

The U.S.–Iran MOU and the Possibility of a New Regional Order

By Fred S. Teng

The United States and the Islamic Republic of Iran have signed a Memorandum of Understanding that could become one of the most consequential diplomatic documents in the modern Middle East. On its face, the agreement is a ceasefire arrangement designed to end hostilities, reopen maritime traffic, and create a 60-day path toward a final settlement. But in substance, it is much more than a truce. It is an attempted strategic reset between two adversaries whose confrontation has shaped the politics, security, energy markets, and diplomatic alignments of the Middle East for more than four decades.

This MOU should not be understood simply as a new version of the Joint Comprehensive Plan of Action (JCPOA). The JCPOA was a nuclear agreement. It was narrow, technical, and highly detailed. Its purpose was to limit Iran's nuclear program in exchange for nuclear-related sanctions relief. It established caps on enrichment, stockpiles, centrifuges, facilities, and monitoring arrangements. Its strength was precision. Its weakness was that it did not address the wider U.S.–Iran confrontation, including missiles, proxies, regional security, maritime passage, or the political hostility between Washington and Tehran.

The new U.S.–Iran MOU is different. It is broader, more political, and more ambitious. It is not merely about centrifuges and uranium stockpiles. It is about war and peace, sanctions and sovereignty, oil and shipping, Lebanon and the Strait of Hormuz, reconstruction and regional legitimacy. If the JCPOA was an arms-control bargain, this MOU is an attempted grand bargain under wartime pressure.

The agreement contains several major pillars.

- First, the United States and Iran agree to end military operations on all fronts, including Lebanon.
- Second, both sides commit to respecting each other's sovereignty and territorial integrity and refraining from interference in each other's internal affairs.
- Third, they commit to negotiating a final deal within 60 days.
- Fourth, the United States agrees to begin removing its naval blockade and later move its forces away from Iran's proximity after a final agreement.
- Fifth, Iran agrees to use its best efforts to restore safe commercial passage from the Persian Gulf to the Sea of Oman.
- Sixth, the United States undertakes, with regional partners, to develop a reconstruction and economic development plan of at least 300 billion dollars for Iran.
- Seventh, the United States undertakes to negotiate the termination of all types of sanctions, including unilateral U.S. sanctions and measures involving the UN Security Council and the IAEA.
- Eighth, Iran reaffirms that it will not procure or develop nuclear weapons and agrees to address the disposition of enriched material under IAEA supervision.

This is a breathtaking scope. It attempts to settle not one crisis, but several overlapping crises at once.

For Iran, the MOU offers what Tehran has long sought. It gives recognition of sovereignty, an end to military pressure, relief from maritime blockade, access to oil exports, potential access to frozen assets, a pathway to sanctions termination, and a major reconstruction plan. Perhaps most importantly, it does not immediately force Iran to surrender its nuclear infrastructure. It freezes the current situation and postpones the most difficult nuclear questions to final negotiations. Iran can therefore present the MOU domestically as a victory of endurance and resistance.

For the United States, the agreement offers a different kind of gain. It halts a costly and dangerous military escalation. It reopens the Strait of Hormuz and reduces global energy risk. It freezes Iran's nuclear program while creating a pathway to down-blend enriched stockpiles under IAEA supervision. It creates a mechanism for final negotiations and potentially reduces pressure on U.S. forces and allies across the region. Washington can argue that it has moved from uncontrolled escalation to managed de-escalation.

The central diplomatic exchange is clear. Iran reduces military and nuclear escalation. The United States reduces military and economic pressure. Both sides create a 60-day bridge toward a final settlement.

Yet the MOU's strength can also be its shortcoming. It promises a great deal before the final details are settled. It does not yet define the acceptable level of Iranian enrichment, the future of Fordow, the number and type of centrifuges, the full scope of IAEA access, the exact schedule of sanctions termination, the legal authority for U.S. sanctions relief, the role of Congress, the obligations of Israel and Hezbollah, or the source of the 300 billion dollar reconstruction package. It also refers to U.S. forces moving away from the "proximity" of Iran without defining what proximity means. Does it mean naval forces in the Persian Gulf? U.S. bases in Bahrain, Qatar, Kuwait, Iraq, UAE, or Saudi Arabia? Carrier groups? Missile systems? Without precision, this phrase could become a future dispute.

The regional reactions will be complex. Nearly every government will publicly welcome de-escalation, because no responsible capital wants a wider Gulf war. But beneath the public praise, each government will calculate whether the agreement strengthens or weakens its position.

Israel will likely be the most skeptical and perhaps the most hostile. From Israel's perspective, the agreement may grant Iran money, legitimacy, and strategic breathing room without fully dismantling its nuclear capabilities, missiles, or regional networks. The Lebanon clause will be especially sensitive, because it could limit Israel's freedom of action against Hezbollah. Israel may publicly say that it is not bound by a deal to which it is not a party. The danger is that Israeli military action in Lebanon, Syria, or against Iranian-linked targets could test the agreement before the final deal is reached.

Saudi Arabia will welcome the end of war, but cautiously. Riyadh wants oil-market stability, secure shipping, and an end to missile and drone threats. But Saudi leaders will worry that Iran may receive sanctions relief and reconstruction funding without accepting sufficient constraints on missiles, militias, and regional influence. Saudi Arabia will probably not try to destroy the deal. Instead, it will try to shape it. If Gulf states are expected to contribute to Iran's reconstruction, they will demand credible security guarantees from Tehran.

