

MAXIMIZING THE OPENING WITH IRAN

HOW PRESIDENT TRUMP CAN SECURE
AMERICAN INTERESTS IN THE MIDDLE EAST

Prepared by the National Iranian American Council

November 2016

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EXECUTIVE SUMMARY

It lies in the national interest of the United States to build on the Iran nuclear deal to resolve remaining tensions with Iran and help stabilize the Middle East. The nuclear deal itself was a significant contribution to regional stability – both the risk of an Iranian nuclear bomb and a military confrontation with Iran have been significantly reduced. The deal proved that diplomacy with Iran can bear fruit despite skepticism about Iranian sincerity, the inclination of Iran’s Supreme Leader to abide by the deal, or the ability of Iranian hardliners to sabotage diplomacy.

If diplomacy could be successful in resolving the most volatile and complex point of tension between the U.S. and Iran – the nuclear dispute – President Trump should also employ diplomacy to peacefully resolve or manage the remaining differences between Washington and Tehran. Undoubtedly, this is not a simple proposition. Iran’s willingness and ability to engage with the U.S. on regional matters has not yet been fully tested. Internal Iranian (and American) politics continue to pose a potent challenge for sustained engagement. Moreover, in some areas, U.S. and Iranian interests are diametrically opposed – such as the Israeli-Palestinian issue – and their differences there can at best be contained. In other areas, such as the fight against ISIS, their interests are largely overlapping and both sides would benefit from increased collaboration and coordination.

But what remains unquestionable, is that it lies in the interest of the United States to better manage its relationship with Iran so that the two countries have functional – though not perfect – relations. A quick glance at the geopolitical chessboard demonstrates this necessity. Iran has substantial latent power – population size and potential for wealth generation – and thus it is bound to be a leading power in the greater Middle East. Washington cannot change this. Nor can Washington stabilize the Middle East without Iran’s involvement. Iran will be part of the regional solution – or there won’t be a solution. The only question is how the U.S. will approach Iran and its role as a major power in the region. Having recognized that Iran cannot be indefinitely contained, pursuing a policy of non-engagement would simply be detrimental to U.S. interests.

This report addresses eight specific dimensions of the U.S.-Iran relationship and how U.S. national interests can be advanced through concrete short and long-term measures in regard to the Saudi-Iran cold war; the Syrian civil war; creating a viable Iraqi state; stabilizing Afghanistan; America’s unilateral sanctions regime; energy security; and the issue of human rights in Iran.

The imperative of improving U.S.-Iran relations does not overshadow the remaining problems between the two countries – most notably, Iran’s support for Hezbollah and its posture on Israel. However, Iran’s position on these two issues is more likely to shift if U.S.-Iran relations move in the right direction. If President Trump continues the process of reintegrating Iran into the region’s political and economic structures, Iran will have mutually beneficial avenues to create common cause with its Arab neighbors, reduce corresponding tensions, and maintain strategic depth. This incentivizes separating itself from anti-Israeli policies traditionally used to achieve these ends.

The authors of this report and the foreign policy scholars who endorse its overall findings and recommendations share a number of broad understandings that have guided the analysis. Our report differs from others in that it offers proactive rather than reactive policy recommendations informed by some of the leading experts in the field, several of whom prepared early drafts. The report contains eight chapters on the most pressing issues facing U.S.-Iran relations, and the best way to advance U.S. national interests. Key findings include:

U.S.-IRAN RELATIONS

President Trump should privately communicate to Iranian leaders that America does not seek the overthrow of Iran’s government, and instead seeks continued diplomatic engagement to build on shared interests and peacefully manage differences. Following through on this will require four steps: The U.S. should communicate its commitment to vigorous implementation of its obligations under the nuclear deal; pursue the immediate establishment of contact between the new Secretary of State and Iran’s foreign minister; publicly reaffirm the State Department’s leadership in the task of

inter-agency implementation of the nuclear deal; and initiate a high-level intra-agency assessment of the extent to which the new policy of engagement interacts/conflicts with other elements of U.S. policy towards Iran, and how those policies could be recalibrated to better fit the post-nuclear deal era. To maximize the likelihood of successful follow-through on these steps, President Trump should consider the appointment of a Senior Envoy for Iran to ensure continuity and confidence building in U.S-Iran relations. The envoy should have a proven track record of successful diplomatic engagement with Iran.

SAUDI ARABIA

President Trump should directly communicate to Saudi Arabia and Iran that it is in the American interest to avoid taking sides in aspects of the Saudi-Iran rivalry in which its own interests are not at stake, and that the Trump administration favors détente and rapprochement between the two. To that end, the U.S. should encourage Riyadh and Tehran to reduce the risk of accidental war by helping them design and implement military confidence-building measures in the Persian Gulf; cooperate against terrorism by designing and implementing a mutually agreed upon strategy for containing and destroying ISIS; restart Sunni-Shi'a dialogue to reduce sectarianism and promote tolerance; and discourage any efforts by Riyadh or Tehran to support opposition groups seeking to overthrow their respective governments, and urge them to conclude an appropriate non-aggression pact.

IRAQ

President Trump should immediately establish a high-level diplomatic and military communication channel with Iran inside Iraq. He should permit U.S. officials up to the level of Secretary of State to work in close coordination with their Iranian counterparts, as well as form a trilateral U.S.-Iraq-Iran group at the senior official and ultimately ministerial level. In doing so, the U.S. should also work with Iran to be more frank and transparent about their alliance of convenience in Iraq, and make it a basis for improved security cooperation and stability in the region; push for constitutional reform to resolve the lack of inclusiveness of Iraq's governance; work together to rebuild Iraq's army on a

non-sectarian basis, with mixed units, and better auditing of officers to work against corruption; and jointly push Iraq's government to become more transparent and implement accountability measures that ensure the country's petroleum riches reach ordinary citizens equitably regardless of religion or ethnicity to help stem the tide of minority resentment and militancy.

SYRIA

President Trump should communicate to Tehran that he is willing to forgo a more robust military intervention in Syria that would escalate the war (including a no-fly zone) in return for Tehran's willingness to compromise on Assad's fate. He should also stop calling for Assad's departure, at least during the transitional phase, as a precondition to ending the war. Instead, Washington should boost its diplomacy with Russia, Saudi Arabia, Turkey, Iran and the Syrians to bolster a truce on the ground in Syria, allow humanitarian aid to flow, and work toward a decentralized, power-sharing style of governance in Syria that maintains its territorial integrity. To that end, the U.S. should also maintain, deepen and institutionalize its dialogue with Iran on Syria by establishing a bilateral diplomatic channel for the specific purpose of coordinating the aforementioned efforts, as well as defeating ISIS, Nusra, and other terrorist groups in Syria that pose national security threats to both countries. To accomplish all of this, President Trump should recognize both Tehran and Riyadh's legitimate interests in Syria, pressure both countries to abandon their maximalist demands, and punish either equally if it takes actions that adversely affect American interests.

AFGHANISTAN

President Trump should address political crises linked to the difficulties of implementing Afghanistan's national unity government agreement by permitting U.S. officials up to the level of the foreign minister to work in close coordination with their Iranian counterparts. In addition, Washington should work with Tehran to form a trilateral U.S.-Afghanistan-Iran group at the senior official and ultimately ministerial level. To that end, America should unilaterally adjust its executive authority sanctions that ban using U.S. funds to purchase goods or services from Iran

to specifically permit funding for approved projects in Afghanistan. Washington should then explore how to best mobilize resources and involve U.S. companies in plans for expanding the capacity of Chabahar Port and the land routes north and east from there. America has both a strategic and economic interest in the success of the transport route via Chabahar through U.S. cooperation with India and, ultimately, Iran.

SANCTIONS

President Trump should immediately communicate in a public manner that he will veto any sanctions legislation that risks U.S. obligations under the JCPOA, and is prepared for early Congressional battles over legislation aimed at upending the nuclear accord. Additionally, he should consider strategic trade openings with Iran, including in areas related to energy, finance, and technology, to provide a renewed source of influence and leverage with Iran's leadership and its people in a manner conducive to American national interests. To that end, as a longer-term objective, President Trump should begin outlining the steps necessary to lift the U.S. trade embargo with Iran and what America would expect in return from Iran.

ENERGY SECURITY

President Trump should immediately establish a bilateral energy security dialogue with Iran at the ministerial level with the aim of balancing Russian influence in the gas market, strengthening regional economic interdependence to help stabilize the Middle East, and promoting economic development that marginalizes extremist groups. Integrating Iran's oil and gas plans into existing regional structures and creating energy security linkages between Washington and Tehran helps achieve these objectives. In order to facilitate these policy shifts, President Trump should remove legal and political impediments to the development of Iran's gas sector, and help the region develop a platform similar to ASEAN for development.

HUMAN RIGHTS

It is critical that the Human Rights dimension in the U.S.-Iran relationship is not forgotten. Mindful of the particular circumstances in Iran and the history of U.S.-Iran relations,

rule number one should be: Do no harm. President Trump should heed the advice of Iranians themselves, especially as events shift and develop. To that end, he should maintain coalition-based support for international mechanisms focused on Iran's human rights situation, such as the UN Special Rapporteur on Human Rights in Iran. Washington should take a principled stance on human rights issues in Iran regarding ethnic and religious minorities, women, and civil society at large. However, Washington should not use human rights as a political tool to advance its other objectives with the country, as that undermines the human rights situation in Iran and harms U.S. credibility. In order for America's stance on Iranian human rights abuses to be credible, it must take the same position across the Middle East. President Trump should take concrete steps to show that America does not seek to harm innocent Iranians, such as expediting the processing of legitimate financial transactions that will supply Iran with new civilian aircraft from the U.S. Washington should also continue to use bilateral and multilateral diplomatic channels to raise the need for security and protection of dual nationals and foreign nationals from arbitrary arrests, and pursue the release of all dual nationals currently unjustly imprisoned in Iran.

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U.S.-IRAN RELATIONS: FROM CONFLICT ESCALATION TO CONFLICT MANAGEMENT

It is in the American national interest to build on the Joint Comprehensive Plan of Action (JCPOA) in order to continue reducing tensions with Iran. The JCPOA shows that tough-minded diplomacy with Iran can work. It has produced the most tangible benefits to regional stability in nearly four decades. The negotiations that led to it have created a new environment for U.S.-Iran relations. Its conclusion served core U.S. interests such as preventing nuclear proliferation, avoiding widened war in the Middle East, and establishing a foundation for positive interaction with a rising regional power. Washington now has the best chance in decades to advance additional U.S. interests in the region, including but not limited to: boosting counter-terrorism and the fight against ISIS; advancing political stabilization in Syria, Iraq, and Afghanistan; utilizing energy security to reduce regional tensions; reducing America's military footprint in the Middle East; and addressing human rights challenges in Iran and the larger Middle East. Ostracism of Iran impeded the pursuit of these interests. Engagement with Iran does not guarantee their achievement, but makes their realization more likely.

The nuclear deal has been described as transactional in nature, resolving an urgent challenge to U.S. national security interests. However, this characterization downplays a deeper reality: the JCPOA is an instrument through which a dangerously adversarial relationship can be gradually transformed, and is an important example of how direct and persistent diplomatic engagement at the highest governmental levels can manage conflict and avoid confrontation. The most important lesson learned is that such engagement in a non-threatening fashion and environment can lead to progress that is firmly in America's national interest – even on highly contentious issues, and despite strident opposition in both countries. Leadership, political will, and clarity of purpose about how diplomacy can resolve conflict proved more effective at shaping Iranian reactions than years of U.S. reliance on sanctions, military threats, and

containment. American national interests can be further advanced by continuing this formula in the Trump administration.

BUILDING ON SHARED INTERESTS, DIALOGUE ON DIFFERENCES

Despite shared interests in combatting ISIS and stabilizing Iraq and Afghanistan, the U.S. considers many of Iran's activities – ranging from its ballistic missile program, to its support of organizations such as Hezbollah, to incarceration of critics and dual nationals – as destabilizing, and against Washington's regional and global interests. Tehran, in turn, opposes the U.S. and its allies in the region in some key conflicts. It also remains deeply suspicious of U.S. intentions both regionally and in relation to its own domestic politics. Accordingly, a good part of Iran's political and security establishment identifies the U.S. as a hostile power intent on changing the regime or its character – either directly through military threats and sanctions, or indirectly by reshaping the domestic political balance inside Iran.

These differences, which continue to inspire harsh and antagonistic rhetoric on both sides, give the impression that nothing has changed in U.S.-Iran relations. Despite the unprecedented nature of the sustained dialogue that the nuclear talks have wrought – perhaps in response to their contested domestic terrains or simply because habits are hard to let go – both sides keep insisting that the essential framing of the antagonistic relationship between the two countries remains the same: based on sworn enmity. However, there have been changes, and these changes, in the words of Ambassador John Limbert, are a “big deal” worthy of sustaining and building upon as part and parcel of a broader engagement policy.

