

Reversal of Fortunes: The U.S.-Iran Memorandum of Understanding

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I. Overview

The U.S.-Iran Memorandum of Understanding (MOU) is a highly flawed arrangement that falls far short of President Donald Trump's original war objectives and enshrines significant American strategic defeats following many major U.S.-Israeli operational successes in 38 days of armed combat in Operations Epic Fury and Roaring Lion. It has contributed to an incredible reversal of fortunes where Iran now appears victorious and feels emboldened, the United States desperate and weak, and Israel on the defensive.

As such, the MOU looks like another in a long line of unhappy attempts by American administrations to use upfront inducements, rather than sustained leverage, pressure, and resolve, to persuade the radical Islamic regime in Tehran to accommodate U.S. interests—driven in no small measure by Trump's interest to get the Strait of Hormuz opened and oil exports flowing ahead of American midterm elections on November 3.

And inducements there are aplenty. The MOU immediately grants waivers to allow Iran to sell oil and, apparently, to repatriate all revenues earned from there to Iran until such time as all U.S. sanctions are removed permanently. It seems to gift Iran expansive access to possibly billions of dollars in frozen assets even before an acceptable final deal addressing Iran's nuclear program is agreed. And, if such a deal is reached, it pledges to formally end *all* U.S. and multilateral sanctions on Iran, including those imposed on its missile program, support for terrorism, and human rights abuses. Contradicting the president's stated ambitions in launching Operation Epic Fury, the United States implicitly forswears in the deal any future efforts to assist the Iranian people in building a better future.

This amounts to a far-reaching accommodation of Iranian demands and a substantial dismantling of the framework of U.S. pressure against Tehran that had been built up, by Trump himself, over the last decade, and especially in the last year.

Meanwhile, the MOU imposes no meaningful, permanent, or fully verifiable limits on Iran's nuclear program, and it does not address Iran's missile program or terrorist proxies. Nor does it include any mechanism for ensuring Iranian compliance, or punishing violations, of the MOU's terms. This is deeply problematic because mendacity infuses the very core of the Iranian regime—underscored by the immediate attacks by its proxy, Hezbollah, on Israel, a clear violation of the MOU's requirement of an immediate ceasefire in Lebanon as well. By including Lebanon, the MOU concedes Iranian influence in Lebanon to

save its terror proxy Hezbollah, threatens Israeli security, trashes prospects for an Israeli-Lebanese peace, and offers Iran an additional lever to manipulate other elements of the MOU.

At least the current deal does not yet oblige the United States to undertake any irreversible actions; it can and should walk away if Iran continues to violate the MOU's terms or fails to negotiate an acceptable nuclear deal in good faith. Indeed, perhaps the best that can be said about the MOU is that it is not a nuclear deal, and it commits Iran during the duration of the 60-day MOU to the nuclear status quo of no enrichment-related activity.

This whole U.S. effort has exuded weakness and desperation, undercutting America's position with China and other adversaries, and raising further doubt about American reliability among friends.

The analysis below examines each paragraph of the deal and its implications.

II. Parameters and Shortcomings of the Agreement

Paragraph 1: Ceasefire

The first, and perhaps most consequential, paragraph of the deal, seemingly is merely a ceasefire, in which both sides "declare the immediate and permanent termination of military operations." However, it has far more damaging consequences for American and regional security.

Ending Iran's threats in the ways President Trump described at the outset of Epic Fury would have required an agreement that forced it to retreat to its own borders and stop funding, arming, training, and maintaining terrorist forces across the Middle East. This MOU does the opposite.

It does not merely end the current hostilities between the United States and Iran. It extends to the entire region, such that the "permanent termination of military operations" applies also to "all fronts, including Lebanon." Its further demand—aimed at Israel—for "ensuring the territorial integrity and sovereignty of Lebanon," appears designed to actually achieve the opposite—allowing Hezbollah to survive and maintain its control over Beirut. This enshrines Iranian influence, specifically in Lebanon, but by extension across the Middle East—a point underscored by initial follow-on talks in Switzerland, which gave Iran formal membership alongside the United States and other countries in a newly-created deconfliction cell to enforce Lebanon's ceasefire.

