

Iran After the Nuclear Deal: A Rising Power's Strategic Orientation

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Under virtually any political order, Iran is a pivotal country, in its regional setting and globally – because of its territorial and demographic size, geostrategic location, and identity as a civilizational state with a history as long as China's. These things have long made Iran a focus for expansionist states seeking to extend their influence over a critical part of Eurasia. They made Iran a target for imperial competition between Britain and Russia in the 19th and early 20th centuries, and between Britain and the Soviet Union during the 1930s and 1940s. From the mid-20th century, these attributes have made Iran a high-priority focus of American strategic ambitions. And since the advent of the oil age, Iran's enormous hydrocarbon resources have reinforced its strategic importance.

So, under virtually any political order, Iran is a pivotal state. Under its current political order – the Islamic Republic, founded out of the country's 1979 revolution – politically engaged Iranians have worked to deliver on the revolution's promise to forge an indigenously designed order combining participatory politics and elections with principles and institutions of Islamic governance. The Islamic Republic has also worked to deliver on its revolutionary

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pledge to restore Iran's effective sovereignty after a century and a half of rule by puppet regimes beholden to outside powers – including the United States – and to pursue real foreign policy independence. These commitments give contemporary Iran a degree of legitimacy that bolsters its regional impact and helps make it, by global measure, a “rising” power.

Negotiation of the Joint Comprehensive Plan of Action (JCPOA) – the nuclear deal between Iran and the P5+1, which was concluded in July 2015 and entered formal implementation in January 2016 – marks an important inflection point in Iran's emergence as a rising power.¹ The Islamic Republic has long aimed to become the Middle East's most advanced state – economically,

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scientifically, technologically, socially, and politically. Even as already poor relations with the United States declined during the 2000s and Iran's economy was pressed by escalating U.S. sanctions and U.S.-demanded multilateral and third-country sanctions, the Islamic Republic made significant progress toward this goal:

- The Islamic Republic has achieved developmental outcomes – e.g., in terms of alleviating poverty, delivering health care, building infrastructure, providing educational access, and expanding opportunities for women – that are not only more progressive than the Shah ever achieved, but deeply impressive by international standards.² In 2007, the same Goldman Sachs research unit that previously coined the “BRICs” (Brazil, Russia, India, and China, later expanded to “BRICS” by adding South Africa) identified Iran as one of its “next eleven” (N-11) countries – the next generation of big emerging markets.³
- Increasing investment in scientific and technological research has produced a remarkable surge of cutting-edge work across a wide range of fields. Measured by the number of technical papers published by Iranian researchers in internationally recognized, referred journals and by other indices, Iran is

now the leading scientific power in the Middle East, with the fastest rate of growth in scientific output of any country in the world.⁴

- Moreover, the Islamic Republic has arguably proved itself – especially amidst the turmoil generated by the so-called “Arab Awakening” – to be the Middle East’s most functionally stable political order.⁵

Likewise, the Islamic Republic has unquestionably expanded its regional influence – but not through militaristic means. U.S. administrations denounce Iran for its “threatening” posture, alleged pursuit of weapons of mass destruction, and support for movements Washington deems terrorist organizations. Yet, the Islamic Republic – unlike other regional actors (or the United States) – has never attacked another country or even threatened to do so; today, it is incapable of projecting significant conventional force beyond its borders. Iran has developed asymmetric capabilities it can credibly threaten to use in response to aggression against it. But – contrary to U.S./Israeli claims – Tehran is not employing nuclear, chemical, or biological weapons for the purpose. It is relying on conventionally armed ballistic missiles and capabilities to disrupt shipping in the Persian Gulf – a quintessentially defensive posture, as even the U.S. Defense Department acknowledges.⁶

The Islamic Republic has expanded its regional influence by cultivating ties to sympathetic communities in other Middle Eastern states – especially communities marginalized by unrepresentative power structures in their own countries. In many cases, Iran has lent its help to disenfranchised Shi’a communities around the region (e.g., in Lebanon and Iraq), but Tehran has also reached out, across sectarian bounds, to dispossessed Sunni groups (e.g., anti-Taliban Afghans, Iraqi Kurds, occupied Palestinians). Such ties have enabled the Islamic Republic to compensate for a lack of strategic depth and prevent the cooptation of regional states as anti-Iranian platforms by the United States, Israel, and/or Saudi Arabia. These payoffs have been amplified by Iranian allies’ *political* gains; given the chance, Iran’s partners have repeatedly shown themselves capable of winning elections in their local settings, and winning them for

the right reasons: because they authentically represent unavoidable constituencies with legitimate grievances. Iranian support for these constituencies effectively means that any expansion in political participation in their countries empowers Tehran's allies – which makes it virtually impossible to circumscribe Iran's long-term regional influence.⁷

Now, with conclusion and initial implementation of the JCPOA, elites across Iran's political spectrum believe the Islamic Republic is poised to join the ranks of the world's most important countries. Elites disagree over some aspects of the most appropriate economic and strategic orientation to facilitate Iran's continued ascent – but there is broad consensus on the end goal. Indeed, some Iranian elites suggest that Iran should now be considered in the same “club” with Brazil, Germany, India, and Japan – countries that, while not permanent members of the United Nations Security Council, are perennially identified as prospective candidates for this status in discussions of Security Council reform. Elite constituencies around the world also increasingly recognize the Islamic Republic as a rising power – economically, politically, and strategically.

The present article, organized in two parts, analyzes the dynamics that will shape a rising Iran's strategic orientation in coming years. The Islamic Republic does not want to be overly dependent on any single external partner or narrow set of partners; elites across the Iranian political spectrum stress the importance of balanced diplomacy. But even within such a framework, Tehran must still decide how to weigh its ties to major extra-regional powers in relation to one another. Thus, the first part of the article considers how Iran and America look at, think about, and interact with each another, and how this interaction affects and is affected by Middle Eastern regional developments. The second part then examines Iran's options for enlarging its connections with important international players other than the United States; these include European and East Asian states allied to America as well as major non-Western powers like Russia and China.

