

Implications for US strategy in the Middle East

What if there is no nuclear deal with Iran?



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EXECUTIVE SUMMARY

Hurdles of mistrust and miscalculations between Washington and Tehran threaten to prevent the revival of the Iran nuclear deal as both sides are striving to balance their regional rivalry with major global developments and their separate economic woes. Iran tends to use military harassment to pressure Washington, while the US prefers to use sanctions to pressure Tehran to concede in the nuclear talks.

The Biden administration must prepare for the aftermath of the failure to revive the nuclear deal. The rivalry between Iran and Israel could reach new heights, Russia could further expose the vulnerabilities of US policy in Syria, and Gulf countries could keep Washington at arm's length. One of the by-products of a failure of the nuclear talks could be prolonging the socio-economic crises and the election of new presidents in both Iraq and Lebanon. If the Biden administration does not come up with a clear post-talks strategy, and as the Iranian regime becomes more vulnerable

domestically, Tehran might look to gradually flex its muscles and the US could have no regional allies but Israel. The failure of the nuclear talks might be the ultimate test of the Biden administration's Middle East approach.

The continuing failure of efforts to revive the Joint Comprehensive Plan of Action, the international nuclear deal reached with Iran in 2015, but which subsequently collapsed in 2018 following the unilateral withdrawal of the US, raises questions about how the potential ultimate failure of talks renewed by the Biden administration might impact the conflict dynamics between Washington and Tehran in the Middle East.

If these talks ultimately fail, how would this affect Iran's regional policies? Would Washington have to choose between accommodating or deterring Tehran? If the latter, would President Biden's administration work with traditional allies toward achieving this objective?

It has been nearly 18 months since official indirect talks between American and Iranian officials began in April 2021, less than three months after the Biden administration took



Whether there is a nuclear deal or not, the Biden administration and the Iranian regime have a set of challenges that they must deal with.



office, vowing to restore the nuclear deal and defuse tensions with Tehran. So far, ten rounds of meetings have been held, mostly in 2021. Hope of success was raised at the latest round,¹ held in Vienna in August, during which an advanced draft agreement was exchanged. However, the subsequent Iranian response fell short of Western expectations.² There is growing domestic pressure on the Biden administration not to pursue a nuclear deal with Tehran. Last month, the Justice Department charged an Iranian operative in a suspected plot to kill former Trump administration national security adviser John Bolton, which the Iranian regime described as "fiction".³

Moreover, the Biden administration is no longer interested in a quick fix for the nuclear deal. For its part Tehran, while anxious to restore international trade, is concerned about what might happen to any agreement if Biden leaves office in two years. For these and other reasons, the nuclear talks remain in limbo. Neither side wants to end the negotiations, nor are they ready to offer significant concessions that might not be perceived as face-saving outcomes. Despite its confrontational rhetoric and regional

