

Iran Dialogue Series Briefing Paper: *Conflicting Timelines and Agendas, and the Road to Potential Revival of the JCPOA*

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Introduction

During his 2020 campaign for the White House, Joe Biden made clear his intention to return to the Iran nuclear agreement known as the Joint Comprehensive Plan of Action (JCPOA) on a compliance for compliance basis.¹ Biden suggested the U.S. would return to the deal and lift nuclear related sanctions after President Trump's May 2018 withdrawal. These actions would be met by Tehran's return to the terms of the 2015 JCPOA that had been incrementally scaled down as part of Iran's effort to respond to the pressure from Washington and Europe's acquiescence.

Yet, the planned US return to the deal, the timeline, the sequencing of US compliance, and Iran's reversal of its nuclear commitments have all been complicated by conflicting timelines and differing domestic pressures in Tehran, Washington, and European capitals coupled with the broader objectives of negotiating beyond the JCPOA. Israel, the United Arab Emirates (UAE), and Saudi Arabia's lobbying efforts to stymie a quick U.S. return to the deal in favour of a protracted negotiation that addresses missile capabilities and regional issues alongside nuclear ones have also impacted these timelines. Among the many consequences that have emerged as a result of Trump's maximum pressure campaign has been the gulf of mistrust that has widened not only between Tehran and Washington, but between Washington and Europe, Europe and Iran, regional states and Washington, and of course between Iran and its neighbours.

This policy brief lays out the differing perspectives and strategies emerging from the various capitals and draws out the limited opportunities and multiple challenges that lie ahead for JCPOA negotiations alongside regional ones. Weighing the deliberations and respective positions can make clear the risks and prospects for the months ahead.

¹ Biden, J. (2020), 'Joe Biden: There's a smarter way to be tough on Iran', *CNN*, 13 September 2020, <https://edition.cnn.com/2020/09/13/opinions/smarter-way-to-be-tough-on-iran-joe-biden/index.html> (accessed 11 Mar. 2021).

The Road to the JCPOA

President Trump's policy towards Iran has mired the negotiating terrain and the path back to the JCPOA. Trump's "maximum pressure" strategy attempted to force Iran to capitulate and accept more conditions on its foreign and defense policies than it did in the negotiations that preceded the signing of the 2015 JCPOA. This policy has inflicted considerable economic and social pain on the Iranian population, but the government in Tehran has since adopted a "maximum resistance" strategy and refused to offer any concessions. A trust deficit has widened among Iran and its neighbours over Tehran's regional policies in Lebanon, Syria, and Iraq. Arab Gulf states, moreover, have felt frustrated by inconsistent U.S. policies towards the Islamic Republic. Despite its nuclear compliance, Iran has not only felt aggrieved by Trump's policy but has also been deeply frustrated by Europe's limited ability to counter U.S. sanctions with economic relief. The rupture in transatlantic ties over Iran policy was also apparent in the divergent U.S. and E3 (Germany, France, and the United Kingdom) approach towards Tehran.

President Trump's withdrawal from the JCPOA in May 2018 came with twelve demands that sought a renegotiation of the nuclear deal, and major concessions on Iran's ballistic missile programme and support for its proxy groups in the region.² On the one-year anniversary of Trump's decision and under the heavy weight of sanctions, Tehran began a policy of scaling down its JCPOA obligations designed to pressure Washington to alter its position and Europe to defend the deal by offering sanctions relief. With neither manifesting, Tehran has taken several steps, starting with raising the limit on low-enriched uranium from 3.67 to 4.5% and the amount of the heavy water stockpile. It then began to enhance its research and development of advanced centrifuges followed by a resumption of banned enrichment at its Fordow facility and increasing the number of centrifuges spinning.³ In June 2020, nuclear tensions increased further as Iran banned International Atomic Energy Agency (IAEA) inspections for two sensitive sites. This led to the IAEA Board of Governors statement urging Tehran to cooperate. While the issue was resolved in September, it foreshadowed further nuclear tensions to come on inspections and monitoring of the programme⁴.

Two events further complicated nuclear dynamics. In July 2020, Iran's Natanz facility was subject to an act of 'sabotage' that is believed to have slowed down production at the facility.⁵ Sensitive to the forthcoming US election, Tehran blamed the incident on domestic interlopers and instead announced that it

² The Heritage Foundation (2018), 'After the Deal: A New Iran Strategy', 21 May 2018, <https://www.heritage.org/defense/event/after-the-deal-new-iran-strategy> (accessed 11 Mar. 2021).

