

**Confidential**

## RUSSIA

The circulation of this report has been strictly limited to the members of the Trialogue Club International and of the Centre russe d'études politiques.

This issue is for your personal use only.

Published monthly in Russian and in English by Trialogue Company Ltd.

Issue № 7 (257), vol.17

May 24, 2019

Andrey Baklitskiy reports from Moscow:

### THE JCPOA IS NOT DEAD YET<sup>1</sup>

#### SUMMARY

*On May 8, Iranian President Hassan Rouhani announced that in response to the latest round of US sanctions, Tehran would suspend its compliance with the restrictions on its enriched uranium stockpile agreed as part of the Joint Comprehensive Plan of Action (JCPOA) on the Iranian nuclear program. Rouhani also gave the remaining JCPOA participants 60 days to demonstrate real economic benefits of Tehran's continued participation. Should they fail to do so, Iranian President promised to resume uranium enrichment to 19.75 per cent, which is banned under the JCPOA, and to end the program of modification of the Arak reactor that will make it less suitable to produce weapons-grade plutonium, another measure agreed under the Plan.*

*Even though the United States pulled out of the JCPOA back in May 2018, the remaining participants have continued to abide by its provisions over the past 12 months. Will Iran's latest steps lead to the Plan's demise? An impartial analysis by Andrey Baklitskiy, PIR Center Consultant, suggests that the nuclear deal still has a good chance of survival.*

#### **Attack of the sanctions**

A year ago, it appeared that Washington would try to use the pressure of sanctions to force other countries to curtail their trade with Iran. But **compared to 2012**,

<sup>1</sup> This article is based on a recent paper (in Russian) by Andrey Baklitskiy, headlined "Tehran's Hopes: Why it is too early to bury the nuclear deal", published by RBC. <https://www.rbc.ru/opinions/politics/15/05/2019/5cdab0879a79478fd52c4201>

when the United States launched its previous campaign of sanctions against Iran, the **US positions for such an offensive seemed weaker**. Washington had to bracing for a stiff opposition from the European capitals. Other major buyers of Iranian crude, such as India, Turkey, Japan, and South Korea, were also unhappy with the return of the sanctions. Russia and China, the latter of which have successfully circumvented US sanctions against Iran in the past, clearly took Tehran's side this time around as well.

But against all expectation, **the United States has managed to isolate**, one after another, **major sectors of the Iranian economy**, and differences within the Trump administration have proved the only factor that slowed the advance of the sanctions. **Washington has been introducing new rounds of sanctions gradually**, giving the largest buyers of Iranian oil **temporary waivers** in order to reduce Iranian oil exports without driving the oil prices through the roof. The oil traders have obediently ceased to buy Iranian crude. Banks, including China's Bank of Kunlun, are refusing to work with clients blacklisted by the Americans. **International companies are quitting Iran**, and the **EU's new legislation** that forbids European companies to comply with the US sanctions requirements has proved completely **ineffectual**. Even **INSTEX**, the much-trumpeted European mechanism that was supposed to facilitate trade in foodstuffs and medicines (which were never targeted by the American sanctions in any case) has **failed to become operational** during this year.

### **The Iranian warning**

Iran was forced to respond. By **suspending compliance with several individual JCPOA provisions**, it is pursuing several goals. **First**, it wants Washington to understand that the **pressure of sanctions has failed** to force Tehran to make any concessions; to the contrary, it has resulted in a further **strengthening of Iran's nuclear capability**. Back in 2014, the Iranian foreign minister wrote that all the US sanctions have achieved was "Iran increasing its fleet of centrifuges from 200 to 20,000". **Second**, President **Rouhani has scored a point with the Iranian electorate and political elites**, who are unhappy with Iran's lack of response to the US pressure. **Finally**, the message was also **addressed to other members of the JCPOA**: they would have to **provide Iran with economic** (not only moral) support if they want the nuclear deal to live on.

**But of all the response options Iran had on the table, it has chosen the least drastic ones. The US ban on exports of surplus heavy water and enriched uranium from Iran has already made it impossible to comply with the respective JCPOA provisions. Rouhani's announcement has merely formalized the already existing situation. As for Iran's promise to start enriching uranium to higher levels (the amount of that newly produced uranium would probably be symbolic) and to end the modification of Arak reactor, those steps can easily be reversed should the circumstances improve.**

**The Iranian leadership seems to be sticking to its old strategy. It still has no plans of acquiring nuclear weapons; it will try to avoid a war with the United States and Israel; it will wait patiently for the end of Donald Trump's presidential term of office; and it will try to wring as much benefit as possible from the JCPOA. That is why Iran may suspend compliance with individual parts of the deal, but it is unlikely to try to create a large stockpile of enriched uranium that would be sufficient to make a nuclear device. (In 2012, Israel said that 240kg of uranium enriched to 20 per cent was the red line that, once crossed by Iran, would trigger an Israeli air strike against Iranian targets.) Neither is Tehran likely to reduce its level of cooperation with the IAEA (for the time being, Iran remains**

in full cooperation with the Agency including abiding by the Additional Protocol to its Safeguards Agreement). If an armed conflict is to be avoided, it is critically important for the international community to have a full and accurate information about the state of the Iranian nuclear program.

### **Same game, different levels**

The situation with the Iranian nuclear program is a perfect example of the game being played at several different levels. **Tehran is forced to exaggerate the significance of its latest steps** for the benefit of its **domestic audience** and its **opponents in Washington** - but that exaggeration raises alarm in the European capitals.

**In actual fact, if we put aside the issue of the Arak reactor upgrade program, the current situation is identical to the situation that should arise once all JCPOA participants have fulfilled their commitments. As any other member of the Nuclear Weapons Non-Proliferation Treaty, Iran will have the right to pursue peaceful nuclear energy development in accordance with its national interests. And to allay any concerns among the international community, the JCPOA provides for an unprecedented level of the Iranian peaceful nuclear program's transparency and monitoring by the IAEA, for an indefinite period.**

Of course, the plan behind the JCPOA also had a **second important component: a reintegration of Iran into the global economy**, which is supposed to keep the country from taking drastic steps and to demonstrate the advantages of resolving differences through diplomacy. But **discussing that particular agenda will not become possible until after the 2020 US presidential election** at the very earliest.

Nevertheless, **even if the JCPOA survives in some shape or form until 2021, new crises cannot be ruled out**. The foreign-policy wing of the Trump administration, led by John Bolton and Mike Pompeo, will continue to ramp up the pressure on Iran from all possible directions, from designating parts of the Iranian military as terrorist organizations to engaging in "aircraft-carrier diplomacy". The use of intelligence data by the Americans to justify their policies increasingly **resembles** the events that preceded the **US invasion of Iraq**. On the other hand, the Iranian military is capable of **asymmetric responses** in the region. No-one has claimed responsibility for the recent attacks on Saudi and Emirati oil tankers in the Gulf of Oman, but it's not difficult to imagine that should the need arise, **Iran could paralyze oil export flows of his adversaries through the Strait of Hormuz**.

**Any military skirmish between the United States and Iran could easily escalate into a full-blown armed conflict. For Tehran, such a conflict would be a final argument in favor of acquiring a nuclear arsenal, international agreements be damned.**

---

Author: Andrey Baklitskiy, PIR Center Consultant  
Editor: Elena Sinitsyna

(c) Trialogue Club International: [trialogue@pircenter.org](mailto:trialogue@pircenter.org);  
(c) Centre russe d'études politiques: [crep@pircenter.org](mailto:crep@pircenter.org)  
Moscow, May 2019