

International tension rises over Iran's nuclear programme, but regional thaw in Iran-GCC relations possible

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The UK's lowering of the security level for its ships in the Strait of Hormuz and direct channels of communication between Tehran and GCC capital cities hide the fact that the current regional stalemate remains untenable and could soon spiral into renewed belligerence. Iran's soft campaign of reducing its nuclear commitments has reached its fourth step, making the prospect of justifiable retaliation from the EU and, consequently, retaliation by the IRGC through its regional affiliates increasingly likely.

Iran's pressure campaign on the EU in the form of a gradual drawback from its JCPOA commitments, authorised under article 36, is fast approaching a dead end. Tehran's limited resumption of its nuclear programme is drawing the EU closer to triggering a dispute resolution mechanism. Although the JCPOA still stands, such a move would certainly cause it irrevocable harm and lead to a round of UN-backed sanctions against Iran by the end of next year.

If Tehran gives up all hope of effective EU mediation, it will be more inclined to reach out to GCC countries to decrease regional tensions. US disengagement and EU inefficacy may convince GCC leaders of the need to accommodate Iran's diplomatic efforts. However, a policy of engagement does not enjoy across-the-board support in Tehran. The latest peace initiative lacks enough clout for effective confidence-building mechanisms and risks being brushed off by GCC countries. Most of the GCC's negotiation efforts are currently directed at resolving the Qatar blockade and the Yemen conflict. These efforts will delay serious negotiations with Iran but could eventually change the geopolitical landscape, therefore improving chances of conflict resolution with Tehran.

President Hassan Rouhani and foreign minister Mohammad Javad Zarif, among those in Tehran invested in keeping negotiations going, are under increasing pressure from conservatives to give up "illusions" of improved relations with the West. Ayatollah Khomeini will heed these voices and continue pushing for an intransigent line.

Prospects for diplomacy

Since the failure of French President Emmanuel Macron's plan to offer Iran a credit line in exchange

for future oil sales, the EU has lost much of its legitimacy in Tehran's eyes. For Iran's leaders, the episode proves that the Europeans cannot act on their propositions without US approval. Despite the proven legality and transparency of its retaliatory campaign under Article 36 of the JCPOA, Tehran has failed to pressure its main European audience and will push EU leaders closer to the US position of applying pressure on Iran to exact behavioural change.

The view that the EU is playing the good cop in a political game intended to thin out Iran's defensive capabilities and regional presence will continue to gain support in Tehran and hurt the country's diplomatic foresight by draining bilateral trust levels with E3 countries. On its side, Brussels is fast approaching a crossroads, at which inaction regarding Iran will be deemed too costly, necessitating countermeasures. This is likely to happen in January 2020, when Iran is expected to begin a fifth round of commitment reduction, an act which will further raise the stakes surrounding Iran's nuclear breakout time. This will be followed by the black-listing of Iran by the Financial Action Task Force, harming much of the remaining EU-Iran trade.

For the time being, Tehran is focused on seeking diplomatic gains in the region, an objective partially shared by some GCC countries, which recognise that Iran's gradual isolation will lead to dangerous tensions. However, this momentum is liable to dissipate due to the contradictory belief that time is on the GCC's side as Tehran grows more isolated and runs out of solutions to extricate itself from the current quagmire. For this reason, recent goodwill measures on both sides are bound to remain elusive. However, if Saudi-led discussions with the Houthis succeed in brokering peace in Yemen and rumours of efforts to solve the Qatar crisis are true, there will then be higher chances for Iran-GCC talks to lead to diplomatic results.

List of goodwill measures	Iranian impediments	GCC impediments
Hormuz Peace Endeavour (HOPE) initiative unveiled at the 74th UN General Assembly	Precondition: an end to Yemen's war	Precondition: Iran must halt its aggressions in the region
Rouhani's letter to the Kings of Saudi Arabia and Bahrain passed on by Kuwaiti authorities	Criticism of Hadi-STC deal for Yemen struck by Saudi Arabia	Hadi-STC deal intended to politically isolate the Houthis
Letter from Saudi authorities to Rouhani	Claims of unsecure shipping routes in the Red Sea	Start of the US-led International Maritime Security Construct in the Gulf, joined by Saudi Arabia and Bahrain
FM Zarif's letter to the UN Secretary General asking for backing of HOPE	Claims of support for Lebanon and Iraq demonstrations given by "reactionary forces" (Saudi Arabia)	Claims of Iranian repression against Lebanon and Iraq demonstrations
Direct negotiations with UAE authorities	Criticism of heightened military presence of the UAE in Yemen's south	Continued support and application of financial sanctions against Iranian entities (despite some signs of easing) ¹

Footnote:

[1] The UAE is said to have freed \$700m of frozen Iranian assets by late October 2019, but it also designated 25 Iranian targets as part of its Terrorist Financing Targeting Centre Partnership.