

Mitigating the Strategic Consequences of the Joint Comprehensive Plan of Action

JINSA's Iran Strategy Council

Co-Chairs General James Conway, USMC (ret.) and General Charles Wald, USAF (ret.)
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.....

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.....

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.....

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Chief Executive Officer

Jonathan Ruhe
Associate Director

Blake Fleisher
Policy Analyst

Table of Contents

Executive Summary	5
Recent Developments	7
Heading from Bad to Worse	8
Recommendations	10
<i>Prevent a Nuclear Iran</i>	
<i>Confront Iranian Aggression</i>	
<i>Strengthen Ties with Regional Allies</i>	
<i>Preserve the United States' Military Edge</i>	
<i>Restore U.S. Credibility</i>	
Conclusion	18
Endnotes	19

Executive Summary

The final agreement on Iran's nuclear program, the Joint Comprehensive Plan of Action (JCPOA), was only agreed last summer, and as predicted the strategic balance in the Middle East is beginning to tilt dangerously toward Iran, its allies and its proxies. This Council's initial September 2015 study assessed that the JCPOA could have "grave strategic implications that directly threaten to undermine the national security of the United States and our closest regional allies." Now, the pace and degree to which this shift in the regional balance of power is occurring exceeds even our prior analysis, and it threatens to overwhelm the ability of the United States to correct course.

As we asserted last September, the JCPOA fails to prevent a nuclear Iran, while granting Iran the resources to improve its military capabilities and increase its support for terrorist and proxy forces in the region. But Tehran is not simply receiving this strategic windfall passively. Ever since the JCPOA was officially adopted in October 2015, Iran has become startlingly more belligerent in both word and deed.

Increasingly, Iran's military and proxy forces are engaged across the region. Thousands of Iranian soldiers backed by Russia and Hezbollah have turned the tide of the war in Syria, with their campaigns far outpacing even ISIS in numbers of civilians killed or forced to flee. At the same time, Tehran did not even wait for United Nations Security Council (UNSC) sanctions against its ballistic missile program to expire before undertaking two test launches. Since then it has conducted several more launches, with "Israel must be wiped off the earth" stamped in Hebrew on two of the missiles. It also brazenly provoked U.S. forces in the region by taking 10 sailors captive and firing missiles in close proximity to U.S. and allied ships in the Persian Gulf. These and other actions demonstrate how Iran's dangerous regional ambitions are unmoderated, and in fact encouraged, by the JCPOA.

By tolerating these provocations, the United States has unwisely exceeded its own obligations under the JCPOA. In recent months, this includes: assuring Iran it would not be subject to new counterterrorism measures to restrict entry to the United States for foreign nationals; dismissing charges or granting clemency to more than 20 Iranians charged with sanctions violations or cyberwarfare; and delaying new sanctions for Iran's ballistic missile tests.

Unaddressed, Iran's violations of both the letter and the spirit of the JCPOA will likely worsen as its dividends from the deal grow. Energy export revenue, the Iranian regime's lifeblood, will be rejuvenated now that sanctions are lifted. Its military capabilities likewise will improve as it regains access to international arms markets and advanced technologies under the JCPOA. With more butter and guns alike flowing to Iran, and from Iran to its proxies, U.S. policymakers should expect Tehran's uptick in destabilizing behavior of the past few months to become ever more aggressive over the course of the nuclear agreement.

If these trajectories hold, the ability of the United States to influence events in the Middle East will continue eroding at an alarming rate. The moment at which U.S. power is no longer sufficient to protect our regional interests and allies might arrive sooner than expected. This outcome is only encouraged when the United States reacts piecemeal or not at all to Iran's serial encroachments. Waiting for a new Administration and Congress in 2017 is an equally high-risk approach. The United States urgently needs a coherent and comprehensive strategy to counter Iran's unchecked and unabashed pursuit of its revisionist goals in the face of the JCPOA.

We believe there is a set of actions that can meet with bipartisan support to stanch the spread of Iranian-driven instability and conflict, and restore dwindling U.S. credibility and influence in the region. These actions reflect the fact that Iran – with its adversarial and far-reaching objectives, and growing potential to accomplish them – is the preeminent national security challenge to the United States and our Middle East allies. To counter this growing threat, we recommend the United States articulate a comprehensive strategy with the following five mutually-supporting elements:

