

## **Iran Nuclear Deal: Implications for Regional Security**

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### **Abstract**

*Iran Nuclear Deal is a momentous diplomatic effort by Iran and the P-5+1 States to resolve the Iranian Nuclear controversy since 2002. The Deal is considered as a 'win win' situation for both the sides, affirming that diplomacy is still the best chance to resolve the contentious issues. However, the Deal has far reaching implications for the regional security; it would give boost to Iranian economy, end its isolation and enhance its strategic clout in the region, raising the concerns of Saudi Arabia and Israel and may lead to proliferation chain reaction by some Arab states. Importantly, the Deal envisages multi-billion dollar investment opportunities in the Iranian economy. Pakistan being the next door neighbor of Iran and itself looking for economic revival can proactively use this opportunity to boost its regional economic connectivity.*

**Key Words:** Iran Nuclear Deal, Regional Security, Diplomacy, Economic Connectivity

Iranian nuclear controversy is the dynamics of capability versus intentions. Despite Iranian claims, its pursuit of nuclear technology is viewed as threat to regional peace and security. For the last one decade, IAEA inspectors, policy makers, diplomatic and technical experts have been trying to halt Iran from acquiring nuclear weapons. In this regard, several stakeholders pressurized the Obama Administration about the impending dangers seeking rapprochement with Iran. Both Israel and Saudi Arabia consider Iran 'not trust-worthy' partner to enter into any bilateral or multilateral agreement, based on the mutual mistrust and baggage of past conflicts. Despite political pressures from its Middle Eastern allies, President Barak Obama with President Hassan Rouhani, showing political maturity kept faith in the negotiation process to find solution to the world's most serious nuclear crises. Tehran's crippling economy and dearth of resources with high inflation rate compelled Iran to break the deadlock and ease country's international isolation. The nuclear agreement signed between Iran and the P5+1 States shocked many policy makers who opposed the deal at first. However, fine reading to the nuclear agreement reveals that it would be absolutely impossible for Iran to pursue its clandestine nuclear activities or make any attempt to cheat the world powers in the next 10-15 years. Therefore, this study attempts to highlight the contours of Iran nuclear deal and elucidates the possible implications on the regional security.

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## **Theoretical Context**

Diplomacy is a key instrument of policy in international relations and is known as 'art of negotiations.' Many interstate conflicts reaching a point of 'mutually hurting stalemate' observe settling down on areas of common interest between them. Usually, it is a near win-win situation for both conflicting parties slightly falling in favor of relatively stronger/powerful state. Certainly, diplomacy does not resolve the conflict as per the wishes; however, it brings both parties to a feasible compromise. Thus, diplomacy in international relations is a complex phenomenon as it involves 'states' as entity where national interests remain permanent and decision makers can-not risk their political careers and annoy public opinion by making a risky choice. In such an environment, diplomacy becomes a tedious task as it overcomes several impediments at domestic level before entering into agreement with the adversarial state.

Coercive diplomacy is generally practiced among relatively unequal rivals where stakes of both states are at greater risk. Therefore, diplomacy as a tool is used in the form of threats, sanctions (military and non-military), limited use of military option to seek negotiation between parties to the conflict. It is pertinent to mention that coercive diplomacy is mistakenly used interchangeably with 'compellence' or 'dissuasion' which are different in their scope and entirety(Angerer, 2006). The concept of coercive diplomacy consists of three core elements: 1) a demand, 2) a threat and 3) time pressure(Sauer, January 2007). Demand in coercive diplomacy is the ultimate goal aiming to either stop the continuation of existing behavior/policy or reverse the action of the other negotiating party. Threat is meant to achieve the desired goal; coincidentally, demand is always supported by the magnitude of threat imposed or being communicated. Lastly, diplomacy awaits the 'ripe moment' and is closely linked with the time factor. Generally, time mounts pressure on the other state under the looming tension of 'threat' likely to be materialized. Therefore, deadlines followed by more stringent action i.e. economic, political sanctions, oil embargoes, naval quarantine and limited military strikes at the outskirts etc. are common strategies to employ coercive diplomacy(Sauer, January 2007).

The Iranian Nuclear Agreement signed between Iran and P5+1 (US, UK, France, China, Russia and Germany) on July 14, 2015 represents the success of coercive diplomacy. Since the beginning of Iranian nuclear crisis, the US and its key allies around the world extrapolated 'alleged' Iranian ambitions to acquire nuclear weapons and demanded to cease and forego its weapons path. On the contrary, Iran held these claims as mere allegations and continued to develop capabilities (underground undeclared infrastructure,

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advance centrifuges and constructing heavy water reactor at Arak) to complete its fuel cycle. Threat was communicated through sanctions and options under consideration for limited military strikes.