I

In considering Iran's strategic orientation after the JCPOA, it is useful to start with prospects for Iranian relations with the United States. Since the revolution, the Islamic Republic has seen America as the leading threat to its political integrity and independence. Looking forward, Tehran is open – within longstanding parameters – to better relations with the United States. But, the United States still resists improving ties to Iran beyond the JCPOA. This dynamic reinforces Iranian perceptions that Washington remains reluctant to accept the Islamic Republic – and opens the way for other world powers to build links to Iran without “competition” from the United States.

Iran and the United States

Contrary to stereotypes, the Islamic Republic is not reflexively and irrevocably antagonistic toward the United States; in fact, it has demonstrated a clear and enduring interest in better relations with the West, and especially the United States. Over the past quarter century, Tehran has consistently cooperated on issues when Washington has requested its assistance, and has frequently explored possibilities for improved American-Iranian relations. It is the United States that has repeatedly terminated these episodes of bilateral cooperation and rebuffed Iranian overtures, reinforcing Iranian leaders' suspicion that Washington will never accept the Islamic Republic.⁸

Iranian policymakers recognize that Iran has foreign policy and national security challenges it cannot solve – or at least not optimally solve – absent better relations with America, and that improved ties could also advance Iran's economic modernization and realization of its enormous potential as a hydrocarbon exporter. But, in contrast to the shah, the Islamic Republic's leaders have never been willing to surrender what they consider Iran's sovereign rights or sacrifice its strategic autonomy to realign with Washington. Nevertheless, for most of the past 37 years, Tehran has been prepared to pursue rapprochement – so long as it is based on American acceptance of the Islamic Republic as a legitimate entity representing legitimate national interests and on reciprocal and

balanced accommodation of both sides' core interests. From Iran's perspective, the United States has yet to indicate authoritatively that it is willing to deal with the Islamic Republic on these terms.

At this juncture, the most significant disagreements among Iranian elites on the proper economic and strategic orientation to guide Iran's ongoing rise are over how much of a turning point in the U.S. posture toward Iran the JCPOA will prove to be. On one side are those elites – well represented in parts of President Hassan Rouhani's administration – who take a relatively optimistic view. For them, the JCPOA shows that, if Tehran is sufficiently forward-leaning in its diplomacy, the United States – despite what for Iran have been disappointing prior experiences – can change its view of the Islamic Republic and come to terms with it. Looking ahead, these elites tend to see America as the most critical international interlocutor for Iran, economically as well as strategically. This perspective was an implied but important undercurrent in Rouhani's call earlier this year for a "JCPOA 2" to renew Iran's economic development.⁹

On the other side are those Iranian elites – including, most notably, Supreme Leader Ayatollah Seyed Ali Khamenei – who, through recurring negative experience, have grown deeply skeptical that, as things stand, America can ever really accept the Islamic Republic. Khamenei still recognizes how, if the United States was prepared to deal with the Islamic Republic on what Tehran would consider acceptable terms, this could be beneficial – but it is up to Washington to show that it is ready to take a different posture toward Iran. Khamenei's skepticism about U.S. intentions was manifested in his recent condemnation of Washington's ineffectual implementation of its JCPOA commitments regarding sanctions relief as yet another example of American "deceit" – and in his pointed rejection of calls for a "JCPOA 2" on Iran's economic future, as "JCPOA 1" has not provided the dividends that optimists were expecting.¹⁰ Khamenei and other more skeptical Iranians emphasize the cultivation of balanced relations among world powers, including non-Western powers like Russia, China, and India as well as (to the extent possible) powers in Europe and Asia that are U.S. allies.

How this debate plays out will depend very much on how the United States interacts with Iran – over JCPOA implementation and other issues – and how that interaction is perceived by Iranians. At this juncture, there is little reason to anticipate fundamental revision of the U.S. posture toward Iran, either in what is left of the Obama administration's tenure or under President Obama's successor.

We offer this assessment as scholars and former U.S. officials who have long held that the United States, for its own interests, needs to realign relations with the Islamic Republic of Iran as thoroughly as it realigned relations with the People's Republic of China in the 1970s.¹¹ U.S. engagement in the Middle East since the Cold War's end is a textbook example of "imperial overstretch" – a great power's expansion of strategic ambitions and commitments beyond its capacity to sustain them.¹² Since 9/11, U.S. efforts to remake and, ultimately, to subordinate the Middle East through military campaigns and other forms of coercive intervention have not just failed; they have proven profoundly self-damaging to America's strategic standing. Recovery requires that Washington embrace a new Middle East strategy, aimed not at coercive dominance but at a reasonably stable balance of power. Pursuing such a strategy requires the United States to engage *all* important regional actors – especially the Islamic Republic of Iran, whose growing influence has become an indispensable factor in Middle Eastern politics.

At this point, Washington cannot advance America's stated goals in the Middle East – e.g., fighting *jihadi* militancy as embodied in *al-Qa'ida* and the self-described Islamic State, resolving conflicts in Syria and Yemen, forestalling another violent Taliban takeover in Afghanistan, and promoting genuine regional security – absent positive relations with Iran. Yet, though this is what U.S. interests manifestly require, American political and policy elites remain deeply resistant to doing it. Such resistance can be seen in the U.S. debate, both before and after the JCPOA was concluded, over how a nuclear deal might affect America's broader posture toward the Islamic Republic.

The Nuclear Deal and America's Static Iran Policy

Before the JCPOA was reached, there was certainly no consensus within the Obama administration to treat a prospective nuclear deal as the springboard for a wider opening to Tehran. On the U.S. side, the immediate motivations for seeking a deal – which were twofold – were, in strategic terms, much narrower.

First, during President Obama's initial term, he and some of his advisers grew increasingly concerned about the consequences for U.S. policy of Iran's ongoing development of its indigenous capabilities to enrich uranium. More specifically, they became concerned that, if Iran continued developing these capabilities, Obama would, in the absence of a diplomatic solution, come under escalating pressure – from domestic constituencies and regional allies like Israel – to strike Iranian nuclear facilities militarily. Obama judged the prospect of yet another U.S.-initiated war in the Middle East, this time to stop Iran from enriching uranium under international safeguards, potentially even more self-damaging to the American position in the region than the U.S. invasion and occupation of Iraq.