The United Arab Emirates will likely respond pragmatically. Abu Dhabi wants open shipping lanes, lower insurance costs, stable energy flows, and a predictable investment environment. It may support maritime arrangements and reconstruction discussions, but it will also continue strengthening its own defense and strategic partnerships. Qatar and Oman will be more openly supportive. Qatar has an interest in de-escalation and energy stability. Oman, in particular, may gain a central diplomatic role because the MOU explicitly mentions future discussions with Muscat over maritime services and the Strait of Hormuz.

Iraq will strongly welcome the agreement. Few countries suffer more from U.S.–Iran escalation than Iraq. Baghdad is often trapped between American military presence and Iranian influence. A lowered U.S.–Iran confrontation gives Iraq more room to breathe. Lebanon, however, will be divided. The Lebanese state will welcome an end to hostilities, while Hezbollah will likely claim that resistance produced diplomatic results. Anti-Hezbollah factions will fear that the agreement strengthens Hezbollah's domestic standing.

The G7 countries will publicly welcome the agreement, but they too will have reservations. The United Kingdom and France will support maritime security, IAEA verification, and a Lebanon ceasefire, but they will not want Europe sidelined by a bilateral U.S.–Iran deal. Germany will focus on legal structure, verification, and sanctions sequencing. Italy will welcome energy stability and future commercial opportunity. Canada will support de-escalation while remaining cautious on human rights and Iran's regional conduct. Japan may be among the most supportive because of its dependence on Middle Eastern energy and its strong interest in secure passage through Hormuz.

Russia and China will also welcome the MOU, but for different reasons. China will view the agreement primarily through the lenses of energy security, trade stability, sovereignty, and regional connectivity. Beijing wants Hormuz open, oil markets calm, and Iran economically stable. China will also see potential opportunities in reconstruction, infrastructure, energy, ports, telecommunications, and industrial development. At the same time, Beijing will worry about implementation, especially whether the United States can actually deliver sanctions relief and whether Israel or U.S. domestic politics could derail the process.

Russia's reaction will be more geopolitical. Moscow will welcome the end of hostilities and the recognition of Iran's sovereignty, but it will also see the agreement as evidence that U.S. military and sanctions pressure could not force Iran's submission. Russia will

support the role of the UN Security Council because that gives Moscow leverage over the final deal. Yet Russia will also have private concerns. If Iran's oil exports return fully to the market, energy prices could fall. If Iran normalizes with the West, Tehran may become less dependent on Moscow. Russia will therefore welcome de-escalation while preferring a final arrangement that preserves Iranian strategic autonomy and Russian influence.

The most important international reaction may not come in speeches or communiqués. It will come in implementation. Will the United States issue oil waivers and financial licenses quickly? Will Iran restore safe passage through Hormuz? Will the IAEA gain sufficient access to supervise stockpile disposition? Will Israel restrain its operations in Lebanon? Will Gulf states participate in reconstruction? Will Congress challenge the sanctions provisions? Will Russia and China support a binding UN Security Council resolution? These are the questions that will determine whether the MOU becomes a diplomatic turning point or a temporary pause before renewed confrontation.

The agreement's greatest promise is that it recognizes a basic truth long ignored in Washington and Tehran: neither side can achieve total victory at acceptable cost. The United States can punish Iran, but it cannot remake Iran by force. Iran can resist American pressure, but it cannot build lasting prosperity under perpetual blockade, sanctions, and regional war. The Strait of Hormuz cannot remain a battlefield. Lebanon cannot remain an arena of endless proxy conflict. Nuclear escalation cannot be left to military crisis management.

The MOU is therefore not a surrender by either side. It is a recognition of strategic limits. It is an attempt to replace coercion with sequencing, war with monitoring, blockade with maritime governance, and isolation with conditional reintegration.

But success is not guaranteed. The document is more ambitious than the JCPOA, but less technically complete. It is more transformative, but also more vulnerable. It gives Iran early economic and political benefits while postponing the hardest nuclear and regional questions. It gives the United States a way out of war but also exposes Washington to accusations of rewarding Tehran. It asks regional states to support reconstruction but does not yet define their security returns. It invokes the UN Security Council, but does not yet settle the terms that Russia, China, Europe, and the United States would endorse.

If the JCPOA was a narrow bridge over the nuclear issue, this MOU is an attempt to build an entirely new road across the Middle East. It may fail because it tries to carry too much weight too quickly. But if it succeeds, it could become the foundation for a new regional architecture in which Iran is constrained not only by pressure, but by integration; in which the Gulf is secured not only by foreign fleets, but by regional arrangements; and in which the United States moves from permanent confrontation toward managed coexistence.

The world should therefore view the U.S.–Iran MOU neither with naïve optimism nor cynical dismissal. It is not yet peace. It is not yet a final nuclear settlement. It is not yet a

new Middle East. But it is a serious opening. In diplomacy, openings matter. Wars often begin when leaders believe they have no alternatives. Peace begins when adversaries discover that even after years of hostility, the alternative to negotiation is worse.



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