



A WAY FORWARD WITH IRAN?

Options for Crafting a U.S. Strategy

THE SOUFAN CENTER
FEBRUARY 2021

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LIST OF ABBREVIATIONS

BPD	Barrels Per Day
FTO	Foreign Terrorist Organization
GCC	Gulf Cooperation Council
IAEA	International Atomic Energy Agency
ICBM	Intercontinental Ballistic Missile
IMF	International Monetary Fund
IMSC	International Maritime Security Construct
INARA	Iran Nuclear Agreement Review Act
INSTEX	Instrument for Supporting Trade Exchanges
IRGC	Islamic Revolutionary Guard Corps
IRGC-QF	Islamic Revolutionary Guard Corps - Qods Force
JCPOA	Joint Comprehensive Plan of Action
MBD	Million Barrels Per Day
PMF	Popular Mobilization Forces
SRE	Significant Reduction Exception

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KEY FINDINGS

- After more than 40 years of the Islamic Republic, no U.S. strategy has yet successfully addressed the broad range of threats posed by Iran.¹
- Biden-Harris administration policy will continue to be buffeted by constant tensions between those advocating engagement and those advocating confrontation with Tehran.
- The Trump administration shifted sharply toward confrontation, but without achieving any of its core strategic goals, such as renegotiation of a nuclear agreement. While the approach had the de facto impact of debilitating Iran's economy, that was not a stated objective.
- The Obama administration believed that the optimal U.S. strategy was to pursue consistent engagement with Iran on a progressively wider range of issues, rather than insist on resolving all outstanding issues in one comprehensive negotiation; the Biden administration will likely follow suit.
- The Biden administration is intent, despite opposition, on resuming implementation of the 2015 multilateral Iran nuclear deal to first address the most dangerous of the potential threats posed by Iran.
- Rejoining the nuclear deal will require extensive and painstaking negotiations, as both Iran and the United States have moved far away from the agreement's requirements since 2018.
- Iran might agree to negotiate limits on its ballistic missile development, in lieu of curbing its support to regional proxies, because long-range missiles are not core to Tehran's regional strategy.
- Any attempt by the Biden administration to try to compel Iran to accept unilateral limits on its support for regional armed factions is virtually certain to fail, given that empowering pro-Iranian governments and factions in the region is core to Iran's national security strategy. Iranian leaders have indicated clearly that they will not be willing to amend the existing nuclear agreement to include any limits on Iran's regional activities.

¹ The Soufan Center thanks Kenneth Katzman for his invaluable contributions to this paper. He is an Iran expert at the Congressional Research Service (CRS). His contributions were provided in a personal capacity and do not reflect the views of CRS or the Library of Congress.

HOW DID WE REACH THIS POINT?

Any discussion of a Biden administration strategy on Iran must begin with an analysis of how previous U.S. administrations have approached the threat posed by Iran. From the very start of the Islamic Republic forty-one years ago, U.S.-Iran relations have been fraught with mistrust, animosity, threats, and occasional active hostilities, but interspersed with periods of negotiation and even tacit cooperation in selected circumstances.²³ Yet, none of the Iran strategies pursued by seven U.S. administrations since the Islamic Revolution in 1979 has succeeded in neutralizing the wide range of threats Iran still poses to U.S. interests and allies.

Consequently, even after more than forty years, the most basic question about U.S. strategy remains unresolved: should the United States pursue policies intended to force Iran to collapse or capitulate, or engage Iran and attempt to find common ground on outstanding issues? At times, even those who have advocated engagement have differed on whether to pursue: 1) a comprehensive agreement that settles all outstanding issues; or 2) to focus first on a narrow issue set and then gradually expand the bilateral agenda to include the more intractable issues. The Trump administration pursued a sanctions-centered strategy that it termed “maximum pressure,” which succeeded in weakening Iran’s economy but did not compel Iran to accept a wide range of U.S. demands, including renegotiating the nuclear agreement.⁴ The Obama administration pursued an alternate thesis – successfully negotiating restraints on Iran’s nuclear program in the

² Following September 11, 2001, Iran condemned the terrorist attack, supported multilateral efforts to form a new government in Afghanistan, and worked with the United Nations to repatriate nearly one million Afghans refugees. This was followed by outreach from Tehran regarding comprehensive bilateral talks in 2003 and an unprecedented letter from President Ahmadinejad to President Bush in 2006.

³ Beehner, Lionel. “Timeline: U.S.-Iran Contacts.” *Council on Foreign Relations*, March 9, 2007. <https://www.cfr.org/backgroundunder/timeline-us-iran-contacts>.

⁴ Tabatabai, Ariane and Colin P. Clarke. “Maximum Pressure Still Won’t Sway Iran.” *Lawfare*, April 13, 2020. <https://www.lawfareblog.com/maximum-pressure-still-wont-sway-iran>.

2015 multilateral Joint Comprehensive Plan of Action (JCPOA), but failing to produce any broad moderation in Iranian behavior or expand U.S.-Iran relations. The Biden administration has articulated an intention to return to the Obama administration approach, although questions remain whether this is possible in light of the breakdown in negotiations and the violations of agreements which occurred during the Trump administration.⁵

The Biden administration has articulated an intention to return to the Obama administration approach, although questions remain whether this is possible in light of the breakdown in negotiations and the violations of agreements which occurred during the Trump administration.

⁵ “Intelbrief: Will the Biden Administration Seek to Rejoin the Iran Nuclear Agreement?” *The Soufan Center*, January 29, 2021. <https://thesoufancenter.org/intelbrief-2021-january-29/>.

ROOTS OF THE U.S.-IRAN RELATIONSHIP

One major unresolved question has been whether the U.S.-Iran relationship could ever recover from the “hostage crisis,” that began on November 4, 1979, when youths loyal to Iran’s revolutionary leader, Ayatollah Ruhollah Khomeini, seized control of the U.S. Embassy in Tehran and took the diplomats there hostage for 444 days. The crisis appears to have set the two countries on a seemingly irreversible collision course.⁶ The U.S. perception that the Iranian regime was committed to regional hegemony and international aggression hardened as the new government in Tehran sought to “export the revolution” throughout the Middle East – in particular to several key Persian Gulf allies of the United States. Consequently, the United States tilted significantly towards Saddam Hussein’s Iraq during the 1980-1988 Iran-Iraq War⁷ – downplaying Saddam’s alignment with Moscow and the hostility of his Ba’ath Party toward Israel. In January 1984, the U.S. listed Iran as a State Sponsor of Terrorism. Nonetheless, Iranian leaders still miss few opportunities to remind the international community that the United States overthrew duly elected Iranian Prime Minister Mohammad Mossadeq in a CIA-sponsored coup in 1953. To that grievance, they add that the United States did not decisively act to stop Saddam Hussein’s regime from using chemical weapons extensively against Iran during the Iran-Iraq War.⁸ The United States and Iran eventually engaged in direct clashes in the Gulf during that

⁶ Askari, Hossein. “Why Are US-Iran Relations So Tainted? [Part I].” *The Globe Post*, October 4, 2019. <https://theglobepost.com/2019/10/03/history-iran-us-ties/>.

⁷ Razoux, Pierre. *The Iran-Iraq War*. Translated by Nicholas Elliott. Cambridge: Belknap Press, 2015.

⁸ Harris, Shane and Matthew M. Aid. “Exclusive: CIA Files Prove America Helped Saddam as He Gassed Iran.” *Foreign Policy*, August 26, 2013. <https://foreignpolicy.com/2013/08/26/exclusive-cia-files-prove-america-helped-saddam-as-he-gassed-iran/>.

war – battles in which Iran’s naval forces were humbled and which culminated in a mistaken and tragic U.S. shootdown of an Iranian passenger Airbus (Iran Air Flight 655) over the Gulf.⁹

Even as the United States sought Iran’s defeat in the war against Iraq, the 1985-1987 “Iran-Contra Affair” demonstrated the persistence of thinking within the U.S. government that elements in the revolutionary regime in Tehran could be engaged successfully on specific issues, if offered sufficient incentives. President Ronald Reagan eventually acknowledged that the Affair involved the trading of U.S. arms for Iranian help to free U.S. hostages held by Hezbollah in Lebanon. However, President Reagan backed the dealings with Iran, at least in part, as an effort to engage perceived “moderate” elements in Iran who could potentially rebuild U.S.-Iran relations.¹⁰ Optimism about the potential for an Iran engagement strategy increased during 1989-1991 when Iran answered the George H.W. Bush administration’s appeal that “goodwill begets goodwill” with successful efforts to free the last of the U.S. hostages in Lebanon by the end of 1991. Still, the U.S. focus on Iraq’s invasion of Kuwait, and later on an Arab-Israeli peace process that Iran opposed, derailed any U.S.-Iran rapprochement during the George H.W. Bush administration.

During the 1990s, terrorist bombings in Israel by the Iran-backed Palestinian Islamist organization Hamas drove home Iran’s ability to attack inside Israel itself, and contributed to a shift toward a harder line policy on Iran by the Clinton administration. That administration articulated a strategy of “dual containment” – a policy intended to weaken both Iran and Saddam Hussein’s regime simultaneously, rather than alternately tilt toward one or the other to maintain a balance of power. The policy manifested as an imposition of economic sanctions on Iran that were significantly stricter than those which were in place previously. President Clinton imposed a ban on all U.S.-Iran trade in 1995, and in 1996, Congress enacted the Iran-Libya Sanctions Act, which sought to weaken Iran strategically by crippling its long-term future as an energy exporter. However, U.S. allies in Europe did not impose sanctions on Iran and in fact opposed the Iran-Libya Sanctions Act as an “extraterritorial” application of U.S. law. As a result, the impact of Clinton administration sanctions on Iran’s economy was minimal and there was no observable impact on Iran’s regional behavior.¹¹ Toward the end of the Clinton administration, the 1997 election of a professed moderate, Mohammad Khatemi, as Iran’s president caused a

⁹ Lendon, Brad. “In 1988, a US Navy warship shot down an Iranian passenger plane in the heat of battle.” *CNN*, January 10, 2020. <https://www.cnn.com/2020/01/10/middleeast/iran-air-flight-655-us-military-intl-hnk/index.html#:~:text=Iran%20Air%20Flight%20655%2C%20an,Dubai%20on%20July%203%2C%201988>.

¹⁰ Craig, Byran. “The Iran-Contra Affair.” *Miller Center*, July 12, 2017. <https://millercenter.org/issues-policy/foreign-policy/iran-contra-affair>.

¹¹ Schott, Jeffrey. “The Iran and Libya Sanctions Act of 1996: Results to Date.” Congressional Testimony: Committee on International Relations, United States House of Representatives. July 23, 1997. http://commdocs.house.gov/committees/intlrel/hfa44881.000/hfa44881_of.htm.

policy shift towards engagement, as the never-ending U.S. attachment to the hope of engaging “Iranian moderates” was revived. However, hardliners in Iran remained securely entrenched and successfully blocked Khatemi from implementing any noteworthy thaw in U.S.-Iran relations.

During the George W. Bush administration, engagement with Iran on issues of mutual interest proved useful to the U.S. “war on terrorism,” which was touched off by Al Qaeda’s attacks on the United States on September 11, 2001 in Afghanistan and then subsequently, during the war in Iraq. Perhaps in contrast to past administrations, the Bush administration did not try to engage perceived Iranian moderates, but rather those in Iran with direct and preponderant influence on Iranian decision-making in both of those countries. U.S. officials engaged, in most cases indirectly, with Iran’s hardliners in the Islamic Revolutionary Guard Corps (IRGC) and its Qods Force, which implemented Iranian policy in Iraq and Afghanistan, to try to secure U.S. interests in the two theaters where sizeable deployments of U.S. troops were stationed.¹² After the September 11 attack, Iran was helpful to the United States in assembling a broad-based post-Taliban government in Kabul after the collapse of the Taliban regime, and Iran also attempted to offer input on stabilizing the post-Saddam government in Iraq.¹³ However, despite seeing a benefit in working with the United States in Iraq and Afghanistan, Iranian hardliners remained wary of entrenched U.S. military deployments on both its eastern and western borders. President Bush’s inclusion of Iran in his so-called “axis of evil” countries supporting global terrorism during his 2002 State of the Union address additionally antagonized Iran. During 2003-2011, the Islamic Revolutionary Guard Corps - Qods Force (IRGC-QF), under Maj. Gen. Qasem Soleimani, armed and supported attacks by local proxy factions on U.S. troops, and in Iraq, these attacks have been cited for killing over 600 U.S. military personnel.¹⁴ Iran remains influential in Iraq, and somewhat less so in Afghanistan, though this may change with Esmail Qaani now in charge of the IRGC-QF, and if Afghanistan proves unable to check the influence of the Islamic State-Khorasan and its ilk.¹⁵

During its term, the George W. Bush administration also sought to address the new and potentially most ominous factor in U.S.-Iran relations – the advancement of Iran’s nuclear

¹² Arango, Tim, Ronen Bergman, and Ben Hubbard. “Qassim Suleimani, Master of Iran’s Intrigue, Built a Shiite Axis of Power in Mideast.” *New York Times*, January 3, 2020. <https://www.nytimes.com/2020/01/03/obituaries/qassem-soleimani-dead.html>.

¹³ Dobbins, James. “Negotiating with Iran: Reflections from Personal Experience.” *Washington Quarterly*, 33:1, 149-162. <https://www.tandfonline.com/doi/full/10.1080/01636600903424833>.

¹⁴ Rempfer, Kyle. “Iran killed more US troops in Iraq than previously known, Pentagon says.” *Military Times*, April 4, 2019. <https://www.militarytimes.com/news/your-military/2019/04/04/iran-killed-more-us-troops-in-iraq-than-previously-known-pentagon-says/>.

¹⁵ Clarke, Colin P. and Ariane M. Tabatabai. “What Iran Wants in Afghanistan.” *Foreign Affairs*, July 8, 2020. <https://www.foreignaffairs.com/articles/afghanistan/2020-07-08/what-iran-wants-afghanistan>.

program, to include the enrichment of uranium. However, the Bush administration insisted on the full dismantlement of Iran's uranium enrichment program and refused to directly participate in European and multilateral negotiations with the Iranians on the nuclear issue. The talks made little sustained progress before the administration left office in early 2009.

