

Middle East Stability and the International Agreement on Iran's Nuclear Program

Testimony Before the Senate Foreign Relations Committee

Hearing on the Middle East After the Joint Comprehensive Plan of Action

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Chairman Corker, Ranking Member Cardin, and members of the committee, thank you for this opportunity to appear before you today to discuss the Middle East after the start of the implementation of the Joint Comprehensive Plan of Action, or JCPOA.

I have structured my testimony today around three main points:

1. An overall assessment of strategic dynamics in the Middle East today
2. An overview of the likely continued challenges with Iran as the JCPOA is implemented
3. Recommendations for U.S. policy in the region

At the outset, I want to offer my main analytical assessment of strategic dynamics in the Middle East as the JCPOA, or Iran nuclear agreement, is implemented.¹

The Middle East remains in a period of instability and high tensions between states, particularly Iran and Saudi Arabia. This region wide competition for influence has contributed to a weakening of the region's state system. Other states such as Iraq, Syria, and Yemen have become arenas for this competition as their governing authorities have broken down due to internal struggles for power and legitimacy. The collapse of state authority in some countries has enabled a range of non-state armed groups to grow in power and influence, including quasi-state terrorist organizations such as the Islamic State of Iraq and al-Sham, or ISIS, and Hezbollah.

At a time of widespread regional instability, the nuclear agreement with Iran produces very important and tangible benefits for U.S. and international security. It has severely restricted Iran's ability to produce a nuclear weapon in the next 10 to 15 years. It has established an inspections regime that substantially increases the international community's knowledge of Iran's nuclear program and enhances the ability to detect any possible move by Iran to start a new weapons program. The JCPOA, if strictly and properly implemented, could open up new opportunities for promoting regional stability. In short, the JCPOA offers the best option among the realistic and available alternatives for addressing Iran's nuclear program.

Achieving greater Middle East stability will require more than a strict implementation of the JCPOA. It will also require a more coherent and assertive U.S. strategy for the region than we

have seen in the past 15 years. Regional tensions have not abated with the implementation of the JCPOA, and the United States can play an important role in de-escalating these tensions and contributing to greater Middle East stability over the long term if it uses the full range of its diplomatic and military tools.

Assessment of Middle East strategic dynamics at the start of 2016

Five years after the Arab uprisings, the leading countries in the Middle East remain involved in multidimensional and multipolar competition for influence. This competition is multidimensional because it involves governments using traditional forms of regional power projection—direct military action, military and intelligence support to partners in other countries, direct economic assistance to other governments in the region, and diplomacy.

But it also involves other types of actions that have directly affected the viability of the Middle East state system—funding and arming of non-state groups that have challenged the state system, the use of religious symbolism and sectarian appeals in public communications, and aggressive propaganda and media campaigns aimed at shaping popular perceptions across the region. Some countries in the region are more susceptible to the impact of this regional competition due to a crisis of political legitimacy in which some governments lack the support and sense of allegiance from key sectors of their populations.²

The struggle for influence and power in the Middle East is multipolar because it involves a complex number of state actors; the latest skirmishes between Iran and Saudi Arabia represent just one layer of conflict. Other countries such as Jordan, Qatar, Turkey, and the United Arab Emirates have all carved out unique positions on as the Iraq, Syria, and Yemen conflicts, the Iran nuclear agreement and tensions between Iran and Saudi Arabia.

Weakened governments suffering from crises of legitimacy, combined with tensions between more stable regional powers, has contributed to conflict and fragmentation across the Middle East. This conflict and fragmentation has in turn created a massive humanitarian challenge, as millions of people flee conflict—many across borders.³ Worse still, this combination has given terrorist organizations such as ISIS time and space to evolve, recruit thousands of foreign fighters, and become threats to international security.⁴

In this context of regional fragmentation and strong divisions, it is unlikely that one single country or actor in the region will achieve hegemony, or an overriding influence and authority across the region. The regional security structure places limitations on what one actor, including regional powers such as Saudi Arabia or Iran, can achieve. A more likely and more complicated threat is the continued breakdown of state authority within the region—something that could accelerate if tensions between Iran and Saudi Arabia remain high.

