

CRISIS COMMITTEE: IRANIAN - US CONFLICT IN THE MIDDLE EAST

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I. Historical Background

Iran and the United States have had an adversarial relationship ever since the Islamic Revolution in 1979 and the subsequent establishment of an Islamic Republic in Iran. Prior to this revolution, Mohammed Reza Shah's rule of Iran was characterized by his desire for military supremacy over his neighbors and his distrust of the Soviets, which led him to seek a military alliance with the US. The concept of arming Iran became a key point in US foreign policy and within the timespan of a few months in 1972, the Shah purchased over \$3 billion dollars worth of arms from the United States, a practice that would continue for the remainder of the 1970s. The dismantling of the Shah's regime tore Iran from Washington's reach, who had previously seen the Shah as an ally willing to accept a position as regional watchman keeping an eye on American interests. This revolution transformed the nation's internal society, economy, and politics and its impact echoed through the Middle East, representing a colossal defeat for the US.¹

In 1982, during the Iran-Iraq war, the Reagan Administration promoted several sanction bills against Iran, while establishing full diplomatic relations with Saddam Hussein's government in Iraq by removing it from the US list of State Sponsors of Terrorism. Seven years into the Iran-Iraq War, Iranian forces began attacking oil tankers from Iraq's primary financial beneficiaries, Kuwait and Saudi Arabia—this conflict is known as the Tanker Wars. Following this, the United States intervened on behalf of Kuwait in the Tanker Wars, contributing to the growing tensions

¹ <https://nationalinterest.org/commentary/how-the-shah-entangled-america-8821>

between the US and Iran. Faced with the threat of disrupting global oil supplies, the Reagan Administration began re-registering Kuwaiti ships under the American flag, providing them military protection in what is known as Operation Earnest Will.²

Throughout the 1990s, the US undertook the imposition of more and stricter sanctions against Iran, which had been imposed for the first time in November 1979 after a group of radical students seized the American Embassy and took hostage the people inside. In 1992, the US Congress passed the Iran-Iraq Arms Nonproliferation Act, declaring “that it is US policy to oppose any transfer of goods or technology to Iraq or Iran whenever there is reason to believe that such transfer could contribute to that country’s acquisition of chemical, biological, nuclear, or advanced conventional weapons.” Furthermore, the Iran Sanctions Act was ratified by Congress in 1996 in an attempt to punish and obstruct entities from investing in Iran’s petroleum industry. According to this law, the United States would impose sanctions on foreign companies that invested more than \$20 million dollars in Iran’s oil sector, thereby hindering Iran’s access to funds to develop weapons of mass destruction. In addition to these acts, President Bill Clinton issued various executive orders that expanded the sanctions and banned the exchange of goods and services between the US and Iran (1996-1997).³

Following the September 11, 2001 terrorist attacks in the United States, the Bush administration initiated short-lived communications with Iran to collaborate against common enemies: the Taliban and Al Qaeda. However, in 2002, President Bush included Iran in the “Axis of Evil” during his State of the Union Address, most likely due to the fact that international inspectors confirmed that Iran had enriched uranium, which they claimed to be using for the

² <https://www.newyorker.com/news/our-columnists/a-tanker-war-in-the-middle-eastagain>

³ <https://www.atlanticcouncil.org/blogs/new-atlanticist/a-brief-history-of-sanctions-on-iran/>

energy capabilities rather than fueling weapons.⁴ In 2009, Barack Obama took office, marking a shift in US policy toward Iran which attempted to improve relations and negotiate a nuclear deal. After the announcement that Iran was building a uranium-enrichment site, the US Congress adopted the Comprehensive Iran Sanctions, Accountability, and Divestment Act, through which the US would sanction foreign banks if they neglect to reduce imports of Iranian oil, resulting in a radical drop in oil sales and a downturn in the Iranian economy.

In 2013, Hassan Rouhani was elected president on a platform of improving Iran's relations with the world, subsequent to which Obama and Rouhani spoke via telephone call in the highest-level contact since 1979. Afterwards, the International Atomic Energy Agency confirmed that Iran had taken steps to decrease nuclear activity and the US proceeded to lift nuclear-related sanctions on Iran. In the past 40 years, the relations between the two countries have been characterized by highs and lows, however, the situation began to deteriorate expeditiously since President Donald Trump took office.

II. The Trump Administration

Tensions between the United States and Iran have especially been building up since the Trump administration walked from the 2015 nuclear deal. Prior to the deal, Iran's nuclear weapon activity was undeniably surging, and, as a result, countries established economic sanctions in hopes of halting the nation's production of uranium for nuclear weapons.⁵ The nuclear deal saw the United Nations drafting a multilateral agreement in hopes of preventing the emergence of Iran as a nuclear power, and, in turn, countries participating in the deal lifted the

⁴ <https://www.e-ir.info/2015/08/30/us-iran-special-relations-between-2001-and-2003-friends-or-foes/>

⁵ <https://www.bbc.com/news/world-middle-east-33521655>

economic sanctions they had previously established.⁶ However, in May of 2018, the Trump administration, accusing Iran of instigating terrorist groups, such as Al-Qaeda in Iraq, terminated its participation in the nuclear deal and reinstated the economic sanctions which led to a regression of Iran's economy.⁷

