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TRANSCRIPT

Event

State of Play

# Trump's Iran Deal: What Comes Next?

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Will Todman: After nearly four months of conflict between the United States and Israel, on one side, and Iran, the United States and Iran announced the agreement of a framework deal to end the war this weekend. We understand that it includes the reopening of the Strait of Hormuz and a cessation of hostilities on all fronts. But key questions remain unanswered, including the economic incentives that Iran is likely to receive and, of course, the fate of its nuclear program going forward. So today we are asking, who won and who lost from this deal? What does it mean for states in the region? What does it tell us about the emerging order in the Middle East? And ultimately, after the Iran deal, what comes next?

(Music plays.)

I am so excited to be joined by four of our all-star Middle East Program experts for this quick reaction episode. Of course, we just heard the news last night about the agreement on this deal. So I emailed you all late last night, and you very generously all agreed to join us to work out what does come next and answer some of those questions. So I'm joined by Mona Yacoubian, director and senior advisor in the Middle East Program, Susan Ziadeh, who is a senior advisor in the Middle East Program, Michael Ratney, also a senior advisor in the Middle East Program, and Paul Salem, joining us remotely. Of course, you're a senior associate with the Middle East Program. We're so excited to have you joining.

Let's dive right into this then. So, Mona, maybe I'll start with you. What is the significance of this deal? It's got a lot of attention already, but what does it actually mean?

Mona Yacoubian: Yeah. Well, let's first be clear, we haven't actually seen the actual text. So we're all sort of speculating on various news leaks of what we're hearing. But if in fact what we're hearing is correct, I think perhaps the most significant element of the deal is that it will result in the reopening of the Strait of Hormuz, after now nearly four months of being closed with enormous negative repercussions for energy markets and economies, really, around the world. That being said, I think we should be very clear that there are lots of questions around even what are the conditions under which it would be opened. And then lastly, I think I would highlight, of course, an extension of the ceasefire but, more importantly, a pathway toward talks to get at the crux issue of Iran's nuclear ambitions, which is how this conflict got kicked off in the first place.

Mr. Todman: Absolutely. And this is not – as I mentioned, the idea is that there's a cessation of hostilities on all fronts, as far as we know. And so that includes Lebanon, we believe – at least that's what the Iranians are saying. So, Paul, can I turn to you? What is the significance of this deal for Lebanon?

Paul Salem: Well, I also want to, I mean, maybe start by saying, I mean, this deal does very little, in the sense that the straits were open before. All this deal says is, we'll open the straits again, and we'll promise to talk about nuclear issues. I'm skeptical that much progress will be made on the nuclear issue now that the U.S. has removed the main leverage that it has, which was the siege. So in a way this deal is a bit of a kind of a nothingburger at the end of this very long and devastating war.

As you say, it does say ceasefire on all fronts, but I doubt that that will effectively play out in Lebanon. There's no doubt that Iran wants a ceasefire to apply in Lebanon in order to protect Hezbollah. There's no doubt that no matter how you slice the end of this round of war – and I wouldn't call it the end of war in general, but this round is ending – that there's no doubt the U.S. will get billions of dollars of either combination of revenue, frozen assets, assistance from the Gulf, all kinds of things, and definitely some of that will flow to Hezbollah. So that will continue.

And Israel has pretty much already come out and said it's not party to this deal. The prime minister, as well as the opposition leaders in the – in the election, are saying that the war in Lebanon must continue. What the U.S. – you know, the way the U.S. has squared this circle even before this agreement is that they've said of course there is a ceasefire in Lebanon. That was mentioned in the Lebanon-Israel talks in D.C. But the U.S. and Israel have a side agreement that Israel can go ahead and attack anything it perceives as a direct threat to Israel. So it's a ceasefire which does not include ceasing of fire, and I think that's effectively how it will continue in much of Lebanon for the immediate future. There has been a kind of a red line on attacking Beirut or the Beirut southern suburbs. That might continue. But the devastation in much of south Lebanon, I think, is set to continue.