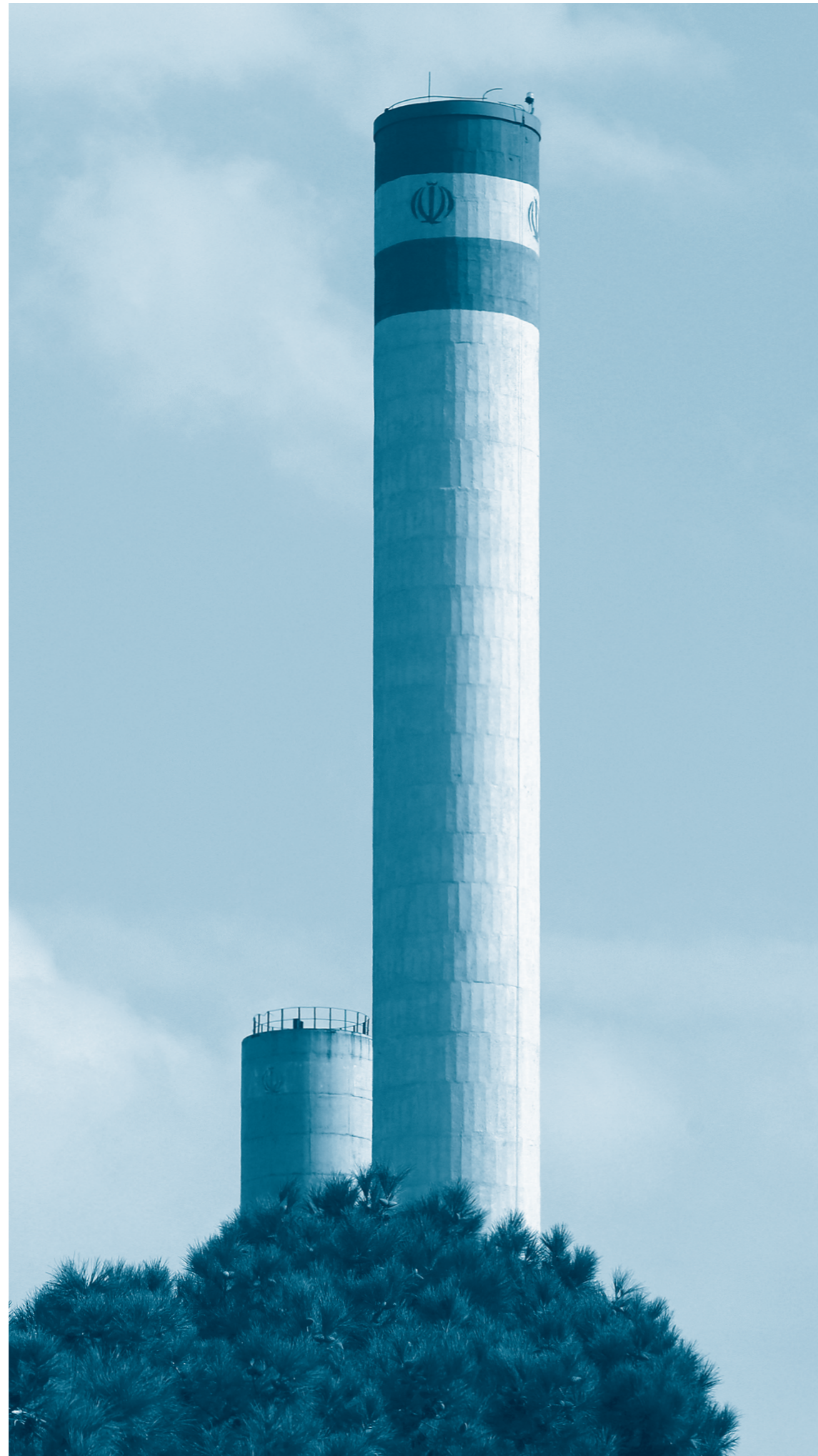
US and Iranian diplomats waiting to start a meeting at the Beau Rivage Palace Hotel in 2015 in Lausanne, Switzerland. AFP

activities, Tehran has made significant concessions, such as dropping its "red line" demand that the Islamic Revolutionary Guard Corps (IRGC) be removed from a US list of terror organizations, but it has yet to cross the finishing line.

Meanwhile, time is running out for a potential breakthrough. On Aug. 12 US special envoy for Iran Robert Malley noted that Iran was "only a handful of weeks away from having enough fissile material for a bomb".⁴ When Mossad chief David Banea visited Washington in September, he declared that Israel "will not be able to stand idly by while Iran continues to deceive the world".⁵ Growing US domestic pressure chimes with Israel's desire to take coercive punitive measures against the Iranian nuclear program, but the Biden administration's assessment is that such a move might not only end the nuclear talks but could also accelerate Iran's covert progress toward acquiring a nuclear weapon.

Moreover, the global energy shortage triggered by the Russia-Ukraine conflict changed the calculations of both the US and Iran, as the Biden administration has sought a reliable alternative to the Russian

