



PERSPECTIVES

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Shaping Eurasia's Future: Unintended Consequences of Abrogating Iran's Nuclear Deal

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EXECUTIVE SUMMARY: US President Donald J. Trump's targeting of the two-year-old agreement curtailing Iran's ability to produce nuclear weapons could not only spark a nuclear arms race in the Middle East, but also tilt European-Chinese competition for domination of Eurasia's future energy infrastructure in China's favor.

As President Trump keeps the world in [suspense](#) by declining to disclose how he intends to correct the nuclear deal he calls an embarrassment, Iranian leaders are betting against the odds that European signatories of the agreement will persuade him to stop short of pulling out and avoid steps that would effectively undermine the accord.

In doing so, Iranian President Hassan Rouhani is relying on common interests with Europe: a desire to keep the deal in place, prevent Iranian hardliners from getting the upper hand in Iran's power struggles, avoid a nuclear arms race, and ensure a European role in shaping the future architecture of Eurasian energy.

However, if Trump's record is anything to go by, he is unlikely to heed European calls to keep the nuclear deal in place, just as he ignored pressure from Europe and others not to pull out of the Paris climate accord.

A more likely scenario is that Trump will refuse to certify Iranian compliance with the deal by October 15, a quarterly requirement mandated by Congress. That would open the door to a re-imposition by Congress of secondary sanctions that were lifted as part of the nuclear deal.

Renewed secondary sanctions would put Europe in an impossible position. They would not only put European companies and banks at risk of running afoul of US law if they continue to do business with Tehran, but also unleash consequences that could significantly increase tensions in the Middle East and ripple across Eurasia.

De facto European compliance would significantly weaken the agreement's value to Iran; boost pro-Chinese Iranian hardliners opposed to the deal and eager to free Tehran from restrictions on its nuclear program; risk a nuclear arms race in an environment in which the US is losing out in the Middle East's quest for nuclear energy, which contains tacit building blocks for programs to develop nuclear weapons; and potentially tilt Iran towards China in determining the flow of its natural gas – a key factor in the quest to shape the future architecture of Eurasian energy.

“If the United States leaves the treaty and Europe follows, then this deal will certainly collapse and Iran will go back to what it was before and, technically speaking, to a much higher level,” said [Ali Akbar Salehi](#), the head of Iran's Atomic Energy Organization.

The US may be unprepared for the fallout of Tehran's pursuing an unfettered nuclear program, beyond its ability to tighten the economic screws, wield military power, and support efforts to destabilize Iran in a bid to achieve regime change.

[A group of former senior US government and military officials](#) recently warned that the US, absent a strategy to promote the peaceful use of nuclear energy, was lagging behind China and Russia in helping Middle Eastern states develop programs of their own. The officials cautioned that President Trump's failure to articulate a policy undermined “Washington's ability to shape the highest standards of non-proliferation safeguards, safety, and security.”

Noting that “the Middle East is in the process of going nuclear,” the officials went on to say that “the big question is whether the nuclearization of the region will be dominated by Russia and China, or by the host countries in partnership with the US and its allies under a proven program that ensures absolute safety, security and standardization throughout the nuclear fuel cycle.”

Most Middle Eastern states are signatories to the Non-Proliferation Treaty (NPT). They have disavowed the pursuit of nuclear weapons and called for a nuclear-free zone in the region in a two-pronged bid: first, to force Israel to declare its nuclear weapons and join the NPT; and second, to avert a nuclear arms race with Iran.

With that said, Saudi cooperation with Pakistan, a nuclear power, has long prompted speculation about the kingdom's nuclear ambitions. Pakistan's

former ambassador to the US, Hussein Haqqani, asserted that Riyadh's close ties to the Pakistani military and intelligence during the anti-Soviet jihad in Afghanistan in the 1980s gave the kingdom arms' length access to his country's nuclear capabilities.

The [Washington-based Institute for Science and International Security \(ISIS\)](#) said earlier this year that it had uncovered evidence that future Pakistani "assistance would not involve Pakistan supplying Saudi Arabia with a full nuclear weapon or weapons; however, Pakistan may assist in other important ways, such as supplying sensitive equipment, materials, and know-how used in enrichment or reprocessing."

The report said it was unclear whether "Pakistan and Saudi Arabia may be cooperating on sensitive nuclear technologies in Pakistan. In an extreme case, Saudi Arabia may be financing, or will finance, an unsafeguarded uranium enrichment facility in Pakistan for later use, either in a civil or military program."

The institute predicted that rather than embark on a covert program, Saudi Arabia would focus for now on building up its civilian nuclear infrastructure as well as a robust nuclear engineering and scientific workforce.

This would allow the kingdom to take command of all aspects of the nuclear fuel cycle at some point in the future. That process could accelerate if US actions undermine the nuclear agreement with Iran.

Riyadh has in recent years significantly expanded graduate programs at its five nuclear research centers as part of a \$100 billion program to build 16 nuclear reactors by 2030.

Saudi King Salman earlier this year signed an agreement with China on [cooperation on nuclear energy](#). The agreement is for a feasibility study for the construction of high-temperature gas-cooled (HTGR) nuclear power plants in the kingdom as well as cooperation in intellectual property and the development of a domestic industrial supply chain for HTGRs built in Saudi Arabia.

The agreement was [one of a number of nuclear-related understandings](#) concluded with Beijing in recent years. Riyadh has signed similar agreements with France, the US, Pakistan, Russia, South Korea, and Argentina.

Lurking in the background of the battle for the future of the Iranian nuclear agreement is an unrelated but no less important issue: the future of Eurasia's energy architecture. US efforts to undermine the deal and de facto European compliance with US sanctions could push Tehran to favor Beijing rather than Europe in allocating its estimated surplus over the next five years of 24.6 billion cubic meters of natural gas. Iran boasts the world's second-largest natural gas reserves and its fourth-largest oil reserves.

As this is “not enough to supply all major markets, Tehran will face a crucial geopolitical choice for the destination of its piped exports,” according to [energy scholar Michael Tanchum](#). “Iran will be able to export piped gas to two of the following three markets: European Union (EU)/ Turkey via the Southern Gas Corridor centering on the Trans-Anatolian Natural Gas Pipeline (TANAP), India via an Iran-Oman-India pipeline, or China via either Turkmenistan or Pakistan. The degree to which the system of energy relationships in Eurasia will be more oriented toward the European Union or China will depend on the extent to which each secures Caspian piped gas exports through pipeline infrastructure directed to its respective markets.”

The lifting of international sanctions as part of the nuclear agreement gave Iran a vested interest in deploying its energy wealth in ways that would allow it to balance its relations with China and Europe. A Europe incapable of developing economic ties with the Islamic Republic, including the expansion of pipeline infrastructure, could undermine Iran’s calculus to China’s benefit.

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