- **Prevent a nuclear Iran** – Ensure compliance with the deal and the existence of credible military options to detect, deter and if necessary defeat Iranian violations. Congress should pass a resolution declaring U.S. policy to prevent Iran from achieving nuclear weapons capability and authorize use of military force (AUMF) against Iran's nuclear infrastructure under certain clearly-defined breaches of the JCPOA.
- **Confront Iranian aggression** – Mitigate the JCPOA's negative strategic consequences by recognizing Iran as the prime mover of conflict, rather than an honest broker, in Syria, Iraq and elsewhere.
- **Strengthen ties with regional allies:**
 - *Maintain our commitment to Israel's "qualitative military edge" (QME)* - Reach a new, expanded memorandum of understanding (MoU) on defense assistance that raises the total from the current \$30 billion to as much as \$50 billion over ten years. Given the growing range of shared threats, both since the current ten-year agreement was signed in 2007 and going forward under the JCPOA, greater cooperation is vital as the current agreement ends late next year. While still less than Israel might need, this amount is vital to any realistic hope of maintaining Israel's QME as Iran's annual defense spending could grow by more than \$30 billion over the same period.
 - *Improve regional coordination* – Collaborate more closely and increase support to our Arab allies. A coherent shared strategy and appropriate capabilities, including theater missile defenses, anti-surface and anti-submarine warfare platforms, and intelligence, surveillance and reconnaissance capabilities, are needed to deter or deny Iranian aggression. The United States must expedite the transfer of these capabilities.
 - *Reengage wavering partners* – Bolster significantly efforts to rebuild our relationship with countries being pulled into Iran's orbit, principally Iraq.
- **Preserve the United States' military edge** – Rebuild U.S. capability through recapitalization, investment and modernization of our forces.
- **Restore U.S. credibility** – Strengthen the bedrock of U.S. deterrence with a clearer declaratory policy underscoring assurances of protection for our allies, laying out penalties for Iranian non-adherence to the JCPOA and stating other forms of Iranian belligerence against which the United States will respond forcefully. This is fundamental to clarifying U.S. intent and resolve toward Iranian behavior, and to restoring U.S. credibility around the globe.

The United States must acknowledge the stark reality of Iran's regional ambitions in the face of the JCPOA. Now is the time to begin taking serious actions to confront the rising Iranian challenge.

Recent Developments

In the few short months since the JCPOA was agreed, Tehran has begun demonstrating the deleterious implications of the deal for the United States and our allies. Importantly, Iran is already expanding its influence and destabilizing activities even more precipitously than we warned in our initial report. Its leadership – first and foremost Supreme Leader Ali Khamenei – undermines the credibility of the agreement by threatening routinely to reject it or halt its implementation, questioning the motives of its U.S. interlocutors and cracking down brutally on perceived Western influences at home.

Simultaneously, its military forces are involved more widely across the region now – and engaged in more aggressive behavior – than any time since the closing stages of the Iran-Iraq War (1980-8), the costliest and longest conflict in the region’s modern history. As the JCPOA was finalized, Iran’s Islamic Revolutionary Guard Corps (IRGC) began joint planning with Russia to avert the Syrian regime’s looming collapse by escalating the conflict. Since September, thousands of Iranian soldiers – reinforced by several times as many troops from Hezbollah and other Iranian proxies from across the Middle East – are spearheading a series of offensives backed by Russian airpower that has successfully turned the tide of the entire war. These campaigns far outpace even the Islamic State in Iraq and Syria’s (ISIS) brutality in the overall number of Syrian civilians killed or forced to flee.¹

Syria is not the only battlefield where Iran is actively dismantling the regional order. It continues to exert significant influence over the government in Baghdad; it also arms and trains various Shiite militias that, while putatively helping in the fight against ISIS, further destabilize Iraq by prosecuting a sectarian war against its Sunnis. Iranian materiel and money also fuels Yemen’s continued civil war, where Iranian-backed Houthi rebels routed the fledgling internationally-recognized government in the capital of Sana’a. Sunni terrorist groups now thrive in the ensuing chaos. Such demonstrations of Tehran’s ambition and power have prompted terror groups that had previously cut ties with Iran, such as Hamas, to once again seek its patronage and support.

Closer to home, in October Iran tested a new nuclear-capable ballistic missile in violation of a legally-binding UNSC resolution. It then tested another in November, after the first provocation was met with silence. In mid-January, the IRGC took ten U.S. Navy sailors prisoner at gunpoint in the Persian Gulf, paraded their images in public and staged mock demonstrations of the incident across the country – all just two weeks after firing unguided rockets less than a mile from a U.S. carrier strike group. Even when Tehran ostensibly extends one hand to offer détente, like freeing four U.S. hostages on the JCPOA’s Implementation Day in January, it clenches a fist with the other: demanding the United States release seven Iranians convicted for terrorism and sanctions violations in exchange, and vowing to ramp up its ballistic missile program. True to its word, Tehran conducted additional launches in March.

Certain U.S. actions feed into this. Since the JCPOA was announced, the United States has: assured Iran of waivers for new counterterrorism measures to restrict entry to the United States for foreign nationals, despite Iran’s continued status as the largest state sponsor of terrorism; dismissed charges or granted clemency to more than 20 Iranians charged with sanctions violations or cyberwarfare; delayed new sanctions for Iran’s ballistic missile tests; and jettisoned the existing U.N. framework for a political transition in Syria, in favor of a Russian-backed Iranian proposal essentially ratifying the Assad regime’s recent resurgence on the backs of the IRGC and its proxies.

Unaddressed, these challenges likely will accelerate. Iran has already started revitalizing its defense industrial base under a new five-year development plan – announced less than two weeks before the JCPOA – for expanded armaments production and a one-third hike in official defense spending. No later than the end of that period, the removal of the United Nations arms embargo will allow the regime to acquire advanced technologies and weapons from abroad, followed shortly thereafter by the end of all restrictions on its ballistic missile program. Even with the embargo in place, Iran is contracting with Russia to buy and eventually co-produce advanced fighter aircraft and possibly tanks, as well as the advanced S-300 air defense system.²

Meanwhile sanctions relief, rather than broadening its citizens' engagement with the outside world, is set to further enrich Iran's major state-backed companies, many of which have links with the IRGC. Those companies and their foreign partners will have to invest in restarting Iran's economy in coming years, yet the regime's coffers still will be infused with billions of dollars in assets now unfrozen by the JCPOA, plus the dividends from revitalized sectors that long formed the regime's lifeblood, including energy, automobiles and other heavy industry. Even with conservative estimates for oil prices and Iranian production growth, Tehran's oil export revenues could rise by as much as half in the next year alone.³

Heading from Bad to Worse

The strategic environment in the Middle East is becoming more treacherous – driven in large part by Iran's destabilizing involvement across the region – and generating new burdens, both directly on the United States and on our allies, to help defend our shared interests. In our judgment, these trends appear likely to continue, and indeed worsen, with the continued implementation of the JCPOA. We expect the pace and degree of Iranian-driven regional instability to accelerate while U.S. influence diminishes, possibly reaching a dangerous tipping point from which it would prove difficult to recover.