Interestingly, in 2007, the US National Intelligence Estimate in a report stated that Iran had halted its weapons program in 2003. Before that IAEA and Iran could mutually work ahead to discuss the modalities for resolving the 'outstanding issues' between them, new evidence allegedly disclosed the information on secret nuclear program of Iran. Thus, in 2008, the UN Security Council Resolution 1803 further tightened economic sanctions on Iran("The UNSC resolution 1803," March 3, 2008). No doubt, sanctions worked successfully in halting progress of Iranian nuclear program but remained unable to bring Iran on the negotiating table. It was not until the 'ripe moment' came where Iranian economy badly suffered from the effects of sanctions and plummeting oil prices(Maloney, 2010). The newly elected Iranian President Hassan Rouhani vowed to revive the crippling economy and stabilize internal/domestic issues. The time lapsed over the years mounted pressure on the Iranian decision makers who resisted living under the sanctions. Thus, the best deal was consolidated where Iranians despite paying huge price successfully secured their nuclear program instead of being forced to roll back and would continue to pursue peaceful use of nuclear energy.

While the coercive diplomacy explained the interrelationship between parties in stalemate and the resolution of conflict by reaching a compromise through negotiations; Regional Security Complex Theory (RSCT) by Barry Buzan elucidates the national interests within the regional dynamics of power and security. Buzan defines 'complexes' as cluster of states motivated by the durable patterns of 'amity' and 'enmity'(Buzan & Waever, 2003). Thus, with these levels of analyses i.e. state, region and international; states' security is more interdependent at the regional level. Patterns of rivalry, alliances and balance of power operating against each other develop a security matrix where states mutual interests are interlocked with each other. When security stakes among the rivals reach at an optimum level, the 'ripe moment' offers common grounds for negotiations.

In this regard, the 'region' is Middle East carrying various 'complexes' guided by varying patterns of 'amity and enmity' i.e. Israel versus Iran, Iran-Saudi Arabia tensions, Israel-Saudi Arabia alliance, Iraq-Iran enmity, Iran-Syria alliance. Looking at Iranian nuclear crisis from the theoretical lens of RSCT, explains that intense regional politics, that not only complicated the crisis but added hyper-tunes to it, shared by different stakeholders of the region. The continuous resistance by Israel and Saudi Arabia against the Iranian nuclear deal while calling it 'a historic mistake' affirms the fact, that security as

interdependent feature compelled the US and its western allies to support the coercive diplomacy route instead of military option.

### **The Nuclear Controversy**

In mid 1980s the Iranian nuclear program was rekindled after the Iraq-Iran war as it remained dormant since 1979. The resolve to pursue the nuclear program was strengthened on seeing “Saddam Hussein was abetted by great powers with sophisticated weapons and (courtesy of the United States) crucial intelligence to locate Iranian military targets. Moreover, the drain of war had pushed the country into a severe energy crisis, evidenced by frequent blackouts”(Vaez & Sadjadpour, April 2, 2013). In 1984, President Ali Khamenei under the consent of Supreme Leader, Ayatollah Khomeini, resurrected the country’s nuclear program. Despite facing several hiccups, the national and political resolve consolidated when \$800 million were allocated to the national budget(Vaez & Sadjadpour, April 2, 2013).

On January 29, 2002 Iranian nuclear crisis came in the limelight when the US President George Bush in his State of the Union Address declared Iran as part of the ‘Axis of Evil’ along with North Korea and Iraq(Heradstveit & Bonham, 2007). These states were considered to pose a grave threat to the world peace aiming to get Weapons of Mass Destruction (WMD). In the aftermath of 9/11 attacks and in on-going ‘War on Terror’ the US and its allies believed that the authoritarian regimes in these states are pursuing WMDs to target the US homeland. The famous speech of President Bush estranged the bilateral relations between the two countries. Prior to this speech, Iran and the US were moving towards collaborative approach. Both shared one strategic interest to stabilize the regional politics by overthrowing and crushing the Taliban regime in Afghanistan.

Iran’s ideological and political clash with Taliban, Bin Laden and Al-Qaeda resulted in severe condemnation of 9/11 attacks. This presented Iran’s image as a reformist modern state than extremist ideologues. Interestingly, the ‘axis of evil’ speech triggered the *Pahlavist* (the Iranian political opposition abroad) and benefitted them to exploit the sentiments of the masses and use it for political advantage. It consolidated national unity among the masses and largely benefitted the reformers and conservatives who readily believed and propagated that the US intends to rejuvenate the western/secular trends in Iran. Consequently, the on-going dialogue process with the US aiming to normalize bilateral relations was suspended after the Bush speech and Iranian faction supporting to revive relations with the US lost all grounds. Importantly, in 2002 the Iranian opposition political group, the National Council of Resistance, revealed the sensitive information regarding undeclared facility at

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Natanz which erupted into a nuclear crisis(Heradstveit & Bonham, 2007). Between 2003-2005, the EU-3; Germany, France and Great Britain, initiated the diplomatic channels to solve the crisis but in vain. In 2005 elections, when Ahmadinejad resumed the office of Iranian President, the process of negotiations became a far cry and Iran showed its resolve to enrich more uranium by breaking the seals of IAEA on its nuclear installations.