³ Davenport, K. (2021), 'Timeline of Nuclear Diplomacy With Iran', Fact Sheet, Arms Control Association, <https://www.armscontrol.org/factsheets/Timeline-of-Nuclear-Diplomacy-With-Iran>, (accessed 11 Mar. 2021).

⁴ Ibid.

⁵ Parisa H. (2020), 'Fire at Iran's Natanz nuclear facility caused significant damage: spokesman', *Reuters*, 5 July 2020, <https://www.reuters.com/article/uk-iran-nuclear-natanz/fire-at-irans-natanz-nuclear-facility-caused-significant-damage-spokesman-idUKKBN2460PO?edition-redirect=uk>, (accessed 10 Mar. 2021).

would develop a new facility in the mountains of Natanz.⁶ More alarming was the November 2020 assassination of Iran's preeminent nuclear scientist Mohsen Fakhrizadeh. Tehran blamed Israel for the 'act of terrorism' and in response accelerated parliamentary legislation that would see dramatic escalation of Iran's nuclear programme if sanctions relief was not granted by 21 February 2021.⁷ Among the alarming steps that would be taken was the suspension of the Additional Protocol designed to provide added verification safeguards to allow for IAEA oversight of Iran's facilities and programme. This move, while clearly reflecting hardening domestic dynamics in Tehran, was designed to push the newly elected Biden administration to quickly respond to the JCPOA. Tehran continued to go further in January 2021 by raising enrichment levels to 20 percent at Fordow, crossing a red line set by Europe.⁸

Tehran's maximum resistance strategy also had a regional dimension. While several military skirmishes were attributed to Iran and its allies, Tehran has categorically denied these accusations. The frequency and intensity of missile and drone attacks on U.S. targets in Iraq has increased. Similarly, the Houthis' attacks inside Saudi Arabia, including Riyadh, have risen. Oil tankers in the Straits of Hormuz and Persian Gulf have been targeted. An unprecedented coordinated operation against Saudi oil facilities in Abqaiq and Khurais took place in September 2019. In response to British detention of an Iranian oil tanker believed to be en route to Syria, Iran detained Britain's tanker, the *Grace 1*.⁹ In early 2021 the Revolutionary Guards seized a South Korean flagged oil tanker which led to negotiation on \$7 billion of Iranian funds frozen at Korean banks.¹⁰

When an American contractor was killed by Iranian-allied Iraqi militias in December 2019, the only established red line for the Trump administration, the president authorised a response that resulted in the killing of Islamic Revolutionary Guard Corps (IRGC) commander Qassem Soleimani on 3 January 2020. In its response attack on Ayn al Asad air base in Iraq, Tehran deescalated by forewarning of the strike. This experience did not alter the Trump team's calculations though. Despite Secretary of State Mike Pompeo's acknowledgement on 30 July 2020 that while "sanctions have had an economic impact...clearly hasn't achieved the ultimate objective, which is to change the behaviour of the Iranian regime." Sanctions-based pressure continued through the rest of the year.¹¹

⁶ (2020), *Verification and monitoring in the Islamic Republic of Iran in light of United Nations Security Council resolution 2231 (2015)*, Washington DC: International Atomic Energy Agency, 17 <https://www.iranwatch.org/sites/default/files/govinf2020-16.pdf> (accessed 10 Mar. 2021).

⁷ Islamic Republic News Agency (2020), 'Iran calls for UN nonselective announcement of Fakhrizadeh assassination as 'terrorist act'', 4 December 2020, <https://en.irna.ir/news/84134512/Iran-calls-for-UN-nonselective-announcement-of-Fakhrizadeh-assassination> (accessed 11 Mar. 2021).

⁸ Foreign, Commonwealth and Development Office (2021), *E3 Foreign Ministers' Statement on the JCPOA: 6 January 2021*, <https://www.gov.uk/government/news/e3-foreign-ministers-statement-on-jcpoa-6-january-2021> (accessed 11 Mar. 2021).