First, Iran already has spent more than a decade developing a strategy to disrupt or deter the United States from projecting superior forces into the Middle East – particularly the Persian Gulf – and thereby prevent U.S. forces from operating effectively in concert with our regional allies to stop Iranian aggression. This goes beyond mere tactics or fleeting opportunism. It reflects a deeper, clearly-articulated, well-managed and skillfully executed strategy to achieve regional predominance by ejecting Western power and influence from the Middle East, rendering Tehran's rivals – our allies – exposed and outmatched in the process. Iran's current arsenals of ballistic and cruise missiles, fast attack craft, torpedoes and naval mines, among other capabilities, are intended primarily to accomplish this strategic objective.

Over the next decade-plus, the JCPOA will provide Iran access to the resources, technology and international arms markets it needs to execute this strategy more effectively, and across wider swathes of the Middle East, including: more accurate and longer-range missiles with mobile launchers, newer surface warfare ships and missile boats (and more of them), advanced air defenses, improved radars, drone technology, and electronic and cyber warfare capabilities.

Simultaneously, the JCPOA provides Iran greater resources to funnel to Shia militias and other dangerous groups across the region. As we noted in our September report, once

sanctions were lifted, Tehran likely would try to break the stalemate in Syria by increasing its involvement; with Russian backing, this began even before the deal's official implementation. With the expiration of a U.N. arms embargo against Iran no more than five years away, Iran could supply Hezbollah, Hamas and other proxies with increasingly sophisticated capabilities from its own augmented arsenals. These groups and others looking to violently overturn the existing order of the Middle East are embracing Iran as the principal funder and arms supplier for their causes.

Using more covert forms of support, an emboldened Iran also could seek to increase its leverage in strategic areas around the Arabian Peninsula with fragile sectarian balances. Iran has made no secret of its hostility to the policies of Saudi Arabia and Bahrain toward their Shia populations – notably the recent attack on the Saudi Embassy in Tehran in retaliation for the execution of a Saudi Shia cleric – and Tehran has been suspected of supporting sectarian opposition groups in these countries. With the JCPOA granting it more resources, and with decreasing threats of U.S. retaliation, Iran will be free to deepen the emerging and already destabilizing sectarian rift opening across much of the Middle East. Any efforts by Iran to augment its activities in these areas could be expected to provoke a response from regional powers unwilling to accept Iranian regional hegemony, much like it already has in Yemen. But without U.S. leadership and involvement – which has been absent in Yemen – such confrontations would be more likely to spill into a broader and even more intractable conflict.

As Iran's military power waxes, the U.S. military is severely overtaxed on a global level and under-resourced going forward. Though U.S. armed forces are vastly superior to those of Iran and will remain so 15 years from now, the capability gap between the two militaries is already shrinking and will only decline further during the JCPOA. Given sequestration and other spending cuts, by year five of the JCPOA – concurrent with the expiration of the arms embargo – the Department of Defense already will have received nearly \$1 trillion less than it originally projected was necessary to defend the country.

Even then, Iran will not need to equal the strength and resources of the United States to threaten U.S. interests and allies in the region. Tehran need only deny U.S. access to the Persian Gulf to severely impact its ability to project force in the region. With the advantage of operating closer to home, battlefield-honed asymmetric tactics and a network of regional proxy forces, Iran can achieve this goal without having to field advanced capabilities on par with the United States. Therefore, at the same time that Iran will be ramping up its military expenditures and modernizing its capabilities, the United States will be trying to counter it with less manpower, fewer capabilities, more antiquated platforms and a lower level of readiness than they have now or have had in a very long time.

During the life of the JCPOA, these developments – absent significant changes in U.S. policy – portend a strategic environment in which Iran increasingly will be able to throw its weight around the Middle East and even farther afield, all while the United States steadily becomes less able to defend itself and its allies. Once the deal sunsets, these trajectories will allow Iran to pursue nuclear weapons capability at a much lower level of risk than today, and will severely complicate U.S. efforts to counter it.

Recommendations

Too often, unforeseen crises – most recently the spread of ISIS – make it easy for the United States to lose sight of the preeminent national security threat to itself and its allies in the region: Iran’s abiding goal to contest, and ultimately replace, the United States as the preeminent Middle East power. To prevent a nuclear Iran, stanch spreading regional instability and strengthen our allies, it is imperative that the United States develops and implements a coherent and comprehensive strategy to check the deleterious strategic dynamics unleashed by the JCPOA, growing Iranian belligerence and past U.S. inaction.