The JCPOA and regional threat perceptions

As the Joint Comprehensive Plan of Action moves forward in implementation, regional threat perceptions remain strong and varied. Certain gaps exist between the current U.S. policy toward the region and the policy that some of America's close regional partners advocate.

One primary threat perception gap centers on Iran's regional role and the impact of the JCPOA. While the Obama administration touts the security benefits of the JCPOA and seeks to elevate dealing with the threats posed by ISIS higher in its agenda most Gulf countries and Israel, see Iran as the primary strategy threat to stability.

From the perspective of many regional leaders, the JCPOA has opened the pathway for an unchanged Iranian regime to expand its wealth and access to resources and to re-emerge from its international isolation and become a greater threat to their interests. Iran's support for Hezbollah in Lebanon, the Assad regime in Syria, and Yemeni and Iraqi elements sympathetic to Iran has unnerved some of America's closest regional security partners. The top concern among many in the region is that in 10 to 15 years, Iran will emerge wealthier and more powerful at a time when many of the JCPOA restrictions on Iran are set to expire.

As a consequence, Saudi Arabia has signaled through actions and words that it will seek to adopt a more assertive regional approach to counter Iran, as witnessed in its military campaign in Yemen and its recent efforts to engage on Syria.⁵ Many Saudi leaders view the struggle with Iran as existential, and the JCPOA's implementation has not reassured them.

Six months after the international community and Iran announced their agreement in the JCPOA, Iran and Saudi Arabia remain engaged in proxy battles across the region, and both countries have taken steps that escalated tensions. On a positive note, the two countries have started to engage in nascent diplomatic efforts aimed at ending the conflict in Syria, a process that the Obama administration is working to advance, although these efforts remain fraught with challenges.

Overall, Saudi Arabia appears poised to continue to counter Iran in the region. Just two examples of this are its announcement last month of a new Muslim coalition to fight terrorism that notably did not include Iran and its cutting of diplomatic ties with Iran in reaction to the attack on the Saudi embassy in Tehran.⁶ Indicative of the overall diplomatic fragmentation in the region was some countries' surprised reaction when they were named as members of this new coalition and the differing responses to Saudi Arabia's cutting of ties with Iran.

Possible regional moves as JCPOA implementation moves forward

The uncertainties of today's Middle East make it difficult to predict events over the coming year, but four developments are likely. First, proxy wars in places such as Yemen and Syria are likely to continue, alongside sporadic diplomatic efforts to reach settlements. The success of diplomatic efforts will depend heavily on their connection to the military balance of power on the ground in both conflicts.

Second, Iranian bad behavior unrelated to nuclear issues will continue unabated. Tehran will continue its support for terrorist groups such as Hezbollah, as well as cyberattacks on those it considers its enemies. In addition, Iran may attempt to stretch the limits of ballistic missile testing or attempt to raise tensions with the United States and its regional partners through other means.

Third, the ongoing conventional military arms race in the Middle East appears likely to continue—even after a decade in which Gulf countries purchased tens of billions of dollars of military hardware. In recent months, Iran, Saudi Arabia, and other Gulf states have all announced significant arms deals. Without a coherent, well-functioning regional security framework, the states of the Middle East will remain locked in their current security dilemmas.

Fourth, the sharp drop in oil prices has placed pressure on oil-producing states' budgets. This pressure is likely to affect the regional geopolitical competition, possibly by reducing the ability and willingness of state actors to continue projecting power throughout the region.

Anticipating continued challenges with Iran post-JCPOA

The Joint Comprehensive Plan of Action offers a strong tool to continue to limit Iran's nuclear program and block its pathways to a nuclear weapon. But dealing with Iran in a way that enhances regional security will require continued vigilance on the part of the United States on two primary fronts.

1. Strict implementation of the JCPOA. The JCPOA has produced concrete results in the past six months. The International Atomic Energy Agency, or IAEA, certified that Iran had dismantled more than two-thirds of the centrifuges it once used to enrich uranium.⁷ Iran also removed the core of the Arak heavy water reactor and poured concrete into it, closing off another potential pathway to a weapon by making the reactor incapable of producing plutonium.⁸ Iran also shipped 98 percent of its low-enriched uranium stockpile to Russia last month; it kept a small amount in-country that is far short of what is needed to make a weapon.⁹ But the merits of the deal depend on Iran's adherence to its terms – and the United States needs to remain focused on working with the international community to ensure that Iran abides by the deal.