⁹ Faulconbridge, G. (2019), 'Gibraltar extends detention of Iranian tanker for a month', *Reuters*, 19 July 2019, <https://www.reuters.com/article/us-mideast-crisis-tanker-gibraltar-idUSKCN1UE16I> (accessed 11 Mar. 2021).

¹⁰ Reuters (2021), 'Iran tells South Korea not to politicize seized vessel demands release of funds,' 10 January 2021 <https://www.reuters.com/article/us-iran-tanker/iran-tells-south-korea-not-to-politicize-seized-vessel-demands-release-of-funds-IDUSKBN29FOLF>.

¹¹ Rev (2020), 'Mike Pompeo Testimony Transcript: Secretary of State Testifies on State Dept. Budget', <https://www.rev.com/blog/transcripts/mike-pompeo-testimony-transcript-secretary-of-state-testifies-on-state-dept-budget> (accessed 1 Aug. 2020).

Regional uncertainty over the U.S. election was captured by the normalisation of ties between Israel, the UAE, and Bahrain and the signing of the September 2020 Abraham Accords.¹² The accords brought together American allies and guarantee bipartisan Israeli-Emirati relevance in Washington, but also represents regional anxiety about the future role of the United States in the Middle East. Among other things, the Abraham Accords underscore some Arab states' perception of the United States as an unreliable security partner and their willingness to foster close cooperation with Israel to fill this gap. Naturally, the other two non-Arab Middle Eastern powers – Iran and Turkey – expressed strong opposition to this growing economic and strategic alliance between Israel and some Arab countries.

With the U.S. presidential election looming in November 2020, Tehran, through this period, calibrated its regional strategy to avoid provocations with Washington. Iraqi militias dialed down direct attacks in Iraq. In October 2020, the Iranian arms embargo was set to expire. Despite the Trump administration's best efforts at renewing the arms embargo and imposing snapback sanctions on Iran, Tehran sought to gain from the U.S.' failed efforts and isolation while waiting out the results of the election.¹³ Based on the U.S. withdrawal from the JCPOA, the majority of the UNSC members rejected the administration's effort. Through the remaining months of the Trump administration, Washington continued to announce new sanctions on Iran.

Taken together, these events have particularly hardened the U.S. domestic landscape towards Iran and have exacerbated regional concerns about U.S. security commitments to longstanding regional partners. Despite the instability and Iran's reaction to maximum pressure, the key issue for proponents and JCPOA opponents is how sanctions relief can be used to build upon the nuclear deal and extract further concessions from Tehran.

The View From Washington

Before coming into office, President Biden committed to pursuing a distinct policy from Trump's maximum pressure with regards to Iran and the JCPOA. Biden made re-engagement a clear position during the campaign foreshadowing to the deal-signatories, and particularly European states and Iran, that salvaging the nuclear deal through diplomatic engagement was a policy priority.¹⁴ In office, it is clear that Biden's Iran strategy is being hampered by domestic dynamics and the legacy of Trump's Iran strategy.

¹² US Department of State (2020), 'The Abraham Accords Declaration', <https://www.state.gov/the-abraham-accords/>, (accessed 4 Dec. 2020).

¹³ Bozorgmehr, N. and England, A. (2020), 'Iran hails 'momentous day' as UN arms embargo expires', *Financial Times*, 18 October 2020, <https://www.ft.com/content/093a7631-e224-4954-984f-a25e7bb7a24a> (accessed 10 Mar. 2020).

¹⁴ Biden, J. (2020), 'Joe Biden: There's a smarter way to be tough on Iran', *CNN*, 13 September 2020, <https://edition.cnn.com/2020/09/13/opinions/smarter-way-to-be-tough-on-iran-joe-biden/index.html> (accessed 11 Mar. 2021).

Biden's position on Iran was different from President Trump's planned continuation of maximum pressure. The Trump team saw the imposition of over 1,500 designations on Iranian individuals and entities as having weakened the Iranian economy.¹⁵ This economic fragility was believed to have also limited Tehran's financial support for its regional proxy network. Moreover, it is widely seen to have given the U.S. unprecedented leverage vis-a-vis Iran. U.S. officials also credited maximum pressure and regional instability as providing the diplomatic opening for Arab Gulf states' normalisation with Israel.¹⁶

