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# Track 1.5 Dialogue on Iran, the JCPOA and future scenarios

Workshop report

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## Introduction

In April 2023, the European Leadership Network (ELN), with support from the Rockefeller Brothers Fund (RBF), convened a Track 1.5 Dialogue at Chatham House in London that brought together a wide range of European, American, Asian and Iranian experts, as well as current and former diplomats, to assess the dimensions of three possible scenarios in the event that the JCPOA cannot be revived: resumption of nuclear negotiations, building regional solutions, and regional conflict. Key findings by the participants differed in important ways from a similar ELN convening held six months ago, indicating that the situation both in the region and globally has moved on in material and symbolic ways. In particular:

- The original JCPOA is unlikely to survive as drivers for the different players have evolved. Priorities in the West and Iran have changed, regional détente in the Gulf has grown, and the perception that the world is becoming more multipolar is encouraging rising powers to be more active in the region. A new approach to nuclear diplomacy is now needed that addresses different questions and incentives, including regional collective security.
- Iran is now seen by many as a threshold nuclear-weapon state. This is a major strategic setback for the P5+1 negotiators, especially the European states who have done the most to try to restore the JCPOA in recent years. The rise in Iran's nuclear capabilities adds to a wider set of pressures on the global non-proliferation regime.
- New dialogues between Iran and Western negotiators, between Iran and its Gulf neighbours, and between Iran and China are opening opportunities for alternative solutions to regional security dilemmas. Moreover, neither the US nor Iran are yet prepared to take the blame for killing the JCPOA, and it has been confirmed that indirect talks between the two have resumed.
- In the interim, the JCPOA provides a useful reference point while talks continue.
- The red lines that would trigger conflict between Israel and Iran appear to be clear: Iran cannot breach the 90 per cent enrichment threshold, nor supply arms directly to Hezbollah through Syria, and Israel cannot use either Saudi Arabian or Azerbaijani airspace to mount an attack on Iran.
- Although a shadow war between Israel and Iran has grown in intensity, with clearly stated US support for Israel's actions, neither side currently sees outright benefit in crossing the line into open conventional warfare.

## Scenario 1: Resumption of nuclear negotiations

Reviving the JCPOA in its original form no longer appeared viable to most participants. Two different approaches to nuclear diplomacy over the past year have proved unsuccessful. These were described as “more for more”, which would have increased the scope of the deal to cover Iran's missiles and militias along with new sanctions-lifting guarantees; and “less for less”, an interim deal to reduce levels of Iran's enrichment in exchange for narrow sanctions-lifting and/or access to foreign reserves. Both options encountered insurmountable hurdles. On “more for more”,

Iran did not see US promises of sanctions relief as credible and sought political guarantees that the US was unable to give. On “less for less”, the bargain was likely to be unstable, eventually tipping into managed but inevitable escalation.

## **Status quo**

Instead, “No Crisis No Deal” was the catchphrase most often employed by experts and diplomats to describe the new status quo: Iran has increased its enrichment levels, reaching the status of a nuclear threshold state, and the US has maintained its maximum level sanctions, making no concessions including for humanitarian purposes. There has been no strong US-driven move to punish Iran for its nuclear expansion, and Iran has continued to welcome IAEA inspections under the NPT while still declaring it is ready to negotiate further.

What’s more, neither the US nor Iran, participants noted, appears prepared yet to take the blame for killing the JCPOA. Both care about their international reputation, albeit with different audiences. As such, both have undertaken relatively discreet gesture-for-gesture steps to ensure stability during a period when neither has much incentive to put renewed negotiations high on the agenda. The US has not pursued rigorous secondary sanctions enforcement, enabling Iran to sell significantly higher levels of oil than it officially should. At the same time, Iran, in revealing briefly that it is capable of enrichment to close to 90 per cent, has indicated, as one participant noted, that its choice not to breach the nuclear threshold is a political rather than a technical one.