With Iran's nuclear program as a progressively more central consideration, the Obama administration and Trump administration pursued diametrically opposite Iran strategies. Both administrations perceived that their chosen policies would decisively end the U.S. policy oscillation between engagement and confrontation with Iran and set U.S. policy on a more consistent trajectory. Both administrations made extensive use of the policy tool of secondary U.S. sanctions to pressure Iran. In the case of the Obama administration, U.S. officials articulated to their Iranian counterparts that U.S. sanctions would be eased if Iran reached an agreement with the United States on limitations to its nuclear program.¹⁶ The Obama administration also abandoned the George W. Bush administration's insistence on "no enrichment" in Iran¹⁷ – a stipulation that many proliferation and Iran experts argue was a key impediment to Iran's agreement to a nuclear accord.

The Obama administration advanced the thesis that sanctions could be used to resolve one critical issue – Iran's nuclear program – and create a diplomatic breakthrough to later seek resolution of the remaining outstanding issues between the two countries. The Trump administration articulated an opposite proposition – that "maximum pressure" on Iran, applied through extensive U.S. sanctions, would weaken Iran so dramatically that it would capitulate to all U.S. demands, including an end to Iran's support for regional armed factions.¹⁸ Officials from the Obama administration argue that their Iran strategy was not fully tested before the policy shift undertaken by the Trump administration.

¹⁶ "Obama says will pursue carrot/stick Iran policy." *Reuters*, December 7, 2008. <https://www.reuters.com/article/us-usa-obama-iran/obama-says-will-pursue-carrot-stick-iran-policy-idUSTRE4B61BI20081207>

¹⁷ Ignatius, David. "How the Iran deal became the most strategic success of Obama's presidency." *Washington Post*, September 15, 2015. https://www.washingtonpost.com/opinions/the-obama-bet-that-paid-off/2015/09/15/e46b80f6-5be6-11e5-8e9e-dce8a2a2a679_story.html.

¹⁸ Tabatabai, Ariane and Colin P. Clarke. "Iran's Aggression Continues Even Amid Coronavirus and 'Maximum Pressure.'" *NPR*, April 16, 2020. <https://www.npr.org/2020/04/16/835976663/opinion-irans-aggression-continues-even-amid-coronavirus-and-maximum-pressure>.

THE RESULTS OF THE MAXIMUM PRESSURE POLICY

Donald Trump consistently identified Iran as a major threat to the United States, both as a candidate and after taking office in early 2017. It was clear throughout 2017 that President Trump was reluctant to continue to provide Iran with the sanctions relief required by the JCPOA and to certify Iranian compliance with the nuclear terms of the accord under the Iran Nuclear Agreement Review Act (INARA). However, any doubts about the outlook for Trump administration policy toward Iran were dispelled in May 2018, when the administration withdrew from the JCPOA.¹⁹ In concert with the pullout, the administration re-imposed all U.S. secondary sanctions on Iran's core economic sectors (the so-called "nuclear sanctions") that had been suspended to implement the JCPOA.²⁰

The Trump administration justified its actions by asserting that the lifting of sanctions required by the 2015 nuclear agreement prevented the United States from applying the necessary economic leverage to compel Iran to retrench in the region, limit its development of ballistic missiles, and accept even stricter limits on its nuclear activities.²¹ Leaving the deal and re-imposing sanctions would, according to President Trump and other officials, deprive Iran of the revenue to fund, arm, and train a wide network of regional allies and proxies, including Lebanese

¹⁹ Landler, Mark. "Trump Abandons Iran Nuclear Deal He Long Scorned." *New York Times*, May 8, 2018. <https://www.nytimes.com/2018/05/08/world/middleeast/trump-iran-nuclear-deal.html>.

²⁰ "IntelBrief: U.S. Withdrawal from the Iran Nuclear Deal." *The Soufan Center*, May 9, 2018. <https://thesoufancenter.org/intelbrief-u-s-withdrawal-from-the-iran-nuclear-deal/>.

²¹ "Remarks by President Trump on the Joint Comprehensive Plan of Action." White House, May 8, 2018. <https://trumpwhitehouse.archives.gov/briefings-statements/remarks-president-trump-joint-comprehensive-plan-action/>.

Hezbollah, Iraqi Shia militias, Houthi rebels in Yemen, Hamas, militant groups in Bahrain, and factions of the Taliban in Afghanistan.²²

Trump administration officials were clear and consistent in asserting that the administration's Iran policy would be based primarily on enforcing an ever-increasing range of economic sanctions on Iran. However, the main objective of any policy centered on economic sanctions is to change that country's behavior. Behavioral change could come from a reduction in the target country's capabilities to implement actions the United States finds objectionable, or from a negotiated agreement under which the target country agrees to limit or altogether cease its offending activities. Weakening Iran's economy, in and of itself, was not the ultimate objective of the Trump administration's maximum pressure campaign against Iran. Yet, the Trump administration's own assessments of the policy seemed to define Iran's economic deterioration – not behavior change – as the primary, or even the only, criteria by which the effectiveness of the policy should be measured. Trump administration officials repeatedly stated during 2018-2021 that the policy was “working” because it was denying Iran the revenue and other economic wherewithal to carry out aggressive behavior, without defining how this contributed to a more strategic objective.

Yet, a wide range of observations and data support the assertion the Trump administration's maximum pressure campaign against Iran did not produce significant strategic gains for U.S. policy or change in Iran's objectionable behavior.

A wide range of observations and data support the assertion that the Trump administration's maximum pressure campaign against Iran did not produce significant strategic gains for U.S. policy or change in Iran's objectionable behavior.²³ Iran's reported willingness to negotiate with the Trump administration regarding limitations on its development of some longer-range ballistic missiles suggested that the policy had the potential to achieve some major results beyond

²² Clarke, Colin P. and Phillip Smyth. “The Implications of Iran's Expanding Shi'a Foreign Fighter Network.” *CTC Sentinel*, Vol. 10, Issue 10 (November 2017): 14-18. <https://ctc.usma.edu/the-implications-of-irans-expanding-shia-foreign-fighter-network/>;

see also, Clarke, Colin P. and Ariane M. Tabatabai. “Iran Seeks to Cement Legitimacy of Shia Militias.” *Foreign Policy Research Institute*, May 10, 2019. <https://www.fpri.org/article/2019/05/iran-seeks-to-cement-legitimacy-of-shia-militias/>

²³ Tharoor, Ishan. “Trump's Iran agenda is about to end in failure.” *Washington Post*, November 17, 2020. <https://www.washingtonpost.com/world/2020/11/17/trump-iran-pressure-biden-nuclear/>.

damaging Iran's economy. However, no such U.S.-Iran negotiations on Iran's missile program began before the Trump administration's term ended. Moreover, the military components of the maximum pressure policy did produce some direct U.S.-Iran armed conflict, and arguably set the stage for expanded conflict, the scope and scale of which could have been widespread and severe.²⁴

The Core Role of Sanctions in the Trump Administration's Iran Policy

An analysis of Trump administration policy requires a review of the broad range of sanctions that the administration re-imposed and added during 2018-2020. This analysis is crucial because, to implement its plan to rejoin the JCPOA, the Biden administration would need to again repeal those sanctions initially lifted in 2016, as well as most of the additional sanctions imposed since then by the Trump administration.

As a direct product of the U.S. abrogation of the JCPOA, a number of secondary sanctions were re-imposed as of November 2018:

- Exclusion from the U.S. financial system of foreign banks that conduct transactions with sanctioned Iranian entities or persons.
- Limitations on access to the U.S. market for any international company that invests in Iran's energy sector or sells Iran goods that can be used to expand that sector.
- Exclusion from the U.S. financial system of banks of any country that fail to "significantly reduce" oil purchases from Iran, and sanctioned firms that ship Iranian oil. Countries that reduced their Iran oil purchases significantly (assessed every six months) were still eligible for a "Significant Reduction Exception" (SRE) that allowed them to continue undertaking transactions with Iran's Central Bank without any U.S. penalty.
- Sanctions on transactions with Iran in precious metals, certain minerals, Iran's currency, automobile production equipment, shipping, shipbuilding, shipping insurance, Iranian port operations, and industrial software.
- Sanctions on any foreign bank that permitted Iran to access its foreign exchange holdings, other than for the purchase of goods in the country where those assets are held. This sanction

²⁴ Dozier, Kimberly and John Walcott. "After Retaliation, Iran's 40-Year Conflict With U.S. Likely to Return to the Shadows." *Time*, January 8, 2020. <https://time.com/5761897/us-iran-conflict-continues/>.

restricted – primarily by preventing Iran from repatriating – more than \$100 billion in Iran Central Bank assets held abroad.²⁵

In April 2019, the administration decided to go well beyond the re-imposition of the pre-JCPOA U.S. sanctions and impose additional measures that would apply severe pressure on Iran’s economy – particularly by reducing Iran’s oil export income to the greatest extent possible. The ratcheting up of sanctions as of 2019 could be assessed as marking the start of the “maximum pressure” campaign in earnest. Some of the sanctions imposed by the Trump administration since 2018 are not necessarily “nuclear sanctions” that the Biden administration would be required to lift if it were to rejoin the JCPOA. Iranian negotiators might request that post-2018 “non-nuclear sanctions” be lifted by the Biden administration, but U.S. negotiators are likely to adhere closely to the definition of “nuclear sanctions” that must be lifted as defined in the 2015 JCPOA.

1. On April 8, 2019, the Trump administration designated Iran’s Islamic Revolutionary Guard Corps (IRGC) as a Foreign Terrorist Organization (FTO) for its material support to regional armed factions.²⁶ The designation represented the first time a U.S. administration named an official armed force of a foreign government as an FTO; in return, Iran designated U.S. military forces as a terrorist organization in April 2019.²⁷ The sanction arguably contradicted the intent of the original law that set up the FTO category, which referred to designating foreign groups and organizations, not governmental entities, as FTOs. Still, the IRGC was already under numerous U.S. sanctions – none of which were lifted under the JCPOA – rendering the practical effect of the FTO designation minimal. It is not clear that this sanction would necessarily have to be revoked for the Biden administration to return to the JCPOA.

2. As of May 2, 2019, the administration ended the furnishing of SREs to the countries that were continuing to buy oil from Iran. The administration announced that the ending of SREs was intended to drive Iran’s oil exports to “zero” and thereby “deny the regime the revenue it needs to fund terrorism and violent wars abroad.”²⁸

²⁵ Bozorgmehr, Najmeh. “Iran to keep most unfrozen overseas assets in foreign banks.” *Financial Times*, February 8, 2016. <https://www.ft.com/content/b005aafe-c8c3-11e5-a8ef-ea66e967dd44>.

²⁶ “Statement from the President on the Designation of the Islamic Revolutionary Guard Corps as a Foreign Terrorist Organization.” White House, April 8, 2019. <https://trumpwhitehouse.archives.gov/briefings-statements/statement-president-designation-islamic-revolutionary-guard-corps-foreign-terrorist-organization/>.

²⁷ Clarke, Colin P. and Ariane Tabatabai. “The Revolutionary Guards Are Ready to Strike Back.” *Foreign Policy*, April 11, 2019. <https://foreignpolicy.com/2019/04/11/the-revolutionary-guards-are-ready-to-strike-back/>.

²⁸ “US Ending Iranian Oil Sanctions Waivers.” *Voice of America*, May 2, 2019. <https://www.voanews.com/usa/us-ending-iranian-oil-sanctions-waivers>.

3. On May 8, 2019, President Trump issued Executive Order 13871, blocking the U.S.-based property of persons and entities determined by the administration to have conducted significant transactions with Iran’s iron, steel, aluminum, or copper sectors.²⁹
4. On June 26, 2019, the administration issued Executive Order 13876, sanctioning the office of Iran’s Supreme Leader.³⁰
5. On September 20, 2019, the Treasury Department designated Iran’s Central Bank as a terrorism-supporting entity under Executive Order 13224.³¹ The terrorism designation of the Bank, which was already sanctioned under a separate Executive Order on proliferation supporting entities (Executive Order 13382), did not carry the humanitarian exemption that is associated with other U.S. sanctions in place on Iran’s Central Bank.
6. On January 10, 2020, the administration issued Executive Order 13902, sanctioning transactions with Iran’s construction, mining, manufacturing, and textiles sectors.

Economic Results of the Maximum Pressure Strategy

There is little dispute that the maximum pressure campaign damaged Iran’s economy significantly. Every statistical measure of Iran’s economic performance showed decline. In October 2019, the International Monetary Fund (IMF) revised downward its estimates for Iran’s GDP for the March 2019-March 2020 period to a 9.5% shrinkage.³² Prior to the U.S. withdrawal from the JCPOA, Iran’s economy had been rebounding from the downturn produced by the imposition of international sanctions on Iran during 2010-2016 – sanctions that largely succeeded in bringing Iran to agree to the JCPOA. Iran achieved GDP growth of about 13% in

²⁹ “Executive Order on Imposing Sanctions with Respect to the Iron, Steel, Aluminum, and Copper Sectors of Iran.” White House, May 8, 2019. <https://trumpwhitehouse.archives.gov/presidential-actions/executive-order-imposing-sanctions-respect-iron-steel-aluminum-copper-sectors-iran/>.

