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IRAN UPDATE: US Withdraws from the JCPOA

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KEY POINTS:

1. President Trump announced today that he is withdrawing the US from the nuclear deal with Iran, **making the argument that if left unaltered, the JCPOA would have resulted in Iran achieving a militarized nuclear capability.**
2. His decision is a milestone in broader effort – underway since his election – to roll back Iranian influence in the Middle East and reflects his intent to spur new negotiations with US allies and Iran.
3. European signatories to the deal criticized Trump’s decision but expressed a willingness to work with Iran to maintain the deal without US participation and separately engage with the US to address broader concerns with Iran.
4. Iranian President Rouhani announced that he will confer with the deal’s other signatories on whether the deal can remain intact, not ruling out Iran’s withdrawal and the dissolution of the agreement if these discussions are unsatisfactory.
5. **Despite surely creating near-term political volatility, the medium-term outlook depends heavily on how follow-on discussions play out over the coming weeks.**

SUMMARY OF THE ANNOUNCEMENT

Trump [announced](#) this afternoon that he is terminating US participation in the Joint Comprehensive Plan of Action (JCPOA). The deal was signed in 2015 between the US, UK, France, Russia, China, Germany, the EU, and Iran and extended broad sanctions relief to Iran in exchange for Iran accepting limitations on its nuclear program. Immediately following his announcement, he signed a presidential [memorandum](#) to begin the process of reinstating US sanctions on Iran that had been lifted under the deal.

The US Department of the Treasury quickly released guidance on the coming sanctions - the full text can be found [here](#). Key points include:

- **All sanctions waived by the JCPOA are to be reinstated**
- These sanctions are to be reimposed as soon as possible
- Departments of State and Treasury will establish 90-day and 180-day periods for the unwinding of activities in Iran that were allowable under JCPOA relief

Without providing much in the way of a roadmap, Trump said the US would work with its allies to find a “real, comprehensive, and lasting solution,” to the Iranian nuclear threat. A White House fact sheet [outlined](#) a broader list of additional Iranian

activities targeted, including the development and proliferation of ballistic and nuclear-capable missiles; support for terrorists and proxies in Syria, Yemen, Iraq, Lebanon; human rights abuses against its own citizens; and unjust detention of foreigners; among others.

CONTEXT

Since his election, Trump's advisors have been setting the table for a significant push back against Iran's provocative activities across the Middle East. Trump's announcement today was a key step in that process, delivering on a major campaign promise that was aimed at addressing a long-standing right-of-center belief that the nuclear deal is fatally flawed and ultimately enables Iran's nuclear weapons program.

Echoing his criticism of the deal over the course of his campaign and time in office, Trump attacked the JCPOA for enabling Iran's race for a nuclear weapon by enriching the Iranian regime through sanctions relief without doing enough to curtail its long-term nuclear weapons program. He specifically cited the deal's sunset provisions, insufficient inspection mechanisms, and shortfalls regarding Iran's ballistic missiles program ("the means of delivery"), as signs of the agreement's insufficiency. More broadly, Trump cited Iran's support for terrorism and its malign activities throughout the Middle East as evidence of the country's nefarious strategy which it will be in better position to pursue once enrichment constraints expire.

In the runup to Trump's announcement, concerns have been widely expressed that Trump was preparing to remove a framework for engaging on nuclear weapons with Iran in the absence of something to take its place. **However, this is largely consistent with Trump's style, which is to take actions that maximize his leverage before initiating negotiations.** Just as with the withdrawal from the Trans-Pacific Partnership or the re-negotiation of NAFTA, Trump has a high level of confidence with "walking away from the table" in order to achieve what he views as an improved posture for bargaining and then re-engage negotiations anew.

KEY INTERNATIONAL REACTIONS

IRAN

Rouhani quickly responded to Trump's announcement with a televised address in which he advised that Iran has recently been preparing for a JCPOA without the US and now will be watching reaction from European parties to decide its next course of action. Specifically, Rouhani advised that he will initiate negotiations with the remaining parties to the JCPOA to explore whether the economic benefits can be preserved despite the exit of the US. If those benefits are not maintained Iran will itself exit the deal and begin ramping up nuclear enrichment to industrial levels.

One of the primary WH rationales for exiting the JCPOA is to deny Iran the economic benefits of renewed trade and investment in the country. Trump's enactment of secondary sanctions is evidence to this point -- that the US strategy is to make European countries make a choice between doing business with Iran or the US. **It is therefore unlikely that new US sanctions will be enacted in a way that allows more than a modicum of recent new commercial activity to endure.**

EUROPE

Following Trump's announcement, the leaders of UK, Germany, and France issued a joint [statement](#) expressing "concern and regret" at the US decision to withdraw. In it they reaffirmed their full commitment to implementation of the deal and encouraged Iran to continue meeting its own commitments. Importantly, the E3 leaders pledged to continue delivering economic benefits to the Iranian people while urging the US to avoid taking actions which would preclude other parties from full implementation -- another clear plea to the US not to impose the secondary sanctions that would be needed to bring real pressure on the Iranian regime.

Despite European disappointment with Trump's decision, there are already indications that negotiations remain ongoing. Macron [said](#) on Twitter, "We will work collectively on a broader framework, covering nuclear activity, the post-2025 period, ballistic activity, and stability in the Middle-East, notably Syria, Yemen, and Iraq." US officials also advised on background that no lapse is expected in continuing the dialogue with allies toward devising solutions to the Iranian threat.

OUTLOOK

Trump's decision cements a US pivot to counter Iran that has long been taking place and will continue until significant changes are seen in Iran's behavior in the region. It is possible that the E-3 will find a way to keep remnants of the deal in place without US participation, but this will depend on the extent to which the EU makes the unlikely choice to challenge US sanctions to protect European businesses in Iran. Another option for Iran could be to eventually heed Trump's invitation and renegotiate with the US – a course of action they may be pushed toward if the country's current economic crisis deepens and further threatens the stability of the regime.

Within Iran, Trump's announcement will likely give a boost to hardline factions, which have opposed the deal since its inception. It will also exacerbate existing economic problems, including falling purchasing power for Iranians and a declining currency. This could give further credence to Iranian hardliners, but could also increase pressure on both President Rouhani and Ayatollah Khamenei to keep the deal alive, including through negotiating with the US, to stave off the possibility of real threats to the viability of the regime if instability worsens. Israel and US allies in the Arabian Gulf have already expressed support for Trump's decision, which could curtail the ability of Iran to support its proxies in Syria, Lebanon, Iraq, and Yemen longer-term by cutting off financing. However, in the near-term, these nations will be watching for more belligerent actions by Iran and its proxies as they react to the US decision.

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