The Iran Nuclear Deal at Five: A Revival?

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Principal Findings

What’s new? The 2015 Iran nuclear deal has looked at best shaky since the Trump administration withdrew from it in 2018, imposing damaging economic sanctions on the Islamic Republic. In response, Tehran ramped up its nuclear activity in contravention of its obligations under the agreement. President-elect Joe Biden’s inauguration could mark an inflection point.

Why does it matter? Having failed to achieve its objectives, Trump’s “maximum pressure” strategy may be nearing an end. Restoring the nuclear deal, with its considerable non-proliferation benefits, could lead to wider U.S.-Iran diplomatic engagement. But one or both sides may be tempted to make additional demands, which would be a recipe for deadlock.

What should be done? The incoming Biden administration and Iran should move swiftly to revive the nuclear agreement on its existing terms. A staggered timetable to bring both sides back into full compliance likely is the best path toward nuclear and regional de-escalation, opening the possibility of broader talks with the next Iranian president.
Executive Summary

The Iran nuclear deal, formally known as the Joint Comprehensive Plan of Action (JCPOA), has scraped its way into a sixth year of life. But the accord is increasingly tenuous as Iran violates key restrictions in response to unilateral U.S. sanctions preventing the economic normalisation the agreement was designed to deliver. The outgoing Trump administration insisted that its “maximum pressure” strategy would deliver a superior nuclear agreement. Not only did the coercion fail, but it also reversed the significant non-proliferation gains the agreement had secured and prompted a more aggressive Iranian regional posture. The incoming Biden administration should swiftly re-enter the deal, if Iran reverses its JCPOA breaches. This is the best way to avoid a nuclear crisis early in its tenure, restore transatlantic cooperation, facilitate the financial dividends the agreement was meant to deliver to the Iranian people and provide a foundation for future negotiations on matters outside the JCPOA’s nuclear portfolio.

When the JCPOA was originally concluded, its limits were its strengths. The agreement put front and centre the strategic concern shared by the U.S. and other world powers: curbing Iran’s nuclear program. These powers had other concerns about Iran as well, chiefly its ballistic missile program and Middle East power projection, but they recognised that the gravest threat it could pose to international peace and security was that it might develop a nuclear weapon. The Trump administration took a different approach: in its view, putting the Islamic Republic under economic siege would squeeze greater concessions out of Tehran on its nuclear program and also with regard to the other concerns. The economic toll on Iran has been severe – three years of recession in a row – and the deal’s remaining participants have been unable to relieve the pain.

But removing the central incentive for Iran’s commitment to its JCPOA obligations led Tehran to slip those bonds, not to acquiesce in tighter ones. In early January, Iran announced the latest in a series of worrying violations, raising uranium enrichment rates to 20 per cent, a level perilously close to weapons-grade, and threatening to severely curb international monitoring and verification, the accord’s hallmarks. Meanwhile, friction between the two sides, and their respective allies, has increased. JCPOA critics insisted that more duress would deliver a better deal. All they have achieved is hollowing out the existing one. The “maximum pressure” era has produced the worst of all worlds: economic stagnation for Iran, mounting international concern about its nuclear program, and simmering regional tensions.

For more than half its lifespan, the JCPOA has contended not just with the absence of a key participant, but with active U.S. efforts to undermine it. That the deal survives at all highlights the strength of its core bargain: rolling back Iran’s nuclear activity for economic respite from sanctions emplaced in response to those very activities. Restoring that understanding is essential, and with the imminent arrival of a new U.S. administration under President-elect Joe Biden, also viable. But it will require both Washington and Tehran, along with the deal’s other participants, to move quickly and in good faith toward reviving the agreement. Subjecting diplomacy
to leverage-focused one-upmanship and additional demands by either side would cause discord as predictable as it is avoidable. The parties can revive the JCPOA by:

- The Biden administration committing to a reversal of Trump’s 2018 decision to exit the JCPOA, accompanied by approval for Iran receiving a $5 billion International Monetary Fund loan to contend with the COVID-19 pandemic and action ensuring that humanitarian exemptions to U.S. sanctions are honoured.

- Iran developing a timetable, in consultation with the JCPOA’s Joint Commission and International Atomic Energy Agency (IAEA), to completely reverse its breaches of the nuclear deal within two to three months. Tehran will need to dismantle excess centrifuges and blend down or ship out the enriched uranium stockpiles that go beyond what the deal allows.

- The U.S. preparing to rescind Trump-era sanctions pending IAEA confirmation that Iran’s nuclear activity is fully compliant with its JCPOA obligations. The parties could stagger these steps in parallel.

- All parties laying the groundwork for follow-up negotiations that identify opportunities for cooperative, rather than adversarial engagement on issues of mutual concern. A regional dialogue, supported by the U.S., UN and a core group of European states, could focus first on the conflict in Yemen, where all sides have an interest in ending a costly war and a humanitarian disaster.

The JCPOA was not a silver bullet that could end the decades-long hostility between Iran and the U.S. Nor was it intended to resolve every issue that strains Tehran’s relations with the West and its neighbours. But what it did achieve, and can still deliver, is a strong non-proliferation agreement that makes those other concerns easier to address.

Washington/Brussels/Tehran, 15 January 2021
The Iran Nuclear Deal at Five: A Revival?

I. Introduction

The Joint Comprehensive Plan of Action (JCPOA) is at a decisive crossroads on its fifth implementation anniversary. Upon exiting the agreement in 2018, the Trump administration threatened to unravel it by pulling at both ends of its core bargain: strong, verifiable restrictions of Iran’s nuclear program in exchange for promised relief from economic sanctions gave way to incremental breaches of Iran’s JCPOA commitments in response to reimposed U.S. sanctions. Yet the deal survives the Trump administration’s “maximum pressure” campaign, if barely, thanks mainly to rear-guard actions by its European signatories over the past three years to prevent its collapse. With the Biden administration’s arrival in the White House, the European efforts may now serve as a foundation for a concerted drive to revive and even strengthen the accord.

The Trump administration rejected the JCPOA as a flawed mechanism for dealing with Iran’s nuclear program, pursuing its unilateral “maximum pressure” policy on the premise that levying draconian economic sanctions would compel Iran to renegotiate the agreement on better terms for U.S. interests and to make concessions on ballistic missiles and regional power projection as well. This approach inflicted great harm upon the Iranian economy, but it failed to achieve its strategic objectives: instead of returning to the negotiating table – or collapsing in the face of revolt – the Iranian leadership countered with a three-dimensional campaign of its own: Iran began to incrementally violate the nuclear deal; continued its ballistic missile development; and acted both directly and through its network of allies in Lebanon, Syria, Iraq and Yemen to push back against the U.S. and its friends in the region, mainly Israel and Saudi Arabia. Thus, far from delivering the improved agreement it promised, the curtailment of Iranian capabilities it predicted, or the regime change it may have hoped for, the Trump administration brought about the opposite.

The JCPOA’s survival in the face of “maximum pressure” underscores the strategic benefits it delivers, even if those benefits have eroded. For Tehran, the prospect of economic normalisation stopped it from reneging on its commitments entirely, as did the political and diplomatic capital that President Hassan Rouhani’s government had invested in this signature achievement. For the P4+1 (the UK, France, Russia, China and Germany), the agreement stands as the most effective arrangement for restraining Iran’s nuclear program and strengthening the global nuclear non-proliferation regime. That, too, appears to be the thinking of U.S. President-elect Joe Biden, who has rejected the outgoing administration’s approach toward the Islamic Republic and appears committed to rejoining the JCPOA if Iran resumes full compliance with its obligations.

Crisis Group supported the negotiations that led to the nuclear deal and has closely tracked its implementation over the past five years. This report reviews the key developments of 2020, based on interviews conducted with officials from the JCPOA’s remaining signatories, the U.S., UN and governments in the Middle East.
II. Implementation Record: Down but Not Out

In 2019, one year after the U.S. exited the JCPOA, Iran announced that it would begin breaching its nuclear commitments under the deal absent the sanctions relief it was meant to deliver. Since then, it has advanced its nuclear program while underscoring its willingness to resume full compliance should economic normalisation come about. Tehran’s relations with the International Atomic Energy Agency (IAEA), which monitors JCPOA implementation, were strained over unresolved questions pertaining to a number of Iranian nuclear sites. Moreover, two major incidents – a July 2020 explosion at the Natanz nuclear facility and the November 2020 killing of a senior Iranian nuclear scientist – prompted Iran to ratchet up its uranium enrichment level to 20 per cent (grievously close to 90 per cent weapons grade) and raised the spectre of further JCPOA infringements.

A. Nuclear Commitments

For the first year after the Trump administration’s 2018 JCPOA withdrawal and reimposition of sanctions, Iran’s response on the nuclear front was muted. But by May 2019, that “strategic patience” had failed to elicit the hoped-for economic relief from the deal’s remaining signatories. As the financial toll of sanctions began to mount, Tehran shifted to a strategy of “maximum resistance”. On the nuclear front, Iran breached the JCPOA’s nuclear constraints in five incremental steps: breaking the 300kg cap on low-enriched uranium and the size of its heavy-water stockpile; raising enrichment levels from the deal’s 3.67 per cent ceiling to 4.5 per cent; stepping up research on and development of advanced centrifuges; resuming enrichment at the Fordow facility; and violating limits on the number of centrifuges it was spinning.1

On announcing the conclusion of these five steps in January 2020, Tehran said it had “discard[ed] the last key component of [the JCPOA’s] operational limitations”.2 Tehran contends that the JCPOA allows for partial non-performance of its obligations to redress the U.S. withdrawal and thus the absence of promised sanctions relief. The agreement’s three European parties do not share that interpretation. The EU and Iran both triggered the agreement’s dispute resolution mechanism, a tool for discussing complaints of non-compliance by another party, but without going too far into the process so as not to risk undoing the deal entirely.3

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1 Iran’s 2019 breaches are described in Crisis Group Middle East Report N°210, The Iran Nuclear Deal at Four: A Requiem?, 16 January 2020. A senior Iranian official insisted in February 2020: “We will ramp up our program based on our needs, not as means of pressure. We’ve already taken five steps and made our political point. We don’t want to give the U.S. excuses and thus have decided to put the nuclear issue on the back burner”. Crisis Group interview, Munich, February 2020. For previous JCPOA status reports, see Crisis Group Middle East Reports N°s 173, Implementing the Iran Nuclear Deal: A Status Report, 16 January 2017; 181, The Iran Nuclear Deal at Two: A Status Report, 16 January 2018; and 195, On Thin Ice: The Iran Nuclear Deal at Three, 16 January 2019.
3 On Iran’s contention that the agreement allows for “remedial action”, see, for example, “Statement by Minister of Foreign Affairs of the Islamic Republic of Iran Before the United National Security Council”, Iran Ministry of Foreign Affairs, 30 June 2020. In January 2020, the EU (France, Germany and the UK) underscored their shared view that they “do not accept the argument that Iran is enti-
In 2020, Iran continued to expand its breaches of the JCPOA’s restrictions, with the exception of heavy-water stockpiling.\(^4\) The IAEA, which on 1 July 2019 confirmed that Tehran’s enriched uranium stockpile had broken the JCPOA’s cap of 202.8kg of uranium, reported that stockpile’s steady growth throughout 2020, rising to 2,443kg by November, or twelve times the JCPOA’s limit.\(^5\) The upper end of enrichment held at 4.5 per cent through the IAEA’s most recent quarterly assessment in November 2020, though legislation approved in December has since seen that level increase to 20 per cent, where it stood before the JCPOA (see below). Tehran insists that these violations are entirely reversible.\(^6\)