Nor does this paragraph's termination of military operations apply just to the United States. By invoking both sides' "allies in the current war," it seeks to constrain Israel as well. It commits the United States and Israel "not to initiate any war or any military operation ... and to refrain [from] the threat or use of force" against Iran or its proxies in the future—seemingly irrespective of whether an acceptable final agreement is reached on Iran's nuclear program.

This MOU grants Iran incredible leverage over the United States and Israel by allowing Tehran to effectively dictate U.S. policy toward Israel and inject daylight into the bilateral relationship whenever it chooses. If actually implemented as written, it would also remove the shadow of American military power as an instrument of U.S. policy to counter and constrain a hostile and emboldened Iranian axis going forward.

Paragraph 2: Regime Survival

President Trump promised at the outset of Operation Epic Fury that he would present the Iranian people an opportunity to take control of their country in the wake of the most widespread and intensive protests in the Islamic Republic's history. He also enjoined them to be ready to do so. During the January

protests that preceded the war, Trump had [promised](#) Iranian protesters that “help was on the way.” This paragraph of the MOU retracts that promise.

Paragraph 2 starts off as an extension of the previous one, the commitment to respect each other’s “sovereignty and territorial integrity.” However, this provision then pivots to a pledge to “refrain from interfering in each other’s internal affairs.” This seems to forswear any American role or responsibility in helping the long-suffering Iranian people achieve a better future, and instead offers a lifeline to a beleaguered, brutal, and illegitimate regime.

This is a longstanding Iranian demand that the Trump administration accepted. It is without doubt intended to bar the United States from delivering even relatively benign forms of non-kinetic support to the Iranian people, including long-suppressed ethnic and other minorities, who seek a better future for themselves and their country. Presumably, this includes forswearing technical tools of U.S. support to circumvent the Islamic Republic’s attempts to block the internet, provide strike funds for Iranian workers, deliver U.S.-backed broadcasting in Persian, or back resolutions in United Nations (U.N.) bodies to hold the Iranian regime to global human rights standards.

Paragraph 3: Further Negotiations

Given Iran’s well-established history of eroding U.S. negotiating redlines by drawing out previous talks, any good deal should be comprehensive and final. Instead, the MOU punts on all the major and most important elements of a deal and, instead, in this paragraph, sets up a 60-day timeline for “negotiating and achieving the final deal.” That timeline is “extendable with mutual consent,” but there are no penalties or consequences spelled out for failing to meet the timeline or agreeing to extend it. This, together with the surrender of much U.S. military, economic, and political leverage throughout the MOU, dramatically increases the chances that Iran will simply try to drag out the negotiations without ever making meaningful concessions on its nuclear program.

Paragraphs 4 & 5: Strait of Hormuz & U.S. Force Posture

A deal to reopen the Strait of Hormuz diplomatically should have restored freedom of navigation by making clear that Iran would not control the critical waterway. As Trump [put it](#): “The Hormuz Strait must be immediately open, no tolls, for unrestricted shipping traffic, in both directions.” The provisions of the MOU fail to achieve these objectives.

Paragraph 4 requires the United States to “immediately ... begin the removal of its naval blockade.” Meanwhile, the following paragraph only calls on Iran to “make arrangements using its best efforts for the safe passage of commercial vessels” and recognizes that the free flow of shipping, “considering the need for removing the technical and military obstacles and demining ... will be instated within 30 days.” Notably, the MOU is silent on the issue of U.S. naval ships from the Fifth Fleet being able to return to their normal pre-war course of operations in the Persian Gulf.

