



US IRAN Relations: 2015-20

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Abstract: The main objective of the study was fourfold, firstly it was to analyze the ulterior objectives of USA in Iran, secondly, to analyze the impact of sanctions of US on Iran, thirdly, to highlight the strategy of Iran facing the US opposition in the region, and to critically analyze the US Iran rivalry effect on Pakistan. It has been observed that because of the US interests in Persian Gulf and to check Iran's nuclear activities, US is exerting pressure on Iran in the shape of imposing sanctions on her. US has several intimate pursuits in Pakistan for resuming the safety policy in a timely manner mainly after the 9/11 confrontation. US forced Pakistan to come in terms with the policies what she desires. Because of the increasing tensions between Iran and US, Pakistan played a mediator role several times to reduce this tension however, it did not succeed because of the interests of US in both Pakistan and Iran. The tension between the two countries is still escalating.

Keywords: US Objectives, Sanctions, Iran-US Rivalry, Pakistan.

1. Introduction

Since April 1980, Iran and the US have had no formal diplomatic relations, with Switzerland and Pakistan representing their interests, respectively. Diplomatic ties began in the mid-19th century but were strained after the 1979 Iranian Revolution (Murray, 2017). US sanctions imposed in 1995 aimed to curb Iran's nuclear program, leading to the 2016 nuclear deal. These sanctions were reinstated in 2018, worsening relations and contributing to the 2019-2020 Persian Gulf crisis (Davari, 2020).

1.1 Statement of the Problem

US-Iran relations have been strained since the 1979 hostage crisis. Issues include the nuclear program, regional influence, and proxy conflicts. Anti-American sentiment in Iran and US hostility complicate resolution efforts.

1.2 Significance of the Study

This study explores the reasons behind the hostility between the US and Iran, its regional implications, and the sources of current tensions.

1.3 Research Methodology

The research is analytical and descriptive, based on secondary sources, examining US-Iran relations, sanctions, and their effects on Pakistan.

Literature Review

The literature review draws on secondary sources to provide a comprehensive background on US-Iran relations since 1980. Key sources include:

Zaccarra & Haghurian (2020) explores US-imposed sanctions and the impact on Iran's nuclear program, detailing adverse effects on both countries. Davari (2020) examines the US withdrawal from the nuclear agreement and its consequences, including the role of militant and extremist forces. Bootwala (2020) discusses the economic and social impacts of sanctions on Iran and the US. Raza (2020) analyzes the escalation of tensions following the assassination of an Iranian commander by the US and Iran's retaliatory threats.

2. Joint Comprehensive Plan of Action

2.1 Reasons for U.S. Withdrawal from JCPOA

President Trump cited three main reasons for withdrawing from the JCPOA:

- 1) The deal's temporary nature (until 2030) did not permanently halt Iran's nuclear program (Davari, 2020).
- 2) It did not restrict Iran's support for regional militias.
- 3) It failed to address Iran's missile program, which posed risks to U.S. and Western allies (Davari, 2020). Iran's compliance was also disputed, with Tehran pressuring European participants to continue trade despite noncompliance (Raza, 2020).

2.2 Iran and Proxy Groups' Response

Following the U.S. withdrawal, Iran's proxies in Yemen, Syria, and Iraq increased attacks against U.S. interests and regional allies (Mazhar & Goraya, 2020). Notable incidents include drone attacks on Saudi Aramco and oil tankers (Davari, 2020), and the killing of Qassem Soleimani by a U.S. drone strike, which escalated tensions (Mazhar & Goraya, 2020). Although direct conflict was avoided, risks of broader regional instability remained (Raza, 2020).

2.3 Economic Impact of Sanctions

Sanctions have significantly affected both U.S. and Iranian economies. Research by Hufbauer et al. (1997) shows U.S. sanctions led to substantial economic losses, while trade with Iran fell sharply, increasing costs and reducing job markets in the U.S. (Bootwala, 2020). Iran faced less direct impact as it redirected trade through other countries, though it experienced price hikes and economic strain (Joobani, 2020).