Despite issuing a clear Iran policy during the campaign, Iran was never high on the Biden administration's agenda. The polarisation of the U.S. domestic landscape, Trump's drawn-out rejection of the U.S. election results and the protests and storming of the US Capitol on 6 January 2021 all taking place during the Covid-19 pandemic have elevated domestic priorities over foreign ones for the Biden team. It is worth noting that even during his campaign Biden discussed domestic issues, including the need to repair trust in institutions and democracy. Biden's early domestic priorities were providing a coherent Federal government policy to combat Covid-19 alongside delivering an economic stimulus for the American people. Biden acknowledged the global credibility gap towards the U.S. and committed to strengthening U.S. partnerships and commitments to climate change, technological disruption, migration, and disease. Ending U.S. support and participation in 'forever wars' was also stressed alongside counterterrorism cooperation and reframing U.S. partnerships.¹⁷ Finally, the Administration is preoccupied with the complicated relations with both Beijing and Moscow.

Domestic priorities and the tense partisan climate have impacted and lengthened the time needed to develop Biden's Iran policy. Partisan tensions in Congress have prolonged the transition and confirmation process. Assembling his leadership team and receiving the needed Senate confirmations for key positions such as Secretary of State Anthony Blinken and Wendy Sherman amid a narrowly divided Senate have required sensitivity. Even senior democrats in the Senate like majority leader Charles E. Schumer and chair of Senate Foreign Relations Committee Bob Menendez are known for their strong opposition to any reconciliation with Iran.

In a return to traditional protocol on policy development, the interagency policy review, while critical, has also extended the policy development process. Here, the Biden team has been mindful of longstanding Congressional opposition to the JCPOA and recalcitrance towards the Iranian engagement. Congressional opponents such as Democratic Senator Bob Menendez and Republic Senator

¹⁵ Congressional Research Service (2020), *Iran Sanctions*, <https://fas.org/sgp/crs/mideast/RS20871.pdf> (accessed 11 Mar. 2020).

¹⁶ United States Institute of Peace (2021), 'Pompeo Assesses Maximum Pressure Campaign', *The Iran Primer*, <https://iranprimer.usip.org/blog/2021/jan/12/pompeo-assesses-maximum-pressure-campaign> (accessed 11 Mar. 2020).

¹⁷ The White House (2021), *Remarks by President Biden on America's Place in the World*, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/04/remarks-by-president-biden-on-americas-place-in-the-world/> (accessed 11 Mar. 2021).

Lindsey Graham have expressed bipartisan interest in curtailing Iran’s regional activities.¹⁸ They, like others, are concerned that re-entry into the JCPOA and the surrender of U.S. leverage through sanctions relief would limit Washington’s ability to negotiate a broader deal. To temper such views, early statements from Secretary Blinken have acknowledged that compliance from Iran must also be accompanied with efforts at building a stronger and longer agreement that “addresses Iran’s ballistic missile programme and destabilising regional activities.”¹⁹ In her confirmation hearing, Deputy Secretary of State Sherman also stated, “I remain clear-eyed about the threat that Iran poses to our interests and those of our allies.”²⁰

Congress remains a key constraint to Biden’s Iran policy. Although 150 lawmakers have signed a letter supporting Biden’s re-entry into the JCPOA, there remains significant scepticism. A bipartisan letter has been sent to the president calling on him to “remain firm” in holding the Iranian government accountable.²¹ Senator Jim Inhofe of Oklahoma has called on Biden to pursue a lasting, transparent deal to “contain Iranian aggression” that includes buy-in from Israel and the Arab Gulf.²² The Republican caucus is further lobbying to retain sanctions leverage and continuing to push Iran to make the concessions sought by former President Trump. Any Iran negotiations will be further complicated by the 2015 Iran Nuclear Agreement Review Act (INARA), a bill designed by Congress to review and maintain oversight over the JCPOA negotiations and Iran’s continued compliance.²³ “The Act prohibits the extension of sanctions relief during the 30-day period the law sets aside for congressional review of any nuclear agreement with Iran.”²⁴ As such, INARA will tie Biden’s hands and require Congressional approval for any arrangements he makes with Iran over nuclear compliance and sanctions relief. Pressure from Congress and concern over premature sanctions relief in any JCPOA re-entry has prevented the Biden team from offering any meaningful gestures towards Iran.