The controversy dominated the nonproliferation debate since 2003, and raised serious concerns over the country's suspicious intentions to obtain full fuel cycle and invest serious efforts in front-end of fuel cycle; including uranium mining, conversion, enrichment and fuel-fabrication plants. Although, economic and political sanctions and military threats hampered Iran's progress in its nuclear program but to the US and its likeminded allies (including Israel and the Arab States) the prospects of a nuclear Iran were considered as 'existential threat'(Heradstveit & Bonham, 2007). However, Iran consistently denied the allegations for pursuing weapons program; instead, it insisted that all its technological advancement is aimed to secure its 'inalienable right' of peaceful uses of nuclear energy.

### **The Negotiation Process**

The process of multilateral negotiations on Iranian nuclear program started in 2003 after the IAEA confirmed its suspicion on clandestine nuclear activity at Natanz. To overcome the international concerns about its enrichment and heavy water reactor activities, Iran entered into agreement with France, Germany and United Kingdom in October 2003, and signed Additional Protocol of IAEA safeguards(Katzman & Kerr, July 30, 2015). In January 2006, Tehran declared its intentions of resuming research and development on centrifuges at Natanz. Since 2006, several rounds of talks were held between Iran and the P5+1 States (US, UK, France, China, Russia and Germany; also termed as EU3+3) but failed to reach common grounds. In the meantime, the UN Security Council adopted several resolutions reiterating Iran to cooperate with the IAEA investigations requiring her to suspend uranium enrichment and expansion in projects related to the construction of heavy water reactors and to ratify Additional Protocol of IAEA safeguards agreement. In June 2010, the UNSC Resolution 1929 was passed to invoke Iran to comply with modified version 'code 3.1' referring to Iran's supplementary arrangement of safeguards agreement with the IAEA. Due to insufficient cooperation received from Iran, many of these resolutions resulted in the imposition of sanctions(Katzman & Kerr, July 30, 2015).While the controversy on Iranian nuclear program continued to exist, the negotiation process significantly changed after November 2013 when an interim agreement was reached to be known as the Joint Plan of Action (JPA).

In the backdrop of mutual trust with overstretched and stalled process of dialogue, many policy makers were skeptical about the positive outcome of further talks. The change in the political leadership in Iran as a result of 2013 elections (bringing President Hassan Rouhani into office) brought considerable change in the on-going negotiation process. Rouhani's political mission was to unleash Iran from the firm hold of sanctions and focus on reviving country's economy. The US President Barak Obama's phone-call to President Rouhani in September 2013 was a watershed to commence direct negotiations between the two sides. The Joint Plan of Action (JPA) offered a middle ground for both Iran and the P5+1 States aiming to conclude a reasonable solution where Iran would pursue nuclear program for exclusively peaceful purposes but at the same time all necessary measures will be taken to ensure that under no circumstances Iran will be able to develop the nuclear weapon.

### **The Interim Deal/Joint Comprehensive Plan of Action (JCPOA)**

The P5+1 States, European Union and Iran after series of discussions constituted a framework of parameters in Lausanne, Switzerland encapsulating the technical assessment to prevent Iran from acquiring the bomb while at the same time, giving her the right to retain its nuclear fuel cycle infrastructure. The elements laid out eventually became part of the final text of Joint Comprehensive Plan of Action (JCPOA), which came into force on January 20, 2014. The JCPOA consisted of five core elements to limit Iran's potential nuclear ambitions. These included; enrichment, inspections and transparency, reactors and reprocessing, sanctions and phasing.