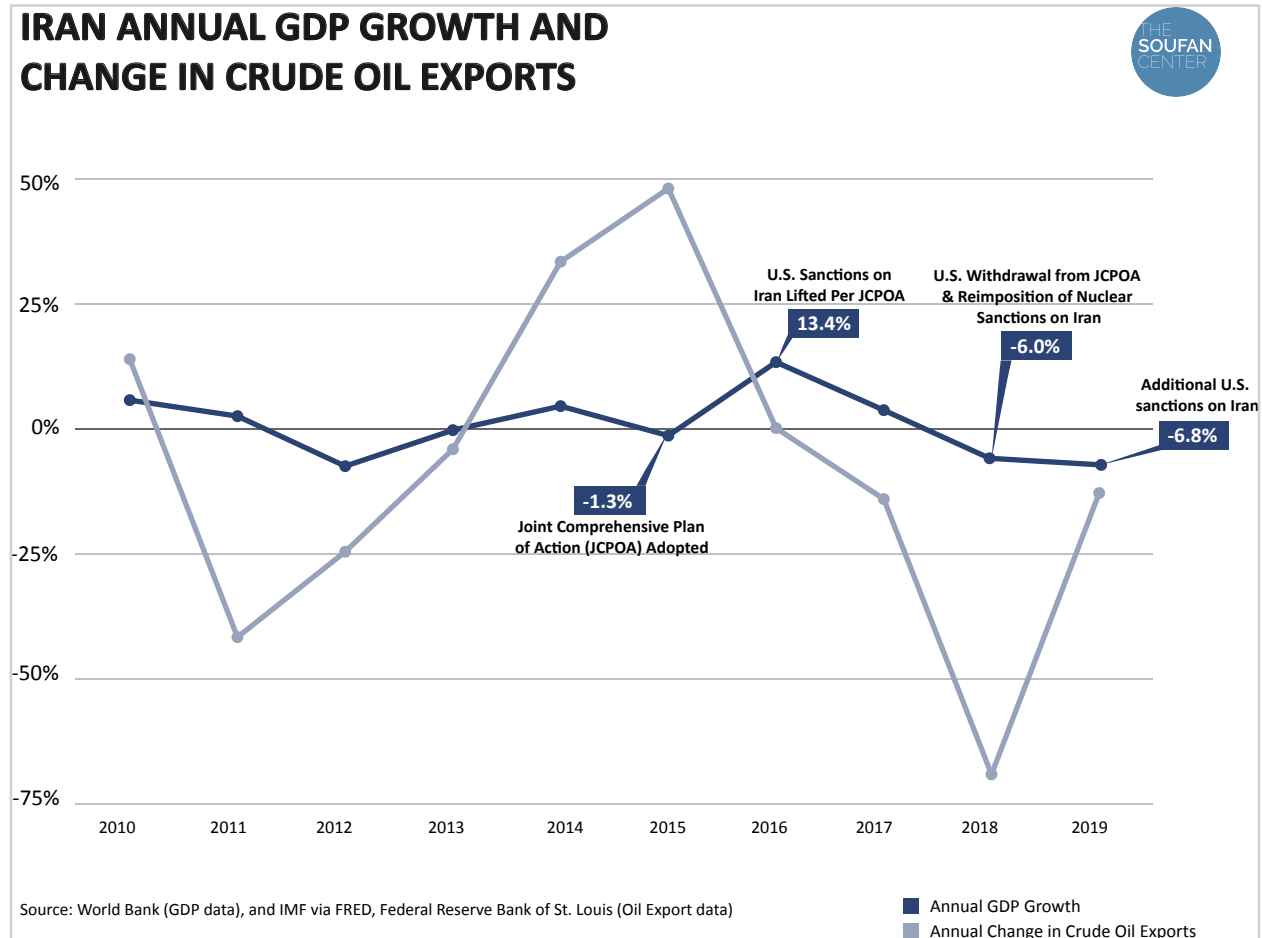
³⁰ Even though human rights related sanctions were not required to be eased as part of the JCPOA, Iranian negotiators might insist on the revocation of this Executive Order in negotiations on a revised JCPOA, because of the political sensitivity of the Supreme Leader’s position in Iran’s hierarchy. Foreign Minister Mohammad Javad Zarif and other Iranian civilian leaders were sanctioned under this Order, and some might argue that the sanction would need to be revoked, as a practical matter, in order for these Iranian officials to participate in new negotiations with the Biden administration.

³¹ “Treasury Sanctions Iran’s Central Bank and National Development Fund.” Department of the Treasury, September 20, 2019. <https://home.treasury.gov/news/press-releases/sm780>.

³² “IMF sharply cuts Iran, Saudi growth forecasts.” *France24*, October 15, 2019. <https://www.france24.com/en/20191015-imf-sharply-cuts-iran-saudi-growth-forecasts>.

its March 2016-March 2017 economic reporting period, which was the first full year since 2009 in which no major international economic sanctions applied to Iran.

Figure 1: Iran Annual GDP Growth and Change in Crude Oil Exports ³³



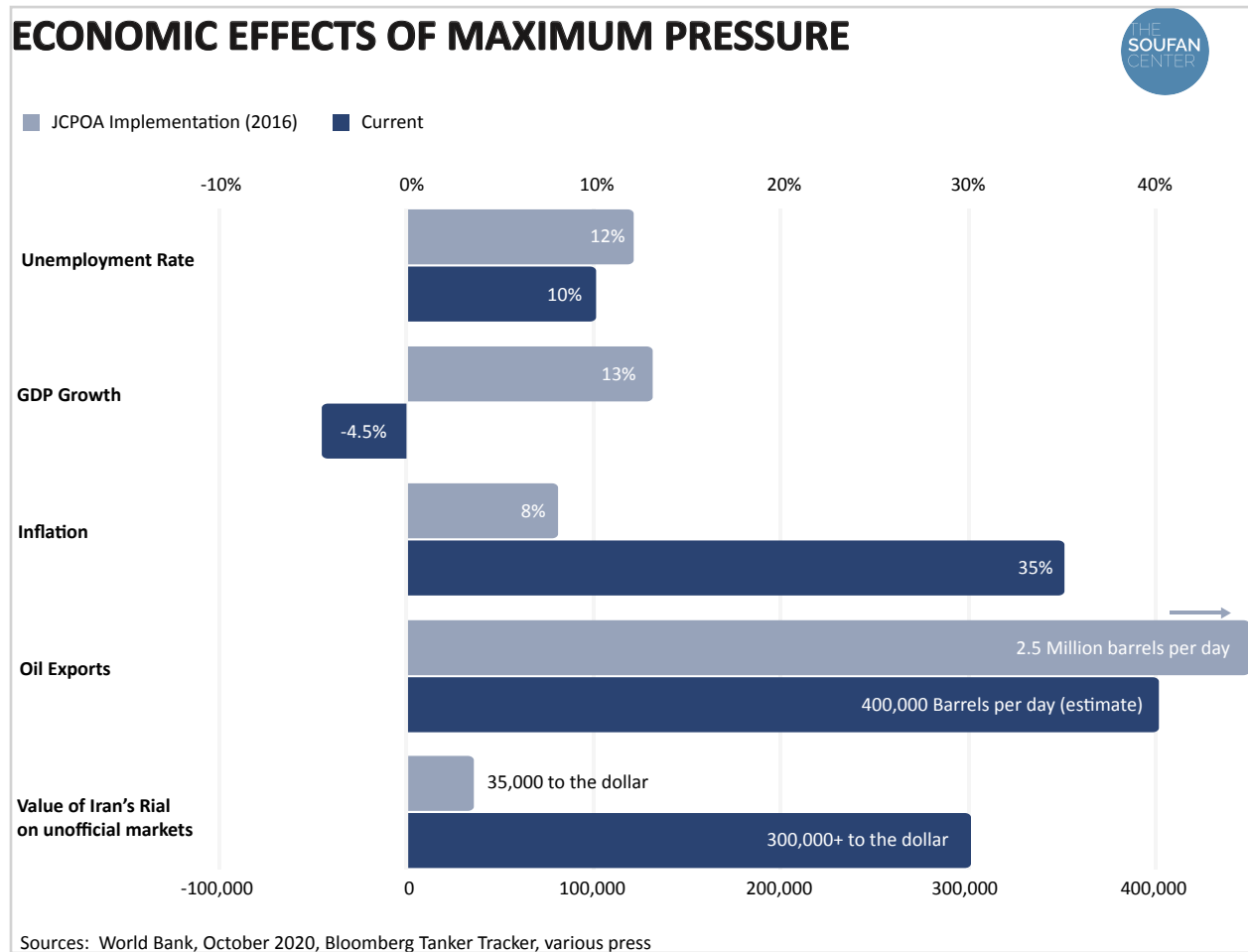
The termination of the SREs by the Trump administration drove Iran’s vital oil exports to lows not seen since the Iran-Iraq War, when Iraqi jets bombed Iran’s oil export terminals constantly. Prior to the imposition of major international sanctions on Iran in 2010, Iranian oil exports were about 2.5 million barrels per day (bpd). Since the SREs were ended in 2019, Iran has struggled to export oil, sometimes exporting only a few hundred thousand barrels per day.³⁴

³³ In this graph, the GDP data was sourced directly from the World Bank, and the crude oil exports data was sourced from the International Monetary Fund (IMF) via FRED, Federal Reserve Bank of St. Louis. The annual crude oil exports data available was observed on January 1 of each year, so to calculate the annual change in crude oil exports (comparing barrels/day rates) for each year in question, the January 1 data of the following year was compared to the Jan 1 data of the year in question to calculate the percentage change.

³⁴ “Six charts that show how hard US sanctions have hit Iran.” *BBC News*, December 9, 2019. <https://www.bbc.com/news/world-middle-east-48119109>.

As a result of the totality of the Trump administration sanctions program, the value of Iran’s currency, the *rial*, has plummeted in value. This caused inflation to rage and created difficulties for Iran’s merchants to import and price goods. In October 2020, the *rial* was valued at 315,000 to the dollar on unofficial Iranian exchange markets. At the time the JCPOA was agreed to in 2015, the value was approximately 35,000 to the dollar.³⁵

Figure 2: Economic Effects of Maximum Pressure



The imposition of strict sanctions on transactions with Iran’s Central Bank undoubtedly contributed to Iran’s economic downturn, but it also produced substantial international criticism of U.S. policy in the process. Because the 2019 designation of the Central Bank as a terrorist entity voids a humanitarian exemption under U.S. law, Iran’s importation of non-sanctioned

³⁵ “Iran’s currency hits new low against U.S. dollar.” *Xinhua*, October 14, 2020. http://www.xinhuanet.com/english/2020-10/14/c_139437950.htm#:~:text=Iran's%20currency%20has%20lost%20more,rials%20in%20the%20unofficial%20market

goods, such as grain and other foodstuffs, slowed significantly.³⁶ Furthermore, Iran experienced difficulties importing key medicines and other equipment and goods needed to deal with the COVID-19 pandemic, due to Iran's inability to use its foreign exchange assets for payment. As an example, Iran was required to undergo an extended process to obtain specific Treasury Department approval to use some of its assets abroad to pay for doses of COVID-19 vaccines through the worldwide COVAX multilateral group set up to help developing countries gain access to them.³⁷

It can also be argued that Iran's economy, although weakened, has not collapsed as a result of the maximum pressure campaign.³⁸ By late 2020, Iran and various buyers had reportedly developed illicit channels and methods to conduct transactions in Iranian oil. Some sources assess that Iran was exporting more than 1 million barrels per day (mbd) as of late 2020, with much of the reported oil volume going to China.³⁹ Iran still maintains tens of billions of dollars in accounts worldwide, the bulk of which it can still draw on to pay for imports. Iran has found a willing partner in Venezuela to exchange Iranian gasoline for gold, which is a hard currency that Iran can use without the constraint of sanctions.⁴⁰ Iran also has increased its exports of minerals, construction materials, luxury goods, automobiles, and other goods to willing importers in its immediate neighborhood and beyond. These non-oil exports enabled Iran to minimize the expectation of revenue from oil in its 2020-2021 budget.⁴¹ Additionally, Iran's network of cleric-linked foundations (*bonyads*), which employ large numbers of Iranians, and other social services networks have, by all accounts, mitigated the direct effects of economic downturn on the population.⁴²

³⁶ Saul, Jonathan and Parisa Hafezi. "Exclusive: Ships with one million tonnes of grain stuck outside Iran's ports in payment crisis." *Reuters*, October 2, 2019. <https://www.reuters.com/article/us-iran-shipping-food-exclusive/exclusive-ships-with-one-million-tonnes-of-grain-stuck-outside-irans-ports-in-payment-crisis-idUSKBN1WH21A>.

³⁷ "Iran says US approved its funds transfer to buy COVID vaccines." *Reuters*, December 24, 2020.

³⁸ Rezaian, Jason. "Memo to President Trump: Iran is not about to collapse." *Washington Post*, September 28, 2019.

³⁹ Sharafedin, Bozorgmehr and Alex Lawler. "Iran's oil exports jump in September defying sanctions: TankerTrackers." *Reuters*, September 25, 2020. <https://www.reuters.com/article/us-iran-oil-exports/irans-oil-exports-jump-in-september-defying-sanctions-tankertrackers-idUSKCN26G1VA>.

⁴⁰ "IntelBrief: Iran and Venezuela Challenge the United States." *The Soufan Center*, May 26, 2020. <https://thesoufancenter.org/intelbrief-iran-and-venezuela-challenge-the-united-states/>.

⁴¹ Kalhor, Navid. "Iran plans to wean budget off oil income by next year." *Al-Monitor*, November 25, 2019. <https://www.al-monitor.com/pulse/originals/2019/11/iran-budget-wean-oil-revenue-tehran.html>.

⁴² For more on the role of bonyads, see: Thaler, David E., Alireza Nader, Shahram Chubin, Jerrold D. Green, Charlotte Lynch, and Frederic Wehrey. *Mullahs, Guards, and Bonyads*. Santa Monica, CA; Arlington, VA; Pittsburgh, PA: RAND Corporation, 2010. <https://www.rand.org/pubs/monographs/MG878.html>.

ANY CHANGE IN IRANIAN BEHAVIOR?

Trump administration officials asserted that the maximum pressure policy succeeded in its core goal of reducing the strategic threat posed by Iran. Former Secretary of State Mike Pompeo and other U.S. officials have argued that the policy had reduced Iran's capabilities, particularly its ability to fund regional proxies, such as Hezbollah and Shia militias in Syria, as well as its cyberattack capabilities.⁴³ In late 2020, they also asserted that the policy has caused Iran to reduce its military budget by about 25% over the past year.⁴⁴

The thesis behind the maximum pressure strategy – that economic pressure can produce positive changes in Iran's behavior – has been refuted by a wide range of experts that have examined many facets of Iranian behavior.⁴⁵ Those policies that Iranian leaders consider core to securing Iran's national security and foreign policy objectives were not observed to have changed, no matter how much economic pressure was exerted. This outcome was observed during the Obama administration which, as aforementioned, used sanctions to coax Iran to the nuclear bargaining table, as well as during the Trump administration. In 2013, during the Obama administration, despite the imposition of sanctions that reduced Iran's oil exports to less than half the pre-sanctions baseline, Iran was able to intervene in the Syria civil war to help the Assad

⁴³ Gould, Joe. "Democrats press Pompeo over Trump's 'failure' of an Iran policy." *Defense News*, February 28, 2020. <https://www.defensenews.com/congress/2020/02/28/dems-tell-pompeo-trumps-iran-policy-is-failing-in-contentious-hearing/>;

see also, Sly, Liz and Suzan Haidamous. "Trump's sanctions on Iran are hitting Hezbollah, and it hurts." *Washington Post*, May 18, 2019. https://www.washingtonpost.com/world/middle_east/trumps-sanctions-on-iran-are-hitting-hezbollah-hard/2019/05/18/970bc656-5d48-11e9-98d4-844088d135f2_story.html.

⁴⁴ Taha, Rawad. "Pompeo: Sanctions cut Iran's military budget by 24 percent." *Al Arabiya*, December 17, 2020. <https://english.alarabiya.net/News/middle-east/2020/12/17/Pompeo-Sanctions-cut-Iran-s-military-budget-by-24-percent>.