The big question is, will Trump really pivot from this deal to really lean harder on Prime Minister Netanyahu to cease all activities? That is possible. But even if all activity is – stops, Israel will continue to be occupying and holding a large swath of Lebanese territory. And getting them to withdraw, let alone getting them to accept the ceasefire, is a whole different thing. And I don't think Hezbollah will hold its fire for any long time, given that Israel is occupying parts of Lebanon. So –

Mr. Todman: Absolutely.

Mr. Salem: Yeah, I think it's an open front.

Mr. Todman: And I want to come back to some of the challenges later. But, Paul, that was quite a pessimistic take on how significant this is. Does anyone have anything else to share before we move into more of the challenges, anything positive to say – (laughs) – or any assessment?

Michael Ratney: I mean, I would say, you know, there's going to be lots of reasons for pessimism and criticism, especially as the details of the actual MOU come out and we get a sense of just what these negotiators are facing when they delve into actually negotiating the substance of this agreement.

I would say it ends the war, right? It was a bad war. It was always going to end badly, but it's over. And I think that brings relief to – certainly to energy exporters in the Gulf. It may well bring relief to consumers in the United States and elsewhere who are looking at kind of historically high oil prices at this point. So I think there will be some relief there.

I think the countries of the Gulf probably hated this war, hated the conduct of it, knew that it was going to end in some highly imperfect way, but they're probably somewhat relieved that it's just over and they can start grappling with the reality of what's been left in its wake, rather than wondering day after day what's Donald Trump going to do or what are the Iranians going to do. So I think just the sheer deescalation, I think, is a positive development. That's not in any way to defend the way this war was fought or the process – the decision-making by which it came about, but it's just saying just ending this is probably not a bad accomplishment.

Susan L. Ziadeh: I would add also the loss of life – at least 3,500 in Iran, beginning with the children in the school who were killed; in Lebanon even a larger number. Over 3,500 have already been killed in Lebanon, which is a horrific number. So I think the loss of life is something we should think about.

The other thing is the impact on the Global South, which really hasn't been addressed. When we talk about oil not getting out, fuel not getting out, cooking fuel, fertilizer, crops, a lot of these areas have had to scale down not just in industrialization, even in schools and workplaces, because they don't have the fuel to run heating and cooling. You don't have food in areas because the crops haven't been planted because you don't have fertilizer. This had catastrophic impact globally. And sometimes when I say – when I talk to people in the United States, and they say, but, you know, the price at the pump and the cost of food – which has gone up tremendously – I say, but at least we have it. In parts of the world, the impact has been so much greater, and yet it hasn't been talked about.

Mr. Todman: So I want to ask why you think this happened now. As I said, we've seen nearly four months of fighting. You know, the war just sort of seemed to keep going. We had the announcement of a ceasefire on the 8th of April, but then continued bouts of violence and military operations. So what do you think ultimately caused both Iran and the United States to agree to this deal now?

Ms. Yacoubian: I mean, I might jump in on this. I think, even picking up on Susan's points, let's start here at home, where, for sure, I think Americans were becoming – are becoming increasingly upset about affordability issues, writ large, to include prices at the pump but also rising costs of food, et cetera, part of which is as a result of the war. I think we're also seeing here politically a shift, where we saw, though symbolic, a vote in the House where four Republicans crossed the aisle to vote in favor of a War of Powers Resolution Act. So concerns about where this war was taking us. And I think, again, we're going to start to see even more of a pivot toward the midterm elections in November.

And so I think some of these domestic factors are absolutely coming into play. And I also think, even more recently, some of these questions about the continued closure of the strait and the impact on inventories of oil and gas, which were really reaching toward the bottom. So much so that, reportedly, a number of oil company executives went to the White House and really expressed alarm that the closure of the strait really couldn't continue for much longer without some very adverse effects on the economy. So that's from the U.S. side. I'll leave it to my colleagues to talk about Iranian impetus for moving toward a deal now.

Amb. Ratney: I mean, Donald Trump is always fond of saying this war really didn't last very long. Certainly, compared – it was always kind of silly, right? He compared it with the length of World War II, or the Vietnam War. But I suppose he has a point. Like, this whole thing really hasn't lasted very long. It started at the end of February. It's less than four months from full combat operations to some sort of an imperfect negotiated end to it. So we're talking about a blip in the great scheme of things. I think we got into it and Israel got into it, accomplished whatever we accomplished, and then spent the balance of the time trying to figure out how to get out of it.