The Biden foreign-policy team, many of whom were intimately involved in the JCPOA negotiations, are also mindful that the JCPOA was made vulnerable due to its flaws which include the deal timelines and inspection regime. Extensive criticism has also been launched on the narrow focus on the

¹⁸ Rogin, J. (2020), 'Two Senate Iran hawks are pushing a new nuclear deal', *The Washington Post*, 25 February 2020, <https://www.washingtonpost.com/opinions/2020/02/25/two-senate-iran-hawks-are-pushing-new-nuclear-deal/> (accessed 11 Mar. 2021).

¹⁹ Mohammed, A. and Pamuk, H. (2021), 'Blinken discusses Iran with UK, French, German ministers', Reuters, 5 February 2021, <https://www.reuters.com/article/iran-nuclear-europe-int-idUSKBN2A51UE> (accessed 11 Mar. 2021).

²⁰ Hudson, J. (2021), 'Senators grill Biden nominee as proxy for wider Iran-deal debate', *The Washington Post*, 3 March 2021, https://www.washingtonpost.com/national-security/wendy-sherman-biden-state-department/2021/03/03/26f6ad80-7c50-11eb-b0fc-83144c02d676_story.html (accessed 11 Mar. 2021).

²¹ Important to note is that when INARA was negotiated in 2015, it supported by all Republicans, 25 House Democrats, and four Senate Democrats. See Kelly, L. (2021), 'Bipartisan resolution supports Iranian public amid Biden push to reenter nuclear deal', *The Hill*, 2 February 2021, <https://thehill.com/policy/international/middle-east-north-africa/538610-bipartisan-house-resolution-affirms-support-for> (accessed 11 Mar. 2021).

²² US Senator James M Inhofe (2021), ICYMI: Inhofe Warns Biden on Iran - No Bad Deal with Bad Actor, <https://www.inhofe.senate.gov/newsroom/press-releases/icymi-inhofe-warns-biden-on-iran-no-bad-deal-with-bad-actor> (accessed 11 Mar. 2021).

²³ Rademaker, S. (2021), 'Why a Return to the JCPOA Will Be Even Harder Than Many Think', *Real Clear World*, 1 March 2021, https://www.realclearworld.com/articles/2021/03/01/why_a_return_to_the_jcpoa_will_be_even_harder_than_many_think_731930.html (accessed 10 Mar. 2021).

²⁴ Ibid.

nuclear programme with a final deal that did not address Iran's growing ballistic missile capabilities and its regional policies. This critique, alongside extensive lobbying from Israel, the UAE, and Saudi Arabia to negotiate a bigger broader deal is undoubtedly impacting the policy process and the plans for a quick re-entry.

As a first step in his broader foreign policy agenda, Biden prioritised repairing transatlantic ties that were made fragile through the four Trump years. The E3 initially tried to placate Trump by offering a pathway to renegotiation. When Trump withdrew, the E3 began to fiercely defend the JCPOA. Europe has, however, always shared concerns with Washington over Tehran's regional policy and has been frustrated by pressure from the Trump administration to take a harder position against Iran's nuclear program. It has also been subject to criticism from Tehran over their unwillingness to provide economic relief to compensate for the US withdrawal. Against this backdrop, Biden's initial outreach has signalled to Europe that "America is back" and that multilateralism is key to engage on critical mutual challenges.²⁵

Through these challenges and mindful of these constraints, the Biden administration has sent some positive signals regarding its policy intentions. It has appointed Obama-era JCPOA negotiators to senior government positions, withdrew Trump's snapback sanctions at the UN, and dropped travel restrictions on Iran's diplomats posted to the UN in New York. In addition, Washington released a joint statement with the E3 laying out its intention to re-join the JCPOA and to participate in an informal meeting hosted by the European Union. These positive steps have been dwarfed by the domestic debate in the U.S. over lengthening and strengthening the deal, strong statements at confirmation hearings regarding Iranian actions, and unleashing a public debate about whether Tehran or the U.S. should make the first step towards compliance. Without offering any form of symbolic sanctions relief to Tehran to avoid critics who would accuse the administration of appeasing Iran, or worse, bending to Tehran's pressure tactics, the sequencing of next steps has been deadlocked.