During his first term, Obama failed to translate this assessment into a serious diplomatic posture toward Iran. Instead, he chose to consolidate his Democratic Party base by making Hillary Clinton – who rejected presidential candidate Obama's idea of engaging Tehran and advocated “totally obliterating” Iran if it did not follow U.S. policy preferences – Secretary of State. He also brought into his administration other self-declared opponents of rapprochement with the Islamic Republic – e.g., Dennis Ross, Gary Samore, and Ray Takeyh – to run his Iran policy. With these advisers, Obama stuck with his predecessor's demand that Iran surrender indigenous enrichment of uranium – a demand Tehran consistently rejected. But, by the time a reelected Obama was approaching his second term, with Secretary Clinton and Samore on their way out and Ross and Takeyh already gone, Obama's assessment of the downside risks of a U.S.-initiated war on Iran prompted him to get more serious about nuclear diplomacy with Tehran.

Second, Obama and some of his advisers were concerned that Iran-related sanctions – especially secondary sanctions – were

reaching their limits as a policy tool.¹³ Secondary sanctions are legally and politically problematic: virtually every other country considers them a violation of the World Trade Organization and an (illegal) extraterritorial application of U.S. law; even America's European allies warned that, if Washington imposed such sanctions on European companies, they would take the matter to the WTO's Dispute Resolution Mechanism – where the United States would almost certainly lose. This is why U.S. administrations, while eager to leverage the threat of secondary sanctions to deter non-U.S. firms from doing business with Iran, rarely imposed them.

As Obama approached his second term, he knew that the next round of secondary sanctions legislation passed by Congress would almost certainly require his administration to sanction major U.S. economic partners – like China – if they did not stop buying Iranian oil within a year. Obama judged that this would probably prompt China, at least, to call America's bluff, precipitating the implosion of Iran-related secondary sanctions. Avoiding such a scenario also motivated Obama to take nuclear diplomacy with Tehran more seriously.

These are reasons – not a quest for “Nixon to China” rapprochement with the Islamic Republic – Obama sent Deputy Secretary of State William Burns to Oman in March 2013, early in his second term, to meet secretly with Iranian diplomats. Burns conveyed, for the first time, Obama's recognition that a nuclear deal would necessarily include U.S. acceptance of safeguarded enrichment in Iran.¹⁴ Obama's willingness to accept the reality and (at least implicitly) the principle of safeguarded Iranian enrichment set in motion the diplomatic process that culminated two years later in the JCPOA. But, as national security adviser Susan Rice recently said, for Obama's administration, the “deal was never primarily about trying to open a new era of relations between the U.S. and Iran.... The aim was very simply to make a dangerous country substantially less dangerous.”¹⁵

Now that the JCPOA is formally being implemented, the United States still has two options for how to use it: one is to treat the deal as an initial step toward further improvement in U.S.-Iranian relations; the other is to continue treating it as a

narrow arms control measure – something that keeps nuclear weapons out of the hands of a “bad actor”, but nothing more. At least some in the Obama administration would like to use the JCPOA to catalyze a broader improvement in relations – but even these officials acknowledge that there is no consensus in the administration to do so.

The U.S.-Iranian diplomatic channels created to support negotiations toward the JCPOA have been continued to help the parties deal with various aspects of JCPOA implementation. Intermittently, these channels are used to address other issues – as in January 2016, when they facilitated the release of U.S. Navy personnel detained by Iran after the American sailors entered Iranian territorial waters without authorization. And, following the JCPOA’s conclusion, the Obama administration acquiesced to Russia’s insistence that Iran be included in the International Syria Support Group.

But, the Obama administration is unlikely, in its remaining time in office, to take the kinds of steps that would persuade Ayatollah Khamenei and other skeptical Iranians that America is really prepared to accept the Islamic Republic and come to terms with it. Indeed, the administration’s difficulties providing Iran with the tangible sanctions relief promised in the JCPOA suggest that the United States may be less than fully committed to implementing the deal even as a narrow arms control measure. Looking ahead, this situation is unlikely to improve under the next U.S. president;

indeed, under either of Obama’s most likely successors – Democrat Hillary Clinton and Republican Donald Trump – it could get worse.

In sum, it seems highly unlikely that, for the foreseeable future, the JCPOA will serve as the foundation on which to build a comprehensively new U.S. relationship with Iran. Rather, it will serve as the most feasible version of containment vis-à-vis Iran that Washington could muster

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following its failed military interventions in Afghanistan, Iraq, Libya, and Syria. In mainstream American discourse, the JCPOA is still routinely condemned for being too accommodating of and insufficiently tough on Iran; it is virtually never criticized for not going far enough toward facilitating a more thorough realignment of U.S.-Iranian relations. And there are still hawkish elements, in Congress and other parts of the American body politic, that want to use non-nuclear issues – like Iran’s missile programs and human rights – to impose new U.S. sanctions on the Islamic Republic, thereby undermining U.S. commitment to the JCPOA.

U.S. Partners and Middle Eastern Turmoil

Fundamentally, the stasis – and persistent risk of regression – in America’s Iran policy is grounded in U.S. elites’ continued unwillingness to abandon their country’s post-Cold War and post-9/11 quest for Middle Eastern hegemony – notwithstanding the evident failure of that quest. The roots of this unwillingness run deep in American political and strategic culture.¹⁶ It is reinforced, though, by America’s traditional regional partners, most notably Israel and Saudi Arabia. These so-called allies have encouraged America’s self-damaging drive for Middle Eastern hegemony while routinely pursuing policies harmful to U.S. interests.¹⁷ Now, Israel, Saudi Arabia, and other regional partners of the United States are worried about the Islamic Republic’s rise – and about the recalibration of U.S. relations with them that real U.S.-Iranian rapprochement would necessarily entail.

