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The Islamabad Memorandum: Ceasefire or Strategic Pause?

Unit for Political Studies

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Unit for Political Studies

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On 18 June 2026, the United States and Iran announced that they had agreed to sign a memorandum of understanding, brokered by Pakistan and Qatar, after more than three months of war. The memorandum stipulates the cessation of military operations on all fronts, including Lebanon, the reopening of the Strait of Hormuz, and the commencement of negotiations over Iran's nuclear programme, in return for the lifting of the US blockade on Iranian ports, along with a package of economic measures and sanctions waivers.¹ The agreement represents the first direct understanding between the two parties since the US and Israel launched strikes on Iran on 28 February. However, it does not constitute a final settlement so much as it establishes a transitional framework for managing the post-war period. The memorandum defers most of the substantive contentious issues to subsequent negotiations, setting a sixty-day deadline for reaching a final agreement. Accordingly, what has been achieved is a preliminary framework outlining general principles and confidence-building measures, rather than a comprehensive strategic settlement. Its significance, therefore, lies in its political and strategic implications, as it reflects the limits of imposing realities through military force and signals a shift in the conflict from the battlefield to the negotiating table.

Military Limitations

The Trump administration, egged on by Israel, entered the war due to Trump's desire to project strength and his reliance on power-based policies. Trump and Netanyahu declared wide-ranging objectives, including the elimination of Iran's nuclear programme, the weakening of its missile capabilities, the curtailment of its regional influence, and even the notion of regime change by loosening its grip on power and triggering an internal uprising to overthrow it.² These objectives shifted over time but the course of military operations laid bare the limits of what could be achieved by military means. Despite extensive bombardment targeting the Iranian leadership and its military and security infrastructure – resulting in the assassination of senior Iranian commanders and the country's supreme leader and severe damage to strategic facilities – the Iranian regime did not collapse, contrary to the expectations of Israeli intelligence agencies, nor did it lose its capacity to govern or to continue the war.³ Quite the reverse, Tehran succeeded in compelling Washington to halt the war by raising the cost of the conflict, whether through targeting US bases and vital installations inside regional allies, or by closing the Strait of Hormuz and disrupting international shipping.⁴ Iran, however, paid a heavy price, including the destruction of many of its vital facilities and significant damage to its nuclear programme.

The stalemate and the mounting daily economic cost shifted the war for Washington from an attempt to secure a decisive victory to the management of an open-ended crisis carrying growing economic

1 "The Full Text of the Memorandum of Understanding between the United States and Iran", Arab Center Washington DC, 17/6/26, accessed on 21/6/2026 at: <https://acr.ps/hBy1CDY>

2 "Epic Fury: Washington's Contradictory War Aims in Iran", Situation Assessment, ACRPS, 8/3/26, accessed on 21/6/2026 at: <https://acr.ps/hBy1D1e>

3 "Raising the Cost of War: Iran's Response to the US–Israeli War", Situation Assessment, ACRPS, 12/3/26, accessed on 21/6/2026 at: <https://acr.ps/hBy1CHF>

4 "The Ceasefire in the War on Iran: Determinants and Prospects", Situation Assessment, ACRPS, 12/4/26, accessed on 21/6/2026 at: <https://acr.ps/hBy1CHF>

and security risks. Disruption to shipping through the Strait of Hormuz threatened global energy supplies and raised fears of a broad economic crisis, while it became apparent that the continuation of the war would not yield political outcomes commensurate with the escalating costs borne by the various parties. In this context, the Islamabad memorandum reflects a mutual recognition by both sides that continuing the war would not produce additional decisive gains, and that a shift to negotiations had become more realistic than ongoing military confrontation.

A Framework for Ending the War

The Islamabad memorandum is based on a central equation linking security de-escalation with economic incentives. Iran agreed to reopen the Strait of Hormuz, return to negotiations over its nuclear programme, and reaffirm its commitment not to pursue the acquisition of nuclear weapons (even though the Strait of Hormuz had been open before the war, and Iran had already pledged not to seek such weapons). In return, the US agreed to lift the naval blockade on Iranian ports, grant broad sanctions waivers, allow the resumption of Iranian oil exports, and release part of Iran's frozen assets. The memorandum also provides for the establishment of a mechanism to oversee implementation and to prepare a final agreement, to be reached within sixty days. However, most of the issues that Washington had identified as direct causes of the war have been deferred to a later stage of negotiations. It is worth recalling that negotiations had been under way in Geneva and Muscat before the US broke them off and moved towards war.

Accordingly, the memorandum closer resembles a framework for ending the war, managing the crisis, and returning to negotiations than it does to a final settlement. While it has succeeded in halting military operations and containing the risks of escalation, it has not addressed the root causes of the dispute between the two sides. In reality, the Strait of Hormuz constituted the true core of the agreement, rather than Iran's nuclear programme, particularly as global energy security had come to represent the central axis of the crisis.

