

A Nuclear Deal With Iran

Managing the Consequences



**Report of the
American Foreign Policy Council
Task Force**

October 2015

0-22 novembre 2013



C

ABOUT AFPC

For over three decades, AFPC has played an essential role in the U.S. foreign policy debate. Founded in 1982, AFPC is a 501(c)(3) non-profit organization dedicated to bringing information to those who make or influence the foreign policy of the United States and to assisting world leaders with building democracies and market economies. AFPC is widely recognized as a source of timely, insightful analysis on issues of foreign policy, and works closely with members of Congress, the Executive Branch and the policymaking community. It is staffed by noted specialists in foreign and defense policy, and serves as a valuable resource to officials in the highest levels of government.

IN THIS ISSUE

STATE OF THE DEBATE

3

—

ANTICIPATING THE CONSEQUENCES

5

—

MANAGING THE FALLOUT

9

—

THE ROAD AHEAD

14

AFPC TASK FORCE

Ilan Berman

Vice President, American Foreign Policy Council

Jack David

Senior Fellow, Hudson Institute
Former Deputy Assistant Secretary of Defense

Michael Doran

Senior Fellow, Hudson Institute
Former Senior Director, National Security Council
Former Deputy Assistant Secretary of Defense

Matthew Kroenig

Associate Professor, Georgetown University
Senior Fellow, Atlantic Council of the United States

Samantha Ravich

Former Deputy National Security Advisor to Vice President Cheney

Michael Rubin

Resident Fellow, American Enterprise Institute

Jonathan Schanzer

Vice President for Research, Foundation for Defense of Democracies

David Wurmser

Founder, Delphi Global Analysis Group
Former senior Middle East advisor to Vice President Cheney



State of the Debate

The announcement of a nuclear deal with Iran by the P5+1 powers (the U.S., UK, France, Russia, China and Germany) on July 14th brought to a close nearly two years of intensive negotiations, begun in secret in 2012 and pursued publicly since November 2013, that were intended to fully address Iran's

persistent drive toward a nuclear weapons capability. It is our view that the Joint Comprehensive Plan of Action (JCPOA), as the agreement is formally known, not only fails to achieve this objective, but also expands Iran's ability to pursue its geopolitical objectives in the greater Middle East, thereby imper-



Obama's contention of broad public support for the agreement, the American people appear generally opposed to the deal in its current form. In its September 2015 poll of American public opinion, the Pew Research Center found just 21 percent of respondents polled support the current agreement – a 12-point drop in approval for the deal since it was unveiled in July.¹

Nevertheless, because Congress was not able to bring the JCPOA to a vote in the Senate, much less muster the two-thirds majority in both chambers necessary to defeat the agreement pursuant to the terms of the Iran Nuclear Agreement Review Act of 2015, the White House views the JCPOA as binding upon the United States. Moreover, although experts have proffered a number of constructive proposals for improving the agreement (including tying sanctions relief to Iranian performance of its obligations under the deal, as well as a more robust inspections regime that includes short-notice visits),² the Administration has expressed no interest in altering the parameters of the existing deal prior to its implementation.

Given the foregoing, we believe that it is necessary for policymakers in Congress to begin thinking about the vulnerabilities that are likely to result from a nuclear agreement with Iran, as well as taking steps to mitigate the various threats to national security that implementation of the JCPOA will generate.

iling longstanding U.S. strategic interests in that part of the world. We hope that this report will help in identifying those elevated risks, and propose steps by which the United States can mitigate them.

In the United States, the unveiling of the JCPOA touched off a heated national debate. Contrary to President

¹ "Support for Iran Nuclear Agreement Falls," Pew Research Center, September 8, 2015, <http://www.people-press.org/2015/09/08/support-for-iran-nuclear-agreement-falls/>.

² See, for example, Mark Dubowitz and Annie Fixler, Improving the Joint Comprehensive Plan of Action, Foundation for Defense of Democracies Center for Sanctions and Illicit Finance, August 2015, http://www.defenddemocracy.org/content/uploads/documents/Improving_the_JCPOA.pdf

Anticipating the Consequences

Proponents of the agreement negotiated between Iran and the P5+1 powers claim a number of positive aspects if Iran abides by the terms of the JCPOA, including short-term constraints on Iranian uranium enrichment, a reduction in the number of centrifuges operated by the Islamic Republic, and a delay of the “plutonium track” of the regime’s nuclear program.³ Nevertheless, a broad spectrum of national security practitioners, military experts, scientists and analysts concur that the deal is woefully deficient in several respects.