Today, neither Israel nor Saudi Arabia truly represents most of those it governs; as a result, neither can endorse more participatory politics in the region. While the “proxy” component of Iran’s regional strategy means that expanding political participation in Middle Eastern states empowers Tehran’s allies, for Israel and Saudi Arabia the reverse applies: expanded participation works against their interests. Likewise, neither Israel nor Saudi Arabia can compete with Iran’s capacity to exercise positive political influence in contested regional arenas; on their own, Israel and Saudi Arabia can only make things worse.

In contrast to the Islamic Republic’s asymmetric defense

posture, Israel's military posture is inherently aggressive – reflecting Israel's inherently expansionist regional agenda. Israel has a strategic doctrine – misleadingly labeled “deterrence” in Israeli military circles – that relies on Israel being able to use force first, disproportionately, and for whatever purpose Israeli leaders deem desirable.¹⁸ The one regional state with the material potential and strategic determination to constrain Israel's freedom of unilateral military initiative over time is Iran. Thus, any enhancement of the Islamic Republic's strategic capabilities and standing runs against some of Israel's most deeply held strategic preferences.¹⁹

For Saudi Arabia, the Islamic Republic's rise prompts what might charitably be called balance of power concerns: Iran is demographically and geographically bigger than the Kingdom, and more scientifically and technologically advanced. But Riyadh's real concern – deceptively couched by the Saudis as a Sunni-Shi'a issue – is quintessentially political, focused on how to govern legitimately in Islamic terms. While the term “political Islam” was coined largely in reaction to the Iranian revolution, Iran is not – contrary to allegations from the Saudis and some other Persian Gulf Arab monarchies – out to “export” its revolution around the region.²⁰ But the Islamic Republic has, from its founding, proclaimed that Muslims can have religiously and politically legitimate government through elections. From a Saudi perspective, if that message gains traction in the Muslim world – whether in a Shi'a form like the Islamic Republic or in a Sunni form as championed by the Egyptian Muslim Brotherhood – then the argument for monarchical rule in Arabia collapses.²¹ Iran's participatory model has also let it begin moving beyond “rentier state” limits in ways that Riyadh remains unable to replicate.

To forestall significant recalibration in U.S. relations with them, America's traditional partners in the Middle East have been working assiduously to polarize relations between the Islamic Republic and as much of the region as possible. The enormous U.S. military presence in the Middle East – with tens of thousands of troops, large military bases, and tens of billions in arms sales/transfers to pro-American governments in the region – can only be justified by perceptions of external threats to those governments.

Notwithstanding Israeli-Saudi warnings about radical Shi'a Islamists in Tehran "taking over" the Middle East, the Islamic Republic is not trying to establish its own regional hegemony; rather, its goal is to prevent any other regional or extra-regional power from attaining hegemony over Iran's strategic environment. Nevertheless, Israel, Saudi Arabia and other traditional U.S. partners now routinely depict Iran as the major threat to Middle Eastern "stability". By doing so, they hope to force the United States to side with its established regional allies against Iran and to thwart further improvement in U.S. relations with Tehran, beyond the JCPOA.

American Diffidence and Iranian Options

As they reinforce Washington's hegemonic agenda in the Middle East, these efforts by America's traditional partners in the region – and Washington's response to them – affect Tehran's calculations about its own strategic options. More specifically, these developments buttress, in at least three consequential ways, Iranian assessments that the Islamic Republic will not have, for the foreseeable future, a meaningful option to realign relations with the United States.

First, in order to assuage the anxieties of America's established allies, the Obama administration – even as it has proceeded with the JCPOA and Iran's inclusion in multilateral diplomacy on Syria – has stepped up already enormous U.S. military support for Israel, Saudi Arabia, and some smaller Persian Gulf Arab monarchies. This includes the administration's extension of tens of billions of dollars in additional military transfers to its already enormous military support to Israel and Saudi Arabia. These actions – undertaken for the stated purpose of containing Iran – reinforce Iranian perceptions that Washington remains unwilling to accept the Islamic Republic and fundamentally redefine U.S. relations with it.

Second, efforts of America's Middle Eastern allies to polarize relations between Iran and the region have taxed Tehran's strategic position. For much of the last decade and a half, Iran's regional standing rose steadily. In recent years, though, Washington's regional partners have put Iran's equities under mounting pressure.

Saudi Arabia and the United Arab Emirates have poured financial, political, and military resources into suppressing the Muslim Brotherhood's model of participatory Islamic governance, blocking any expansion of political participation in Sunni Arab states that might also extend Iran's influence. By sponsoring rebel forces and foreign fighters – including militant *jihadis* linked to *al-Qa'ida* – in trying to overthrow Syria's government and undermine Iraq's, Riyadh has targeted pillars of Iran's regional position and stoked anti-Shi'a sentiment. This has forced Tehran to defend its position more vigorously – even, as in Syria, militarily. America's backing for its allies' efforts – e.g., the Obama administration's calls for Syrian President Bashar al-Assad's ouster and its intelligence and logistical support to Saudi Arabia's war in Yemen – also reinforce Iranian perceptions that Washington is unwilling to accept the Islamic Republic and redefine U.S. relations with it.

At the same time, U.S. allies in the Middle East have sought to contain and, where possible, roll back any expansion of political participation there – a kind of Israeli-Saudi-Emirati “counter-revolution.” Saudi Arabia and some smaller Persian Gulf Arab monarchies – e.g., the United Arab Emirates, Qatar – have been deploying military, paramilitary proxy, political, sectarian, and financial instruments toward these ends.

Third, the Obama administration's determination to “reassure” America's Middle Eastern partners, even as it proceeds with the JCPOA, has consequential ramifications for the U.S. posture toward the Islamic Republic. More specifically, it buttresses engrained reluctance in American political and policy circles to embrace more comprehensive revision of U.S. relations with Iran. This reluctance creates openings for other world powers to build up their own economic and strategic ties to Iran without any real “competition” from the United States.