The nuclear deal and open channels of communication between the U.S. and Iran have advanced U.S. national interests in a variety of critical ways: Nuclear security gains,

removing of the specter of yet another ill-advised war in the region, and collaboration against ISIS. The taboo surrounding direct public contacts has been broken. After decades of several failed behind-the-scenes attempts to change the U.S.-Iran relationship into something more productive, the extraordinary opportunity that the public channels created through the nuclear talks should neither be underestimated nor go to waste. These channels have already proven their utility in the resolution of seemingly minor incidents that could have easily turned into damaging military altercations or a major diplomatic row without the established direct contact between Secretary of State John Kerry and Foreign Minister Mohammad Javad Zarif.

To that end, it is firmly in the American national interest to continue this pattern of diplomacy in an effort to further reduce U.S.-Iran tensions. There is no reason to believe that any problem the U.S. has with Iran – be it Iran’s steadfast support for Assad in Syria, or its diehard opposition to Israel and its conduct – could be better managed by returning to ostracism, sanctions, and military threats. The approach that yielded success on the nuclear issue offers the most promising path to the resolution of other serious differences between the United States and Iran.

Iran is a significant regional power endowed with complex and contentious domestic dynamics. These characteristics make it a country that can neither be ignored nor coerced into changing its ways along the lines prescribed by its regional competitors. This is particularly so if Iran’s legitimate fears about sovereignty and security are ignored. The history of the nuclear conflict suggests that enhanced threat perception against its security and sovereignty moved Iran’s entire political spectrum towards counter-escalation, including the expansion and quickening of its uranium enrichment program and explicit statement of a security doctrine that Iran will answer threats with threats. It is in the American national interest to sustain the JCPOA, improve the regional security environment, and reduce prospects for war. Therefore, expanding and multiplying the channels

through which U.S. concerns and intentions are relayed – and additional areas of shared interest explored – is a no-brainer.

JCPOA IMPLEMENTATION AS AN INSTRUMENT FOR TRANSFORMING RELATIONS

JCPOA implementation creates a dynamic opportunity for the U.S. to advance its national interests by routinizing bilateral diplomatic channels for engaging with Iran that can be utilized on a range of issues that go beyond non-proliferation. For instance, the murky environment created by U.S. financial restrictions on non-U.S. banks doing business with Iran has provided the impetus for talks involving the Central Bank of Iran and U.S. Treasury regarding how they can gradually address the difficulties and what Iran needs to do to improve its banking system transparency. According to Ambassador Stephen Mull – America’s lead coordinator for implementation – he hears from his Iranian partners at least once a week to look into problems Iran is experiencing due to lack of clear guidance. With a change of U.S. administration, both the maintenance and potential expansion of such channels face two layers of perils.

First, it is no secret that the channels of contact established for negotiating the JCPOA and its subsequent implementation have gone beyond the agreement itself and solidified due to the personal rapport that developed between Kerry and Zarif. To that end, it is in Washington’s interest to quickly identify senior officials that will remain in direct contact with Iranian counterparts, and reaffirm robust support of the State Department team tasked with coordinating inter-agency JCPOA implementation. Failing to routinize the channels at the top of Washington and Tehran’s foreign policy institutions could not only undermine the very real opportunities that spring forth from such direct U.S.-Iran engagement, but may also adversely impact the survival of the JCPOA itself. Giving priority to the productive relationships laboriously built and fruitfully capitalized upon during the negotiations and implementation is critical.

With a new president getting ready to enter office, the onus in this regard falls on Washington. Iran will also have its presidential election in May 2017, but there is a strong possibility that Washington's current interlocutors will continue to serve in a second Hassan Rouhani Administration. In any case, the immediate period after Donald Trump enters office is critical in relaying continuity and commitment to the approach that made the JCPOA possible. It is in America's interest to signal that it considers all the established contacts to be institutional and not merely personal.

On Iran's side, its commitment to fulfilling the JCPOA has been shown in word and deed. All relevant institutions overseeing implementation agree that Iran has fulfilled its obligations, and Iranian officials have repeatedly asserted their commitment to the accord. However, domestic political dynamics have obstructed expansion of formal dialogue to other areas. Iran's ambivalence towards a changed relationship is a major hindrance, and disappointments with the pace and depth of U.S. sanctions relief have given critics further ammunition to question America's trustworthiness and the utility of engagement in other areas. Presumably this is an argument that can be overcome in internal negotiations as the JCPOA's positive economic and strategic impact becomes more evident. Thus, it is in Washington's interest to gradually resolve conflicted policies and in turn maximize the likelihood of fruitful engagement with Tehran in the Trump administration. An inconsistent policy will continue in Iran so long as it reflects differing institutional and economic interests, which are in part fueled by divergent views regarding the utility and reliability of improved U.S.-Iran relations.

Conflicted policy is also a problem that needs to be addressed in Washington as its new engagement approach is inserted into the broader containment frame. There is also a more immediate danger: Lack of vigor in implementing and ultimately preserving the JCPOA. Its short history suggests that unless the Executive Branch sustains determination in

defending it against congressional efforts to reinstate nuclear sanctions under a different guise, the U.S. could falter in upholding its commitments. JCPOA opponents identify President Obama as "uniquely protective of the deal," and seem to feel they will have a freer path to obstruct it once he leaves office. It is firmly in America's interest for the Trump administration to maintain and publicly announce the same level of vigor in fulfilling U.S. obligations, resolving sanctions relief complications, and forestalling attempts to undermine the JCPOA. If it does not, the accord and its accompanying diplomatic channels will be vulnerable.

The post-JCPOA bifurcated sanctions approach – which promotes easing on the one hand while enforcing and perhaps even buttressing the remaining non-nuclear sanctions on the other – is a highly challenging environment for the Trump administration. This is particularly so given the JCPOA opponents' strategy to provoke Iran into renegeing through increased use of targeted sanctions against companies and individuals on non-nuclear grounds. The push for making Iran's ballistic missile program the next pretext for imposing new unilateral sanctions should be seen in this light. This push is happening without any clarification on the part of the intelligence community about the extent of the missile program's risk to the region and U.S. allies or discussion of how effective sanctions would be in countering a program that Iran considers vital as a conventional deterrent.

It is in America's interest to better understand the role Iran's missile program plays in Iran's security doctrine and whether it poses a threat to American interests, as well as consider the wisdom of imposing sanctions. Such measures would likely do nothing to curtail the missile program, and instead threaten JCPOA gains and heighten the threat perception that gave rise to the emphasis on the program in the first place. It is also in America's interest to rebuff pressures to use its existing executive authorities to impose additional sanctions on the grounds that it would forestall momentum in Congress for new statutory sanctions. This is a trap. Opponents of improved relations with Iran used the same line

of reasoning regarding Iran's nuclear program, but executive orders did not prevent further congressional action. In fact, they became part of the reasoning for further statutory sanctions.

A PARTICULARLY OPPORTUNE MOMENT FOR THE TRUMP ADMINISTRATION

The onset of the Trump administration is a fitting moment for Washington to revisit its assessment of Tehran's objectives and ambitions, and the extent to which they threaten U.S. interests in the post-JCPOA era. This will be indispensable for new strategic planning and recalibration needed between various aspects of U.S. policy now that sustained engagement is finally part of America's policy toolkit. With the expected re-election of a government that successfully guided the nuclear negotiations, Iran will be entering a relatively extended period of post-election calm conducive to recalibration of its policies towards America as JCPOA implementation proves its economic and security benefits. The strategic advantages of a less adversarial interaction and mindset have been demonstrated by patient, successful negotiations. A new strategy that learns from the process that made the JCPOA possible and deliberately builds on it is firmly in the American national interest.

POLICY RECOMMENDATIONS:

- 1) President Trump should immediately send private correspondence to Iran's leader Ali Khamenei and President Hassan Rouhani stating that he plans on continuing the linchpins of President Obama's approach to Iran: Reiterating that America does not seek to overthrow the Iranian government, and instead seeks to continue sustained, high-level diplomatic engagement to build on shared interests and peacefully manage strategic differences.
- 2) President Trump should carry out immediate messaging that the new administration is committed to the vigorous enforcement of the JCPOA, and that it will

veto any congressional legislation that seeks to undermine it through new sanctions and/or reinstatement of a threat environment regarding Iran's nuclear program.

- 3) President Trump should pursue the immediate establishment of contact between the new Secretary of State and Iran's foreign minister to assure continuity and routinization of diplomatic channels.
- 4) President Trump should publicly reaffirm the State Department's leadership in the task of inter-agency implementation of the JCPOA.
- 5) President Trump should initiate a high-level intra-agency assessment of the extent to which the new policy of engagement interacts/conflicts with other elements of U.S. policy towards Iran, and how those policies could be recalibrated to better fit the post-JCPOA era.
- 6) President Trump should consider the appointment of a Senior Envoy for Iran to ensure continuity and confidence-building in U.S.-Iran relations. The envoy should have a proven track record of successful diplomatic engagement with Iran. We recommend someone with the stature of John Kerry or Bill Burns.

THE SAUDI-IRAN COLD WAR: AVOID TAKING SIDES, WORK TO END IT

It is in the interest of the United States to avoid taking sides in the Saudi-Iran rivalry, and instead take steps to tame it. Washington is slowly coming to grips with Tehran's re-emergence as a regional power with significant influence beyond its borders. Riyadh is not – and this is a problem for American interests. Saudi-Iran tensions have further destabilized the Middle East, fueled sectarianism, made oil markets more volatile, and increasingly militarized the region through record arms sales, Saudi military interventions in Yemen and Bahrain, and a proxy war in Syria. President Trump should learn from past mistakes in all three capitals and work toward facilitating greater understanding that it is in the interest of all parties to encourage political and economic stability. Doing so requires building a more peaceful regional environment.

REGIONAL SECURITY: FROM OFFSHORE BALANCING TO CONTAINMENT

U.S.-Iran antagonism is buttressed by the way the policies of both countries toward Persian Gulf security have evolved since Iran's 1979 revolution and the consequent formation of the Gulf Cooperation Council (GCC). In 1980, after the Soviet invasion of Afghanistan, the Carter Doctrine committed the U.S. to intervene against any outside force attempting to dominate the Persian Gulf. But U.S. policy soon came to emphasize offshore politico-military balancing of Iran through support for Saudi Arabia, the GCC and Iraq.

The Bill Clinton administration's unheralded (and unexplained) announcement of "dual containment" in 1993 replaced indirect reliance on Iraq and the GCC to balance Iran with direct U.S. military confrontation of both Iran and Iraq. This devalued Iraq as a factor in regional balance, paving the way for America to invade and occupy it in 2003. U.S. efforts to change the regime in Baghdad unexpectedly led to the incorporation of most of Iraq into an Iranian sphere of influence that already included Syria and some areas of Lebanon. Three years later, Israel's U.S.-supported invasion

of Lebanon gave Hezbollah preeminent political influence in Beirut.

American deference to Israeli priorities about Iran's nuclear program and GCC alarm at expanding Iranian influence have combined to make containment of Iran and its sphere of influence the principal U.S. objective in the region. Thus, some in Iran still interpret U.S. policy as aimed at eventual regime change by either covert action or war. Tehran sees Washington as colluding with Riyadh in organizing opposition to Iran and its client states so as to counter its gains in regional prestige. Iran believes that the U.S. seeks to deny it the ability to deter Israel from assaulting it, as it has frequently threatened to do.

To eliminate the threat from the United States, Iran demands the removal of all U.S. forces from the Persian Gulf. To counter the threat of aggression from Israel, Iran arms Hezbollah and bolsters Hamas. To preserve its regional influence, Iran bankrolls Hezbollah and joins it in defending the Assad government in Syria, which the U.S., Saudi Arabia, and Turkey (at least until recently) have been attempting to overthrow. To counter Saudi Arabia, Iran backs Shi'a movements against Saudi client governments in Bahrain and Yemen. It seeks to discredit the Saudis in American and other Western eyes by identifying them with Salafi Jihadi terrorism.

As long as a pro-Iranian government rules in Baghdad, Iraq will be unavailable to join the GCC in checking Iranian regional ambition. There is no longer any obvious combination of Arab countries that can balance Iran politically. To compensate for this, the Saudis have stoked Sunni opposition to Iranian Shi'ism. Dual containment has meanwhile degenerated into a permanent and unsustainable U.S. military presence in the Gulf directed at containing Iran alone. With U.S. support, America's traditional security partners in the region seek to keep Iran isolated and

excluded from regional decision-making while building up their military power.

THE PROSPECTS FOR REGIONAL EQUILIBRIUM AND SECURITY

With coalition-building for offshore balancing no longer an apparent option, the U.S. has no obvious way to extricate itself from the mess in the region, or to end the terrorist blowback the irritations of its presence there tends to generate. Yet it is in the American national interest to reduce its military presence in the Persian Gulf. This would lower operational demands on the armed forces, and undercut terrorism with global reach, helping to restore domestic tranquility to America and facilitate its pivot to Asia. Building a regional order conducive to stability that is not dependent on the permanent American garrisoning of the Persian Gulf will not be easy, but it is not impossible.

Despite formidably equipped armed forces that provide a more than adequate conventional defense, Saudi Arabia and its GCC partners lack confidence in their ability to counter what they strongly believe to be Iranian subversion and unconventional warfare. Their answer to Iranian political influence in Arab societies is sectarian counterattack. Geopolitical contests have been reframed as religious wars. Passion obviates statecraft.