Photo of a section of the Tehran Research Reactor taken by students to show support to Iran's nuclear program. AFP



energy supply. The Iranian regime was initially emboldened by this US urgency to mitigate the impact on the US economy of the global energy crisis. Moreover, Iran initially adopted a cautious approach to the conflict, calling for an end to the violence while avoiding a condemnation of the Russian invasion. However, it has recently become entangled in the conflict. Kiev downgraded its diplomatic ties with Tehran because of reports that Iranian drones were being used by Russian forces in Ukraine.⁶ In the past few weeks, Iranian Shahed-136 UAVs have been reportedly helping Russia to inflict losses on Ukrainian forces in the Kharkiv region (which, incidentally, is a counterbalance to the Turkish drones that are reportedly supporting Ukrainian forces).⁷ This led to the US imposing sanctions on multiple Iranian drone producers.⁸ Jake Sullivan, White House National Security Adviser, warned that “Russia deepening an alliance with Iran to kill Ukrainians is something that the whole world should look at and see as a profound threat”.⁹

IRAN'S CHALLENGE IN THE MIDDLE EAST

Tensions in the Middle East between Washington and Tehran have increased since last August against the background of the stalled nuclear talks and the geopolitical impact of the conflict in Ukraine. The Iranian regime had already been testing the Biden administration since last year by combining coercive actions with diplomatic engagement to deal with the US and its allies. Early this September Mohammad Bagheri, the Iranian military's Chief of Staff, sent a written warning to all countries hosting the US military in the region.¹⁰

Washington is seeking to balance this Iranian aggression, but its approach, primarily defensive in nature, is producing mixed results. The US military has conducted exercises with strategic bombers escorted by fighter jets from the United Kingdom, Saudi Arabia, Kuwait, and Israel. In August 2022 the US approved arms sales to Saudi Arabia and the UAE worth \$5.2 billion, which included Patriot ground-to-air missile batteries to shield Saudi Arabia from Houthi attacks and a high-altitude missile defense system.¹¹ However, key Gulf allies of the US are simultaneously continuing to engage



US Special Envoy for Iran Robert Malley speaks during a media briefing at the 17th IISS Manama Dialogue in Bahraini. AFP

diplomatically with Iran. As of July, Riyadh and Tehran had already held five rounds of talks in an attempt to mend fences,¹² while the UAE has returned its ambassador to Iran after an absence of six years. This ambivalent Gulf perspective does not only reflect skepticism about the Biden administration's ability to deter Tehran, but is also encouraged by Washington. Timothy Lenderking, US special envoy to Yemen, recently noted that “Saudis are very keen to see benefit from Iran for Yemen and for their security from those conversations, so we encourage Saudi Arabia to keep those channels open”.¹³

These emerging US-Iran dynamics are having an indirect impact in Iraq and Lebanon, where the two powers both have influence. However, there are breakthroughs that hint of further subtle US-Iranian engagement with the election of Abdul Latif Rachid as Iraqi President on October 13 while simultaneously reaching the US mediated maritime demarcation deal between Lebanon and Israel with the consent of the Iranian backed Hezbollah. Lebanon continues to be in a stalemate over electing a new president. So far, the Iranian regime has had the upper hand in both Iraq and Lebanon. It has successfully constrained the powerful religious leader Muqtada al-Sadr, whose recent announcement that he was to withdraw from politics led his supporters to storm government headquarters in Baghdad. When Iraqi foreign minister Fuad Hussein visited Tehran just before al-Sadr's announcement, in a statement the Iranian foreign ministry thanked the Iraqi government and people for “passing a major



Iranian Army Major General Abdolrahim Mousavi and Armed Forces Major General Mohammad Bagheri visiting an underground drone base. AFP

sedition”.¹⁴ Moreover, in September the IRGC fired artillery and launched drone attacks from positions in Iran against an Iranian-Kurdish militant group in northern Iraq.¹⁵ The Biden administration’s response did not go beyond issuing public statements.

Both Washington and Tehran kept their disagreement cordial so far. Iraq was able to pay the Iranian regime for imported gas despite the US sanctions.¹⁶ The US also gave pre-approval for the transfer of Egyptian gas to Lebanon to ease the economic pressure on the Hezbollah-led Lebanese political system, even though the administration has yet to certify that the deal is in compliance with the sanctions regime.