This gives both sides a window to focus on domestic concerns. For the near term, US attention is diverted to its 2024 presidential campaign, during which one participant expressed the view that President Biden “doesn’t want this anywhere near his desk”. Meanwhile, in Iran, the near-term focus is on strengthening the resilience of its economy to dampen internal unrest and immunise its economy from sanctions.

Neither the US nor Iran, therefore, have been incentivised to restart formal negotiations, as is also the case for the Europeans. On the one hand, Iran’s harsh crackdown on the women-led protests over the winter, and its provision of drones to Russia’s invasion and occupation of Ukraine, have reduced the West’s ability and willingness to compartmentalise the proliferation risks from human rights concerns. “For us, it’s become an identity problem”, one European Union participant observed, as the domestic problems in Iran have become a domestic issue in European countries. This linkage has changed the nature of the negotiations by adding elements of conditionality. On the other hand, as Iran is unable to obtain guarantees that sanctions will be permanently lifted, participants agreed it has little incentive to negotiate a reprieve that could prove only short-term and snap back following the US elections. Decision-makers and the business community in Iran, wishing to avoid such a yo-yo effect, as noted by one area expert, have moved on and no longer expect the Europeans to return to their market. In the meantime, the Russians are filling the gap, engaging in a buying spree in Iran, particularly for fast-moving consumer goods, and sidestepping sanctions through land-based trade.

Under these changed circumstances, the original JCPOA is no longer fit for purpose. Iran's programme is now too advanced to be contained by the deal, as Ali Nasr and Ali Vaez point out in their recent article in *Foreign Affairs*<sup>1</sup>. The original JCPOA was never a comprehensive solution, only a temporary one designed to last 15-20 years, a point made by several European diplomats, with one asking, "Should we be thinking not in terms of JCPOA revival but starting again?"

## A new deal?

What kind of questions would a new deal answer? And what incentives would Iran consider valuable? What drove the first deal and must drive any new one is the need for collective security, a strategy for long-term economic relief for Iran, and long-term reduction guarantees on its nuclear programme. A new agreement, participants felt, would also specifically require a regional element, including agreed regional constraints on missile capabilities and use and on militia threats. For now, it seems the players have reached a point of strategic apathy in the face of confusion regarding what needs to be achieved in the region, as well as globally. But on the positive side, political space may be opening up to take into account the new issues and constraints that have emerged over the nearly eight years since the JCPOA was signed. Meanwhile, talks, now being called "restraint for restraint" remain in progress. In April, a meeting held in Oslo between Iran and its JCPOA partners presaged remarks by Jake Sullivan, US National Security director, that the US continued to engage Iran diplomatically.<sup>2</sup> Subsequent reports have confirmed that indirect talks between the US and Iran have been held behind the scenes to reduce enrichment in exchange for greater Iranian access to its foreign reserves.<sup>3</sup>

## Scenario 2: Regional solutions

Gulf attitudes towards the JCPOA have shifted. Prior to Trump's withdrawal from the deal, Iran's close neighbours Saudi Arabia and the UAE denounced it for increasing rather than decreasing Iran's threat capability. Their concerns were more on Iran's near-term regional policy and missiles; the long-term nuclear threat, according to several participants, was never their priority, which meant GCC concerns did not match those of China, Russia or the US. Yet, the rise in tensions that followed the US withdrawal and imposition of maximum pressure and the scaling up of Iran's nuclear programme served to change that view in the region. Participants noted a renewed interest in arms control in the Gulf, including tacit support for integrating principles of the JCPOA in a regional security framework. Where in the past Saudi and Emirati rhetoric was marked by complaints that the US and Europe had not included them as participants in the deal, and occasional threats of a nuclear arms race in the Gulf, the "mood music" is different today, and there is now interest in a direct dialogue on nuclear safety. One analyst cautioned, however, that even if regional states do now

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<sup>1</sup> <https://www.foreignaffairs.com/iran/path-new-iran-nuclear-deal-security-jcpoa-washington>

<sup>2</sup> <https://www.washingtoninstitute.org/policy-analysis/keynote-address-national-security-advisor-jake-sullivan>

<sup>3</sup> <https://www.foreignaffairs.com/iran/bidens-iran-gamble>

in principle support a revival of the deal in some form, the nuclear issue is not a priority for them compared with the other issues at stake between the Gulf Arab states and Iran.