The Economic Dimension

The most notable features of the memorandum are its economic incentives. The agreement grants Iran direct gains, including the easing of restrictions on oil exports, its gradual reintegration into the global financial system, and the release of frozen financial assets estimated at tens of billions of dollars. This provision was among the principal points of contention that nearly caused the negotiations to collapse on more than one occasion. Iran insisted on the release of a substantial portion of its frozen funds, which hold particular importance given the difficult economic conditions it has faced over years of sanctions, further exacerbated by the war. These funds, together with the resumption of oil exports, are expected to provide the Iranian government with financial resources

to mitigate the economic and social repercussions of the conflict and to rehabilitate parts of its economic and industrial infrastructure damaged during the war.⁵

Meanwhile, these arrangements have raised questions within the US, in particular regarding the effectiveness of the Iran policies pursued by the Trump administration since its withdrawal from the 2015 nuclear agreement and its subsequent entry into a destructive war. Trump had repeatedly criticized the Obama administration for releasing frozen Iranian assets in exchange for Iran's commitment to limit enrichment to no more than 3.67 per cent. Yet Trump agreed to release tens of billions of dollars in Iranian assets and to lift sanctions on oil exports without securing clear Iranian commitments regarding its nuclear programme.

The Nuclear Programme Deferred

Although Iran's nuclear programme was named as the immediate trigger of the war, the memorandum does not offer a detailed resolution. It merely reiterates Iran's commitment not to pursue nuclear weapons, while referring to a reduction in enrichment levels for part of its stockpiled material under the supervision of the International Atomic Energy Agency. However, the fundamental issues remain unresolved. The memorandum does not specify whether Iran will retain its current enrichment capabilities, the fate of its principal nuclear facilities, or the nature of the future monitoring and inspection regime. Nor does it provide a clear answer regarding the stockpile of highly enriched uranium, which lay at the heart of the dispute between the two sides.

This ambiguity reflects the extent of divergence between the American and Iranian positions and underscores that the next phase of negotiations is likely to be more difficult than securing the ceasefire itself. The nuclear issue is not merely technical; it touches upon regional security balances, Iran's regional standing, and the future of the international sanctions regime. Moreover, Iran's nuclear programme has evolved into a matter of national dignity. It is likely that Iran may ultimately accept a settlement allowing it to retain a theoretical right to enrichment while effectively reducing enrichment to zero for a period that could extend to 15 or 20 years, alongside the dilution or reprocessing of enriched uranium stockpiles under International Atomic Energy Agency supervision. However, this remains far removed from the demand with which Trump entered the war – namely, that Iran should renounce, in principle, its right to enrich uranium.

Regional Dimensions

Iran does not view the agreement merely as a cessation of hostilities, but as the beginning of a new regional security framework that limits its vulnerability to future attacks. As such, the significance of the memorandum extends beyond its bilateral dimension between Iran and the US to encompass

⁵ "Lifting Sanctions on Iranian Oil the Greatest Immediate Gain of the Memorandum", *Al-Araby Al-Jadeed*, 18/4/26, accessed on 21/6/2026 at: <https://acr.ps/hBxNMw7>

broader regional implications. The war has reaffirmed the strategic importance of the Strait of Hormuz as one of the world's most critical maritime corridors. The crisis demonstrated that Iran retains the capacity to influence global trade and energy flows, providing it with a significant bargaining chip in any security arrangements concerning the Gulf.

It is evident that Iran does not intend to relinquish its leverage over Hormuz or acknowledge any loss of sovereignty there. Rather, it seeks to transform its influence into a source of legitimacy and economic gain, potentially through service fees or joint navigational arrangements with Oman. The memorandum explicitly commits Iran to making “its best efforts” to ensure the safe passage of commercial vessels – without imposing any fees – for a period of sixty days between the “Persian Gulf to the Sea of Oman and vice versa”. It further stipulates that Tehran will engage in discussions with Oman to determine future management arrangements and maritime services in the Strait of Hormuz, in consultation with the littoral states of the Gulf and in accordance with international law and the sovereign rights of coastal states.

Among the provisions that have attracted special attention is the explicit reference to Lebanon within the commitment to end military operations on all fronts. This reflects the connection between Lebanon and the broader regional context, confirming that stability in Lebanon is no longer separate from the trajectory of US–Iranian relations. However, this clause remains contingent upon Israel's willingness to engage with efforts to end the war and is limited in practical effect, as it does not oblige Israel to withdraw from the areas it occupied during the conflict, nor does it establish mechanisms to guarantee respect for Lebanese sovereignty. Its primary value, therefore, lies in its political significance rather than as an enforceable security arrangement. This limitation is further underscored by Israel's stated position that it does not consider itself bound by any arrangements concerning Lebanon within the framework of US–Iranian negotiations.⁶ Israel has also continued its military operations in Lebanon while asserting that it will retain freedom of action to address what it considers security threats along its northern border.