2. Stronger efforts to counter destabilizing regional actions by Iran. One top concern that many have about the JCPOA is that the deal provides Iran with additional financial resources and opens the country to greater trade and investment, and that Iran's regime might direct these resources into actions that destabilize the region. The European Union has lifted nuclear-related sanctions on oil trade and financial transactions, and the United States will suspend nuclear-related sanctions that prevented non-U.S. actors from buying oil and investing in Iran's energy sector.

Estimates of how much sanctions relief Iran will receive vary substantially. The impact of years of economic sanctions and international isolation means that Iran needs to dedicate substantial investment to restore oil and gas production and jump-start its overall economy. It remains

unclear how the Iranian leadership will prioritize its spending in the coming years—it has a strong incentive to deal with domestic discontent with the economy.

Yet at the same time, Iran’s long-standing support for terrorist groups such as Hezbollah and its willingness to spend substantial resources and send forces to places including Syria indicate that Iran could use the additional funds to play a negative role in regional security and work to undermine the security of close American partners.

The United States needs to be prepared to push back against the malign actions by Iran in the region. The past few years have demonstrated that the Iranian regime has several different factions, and these factions have been jockeying for position in reaction to the deal.

For example, the Islamic Revolutionary Guard Corps, which expressed opposition to diplomatic efforts by the Rouhani government, has continued an aggressive stance toward regional security. It remains to be seen how the new economic dynamics post-JCPOA will impact the Islamic Revolutionary Guard Corps’ economic interests, and whether the introduction of more foreign investment and trade will undermine its position.

Regardless of these uncertainties, the United States has a strong interest in working with regional partners to address actions by elements of the Iranian regime that further destabilize the Middle East, weaken state authorities, and bolster to nonstate actors in Syria, Yemen, and Iraq. The United States must have a robust effort to counter violent extremism, terrorism, and sectarianism supported by Iran, as well as other countries in the region.

Recommendations for U.S. policy

The United States faces a major challenge in piecing together a coherent strategy for the Middle East that advances its interests as well as its values. While the Joint Comprehensive Plan of Action has provided an effective framework to address Iran’s nuclear program, it has not ushered in a new period of regional stability. Tensions between regional powers remain high, and the prospects for settlement of internal conflicts plaguing the Middle East remain slim.

Nonetheless, the United States remains the unrivaled power in the region: No other country possesses the broad networks of relationships with countries in the region, the security capabilities, and the ability to shape dynamics through diplomacy. Russia’s recent engagement in the Syria conflict has not substantially advanced Russia’s position with most countries in the Middle East, who still look to the United States as the primary outside power to help advance their interests. China’s increased economic and energy interests in the region have ushered in a new level of diplomatic engagement by its leadership in the region, that still falls short of what the United States has provided over the past few decades and continues to provide to a wide range of countries, including Israel, Egypt, Turkey, Jordan, Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait.

To stabilize the Middle East, the United States needs to adopt a more assertive strategy that takes into account the increased scale and pace of activities by countries in the region and seeks to minimize the most extremist elements that have been upsetting the regional balance. At present, Iran remains one of the top destabilizing elements in the region, but it is far from the only actor in this regard. Also, Iran is not a unitary actor, as witnessed in the internal divisions on display in the JCPOA negotiations and their aftermath.

Five key steps the United States should seek to take in the Middle East as the JCPOA moves forward in 2016 are:

1. Ensuring strict implementation of the Iran nuclear agreement. The United States should continue to work toward the successful implementation of this historic agreement that has enhanced international leverage over Iran and created important tools to prevent the spread of nuclear weapons in the Middle East. The agreement has already produced tangible results, but the United States needs to support international efforts to monitor Iran's program closely. It should prepare a range of contingencies if there are signs that Iran is not abiding by the terms of the agreement, including new economic sanctions, efforts to isolate Iran diplomatically, and possible security and military measures. The United States remains an unrivaled security presence in the Gulf region, and it should be prepared for all contingencies given the uncertainties that remain.

