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**The Nuclear Agreement with Iran, One Year On:
An Assessment and a Strategy for the Future**

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It is over one year since the nuclear agreement between the world powers and Iran was signed, and an analysis of Iran's behavior over the past year strengthens the INSS assessments that in the short term the agreement poses only moderate risks. This analysis also points to several principles regarding an updated strategy that should be formulated for the long term, and estimates that the agreement will pose new, significant challenges for Israel.

First, it is important to note what did *not* happen over the past year, particularly the extreme scenarios that did not materialize, despite the dire forecasts sounded during the political debate regarding the agreement. Supporters of the JCPOA maintained that in addition to a complete arrest of Iran's progress toward a nuclear weapon, approval of the agreement could serve to strengthen the pragmatic Iranian political camp led by Hassan Rouhani, and even to moderate Iran's hard-nosed stance against the West and Israel. In contrast, opponents of the JCPOA estimated that Iran would not live up to its commitments to disassemble its nuclear program. They also emphasized the immediate threat of Iran's construction of a conventional military force and increased Iranian support of terrorism, based on the billions of dollars that would be immediately injected into the Iranian economy as a result of the agreement and the lifting of sanctions. One year after the signing of the agreement, it is clear that these scenarios were not realized.

The optimistic forecasts regarding positive changes in Iranian policy were based on an overestimation of President Rouhani's power and influence within the Iranian political system. Without question, the strongest figure within the Iranian system is the Supreme Leader, Ali Khamenei, who possesses the power to disqualify candidates who vie for political posts and, by doing so, to shape the country's senior echelons. He is also the sole decision maker in the realm of foreign relations and security, including the nuclear realm. The results of the Iranian elections that were held in February 2016, which initially appeared to herald a positive change, actually led specifically to the appointment of figures from the conservative camp supported by the Revolutionary Guard. The most salient example is the choice of Ahmed Jannati, who was elected chairman of the

Assembly of Experts, which is likely to choose the next leader of Iran. Although the Iranian political system is complex and allows the President a degree of independence, particularly with regard to domestic matters, his ability to lead a process of genuine political change or bring about change in Iranian foreign affairs and security policy, against the will of the Supreme Leader, is minimal at best.

The chilling predictions of hundreds of billions of dollars flowing into Iran and of clandestine and open Iranian violations of the nuclear agreement presented extreme scenarios that in theory might have been realized but that in fact contravened the prevailing reality. For Iran to receive hundreds of billions of dollars into its economy, it would need to persuade large numbers of investors that the agreement transformed the Islamic Republic into a secure site for investment. However, changing the attitudes of investors is a slow and difficult process. As long as the stability of the Iranian economy remains in question in light of regional instability and the internal state of affairs in Iran itself, Iran will find it difficult to significantly increase foreign investment within the country. In addition, Iran must also work toward the lifting of the international sanctions that are not related to the nuclear program, which were imposed due to Iranian support of terrorism, its missile program, and its regime's violation of human rights. As long as these sanctions stay in place and some of the limitations on the Iranian economy remain intact, many investors will continue to regard it as unstable.

The more pessimistic scenarios, of an Iranian failure to honor the agreement or a secret effort on the part of Iran to advance its nuclear program, were based on a flawed reading of Iranian strategy. Tehran's policy in the nuclear realm is extremely cautious and risk-averse. In the nuclear agreement, Iran succeeded in establishing its status as a legitimate nuclear threshold state and is unlikely to endanger this status unless it feels confident in its ability to cross the nuclear threshold without the international community able to stop it. In the absence of such an opportunity in the coming decade, Iran can be expected to take advantage of the nuclear agreement to advance its research and development apparatus in the nuclear realm and its missile program (including the capacity to carry nuclear weapons in the future) and to strengthen its conventional military power and regional influence. During the second decade of the agreement, Iran will be presented with an opportunity to advance its nuclear program within a less restrictive framework, and can then be expected to take action to bring itself within immediate range of a nuclear weapon, after it has realized its conventional buildup and advanced other issues that were not explicitly prohibited by the agreement.

At the same time, it is important to highlight what *has* occurred over the past year, highlighting the gap between statements by the US administration prior to the approval of the agreement and the reality that was created after its implementation. In contrast to the White House's declarations that the agreement would strengthen the supervision of Iran,

the two reports published by the International Atomic Energy Agency (IAEA) in the past year included less information on the Iranian nuclear program than previous reports. Reports of dissatisfaction among some of the world powers as to the supervision of Iran are evidence of significant failures in this regard. These lapses must be considered in conjunction with the criticism of IAEA Chairman Yukiya Amano regarding UN Security Council Resolution 2231, approved after the agreement, which lifted the restrictions imposed on the Iranian nuclear program, and replaced them with those stipulated in the JCPOA for the coming decade. Amano emphasized that this decision fails to lay a broad legal foundation, as created by the Security Council decisions that preceded it.