Part of the administration's challenge will be unravelling the myriad of U.S. sanctions ranging from nuclear, missile, terror-related, human rights, and money laundering designations imposed on Tehran. This task will require time and capacity to review the designations. Moreover, any removals will require Congressional oversight. Sanctions can thus far be divided into three categories—1) those imposed after the JCPOA was signed that saw designations over Iran's missile programme, human rights violations and cyber actors, 2) those executed since the JCPOA withdrawal that include sanctions on oil, individuals in the energy sector, and 3) sanctions permitted under the JCPOA on terrorism, human rights, and cyber actors which include those for the death of U.S. FBI agent Bob Levinson, IRGC suppression of Iranian protestors, and designation of Houthis as a terror group.²⁶ Of

²⁵ The White House (2021), *Remarks by President Biden on America's Place in the World*, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/04/remarks-by-president-biden-on-americas-place-in-the-world/> (accessed 11 Mar. 2021).

²⁶ Congressional Research Service (2020), *Iran Sanctions*, <https://fas.org/spp/crs/mideast/RS20871.pdf> (accessed 11 Mar. 2020).

these three groupings, it is expected that only the nuclear-related sanctions will be lifted. Removing other designations is seen to be politically impossible, leaving full sanctions relief, an Iranian demand, as the biggest obstacle to JCPOA discussions.

European Perspectives

From 2018 to 2020, Europe has been caught between Washington's pressure campaign and Tehran's resistance. Europe struggled to manage Tehran's policy of detention of dual nationals, missile development, and scaling down its JCPOA commitments while awaiting the outcome of the U.S. elections.²⁷ With each escalation in regional activity, the E3 maintained a balance of attempting to criticise Iran's policy while also preserving the JCPOA.

Through this period, the E3 was regularly pressured by Washington to take a harder position against Iran, and Tehran equally tried to pressure Europe to provide Tehran with economic relief and challenge Washington's approach. The special purpose vehicle INSTEX was created to facilitate transfers to Iran, yet the mechanism has yet to be operationalised.²⁸ As such, Tehran became particularly critical of the E3's unwillingness to provide assistance with Khamenei capturing these frustrations with a statement of "Europe cannot be trusted."²⁹

Despite its own domestic pressures stemming from Brexit and the pandemic, the E3 succeeded in maintaining a unified JCPOA position.³⁰ While extremely frustrated by Trump's bullying approach to diplomacy and the predicted instability that ensued, the bloc could not assert themselves economically to avoid being sanctioned by Washington.

Biden's election provided the E3 with a respite from this pressure. While seeking to support a return to the JCPOA, the E3 have begun to take a tougher view vis-a-vis Iran's missile programme and human rights violations. Coordinated statements have criticised Iranian human rights abuses including the killing of dissident Iranian journalist Ruhollah Zam.³¹ Moreover, German Foreign Minister Heiko Mass has warned that Iran is "playing with fire" and that a broader deal beyond the JCPOA is what is needed.³² French Foreign Minister Yves le Drian has gone further, stating that Iran is in the process of acquiring nuclear capacity with President Macron also arguing that Gulf States such as Saudi Arabia

²⁷ France24 (2019), 'EU sanctions Iran over assassination plots', 9 January 2019, <https://www.france24.com/en/20190109-eu-sanctions-iran-over-assassinations-peoples-mujahedeen-france-bomb-plot> (accessed 11 Mar. 2021).

²⁸ Brzozowski, A. (2020), 'INSTEX fails to support EU-Iran trade as nuclear accord falters', *Euractiv*, 14 January 2020, <https://www.euractiv.com/section/global-europe/news/instex-fails-to-support-eu-iran-trade-as-nuclear-accord-falters/> (accessed 11 Mar. 2021).

²⁹ Reuters (2020), 'Iran's Khamenei says Europeans cannot be trusted in nuclear row', 17 January 2020, <https://www.reuters.com/article/us-iran-khamenei-nuclear-idUSKBN1ZG0XI> (accessed 11 Mar. 2021).

³⁰ Foreign and Commonwealth Office (2020), *E3 foreign ministers' statement on the JCPOA: 14 January 2020*, <https://www.gov.uk/government/news/e3-foreign-ministers-statement-on-the-jcpoa-14-january-2020> (accessed 11 Mar. 2021).

³¹ Ministry for Europe and Foreign Affairs (2020), *Iran – Execution of Ruhollah Zam (12 December 2020)*, <https://www.diplomatie.gouv.fr/en/country-files/iran/news/article/nouvelle-translation-iran-execution-of-ruhollah-zam-12-dec-2020> (accessed 11 Mar. 2021).