Some other JCPOA participants are not so sure. The growing enriched uranium stockpile could eventually be shipped out of Iran or blended down, but Iran’s work on advanced centrifuges has raised concerns that the gains are permanent.\(^7\) A European diplomat remarked: “Iran says that it can go back into the agreement at any time. It’s not something we buy. We are concerned that what the Iranians are doing is irreversibly increasing their know-how”.\(^8\) Another senior European official echoed these concerns:

The Iranians have accumulated more LEU [low-enriched uranium] and are doing work on IR-2s, IR-4s, IR-6s [centrifuges]. That means that it could become mathematically impossible to get the breakout time [amount of time needed to enrich enough fissile material for one nuclear weapon] at twelve months, in which case
tied to reduce compliance with the JCPOA”. “E3 foreign ministers’ statement on the JCPOA: 14 January 2020”, UK Foreign and Commonwealth Office, 14 January 2020. The E3 triggered the dispute resolution mechanism in January 2020, and Iran did the same in July. In each instance, the EU high representative, who coordinates the JCPOA parties through a Joint Commission, extended the timeline and in so doing essentially limited the claims to mutual expressions of dissatisfaction. See “Statement by High Representative Josep Borrell following consultations with JCPOA participants”, European External Action Service, 24 January 2020; and “JCPOA: Statement by the High Representative Josep Borrell as coordinator of the Joint Commission of the Joint Comprehensive Plan of Action on the Dispute Resolution Mechanism”, European External Action Service, 17 July 2020.

\(^4\) The IAEA reported in November 2019 that Iran’s holdings of heavy water, which can be used as a coolant in reactors, had exceeded the JCPOA’s 130 metric tonne cap. GOV/INF/2019/17, IAEA, 18 November 2019. In its most recent report, the agency pegged the stockpile at 128 metric tonnes. GOV/2020/51, IAEA, 11 November 2020.

\(^5\) 202.8kg of uranium is the equivalent of 300kg enriched hexafluoride (UF\(_6\)). GOV/INF/2019/8, IAEA, 1 July 2019; GOV/2020/51, IAEA, 11 November 2020.

\(^6\) Tweet by Javad Zarif, @JZarif, Iranian foreign minister, 10:04am, 4 January 2021.

\(^7\) Per the IAEA’s most recent quarterly report in November 2020, there were 1,057 IR-1 centrifuges installed at the Fordow facility. At Natanz, Iran was enriching through cascades of nine IR-4 centrifuges, eight IR-5 models, two IR-6 cascades and another using the IR-6s, and ten IR-8 centrifuges; also in play were cascades of 152 IR-4 and 110 IR-6 centrifuges. The agency additionally noted testing (though not accumulation) on IR-1, IR-2m, IR-4, IR-5, IR-6, IR-8, IR-8b, IR-8s and IR-9 centrifuges. GOV/2020/51, op. cit. See also “Statement by the E3 on Iran at the IAEA Board of Governors Meeting in November 2020”, German Federal Foreign Office, 17 November 2020. Per JCPOA’s paragraph 63, Annex I, and Iran’s research and development plan, until mid-2023 Iran could conduct mechanical testing (without injecting uranium) on up to two single centrifuges for each type on the IR-2m, IR-4, IR-5, IR-6, IR-6s, IR-7 and IR-8; test an IR-4 centrifuge cascade of up to ten centrifuge machines; and test roughly ten (and eventually up to 30) IR-6s and IR-8s. George Jahn, “Iran nuclear constraints to ease in about a decade, secret document reveals”, Associated Press, 18 July 2016.

\(^8\) Crisis Group interview, New York, 25 September 2020.
one of the JCPOA's goals would be unreachable. Even then, the JCPOA is better than no JCPOA, but the cost of U.S. action is seen in Iran's advances.9

The IAEA continued its inspections of Iran's nuclear facilities, despite the incremental breaches and the COVID-19 pandemic.10 But Iran dragged its feet granting access to sites of IAEA interest, leading to growing friction with the agency.11 On 15 June, the agency's director general, Rafael Grossi, informed its Board of Governors of his "serious concern that, for over four months, Iran has denied us access to two locations, and that, for almost a year, it has not engaged in substantive discussions to clarify our questions related to possible undeclared nuclear material and nuclear-related activities".12 Four days later, the board adopted an E3 proposal urging Tehran to cooperate "without any further delay".13 Grossi travelled to Tehran and, together with the Atomic Energy Organization of Iran (AEOI), announced an agreement to proceed with visiting the sites of concern; inspectors made the visits in September.14 Separately, the IAEA is pressing Iran to explain the anthropogenic, or manmade, uranium particles it found in 2019 at the Turquzabad site south of Tehran. It says Iran's statements to date are "not technically credible".15

Two events in the second half of 2020 raised the stakes around Iran's nuclear activities still higher. After initial denials, on 2 July the AEOI confirmed in vague terms an "incident" at the Natanz nuclear facility, subsequently described as an "act of sabotage".16 The agency acknowledged "significant damage" at the site, which a spokesperson assessed "could slow down the development and production of advanced cen-

9 Crisis Group interview, senior French official, 3 May 2020. The JCPOA sought to ensure that Iran's breakout time would be no less than one year. A senior IAEA official based in Vienna confirmed that Iran's minimum breakout time is now significantly less than that. Crisis Group online interview, December 2020.
10 Crisis Group online interview, senior IAEA official, Vienna, March 2020. See also Kelsey Davenport, "Inspections continue in Iran despite virus", Arms Control Today, May 2020.
11 As detailed by the IAEA director general in a 5 June report, the IAEA had sought clarifications on three Iranian sites. The first related to “the possible presence in Iran between 2002 and 2003 ... of natural uranium in the form of a metal disk”; the location had been subsequently scrubbed and in the agency’s assessment a visit had “no verification value”. The second and third locations, to which the IAEA did request access, had potentially been the sites of “processing and conversion of uranium ore” and “conventional explosive testing”, respectively, in 2003. At the latter site, the IAEA reported recent “activities consistent with efforts to sanitize part of the location”. See GOV/2020/30, IAEA, 5 June 2020.
12 “IAEA Director General’s Introductory Statement to the Board of Governors”, IAEA, 15 June 2020.
13 The resolution was passed with 25 votes in favour, two against (China and Russia) and seven abstentions. GOV/2020/34, IAEA, 19 June 2020.
14 See “Joint Statement by the Director General of the IAEA and Vice-President of the Islamic Republic of Iran and Head of the AEOI”, IAEA, 26 August 2020; and “UN nuclear watchdog inspects second Iranian site as agreed with Tehran”, Reuters, 30 September 2020.
15 GOV/2020/31, IAEA, 11 November 2020. In 2018, Israeli Prime Minister Benjamin Netanyahu alleged that Iran had used this facility as a "secret atomic warehouse" housing 15kg of radioactive material. “At UN Assembly, Israel’s Netanyahu claims Iran harboring secret nuclear site”, UN News, 27 September 2018.
trifuges in the medium term”. In September, AEOI head Ali Akbar Salehi announced that Iran had in response “decided to build a more modern, larger and more comprehensive hall in all dimensions in the heart of the mountain near Natanz”. The IAEA subsequently confirmed that Iran had installed IR-2 centrifuges at the Natanz Fuel Enrichment Plant, in violation of JCPOA restrictions. On 2 December, Tehran also advised the agency of plans to set up a further three IR-2m cascades at the facility.

If the July incident at Natanz was a deliberate blow to Iran’s physical nuclear capacities, a second incident appeared to target its human capacity to carry out nuclear research. On 27 November, Iran’s defence ministry confirmed the death of Mohsen Fakhrizadeh-Mahabadi, a top nuclear scientist and head of the Organisation of Defensive Innovation and Research, in what it described as a “terrorist attack”. A 2015 IAEA report identified Fakhrizadeh as the man in charge of the AMAD Plan, a project which until 2003 engaged in work possibly related to nuclear weapons, and Israeli Prime Minister Benjamin Netanyahu referred to the scientist by name when he unveiled “nuclear archives” that Israeli intelligence operatives had taken from Iran in 2018.

Within days of Fakhrizadeh’s killing, Iran’s conservative-dominated parliament pressed ahead with passage of an already-percolating “strategic action to lift sanctions and protect Iranian nation’s interests”, outlining an immediate expansion of Iran’s nuclear program. The bill mandated the initiation of 20 per cent uranium enrichment and annual accumulation of 120kg at that level; 500kg of monthly enriched uranium production; installation of additional IR-2 and IR-6 centrifuges; launch within five months of a uranium metal factory, work on which has commenced; preparation for reverting the Arak heavy-water reactor to its pre-JCPOA configuration; and suspending implementation of the Nuclear Non-Proliferation Treaty’s Additional Protocol should other JCPOA signatories provide no sanctions relief within two months of the law’s enactment.