⁴⁵ Juneau, Thomas. "If the U.S. Rejoins the JCPOA, Iran's Power Will Not Be Unshackled." *Lawfare*, May 5, 2019. <https://www.lawfareblog.com/if-us-rejoins-jcpoa-irans-power-will-not-be-unshackled>.

regime maintain its grip on power.⁴⁶ Iran was able to send 2,500 IRGC-QF advisers to stiffen the Assad regime's defenses and to facilitate the entry of about 7,000 Lebanese Hezbollah fighters in Syria on Assad's behalf.⁴⁷ Iran financially enticed thousands of Afghan and Pakistani Shias to fight there as well.⁴⁸ Neither Obama administration nor Trump administration sanctions prevented Iran from providing Assad with about \$4.5 billion in credits and \$10 billion in funding since 2012, according to the State Department's 2020 version of its "Outlaw Regime" report on Iran.⁴⁹

In 2014, at a time when Obama administration and global sanctions were still pressuring Iran's economy, Iran was able to intervene in Iraq. In the course of that Iranian intervention, Iran tacitly cooperated with U.S. forces that redeployed to Iraq to help the government when its forces collapsed at the hands of an Islamic State onslaught. Iran sent IRGC-QF advisers to organize and arm a variety of Iran-backed Shia militias and to recruit additional Shia fighters to fight alongside the Iraqi military.⁵⁰ In parallel, the United States sent forces to help reorganize the Iraqi Army and, in partnership with European and other allies, conducted air strikes against the group.⁵¹

The pressure of sanctions did not stop Iran from taking advantage of the battlefield gains of the Zaydi Shia Houthi movement in Yemen, whose long simmering rebellion gathered strength amidst political unrest and captured Sanaa in 2014. In 2015, still under severe international sanctions even as the JCPOA was in the final stages of negotiation, Iran began arming the Houthis against a Saudi-led Arab coalition assembled to roll back the Houthis and, by extension,

⁴⁶ "IntelBrief: How will Iran Seek to Consolidate its Gains in Syria?" *The Soufan Center*, January 21, 2021. <https://thesoufancenter.org/intelbrief-2021-january-21/>.

⁴⁷ Hook, Brian. "Testimony before the Senate Foreign Relations Committee." Congressional Testimony § Senate Foreign Relations Committee. October 16, 2019. https://www.foreign.senate.gov/imo/media/doc/101619_Hook_Testimony.pdf.

⁴⁸ Clarke, Colin P. and Phillip Smyth. "Where Is Assad Getting His Fighters From? (It's Not Just Lebanon and Iraq)." *National Interest*, January 2, 2018. <https://nationalinterest.org/feature/where-assad-getting-his-fighters-its-not-just-lebanon-iraq-23899>.

⁴⁹ "Outlaw Regime: A Chronicle of Iran's Destructive Activities, 2020." Department of State, September 19, 2020. <https://2017-2021.state.gov/outlaw-regime-a-chronicle-of-irans-destructive-activities-2020//index.html>.

⁵⁰ Knights, Michael, Phillip Smyth, and P.J. Dermer. "The Fight Against ISIS: Shiite Militias and the Coalition Effort." *The Washington Institute for Near East Policy*, February 11, 2015. <https://www.washingtoninstitute.org/policy-analysis/fight-against-isis-shiite-militias-and-coalition-effort>.

⁵¹ Jones, Seth G, James Dobbins, Daniel Byman, Christopher S. Chivvis, Ben Connable, Jeffrey Martini, Eric Robinson, and Nathan Chandler. *Rolling Back the Islamic State*. Santa Monica, CA; Arlington, VA; Pittsburgh, PA: RAND Corporation, 2017. https://www.rand.org/pubs/research_reports/RR1912.html

Iran's regional influence.⁵² Iran has armed the Houthis to the point where they are able to launch missiles into Saudi Arabia and threaten shipping in the vital energy chokepoint of the Bab el-Mandeb Strait.⁵³ Nearly five years later, the Saudi-led coalition has largely fractured, leaving Saudi Arabia and some allied forces virtually alone in the ground battle against the Houthis.⁵⁴ With the Biden administration signaling it will end U.S support for its offensive operations in Yemen, Saudi Arabia resumed U.N.-brokered peace talks with the Houthis on a broad prisoner exchange in late January. The talks signal that the Kingdom might be increasingly amenable to a political solution for Yemen that meets Houthi demands for a significant share of political power there.”⁵⁵

There is little question that Obama-era sanctions contributed to Iran's decision to accept the nuclear limitations required by the JCPOA. However, it can be argued that developing a nuclear weapon has never been core to Iran's foreign and defense ideology.⁵⁶ If acquiring a nuclear weapon was a core Iranian objective, Iran likely would have put far more effort and resources into achieving that goal and been much further along toward that end than it was by the time that international sanctions were tightened significantly in 2010. In agreeing to the JCPOA, Iran was apparently willing to bargain away any immediate effort to achieve a nuclear weapons capability in exchange for sanctions relief. In the JCPOA, Iran achieved its objective of maintaining an ongoing program of enriching uranium. It also achieved a multilateral

However, it can be argued that developing a nuclear weapon has never been core to Iran's foreign and defense ideology.

⁵² Knights, Michael. "The Houthi War Machine: From Guerrilla War to State Capture." CTC Sentinel, September 2018. <https://ctc.usma.edu/houthi-war-machine-guerrilla-war-state-capture/>.

⁵³ "IntelBrief: Threats to Middle East Chokepoints." *The Soufan Center*, August 6, 2018. <https://thesoufancenter.org/intelbrief-threats-to-middle-east-chokepoints/>.

⁵⁴ Walsh, Declan and David D. Kirkpatrick. "U.A.E. Pulls Most Forces From Yemen in Blow to Saudi War Effort." *New York Times*, July 11, 2019. <https://www.nytimes.com/2019/07/11/world/middleeast/yemen-emirates-saudi-war.html?searchResultPosition=1>.

⁵⁵ "Yemen's Warring Sides Resume Prisoner Exchange Talks in Jordan." *Al Jazeera*, January 24, 2021. <https://www.aljazeera.com/news/2021/1/24/yemens-warring-sides-resume-prisoner-exchange-talks-in-jordan>.

⁵⁶ Salehi, Ali Akbar. "Iran: We do not want nuclear weapons." *Washington Post*, April 12, 2012. https://www.washingtonpost.com/opinions/iran-we-do-not-want-nuclear-weapons/2012/04/12/gIQAjMNnDT_story.html.

commitment to ending the U.N. ban, imposed during 2007-2010, on arms transfers to and from Iran by October 18, 2020.

Evidence that the Trump administration's maximum pressure campaign has not changed Iran's pursuit of its core strategic goals – notwithstanding the financial difficulties resulting from the U.S. strategy – continued to accumulate right up until the end of the Trump administration.

- Iran has not ended, or even reduced, any of its funding or military aid to the wide range of armed factions in the region that Iran has been supporting (see Graphic 3). In some cases, Iran might have adjusted its funding levels to its protégé factions when their level of battlefield activity had declined. Nonetheless, it appears that Iran's level of regional activity fluctuates according to local circumstance – not according to Iran's economic performance. The groups that Iran backs are listed in the table below (see Graphic 3).
- Iran and Hezbollah remain heavily engaged in Syria, and Iran has been able to build military infrastructure in Syria deemed so significant a threat that Israel has acknowledged its frequent bombings of such facilities inside Syria.
- Iran continues to exert extensive influence in Iraq, based in large part on its arming and advising of a wide range of increasingly influential Shia militia groups and their powerful commanders.⁵⁷ Despite U.S. pressure on them to do so, recent Iraqi governments have been unwilling or unable to decisively limit the autonomy of the several Iran-backed militias that have repeatedly conducted attacks on U.S. personnel and facilities in Iraq.⁵⁸ Nor have any of the Iran-backed Iraqi militia commanders been noticeably affected by the imposition of U.S. sanctions on them. In the final weeks of the Trump administration, the U.S. sanctioned the head of the overarching structure of the “Popular Mobilization Forces” (PMF), Falih al-Fayyad, who became the most senior Iraqi Shia figure to be sanctioned by the United States. A strike on Saudi oil infrastructure in May 2019 was launched from Iraq,⁵⁹ confirming reports in late 2018 that Iran has supplied some of its Iraqi proxies with ballistic missiles and armed drones. Israel

⁵⁷ “IntelBrief: Iran Gaining in Battle for Iraq.” *The Soufan Center*, October 20, 2020. <https://thesoufancenter.org/intelbrief-iran-gaining-in-battle-for-iraq/>.

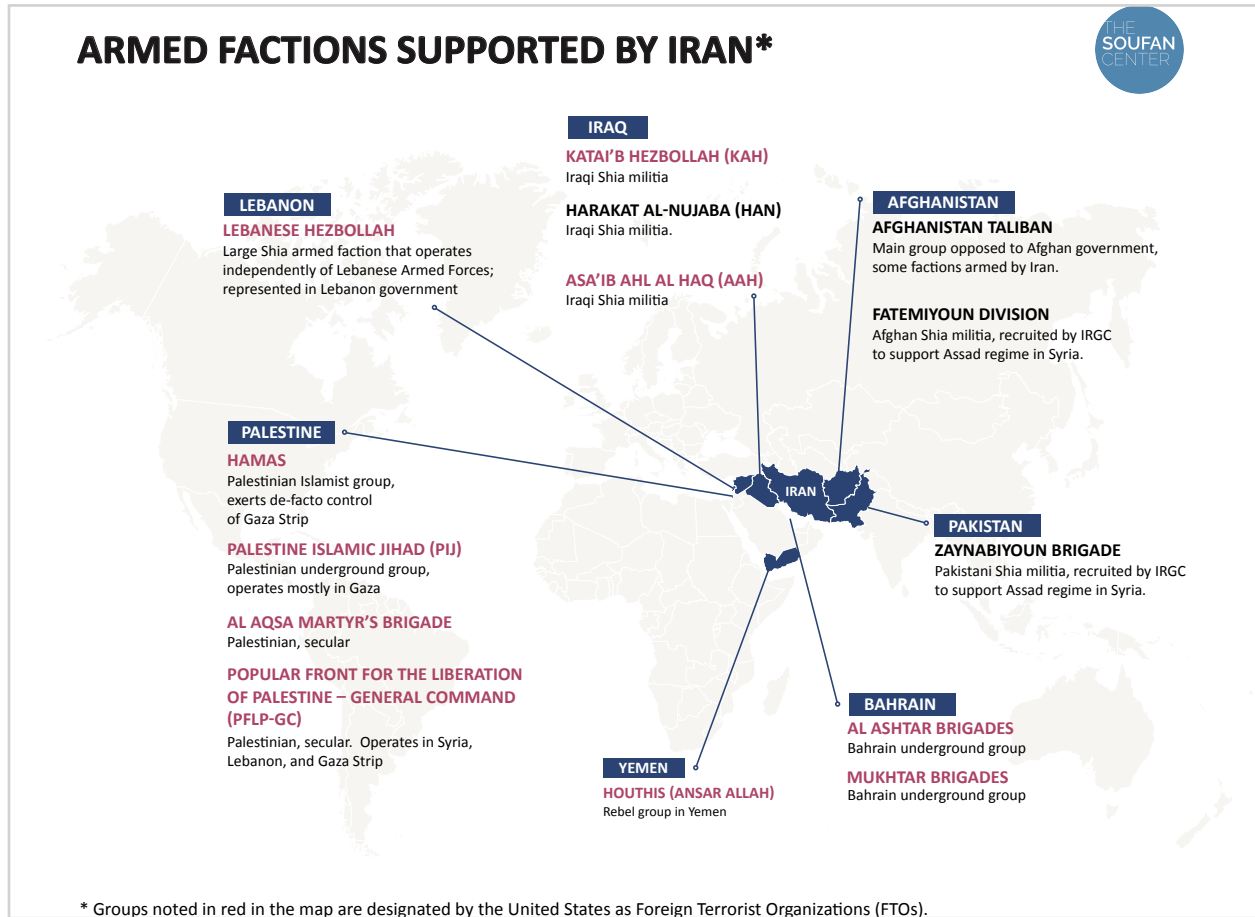
⁵⁸ “IntelBrief: Iraq Fails to Rein in Iran-Backed Militias.” *The Soufan Center*, July 6, 2020. <https://thesoufancenter.org/intelbrief-iraq-fails-to-rein-in-iran-backed-militias/>.

⁵⁹ Coles, Isabel and Dion Nissenbaum. “U.S.: Saudi Pipeline Attacks Originated From Iraq.” *Wall Street Journal*, June 28, 2019. <https://www.wsj.com/articles/u-s-saudi-pipeline-attacks-originated-from-iraq-11561741133#:~:text=U.S.%20officials%20have%20concluded%20that,conflict%20between%20Tehran%20and%20Washington.>

also reportedly affirmed this threat by striking an Iran-controlled installation in Iraq in the summer of 2019.⁶⁰

- In response to the maximum pressure campaign in mid-2019, Iran has been able to attack Gulf shipping, seize some Gulf ships, and down an advanced U.S. unmanned aerial vehicle.

Figure 3: Armed Factions Supported by Iran



- Iran has continued to develop ever more precise ballistic and cruise missiles, which Iran can use itself and, more significantly, which Iran has transferred to its regional allies and proxies.⁶¹ Iran used the cruise missiles it has developed to devastating effect against critical Saudi infrastructure on September 14, 2019, shutting down about half of all Saudi oil production

⁶⁰ Rubin, Alissa J. and Ronen Bergman. "Israeli Airstrike Hits Weapons Depot in Iraq." *New York Times*, August 22, 2019. <https://www.nytimes.com/2019/08/22/world/middleeast/israel-iraq-iran-airstrike.html>

⁶¹ Tabatabai, Ariane and Colin P. Clarke. "Iran's Proxies Are More Powerful Than Ever." *Foreign Policy*, October 16, 2019. <https://foreignpolicy.com/2019/10/16/irans-proxies-hezbollah-houthis-trump-maximum-pressure/>.

until early November.⁶² The strike demonstrated that Iran's military technology has been significantly underestimated by U.S. and other Western officials. Iran apparently reverse engineered Soviet-era cruise missiles it acquired many years ago, producing Iranian versions with names such as the *Meshkat*, the *Soumar*, the *Qods-I*, and the *Ya Ali*.⁶³ Iran's January 8, 2020 missile strike on Iraqi bases used by U.S. forces – Iran's response to the U.S. strike that killed IRGC-QF commander Qassem Soleimani⁶⁴ – was highly accurate in destroying several facilities on the base and causing traumatic injury to more than 100 U.S. military personnel. The Houthis in Yemen have used Iran-supplied short-range missiles to significant effect against airports and energy infrastructure in southern Saudi Arabia,⁶⁵ and they have used Iran-supplied anti-ship cruise missiles to attack Saudi, UAE, and U.S. naval vessels in the vital Bab el-Mandeb Strait.