But the reality is that no party in this complex struggle has the military capacity to overwhelm the other. Unless America participates in military operations against it, Iran is strong enough to deter attack by the Gulf Arabs and far enough away from Israel to be able to survive an Israeli assault. Israel is a nuclear power with the most powerful armed forces in the region. It does not need the U.S. to deter attack by Iran.

The Gulf Arabs have sufficient military strength to do major damage to Iran if attacked by it, even without direct U.S. involvement. In conventional military terms, Iran is effectively deterred. It is the weaker party and necessarily

on the military defensive. In short, military balance between Iran and the GCC is a sustainable condition, especially given the access of the GCC states to Western weaponry and their capacity to finance military acquisitions.

Political balance between Iran, its sphere of influence, and the GCC is more problematic. This struggle has become a violent disagreement in the Muslim world about matters of faith and its relationship to political power that America does not understand and cannot hope to address. The only American interest in this struggle is to contain the instability it engenders and to limit collateral damage from it. No U.S. interest can be served by taking Riyadh's side in this conflict with Tehran or vice versa. Instead, the confluence of geopolitics with religion has given the U.S. a vital interest in promoting peaceful coexistence between Riyadh and Tehran. As President Obama said, Saudi Arabia and Iran need to share the region: "The competition between the Saudis and the Iranians – which has helped to feed proxy wars and chaos in Syria and Iraq and Yemen – requires us to say to our friends as well as the Iranians that they need to find an effective way to share the neighborhood and institute some sort of cold peace."

The pursuit of this interest is impaired by the absence of U.S. relations with Tehran, and the loss of confidence in America in Riyadh and other GCC capitals. The U.S. is not in a position to play the role of mediator between these regional rivals. It can only encourage the process and highlight the increasing long term consequences and costs of continued escalation. Any effort to repair the almost four-decade-old rupture with Iran is further complicated by the fact that both Israel and Saudi Arabia are in a position to obstruct or subvert U.S. efforts to do so. Israel and Saudi Arabia are now openly colluding to this end.

Saudi Arabia has a growing presence on Capitol Hill and is backed by influential elements of the U.S. military-industrial complex. The U.S. ability to influence what Israel or Saudi Arabia do is much less than the capacity of both

to veto American policies they oppose. No one should underestimate the domestic political difficulty of the United States attempting to temper broad antipathy with selective cooperation with Iran. Domestic politics impose parallel constraints on Iran.

Washington's efforts to push back against efforts by Riyadh and Tel Aviv to torpedo the nuclear deal are a prudent prioritization of American interests. The faithful implementation of the Joint Comprehensive Plan of Action (JCPOA) is essential to clear the way for exploration of other steps that might serve U.S. national interests in the Persian Gulf region. So, too, is a continuing effort to reassure Saudi Arabia and the GCC by helping them achieve a more durable balance of power in the Gulf. These elements of current U.S. policy make sense. But so does making it clear that it is in the American national interest to favor peaceful coexistence between the contending parties in the Gulf and avoid being enlisted in tipping the balance of power in favor of one or the other. Americans "have no dog" in most of their fights. Failing to make this clear is a mistake.

WHAT IS TO BE DONE?

If Iran and America are to move beyond their thirty-five-year politico-military impasse, both sides must demonstrate vision, political courage, and skillful diplomacy. All of these qualities were evident in the JCPOA. But they have been notably absent in U.S. interactions with Saudi Arabia so far this century. It is in America's interest to rebuild its relationship with Riyadh as it initiates broader outreach to Tehran if it is to foster the peaceful coexistence between them that is the sine qua non of sustained stability in the Persian Gulf region.

Some measure of rapprochement between Riyadh and Tehran is a prerequisite for any adjustment of U.S. policies in the Persian Gulf. Encouraging this should be a mainstay of U.S. policy. It is in the American national interest to be able to work with all countries in the region – not just a favored few – to cope with security threats as they evolve.

If Washington can establish less of a one-sided balance in its relations with Riyadh and Tehran such that it can confer with both despite their rivalry, each would think twice before implementing policies that threatened to damage American security interests. The more options America has, the greater its diplomatic clout.

While evolution toward greater balance in U.S. relations with regional rivals would beat the unsustainable status quo, it is not a panacea. Saudi Arabia and Iran are unlikely to de-escalate their bilateral conflict in the short to medium term. The United States and Iran will continue to have differences that preclude broad cooperation. Yet all three countries, including Iran and Saudi Arabia, share discrete interests that, to a considerable extent, overlap. It is in the American national interest to pursue these opportunities for limited but mutually beneficial cooperation or parallel policies and actions on matters of common concern. Examples to be explored include the establishment of mechanisms for politico-military crisis management, measures to promote secure navigation and environmental protection in the Gulf, developing Islamic standards and cooperative procedures for the prevention or criminalization of terrorism, peace processes in failed states like Iraq, Syria, and Yemen and their removal as bones of contention between Iran and the GCC, a region-wide cap on nuclear proliferation, intra-Muslim dialogue to promote common standards of human rights and an end to religious persecution, and, of course, energy cooperation.

SELECTIVE COOPERATION

The prerequisite for any such cooperation is recognition by both Iran and the United States that each could benefit from setting aside irreconcilable differences for the time being so as to pursue shared interests pragmatically. Cooperation or parallel action on specific issues could lead in time to widening improvement in relations. Even if no broad rapprochement ever emerges, all three countries could benefit significantly from selective cooperation under a

diplomatic truce along the lines of that established between the United States and China by the notably frank language of the Shanghai Communiqué. Such a bottom-up, building-block dynamic is the only realistic alternative to a stagnant condition of hostility between Iran and the U.S., and the continuing nervousness of Saudi Arabia.

Any cooperation would have to be conducted in such a way as to reassure Washington and Tehran's respective clients and friends that each would avoid or limit adverse effects on their vital interests. This is a challenging but not impossible requirement. Both America's and Iran's partners in the region – particularly Saudi Arabia – could benefit from prudently managed détente between the two that takes the interests of these partners into account. But the case for specific programs of cooperation will have to be made on a case-by-case basis.

To reassure their client states and movements in the region, both sides must be careful to recognize and clearly state their differences even as they help those who rely upon them to understand and recognize the potential benefits of selective cooperation on regional issues. Saudi acquiescence will be essential for U.S. entente with Iran on a variety of issues. Securing such acquiescence will not be easy. It will necessitate setting – and sticking to – clear limits on U.S. initiatives. For its own reasons, Iran will want to do the same. Defining what is not being discussed will be as important as defining what is.

Still, with the nuclear issue set aside, and with appropriate, ongoing consultations with the Saudis and other regional partners, the way should theoretically be open for the U.S. and Iran to begin simultaneously exploring selective cooperation on a variety of issues. To do this, America must put aside its ingrained paternalism and aspirations to incorporate other nations into U.S.-led coalitions. Uncle Sam's avuncular embrace does not appeal to Iran. Saudi Arabia has left this embrace behind.

Washington has an interest in reducing the costs of its security commitments in the region through burden sharing. Riyadh seeks to diversify its global partnerships beyond overreliance on the U.S. Tehran would welcome a reduced U.S. role.

As it did while negotiating the JCPOA, Iran would have to adopt a pragmatic stance that avoided challenging the legitimacy of America's global and regional role. Each program of possible cooperation would have to be designed to serve the interests of Saudi Arabia and other GCC states as well as the U.S. and Iran. The current situation, in which each side sees relations with the other as a zero-sum game, must be changed. One way to facilitate this would be to involve the five permanent members of the UN Security Council. Where cooperation proves politically awkward or impossible, informally coordinated parallel actions may yet prove possible.

In the end, both the U.S. and Saudi Arabia will have no alternative but to come to grips with the reality of Iran's re-emergence as an accepted regional power, and Iran will have to accept that the U.S. has vital interests and indissoluble relationships with others in the Middle East. But the end is not nigh. The best the U.S. can hope to do is to work toward shaping a future in which Iran and Saudi Arabia recognize the need to build a peaceful international environment in which each can pursue its own vision of socio-economic transition without fear of aggression or subversion from the others. We are a long way from such a prospect, but it is far from impossible that sustained, intelligent statecraft can bring it within reach.

POLICY RECOMMENDATIONS

- 1) President Trump should directly communicate to Riyadh and Tehran that it is in America's interest to avoid taking sides in those aspects of the Saudi-Iran rivalry in which its own interests are not directly at stake, and that it favors détente and rapprochement between the two.

2) President Trump should encourage Riyadh and Tehran to reduce the risk of accidental war by helping them to design and implement military confidence-building measures in the Persian Gulf. This could include composing a mutually agreed upon naval code of conduct, and creating an analogue to the Conference on Security and Cooperation in Europe to define and secure values common to all Muslims and regulate rivalry accordingly.

3) President Trump should encourage Riyadh and Tehran to cooperate against terrorism by designing and implementing a mutually agreed upon strategy for containing and destroying ISIS. Such a strategy should be predicated on efforts by both to counter the theology and organization of terrorism both in the region and beyond it. This could happen by both sides revisiting the Security Agreement that they signed in 2002 and agreeing on a new Framework for Security Cooperation in light of ISIS and other regional threats.

4) President Trump should encourage Tehran and Riyadh to restart Sunni-Shi'a dialogue to reduce sectarianism and promote tolerance.

5) President Trump should discourage any efforts by Riyadh or Tehran to support opposition groups seeking to overthrow their respective governments, and urge them to conclude an appropriate non-aggression pact.

IRAQ: CAPITALIZING ON CONVERGED INTERESTS TO AVOID WAR

It lies in the American national interest to stabilize Iraq so it does not force Washington to periodically redeploy troops there in what could become an endless war. Such stabilization includes reintegrating the country's Sunni Arabs, maintaining Iraq's territorial integrity, and forging international and regional arrangements to ensure that Iraq's current ethno-sectarian violence is resolved. In this regard, Iran has more to offer American interests than any traditional U.S. partners in the region. In the over two years since the fall of Mosul to ISIS, the Baghdad government has, with militia and international help (including that of Iran) retaken most of the country. In the first half of 2014, nearly 40 percent of Iraqi territory had been lost when Sunni Arabs seceded in favor of the ISIS so-called caliphate. The largely Shi'a Iraqi army collapsed. It seems clear that ISIS as a territorial state will gradually be rolled up, though its deadly capabilities as a terrorist organization may only be enhanced. Iran has taken steps to help address these challenges in Iraq, and it shares America's aforementioned long-term interests in that regard. The question is how U.S.-Iran cooperation can be taken to the next level so that both countries are working with Baghdad to achieve these objectives together – thereby reducing the risk of yet another prolonged American military engagement in Iraq.

CONVERGING INTERESTS AND COVERT COOPERATION

In late 2014, the Obama administration decided that it is in America's interest to roll back and defeat ISIS. To that end, Washington once again intervened in Iraq, establishing a military command and eventually sending approximately 4,500 U.S. troops as trainers and advisers. The Special Forces Counter-Terrorism unit of the Iraqi army was reinforced and emerged as an effective spearhead of the riposte to ISIS. The rest of the army, in disarray from corruption and the debacle at Mosul, proved much harder to retrain and deploy. Without a strong Iraqi army, Obama needed regional allies to push ISIS out of Sunni Arab cities. None were forthcoming

from the Sunni world. Saudi Arabia was far more worried about the rise of the Zaidi Houthis in Yemen, which it incorrectly saw as clients of Iran. Turkey was more worried about the YPG Kurdish militias gaining strength.

The military forces Obama needed to achieve America's interest of rolling back ISIS in Iraq came from two quarters. One was Shi'a militias. Muqtada al-Sadr reactivated his old Mahdi Army as the "Peace Brigades." The al-Hakim family revived the Badr Corps, the military auxiliary of the Islamic Supreme Council of Iraq. Another was the Asa'ib Ahl al-Haqq, or League of the Family of the Righteous. These militias needed arms, training and logistical support, which was supplied by the Iranian Revolutionary Guards Corps.

Although neither Washington nor Tehran was in a position to say so openly, the two had a de facto battleground alliance against ISIS in Iraq, and on occasion the U.S. Air Force clearly provided air support to Shi'a militias being advised by IRGC commanders. Although both governments denied it, likely discussions about cooperation in Iraq were facilitated by the negotiations over Iran's nuclear program. The ironies were conspicuous here: the first and most obvious being the long cold war between the U.S. and Iran, second, that the League of the Family of Righteous and the Mahdi Army had fought U.S. troops in the first decade of the century. American interests that were either denied or ignored during the Bush years now manifest on the battlefield.

The U.S., however, moved too slowly and cautiously for Iraqi prime minister, Haydar al-Abadi. Iran offered to provide support for a thrust north much sooner than the Americans thought wise. In spring of 2015, al-Abadi launched a campaign to retake Tikrit, a heavily Sunni Arab city and the symbolic birthplace of Saddam Hussein. Iran provided strategic thinking and advisers to the militias, but they were stymied by ISIS booby-traps and suicide-bomb-

ing defensive squads, as well as by the American artillery and other heavy weaponry ISIS had captured from the Iraqi army.

The U.S. initially declined to be involved in this Iran-backed offensive, but when it bogged down, with negative publicity for al-Abadi, the Obama administration was persuaded that it was in America's interest to provide aerial bombing of ISIS assets, which turned the tide for the Iraqi militias and their IRGC advisers. Tikrit was taken at a high cost to the local Sunni Arab population and to the city's infrastructure. Most Tikritis were displaced and made homeless, and the city was reduced to rubble. The Shi'a militias were accused of indiscipline and committing some reprisal killings, making Sunni-Shi'a reconciliation more difficult.