17 AEOI official quoted in Parisa Hafezi, “Fire at Iran’s Natanz nuclear facility caused significant damage: spokesman”, Reuters, 5 July 2020. The incident at Natanz was one of a spate of fires and explosions across Iran, one of which apparently struck a missile production site. See David Sanger, Ronen Berman and Farnaz Fassihi, “After Iranian missile facility blows up, conspiracy theories abound in Tehran”, The New York Times, 29 June 2020.
20 GOV/INF/2020/17, IAEA, 4 December 2020.
22 See GOV/2015/68, IAEA, 2 December 2015; and “Netanyahu claims Iran nuclear deal based on lies”, Haaretz, 30 April 2018.
23 “Iranian Parliament approves generalities of bill for strategic measures to remove sanctions”, Fars News, 1 December 2020; “AEOI tasked with supplying 20 per cent enriched uranium”, Mehr News, 1 December 2020. Iran has started manufacturing equipment for uranium metal production at the Fuel Plate Fabrication Plant in Isfahan, which is to be used for a “new type of up to 20 per cent enriched fuel for Tehran Research Reactor”. In January, Tehran informed the IAEA that installation should be complete by mid-2021. GOV/INF/2021/3, IAEA, 13 January 2021. The JCPOA bans any such activity, which could be used to make nuclear weapons, until 2031. Laurence Norman and
Despite the executive branch’s protests – President Rouhani grumbled that the legislation was “detrimental to the process of diplomatic activities” and AEOI head Salehi complained that he lacked the budget to meet its requirements – the Guardian Council, a tutelary body charged with vetting new laws, swiftly greenlighted the bill, as did the Supreme National Security Council.24 “After months of covert operations, killings of Iranian military and nuclear officials, and ever-increasing U.S. sanctions, it seems the Iranian hardliners are saying enough is enough”, observed a UN official. “It is a diplomatic ploy with domestic political benefits for its proponents, as it allows hardliners to claim credit if the U.S. resumes compliance in 2021”.25 The E3 urged Tehran not to carry out the legislation, and the Rouhani administration deferred action on its immediate requirement – raising enrichment to pre-JCPOA levels – for nearly a month.26 Shortly after the law was passed, an IAEA official noted:

If the Iranians want to be fast [in raising enrichment to 20 per cent] it’s a question of days. If they want to be slow, they could take weeks, but it’s still not a long process. They also need to decide where to do this, but it won’t be easy for them to drag their feet for too long.27

These comments turned out to be prescient. On 31 December, Iran advised the IAEA that it planned to raise enrichment to 20 per cent at the Fordow facility, and proceeded to do so on 4 January, citing parliament’s dictate.28 Still, Iranian officials insist that the move, like its other JCPOA breaches, is reversible.29

The Trump administration, which in 2019 denied or limited the extension of nuclear-related waivers pertaining to the Bushehr power plant, the outbound transfer of excess enriched uranium, heavy-water storage and the Fordow nuclear facility, Michael Gordon, “Iran is assembling gear able to produce key nuclear-weapons material”, The Wall Street Journal, 13 January 2021.

24 See “Dr Rouhani in a cabinet meeting”, official website of the President of the Islamic Republic of Iran, 2 December 2020; “Strategic action plan ‘not against national interests’: SNSC”, Tehran Times, 5 December 2020; and Maziar Motamedi, “World powers renew commitment to preserve Iran nuclear deal”, Al Jazeera, 21 December 2020.
26 See “E3 statement on the JCPOA: Response to Iranian plans to expand its nuclear programme and restrict access of IAEA monitoring”, German Federal Foreign Office, 7 December 2020; tweet by Dominic Raab, @DominicRaab, UK foreign secretary, 6:31am, 21 December 2020; and “Iranian administration begins to implement sanctions legislation”, Tasnim, 29 December 2020.
28 “We were strong-armed by the parliament”, lamented a senior Iranian diplomat. Crisis Group telephone interview, Tehran, January 2021. But Zarif later admitted that the supreme leader had ordered the government to implement the law. Quoted in “A signature is not enough, Iran needs to see tangible sanctions relief”, Khameni.ir, 12 January 2021 (Farsi). Salehi indicated that the 20 per cent enriched uranium was earmarked for fuelling the Tehran Research Reactor. “Iran says can produce 9kg of 20 per cent enriched uranium per month”, Tehran Times, 5 January 2021. E3 foreign ministers jointly censured Iran’s move to raise enrichment rates, underscoring that the decision “carries very significant proliferation-related risks ... [and] risks compromising the important opportunity for a return to diplomacy with the incoming U.S. administration”. “Iran – Joint Ministerial statement by the E3 on the JCPOA”, German Federal Foreign Office, 6 January 2021; GOV/INF/2021/2, IAEA, 4 January 2021.
announced in May 2020 it would cancel the three JCPOA-based waivers still in effect. These covered modernising the Arak reactor under joint British-Chinese auspices, supplying the Tehran Research Reactor with 20 per cent enriched uranium and shipping out spent fuel. Civil nuclear cooperation projects, encouraged in Annex III of the JCPOA, are still under way in areas such as nuclear safety, though at a slower pace. A procurement channel, set up under the JCPOA and overseen by the UN Security Council, continues to consider applications for Iranian access to dual-use technology. The UN secretary-general reported receiving four proposals in the first half of 2020 and four in the second half.

B. Sanctions Relief Commitments

The Trump administration continued its policy of placing unilateral U.S. sanctions on Iranian and Iran-linked targets throughout 2020, blacklisting key sectors, companies and individuals either through new designations or re-designations using additional authorities. These sanctions appeared designed to, at a minimum, complicate the process of their repeal by a future U.S. administration. The COVID-19 pandemic hit Iran particularly hard, in terms of both the human toll and the extra burden on

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30 See “Advancing the Maximum Pressure Campaign by Restricting Iran’s Nuclear Activities”, U.S. State Department, 3 May 2019; and “Secretary Michael R. Pompeo Remarks to the Press”, U.S. State Department, 18 November 2019.

31 The announcement was rolled out with a two-month wind-down period, and also included a non-JCPOA-related extension “covering ongoing international support for the Bushehr Nuclear Power Plan Unit 1 to ensure safety of operations”. That 90-day waiver does not appear to have been renewed. See “Keeping the World Safe from Iran’s Nuclear Program”, U.S. State Department, 27 May 2020; and “Briefing on Keeping the World Safe From Iran’s Nuclear Program”, U.S. State Department, 27 May 2020. The EU and E3 criticised the U.S. decision to end the waivers, asserting that the projects “serve the non-proliferation interests of all”. “U.S. Decision to End Waivers Covering JCPOA Nuclear Projects in Iran: Joint Statement”, UK Foreign and Commonwealth Office, 30 May 2020.

32 An EU official said: “It has been a difficult year, but work supporting the Iran Nuclear Regulatory Authority, stress tests at Bushehr and the Nuclear Safety Centre has continued”. Crisis Group interview, Vienna, December 2020. In September 2020, the European Atomic Energy Community (Euratom) noted, “overall EU intervention in the implementation of civil nuclear cooperation in Iran currently amounts to €17 million, while more activities are in the planning”. Massimo Garribba, “Statement on behalf of Euratom”, September 2020.

33 S/2020/531, UN Security Council, 11 June 2020. The UN secretary-general’s 7 December report notes three proposals over the reporting period (ie, since 12 June), but Under-Secretary-General Rosemary DiCarlo put the figure at four during a UN Security Council session on 22 December. See “Implementation of Security Council resolution 2231 (2015): Tenth report of the Secretary-General”, S/2020/1177, 7 December 2020; and “JCPOA showed that dialogue and diplomacy, with united Security Council backing, could forge a path to resolving Iran nuclear issue, Under-Secretary-General DiCarlo says”, UN Department of Political and Peacebuilding Affairs, 22 December 2020. There have been 52 applications in total since JCPOA implementation, the majority of which were approved.

34 On 4 December, U.S. Secretary of State Mike Pompeo estimated that the administration had levied “77 rounds of sanctions targeting close to 1,500 individuals and entities”. Quoted in “Michael R. Pompeo at the IISS Manama Dialogue”, U.S. State Department, 4 December 2020. See also Barak Ravid, “Trump administration plans ‘flood’ of sanctions on Iran by Jan. 20”, Axios, 8 November 2020.

35 See, for example, Ian Talley, “Trump administration hopes to make Iran pressure campaign harder to reverse”, The Wall Street Journal, 23 October 2020.
the beleaguered economy. Meanwhile, European efforts to preserve trade with Iran were yielding scant returns.

Unilateral sanctions continued to be the key feature of the U.S. “maximum pressure” campaign, with the Trump administration assiduously widening their scope and strengthening their enforcement. The U.S. Treasury Department invoked a January 2020 executive order to designate Iran’s financial sector writ large for penalties, including the eighteen banks that remained connected to the global financial system.36 Other sanctions singled out industries such as energy, metals and shipping.37 Also targeted were nuclear- and defence-related individuals, entities and goods, ranging in scale and specificity from the AEOI to varieties of aluminium with possible military applications.38 The U.S. also designated senior Iranian political figures, including Guardian Council members and the interior and intelligence ministers, as well as security forces linked to human rights violations.39 The Trump administration maintained a limited number of sanctions waivers, notably in Iraq, where it allowed for continued sales of Iranian electricity and natural gas.40

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36 Executive Order 13902, 10 January 2020; “Treasury Sanctions Eighteen Major Iranian Banks”, U.S. Treasury Department, 8 October 2020. Although the U.S. underscored humanitarian exemptions to the sanctions, the E3 expressed misgivings about the decision to sanction the entire financial sector. See John O’Donnell and Jonathan Saul, “Exclusive: European allies pushed back when Trump sanctioned Iran’s banks”, Reuters, 1 December 2020. The Treasury Department also blacklisted the Mostazafan Foundation, which it described as “a key patronage network for the Supreme Leader” encompassing “some 160 holdings in key sectors of Iran’s economy”. “Treasury Targets Vast Supreme Leader Patronage Network and Iran’s Minister of Intelligence”, U.S. Treasury Department, 18 November 2020.

37 See, for example, “The United States Imposes Further Sanctions on Iran’s Petrochemical Industry”, U.S. State Department, 23 January 2020; “Treasury Targets Major Iranian Metals Companies and Foreign Subsidiaries and Sales Agents”, U.S. Treasury Department, 25 June 2020; and “United States Designates Key Iranian Shipping Entities Under Proliferation Authority as Tehran Continues to Expand Proliferation Sensitive Activities”, U.S. State Department, 8 June 2020.


40 The U.S. extended this waiver by 45 days on 13 February, 30 days on 26 March and again on 26 April, accompanying the March decision with sanctions designations of twenty targets said to include “entities and individuals that exploit ... Iraq’s dependence on Iranian electricity imports” for the benefit of Iran’s elite Qods Force. “IRGC-QF Sanctions and Iraq’s Electricity Waiver”, U.S. State Department, 26 March 2020. Washington announced a longer extension of 120 days on 6 May “in support of the new government” led by Prime Minister Mustafa al-Kadhimi, then just appointed. “Secretary Pompeo’s Call with Iraqi Prime Minister Kadhim”, U.S. State Department, 6 May 2020. The U.S. followed up with a 60-day extension in September and a further 45-day reprieve in late
A major objective of “maximum pressure” was to limit Iran’s oil exports, which remain far below 2018 levels, and thus deprive Tehran of billions of dollars. The U.S. says Iran “struggles to export even a quarter” of the roughly 2.5 million barrels per day (mbd) it was selling prior to reimposition of sanctions. Tehran has not provided export figures, though industry sources suggest that Iran was slowly raising oil sales from mid-2020, possibly inching back toward the 1mbd mark. Even so, the proceeds will likely fall well short of the expected 10 per cent share of the government’s 2020-2021 budget, much less than the 30 per cent that oil sales brought a year earlier. Other income streams have fared a bit better – taxes, for example, could deliver one third of the budget – and the government has been selling public assets and bonds to garner more funds. Yet it remains in deficit. In December, when Rouhani submitted a draft budget for 2021-2022, his rivals slammed it, not least for being based on rosy projections of oil revenues. As the June 2021 presidential polls near, Rouhani’s economic performance has drawn more reproach.
COVID-19, first reported in Iran in February 2020, has exacted a heavy toll with 1.3 million confirmed cases and over 56,000 fatalities. It also placed an extra economic burden atop U.S. sanctions. Together, disease and sanctions dashed projections that the economy might level out in 2020 after two consecutive years of recession. The International Monetary Fund (IMF), which in October 2019 said GDP could hold at zero per cent growth in 2020, revised that assessment one year later to –5 per cent. Both domestic and international trade took a major blow. Although the official unemployment rate fell, some 2.75 million Iranians joined the “inactive labour force” between March and June. The rial, which opened the year at around 133,000 to the U.S. dollar, steadily lost value, hitting the 200,000 mark in mid-June and 300,000 in late September. And while officials had stressed higher non-oil exports to boost the “resistance economy”, the pandemic closed borders and depressed exports; overall, non-oil business fell by some 20 per cent. Exports to key Middle Eastern markets dropped, as did non-oil sales to China.

action, not using great domestic capacities and lack of coordination between policymaking and executive bodies”. Quoted in “Ghalibaf: Iran’s fate not hanging in Arizona, Georgia, Michigan”, Tehran Times, 15 November 2020. Polling conducted in September and October 2020 found that a substantial majority of Iranians viewed the economic situation as bad and deteriorating; 57 per cent indicated that the main burden was “domestic economic mismanagement and corruption”, while 36 per cent of respondents pointed to sanctions. Nancy Gallagher and Clay Ramsay, “Survey shows Iranian pessimism on economy, pride in health care response”, Bourse & Bazaar, 16 December 2020.