- Iran has continued to develop and test, although with perhaps mixed results, longer range missiles such as its *Khorramshahr* and its space launch vehicle, the *Simorgh*.⁶⁶ According to the most recent public testimony by the directors of U.S. intelligence, Iran has not to-date developed a missile of intercontinental range (ICBM), but Iran might be working toward that goal.⁶⁷ Iranian leaders indicated to international mediators during the Trump administration that they might be willing to negotiate some binding limits on long range missiles.

⁶² "IntelBrief: Are There Still Red Lines in the Middle East?" *The Soufan Center*, September 18, 2019. <https://thesoufancenter.org/intelbrief-are-there-still-red-lines-in-the-middle-east/>.

⁶³ Pasandideh, Shahryar. "Under the Radar, Iran's Cruise Missile Capabilities Advance." *War on the Rocks*, September 25, 2019. <https://warontherocks.com/2019/09/under-the-radar-irans-cruise-missile-capabilities-advance/>.

⁶⁴ "IntelBrief: U.S. Kills Qassem Soleimani in Major Escalation of Conflict with Iran." *The Soufan Center*, January 3, 2020. <https://thesoufancenter.org/intelbrief-u-s-kills-qassem-soleimani-in-major-escalation-of-conflict-with-iran/>; see also, Sadjadpour, Karim. "The Sinister Genius of Qassem Soleimani." *Wall Street Journal*, January 10, 2020. <https://www.wsj.com/articles/the-sinister-genius-of-qassem-soleimani-11578681560>.

⁶⁵ "Yemen's Houthis attack Saudi Arabia's Abha airport: spokesman." *Reuters*, August 28, 2019. <https://www.reuters.com/article/us-yemen-security-abha/yemens-houthis-attack-saudi-arabias-abha-airport-spokesman-idUSKCN1VI2M0>.

⁶⁶ "IntelBrief: Iranian Missiles Are Key to Tehran's Growing Influence in the Gulf." *The Soufan Center*, October 16, 2019. <https://thesoufancenter.org/intelbrief-iranian-missiles-are-key-to-tehrans-growing-influence-in-the-gulf/>.

⁶⁷ Coats, Daniel R. "Worldwide Threat Assessment of the U.S. Intelligence Community." Senate Select Committee on Intelligence, January 29, 2019. <https://www.dni.gov/files/ODNI/documents/2019-ATA-SFR---SSCI.pdf>.

Iranian Nuclear Response

Whereas the maximum pressure campaign intended, as one of its aims, to constrain Iran's ability to expand its nuclear program, a possibly unintended consequence of the strategy was Iran's decision to respond by violating the JCPOA.⁶⁸ Iran began a gradual escalating pattern of violations about one year after the U.S. withdrawal from the JCPOA, after a period in which the European powers were unable to develop programs and policies to continue to provide Iran the economic benefits of the agreement. Doing so would have required European firms to risk violating U.S. sanctions – actions that would have placed their access to the large U.S. market at risk. It is not surprising that few, if any, European governments and firms were willing to help Iran. For their part, Iranian leaders consistently indicated that Iran's nuclear violations were “reversible” if sanctions relief were provided. Those assertions provide evidence for the conclusion that Iran's leaders are pragmatic and calculate carefully the implications of each of their actions. In this case, Iranian leaders assessed that more favorable conditions would eventually be feasible for a U.S. return to the JCPOA, and that abrogating the pact outright would harm Iranian long-term interests. Nonetheless, the violations have reduced Iran's “breakout time”⁶⁹ from the one year achieved in the JCPOA to an estimated three months – a timeframe roughly the same as Iran's estimated breakout time before the JCPOA was implemented.⁷⁰ Additionally, Iran's decision to resume enriching uranium to 20% purity, a process it began in January 2021, could reduce Iran's breakout time even further.

Effects on Broader Iranian Foreign Policy

The maximum pressure policy caused Iran to try to build economic and strategic relations with outside powers that are rivals of the United States. It has been widely reported that Iran and Russia have been aligned in their support for the Assad regime in Syria against domestic rebel groups that have been supported by U.S. allies in the Persian Gulf.⁷¹ In one instance, Iran even

⁶⁸ “IntelBrief: New Iran Nuclear Site Revealed.” *The Soufan Center*, November 2, 2020. <https://thesoufancenter.org/intelbrief-new-iran-nuclear-site-revealed/>.

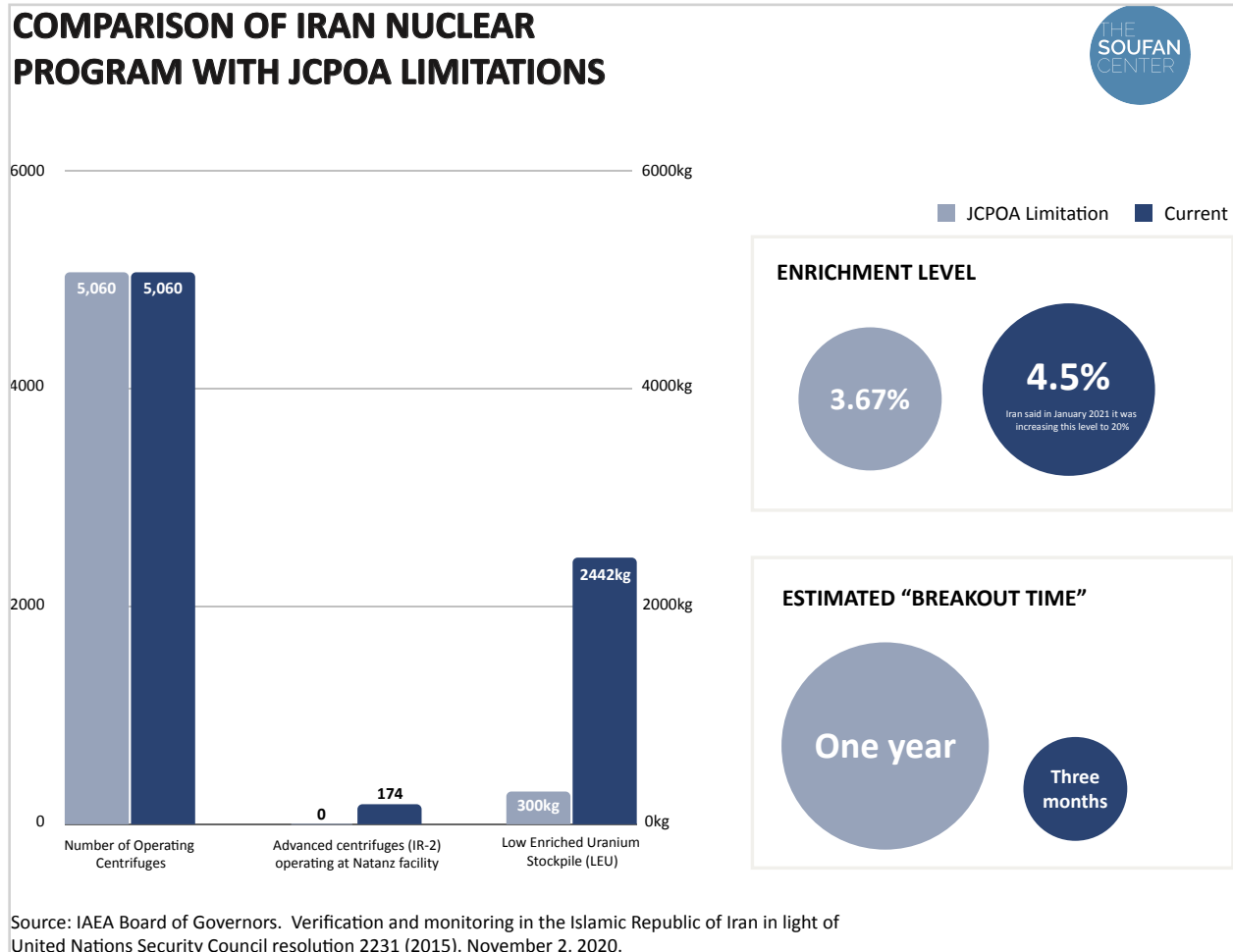
⁶⁹ Breakout time is widely defined as the time Iran would need to acquire enough fissile material for one nuclear weapon from the time of an Iranian decision to do so.

⁷⁰ Hannah, John. “The Clock Is Ticking on the Next Iran Nuclear Crisis.” *Real Clear Defense*, June 29, 2020. https://www.realcleardefense.com/articles/2020/06/29/the_clock_is_ticking_on_the_next_iran_nuclear_crisis_115418.html.

⁷¹ Clarke, Colin P. and William Courtney. “Can America Do Anything About the Russia-Iran Axis?” *Newsweek*, July 30, 2020. <https://www.newsweek.com/iran-russia-axis-afghanistan-syria-lybia-america-1521774>.

took the unprecedented step of allowing Russian combat aircraft to use an Iranian air base at Hamadan.⁷²

Figure 4: Comparison of Iran Nuclear Program with JCPOA Limitations



Whereas China has not undertaken any strategic interventions in the region either aligned with or against Iran, Iranian leaders have cultivated closer ties to China primarily to circumvent and mitigate the effects of Trump administration sanctions on Iran.⁷³ China has consistently been the largest purchaser of Iranian oil, and it has continued to buy Iranian oil even after U.S. sanctions exceptions for such transactions were ended in May 2019, thereby rendering Chinese energy

⁷² Dehghan, Saeed Kamali. "Russia uses Iranian airbase for first time in Syria campaign." *The Guardian*, August 16, 2016. <https://www.theguardian.com/world/2016/aug/16/russia-uses-iranian-airbase-for-first-time-in-syria-campaign>.

⁷³ Clarke, Colin P and Mollie Saltskog. "What to Watch to Understand the Sino-Iranian Relationship." *Lawfare*, August 13, 2020. <https://www.lawfareblog.com/what-watch-understand-sino-iranian-relationship>.

companies vulnerable to U.S. penalties. For its part, China views Iran as a pivotal participant in its Belt and Road Initiative – a massive investment and infrastructure program to accelerate the integration of countries along the historic Silk Road.⁷⁴ As part of that program, Chinese firms have invested in numerous Iranian factories in a wide range of light manufacturing industries, such as timber processing. In 2020, the extent to which the two countries were becoming strategic partners was demonstrated by a draft of the “China-Iran Comprehensive Strategic Partnership,” which was leaked to the media by an Iranian source.⁷⁵ The agreement

Iranian leaders have cultivated closer ties to China primarily to circumvent and mitigate the effects of Trump administration sanctions on Iran.

addresses bilateral cooperation in economic, political, cultural, and military spheres for the next 25 years, and includes Chinese investment of \$400 billion in Iran’s oil, gas, and transportation infrastructure.⁷⁶ Yet, some Iranian hardliners have opposed the deal as a forfeiture of a degree of Iranian sovereignty.

Impacts on Iran’s Regime and Politics

Some experts have interpreted the Trump administration’s maximum pressure strategy as an effort to precipitate the fall of Iran’s Islamic regime, even though that goal was never a stated objective of Trump administration policy on Iran. When significant protests in Iran broke out in November 2019, supporters of the policy and some U.S. Iran policy officials assessed that the demonstrations proved that the strategy was “working” to destabilize Iran’s regime.⁷⁷ Yet, it

⁷⁴ Guoxiu, Wu. “Iranian Ambassador to China: Bilateral ties will grow faster if Western sanctions are lifted.” *CGTN*, December 19, 2020. <https://news.cgtn.com/news/2020-12-19/Iran-and-China-will-have-better-relationships-if-U-S-sanctions-are-lifted-WlddgJLEpW/index.html>.

⁷⁵ “IntelBrief: U.S. Sanctions Iran-led Axis.” *The Soufan Center*, October 5, 2020. <https://thesoufancenter.org/intelbrief-u-s-sanctions-iran-led-axis/>.

⁷⁶ Wang, Xiyue. “China Won’t Rescue Iran.” *Foreign Policy*, December 18, 2020. <https://foreignpolicy.com/2020/12/18/china-wont-rescue-iran/>.

⁷⁷ Gordon, Philip H. and Robert Malley. “Iran’s Protest Movement Doesn’t Vindicate Trump’s ‘Maximum Pressure’ Campaign.” *Foreign Policy*, December 11, 2019. <https://foreignpolicy.com/2019/12/11/iran-anti-government-protests-us-support/>; see also, “IntelBrief: Iran Escalates Repression Amid Unrest.” *The Soufan Center*, February 13, 2020. <https://thesoufancenter.org/intelbrief-iran-escalates-repression-amid-unrest/>.

should be noted that the most serious unrest since the early days of the Islamic Republic occurred in 2009-2010 – the so-called “Green Movement” uprising – when very few international sanctions on Iran were in force.⁷⁸ Serious unrest also occurred in Iran in late 2017, well before the Trump administration reimposed JCPOA-related sanctions on Iran. It can be argued that there is little, if any, direct connection between U.S. sanctions policy and internal threats to Iran’s regime.

At the same time, the maximum pressure policy appeared to improve the political fortunes of Iran’s hardliners, who had lost every national election (presidential and parliamentary) since the 2013 election of Hassan Rouhani as Iran’s president. Arguing that the Rouhani government was wrong to trust that the United States would adhere to its JCPOA commitments over the long term, hardliners were able to bar many moderates from running in the February 2020 *Majles* (parliamentary) elections. Facing limited competition, hardliners won 230 of the body’s 290 seats.⁷⁹ Rouhani’s second and final term ends in 2021, and the leading figures who have declared or expressed interest in running for president in the June 2021 elections are all hardliners linked to the IRGC, IRGC corporations, the *bonyads*, or to the Supreme Leader.⁸⁰

It should be noted that the most serious unrest since the early days of the Islamic Republic occurred in 2009-2010 – the so-called “Green Movement” uprising – when very few international sanctions on Iran were in force.

⁷⁸ Nader, Alireza and Trita Parsi. “How Washington Can Really Help the Greens in Tehran.” *Foreign Policy*, February 9, 2010. <https://foreignpolicy.com/2010/02/09/how-washington-can-really-help-the-greens-in-tehran/>.