This Council recognizes that additional costs and strategic engagement are not easily justified in an era of sequestration and other economic uncertainties. However, the efforts we recommend are necessary for strengthening capabilities and rebuilding credibility undermined by the JCPOA. Furthermore, these efforts are minimal compared to the severe and accumulating consequences of continuing to do nothing. They are also urgent, given the damage to U.S. interests and the security of our allies already inflicted by Iran since the nuclear agreement was announced.

To counter Iran’s adversarial and far-reaching regional objectives and its growing potential to accomplish them, we recommend the United States articulate a comprehensive strategy with the following five mutually-supporting elements:

Prevent a Nuclear Iran

First, such a strategy must seek to prevent a nuclear Iran by ensuring compliance with the deal. This is vital, given the very real possibility and myriad ways Iran could try to break its JCPOA obligations. Iran’s entire nuclear program under the Islamic Republic has been developed covertly and illegally, in direct violation of the Nuclear Nonproliferation Treaty (NPT) and multiple U.N. Security Council resolutions. This reflects a deeper, innate hostility among the regime’s hardliners to any real compromise with the United States. Since the deal’s announcement, many key decision-makers within the Iranian regime from Khamenei on down have made their opposition crystal clear and have sought to delegitimize it. Tehran has also stated its intention to abrogate the JCPOA if sanctions are reinstated, even if this sanctions “snapback” is triggered by Iran violating the deal in the first place. Furthermore, the JCPOA’s monitoring and verification mechanisms remain insufficient for detecting and responding in a timely fashion to any potential Iranian breakout attempt.

For all these reasons, the United States and its allies must ensure they have the widest possible array of options to deter and (if necessary) defeat Iranian violations. Congress and the White House must work together to authorize use of military force (AUMF) against Iran’s nuclear infrastructure under certain clearly-defined breaches of the JCPOA, including: denying IAEA access to undeclared nuclear-related facilities, violating restrictions on enrichment and stockpiles, and/or voiding its obligations in response to sanctions snapback, among others.⁴ By increasing the range of options available to U.S. policymakers in the event of Iranian non-compliance – and by making these options more credible and unmistakable to Tehran – an AUMF’s most important accomplishment likely would be to give Tehran pause in the first place, before it chooses to violate the agreement.

Confront Iranian Aggression

Second, and independent of Iran's adherence to its nuclear obligations, U.S. strategy should be premised on the increasing potential for Iranian aggression as sanctions, arms embargos and restrictions on ballistic missiles expire under the JCPOA. This translates to improved Iranian power-projection capabilities and greater support for terrorist groups like Hezbollah. In turn, this could trigger cascading instability across the region if U.S. allies feel compelled to engage in an arms race with Iran and its proxies, which would only exacerbate sectarian rifts and raise the potential costs and risks of conflict in the region.

Given such considerations, any strategy to mitigate the JCPOA's negative strategic consequences must begin by recognizing Iran as the prime mover of conflict – rather than an honest broker – in Syria, Iraq and elsewhere. Most pressingly, the United States cannot hope to stabilize Syria if it gives credence to Iran's proposals for ending the conflict by re-entrenching its proxies in power there. Standing with our allies in pursuing a transition of power in Syria away from the Iranian-backed regime is important, both to confront Iran's growing influence and to help reassure our partners in the region.

Strengthen Ties with Regional Allies

The United States must rebuild fraying ties with our regional allies, many of whom are already voicing serious concerns for their own security and the future of U.S. leadership in the wake of the nuclear deal. Many of these countries have suggested or explicitly threatened to look elsewhere for security, including pursuing nuclear weapons capability and closer ties with Russia and China. Unlike in the Cold War, when military buildups by our allies bolstered collective defense, an arms race or proliferation cascade in the Middle East would undermine it, without remedying our allies' vulnerabilities to Iran's growing unconventional threats.

Sustaining our position in the region will require not only repairing these relationships, but actually building them into a coalition capable of holding the line against expanding Iranian power and ambitions. This entails multiple lines of effort.

1. Maintain U.S. Commitment to Israel's Qualitative Military Edge

First, this means maintaining the U.S. commitment to enable Israel to counter and defeat any credible military threats while sustaining minimal damage. Defined in federal law, this is known as Israel's "qualitative military edge" (QME), the backbone of which is a ten-year bilateral memorandum of understanding (MoU) to provide Israel \$30 billion in U.S. defense grants over ten years, including \$3.1 billion this year and next.⁵

The United States and Israel must sustain this commitment by agreeing to a new, expanded MoU to meet the growing range of shared threats to both countries – foremost from Iran and its proxies – as the current agreement ends late next year. The two sides already are conducting negotiations for a larger assistance agreement. Given the deterioration in regional stability since the current MoU was signed, plus the accelerated growth of Iranian capability under the JCPOA, we recommend a total of up to \$50 billion over the succeeding decade – an increase of up to \$20 billion from the decade ending next year – as both sensible and feasible for a new MoU.

An increase of up to \$2 billion per year, for a total of up to \$5 billion annually, is sensible looking both backward and forward. Since the original MoU was agreed in 2007, the range of credible threats to Israel's QME has grown significantly, as have the challenges of countering them at acceptable cost. In that time, Hezbollah has transformed from a recently-defeated militia with a few thousand primitive rockets targeting northern Israel, into a military force experienced in combined-arms operations and bristling with roughly 100,000 increasingly accurate, powerful, survivable and long-range missiles provided by Iran to saturate and overwhelm Israeli defenses nationwide. The group has expanded its defenses in depth across Lebanon, including extensive tunneling and concealment among civilian populations, and now threatens Israel across the Syrian border as well.