47 “Coronavirus cases in Iran close to 1.3 million”, Tasnim, 12 January 2021.
48 At the same time, the IMF has revised its projection of –9.5 per cent growth in 2019 to –6.5 per cent. See “World Economic Outlook”, IMF, October 2019, April 2020 and October 2020. 2021 is projected to see 3.2 per cent growth.
49 A World Bank preliminary assessment of the pandemic’s impact noted particular damage to the services sector, which makes up close to half of Iran’s GDP. “Iran Economic Monitor: Mitigation and Adaptation to Sanctions and the Pandemic”, World Bank Group, Spring 2020, p. 17. On the Iranian government’s handling of the pandemic, see Crisis Group Middle East Briefing N°76, Flattening the Curve of U.S.-Iran Tensions, 2 April 2020.
50 The head of the Statistical Centre of Iran explained: “A decrease in the unemployment rate isn’t necessarily a sign of an improving economy. When people stop looking for jobs and drop out of the labour force, the unemployment rate will decline even though the true employment situation hasn’t improved”. Quoted in “Parliamentary think tank puts Q1 jobless rate at 24 per cent”, Eghtesad Online, 25 November 2020.
51 The currency has since recovered from a record low of 322,000 rials to the dollar, ending 2020 at around 260,000. To staunch the bleeding, Iran’s central bank threatened to “name and shame” Iranians failing to repatriate their export earnings and injected billions into the foreign exchange market. See “CBI warns exporters of name-and-shame path”, Eghtesad Online, 22 June 2020; and “CBI will heavily inject dollars into local market”, Radio Farda, 17 September 2020.
52 See “Non-oil export growth vital for surge in production”, Tehran Times, 12 May 2020; and “Iran president urges boost to non-oil exports”, Tasnim, 21 July 2020.
53 In the first eight months of the Iranian year (March–November 2020), exports to Iraq, the United Arab Emirates and Turkey fell by 7 per cent, 3 per cent and 42 per cent, respectively. Tehran Chamber of Commerce, Industries, Mines and Agriculture, 2 December 2020. Between January and October 2020, trade between Tehran and Beijing dropped by more than one third relative to the same period in 2019. “Iran-China trade down 36.5 per cent in 10 months”, Financial Tribune, 30 November 2020.
The pandemic also intensified existing debates regarding the impact of U.S. sanctions on humanitarian trade. Tehran maintains that the Trump administration hampered its anti-virus fight in three ways: by limiting the government’s ability to bear the costs of a lockdown, by hindering access to international medical supplies, and by blocking an IMF emergency loan Tehran requested in March 2020. Washington rejects these arguments, asserting that Tehran refused U.S. aid offers, insisting that the Islamic Republic has sufficient finances to address the pandemic without sanctions relief, and underscoring the humanitarian exemptions to its sanctions policy. Human rights groups note, however, that these (technical) exemptions have failed to dispel international banks’ reluctance to facilitate trade, even in approved goods.

Trade between Europe and Iran has dwindled under the weight of U.S. sanctions, fueling Tehran’s sense that European states cannot or will not match their verbal commitments to the JCPOA with practical dividends. EU-Iran trade fell from €18.1 billion in 2018 to just €5 billion in 2019, and the 2020 figures look set to be worse. The E3 points to the Instrument in Support of Trade Exchanges (INSTEX), a special-purpose vehicle the E3 set up in 2019 to facilitate trade with Iran, which carried out its first transaction on 31 March 2020. E3 officials estimate that deals worth several hundred million euros are working their way through the INSTEX pipeline. But

54 “In Middle East COVID-19 hotspot Iran, WHO walks the talk”, World Health Organization, 23 December 2020.
55 Zarif argued: “A full lockdown requires a lot of resources. ... We were not able to put a full lockdown, but we were not able to do that only, and I stress, only because of U.S. restrictions and U.S. economic war”. Remarks to Mediterranean Dialogues, 3 December 2020. See also “CBI chief: U.S. blocking Iran’s purchase of COVID-19 vaccine”, Tasnim, 7 December 2020; and Miriam Berger, “U.S. sanctions could impede Iran’s access to coronavirus vaccines, experts say”, The Washington Post, 7 December 2020. The World Bank approved a $50 million loan in May for “procurement and distribution of selected essential, life-saving medical equipment for COVID-19 response”. “Iran COVID-19 Emergency Response Project”, World Bank, 9 September 2020.
56 See “United States Offers Assistance to the Iranian People”, U.S. State Department, 28 February 2020; and “Iran's Sanctions Relief Scam”, U.S. State Department, 6 April 2020.
58 EU High Representative Josep Borrell has acknowledged that “Iran needs to be able to reap the economic benefits envisioned in the agreement. ... We in Europe can do more to satisfy Iranian expectations for legitimate trade”. “Saving the Iran Nuclear Deal”, Project Syndicate, 14 July 2020. U.S. Special Representative for Iran Elliott Abrams noted: “Whatever foreign ministries said, individuals, businesspersons, banks and companies around the world paid attention to the sanctions and did not wish to violate them”. Abrams quoted in “Briefing with Special Representative for Iran and Venezuela Elliott Abrams on Developments in Iran and Venezuela”, U.S. State Department, 16 September 2020.
59 “European Union, Trade in Goods with Iran”, European Commission Directorate-General for Trade, 8 May 2020. Between January and August 2020, total EU-Iran trade was down 12.5 per cent year-on-year, with a marginal improvement in Iranian exports (which collapsed nearly 93 per cent in 2019) offset by a 15.6 per cent drop in the other direction. “Iran exports to EU jump 40 per cent”, Eghtesad Online, 31 October 2020.
the benefits have been meagre thus far, prompting Supreme Leader Ali Khamenei to dismiss the initiative as “a stupid game”. On 27 February, Switzerland and the U.S. confirmed the rollout of the Swiss Humanitarian Trade Arrangement, following a €2.3 million pilot transaction in late January. An inaugural transaction took place in July. But this mechanism has run into difficulties with using Iranian deposits abroad as credit for purchases.

Iran made a bad situation worse with self-inflicted wounds. Despite support from the executive branch and Iran’s central bank governor for the Palermo Convention,
which addresses transnational organised crime, and the Terrorist Financing Convention, the Expediency Council, a government oversight body, has yet to give a green light for ratifying either one.66 In February 2020, citing Tehran’s failure to make these commitments as part of a reform package outlined in 2016, the intergovernmental Financial Action Task Force (FATF) followed through on its previous warning to “fully lift the suspension of counter-measures” against Iran.67 The Islamic Republic is thus one of only two countries — the other being North Korea — on the FATF “black list”. The Rouhani administration continues to press for ratification of the conventions, contending that the task force’s censure “will exceedingly limit our business and financial transactions, increase the cost of transactions and affect business growth, employment and economic growth”.68


III. A Tense Standoff

Tensions between the U.S. “maximum pressure” policy and Iran’s “maximum resistance” response led to a rising simmer in the second half of 2019 that nearly came to a boil at the start of 2020. After the January killing of Qods Force commander Qassem Soleimani and the Iranian retaliation with missile strikes on Iraqi bases hosting U.S. forces, relations remained strained but generally stayed clear of major direct confrontation. Instead, Washington pressed on with its policy of economic attrition, complemented mid-year by a failed stratagem at the UN to force the international community to reimpose sanctions as well, and buttressed by demonstrations of military prowess. For its part, Tehran, with the U.S. presidential election on the horizon, appeared inclined to wait for the result before deciding what course to take.

A. No Quarter, No Concessions

The close brush with major military escalation with the U.S. in early 2020 appears to have prompted serious debate in Tehran on the wisdom of further regional provocations. “At the end of the day, we cannot win in the military, diplomatic and economic arenas, where the U.S. has natural superiority”, acknowledged one senior Iranian official. “The more we up the ante, the more we strengthen the U.S.’s hand. But despite all of this, the majority view inside the country is that militarism works.”

In Washington, the Trump administration felt in a strong position following the Soleimani killing and comfortable in letting sanctions erode Iran’s economic position. President Trump himself was willing to strike a deal on his terms with Tehran – as he repeatedly made clear in public – but content to let pressure grow in the meantime. A U.S. diplomat said:

We are looking for changes in Iran’s foreign policy, not regime change. Early in the administration, there was a Soviet Union/1989 view, but now it’s like China in the 1970s: don’t export your revolution and destabilise the region. If the policy were regime change, we’d be doing things differently – we’re effectively offering a security guarantee if the Islamic Republic changes its behaviour. That’s the Trump deal: foreign policy shifts, sanctions come off.

With the U.S. bent on pressing its demands, and Iran equally determined not to yield, a stalemate took shape marked by the reciprocal emplacement of tripwires.

