

The Road Ahead on Iran Policy: Toward a Multilateral Strategy

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ABOUT THE AUTHORS



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Brief Analysis

Iran's recent actions in the region challenge the core interests of many American allies, and rallying those partners around shared objectives would give U.S. policy a better chance of success.

After two years of steadily rising tensions, Washington and its allies are now contending with dual crises in their policy toward Iran. The first, playing out in full public view, is the crisis in the Persian Gulf. The second, quieter but arguably more serious, is Iran's slow-motion abrogation of the 2015 Joint Comprehensive Plan of Action (JCPOA). In fact, the two crises are one and the same, and demand a comprehensive response from the Trump administration.

SHIFT IN IRANIAN STRATEGY

Until recently, Iran appeared content to wait out the Trump administration and weather the onslaught of economic sanctions comprising Washington's "maximum pressure" strategy. Likely calculating that a Democratic president, if one were elected in 2020, would bring the United States back into the nuclear deal, Iran surprised observers by largely adhering to the JCPOA's limits despite the U.S. withdrawal from it last year.

The Trump administration may have seen this as the best of both worlds—U.S. sanctions were being widely if grudgingly honored, resulting in profound economic stagnation in Iran, but the regime was not expanding its nuclear program or otherwise responding. Yet the policy was not having the desired effect—Iran was not returning to the negotiating table. And Tehran's stance meant that the nuclear agreement remained in place for a future president to return to, and that other states were more focused on preserving the status quo than joining the United States in punishing Iran.

So the United States doubled down on maximum pressure, announcing it would no longer issue waivers permitting other states to purchase Iranian oil. In response, Tehran—apparently sensing that waiting out Trump had become much costlier—decided to change the rules of the game. It reached for what it likely sees as its two best sources of leverage on the West: its nuclear program, and its willingness to court risk in the region, which it calculates exceeds Washington's.

Iran's main objective is uncertain. It may be trying to build leverage in advance of possible negotiations, or it may be seeking to scare the United States into dialing back the sanctions so that it can return to waiting out Trump. Regime officials know that Western leaders worry about two outcomes in the Gulf: Iranian development of a nuclear weapon, or a war with Iran. By making either or both outcomes seem more likely, Iran seemingly hopes to compel U.S. and European leaders to reconsider their policies and look for a way out of the escalating crisis. This is probably why it engages in actions that at first glance appear self-defeating, such as targeting Japanese tankers while Prime Minister Shinzo Abe was visiting Tehran, or going after British shipping even though London has spoken out against Washington's withdrawal from the JCPOA.

What seems clear, however, is that Iran will not relent; it has too much at stake economically to step down unless current circumstances change significantly. The regime's decision to **exceed the limits of the nuclear deal** (<https://www.washingtoninstitute.org/policy-analysis/view/will-iran-break-out-for-a-nuclear-weapon-and-what-can-trump-do>)—specifically, the cap on its stockpile of low-enriched uranium—is the latest and most dangerous example of this. The crisis will only accelerate as Iran's nuclear breakout timeline starts to shrink, or if Tehran comes to believe it can **act with impunity in the Gulf** (<https://www.washingtoninstitute.org/policy-analysis/view/clarifying-freedom-of-navigation-in-the-gulf>).

IMPACT ON U.S. STRATEGY

Responding to Iranian provocations in the Gulf and the wider Middle East has long been a challenge for Washington. Even after Iranian proxies bombed the U.S. embassy and Marine barracks in Beirut in 1983, President Reagan hesitated and ultimately did nothing (though he was also the exception to this trend, presiding over Operation Praying Mantis in 1988). Policymakers typically fear that any action they take could draw the United States into a war with Iran that every president since 1979 has sought to avoid.

Even if the United States does respond forcefully to the present Gulf crisis, it is not clear that Iran will be easily deterred. The logic of deterrence is straightforward—one's adversary must be made to believe that any challenge will be met with a response so severe as to make the original action prohibitively costly. But with Washington already applying "maximum pressure" in the form of economic sanctions, and with President Trump indicating clearly that he has no interest in military conflict, Iran may feel it has little to lose.

When it comes to violations of the nuclear agreement, U.S. officials—whatever their view on the deal's potential demise—undoubtedly hope that Iran's actions will lead to condemnation by other JCPOA signatories and likeminded partners. However, while many states have condemned Iran's violations thus far, they have deferred any punishment under the JCPOA, much less any efforts to abandon the deal itself or trigger snapback of multilateral sanctions. The risk for the Trump administration is de facto dilution of the JCPOA, in which Iran does not quite abide by its terms but suffers no consequences other than the sanctions Washington has already reimposed. The result could be that President Trump bequeaths to his successor a "JCPOA-minus" or a diminished Iranian breakout time rather than the improved agreement he has pledged to reach.

THE ROAD AHEAD

The instinct of U.S. officials will be to stand fast. Iran's actions could be seen as signs of desperation—signs that U.S. policy is working. Tehran has reportedly had to cut the budgets of proxies like Hezbollah, and as oil revenues

and financial reserves dwindle over time, the regime will face even greater difficulties. From Washington's perspective, Iran also knows that dashing for a nuclear weapon or directly targeting American interests will bring a devastating response.

Yet allies worry that U.S. officials underestimate the regime's capacity to hold out, as it previously has in Iraq and elsewhere. They also worry that U.S. and Iranian brinkmanship will inevitably lead to conflict even if neither side desires it, and that such a conflict will only magnify the turbulence in the Middle East and South Asia.

