POLICY ASSESSMENT

Memorandum of Understanding

Islamic Republic of Iran

and the

United States of America

Signed: 17 June 2026 | Mediators: Pakistan & Qatar (*Islamabad Memorandum*)

Prepared by Tariq Rauf[1]: Vienna, 22 June 2026

Executive Summary

On 17 June 2026, the United States of America and the Islamic Republic of Iran separately signed a Memorandum of Understanding (MOU): President Trump at the Palace of Versailles and President Pezeshkian in Tehran. The agreement — formally known as the Islamabad Memorandum — was co-mediated by Pakistan and Qatar; Pakistani Prime Minister Shehbaz Sharif and Qatari officials played central roles in brokering the final text. The MOU is considered a landmark diplomatic achievement ending an active military confrontation between the two countries initiated by Israel and the United States. The agreement was publicly disclosed by a senior US official on 18 June 2026.

The MOU establishes an immediate ceasefire across all fronts including Lebanon, commits both parties to a 60-day negotiation window for a final binding deal, and sets out concrete economic, nuclear, and security provisions. It is structured around reciprocal concessions: Iran receives sweeping sanctions relief, access to frozen assets, Strait of Hormuz reopening on its own terms, and a $300 billion reconstruction commitment; the United States secures cessation of hostilities, nuclear non-proliferation assurances, and restored regional maritime trade routes.

This assessment examines the agreement's implications for Iran, the United States, and the international community; the strategic imperative of Persian Gulf maritime security under regional ownership. Matters concerning Iran's nuclear programme and the IAEA's role shall be addressed in a subsequent assessment, once Iran and the United States reach an agreement on the future contours of nuclear activities in Iran within the ambit of the nuclear Non-Proliferation Treaty.

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Key Provisions at a Glance

The fourteen-article MOU covers the following core areas:

Art. 1	Immediate and permanent ceasefire on all fronts, including Lebanon; territorial integrity of Lebanon guaranteed.
Art. 2	Mutual respect for sovereignty and non-interference in internal affairs.
Art. 3	60-day window (extendable) to negotiate a binding final deal.
Art. 4	US naval blockade lifted; phased removal within 30 days; US forces withdrawn from Iran's proximity within 30 days of final deal.
Art. 5	Iran reopens Strait of Hormuz to commercial vessels within 30 days; conducts dialogue with Oman and Gulf littoral States on future maritime administration.
Art. 6	US commits, with regional partners, to a minimum $300 billion reconstruction and economic development plan for Iran.
Art. 7	US terminates all sanctions — UN Security Council resolutions, IAEA Board resolutions, and all primary and secondary US sanctions — on an agreed schedule in the final deal.
Art. 8	Iran reaffirms no nuclear weapons; stockpiled enriched material to be down-blended under IAEA supervision; further enrichment discussions in the final deal.
Art. 9	Status quo on nuclear programme maintained pending final deal; no new US sanctions; no additional US force deployments.
Art. 10	US Treasury issues oil export waivers for Iran immediately; continues until sanctions are formally lifted.
Art. 11	Frozen Iranian funds and assets to be fully released; procedures agreed in negotiations; funds usable by Iran's Central Bank without restriction.
Art. 12	Joint executive monitoring mechanism to oversee MOU implementation and final deal compliance.
Art. 13	Final deal negotiations begin after Articles 1, 4, 5, 10, and 11 are in initial implementation.
Art. 14	Final deal to be endorsed by a binding UN Security Council resolution.

A. Assessment for the Islamic Republic of Iran

Gains, risks, and strategic positioning

✓ Pros for Iran	✕ Cons / Risks for Iran
• Immediate ceasefire ends active military hostilities and prevents further territorial, civilian, and infrastructure losses. • US naval blockade lifted within 30 days, restoring Iran's access to international maritime trade and energy export routes. • Oil export waivers effective immediately upon signing (Art. 10), rapidly restoring hydrocarbon revenue.	• Nuclear weapons reaffirmation (Art. 8) formalises a legal commitment, potentially constraining Iran's strategic deterrence posture permanently. • Enriched uranium stockpiles are to be down-blended under IAEA supervision — a significant rollback from years of accumulated nuclear leverage.