³² Deutsche Welle (2021), 'Tehran 'playing with fire' says German Foreign Minister', 18 February 2021, <https://www.dw.com/en/tehran-playing-with-fire-says-german-foreign-minister/a-56619339> (accessed 11 Mar. 2021).

have a role to play in further discussions.³³ E3 unity and the urgency once articulated appears to be falling to the wayside in favour of a harmonised approach with Washington on a broader deal.

The View From Tehran

Biden's election was positively received in Tehran. After three years of maximum pressure and cascading sanctions, Iran felt a sense of victory that it had proved its ability to survive. The situation in Iran in early 2021 is not as gloomy as it was in the last few years. In the last three years the economy was in recession, however, the economy has shown growing signs of activities and is projected to grow in 2021.³⁴ Furthermore, the government is slowly making progress in containing COVID-19 and has started mass vaccination in different parts of the country. Yet, factional shifts in Iranian domestic politics coupled with the burden of economic sanctions has seen Tehran exercise increased leverage building manoeuvres to press Washington for quick sanctions relief. Reflecting domestic tension, Tehran has tried to hurry along the JCPOA re-entry process, albeit unsuccessfully, by imposing its own deadlines to push for a quick U.S. response.

The imposition of over 1,500 designations sanctioning individuals and entities and blocking Tehran's access to the international market and banking, coupled with the impact of Covid-19 and low oil prices, placed undue pressure on the Iranian economy. Through this period Tehran has seen multiple currency depreciations, growth in inflation, and unemployment and a decline in GDP. Taken together, these events have weakened President Rouhani whose signature policy was the rejuvenation of the Iranian economy through the JCPOA. The impact of pressure has seen an upswing in public apathy. Frustrated by the U.S. sanctions policy that has taken an inordinate toll on their lives alongside domestic economic mismanagement, ordinary Iranians, who were once eager supporters of the JCPOA, have become less engaged. Polling has indicated that economic conditions have worsened significantly.³⁵ The impact of Covid-19 has taken an additional adverse toll.

Conservative factions capitalised on these sentiments by discrediting Rouhani for his failures and winning the majority of seats in the February 2020 parliamentary election. Yet, this vote saw the lowest turnout of 38% at the national level.³⁶ The decline in participation is expected to foreshadow a growing trend that could play out during Iran's June 2021 presidential election. Should voter turnout remain low, this could offer conservative candidates an opportunity to win office. Past voting patterns have

³³ Haboush, J. and Kneiber, H. (2021), 'Regional allies, including Saudi Arabia, needed in new Iran deal talks: Macron', *Al Arabiya English*, 29 January 2021, <https://english.alarabiya.net/News/middle-east/2021/01/29/Regional-allies-including-Saudi-Arabia-needed-in-new-Iran-deal-talks-Macron> (accessed 11 Mar. 2021).

³⁴ World Bank (2021) Global Economic Prospects, <https://www.worldbank.org/en/publication/global-economic-prospects> (accessed 24 March, 2021).

³⁵ Gallagher, N., Mohseni, E. and Ramsay, C. (2021), *Iranian Public Opinion, At the Start of the Biden Administration*, Report, College Park MD: Center for International & Security Studies at Maryland, https://spp.umd.edu/sites/default/files/2021-02/CISSM%20Iran%20PO%20full%20report%20-02242021_0.pdf (accessed 11 Mar. 2021).

³⁶ Azizi, A. (2020), 'Factbox: The outcome of Iran's 2020 parliamentary elections', Atlantic Council *IranSource* blog, 26 February 2020, <https://www.atlanticcouncil.org/blogs/iransource/factbox-the-outcome-of-irans-2020-parliamentary-elections/> (accessed 11 Mar. 2020).

indicated that higher voter turnout results in moderate and reformist victories. As the election process formally begins in April 2021, it is still too early to predict the outcome of the election, but negotiation delays that extend discussions and compliance too close to the Iranian elections could see the JCPOA become part of the election discourse.

The June 2021 elections have placed additional pressure on the process. Some speculation has emerged suggesting that sanctions relief and progress on the JCPOA re-entry could motivate the population to participate in the elections and thereby benefit moderate candidates. Should hard-line conservatives win office, though, the tone and tenor of the debate around U.S. negotiations could very much change and could potentially impede progress not just on the JCPOA but also on wider regional issues.