It seems to me very shortly after the combat operations started almost all of the impetus was around how do we end this thing, because I think Donald Trump saw pretty quickly that it wasn't going to produce the sort of results that he had wanted – a new regime in Iran, you name it, an end to their nuclear program, all of the various issues that we've been trying to address for decades. And so he tried to figure out how to get out of it and how to claim victory. And I think that's why eventually he was going to figure out a formula and accept a formula.

And I think, based on what we're seeing from media reports – again, you're right, Mona, we still haven't seen the actual document – but what we're seeing suggests he's willing to accept rather less than he had sought when this whole thing started. He just wants it done. And as much as he'll threaten to resume combat operations if the Iranians don't negotiate in earnest, we are getting very close to midterm elections. I do think energy prices will start

to fall. I think we'll see an impact in terms of U.S. prices. Stock market will continue to do well. The last thing I think Trump is going to do is anything that switches that narrative around so close to the midterm elections.

And the question of the Iranians, you know, I think it's safe to say they always wanted the war to end, right? I think you could look at it and say they've done, in a way, much better than certainly the U.S. administration thought, right? The regime and some form or fashion is still intact. If anything, it's driven the narrative of their kind of solidarity and stalwartness in the face of this overwhelming military strike. But the fact is, the economy in Iran is a mess, right? And the Iranian regime needs to kind of somehow respond to that. And, first and foremost, it has to be some way to address their inability to export oil. They got that. So I think from the Iranian perspective, I don't think they ever wanted this war, and as soon as it started they wanted it to end. And I think the longer the war went on and the negotiations went on, I think the longer they realized that they were in a position to do pretty well, all things considered.

Amb. Ziadeh: I agree. And I think that they were willing to use the timing to their advantage. And they were very smart about it. And they understood really where our breaking point would be – in other words, how long we could hold out before the impact was going to start having a bad effect in terms of the midterm elections. And so, yes, their economy has suffered a lot, and they want to get oil out – although, they've been getting some out, and they've been quite clever about it, whether it's been overland or through the straits. But the fact of the matter is they had more flexibility on the timing than we did. And they knew that. And I think they were basically playing ball and trying to figure out when would be most advantageous to us. And we basically gave them that opening.

Mr. Todman: And there was a funny piece in The New York Times that said about the exact timing of the of the signing of this, that the Iranians didn't want to do it on President Trump's 80th birthday because they didn't want to give him a birthday present. So they waited until it was June the 15th Tehran time, while it was still June the 14th, and the president's birthday, in the U.S. time.

Ms. Yacoubian: So everybody gets a win-win, right?

Mr. Todman: Yeah, I guess. (Laughs.)

Amb. Ziadeh: There we go. Classic.

Ms. Yacoubian: Everybody saves face.

Amb. Ziadeh: Very clever, yeah.

Mr. Todman: So then, if the Iranians don't think that President Trump will resume military operations, at least before the midterms in November, does that make this deal more durable? Or does that actually mean that they're likely to drag this out? And that some of the pieces that have not yet been agreed to, will that become even more difficult as the U.S. seems to have lost one of its key sources of leverage, of the military threat?

Amb. Ziadeh: I think they're going to try to recoup and regroup and rebuild. And they'll use this time to do that. And as long as they don't commit to anything, per se, in any kind of agreement, they have, in their mind, the full ability and the full right to do so. So I think it will drag out. I think it will be problematic for us domestically. And they understand that. But, you know, they're looking at their interests and how they can leverage it to best effect.

Ms. Yacoubian: I'd love to hear from Paul

Mr. Salem: Yeah, I think, I mean, if I may –

Ms. Yacoubian: OK. (Laughs.) Good, Paul. You jumped in. I was going to tee you up. Go. (Laughs.)

Mr. Salem: Yeah, if I may. Yeah, I agree with Ambassador Ziadeh. I mean, one thing I would say, certainly from the Iranian perspective but from the Israeli perspective as well, and probably from the U.S. military perspective, this is the end of this round. Iran, its main priority, is to rush and restock militarily. It did very well in its own terms, in terms of at least inflicting pain on the U.S., on U.S. friends and allies in the region, on the global economy. It did miserably in terms of defense or direct deterrence. So it has big successes and enormous failures. And I think they're going to be rushing to figure out what their military pathway is.

