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**The Rise and Fall of the Islamic State: A Fifth-Year Assessment**

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The recent escalation in the confrontation between the United States and Iran demonstrates the determination of both sides not to concede any ground, on the understanding that doing so would undercut their ability to bargain in any future negotiations. In parallel to the mutual muscle-flexing there are mediation efforts underway, currently led by French President Macron, in an effort to formulate the conditions and nature of a dialogue. Looking ahead, the two likeliest scenarios remain as they were: protracted confrontation between the sides, within the current parameters; or resumed negotiations. Even if the sides are not interested in a broader military conflict, the current dynamic could lead them to such. Israel's preparations should be for the two scenarios. The first, and possibly the most dangerous from its standpoint, is that Iran continues to stockpile uranium and perhaps even raises the enrichment level. The result would be a significant reduction in the timeline to a possible breakout to military nuclear capability. The second scenario is the launch of negotiations. This scenario invites the question whether Israel's interest lies in a broad deal, or a deal on the nuclear issue only. In any scenario, Israel should be mindful of possible gaps between its interests and those of the United States – and mainly President Trump's eagerness for a political achievement in the form of a new deal with Iran.

The increased severity in the confrontation between Iran and international elements, chiefly the United States, is an outcome of Iran's decision to demonstrate its determination to respond to the maximum-pressure policy employed against it. In practice, the US administration and Iran are taking parallel steps on the level of force, as well as on the level of diplomacy, which would appear to contradict each other. But the steps along the two tracks are in fact designed to produce bargaining chips in anticipation of the next stages in the contest.

The United States continues to increase the pressure. All the waivers on oil purchases from Iran granted previously have been canceled, and according to recent reports, Iranian oil exports have dropped to less than 500,000 barrels a day – a grave development given the Iranian economy's low tolerance for reduced revenues. The waivers in the nuclear realm, which were part of the nuclear deal regarding Iran's ability to export enriched uranium and heavy water, have also been canceled, and sanctions have been imposed on

Supreme Leader Ali Khamenei and his monetary resources. For its part, Iran has gradually withdrawn from some of its commitments under the deal: in the first stage, enriched uranium was stockpiled beyond the 300 kg allowance; the enrichment level was raised to around 4.5 percent, beyond what is permitted by the deal; and Iran is threatening that in less than two months it will take additional steps, including a possible increase of enrichment to 20 percent.

Meanwhile, for several weeks the sides have seen increased friction in the Gulf. Following several attacks on oil tankers in the Gulf that involved Iran, the downing of an American spy plane, and the launching of rockets at areas in Iraq where American forces are deployed, the United States launched a cyber attack on Iran (the resulting damage is unclear), heightened its naval presence in the Gulf, began to increase its deployment in outlying countries, and is trying to create an international coalition to protect Gulf waterways. More recently, an Iranian tanker transporting oil to Syria was detained in Gibraltar; in clear retribution, and in accordance with the policy announced by Supreme Leader Khamenei, Iran seized a British tanker in the Strait of Hormuz. Furthermore, dual nationals in Iran – holders of British and French passports – have been arrested.

Against the backdrop of tensions, mediation attempts continue with the active encouragement of US President Donald Trump; the two most recent efforts are by French President Emmanuel Macron and Republican Senator Rand Paul; Trump confirmed approving Paul's meeting Iranian Foreign Minister Mohamed Zarif when Zarif was at the United Nations. President Macron, who recently held several conversations with President Trump, including one face-to-face exchange at the G20 summit in Osaka, as well as protracted phone conversations with Iranian President Hassan Rouhani, dispatched his political adviser to Tehran in a bid to assess the possibility of opening negotiations between the United States and Iran. President Macron is reportedly examining the possibility of a "freeze-for-freeze" deal that would entail, inter alia, approval of Iranian oil exports on a scale of around a million barrels a day in exchange for Iran walking back its steps that strayed from the deal. In parallel to President Macron's direct efforts, the European effort to prevent a total collapse of the nuclear deal, and escalation in the Gulf that would be liable to spiral into military confrontation, continues. A statement issued by the European Union's High Representative for Foreign Affairs avoided designating Iran's steps in the nuclear realm as a significant violation of the deal, and emphasized the importance of continuing to preserve the agreement.

