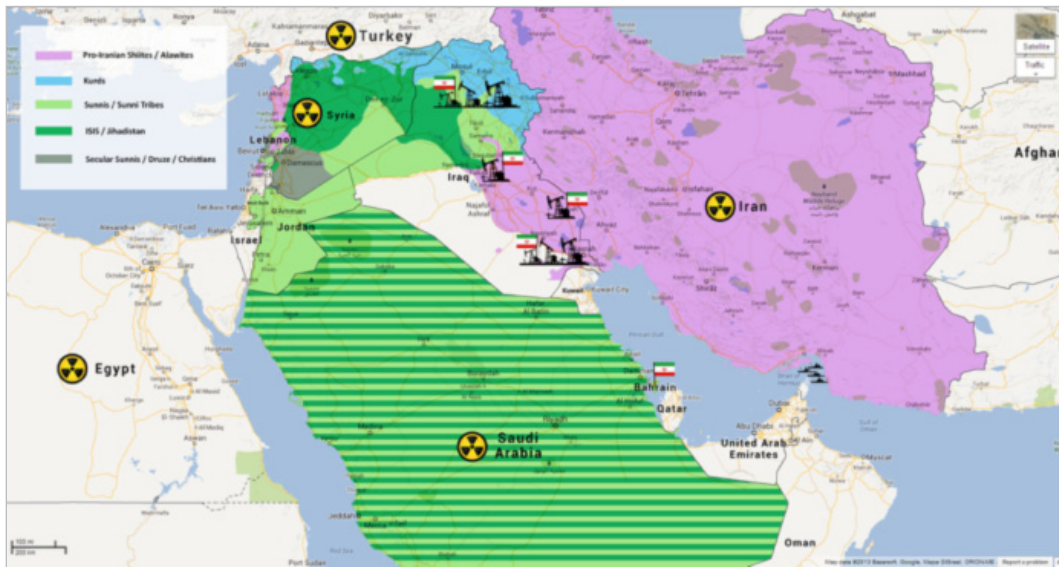
The Middle East is witnessing the demise of the Arab nation state and the end of the quasi-Westphalian Order that developed in the region since the 1970's. State disintegration is already a *fait accompli* in Syria, Lebanon, Iraq, Yemen, Libya and Somalia. This process is characterized by: loss of regime control; absence of any single regime alternative; devolution of authority and military force from the central organs of the state to local and tribal leadership organs and proliferation of arms in the hands of local warlords (loss of state "monopoly of force"); breakdown of centralized systems of law and order and their replacement with local and tribal policing and tribal judicial systems ("tribal "common law" referred to as '*urf*') and reversal of years of modernization and nation building through revival of the most nuclear levels of identification – family, clan and tribe - as the only anchor for the individual in the chaos; and inter-communal conflict resulting in wide-spread massacres and refugee crises creating new demographic realities.

This process may be termed "Re-tribalisation"; tribal identification was the key factor in Middle Eastern society until the modernization processes of the 20th century. The majority of the individuals in the region – if they trace their ancestors – will find that their grandfathers or great-grandfathers saw themselves as belonging first and foremost to a tribal framework and only after that – if at all and at a great distance – to a national political framework. This legacy seems to be reviving in the uncertainty of the modern Middle East. The fault lines in the New Middle East will be, therefore, primarily ethnic and tribal. The religious and sectarian (Sunni/Shiite) factors usually have a high correspondence with the tribal and hence it will be difficult to unravel the influence of each of these factors on its own. In any case, these factors will determine the alignment of the different actors in crisis situations and the degree of their amenability to cooperation with external actors (including the US).

The "tribalisation" factor will have a stronger effect on some regions of the Middle East than on others. There is no doubt that the Arabian Peninsula, Libya the Fertile Crescent will be the primary examples. The tribal factor is

not limited to Bedouin nomads or to undeveloped pre-urban parts of the region. The tribal identification continues to linger in many urban parts of the Arabian Peninsula, Jordan, Iraq and Syria and even remains predominant in countries like Yemen and Libya.

The New “Map” of the Middle East



The Syrian crisis has no diplomatic solution and will continue on a vector of disintegration and intermittent armed conflict for the next 5-10 years. The ethnic and ideological fault lines of Syria will be the basis of the de-facto sub-state entities that may arise: areas under control of the Assad regime (Damascus and “Alawistan” in the north-west); a contiguous area of the “Islamic State” straddling the defunct Iraqi-Syrian border and additional “cantons” of Jihadistan under ISIS/Jabhat al-Nusra control, and Kurdistan in the north. Most of the Jihadi groups will be satisfied with their daily pint of Alawite blood but some may, in the course of the dynamics of inter-Jihadist competition, begin to vie for attention by attacking Israeli and Western targets. Each of the weakly or non-governed “Syrias” will have its share of the residual capabilities (including WMD) of the former state.

The refugee crisis has already had a significant impact on host states of Syrian refugees (Jordan, Lebanon) in terms of their economies, suffering from small local populations and limited resources, political stability and security. The likely prognosis for the stability of these countries has to be taken into account in any strategic planning vis-à-vis the region. Lebanon

and Jordan will suffer from spillover from the Syrian crisis. Out of the estimated population of Syria of 21 million, the number of refugees outside of Syria stands at approximately 4 million – three quarters in those two countries - with an additional 9 million internally displaced persons. The Syrian Jihadi movements will find supporters in Jordan who – unlike the relatively conservative “East Jordanian” Muslim Brotherhood – will not hesitate to undermine the stability of the Kingdom. A breakdown of Jordan would probably result in scenarios in which Jihadi elements initiate cross-border attacks against Israel, drawing Israel into an escalating spiral of retaliation and pre-emption against terrorism from the East Bank, resembling the situation in the 1950’s and after the 1967 war. Similarly, the potential for escalation due to attacks from Syrian territory against Israel will grow and Israel will be forced to intervene regularly against Jihadi elements in Syria.

Iraq will continue to be divided into a Shi’ite south and center, including Baghdad, a Sunni, ISIS-dominated west and a Kurdish-ruled north. The borders between these three de facto entities may change but none of the parties have the capability to defeat the others and to subjugate them.

Egypt will constantly be teetering on the abyss of economic crisis that could trigger loss of control that would have immense strategic implications.

