

Iran's Strategic Nuclear Dilemma

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Two central pillars of Iran's security perception have been undermined since its war with Israel: First, its nuclear program has suffered a severe blow, and second, the "resistance camp" of its regional proxies has been weakened to the point that, for now, it cannot stand by Iran's side. Tehran must now formulate its nuclear policy under intense time pressure—caught between President Trump's ultimatum and the threat from the European countries (the E3) to renew the UN Security Council sanctions by activating the "snapback" clause. Both deadlines converge at the end of this month. Returning to negotiations with Washington would mean admitting the utter failure of its current policy and giving up its uranium enrichment—something Iran refuses to do. But failing to reach an agreement with the United States would lead to renewed and potentially heightened sanctions while also leaving open the risk of another attack. In this strategic deadlock, Iran has no good options. Israel prefers no agreement, partly out of concerns that any new deal would be worse than the previous one. However, this scenario would leave both Israel and Iran in a state of uncertainty and without the oversight of the International Atomic Energy Agency, while Iran's motivation to acquire a nuclear weapon continues to grow.

The 12-day war between Israel and Iran, which severely damaged Iran's nuclear program, has shaken Tehran's security perception. This perception rested on two central pillars. The first is a gradual, secure progress toward becoming a nuclear threshold state, ultimately allowing for the option to produce nuclear weapons. The second is the "proxy concept," in which regional actors would pose a direct threat to Israel and deter it from attacking Iran. The joint Israeli and American strike on Iran's nuclear facilities exposed the failure of both pillars at once.

In the aftermath of the Israel–Iran war, Iran's regime must reassess all aspects of its policy, especially nuclear policy, which is now the most urgent. Two major issues are on the table for decision under a very tight deadline.

After the attack on its nuclear program, Tehran announced that it would end cooperation with the International Atomic Energy Agency (IAEA), while emphasizing that it was not withdrawing from the Non-Proliferation Treaty (NPT). It soon became clear that ending cooperation with the agency was harming Iran. In response, an IAEA delegation, led by the agency's deputy director, visited Tehran on August 11 for one day, aiming to establish parameters for continued monitoring of nuclear activities. Iran, however, has already stated that the delegation would not be allowed to visit nuclear sites. Given the significant damage to its nuclear facilities, it remains entirely unclear in which direction Iran will take its relations with the IAEA.

In parallel, the question of whether to renew negotiations with Washington over a nuclear agreement is back on the agenda after talks were cut short by Israel's attack on the eve of the

sixth round of talks with Washington. This issue is particularly important because two deadlines are approaching. On the one hand, there is the August deadline set by President Trump. On the other, France, Germany, and Britain (the E3), partners to the original 2015 nuclear deal, have warned that if no agreement is reached by the end of August, they intend to trigger the “snapback” mechanism of reinstating the UN Security Council sanctions on Iran, which are scheduled to expire on October 18.

This intense pressure comes as Iran’s political and security leadership is dealing with both the military and political ramifications of Israel’s attack and a deepening economic crisis—perhaps the worst in decades—which has exposed the regime’s inability to ensure a steady supply of water and electricity for its residents. Against this backdrop, Iran’s steps so far have combined:

Projecting “business as usual.” Senior officials have traveled abroad and participated in regional and international conferences. For example, Iran’s Foreign Minister Abbas Araghchi visited Russia, Saudi Arabia, and China; President Masoud Pezeshkian went to Pakistan; and the new defense minister visited Russia and, earlier, China, where he attended the Shanghai Cooperation Organization (SCO) defense ministers’ meeting.

Initial organizational steps to improve security preparedness for possible future escalation scenarios. In this framework, Ali Akbar Ahmadian, secretary of the Supreme National Security Council, was replaced by Ali Larijani, who held the role from 2005 to 2007, during which he led nuclear negotiations with European countries and later served three terms as speaker of the Iranian Parliament. The regime also announced the re-establishment of the Defense Council, composed of senior military and security officials and chaired by the president, like the body that managed military decisions during the Iran–Iraq War in the 1980s.

Increased internal repression and tightened supervision. Authorities have targeted individuals perceived as threats to the regime or suspected collaborators with Israel’s intelligence network. These include Afghan refugees—about half a million have already been expelled back to Afghanistan—as well as members of other minority groups. Since the war, executions have reportedly increased, some for alleged espionage on behalf of Israel.

The nuclear-related decisions that Iran must make in the coming months are entangled in multiple—and sometimes conflicting—interests. The war made it clear to the Iranian regime, and to Khamenei personally, that the policy of negotiating with Washington under President Trump was a failure and a dangerous trap. The war reinforced Khamenei’s long-held assessment that the United States seeks regime change rather than a nuclear agreement. Moreover, returning to a nuclear deal under harsher terms for Iran dictated by Washington would, in the regime’s view, constitute an admission of the total failure of its policy pursued until now, which led to the war and the severe damage inflicted on the achievements of the nuclear program.

Under these circumstances, it is difficult to assume that Iran would accept the Trump administration’s demand for a complete halt to uranium enrichment on Iranian soil. Even if such an agreement were reached, it would only sharpen the question already being raised among the public and within the regime’s political base: Why was this step not taken earlier in a way that could have prevented the war altogether?