II

These assessments feed into Iranian calculations about the Islamic Republic's near-to-medium term options for enlarging its connections to major extra-regional powers. The bottom

line is that such options are increasingly elaborated in terms of connections to important players other than the United States – an inclination likely to influence the Islamic Republic’s strategic orientation significantly in coming years. Certainly, it is reflected in policymaking deliberations in Tehran, which focus on two broad – and not mutually exclusive – approaches: developing links to European and East Asian allies of the United States without expecting too much from America itself, and developing links to non-Western powers like Russia and China. It is also reflected in public opinion; high-quality polls by the University of Maryland show that the favorability of Russia, China, and France is rising among Iranians, while the favorability of the United States is declining.²²

Relating to “the West without America”

The Rouhani administration is exploring how far Iran can go in cultivating closer economic relations with OECD countries, including multiple European states and advanced East Asian economies like Japan and South Korea. Such an approach has been tried before: from the mid-1990s, Tehran explored possibilities for what Iranian officials described as an opening to “the West without America”, focusing on Europe and Japan. The phrase reflected Ayatollah Khamenei’s growing skepticism that the United States would truly be prepared to live with and accept the Islamic Republic.²³ Iranian businesses and consumers clearly see companies, products, capital, and technology from OECD countries in Europe and East Asia as potentially beneficial for the Islamic Republic’s own economic trajectory. But, notwithstanding temporary successes, Iran’s initial efforts to cultivate ties to the West without America ultimately could not sustain significantly productive partnerships with Western countries independent of those countries’ relationships with Washington. During the second half of the 2000s, the Islamic Republic’s outreach to the West without America largely collapsed.

This time, at least some Iranian elites calculate that the situation could be different, in that the JCPOA – and Iran’s continued adherence to it – helps, as a senior Iranian official puts it, “get the

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United States out of the way” for other Western countries seeking to broaden and deepen their ties to Iran. Certainly, in the JCPOA’s wake, governments and companies in many OECD countries are exhibiting intense interest in forging closer links to Iran.

Even before the JCPOA was concluded, European Union (EU) foreign policy chief Federica Mogherini was organizing a broad-based European Council initiative to identify areas of potential economic, political, and strategic cooperation with Iran. Shortly after the JCPOA was announced in July 2015, Mogherini led a high-level EU delegation to Tehran.²⁴ She returned in April 2016, proclaiming, “[Europe] used to be Iran’s main trade partner and we are determined to take up that position again.”²⁵ The European Commission has established its own direct contacts in Iran.

- Since the JCPOA was concluded, Iran has welcomed ministerial-level political delegations – usually with high-level business representation – from several European states, including Britain, France, Germany, Italy, Poland, and Spain; Austria and Italy sent head of state-level and head of government-level delegations, respectively. In January 2016, Iranian President Rouhani made state visits to France and Italy, during which over \$55 billion in sales and investment contracts – for commercial aircraft, public transportation, hydrocarbons, metal, and automobiles – were concluded, along with multiple memoranda of understanding.
- The EU and various European governments are actively pressing Washington over U.S. policies that continue to obstruct tangible sanctions relief for Iran pursuant to the JCPOA.²⁶

Among OECD states in Asia, Japan’s foreign minister has already visited Tehran, where he concluded a bilateral investment pact and helped to establish a Japanese-Iranian cooperation council. Prime Minister Shinzo Abe’s wife is scheduled to visit Tehran in May 2016, and Abe himself will travel there in August 2016.²⁷ Japanese business interest in Iran, across a wide range of sectors, is

very high. Major South Korean companies are also doing business development in Iran, and South Korean President Park Geun-hye – accompanied by high-level business leaders – visited Tehran in May 2016.²⁸

Iran will undoubtedly go as far as it can in growing what it considers beneficial economic partnerships with OECD countries in Europe and East Asia. As long as the Islamic Republic is seen as upholding its side of the JCPOA, Tehran may have more success than in the 2000s in sustaining economic ties to American allies, even if its relations with the United States decline from their current (and modest) post-JCPOA equilibrium. But, no matter how exemplary Iranian policy and business elites may judge these countries' firms and technologies, Europe, Japan, and South Korea cannot provide the Islamic Republic with any meaningful strategic hedge or cover against U.S. power. Thus, Tehran is impelled to build on its already significant ties to non-Western powers, especially Russia and China.

Looking to the East

Since the early 1990s, as Iranian attempts to improve relations with the United States proved unsuccessful, Tehran has worked to forge ties to other extra-regional great powers that could help Iran develop economically and address core security challenges. Russia and China have been the major targets of this endeavor.

- Tehran began cultivating closer relations with Moscow in the late 1980s – after the Soviet withdrawal from Afghanistan but before the Soviet collapse – and continued doing so after the Soviet Union's replacement by the Russian Federation. Over the years, Russia has become the Islamic Republic's biggest external military supplier and an important source of advanced technology – including civil nuclear technology.
- China, too, has been a significant supplier of military equipment and technology to Iran. With the sustained rise of China's economy, the People's Republic has also emerged as the main incremental market for Iranian oil exports and the Islamic Republic's biggest trading partner and foreign investor.
- Strategically, Moscow and Beijing's preferences for

multipolarity over U.S.-led unipolarity and their staunch defense of sovereignty and noninterference in states' internal affairs make them comparatively attractive "poles" for Tehran. Functionally, Russia and China's standing as permanent members of the United Nations Security Council positions them to shield Iran from at least certain types of American and Western pressure.

For more than a decade before the JCPOA was concluded, these considerations have grounded a *negah be shargh* ("look to the east") option – another phrase articulated by Ayatollah Khamenei – for Iranian foreign policy, with Russia and China as important, if also non-exclusive, points of reference. While pursuing this option, Iranian policymakers have periodically watched Moscow and

For Iranian foreign policy, Russia and China are important points of reference.

Beijing compromise their relations with Tehran to curry favor with Washington; this has made Iran wary of relying too heavily on these non-Western powers. Nevertheless, in the JCPOA's wake, Iran is working to build on its already robust economic and strategic relationships with both Russia and China.