2.4 Impact of Sanctions on Iran

Sanctions decreased direct trade between the U.S. and Iran, with Iran's oil exports largely unaffected but non-oil sectors suffering (Joobani, 2020). The estimated annual cost of sanctions to Iran is between \$909 million and \$1.5 billion, not including indirect effects (Bootwala, 2020)

Table 1. Summary of Iran's Losses from US Sanctions (millions of US Dollars)

Effect	1995	1996	1997	1998	1999	2000	2001
Trade losses (higher import prices)	2	5	20	18	25	27	NA
Official export financing	36-51	34-48	16-19	11-18	11-18	11-18	11-18
World Bank lending	NA	NA	NA	NA	22	22	22
Commercial financing	109-164	83-125	59-89	72-108	54-82	29-43	20-30
Rescheduling fees	55	45	30	18	10	8	NA
FDI (energy sector delayed)	700-840	700-840	700-840	700-840	700-840	700-840	700-840
FDI (non-energy)	NA	NA	NA	NA	NA	NA	NA
Oil pipeline	NA	NA	NA	NA	300	300	415
Oil swaps	90	90	90	90	90	90	135
Total	992-1,202	957-1,153	915-1,088	909-1,092	1,212-1,387	1,187-1,348	1,303-1,406

Note: NA=not available. These figures represent estimated real costs to Iran. Iran's total exports (non-oil) are somewhat lower due to sanctions but these are more precisely a loss of foreign exchange as opposed to a real burden. These lower estimated total export figures are in the range of \$25-\$110 million annually. Similarly, while we cannot estimate the cost of foregone non-energy sector FDI to Iran, we estimate the loss in foreign exchange at \$0.5-\$1 billion per year. Losses from tourist receipts and intangibles are important but are not included in the table because data are not available.

2.5 Impact of Sanctions on the U.S

Sanctions have cost the U.S. between \$2.7 billion and \$5.2 billion annually in lost exports to Iran (Bootwala, 2020). The energy sector also faced losses, though these may be mitigated by future opportunities (Joobani, 2020).

Table 2. Summary of Annual Losses from US Sanctions for the US (million of dollars)

	1995-2000	2001
FDI (Non-energy)	5-10	5-10
FDI (energy sector)	700-840	700-840
Oil pipeline	110-140	110-140
Oil swaps	90	135
Financial services	unknown	unknown
Intangibles	unknown	unknown
Total known	905-1,080	950-1,125

Note: These figures represent estimated real costs to the U.S. Losses associated with energy sector FDI can be expected to continue for a number of years even after sanctions are lifted. U.S. total exports are lower due to sanctions, but these are more precisely a loss of foreign exchange as opposed to a real burden.

2.6 Implications for Pakistan

Pakistan faces risks due to Middle Eastern security crises, including potential disruptions to energy imports and economic impacts from returning expatriates (Bootwala, 2020). The Afghan peace process is also threatened, affecting regional stability (Joobani, 2020).

2.7 Pakistan's Role

Pakistan has maintained a neutral stance in regional conflicts, seeking to mediate rather than engage militarily (Bootwala, 2020). Past actions include offering diplomatic support and avoiding involvement in conflicts like the Iran-Iraq War and the Gulf War (Rahman et al., 2020).

2.8 Implications for Pakistan of U.S.-Iran Confrontation

The U.S. killing of Qasem Soleimani heightened fears of a broader conflict. While immediate risks have diminished, the potential for increased regional instability remains a concern (Tuma, 2020).

3. Results and discussion

3.1 U.S.-Iran Relations

The relationship between the U.S. and Iran has fluctuated between cooperation and conflict for over 70 years. Initial cooperation included the 1953 coup against Iran's Prime Minister Mossadegh, followed by support for the Shah. The 1979 Iranian Revolution and hostage crisis marked a turning point, leading to prolonged animosity. Relations briefly improved with the 2015 JCPOA but deteriorated after President Trump withdrew from the agreement and reimposed sanctions (Ward, 2020).

3.2 Political Unrest and Instability in Iran

Iran has experienced significant unrest in recent decades. The 2009 election protests and the 2019 fuel price

protests highlighted widespread dissatisfaction. The 2019 unrest saw harsh government responses, including internet shutdowns and violence, further deepening divisions within Iranian society (Fassihi & Gladstone, 2019).