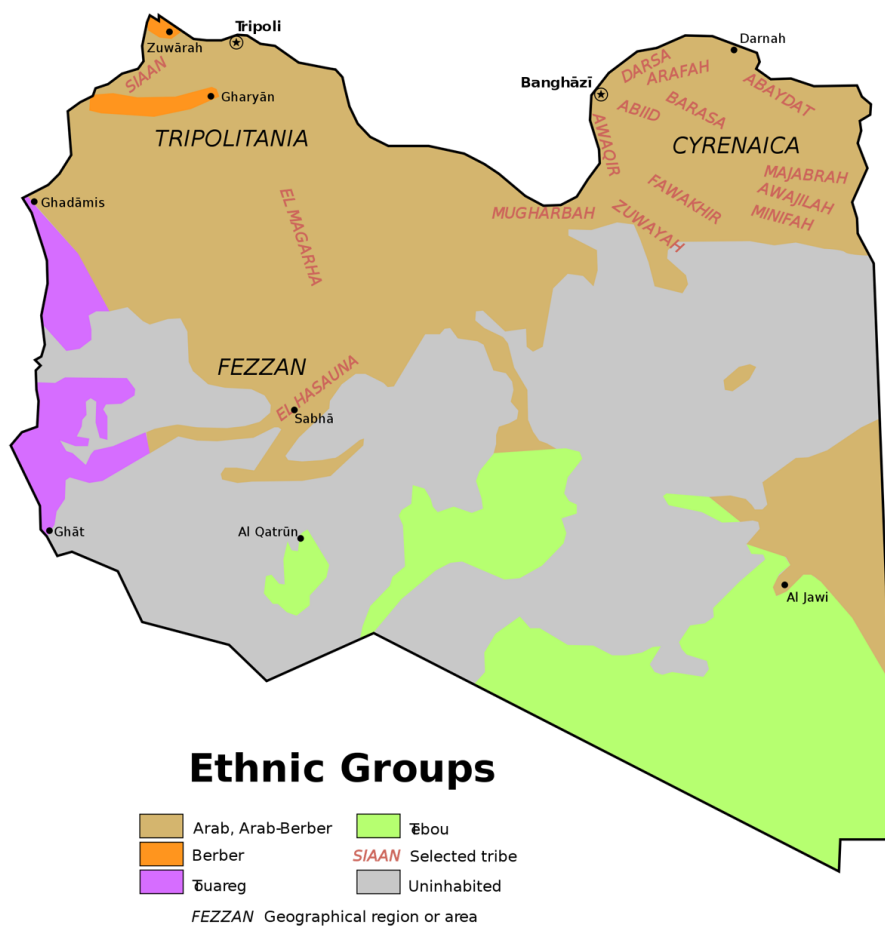
Destabilization of the **North African regimes – Algeria and Morocco** would impact on the sense of security in those countries of Europe (Italy, Spain, France, Belgium) that either border on the Mediterranean or where large North African populations reside. The emigration crisis that is plaguing southern Europe will continue and exacerbate as the stability of these countries deteriorates.

Libya will probably remain a nominal state, with diminishing control over the periphery of the country. The main implications for the West of this situation lay in the risks to the energy industry and the fact that Libya has lost its control over the borders and has become a transit point for migrants from all over Africa. Relations between Libya and the international community will be formal support the regime and calls for “political dialogue” to resolve the internal conflict but de facto acceptance of the disintegration of the country. The regime will call for foreign intervention in parts of the country. However, the absence of Western resolve will mean a growing involvement of Egypt and the Gulf States in the efforts to stem the tide of the “Islamic State” in the country. Egypt sees a strategic imperative in stabilizing Libya and is, therefor supporting the forces of General Khalifa Haftar. Further

ISIS massacres of Egyptians in Libya will give Egypt the *casus belli* al-Sisi needs for broader intervention. Meanwhile, Libya

The political map of Libya will follow tribal fault lines (see map below). These run, primarily, along the lines of the regions of Tripoli and the Cyrenaica. The tribes that were affiliated with the Qaddafi regime (Magarahi, Qadhaf) will be targets of revenge by tribes that suffered at their hands. The cycle of revenge and blood feuds will characterize Libya for the following decades. This will have an effect on the integrity of the oil industry. Instability will cause fluctuation in oil production due to sabotage and combat between warring factions in proximity to the oil fields.

Libya: Map of Ethnic Groups and Tribes ¹



¹ Source of Map: Libya resources (<http://whoruleswhere.wordpress.com/2011/02/27/libya-resources/>)

Saudi Arabia is ostensibly homogenous, but fragmented into tribal interests and areas of influence. Areas closest to Yemen will be affected by the break-up of that country, with tribal influences crossing the borders and virtually erasing them. In parts of the Arabian Peninsula, the Jihadi-Salafi movements will feed off traditionally extremist tribal and religious leaderships and these will pose a challenge to the ruling government in Riyadh. The perception of the Gulf countries regarding the capabilities and intentions of Iran will be a key driver for their intervention in other theaters and their own inter-relationships. But the key determinant of stability of Saudi Arabia will be the issue of succession. During the next decade succession will be more and more frequent. This uncertainty will give rise to jockeying among the next line of successors, efforts by those who would be kings or crown princes to enlist support of local power brokers and a growth in the power of those local forces. This dynamic can precipitate processes that will de-centralize the Kingdom.

Arabia Peninsula – Tribal Areas



The Civil War in **Yemen** has escalated to the status of a full-fledged regional conflict, reflecting the fault lines between the Sunni Arab world and Iran

and its Shiite proxies. The continued advance of the Iranian-proxy Houthis in Yemen coupled with the withdrawal of the American and British troops was seen as a “last straw” for Saudi Arabia, which is now ready to engage in a “hot war” with Iran’s proxies in Yemen, and even risk direct confrontation with Iran. As the Arab campaign escalates, Iran will also increase its footprint through elements of Hezbollah or Quds Force as in the early stages of the conflicts in Syria and Iraq and will attempt to deter Saudi Arabia and its allies by subversion in the Shiite areas of the Eastern Province of Saudi Arabia and Bahrain and even possible terrorist/cyber attacks on Saudi targets – first and foremost oil producing targets. At least until the final conclusion of the nuclear deal at the end of June Iran will see itself free to act without fear of Western interference on the assumption that the West will not want to derail the negotiations. In order to deter Egypt and the West from intervention, the IRGC has been releasing consistent implicit threats that Western intervention in Yemen may result in closure of the Bab al-Mandeb straits, citing the implications of mining of those straits.