THE SYRIAN LANDSCAPE

However, it is in Syria where US-Iran tensions are intensifying. Iranian-backed militias are testing US forces with apparent Russian consent and the Biden administration is retaliating. The rate of attacks on US assets in Syria, including bases, with drones, rockets and rocket-propelled grenades, has increased in the past year.¹⁷ The pace of these attacks stepped up in the past couple of weeks, reflecting an increasing alignment between Russia and Iran despite their fragile alliance. On Sept. 21 Lt. Gen. Alex Grynkwic, commander of US Air Force Central Command, commented that “the Russian presence in Syria has become, I would argue, more aggressive since the Ukrainian invasion”.¹⁸ Interestingly, hours after Israel launched airstrikes against Iranian positions near a Russian base in western Syria, Iranian-

sponsored militias reportedly flew drones over al-Tanf, the US military base within territory controlled by the Syrian opposition in Homs Governorate on the Syrian-Iraqi-Jordanian border triangle. US Central Command retaliated by launching airstrikes on weapons depots of militias affiliated with the IRGC in Deir el-Zoor in eastern Syria.¹⁹

The US views its control of al-Tanf as crucial to disrupt Iran’s land access to the Levant, while the Iranian regime is committed to increasing its presence in Al-Boukamal and Deir El-Zoor. Al-Tanf has long been spared from Iranian-sponsored attacks on US assets, but the escalation reflects a shift in the Russian-Iranian mindset that no US assets in Syria are out of reach. It also reflects an Iranian attempt to alter the rules of engagement in Syria by making the US pay the price of Israeli attacks on Iranian targets, as a pressure on Washington to restrain Israel.²⁰

After Israel launched airstrikes on Damascus International Airport on Sept. 17, aimed at disrupting the Iranian regime’s flow of weapons to its allies in Syria,²¹ a rocket attack the following day targeted the US Green Village base in northeast Syria.²²

A previous attack by Iran-backed militias on the Green Village base, on Aug. 15, was followed a week later by US airstrikes against militant groups linked to Iran’s IRGC.^{23 24}

The US has hinted that it regards the regional dynamics as separate from the nuclear talks. On Aug. 24 Colin H. Kahl, undersecretary of defense for policy, said the US airstrikes illustrated only “our commitment to push back against Iran’s support for terrorism, militancy and the threats they engage in against our people in the region or elsewhere”, and that they “are not linked to wherever we end up on the nuclear deal”.

CONCLUSION

The OPEC+ decision to cut oil production by 2 million barrels a day has increased oil prices globally and subsequently the US economic woes ahead of the US mid-term congressional election next November, which forced the Biden administration to release an additional 10 million barrels in from US strategic reserves. Meanwhile, the Iranian regime is hedging its bets while facing myriad internal and external challenges, including protests



Members of the Syrian government forces riding over a tank flying the national flag. AFP

at home, a declining economy, and an ailing Supreme Leader, as well as US sanctions that cuts Iran off from international trade. However, Tehran still has enough bargaining cards and remains effective in using its proxies across the region. It has also been using its ties with Russia, China, and India as leverage with the West, to show that it has alternative options if the nuclear talks fail. The road map for a nuclear deal is clear, but domestic considerations in both Washington and Tehran are creating roadblocks.

Whether there is a nuclear deal or not, the Biden administration and the Iranian regime have a set of challenges that they must deal with, and a third-party, perhaps France, could help them to navigate political and socio-economic crises in Iraq and Lebanon. In Syria, the increased attacks on US assets coincide with growing US-Russian tensions over Ukraine and the stalemate in the Iran nuclear talks, which is reinforcing the shaky Russian-Iranian alignment. Relying on Israel to forcefully deter Iran could help in the short

term, but achieving long-term stability for US troops in Syria requires more permanent political and security arrangements.

In the absence of a strategy for coping with the possible failure of the nuclear talks, the Biden administration is facing a chaotic approach over the next two years that relies on a defensive posture that offers no way forward. The nuclear deal with Iran has been central to the administration’s Middle East policy and the potential failure of these talks requires an adjustment in this approach. For now, staying the course on Iran seems to be more cost-effective for the cautious Biden administration than actively deterring the Iranian regime. The White House, however, must prepare for how the regional landscape is going to look in the event of either the revival, or the ultimate failure of the nuclear deal. The Iranian regime is increasingly vulnerable at home and in the Biden administration’s calculations for now, engaging Tehran outweighs a potential confrontation.

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