In subsequent campaigns, including at Ramadi in spring of 2016, this pattern of Shi'a militia and Iranian participation (despite al-Abadi assuring Washington to the contrary), extensive infrastructural damage, and population displacement, along with allegations of reprisal killings, were repeated – as were American airstrikes in support of the campaign. While the roll-back of ISIS as a territorial state is now well underway, and seems likely to be accomplished within a year, Iraq's problems will not thereby be resolved. The Sunni Arab population needs to be reintegrated into the country and given a stake in its unity. Even mainstream Sunni politicians have begun speaking of a secular secession, which is unacceptable to Washington, Tehran, and Baghdad.

TAKING COOPERATION TO THE NEXT LEVEL

The two sides would not have to manage disorder in Iraq if America had not overreached by invading and occupying the country, and if Iran had not overreached by supporting Shi'a militias at the expense of the Sunni minority. With their focus now on the common threat that ISIS presents, re-establishing security has become the near-term goal. If and when this is achieved, the longer-term goal comes back into focus: the reconstruction and reunification of Iraq.

To that end, the U.S. has common interests with Iran in Iraq that it ignores at its own peril. First, both sides want to keep Iraq whole. An officially independent Kurdistan or "Sunni-stan" threatens to destabilize Iran's own restive Kurdish and Sunni populations. Also, Washington and Tehran have learned the hard way that fragmentation begets instability leaking across its border. Both sides are dealing with the near and long-term strategic consequences of refugee flux from Iraq, Syria, Afghanistan, and Libya that, when combined, numbers in the millions. Past partitions, most recently the secession of South Sudan from Sudan, have not resulted in peace, and a divided Iraq would be even more roiled. Further, Iraq could eventually reemerge as an arena for investment by U.S. businesses, and contracts with three states are more difficult to conclude than with a single government in Baghdad. Firms seeking to exploit petroleum reserves in Iraqi Kurdistan without consulting the central government in Baghdad have already run into serious legal problems in U.S. courts.

Equally important but less understood is that a unified Iraq maximizes both the U.S. and Iran's ability to project power. Breaking Iraq into three states will require both sides to triple their resource expenditure and heighten their threat perceptions – especially vis-à-vis a militant Salafist extremist statelet. Also, Washington and Tehran oppose redrawing the map of the Middle East because they are not seeking more territory. Redrawing borders according to the grievances – real or perceived – of minority communities opens a Pandora's box that threatens the stability of Iran and all U.S.-aligned Arab countries.

It is in the U.S. national interest to accept what the Saudis, Turks and others in the Sunni Muslim world have not: Iraqi reconstruction and reunification is a multi-tiered process – and the priority is reconstructing and reunifying Iraq's national identity to reflect its long-standing demographic realities. Many Iraqi Sunnis and their patrons in the Arab world have refused to acknowledge these new realities brought about by America's invasion 13 years ago. And from Wash-

ington (and Tehran's) vantage point, there will continue to be security problems in Iraq – and the region – until this fundamental issue is resolved. Between an exclusivist Shi'a government that neglects and marginalizes Sunnis, and a political order that preserves the privileges and patronage Sunnis enjoyed under Saddam Hussein, there remains a middle ground that has yet to be truly pursued.

Increased understanding and collaboration is firmly in America's interest – because without it, Iraq will face continued turmoil and Salafi extremism that threatens both American and Iranian interests. Perhaps tellingly, both Saudi Arabia and Turkey have at times demonstrated their belief that support for Salafi extremism is a valuable policy tool, thereby further drawing in the U.S. and Iran to already over-extended military commitments in the region. It therefore lies in Washington's interest to create greater transparency and publicly acknowledge this problem, as well as increase its collaboration with Iran on their overlapping interests in defeating ISIS and curbing the spread of Salafi extremism. This will require sustained collaboration both on and off the battlefield.

It is in Washington's interest to make its tactical collaboration with Tehran in Iraq strategic. If President Trump does not capitalize on this opportunity, an already pressing problem of U.S. military overextension in Iraq and the broader Middle East will likely become worse. The U.S. has contacts in Iraq's Sunni community that Iran either does not have or cannot effectively leverage. Tehran has contacts amongst Iraqi Shi'a that Washington either does not have or cannot effectively leverage. Simply put, there will be no sustained stability in Iraq unless the U.S. and Iran work together to help stabilize the country. If they do not, Washington will risk being dragged back into another war in Iraq.

POLICY RECOMMENDATIONS

1) President Trump should immediately establish a high-level diplomatic and military communication

channel with Iran inside Iraq. He should permit U.S. officials up to the level of Secretary of State to work in close coordination with their Iranian counterparts, as well as form a trilateral U.S.-Iraq-Iran group at the senior official and ultimately ministerial level.

2) President Trump and Tehran should be more frank and transparent about their alliance of convenience in Iraq, and should work to make it a basis for improved security cooperation and stability in the region. This need not undermine U.S. security relations with GCC states, which have been codified for decades.

3) President Trump and Tehran should use their tremendous leverage in Iraq to push for constitutional reform. Iraq needs an upper chamber of its legislature that would over-represent Sunnis or give them a way of checking the tendency to a tyranny of the majority. It is not in the interest of Washington, Tehran or Baghdad to have Iraqi Sunnis feel excluded, and they should work together to resolve the lack of inclusiveness of Iraq's governance.

4) President Trump and Tehran should work together to rebuild Iraq's army on a non-sectarian basis, with mixed units, and better auditing of officers to work against corruption. A key component of this strategy should be demobilizing Shi'a militias and transitioning them into the national army or civil society organizations, since both Iraq and Libya show how militias that decline to stand down after a military invasion can derail political development.

5) President Trump and Tehran must jointly push Iraq's government to become more transparent and implement accountability measures that ensure the country's petroleum riches reach the ordinary citizens equitably regardless of religion or ethnicity. Sunni Arabs consistently complain about not receiving their fair share of the country's oil income, as well as chron-

ic lack of electricity and other services. Washington, Tehran and Baghdad each have an interest in stemming the tide of Sunni resentment and militancy, and an equitable distribution of resources can help breed stability.

SYRIA: BOOSTING U.S.-IRAN DIPLOMACY TO STOP THE KILLING

It lies in the interest of the United States to ensure that stability finds its way back to Syria in order to avoid a wider regional war that likely would suck the U.S. into it. Adding more military assets on the ground in a game of chicken with Iran (and Russia) is extremely risky, unlikely to stabilize Syria, and may very well force America to fully enter the Syrian war. To that end, Syria is arguably the most complex regional component of U.S.-Iran relations because their contradictions are greater than their common interests. But precisely because it is the biggest area of disagreement, it also has the potential to be the area where the greatest opportunities lie if the two sides manage to assemble a robust diplomatic process, similar to the nuclear negotiations, to stabilize the country and end the civil war.

The sheer magnitude of human calamity in Syria garners daily headlines, but it has yet to cause either side of the geopolitical conflict to back down. What started as a fight among Syrians over their future has morphed into a gruesome proxy war between Saudi Arabia, Qatar and, to a lesser degree, Turkey, with their partners on one side, and Iran, Russia and Hezbollah with their partners on the other. Furthermore, each actor has somewhat independent motives, thereby reflecting the multiplicity of conflicting interests – and the difficulty of reaching a durable, peaceful solution. The status quo in Syria benefits neither side in the long run, but their divergent priorities have thus far prevented game-changing progress at the negotiating table. Examining these priorities sheds light on what kind of endgame they are likely to accept.

THE GENESIS OF POLITICAL COOPERATION BETWEEN IRAN AND SYRIA

The genesis of the Iranian–Syrian alliance goes back to 1979, when President Hafez Assad saw in Iran’s revolution a formidable counterforce against Iraq and Israel, his neme-

sis, and possibly the United States. Hoping to grow ties with Iran, he sent Ayatollah Khomeini a gold-illuminated Koran and a pledge of cooperation.

Khomeini reciprocated because he looked at Syria as a bridge for empowering the Shi’as of southern Lebanon as well as a potential partner for weakening Iraq. In Iran, there was the “Syria Mafia” – which consisted of the revolutionaries who had received military training in Syria and Lebanon in the 1970s – that was pushing Khomeini for close cooperation between Iran and Syria. Once Iran’s strategic alliance with the U.S. was terminated in the aftermath of the 1979 hostage crisis, and once Iraq invaded Iran in September 1980, the Syria Mafia convinced Khomeini to develop close cooperation with Syria. The fact that the Alawites, the minority sect Assad belonged to, are an off-shoot of Shi’ism seems to have been a factor, but not a decisive one, in formation of this bilateral cooperation.

In three areas, Iran benefited from the new Iranian-Syrian cooperation. First, Assad became the only major Arab leader who supported Iran during the Iran–Iraq war of the 1980s. In fact, he shut down the oil pipeline from Iraq to Syria. Second, some 400-600 Revolutionary Guards went to Damascus, met with the Syrian authorities, and were allowed by Assad to go to the Beqaa Valley in Lebanon to start training Lebanese Shi’as. Hezbollah is the child of those trainings. Third, as the military and political clout of Hezbollah grew, Iran established strategic depth at the heart of the Arab world in Lebanon against Israel. Thus, Tehran’s foothold in Syria has provided a bridge into Lebanon for empowering Hezbollah. Israel’s incursion into Lebanon in June 1982 during the Lebanese civil war strengthened the Syrian–Iranian cooperation and further empowered Hezbollah.

² Parts of this chapter are an adaptation of Dr. Mohsen Milani’s article, “Why Tehran Won’t Abandon Assad(ism).” *The Washington Quarterly*, Fall 2013. Adaptation used with author’s permission. Full article available here: <https://www.ciaonet.org/attachments/24384/uploads>

In many ways, the political cooperation between Syria and Iran was based on a shared threat perception, a convergence of interests in Lebanon and Iraq, and a common perspective regarding Palestine, Israel, and the United States. In this political cooperation with Iran, Assad was exceptionally cautious not to antagonize Saudi Arabia and its allies.

THE IRAN-SYRIA ALLIANCE BECOMES STRATEGIC

Political cooperation between Tehran and Damascus was gradually transformed and became strategic after Hafez Assad died in June 2000 and his son, Bashar, replaced him. Three major events seem to have caused this major transformation: The U.S. invasion of Iraq in 2003; the forced withdrawal of 18,000 Syrian troops and intelligence officers from Lebanon in April 2005 after the “Cedar Revolution;” and the 34-day Israeli-Hezbollah war in 2006. The fear of U.S. military advances from Iraq in Syria, the humiliation of losing Lebanon, and the sense of betrayal Assad felt from his Arab brethren – who had supported the West’s demand for expulsion of Syria from Lebanon – only strengthened the Iranian-Syrian-Hezbollah axis. This explains why the military and intelligence cooperation among members of the axis began to substantially increase. By that time, Lebanon had also become the major battleground for proxy wars between Iran and Saudi Arabia.

When the Arab Spring reached the shores of Syria, Iran was faced with a major predicament. On one hand, Iran was determined to protect its interests in Syria. On the other hand, having supported the Arab Spring in Tunisia, Egypt, and Libya, it was a public relations nightmare for Tehran to reverse course and support the dictator of Damascus. Ultimately, Iran decided to support Assad. In doing so, however, Iran has fallen into a dangerous trap from which it cannot easily escape. Tehran believes that the Axis of Resistance it has painfully established – which stretches from Iraq to Lebanon to Syria – is likely to be substantially weakened if the Assad regime is replaced by an anti-Iranian political order.

More generally, Iranian decision-makers have long opposed changing their policies when under pressure from foreign powers. Specifically, they believe the failure to oppose U.S.-led regime change in Syria will embolden their adversaries to pursue a similar destabilization scheme elsewhere in the region – including in Iran itself. If Tehran has redlines on Syria, these are likely the most prominent.

IRAN’S MULTI-DIMENSIONAL STRATEGY OF SUPPORTING ASSAD

Although the nature and dynamics of the Syrian crisis have changed in the past four years, Iran’s strategic goal of protecting the Syrian government has not. Iran has developed a multi-faceted strategy to protect Assad and his regime, secure Iran’s interests in Syria, and defend Hezbollah in Lebanon. Ultimately, Iran wants to use Damascus as a safe conduit to transfer arms and weapons to Hezbollah.

The first element of this strategy is to provide direct military assistance to Assad. Hezbollah fighters are directly involved in the Syrian war, which would not have been possible without Iran’s explicit approval. Military advisors from Iran’s Revolutionary Guards are engaged in the Syrian war, and Iran has helped mobilize Shi’a forces from Afghanistan and Iraq to join the fight. There are also credible reports that the Iranian advisors are helping the Syrian government organize armed militias inside Syria. Iranian cooperation with Russia inside Syria is the continuation of the same strategy of supporting Bashar Assad.