- a) **Enrichment:** To curb down the Uranium route, Iran agreed to limit its Uranium enrichment and enrichment related activities in research and development (R&D), initially for eight years and then for further extension depending the commitment and evolution of activities for exclusively peaceful uses. For ten years, Iran will cut down its centrifuges at Natanz facility to a number of 5060, confining only to IR-1 centrifuge type (first generation centrifuge). The excessive centrifuges and enrichment related infrastructure will be under the IAEA monitoring. Moreover, Iran agreed not to enrich Ur beyond 3.67% for the next fifteen years. Also, the existing stockpiles of low enriched uranium (LEU) will be reduced from 10,000kg to 300kg of 3.67% (for 15years). No new enrichment facility will be built in next fifteen years. The 'breakout time' for Iran is approximately two-three months at the moment which is extended to one year and this bar will continue to exist for the next ten years("Parameters for a joint comprehensive plan of action regarding the Islamic republic of Iran's nuclear program," April

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2, 2015). Iran will neither enrich uranium nor have any fissile material at Fordow facility for the next fifteen years rather it will convert this facility to be used exclusively for peaceful purposes with no scope to conduct research and development.

- b) Inspections and Transparency:** Regular inspection visits will be conducted by the IAEA experts and they will have access to all enrichment facilities at Natanz and Fordow, and to the supply chain of Iran's nuclear program to closely monitor the amount of materials and components, if diversion occurs. For twenty years, Iran's centrifuge manufacturing and storage site will be under continuous observation and surveillance. To facilitate transparency and remove all suspicions, Iran also agreed to implement the additional protocols of IAEA which will give the inspectors greater access to its sensitive facilities.
- c) Reactor and Reprocessing:** Iran will re-design and rebuild its heavy water research reactor at Arak as per the designed mutually agreed upon by the P5+1 States, which will only support Iran to pursue its quest for peaceful purposes. The original core of the reactor enabling Iran to develop weapons grade plutonium will be destroyed thus limiting the utility of the reactor for peaceful nuclear research and isotope production. All the spent fuel will be shipped out of the country during the lifetime of the reactor. Similarly, excessive quantities of heavy water will not be allowed to be stored by Iran, instead it will sell it to the international market. No new heavy water reactor will be allowed to build on the Iranian soil for the next fifteen years.
- d) Sanctions:** All nuclear related sanctions imposed by the US and EU, and all UNSC resolutions passed in the past involving Iranian nuclear controversy will be lifted; provided Iran abides by its commitments verified by the IAEA. In case of non-conformity shown by Iran as per the text of Joint Comprehensive Plan of Action (JCPOA), the sanctions will be re-imposed.
- e) Phasing:** Iran will be bound by short term commitment of ten years to limit its enrichment facility and centrifuge capacity. For the next fifteen years, no new enrichment facility or heavy water reactor will be built on Iranian territory with no scope of expansion in its existing nuclear fuel cycle infrastructure. All nuclear-related and dual-use (sensitive) facilities and materials will be under the strict inspections and transparency measures ensured by IAEA.

### **The Nuclear Deal**

The Nuclear Accord after a decade long diplomatic strife concluded on July 14, 2015. Apart from freezing further progress on Iranian nuclear program ever possible in history, the deal ensured all possible measures to punish

through military and nonmilitary means, should transparency and surveillance fail to monitor Iran's quest on weapon path. Apart from putting an end to dangerous crisis of its times and flags to diplomatic success, "this deal is not just the best choice among alternatives, this is the strongest non-proliferation agreement ever negotiated"("Remarks by the President on the Iran Nuclear Deal," August 5, 2015). Reaching a comprehensive deal with Iran was a tough decision by the negotiators from both sides. According to John Kerry, the US Secretary of State, "from the very beginning of this process, we have considered not only our own security concerns but also the...legitimate anxieties of our friends and our allies in the region-especially Israel and the Gulf States"(Norman & Solomon, July 14, 2015). Obama Administration vowed to avoid another war in the region and disbanded all imprudent voices supporting the coercive measures including use of military option.

The Nuclear Deal comprises of two parts; first, the physical restrictions on Iran which can thus limit all possibilities to produce enough fissile material stockpiles (either through Pu reprocessing or HEU route) at its declared facilities. Second, is the covert aspect that after ten to fifteen years, if Iran pursues its program for weapons purposes and cheats the agreement. This certainly involves the production of fissile material at the undeclared facilities. Given the current provisions enshrined in the JCPOA, any covert activity detected reflecting Iranian attempt to cheat or divert its program from peaceful to weapons program will invite snapping back of sanctions with immediate effect.

Moreover, the stringent verification and transparency mechanisms will make it difficult for Iran to conceal its nuclear activities. As per the JCPOA, all enrichment would be done at Natanz facility for fifteen years. It is unlikely if any such concealment is done by Iran during this timeframe as Natanz would be under strict IAEA surveillance and would immediately invite military response(Samore, 2015). Apart from the IAEA Additional Protocol adherence by Iran, some experts did believe that 'AP Plus' agreement would be needed to ensure confidence in the peaceful pursuit of the Iranian nuclear program. It is also pertinent to mention many states in the past like Iraq, Libya, North Korea, Syria, Romania and Iran itself have been found in illegal nuclear activities commonly termed as 'sneak out' considered to be IAEA's weak point to detect timely. Therefore, an 'AP-Plus' agreement cannot give comprehensive and round the clock surveillance, and access to monitor every Iranian infrastructure/facility and material and detect timely any illicit activity(Samore, 2015).