Afterward various events led tensions between the two nations to reach staggering heights. First, in June 2019 two explosions deadened oil tankers in the Gulf of Oman, a route necessary for providing a third of the world's oil, including the United States'.⁸ Secretary of State Mike Pompeo, accused Tehran of the attack. Later, during the last weeks of 2019 a US civilian and multiple members of the US military service died after a barrage of missile strikes came over an Iraqi base. The Trump administration suspected Iran of the attack as US forces in the territory had previously been subject to threats from the country.⁹

Rising tensions between the two nations seemed to have reached a point of no return when President Trump, on January 3rd, ordered the assassination of Major General Qassem Soleimani, head of the elite Quds Force. The US saw him as the second-most powerful man in Iran: as he was integral in managing proxy wars in Iraq, Syria, Lebanon, and Yemen which killed an estimated 600 American troops.¹⁰ The killing of the highest-ranking officer in Iran through a drone led Tehran Supreme Leader, Ayatollah Ali Khamenei to issue the statement: "Forceful revenge awaits the criminals who have his blood and the blood of the other martyrs last night on their hands."

⁶ <https://www.bbc.com/news/world-middle-east-33521655>

⁷ <https://time.com/5761125/iran-missiles-trump-off-ramp/>

⁸ <https://aldianews.com/articles/politics/brief-summary-us-iran-conflict/55610>

⁹ <https://aldianews.com/articles/politics/brief-summary-us-iran-conflict/55610>

¹⁰ <https://www.nytimes.com/2020/01/11/us/politics/iran-trump.html>

Now that the Trump Administration conducted the assassination of one of Iran's most important leaders, the conflict that has existed between the two nations for nearly forty years is at the brink of war.

III. Economic Implications

After the US coordinated assassination of Suleimani and Iran's retaliation in the form of missile strikes on US bases, there have been economic repercussions as a result of the fallout. First, given the fact that Iran holds approximately 10% of the world's proven oil reserves, oil prices have spiked up 10%.¹¹ Additionally, US and global equities have dropped by a small percentage and safe-haven bond yields have fallen.

Even though the US is less dependent on foreign oil than in the past, a sudden rise in oil prices could potentially result in an economic recession, similar to the one that happened in the United States in 1990; this would be due to how oil prices would affect all consumers, including households and firms. While in the nation, private spending and growth would slow, on a more global scale, there would also be a deterioration in the growth of all the major oil-importing economies, ranging from Japan, China, India, South Korea, Turkey, and most European countries.¹²

According to statistical information gathered by JP Morgan, a potential conflict between the US and Iran that would lead to a blockade from Iranian oil to the US, and allied countries, could lead to a rise in oil prices up to 126%, in other words, more than \$150 per barrel.¹³ In a more limited scale, a one-month blockade could lead prices to increase up to \$80 a barrel, which would in turn hurt investors, business, and consumer confidence, leaving the world's economy in

¹¹ <https://www.theguardian.com/business/2020/jan/14/us-iran-conflict-growth-recession-stock-markets>

¹² <https://www.theguardian.com/business/2020/jan/14/us-iran-conflict-growth-recession-stock-markets>

¹³ <https://www.theguardian.com/business/2020/jan/14/us-iran-conflict-growth-recession-stock-markets>

complete turmoil. However, this conflict does not only affect oil and the banking sector, as it will inevitably lead to fluctuations in the stock market and currency and a rise in prices in the rise of oil.¹⁴ Rather, it could also affect other aspects of the global economy, such as tourism to the Middle East.¹⁵

IV. Guide Questions

1. Taking into consideration the history of the conflict, and the current events which have led to an increase in tensions, what stance does your delegation take in terms of the issue and the actions that need to be taken?
2. How has your delegation been, or how could it be, affected by the conflict between the US and Iran?
3. What initiatives does your delegation propose in terms of minimizing the conflict between the two nations? Are there potential solutions to the growing conflict?
4. Does your delegation believe that other nations should become involved? If so, why and how?
5. What steps does your delegation think the countries involved and the global community must take in order to limit the potential economic repercussions?

V. Message from the Dais

Delegates, while this briefing is a comprehensive information guide, it only scratches the surface of the bulk of information that is available for research. As such, we encourage you to inquire deeper into the US-Iran conflict, particularly the economic and military factor, how to minimize political conflict, and how this issue affects your country in particular. The committee

¹⁴<https://www.cnbc.com/2020/01/06/lasting-us-iran-conflict-would-cause-broad-economic-financial-shock-moodys-says.html>

¹⁵<https://www.bangkokpost.com/business/1829204/iran-us-conflict-will-hurt-global-economy-govt>

will begin on January 3rd, 2020 following the assassination of Qassem Soleimani. As a crisis committee, you are expected to embrace its dynamic character and respond to the committee's changing direction based on the delegates' own actions. Moreover, we will not be accepting crisis notes throughout the committee, only directives and portfolio powers.

Position papers are expected to have been written in Times New Roman or Arial size 12 font and double-spaced with 1-inch margins. They should be 2-3 pages with an additional MLA bibliography. Submission for position papers should be no later than Friday , February 28, 2020. When submitting, please make sure that the file is a Word document or a PDF and send it to both chairs (Google documents will not be accepted). Finally, if you have any questions or concerns, we'd be happy to answer them via email. We look forward to hearing your ideas in committee!

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Directive Format

- I. Specific title
- II. Signatories
 - A. Specific orders that you would like to see undertaken (written in a sentence starting with a modifier).
 - B. Purpose of the directive (what you expect or hope to be the result).