



Iran and The Imperative Of Sustained Engagement

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August 17, 2016

Editor's Note: Welcome to the third installment in our new series, "Course Correction," which features adapted articles from the Cato Institute's recently released book, Our Foreign Policy Choices: Rethinking America's Global Role. The articles in this series challenge the existing bipartisan foreign policy consensus and offer a different path.

Last month, the Republican Party issued a platform asserting, "We consider the Administration's deal with Iran a personal agreement between the President and his negotiating partners and non-binding on the next president." Although the Democratic platform endorsed the Iranian nuclear deal — called the Joint Comprehensive Plan of Action (JCPOA) — it also insisted that "Democrats will also address the detrimental role Iran plays in the region and will robustly enforce and, if necessary, strengthen non-nuclear sanctions." Although both parties are talking tough, sustained U.S.-Iranian engagement is imperative for advancing U.S. interests in the Greater Middle East.

For the past several years, negotiation of the JCPOA has dominated U.S.-Iranian relations. Within the United States, the JCPOA has proven to be extremely divisive. The Obama administration and its supporters champion the agreement as a landmark accord that will prevent Iran from developing a nuclear bomb. Critics argue that the agreement is fundamentally flawed and may permit Iran to become a threshold nuclear power. On balance, the JCPOA offers not only the best chance to prevent a nuclear Iran, but also an opportunity for sustained engagement that can build mutual trust and improve U.S.-Iranian relations.

There is no denying that the deal is imperfect in a number of respects. Although it limits Iran's capacity to enrich uranium, the agreement permits continuing research and development of gas centrifuge enrichment technology. That is particularly troublesome because the physical constraints on Iranian fissile material production (as well as a number of verification provisions) expire in 10 to 15 years. It is conceivable that Iran could continue conducting uranium enrichment research over the next decade and subsequently go nuclear in fairly short order as the JCPOA restrictions expire.

Yet such concerns should not prompt U.S. policymakers to either abrogate or renegotiate the deal. The agreement places significant restrictions on Iran's ability to develop a nuclear weapon. Withdrawing from the agreement would be counterproductive in a number of ways. If the United States were to tear up the JCPOA and re-impose sanctions, Iran would no longer be bound by the

agreement. America's principal allies would likely be reluctant to follow the U.S. lead in renewing sanctions. By renouncing the JCPOA, the United States would consequently forfeit strict limits on Iran's nuclear program, including one of the most intrusive and thoroughgoing inspection and verification regimes on record — all in exchange for ineffectual unilateral sanctions.

Even attempting to renegotiate the JCPOA would be unwise. Neither Iran nor America's European allies would have much (if any) incentive for doing so. Moreover, attempting to reopen negotiations would undermine Iran's (as well as other states') confidence in the United States as a negotiating partner. If Tehran concludes that Washington cannot be trusted to accept and abide by settled agreements, Iranian officials will be even less likely to seek solutions to outstanding issues of mutual concern, such as the ongoing civil war in Syria.

Rather than attempting to replace the JCPOA, U.S. policymakers should focus on ensuring its implementation and eventually negotiating the extension of its restrictions on fissile material production. The primary weakness of the JCPOA is that it permits Iran to increase uranium enrichment using more advanced centrifuges as the agreement's provisions expire, reducing breakout time — although even after the agreement expires, Iran will still be subject to monitoring and verification under the Nuclear Non-Proliferation Treaty. By fulfilling their respective obligations under the agreement, the United States and Iran can potentially begin to build mutual confidence and chip away at the mistrust built up over the past 35 years. That confidence can serve as the foundation for future cooperation on numerous issues.

Pressure vs. Engagement

In addition to assuming responsibility for implementing JCPOA, the next U.S. administration will also need to decide how to address other Iranian actions throughout the Middle East. Iran continues to pursue policies that American policymakers consider damaging to U.S. interests. Tehran's support for Shiite factions throughout the Middle East is a source of instability in the region, and there is little sign that such support is abating. Iran supports the Houthi rebels in their campaign against the American and Saudi-backed government in Yemen, although the nature and level of that support is frequently exaggerated. Throughout the ongoing Syrian civil war, Iran has provided crucial backing to the Assad regime. And perhaps most worryingly, Tehran continues to espouse the destruction of Israel and supports both Hezbollah and Hamas, two groups that the United States has designated as terrorist organizations.

Some in Washington would counter these provocations by getting tough with Tehran. As they contend, although the JCPOA requires the repeal of sanctions imposed in response to Iran's nuclear activities, it does not prohibit the United States from imposing new sanctions in response to other Iranian policies — most notably, the sponsorship of international terrorism and the development of ballistic missiles. In addition to the imposition of new punitive sanctions, some have even argued that the United States should launch a political warfare campaign to undermine the ruling Iranian theocracy. This contingent believes United States could sow disenchantment among the Iranian people and political establishment by inundating Iran with television, radio, and social media broadcasts highlighting the perverse consequences of the policies the Iranian regime has pursued since the 1979 revolution.