I think the same will be true of the Israeli military. How do they continue to face what is – now must be seen as a bigger threat than even before, because even facing the U.S. and Israel together basically they could not bend the Islamic Republic. So the Israelis are very worried and unhappy about how this war ended. And I would imagine the U.S. military and, you know, defense companies around the world would be rushing to figure out, how do you deal with this type of asymmetric threat. Basically, how do you defend against the cheap drones and cheap missiles? We see that in the Ukraine-Russia front, and you see it in the Iran-Gulf situation. So I think there's going to be a lot of military thinking, and planning, and so on.

I doubt the Iranians will give up anything major on the nuclear file. I don't think the U.S. has much leverage on that. I think that will drag out. I do think what is – what is interesting and worth watching is while Iran used attacks against the Gulf countries as one of its main points of leverage against the

U.S., and potentially against the global economy, the GCC countries have moved quickly and deftly to reach out to Iran to make deals, probably funneling funds into Iran. And how that's going to affect Iranian calculations, I think it figures that what it needs is tens of billions of dollars. Some of that is going to come by better relations with the Gulf countries.

So how, that – you know, Iran-GCC relations, how they emerge between the reality that GCC was hit hard by Iran and the current diplomacy, which is trying to be very, very forward leaning to Iran in order to avoid a replay of what happened before; and in order to tie in Iran into a more positive outlook, sort of win-win, let's talk development, let's talk investment.

Mr. Todman: That's fascinating. I'd love to dive deeper into that, because I think these Gulf – GCC dynamics are so interesting here. Because we've spent quite a lot of the conflict talking about the divergence between GCC states and how they viewed Iran very differently. There were talks about the UAE being much more aggressive and much more in line with the U.S. and Israel's position, but states like Qatar and Saudi Arabia taking a much more sort of passive or cautious position. But that does seem to have shifted something. How do you read that?

Ms. Yacoubian: I think we sort of started to hear that, Will, in our trip to Qatar a few weeks ago, where already we were hearing whispers or maybe overt statements of questions about where the region was headed and understanding that Iran is, quote, "here to stay." And I don't think it was just the Qataris, as we understood it. This is a view that was expressed more widely across the GCC, to include the UAE. And we're even seeing news reports that the Emiratis are denying that there's been perhaps already movement to release some Iranian frozen assets to Tehran, and I think this speaks to a bigger question of what now. What is the Gulf going to do now? And I do think there is a sense out there that perhaps the best deterrence is to incentivize Iran not to attack by creating greater economic interdependence between Gulf countries and Iran.

We heard it phrased, Will, as you recall, in our trip as a golden bridge, a way to sort of have a positive off ramp for Iran that leads to, again, greater economic interdependence amongst Gulf countries and Iran. We'll see where that goes. I'd love to hear Susan's thoughts on this. But I think that is something we should be keeping our eyes on.

Mr. Todman: Definitely.

Amb. Ziadeh: It was interesting to me to see reported in the press – and we have not heard confirmation from the Emiratis – a meeting between Iranian officials, IRGC officials, and Sheikh Tahnoon bin Zayed, who is the full brother of Sheikh Mohamed bin Zayed and is the national security advisor. That was quite a development, if it is indeed – and it's linked to the Reuters report about the

release of some funds, which means that they are reaching out, recalibrating. I don't want to make more of this than it is; I think it's an initial step. But what it says is that the Gulf states are looking, again with the Emiratis being more the outlier, to reengage.

Now, the Qataris have engaged as mediators for quite a bit of time, but even they stopped initially when they were being hit and said as long as we're being hit by Iran we will not mediate or play a role. And then the attacks on Qatar stopped. So even in terms of playing a useful leveraging role, it's not simply money, but it's part of how do we bring them back in and make them feel vested that they have an interest and buy-in so that this does not repeat itself again.

