

A Framework of Understandings between the United States and Iran: The Significance for Israel

Tamir Hayman and Eden Kaduri | No. 1742 | June 29, 2023

In recent weeks there have been reports of contacts between the United States and Iran to formulate a framework of understandings, whereby Tehran will agree to certain restrictions on its nuclear program and release Americans detained in Iran. In exchange, some of the sanctions will be eased, including the release of Iranian funds frozen overseas. If these understandings materialize, Iran will enjoy a considerable financial benefit and will also be able to retain the fissile material it has accumulated. For the United States, these understandings delay the need to take action against Iran. This article analyzes the significance of the framework and discusses how Israel might leverage it to promote its own interests.

In May 2023, [Defense Minister Yoav Gallant](#) revealed that “the Iranian nuclear program is more advanced than ever before.” He said that Iran possesses enough uranium enriched to 20% and 60% for five nuclear bombs. The continued progress of the Iranian nuclear program highlights Israel’s predicament regarding Iran, given the failure of its strategy to prevent Iran’s nuclearization.

In recent weeks contacts between the United States and Iran were revealed on the formulation of an ["informal, unwritten agreement"](#) whereby the Iranian nuclear program will be restricted, and Iran will commit not to enrich uranium beyond the 60% level and not to accumulate more material at this level of enrichment. In addition, three Americans jailed in Iran since 2015 on espionage charges will be released, and Iran will be required to cooperate with the IAEA inspectors and refrain from attacking US forces in Syria and Iraq. In addition, Iran [reportedly](#) will be required to cease selling

ballistic missiles to Russia; in exchange, the United States will agree to release Iranian dollar assets. Estimates of January 2021 indicate \$10 billion are frozen in Iraq, about \$7 billion in South Korea, and similar amounts in the United States, Oman, China, and Japan. These funds are called “frozen funds,” as they are held in bank accounts that Iran cannot access directly due to sanctions imposed by the US for the sale of crude oil. There are also reports of a [prisoner exchange agreement](#) between Iran and Belgium, brokered by Oman, and [payment of a \\$2.76 billion debt to Iran by Iraq](#), with the approval of the United States.

These are minor steps for Iran when compared to the concessions demanded in order to return to the 2015 nuclear agreement – the JCPOA – and they signal its readiness for compromise, without forcing it to cede its progress and achievements to date in the nuclear realm. At the same time, the recompense that Iran receives in the framework of the understandings is minor in comparison to the terms of the JCPOA, since it is still subject to economic sanctions.

The existing severe economic situation in Iran continues to deteriorate and Iran needs tens of billions of dollars in aid to stem its rising inflation – and the ensuing public protests. For Tehran, the simplest way of dealing with the challenge is to demand a compromise over the frozen funds. On the other side of the negotiating table, the Biden administration declares consistently that it is ready to promote diplomatic contacts and is interested in a deal that will allow it to turn its attention and resources to other urgent issues on the national agenda – above all the technology war against China and the start of the presidential election campaign. The framework of understandings reflects the US view that the geopolitical changes and Iran’s refusal to dismantle its accumulated nuclear capabilities prevent it from signing a nuclear agreement, and thus at this stage, a signed agreement seems highly unlikely. Therefore, the administration seeks a more limited deal, which will buy it time. At a later stage, the administration may try to broaden the deal and even leverage it for a return to direct talks about reviving the official agreement.

Establishing Iran's Status as a "Nuclear Threshold State"

According to the emerging framework Iran will continue to be a "nuclear threshold state," since it does not include restrictions on its capabilities but rather freezes those capabilities, thus recognizing it as a "threshold state" with the consent of the US, and without sufficient guarantees to ensure that it will not break out to a nuclear capability. The status of "threshold state" means that Iran will retain the option of gaining nuclear weapons within a short time, when it decides that conditions allow – or in its view, oblige – it to break out to military nuclear capability. This creates an ongoing threat to Israel, with no expectation of dismantling this capability.

In Jerusalem, there are fears that implementation of the understandings between Iran and the United States will reduce Western economic pressure on Iran and perhaps even lead to a broader nuclear agreement that will be a lifeline for Tehran's economy, with no guarantees of halting or dismantling the nuclear program. Indeed, Iran will receive funds that could amount to some \$20 billion of the frozen funds. Presumably, most of this amount will be earmarked for internal needs, and for economic rehabilitation, while only a small part if any will be channeled toward military buildup and regional entrenchment. This assessment is reinforced by US mechanisms for controlling the funds – since it has been reported that [the money will go to accounts that Washington can monitor](#). Nevertheless, it is not impossible that Iran will manage to bypass US oversight in order to support its efforts to grow more powerful.