• Full release of frozen international assets and funds — potentially hundreds of billions of dollars — with Iran's Central Bank holding ultimate beneficiary rights (Art. 11). • Comprehensive sanctions termination pathway: US primary and secondary sanctions, UN Security Council resolutions, and IAEA Board resolutions all scheduled for removal (Art. 7). • Massive $300 billion reconstruction and development commitment from the US and regional partners (Art. 6). • Iran retains control over Strait of Hormuz maritime administration in dialogue with Oman and Gulf States — not surrendering sovereignty (Art. 5). • Enrichment programme not categorically prohibited; scope to be determined in the final deal, preserving civil nuclear rights (Art. 8). • Final deal to be backed by a binding UN Security Council resolution, providing multilateral legal protection (Art. 14). • Status quo freeze on US sanctions and force deployments during the 60-day negotiating period (Art. 9) reduces pressure and gamesmanship.	• Enrichment levels and programme scope remain unresolved until the final deal, leaving a key strategic question open to US negotiating pressure. • The 60-day final deal deadline is tight; if talks fail or stall, Iran could be left in an interim limbo with partial concessions already made. • Sanctions relief and asset release are conditional on the agreed schedule in the final deal, meaning Iran must deliver nuclear concessions before full economic benefits materialise. • The MOU does not explicitly resolve the status of Iranian proxies and allied militias in the region, which could complicate compliance claims. • Domestic political legitimacy challenges: hardliners may characterise the deal as capitulation, undermining the government's standing. • Reconstruction funding of $300 billion is a commitment, not a guarantee — the mechanism is to be defined in the final deal, leaving delivery uncertain. • Strait of Hormuz safe passage is granted on a 60-day temporary basis only pending demining (Art. 5); long-term arrangements remain to be negotiated. • Monitoring mechanism (Art. 12) implies ongoing international oversight of Iran's behaviour, limiting freedom of manoeuvre.

B. Assessment for the United States of America

Strategic gains, domestic politics, and credibility

✓ Pros for the United States	✕ Cons / Risks for the United States
• Immediate ceasefire ends an active military confrontation, reducing the risk of further escalation, US casualties, and the prospect of a wider regional war. • Strait of Hormuz reopens to commercial shipping within 30 days, restoring global energy supply chains and reducing oil price volatility — critical for the US economy and allies. • Iran's formal reaffirmation of non-acquisition of nuclear weapons (Art. 8) achieves the core US non-proliferation objective without military action. • Enriched uranium stockpiles to be down-blended under IAEA supervision — a	• Lifting all categories of sanctions (Art. 7) — including UNSC resolutions and secondary sanctions — is a sweeping concession that will face significant bipartisan Congressional opposition. • Releasing frozen Iranian assets (Art. 11) without fully resolving nuclear and proxy issues will be politically attacked as rewarding Iran's conduct. • Oil export waivers issued immediately (Art. 10) before a final deal is concluded, creating pressure on Israel and Gulf allies who opposed Iran's energy revenues. • The $300 billion reconstruction commitment, even if shared, will be

concrete, verifiable rollback of Iran's nuclear programme. • A 60-day path to a comprehensive final deal endorsed by a binding UNSC resolution provides multilateral legitimacy and broader international buy-in. • Engagement through Pakistan and Qatar's co-mediation demonstrates US diplomatic flexibility and coalition-building capability, strengthening global standing. • US forces can be redeployed from the region within 30 days of the final deal, reducing military overextension and operational costs. • The framework for compliance monitoring (Art. 12) ensures the US retains leverage over Iran's adherence to the agreement. • Economic reconstruction investment ($300 billion) is shared with regional partners — the US cost is diluted, while the reputational and strategic benefit is significant. • The agreement avoids a prolonged conflict that risked broader Sunni-Shia regional conflagration and potential confrontation with Russia or China.	controversial domestically as spending on a formerly adversarial State. • The 60-day negotiating window may prove insufficient to resolve deeply contested issues (enrichment levels, proxy forces, ballistic missiles), risking a failed process. • Pulling naval forces from Iran's proximity (Art. 4) may be seen by regional allies — particularly Israel and Saudi Arabia — as abandoning deterrence commitments. • The final deal's reliance on a binding UNSC resolution (Art. 14) exposes the process to Russian or Chinese veto leverage. • Domestic political backlash: the deal will be characterised by opponents as a repeat of Obama-era nuclear diplomacy, with heightened scrutiny in a polarised environment. • Iran's proxies and regional activities are not addressed in the MOU, meaning Hezbollah, Houthi, and Iraqi militia behaviour remains an unresolved flashpoint. • The status quo freeze (Art. 9) limits US flexibility to respond to Iranian violations during the negotiating period without triggering a breakdown.

C. Assessment for the International Community

Global security, energy markets, and the non-proliferation regime

✓ Pros for the International Community	✕ Cons / Risks for the International Community
• Immediate ceasefire reduces the risk of a broader Middle Eastern conflict that could have drawn in regional powers and global actors with catastrophic consequences. • Reopening the Strait of Hormuz — through which approximately 20% of global petroleum liquids consumption transits — stabilises energy markets and reduces inflationary pressure on the global economy. • IAEA-supervised down-blending of Iranian enriched uranium strengthens the global non-proliferation regime and removes the most acute near-term proliferation risk. • The final deal's endorsement by a binding UNSC resolution (Art. 14) re-engages the multilateral security architecture and	• Israel's claimed security concerns are not directly addressed; the MOU does not explicitly resolve Iran's posture toward Israel, leaving a key regional source of instability unresolved. • Gulf States (Saudi Arabia, UAE) may perceive the rapid sanctions relief and asset release as a US pivot away from traditional Gulf security partnerships. • If Iran's proxy networks (Hezbollah, Houthis, Iraqi militias) are not addressed in the final deal, the MOU may simply freeze the conflict rather than resolve underlying drivers. • A 60-day negotiating deadline for a comprehensive final deal is highly ambitious; failure could produce a worse