The Saudi-Iran agreement, and China's involvement, in many participants' view, was the biggest game-changer in the region, as it unexpectedly served to shift perceptions around the Gulf states' capacity to play a critical role in their own security architecture. One participant observed that the JCPOA's failure "has been a massive strategic defeat for the Europeans and Americans", who are further away from their regional objectives than ever. Regional states and other powers are now filling the vacuum, while "the Americans and the Europeans are seemingly out of ideas". Another asked whether Iran would "seek to scare the Europeans back to the table as they think they scared the Emiratis and Saudis to the table".

A regional mechanism to contain the risk now appears to be the more meaningful conversation, with prospects for a broader reconciliation that would include Egypt, Turkey, Jordan, Syria and Yemen. How this will affect regional cooperation between Saudi Arabia and Israel, and the Abraham Accords, still a key American priority, remains to be seen.

What is clear is that Gulf states are focused on enhancing their own regimes' security, which has led to growing acknowledgement that this requires making Iran feel more secure. Several participants considered this a change in policy emphasis among Iran's Gulf neighbours whilst diminishing in priority for Europe or the US, suggesting a significant disconnect in the policy outlook of the two sides. Unlike the US and Europe, neither the Gulf states nor Egypt considers Iran's domestic upheavals or its response to them a hindrance to enhanced diplomacy (as in truth, neither does Russia nor China).

The subtle transfer of the baton from the P4+1 to the Gulf as the proactive players in next steps coincides, as pointed out by several regional experts, with a shift in alignment policy more generally, with new coalition- and counter-coalition-building taking place among Middle East states to capitalise on the global transition to multipolarity. This is accompanied by a shift toward compartmentalisation and away from zero-sum thinking in the wake of conflict fatigue.

Thinking out of the box, several future diplomatic options were discussed:

- A broader set of bilateral, regional agreements similar to the China-brokered Iran-Saudi rapprochement. New diplomatic exchanges are taking place between Iran and both Bahrain and the UAE, as well as with Saudi Arabia and Egypt. Meanwhile, Syria's isolation has ended with its re-induction into the Arab League and renewed diplomacy to bring Ankara and Damascus into greater alignment. These revived relationships anticipate broader economic exchanges that could, possibly with further Chinese midwifing, lead to security agreements. A participant suggested, for example, that the GCC could be incentivised to develop nuclear diplomacy as a route toward lifting US economic sanctions on Iran – without which there will be little scope for substantial economic exchanges.

- A multilateral, regional security and economic agreement backed by the US and P4+Germany would eventually transform the Gulf region into a nuclear-free zone and provide a regional basis for Iran's economic security along with the economic security of all other states. This could include regional economic guarantees and a collective security arrangement that would address the thorny issue of missiles and drones, as well as a declaration against using militias to undermine each other's governments.

How big a role China or Russia will play remains unclear. Both countries played a significant part in negotiating the original JCPOA and have generally been proponents of non-proliferation. Yet, as competition with Western countries intensifies and becomes more entrenched, the scope for cooperation in the P5+1 framework may be squeezed, and Russia and China could potentially see Iranian nuclear escalation as something that could usefully distract the West's attention from their own regional priorities, namely Ukraine and Taiwan.

Further, it is unclear how sustainable the new alliance-building in the region will prove to be, or what it will actually entail. Is the goal of normalisation and détente to prevent conflict over the long term, or hedge against conflict in the shorter term, as a form of insurance?