Yet there is little reason to believe that pressuring Iran in this manner would advance American interests. First and foremost, imposing new sanctions would be unlikely to dissuade Tehran from supporting militant groups such as Hezbollah and Hamas. After all, the United States has maintained significant unilateral sanctions on Iran for decades, yet that policy has failed to temper Iran's support for militants throughout the Middle East. Moreover, sanctions succeeded in compelling Iran to accede to restrictions on its nuclear program largely because the United States was able to enlist the participation of much of the international community in a comprehensive sanctions regime, which crucially cut Iran's oil exports by almost 50 percent. Now that the United States' principal European allies have already begun to strike new trade deals with Iran, it is highly unlikely that the United States would be able to drum up much international support for new punitive trade restrictions. It would thus be extremely difficult for the United States to impose new sanctions that would dissuade Iran from supporting Shiite proxies throughout the Middle East.

Furthermore, Iran would almost certainly interpret new economic sanctions as evidence of American bad faith. Tehran has already expressed frustration that continuing U.S. sanctions for human rights abuses and terrorism unaddressed by the JCPOA have prevented Iran from reaping as much new investment as they had anticipated. Many multinational corporations and banks remain wary of conducting business with Iranian entities, since transactions that pass through American banks or involve American citizens working for foreign companies technically remain subject to sanctions. Since BNP-Paribas was fined \$9 billion in 2014 for sanctions evasion, foreign firms have been reluctant to engage in activities that might unintentionally violate secondary sanctions and subject them to U.S. punishment. By limiting the investment dividend that Iran reaps from the JCPOA, remaining U.S. sanctions may diminish Iran's commitment to uphold the agreement. Iranian hardliners (many of whom opposed the JCPOA) will likely grow even more inclined to marginalize reformers if the advertised benefits of the JCPOA fail to materialize.

Imposing new sanctions or attempting to sow dissension within Iran will in all likelihood militate against the United States' regional objectives. The United States will likely be unable to broker mutually acceptable resolutions to the conflict in Syria or defeat the Islamic State without Iranian cooperation. Securing such cooperation will be much more difficult if Washington imposes a series of new sanctions. Since Iranian leaders would surely interpret new sanctions as a violation of the spirit, if not the letter, of the JCPOA, they would grow even more skeptical that the United States can be trusted to abide by negotiated compromises.

Launching a political warfare campaign would be even more counterproductive. Such a campaign would confirm the suspicion espoused by Iranian hardliners that the United States is intent upon catalyzing regime change in Iran. In all likelihood, hardliners would respond by intensifying their suppression of domestic dissent and freezing more moderate officials out of government. By attempting to subvert the Iranian regime, the United States could thus undermine the very reformers it seeks to empower.

Since getting tough with Iran is unlikely to yield positive results, the United States should instead continue a policy of engagement. Washington should incentivize Iranian compliance with the JCPOA by striving to ensure that Iran benefits economically from the agreement. Perhaps the

simplest way to do that is to issue clearer guidance detailing how foreign firms can invest in Iran without running afoul of remaining U.S. sanctions legislation. The United States should also attempt to build on the JCPOA by actively engaging Tehran in negotiations over ongoing (and future) regional crises, most notably the wars in Syria and Yemen.

The idea of building diplomatic ties with Iran is no longer taboo. On the first anniversary of the JCPOA, 75 American national security leaders — including 23 former ambassadors, 14 former members of congress and 3 Nobel laureates — issued an open letter calling on President Obama to deepen U.S. engagement with Iran. In the wake of the JCPOA, Iranian leaders also appear to be more disposed than at any point since 1979 to engage with the West. For instance, although Supreme Ayatollah Khamenei declared in October 2015 that further negotiations with the United States were forbidden, Iran accepted an invitation later that month to join the United States in multinational negotiations on Syria. The time is thus ripe to explore additional areas of common interest.

Negotiations are unlikely to yield immediate benefits. Since Iranian and U.S. policymakers hold competing visions for the future of the Middle East — particularly concerning Syria, Lebanon, Yemen, and Israel — negotiating compromises acceptable to both countries will be exceedingly difficult. Yet to the extent that negotiations eventually yield positive results, they can bolster more moderate Iranian officials, such as Prime Minister Hassan Rouhani, by demonstrating that Iran has more to gain through engagement than through confrontation. And by engaging in sustained negotiations on a number of different issues, Iranian and U.S. officials can gradually develop trust and mutual respect. The process of negotiations can lay the foundations upon which future compromises may be constructed.

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