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69 Crisis Group interview, senior Iranian official, February 2020.
70 For example, following Iran’s June 2020 release of a U.S. citizen, Trump tweeted: “Thank you to Iran. Don’t wait until after [the] U.S. election to make the big deal. I’m going to win. You’ll make a better deal now!” Tweet by President Donald Trump, @realDonaldTrump, 1:21am, 5 June 2020. See also “Detained U.S. Navy veteran freed by Iran as part of deal”, Associated Press, 4 June 2020.
72 In April, the U.S. military reported that nearly a dozen Iranian ships had “conducted dangerous and harassing approaches” toward U.S. vessels in the Gulf, prompting a tweet from Trump saying he had given instructions “to shoot down and destroy any and all Iranian gunboats if they harass our ships at sea”. “IRGCN Vessels Conduct Unsafe, Unprofessional Interaction With U.S. Naval Forces in Arabian Gulf”, U.S. Central Command, 15 April 2020; tweet by President Donald Trump, @realDonaldTrump, 8:08am, 22 April 2020. In December, U.S. naval officers assessed the dynam-
Perhaps the most visible of these were in Iraq, where momentum for ending the U.S. military presence, an Iranian priority, briefly grew in parliament immediately after the Soleimani killing.73 Rocket attacks, which U.S. officials blamed on Iranian proxies, continued apace, in one instance killing three members of the counter-ISIS coalition and wounding another dozen at Camp Taji; the U.S. responded with airstrikes against facilities of Kataeb Hezbollah, an Iran-aligned Iraqi paramilitary group, hosting what the Pentagon described as “Iranian-supplied advanced conventional weapons”.74

In June, the senior U.S. military officer in the region, Central Command’s Kenneth McKenzie, described Iraq as “the principal theatre of confrontation” between the U.S. and Iran. He said Iran had “at least moral ownership” of Iraqi militias’ actions – whether it was ordering particular attacks or not – because it was supplying their weapons.75 Amid regular attacks on Baghdad’s Green Zone and military convoys, the Trump administration said the U.S. would shutter its embassy if the Iraqi government did not intervene to stop them.76 The attacks tapered off in October, with the militias saying they would hold their fire so long as the U.S. continued to draw down its military presence.77 But the lull lasted only until mid-November, and an uptick in late December, notably including a rocket barrage fired at the Green Zone, under-

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75 McKenzie also underscored the Kadhimi government’s declared commitment to curbing the attacks on U.S. forces, a sentiment echoed by Secretary of State Pompeo two weeks later, when he hailed “the government there for bringing all armed groups under its control. ... Baghdad’s actions are a step in the right direction”. “Gen. McKenzie Interview Transcript Aspen Security Forum”, U.S. Central Command, 18 June 2020; “Secretary Michael R. Pompeo at a Press Availability”, U.S. State Department, 1 July 2020. See also Carla Babb, “VOA exclusive: CENTCOM chief says U.S. can do job in Iraq with fewer forces”, VOA, 15 July 2020.
scored the risks of escalation. Iran’s foreign ministry condemned the rocket launch, but the U.S. made several statements holding Tehran at least indirectly responsible. The U.S. also rattled its sabre with military deployments before 3 January, the anniversary of Soleimani’s killing.

Background tensions lingered, though there were fewer major provocations, such as 2019’s attacks on commercial shipping and Saudi Arabian energy facilities, in 2020. Israel continued strikes upon Iranian interests in Syria, and it may have played a role in the Natanz and Fakhrizadeh incidents. Tit-for-tat cyberattacks were also reported between Iran and Israel.

B. Showdown at the Security Council

The October 2020 expiration of UN arms restrictions on Iran, agreed to during the JCPOA negotiations and formalised in a July 2015 Security Council resolution (2231) endorsing the deal, emerged as yet another battleground issue. As a first step, the Trump administration introduced a draft resolution in August that would have abrogated the five-year timeframe for lifting constraints on Iranian purchases and sales of various weapons in favour of measures without time limits. That resolution failed. Six days later, citing “Iran’s significant non-performance” in meeting its

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79 “Rocket Attack in Iraq”, U.S. State Department, 20 December 2020; “Rocket attack on U.S. embassy in Baghdad ‘unacceptable,’ Iran says”, Tehran Times, 21 December 2020. Three days after the incident, U.S. Central Command indicated that the attack “was almost certainly conducted by an Iranian-backed rogue militia group ... Iranian-backed because Iran provides both material support and direction”. “U.S. Central Command Statement on Dec. 20, 2020 Rocket Attack”, 23 December 2020. Via Twitter, President Trump warned that “if one American is killed, I will hold Iran responsible”. Tweet by President Donald Trump, @realDonaldTrump, 4:47pm, 23 December 2020.
82 For background on the arms restriction and snapback debate, see Crisis Group Middle East Report N°218, Iran: The U.S. Brings Maximum Pressure to the UN, 19 August 2020.
83 The proscribed armaments are “battle tanks, armoured combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems, as defined for the purpose of the United Nations Register of Conventional Arms, or related material”. Annex B, Article 5 of “Resolution 2231 (2015)”, UNSC S/RES/2231 (2015), 20 July 2015.
84 Security Council announces failure to adopt text on Iran sanctions by 2 against, 2 in favour, 11 abstentions”, press release, UN Security Council, 14 August 2020. Aside from its own affirmative vote, Washington secured only one endorsement, from the Dominican Republic. Russia and China voted against the draft resolution, while the remaining eleven members abstained.
JCPOA commitments, the U.S. formally initiated a process for the restoration of all pre-2015 UN sanctions within 30 days.\textsuperscript{85}

This gambit also foundered. Washington was claiming the ability to invoke the JCPOA’s “snapback” mechanism, which allows a “participant state” to single-handedly restore pre-deal sanctions if another party is violating the agreement. The majority of Security Council members rejected the claim on the basis that, having exited the JCPOA in 2018, the U.S. could no longer reasonably also exercise the rights of a participant in the agreement.\textsuperscript{86} Despite the near-total absence of support for the U.S. position, the State Department nevertheless proceeded to declare on 19 September that “the U.S. welcomes the return of virtually all previously terminated UN sanctions” and called on all countries “to fully comply with their obligations” in enforcing them.\textsuperscript{87} The Trump administration swiftly followed up with an executive order barring weapons transfers and announcing a suite of nuclear- and weapons-related sanctions designations.\textsuperscript{88}

These unilateral measures likewise found no resonance at the UN. “Nothing has changed”, said a European diplomat, referring to the status of the secretary-general’s reporting on the Iran deal. “Pending clarification, the Secretariat cannot change what it is doing. And because there is no clarification, the Secretariat will continue to support implementation of Resolution 2231”.\textsuperscript{89} Indeed, in December, the secretary-general issued his biannual report on the resolution’s implementation, with reporting on arms restrictions covering only the period until 18 October, when the measures were lifted.\textsuperscript{90} Still, that did not dissuade the U.S. from one last futile manoeuvre:

\begin{itemize}
\item \textsuperscript{86} “Statement by the Foreign Ministers of France, Germany and the United Kingdom”, French foreign ministry, 20 August 2020; Michelle Nichols, “Thirteen of 15-member UN Security Council oppose U.S. push for Iran sanctions”, Reuters, 21 August 2020. A senior French diplomat remarked: “The U.S. left the agreement two years ago. What is happening now is a fake process that will have no result. They [ie, the U.S.] are just pulling the trigger but there is no bullet”. Crisis Group interview, New York, 16 September 2020.
\item \textsuperscript{87} Secretary of State Pompeo contended that aside from overriding the end of UN arms restrictions, snapback also entailed “restrictions such as the ban on Iran engaging in enrichment and reprocessing-related activities, the prohibition on ballistic-missile testing and development by Iran, and sanctions on the transfer of nuclear- and missile-related technologies to Iran”. “The Return of UN Sanctions on the Islamic Republic of Iran”, U.S. State Department, 19 September 2020.
\item \textsuperscript{88} “Message to the Congress on Blocking Property of Certain Persons with Respect to the Conventional Arms Activities of Iran”, White House, 21 September 2020; “Sweeping U.S. Measures to Support Return of UN Sanctions Relating to Iran’s Nuclear, Missile, and Conventional Arms Programs”, U.S. State Department, 21 September 2020.
\item \textsuperscript{89} Crisis Group interview, New York, 25 September 2020. See also “Letter dated 19 September from the Secretary-General addressed to the President of the Security Council”, S/2020/921. In December, Iran’s defence minister claimed that “contracts have been concluded” for Iranian weapons sales, and that discussions were “underway with various countries” about purchases, but he provided no details. “Iran has inked arms deal with other countries: defense minister”, Tehran Times, 18 December 2020.
\item \textsuperscript{90} “Implementation of Security Council resolution 2231 (2015): Tenth report of the Secretary-General”, op. cit.
\end{itemize}
during UN budget discussions, it unsuccessfully tried to curtail the Secretariat’s ability to act on Resolution 2231 reporting and to earmark funds for reconstituting pre-JCPOA sanctions committees.91

C. Regime Change in Washington

With the snapback debate concluded, eyes turned to the next inflection point: the U.S. election pitting President Trump against former Vice President Joe Biden.92 Iranian officials publicly maintained that the outcome was immaterial as far as they were concerned.93 Yet the two candidates clearly offered diagonally opposed prospects for the JCPOA and the future of Washington’s Iran policy: if Trump were to win a second term, the U.S. would persist in its “maximum pressure” strategy; if Biden were to prevail, the U.S. would shift toward some measure of diplomatic re-engagement. In either case, the implications for the nuclear deal’s fate would be profound, portending either the greater likelihood of its final collapse or its possible reinvigoration.

Biden’s pre-election views on the Trump administration’s Iran policy were decidedly unfavourable. He attributed the increase in Iranian nuclear activity and the rise in regional tensions to the U.S. decision to quit the JCPOA. He was also displeased by Washington’s diplomatic isolation at the UN. Instead, Biden suggested “a credible path back to diplomacy” in the form of the U.S.’s re-entry into the deal in exchange for Iran’s resumption of its JCPOA obligations.94

Trump administration officials, on the other hand, maintained that “maximum pressure” was succeeding, citing the financial toll sanctions had inflicted and dismissing the notion of reversing such policies as “tragic and foolish”.95 U.S. and Israeli officials also cited the normalisation agreements struck between Israel and the United Arab Emirates and Bahrain as evidence of diplomatic dividends from maintaining a

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92 Ahead of the election, the U.S. sanctioned the Islamic Revolutionary Guards Corps and Qods Force, along with three other Iranian entities, citing “brazen attempts to sow discord among the voting populace by spreading disinformation online and executing malign influence operations aimed at misleading U.S. voters”. “Treasury Sanctions Iranian Entities for Attracted Election Interference”, U.S. Treasury Department, 22 October 2020.
93 See, for example, “Ayatollah Khamenei: Iran’s policy unaffected by U.S. election result”, Tasnim, 3 November 2020.
94 Joe Biden, “There’s a smarter way to be tough on Iran”, CNN, 13 September 2020.
95 Abrams quoted in Daphne Psaledakis and Humeyra Pamuk, “U.S. envoy to Iran says more sanctions coming, urges Biden to maintain leverage”, Reuters, 25 November 2020.
hard line against Tehran.\textsuperscript{96} To stress their resolve, Trump administration officials stuck with their “maximum pressure” talk even after Biden emerged as winner of the election. A senior U.S. official said: “The president always said he anticipated a negotiation with Iran, and the purpose is to build leverage for that negotiation, and we’ve got it. ... The leverage is there, which means the campaign has succeeded”.\textsuperscript{97}

Yet no negotiations have come about, and no one could compellingly argue that the Trump administration has achieved any of the demands it laid out as goals upon exiting the JCPOA.\textsuperscript{98} As detailed above, Iranian breaches of the JCPOA have resulted in expansion of nuclear activities, not curtailment. Tehran has continued to develop its missile program.\textsuperscript{99} The wider Middle East picture remains fraught, with little indication of the Iranian retrenchment that the Trump administration predicted.\textsuperscript{100} Although the economic impact of “maximum pressure” showed the strength of unilateral U.S. capabilities, nearly unanimous international opposition to the Trump administration’s efforts to upend the nuclear deal and revive pre-JCPOA multilateral sanctions showed the limits of U.S. might.