Once commercial shipping traffic does resume, Paragraph 5 does provide that it will be “with no charge.” But that nod to freedom of navigation is only cursory and temporary. It turns out free transit will only last for 60 days. After that, “future administration and maritime services” will be decided by Iran, in consultation with Oman and in discussion with other Gulf states. With this language, the United States appears at great risk of trading away the strait’s pre-war status as an international waterway and placing its future management in Iranian hands. This gives Iran leverage over the rest of the dealmaking, the region, and the global economy, as already evidenced by Tehran’s renewed efforts since the MOU was signed to constrain Israeli action in Lebanon by threatening shipping in the strait. It also sets dangerous precedents for U.S. interests in global freedom of navigation.

Nor is the MOU content merely to cede Iran a dramatically increased influence over the Gulf. Should a final agreement be reached on the fate of Iran’s nuclear program, it also could be read as pushing U.S. forces out of the region—accomplishing one of the Islamic Republic’s core strategic objectives. While there are no details on which forces are expected to depart, at its most maximal interpretation, the provision requiring the United States to “remove its forces from the proximity” of Iran within 30 days of a final deal could be interpreted as mandating the abandonment of major U.S. bases like Al-Udeid Airbase in Qatar and Naval Support Activity Bahrain, which are both on the doorstep of Iran itself. The lack of any mention of how long U.S. forces must leave Iran’s proximity, together with the call for a permanent termination of war in Paragraph 1, could support an Iranian expectation that this withdrawal will be open-ended.

These two paragraphs threaten to undermine decades of U.S. policy with respect to America’s national interests in the security of the Gulf, including the free flow of oil and international shipping through the Strait of Hormuz and preventing any single power from dominating the Gulf.

Paragraphs 6, 7, 9, 10, 11, and 13: Sanctions Relief

One guiding principle of any acceptable deal should have been to minimize any influx of cash for the regime until it agrees to constraints on its nuclear, missile, and terror policies compatible with U.S. interests. Understanding this fundamental point, throughout negotiations, Trump pushed back on reports that an emerging agreement would provide significant cash injections to Iran. Yet, these paragraphs grant Iran far greater upfront sanctions relief than the Joint Comprehensive Plan of Action (JCPOA), in return for far less, and promise far more in a follow-on deal.

Paragraph 6 agrees to develop—conditioned on reaching an acceptable final deal on Iran’s nuclear program—a “mutually agreed plan with at least \$300 billion for the reconstruction and economic development of the Islamic Republic of Iran.” Granted, these funds would not necessarily come from American taxpayer dollars, but possibly from regional partners—none of which, however, are party to the MOU and all of which Iran attacked during the war. Notably, reparations for wartime damage have been a primary Iranian demand since the conflict began. In granting this concession, Trump’s deal commits the same key mistake as the Obama administration—assuming that foreign investment in Iran can moderate the regime’s worst behaviors and incentivize greater cooperation. More than perhaps any other, this provision will confirm in the minds of the Islamic Republic’s leadership that it won this war and cowed the United States.

In return for Iran’s commitment to maintain the status quo with respect to its nuclear program pending a final deal, Paragraph 9 commits the United States to not imposing any new sanctions. This suggests that the United States will forego enforcing sanctions by not issuing new designations of Iranian or foreign entities that attempt to violate U.S. sanctions. Such a lack of enforcement could well serve as a green light to those seeking to engage in illicit activity and sanctions-busting schemes with the Islamic Republic, further enhancing the benefits Tehran receives under the MOU.

While the \$300 billion reparations fund in Paragraph 6 is merely promised, Paragraphs 10 and 11 provide Iran with immediate infusions of funding. Without attaching any condition on first negotiating an acceptable nuclear deal, these points grant Iran immediate and upfront financial benefits. “Immediately,” according to Paragraph 10, the “U.S. Department of Treasury will issue waivers for the export of Iranian crude oil.” After initial follow-on discussions in Switzerland, Secretary of the Treasury Scott Bessent [announced](#) the issuance of a 60-day waiver on the production, delivery, and sale of Iranian oil and petrochemicals, including banking waivers allowing Iran to repatriate revenues in U.S. dollars—with no apparent restrictions on how Iran uses those funds. Washington claimed that the waivers were in exchange for

Iran opening Hormuz and inviting International Atomic Energy Agency (IAEA) nuclear inspectors to enter Iran after a year's absence.