For Tehran, in the context of these domestic dynamics, returning to the status quo ante agreement is seen to be the most expedient pathway to obtain quick sanctions relief. Protracted negotiations or any new agreement would no doubt delay the sanctions relief process, placing ordinary Iranians under further economic duress. Supreme Leader Khamenei has greenlighted this course stating, “If the sanctions can be lifted, we should not delay even one hour...If the sanctions can be lifted in the right, wise... and dignified way, this must be done.”³⁷ Khamenei has refused to support any renegotiation fearing that this would signal that maximum pressure had been effective. Iran’s parliamentary legislation was also directed to pressing forward Tehran’s timeline to February 2021 in favor of obtaining quick sanctions relief early on. The delays from Washington and Europe have also resulted in increased regional uncertainties. Militia groups in Iraq and the Houthis in Yemen have increased their targeting of American and Saudi sites respectively and Saudi Arabia and the UAE have refused Iran’s invitation to negotiate a regional security architecture.

To speed up compliance, President Rouhani and Foreign Minister Zarif have been keen to push for a quicker return to the deal. As such, Zarif had called on the European Union to “choreograph”³⁸ a meeting that would bring the U.S. and Iran to the negotiating table. However, because the Biden administration has not yet offered Tehran any concessions that are seen as meaningful, ranging from supporting an IMF loan, releasing Iran’s frozen funds abroad, or offering humanitarian aid, Tehran has not been willing to take further steps forward. Ultimately, because of domestic dynamics and the impact of the past four years, Tehran, still under the weight of sanctions, feels aggrieved by Trump’s JCPOA withdrawal and cannot take further concessions without any from Washington.

³⁷ Hafezi, P. (2020), 'Iran's Supreme Leader reappears in public, hits out at US', *Reuters*, 16 December 2020, <https://www.reuters.com/article/iran-khamenei-int-idUSKBN28QOX> (accessed 11 Mar. 2021).

³⁸ Landay, J and Mohammed, A. (2021), 'Iran's Zarif hints at way to bridge nuclear deal impasse', *Reuters*, 1 February 2021, <https://www.reuters.com/article/us-iran-usa-nuclear-idUSKBN2A13HI> (accessed 11 Mar. 2020).

Conclusion

Against the backdrop of this current stalemate, it is clear that Trump's maximum pressure policy on Iran has undoubtedly impacted the domestic dynamics and the pathway back to the negotiating table for the many countries involved. The issue of sanctions relief intimately linked to maximum pressure has coloured the debate and prolonged the policy process for the Biden administration, with Washington debating the value of a JCPOA re-entry versus a renegotiation. European frustration with Tehran's scaling down on its nuclear obligation in response to U.S. withdrawal from the nuclear deal as well as the expanding missile capabilities is also colouring their view of negotiating prospects, with momentum also growing in favour of broader discussions. This agenda, however, conflicts with Iran's domestic pressure for sanctions relief and the forthcoming presidential election cycle. Drawing out the process not only opens the door to risks of further Iranian nuclear acceleration and regional instability, but also a hardening of the Iranian political landscape against continued engagement. To avoid a stalemate and further escalation, all sides must weigh these risks against the prospect of an incremental approach that would cap Iran's nuclear activities, build back confidence in the JCPOA, and strengthen the terrain for broader regional discussions.

To avoid a downward spiral in the current dynamics, an essential first step would see all sides come together for a meeting where timing, sequencing, and sanctions relief would be discussed. As a gesture of goodwill, the U.S., without pandering to Iran's demand for full sanctions relief, could issue quiet approval for the release of Iran's foreign reserves in South Korea, Iraq, and other countries. Here, the E3 must also clearly signal in a joint statement their support for such discussions.

It is worth stressing that a JCPOA re-entry will by no means be adequate to bridge the gaping differences that exist. Yet, one clear takeaway requires all parties to remain sensitive to the competing timelines present in all capitals alongside the domestic debate. Drawing out the timelines can put not only the JCPOA at risk, but also the prospect of broader negotiations. As such, the JCPOA should be seen as a time-sensitive, first step in a wider process that will lead to building a sustainable nuclear arrangement alongside other critical regional agreements.



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