The last thing I would mention, with a lot of these GCC states – and I know Michael will speak about Saudi Arabia – is the fact that the dominance of Israel in the region was a real red flag for these GCC countries, even though the Emiratis did have, you know, Israeli soldiers on the ground operating the Iron Dome as a way to push back against the missiles that were coming from Iran. But that was – that was a huge red flag for all of these GCC states. Yes, they wanted Iranian hegemony to be pushed back, but they didn't want to substitute with Israeli hegemony in the region. And you started to see how that played in the calculation of how they dealt with Iran and even how they postured vis-à-vis the United States. In other words: We know Israel is your ally, but we're not here to be dominated by anybody in the region. This is our region.

Amb. Ratney: You know, the way I think of it is all the Gulf states started out in more or less the same place. None of them wanted the war. None of them believed that a U.S.-Israeli attack on Iran was ultimately going to give them a satisfying conclusion. So they were I honestly think kind of warning the Trump administration off the idea of undertaking this whole thing.

As the war went on, they sort of diverged in their outlooks. From one end, the Omanis kind of much more comfortable with striking up their own understanding with the Iranians. The Qataris to some extent, as well, keen on using diplomacy to deescalate, even in an imperfect environment. The Emiratis on the other end, more kind of risk-tolerant and willing to actually engage in military activity. The Saudis, somewhere in between – deeply frustrated, not totally willing to rule out a satisfying end to it. But eventually all of them saw the writing on the wall, and so from this convergence to a divergence they in some fashion started converging again.

That doesn't mean their outlooks have necessarily changed. I think if the Emiratis, for example, knew that the U.S. was going to start military action again, I think they'd probably be more than happy to get involved. But I think they understand – they've seen the writing on the wall: Trump wants this

thing to end, trump was never going to protect them from the Iranian reprisals, and it was never going to lead to the sort of satisfying conclusion that they all wanted – that they all would have wanted if it were realistic. So they all realized – and I think we could have predicted they were going to start reaching out to the Iranians on their own to reach their own modus vivendi, and coming to terms with the idea of having to live in this very unsettled environment for the foreseeable future.

And I think it comes down to one factor: They are desperate to get their energy exported again. I mean, it is – it was unacceptable all along. And I think they're going to end up, in their own views, paying a significant price politically because now the Iranians are in a sense empowered on this point. We might claim they're not going to charge a toll on the Strait of Hormuz, but I would bet we come to a situation where they, perhaps with the Omanis, exercise some form of control, either kind of political or financial, that puts them in a better place. But they have to get these tankers out of the Strait of Hormuz, and I think that will lead them to reach kind of deeply imperfect arrangements on their own.

Mr. Todman: Interesting.

So I do want to talk a little bit about some of the main challenges that lie ahead, and we've touched on them a bit already. But we've talked about the nuclear negotiations being very difficult. We've talked about this, you know – or, I suppose, Paul, you mentioned Lebanon being a really key front to watch and being, you know, a likely flashpoint, because you seem not to think that Israel will stop its military operations there and will not withdraw from the Lebanese territory that it's occupying.

What are the key challenges that you're watching for as we go forward? We understand there will now be a 60-day – so the deal will be signed in Geneva on Friday, probably between Vice President Vance and Qalibaf, the speaker of the Iranian parliament, which I think would be the most senior meeting of an Iranian and U.S. official since the revolution in 1979. But then we have 60 days of negotiations. What are you watching out for in that time? What are signs that we might be heading in a better or worse direction?

Mr. Salem: So I think the fundamental area of concern is the fact that this issue, of fundamental strategic importance to the state of Israel – no greater – no issue of greater importance is out there – and yet we find ourselves with Israel and the United States not on the same sheet to a degree that I think is probably unprecedented. This something that Israel regards, probably quite rightly, as an existential issue for them; and Donald Trump, who just wants the war to end in a way that from the Israeli perspective leaves them deeply exposed. And so it's clear that Israel is determined not to consider itself a party to this understanding, particularly in Lebanon where they want to

retain freedom of action against Hezbollah. Meanwhile, if you asked Donald Trump, he'd say of course Lebanon is a part of it because the Iranians want Lebanon to be a part of it.