\textsuperscript{96} See, for example, “Excerpt from PM Netanyahu’s Remarks at the State Memorial Ceremony for Paula and David Ben-Gurion”, Israel Prime Minister’s Office, 22 November 2020; “Secretary Michael R. Pompeo with Bret Baier of Fox News Special Report”, U.S. State Department, 24 November 2020.\textsuperscript{97} Abrams quoted in Jackson Richman, “Elliott Abrams: ‘There is no reason to make all sorts of concessions to Iran’”, Jewish News Syndicate, 9 December 2020.\textsuperscript{98} These demands spanned Iran’s nuclear research, missile activity and support for regional allies, as well as the release of U.S. and other foreign detainees held by Tehran. See “After the Deal: A New Iran Strategy”, Heritage Foundation, 21 May 2018.\textsuperscript{99} Particularly notable was the Revolutionary Guards’ 22 April launch of a military satellite. Sune Engel Rasmussen, “Iran satellite launch reveals gains in missile program”, The Wall Street Journal, 1 May 2020. The UN secretary-general noted concerns raised by several governments, including the U.S. and E3, that “space launch vehicles incorporate virtually identical technologies to those used in ballistic missiles designed to be capable of delivering nuclear weapons”, “Implementation of Security Council resolution 2231 (2015): Ninth report of the Secretary-General”, S/2020/531, 11 June 2020. In August, Iran unveiled a surface-to-surface missile named after Soleimani, along with a cruise missile purportedly effective up to 1,000km. Parisa Hafezi, “Iran announces locally made ballistic and cruise missiles amid U.S. tensions”, Reuters, 20 August 2020. The Revolutionary Guards also announced development of a system said to be capable of “launching multiple long-range ballistic missiles”. “IRGC unveils new missile system”, Tasnim, 4 November 2020. See also Amir Vahdat and Jon Gambrell, “Iran launches underground ballistic missiles during exercise”, Associated Press, 29 July 2020. By the State Department’s own analysis, Iran “is continuing to explore multiple pathways that would allow it to expand its longer-range missile capabilities and achieve greater precision”. “Outlaw Regime: A Chronicle of Iran’s Destructive Activities”, U.S. State Department, 19 September 2020. The UN secretary-general’s biannual report on the implementation of Resolution 2231 noted that in the second half of 2020, “the Secretariat did not receive any official information alleging action inconsistent with the ballistic-related provisions” of UN Security Council Resolution 2231. “Implementation of Security Council resolution 2231 (2015): Tenth report of the Secretary-General”, op. cit.\textsuperscript{100} In November, Pompeo said: “They continue to build out their missile program, to extend their capacity to wreak terror ... to behave in ways that are inconsistent with the commitments even that they made under the JCPOA”. “Secretary Michael R. Pompeo with Hugh Hewitt of The Hugh Hewitt Show”, U.S. State Department, 12 November 2020.
IV. The Path Forward

The barest outlines of a diplomatic process are becoming visible with the incoming Biden administration’s stated intent to rejoin the JCPOA, Iran’s declared willingness to resume its nuclear commitments if other signatories provide sanctions relief, and the P4+1’s declared readiness to facilitate the agreement’s full implementation.101 Still, obstacles abound: in Washington, the agreement remains deeply divisive, and in the Middle East, U.S. allies and partners wary of what they regard as premature or even reckless concessions to a regional rival have echoed U.S. domestic criticism of re-engagement.102 In the words of Israeli Prime Minister Netanyahu: “We shouldn’t go back to business as usual with Iran. We should all unite to prevent this major threat to world peace”.103 In Tehran, bitterness at the experience of the past few years has fuelled further mistrust of not just the U.S., but also Europe.104 Yet moving swiftly away from the adversarial “maximum pressure” approach is crucial for full restoration of nuclear restrictions, realisation of Iran’s financial expectations and reduction of regional tensions.

All the key parties seem committed to full JCPOA implementation in principle, but clarity is required regarding how to achieve it. In mid- to late 2020, a debate arose within Biden’s team as well as in many European capitals about what the new president should offer in exchange for Iran resuming compliance with the deal. Some Biden advisers argued that he should entertain no more than partial lifting of U.S. sanctions imposed in violation of the JCPOA in return for Iran partially rolling back its nuclear breaches. They said he should condition further relief – presumably over and above that which the JCPOA provides for – on Iranian concessions beyond the JCPOA’s terms or scope.105 That might entail extending the deal’s timetables in its sunset clauses, which allow for phased relaxation of certain restrictions on Iran’s nuclear program; curtailing Iran’s ballistic missile program; or reining in its Middle East


102 See, for example, Neri Zilber, “Israel is the wrench in Biden’s Iran policy”, Foreign Policy, 30 November 2020; Bradford Betz, “Saudi UN ambassador: Nobody ‘naive enough’ to rejoin Iran nuclear deal – including Biden administration”, Fox News, 22 November 2020; and Nahal Toosi, “Arab states, Israel say they want in on Biden’s future Iran talks”, Politico, 22 December 2020.


104 A senior Iranian official remarked: “The West seems unaware of how much we have suffered, how humiliated we feel after the assassinations of Soleimani and Fakhrizadeh, how angry we feel about so many covert operations, how painful our strategic patience has been”. Crisis Group interview, senior Iranian official, December 2020.

power projection.106 A 2013 interim agreement took a similar approach, freezing the most worrying of Iran’s nuclear activities in return for freezing new U.S. sanctions and giving Tehran limited economic reprieve.107

It is a reasonable contention: proponents of such an approach posit that relieving economic pressures on Iran built up under Trump at the outset of negotiations would cede considerable leverage and leave Tehran with little reason for engaging in follow-on negotiations on those other concerns, which the U.S., its regional allies and Europeans share.108

Yet the case for an incremental approach has several significant shortcomings. Framing discussions in terms of accumulating leverage appears to ignore the record of the past four years, when intense pressure did not lead Iran to give in. At this stage, it is hard to imagine Iran agreeing to anything less than the U.S. lifting the sanctions imposed in violation of the JCPOA – whether the pressure is exerted by the Trump or Biden administrations. As a senior Iranian official put it:

The risk in making concessions under pressure is that you validate pressure as a tool that the stronger party could use against the weaker one again and again. In the run-up to the JCPOA’s conclusion, Iran demonstrated that it won’t budge unless the stronger party agrees to a win-win outcome. The failure of “maximum pressure” should put an end to the illusion that bullying and coercion works with Iran.109

Another pitfall of a “freeze-for-freeze” or “less-for-less” approach is that 2021 is not 2013. Back then, both sides’ leverage had peaked; quiet back-channel negotiations had built some trust; and neither side had concrete cause to suspect the other’s reliability as a negotiation partner. Now, mistrust is marrow-deep and no side has a monopoly on measures to strengthen its hand – plus, a deal all sides have already accepted is there to be fulfilled. Any attempt by the Biden administration to leverage Trump’s violations risks validating the Iranians’ suspicion that the U.S. cannot be trusted, thus shutting the door on an interim deal. The December 2020 Iranian legislative mandate for increasing uranium enrichment rates and threatening further escalation if sanctions are not lifted by 21 February 2021 illustrates the defiant mood in Tehran and the dangers inherent in either side angling for ways to extract further concessions from the other.110 Moreover, negotiating over less-for-less measures could result in acrimony that might give rise to additional demands by both sides that lead to stalemate rather than a solution.

106 Other key limitations are permanent. For details, see Ali Vaez, “The Iranian Nuclear Deal’s Sunset Clauses”, Foreign Affairs, 3 October 2017.
107 For more details on the interim Joint Plan of Action, see Crisis Group Middle East Report N°152, Iran and the P5+1: Solving the Nuclear Rubik’s Cube, 9 May 2014.
110 Even JCPOA proponents seem to have shrinking manoeuvring space in Iran. Hesamodin Ashena, a senior adviser to President Rouhani, wrote: “Iran’s message: commitment for commitment; action for action. What we didn’t concede under Trump’s maximum pressure, we won’t offer to Biden with his minimal promises”. Tweet by Hesamodin Ashena, @hesamodini, 11:21am, 12 January 2021.
It is equally important for Tehran to make a sober assessment of how Washington views successful diplomatic engagement. Iran may believe that the incoming U.S. administration, contending from the start with a host of domestic crises and foreign policy priorities, will be eager to restore the nuclear agreement and mark it as an early victory. It may think that Iranian negotiators thus have an opportunity to raise their demands – eg, by demanding compensation for years of unfulfilled sanctions relief; by requiring that the U.S. first lift sanctions before it will do anything to restore its compliance; by insisting that the JCPOA’s “snapback” provision be dropped or amended; or that the U.S. lift all sanctions imposed by the Trump administration, including those legitimately justified on non-nuclear grounds. But upping the ante through further nuclear brinkmanship, regional provocation or unrealistic demands could just as easily backfire, and it is reasonable to assume that the Biden administration would, if necessary, retain the option to maintain current coercive tools or impose new ones.

The Biden administration might believe that Iran’s internal politics ahead of the June 2021 presidential election will hinder diplomatic progress. That is not likely to be the case. True, Rouhani’s opponents do not trust him to spearhead another diplomatic initiative with the West. Nor do they want his camp to reap political benefits by securing an economic reprieve. Nonetheless, the senior Iranian leadership seems keen to see sanctions lifted as soon as possible. Both Rouhani, who cannot run for re-election, and Ayatollah Khamenei have said sanctions relief should not wait “even for one hour”. The supreme leader is likely to rein in the hardliners, as he did in 2015. The latter could still claim credit for having compelled the U.S. to return to the JCPOA through leverage created by their new law and – once again – blame moderate politicians for rolling back Iran’s nuclear program. But Ayatollah Khamenei probably will not authorise contact between Iranian and U.S. diplomats unless the U.S. has already taken the political step of reversing Trump’s policies – even if sanctions relief comes about down the road.