Iraqi Kurdistan is on the verge of declaring independence or at least separation from Iraq. The continuing existence of the “Islamic State” may further weaken the formal bonds with the Iraqi central government and reduce the incentives for remaining part of Iraq, though the strategic mutual interest to oppose the “Islamic State” will remain. The bonds with Syrian Kurdistan will probably strengthen, creating a de facto entity that Turkey will probably view as a potential de-stabilizing irredentist factor for its own Kurdish population. A Kurdish political entity will probably align itself with the US, both for strategic reasons and because of their cultural self-image as ethnically distinct from the Arabs, the relatively low influence of radical Islam in their ranks, their economic interests, and their social values (including a high degree of equality of women).

The Erdogan regime in **Turkey** will continue to downgrade the democratic features of the state. At the same time, Turkey’s domestic stability is not to be taken for granted; spillover of the chaos in Syria, the ISIS phenomenon (and the Turkish government’s evolving special relationship with the “Islamic State”) and the demographic process that will result by 2025 in Turkey being over 50% Kurdish coupled with development of Kurdish entities in Syria and Iraq will take their toll. For the intermediate period however, the Erdogan regime will continue to adopt confrontational positions of support of Hamas and the Muslim Brotherhood, leading it into growing conflict with Egypt, Saudi Arabia and Israel. Israel must take into account that the Erdogan regime will not restrict itself to overt political animosity but

may become a direct supporter of terrorism against Israel. For the first time, Israel will find itself in direct conflict with a NATO country with which the US has special relations.

China and Russia may be increasingly willing to take up the slack left by the West, without the constraints that govern Western relations such as promoting civil rights.

The Challenge of the “Islamic State”

The rise of the Caliphate of the “Islamic State” is a watershed event in the history of radical Islam and will reverberate for the near and medium terms not only in the immediate theatre of operations (Syria and Iraq) but in the broader Middle East and in far-flung reaches of the Muslim world and parts of the West.

The ideological Weltanschauung of the “Islamic State” is far more confrontational, outward looking and violence-prone than any previous radical Islamist movement. The very paradigm of a Caliphate precludes a Westphalian order in the Muslim world or permanent peace between the Caliphate (“*dar al-Islam*” - the “Adobe of Islam”) and the non-Muslim world (“*dar al-harb*” - the “Adobe of War”). The very concept of the Caliphate implies full authority of the Caliph in both religious and temporal (including military) affairs; universality of the Caliphate and the need for physical unification of all parts of the Muslim world under its sway; the unacceptability of equally legitimate competing “Caliphates” or of Muslim religious pluralism within the Caliphate (i.e. – virulent hostility towards Shiites); demotion of non-Muslims in the Caliphate to the status of second class citizens; the revival of the “offensive jihad” against the non-Muslim world for “making the word of Allah supreme in the world²” and the duty of the Caliph to obtain “all types of weapons that the enemy possesses”, including nuclear weapons and other weapons of mass destruction.

The current efforts to “degrade” the “Islamic State” by limited military force or to delegitimize it by declaring it “not Islamic” are not likely to bear fruit in the near future. The military option would call for decisive military capability that neither the Syrian nor the Iraqi regime possesses and the Arab coalition against the “Islamic State” will not invest while the US “leads from

² Hence the reference of the “Islamic State” to far-reaching parts of the Muslim world, former Muslim territories such as “al-Andalus” (Spain) and the threat to “conquer Rome”.

behind”. The expectation that the Sunni tribes in Iraq and Syria will fight the “Islamic State” as they had done against al-Qaeda in the “Anbar Sunni Awakening” in 2006-2007 is a chimera. The assessment that the “Islamic State” may be a “one bullet regime” and that targeted killing of Abu Bakr al-Baghdadi would topple it is also flawed.. While the “Islamic State” may not be capable of tipping the scales against the Syrian and Iraqi regimes, the latter also will not be capable of dislodging it for the foreseeable future, leaving the near and intermediate future and era of chaos.

Muslim communities, organizations and ideological movements cannot be aloof to the “Caliphate”; they may either acknowledge its claim to exclusivity and vow their allegiance or oppose it and become – in its own eyes – allies with the infidels and rebels against the legitimate “Commander of the Believers”. While movements with authentic territorial and ideological roots in the Arab world will view the “Caliphate” as a usurper that must be challenged, its success will attract supporters from Muslim communities that may give rise to branches of the “Islamic State” or alternate “Caliphates” in various theatres³. The potential in each of these theatres differs according to the level of regime control or chaos in each respective country, the political dynamics of the homegrown Islamist movements, ease of movement to the Iraqi-Syrian theatre and checks and balances of local Islamic ideology.

The very emergence of the Caliphate will sharpen the divide between Sunnis and Shiites and exacerbate the Sunni-Shiite conflict. This will strengthen the hand of Iran as the Shiite power that can support its co-religionists against the Sunni Arabs. The Gulf States—fearful of Shiite ascendancy—will support radical Sunni elements in the Iraqi-Syrian civil war. It would, however, be difficult to restrain such elements and limit their terrorist activities to Iranian and Iraqi regime targets, and not to act against Israeli, American and Western interests.

The cooperation between Caliphate-affiliated entities in different will be greater than that which existed between like-minded movements with different leaderships and natural suspicion of outsiders. The foreign fighter phenomenon will grow as will the dilemma of the silent majority of Muslims in the West. These are likely – as in the past - to hedge their interests by nominal support of the Caliphate.

³ These may include: the other countries of “al-Sham” – Jordan, Lebanon and the Palestinian territories, North Africa; Western Africa; Egypt; Pakistan; Afghanistan; Bangladesh; The Philippines/Mindanao and Central Asia.