And how that plays out – is Netanyahu prepared to flout Trump on this, something that Trump wants to be able to declare as a major success of his? Or are they going to determine either for their own geostrategic reasons or political reasons that they just can't accept that this is one place where they're going to break fundamentally with Trump? And that could be a major flashpoint for this whole undertaking. It really will depend on the degree to which the Iranians regard Lebanon as fundamental to this ceasefire and the broader deal or whether they're willing to kind of think differently about the Lebanese, in a way.

Ms. Yacoubian: So I agree completely with Michael and Paul about Lebanon as a flashpoint, but I think we should also focus on the nuclear negotiations.

Amb. Ratney: Right. I agree.

Ms. Yacoubian: I mean, in essence, we're back to square one. That's where – that's what this has gotten us to – square one, or depending on what kinds of terms Iran has achieved maybe even less than square one. And we know that there are some critical issues that really very little if any progress was made. What happens to the highly-enriched uranium? The president seems to have signaled that maybe that's a lesser concern or a less-urgent concern, something that can be resolved down the road. What about Iran's enrichment freeze, for how long? And then the question of inspections, because we know that Iran's nuclear knowledge of enrichment is actually more sophisticated than it's ever been. And therefore, for a deal to hold it's going to require very stringent, very intrusive inspections – maybe more so than the JCPOA, which was itself very intrusive. Will this version of the Islamic Republic's regime allow for that kind of an inspections regime? Is that even on the table?

Amb. Ratney: You know, the –

Mr. Salem: If I –

Amb. Ratney: Sorry. Go ahead, Paul.

Mr. Salem: Yeah. I wanted to jump in. I mean, a number of things. I think that I agree with Mona that the nuclear issue, you know, whether we're back to, you know, square one or not, but I don't expect much significant progress. I think Iran will maintain the ability, effectively, as it has, to be a breakout state. At what level, you know, you want to call that, two months, three months, six months. They're not going to give it up, and the U.S. has no more leverage to change that. I think also the nuclear issue has been very, very useful for the

Iranians, that by focusing on the nuclear issue – by having the U.S. focus on the nuclear issue, basically we're not talking about the actual capacities that Iran has used very effectively to bring the U.S. to a halt – which has been its missile program, its drone program, and its closure of the straits.

And so I think that remains – you know, they have – they have the capacity to act even without the nuclear issue. And they will remain a breakout – a breakout state. When I look at the region going forward, I think this, you know, war now, this battle is now coming to an end. I think that there's going to be a flurry of diplomacy. We've talked about, you know, part of it, to see where the Gulf countries and Turkey and others can kind of wrestle Iran diplomatically to a better place. We see a lot of pushback on Israel. We see distance between Israel and the United States, all that on the political diplomatic front. I think we're going to have a massive arms race, some offensive, some defensive. Everybody's going to be spending on all kinds of weapon systems to prepare for the next round. And I think we're going to see massive spending on redrawing the geoeconomic map.

The Strait of Hormuz will never be the same again. It will never be the safe, reliable place. The GCC is already looking at plans, obviously, to boost its capacity to get oil and other things to the Arabian Sea, to the Red Sea, to the Mediterranean Sea. I think that's going to affect the entire map, the geoeconomic map, of the Middle East in a big way. And I'll stop there.

Amb. Ratney: Yeah, you know, I think – sorry.

Amb. Ziadeh: I just wanted to say, there's one thing that strikes me about this whole issue. And that's looking at the geopolitics in the region and the rise of the powers that have actually played a very important role in managing the tensions and bringing us to where we are today. You know, in the past it's always been, well, the Europeans. The Europeans are nowhere in this equation because they really didn't have anything to offer. And that has been very clear. And even we, as America, have not been able to bring to the table enough of the expertise. Not because we don't have it, but because it wasn't brought to the table.

And so you have parties in the region – whether it's Saudi Arabia, Qatar, Turkey, Pakistan, Egypt – that now have exhibited their own agency in ways we haven't seen before, and in ways that we always assumed wasn't there. Which, of course, was very myopic on our part and on Europe's part. And they have seized the moment and have brought this conflict to at least a halt for the time being, and looking to play away as we move forward in negotiations to bring us to a better situation. And I think this underscores the importance of geography. And I say this every time we have one of these sessions. (Laughter.) But it's because time and time again it's proven to be true.