The list of these deficiencies is long. Some, like significant shortfalls in verification and monitoring, preclude confidence that Iran will abide by the terms of the agreement in the future, or that the international community will know promptly if it does not. Likewise of concern is that the JCPOA weakens the global nonproliferation regime by setting a precedent for what counts as a “peaceful” nuclear program that will have effects well beyond the Middle East. Arguably graver still is that the JCPOA, upon implementation, will empower a range of Iranian activities deeply inimical to the strategic interests and security of the United States and its allies and international partners. These strategic, political and economic problems will include:

Expanded Iranian Resources

Under the parameters of the JCPOA, Iran is poised to receive massive sanctions relief and unfrozen assets in the near term: an estimated \$100 billion or more after a perfunctory six-month verification period. The scale of this economic assistance is staggering. It represents a quarter or more of Iran’s total annual GDP, which amounted to \$415 billion in 2014.⁴ It likewise matches or exceeds the entirety of the European Recovery Program (colloquially known as the Marshall Plan) launched by the Truman administration in 1948 in the aftermath of World War II, an effort that disbursed \$13 billion (\$120 billion in today’s dollars) to seventeen countries in Europe over the span of four years. The proportional impact of such relief to the Islamic Republic is comparable

to an infusion into the American economy (currently estimated at \$16.7 trillion) of roughly \$4.2 trillion, approximately five times the economic stimulus that stabilized the U.S. financial sector following the 2008 global economic crisis. Moreover, these funds will invariably be augmented by the benefits of post-sanctions trade between Iran and potential trading partners in Europe and Asia, which now appear eager to expand their economic ties to the Islamic Republic.⁵

White House officials have expressed their hope that its unprecedented windfall will be used by the Iranian regime overwhelmingly to improve domestic conditions and strengthen its economy.⁶ Even if Iran does spend the lion’s share of sanctions relief in this fashion, however, the sheer volume of funds to be unblocked means that the Iranian regime will nonetheless be able to significantly augment its expenditures on several fronts of concern to U.S. strategic interests.

Terrorism financing. The Islamic Republic, which was first formally designated as a state sponsor of terrorism by the Reagan administration in 1984, still maintains its status as the world’s most active backer of terrorist groups. The scope of this material support is extensive, estimated by the U.S. Treasury Department several years ago to be in the billions of dollars annually.⁷ More recently, a study by the Congressional Research Service found Iranian spending on these activities to range from \$3.5 billion to \$16 billion annually.⁸ These expenses include, inter alia, between \$100 and \$200 million per annum to Lebanon’s Hezbollah militia; tens of million of dollars annually to the Palestinian Hamas movement and; the entire annual operating budget of the smaller Palestinian Islamic Jihad (estimated at some \$2 million). That these expenditures have continued unabated, despite the growing adverse impact of U.S. and international sanctions on the Iranian economy in recent years, illustrate that terrorism support – euphemistically termed “export of the revolution” by the Iranian regime – represents a cardinal regime priority. With extensive sanctions relief now on the horizon, it would be prudent for policymakers to expect this support to grow significantly. Indeed, should Iran allocate a mere 10 percent of the sanctions relief it receives under the JCPOA to such activities, it would double or even treble its current expenditures in this arena.

Greater Regional Activism. Over the past several years, even as it has engaged in nuclear diplomacy with the P5+1 powers, the Islamic Republic has assumed an increasingly assertive foreign policy line throughout the greater Middle East. This has included massive, sustained aid to the regime of Bashar al-Assad in Syria since the start of the civil war there some four-and-a-half years ago, encompassing the deployment of Iranian military forces, the provision of significant arms and war materiel, and the provision of massive amounts of financial assistance (estimated at \$6 billion or more annually).⁹ Iranian aid, supplies and training likewise were instrumental to the successful overthrow of the pro-Western government of Yemeni President Abed Rabbo al-Hadi earlier this year by the country's Shi'ite Houthi rebels.¹⁰ And in Iraq, ongoing political disarray and the fight against the Islamic State terrorist group have provided Iran with the opportunity to further expand its already-extensive influence, both directly and via assorted Shi'a militias.

These activities, while exten-

sive, would doubtless have been even more so without the economic constraints imposed on Iran by Western sanctions. Now that sanctions will be lifted pursuant to the provisions of the JCPOA, greater Iranian involvement in the theaters mentioned above, as well as others (including Bahrain and the Palestinian Territories), should be expected.

Stronger Iranian military capabilities.

In anticipation of the sanctions relief flowing from the JCPOA, Iran's leaders are preparing for a period of sustained strategic expansion. In the Islamic Republic's Sixth Development Plan, formally unveiled on June 30th, Supreme Leader Ali Khamenei outlined plans for a number of martial measures. These include an expansion of the national defense budget to five percent of GDP, as well as an upgrade of defense capabilities as a hedge against "all forms of external threats," with a particular emphasis on the strengthening of the Iranian regime's ballistic missile arsenal. The increase means that Iran's defense spending, currently pegged at



³ For a short summary of these and other stipulations, see Blaise Misztal, "Iran Deal: Section-by-Section Analysis," Bipartisan Policy Center, July 14, 2015, <http://bipartisanpolicy.org/blog/iran-deal-analysis/>.