Russia sees all forms of radical Islam as “Wahhabi”, not only originating in Saudi Arabia but guided by the Saudis – with the tacit agreement of the Americans - in order to destabilize the Russian Muslim republics. Iran is already leveraging its value to Russia in the light of the developments. It is also likely that Iran will continue to play on the West’s need for cooperation against the “Islamic State” with the aim of wresting concessions on the nuclear and other issues.

The New US Security Strategy in the Middle East

The American policies vis-à-vis the Iranian nuclear negotiation, Syria, Iraq and Yemen are widely perceived in the Arab world as a strategic “flip” by the US from support of its traditional Sunni Arab allies to reliance on Iran as a regional hegemon. This perception has been growing for years but has been heightened by the US-Iranian negotiations and is now almost a consensus in Arab strategic circles.

Though the Obama administration has never articulated such a policy, this perception is not unwarranted; the administration’s responses to regional events, certain high level appointments within the administration and its military strategy bears out the conclusion that the US has fundamentally altered its policy on a number of key issues. The position of former American administrations – and ostensibly of the Obama administration until the signing of the Joint Plan of Action in 2013 – had been that the Iranian nuclear program must be “rolled-back” by all but elimination of Iran’s enriching capability and full disclosure of its nuclear weapons program.

This position derived not only from the need to allay regional concerns (particularly those of Israel and Saudi Arabia) but also from the assumption that the regime is indeed determined to acquire a military nuclear capability, that only stripping Iran of its enrichment potential would prevent such a risk and that a nuclear Iran would inevitably lead to a nuclear arms race in the Middle East. This viewpoint, assumed that Iran could not be trusted and therefore accorded a greater weight to the “verify” component of the “trust and verify” formula. The American administration now believes that: 1) the incentives of Iran’s re-integration in the international community will counter-balance the advantages of crossing the nuclear threshold and therefore, the regime can be “trusted” more than in the past; 2) Iran does not intend – for both political and religious reasons - to actually manufacture nuclear weapons but is interested only in the advantages of the status of a nuclear

threshold state⁴; 3) Western intelligence cover can provide ample warning time in case Iran does cease to comply with the agreement; and 4) Iranian nuclear breakout can be balanced by American extended assurances to the Sunni Arab states, thus preventing an arms race in the region⁵.

The assumption above has also changed the traditional American view of the Iranian regime as a negative de-stabilizing influence in the region has changed. The administration now views Iran – in the face of the threat of ISIS – a potential ally and stabilizing force would exempt the US from direct military intervention against ISIS in Syria and Iraq. Engaging Iran as a local stabilizing force, however, implies in the eyes of the administration recognition of Iran’s claim for regional spheres of influence – accepting a regional order of “*Pax Iranica*”.

The administration does not restrict the legitimacy of Iran’s claims to that part of the region that borders with Iran (the Persian Gulf, Iraq) and was the sphere of influence of the Shah’s regime, but rather accepts the Iranian claim that is based on the ancient sway of the Sassanid Empire – including Syria and Lebanon. There are growing indications that the administration is now willing – in the context of the reliance on Iranian influence - to accept the legitimacy of the Syrian regime. The de facto support of the Syrian regime through the air campaign against ISIS (action that was previously dismissed as impossible to support the former secular opposition) has been accompanied by a significant reduction in the administration’s rhetoric against Bashar al-Assad, and willingness for a diplomatic solution for the conflict in Syria that would include President Bashar al-Assad. The tolerance towards the Assad regime was also evident in the low profile of the American response to alleged use of chlorine gas by the Assad regime.

4 In this context, the administration – and President Obama himself - has referred frequently to a “fatwa” by the Supreme Leader against nuclear weapons. The existence of such a “fatwa” has been circulating for years and has never been denied by the Iranians. However, no such fatwa exists in any corpus of rulings by the Supreme Leader or of his predecessor. Khamenei’s purported fatwa is not to be found in any publications by the Office of the Leader, and its wording is nowhere to be found in the Iranian media or in official records of the Supreme Leader’s religious edicts, which are assiduously updated and published. The Supreme Leader has made statements denying the allegations of the West that Iran is actively developing a nuclear weapon. However, this does not amount to an edict that prohibits (declares as “haram” by Islamic criteria) possession of nuclear weapons.

5 See Dr. Colin H. Kahl, Melissa Dalton, Matthew Irvine, *Atomic Kingdom: If Iran Builds the Bomb, Will Saudi Arabia Be Next?* CNAS, February 2013. The gist of Colin Kahl’s argument is that The Saudis are unlikely to engage in a race to indigenously produce the bomb because doing so could make the Kingdom’s strategic predicament worse, not better. It would complicate the Kingdom’s national security, risk a strategic rupture with the United States, do great damage to Saudi Arabia’s international reputation and potentially make Riyadh the target of international sanctions. Since a Saudi nuclear effort is presented as the linchpin of a regional arms race, Kahl concludes that an Iranian bomb would not result in a regional arms race.

Finally, the Obama administration has initiated an undeclared strategic change in policy towards Iran's involvement in terrorism by signaling its willingness to remove Iran and its proxies from the list of state sponsors of terrorism and terrorist organizations. The JCPOA states that "U.S. sanctions on Iran for terrorism, human rights abuses, and ballistic missiles will remain in place under the deal". However, the administration has no legal constraints in rescinding *executive orders* that derive sanctions of entities either by having State Department declare that Iran no longer supports Hamas and Hezbollah and keeping them listed as terrorist organizations, or by removing them from the list of terrorist entities, automatically removing Iran from the category of a state supporter of terrorist organizations. It appears that the administration views the latter as the path of least resistance and is already acting to this end⁶. This implicit policy is borne out by a number of high-level appointments in the administration ⁷.

Apart from all the above, the Obama administration has endeavored to effect a **fundamental change in the relations between the US and Israel**. The administration's declared objective – from the early days of the first Obama administration is to "put daylight" between the US and Israel. The administration views the "special relationship" with Israel as a strategic liability in the region that constrains its freedom of action vis-à-vis its policy towards Iran. This is a fundamental belief of the administration that has guided its approach to Israel since 2008 and has received further emphasis since the Israeli elections and the President's visceral reaction to PM Netanyahu's speech in the Congress and his re-election.