Amb. Ratney: I was just going to follow up on what Paul was saying. I think the degree to which the Iranians engage on the nuclear file in seriousness will depend, to some degree, on how much sanctions relief they've already gotten and how much they stand to get. One has the impression from some of the social media commentaries we've already given away the store. I don't know if that's true or not, but clearly that's the thing they really want.

You know, I'm struck, the Iranians are very good at making negotiations on their nuclear file take as long as they want it to take. And it takes a long time. It took two and a half years for the Obama administration to come up with the JCPOA. It took almost as long for the Biden administration to engage and decide there wasn't a deal to be had, and kind of walk away from the whole thing. This is not something that's going to be resolved in sixty days or 120 days. I think ultimately, it's just going to be a gigantic dirty diaper on the lap of the next administration.

Mr. Todman: Hmm, OK. (Laughter.)

Ms. Yacoubian: I'm getting a visual. It's not pretty.

Amb. Ratney: I'm sorry.

Mr. Todman: So it's probably time to begin to bring this to a close then. And so I want to fire some questions at each of you. So the first one is, in one word or phrase, what comes next after this framework deal? How would you characterize it? Michael, do you want to start?

Amb. Ratney: What comes next? A great degree of uncertainty, competing with microscopically short attention spans.

Amb. Ziadeh: Well, some relief, a lot of anxiety of the unknown.

Mr. Todman: Hmm, yeah. Paul.

Mr. Salem: I would say, the end of a round of fighting, but none of the major issues really resolved in a sustainable way.

Mr. Todman: Mona.

Ms. Yacoubian: I mean, just again on the uncertainty theme, many, many question marks. Very few answers.

Mr. Todman: Yeah. OK. So then, a great-power sort of question. So, of the U.S., Russia, and China, who ultimately gained the most from this war? Is it even possible to talk about one of these states as gaining from this?

Ms. Yacoubian: Can I first plug a piece that you have forthcoming in Foreign Policy – (laughter) – which I think you very well argue that no one won. Everyone has lost from this war. But I think with that said, I do think it's fascinating that President Trump commented favorably on both Russia and China in his interview with The New York Times last night, noting that they did not interfere, et cetera. I do think, if this does actually bring the real – the sort of enduring reopening of the strait – I think we will see China actually emerge in a more powerful position. Arguably that was the biggest liability that the Chinese faced, both in terms of its impacts on the global economy and also even on its markets in the Gulf.

Mr. Todman: Fascinating. Anyone else?

Amb. Ratney: I think China.

Mr. Salem: I might jump in. I mean, I would say, in terms of who benefited from the war, maybe it was Russia. High oil prices and their drone ally survived. And the drones and other equipment worked well. Maybe China was the biggest loser because of the economics of it, of the war. But of the – of this, you know, reopening of the straits, definitely China is thirsty for that – for that to happen. So maybe a big winner there. And generally, the U.S. strategically, diplomatically, has done miserably. So that probably accords a bit more to China in terms of the global leadership competition.

Mr. Todman: Yeah.

Amb. Ratney: I think the Chinese watched effortlessly as we expended our most sophisticated interceptors, and watched up close the limits of American air power to reach strategic effects. Let us not forget, like administration after administration keeps saying, that Asia is the real theater that matters. And we've just weakened our hand and shown our cards in a way that I think will do real damage to our ability to affect the course of events there.

Mr. Todman: And our colleagues here at CSIS and the Defense and Security Department have done some really good work on tracking the drawdown on munitions, and the degree to which those have been expended, and just how long it will take to restore them to the levels even before this conflict started.

Amb. Ratney: And, if I had to guess, I'd say the Chinese were actively helping the Iranians do exactly that.

Amb. Ziadeh: And how other countries around the world are now eyeing waterways with a different strategy and a different anticipation of what it could mean for them, positively and negatively.

Mr. Todman: Yeah.

Mr. Salem: If I may, Will, I mean, as an interesting aside here, I mean, over the last five, six years we've seen great powers try to take on small powers or middle powers. And they have failed. Russia failed to take Ukraine. U.S. failed to defeat Iran. And that's a different conversation. You know, defense looks to be, you know, easier than offense. And whether that's making China think that, you know, hey, Russia tried it on Ukraine, the U.S. tried it on Iran, we might want to try it on Taiwan. Maybe it's not as easy as the great powers thought these things would be.