⁷⁹ Azizi, Arash. “Factbox: The outcome of Iran’s 2020 parliamentary elections.” *Atlantic Council*, February 26, 2020. <https://www.atlanticcouncil.org/blogs/iransource/factbox-the-outcome-of-irans-2020-parliamentary-elections/>.

⁸⁰ Shahidsaless, Shahir. “Iran presidential election: Reformists face an uphill battle.” *Middle East Eye*, October 12, 2020. <https://www.middleeasteye.net/opinion/iran-presidential-election-reformists-face-uphill-battle>.

BIDEN ADMINISTRATION POLICY AND IMPLEMENTATION OPTIONS

All of the options that successive U.S. administrations have considered and, in some cases, employed, are still open to the Biden administration. These U.S. options have historically included engagement, military action, economic sanctions, and open or covert promotion of regime change. As noted above, the Obama administration pursued both engagement and sanctions in tandem. Even after negotiating the JCPOA with Iran, they still kept the option of military action “on the table” if Iran violated the accord and attempted to develop an actual nuclear weapon.⁸¹ Obama administration officials gave public expressions of support for the 2009 Green Movement uprising in Iran, which took place before any U.S.-Iran negotiations began, but provided no material support for that uprising or indication that they were considering other efforts, such as covert action, to change Iran’s regime.⁸²

Based on the campaign and post-election comments and writings of President Biden, the new administration appears intent on implementing an Iran policy that is similar to that pursued by the Obama administration.⁸³ As stated by then President-elect Biden in an editorial on September 13, 2020:

“I will offer Tehran a credible path back to diplomacy. If Iran returns to strict compliance with the nuclear deal, the United States would rejoin the agreement as a starting point for

⁸¹ “Obama promises to keep military options open in Iran nuclear deal.” *The Guardian*, August 21, 2015. <https://www.theguardian.com/us-news/2015/aug/21/obama-promises-keep-military-options-open-iran-nuclear-deal>.

⁸² Levs, Josh. “Fact Check: Was Obama ‘silent’ on Iran 2009 protests?” *CNN*, October 9, 2012. <https://www.cnn.com/2012/10/08/politics/fact-check-romney-iran/index.html>.

⁸³ Biden, Joe. “Joe Biden: There's a smarter way to be tough on Iran.” *CNN*, September 13, 2020. <https://www.cnn.com/2020/09/13/opinions/smarter-way-to-be-tough-on-iran-joe-biden/index.html>.

follow-on negotiations. With our allies, we will work to strengthen and extend the nuclear deal's provisions, while also addressing other issues of concern...And we will work to help our partners reduce tensions and help end regional conflicts, including the disastrous war in Yemen. I will also take steps to make sure U.S. sanctions do not hinder Iran's fight against Covid-19. And on day one, I will repeal Trump's disgraceful travel ban targeting a number of Muslim-majority countries, among others. Third, we will continue to push back against Iran's destabilizing activities, which threaten our friends and partners in the region... We will continue to use targeted sanctions against Iran's human rights abuses, its support for terrorism and ballistic missile program. If Iran chooses confrontation, I am prepared to defend our vital interests and our troops. But, I am ready to walk the path of diplomacy if Iran takes steps to show it is ready too. With the world back at America's side, a Biden administration will make it a priority to set Iran policy right.”⁸⁴

The Biden editorial refers to “follow on negotiations,” which presumably represents a reference to addressing the objectionable Iranian behaviors not subject to binding limits by the JCPOA or U.N. Security Council Resolution 2231 that enshrined the JCPOA in international law. In January 2021, Jake Sullivan, who was involved in negotiations with Iran to forge the JCPOA and who President Biden has named as his National Security Adviser, indicated that the follow-on negotiations would focus on limits to Iranian development of ballistic missiles.⁸⁵

“

I am ready to walk the path of diplomacy if Iran takes steps to show it is ready too. With the world back at America's side, a Biden administration will make it a priority to set Iran policy right.

”

- Joseph Biden, Sept. 2020

Lessons from the Experiences of the Trump Administration

As the Biden administration formulates and begins implementing its Iran policy, and supporters and critics of the new administration evaluate its Iran plans, there are lessons that can be learned from the experiences of the Trump administration. There were indications that the maximum pressure policy put sufficient pressure on Iran to compel it to consider accommodating the U.S. demand of a revised JCPOA that might address at least some of the broader range of U.S.

⁸⁴ *Ibid.*

⁸⁵ Sanger, David E. “Biden Plans Renewed Nuclear Talks With Russia While Punishing Kremlin, Adviser Says.” *New York Times*, January 3, 2021. <https://www.nytimes.com/2021/01/03/us/politics/biden-russia-iran.html>.

concerns about Iranian behavior. When he withdrew the United States from the JCPOA, President Trump stated an intent to negotiate a new accord that not only addresses the nuclear-related shortfalls of the JCPOA – such as the sunset of the limitations and constraints on International Atomic Energy Agency (IAEA) oversight of Iran’s program – but also includes binding limits on Iran’s missile development and on its regional activities. U.S. requirements for a full normalization of relations with Iran were specified by Secretary of State Pompeo within days of the U.S. withdrawal, and focused primarily on curbing Iran’s regional influence. Of the twelve demands stipulated, a majority represented insistence that Iran stop aiding pro-Iranian governments and Iran’s regional proxies.⁸⁶

Iranian leaders, at times, indicated they might be willing to negotiate with the Trump administration on some additional limitations on the ranges of ballistic missiles it could develop. In late 2017, aware that the Trump administration intended to increase pressure on Iran, IRGC leaders suggested that the 2,000 kilometer (km) range of Iran’s most capable missiles were sufficient for Iran’s defense needs and that Iran had no need to develop missiles of ranges longer than that.⁸⁷ In September 2019, after a summer of Iranian attacks on commercial ships in the Persian Gulf that nearly escalated into U.S.-Iran conflict, France appeared to make progress toward arranging a meeting between President Trump and Iranian President Hassan Rouhani, presumably at the U.N. General Assembly meetings in late September.⁸⁸ However, no meeting occurred, and as the U.S. presidential election approached, Iranian leaders increased their preconditions for negotiations with the Trump administration to include a lifting of U.S. sanctions and provision of compensation for Iranian economic losses that resulted from the U.S. withdrawal from the JCPOA. Iran was willing to negotiate on long range missile limitations because missiles of greater than 2,000 km range are not core to Iran’s regional security. Iranian leaders calculate that launching, or threatening to launch, a ballistic missile against the United States or any European ally of the U.S. would have dramatically adverse consequences for Iran.

At no time during the Trump administration (or any U.S. administration) did Iranian leaders express a willingness to negotiate limitations on proxy wars, or even any limits on providing shorter range ballistic or cruise missiles to its regional allies. As discussed in a 2019 Soufan Center report (*Iran’s Playbook: Deconstructing Tehran’s Regional Strategy*), Iran’s support for regional armed factions and pro-Iranian governments constitutes the core of its ideology and its strategy for

⁸⁶ Secretary of State Michael Pompeo. “After the Deal: A New Iran Strategy.” *Heritage Foundation*, May 21, 2018. <https://www.heritage.org/defense/event/after-the-deal-new-iran-strategy>.

⁸⁷ “Iran: No need to extend 2,000km ballistic missile range.” *Al Jazeera*, October 31, 2017. <https://www.aljazeera.com/news/2017/10/31/iran-no-need-to-extend-2000km-ballistic-missile-range>.

⁸⁸ Norman, Laurence and Michael R. Gordon. “Macron Tried to Broker Meeting between Trump, Iran’s President.” *Wall Street Journal*, September 24, 2019. <https://www.wsj.com/articles/macron-tried-to-broker-meeting-between-trump-irans-president-11569380894>.

defending the revolutionary regime.⁸⁹ Iranian leaders have indicated that they welcome discussions on ending the region's various conflicts, but they have never accepted any negotiations of binding limits on Iran's regional activities, absent a negotiated settlement in any particular conflict arena.⁹⁰ The Iranian leadership argues that great powers and Iran's adversaries meddle in the affairs of the region's countries with regularity, and that Iran is not going to agree to any limits on its activities that do not apply equally to its rivals. The transfer to its allies and proxies of short-range ballistic and cruise missiles is core to Iran's strategy of projecting power in the region, and Tehran has given no indication it would ever accept any limits on such transfers.⁹¹ It is highly unlikely that Iran will agree to any binding limits on its support for regional armed factions in follow-on talks with the Biden Administration.

Iran's support for regional armed factions and pro-Iranian governments constitutes the core of its ideology and its strategy for defending the revolutionary regime.

Potential Complications to a U.S. Return to the JCPOA

As the new administration expresses its intent to rejoin the Iran nuclear agreement, a debate has, not unexpectedly, broken out among experts and observers of U.S. policy toward Iran. In the aggregate, the debate pits those who support using the U.S. leverage over Iran's economy to force Iran to accept a new JCPOA against those who argue that demanding significant changes to the JCPOA will produce protracted negotiations that do not restore the JCPOA.⁹² It can be argued that Iranian leaders are unlikely to accept additional concessions to the Biden administration that they did not offer in the face of the Trump administration's maximum pressure campaign. The Biden administration appears to have concluded that U.S. national security interests are

⁸⁹ "Iran's Playbook: Deconstructing Tehran's Regional Strategy." *The Soufan Center*, May 14, 2019. <https://thesoufancenter.org/research/irans-playbook-deconstructing-tehrans-regional-strategy/>.

⁹⁰ Smadi, Fatima. "Iranian messages: Resuming negotiations will be difficult, even with Biden." *Al Jazeera*. November 24, 2020. <https://studies.aljazeera.net/ar/node/4848>.

⁹¹ "IntelBrief: The Growing Threat of Iranian Missiles." *The Soufan Center*, January 15, 2019. <https://thesoufancenter.org/ntelbrief-the-growing-threat-of-iranian-missiles/>.

⁹² Ross, Dennis. "How Biden's Iran Policy Can Have a Chance to Succeed." *Bloomberg*, December 26, 2020. <https://www.bloomberg.com/opinion/articles/2020-12-26/biden-s-iran-policy-nuclear-compliance-keeping-u-s-leverage>.

sufficiently secured by Iran's adherence to the original JCPOA requirements, without need to immediately require new limitations beyond those stipulated in the JCPOA. Still, the domestic U.S. debate on this issue, which involves numerous powerful constituencies, could delay the Biden administration's efforts to rejoin the agreement.

There are also considerable obstacles to a straightforward U.S. rejoining of the JCPOA, as outlined below:

Post-2018 Actions Taken by Iran and the United States:

The actions undertaken by both Iran and the Trump administration since the 2018 U.S. withdrawal from the accord could complicate efforts by the Biden administration to resume implementing the accord. First and foremost, and as specified in the statements of intended policy by Biden administration officials, Iran would need to come back into full compliance with the nuclear terms of the JCPOA as a condition of the U.S. rejoining the pact. As noted above, Iran can reverse its nuclear violations to come back into full compliance with the accord. Iran, for its part, will undoubtedly demand not only the lifting of those sanctions stipulated to be eased by the JCPOA text, but also any additional economic sanctions that were imposed by the Trump administration after the U.S. withdrawal from the pact. The JCPOA spells out in detail those U.S. sanctions that are considered "nuclear sanctions" and are to be lifted under the accord. Presumably, a revision of the JCPOA would be required that includes the post-2018 sanctions that would be covered under the JCPOA.

Sequencing:

There is also an issue of sequencing of the Iranian and U.S. completion of the steps required to restore the accord. Some might argue that only after Iran returns to full compliance should the Biden administration begin easing sanctions. Iran argues that the United States should first ease sanctions before Tehran fulfills its nuclear commitments required to come back into JCPOA compliance. However, it can be argued that sequencing can work much as it did when the JCPOA began implementation, insofar as the IAEA certifies Iranian compliance and, upon such certification, U.S. sanctions are lifted.

New Iranian Sites Not Addressed in the Original JCPOA:

Among the issues that might need to be included in a revision to the JCPOA is Iran's construction of a new centrifuge assembly site to replace one that was destroyed by fire in mid-2020, purportedly set by Israeli agents.⁹³ The fact that the new site is being built into a mountain could complicate any such talks. During the negotiations on the JCPOA, Iran's

⁹³ Rising, David. "UN watchdog: Iran building at underground nuclear facility." *Associated Press*, October 27, 2020. <https://apnews.com/article/iran-iran-nuclear-berlin-united-nations-tehran-efcfe5ea7d691b471355a4b49c7a18c>.

mountain nuclear site at Fordow proved to be a particular sticking point that Iran refused to close outright. All sites covered by the JCPOA would presumably need to be addressed in a re-written version of the JCPOA.

IAEA Demands for a New Agreement:

The International Atomic Energy Agency, which monitors Iranian compliance with the agreement, has said that a new agreement – presumably among all JCPOA parties – would be required to detail how Iran is to reverse its violations. Any new agreement, even if envisioned by the IAEA as tactical and modest, would likely open the Biden administration to a wider and protracted debate, mentioned above, over the terms on which to rejoin the pact.⁹⁴

Sunsets are Closer to Expiration:

Some will undoubtedly argue that the restrictions on Iran’s nuclear program begin expiring in 2025 – less than five years from now – and must be extended if rejoining the accord is to secure U.S. interests. In October 2020, the U.N. ban on arms transfers to and from Iran was deemed by the Security Council to have expired, as stipulated by Resolution 2231, despite U.S. assertions that it had triggered the “snapback” of all U.N. sanctions. The U.N. restriction on Iran’s development of ballistic missiles “designed to be capable of delivering a nuclear weapon” is scheduled by Resolution 2231 to expire on October 18, 2023 – less than three years from the inauguration of the Biden administration. It is not clear whether Iranian leaders would be willing to extend the deadlines stipulated in the original accord. However, in the years just after the JCPOA was first negotiated, there was discussion in the United States that the deadlines, and indeed the whole accord itself, could be extended by mutual agreement as the original sunsets approached.⁹⁵ This suggests that Obama administration officials assessed that there might be willingness on the part of the Iranians to extend some or all of the agreement’s deadlines.

Regional Demands to Join Negotiations:

As a corollary to the broader debate within the United States over the conditions under which to rejoin the JCPOA, U.S. regional partners reportedly are agitating to impose their views on the new Biden administration. According to press reports, Israel and several of the Gulf states want to join in any new talks with Iran on the U.S. return to the JCPOA.⁹⁶ The leaders of the countries seeking to participate in talks are those that supported the Trump administration’s

⁹⁴ Murphy, Francois. “Exclusive: New agreement needed to revive Iran nuclear deal under Biden, IAEA chief says.” *Reuters*, December 17, 2020. <https://www.reuters.com/article/us-iran-nuclear-iaea-exclusive/exclusive-new-agreement-needed-to-revive-iran-nuclear-deal-under-biden-iaea-chief-says-idUSKBN28R1V9>.