6 The US negotiators raised the issue of Iran's support of Hezbollah, Hamas and the Palestinian Islamic Jihad and elicited from Iran willingness to discuss these issues after the conclusion of the nuclear agreement. Iranian Foreign Minister, Zarif even claimed that these movements are now working within the framework of the objectives of the United States to confront terrorism in Lebanon, Syria and Iraq. Meanwhile, the "Worldwide Threat Assessment of the US Intelligence Communities" that was published on 26 February, omitted Hezbollah (or Shiite organizations) for the first time in decades from the list of security threats to the United States. This stands in sharp contrast to last year's report that described the global terrorist activity of Hezbollah as having increased in recent years to "a level we have not seen since the 1990s". On the other hand, the report described positively Iran's efforts to fight "Sunni extremists", who are described as the "preeminent terrorist threat to American interests worldwide". The same message was carried in the "National Security Strategy" also published by the White House in late February; Iran is mentioned in that seminal document only in the context of its nuclear program with no reference to its support of terrorism and subversion in other Middle Eastern countries. This change was already adumbrated in President Obama's speech in the UN on the eve of the negotiations (September 2013) when he refrained from the traditional conditions to Iran to cease its support of terrorism and subversion of its neighbors.

7 These include: the appointment of Robert Malley to the position of Advisor to the President on the ME and the Peace Process. Malley, in his previous position at State Department, held unauthorized dialogue with Hamas and supported engagement with both Hamas and Hezbollah, including removing them from the list of terrorist organizations; the appointment of Sahar Nowrouzadeh as the National Security Council Director for Iran is also conspicuous as Nowrouzadeh had worked in the past for the pro-Iranian regime lobby - NIAC (National Iranian-American Council).

This attitude is not disconnected from the administration's negative attitude towards the current Egyptian regime and the Saudi bloc of conservative Sunni Arab states (the Gulf states with the exception of Qatar, Jordan, Morocco). The administration views these regimes as representing an archaic and almost defunct regional order and anticipates that they will fall to the hands of the legitimate Islamic forces represented by the Muslim Brotherhood. This view of historic forces also affects the administration's positive view of the Erdogan regime in Turkey – despite its growing authoritarian and anti-democratic behavior.

The Iranian Nuclear Agreement

The follow-up negotiations based on the “Parameters for a Joint Comprehensive Plan of Action” (JCPOA) regarding Iran's Nuclear Program will continue until the June 30th deadline. The JCPOA comprises significant almost irrevocable concessions on the part of the P5+1, whereas the Iranian concessions are all reversible:

1. The pace and revocability/irrevocability of lifting of sanctions is ostensibly yet to be agreed, however, it is already clear that lifting of the more severe economic sanctions will be full and immediate and virtually irreversible with the first steps on the part of Tehran. Iran will receive \$100-140 billion in frozen funds in offshore accounts, out of which \$30-50 billion will be released immediately upon signature of the final accord. The initial release is equivalent to approximately 20% of the Iranian budget (\$300 billion);
2. There will be no linkage between the agreement and the demand that Iran provide a full explanation of the possible military dimensions (PMD) of its nuclear program as stipulated in a number of UNSC resolutions;
3. The Arak heavy water reactor will remain in operation, albeit modified so as not to produce plutonium.
4. Iran will be allowed to keep (nominally) 6,500 centrifuges however the rest will remain in a state that will allow them to be reinstalled in a short period of time. The specifics of the status of the advanced centrifuges remain undetermined.
5. Iran will continue to operate the underground installation in Fordow, providing immunity of a future enrichment program if it decides to withdraw from the agreement.
6. The fate – location, quantity and form - of the current and future Iranian stockpiles of LEU has not been determined but the stockpiles will ap-

parently remain in Iran. This will determine the speed with which Iran will be able to roll back its concessions and return to the current or more advanced state of stockpiles.

7. The depth, breadth and responsiveness (“real-time”) of the verification mechanisms is ostensibly disputed, though there may be informal agreements regarding softening the original demands for deeply intrusive, ubiquitous, continuous and “on-line” surveillance.

The Obama administration believes that there is no alternative to an agreement with Iran and therefore could not allow the negotiations to fail or even to enter into a state of suspension. This was clear to the Iranian leadership, which did feel a need to make concessions on its main demands. While there is no admission on either side of exchanges of letters of interpretation of the agreement, we assess that such documents do exist and were critical in finalizing the agreement.

Two of the main issues that divide the proponents and opponents of the agreement with Iran are:

- The reliability of the Iranian regime - to what extent and for how long will Iran comply its commitments in the agreement. Iran’s history of subterfuge towards the IAEA, clandestine installations and an underground weapons program do not support an optimistic view of this issue.
- Confidence in the capability of Western (American/Israeli) intelligence to discover such a clandestine effort at an early stage and to act on it - the failure of Western intelligence in identifying key elements in the Iranian clandestine program (and the North Korean program beforehand) and the weak response to those revelations also do not leave much room for optimism.

The political context of the American-Iranian dialogue though is no less important than the text of the agreement. The dialogue is based on a number of American concessions:

- Iran will agree not to be involved in terrorism against US territory, citizens or interests. In return, the US will not see Iranian involvement in subversion or terrorism in the region as a violation of the bargain.
- The slate will be cleaned - the US will absolve Iran of all transgressions from the past and will guarantee that no legal or other action will take place against Iran or its proxies due to acts that Iran has taken in the past (the bombing of the US embassy, the Marines compound, Buenos Aires

etc.). The cleaned slate will include that Iran will not have to come clean about nuclear activities in the past as demanded by the UNSC resolutions and the missile program, human rights etc. will be taken off the table.

The nuclear agreement will be signed – either by the deadline of July or a short period afterwards. Both sides see the agreement as necessary for reasons of regime prestige, however, the Iranian side has the upper hand; it may expect further concessions on the part of the American administration on the key issues mentioned above. The scenarios of an agreement therefore may include:

- An agreement that will include far-reaching inspection conditions, drastic reduction in the quantities of enriched uranium available to Iran (down-riching or export), if it decides to withdraw from the agreement or to circumvent it and gradual lifting of sanctions – this scenario is low probability.
- An agreement that will – in the words of President Obama – “allow the other side to make a presentation to their body politic that is more acceptable” – this would provide Iran with broader options to circumvent the agreement and gradually “sneak out”.