Mr. Todman: That's fascinating. Yeah.

So last question, then. So is there something that you wish you could ban pundits from saying? Because I think there will be a lot of pundit-waving. (Laughter.) A lot will be said over the next few months. What do you hope they don't say when talking about this?

Amb. Ratney: I want them to ban use of the term "restored deterrence."

Mr. Todman: Ah, OK.

Ms. Yacoubian: And though I've said it, I think saying reopening the strait also really doesn't quite capture the complexity of what we're talking about. I think the real question is who has control more so than whether it's opened or closed, and does Iran retain the ability to disrupt at will.

Mr. Todman: Yeah.

Paul, any final thoughts?

Mr. Salem: I was waiting for Susan to give her gem.

Amb. Ziadeh: No, not today. (Laughter.)

Mr. Todman: No, no, no. On to you, Paul. (Laughter.)

Mr. Salem: Well, I've seen this so-called whatever, memorandum of understanding, being called a peace deal. It is not a peace deal.

Amb. Ratney: Yeah. That's true.

Mr. Salem: Peace is not exactly what's breaking out here, but maybe a new status quo that hopefully will last for a while.

Mr. Todman: Yeah. OK, so somewhat of a sombering discussion, I think.

So we started by, you know, remarking the fact that we have not seen the text of this agreement, so it's quite difficult to talk about exactly what has been agreed to. It's not a – it's not a peace deal yet, but it's something short of that. It seems that the strait is open, but we don't know who controls it exactly. It seems that it does – it's meant to include Lebanon, but we think there are going to be big pressures on that. We understand the nuclear program will be discussed, but as we've discussed as well there are going to be real incentives on Iran to slowball that process and to be quite constrained in what it gives up depending on the economic benefits that it gets.

But, ultimately, this has ended the war. That's a relief for Gulf energy-exporting states, a relief for consumers in the U.S., and the end to the loss of life that we have seen as well over the past more than a hundred days. And hopefully the impact on the Global South will be lessened now than in comparison if it had continued to go on.

And then I think you've highlighted some of the things that we should watch for going forward. So we're expecting to see a flurry of diplomacy now. Turkey, Arab Gulf states will engage in diplomacy with Iran trying to get to a better place and a better understanding in its role in the region.

We're expecting a rift to break out between the U.S. and Israel, maybe an unprecedented divergence of interests there, which is certainly something to watch.

We're watching out for an arms race, as particularly Arab Gulf states bolster their own defensive capabilities and look to diversify their security relationships.

And a redrawing of the geoeconomic map. Susan, you said this is all about geography, again, and the Strait of Hormuz is going to become less important going forward as others try to find mitigation strategies and alternatives to lessen their dependence on it going forward.

And then I think you've noted how we've seen a really interesting rise in different kinds of geopolitical actors. The Europeans were not there, were not playing a role in this. Of course, they played a big role in the JCPOA. But instead, we've seen the rise of a new constellation of states that show much greater agency: Saudi Arabia, Turkey, Qatar, Pakistan, Egypt, and others.

And, Paul, as you – as you flagged as well, ultimately, this is another example of a great power failing to force the surrender of a much weaker, much smaller power. We saw this with Russia and Ukraine. We've seen this again with now the U.S. and Iran. Maybe China takes some lessons from that as it's thinking about Taiwan.

So I think some big geopolitical shifts underway that this has revealed. A lot of different actors have lost, as you have I think expressed very clearly today. There's going to be a lot more said over the next 60 days as we – as we – as the two sides do dive into those nuclear negotiations. We will come back to you and watch for your analysis to help understand where things are.

But, Mona, Paul, Susan, Michael, thank you so much for joining at such short notice.

And to our viewers at home, thank you so much for watching. We hope that you will go to the CSIS website to see our latest analysis. Mona and I put out a piece this morning. We've been working hard since the news – (laughter) – dropped last night, and there will be lots more of that to come. Thank you so much.

(Music plays.)
(END.)