Expanding Partnership with Russia. With the JCPOA's conclusion in July 2015, Western policymakers anticipated that Iran might turn away from its economic ties to Russia as it cultivated commercial and investment links with Western partners. Since the JCPOA's conclusion, Western commentators and officials have also speculated that Iranian and Russian positions on the management and resolution of regional conflicts in Syria and Yemen might be diverging, opening up possibilities for the West to play Moscow and Tehran against each another. In fact, post-JCPOA Iranian-Russian ties are getting deeper, both economically and strategically.

This trend was underscored by Russian President Vladimir Putin's visit to Tehran in November 2015.²⁹ Putin's agenda highlighted the extent to which Iran is stepping up bilateral economic and technological ties to Russia, including expanded civil nuclear cooperation.

- To enable the start of JCPOA implementation, Russia played a key role helping Iran meet its commitments regarding its low-enriched uranium stockpile. Russian entities will participate in redesigning the reactor Iran is building at Arak and in upgrading the centrifuge cascades Iran will operate at Fordo to produce medical radioisotopes. Moreover, Russia has committed to construct up to eight additional power reactors in Iran, beyond the already operating Russian-built nuclear power plant at Bushehr.
- In Tehran, Putin made commitments to expand Russian trade and investment in Iran. In this regard, Iranian *majles* speaker Ali Larijani said during a visit to Moscow in April 2016 that Iran's "orientation to the east, first of all to Russia, is our strategic choice. So, we will open a special 'file' for Russia, for Russia's role in the economy and infrastructure of Iran." Larijani went on to say that Russia will be prioritized in any industry in the Islamic Republic in which it wants to invest.³⁰

The Syrian conflict has been and continues to be an important driver of closer strategic cooperation between Tehran and Moscow. This trend started well before the JCPOA was a real prospect; it was affirmed during Putin's November 2015 visit to Tehran.

- Besides meeting with President Rouhani, Putin had a two-hour meeting with Ayatollah Khamenei. Khamenei and Putin affirmed their opposition to the United States and its partners imposing regime change on Syria; Khamenei praised Putin for "neutralizing Washington's plots" in the region. The two also affirmed intensified Iranian-Russian military cooperation in Syria, to support President Bashar al-Assad's government and to target the so-called Islamic State and other *jihadi* groups operating there.³¹
- Ali Akbar Velayati, former foreign minister and long-serving senior foreign policy adviser to Khamenei, said afterward, "Today's meeting with such quality, with a two-hour length and without formalities, is unprecedented in Iran's history and shows the importance [of Iran-Russia relations].... I've

been involved in Iranian foreign policy for thirty-four years, and I can't remember a single meeting with such importance, substance, and quality."

More recently, Russia (with quiet support from China) blocked U.S. efforts in the United Nations Security Council to sanction Iran over its continued missile tests. Even the Obama administration acknowledges that such tests do not violate the JCPOA; Russia rejects the administration's argument that they violate Security Council Resolution 2231, which endorses the JCPOA.³² Additionally, Moscow supports Iran's full membership in the Shanghai Cooperation Organization (SCO).³³

Expanding Partnership with China. Post-JCPOA ties between Iran and China are also getting deeper, both economically and strategically. Projecting well into the future, China will almost certainly remain the major incremental market for Iranian oil exports. There are multiple proposals on the table between Tehran and Beijing regarding expansion of bilateral economic and technological ties, and China will play a central role in reconfiguring the Arak reactor. Furthermore, the Islamic Republic has joined the China-sponsored Asian Infrastructure Investment Bank.

Likewise, the two sides are building up the strategic dimensions of their relationship.

- Tehran and Beijing have an ongoing dialogue about developments in Afghanistan and their impact on regional security, and Beijing has agreed to Iran's full membership in the Shanghai Cooperation Organization, now that the Islamic Republic is out from under international sanctions.
- While China has not been directly involved on the ground in Syria, it has provided significant political support in the United Nations Security Council as well as economic backing for Iranian-Russian efforts to shore up the Assad government, foil another U.S.-endorsed coercive regime change campaign in the Middle East, and fight the Islamic State.
- Iranian Foreign Minister Mohammad Javad Zarif traveled to Beijing in September 2015, where he reiterated statements by Dr. Velayati and other senior Iranian officials on their visits to

China that, even with conclusion of the JCPOA, the People's Republic will continue to be a very important strategic as well as economic partner for the Islamic Republic.

Cutting across the economic and strategic dimensions of Sino-Iranian relations is China's "new Silk Road" project, also known as "one belt, one road", which the Islamic Republic has publicly welcomed. Dr. Velayati, in his roles as Ayatollah Khamenei's foreign policy adviser and head of the Expediency Council's Center for Strategic Research, has emerged as Tehran's effective point person on Iranian engagement in "one belt, one road". Velayati has long held that securing Eurasia against both U.S. penetration and *jihadi* militancy requires Iran's close cooperation with China as well as Russia.³⁴ In Velayati's view, securing Eurasia now also requires the new Silk Road's success.

In January 2016, China's President Xi Jinping traveled to Iran on the first trip there by a Chinese president in fourteen years; Xi's visit produced high-level political commitments to expand and deepen Sino-Iranian economic and strategic ties, along with a flurry of agreements in multiple economic and technological arenas. The most important of these was an agreement for China to begin building high-speed rail in Iran, with China's EXIM Bank financing. This is a potentially critical step in concretely engaging the Islamic Republic in the new Silk Road.³⁵ While in Tehran, Xi had a substantive meeting with Ayatollah Khamenei.³⁶ Xi also signed a joint statement with President Rouhani formally upgrading Sino-Iranian relations to a "comprehensive strategic partnership"; among other things, the statement declared China's support for Iran's full membership in the SCO.³⁷

A Provisional Balance Sheet

As noted, the Islamic Republic does not want to be overly dependent on any single partner or narrow set of partners. Thus, regarding Iran's strategic orientation in coming years, Tehran will seek to pursue as balanced a foreign policy as possible, particularly in terms of cultivating relations with major extra-regional powers.