⁹⁵ Davenport, Kelsey. “Iran Nuclear Deal ‘Sunset’ Gets Scrutiny.” *Arms Control Today*, October 2017. <https://www.armscontrol.org/act/2017-10/news/iran-nuclear-deal-sunset-gets-scrutiny>.

⁹⁶ Toosi, Nahal. “Arab states, Israel say they want in on Biden’s future Iran talks.” *Politico*, December 22, 2020. <https://www.politico.com/news/2020/12/22/arab-states-israel-say-they-want-in-on-future-iran-talks-449763>.

maximum pressure campaign and perceive that the Biden administration seeks to broadly downplay Iran’s objectionable behavior. Israeli Prime Minister Netanyahu was an outright opponent of the JCPOA and spoke before the U.S. Congress to urge rejection of the agreement, which was then in its final stages of negotiation; the speech reportedly significantly damaged Netanyahu’s relations with Obama administration officials.⁹⁷

Confidence-Building Steps and Sanctions Easing

Anticipating that negotiations on a U.S. return to the JCPOA will be complicated, the Biden administration might consider some initial steps that would set the stage for the negotiations. Many of these steps might involve some relaxation of the Trump administration’s “maximum pressure” sanctions policy as a foreshadowing of the broader sanctions relief that would accompany a U.S. return to the JCPOA.⁹⁸ Similarly, Iranian leaders would need to take some concrete steps to reassure Biden Administration officials that they are intent on returning to full compliance with the terms of the accord and determined to address violations that have occurred recently.

Confidence-Building Steps by the United States:

Some of the initiatives the Biden administration might undertake include those discussed below. Several of the steps would be required of the United States in a return to the JCPOA, but others would not be obligatory. Some of the options below could be exercised in addition to a U.S. return to the JCPOA, even if not in fulfillment of a specific JCPOA requirement.

I. Alter U.S. Defense Posture in the Gulf Region

Successive administrations have used military deployments as a signal to Iran of U.S. resolve, but the deployments have historically been interpreted by Tehran as a sign of U.S. confrontation.⁹⁹ On several occasions, particularly amid escalating tensions with Iran in mid-2019, the Trump administration announced additional deployments to the several U.S. bases in the Persian Gulf. To reinforce its message to Tehran not to undertake or instigate attacks on U.S. personnel or

⁹⁷ Calamur, Krishnadev. “In Speech To Congress, Netanyahu Blasts ‘A Very Bad Deal’ With Iran.” *NPR*, March 3, 2015. <https://www.npr.org/sections/thetwo-way/2015/03/03/390250986/netanyahu-to-outline-iran-threats-in-much-anticipated-speech-to-congress>.

⁹⁸ “IntelBrief: U.S. Election Roils Iran Policy.” *The Soufan Center*, November 16, 2020. <https://thesoufancenter.org/intelbrief-u-s-election-roils-iran-policy/>.

⁹⁹ “IntelBrief: U.S. Show of Force in the Gulf Intended to Send Message to Iran.” *The Soufan Center*, December 15, 2020. <https://thesoufancenter.org/intelbrief-2020-december-15/>.

facilities, in late 2020, the U.S. sent, on several occasions, strategic bombers to overfly the Gulf and deployed a nuclear submarine to the region, as well.¹⁰⁰ In association with the deployments and military maneuvers, President Trump typically issued messages and statements that the United States would retaliate for any provocative Iranian action, particularly if such action resulted in any American deaths.

In its first months, the Biden administration might decide to avoid any such “shows of force” as a signal to Tehran that it seeks to improve U.S.-Iran relations and abandon the maximum pressure strategy. At the same time, the forward deployment of significant numbers of U.S. forces in the Persian Gulf has been a consistent feature of U.S. policy since the 1991 Persian Gulf War, and U.S. naval forces have operated in the Gulf regularly since World War II. All six countries of the Gulf Cooperation Council (GCC: Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, and Oman) host U.S. forces under formal or informal defense cooperation agreements or memoranda of understanding. No matter the approach to U.S. Iran policy, it is highly unlikely that the U.S. positioning in the Gulf would be altered substantially, if for no other reason than withdrawing substantial U.S. forces would undoubtedly harm U.S. relations with the Gulf states.

Even though significant numbers of U.S. forces are likely to remain in the Gulf, the Biden administration could decide to downplay or end some Gulf-related initiatives undertaken by the Trump administration. The Biden administration might, for example, disband or reduce operations of the International Maritime Security Construct (IMSC) – a multilateral maritime patrol operation begun in late 2019 to deter Iranian attacks on commercial shipping. A potentially more controversial step could be to cancel or substantially amend the Trump administration’s sale of advanced F-35 fighter aircraft to the UAE.¹⁰¹ The sale was indirectly linked to the UAE’s agreement to normalize relations with Israel, although it was publicly justified by the administration as a response to the threat that Iran poses to the United States and the region. Cancelling the sale, which is technically possible even after a sale agreement is completed by the Trump administration, would undoubtedly set back U.S. relations with the UAE and potentially cause the UAE’s government to seek new arms agreements with Russia and/or China.

¹⁰⁰ “U.S. bomber mission over Persian Gulf aimed at cautioning Iran.” *Politico*, December 30, 2020. <https://www.politico.com/news/2020/12/30/bomber-mission-persian-gulf-iran-452349>.

¹⁰¹ Eglash, Ruth and Karen DeYoung. “Peace deal or arms race? Proposed sale of F-35 jets to UAE prompts fears in Israel.” *Washington Post*, September 15, 2020. https://www.washingtonpost.com/world/middle_east/israel-uae-jets-peace/2020/09/14/ae0950a6-f682-11ea-85f7-5941188a98cd_story.html.

II. Adjust U.S. Public Diplomacy on Iran

An active program of public criticism of Iran was a key component of the Trump administration's maximum pressure policy. The public diplomacy effort was implemented not only through consistently critical and sometimes threatening statements and speeches by President Trump, Secretary Pompeo, and the Special Representative for Iran (Ambassador Brian Hook and succeeded in 2020 by Elliott Abrams), but through several U.S.-funded broadcasting outlets and Persian-language websites. A significant element of the policy was the State Department's publication in 2018 (and updated in 2020) of its report called "Outlaw Regime: A Chronicle of Iran's Destructive Activities," which reads as an indictment of Iran on numerous counts of violations of international law, including gross human rights abuses.¹⁰² As part of an initial outreach to Iran, the Biden administration might decide to mute or temper some of the U.S. criticism of Iranian behavior, focusing its public diplomacy instead on the need for both the United States and Iran to return to full implementation of the JCPOA.

One specific action the new administration might potentially take is to disband the State Department-led interagency "Iran Action Group." The group was established immediately after the U.S. withdrawal from the JCPOA as a coordinating mechanism to implement the maximum pressure strategy against Iran.¹⁰³ Disbanding the group would presumably represent an intent by the Biden administration not to continue that strategy. A related action could be to abolish the position, established by the State Department after the 2018 withdrawal from the JCPOA, of the "Special Representative for Iran." The position was first held by Ambassador Brian Hook, and he was succeeded in 2020 by Elliott Abrams, who was concurrently Special Representative for Venezuela. The Iran position was intended to coordinate the Trump administration maximum pressure strategy, and Abrams, in particular, exemplified the intent of the position by virtue of his long reputation as a hardliner against worldwide authoritarians and U.S. adversaries. The administration appears to have already moved in this direction by appointing Rob Malley as a Special Envoy on Iran, with a mandate to negotiate with Iran on a U.S. return to the JCPOA and follow-on talks on other issues.

III. Amend or Revoke Sanctions on the Office of Iran's Supreme Leader

A revocation or alteration of the executive order (13876, discussed above) imposing sanctions on the office of Iran's Supreme Leader would not necessarily be required if the United States rejoins the JCPOA. This sanction is widely considered a human rights-related sanction, and not a

¹⁰² "Outlaw Regime: A Chronicle of Iran's Destructive Activities." Department of State, September 19, 2020. <https://2017-2021.state.gov/outlaw-regime-a-chronicle-of-irans-destructive-activities//index.html>.

¹⁰³ "Briefing on the Creation of the Iran Action Group." Department of State, August 16, 2018. <https://2017-2021.state.gov/briefing-on-the-creation-of-the-iran-action-group//index.html>.

“nuclear sanction” as defined in the JCPOA. However, because of the sensitivity of the Iranian leadership about sanctions targeting the Supreme Leader and his aides, talks on a resumption of U.S. participation would almost certainly be facilitated by a revocation of the Order. Alternatively, de-listing other officials named under the Order, such as Iran’s Foreign Minister Javad Zarif, could signal to Iran that the administration wants to facilitate U.S.-Iran negotiations on the JCPOA.

IV. Revoke the Trump Administration Assertion of a U.N. Sanctions “Snapback”

In late 2020, the Trump administration undertook significant efforts to achieve an extension of the U.N. ban on arms transfers to and from Iran which, under U.N. Security Council Resolution 2231, was scheduled to expire on October 18, 2020.¹⁰⁴ That expiration – five years after the formal adoption of the JCPOA under Resolution 2231 – was agreed between Iran, the United States, and the other JCPOA parties when the JCPOA was finalized.¹⁰⁵ Failing in its efforts to persuade the Security Council to extend the embargo, the administration asserted standing, under Resolution 2231, to “snap back” all U.N. sanctions on Iran on the grounds that Iran was in violation of its nuclear commitments. However, the other Security Council members opposed the U.S. move and asserted that, because the United States was no longer participating in the JCPOA, it had no standing to trigger the sanctions snapback.¹⁰⁶ The embargo was deemed by the United Nations to have expired on October 18, 2020, as scheduled.

Even though the “snap back” did not take practical effect, the Biden administration could send a positive signal to Iran by formally revoking the U.S. assertion to have triggered the snapback under Resolution 2231. If the Biden administration resumes participation in the JCPOA, the United States would presumably regain the standing to trigger a snapback of sanctions as a potential response to any future Iranian non-compliance with the JCPOA, and be better positioned to work to that end with likeminded Council members, in particularly the United Kingdom and France.

¹⁰⁴ “IntelBrief: U.S. Struggles to End Iran Nuclear Deal.” *The Soufan Center*, August 24, 2020. <https://thesoufancenter.org/intelbrief-u-s-struggles-to-end-iran-nuclear-deal/>.

¹⁰⁵ “IntelBrief: Implications of Iran Arms Ban Expiration.” *The Soufan Center*, June 30, 2020. <https://thesoufancenter.org/intelbrief-implications-of-iran-arms-ban-expiration/>.

¹⁰⁶ Gramer, Robbie, Jack Detsch, and Colum Lynch. “U.S. Isolated at U.N. as Push to Ramp Up Pressure on Iran Fails.” *Foreign Policy*, September 21, 2020. <https://foreignpolicy.com/2020/09/21/us-isolated-un-iran-snapback-sanctions-trump-pompeo/>.

V. Restore the “Significant Reduction Exceptions” for Purchases of Iranian Oil

The Biden administration might choose to send a positive early signal to Iran by restoring the SREs for the purchase of Iranian oil. The exercise of this option would represent a modest easing of U.S. sanctions, insofar as the Trump administration continued to provide this sanctions exception for a year after leaving the JCPOA. Yet, to Iran, reopening the global oil market to Iranian sales would provide it with a significant economic boost and reduce its need to arrange illicit sales. Restoring the SREs would also reduce the incentive Iran now has to undertake energy transactions with Venezuela, which is another U.S. adversary.¹⁰⁷

If the Administration ultimately determines that easing sanctions on Iran’s oil exports yields too much U.S. leverage too early, the administration could refine this option somewhat by providing SREs to some of Iran’s major oil customers, but not others. For example, the new administration could argue that China has been circumventing U.S. sanctions by illicitly buying Iranian oil, and that China is not deserving of receiving the SRE. The Biden administration might argue that those countries that are allied with the United States, such as EU countries, Britain, Japan, and South Korea, should receive the SRE and resume buying Iranian oil. This latter option has the additional advantage of signaling to U.S. allies in Europe that the Biden administration is intent on preserving the JCPOA and rebuilding a U.S.-European consensus on Iran policy. If the United States rejoins the JCPOA, the law that authorizes the SREs would be waived and Iran would open to sell its oil freely again, to any buyer, on the open market.

VI. Lift Restrictions on Iran’s Access to its Foreign Exchange Reserves

Another significant initial overture to Iran could take the form of a sanctions waiver that would permit Iran to freely use its foreign exchange assets held outside Iran.¹⁰⁸ That waiver would presumably need to be coupled with a reversal of the Trump administration’s designation of Iran’s Central Bank as a terrorism supporting entity. Currently, as noted, Iran can only access its Central Bank accounts worldwide to buy food and medical products in the countries where their assets are located. Even though U.S. sanctions allow the purchase of food and medicine with these assets, the banks of some countries, such as South Korea, remain so fearful of U.S. sanctions penalties that these banks have been unwilling to allow any Iranian access to its

¹⁰⁷ Zerba, Fabiola, Ben Bartenstein, and Peter Millard. “Biggest Iranian Flotilla Yet en Route to Venezuela with Fuel.” *Bloomberg*, December 5, 2020. <https://www.bloomberg.com/news/articles/2020-12-05/biggest-iranian-flotilla-yet-en-route-to-venezuela-with-fuel>.

¹⁰⁸ Ross, Dennis. “How Biden’s Iran Policy Can Have a Chance to Succeed.” *Bloomberg*, December 26, 2020. <https://www.bloomberg.com/opinion/articles/2020-12-26/biden-s-iran-policy-nuclear-compliance-keeping-u-s-leverage>.

assets.¹⁰⁹ A sanctions waiver would greatly expand Iran’s ability to import goods – including those vital to responding to the COVID-19 pandemic – and would presumably lead to a decrease in the price of goods in Iranian markets. A U.S. return to the JCPOA would require a waiver of the law authorizing sanctions on Iran’s access to its foreign exchange assets.