The agreement not only cuts down the amount of the centrifuges installed at Fordow and Natanz by two-third (19,500 to 5060), but also limits the efficiency



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of its enrichment program by confining to use IR-1 type centrifuges. The current low-enriched uranium stockpiles of Iran are around 7.6 tones (up to 3.76% in the form of UF<sub>6</sub> and the remaining in the form of oxide). “None of Iran’s near 20% enriched uranium remains in the form of UF<sub>6</sub>, but it retains about 230 kilograms of near 20% enriched uranium oxide”(Samore, 2015). Therefore, agreement intends to cap Iranian enrichment program by limiting all centrifuge activity at Natanz (at 5000 approximate centrifuges) and not at Fordow facility. In this regard, Iran would not be able to ‘break out’ in less than one year. Moreover, the reactor at Arak would be replaced and redesigned so as to prevent Iran from producing enough weapons grade fissile material. Even though the critics argue the deal should have excised measures to roll back the Iranian nuclear program, the stringent measures as mentioned in the JCPOA will prevent Tehran from making concealed arrangements. In due course of time, some sanctions would be lifted till the time it assures the IAEA about Iran’s peaceful nuclear energy quest. In addition to this, by adhering to AP verification regime, “Iran would be in full compliance with the agreement”(Tertrias, 2015).

Therefore, despite many detractors of the Deal, it has shown that diplomacy is still the best option to resolve the contentious issues and avoid conflict, and restrict Iran to produce nuclear weapons for the next 10-15 years. As the US scientists and Nobel Laureates have praised the Iran Deal, terming it ‘stringent and innovative’(Broad, August 8, 2015).

### **Implications on Regional Security**

Iran Nuclear Deal marks a sudden change in a number of factors, not just on the international scale but importantly, it casts a great shadow of alterations in the regional power dynamics. Middle East is a volatile region and vulnerable to internal and external influences; the deal has caused mixed reaction. There is alarm, shock and anger, for some it is a matter of contentment and in a manner of speaking, a vibe of supremacy. But one thing is for sure, the visible marks of the great many implications it brings with, this deal is surely going to reshape some of the interactions between states inside the region as well as policies among them, which will ultimately develop into new realities for the region. Perhaps these will then bring some changes to how the international order looks upon Middle East and Iran.

Former Iranian President, Hashmi Rafsanjani, welcomed the Nuclear Deal stating that ‘America wants to distance itself from the past...the US so far has acted fairly well up till now in the nuclear negotiations’(Faghihi, August 6, 2015). Iranian Foreign Minister, Mohammad JavadZarif even went further to offer nuclear cooperation to the Arab States suggesting to create a regional

platform to discuss regional security issue and to resolve them peacefully. He stated that 'regional platform would not only address Syria and Yemen but civil nuclear cooperation including central nuclear enrichment to general nuclear fuel, which could be done through technical collaboration between the Islamic countries of the region(Zarif, August 5, 2015). But Israeli Prime Minister, Benjamin Netanyahu, denounced the deal as 'historic mistake' which makes the region and world at large more dangerous(Entous, July 21, 2015). Saudi King Salman raised concerns over the verification and lifting of sanctions(Tait & Foster, July 22, 2015). The US Secretary of State, John Kerry did try to assuage the fears of Arab States in lieu of strict compliance and verifications("Kerry seeks to assure Gulf allies over Iran nuclear deal," August 3, 2015).

Therefore, the implications are not just insinuations for the diplomatic front but also for the strategic, geopolitical as well as economic factors. Yet it cannot be pre-determined that how much some of the states will be effected in this scenario, because there are factors involved which can make diplomatic relations as well as break them apart. But almost all the Middle Eastern states will be in a way influenced because most of the states have a pattern of interactions with each other. Especially with those states which are considered to wield power in most of the Middle Eastern dynamics, like Israel, Iran and Saudi Arabia. There is no doubt that it was an exceptional deal forged between uncommon parties and it will bring some unusual end results.

### **Boost to Iranian Economy**

The stringent sanctions levied upon Iran since 2006, adversely affected its weak economic base. The inflation rate rose up to 40% including the price of major food items and essentials, causing unemployment to 10.3%. From 2009-2013, around 300,000 youth with post-graduate education left the country mounting to 25% of the highest 'brain drain' ever recorded(Bremmer, July 16, 2015). Lifting off the sanctions and investment by other countries in Iran will create better employment opportunities for talented young professionals at home and abroad to return to their home country.