Also in 2007, Hamas seized control of the Gaza Strip. This has magnified greatly its ability to attack Israeli civilians from land, air, sea and underground, triggering three wars in less than six years. As with Hezbollah, Iranian assistance has played a vital role in the marked growth of Hamas' capabilities, particularly missiles.

Just across the border, an ISIS affiliate is planting roots in Sinai despite a concerted Egyptian military effort to defeat it, while Jordan – Israel's closest security partner in the region – confronts a massive influx of Syrian refugees and persistent economic uncertainty, all while Amman contributes to the campaign against ISIS in Syria. Last but not least, while the Assad regime remains in no condition to seek armed conflict with Israel, Iran's command authority and force presence in Syria has grown by leaps and bounds in the last five years alone.

Looking forward, many of these threats likely will continue growing. Much of Iran's existing largesse to Hezbollah and other proxies came despite Tehran's dire financial situation under sanctions. With sanctions now lifted, Iran's oil exports – the regime's largest source of revenue – are already rising, and are likely to grow by more than half in the next year alone. Despite current low oil prices, this reflects the broader rejuvenation of Iran's economy unleashed by the JCPOA, combined with rebounding oil prices over the course of the nuclear deal. Accordingly, once the arms embargo against Iran expires no later than 2021 and Tehran's unfrozen overseas assets have been repatriated, Iranian GDP is projected by the IMF to have doubled. Using even conservative estimates, this means the resources at Tehran's disposal for annual defense spending could grow by more than \$30 billion five years from now.⁶

By giving Iran the means to increase support for terrorist and insurgent proxies, aggravate sectarian conflict and trigger arms races across the region, the JCPOA will compound the already worsened security situation confronting Israel since 2007. Given the 10- to 15-year sunsets on Iran's nuclear program, it will continue increasing the strategic challenges to the United States and Israel even after a succeeding MoU would expire. In this context, increasing defense assistance from \$30 billion to as much as \$50 billion over ten years is vital to any realistic hope that Israel can retain its defensive advantage over Iran and its proxies during the JCPOA.

Increasing aid to Israel by up to \$2 billion per year is not only sensible, but by requiring Israel to spend roughly three-fourths of these grants on U.S.-made equipment, the existing MoU also supports U.S. defense industries and helps foster cooperation on research and development that advances both countries' military capabilities.

For all these reasons, maintaining Israel's QME is the cornerstone of U.S. strategy to help our allies defend themselves against the fallout from the JCPOA. A new MoU along the lines recommended by this Council will simplify both countries' long-term defense planning by guaranteeing greater amounts of top-line assistance, thus reducing the need to negotiate supplemental funding on an almost annual basis (as occurs under the current MoU).

It will also facilitate enhanced joint U.S.-Israel development of effective multi-layered air defense systems to counter the growing threat from Iranian missiles (whether in the hands of Tehran or its proxies), and will allow Israel to expand these defenses to better cover its territory. These systems will become even more crucial to both the United States and Israel if Iran invests in new long-range strike capabilities.

In addition, a new MoU will allow Israel to procure sufficient quantities of additional U.S. advanced multirole aircraft to upgrade its aging fleet and counter Iran's growing power projection capabilities. It also would complement the recent U.S. agreement with Jordan – Israel's closest security partner in the region – to boost defense assistance to Amman significantly. Finally, a new MoU will be critical for maintaining Israel's credible military deterrent against Iran's growing capabilities, both while the JCPOA remains in force and after it sunsets.

The United States can bolster Israel's QME further through the existing Excess Defense Articles (EDA) program, whereby surplus U.S. military equipment – primarily logistics and replacement parts – is sold at reduced cost to major non-NATO allies. The United States also maintains a roughly \$1 billion materiel stockpile in Israel for use by U.S. forces in-theater, which can be transferred to Israel in military emergencies. Both programs can continue providing useful supplements to a new MoU by supporting Israel's readiness to defend itself and sustain operations in contingency situations.

2. Improve Regional Coordination

Maintaining the security of the United States and our Middle East allies will demand increased resources, posture and attention over the coming years, far more than was necessary when the JCPOA was agreed. This is true for relations with our Arab allies as well as Israel, in particular those countries on the Persian Gulf that would be most immediately vulnerable to Iran's growing military capabilities (especially missiles).

Unfortunately, the existing U.S.-led security architecture of the Middle East is unsuitable against Iran during the JCPOA, let alone after. Defense planning in the Middle East occurs largely via bilateral arrangements with Israel, Egypt, Jordan, Turkey and members of the Gulf Cooperation Council (GCC).⁷ Moreover, security cooperation among our allies is low, though not non-existent. As a result, U.S. and allied arsenals often are not optimized for joint defense against Iran's unconventional capabilities.

Given the clear and growing threat from Tehran under the JCPOA, the United States and its Arab allies must devise a more coherent shared strategy and more appropriate capabilities to deter or deny Iranian aggression. The announcement last May of a U.S.-GCC strategic partnership – amid allies' concerns for the future of U.S. security guarantees in the region – offers a suitable point of departure, as does the new U.S.-Jordan MoU. There are now several mutually-reinforcing steps the United States and its partners must take to create a more effective collective defense system against Iran.