## Scenario 3: Regional conflict

Although the status quo is for the moment holding, and regional steps toward reconciliation and deconfliction are moving with unprecedented momentum, both experts and diplomats perceived at least two very different aspects of the equation that could flare up into violent conflict: the October 18, 2023 expiration of key JCPOA sunset clauses, and the ongoing shadow war between Israel and Iran.

### **The October sunsets**

The expiring sunset clauses require the UN to lift the ban on Iran's import and export of missile-related technology, one of the thorniest issues surrounding the JCPOA and the stated reason for Trump's withdrawal from the deal. To avoid the sunsets, the UK, France or the US could trigger snapback sanctions, reinstating the constraints on the basis that Iran has not only exceeded the JCPOA's enrichment caps but that its supply of unarmed aerial vehicles to Russia legally breaches UNSC Resolution 2231. However, participants noted that there seemed little appetite at the moment to trigger snapbacks, as Iran has made clear it considers them a red line, threatening to leave the NPT if snapbacks were imposed. This would be significant, as it would reduce or even terminate IAEA inspections that currently continue in Iran, removing all transparency or visibility over the nuclear programme. Russia, previously a constructive partner in the negotiation of the JCPOA and subsequent attempts to restore it, has, since the Ukraine war, become closer to Iran and more inclined to shield it as the two states broaden military cooperation.

## The Israel-Iran shadow war

The tit-for-tat sabotage and attacks on each other's infrastructures have ramped up with the return of Netanyahu as Prime Minister. Low-level but destructive and spread over a vast territory, including Syria, Iran and the waterways critical to oil transport from the Strait of Hormuz to the Mediterranean, the concern, as stated by a diplomat previously having served in the region, is at what stage does this conflict metastasise into a full-blown war? "Both sides see their actions as defensive, but that is how most wars start".

Conflict could escalate through miscalculation or through choice. Already, there are almost daily confrontations between the two states in the form of cyber-attacks, assassinations, drone attacks or actions in Syria and Lebanon, leading to the real danger of miscalculated escalation. What's more, as participants observed at various junctures, it is unclear at what point the tit-for-tat evolves into a conventional war.

Several experts played down the likelihood of Israel mounting a direct attack on Iran, noting that Israel has threatened to destroy Iran's nuclear programme for decades, "but Iran's extensive industry is not Osirak" (the Iraqi nuclear installation that Israeli bombing destroyed in 1981) and would require US support; further, Iran has the capacity to retaliate. But there is also the question of whether the nuclear issue was ever the main one for Israel or, as one participant noted, "whether it is instead Iran's role as an umbrella for its proxies". Experts played down the risk of Netanyahu opting for war as a diversionary tactic to deflect his domestic troubles. Israel is united against Iranian threats, but there are differences about how best to handle them. Israelis themselves do not want an unnecessary war and will be particularly concerned about how Iran policy is coordinated with the US, while "Netanyahu is keen to keep Israeli deaths out of the headlines". Rallying Israelis to back a war with Iran could be popular and play on broadly shared views of Iran as a danger, but a war would have a similar effect on Iranians by uniting them around the regime. "Just because the regime is unpopular does not mean there will not be a nationalist reaction", noted a former diplomat.

Doubts were raised as to how Israel's military credibility would fare if it launched a war of choice, the advantages nor long-term benefits being clear. Iran's own "octopus" strategy of delegated statecraft and proxy networks, one participant warned, means that whether it was bombed or even decapitated, the regime's grip on the region might not be eliminated. Even an attack on Hezbollah in Lebanon was considered unlikely, despite the temptation for Israel to take out its second-strike capability, as it would be more costly than the 2006 war, while Hezbollah is now able to reach all sensitive parts of Israel, even possibly Dimona, the site of Israel's nuclear installations.

Could Iran be the instigator of military escalation, even though it is the weaker player? Although Supreme Leader Khamenei continues to accumulate power militarily and regionally despite his age and domestic tensions and is now exporting drones to Russia, he is nonetheless under escalating pressure, both at home and

abroad. This makes it more likely that Iran will seek to maintain a balance of fear in relation to Israel rather than risk instigating war.