This will permit Iran, whose ships will already be the first to exit the Strait of Hormuz, to begin selling its oil on the world market, legally, with no discount. At current prices, that is estimated to be worth up to \$70 billion a year. This provision, as we have [argued](#), runs afoul of provisions in the Iran Nuclear Agreement Review Act (INARA), which prohibit the president from granting Iran any sanctions relief until Congress has reviewed the nuclear agreement. The MOU's waiver provisions also extend to all services connected to Iran's oil sales, including shipping and banking. As confirmed by Bessent's waiver announcement, Iranian revenues for at least 60 days will no longer be locked up in escrow accounts across the world, but will flow back to Iran for use by the Islamic regime as it sees fit.

Similarly, under Paragraph 11, the United States will "make fully available for use the frozen or restricted funds and assets ... upon the implementation of this MOU." When read along with Paragraph 13, it becomes apparent that some significant portion of these frozen funds, which some [estimates](#) put at over \$100 billion, could also become fully available to Iran before the launching of nuclear negotiations. Vice President JD Vance announced after follow-on talks in Switzerland that the U.S. and Qatar would have the authority to ensure an initial tranche of Iranian assets held in Qatar could only be used to benefit the Iranian people, primarily by buying American agricultural products. Even if true, however, providing Iran with these billions of dollars to spend on foodstuffs would obviously free up other regime monies to be spent shoring up the regime's military capabilities and terrorist proxies. It is again worth emphasizing that Iran gets all of this relief, which could be worth between \$100 and \$200 billion in the next year, without first having to give up anything on its nuclear program.

But that is not all. Upon reaching a final deal on its nuclear program, these paragraphs also commit the United States to tearing down, in one fell swoop, the entire framework of U.S. and multilateral sanctions that were painstakingly built up over the years. Paragraph 7 also sets up a long-term process in which the United States will "terminate all types of sanctions ... including the United Nations Security Council resolutions, IAEA Board of Governors resolutions, and all unilateral U.S. sanctions, primary and secondary, in an agreed upon schedule as part of the final deal."

More so than even the JCPOA, this is truly the nuclear option of sanctions relief. Under the 2015 deal, the United States at least agreed to only lift "nuclear" sanctions against Iran, allowing it to maintain, and in the future impose, sanctions for other types of Iranian malign activity, such as terrorism, missile development, or human rights violations. Further, although the JCPOA set a schedule restricting Iran's nuclear program and arms proliferation for the lifting of U.N. sanctions, it also allowed these sanctions to be "snapped back" if Iran violated the deal. This MOU contains no such safeguards. Instead, depending on the provisions of any final deal, it suggests that all the tools and authorities for putting economic pressure on Iran will be wiped away; the international framework that makes Iran's nuclear, missile, and military programs illegal will be dismantled; and there will be no recourse to hold Iran accountable going forward if and when it violates any agreement.

Paragraphs 8, 9, and 12: Iran's Nuclear Program

These are, or at least should be, the most important paragraphs of the MOU as they pertain to the single most important issue that has driven U.S.-Iran policy for a quarter century: preventing a nuclear Iran. Anything that falls short of *all* uranium stocks being *verifiably removed* from Iran, *all underground nuclear-related facilities as well as facilities linked to Iran's weaponization efforts* fully dismantled, and intrusive inspections instituted will put the accomplishment of this objective at peril.

But under the terms of the MOU, none of this appears likely to come to pass. While extracting only minor nuclear concessions, it fails to mention the necessity of dealing with other critical issues, including the dismantling of Iran's most dangerous nuclear facilities, especially those buried deeply underground, a robust inspections and verification regime to monitor Iranian compliance with any deal, and the need for a full and complete accounting of its concerted attempts—past and present—to develop a nuclear weapon.