First, U.S.-GCC defense planning must become more formalized, and urgently so. Though the Middle East is home to four of the world's five fastest-growing defense markets and the largest weapons buyer (Saudi Arabia), many of these countries channel their extensive resources into expensive offensive weapons systems of limited utility against Iranian aggression. Furthermore, procurement, training and intelligence-gathering often are uncoordinated between GCC countries, further reducing their arsenals' overall effectiveness in countering Iran.

The United States can remedy these shortcomings by accelerating the GCC Strategic Cooperation Forum's development into a regular and standardized set of joint planning processes. The forum currently convenes annually on the sidelines of the U.N. General Assembly, and touches on a broad array of political and security issues. While useful, the United States and GCC members should use the forum to coordinate weapons procurement around the objective of interoperability between different countries' forces against the range of challenges posed by Iran.

It is also an opportunity for intelligence-sharing and cyber defense cooperation among the United States and regional partners – most of whom have already been targeted by Iranian cyberattacks and other subversion – to become more sophisticated and robust, especially as Iran's capabilities in this field appear set to improve over the course of the JCPOA. Such efforts are complementary to ongoing security cooperation with other regional allies, for example annual exercises in Jordan to promote interoperability among Jordanian, Egyptian, GCC and NATO militaries.

These steps allow for more joint training, a clearer common operational picture and simplified basing and prepositioning for U.S. forces. Such improvements are crucial for ensuring military readiness and U.S. force presence in the Gulf and Levant, sufficient to defend against the range of rising Iranian threats.

Second, the United States and GCC must follow through on their mutual commitments to develop a theater missile defense capability. Significant infrastructure is already in place, including common anti-ballistic missile systems (every member except Oman possesses U.S.-made Patriots), and a U.A.E.-based air warfare center for combined operations. The next, more difficult, step is to integrate these elements through a joint early-warning system. This will entail very serious commitments by GCC members to real-time data sharing, and by the United States to provide increased technical assistance to maintain this system. In tandem, the United States must work with its other regional allies to ensure the continued viability of their air defenses – including Patriots and anti-missile radars – against Iran's growing ballistic missile arsenal.

Third, the United States must bolster the GCC's collective maritime defense capabilities. Since the early 1980s, Iran has used fast attack craft, missile boats, surface warfare ships, submarines, mines and multirole aircraft to harass – and at times directly attack – shipping and energy infrastructure throughout the Persian Gulf. Under the JCPOA, Iran will gain access to resources, technology and international arms markets to expand and upgrade these capabilities. At the same time, the decreased U.S. footprint in the region likely will necessitate greater burden-sharing among our GCC allies to ensure freedom of navigation in the Gulf and defense of their territories.

Unfortunately, while the GCC countries' preference for offensive strike capabilities lends credibility to retaliating against Iranian provocations, it leaves them ill-prepared to defend against air- and seaborne attacks in the first place. The United States must provide GCC-wide maritime defense capabilities to redress this growing imbalance currently in Iran's favor. An array of U.S. platforms and systems can be tailored to individual countries' needs and resources, while remaining interoperable with other GCC and U.S. forces. The GCC needs more anti-surface and anti-submarine warfare aircraft and vessels – including coastal defense and mine countermeasures ships – to protect vital energy infrastructure, military bases and population centers, the vast majority of which are strung along the Gulf's western shore. These capabilities are also vital for interdicting illicit Iranian arms shipments to proxies across the region.

For our allies to operate these forces effectively, the United States must also provide greater intelligence, surveillance and reconnaissance (ISR) capabilities – including early-warning aircraft, patrol boats, radars, communications systems and support and utility helicopters – to detect and track Iranian military activity around the Gulf. Such upgrades will become even more important if Iran invests its dividends from the JCPOA in stealth, electronic and cyber warfare. Furthermore, this will allow GCC countries to better monitor smuggling activities and other potential JCPOA violations relating to Iran's nuclear program. As with missile defense, the United States and the GCC must coordinate procurement and development of maritime defense and ISR capabilities to maximize their overall impact against growing threats from Iran.

Fourth, our Arab allies need these capabilities urgently. Indeed, just as Tehran has already begun exploiting the JCPOA's flaws, so the United States must move equally swiftly to redress them. The U.S. government should expedite the transfer of many of these capabilities, in ways that promote their integration among U.S. and GCC militaries. The Obama Administration's decision to facilitate U.S. arms sales to the GCC as a whole, rather than bilaterally – announced shortly before the final JCPOA negotiations last summer – is a useful first step.

More remains to be done. Too often, requests from our Middle East allies for specific platforms and systems become bogged down in the U.S. government's export certification processes. This can lead to years-long delays in arms transfers, and undermines coordinated multilateral procurement. The United States must take advantage of its allies' growing appreciation of the Iranian threat to turn this approach on its head. Weapons packages should be devised by the United States, based on current GCC-wide capability deficiencies – specifically, maritime, ISR and ballistic missile defense – and designed for interoperability among seller and buyers. The United States must also extend benefits akin to those already enjoyed by major non-NATO allies like Egypt and Jordan – specifically, expedited export processing – to our allies receiving these weapons packages. As with Israel, the United States can strengthen our Arab allies' defensive capabilities further through the EDA program.