Some scholars share concern that the Iranian Revolutionary Guards Council (IRGC), will try to seek political influence in domestic affairs. They argue that it may attempt to use its leverage both within as well as outside with other states, either overtly or covertly("Iranian nuclear deal set to make hardline revolutionary guards rich," July 13, 2015). While looking at Iran's domestic politics with Rouhani as Iranian President, it is presumed that Iran will play subtly and keep the locus of its foreign policy on economic surge. Rouhani's political lineage reflects him as trade-oriented leader who would promote

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regional integration through trade and economic interaction. Moreover, Iran had been struggling to fight sanctions and reach out to the international market. The deal turned out to be a gateway for ultimate exposure to the world. It can only be possible if Iran pursues the policy of 'bilateralism' with all countries in and outside the region and absolve itself from complex interplay of security matrix. It appears from Rouhani's political posturing that Iran under his patronage would follow path of economic prosperity and wait for ripe moment to re-assert its political influence in the region. This midway would be a choice by the conservatives who would neither want to become part of the US influence and at the same-time satisfies the reformist faction who had been eager to see Iran treading the path of modernity.

The years' long international isolation resulted in the loss of oil revenues to Iran and consequently devalued its currency against the US dollar by two-third since the imposition of strict sanctions in 2011. The removal of sanctions will improve Iran's GDP by additional 2% to more than 5% growth in a year time. It is also expected after eighteen months, following the same trend, the GDP growth will increase by 8%. As it known that Iran has second largest crude oil reserves in the world estimated to be 157.8 billion barrels. Under sanctions Iran produced 2.8 million barrels per day; however, according to International Energy Association, in case of sanctions uplift Iran would be able to expedite its additional production from 600,000 to 800,000 barrels per day given the anticipated increase in demand(Bremmer, July 16, 2015). This would lower the oil prices worldwide by \$5-\$15 per barrel for the fiscal year 2016. The return of Iran into the oil markets will upset Saudi Arabia the most, who will lose a great share in the market in the presence of two other competitors i.e. Iran and Iraq both in production and export. Apart from securing international oil companies, Iran would be able to seek billions of investment in energy sector with western firms to upgrade its existing worn out energy department.

Increased economic cooperation is to be observed between European Union and Iran in next few years as the EU will emerge a key trading partner with Iran. Countries like France, Germany Austria and Spain have recently signed several agreements, as Iranian economy is likely to get investment of around \$185 billion(Kern, August 13, 2015). "For the first time in many years, an army of Iranian government officials descended on a business conference in the Austrian capital in a bid to attract foreign investors to Iran after the lifting of sanctions"(Paivar, July 27, 2015). Moreover, the US corporate sector also intends to invest in Iranian automobile, aviation, energy, telecom and technical industries(Peterson, July 24, 2015). For Iranian business community, "the resulting boom could create tens of billions of dollars' worth of business for both local and foreign companies and shift the economic balance in the Gulf, which has so far been heavily weighted towards the rich Gulf Arab oil

exporting countries" ("Billions up for grabs if nuclear deal opens Iran economy," April 4, 2015). After the deal, foreign banks would likely to invest in Iran. France, China and Russia are seen as potential investors to benefit from Iran's return into global market.

### **Proliferation Chain-Reaction**

The Nuclear Deal has triggered security concerns of several regional rivals among the Middle Eastern states in general and the GCC countries in particular. Middle Eastern regional politics presents a complex labyrinth of power tussling. The region is known for three different case studies i.e. Iraq, Libya and Iran; each distinct from one another in clandestine efforts to develop/procure nuclear technology. Brining Iran back into the mainstream of global politics has perturbed the key stakeholders most importantly, Israel and Saudi Arabia. The critics of the deal foresee a New Nuclear Order emerging in the region, as a consequence to 'Domino's Effect' which will reinforce the insecurities among some states provoking them to seek hedging capability (Savir, August 16, 2015). Interestingly, many of the Middle Eastern states are oil-producing countries and they are eager to share resources in enhancing the defense capabilities. In recent past, several Arab states have embarked on the nuclear path; notably Egypt, KSA, Kuwait, and UAE. These states have already signed multi-billion nuclear agreements with several European States and the US (Calderwood, 11 February 2007). The leadership of Saudi Arabia has even indicated that KSA can have nuclear weapons of its own (Trofimov, May 7, 2015).

It is pertinent to mention that excluding Israel, all of the major regional actors (Saudi Arabia, Egypt and GCC states) are signatories of NPT. Therefore, despite strong desires to seek nuclear technology, the Non-Proliferation Regime bars them to follow suit. However, to overcome the trend of technology transfer at the state-level, the NPT regime and P-5 states will have to reinforce stringent measures to politically convince and persuade Israel in declaring the region as 'Nuclear Weapons Free Zone.' Since past several NPT Review Conferences all efforts to create NWFZ in Middle East have been sabotaged by Israel.