Another gap pertains to the US administration's commitment that the agreement would facilitate the address of past Iranian military activity in the nuclear realm. However, the concluding IAEA report states that Iran failed to cooperate with the international agency and provided no new significant material. Hence, the agreement has not served to enhance the existing knowledge regarding the military dimension of the Iranian nuclear program. Last month, a German intelligence report drew attention to the fact that Iran continues to acquire technology that can also serve in the development of its military nuclear capabilities. This report primarily illustrates the difficulty of supervising Iranian conduct, which again, is cautious and refrains from blatant violations of the agreement, and instead takes advantage of the "grey areas." This strategy is implemented more intensively and publically in the Iranian missile program: although the continuation of the missile program does not constitute a violation of the nuclear agreement, it runs counter to the spirit of the Security Council resolution that was passed in the wake of the agreement. This Iranian conduct has been criticized by the leaders of the world powers, and although the missile program is not covered by the JCPOA, if Iran decided to break out toward a nuclear weapon, its missile capabilities will be a central component of its ability to translate its nuclear accomplishment into a military threat.

In the face of this strategy, the United States and Israel would do well to formulate a joint means of addressing the situation, grounded in a parallel agreement, based on the demarcation of a clear public red line: that as long as the current Iranian regime does not change its subversive policy in the region, its support of terrorism, and its rhetoric regarding Israel's erasure from the map, both countries will be committed to decisive action to prevent it from gaining close proximity to the nuclear threshold. To this end, the Israeli government must conduct an intimate, secret dialogue with the next US administration, which in addition to clarifying the points of disagreement between the two countries, will map out areas of agreement vis-à-vis possible scenarios and coordinate joint responses.

In the short term, the United States and Israel must continue to develop intelligence mechanisms to monitor Iran's implementation of the agreement that facilitate quick

detection of violations, alongside, and in coordination with, the international bodies that are responsible for supervision. It is also important to reinstate the two levers that brought Iran to the negotiating table in the first place: the threat of sanctions, primarily on the Iranian financial and energy sectors, and the military option. Just as the agreement allows Iran to exit it by expressing its intention to do so ahead of time, the United States can also exit the agreement and reinstate the previous punitive measures against Iran. Israel is not party to the nuclear agreement, and for this reason its coordination with Washington, one of the agreement's signatories, will be critical in the event of Iranian violations. The understandings between Jerusalem and Washington must include an agreement regarding American aid that will enable Israel to improve its abilities in the face of the threats stemming from the nuclear agreement.

In the long term, the United States and Israel must formulate a plan of action for the second decade of the nuclear agreement, when a large and significant portion of the restrictions on the Iranian nuclear infrastructure will be lifted. This joint plan must preserve the achievements of the nuclear agreement and deny Iran the opportunity to develop the capability to produce nuclear weapons. This can be achieved by means of an outline for a follow-up agreement to be promoted by the United States, which will make use of effective levers and prevent Iran from shortening its breakout period – that is, the amount of time it takes to produce enough fissile material for a bomb – to a few months or a even number of weeks. The future agreement will need to ensure the ability to engage in close supervision of all uranium enrichment processes and make certain that the plutonium track to a nuclear weapon is not revived. The agreement will also be required to contend with the challenge of effective detection of Iranian military activity in the nuclear realm.

However, it will likewise be necessary to prepare for the scenario in which there is no follow-up agreement. According to this scenario, the United States and Israel will need to enhance their intelligence capabilities in order to uncover Iranian military activity in the nuclear realm, in the absence of international supervision, as well as their ability to effect a quick response capable of thwarting an Iranian attempt to cross the nuclear threshold. Such deterrence capabilities could assist the diplomatic effort to persuade the Iranian regime to sign a follow-up agreement and, if this effort fails, to deter Tehran from actually producing a nuclear weapon.

Finally, the United States and Israel must formulate a means to address the threat of the proliferation of sensitive nuclear technology and the development of secret military nuclear programs by other countries in the Middle East that feel threatened by the status granted Iran by the nuclear agreement. These countries may view the nuclear agreement as a precedent legitimizing their right to an advanced nuclear program and emulate the Iranian strategy of developing the capabilities of a nuclear threshold state. They may also

attempt to cross the nuclear threshold before Iran does. Thwarting such a scenario will require close US-Israeli intelligence coordination that facilitates broad and effective coverage in the region.

The signing of the JCPOA in July 2015 created new and complex short term and long term challenges. These challenges will require cooperation between the Israeli government and the next American administration in order to advance joint American and Israeli interests in the Middle East and to achieve the main goal of the nuclear agreement: preventing Iran from acquiring nuclear weapons.