Iran has also established a pro-Assad international front while hoping to prevent neutral countries from joining the broad international coalition against the Syrian leader and simultaneously working to find a political solution to the war. As a hedge, Iran is also working to fortify its position in Lebanon and establish a new source of power there, independent of Hezbollah, in case of Assad’s collapse. There is also one key area of overlap with American interests: Iran is working to defeat ISIS and other terrorist organizations and

thus protect the territorial integrity of Syria.

CONVERGING DIVERGENT POSITIONS

It's easy to see why Tehran's maximalist position is for Assad to remain in power indefinitely, which would protect Iranian interests and would render Assad even more dependent on Iran. As desirable as this may be to Tehran, Iran knows it is not feasible.

Washington has long championed the opposite: regime change in Syria. However, this endgame, as we have learned from the American invasion of Iraq, has its own risks and unintended consequences. For starters, the alternative to Assad could be ISIS, al-Nusra Front, and other terrorist groups. Moreover, because Tehran's red lines include maintaining Syria's current geopolitical orientation, it is unlikely Tehran would accept any radical reorganization of Syria's security services and military, with which Tehran has developed close ties. Whether or not America can accept the idea of Syria remaining on Iran's side of the geopolitical chessboard, or at least not becoming an openly hostile country toward Iran, remains unclear.

If Washington doubles down on regime change in Syria, Tehran may try to carve out an independent state governed by the local allies that it has painstakingly cultivated. Going down this path, however, is fraught with risk for all sides. Redrawing borders according to ethnic, religious or geopolitical grievances opens a Pandora's Box that would threaten regional stability as well as the power projection capabilities of both Iran and the United States.

Precisely because the current policies in Tehran and Washington are not sustainable in the long-term, it is in the interest of the United States to test the proposition of a compromise position: A power-sharing arrangement. Iran may accept a Syria in which Assad is no longer head of state, but Syria's security apparatus does not radically change – and all opposition members and groups must be mutually

vetted and agreed upon. Diversifying civilian leadership while retaining security leadership may allow the U.S. and Iran to split the difference: Preventing an Iraq-style disintegration of the Syrian state; stamping out the growth of ISIS, al-Nusra Front, and other terrorist groups; and putting an end to the perpetual chaos that has spilled over throughout the Middle East and some parts of Europe.

The reality is that America and Iran have much more in common in Iraq and Afghanistan than they do in Syria. In addition, there is the sensitive issue of Israel. Both Syria and Lebanon are Israel's neighbors, and considering the hostile nature of the bilateral relations between Iran and Israel, Tel Aviv will work to prevent Tehran from expanding its strategic depth in Syria. Still, Tehran and Washington do share some common goals in Syria, and it is in America's interest for the new administration to focus on those commonalities while recognizing that the two countries have some irreconcilable differences that might be politically managed.

Once the U.S. and Iran are locked into a more robust diplomatic process, the cost of failure slowly becomes higher than the cost of success. Such a paradigm shift does not guarantee success, but it does sharpen the focus of both sides, shave down mistrust, and increase their ability to absorb compromise. Progress will likely be measured in months or years, not days or weeks. It is in the American national interest to test whether Washington and Tehran have greater flexibility in their respective positions than they have thus far let on. Until they jointly produce face-saving ways to back down from their maximalist positions, they will continue abetting the proxy war carnage in an attempt to maximize military gains and build up bargaining chips for the inevitable day when they agree to stop the killing.

POLICY RECOMMENDATIONS:

- 1) President Trump should immediately communicate to Tehran that he is willing to forgo a more robust military intervention in Syria that would escalate the war

(including a no-fly zone) in return for Tehran's willingness to compromise on Assad's fate. He should also stop calling for Assad's departure, at least during the transitional phase, as a precondition to ending the war because that demand is part of a U.S. strategy that has failed to end the conflict for over five years. Instead, Washington should boost its diplomacy with Russia, Saudi Arabia, Turkey, Iran and the Syrians to bolster a truce on the ground in Syria and allow humanitarian aid to flow. After doing so, all parties can work toward a decentralized, power-sharing style of governance in Syria that maintains its territorial integrity while also recognizing that several rebel-held areas are unlikely to be fully returned to Assad's control.

2) President Trump and Tehran should maintain, deepen and institutionalize their dialogue on Syria, and work together to find a mutually acceptable, peaceful, political solution to the conflict. They should establish a bilateral diplomatic channel for the specific purpose of coordinating efforts to protect the territorial integrity of Syria, while simultaneously working to find a solution for the Syrian war that is being negotiated in Vienna at the multilateral level.

3) President Trump and Tehran should directly and indirectly cooperate to defeat ISIS, Nusra, and other terrorist groups in Syria. ISIS poses a national security threat to both countries, and cooperation in defeating it serves their respective national interests. Establishing political, diplomatic, and military channels of communication will at a minimum help deconflict their respective efforts, and at best coordinate joint efforts with mutually agreed upon responsibilities for both sides.

4) President Trump should recognize that both Tehran and Riyadh have legitimate interests in Syria. Therefore, he should pressure both countries to abandon their maximalist demands and work together to find a solution to the devastating civil war in Syria –

and punish both equally when they take actions that adversely affect America's top priority of ending the war. Washington should make clear to both sides what it will support – and what it won't. For example, Riyadh should be faced with the same punitive measures for its support for Nusra and other terrorist groups in Syria that Iran faces for its support for Assad.

AFGHANISTAN: WHAT'S PAST IS PROLOGUE FOR AMERICAN INTERESTS

It lies in the interest of the United States to stabilize Afghanistan so Washington's 15-year war will not continue indefinitely. This will require preventing ISIS and al-Qaeda from establishing footholds there, showing the Taliban that they have no path to power through violence and terror, supporting efforts to reach compromise among the political forces with which we are allied, and strengthening efforts to make Afghanistan's economy less dependent on aid. While Iran has sometimes opposed a U.S. military presence in Afghanistan, it shares most goals with the U.S. and has acted upon them, including in partnership with the U.S. Iran is uniquely situated to help the U.S. keep the parties to the National Unity Government together.

U.S.-IRAN COOPERATION IN FOUNDING THE CURRENT POLITICAL REGIME IN AFGHANISTAN

Some Iranian officials believe that when the U.S. and Iran cooperate, Afghanistan is stable. Noting Pakistan's destabilizing role, they see U.S.-Iranian cooperation as the most effective way to put pressure on Pakistan. For other Iranian officials, Iran's prime interest in Afghanistan is to prevent the U.S. from establishing a long-term presence there, though that seems to have become less pressing since the 2014 withdrawal of U.S. troops from areas close to the Afghan-Iranian border.

The current political regime in Afghanistan resulted from close cooperation between the U.S. and Iran. U.S. former special envoy James Dobbins has described his cooperation with then deputy foreign minister (now foreign minister) Javad Zarif at the November-December 2001 Bonn conference. Both insisted that the agreement should commit the interim government of Afghanistan to holding elections by a specific deadline and to cooperation with the international community in the struggle against terrorism and illegal narcotics. This position reflected the U.S. and Iran's common interest in establishing an Afghan government that would reverse the policies of the Taliban regime and ally with the

coalition that had overthrown it – a coalition that excluded Pakistan and Saudi Arabia.

The two governments maintained a dialogue between senior officials on Afghanistan for several months. Even after President Bush's State of the Union speech identifying Iran as a member of the "axis of evil," Iranian officials approached Dobbins with an offer to cooperate with the U.S. in training the new Afghan armed forces. The "axis of evil" speech eventually put an end to any overt cooperation, and by 2007 Iran was hedging its support for the government with tactics aimed at forcing the U.S. to withdraw troops, at least from Iran's border. Since December 2014 the U.S. has stationed no forces in Western Afghanistan, which Iran understood as a positive signal that U.S. troops in Afghanistan would not be used against Iran. Iran never used the leverage it had with the powerful groups that were formerly in the United Front to destabilize the country, including during the electoral disputes of 2009 and 2014, which presented easy opportunities to do so.

Less well known is that the CIA cooperated with members of the IRGC's Quds force inside Afghanistan to establish its first contacts with the resistance fighters whom the U.S. armed to overthrow the Taliban. Some of these same IRGC members attended meetings with the U.S. in northern Afghanistan. In 2014, however, the U.S. designated some of these individuals, including at least one who had participated in meetings with the U.S., as global terrorists because of more recent activities in Afghanistan. Iranian officials with knowledge of the previous cooperation interpreted this as a signal that the U.S. would refuse to work with Iran on Afghanistan in the future and compared the designation to the "axis of evil" speech. Iranian officials involved in openings to the U.S. (not only on Afghanistan) often refer to that speech, emphasizing that it had consequences not only for U.S.-Iran relations, but also for many of them personally. They paid for staking their careers on improving cooperation with the U.S. and are reluctant to take such risks again.

MAINTAINING THE STABILITY AND UNITY OF THE NATIONAL UNITY GOVERNMENT

The return of Zarif and his team after the election of President Rouhani and the development of frequent contact between him and Secretary Kerry in the nuclear negotiations created a more positive atmosphere. Track 2 interactions became more frequent, including on Afghanistan, and these facilitated informal back channels to exchange information throughout 2014 on subjects such as the Afghan presidential electoral dispute and the redeployment of U.S. and NATO forces. While the U.S. and Iran could not cooperate overtly, these exchanges clarified misunderstandings and ultimately enabled President Rouhani to characterize the U.S.-mediated National Unity Government (NUG) Agreement that settled the dispute as a “success.”

During Secretary Kerry’s mediation of the 2014 election result, President Karzai told him that the U.S. and Iran were the only powers that counted and had the power to settle or aggravate the dispute. Some Iranian officials say that if bilateral relations were different, Kerry and Zarif could have mediated jointly, as Dobbins and Zarif did at Bonn. As a measure of preventive diplomacy, it is in America’s interest to exchange views and information with Iran about divisions in the NUG, and the holding or outcome of elections. They could try to develop a common approach and messaging to those with whom they have influence. Both Iran and the U.S. have good relations with the political leadership of both sides of the NUG. Given the deep mistrust and prevalence of conspiracy theories on all sides, misunderstandings could easily occur and escalate without a channel to prevent and calm them.

CHABAHAR: STRENGTHENING AFGHANISTAN’S STRATEGIC INDEPENDENCE AND LINKS TO INDIA

The U.S. and Iran share an interest in enabling Afghanistan to become less dependent on Pakistan, the base of the Taliban. An important initiative to do so has been cooperation among India, Iran, and Afghanistan to develop the Iranian

port of Chabahar on the Arabian Sea, and build road and rail routes linking that port to Afghanistan and Central Asia. This project could balance Pakistan’s leverage over both Afghanistan and India, and strengthen Afghanistan and Iran’s ties with India. India may use Chabahar as a naval port of call, providing a balance to the Chinese ability to use Gwadar port in Pakistan. It is in the U.S. interest to give Afghanistan alternatives to total reliance on Pakistan, and Chabahar will help in that regard. However, it is also in the U.S. interest to avoid a China-Pakistan vs. India-Iran Great Game in Afghanistan, so Washington should avoid taking sides while trying to balance the interests of multiple players.

On May 23, 2016, Presidents Rouhani and Ghani met with Prime Minister Modi of India in Tehran to sign the agreement opening the Chabahar port in the Iranian province of Sistan-Baluchistan and a transit agreement enabling India and Afghanistan to use Chabahar for bilateral trade. Pakistan’s closure of the Indo-Pakistan border since 1947 had deprived Afghanistan of its historically most important market in India. Both the poor quality of infrastructure connecting Western Afghanistan to other markets and the hostile nature of U.S.-Iran relations has meant that almost all U.S. military and economic assistance to landlocked Afghanistan must transit Pakistan’s territory or airspace. The only alternative is the expensive northern route through Central Asia and Russia, using former Soviet infrastructure and giving Russia rather than Pakistan leverage over U.S. involvement in Afghanistan.

In August 2012, on the side of the meeting of the Nonaligned Movement in Tehran, Presidents Ahmadinejad and Karzai, together with Indian Prime Minister Manmohan Singh, signed a preliminary agreement on Chabahar. At the State Department daily press briefing on August 27 a reporter asked State Department Spokesperson Victoria Nuland how the U.S. saw the agreement. Nuland responded that the U.S. hoped it would “further embed Afghanistan in a positive, growing region along the lines of the Silk Road initiative

that we've been supporting." Some Iranian officials thought that this statement might indicate some U.S. willingness to cooperate with Iran on Afghanistan despite the sanctions then in force. In a subsequent statement, however, the State Department clarified that the U.S. did not support any relaxation of economic sanctions on Iran in order to support Chabahar.

The port has now been opened, though its capacity is still small, and some economic sanctions on Iran have been lifted as part of the implementation of the JCPOA. The development of this transit route lessens Afghanistan's dependence on Pakistan, which would help incentivize Pakistan to rein in the Afghan Taliban; strengthens U.S. bilateral ties with both India and Iran; helps India maintain a naval presence to balance the expanded Chinese presence in the Indian Ocean; and provides evidence that Iran is benefiting both economically and strategically from the implementation of the JCPOA in ways compatible with U.S. interests. Each of these developments is firmly in the American national interest.

India and Iran are both capable of financing land connections to Chabahar, but the U.S. could make it a priority to help Afghanistan strengthen that connection through improved roads or, eventually, rail. The port facilities require significant investment before they are comparable to Gwadar, let alone Karachi. The U.S. could support such investment through development banks and assure major contractors that work to improve the Chabahar port does not violate any existing sanctions regime.