### **Enhanced Iranian Clout in the Region**

The Middle East regional politics is guided by two major determinants i.e. political interests of regimes/monarchies and sectarian/ideological tussling. Both of these elements remained constant over time despite the addition of some new factors of instability. Surprisingly, some of the Arab states with Sunni population have Shi'ite rulers and some Shi'ite majority populated

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countries have Sunni dominated regimes. All the GCC states plus Jordan have monarchies whereas there are civil and military dictatorships in Egypt and Syria respectively. The general unrest in the regional population was caused by oppressive policies of civil/military dictators creating grounds for popular movements to foster. This created grounds for proxy wars. Since the dawn of Arab Spring and the emergence of Islamic State (IS) in Iraq, the security matrix of the region offers more complicated futuristic scenarios. The nexus between interstate conflicts and the sub-conventional/proxy wars, supported by Iran and the Arab states against each other created pockets for guerrilla fighters in the entire region. To curb down the war trends of sub conventional warfare, the US policy makers have balanced the power politics with some of the Arab states.

In the wake of recent developments on Iranian nuclear talks, many states have entered into major bilateral defense agreements to acquire hi-tech weaponry from the West. This year, Egypt aimed to procure F-15 warplanes, Harpoon missiles and M1 tanks from the US, to guard off the extremist groups operating in Sinai Peninsula and Libya. The thaw observed in US-Egypt relations by President Abdel Fattah al-Sisi's is to restore the lost ties. This bilateral cooperation is seen after the times of Anwar Sadat where Egypt along with Saudi Arabia are key US allies to fight Houthi militias in Yemen allegedly supported by Iran("Could Saudi Arabia's relationship with Egypt be under threat?," April, 9, 2015). The GCC states have sought assurances from the US against the nuclear deal that Iranian nuclear program will never be able to become weapon capable ever and the US would provide Gulf States with arms sale to fight counter-terrorism/counter insurgency campaigns. The increased economic cooperation will facilitate Iran to bolster proxy measures in Lebanon through Hezbollah and through Houthi in Yemen. Therefore, arms race is the expected outcome at both conventional and strategic end among the major players of the region.

Thus, the revival of its strategic relations by the US with Iran has trickledown effect on its two key allies in the region i.e. Saudi Arabia and Israel. The nuclear deal has not only left Iran with its nuclear infrastructure intact but helped Iran to reshape its diplomatic ties with the West, EU, China and Russia. It is unlikely that Israel and Saudi Arabia will accept Iranian nuclear deal in letter and spirit, instead both will continue to fight on the diplomatic front resisting policies aiming to strengthen Iranian influence. There will be political noise reiterating Iranian pursuit of the bomb. The Israeli leadership categorically stated that deal is nothing more than a mistake which will have serious repercussions.

Iraq's internal security is turbulent and poses greater threat to neighboring states and world at large with the emergence of 'Islamic State.' Iran's ideological clash will resist IS expansion in the region and offers another significant area of common cooperation between Iran and the West. Thus, the confluence of US-Iran objectives against the IS will favor Iran to drive the regional security order (Morris, DeYoung, & Ryan, March 25, 2015). Iran's constant support to the Assad regime is likely to help Syria to restore internal stability (Pollack, July 9, 2015). Iran can be a missing link to bridge the gap between Assad regime and the West to prevent the outbreak of another armed conflict in the region. This in turn will further alienate Israel and Saudi Arabia.

Therefore, the enhanced Iranian regional clout in the wake of nuclear deal, is likely to reorder the regional balance of power amongst the contending players; Iran, KSA, Israel and Egypt. The Iranian influence is already stretching from Iraq to Lebanon and now to Yemen, where it is allegedly involved in the regional crisis. How Iran would place itself in the Yemen crisis is yet to be determined fully; however, there are likelihood of Iran playing both the supporter of Houthi fighters and peaceful efforts, as Iran is currently engaged in consolidating its position in Syria, where it has presented a peace formula to end the civil war ("Zarif presses diplomacy on Syria," August 17, 2015).