⁴ "Iran GDP," Trading Economics, n.d., <http://www.tradingeconomics.com/iran/gdp>.

⁵ See, for example, "Iran to Host Trade Teams from 10 EU States," Press TV (Tehran), September 15, 2015, <http://www.presstv.ir/Detail/2015/09/15/429296/Iran-to-host-trade-teams-from-10-EU-states>.

⁶ Nadia Bilbassy-Charters, "Ben Rhodes: Iran's New Money Post Deal will Go to Uplift 'Terrible Economy,'" Al Arabiya (Riyadh), July 16, 2015, <http://english.alarabiya.net/en/News/middle-east/2015/07/16/Ben-Rhodes-Iran-s-extra-revenue-after-uke-deal-will-help-uplift-terrible-economy-.html>.

⁷ Under Secretary of the Treasury for Terrorism and Financial Intelligence Stuart Levey, Remarks before the 5th Annual Conference on Trade, Treasury and Cash Management in the Middle East, Abu Dhabi, United Arab Emirates, March 7, 2007, http://uae.usembassy.gov/remarks_of_stuart_levey_.html.

⁸ Carla Humud, Christopher Blanchard, Jeremy Sharp and Jim Zanotti, "Iranian Assistance to Groups in Yemen, Iraq, Syria, and the Palestinian Territories," Congressional Research Service Memorandum, July 31, 2015, <http://www.kirk.senate.gov/images/PDF/Iran%20Financial%20Support%20to%20Terrorists%20and%20Militants.pdf>.

⁹ Eli Lake, "Iran Spends Billions to Prop Up Assad," BloombergView, June 9, 2015, <http://www.bloombergview.com/articles/2015-06-09/iran-spends-billions-to-prop-up-assad>.

¹⁰ Yara Bayoumy and Mohammed Ghobari, "Iranian Support Seen Crucial for Yemen's Houthis," Reuters, December 15, 2014, <http://www.reuters.com/article/2014/12/15/us-yemen-houthis-iran-insight-idUSKBN0JT17A20141215>.

some \$14 billion annually, will grow by roughly a third.¹¹

There are indications that the Islamic Republic has already begun to ramp up its defense expenditures. In recent weeks, it has initiated major new procurement talks with arms suppliers such as Russia and China, and is now poised to acquire new aircraft, air defenses and components.¹² Such acquisitions will lead, over time, to a significant strengthening of Iran's ability to project power into its immediate periphery, as well as its capacity to threaten and/or challenge its strategic rivals. Even before then, however, the perception of growing Iranian military power will begin to have pronounced effects on the geopolitical balance of power in the greater Middle East.

There are indications that the Islamic Republic has already begun to ramp up its defense expenditures. In recent weeks, it has initiated major new procurement talks with arms suppliers such as Russia and China, and is now poised to acquire new aircraft, air defenses and components. Such acquisitions will lead, over time, to a significant strengthening of Iran's ability to project power into its immediate periphery, as well as its capacity to threaten and/or challenge its strategic rivals. Even before then, however, the perception of a stronger

Iranian military will begin to have pronounced effects on the geopolitical balance of power in the greater Middle East. There are indications that the Islamic Republic has already begun to ramp up its defense expenditures. In recent weeks, it has initiated major new procurement talks with arms suppliers such as Russia and China, and is now poised to acquire new aircraft, air defenses and components. Such acquisitions will lead, over time, to a significant strengthening of Iran's ability to project power into its immediate periphery, as well as its capacity to threaten and/or challenge its strategic rivals. Even before then, however, the perception of growing Iranian military power will begin to have pronounced effects on the geopolitical balance of power in the greater Middle East.

A new rogue state patron. Although it has received comparatively little attention to date, one of the most significant consequences of the economic windfall inherent in the JCPOA will be its impact on the foreign allies and strategic partners of the Islamic Republic. This list includes the "Bolivarian" nations of Venezuela, Bolivia and Ecuador in Latin America, the Stalinist regime of Kim Jong-un in North Korea, and the dictatorship of Omar el-Bashir in the Sudan, among others – all of which currently maintain significant political, economic and military ties to the Iranian regime.

To date, Iran's contacts with those countries have been impeded, at least in part, by the economic isolation of the Iranian regime itself, as well as the financial weakness of these rogue state partners. But, given the scope of the sanctions relief contained in the JCPOA, Iran will shortly have the ability to strengthen those alliances significantly, with major adverse effects on international security. An associated danger is the potential provision by Iran of strategic assistance to other aspiring nuclear weapons states; by allowing Iran to keep a large enrichment program, the JCPOA increases the risk that Iran could transfer enrichment technology and materials to other states or even non-state actors.