Yet these same allies—both in the region and beyond—largely share Washington's objectives. All are concerned about the safety of commercial shipping; none wish to see Iran possess a nuclear weapon or treat countries like Syria, Yemen, and Lebanon as forward operating bases for its terrorist and missile forces; and none wish to see a U.S.-Iran war. Many criticize U.S. policy, but they understand that their aims ultimately clash with Iran's and converge with Washington's. Britain's recent seizure of an Iranian oil tanker bound for Syria is the most vivid demonstration of this realization—London sent the message that it would oppose Iran's regional activities and enforce European sanctions on Syria despite tensions over the nuclear accord, and despite its avowed disagreement with Washington over JCPOA withdrawal.

Furthermore, Iran is doing a good job of reminding the world why the United States distrusts it. The regime has challenged the free flow of energy, a core concern for most countries. It has not only breached the JCPOA, but also reportedly been found in possession of undeclared nuclear material in a possible violation of its broader obligations under the Nuclear Nonproliferation Treaty. Add to this the regime's ongoing interventions in Iraq, Yemen, and, most ruinously, Syria, as well as the terrorist plots it is accused of hatching on European soil last year, and Tehran has not exactly cut a sympathetic figure.

This highlights an opportunity for the United States. In devising its strategy toward Iran, the Trump administration has seized upon one source of leverage: America's tremendous financial power. But it has largely neglected another: America's equally formidable diplomatic power. Iran is geopolitically lonely, but other states—even those dissatisfied with the administration's policy—still thirst for U.S. leadership and a strategy they can rally behind.

By capitalizing on these converging objectives, Washington can increase the pressure on Iran and deny it opportunities to split the United States from its allies. It can also deflate Tehran's hopes of simply waiting out President Trump, since a future administration would find it far easier to roll back unilateral U.S. actions than to toss aside a strategy that enjoys multilateral support.

The first step in this strategy is to draw up a range of retaliatory options from which President Trump can choose when Iran next targets U.S. or allied interests. Washington can then preview these plans for allies and seek their advance support should the United States be required to exercise them. To garner such support, the administration should carefully calibrate the retaliatory options to be painful yet reciprocal and non-escalatory. So far, there has effectively been no response to Iran's provocations; while President Trump is right to wish to avoid war, there are plenty of options on the spectrum between war and inaction.

Second, the United States and its allies should ensure that Iran has no easy targets. The best way to avoid escalation is to frustrate Iranian efforts to mount attacks in the first place. This means taking any additional steps available to harden the region's critical energy infrastructure, commercial shipping, and allied military and civilian installations. Recent U.S. and European efforts to bolster maritime security patrols in the Gulf are a good start, but these efforts should be combined. When Iran seized a British tanker last week, it was retaliating against the previously mentioned British seizure of an Iranian vessel seeking to circumvent the ban on oil sales to the Assad regime. Given that Washington wants allies to pressure Iran in this manner, it would be wise to back them when Tehran pushes back. Meanwhile, the United States should increase its reconnaissance and surveillance in the area so that Iran is more

likely to get caught red-handed if it strikes again. Many allies are still skeptical of U.S. intelligence because of historical baggage from the Iraq war, so they should be urged to conduct surveillance on their own as well. U.S. officials should also temporarily loosen restrictions on intelligence sharing with states like France and Germany.

Third, the United States should go further than President Trump's broad offer of meeting with Iran's leaders by making clear that it is providing an off-ramp from the crisis should Tehran wish to take it. To this end, Washington should not prevent the EU from offering Iran symbolic gestures like starting up the so-called "Special Purpose Vehicle," as long as this economic mechanism is transparent and restricted to humanitarian trade.

In addition, the United States should propose a multilateral working-level meeting to discuss the crisis, with the **twelve U.S. demands** (<https://www.state.gov/after-the-deal-a-new-iran-strategy/>) enumerated by Secretary of State Mike Pompeo and any issues Iran might raise upon being invited as a starting point for discussion. But the offer should come with carrots and sticks built in: the United States should insist, as a precondition for even organizing the meeting, that the EU and others commit to impose sanctions on Iran should it persist in violating the nuclear agreement; in turn, Washington should indicate a willingness to ease pressure if Iran demonstrates a willingness to change course. Even if Tehran declines the invitation, a meeting would prove useful in rallying allies, demonstrating that there is a purpose and plan behind the "maximum pressure" campaign.

To be sure, such an approach does not guarantee that President Trump will get the grand bargain he seeks with Iran, prospects for which remain remote—ultimately, this problem may have to be managed and contained rather than solved, at least until Tehran is prepared to change direction. But he could achieve a different and still worthwhile goal, namely, weakening the regime and its proxies by denying them resources, thereby opening new possibilities to resolve the current regional conflicts on which Iran thrives and to head off new ones. With some wisdom, the president can also avoid a full-blown crisis that might enmesh the United States in yet another Middle Eastern conflict, derailing broader plans to focus America's energy on strategic competition with great-power rivals.

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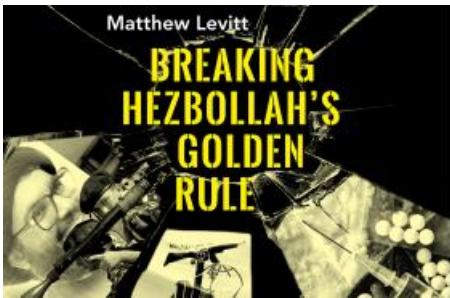
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