STRATEGIC COOPERATION AGAINST ISIS IN AFGHANISTAN

The fight against ISIS is clearly in the American national interest, and Tehran is a key actor in this fight. Many in Iran have long suspected the U.S. of supporting or even creating the Taliban as a radical Sunni force as part of a plan to encircle Iran, but the Taliban's consistent and often successful

resistance to ISIS in Afghanistan has gradually changed this view. Iran is testing whether it can collaborate with the Taliban against ISIS. Iran now sees ISIS, Jundullah and other Iranian Sunni extremist groups as part of a Saudi-sponsored effort to encircle Iran.

Since 2015, ISIS has been attempting to establish a foothold in Afghanistan. Combined though uncoordinated efforts by the Afghan government with U.S. support and the Taliban have succeeded in marginalizing but not eradicating the Khorasan Wilayat (Province) of ISIS. Most ISIS fighters in Afghanistan seem to be former members of the Pakistani Taliban. Other extremist groups in Afghanistan have occasionally professed loyalty to ISIS, and Iran takes these proclamations seriously. Along with Russia, it considers the threat from ISIS in Afghanistan to be more serious than does the U.S.

When a U.S. drone killed Taliban leader Akhtar Muhammad Mansur in Pakistan in May 2016, he was returning from several weeks in Iran. According to an unverified report from an Afghan intelligence source, Mansur had held talks with the IRGC and the Russian FSB over possible coordination against ISIS in Afghanistan. Iran may be exploring cooperation with the Taliban both against ISIS and to divert revenues from trafficking in Helmand's narcotics from Jundullah to drug trafficking sectors of the Taliban. For their part, the Taliban have cultivated regional diplomacy in the last few years and have succeeded in persuading some in the region that they have no political ambitions outside of Afghanistan, though their ongoing ties with al-Qaeda continue to be of concern. The Taliban claim that they need al-Qaeda's assistance against the U.S. and NATO, but that they do not support its international agenda.

Iran and Russia, as well as others in the region, believe that the government in Kabul is at risk of collapsing. Russian scholars say that Russia is hedging against such a collapse. Both Russia and Iran also fear that ISIS might benefit from a political vacuum in Afghanistan as it did in Iraq, Syria,

Libya, and elsewhere. They may now regard the Afghan Taliban less as a threat to them than as the force in Afghanistan best positioned to take on ISIS in case of a collapse of government security forces.

Just as in Iraq and Syria, it is in America's interest to coordinate and cooperate with Iran (and Russia) in its fight against ISIS. This should be easier than in Syria, where the U.S. on the one hand, and Iran and Russia on the other are committed to opposing visions of the outcome, or Iraq, where the U.S. cannot be identified with sectarian Shi'a militias supported by Iran. At least the U.S., Russia, and Iran in their own ways all support the current government in Kabul. Coordination and cooperation with Iran might help persuade it not to hedge in this way. In addition, the apparent elevation of Iranian contact with the Taliban may make it a partner in the search for a political settlement.

STRATEGIC COOPERATION ON A POLITICAL SETTLEMENT

The last official framework for a political settlement supported by all parties but the Taliban was the Quadrilateral Coordination Group (QCG) consisting of the U.S., China, Afghanistan, and Pakistan. That initiative remains suspended as a result of Afghanistan's belief that Pakistan failed to deliver on agreements made there. Iran, Russia, and India expressed reservations about this framework, which did not include them. President Ghani briefed the Russian, Indian, and Iranian ambassadors about the process and assured them it was not meant to exclude them. It is possible, however, that the decision of Russia and Iran to seek direct contact with the Taliban was influenced by their not being included in that process. In the spring of 2015, when Pakistan tried to put pressure on the Taliban leadership to negotiate with the Afghan government within the QCG framework, several key Taliban leaders traveled to Iran, apparently testing whether they could move there to escape Pakistan's pressure. In keeping with Iran's policy (in contrast with Pakistan's) of strictly excluding terrorism from its own territory, even while using it as a tool of policy, Iran reportedly offered

Taliban leaders a safe haven as refugees, but only on the condition that they not wage war from Iranian territory.

Iran thus has increased its capacity to spoil any process: not only could it encourage resistance among commanders of the former Northern Alliance, but it also has contacts with the Taliban. Russia is engaged in similar activities. While Iran welcomes engagement on the peace process with the Afghan government, it believes that the U.S. determines the ultimate decisions. It is in America's interest to establish a channel through which it can engage Iran on the peace process, perhaps in cooperation with the Afghan government. It might then be possible at least to coordinate messaging to the Taliban and Pakistan, so that, unless they want to follow the path of al-Qaeda or ISIS and fight the whole international system, they will realize they have no alternative but to cooperate.

U.S. and Iranian interests in Afghanistan converge, when taken separately from the bilateral relationship that leads each to want to reduce or eliminate the influence of the other. A relaxation of tension that enables the U.S. to reinstate its former cooperation with Iran in Afghanistan would serve American interests, as well as those of Iran and Afghanistan.

The main obstacle to such cooperation right now is not in Washington but Tehran. Cooperating with Iran on strengthening the NUG, fighting ISIS, drawing the Taliban into peace talks, or supporting Chabahar require levels of communication and dialogue that the leader Ali Khamenei is currently not willing to permit, supposedly due to the complications that Washington is experiencing in fully implementing its sanctions-related commitments under the JCPOA. When and if such communication becomes possible, it is in Washington's interest to set up dedicated channels in Kabul and between Washington and Tehran to discuss all of the above subjects.

POLICY RECOMMENDATIONS:

- 1) President Trump and Tehran should address politi-

cal crises linked to the difficulties of implementation of the NUG agreement by permitting U.S. and Iranian officials up to the level of the foreign minister to work in close coordination, including by joint visits to deliver a common message. In addition, they should form a trilateral U.S.-Afghanistan-Iran group at the senior official and ultimately ministerial level. The U.S. already participates in trilateral meetings with Afghanistan and China, Afghanistan and India, and Afghanistan and Pakistan, though the latter is now suspended by Kabul. The U.S.-Afghanistan-Iran trilateral would be a good forum to plan cooperation in all areas.

2) President Trump should unilaterally adjust his executive authority sanctions that ban using U.S. funds to purchase goods or services from Iran to specifically permit funding for approved projects in Afghanistan. U.S. sanctions have been one of many sources of the high cost of projects in Afghanistan, and President Trump should examine how best to assure that sanctions relief can be implemented in all U.S. government and U.S. government funded projects, so that project directors do not hesitate to source supplies from Iran when it makes sense to do so.

3) President Trump and Tehran should explore how to best mobilize resources and involve U.S. companies in plans for expanding the capacity of Chabahar Port and the land routes north and east from there. The U.S. has both a strategic and economic interest in the success of the transport route via Chabahar via U.S. cooperation with India and, ultimately, Iran.

SANCTIONS: FULFILLING COMMITMENTS, CODIFYING DIPLOMACY, REAPING THE REWARDS

It is squarely within the interest of the United States to fully and faithfully implement its sanctions-related commitments under the JCPOA, and thereby derive the significant stabilizing benefits that the nuclear agreement provides. Washington's continued problems with fully implementing the sanctions relief outlined in the JCPOA is now the greatest threat to its durability, thereby putting all strategic benefits gained from the nuclear deal at risk.

AMERICA'S SANCTIONS-RELATED COMMITMENTS – AND CONGRESSIONAL EFFORTS TO SCUTTLE THEM

Pursuant to the JCPOA, the United States agreed to certain obligations related to the lifting of nuclear-related U.S. sanctions targeting Iran. Faithful implementation of these sanctions-related commitments is the predicate condition for Iran's sustained compliance with its own nuclear-related obligations under the accord.

Unfortunately, most U.S. observers have adopted a false understanding of the full scope of America's sanctions-related commitments under the JCPOA, believing that such obligations begin and end with the formal lifting of sanctions outlined in Annex II of the JCPOA. Such a view, however, misunderstands the nature and scope of U.S. commitments under the JCPOA and risks inhibiting the Trump administration from taking the steps required to faithfully implement Washington's sanctions-related obligations. Furthermore, this caged understanding undermines ongoing efforts to remedy problems related to the lifting of sanctions and threatens the ultimate sustainability of the nuclear accord.

Under the JCPOA, the U.S. is committed to not just formally lift all nuclear-related sanctions outlined in Annex II of the JCPOA, but also prevent any interference with Iran receiving the full benefit of the sanctions-lifting and ensure that Iran has access in areas of trade, technology, finance,

and energy. U.S. obligations can be broken down into three constituent but equally valuable parts:

- 1) Lift all nuclear-related sanctions outlined in Annex II of the JCPOA;
- 2) Prevent any interference with Iran receiving the full benefit of the sanctions-lifting and with the normalization of trade and economic relations consistent with the JCPOA; and
- 3) Take affirmative steps to ensure Iran's access to tradefinance, energy, and technology.

Despite these broad U.S. commitments, scores of bills have been proposed in Congress aimed at imposing new sanctions on Iran – or otherwise undercutting the practical benefit to Iran of the formal sanctions-lifting in Annex II of the JCPOA – and thus upending the nuclear accord. Many of these legislative proposals seek to test the scope of U.S. obligations under the JCPOA – either by re-imposing the sanctions lifted under the JCPOA, albeit on a separate pretext (e.g., Iran's development of its ballistic missile program; support for terrorism; or human rights abuses), or broadening the scope of current sanctions to undermine foreign actors' willingness to re-engage Iran (e.g., applying beneficial ownership rules to U.S.-designated IRGC agents or affiliates).

While none of these bills have thus far threatened to pass both chambers of Congress – much less survive a certain presidential veto – passage into law might not be their intended purpose. According to one senior Republican staffer, Republican legislators are now seeking to “‘raise the Democratic floor’ on tolerance for tough Iran legislation.” In doing so, Congressional opponents hope to intensify the pressure on Democrats to win support for deal-killing legislation. Indeed, Sen. Bob Menendez (D-NJ), the most hawkish

Democratic voice in the Senate, recently stated that, during the final months of President Obama’s term, Congress should be focused on “build[ing] a foundation” for such legislation.

It is thus our expectation that Congressional opponents of the JCPOA will press their efforts at passing new sanctions legislation targeting Iran early in President Trump’s term. Such legislation will likely use Iran’s non-nuclear-related activities – its ballistic missile activities; support for terrorism; human rights abuses; or cyber-capabilities – as a pretext for imposing sanctions on Iran so as to deny it the practical benefit of its nuclear bargain. Iran – and the U.S.’s own negotiating partners in the P5+1 – can be expected to protest any legislation aimed at rendering it more difficult for foreign business to re-engage commercially with Iran. New bipartisan sanctions legislation will thus prove an important test for the sustenance of the nuclear accord, as Iran cannot be expected to comply with the terms of the JCPOA should the benefit of the JCPOA’s sanctions-lifting be effectively nullified.

It is clearly in the American national interest to defend the JCPOA from Congressional opponents and stall or defeat legislation aimed at effectively scuttling the historic agreement. President Trump should make a clear policy statement early in his term that it is in America’s interest to faithfully observe all of America’s sanctions-related obligations under the JCPOA and forcefully defend against efforts aimed at derailing U.S. commitments. In doing so, President Trump will provide a potent signal to wavering legislators that they will have the full backing of the President in their continued opposition to deal-killing legislation. Moreover, President Trump will thus need to have legislative staff in place and primed to do intensive outreach to members of Congress in order to prevent veto-proof support for such legislation. The continued fight over the nuclear accord will last through President Trump’s first term, and his commitment to the JCPOA will need to be unblemished if the deal is to be faithfully sustained.

USING TRADE TO ACHIEVE AMERICAN INTERESTS

But that is not all the Trump administration should do. A strong defense of the JCPOA will need to be accompanied with a good offense. The nuclear accord and the attendant lifting of sanctions demand a broad re-thinking of U.S. sanctions policy towards Iran. For the past decade, the U.S. effectively sought to fence Iran off from the world – encouraging U.S. allies and partners to sever all commercial ties with Tehran. With the lifting of nuclear-related sanctions under the JCPOA, however, Iran has begun to rejoin the global economy and to re-develop significant trade relations with these same U.S. allies and partners. These changed circumstances signal that a new era has come into being – one that, in turn, merits a new approach by the United States. It lies in the interest of the United States to take advantage of the unique and historic opportunities presented by the conclusion of the JCPOA and to adopt a more liberal trade policy with Iran – one that secures long-term U.S. interests while strengthening the U.S.’s ability to pressure Iran on more discrete issues of concern.

Despite the JCPOA’s lifting of nuclear-related sanctions, Iran remains the subject of an extensive array of U.S. sanctions, including a primary trade embargo, certain secondary sanctions, hundreds of sanctions designations, and a host of surviving designation authorities. Such sanctions broadly prohibit U.S. and non-U.S. actors from engaging with broad swathes of the Iranian economy, including, for example, with all entities subject to the ownership or control of the Iranian Revolutionary Guards Corps.