This series of steps could lessen our allies' fears that the JCPOA represents a relinquishment of U.S. security commitments to the Middle East. In turn, this would diminish pressures on our allies to look for other means of security assistance, and thus decrease the likelihood that they will turn to Russia, China and others for arms and technology to pad their already-impressive offensive strike capabilities. Such developments would further limit GCC members' ability to jointly defend themselves, inhibit interoperability between U.S. and allied militaries and undermine the U.S. commitment to maintain Israel's QME, with all the negative repercussions for trying to constrain Iran.

3. Reengage Wavering Partners

The United States also must increase significantly efforts to rebuild relationships with countries being pulled into Iran's orbit. Above all else, this means a concerted shift in policy toward Iraq. Iran's hold over Baghdad is virtually complete: symbolically, Firdos Square – where U.S. forces famously helped tear down Saddam Hussein's statue – now features a large mural of Supreme Leaders Khomeini and Khamenei. It is already too late to work with Iraqi Prime Minister Haider al-Abadi to rebuild and reassert U.S. influence in Baghdad. The Iranian-influenced sectarian policies of his predecessor Nouri al-Maliki created the conditions for the rise of ISIS and its embrace or acceptance by Iraqi Sunnis in the first place.

Accordingly, the broader regional conflict cannot be resolved until the centrifugal forces unleashed by Tehran in Iraq are tamed. The United States must work more closely with the Kurdistan Regional Government and Sunni Arab tribes to ensure that the fight to reduce ISIS in Iraq does not simply create a larger vacuum for Iran to fill. This will also require working more closely with neighbors like Turkey and Jordan to ensure that our partners on the ground in Iraq can push back against encroachments by both Iran and ISIS.

Preserve the United States' Military Edge

The U.S. military is and remains the most capable fighting force in the world, appreciably superior to that of Iran. However, the relative capabilities gap between the two militaries already is shrinking, and will only decline further as Iran's available resources for defense grow and the United States' shrink. Indeed, U.S. capabilities most important in confronting aggression and preventing a nuclear Iran – long-range strike, standoff, forward staging and counter-anti-access/area denial (A2/AD) – are among those that will suffer the greatest decline under sequestration.

Recapitalization, investment and modernization of our forces is required to preserve our military edge. At minimum this entails, as the bipartisan National Defense Panel recommended, returning the defense budget to baseline levels requested by Secretary of Defense Robert Gates in 2012. This would mean raising military spending from the sequester-capped level of \$523 billion to \$611 billion.⁸

At the same time, the Middle East must remain the primary strategic focus for U.S. force planning. While the much-discussed “pivot” to the Pacific reflects the growing economic importance and strategic challenges of East Asia for the United States, the JCPOA makes Iran a much more pressing – and no less substantial – threat than anything on the horizon in the Pacific. Simply put, with the nuclear deal an accomplished fact, it is becoming much less realistic to rebalance U.S. forces away from the Middle East without critically undermining the tenability of decades-old national security policy in that region.

Operational plans, force posture and logistics schema will need to be revamped under the new joint operating environment created by the JCPOA. Iran's potential improvements in the realms of air and maritime anti-access are coming at a time when U.S. force presence in the region is already declining; for two months in late 2015, the U.S. Navy had no aircraft carrier in-theater. Going forward, the Department of Defense's force planning construct for the Persian Gulf region should now include a carrier strike group and an amphibious ready group or expeditionary strike group.

Relatedly, the size and capability of the U.S. amphibious fleet has declined in recent years to a dangerous low, often causing our forces to deploy to the Middle East on European-based ships and limiting their maneuverability once in theater. The flexibility, responsiveness and striking power of this fleet makes it crucial that the U.S. Navy embark on a program to grow by at least two additional amphibious warfare ships per year. This will help bolster U.S. power projection capabilities and reassure allies of our continuing engagement in the region.

Finally, extending deployments for the carrier and amphibious groups from six to seven months would enhance U.S. force presence in the region – the Persian Gulf, Gulf of Oman and Eastern Mediterranean – at a time when the U.S. Navy’s ability to deter and defeat A2/AD challenges from countries like Iran has been impacted negatively by sequestration. Combined with a new force planning construct and additional ship construction, this measure complements U.S. efforts to bolster our regional allies’ capabilities and improve their coordination against the growing threat from Iran.

Restore U.S. Credibility

Finally, U.S. policy must recognize that even more than capability, credibility is the bedrock of deterrence. Worryingly, our Middle East partners appear very concerned for what the JCPOA communicates about the value of U.S. security guarantees. Despite pronouncements that our regional partners are onboard, doubts about U.S. leadership and confusion regarding U.S. policy are widespread. If allowed to persist, those perceptions will drive our partners to seek security by other means, and will encourage our strategic competitors and outright adversaries to fill the void created by the apparent drawing down of the U.S. presence in the region.

Stanching this requires concerted U.S. diplomatic engagement and strategic communications on multiple fronts. Improved cooperation and military assistance naturally will help reassure our allies of U.S. commitments to their security. However, this must be accompanied by a whole-of-government plan to make clear to the U.S. public, our allies and our adversaries that the United States is assuming a stronger posture to deter Iranian violations and aggression with the JCPOA now in place. This will entail clearer declaratory policy underscoring our assurances and laying out penalties for Iranian non-adherence of the JCPOA and other forms of belligerence.