Apparently there are differences of opinion in both the United States and Iran as to the policy that should be pursued in the coming months:

- President Trump has set a limited goal that is mainly about persuading Iran to come and negotiate without preconditions, while repeatedly making clear that he

does not want regime change in Iran and is even prepared to help the current regime improve the economy and the situation for the Iranian population – if only they agree to a new deal that would ensure Iran does not have nuclear weapons. In addition, Trump has not concealed his eagerness to avoid military conflicts. In contrast, Secretary of State Pompeo published 12 points detailing demands of Iran in various areas, including surface-to-surface missiles, regional policy and aid to regional allies, and human rights. Meanwhile, National Security Adviser Bolton believes that only toppling the current regime in Tehran can end Iran's malign policy. In any event, it does not appear that the US administration has an alternative plan when faced with Iranian determination to contend with the economic sanctions while continuing to undermine the terms of the nuclear deal.

- In Iran, a dispute is underway between two main positions. One, which is apparently represented by President Rouhani, argues that the continued isolation of the United States and the secured support of other parties to the nuclear deal, chief among them the Europeans, serve Iran well until it becomes clear who will occupy the White House come January 2021. The counter-position, of the radical-conservative camp – which from the outset regarded the nuclear deal as a mistake – presses for a confrontational policy that would include advancing in the nuclear field alongside steps that would make it clear to the United States and to the entire world the cost of escalation in terms of oil prices, as well as the consequences for the other countries in the region that would become part of a comprehensive regional confrontation, should that develop. Supreme Leader Khamenei, aligned more closely with the positions of the conservative camp, had misgivings about the deal from the outset even though he gave it his blessing, and his public position has been that there is no trusting the United States, which is unreliable. The policy that is now implemented pursues incremental and cautious escalation, both in the nuclear realm and in the regional realm, with an emphasis on the Gulf region. At the same time, in its statements and conduct the Iranian regime has made clear that despite the express public willingness to hold a dialogue with the United States on condition that it removes the sanctions and re-enters the deal, and despite the permission granted Zarif to meet Senator Paul, any action against Iran will prompt a response. Furthermore, Iran sees its continued withstanding of the American sanctions as correct policy in light of Trump's fierce desire for negotiations, as well as a means of gathering bargaining chips if/when talks begin.

Looking ahead, the two likeliest scenarios remain what they were. One is protracted confrontation between the sides within the current parameters of heavy American sanctions met with provocative actions by an Iran adopting the “economy of resistance” proclaimed by the Iranian leader. The second is a return to negotiations whose format

could be bilateral, US-Iranian, within the framework of the JCPOA team, or a new framework that would differ from that spearheaded by President Barack Obama, whom Trump sees as having signed “the worst deal in the history of the United States.”

Yet besides the main scenarios, the sides may end up in violent confrontations, either localized or broader, and mainly in the Gulf region. Their mutual lack of interest in military conflict is offset by the dynamic between them, with a possibility of provocations, and even more, miscalculation by Iran, which currently discerns a clear lack of interest on the part of President Trump in military moves and is liable to take the situation “a step too far.” Such a confrontation, which can be expected to focus mainly on the Gulf, and could be the prelude to or the outcome of any development in the dynamic between the sides.

For its part, Israel needs to prepare for these two scenarios. The first and perhaps the most dangerous, from its standpoint, is a continued exacerbation of the current situation, which would mean that the sanctions do not bring the sides to negotiations and Iran continues to stockpile uranium and perhaps even increase the scope and level of enrichment. The result is a significant reduction of the timeline to a possible “breakout” to a military nuclear capability, per an Iranian decision. As for the second scenario, the opening of negotiations, the question is whether Israel’s interest be better served by a “grand deal,” or by a deal on the nuclear issue only. A broad deal would have two inherent dangers for Israel – a protracted timetable and negotiations entailing tradeoffs between various issues, and not necessarily in alignment with Israeli interests. In any scenario, Israel should be mindful of possible gaps between its interests and those of the United States. The assumption a priori needs to be that today, too, Israel and the United States do not share identical stances on red lines vis-à-vis Iran.