The biggest obstacle to a more liberal trade policy towards Iran, however, is the continuation of America’s comprehensive trade and investment embargo – the prohibitions of which bar virtually all transactions between the two countries. Pursuant to the JCPOA, the Obama administration took significant steps to remove some of those prohibitions – including, most critically, on the sale to Iran of commercial passenger aircraft and related parts and services. As Iran

continues to open its markets to the rest of the world, it lies in the interest of the United States to build on this foundation and consider broader strategic trade openings between the U.S. and Iran in return for changes in Iran's foreign policy.

Under the nuclear accord, the U.S. is obligated to enter into agreement with Iran as to "steps to ensure Iran's access in areas of trade, technology, finance, and energy." Nothing in the JCPOA prevents President Trump from using this provision as a launch point for enacting a broader licensing regime permitting a range of commercial exchange between the two countries. As with the sale of commercial passenger aircraft to Iran, such a permissive licensing regime could be accomplished solely via the President's current statutory authorities.

President Trump should consider strategic trade openings in areas significant to both countries. This includes areas of energy, finance, and technology. Considering Iran's current efforts to bring its financial institutions into compliance with global banking norms, President Trump could facilitate this positive development by permitting direct correspondent banking relationships between private financial institutions in the two countries. This will aid in Iran's re-integration into the global financial sector in a manner that is consistent with U.S. aims and interests, while also helping to facilitate permissible transactions between the two countries. Lack of a direct banking channel has inhibited transactions that the U.S. has long viewed as within its foreign policy interests, such as humanitarian trade and trade in personal communications technologies, and has led to unforced errors, as with the provision of \$400 million cash to Iran as part of the decades-old claims settlement process in part due to the lack of a banking channel.

Moreover, President Trump could permit U.S. energy companies and oil-field servicers to contend with their global competitors for entrance into Iran's market, particularly as Iran takes steps to upgrade and modernize its ener-

gy infrastructure. President Trump could also authorize U.S. persons and entities to invest in and provide goods or services to Iranian tech entrepreneurs. Licensing this will have the commendable effect of supporting the growth and maturation of Iran's civil society.

Most important, however, President Trump should adopt such strategic trade openings because doing so will provide the United States a source of influence and leverage with Iran's leadership and its people and will set the stage for a broader rapprochement between the two historical adversaries. With the full implementation of the JCPOA and its attendant lifting of nuclear-related sanctions, President Trump will be limited in the kinds of coercive measures that he can take to push back against Iranian action perceived as anathema to U.S. interests. However, President Trump can take a new tack and seek Iran's re-integration into a U.S.-led global economy, so that Iran's leadership is forced to consider and be responsive to U.S. interests in the Middle East.

It is clear that Iran is becoming more inter-linked with global and regional economies than at any time since prior to the Iranian Revolution. As Iran takes steps to rejoin the global economy, President Trump must decide whether U.S. interests are best served with an Iran that remains immune from U.S. influence – either diplomatic or commercial – or an Iran that is integrated into a U.S.-led global economy and thus responsive to U.S. commercial suasion.

In our view, the answer is clear. By commercially engaging with Iran, the United States will position itself to better influence the future direction of Iran. Trade ties will lead to an Iran that is more considerate of and responsive to U.S. interests, and increased people-to-people exchange between the U.S. and Iran will sideline the more extreme voices internal to each society. As a longer term objective, it is in America's interest to begin outlining the steps necessary for lifting the comprehensive U.S. trade and investment embargo with Iran – and what America expects in return. Doing so will signal

to Iran that America is willing to inaugurate a new era in relations, and set the stage for the achievement of long-term U.S. strategic interests.

The Obama administration was first to acknowledge a basic truth: Iran is and will continue to prove a regional power. Rather than isolating such a power in a region that the U.S. continues to regard as vital to its national security interests – a strategy that has shown little success over three decades – the United States should seek broader engagement with Iran. This is especially the case considering that Iran is re-developing trade ties not only with U.S. allies and partners in Europe and Asia, but also with U.S. geopolitical rivals such as China and Russia. Ceding Iran to the influence of global competitors, the U.S. risks losing its ability to shape favorable outcomes in the Middle East. To avoid this outcome, the U.S. must compete for influence with Iran. In our view, a critical way of doing so is to leverage the power of U.S. commerce.

To be sure, lifting the U.S. trade embargo with Iran would not affect the U.S.'s ability to more discriminately target those activities of Iran that are anathema to U.S. interests. This includes but is not limited to Iran's ballistic missile program, support for terrorism, and human rights abuses. The U.S. maintains designation authorities related to each of these concerns, and President Trump can continue to make use of those authorities to target hostile Iranian activities. President Trump should thus begin the process of examining how to take advantage of a favorable statutory regime – one that permits unilateral presidential action on this front – and communicate to Iran what it would take to lift the trade embargo.

POLICY RECOMMENDATIONS

1) President Trump should immediately communicate in a public manner that he will veto any sanctions legislation that risks U.S. obligations under the JCPOA. Washington should clearly state its commitment to faithfully observing America's sanctions-related

obligations under the JCPOA, and should be prepared for early Congressional battles over legislation aimed at upending the nuclear accord.

2) President Trump should consider strategic trade openings with Iran, including in areas related to trade, energy, finance, and technology. Facilitating U.S. commercial ties with Iran will provide a renewed source of influence and leverage with Iran's leadership and its people in a manner conducive to American national interests.

3) As a longer term objective, President Trump should begin outlining the steps necessary to lift the U.S. trade embargo with Iran and what America expects in return, so as to permit renewed commercial ties between the two countries and to better achieve American national interests in the broader Middle East.

ENERGY SECURITY: WORKING WITH IRAN TO ADVANCE AMERICAN INTERESTS

It lies in the interest of the United States to marginalize extremist forces in the Middle East that benefit from long-standing poor economic conditions and to build a more effective geopolitical counterweight to Russia's expanding influence. With Iran re-entering the energy sector following the lifting of sanctions, an opportunity has arisen to utilize Iran's weight in the energy market to strengthen economic interconnectivity in the region, which helps stabilize the Middle East, counters Russia's influence in the gas market, and lays the groundwork for long-term regional economic growth, which is critical for defeating the spread of extremism.

THE ONLY THING WE HAVEN'T TRIED: USING IRAN'S POTENTIAL TO ADVANCE U.S. INTERESTS

Iran is a critically important stakeholder in international energy security. Iran holds the world's largest gas reserves, connects two significant energy hubs in the world (the Persian Gulf and the Caspian Sea), and is emerging as a main Middle East transit route, as well as a potential source of natural gas for the European Union. Iran has both the population size and the human capital to serve as the economic engine of the region – more so than any other country. Moreover, with the lifting of sanctions on Iran's energy sector, Iran will soon be the recipient of the investment and technologies required to fulfill its energy potential.

Nonetheless, squeezing Iran's energy sector has long been a core tenet of U.S. policy towards Iran, dating back to President Bill Clinton. In the aftermath of the JCPOA – under which the U.S. lifted sanctions on foreign investment in Iran's energy sector for the first time in two decades – this policy needs to be recalibrated. Instead of containment, the United States must now pursue collaboration, helping harness Iran's increased oil and gas production and integrating it into regional structures so as to buttress regional and international security, cooperation, development, and stability. In doing so, the U.S. will help promote regional cooperation and economic development in the Middle East

– two elements that are desperately needed to mitigate the region's current conflicts.

NUMBERS DON'T LIE: IRAN'S ENERGY PLANS

For the past few decades, the Persian Gulf has been one of the primary regional hubs for oil and gas production. The region holds about 48% of the world's oil reserves and produces about 32% of the world's crude oil output. In terms of natural gas, the Persian Gulf countries hold about 43% of the world's proven conventional reserves with Iran and Qatar holding the overwhelming majority of those resources. However, despite having the world's largest gas reserves, Iran's actual gas production corresponds to about 5% of global production and Iran's gas exports are negligible, though the country is now a net exporter of gas.

Iran is now aggressively developing its sizable non-associated conventional gas resources. After the implementation of the JCPOA in January 2016, Iran is now preparing to attract foreign investment and technology to modernize its petroleum sector, especially its gas potential. Despite its hiccups, the post-sanctions environment is allowing Tehran to have renewed access to the technology and investment volumes that it will need to develop its conventional resources.

While oil production will also grow, the main focus of the Iranian government will be on gas production and its gas vision. Iran currently produces 190 billion cubic meters of gas per annum (bcm/a) and 67 percent of the country's total primary energy use is based on natural gas. Iran has very ambitious plans to reach an annual gas production of 300 bcm by 2020, which is a reflection of the country's enormous resource base. Despite fast-paced growth in its actual production capacity, most of Iran's produced gas is consumed domestically, especially fueling the growth of gas-based industries.

Considering the potential for growth, gas and electricity

exports will be the backbone of Iran's regional interaction with its immediate neighbors, which are mostly in need of gas or electricity imports. As such, it is in America's interest to explore ways to use Iran's gas potential to not only facilitate regional economic growth, but also reduce tensions with countries such as Pakistan and Saudi Arabia in a manner similar to how energy relations have eased tensions between Iran and Turkey, thereby producing a more stable geopolitical environment that requires less American military commitments and expenditures.

ENERGY INTERCONNECTIVITY CAN BREED POLITICAL STABILITY

Many analysts reduce regional energy relations to a pure competition for international crude oil markets. However, energy relations in the Middle East are not one-dimensional and one needs to understand this region as not only a producer of hydrocarbons, but also as a consumer of energy and producer of many petroleum-related products and commodities. To that end, the region as a whole needs Iran's gas resources for its own economic and industrial development. Consequently, Saudi Arabia, other GCC countries (with the exception of Qatar), and Iraq are in need of gas imports to meet their domestic energy needs. Iraq is already importing electricity from Iran and has inked two agreements to import natural gas. It is in this context that Oman has also signed an agreement with Iran to import natural gas.

All key producers in the Middle East are investing heavily in downstream and value-added activities in the oil and gas sector. Therefore, the emphasis on crude oil as the main area of competition between the Persian Gulf producers is misplaced, and regional energy realities should be assessed in the fields of gas, petroleum products, and gas-based industries.

At the same time, regional energy relations are also influenced by tensions between key players (mainly Iran and Saudi Arabia), as well as by regional events such as the

conflicts in Iraq, Syria, Yemen, and Lebanon. It is in America's interest to avoid past experiences where geopolitical and geo-economic competition undermined the potential for a pragmatic development of energy resources in the region, mindful of the fact that such economic integration is pivotal for taming regional rivalries and helping stabilize the region as a whole. Moreover, new realities, such as the growing power of extremists, highlight the need for a new degree of cooperation among key states. The close ties between Iran and Iraq, as two of the major hydrocarbon reserve holders, may shift regional alliances. As Iran's regional policy indicates, energy interdependency has become a key instrument in consolidating regional relations as opposed to creating rivalries, and it is in Washington's interest to facilitate such processes to help stabilize the region.

One important facilitator of this approach is the reverse relationship between energy consumption peaks between Iran and other Persian Gulf countries. In fact, Iran's peak energy consumption months are in the winter, while the GCC countries experience the highest energy consumption rates in the summer. This reverse pattern makes an interrelationship of energy more pragmatic.

At the same time, even in a scenario of constructive relations, there will be areas of competition, including for attraction of international investments and advanced technology. Nonetheless, all players will depend on a degree of regional stability to be able to develop their economies and technological infrastructure. There is no doubt that energy and trade relations can help ease tensions. In fact, Iran's good neighborly ties with Turkey, Iraq, Oman, and Turkmenistan are all strengthened through the existing and emerging trade and energy interconnectivity. The United States can achieve greater stability in the region by promoting such cooperation between Iran and its neighbors.

It does also serve American interests to promote formulas of regional cooperation in which Iran's gas and trade potential becomes an engine for needed economic development in the

Middle East. In this process, it will be crucial to cooperate to provide for a balanced regional development that affects the national security interests of America, as well as the EU, Russia, China and India. Consequently, one core objective could be to use a multilateral diplomatic platform (similar to the JCPOA negotiations) to develop a set of objectives using common interests emerging from energy security imperatives to address the region's development as a whole. Similar to the nuclear negotiations, an improved understanding between Tehran and Washington would facilitate the success of such an initiative and open a pathway to bolster American interests.

POLICY RECOMMENDATIONS

1) President Trump should immediately establish a bilateral energy security dialogue with Iran at the ministerial level with the aim of balancing Russian influence in the gas market, strengthening regional economic interdependence to help stabilize the Middle East, and promoting economic development that marginalizes extremist groups. Integrating Iran's oil and gas plans into existing regional structures and creating energy security linkages between Washington and Tehran helps achieve these objectives. Through the JCPOA, Obama has shown that diplomacy with Iran can bear fruit and contribute to a more secure region. It is in the American national interest to continue this process through dialogue on energy trade and investment.

2) President Trump should help promote energy and trade relations between Iran and other Middle Eastern nations. Economic growth and political stability in the entire region will help marginalize extremist forces that benefit from poor economic conditions, unemployment and underdevelopment. In the long run, a more prosperous and economically integrated region will also be more stable, which serves U.S. interests.

3) President Trump should remove legal and political impediments to the development of Iran's gas sector in order to help reduce Europe's dependency on Russian gas, either through future gas exports (long term prospect) or through the growth of exports of gas-based products (such as petrochemicals) from Iran to Europe.