## The key international players: in brief

### **The United States**

In one diplomat's analysis, regional de-escalation has lowered the pressure on Washington to engage on the nuclear issue. In announcing his candidacy for re-election, Biden indicated he would eschew new theatres of conflict abroad and avoid embroiling the US in crises that could have a negative political impact. What is clear, this expert explained, is that "the US has no bandwidth for a rebirth of interest in the nuclear file, and although activity may continue on the periphery, no new breakthroughs can be expected until after the election." As Washington's position shifts at the top table, being no longer at the head nor able to determine the agenda, "the US is becoming more selective in deciding which theatres to be involved in". In regard to the Middle East, the US military footprint, integration into the Gulf's military infrastructure, and economic investments remain robust.

### **Europe**

The E3+Germany have traditionally utilised the JCPOA as the main instrument with which to engage Iran. Today, however, participants observed that interaction with Iran has become politically toxic for Europe. Further, since the reimposition of maximum pressure, Europe's role has been eroded due to its failure to develop a financial mechanism to send humanitarian aid to Iran, giving it less room to manoeuvre, a situation several participants thought could take years to reverse. Europe's strongest card may be to support regional peace-dealing and lobby China to ensure Iran refrains from crossing the nuclear threshold.

### **Russia**

The war in Ukraine has reduced Moscow's interest in the JCPOA and its influence over the southern border areas of Azerbaijan and Nagorno Karabakh, bringing into question how well it can maintain its footprint in the region. Yet, participants noted that Moscow's alliance with Iran militarily and economically, and its positive relationship with China, have solidified an anti-Western bloc. Though Gulf states are maintaining their neutrality, this new multilateral alternative offers an opportunity to diversify their economic, security and foreign policy options.

### **China**

Having become the largest trading partner for most states in the region, China is committed to furthering peace to protect its interests. However, it is not committing to investment in Iran, and its trade with Tehran has dropped significantly this past year. Participants pointed out that its engagement with the JCPOA has never been as active as that of Western states, and it is unlikely to increase pressure on Iran, if its nuclear arms control record (as with North Korea) is any indication



## Conclusion

The JCPOA, a deal negotiated by the P5, is increasingly seen as having run its course as various attempts to revive it have failed and as the P5 countries are less willing to compartmentalise nuclear diplomacy with Iran from broader geopolitical concerns. Meanwhile, Iran is now generally seen as a *de facto* nuclear threshold state, having gradually ramped up its enrichment activities, while holding the US responsible for the lack of implementation of the JCPOA. This situation is a serious setback for Western and European strategy and adds to the pressures on the nonproliferation regime. European countries, previously the main champions of the JCPOA, have become more sceptical about engaging with Iran and less willing to compartmentalise nuclear diplomacy from Iran's human rights record and arms exports to Russia. However, the US is sustaining its engagement with Iran and no longer faces the obstacle of vocal opposition from its Gulf allies. Meanwhile, dynamics in the region present new opportunities, with diplomacy driven by local state engagement but focused on regional security rather than nuclear diplomacy. Although much has been achieved in a short period, the question remains how sustainable is this new track, and is *détente* a path to preventing a regional war, or is it a hedge? A conventional war in the short or even medium term seems unlikely, especially as regional states engage today on a path of de-escalation, normalisation, and compartmentalisation. However, there is significant "below the threshold" military activity between Israel and Iran's non-state allies. It is unclear how long "no crisis, no deal" can be sustained, yet ongoing negotiations indicate an interest by the main players to keep dialogue open and ease the pressure.

*The opinions articulated above do not necessarily reflect the position of the ELN or any of its members. The ELN's aim is to encourage debates that will help develop Europe's capacity to address the pressing foreign, defence, and security policy challenges of our time.*



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The European Leadership Network (ELN) is an independent, non-partisan, pan-European NGO with a network of nearly 200 past, present, and future European leaders working to provide practical real-world solutions to political and security challenges.

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