Paragraph 8 begins with a pledge from Iran that “it shall not procure or develop nuclear weapons.” But Iran made the same promise in joining the Nuclear Nonproliferation Treaty (NPT), in former Supreme Leader Ali Khamenei's supposed fatwa, and in the JCPOA. These pledges are contradicted by extensive IAEA documentation, Israel's 2018 heist of secret Iranian nuclear archives, and assessments from Western intelligence agencies that show incontrovertible proof of Iran's concerted and continual efforts, starting decades ago and accelerating since at least 2023, to develop the capacity to finish a nuclear weapon and miniaturize it for deployment on a missile warhead. Another written declaration from Iran of its peaceful intent, especially one with no teeth, is not worth the paper it is written on.

The rest of Paragraph 8 largely kicks the nuclear issue into the future, establishing only that Iran and the United States will “discuss the issue of enrichment and other mutually agreed matters related to the Islamic Republic of Iran's nuclear needs, based on the statutory framework being agreed upon in the final deal.” However, the MOU here already makes a major concession, stipulating that in any future agreement, “the minimum methodology” for addressing Iran's enriched uranium stockpile will “be down-blending on site under the supervision of the IAEA.” While this leaves open the possibility of agreeing to institute another approach, including moving the entire stockpile outside Iran, the MOU presupposes down-blending as the most likely outcome.

Unlike shipping out its nuclear material, down-blending, which mixes enriched and unenriched uranium to yield a product at a lower enrichment level, will necessarily leave Iran with even larger stockpiles. Iran will get rid of its 60 and perhaps 20 percent highly enriched uranium (HEU), but likely end up with tens of thousands of kilograms of 3.5 percent enriched uranium. If left intact inside Iran, this stockpile will far outstrip the nuclear materials that the JCPOA left Iran with in 2015 and provide it with a significant feedstock if and when it restarts its centrifuges. Given that enriching to 3.5 percent already entails some three-quarters of the work required to move from natural to weapons-grade uranium, allowing Iran to retain a large, diluted stockpile of this material is significantly more dangerous than removing it altogether.

While the MOU at least acknowledges that Iran's enriched uranium stockpiles will have to be addressed, it does not even mention the issue of whether, and how much, Iran might be allowed to enrich going forward. Iran only commits, in Paragraph 9, to “maintain the current status quo of its nuclear program.” While very imprecise and without any verification method, this appears aimed at preventing Iran from trying to move the enriched uranium buried by Midnight Hammer or restarting its declared enrichment program that the 12-Day War effectively halted. Yet, by not prohibiting enrichment outright, despite Iran's serial violations of its NPT safeguards obligations, and by referencing “Iran's needs” in the nuclear realm, the MOU risks undermining the NPT, the most successful global arms control agreement in modern history, as well as the U.N. Security Council resolutions that outlaw Iran's enrichment activities.

Nor does the text of the MOU make specific mention of any enrichment-related sites, let alone the new uninspected facilities at “Pickaxe Mountain,” Isfahan, and possibly elsewhere that were not taken out by U.S.-Israeli military action. Failing to inspect and permanently shutter these facilities, which are believed to be buried too deeply to be neutralized by U.S. bunker busters, would leave Iran with the presumptive capacity to progress toward a bomb without being promptly detected.

Finally, in Paragraph 12, the two sides agree “that an executive mechanism will be established to monitor the successful implementation of this MOU and the future compliance of the final deal.” But that mechanism is nowhere specified. Nor, at a minimum, does this MOU stipulate the need for an IAEA inspections regime commensurate with preventing a nuclear Iran. This deal comes in the wake of serial Iranian violations of its safeguards obligations that accelerated in recent years. This led the IAEA to find Iran formally in breach of the NPT in June 2025 after its chief, Rafael Grossi, warned repeatedly that his agency needs an entirely new, top-to-bottom accounting of Iran’s nuclear infrastructure. To credibly ensure it is not pursuing nuclear weapons, Iran would need to provide a Comprehensive Declaration of its nuclear program, and the IAEA would need to verify its completeness and correctness. This would entail intrusive “anywhere anytime” inspections, backed up by credible threats of force, like those promised by the Obama administration but which never occurred in implementing the JCPOA.