Largely because of American policy choices, the Islamic Republic is unlikely, for the foreseeable future, to have what Iranian elites

will see as a meaningful option to realign relations with the United States. Consequently, Iran will focus, in the near-to-medium term, on building productive ties to a range of major powers other than the United States. The foregoing analysis suggests that, in terms of opportunities to forge positive economic and strategic partnerships with Iran, the big potential winners from the JCPOA will be the leading non-Western powers, Russia and China, followed by European countries, Japan, and South Korea.

¹ Joint Comprehensive Plan of Action, July 14, 2015, available at: http://eeas.europa.eu/statements-eeas/2015/150714_01_en.htm.

² For discussion, see *Going to Tehran: Why America Must Accept the Islamic Republic of Iran*, New York: Picador, 2013, pp. 187-194.

³ Dominic Wilson and Anna Stupnytska, "The N-11: More Than an Acronym", Global Economic Paper 155, Goldman Sachs Economic Research Group, March 28, 2007, available at: <https://www.chicagobooth.edu/~media/E60BDCEB6C5245E59B7ADA7C6B1B6F2B.pdf>. The acronym "BRICs" was first introduced in Jim O'Neill, "Building Better Global Economic BRICs", Global Economic Paper No. 66, Goldman Sachs Economic Research Group, Nov. 30, 2001, available at: <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/build-better-brics.pdf>.

⁴ Leverett and Mann Leverett, *Going to Tehran*, p. 194.

⁵ On the Islamic Republic's political system, see *ibid.*, pp. 141-187, 195-275, 397-402.

⁶ The Pentagon's 2014 "Annual Report on Military Power of Iran" (available at: <http://freebeacon.com/wp-content/uploads/2014/07/Iranmilitary.pdf>) says, "Iran's military doctrine is defensive. It is designed to deter an attack, survive an initial strike, retaliate against an aggressor, and force a diplomatic solution to hostilities while avoiding any concessions that challenge its core interests." For discussion, see Leverett and Mann Leverett, *Going to Tehran*, pp. 15-22, 25-26, 79-90.

⁷ On the “proxy” component of Iranian strategy, see *ibid.*, pp. 64–78, and Flynt Leverett and Hillary Mann Leverett, “Reality Check: America Needs Iran”, *The National Interest*, April 7, 2015, available at: <http://nationalinterest.org/feature/reality-check-america-needs-iran-12561?page=show>.

⁸ For discussion, see Leverett and Mann Leverett, *Going to Tehran*, pp. 102–138.

⁹ See Saheb Sadeghi, “Why Does Rouhani Want a Second JCPOA?” *Al-Monitor*, March 28, 2016, available at: <http://www.al-monitor.com/pulse/originals/2016/03/iran-jcpoa2-barjam2-rouhani-khamenei.html>.

¹⁰ See “Ayatollah Khamenei Suggests 10 Ways to Defeat US’ Two-Track Option”, March 21, 2016, available at: <http://leader.ir/en/content/14478/The-Leader’s-Norouz-address-in-the-holy-city-of-Mashhad>.

¹¹ See Leverett and Mann Leverett, “Reality Check” and *Going to Tehran*; see also Flynt Leverett and Hillary Mann Leverett, “Busted Stuff: America’s Disastrous Iran Policy”, *The National Interest*, March 28, 2015, available at: <http://nationalinterest.org/feature/busted-stuff-americas-disastrous-iran-policy-12500?page=show> and “The United States, the Islamic Republic of Iran, and the Middle East’s New ‘Cold War’”, *The International Spectator* 45, No. 1 (March 2010).

¹² See Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict, 1500–2000*, New York: Random House, 1987.

¹³ In U.S. law and policy, there is a distinction between “primary” sanctions, which restrict targeted countries’ access to U.S. markets and limit U.S. entities’ ability to transact with targeted countries; and secondary sanctions, which penalize third countries not for their actions in U.S. jurisdiction, but for conducting otherwise lawful business with what the United States considers target countries.

¹⁴ Conversations with Iranian, U.S., and Omani officials; see also Laura Rozen, “Inside the Secret U.S.-Iran Diplomacy That Sealed Nuke Deal”, *Al-Monitor*, August 11, 2015, available at: <http://www.al-monitor.com/pulse/originals/2015/08/iran-us-nuclear-khamenei-salehi-jcpoa-diplomacy.html#>.

¹⁵ Quoted in Jeffrey Goldberg, “The Obama Doctrine”, *The Atlantic*, April 2016, available at: <http://www.theatlantic.com/magazine/archive/2016/04/the-obama-doctrine/471525/>.

¹⁶ For discussion, see Leverett and Mann Leverett, *Going to Tehran*, pp. 285–368.

¹⁷ Examples include Israel’s open-ended occupation of Arab populations and aggressive military posture *vis-à-vis* its neighbors, as well as Saudi Arabia’s support for violent Sunni *jihadis* and concomitant suppression of moderate Sunni Islamists across the region.

¹⁸ Efraim Inbar and Shmuel Sandler, “Israel’s Deterrence Strategy Revisited”, *Security Studies* 2, No. 2 (Winter 1993–94) and Flynt Leverett and Hillary Mann Leverett, “Iran Is No Existential Threat”, *Foreign Policy*, December 4, 2009, available at: <http://foreignpolicy.com/2009/12/04/iran-is-no-existential-threat/>.

¹⁹ Reflecting Israeli security elites’ view that perceptions the Islamic Republic had achieved just a “breakout” capability would erode Israel’s freedom of unilateral military initiative, Ehud Barak said in 2012 (when serving as Israel’s Defense Minister), “Imagine we enter another military confrontation with Hezbollah, which has over 50,000 rockets that threaten the whole area of Israel.... A nuclear Iran announces that an attack on Hezbollah is tantamount to an attack on Iran. We would not necessarily give up on it, but it would definitely restrict our range of operations.” Quoted in Ronen Bergmann, “Will Israel Attack Iran?” *The New York Times Magazine*, January 25, 2012.

²⁰ For discussion, see Leverett and Mann Leverett, *Going to Tehran*, pp. 18–19.

²¹ This is why, in the Arab Awakening, Saudi Arabia and the United Arab Emirates saw the Muslim Brotherhood’s incipient rise in Sunni Arab states as a mortal threat to their political orders.