Just as sustained Israeli pressure over decades has encouraged the US to confront Iran militarily, current Israeli political and military efforts to undermine the negotiating track represent the principal obstacle to sustaining a process that otherwise enjoys broad international support.

Gains and Challenges

A preliminary reading of the memorandum suggests that Tehran can present the agreement domestically as the outcome of its resilience in the face of military and economic pressure during the war. The memorandum follows months of conflict that began under US and Israeli rhetoric aimed at fundamentally reshaping the regional balance of power and linking the end of the war to the imposition of harsh conditions on Iran, even to the point of total capitulation. In this context, the

⁶ Emanuel Fabian et al., “Ministers Say Israel won't be Bound by Iran Deal, as Opposition Castigates Netanyahu's 'Absolute Failure'”, *The Times of Israel*, 15/6/2026, accessed on 21/6/2026, at: <https://acr.ps/hBxNM0v>

Iranian leadership appears keen to highlight the shift in the US position from pursuing war aims through military means to accepting a negotiated process addressing disputed issues within a political and diplomatic framework as a victory.

This extends beyond symbolic considerations to the substance of the memorandum itself. The agreement does not include clear commitments regarding the dismantling of Iran's nuclear programme, the termination of its ballistic missile programme, or the abandonment of its regional allies – objectives that featured prominently in US and Israeli discourse during the early stages of the war. Moreover, the most sensitive issues, particularly the future of nuclear enrichment and the fate of highly enriched uranium stockpiles, have been deferred to a later stage without predefined outcomes. Iran also appears to have succeeded in reinforcing the centrality of the Strait of Hormuz as a key geopolitical lever in any regional security equation. The war demonstrated that Tehran's ability to influence maritime traffic and global energy supplies means it cannot be bypassed or excluded from arrangements concerning Gulf security and maritime routes. This leverage is likely to continue shaping the calculations of all parties in the forthcoming negotiations. From this perspective, the war can be said to have ended without the US and Israel achieving most of the political and strategic objectives articulated at its outset.

Conversely, the Trump administration faces the challenge of how to present the agreement domestically. While it can claim success in halting the war, reopening the Strait of Hormuz, and bringing Iran back to the negotiating table, its ability to frame the agreement as a strategic success will depend on the outcomes of the forthcoming negotiations, particularly regarding Iran's nuclear programme. Critics argue that the administration has granted Tehran tangible economic benefits before securing substantive concessions on the most sensitive issues. Consequently, the administration has emphasized that the agreement does not mark the end of pressure on Iran, and that the option of reimposing sanctions – or even resorting to military force – remains available should negotiations fail or Iran fail to comply with its commitments.

The agreement's prospects are also tied to the whims of the Israeli Prime Minister. Although Netanyahu's government has avoided a direct public confrontation with the Trump administration, it has not concealed its reservations regarding the memorandum's substance, as it does not address Iran's missile capabilities, its network of regional allies, or conclusively resolve the nuclear issue, while effectively compelling Israel to halt the war in Lebanon. Israel therefore fears that the outcome of the war, as reflected in the memorandum, may have consolidated Iran's regional position and eased economic and military pressure on it, rather than leading to the collapse or even the weakening of its regime. Accordingly, Israel represents the most significant challenge to the implementation of the agreement. It does not consider itself bound by provisions relating to the Lebanese theatre within the US–Iranian understanding and continues to assert its freedom of military action wherever it perceives threats to its security. This divergence is likely to pose additional challenges to any effort to transform the current understanding into more stable regional security arrangements.

It is thus difficult at this stage to speak definitively of winners and losers. The memorandum primarily represents a framework for ending the war and opening a new negotiating track, while the question of tangible gains and concessions will remain contingent upon the outcomes of future negotiations on the nuclear programme, sanctions, and regional security arrangements. Any definitive judgement on the agreement's results would be premature unless the current understanding evolves into a more comprehensive and durable political and security settlement.

Conclusion

The Islamabad Memorandum represents a significant shift in the trajectory of the US–Iranian conflict, moving the action off the battlefield and onto the negotiating table. However, this shift does not imply that the underlying causes of the conflict have been resolved. The memorandum is better understood as a framework for managing disagreements rather than a final settlement. Its prospects for success will depend on the ability of the parties to reach a lasting understanding on the deferred issues, foremost among them Iran's nuclear programme, sanctions, and regional security arrangements. It will also be shaped by the positions of regional actors – particularly Israel, which opposes the agreement – and by the ability of mediators to prevent a renewed escalation. For the time being, the memorandum constitutes a mechanism for containing military escalation rather than resolving the conflict at its core. Whether it will evolve into the foundation of a new regional order or remain a temporary truce will depend on the outcomes of forthcoming negotiations and on the capacity of the parties to translate preliminary understandings into sustained political and security commitments.