Stepped up Iranian proliferation

President Obama has publicly asserted that the JCPOA closes off "all pathways" by which the Iranian regime can acquire a nuclear capability. This, however, is not accurate. The agreement concerns itself overwhelmingly with the overt means by which Iran might develop a nuclear capability: by building one. A parallel, covert "pathway" – involving procurement of nuclear-related components and materiel from foreign suppliers—remains open. As such, the practical effect of the JCPOA, once implemented, will be to facilitate covert procurement by the Islamic Republic. Moreover, given the expanded resources soon to be at Iran's disposal, its purchasing power for such activities will expand exponentially.

Willing foreign suppliers exist at both the state and non-state level. At the state level, Iran's ongoing – and extensive – strategic alliance with the North Korean regime poses considerable future risks, insofar as nuclear and ballistic missile cooperation between the two countries has a long history and is ongoing.¹³ Similarly, multiple private entities involved in Iran's nuclear

[T]here is considerable risk that Tehran could covertly procure nuclear materials from Chinese brokers and circumvent a nuclear deal by secretly creating a new parallel nuclear program.



and ballistic missile programs continue to operate within the People's Republic of China, and have been estimated to provide as much as 90 percent of the necessary "goods and technology" for both.¹⁴ As such, nonproliferation experts have warned that "[t]here is considerable risk that Tehran could covertly procure nuclear materials from Chinese brokers and circumvent a nuclear deal by secretly creating a new parallel nuclear program."¹⁵

At the same time, Iran will have both greater incentive and greater capability to engage in "offshore" development of a nuclear capability, relying on its existing strategic partnerships abroad to continue nuclear development outside of territorial Iran. Here, too, Iran's contacts with North Korea represent a source of serious concern, with one or more of the nuclear tests carried out by the DPRK over the past decade believed to have been carried out at least in part to test Iranian capabilities.¹⁶

A regional proliferation cascade

In the late 2000s, worries over Iran's burgeoning nuclear capability had prompted the beginnings of a regional proliferation "cascade," as vulnerable regional states moved ahead with the acquisition of strategic counterweights to Iran's emerging nuclear capability. As of 2009, in a sign of this concern, at least thirteen other countries in the greater Middle East were in various stages of nuclear acquisition, with

most doing so specifically in response to Iran's nuclear effort.¹⁷ While the subsequent outbreak of the so-called "Arab Spring" succeeded in muting those stirrings, at least for a time, growing uncertainty over the regional strategic balance in the Middle East – coupled with fears of Iran's imperial ambitions – has revived the interest of regional powers in acquiring their own nuclear deterrent.

Most prominently, Saudi Arabia, Iran's long-time ideological rival in the Islamic world, has made clear that, should Iran move toward the creation of a nuclear weapon, "we would do that also."¹⁸ There are indications that the Saudi government has already moved in that direction; Saudi Arabia was an important financial backer of Pakistan's nuclear program, and recent, credible reporting has suggested that worries over Iran's nuclear capability have prompted Riyadh to codify arrangements for the procurement of "off the shelf" nuclear weaponry from Islamabad.¹⁹ Other countries can be expected to follow suit, given both the inherent flaws in the JCPOA and the inability of the Obama administration to provide adequate security guarantees against the emergence of a nuclear Iran. The end result will likely be movement toward a "multi-nuclear Middle East," with multiple regional states seeking the acquisition of an offensive nuclear capability, either indigenously or through the purchase of nuclear components from foreign suppliers.

¹¹ Abbas Qaidaari, "More Planes, Missiles and Warships for Iran," *Al-Monitor*, July 14, 2015, <http://www.usnews.com/news/articles/2015/07/14/more-planes-missiles-and-warships-iran-increases-its-military-budget-by-a-third>.

¹² See, for example, Michael Rubin, "Iran Chooses Guns over Butter Every Time," *Newsweek*, August 31, 2015, <http://www.newsweek.com/iran-chooses-guns-over-butter-every-time-366848>; see also Christopher Harress, "China and Iran Weigh \$1 Billion Deal to Swap Chengdu J-10 Fighter Jets for Major Oil Field," *International Business Times*, August 6, 2015, <http://www.ibtimes.com/china-iran-weigh-1-billion-deal-swap-chengdu-j-10-fighter-jets-major-oil-field-2042356>.

¹³ Larry Niksch, Testimony before the House Committee on Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade; Subcommittee on Asia and the Pacific, and; Subcommittee on the Middle East and North Africa, July 28, 2015, <http://docs.house.gov/meetings/FA/FA18/20150728/103824/HHRG-114-FA18-Wstate-NikschiL-20150728.pdf>.

¹⁴ See Wyn Q. Bowen, Ian J. Stewart and Daniel Salisbury, "Engaging China in Proliferation Prevention," *Bulletin of the Atomic Scientists*, October 29, 2013, <http://thebulletin.org/engaging-china-proliferation-prevention>.

¹⁵ Orde F. Kittrie, "The China-Iran Nuclear Pipeline," *Foreign Affairs*, July 13, 2015, <https://www.foreignaffairs.com/articles/china/2015-07-13/china-iran-nuclear-pipeline>.

