



# IPS INSIGHTS

Perspectives On the Issues Shaping Policy

## Between Ceasefire and Catastrophe: The Search for a Sustainable Middle East Settlement<sup>1</sup>

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The present ceasefire represents far more than a temporary pause in hostilities. It is a narrow corridor separating diplomacy from a regional disaster whose consequences would extend far beyond the Middle East. If this opportunity is lost, the next phase of confrontation between the United States, Israel, and Iran could engulf the entire region and inflict severe economic pain upon the world.

One of the gravest concerns is the vulnerability of Iran's energy infrastructure, particularly Kharg Island, the principal export terminal through which the majority of Iran's oil exports pass. Should missile strikes, drone attacks, or sustained aerial bombardment target such facilities, Iran's economic lifeline could be crippled. The destruction of these installations would not remain an isolated event.

Iran, faced with existential pressure, could retaliate by expanding the battlefield to encompass the Gulf region. Oil and gas facilities in neighbouring Gulf states could become targets. Civilian infrastructure, ports, and strategic economic assets might also come under threat. Such a development would transform a localized conflict into a regional war.

The consequences for the global economy would be immediate and profound. Energy markets would experience severe disruptions. Oil and gas prices could surge dramatically, supply chains would be strained,

inflationary pressures would intensify, and food security would deteriorate, particularly in vulnerable importing nations. Asia, heavily dependent upon Gulf energy supplies, would face enormous challenges. Europe too would suffer from renewed energy insecurity and economic instability. In such circumstances, the entire world would share the burden of a conflict originating in one region.

Another critical issue concerns Iran's nuclear programme. President Donald Trump and Israel maintain that Iran's nuclear capabilities must be permanently curtailed. They argue that previously enriched uranium stocks, including material reportedly dispersed or concealed following military strikes, must be recovered and brought under strict international control. They further insist that Iran's nuclear infrastructure should be comprehensively capped and subjected to a robust verification regime.

Iran, however, advances a different argument. Tehran maintains that, as a sovereign state and a signatory to international arrangements governing peaceful nuclear activities, it possesses the right to enrich uranium for civilian purposes. Iranian officials frequently refer to earlier limits permitting enrichment at approximately 3.67 percent under previous agreements. They argue that peaceful nuclear development is a legitimate national entitlement.

Within Iran, however, there are divergent voices. Hard-line elements, particularly within

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the Pasdaran, contend that Iran's security environment leaves little room for trust. They argue that sanctions, repeated military threats, and attacks on Iranian facilities demonstrate that only strategic deterrence can guarantee national survival.

Israel's concerns extend beyond the nuclear issue alone. It seeks restrictions upon Iran's regional influence and support for allied armed groups operating throughout the Middle East. Missile capabilities constitute another major sticking point. Iran regards these capabilities as essential defensive instruments, while Israel argues that future agreements must include limitations and monitoring arrangements.

For the world, the uninterrupted flow of global energy supplies is a practical necessity. Any future memorandum of understanding is likely to contain provisions safeguarding commercial shipping routes, protecting tanker traffic, and ensuring that crews and cargoes can transit safely through strategic waterways.

Particular attention will inevitably focus upon the Strait of Hormuz. Mechanisms may be developed to reduce risks arising from naval mines, missile attacks, drone operations, and confrontations involving fast attack craft.

Another indispensable pillar of any future settlement would be the role of the International Atomic Energy Agency (IAEA), the international nuclear watchdog responsible for monitoring compliance with nuclear obligations. International inspectors would require unrestricted and verifiable access to all relevant facilities in order to reconcile previous records with current realities. Inspectors would have to establish what stockpiles previously existed, where those materials are presently located, in what condition they remain, and what measures are necessary for their safe management.

If military strikes have dispersed radioactive material into rubble, dust, or damaged infrastructure, the extraction and recovery process would require substantial international technical expertise. Nuclear-capable states could potentially provide

assistance under international supervision. A series of difficult questions would then emerge. Should the enriched uranium remain inside Iran under strict safeguards? Should it be transferred to a third country? Should portions of it be diluted to lower enrichment levels? Each of these questions would require technical solutions supported by political consensus.

Given the profound trust deficit between the parties, any arrangement perceived as unconditional surrender by either side would almost certainly fail. Both parties require a face-saving framework through which compromises can be presented domestically as responsible statesmanship rather than capitulation.

Implementation mechanisms should therefore be reciprocal, measurable, sequential, transparent, and externally verifiable. Independent monitoring would provide reassurance that obligations are being honoured.

Economic considerations would also occupy a central place in the negotiations. Iran has consistently demanded the release of frozen financial assets, while the United States has generally favoured a phased approach tied to compliance benchmarks.

Under such a framework, portions of the funds might be released for humanitarian purposes. Additional amounts could be directed toward reconstruction projects and economic stabilization initiatives.

Sanctions relief represents another major priority for Tehran. Iran seeks restoration of access to international markets, unrestricted cargo movement, banking channels, investment opportunities, and participation in global trade. Consequently, sanctions relief would almost certainly occur in stages rather than through a single comprehensive decision.

A phased process therefore appears unavoidable. High-risk issues requiring urgent attention would be addressed first. Securing the Strait of Hormuz and guaranteeing

freedom of navigation would be among the immediate priorities.

Domestic political realities remain formidable obstacles. Hardliners on all sides may portray compromise as weakness, while spoilers could exploit misunderstandings and delays to undermine negotiations.

International legitimacy could help reinforce durability. Endorsement through the United Nations Security Council could provide additional guarantees and strengthen confidence in implementation.

Questions remain regarding the venue and structure of future negotiations. Whether discussions continue in Geneva, Oman, Pakistan, or through virtual channels,

diplomatic efforts require continuity and seriousness of purpose.

The success of any future agreement will depend not on declarations alone, but on the careful alignment of verification, reciprocity, implementation, and political courage.

The choice confronting all parties is stark. Either diplomacy gradually transforms flashpoints into manageable disputes, or mistrust, maximalist demands, and strategic miscalculations propel the region toward another cycle of war. The first path is difficult and politically costly. The second risks igniting a conflict whose consequences would extend from the Gulf to Asia, Europe, and beyond, leaving the global economy and international security to bear the weight of yet another preventable catastrophe.