Any agreement will leave unanswered two pivotal questions: 1) will western or Israeli intelligence identify Iranian preparations for breakout in time to take decisions; and 2) will such preparations and violations of the agreement trigger military action either by the US or by Israel.

It is our assessment that under the current administration– or a future Democratic administration under Hillary Clinton – there will be no US military action. The underlying assumption, as mentioned above – is that a nuclear Iran does not pose a severe strategic threat to the US and it can be deterred and contained. This will not be the case for Israel. It is our assessment that intelligence regarding high probability of imminent Iranian breakout will be deemed by any Israeli government as an existential threat to the State of Israel, warranting military action. Such action may not be as effective as it could have been previously, however, it would have a disrupting effect.

After the completion of the final agreement and the practical lifting of sanctions, we may expect Tehran to return to the strategy of incremental changes of the status quo, “post-negotiation” over the interpretation of articles in the agreement and fomenting of mini-crises to extract further concessions.

These will focus on the key areas of ambiguity in the agreement. In any case, the agreement that will be reached on the principles of the JCPOA will not meet the declared goal of pushing back Iran's "breakout time" to one year. Even assuming full compliance by Iran, the absence of a clandestine enrichment program or acquisition of HEU and highly effective intelligence cover and inspections, the agreement will have pushed the breakout time back to no more than 8-10 months from the moment Iran decides to suspend the agreement and use the resources it will have left to accelerate a military nuclear program. Iran will be accepted by the international community as a nuclear threshold state with the potential for withdrawal from the agreement hanging like a Damocles Sword over the region. The lifting of sanctions and the removal of the military option will significantly reduce the price of Iranian non-compliance and subsequent breakout.

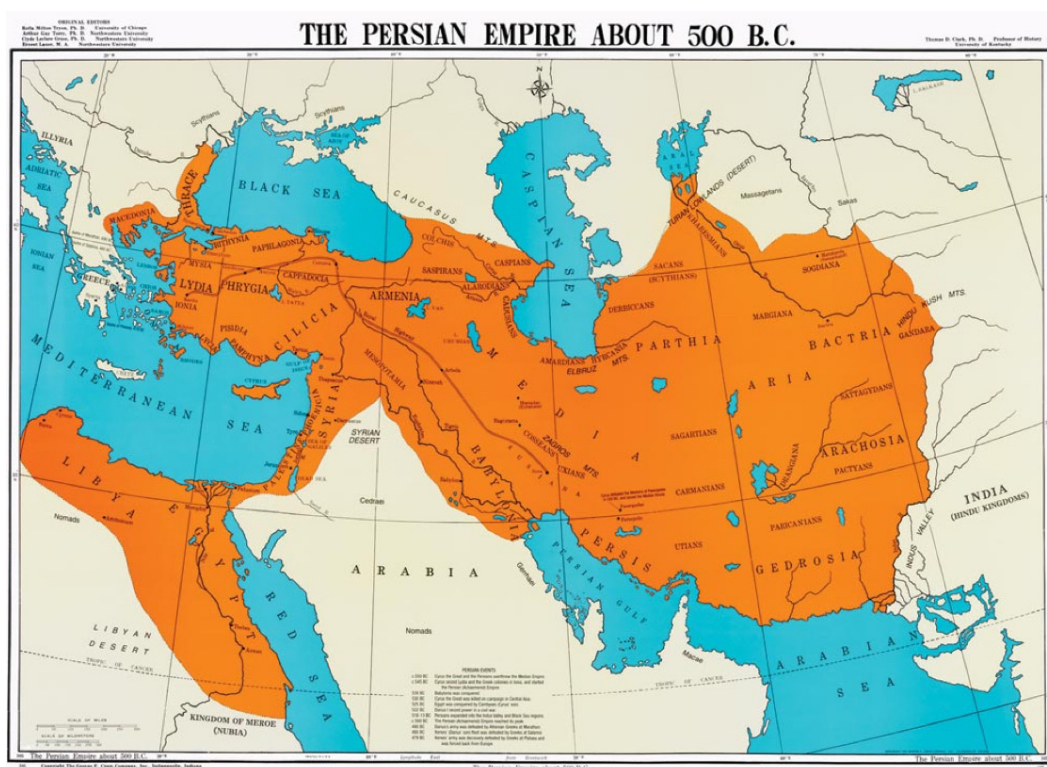
The New Persian Empire

The civil wars in Syrian, Iraq and Yemen may be equated to the Spanish Civil War; the non-declared involvement of external powers, foreign fighters on both sides and the implicit adumbration of a wider conflict are all elements that recall that war. Yemen however was viewed – on the background of the Iranian nuclear agreement as a "last straw" for Saudi Arabia, which is now ready to engage in a "hot war" with Iran's proxies in Yemen, and even risk direct confrontation with Iran. The fact that the Saudi decision was taken in consultation with other Arab countries but not with the American administration is another sign of the growing distrust of American motives in the region.

Hence, the Yemeni theatre has graduated to the status of a full-fledged regional conflict, reflecting the fault lines between the Sunni Arab world and Iran and its Shiite proxies. The threat to the countries dependent along the Red Sea littoral and the Suez Canal (Saudi Arabia, Egypt, Jordan and Israel) posed by Iranian control over Bab al-Mandeb has galvanized all these parties into action. The potential for naval conflict between Egypt, Saudi Arabia and Israel on one hand and Iran on the other hand is very real.

While the US has announced that the president has authorized the provision of logistical and intelligence support to GCC-led military operations, this does not indicate American willingness to escalate its involvement in the crisis; the administration will refrain from any action that may bring it into conflict with Iran out of fear of derailing the negotiations or the agreement afterwards.

There is a growing acceptance in the West of Iran's "manifest destiny" of hegemony in the region. Western officials recall that Iran is "naturally" a major power in the region (though the frame of reference to that status seems to be the Persian Empire in the time of Xerxes and not the era of the Shah). Iran is emboldened by the Western resignation to its growing hegemony in the region. The regime openly boasts that it now controls four Arab capitals – Baghdad, Damascus, Beirut and Sana'a and both chokepoints of oil export from the Arabia Peninsula – the Hormuz and Bab al-Mandeb straits.