¹⁶ See, for example, Claudia Rosett, "Iran Could Outsource Its Nuclear-Weapons Program to North Korea," *Wall Street Journal*, June 20, 2014, <http://www.wsj.com/articles/iran-could-outsource-its-nuclear-weapons-program-to-north-korea-1403303442>; See also Gordon G. Chang, "Does Iran Have Secret Nukes in North Korea?" *The Daily Beast*, March 29, 2015, <http://www.thedailybeast.com/articles/2015/03/29/does-iran-have-secret-nukes-in-north-korea.html>.

¹⁷ This list included the six nations of the Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates) as well as Yemen, Jordan, Egypt, Morocco, Algeria, and Tunisia. See "Nuclear Programmes in the Middle East: In the Shadow of Iran," *International Institute for Strategic Studies Strategic Dossier*, May 23, 2008, <https://www.iiss.org/en/publications/strategic%20dossiers/issues/nuclear-programmes-in-the-middle-east--in-the-shadow-of-iran-5993>.

¹⁸ As cited in Sohrab Ahmari, "The Saudis Reply to Iran's Rising Danger," *Wall Street Journal*, August 21, 2015, <http://www.wsj.com/articles/the-saudis-reply-to-irans-rising-danger-1440197120>.

¹⁹ Toby Harnden and Christina Lamb, "Saudis 'to Get Nuclear Weapons,'" *Sunday Times* (London), May 17, 2015, http://www.thesundaytimes.co.uk/sto/news/world_news/Middle_East/article1557090.ece.

Managing the Fallout

The foregoing makes abundantly clear that passage of the JCPOA does not signal an end to the Iranian challenge confronting the United States, but rather a new – and arguably even more challenging – phase in that contest. America’s strategy must change accordingly, and should do so in the following areas:

Tracking Iranian money

The terms of the JCPOA envision the Iranian regime receiving an economic infusion of unprecedented scope from the release of previously-frozen oil revenue. Iran’s economic windfall will be bolstered further by expanding trade with various foreign trading partners, who

have begun to return to the Iranian market in earnest now that sanctions appear to be on the verge of being removed. Moreover, because of the terms of the JCPOA, Iran’s ability to move this money is poised to expand significantly. Pursuant to the terms of the agreement, more than a dozen Iranian banks that were previously barred by the Society for Worldwide Interbank Finance (SWIFT) will be reintegrated into the global financial system.²⁰

The United States and its partners therefore need to focus on how to prevent postagreement Iranian money from migrating into the coffers of Hezbollah and other terrorist actors or from fueling expanded nuclear procurement and proliferation. Doing so requires significantly expanding the resources available to relevant governmental bureaus and agencies—among them the Treasury Department’s Bureau of Terrorism and Financial Intelligence and the Commerce Department’s Bureau of Industry and Security—to identify, track and interdict such illicit funds and activities, as well as providing them with a clear political mandate to do so.



Blacklisting the IRGC

With the exception of its Supreme Leader, there is no more important political actor in Iran than the regime's clerical army, the Islamic Revolutionary Guard Corps (Sepāh-e Pāsdārān-e Enqelāb-e Eslāmi). Originally conceived by the Ayatollah Khomeini as a revolutionary vanguard capable of spreading his political model beyond Iran's borders,²¹ the IRGC is today far more than simply a national army. Within Iran, it is nothing short of an economic powerhouse, in control of numerous companies and corporate entities that stretch across broad swathes of the Islamic Republic's economy, from transportation to energy to construction. All told, the IRGC is believed to command as much as one-third of Iran's entire economy.²² By default, it will therefore emerge as a major beneficiary of any sanctions relief received by the Islamic Republic, as well as becoming disproportionately enriched by the resumption of trade between Iran and potential trading partners in Europe and Asia.

To limit this benefit, the United States should move resolutely to limit the IRGC's ability to access the in-

ternational economy. Building on the foundation laid in Title III of the Iran Threat Reduction Act of 2012, the IRGC as a whole should be formally designated as a terrorist entity – and its economic interests, constituent entities and affiliated companies should be comprehensively mapped and identified by relevant government agencies. Thereafter, Congress should consider legislating any additional authorities that may be necessary to penalize Iran's foreign partners for trading with the IRGC or entities owned by or related to it.

Ensuring Iranian compliance

Iran's anticipated violations of the JCPOA in the near future are not likely to include an obvious "sprint" to the nuclear finish line in the form of major, sustained violations of the terms of the deal. Rather, it is far more likely to "inch out," testing the resolve of Western nations to hold it to account over numerous small infractions (such as the illicit procurement of nuclear materiel or a failure to adequately reprocess its existing uranium stocks). Indeed, such violations are believed to be occurring already. These include Iran's recent efforts to "sanitize" its Parchin nuclear facility, which were reported by the U.S. intelligence community in early August.²³

²⁰ Jonathan Schanzer and Mark Dubowitz, "It Just Got Easier for Iran to Fund Terrorism," *Foreign Policy*, July 17, 2015, <http://foreignpolicy.com/2015/07/17/it-just-got-easier-for-iran-to-fund-terrorism-swift-bank/>.