Importantly, the JCPOA saw Iran agree to extensive monitoring by the IAEA, which is already underway. Given the complex and extensive nature of this agreement, the United States and other leading countries will need to continue to provide oversight of this monitoring. Congressional oversight and engagement on the monitoring and verification provisions of the JCPOA will be vital; if the JCPOA continues to prove its value by placing strong limits on and providing more information about Iran's nuclear program, it can contribute to greater stability in the region.

2. Continuing to respond to Iran's bad behavior. The United States should work closely with partners in the region, including Israel, the Gulf States, and Jordan, to respond more effectively to the threats posed by elements of the Iranian regime.¹⁰ The United States has already done so by interdicting weapons shipments from Iran to forces in Yemen last year, and it should work with partners to cut off support for terrorist groups across the region. In so doing, the United States also should recognize that Iran is not the only actor that has offered support to extremist and terrorist groups that have undermined stability in the region, and it should take actions to motivate all countries in the region to cease activities that benefit terrorist groups.

3. Elevating Iran's human rights record in America's policy. The United States should continue to highlight the poor human rights record of Iran and put a spotlight on the regime's actions that are inconsistent with international standards for basic rights and freedoms.

Iran is quite likely to experience unprecedented economic and social changes in the coming years, given the demographic pressures and likely changes in its environment. The United States should continue to send the signal that it supports the basic rights and aspirations of the Iranian people, even as it works closely with the current ruling authorities in Iran to implement the nuclear agreement and work diplomatically to de-escalate conflicts in places such as Syria and Iraq.

4. Presenting a more coordinated regional security approach. The United States has a deep military footprint and a broad array of regional security partners. In addition to long-standing bilateral military and intelligence cooperation efforts across the region, the United States has built an international coalition working to counter ISIS. Furthermore, the Obama administration has begun discussions with key partners about the future of military support and security cooperation in recent talks with Israel¹¹ and discussions with Gulf States started last year at the Camp David summit.¹²

All of these potential streams of conventional military support and cooperation should be synchronized and coordinated; the United States too often allows its regional security efforts to remain disconnected and uncoordinated. Recent efforts to support greater regional security cooperation is a step in the right direction, and the United States should take steps to create a foundation for a more coherent regional security framework in the future—one in which the United States remains a key partner but where there is greater effective coordination among actors in the region. If they produce tangible results that counter the malign influence of countries such as Iran, additional dialogue with close partners in the region can do much to counter the perceptions of an American tilt toward Tehran in the post-JCPOA environment.

5. Continuing to test the possibilities for de-escalation, de-confliction, and conflict resolution efforts. Strategic dynamics and the threat perceptions in the region mean that the chances for diplomatic and political success in the short run on these fronts remain low. But it remains important to try to test the possibilities for a breakthrough that de-escalates the conflicts and marginalizes the influence of terrorist organizations. This means pursuing diplomacy with all countries, including Iran, with the recognition that many of the key countries have been actively supporting or coordinating with terrorist and extremists groups in these theaters—and that countries have been actively supporting brutal regimes such as the Assad regime in Syria or nonstarter groups that threaten civilians.

If prospects for resolution of these conflicts appear poor, the United States, its regional partners and Iran should keep the lines of communication open to avoid inadvertent conflict in the Gulf. The recent episode of American military craft drifting into Iranian waters and the subsequent capture of their crews serves to highlight the importance of avoiding future incidents at sea or in the air. During the Cold War, the United States signed an agreement with the Soviet Union to avoid such incidents that could serve as a model for a similar agreement with Iran.

Endnotes

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- ¹⁰ For more analysis on possible efforts, see Peter Juul, Brian Katulis, and Shlomo Brom, “Countering Iran’s Destabilizing Actions in the Middle East” (Washington: Center for American Progress, 2015), available at <https://www.americanprogress.org/issues/security/report/2015/07/17/117647/countering-irans-destabilizing-actions-in-the-middle-east/>.
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- ¹² Office of the Press Secretary, “U.S.- Gulf Cooperation Council Camp David Joint Statement,” Press release, May 14, 2015, available at <https://www.whitehouse.gov/the-press-office/2015/05/14/us-gulf-cooperation-council-camp-david-joint-statement>.