Iran and the U.S. have a strategic imperative to restore the JCPOA as a fully functional agreement that could serve as a foundation for discussing issues outside the nuclear file. The U.S. should swiftly re-enter the agreement and lift Trump-era sanctions on Iran, and Iran should reciprocate by returning to full compliance with its nuclear obligations. The two sides should move in tandem, quickly and in a coordi-

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111 Iran has, for example, raised demands for U.S. compensation and also posited that a U.S. return to the JCPOA would be in keeping with UN Security Council Resolution 2231, but would not restore Washington’s seat in the JCPOA’s Joint Commission. The former is a politically unviable demand; the latter is a diplomatically dubious proposition. See “The Vital but Delicate Task of Reviving the JCPOA”, Crisis Group Statement, 10 December 2020.
113 Crisis Group interviews, senior Iranian officials, Tehran, December 2020.
114 “Martyr Soleimani is a champion of the Iranian nation and of the Islamic Ummah”, Khamenei.ir, 16 December 2020; “President at cabinet meeting”, official website of the President of the Islamic Republic of Iran, 16 December 2020.
115 A senior Iranian official said: “Dismantling centrifuges and shipping out enriched uranium is considered dirty and unpopular work in Iran. Why would the conservatives want that on their plate?” Crisis Group interview, Tehran, December 2020.
nated and carefully plotted series of steps, consistent with the JCPOA’s original terms. These steps include:

**First**, the party that put the JCPOA in its beleaguered state, the U.S., should make a strong and unmistakable statement of positive intent. Upon taking office, the Biden administration should issue an executive order revoking Trump’s 8 May 2018 executive order, which pulled the U.S. out of the JCPOA, and initiate a process of fully reversing Trump-era sanctions. The latter should include sanctions that, while ostensibly separate from discussions about the JCPOA, were intended to complicate a U.S. return to the deal. The order should authorise the state and treasury secretaries to start the process of lifting the sanctions according to a set timetable that could be agreed with other JCPOA participants, with the actual relief taking effect in parallel to the IAEA verifying Iran’s return to compliance. Such an announcement could be part of a U.S. recommitment to several multilateral frameworks and institutions, such as the Paris climate accords and the World Health Organization.

Additional good-will measures from the U.S. could further facilitate the JCPOA’s restoration and chip away at the great wall of mistrust between Tehran and Washington:

- The U.S. and its European allies should support Iran’s request for an IMF loan, which could be routed through the extant Swiss Humanitarian Trade Arrangement as credit for Iranian purchases of COVID-19 vaccines through COVAX (formally known as the COVID-19 Vaccines Global Access Facility, a global coalition for vaccine distribution), medical equipment and other humanitarian goods. The U.S. should ensure that legitimate humanitarian trade with Iran is not stymied;
- The Biden administration should revoke its predecessor’s restrictions on travel to the U.S. from Iran and a dozen other predominantly Muslim countries;¹¹⁷
- The U.S. should delist Washington’s Iranian interlocutors, such as Foreign Minister Javad Zarif, from sanctions designations and remove restrictions on the movement of the Iranian delegation to the UN in New York; and
- It should pursue a military deconfliction channel that can bolster lines of communication and prevent accidental confrontations at sea.¹¹⁸

A complementary European gesture would lighten the atmosphere and provide the Biden administration with more time to pursue diplomacy: the E3 could revive an initiative first proposed by French President Emmanuel Macron on pre-purchasing Iranian oil.¹¹⁹ A $5-10 billion line of credit, greenlighted by Washington, could provide Iran with immediate relief and room for political manoeuvre, while granting the Biden administration space to move ahead with untangling the spider web of sanctions that the Trump administration weaved around Iran.

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¹¹⁹ See the discussion of this proposal in Crisis Group Report, *The Iran Nuclear Deal at Four: A Requiem?*, op. cit.
For its part, Iran should move quickly to resolve the issue of U.S. and European citizens they have imprisoned. The Swiss government could be an intermediary, perhaps helping broker prisoner swaps.

**Secondly**, in exchange, the Iranian government should halt any additional breaches of the JCPOA it might be considering and agree to discuss with the U.S. and the other JCPOA signatories, in consultation with the JCPOA’s Joint Commission and the IAEA, a timetable for returning all stakeholders to full compliance. Since neither side is likely willing to go first, they should coordinate their steps. One approach would be to devise a two- to three-month timetable according to which the U.S. would respond to each Iranian step in rolling back its nuclear breaches with tangible sanctions relief (e.g., unfreezing Iranian assets in escrow accounts abroad or issuing licences for purchasing of civilian aircraft) upon the IAEA’s verification. The steps could be staggered by two or three weeks. Both Iranian and IAEA officials consider this timeline technically feasible. The Biden administration could liaise with the JCPOA’s Joint Commission and IAEA in determining whether this process necessitates issuance of U.S. sanctions waivers. Iran should also cooperate with the IAEA on rapidly resolving outstanding questions at sites of agency concern.

Delivering sanctions relief to Iran is not a snap-of-the-fingers affair, but repealing the restrictions is, technically at least, within the executive branch’s purview. Iranians are unlikely to accept a drawn-out sanctions relief process. Effective sanctions relief will require the Biden administration to ensure that the U.S. Treasury Department’s Office of Foreign Assets Control has sufficient capacity to move swiftly to ease the pain caused by its predecessor’s aggressive sanctions policy.

The Europeans, for their part, should not sit idly by as the U.S. and Iran resume their JCPOA commitments. Even in 2016, with the Obama administration fully supporting the nuclear deal, sanctions relief fell short. This time around, given the experience of U.S. reversals and a much tougher global market in light of the coronavirus-induced recession, European governments should go the extra mile in ensuring that European companies re-engage with Iran and the Iranian people benefit from sanctions relief. European governments might need to consider tax breaks for firms that are willing to invest in or trade with Iran. They should also revisit the question

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120 Crisis Group interviews, Iranian and IAEA officials, December 2020. The U.S. Treasury Department will have to ensure that reversing Trump-era sanctions is not merely a technical formality, but apply the lessons learned from the lifting of sanctions in 2016 to ensure that complexities and delays are anticipated and addressed so that the repeal is practically meaningful for international banks and businesses. These steps could be coordinated with Iranian measures, such as dismantling surplus centrifuge cascades at Fordow and Natanz and blending down or shipping out excess enriched uranium stockpiles.

121 “A president, any president has the right to reverse an executive action. ... Whether it’s advisable, whether it is politically possible is a different question”. Abrams quoted in “Media Roundtable with Israeli Journalists”, U.S. State Department, 9 December 2020.

122 A senior Iranian official said: “We waited eight months after the JCPOA’s implementation to receive licences for Boeing and Airbus aircraft. We are not going to commit the same mistake again”. Crisis Group interview, December 2020.

123 Crisis Group Report, Implementing the Iran Nuclear Deal, op. cit.

of loans to Iran through the European Investment Bank, which the latter was reluctant to embrace due to its potential exposure to U.S. penalties. For its part, Iran should put its house in order by ratifying the FATF-required laws, bringing its banking sector in line with international standards, ensuring the safety and security of foreign investors, and avoiding provocations in the Middle East that could derail diplomacy.

Thirdly, all parties should remain realistic as to what kind of progress is possible in the short term. Other than restoring the JCPOA and moving on a prisoner swap, the area in which the parties can achieve something before the new Iranian president takes office in August is Yemen. The UN, through the secretary-general’s special envoy for Yemen, may be best placed to persuade Iran to lean on its Huthi allies to de-escalate the conflict, move toward a ceasefire and perhaps allow UN experts to salvage the listing oil tanker in the Red Sea, which at present threatens to cause an environmental disaster. Tehran could also send an important signal to Saudi Arabia, for whom Yemen is a domestic – not a foreign policy – issue, by withdrawing its ambassador to Yemen and allowing Yemen’s internationally recognised government to send its ambassador to Tehran. In order to prevent a famine and make diplomatic engagement with the Huthis a real possibility, the U.S. will also need to roll back the Trump administration’s last-minute designation of the Huthis as a terrorist group.

These steps could be built upon through a diplomatic initiative by a core group of European states, with support from the EU high commissioner and the UN secretary-general, toward dialogue between Iran and Gulf Arab states. Regional actors should be prepared to take ownership of such a dialogue to maximise the chances of success. The core group could encourage relatively neutral Gulf Arab states such as Kuwait and Oman to take the initiative. While the Biden administration would need to nudge the Gulf Arab states to talk to Iran, European governments can hold preparatory discussions to map out interests, concerns and aspirations, as well as offer to provide venues for the dialogue, possibly in coordination with the U.S. They could also convene technical discussions among regional states, backed by the relevant UN agencies, to foster cooperation on issues of common interest, such as climate change, public health and maritime security.

Fourthly, once the new Iranian president has settled in and JCPOA implementation has restored a modicum of mutual trust, the P5+1 should begin to discuss the need for follow-up agreements with Iran. The JCPOA experience has demonstrated two inconvenient truths: 1) the deal does not satisfy either sides’ core demands, with Iran

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126 Oman, which serves as an intermediary in international efforts to de-escalate the war in Yemen, has followed this formula. Iran dispatched Hassan Irloo to serve as ambassador to Sanaa in October 2020. While Iranian media reports describe Irloo as a veteran diplomat who headed the Yemen desk at the foreign ministry, the U.S. sanctioned him in December as a Qods Force officer. “New Iranian ambassador submits credentials to Yemen’s foreign minister”, Tasnim, 27 October 2020 (Farsi); “The United States Sanctions IRGC Facilitators in Iran and an IRGC Official in Yemen”, U.S. State Department, 8 December 2020.
seeking economic normalisation and the P5+1 seeking longer-term insurance that Iran’s nuclear program will remain purely civilian; and 2) the deal will be unstable as long as regional tensions between the U.S. and its partners on the one hand, and Iran and its allies on the other, persist in their current state. In these truths lies the opportunity for one or more better-for-better agreements that the signatories should seek to negotiate ahead of the JCPOA’s sunsets in 2023 and the next U.S. presidential campaign, which will start that year.
V. Conclusion

The era of U.S. “maximum pressure” may be drawing to an end. At this juncture lies promise as well as peril: reviving U.S.-Iran diplomatic engagement on the JCPOA’s original basis could restore the agreement’s considerable non-proliferation benefits, revive contacts that withered under the Trump administration, and offer at least the prospect of discussing issues outside the nuclear file in a constructive rather than adversarial manner. For either side to subject such diplomacy to leverage-focused one-upmanship and additional demands would be a recipe for deadlock that is as predictable as it is avoidable. Instead, Iran should return to full compliance with its JCPOA commitments in exchange for a swift U.S. re-entry into the deal and lifting of Trump-era sanctions imposed in contravention of the accord. Such concerted forward movement should guide the two sides toward a clean revival of the existing JCPOA framework.

But there are risks: in Iran’s case, failure to reasonably engage with the Biden administration could sap what international sympathy it has won as the aggrieved party following the Trump administration’s withdrawal from the agreement. Were Iran to proceed with further nuclear provocations, it might find itself seen by not just the U.S. but also the E3 as the unreasonable party. For Washington and the P4+1, with Iran’s June presidential polls looming, it is vital to deliver the financial dividends that Tehran, with some justification, sees as the unrealised return for its own nuclear commitments and JCPOA compliance prior to U.S. “maximum pressure”. Rouhani’s departure may not prove fatal to diplomacy, but there is no reason not to seize the opportunity between now and then to make as much progress as possible.