²¹ Edgar O'Ballance, *Islamic Fundamentalist Terrorism, 1979-95: The Iranian Connection* (New York: New York University Press, 1997), 42.

²² Mark Gregory, "Expanding Business Empire of Iran's Revolutionary Guards," *BBC*, July 26, 2010, <http://www.bbc.co.uk/news/world-middle-east-10743580>.

²³ Josh Rogin and Eli Lake, "Iran Already Sanitizing Nuclear Site, Intel Warns," *BloombergView*, August 5, 2015, <http://www.bloombergview.com/articles/2015-08-05/iran-already-sanitizing-parchin-nuclear-site-intel-warns>.

The Administration's responses to this and other infractions have been telling. By minimizing such instances as immaterial and defending Iran against criticism from the press, the White House has made clear that it lacks "scalable responses" to Iranian behavior. Simply put, the U.S. does not currently possess the tools to exact tactical penalties from the Islamic Republic for minor infractions without torpedoing the nuclear deal as a whole. And because it does not, the White House is incentivized to turn a blind eye to instances of Iranian cheating.

Changing this state of affairs requires publicly articulating – and then enforcing – a series of punitive actions for tactical Iranian infractions. Such "scalable responses" (ranging from asset seizures to the black-

listing of companies to the freezing of sanc-

tions relief) can ratchet up the costs to

Tehran of cheating on the terms of the

JCPOA, and help ensure Iranian

compliance with the agreement.

These steps should be formally

promulgated and articulated

by the Administration as a

way of putting the Iranian

regime on notice regard-

ing the costs of potential

infractions. But Congress

should do what it can to

bring this about.

By necessity, en-

suring that Iran stays within

the parameters of the JCPOA

requires being able to accu-

rate track Iran's nuclear-related

activities, both within its own bor-

ders and abroad. Advanced forensic

and scientific technologies that can help

accomplish this task currently exist within the

defense-industrial sector (including at the Pentagon's Defense Threat Reduction Agency). They need to be promptly deployed by the U.S. government to provide more stringent monitoring and attribution of Iran's nuclear processes.

Enhancing deterrence against Iran

Because the terms of the JCPOA do not reverse Iran's march toward nuclear status, the danger of a breakout remains a real one. Moreover, the danger of an Iranian

"dash" for the bomb becomes more acute as we move further into the future, and Iran's nuclear program increases in both sophistication and maturity. The Obama administration has expressed its support for means of deterring Iran "from ever obtaining a nuclear weapon," including through the use of military force if necessary.²⁴ Yet it so far has not undertaken concrete steps to communicate to the Iranian regime that it is prepared to do so.

As former Administration officials Dennis Ross and David Petraeus have outlined, one measure that the United States could take would be to provide Israel with ordinance capable of destroying Iranian nuclear facilities: namely, the 30,000 pound Massive Ordnance Penetrator (MOP), as well as the means to transport it.²⁵

Beyond bolstering Israel's ability to act unilaterally to prevent Iranian "breakout," however, the United States also needs to articulate a clear, unambiguous deterrence posture regarding its readiness to use resolute force to prevent Iran's acquisition of an offensive nuclear capability, either during the lifespan of the JCPOA or afterwards. Iran must be put on notice in concrete terms that the United States is prepared to prevent the emergence of a nuclear-armed Iran by any means necessary.

Intrinsic to this declaratory posture is a recapitalization of American defense capabilities. The U.S. military now finds itself at its lowest force strength since the end of World War II. Existing budgetary constraints have severely impacted both the readiness and power projection capabilities of American forces. This state of affairs calls into question the ability of the United States to credibly assure the protection of allies in the event of hostilities with Iran, or undertake unilateral military action against the Islamic Republic in the event of material breach of the JCPOA or some other casus belli. A recapitalization of the U.S. military writ large, including a strengthening of the nuclear triad, must become a national priority at the earliest possible time.

Strengthening missile defense capabilities

Conspicuous in their absence from the terms of the JCPOA are meaningful restrictions on the size and sophistication of Iran's ballistic missile arsenal. Although inclusion of Iran's missiles were a core demand of the P5+1 at the outset of negotiations in November 2013, Iran's refusal led the Obama administration to abandon this requirement early in the negotiating process. It has

The Islamic Republic maintains the capability to menace its immediate neighborhood – and, increasingly, the broader international community.

been suggested by some that Iran's insistence on the omission of ballistic missile capabilities from the oversight of the JCPOA represents a conscious "cost imposing strategy" on the part of the Islamic Republic – one intended to force the United States to make additional, costly investments in the protection of its regional allies, thereby depleting its resources. Whatever the case, the failure to include limitations on Iran's ballistic missile program and arsenal as part of the JCPOA means that the Islamic Republic maintains the capability to menace its immediate neighborhood – and, increasingly, the broader international community. Iran's ability to do so, moreover, is growing in light of recent advances to the range and sophistication of its ballistic missiles.²⁶