reaffirms the UN's role in resolving conflicts. • Pakistan and Qatar's joint mediation role demonstrates the utility of middle-power diplomacy and the potential of regional actors to de-escalate great power and regional conflicts. • A stable post-war Iran with a $300 billion reconstruction framework creates significant investment and trade opportunities for European, Asian, and Gulf economies. • A negotiated resolution reduces the risk of a refugee and humanitarian crisis in Lebanon, Iraq, and the broader region reaching European shores. • The monitoring mechanism (Art. 12) provides a model for verifiable compliance in international security agreements, potentially applicable to future diplomatic frameworks. • Cessation of hostilities in Lebanon (Art. 1) includes a guarantee of Lebanese territorial integrity, offering a measure of protection for a structurally fragile State. • Resolution of the Iran-US confrontation reduces a key driver of global oil price volatility, benefiting commodity-import-dependent economies in Asia and Africa.	geopolitical environment than the pre-MOU status quo. • The UNSC resolution requirement (Art. 14) creates a Russian and Chinese veto point that could be used as diplomatic leverage at a critical juncture. • The sanctioned removal of all UNSC-imposed restrictions on Iran will require persuading Security Council members — a diplomatically demanding exercise. • Broader regional nuclear proliferation risk: Saudi Arabia and Turkey may use Iranian civil nuclear rights as justification for pursuing their own enrichment programmes. • Economic reconstruction funding mechanisms are undefined, creating uncertainty for international investors and financial institutions operating in sanctioned environments. • The MOU is a statement of intent — its value is entirely contingent on a final deal within 60 days; the international community should not price in stability prematurely. • Precedent concern: the terms may incentivise other State actors to pursue nuclear brinkmanship as a pathway to economic and diplomatic concessions.

— End of Assessment —

The Iran-US MOU of 17 June 2026 — formally the Islamabad Memorandum, co-mediated by Pakistan and Qatar — represents one of the most significant diplomatic developments in the Middle East since the 2015 JCPOA. In structural terms, given the inherently changed circumstances of war between the parties, the MOU combines a ceasefire framework, economic normalisation, nuclear non-proliferation commitments, and a multilateral legal endorsement in a single instrument.

For Iran, the MOU delivers the economic relief and international rehabilitation that has eluded the country for decades, at the cost of nuclear weapons reaffirmation and a degree of intrusive verification. For the United States, it secures core strategic objectives — no Iranian bomb, open sea lanes, withdrawal from active hostilities — while committing to substantial financial and diplomatic capital. For the international community, it removes the most acute near-term risk of great-power proxy escalation and restores global energy security, including the flow of approximately 20% of global petroleum liquids consumption through the Strait of Hormuz.

The critical caveat is that the MOU is explicitly an interim instrument. Its durability depends entirely on whether the parties can translate goodwill into a binding final deal within 60 days — a timeline that is highly ambitious given the depth of the outstanding issues. The world should welcome this agreement as a necessary first step while maintaining clear-eyed awareness that the harder work of permanent peace lies ahead.

This assessment argues that the MOU's provisions on Hormuz and force withdrawal, read in their fullest strategic context, point toward a necessary and overdue transformation of the Gulf's security architecture: from one built around foreign military presence and extra-regional guarantees — demonstrated by the recent conflict to be both ineffective and destabilising — to one grounded in Iran-GCC cooperation, regional maritime governance, and the geoeconomic logic of shared interests in a stable, open, and prosperous Gulf. The States of the GCC collectively hold approximately one-third of global proven oil reserves, and together with Iran and Iraq the wider Gulf region accounts for over half; their combined sovereign wealth fund assets approach $6 trillion. The geoeconomic case for regional cooperation is overwhelming.

The Iran-US MOU has presented an opportunity. Whether the Gulf States — Arab and Persian, Sunni and Shia, monarchies and republic — together take advantage of it will determine whether June 2026 is remembered as the beginning of a new Gulf order, or merely as an interlude between conflicts. The geostrategic and geoeconomic logic is unambiguous. The political will must follow.

The Iran-US MOU has opened a strategic window that may not remain open for long. The Gulf States — Arab and Persian, Sunni and Shia, monarchies and republic — now face a choice that has been deferred for decades: whether to rebuild the security architecture that failed them on the same foundations, or to construct something genuinely new themselves. The argument presented in a separate follow-on to this assessment, *Gulf Maritime Security: The Case for Regional Ownership*, is that the logic of regional ownership is not merely desirable but strategically necessary, especially as external security guarantees and foreign military basing have been tested by events and found wanting.