Washington/Brussels/Tehran, 15 January 2021
Appendix A: Map of Iran
Appendix B: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group’s approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes CrisisWatch, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group’s reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former UN Deputy Secretary-General and Administrator of the United Nations Development Programme (UNDP), Lord (Mark) Malloch-Brown.

Crisis Group’s President & CEO, Robert Malley, took up the post on 1 January 2018. Malley was formerly Crisis Group’s Middle East and North Africa Program Director and most recently was a Special Assistant to former U.S. President Barack Obama as well as Senior Adviser to the President for the Counter-ISIL Campaign, and White House Coordinator for the Middle East, North Africa and the Gulf region. Previously, he served as President Bill Clinton’s Special Assistant for Israeli-Palestinian Affairs.

Crisis Group’s international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Beirut, Caracas, Gaza City, Guatemala City, Johannesburg, Juba, Kabul, Kiev, Manilla, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.


January 2021
Appendix C: Reports and Briefings on the Middle East and North Africa since 2018

Special Reports and Briefings

Council of Despair? The Fragmentation of UN Diplomacy, Special Briefing N°1, 30 April 2019.

Seven Opportunities for the UN in 2019-2020, Special Briefing N°2, 12 September 2019.

Seven Priorities for the New EU Representative, Special Briefing N°3, 12 December 2019.

COVID-19 and Conflict: Seven Trends to Watch, Special Briefing N°4, 24 March 2020 (also available in French and Spanish).

A Course Correction for the Women, Peace and Security Agenda, Special Briefing N°5, 9 December 2020.

Israel/Palestine

Israel, Hizbollah and Iran: Preventing Another War in Syria, Middle East Report N°182, 8 February 2018 (also available in Arabic).

Averting War in Gaza, Middle East Briefing N°60, 20 July 2018 (also available in Arabic).

Rebuilding the Gaza Ceasefire, Middle East Report N°191, 16 November 2018 (also available in Arabic).

Defusing the Crisis at Jerusalem’s Gate of Mercy, Middle East Briefing N°67, 3 April 2019 (also available in Arabic).


The Gaza Strip and COVID-19: Preparing for the Worst, Middle East Briefing N°75, 1 April 2020 (also available in Arabic).

Gaza’s New Coronavirus Fears, Middle East Briefing N°78, 9 September 2020 (also available in Arabic).

Iraq/Syria/Lebanon

Averting Disaster in Syria’s Idlib Province, Middle East Briefing N°56, 9 February 2018 (also available in Arabic).

Winning the Post-ISIS Battle for Iraq in Sinjar, Middle East Report N°183, 20 February 2018 (also available in Arabic).

Saudi Arabia: Back to Baghdad, Middle East Report N°186, 22 May 2018 (also available in Arabic).

Keeping the Calm in Southern Syria, Middle East Report N°187, 21 June 2018 (also available in Arabic).

Iraq’s Paramilitary Groups: The Challenge of Rebuilding a Functioning State, Middle East Report N°188, 30 July 2018 (also available in Arabic).

How to Cope with Iraq’s Summer Brushfire, Middle East Briefing N°61, 31 July 2018.

Saving Idlib from Destruction, Middle East Briefing N°63, 3 September 2018 (also available in Arabic).

Prospects for a Deal to Stabilise Syria’s North East, Middle East Report N°190, 5 September 2018 (also available in Arabic).

Reviving UN Mediation on Iraq’s Disputed Internal Boundaries, Middle East Report N°194, 14 December 2018 (also available in Arabic).

Avoiding a Free-for-all in Syria’s North East, Middle East Briefing N°66, 21 December 2018 (also available in Arabic).


The Best of Bad Options for Syria’s Idlib, Middle East Report N°197, 14 March 2019 (also available in Arabic).

After Iraqi Kurdistan’s Thwarted Independence Bid, Middle East Report N°199, 27 March 2019 (also available in Arabic and Kurdish).

Squaring the Circles in Syria’s North East, Middle East Report N°204, 31 July 2019 (also available in Arabic).

Iraq: Evading the Gathering Storm, Middle East Briefing N°70, 29 August 2019 (also available in Arabic).

Averting an ISIS Resurgence in Iraq and Syria, Middle East Report N°207, 11 October 2019 (also available in Arabic).


Ways out of Europe’s Syria Reconstruction Conundrum, Middle East Report N°209, 26 November 2019 (also available in Arabic and Russian).

Steading the New Status Quo in Syria’s North East, Middle East Briefing N°72, 27 November 2019 (also available in Arabic).

Easing Syrian Refugees’ Plight in Lebanon, Middle East Report N°211, 13 February 2020 (also available in Arabic).

Silencing the Guns in Syria’s Idlib, Middle East Report N°213, 15 May 2020 (also available in Arabic).

Pulling Lebanon out of the Pit, Middle East Report N°214, 8 June 2020 (also available in Arabic).

Exiles in Their Own Country: Dealing with Displacement in Post-ISIS Iraq, Middle East Briefing N°79, 19 October 2020 (also available in Arabic).

How Europe Can Help Lebanon Overcome Its Economic Implosion, Middle East Report N°219, 30 October 2020 (also available in Arabic).

Avoiding Further Polarisation in Lebanon, Middle East Briefing N°81, 10 November 2020 (also available in Arabic).

North Africa

Stemming Tunisia’s Authoritarian Drift, Middle East and North Africa Report N°180, 11 January 2018 (also available in French and Arabic).

Libya’s Unhealthy Focus on Personalities, Middle East and North Africa Briefing N°57, 8 May 2018.

Making the Best of France’s Libya Summit, Middle East and North Africa Briefing N°58, 28 May 2018 (also available in French).

Restoring Public Confidence in Tunisia’s Political System, Middle East and North Africa Briefing N°62, 2 August 2018 (also available in French and Arabic).

After the Showdown in Libya’s Oil Crescent, Middle East and North Africa Report N°189, 9 August 2018 (also available in Arabic).

Breaking Algeria’s Economic Paralysis, Middle East and North Africa Report N°192, 19 November 2018 (also available in Arabic and French).

Decentralisation in Tunisia: Consolidating Democracy without Weakening the State, Middle East and North Africa Report N°198, 26 March 2019 (only available in French).

Addressing the Rise of Libya’s Madkhali-Salafis, Middle East and North Africa Report N°200, 25 April 2019 (also available in Arabic).

Post-Bouteflika Algeria: Growing Protests, Signs of Repression, Middle East and North Africa Briefing N°68, 26 April 2019 (also available in French and Arabic).


Stopping the War for Tripoli, Middle East and North Africa Briefing N°69, 23 May 2019 (also available in Arabic).

Avoiding a Populist Surge in Tunisia, Middle East and North Africa Briefing N°73, 4 March 2020 (also available in French).


Fleshing Out the Libya Ceasefire Agreement, Middle East and North Africa Briefing N°80, 4 November 2020 (also available in Arabic).

Iran/Yemen/Gulf

The Iran Nuclear Deal at Two: A Status Report, Middle East Report N°181, 16 January 2018 (also available in Arabic and Farsi).

Iran’s Priorities in a Turbulent Middle East, Middle East Report N°184, 13 April 2018 (also available in Arabic).

How Europe Can Save the Iran Nuclear Deal, Middle East Report N°185, 2 May 2018 (also available in Persian and Arabic).

Yemen: Averting a Destructive Battle for Hodeida, Middle East Briefing N°59, 11 June 2018.

The Illogic of the U.S. Sanctions Snapback on Iran, Middle East Briefing N°64, 2 November 2018 (also available in Arabic).

The United Arab Emirates in the Horn of Africa, Middle East Briefing N°65, 6 November 2018 (also available in Arabic).

How to Halt Yemen’s Slide into Famine, Middle East Report N°193, 21 November 2018 (also available in Arabic).

On Thin Ice: The Iran Nuclear Deal at Three, Middle East Report N°195, 16 January 2019 (also available in Farsi and Arabic).

Saving the Stockholm Agreement and Averting a Regional Conflagration in Yemen, Middle East Report N°203, 18 July 2019 (also available in Arabic).

Averting the Middle East’s 1914 Moment, Middle East Report N°205, 1 August 2019 (also available in Farsi and Arabic).

After Aden: Navigating Yemen’s New Political Landscape, Middle East Briefing N°77, 25 August 2019 (also available in Arabic).

Intra-Gulf Competition in Africa’s Horn: Lessening the Impact, Middle East Report N°206, 19 September 2019 (also available in Arabic).

The Iran Nuclear Deal at Four: A Requiem?, Middle East Report N°210, 16 January 2020 (also available in Arabic and Farsi).

Preventing a Deadly Showdown in Northern Yemen, Middle East Briefing N°74, 17 March 2020 (also available in Arabic).

Flattening the Curve of U.S.-Iran Tensions, Middle East Briefing N°76, 2 April 2020 (also available in Arabic).

The Urgent Need for a U.S.-Iran Hotline, Middle East Briefing N°77, 23 April 2020 (also available in Farsi).

The Middle East between Collective Security and Collective Breakdown, Middle East Report N°212, 27 April 2020 (also available in Arabic).

Rethinking Peace in Yemen, Middle East Report N°216, 2 July 2020 (also available in Arabic).

Iran: The U.S. Brings Maximum Pressure to the UN, Middle East Report N°218, 18 August 2020 (also available in Arabic).
## Appendix D: International Crisis Group Board of Trustees

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<td>Former U.S. Under-Secretary of State and Ambassador to the UN, Russia, India, Israel, Jordan, El Salvador and Nigeria</td>
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<th>Ahmed Rashid</th>
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<td>Author and Foreign Policy Journalist, Pakistan</td>
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<th>Ghassan Salamé</th>
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<td>Former UN Secretary-General’s Special Representative and Head of the UN Support Mission in Libya; Former Minister of Culture of Lebanon; Founding Dean of the Paris School of International Affairs, Sciences Po University</td>
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<th>Juan Manuel Santos Calderón</th>
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<td>Former President of Colombia; Nobel Peace Prize Laureate 2016</td>
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<th>Wendy Sherman</th>
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<td>Former U.S. Under Secretary of State for Political Affairs and Lead Negotiator for the Iran Nuclear Deal</td>
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<td>Founder, Open Society Foundations and Chair, Soros Fund Management</td>
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<td>Leader of the Labour Party and Labour Party Parliamentary Group; former Foreign Minister of Norway</td>
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<th>Lawrence H. Summers</th>
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<td>CEO of Save the Children International; former Prime Minister of Denmark</td>
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<th>Wang Jisi</th>
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<td>Member, Foreign Policy Advisory Committee of the Chinese Foreign Ministry; President, Institute of International and Strategic Studies, Peking University</td>
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