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The Rising Crisis between the United States and Iran

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After a year in which Iran opted for "strategic patience," in the hope that European nations would compensate for the United States sanctions, it now seeks to present a price tag for the US measures against it, and has thus embarked on a response comprising action in three realms: nuclear, military, and oil exports from the Gulf. In the current circumstances, Iran and the United States are demanding conditions that would make a resumption of negotiations difficult, although both sides apparently understand that dialogue may ultimately be the less dangerous option for them. The latest developments embody the potential for escalation and miscalculation that is liable to affect Israel's security, and therefore the security cabinet should convene to craft an appropriate policy for the near, medium, and long terms.

May 2019 marks the end of a difficult year for Iran, which saw the United States withdrawal from the 2015 nuclear agreement, known as the JCPOA, and the imposition of American sanctions. The sanctions, which have hit primarily the oil and financial sectors, have inflicted severe damage on the Iranian economy. Furthermore, Iran's attempt to entrench and build up an advanced military capability against Israel in Syria appears to have failed.

After a year in which Iran opted for "strategic patience," in the hope that European nations would compensate for American sanctions and that President Donald Trump will stand little chance of reelection in 2020, the US administration has succeeded in ramping up the sanctions and applying pressure beyond Tehran's expectations. Over the last month, Iran has experienced intensification of the US policy of "maximum pressure": waivers that President Trump had granted China, India, Japan, and other countries, whereby these countries were able to import oil from Iran, were canceled; sanctions were imposed on the export of iron, steel, aluminum, and copper products from Iran; and in the nuclear realm, the United States revoked two waivers that had allowed Iran to abide by its JCPOA obligation to export excess enriched uranium and heavy water that it produces. The American designation of the Revolutionary Guards as a terrorist organization was meant to denigrate the Iranian economy and raise the stakes of doing business with shadowy elements of the Iranian economy, from potential fines to the threat of prison time. The regime in Iran has thus concluded that it must devise a new strategy – or at least, update its strategy – to one that is more proactive, albeit measured and cautious.

Iran now seeks to present a price tag for the US measures against it, and has thus embarked on a response comprising action in three realms. Regarding the nuclear realm, Iran is trying to compel European nations to formulate and implement the promised mechanism to provide compensation for the sanctions. In the military realm, Iran seeks to exact a price from the United States (and Israel) with the goal of creating deterrence and preserving national pride. Finally, when it comes to energy supply, Iran has threatened Saudi Arabia and the United Arab Emirates that if it is unable to export oil, they too will be unable to do so.

The Nuclear Realm

Iran has three levels of action at hand in the nuclear realm (in ascending order of risk): a. undermining the JCPOA through minor breaches, inter alia by increasing the scope of uranium enrichment or boosting the level of enrichment; b. leaving the agreement and resuming broad nuclear activity, while installing tens of thousands of centrifuges in Natanz, renewing activity at the Arak reactor, and annulling Iran's acceptance of the IAEA Additional Protocol; c. withdrawing from the NPT, which would clear the way to the development of a nuclear bomb.

As an initial step, Iran has opted for the limited move of not removing the enriched material above the 300 kg limit imposed by the JCPOA, and is threatening a more significant breach in 60 days. Iran has not withdrawn from the agreement, because according to its calculations, overall the JCPOA remains beneficial for Iran's nuclear and regional aspirations. To Tehran's surprise, this limited move has not won European or Russian support and has even received some backlash, and thus demonstrates that nuclear escalation by Iran risks causing it to lose the diplomatic and political (as well as limited economic) support it enjoys from these countries in the face of United States policy.

The Military Realm

Likewise in the military realm, Iran has a range of possible actions at its disposal: attacking American soldiers in Syria or Iraq, and launching low signature attacks via proxies in Syria, Lebanon, and the Gaza Strip against American interests or allies (including Israel). In the 1980s, Iran used Hezbollah to attack the US Marines and the US Embassy in Beirut, killing hundreds. In addition, the Pentagon has determined that Iran was responsible for the death of over 500 US troops in Iraq during the US occupation following the 2003 invasion, via its support and training of anti-American Shiite militias there.

Thus far, an intelligence alert was received regarding an attempt to attack US troops in Iraq, which explained the abrupt change in Secretary of State Mike Pompeo's travel

itinerary last week – from Germany to Iraq. Iran is also presumably preparing actions against Israel from Syria, Iraq, or perhaps even Lebanon.

Oil Exports and Freedom of Shipping

In the realm of oil exports and freedom of shipping, Iran has threatened to strike at the freedom of shipping in the Strait of Hormuz. It is capable of fomenting action by Yemen's Houthis against shipping in the Red Sea and the production of oil on the Arab side of the Gulf, by missiles, drones, or sabotage, including through cyber methods (as with proxy terrorism, here too there would be a low signature and difficulty regarding public attribution).

Indeed, the United States published a warning to the Gulf states relating to their commercial shipping interests regarding a plot to attack oil tankers in the Gulf and Strait of Hormuz. On May 12, the intelligence warning was actualized. Reports emerged from the United Arab Emirates and Saudi Arabia of an attack on four merchant ships and oil tankers. The attack, which Saudi Arabia labeled "sabotage," occurred in the Gulf of Oman, near the United Arab Emirates, as the tankers prepared to enter Persian Gulf waters. According to Riyadh, the two Saudi tankers sustained significant damage, though they were not carrying oil at the time so no spill ensued; one tanker was preparing to load oil bound for the United States. No one has claimed responsibility, but the intent was apparent: a low signature action by Iran that hints at its capabilities.