3.3 Global Sanctions

Sanctions have been a major tool in U.S. policy toward Iran. Under Obama, sanctions pressured Iran into the JCPOA, which aimed to curb its nuclear program. Trump's reimposition of sanctions led to economic hardship in Iran and escalated regional tensions (Katzman, 2020; Ekmanis, 2020).

3.4 Nuclear Arsenal & Nuclear Deal

Iran's nuclear program began with U.S. support in the 1960s but became a global concern due to clandestine activities. The JCPOA, reached under Obama, sought to limit Iran's nuclear capabilities but faced criticism for its perceived leniency. Trump's withdrawal from the deal reignited tensions (Ward, 2020; Vaez, 2017).

3.5 Rising Tensions with the U.S

Tensions between the U.S. and Iran escalated under Trump, leading to military actions and heightened conflict. The assassination of General Qasem Soleimani by the U.S. in 2020 further strained relations (Cooper et al., 2020).

3.6 Congressional Action

In response to escalating tensions, Congress sought to limit Trump's ability to take military action against Iran without congressional approval. Trump vetoed this resolution, leading to ongoing political debate (Crowley, 2020).

3.7 Other Policy Actions

The 2015 JCPOA, involving multiple global powers, was intended to curb Iran's nuclear ambitions. After Trump's withdrawal, European efforts like INSTEX aimed to maintain trade with Iran, but tensions persisted (Laub & Robinson, 2020).

3.8 Ideological Viewpoints

3.8.1 Conservative View

Conservatives generally favor a tougher stance on Iran, criticizing the JCPOA as weak and advocating for stronger measures to address Iran's actions and support for militant groups (Dugan, 2016; Hurst, 2020).

3.8.2 Liberal View

Liberals prefer a diplomatic approach, arguing that harsh measures and sanctions may exacerbate anti-American sentiment and regional instability (Rubin et al., 2020).

3.8.3 Debate Areas

Future U.S.-Iran relations could involve various policies, including renewed negotiations, sanctions, and humanitarian aid. Each policy has potential costs and benefits, affecting international trade, regional stability, and domestic politics.

3.8.4 Sanctions on Iran

Sanctions under Trump targeted Iran's economy, causing significant economic strain. The effectiveness of these sanctions in achieving U.S. goals remains debated (Rezaian).

3.8.5 Political Perspective on Sanctions

Liberals worry that sanctions could lead to increased unrest and radicalization in Iran, while conservatives view them as necessary to achieve U.S. objectives (Dovere, 2019; Mufson & Paletta, 2020).

3.8.6 Humanitarian Aid

Sanctions have severely impacted the Iranian population, with rising prices and economic instability exacerbated by the COVID-19 pandemic. Despite U.S. offers of aid, Iran has largely rejected them (McKay, 2020).

3.8.7 Recommitment to JCPOA

The JCPOA remains a point of contention. Liberals advocate for its recommitment to stabilize relations and end disputes, while conservatives criticize the agreement's effectiveness and call for stricter terms (The New York Times, 2018).

3.8.8 Regulating Hezbollah

Hezbollah, supported by Iran and labeled a terrorist organization by the U.S., remains a contentious issue. Efforts to curb its influence have had limited success (What Is Hezbollah).

3.8.9 Political Perspectives on Hezbollah

Liberals view Hezbollah as a regional threat but not central to the JCPOA. Conservatives argue that Hezbollah's connections with Iran undermine the agreement (Takeyh, 2020; The New York Times, 2020).

3.8.10 Hostages

The issue of American hostages in Iran continues to affect relations. Both liberals and conservatives seek solutions, though strategies differ (Rezaian, 2020).

4. Conclusion

This study explored US objectives in Iran, the impact of US sanctions on Iran, Iran's strategies in response, and the US-Iran rivalry's effects on Pakistan. The US has consistently exerted pressure on Iran due to interests in the Gulf and concerns over Iran's nuclear program, imposing sanctions to achieve its goals. Despite US pressure, Pakistan has sought to balance its policies and maintain a neutral stance, particularly in its relations with Iran. This has led Pakistan to play a mediator role, though its efforts have been limited by conflicting interests. The escalating US-Iran tensions have jeopardized regional stability, underscoring the need for diplomatic efforts to foster peaceful coexistence.

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