The Framework of Understandings: The Lesser Evil

Today, some five years later, it is clear that President Donald Trump's unilateral withdrawal from the JCPOA was a strategic error. Since then, Israel's strategic position in the face of the Iranian nuclear threat has deteriorated, and continued Iranian buildup on the current trajectory is dangerous. Therefore, any change in Iran's direction is positive. However, officials in the security establishment [were quick to declare](#) that Israel is opposed to any accord that does not include a demand to "dismantle all Iran's capabilities." They say that "a good agreement should take Iran backwards, not freeze the situation." Political figures in Israel boast about

the pressure they put on the United States in recent years and continue to exert not to return to the deal with Iran, in hopes of achieving a better agreement. But both the political and the security echelons in Israel must understand that the window of opportunity for reaching such an agreement has closed, and further Israeli obstinacy over “a better agreement” will only make things worse.

True, the emerging understandings are far from resembling the 2015 nuclear deal and do not purport to resolve the Iranian nuclear problem, but any change in the current trend, and above all any restriction on the Iranian program is a positive step for Israel, preferable to the existing situation, which means Iranian progress toward a nuclear weapon with no restraining mechanisms. The framework will stop Iran from accumulating more than 60% enriched material or enriching uranium above this level – an important achievement that must not be treated lightly.

Recommendations for Israel

First, Israel must understand that taking no action is the worst strategic option of all existing options. Therefore, it should support US efforts to promote the framework of understandings, and not continue to oppose these efforts in the hope of a better outcome. Israel must use the time granted by the emerging framework to make better preparations for facing the nuclear program, in terms of operational effectiveness and in terms of Israeli deterrence.

Israel is leaning more and more to the “self-reliance” approach, and indeed, it must continue to develop its independent military options. However, a military threat supported and led by the US intensifies the threat and its deterrent effect. The relative decline in relations between Israel and the United States due to disagreement over the government’s proposed judicial overhaul and conflict over the Palestinian issue and expansion of the settlements, has reduced the effectiveness of the joint military threat. In this context, inviting Prime Minister Benjamin Netanyahu to the White House is necessary to strengthen deterrence against Iran. Yet in view of the new understandings between Iran and the United States, Israel, more than

ever, must work to reinforce its cooperation with the administration on the nuclear issue and bridge the gaps that have recently grown wider. Israel must stand with the United States in its struggle against Iran, even if the newly emerging framework is not ideal from its perspective.

Recognition of Iran as a nuclear threshold state requires suitable military preparation by Israel. However, perhaps there is also an opportunity for Israel to gain something from the US in return for its support, namely, security assistance that will help to secure the quality of its military edge for many years, linked to dealing with the Iranian nuclear threat. Such rewards could be combined into the Memorandum of Understanding on security matters between Israel and the United States, due to be renewed in 2028. A further reward for Israel would be the promotion of normalization with Saudi Arabia, especially if the US administration accepts the Saudi threshold demand for control of the uranium enrichment cycle, that is, US approval for enrichment of uranium in Saudi Arabia (for Riyadh, the new understandings with Iran mean that the United States has accepted the fact of Iranian control of the enrichment cycle, and therefore as the Saudis see it, there is nothing to prevent their also having such control).

At the same time, Israel should continue to pressure the US with a demand for concrete guarantees to block possible progress in the Iranian nuclear program. Jerusalem should also prepare for additional future contacts between Iran and the United States, since there is a possibility that the current understandings will act as an opening for the future. It would be best for Israel at this stage to demand guarantees that, in the event of future contacts between Iran and the US, will yield something from Washington in return, relating to the security of its borders and its ability to deal with potential threats. Ultimately, Israel must prioritize the Iranian threat over all other challenges, including the judicial overhaul, to enable optimum preparations for handling its most significant threat.

Conclusion

Continued Israeli opposition to any type of arrangement or agreement regarding the Iranian nuclear program harms Israel's ability to implement

effective policy in collaboration with the United States in order to prevent an Iranian nuclear breakout. Of course a binding nuclear agreement would provide guarantees to prevent Iran from crossing the nuclear threshold, making a non-binding framework unnecessary. But in the choice between the bad options facing Israel – the continued strategic predicament regarding Iran or the emerging understandings between Iran and the United States – the latter is preferable, since they are intended to restrict Iran's capabilities and, to a large extent, stop its progress toward a nuclear weapon. Maintaining the special relations with the United States is an essential component of Israeli deterrence against Iran. Therefore, Israel must support the US policy, especially in the context of US contacts with Iran, in order to strengthen its ability to deal with the shared military threat. At the same time, Israel must work on the option of maximizing gains, both in the framework of its security arrangements with the US and in the face of the emerging understandings with Iran and any future agreements.

Editors of the series: Anat Kurtz, Eldad Shavit and Judith Rosen