The United States has not been passive in the face of Iran's threats. Last week, in a highly publicized move, military forces were dispatched to the Middle East, including the *USS Lincoln* aircraft carrier, B-52 bombers capable of carrying nuclear weaponry, and a Patriot battery. These are not the expeditionary forces that would befit a broad-based campaign, but certainly they constitute a message that there will be a response – perhaps surgical – to any Iranian escalation.

In the current circumstances, the two sides are demanding conditions that would make a resumption of negotiations difficult. The United States seems to be insisting on the 12 demands that Pompeo made of Iran, while Iran is demanding an American apology and return to the nuclear agreement as a precondition for negotiations. With that said, both sides apparently understand that dialogue may ultimately be a less dangerous option for them than a military clash.

Nonetheless, the rhetoric among Iran's military leadership has been highly aggressive. Discussing the escalation, and specifically the deployment of the *Lincoln* near Iranian shores, a Revolutionary Guards commander said that if the United States makes a move, Iran will "hit them on the head," and added that the American presence in the Middle

East, which previously constituted a serious threat, was now – in Iran's view – an opportunity. By contrast, President Hassan Rouhani, in a speech delivered on May 11, claimed that the situation in Iran is more difficult than what confronted the Islamic Republic during the Iran-Iraq War. It is possible that this statement was meant to prepare public opinion for the unpleasant options before the Islamic Republic, somewhat analogous to a 1988 speech by then-Supreme Leader Khomeini about the need to "drink from the poisoned chalice" when signing a peace agreement with Saddam Hussein to end the eight-year war with Iraq. The calculations that prompted Khomeini to assess that continued fighting would endanger the regime's very survival may parallel Khamenei's current assessment of negotiations with the US in order to avoid further dangerous escalation.

For its part, the Trump administration is likewise not eager for conflict, sending a message that the United States has been acting defensively and in response to warnings it received. Indeed, Washington's messages have assumed a new tone. In contrast to the aggressive messages relayed by Secretary Pompeo and National Security Adviser John Bolton, President Trump made a point of emphasizing his interest in preventing harm to Iran by holding a dialogue with its leadership. In the course of two days, Trump noted more than three times that he "would like to see them [Iran] call me...What they should be doing is calling me up, sitting down. We can make a deal, a fair deal...I want them to be strong and great and have a great economy...They should call, [and] if they do, we're open to talk to them. We have no secrets. And they can be very, very strong financially, they have great potential. Very much like North Korea." In parallel, it was reported that the White House relayed to Switzerland (which represents US interests in Iran) a telephone number for Iran to reach Trump directly. These statements by Trump may also point to a preference by the President to focus exclusively on the nuclear issue in a dialogue with Iran.

Significance for Israel

In the near term it seems the Israeli government would not bemoan a collapse of the JCPOA that might result from US pressure, Iranian breaches, and responses of the other parties to the agreement. It is important for Israel that any future Democratic administration in the United States not return to the JCPOA during the deal's later years, when the agreement is more problematic, as this is a period in which Iran would receive international legitimacy to build a full scale nuclear program.

Any military clash between Iran and the United States – be it in the Gulf, Iraq, or Syria, or a blockade of the Strait of Hormuz – would not have a direct impact on Israel, but there would be indirect repercussions. The odds of Iran leaving Israel out of such a fight, should it emerge, are slim.

Therefore, Israeli policy would do well to include the following components:

In the immediate term: Intelligence vigilance and military readiness are required in order to foil Iranian military action, whether direct or indirect, against Israel on any front where there is an Iranian presence. An agreed joint strategy with the United States for responding to Iranian military action is also in order. Israel should reevaluate and update the "campaign between wars" that it has waged to thwart Iranian entrenchment in Syria, so that it adjusts to the changes in Iranian policy.

In the medium term: Given the possibility that the United States and Iran will ultimately return to negotiations, Israel must reach understandings with the United States about what needs to be fixed in the nuclear agreement – mainly regarding the extension of the sunset clauses (as the agreement's expiration date nears), improved monitoring of the Iranian nuclear facilities, the military dimensions of the nuclear program, Iran's ballistic missile program, and Iran's efforts to destabilize and dominate the region. Israel's positions on these issues will likely earn support from the Gulf states, creating an opportunity to strengthen relations with these states in the political and other spheres.

In the long term: Israel must prepare for the possibility that Iran will choose the path of escalation and renew nuclear activity with the goal of accumulating uranium enriched to 20 percent, which would shorten the time needed to produce fissile material, and even prepare for the possibility of an Iranian withdrawal from the NPT. Israel should also consider the possibility that the United States will not take effective action to stop the Iranian nuclear program (as, after all, the Trump administration is not keen on further military engagements in the Middle East). Therefore, Israel must update its force buildup plans to enable it to cope with a potential Iranian nuclear breakout alone. This would be a sweeping budgetary and operational challenge. Indeed, the IDF's multi-year "Gideon" plan, drafted under the former Chief of the General Staff, Lt. Gen. Gadi Eisenkot, assumed at least a 10-year deferral for preparations of a response to the Iranian nuclear program. Yet the developments seen in this context over the last year, and especially the last month, demand a significant updating of the plan and allocation of supplementary resources to the defense establishment.

In conclusion, the combination of the maximum pressure campaign by the United States against Iran, Iran's decision to depart from its "strategic patience," and America's determination to respond to any attempt to harm US troops and interests in the Middle East embody the potential for escalation and miscalculation that is liable to affect Israel's security. The security cabinet should therefore convene to craft an appropriate policy for the near, medium, and long terms.