²² Ebrahim Mohseni, Nancy Gallagher, and Clay Ramsey, *Iranian Attitudes in Advance of the Parliamentary Elections: Economics, Politics, and Foreign Policy*, College Park: Center for International and Security Studies at Maryland, February 2016, available at: <http://www.cissm.umd.edu/sites/default/files/Iranian%20Attitudes%20in%20Advance%20of%20the%20Parliamentary%20Elec>

tions%20-%2020116%20-%20FINAL%20-%20sm.pdf, pp. 21-23 and Nancy Gallagher, Ebrahim Mohseni, and Clay Ramsey, *Iranian Public Opinion on the Nuclear Agreement* (College Park: Center for International and Security Studies at Maryland, September 2016), available at: <http://www.cissm.umd.edu/sites/default/files/CISSM-PA%20Iranian%20Public%20Opinion%20on%20the%20Nuclear%20Agreement%20090915%20FINAL-LR.pdf>, pp. 14-18.

²³ Seyed Hossein Mousavian, *Iran-Europe Relations: Challenges and Opportunities*, Oxford: Routledge, 2008, p. 64.

²⁴ “After Iran Deal, Mogherini Holds Talks in Tehran on Implementation: Stresses ‘New Chapter’”, European Union External Action, July 20, 2015, available at: http://eeas.europa.eu/top_stories/2015/290715_federica_mogherini_in_iran_en.htm.

²⁵ “EU Foreign Policy Chief Arrives in Iran’s Capital for Talks”, Press TV, April 16, 2016, available at: <http://www.presstv.ir/Detail/2016/04/16/461003/EU-Mogherini-Iran-Tehran-Zarif/> and “EU Seeks to Ease Concerns Over Trade with Iran”, *Financial Tribune*, April 18, 2016, available at: <http://financialtribune.com/articles/national/39766/eu-seeks-ease-concerns-over-trade-iran>.

²⁶ Thomas Erdbrink, “Europe Says U.S. Regulations Keeping It from Trade With Iran”, *The New York Times*, Apr. 21, 2016, available at: <http://www.nytimes.com/2016/04/22/world/middleeast/europe-says-us-regulations-keeping-it-from-trade-with-iran.html>.

²⁷ “Report: Japan PM to Visit Iran in August”, Press TV, March 7, 2016, available at: <http://www.presstv.com/Detail/2016/03/07/454315/Iran-Japan-PM-Abe-visit-sanctions/>.

²⁸ “South Korea President to Make 1st State Visit to Iran in May”, Press TV, April 18, 2016, available at: <http://www.presstv.ir/Detail/2016/04/18/461395/Iran-South-Korea-Park-Geunhye-Rouhani-Parviz-Esmaeli/>; “South Korean President’s Iran Visit a ‘Turning Point’ in Ties, Envoy Says”, Tasnim News Agency, April 25, 2016, available at: <http://www.tasnimnews.com/en/news/2016/04/25/1057975/south-korean-president-s-iran-visit-a-turning-point-in-ties-envoy-says>; “Iran, South Korea Must Boost Strategic Ties: Rouhani”, Press TV, May 2, 2016, available at: <http://presstv.ir/Detail/2016/05/02/463622/Iran-South-Korea-Rouhani-Park-Geunhye-delegations/>; and “Tehran, Seoul Must Resist US Malice in Ties: Leader”, Press TV, May 2, 2016, available at: <http://presstv.ir/Detail/2016/05/02/463596/Iran-South-Korea-Khamenei-Leader-Park-GeunHye/>.

²⁹ This was Putin’s first trip to Iran since 2007, during his previous stint as Russia’s president.

³⁰ “Iran Says Russia Top Investment Priority”, Press TV, Apr. 21, 2016, available at: <http://www.presstv.ir/Detail/2016/04/21/461899/Iran-says-Russia-top-investment-priority/>.

³¹ Bozorgmehr Sharafedin, “Iran Leader Hosts Putin, Says U.S. Policies Threaten Tehran, Moscow”, Reuters, November 23, 2015, available at: <http://www.reuters.com/article/us-mideast-crisis-iran-russia-idUSKBN0TC1M520151123>.

³² See United Nations Security Council Resolution 2231, S/RES/2231 (2015), July 20, 2015, available at: <http://www.un.org/press/en/2015/sc11974.doc.htm>.

³³ Rohollah Faghihi, “Why Did Velayati Meet with Putin?” *Al-Monitor*, Feb. 11, 2015, available at: <http://www.al-monitor.com/pulse/originals/2015/02/iran-russia-nuclear-deal-velayati.html> and “Iran Seeks to Boost Regional Ties with Russia: Leader’s Aide”, Press TV, February 1, 2016, <http://www.presstv.com/Detail/2016/02/01/448271/Iran-Russia-Velayati/>.

³⁴ See “*velayati-ye ayandeh-ye rawābat-e iran-chīn-rusīyeh touzīh dād*” (Future Regional Relations among Iran, China, Russia Explained), *Khabar Online*, July 22, 2014, available at: <http://www.khabaronline.ir/detail/367227/Politics/diplomacy>.

³⁵ For discussion, see Flynt Leverett, “What Xi’s Visit to Tehran Says About Beijing’s Middle East Agenda – and China’s Grand Strategy”, China Policy Institute (University of Nottingham), February 17, 2016, available at: <http://blogs.nottingham.ac.uk/chinapolicyinstitute/2016/02/17/what-xis-visit-to-tehran-says-about-beijings-middle-east-agenda-and-chinas-grand-strategy/>.

³⁶ “Xi Jinping Meets with Supreme Leader Ali Khamenei of Iran”, Ministry of Foreign Affairs of the People’s Republic of China, January 23, 2016, available at: http://www.fmprc.gov.cn/mfa_eng/

zxxx_662805/t1335153.shtml.

³⁷ “Full Text of Joint Statement on Comprehensive Strategic Partnership Between the Islamic Republic of Iran and the People’s Republic of China”, January 23, 2016, available at: <http://www.president.ir/en/91435>.