An Inevitable “Poly-Nuclear” Middle East?

Whatever form the nuclear agreement with Iran will take, Iran will become a legitimate threshold state. This status will undoubtedly intensify the drive of other states in the region for nuclear weapons. Such a “poly-nuclear” Middle East will not have the restraining mechanisms of the latter years of the Cold War. The religious and political drivers that will determine nuclear decision-making in the countries of the region will preclude integration of many of the checks and balances that evolved between the superpowers in

the Cold War era. Both Sunni and Shiite traditions of Jihad view the willingness to challenge superior force as an exemplary deed. In Shiite Islam, this is augmented by the idealization of suffering and martyrdom.

Furthermore, given weak command and control structures in the region, nuclear weapons may filter down to quasi-states, terrorist organizations, and rival ethnic groups for whom the acquisition of nuclear weapons by a hostile state would be an incentive to acquire at least a limited WMD capability. The countries of the region will probably be more predisposed than the Cold War protagonists to brandish their nuclear weapons not only rhetorically but also through nuclear alerts or nuclear tests, leading to situations of multilateral nuclear escalation. However, such multilateral escalation will not be mitigated by Cold War-type hotlines and means of signaling, and the absence of a credible second-strike capability may well strengthen the tendency to opt for a first strike.

Energy Security

The spread of the Sunni-Shiite conflict from Syria and Iraq to the Persian Gulf and the Red Sea poses a clear and imminent danger to energy security in the region. As the conflict escalates, Iran will also increase its footprint through elements of Hezbollah or Quds Force as in the early stages of the conflicts in Syria and Iraq and will attempt to deter Saudi Arabia and its allies by subversion in the Shiite areas of the Eastern Province of Saudi Arabia and Bahrain and even possible terrorist/cyber attacks on Saudi targets – first and foremost oil producing targets.

At least until the final conclusion of the nuclear deal at the end of June Iran will see itself free to act without fear of Western interference on the assumption that the West will not want to derail the negotiations. In order to deter Egypt and the West from intervention, the IRGC has been releasing consistent implicit threats that Western intervention in Yemen may result in closure of the Bab al-Mandeb straits, citing the implications of mining of those straits. Iranian control over Bab al-Mandeb will provide it with an ability to disrupt both the shipping of oil both from the eastern coast of Saudi Arabia and from the Gulf States and the traffic via the Suez Canal and to and from the Israeli and Jordanian ports of Eilat and Aqaba. The very threat of terrorist attacks from Yemen against ships traversing the Bab al-Mandeb would suffice to raise insurance costs and subsequently – oil prices.

The Israeli-Palestinian Conflict

In the light of the above, the chances to promote an Israeli-Palestinian peace process are slim. The level of risk that Israel could have taken in a far more stable Middle East is lower under the existing circumstances. An agreement with the Palestinians that would have been based on the assumption of a friendly, strong and stable Hashemite Kingdom to the East, a stable – albeit hostile – Syrian regime to the North and a regime in Cairo that is committed to the 37 year Camp David accords would have allowed Israel to make greater concessions in the area of security than it can today. At the same time, the Palestinian leadership was pressured to reach an agreement with Israel until 2010 by a ring of moderate Arab regimes. These regimes, now threatened with de-stabilization by domestic Islamist groups and Iranian influences would hardly lend themselves to such pressure.

Conclusions

The Middle East will remain in a state of increasing chaos for the next decade at least. The disintegration of nation states cannot be reversed without investment of significant economic and/or military force from outside of the region, and there is neither the will nor the resources available to invest such force. The only power in the international community that could conceivably influence the course of chaos – the United States – is seen as having abdicated its status as a power in the region.

The Sunni Arab states see the Iranian agreement as the proverbial “last straw” on the back of the camel. It is viewed as final proof that the United States has abandoned them and is supporting Iranian hegemony in the region. This perception is fuel on the fire of the Sunni-Shiite conflict that will be the defining feature of the region for a long period.

The nuclear agreement with Iran will be finalized – if not by the July deadline then after it. This agreement will be perceived in the region as legitimization of Iran’s status as a threshold state. It is unrealistic to assume that the countries of the Middle East – particularly Saudi Arabia, Egypt and Turkey – would forgo acquisition of their own nuclear weapons in return for American-extended assurances – particularly when the confidence in American support has been so drastically shaken by the abandoning of its erstwhile allies. The potential for availability of nuclear know-how and materials from

Pakistan and North Korea is likely to increase. There is no doubt that under such conditions supply will breed demand and vice versa. The scenario of a “poly-nuclear” Middle East is therefore not only a “worst case scenario” but rather one with high probability and high risk.

The emerging agreement will change the balance of “trust and verify” in the western attitude towards Iran; Iran will not accept the level of continuous verification that is warranted by its previous record of dissimulation regarding its nuclear program and this will be replaced ostensibly by “trust” based on the assumption that Iran would not risk the rewards of the agreement by trying to circumvent it. However, it may be assumed that Iran will take advantage of any loophole in the agreement and will – if it can – develop back channels for continued development of military nuclear capabilities.

Appendix – The Holes in the Nuclear Agreement

Sanction Relief

The issue of lifting of sanctions is arguably the most critical of differences between the US and Iran. One of the key arguments that the administration presents to stave off congressional legislation on further sanctions is removal of sanctions will be synchronized with Iran's implementation of the agreement and that the sanctions can "snap back" in case Iran violates the agreement⁸. This clause is meant to assuage the concerns of Congress on one hand, and to refrain from a commitment by the administration for congressional action that it cannot guarantee. The Iranian interpretation (in its official "Fact Sheet") is that all of the sanctions will be immediately **removed after reaching a comprehensive agreement** and that after its **implementation**, all of the UN resolutions will be **revoked** and all of the multilateral economic and financial sanctions by the EU and the unilateral ones by the US will be annulled.

The wording of the agreement is indeed ambiguous regarding the stage of Iranian compliance the process of lifting of sanction is to take place. It may be read as meaning either that first steps by Iran will be rewarded by termination of sanctions (according to the Iranian interpretation) or that sanctions would be "suspended" gradually and would "snap back" if Iran violated restrictions on its nuclear program.

