

Iran's nuclear deal facing collapse

Iranian President Hassan Rouhani said on 8 May that Iran would stop complying with parts of the Joint Comprehensive Plan of Action (JCPOA), the agreement on Iran's nuclear activities which was concluded in 2015, while remaining in the deal. The US diverted the already deployed aircraft carrier group *Abraham Lincoln*, which had been training on navigating contested straits, to the Gulf, and deployed a B-52 bomber squadron to the Udeid Airbase in Qatar in response to "escalatory indications and warnings" by Iran. On 12 May, the UAE reported that four oil tankers, one Emirati, one Norwegian and two Saudi, were subject to sabotage attack, in its territorial waters off the coast of Fujairah. The attacks were probably IED attacks using fishing boats to gain access to the targets. On 14 May, the Houthi, which the US and Saudi Arabia describe as an Iranian proxy, claimed a UAV attack against an unspecified strategic target; the Saudis later announced that two Saudi oil pumping stations on the East-West pipeline had been attacked by UAVs, causing damage but not impacting exports.

- **There is no evidence yet in the public domain of Iran's complicity in both attacks, but that is likely to come in due course.** The Houthi are the only non-state armed group based in the Yemen with the capability to launch UAVs deep into Saudi territory. Similarly, there are no non-state groups based in the Persian Gulf with the capability to carry out the type of small boat IED attacks, to which the tankers were likely subjected, leaving Iran as the most likely culprit. Iran has threatened that it would deny its rivals energy exports if it could not sell its own exports, and the actions seen thus far are consistent with its modus operandi. This is especially the case as both attacks were aimed at oil transits that bypass the Strait of Hormuz, showing that Iran's ability to damage oil markets is not limited to the Strait. As at the time of writing, however, neither the Gulf Arab states affected nor the US have officially accused Iran of responsibility.
- **President Trump will face pressure to apply his administration's "red lines"**. Over the past few weeks, US officials have repeatedly warned Iran against harming US interests, stating that the US would retaliate, but these threats and the recent deployment have altered Iran's stance in the face of what it regards as US escalation. If the US finds conclusively that Iran was responsible, President Trump would be under pressure to retaliate, probably supported by Western and Gulf allies. Should the US respond, Iran would face a binary choice: either accept a response in kind by the US and/or its allies and defer any Iranian retaliation, or escalate into what the Islamic Republic must recognise would risk a full-scale war which would put the theocracy's survival at risk. US/allied military response options likely include seizing Iranian tankers in compensation for the damaged vessels, cruise missile strikes on identified IRGC bases or an air campaign aimed at degrading Iran's naval capabilities across the Gulf. The risk of further escalation by Iran in the event of any of these military options being taken would be severe. Trump's alternative to a military response would likely involve the US pressuring the EU and China to impose additional sanctions on Iran.
- **Rouhani's statements indicate that Iran is likely to violate the JCPOA without leaving it.** The JCPOA was intended to extend the timeline that Iran would need to acquire a nuclear weapon from a few months to one year. Iran is unlikely to expel International Atomic Energy Agency (IAEA) inspectors or leave the deal

and 'break out' with an accelerated rush to acquire a nuclear weapon. Rouhani's statements indicated that Iran was violating some terms of the agreement, with which it was anyway unable to comply, due to renewed US sanctions. Limits on Iranian enrichment of uranium would be lifted in 60 days, he said, if the EU did not alleviate the impact of US restrictions in the areas of banking and hydrocarbons exports. The EU has expressly rejected this ultimatum. The IRGC most likely found Rouhani's statements and the EU's response unsatisfactory, and likely escalated through these asymmetric attacks on energy infrastructure. The reduced cooperation and asymmetric attacks are likely to bring about additional sanctions from the European Union, rather than sanctions relief as Iran intended.

- **Iran's actions increase the likelihood of the collapse of the JCPOA.** By threatening the JCPOA and, almost certainly, engaging in sabotage against international energy shipping, Iran is engaged in a high-risk strategy. If Iran takes steps to accelerate acquisition of a nuclear weapon, this would raise the likelihood of EU countries imposing sanctions on Iran, as well of US and/or Israeli military action. An Iranian nuclear scientist estimated that Iran would need two to four months to bring its nuclear programme back to the pre-2015 agreement level.

Indicators of changing risk environment

Increasing risk of US-Iran war

- The US officially releases, as opposed to leaks, intelligence evidence attributing responsibility for the 12 May sabotage to Iran.
- The US, Kuwait or Poland, which all have seats on the UN Security Council, ask for a resolution condemning Iran's sabotage of international shipping
- UAE and Saudi officials present evidence blaming Iran for the sabotage
- Iran acquires more than 100 kg of uranium enriched to 20%.
- Iran increases the stockpile of 3.67% enriched uranium from the JCPOA-permitted 300 kg to thousands of kilograms.
- Iran increases the number of older centrifuges to above 15,000 or installs modern centrifuges.
- The US deploys at least a second, if not a third aircraft carrier group.
- The US or Israel claims that Iran is months to weeks away from acquiring a nuclear weapon.
- The US says that Iran-backed groups conducted attacks that inflicted casualties on US troops.
- The EU reintroduces sanctions against Iran.
- Iran expels IAEA inspectors.
- Iran announces its withdrawal from the JCPOA.

Decreasing risk of US-Iran war

- A third party is blamed for the 12 May sabotage, or no credible attribution of responsibility is made
- Iran continues to allow IAEA inspections.
- Iran increases the stockpile of 3.67% enriched uranium, but keeps it below 1,000 kg.
- Iran increases the number of older centrifuges, but keeps the number below 10-12,000.
- Iran produces a greater number of modern centrifuges, but refrains from making them operational.