

# The Iran deal is neither a defeat for Israel nor a victory for the Islamic Republic

written by Prof. Kobi Michael | 19.06.2026

The dominant narrative about the US-Iran deal - in Israel, across the Middle East, and the Western press - is straightforward: Iran won, Israel lost, and the United States blinked. That narrative contains a grain of truth but it is also, in important ways, wrong. And at a moment when the real negotiations have not yet even begun, getting the analysis right matters enormously.

Let us start with what is often overlooked. Iran signed a document that includes terms it had previously refused outright. The Strait of Hormuz opens unconditionally - no tolls, no leverage. Tehran has agreed in principle to suspend uranium enrichment on its soil for an extended period, to forgo the acquisition or production of nuclear weapons, and to accept a rigorous inspection regime. These are not the terms of a victor. These are the concessions of a state that had been battered into accepting conditions it once called existential red lines.

Iran's nuclear infrastructure has been severely degraded. The Natanz enrichment facility was damaged by roughly 75 per cent. The hardened underground facility at Fordow, long considered the crown jewel of Iranian deterrence, took approximately 30 per cent damage. Iran currently has no operational enrichment capability. Its air defence systems have been destroyed, its navy has been eliminated, around 85 per cent of its defence industry has been demolished and its ballistic missile arsenal has been substantially reduced. The economic cost is staggering: IMF projections suggest a contraction of 7.2 percentage points, on top of an already fragile baseline, with reconstruction costs estimated between \$400 billion and one trillion dollars.

Senior Iranian economists have warned their president that recovery will take a decade or more.

The claim that Israel failed strategically because it did not destroy Iran's enriched uranium stockpile is analytically flawed. That material remains buried under rubble, monitored continuously by American and Israeli satellites and

intelligence. Any Iranian attempt to excavate it would trigger an immediate response. If the negotiations succeed on US terms - which President Trump has insisted must include zero Iranian military nuclear capability, whether independently produced or purchased - the enriched uranium will be removed from Iranian territory or diluted under strict supervision.

Similarly, the so-called "Axis of Resistance" has not survived intact as a deterrent instrument. Hamas has been devastated and no longer poses a meaningful conventional threat to Israel. Hezbollah's long-range rocket arsenal has been reduced to approximately 8 per cent of what it held on October 7, 2023. Its command and control networks are shattered and its domestic political standing inside Lebanon has collapsed, with criticism now coming from even within the Shia community. The Houthis retain some ballistic capacity and control the Bab el-Mandeb strait, but they too have been significantly degraded. Iran built this ring of fire over two decades to deter Israeli strikes and provide strategic depth. It no longer performs either function.

One figure cuts against the doom narrative with particular clarity. During more than two years of intensive warfare, the Israeli shekel appreciated by 19 per cent against the dollar - breaking a 30-year record. Israel's economic growth is running at 3.3 to 3.9 per cent. This does not diminish the human cost of the war, nor excuse strategic misjudgements that have real consequences but it is an important marker.

None of this justifies triumphalism, and it would be dishonest to present it as such. The incomplete neutralisation of Fordow is a genuine failure. Iran also retains the technological knowledge base for a nuclear programme while the precise location of some fissile material remains unknown - a serious and unresolved risk. The 60-day negotiating window that now opens is genuinely dangerous: Iran's incentives to stall, to extract concessions, and to exploit US impatience are real. President Trump's willingness to publicly humiliate Israel's prime minister, to present him as a vassal rather than an ally, has done real damage to Israel's international standing and its relationship with American Jewry and bipartisan Congressional support.

The Iran-Lebanon linkage that Tehran is trying to institutionalise through the ceasefire deal represents a direct threat to Israeli freedom of action. Iran wants any final agreement to obligate an Israeli withdrawal from southern Lebanon and

to curtail Israel's right to respond to Hezbollah violations. Israel is refusing, and rightly so. But sustaining that refusal while maintaining the relationship with Washington will require considerable diplomatic dexterity.

There is one dimension that Western commentary has largely ignored: what the deal means inside Iran. The Islamic Republic is signing an agreement that significant parts of its own ideological base regard as capitulation. That generates a political dynamic that could destabilise the regime more than any external pressure. A large segment of the Iranian public - people who have watched their savings evaporate, their infrastructure collapse, their relatives killed - sees the agreement not as a triumph but as evidence of the regime's failure. If the negotiations drag on without delivering economic recovery, that disillusionment will deepen. The Supreme Leader, whose religious authority is widely considered weaker than his predecessor's, has not appeared in public in weeks. The regime is not a unified actor.

History does not offer precise timelines for when mismanagement, popular discontent, and elite fracture converge into systemic collapse. But the conditions for such a trajectory are more present in Iran today than at any point since 1979.

The 60 days ahead are not merely a waiting period. They are an opportunity that Israeli strategy must actively exploit. Israel needs to be present in the negotiating room - not physically, but substantively. That means working through Washington to ensure that the final agreement includes the complete dismantlement of Fordow, the removal of all enriched uranium (not merely material enriched to 60 per cent), verifiable constraints on Iran's ballistic missile programme, and a credible automatic sanctions snap-back mechanism. The weaknesses of the Obama Iran deal must not be repeated.

Israel must also formalise its understanding with Washington regarding what happens if the negotiations fail or if Iran violates its commitments. Joint planning for that contingency is not a provocation - it is the minimum prudence demands.

In parallel, Israel should accelerate its diplomatic engagement with Lebanon's government, which has publicly distanced itself from Hezbollah and expressed willingness to negotiate a security arrangement. The ongoing talks represent a genuine strategic opportunity to institutionalise Israeli security requirements in the north and to isolate Hezbollah politically from the Lebanese state.

And Israel should deepen its strategic relationships with India, the UAE, and other partners in the emerging regional architecture - relationships that the current moment, paradoxically, may have strengthened.

The MOU is not a defeat for Israel, and it is not a victory for Iran - at least not the decisive strategic victory that Tehran's propaganda machine is claiming. It is the result of a war in which both sides absorbed severe damage, in which the US chose accommodation over military maximalism and decisiveness, and in which the final accounting has not yet been made.

Iran enters the negotiating period weakened and wounded, economically devastated, and politically fragile. Israel enters it having achieved significant military objectives - though not all - with its core deterrence intact and, with unprecedented security cooperation with the US and Arab partners and much stronger than it was in 2023.

The appropriate response to this moment is neither complacency nor panic - it is clarity: about what was achieved, what remains undone, and what the next 60 days demand. The negotiations that are about to begin will shape the region for a generation. Israel's influence over their outcome depends entirely on its willingness to engage seriously, strategically, and with a clear-eyed assessment of the balance of power as it actually stands - not as the competing narratives would have it.

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