It is our assessment that the Iranian interpretation is indeed closer to the agreement and the State Department Fact Sheet softened it to make the agreement more palatable to Congress. President Obama (17 April) directed his negotiation team to use "creative negotiations" to find a solution that would "seem more acceptable to Iran's political constituencies" and instructed that "creating a system for re-imposing the punitive measures" if Iran is caught cheating is more a priority for him than "the timing and structure of sanctions relief". The "creative solution" may be to issue executive orders or legislation that put the sanctions in abeyance with the option of "snap-back"

⁸ The agreement states that U.S. and E.U. nuclear-related sanctions will be suspended after the IAEA has verified that Iran has taken all of its key nuclear-related steps. All past UN Security Council resolutions on the Iran nuclear issue will be lifted simultaneous with the completion, by Iran, of nuclear-related actions addressing all key concerns. Those articles in the UNSC resolutions that deal with transfers of sensitive technologies and activities will be re-established by a new UNSC resolution that will endorse the JCPOA and urge its full implementation. The architecture of U.S. nuclear-related sanctions on Iran will be retained for much of the duration of the deal and allow for snap-back of sanctions in the event of significant non-performance.

if the administration notifies Congress that Iran is in fundamental breach of the agreement. It is highly unlikely however that the current administration might issue such a notification.

Centrifuges

The JCPOA states that Iran will be allowed to retain in operation for enrichment 5,060 IR-1 type centrifuges for ten years, to keep an additional 1,044 IR-1 centrifuges installed, but not used to enrich uranium, while the remaining 13,000 centrifuges already installed will be “removed”, and stored under IAEA safeguards. Regarding the advanced centrifuges, Iran will not use its IR-2, IR-4, IR-5, IR-6, or IR-8 models to produce enriched uranium for at least ten years but will be permitted to “engage in limited research and development” with those models, according to a schedule and parameters, which have been agreed to by the P5+1.

The Iranian interpretation is that Iran will continue its research and development on advanced machines and will continue the initiation and completion phases of the research and development process of IR-4, IR-5, IR-6, and IR-8 centrifuges during the 10-year period of the Comprehensive Plan for Joint Action.

Stockpiles

The Joint Plan of Action allowed Iran to retain almost eight tons of LEU in UF₆ form; enough for about five to six nuclear weapons if further enriched to weapons grade HEU. Today Iran has approximately 10,000 kg of LEU. The new agreement stipulates that Iran will not enrich uranium over 3.67 percent for 15 years and will reduce its current stockpile to 300 kg of 3.67 percent LEU for 15 years.

The remainder LEU will be “neutralized”, as per the term used by Kerry; however, this term does not appear in the document and there is no agreement regarding the method for the reduction of the stockpiles (export or down-blending), the time frame for the reduction or the linkage (if any) between the reduction of stockpiles (that could take an extended period of time if done by down-blending) and the lifting of sanctions. Iran vehemently rejects any export of its stockpiles and claims that the existing stockpile will be used in a “nuclear fuel center.” The absence of agreement on this issue may indicate that it has been left for negotiation. However, it may be assumed that Tehran will not back down from its refusal to export the stockpiles and the US will

finally agree to one of the other solutions. Such a solution will shorten Iran's time to breakout if it decides to withdraw from the agreement.

Verification and Inspection

A key issue is the depth and breadth of the inspections that the IAEA will be permitted to perform in Iran. Iran has agreed to implement the Additional Protocol of the IAEA (“on a voluntary and temporary basis”). According to the JCPOA, Iran will be required to grant access to the IAEA to investigate suspicious sites or allegations of a covert enrichment facility, conversion facility, centrifuge production facility, or yellowcake production facility anywhere in the country. According to the State Department “Fact Sheet”, the IAEA will have “regular access to all of Iran's nuclear facilities, including ... Natanz and ... Fordow, and including the use of the most up-to-date, modern monitoring technologies” and that there will be “continuous surveillance” of Iran's centrifuge rotors and bellows production and storage facilities.

Iran disputes the “Fact Sheet” as a document that the administration found necessary for domestic American consumption. In fact, the agreement leaves the question of inspections in sites that are not defined in the agreement ambiguous, leaving open the question what triggers the inspection of such a site. Iran remains unwilling to allow inspections in military facilities that the West suspects served for weapons development. Furthermore, even the “Fact Sheet” does not specify the degree of “real-time” monitoring or the process by which the IAEA will install the monitoring equipment. The Iranian interpretation is clear: there will be no online cameras (on the grounds that they would reveal the identity of Iranian scientists who would then be subject to assassination attempts), access to military installation or snap-inspections.

The demand that Iran disclose its military nuclear R&D (“Possible Military Dimensions”) has all but disappeared in the wake of the JCPOA. The JCPOA does state that Iran will “implement an agreed set of measures to address the IAEA's concerns regarding the Possible Military Dimensions (PMD) of its program” but non-compliance with that stipulation is not linked to any sanction and will not be seen as a material breach of the agreement. It is likely that this item will be taken off the books in the final agreement, ostensibly, to free the IAEA-Iran relationship for “the future”.

The agreement states that Iran has agreed to implement the “Additional Protocol” of the IAEA. According to the “fact sheet” released by the Iranian

Foreign Ministry, Iran has committed to implement the Additional Protocol. In any case, the “Additional Protocol” is not a pre-defined set of commitments. It is a framework that the IAEA uses as a basis for negotiating a specific agreement with each individual country tailored to its situation. Iran will probably negotiate a specific “Additional Protocol” that would probably contain a list of facilities subject to inspections and a procedure for notification to the IAEA regarding plans to construct new facilities (per Modified Code 3.1). However, it is highly unlikely that Tehran would acquiesce to anything close to the “anytime, anywhere” inspections that UNSCOM provided for in Iraq and would provide the necessary means to prevent diversion of materials and clandestine work.

A cardinal issue that is not mentioned in the JCPOA is IAEA access to Iranian military and IRGC sites such as Parchin where the IAEA suspects that weaponisation research had been performed. Supreme Leader, Ayatollah Khamene’i has already clarified that there will be no such access. It is our assessment that the final agreement will not include any obligation on the part of Iran to expose these sites to monitoring, and at the most, the issue will be left to the “Additional Protocol” with the IAEA, if and when it will be implemented.

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