To this end, Congress should pass a resolution declaring U.S. policy to prevent Iran from achieving nuclear weapons capability. It should also pass legislation requiring that all agreements between the P5+1, Iran and the IAEA regarding the JCPOA be provided to the appropriate Congressional committees, including any new or amended agreements. Using sanctions legislation against Iran as precedent, this should also require the Government Accountability Office or other oversight group – in consultation with Secretaries of State, Defense and Energy and Director of National Intelligence – to submit to Congress regular reports on JCPOA compliance.

The United States and major GCC energy exporters also need to work with Iran’s primary trading partners – crude oil buyers like India, Japan, South Korea, Turkey and, once again, the European Union – to re-impose severe sanctions against Iran if needed. This will require the United States to make a more forceful and public case for how the stability of global energy markets, first and foremost oil, is not reliant on Iranian supplies. Bimonthly reports by the Energy Information Administration on the availability and price of non-Iranian oil inventories, as required under sanctions law, provide a useful framework for articulating this point. Congress’

success in lifting outdated restrictions on U.S.-produced crude oil exports supports these efforts to bolster global energy supply security.

Finally, it is crucial that U.S. policymakers get backing from allies around the globe – diplomatic and military – for stronger enforcement measures. The United States and its P5+1 partners Britain, France and Germany, among others, must work with major weapons suppliers like China and Russia to prevent arms transfers to Iran (both before and after the embargo and ballistic missile restrictions expire). Weapons, components and technologies from these two countries form the backbone of Iran’s existing A2/AD capabilities, including: missile boats and anti-ship missiles (China), cruise missiles and submarines (Russia) and air defense systems and naval mines (both countries).

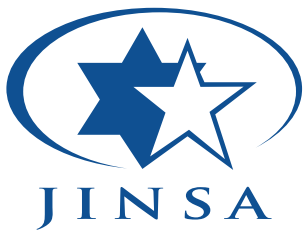
With the end of sanctions – especially against Iran’s banking, shipbuilding, port and metallurgical sectors – and the arms embargo under the JCPOA, Tehran is well-positioned legally and financially to expand its defense-industrial ties with Moscow and Beijing (two of the world’s largest and fastest-growing arms exporters), thus simplifying its efforts to upgrade critical capabilities and invest in entirely new ones to disrupt and deter U.S. and allied operations. Indeed, even with sanctions still in place, Iranian and Russian officials were already meeting in summer 2015 to discuss cyber-defense and other forms of military cooperation. Given such incentives, shrewd and sophisticated diplomacy will be needed to leverage Beijing’s and Moscow’s own concerns over the potential for regional instability that would be generated by a significant expansion of Iranian power in the Middle East.

Conclusion

The absence of coherent U.S. strategy to confront Iran increases instability, fractures many years of cooperative regional partnership and increases the threat of nuclear proliferation across the region. All our recommendations in this report address the lack of recognition of the threat Iran poses to the United States and our allies in the Middle East. The United States must act now to mitigate the negative strategic consequences of the JCPOA.

Endnotes

1. Laila Bassam and Tom Perry, "How Iranian general plotted out Syrian assault in Moscow," Reuters, October 6, 2015; Sam Dagher, "Iran 'Foreign Legion' Leads Battle in Syria's North," *Wall Street Journal*, February 17, 2016.
2. Gareth Jennings, "Iran eyes SU-30 procurement and production deal with Russia," *IHS Jane's Defence Weekly*, February 11, 2016.
3. Thomas Erdbrink, "In Iran, State-Backed Companies Win From Lifted Sanctions," *New York Times*, February 5, 2016.
4. A joint resolution (H.J. Res. 62) calling for an AUMF against Iran was referred to the House Foreign Affairs Committee shortly after the announcement of the JCPOA in July 2015, but it does not spell out the range of specific JCPOA violations under which the President would be authorized to use military force.
5. This commitment to Israel's qualitative military edge is defined in the Naval Vessel Transfer Act of 2008, Section 201(d), paragraphs 1-2: "In general, any certification relating to a proposed sale or export of defense articles or defense services under this section to any country in the Middle East other than Israel shall include a determination that the sale or export of the defense articles or defense services will not adversely affect Israel's qualitative military edge over military threats to Israel. *Qualitative military edge* means the ability to counter and defeat any credible conventional military threat from any individual state or possible coalition of states or from non-state actors, while sustaining minimal damages and casualties, through the use of superior military means, possessed in sufficient quantity, including weapons, command, control, communication, intelligence, surveillance, and reconnaissance capabilities that in their technical characteristics are superior in capability to those of such other individual or possible coalition of states or non-state actors."
6. International Monetary Fund, "IMF Country Report: Islamic Republic of Iran," December 2015, 4; Rakteem Katakey and Angelina Rascouet, "Iran's Post-Sanctions Oil Surge Likely to Come in a Half Measure," *Bloomberg Business*, January 13, 2016. Oil price forecast data provided by U.S. Energy Information Administration's (EIA) Annual Energy Outlook (accessed March 11, 2016), wherein the reference case for Brent spot prices projects a 41 percent increase from 2015-20, and a 94 percent increase over the first 15 years of the JCPOA.
7. The GCC consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
8. William J. Perry, John P. Abizaid et al, *Ensuring a Strong U.S. Defense for the Future: The National Defense Panel Review of the 2014 Quadrennial Defense Review* (Washington, DC: USIP, 2014), 29.



1101 14th Street, NW • Suite 1110 • Washington, DC 20005 • (202) 667-3900
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