### **Opportunities for Pakistan**

For Pakistan, the Iranian nuclear deal offers opportunities to address issues of mutual concern and benefit from Iran's energy reserves. The longstanding issue between Pakistan and Iran is the IP gas pipeline that should be the watershed to open further avenues of cooperation between the two countries. This will help Pakistan to overcome its energy crisis and focus on its industry development that suffered dramatically in the last many years. Apart from getting self-sufficient in its commodities, Pakistan will export its product in the global market. Also, Pakistan can import some of its raw materials like rice, textile, wheat etc. from Iran (Hussain, July 4, 2015). PM Nawaz Sharif's visit to Iran in May 2014 restored bilateral cooperation as a result of which Iran agreed to enhance the electricity supply to Baluchistan from 100mw to 1000mw. Both the countries also decided to enhance the bilateral trade to \$5 billion per annum. Iran showed willingness to construct an oil refinery in Baluchistan with a capacity of 400,000 barrel of oil per day (Dehqani, May 14, 2014). This will not only facilitate in the development of Baluchistan province but will also create employment opportunities for the locals. Being next door neighbor, Pakistan can save most of its monetary loss by importing oil from Iran instead of other states. In his recent visit to Pakistan after the Nuclear

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Deal on August 13, 2015, Iranian Foreign Minister showed keen interest to enhance cooperation and boost regional economic connectivity(Syed, August 14, 2015).

There have been concerns shared by skeptics regarding perceived threat from India-Iran cooperation. "Chabahar port, not far from Gwadar, is central to Indian plans to circumvent Pakistan and open up a trade route to Afghanistan"("India plans to sign port deal with Iran," May 06, 2015). Apart from this, two major impediments are likely to affect Iran-Pakistan's bilateral relations. One is terrorism and the other is Pakistan-Saudi Arabia relations. Being neighbors, Iran and Pakistan had some shaky relations and one of the reasons for that was Pakistan's tilt towards Saudi Arabia. Pakistan needs to balance out its relations with both countries and avoid all possible measures to become strategic asset of one against the other. Facing sectarian conflicts at home, Pakistan cannot afford to annoy its next door neighbor.

The need to promote the economic integration can be reinforced by opening up economic/energy linkages across the region. The China-Pakistan Economic Corridor (CPEC) can in return bring the majors players of the region under common umbrella of mutual trade(Hussain, July 4, 2015). However, Pakistan can proactively grab the economic opportunity opening in Iran with multi-billion dollar investments for its own good and regional economic connectivity.

### **Conclusion**

The Iran Nuclear Deal is the result of intense twelve years of diplomacy, negotiations and compromises. The deal affirms that diplomacy is the best tool to resolve contentious security issues. The deal successfully placed Iran at bay from acquiring nuclear weapons while at the same-time reserved its right to exclusively pursue peaceful uses of nuclear energy. The deal also revealed new cult in the US foreign policy aiming to restore the lost grounds in the region. It reaffirmed the notion that in international relations only national interests are permanent. The Obama administration secured regional peace against sheer resistance by two of its strategic allies in the region; Israel and KSA.

The nuclear deal has direct implications for MiddleEast and the Gulf States. The Middle East regional politics are shaped by the drivers of ideology/sectarian, regime interests and power politics. The region is gifted with strategic asset in the form of natural resources. Both Iran and Arab states have huge oil reserves. The Arab states, the GCC in particular, are likely to serve their resources to purchase advance weapons systems to offset Iranian

influence in the region. Moreover, according to perceived threats of Arab states and Israel, Iran after the removal of sanctions would heavily invest in proxy wars in Lebanon, Yemen and Syria, to exert its political influence in the region. However, given Iran's potential and ambitions, it is likely to see itself as a regional power. Nonetheless, Iran at the initial phase of its improved relations with the US and the West would behave responsibly. President Rouhani is known for his credence in economic strength of state power. During his tenure, he is less likely to engage Iran with its regional adversaries and try to seek greater regional integration. Therefore, it is important for Israel and Saudi Arabia to re-assess and re-evaluate the regional dynamics of intense power interplay as elucidated by Barry Buzan.

The nuclear deal has given impetus to Iran who will emerge as a focal point. The turbulent power politics of the region will not come to a standstill instead there would be internal rebalancing to reshape the alliances. Iran will engage only in outstanding conflicts that too converge its strategic objectives with the West; this includes, to stabilize civil war situation in Syria, to help dissolve IS influence and keep its focus on bilateralism. For Pakistan, Iran will keep security issues separate from economic/energy cooperation. Likewise, it should be in Pakistan's calculation that Iranians always make best negotiations and known for being entrepreneurs; therefore, Indian interest in Chabahar port is likely to lock the two states in economic partnership of strategic dimension. The end to Iranian isolation from international power-play and economic strangulation would be as good an opportunity for the world as for Pakistan. Being next door neighbor, Pakistan should also benefit from Iranian resources and rebalance its power equation in the face of changing political trends at the systemic level. For Pakistan, the region surrounding key players and major stakeholders offer judicious calculations in re-defining foreign policy.



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