To guard against this threat, the United States will need to significantly expand and strengthen its investments in Middle Eastern missile defense capabilities. By and large, while cooperation with countries in the Persian Gulf on the creation of a consolidated missile defense architecture is already underway, such a structure remains largely conceptual.²⁷ The various missile defense systems acquired by GCC nations to date represent stand-alone investments, and are not properly interoperable and complimentary for regional defense. With Israel, by contrast, the United States already boasts a vibrant and ongoing missile defense partnership. To counter Iranian capabilities, the United States will need to facilitate Gulf state procurement of advanced missile defense systems (such as THAAD), and expedite their deliveries to those countries interested in them. Additional resources also need to be provided to Israel to accelerate the development of new missile defense technologies, as well as to ex-

pand production of components of existing ones, including – most immediately – interceptors for the country's highly-successful Iron Dome system.

Preserving Iran's democratic potential

Already ranked among the world's most repressive regimes, the past several years have seen a deepening crackdown on human rights, freedom of expression and political choice within the Islamic Republic. The proximate cause for this crackdown was the so-called Green Movement that coalesced in response to the fraudulent reelection of Mahmoud Ahmadinejad to the Iranian presidency in the summer of 2009. But Iran's state-directed domestic repression has lasted beyond Ahmadinejad's term in office, and has both deepened and accelerated during the tenure of ostensibly moderate president Hassan Rouhani. As noted by an array of human rights watchdogs, the Rouhani era has seen a significant spike in activities such as public executions, media censorship and the arrest and persecution of political prisoners.²⁸

Domestic conditions within Iran should be of significant concern to American policymakers. The Islamic Republic's nearly 82 million-person population is overwhelmingly youthful, educated and westward-looking. While Iran's current clerical regime has made no secret of its ongoing animus to the United States, notwithstanding the passage of the JCPOA, this "other" Iran holds out the promise of a more durable and harmonious relationship with the West. But the JCPOA imperils Iran's democratic potential, because it strengthens the current Iranian government at the expense of its captive population, even as it downgrades Western concerns over Iran's political

²⁴ "Obama's Letter to Congressman Nadler," New York Times, August 20, 2015, http://www.nytimes.com/interactive/2015/08/20/world/middleeast/document-obamas-letter-to-congressman-nadler.html?_r=0.

²⁵ Dennis Ross and David H. Petraeus, "How to Put Some Teeth into the Nuclear Deal with Iran," Washington Post, August 25, 2015, https://www.washingtonpost.com/opinions/how-to-put-some-teeth-into-the-nuclear-deal-with-iran/2015/08/25/6f3db43c-4b35-11e5-bfb9-9736d04fc8e4_story.html.

²⁶ See, for example, "Iran Unveils New Longer-Range Solid Fuel Missile," Associated Press, August 22, 2015, <http://www.wsj.com/articles/iran-unveils-new-longer-range-solid-fuel-missile-1440242328>.

²⁷ See, for example, Awad Mustafa, "Little Progress Made on Integrated GCC Missile Shield," Defense News, August 30, 2015, <http://www.defensenews.com/story/defense/policy-budget/warfare/2015/08/30/little-progress-made--integrated-gcc-missile-shield/32390269/>.

²⁸ See, for example, "Human Rights Under Rouhvi," Iran Human Rights Documentation Center, March 24, 2014, <http://www.iranhrdc.org/english/news/in-the-news/1000000448-human-rights-under-rouhani.html>.

trajectory. The agreement likewise threatens to erode traditional pro-American sentiment among the Iranian population, which has long held favorable views of the United States precisely because of its opposition to the clerical regime in Tehran. The appearance of U.S. capitulation via the JCPOA puts us at risk of losing the support of the constituency within Iran that represents our hope for the future. In response, Congress will need to act more resolutely than ever before, through both public statements and concrete legislation, to shine a spotlight on Iran's human rights abuses and to penalize the Iranian government for its repression of democracy at home.

Protecting American Outreach

Iran, as New York Times columnist Thomas Friedman described a decade ago, is “the ultimate red state”: a country with a sophisticated, urbane and youthful population increasingly chafing under the ideological constraints of the current clerical regime.²⁹ It is a population, moreover, that is eager to meaningfully engage with the West – even if the ruling regime in Tehran is not.

Over the years, public broadcasting has emerged as an effective and robust voice to communicate with this captive constituency. According to the official estimates of the Broadcasting Board of Governors, U.S. international media in Farsi currently reaches nearly 30 percent of the Islamic Republic's total population.³⁰ This outreach eclipses that of its foreign counterparts (such as the BBC's widely-respected Persian Service) in both

scope and impact.

