

Update: Assessing the JCPoA Under the Newly Arriving Trump Administration

A Data Driven Assessment of the Iran Nuclear Deal

Overview

In October of 2016, the Public Affairs Alliance of Iranian Americans (PAAIA) commissioned Global Impact Strategies (giStrat) to conduct an econometric and game theory based analysis of the nuclear deal with Iran. In our assessment, we identified the most salient factors associated with a country developing nuclear weapons programs or complying with non-proliferation agreements. We then integrated our results with our software giCompute, a proprietary decision science technology, to estimate whether Iran is likely to comply with the JCPoA and to identify conditions under which it would not comply. Below are key updates taking into consideration the incoming Trump administration and Republican-controlled Senate and House of Representatives.

Iran is likely to comply with the current terms of the JCPoA

Our analysis published in October of 2016 assessed that under present conditions Iran is likely to comply with the terms of the Joint Comprehensive Plan of Action (JCPoA). After updating our analysis with the incoming Trump administration, our findings still stand. However, our simulations indicate that Iran is less likely to comply if additional sanctions are passed or if it is rapidly destabilized.

Passing Additional Sanctions Will Reduce the Likelihood of Iran Complying with the Deal

Despite the lower likelihood of Iran complying under new sanctions, our findings indicate that it may continue to comply with the agreement so long as the remaining P5+1 signatories remain committed to doing business with Iran and do not participate in a newly passed sanctions regime.

Most P5+1 Signatories Will Likely Continue Business with Iran Even if it Pulls Out of the JCPoA

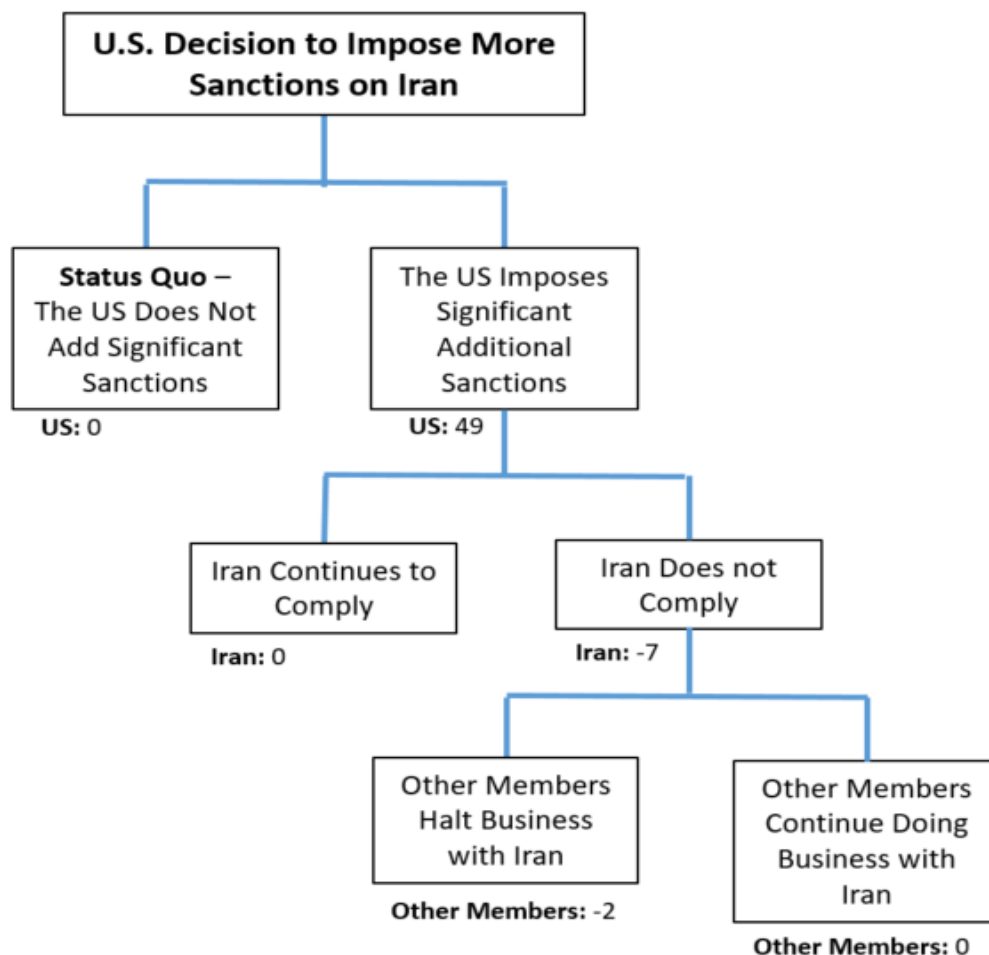
Our results indicate that if the U.S. passes new sanctions against Iran, most of the P5+1 signatories will likely continue conducting business with Iran even if it pulls out of the JCPoA. Iran will blame the U.S. for violating the terms of the agreement and the multilateral coalition that brought Iran to the negotiating table could collapse. A potential populist victory for Marine Le Pen of France and conservative led pro-Brexit government of Theresa May in the United Kingdom might increase the chances of these allies complying with newly imposed US sanctions and ceasing current business arrangements with Iran. However, even under this scenario, the remaining P5+1 members are unlikely to halt conducting business

with Iran. For sanctions to be effective coordination and cooperation among most P5+1 members is required which is unlikely according to our analysis.

An Opportunity for Negotiating on Iran’s Ballistic Missile Program Exists

Contrary to most analysts’ assessments, our simulations indicate that Iran is open to decelerating or halting its advanced ballistic missile program in exchange for removal of missile related sanctions. Under this scenario the Supreme Leader Khamenei, President Rouhani, and Javad Zarif, and select members of the Iranian Revolutionary Guard Corps (IRGC) would reach consensus on this deal but would face resistance from ultra-hardliners. However, the more pressing issue for the United States will be the recently reported \$10 billion arms deals between Iran and Russia.¹

Figur1: Game Theory Decision Tree Analysis



¹ <http://www.reuters.com/article/us-russia-iran-arms-idUSKBN1390UM>