4) President Trump should help Iran and its regional neighbors develop a platform similar to ASEAN for development. It is in the American national interest to help foster more inclusive regional development, which in turn will reduce the potential for conflict. The majority of conflicts in the Middle East are more about the political and economic conditions in the region, not religious or ideological differences. In the long run, economic development can pave the way for socio-political development, thereby reducing the potential for internal tensions.

HUMAN RIGHTS: ENGAGING THE IRANIAN GOVERNMENT AND THE IRANIAN PEOPLE

Long term U.S. national interest dictates that Washington pursues a positive balance between its relations with the Iranian government and the Iranian people. Focusing solely on the former at the expense of the latter will likely create a new generation of anti-American sentiment within Iranian society. This will be a tough balancing act for the United States, as it needs to contain its tensions with the Iranian government while at the same time voice criticism against Tehran's human rights abuses at home.

HUMAN RIGHTS ARE A STRATEGIC IMPERATIVE

Over the past 37 years, addressing human rights issues in Iran has been tricky for each U.S. administration. For starters, the absence of diplomatic relations has meant that America has little leverage or influence. Moreover, while elements within the Iranian state may be responsive to criticism from the outside world, others have pushed back or ignored criticism from the international community, sometimes by going on the offensive and critiquing human rights abuses in the U.S., especially in the aftermath of the Iraq war. The problems are further complicated by the fact that many Iranians feel strongly that blanket sanctions imposed with U.S. leadership have themselves been a source of great abuse against a much wider cross section of Iranians. This has further undermined U.S. credibility in speaking out about human rights. Finally, the fact that hawks in the U.S. have attempted to co-opt the human rights agenda and make it an excuse for sanctions and war adds to the complexity.

In the face of these challenges, silence on Iran's human rights record may seem expedient. While this approach may bring short-term gains, it lays the grounds for longer-term losses, as Iranians are wary of the U.S. striking a deal with the Iranian government while turning a blind eye to the aspirations of the population. It is in the American national interest to secure healthy, sustained relations with a regional power like Iran, and it cannot do so if it sacrifices the Iranian people's human rights in the process or politicizes human

rights in order to use it as an instrument against Iran. Such a setup would be analogous to the state of relations that existed under the shah: a relationship centered on security at the expense of basic freedoms. Human rights is a particularly difficult space to navigate given the fact that the U.S. must avoid actions that inadvertently do more harm to civil society inside the country.

HUMAN RIGHTS IN IRAN: WHERE THINGS STAND

Given the turmoil and violence sweeping across the region now, the relative calm and peace in Iran cannot be taken for granted. The Iranian public has repeatedly demonstrated that it is wary of revolution and chaos, and prefers an evolutionary change towards greater openness and democracy. By de facto participating in the 'lifestyle movement' that is progressive, open and evident in urban areas, Iranians from across the socio-economic spectrum are implicitly rejecting the extreme forces in the system, but often doing so in non-confrontational ways.

That being said, it is no secret that a variety of challenges remain. When Iranians elected Hassan Rouhani as their President in 2013, their most important demand was improving Iran's international relations with a view toward averting the possibility of war and ending crippling sanctions that were harming ordinary citizens. But the public had human rights concerns as well, which were echoed in Rouhani's other campaign promises.

After the first anniversary of the JCPOA, Rouhani may be congratulated for his foreign policy success, but his achievements on human rights have been limited. To be fair, the past three years have witnessed both improvements and setbacks. Not surprisingly, areas under Rouhani's direct control have seen improvements while those controlled by conservative and hardline groups – notably the judiciary and Iran's Revolutionary Guard Corps (IRGC) – have seen setbacks.

Rouhani has made little progress on addressing the situation of political prisoners who received lengthy prison sentences in the aftermath of the contested 2009 elections. Most people arrested in the aftermath were forced to serve their sentences either fully or were pardoned a few months prior to completing their full sentence. For some, reprieve came in the form of reform in the penal code that allows persons sentenced to serve prison terms on multiple charges to serve them concurrently with the total amount of time not to exceed the term of their heaviest prison sentence. However, security officials continue to find loopholes in the application of the law.

To date, the Rouhani administration has had little power to influence or push for sustained improvements on both fronts. The Judiciary oversees both processes, and it has been unbending in this regard. Rouhani's team has faced similar challenges when addressing the fate of imprisoned dual and foreign nationals. In the aftermath of his election – and particularly since the adoption of the JCPOA – the IRGC has increased its politically motivated arrests. Systematic crackdowns against Iranians with dual nationality are justified under the pretense of preventing “infiltrators” from undermining national interest and security.

Many political insiders believe these high profile arrests are intended to send a negative signal to people wanting to return to Iran, such as political activists who left the country after the 2009 election unrest, and dual nationals who want to create businesses and economic openings resulting from the JCPOA. Many also believe the true targets are in fact Rouhani and his political allies, especially in the lead up to the next presidential election. Recent political infighting – such as publicly releasing exorbitantly high salaries of officials affiliated with the Rouhani government, and the arrest of dual nationals – are likely intended to build cases against Rouhani officials, undermining his credibility and popularity with the public.

No matter the reason, the high spate of arrests and the seeming arbitrariness of them among those with ties to the West,

and especially dual nationals, raise concerns about safety of those wishing to visit Iran. High-profile arrests have also hindered efforts by Rouhani to engage with Iran's expat community or international corporations. Among those arrested are Siamak Namazi, Baquer Namazi, and Nazanin Zaghari-Ratcliffe. Fear of safety on the part of some Iranian expats and foreign nationals have undermined Rouhani's policies of engagement with the West and the gradual opening to business and industry.

Rouhani also promised to allow the reemergence of civil society and end the securitized approach of the state toward its citizens. The environment for civil society activism has improved. Some organizations, even in the provinces, have been issued permits to operate. Newspapers and magazines too have been issued permits. However, the arbitrary nature of the IRGC and judiciary's arrests is also evident in the state's treatment of the media, and the Rouhani administration's easing of press restrictions has not been sufficient to allow for a free press. While closures of press are less frequent now, they do still happen.

One positive development is that the level of scrutiny of civil society activities has diminished since the election of Rouhani. Culture and arts centers, galleries, theatres, and cinema – even those centers and groups promoting progressive perspectives – are operating with relative ease and in a more open socio-cultural environment.

Yet this openness exists amidst contradiction and duality. For example, concert organizers apply for and receive permits to hold the concert from the Ministry of Culture, but then the concerts are prevented from taking place on a regular basis and are often canceled by local authorities or conservatives. Female vocalists are allowed to leave the country to perform their music, but they cannot perform solos in Iran and are occasionally interrogated prior to leaving or upon return.

While some NGOs are reestablishing themselves or registering anew, social movements have been slow to re-emerge.

This is in part due to the security pressures they face. But much of their inability to reorganize and become active is due to economic pressures. For example, the women's movement, which was among the strongest movements in Iran and run on a largely voluntary basis, is having difficulty re-organizing, as people are focused on generating incomes. The combination of poor economic policies, the squeeze of the sanctions, and the uncertain security space continues to affect the growth and participation of people in organized activities and movements.

Rouhani also promised to appoint women based on their expertise and merit to positions of power within the state. He kept that promise by appointing three vice presidents on Women's Affairs, Environmental Protection, and the liaison with the Parliament and on Legal issues. While he fell short on appointing a female minister, for the first time in history a woman is Managing Director of the National Iranian Petrochemical Company. Rouhani also appointed several female governors including from ethnic minorities, although their numbers still pale in comparison to their male counterparts.

Despite pressures from the conservative forces, Rouhani's vice presidents have managed to introduce and push for a number of critical policies, in line with long standing demands of Iranian women. They include: a bill to prevent violence against women; re-examination of laws that discriminate against women; promotion of women's economic participation, including entrepreneurship; and advocating for the appointment of women in decision making roles. They have also sought to put forth policies and programs addressing the needs of marginalized women including drug addicts, the homeless, and female prisoners. While receiving some support from Rouhani, he has not been as vocal as expected in the face of the continued attacks from hardliners, leaving the women he has appointed vulnerable to pressure and attacks by hardliners and limiting their ability to push for women's rights.

Rouhani has also worked to address minority rights by

appointing Ali Younesi to the newly created position of Special Advisor on Ethnic and Religious Minority Affairs. The former Minister of Intelligence to Khatami and a high-ranking cleric, Younesi has tried to reach out, speaking out against crackdowns and executions of minorities. His appointment signifies Rouhani's recognition of the importance of reaching out to ethnic minorities, including Kurds, Arabs, Baluchis and also Turks, at a time when regional sectarian divisions increasingly prove problematic. On the issue of religious minorities, Rouhani has been less vocal.

WHAT CAN WASHINGTON DO?

Despite the myriad challenges they continue to face, Iranians consistently push the boundaries and widen the space for expression. Iranian women and youth have led the way, and their expectations and standards are high. It is in the American national interest to listen to these voices to avoid fostering a new generation of anti-American sentiment in Iran. Iranians are currently the least anti-American population in the Middle East, and a combination of an overly politicized U.S. approach to human rights in Iran together with maintaining broad economic sanctions will damage American credibility with the Iranian public. America should avoid these pitfalls.

More generally, when America politicizes human rights and applies standards unevenly in the Middle East, it cheapens the concept and weakens the cause. Trying to address human rights with bombs or bullets is a recipe for disaster. American support for authoritarian governments across the Middle East has also helped spawn radical jihadists and extremist groups such as al-Qaeda. Cozy deals we make with authoritarian governments have helped fan the flames of Islamic radicalism and stoke a strategic nightmare in the region. The right way to address human rights is hard: America has little choice but to work with authoritarian governments even as it tries to encourage positive change in their societies.

To that end, Washington should listen to what Iranians want:

indigenous self-determination. This means that the U.S.'s involvement cannot go beyond what the Iranian civil society welcomes and calls for. Iranians inside and outside the country have long offered practical approaches and recommendations on how the U.S. could and should engage.

POLICY RECOMMENDATIONS:

1) President Trump should heed the advice of Iranians themselves, especially as events shift and develop. Human rights issues are always at risk of being exploited by foreign policy hawks, but this is anathema to the interests of Iranian human rights activists. Rule number one should be do no harm.

2) President Trump should maintain coalition-based support for international mechanisms focused on Iran's human rights situation, such as the UN Special Rapporteur on Human Rights in Iran. This is key for ensuring world attention to human rights in Iran.

3) President Trump should take a principled stance on human rights issues in Iran regarding ethnic and religious minorities, women, and civil society at large. However, when highlighting Iran's human rights record, Washington should not use human rights as a political tool to advance its other goals with the country. In order for America's stance on Iranian human rights abuses to be credible, it must take the same position across the Middle East. Failure to do so will cheapen the concept and weaken the cause.

4) President Trump should take steps to show that America does not seek to harm innocent Iranians, and take concrete actions to that end. For example, Washington should expedite the processing of legitimate financial transactions that will supply Iran with new civilian aircraft from the U.S. Poor aircrafts conditions impact Iran's civilian population most severely, and it is a U.S. commitment under the JCPOA to facilitate such transactions.

5) President Trump should continue to use bilateral and multilateral diplomatic channels to raise the need for security and protection of dual nationals and foreign nationals from arbitrary arrests. New and creative ideas are needed, and one viable concept is offering Tehran reversible quid pro quos: In return for releasing all Iranian Americans imprisoned in Tehran, the U.S. will remove select Iranian companies from America's blacklist—but any subsequent arrest of Iranian Americans snaps previous targeted sanctions back into place and adds more companies to the blacklist.

CONCLUSION

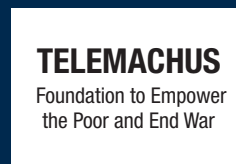
It is firmly in the national interest of the United States for President Trump to finish what Barack Obama started: Continue the process of transforming U.S.-Iran relations in such a way that shifts relations over time, reduces tensions and enables the two countries to collaborate where their interests coincide. The United States and Iran may not become the best of friends anytime soon, but they no longer need to be the worst of enemies. Problems will persist, but not to the extent that it requires overlooking or ignoring the substantial amount of overlapping interests.

With the JCPOA intact and high-level channels of bilateral communication online, relations have reached their highest point in 37 years. However, looking ahead, U.S.-Iran relations remain largely adversarial. The JCPOA demonstrates that it is possible to change long-contentious aspects of our relationship with Iran using sustained, tough-minded diplomacy. It is in the American national interest for President Trump to continue testing the proposition that sustained diplomacy provides the highest likelihood of successfully reducing tensions and managing differences.

This report analyzes over a half dozen national security challenges that are critical to American interests: U.S.-Iran relations, Saudi-Iran tensions, Iraq, Syria, Afghanistan, the future of sanctions, energy security, and human rights. Iran is critical to solutions for each of these challenges. America's status quo relationship with Iran – and longstanding efforts to resolve problems without Iran at the negotiating table – exacerbates these challenges.

When Donald Trump enters the White House in January 2017, the question facing him should not be whether to advance American interests by reducing tensions with with Iran, but rather how to go about doing so. The JCPOA is a key that can unlock the door to solving a host of important problems that impact America's national interests. As this report shows, Trump would be wise to turn the key.

This report has been made possible through generous funding from:



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