



America's Iran Policy Heads Toward A Crossroads

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With the U.S. election around the corner, the contours of a second term Trump Iran policy – or a first term Biden approach – are already coming into view.

Since 2016, the Trump administration has made reversing its predecessor's line toward the Islamic Republic a centerpiece of its Mideast agenda. Over the past two-and-a-half years, the Trump administration's "maximum pressure" campaign has jettisoned the 2015 nuclear deal known as the JCPOA (under which the Iranian regime received a massive financial windfall in exchange for temporary constraints on its nuclear development), and leveled a broad campaign of economic pressure at the world's leading state sponsor of terrorism.

The results have been profound. Today, Iran's radical regime is in dire financial straits – and its hold on power is increasingly fragile.

The numbers indicate just how much. Iran's oil revenues, which totaled \$100 billion in 2018, plummeted to just \$8 billion last year, as skittish clients fearful of U.S. sanctions increasingly disengaged from the Islamic Republic. That trend, moreover, is accelerating. Earlier this month, Majid Reza Hariri, the chairman of the Iran-China Chamber of Commerce, outlined in an interview that the regime's oil revenue (which represents a significant part of the national economy) will be "at best \$5 billion" this year. Such a decline could very well end up being nothing short of catastrophic for Iran's already unpopular rulers.

That increasingly desperate position is a big reason why the Iranian regime acquiesced this summer to a sweeping new strategic accord with the People's Republic of China. If fully realized, the quarter-century, \$400 billion deal will make the PRC a major stakeholder in the Islamic Republic – and do so at the expense of Iranian sovereignty. The arrangement is a telling reflection of the increasingly desperate domestic situation now confronting the regime in Tehran.

Whichever candidate perseveres in next month's presidential election will inherit this dynamic. The operative question is: what will they do with it?

President Trump has made clear that he fully expects Iran to return to the negotiating table, and do so swiftly, if he is reelected. Accordingly, a Trump second term is likely to see a further ratcheting up of "maximum pressure" against Iran in order to make that happen. Along these lines, the Trump administration's recent unilateral "snapback" of UN sanctions against Iran should be seen as a portent of things to come.

By contrast, Vice President Joe Biden has signaled that he will seek to reenter the 2015 nuclear deal and significantly deescalate tensions between the two countries. The resulting re-engagement is liable to look a lot like the blueprint for future talks that was recently laid out by the Center for a New American Security (CNAS), a left-wing policy institute which counts a slew of Biden advisors among its experts. It is an approach likely to be reminiscent of the Obama administration's gamble of half-a-decade ago: that engaging diplomatically with the Iranian regime, and giving it financial incentives, would lead over time to a kinder, gentler, polity in Tehran.

It's worth noting, however, that this didn't happen the first time around. In recent years, Iran's leaders deftly parlayed the enormous economic dividends of the JCPOA into a strategic expansion that helped to profoundly reconfigure Middle Eastern geopolitics. Indeed, the "maximum pressure" policy deployed by the Trump White House over the past two years has been designed in large part to reverse those gains.

Now, America's Iran policy is once again approaching a critical crossroads. The path that Washington ultimately embraces – further isolation of the Iranian regime, or its rehabilitation – will go a long way toward determining the future complexion of the Middle East.