Conversely, Iran faces the prospect of UN Security Council sanctions being reimposed if no nuclear deal is reached with Washington. Renewal of sanctions would require all states to comply, most importantly through a ban on arms and missile trade with Iran—two restrictions lifted in recent years, the reinstatement of which would hinder Iran’s efforts to rebuild its air defense system, ballistic missile arsenal, and other damaged military capabilities that depend on foreign components. At the same time, Iran would be prohibited from selling missiles to its regional proxies, although the international community was unable to successfully enforce this in the past. Added to these challenges is Iran’s acute economic need for sanctions relief, which would only be possible through a nuclear agreement with the United States. Beyond these considerations, familiar from previous negotiations, there is now a new and critical incentive: preventing the risk of another attack in the absence of an agreement.

Iran’s policy so far has been an attempt to “dodge bullets.” Its agreement to host an IAEA delegation signals a possible willingness to resume inspections, even though the scope and locations of such inspections remain unclear at this stage. Even if an agreement is reached, it would take a considerable amount of time before the agency could fully assess the condition of Iran’s nuclear sites, and it is doubtful whether conclusions could be reached about the total enriched material remaining in the country. In a meeting with the E3 held in Istanbul on July 25, in a bid to avert the renewal of sanctions, Iran reiterated its threat to withdraw from the NPT. As a result, a new possibility emerged of postponing the activation of the snapback mechanism by six months. Reports on this matter are contradictory, and Iran’s position remains ambiguous. Several Iranian sources claim that Iran rejects any postponement and demands that the mechanism not be activated at all. However, a delay could be possible if it gains the support of the UN Security Council members—particularly Russia and China, which both have veto power over any new decision and whose stances are likely to result from Iran’s own position. Senior Iranian officials repeatedly emphasize that Iran will not give up its right to enrich uranium, even if interim arrangements are possible. Additionally, they have raised a new demand—compensation for the damage caused by the Israeli and American attacks on Iran’s nuclear sites.

At this stage, the prospect of a nuclear deal between Iran and the United States appears to be in diplomatic deadlock. Some attribute the stalemate to President Trump’s loss of interest in resuming negotiations since he has claimed the nuclear program has been obliterated and no longer exists. It is also unclear how much coordination there is between Washington and the Europeans on the snapback issue. On the eve of the Istanbul meeting, however, European officials reportedly held talks with US Secretary of State and National Security Advisor Marco Rubio.

Given these conditions, Iran has few viable options for resolving the crisis over its nuclear program. The tight timetable leaves only about three weeks for decisions. Even if some parties, particularly Iran and the European countries, wish to avoid the renewal of UN Security Council sanctions, without any decision toward negotiations, the Europeans will find it difficult to prevent their reinstatement. Iran’s threat to withdraw from the NPT has also lost much of its operational significance, given the severe damage to its nuclear sites. Moreover, it

contradicts Iran's invitation to the IAEA to hold talks—an Iranian gesture signaling to the West a willingness to return, at least partially, to its previous policy.

The absence of a nuclear deal has two main consequences: the lack of IAEA oversight, which provides insight into Iran's nuclear program and, more importantly, limits its activities; and the increased possibility of secret progress toward a breakout capability, now seen in Tehran as the central element of future deterrence.

Against this backdrop, the *Wall Street Journal* reported that Israel's prime minister made it clear to President Trump in their most recent meeting that Israel would take military action to prevent the restoration of nuclear and ballistic missile sites damaged in the war. Aware of this scenario, Iran has threatened a harsh response, and it is expected that Iran will invest maximum efforts in restoring its missile capabilities to be optimally prepared for retaliation against Israel. At this point, a significant gap could emerge between Israel and the United States, as it is doubtful that the US administration would accept another round of war between Israel and Iran, which could also harm the Gulf states and the oil industry.

Israel has no interest in an Iranian–American agreement for several reasons. Lifting sanctions could allow Iran to refill its coffers, enable arms purchases, and strengthen its proxies, many of which urgently need assistance. Renewed dialogue between Tehran and Washington could also result in a less favorable deal from Israel's perspective while still leaving Iran options for resuming progress toward nuclear capability—possibly under a different US administration. Moreover, Israel recognizes that an agreement would restrict its flexibility to carry out preventive measures, whether kinetic or covert, against Iran's nuclear program, except in the event of a breakout toward a nuclear weapon. For these reasons, Israel prefers to maintain massive economic pressure on Iran, which, in certain scenarios, could destabilize the regime.

In conclusion, Iran faces a strategic dilemma. It must decide on its next nuclear steps within a very short time frame. Its options range from a rapid return to negotiations with Washington (likely contingent on accepting US preconditions) to requesting a delay in the activation of the snapback, perhaps in exchange for renewed IAEA oversight. Alternatively, Iran could retaliate by withdrawing from the NPT once the snapback is triggered. At present, the Iranian leadership appears reluctant to take overtly defiant nuclear steps, but it is likely considering future options based on the enriched material still believed to be in its possession. As noted, none of the options are ideal, and Iran will likely favor courses of action that buy time, minimize risks to the regime, and may even involve a return to indirect negotiations with the United States.

Editors of the series: Anat Kurtz, Eldad Shavit and Ela Greenberg