VII. Declare Support for the INSTEX Mechanism

In an effort to preserve the JCPOA in the face of the U.S. withdrawal, the European parties to the JCPOA sought to facilitate trade with Iran. In January 2019, France, Germany, and the UK registered a “special purpose vehicle” – the Instrument for Supporting Trade Exchanges (INSTEX) – based in France. INSTEX would initially process transactions in humanitarian items that generally are exempt from any sanctions and would perhaps eventually handle trade with Iran in oil and other products. However, at a February 14, 2019 international conference in Warsaw, Poland, Vice President Mike Pence expressed U.S. opposition to INSTEX, calling it “an effort to break American sanctions against Iran's murderous revolutionary regime. It's an ill-advised step that will only strengthen Iran, weaken the EU, and create still more distance between Europe and the United States.”¹¹⁰ As a result of Trump administration opposition to INSTEX, which included threats to sanction its European executives and participants, INSTEX has processed only a handful of transactions with Iran and did not mitigate the effects of U.S. sanctions on Iran. The Biden administration might, as an initial signal to both Iran and the European parties to the JCPOA, alter the U.S. position to support INSTEX and withdraw any threats to impose U.S. sanctions on persons and firms that participate in it. A U.S. return to the JCPOA would entail a broad lifting of U.S. secondary sanctions, and the INSTEX mechanism would likely no longer be needed subsequently.

VIII. Restore the “Nuclear Waivers”

The Biden administration could decide on an early restoration of the waiver of U.S. sanctions laws that were enacted, before the JCPOA, to deter foreign nuclear firms from providing assistance to Iran’s nuclear program. The waivers, required by the JCPOA, permitted foreign companies to participate in: (1) the JCPOA-permitted nuclear projects at Iran’s Arak, Bushehr, and Fordow nuclear facilities; (2) transfers from Iran of enriched uranium for the purpose of preventing Iran's low-enriched uranium (LEU) stockpile from exceeding 300 kilograms; (3)

¹⁰⁹ “Iran says South Korea holding \$7 billion Iran funds 'hostage.’” *Reuters*, January 5, 2021. <https://www.reuters.com/article/us-iran-tanker-spokesman/iran-says-south-korea-holding-7-billion-iran-funds-hostage-idUSKBN29A0UH>.

¹¹⁰ “Remarks by Vice President Pence at the Warsaw Ministerial Working Luncheon | Warsaw, Poland.” White House, February 14, 2019. <https://trumpwhitehouse.archives.gov/briefings-statements/remarks-vice-president-pence-warsaw-ministerial-working-luncheon-warsaw-poland/>.

transfers to Iran of nuclear fuel for the Tehran Research Reactor; (4) transfers from Iran of “nuclear fuel scrap;” (5) transfers from Iran of spent nuclear reactor fuel; and (6) storage of heavy water that Iran exported in order to stay under JCPOA limits for heavy water stockpiling. The Trump administration ended the waivers in phases during 2018-2020.¹¹¹

A renewal of the waivers would be required in a U.S. return to the JCPOA. An early restoration of the waivers by the Biden administration would be welcomed not only by Iran but also by the other parties to the JCPOA that have tried to keep the agreement intact since the U.S. withdrawal from the accord in 2018. The other JCPOA parties were critical of the Trump administration decision to end the nuclear waivers, arguing that compelling foreign companies to stop working on permitted Iranian nuclear projects would hinder international efforts to monitor Iran’s nuclear activities.

IX. Withdraw the U.S. Objection to Iran’s IMF Loan Application

In April 2020, several months after the start of the COVID-19 pandemic, Iran applied to the International Monetary Fund (IMF) for a \$5 billion loan to fund purchases of medicine and medical equipment needed to respond to the pandemic. The Trump administration sought to influence other IMF executive board countries – most of whom publicly supported the loan – to deny Iran the loan on the grounds that it is likely to use the funds for regional malign activities and other issues rather than on medical imports. Although the United States does not have sufficient voting weight on the IMF board to block the loan, the IMF generally tries to operate by consensus. U.S. pressure appears to have prevailed on the institution not to provide the loan, to date.¹¹² A Biden administration shift in the U.S. position would likely cause the loan to be approved, sending a strong signal to Iran of the new administration’s willingness to engage with the Islamic Republic. IMF officials said in February 2021 that the IMF has begun to “process” Iran’s loan application, perhaps suggesting that the body anticipates that the Biden Administration will signal support for making the loan.¹¹³

X. Expand Waivers for Iraqi Energy Transactions with Iran

An additional potential Biden administration overture, which would signal a potential new direction in U.S. policy toward Iraq as well as toward Iran, could be the extension of the waivers

¹¹¹ “U.S. Ends Sanctions Waivers for Iran Nuclear Projects.” United States Institute of Peace: *The Iran Primer*, May 28, 2020. <https://iranprimer.usip.org/blog/2020/may/27/us-ends-sanctions-waivers-iran-nuclear-projects>.

¹¹² “Iran calls on IMF to defy U.S., grant it \$5b loan.” *Tehran Times*, June 15, 2020. <https://www.tehrantimes.com/news/448909/Iran-calls-on-IMF-to-defy-U-S-grant-it-5b-loan>.

¹¹³ “IMF Says Processing Iran’s \$5 Billion Loan Request.” *Financial Tribune*, February 6, 2021. <https://financialtribune.com/articles/business-and-markets/107395/imf-says-processing-iran-s-5-billion-loan-request>.

of U.S. law that penalize Iraq’s imports of natural gas and electricity from Iran. Over the past year, the Trump administration had limited the time period of these waivers to as few as 30 days – even though the law providing for the sanctions allows for waivers of up to 180 days at a time – as part of an effort to compel the Iraqi government to find new sources of electricity and gas. The narrowing of the waiver timeframes was perceived as a symptom of a Trump administration view of Iraq policy through the overall lens of its policy of maximum pressure toward Iran.

Confidence-Building Steps by Iran:

As noted throughout, there are many critics of the Biden administration’s stated intent to rejoin the JCPOA and to relieve much of the sanctions pressure on Iran as a consequence. In order to justify its policy, Biden administration officials will look for indications that Iran will fulfill its JCPOA obligations and engage the United States more broadly on issues of core U.S. concern. Iran lacks economic leverage, and therefore any confidence-building measures would presumably focus on areas of Iranian behavior that are of concern to the United States.

I. Accept U.S. Offer of Follow-on Negotiations

A key predicate of the Biden administration’s support for rejoining the JCPOA has been that non-nuclear issues would be addressed in “follow-on” negotiations with Iran on the issue of its missile program, and potentially also on its support for regional armed factions. It remains unclear whether the Biden administration will demand that Iran accept the concept of follow-on talks as a pre-condition of rejoining the JCPOA. However, Iranian leaders have the opportunity to bolster the Biden administration’s policy orientation by announcing its commitment to engage in follow-on talks after the U.S. resumption of implementation of the JCPOA. Iranian leaders could limit their acceptance to missile-related issues, which are easier for Iran to discuss than its traditionally non-negotiable stance on supporting regional allies and armed groups, which forms the core of Iran’s national security policy.

II. Roll Back Nuclear Violations

In advance of the U.S. potentially rejoining the accord, Iranian leaders could start to roll back some of their 2019-2020 violations of the JCPOA. Iran could, for example, cease adding to its stockpile of low-enriched uranium. As a significant measure, Iran could also cease enriching uranium to 20% purity – the step taken in early 2021 that has contributed to Biden administration warnings that a new nuclear “crisis” with Iran might be emerging.¹¹⁴ As a less

¹¹⁴ “Biden Adviser Warns of ‘Escalating Nuclear Crisis’ With Iran.” *Bloomberg*, January 29, 2021. <https://www.bloomberg.com/news/articles/2021-01-29/biden-adviser-warns-of-escalating-nuclear-crisis-with-iran>.

significant concession, Iran might opt to declare that it intends to undertake no additional violations of the JCPOA beyond those already carried out.

III. Drop Existing Nuclear Threats

Iranian leaders might signal constructive intent by eschewing the threats they have issued in recent months. The threats have been intended to pressure the United States to ease sanctions. First and foremost, Iran's government could revoke legislation it enacted in December 2020 stipulating that cooperation with IAEA inspections of its declared nuclear facilities would cease on February 21, 2021 if the United States did not ease its sanctions by that time.¹¹⁵ Or, Iran could allow the deadline to expire without incident, clearly indicating an intent not to implement the threat.

A related option could include a high-level Iranian restatement of Iran's intent never to acquire a nuclear weapon. In February 2021, Intelligence minister Mahmoud Alavi threatened that Iran might decide to develop a nuclear weapon if sanctions were not lifted.¹¹⁶ His statement injected uncertainty into Iran's oft-reiterated stated policy, based on a 2003 religious ruling by Supreme Leader Khamene'i, that a nuclear weapon is against Iran's Islamist ideology. The Supreme Leader might express positive intent toward the Biden administration by reiterating that his earlier ruling remains official policy.

IV. Indicate Flexibility on Missile Issues

Several confidence-building options are available to Iran with regard to its ballistic missile program – beyond simply indicating a willingness to discuss missile limitations in follow-on negotiations with the United States. Iranian leaders could, for example, declare a moratorium on any new tests of extended-range ballistic missiles. Alternatively, Iran could state an intent not to develop missiles of ranges beyond the 2,000 kilometer range of its existing arsenal.

V. Refrain from New Conventional Arms Purchases

The October 2020 expiration of the U.N. ban on imports or exports of conventional arms up the potential for Iran to rearm and modernize its conventional arsenal. Iranian leaders could

¹¹⁵ “Iran will expel U.N. nuclear inspectors unless sanctions are lifted: lawmaker.” *Reuters*, January 9, 2021. <https://www.reuters.com/article/us-iran-usa-nuclear/iran-will-expel-u-n-nuclear-inspectors-unless-sanctions-are-lifted-lawmaker-idUSKBN29E0FQ?il=0>.

¹¹⁶ Karimi, Nasser. “Iran may pursue nuclear weapon, intel minister warns West.” *Associated Press*, February 9, 2021. <https://apnews.com/article/iran-iran-nuclear-nuclear-weapons-mahmoud-alavi-ali-khamenei-740ae737338af58c71e56649131d73d8>.

announce that they do not intend to move forward with any of the combat systems purchases that have been reportedly discussed with Russia and China. Yet, the value of this advance concession is doubtful insofar as Iran likely does not have the available funds to buy significant amounts of new arms unless and until U.S. sanctions are eased.

VI. Refrain from Provocative Actions

Iran could signal goodwill by refraining from harassment or attacks on commercial shipping in the Persian Gulf. Iran's actions on this front have been episodic, but relatively frequent, including the seizure of a South Korean oil tanker in early 2021. Iranian leaders could also limit naval activity by the IRGC Navy in the Gulf, whose small boats frequently shadow or approach U.S. warships.

VII. Downsize Iran's Regional Intervention Activities

Iran could offer advance concessions to the Biden administration by demonstrating unilateral restraint of its support for regional armed factions. Yet, any such move by Iran is unlikely because supporting regional pro-Iranian governments and factions is at the core of its national security strategy, as discussed in the report, "Iran's Playbook: De-Constructing Tehran's Regional Strategy."¹¹⁷ Moreover, it would be difficult for the United States to interpret any act of regional restraint by Tehran as a deliberate "signal" to the United States, instead of as a recognition of Iranian logistical, financial, or political capabilities. Nonetheless, to send a positive signal the Biden administration, Tehran could, for example, instruct its allies in Iraq to cease attacking the U.S. in Baghdad. It could also cease shipments of short-range ballistic missiles and drones to the Houthis in Yemen. Iran could announce a rededication to participating in multilateral peace talks to end the conflict in Syria, although it is unlikely that anyone in the Biden administration would assess that Iran has the inclination to support a political alternative to President Bashar Al Assad.

VIII. Release U.S. Nationals

Iranian leaders have the option of signaling goodwill to the Biden administration through an unconditional release of the several U.S.-Iran dual nationals held in Iran. On the other hand, Iran has often held on to Western prisoners in order to trade them for the release of Iranian and dual nationals who have been convicted of sanctions violations in U.S. courts. Such a "swap" occurred coincident with the January 2016 start of implementation of the JCPOA.

¹¹⁷ "Iran's Playbook: Deconstructing Tehran's Regional Strategy." *The Soufan Center*, May 14, 2019. <https://thesoufancenter.org/research/irans-playbook-deconstructing-tehrans-regional-strategy/>.

IX. Expel Al Qaeda Figures

Before leaving office, then-Secretary of State Michael Pompeo accused Iran of being the new headquarters of the Al Qaeda organization, based on the presence of some Al Qaeda operatives in Iran.¹¹⁸ Iran has periodically expelled Al Qaeda figures to blunt similar criticism. Some Al Qaeda members allegedly in Iran are subject to Rewards for Justice by the U.S. Department of State, like, for example, Muhammad Abbatay.¹¹⁹ Iranian leaders could expel Al Qaeda figures still present in Iran, including high-ranking Al Qaeda figure Saif al-Adel, as a sign that Iran does not support international jihadist terrorist groups.

¹¹⁸ “Al-Qaeda: Pompeo says Iran is jihadist network's 'new home base.’” *BBC*, January 12, 2021. <https://www.bbc.com/news/world-middle-east-55631403>.

¹¹⁹ Joscelyn, Thomas. “U.S. identifies additional al Qaeda leaders in Iran.” *Long War Journal*, January 12, 2021. <https://www.longwarjournal.org/archives/2021/01/u-s-identifies-additional-al-qaeda-leaders-in-iran.php>.

CONCLUSION

All of these measures will of course need to be considered in light of Iran's actions, including a return to the status quo at the time of the JCPOA's adoption, reining in the nuclear program, and a curb on support to regional proxies, which continue to fuel instability and insecurity throughout the Middle East. The appointment of Robert Malley, a veteran Middle East expert and another former Obama administration official, signals the Biden administration's seriousness in determining the possibility of reengagement with Iran. Suggestions that Saudi Arabia needs to be part of the dialogue will, however, increase the likelihood of protracted difficulties in returning to the negotiating table, as signaled by Iran's recent rejection of new negotiations or changes to the participants involved in the process.¹²⁰

¹²⁰ "Iran rejects new participants, any talks on nuclear deal." *Reuters*, January 30, 2021. <https://www.reuters.com/article/us-iran-france/iran-rejects-new-participants-any-talks-on-nuclear-deal-idUSKBN29Z0KU>.

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ABOUT THE SOUFAN CENTER

Based in New York, The Soufan Center (TSC) is a non-partisan strategy center dedicated to serving as a resource and forum for research, analysis and strategic dialogue related to global security issues and emergent threats. TSC fills a niche-role by producing independent, quality research and hosting proactive events in order to effectively equip thought leaders, policy makers, governments, bi- and multilateral institutions, the media, funders, and those in the non-profit and academic communities to engage in strategic security-related practices. Our work focuses on a broad range of complex security issues—from international and domestic terrorism, to humanitarian crisis analysis, to refugee and immigrant issues, and more.

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