Yet, in the wake of the JCPOA, there is a danger that America's voice will be muted – if not silenced outright. The Iranian regime has made no secret of its opposition to U.S. broadcasting, which it views as unacceptable cultural penetration and subversion – a “soft war” of sorts against the Islamic Republic. Iranian Supreme Leader Ali Khamenei has identified this as an existential threat to the Iranian regime, and declared that the fight against it represents the “main priority” of his government.³¹ As such, the issue of American outreach could well become a point of contention in the future if Washington and Tehran continue to move toward diplomatic détente. Iranian leaders can be expected to press their American counterparts to roll back the scope and reach of U.S. media toward their citizenry. While the White House has given no indication that it is prepared to do so, Congress should be prepared for this to emerge as a demand of the Iranian regime and take proactive steps to preserve and ultimately to strengthen the ability of America's public diplomacy outlets to communicate with the Iranian people – even as it continues to press for a robust, coherent strategy to underpin this outreach.

Simultaneously, the United States needs to increase its investment in Internet freedom in Iran. Over the past several years, the Islamic Republic has dramatically expanded its attempts to censor, manipulate and shape the ability of its citizens to access the World Wide Web.³² This digital “counter-revolution” – in the form of



widespread communications monitoring, onerous government regulations, and attempts to create a second (or “halal”) Internet – is already pervasive in nature. However, as a result of anticipated sanctions relief to be provided to Iran, it may soon grow significantly, with major adverse effects on freedom of press and expression within the Islamic Republic. The U.S. government consequently needs to make access to the World Wide Web among ordinary Iranians a major prong of its much-discussed “Internet freedom agenda,” and expand its investment in technologies and communications tools that preserve and expand the free flow of ideas into the Islamic Republic.

Honoring American Victims of Terror

The Islamic Republic represents the world’s leading state sponsor of terrorism – a position it has occupied since formally being designated as such by the Reagan administration in 1984. Over the years, it has instigated or sponsored acts of terrorism – from the 1983 Marine Barracks bombing to the campaign of terror waged by the Palestinian Islamic Jihad in the 1990s – that has claimed hundreds of American lives. Over the past two decades, U.S. courts have worked diligently to secure justice for these victims and their families, rendering approximately \$45

billion in judgments against the Islamic Republic.

To date, however, these victims remain uncompensated, with Iran refusing to provide payment. And now, they are at risk of being forgotten altogether. In its negotiations with the Iranian regime, the Obama administration chose not to raise the issue of remuneration for past acts of terrorism, deeming them to be outside the scope of the deal. As a result, the legal judgments against Iran were not enforced as part of negotiations with the Iranian regime, despite the vast scope of economic relief involved. This, together with the unwillingness of the U.S. government to enforce judgments against the Islamic Republic, now or in the future, has left victims of Iranian terror largely without recourse.³³

The U.S. Congress has the power to alter this state of affairs. Through legislative means, it can remove existing Iranian impunity and compel payment of debts owed to Americans (through means such as the escrowing of Iranian monies and properties in the possession of the United States). By doing so, the legislative branch can play an important role in ensuring that the Islamic Republic is not unjustly enriched at the expense of its numerous victims.

The Road Ahead

While a nuclear deal with Iran has now been struck, the broader strategic challenge that Iran poses to American interests and allies persists. Resolute American action is necessary to prevent Iranian cheating during the time that the JCPOA is in force, an Iranian nuclear breakout thereafter, and adverse effects stemming from Iran’s acquisition of the extensive sanctions relief inherent in the agreement. Currently, the United States lacks both the capacity and credibility to respond to the potential consequences of the nuclear agreement with Iran. We believe that altering this status quo must become a priority for both U.S. lawmakers

²⁹ Thomas L. Friedman, “An American in Paris,” *New York Times*, January 20, 2005, <http://www.nytimes.com/2005/01/20/opinion/an-american-in-paris.html>.

³⁰ U.S. Broadcasting Board of Governors, “Key Media Indicators from the Most Recent Available Phone Survey of Iran,” Memo to the American Foreign Policy Council dated September 10, 2015.

³¹ “Leader Urges Measures to Counter Enemy’s Soft War,” Press TV (Tehran), November 25, 2009, <http://edition.presstv.ir/detail/112163.html>.

³² See Timothy B. Lee, “Here’s How Iran Censors the Internet,” *Washington Post*, August 15, 2013, <http://www.washingtonpost.com/blogs/the-switch/wp/2013/08/15/heres-how-iran-censors-the-internet/>; see also Reporters Without Borders, “Iran,” in “Surveillance,” special edition, *The Enemies of Internet* (March 12, 2013), <http://surveillance.rsf.org/en/iran/>.

³³ Editorial, “Debts of the Ayatollah,” *Wall Street Journal*, August 16, 2015, <http://www.wsj.com/articles/debts-of-the-ayatollah-1439507940>.



509 C Street NE
Washington, D.C. 20002
Telephone: 202.543.1006
Fax: 202.543.1007
www.afpc.org