



PART TWO

Ballistic Missile and Drone Dilemma

Between Negotiation and
Reconfiguration of Regional
Deterrence

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ANALYTICAL SERIES

Negotiation Deadlocks: How Washington and Tehran Navigate the Tug-of-War Across Every Issue?

This analytical series examines the deep transformations unfolding behind the scenes of US–Iran negotiations, using the "Sixty-Day Agreement" as its point of departure to unpack some of the most complex and contentious files. Rather than merely offering a conventional narrative of events, this analysis probes the strategic roots of the crisis to examine how these disputes are reshaping the global balance of power. Tracing the network of actors and key influencers across both the domestic and external arenas reveals the hidden mechanisms of confrontation and negotiation that drive the strategic game. In doing so, it seeks to anticipate the potentially decisive consequences of the technical negotiations currently underway in Switzerland. These consequences are likely to shape the contours of regional and international security in the period ahead.

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Iran's missile programme and drone arsenal constitute one of the Middle East's principal security determinants. Before the outbreak of military hostilities in February 2026, Iran possessed the region's largest stockpile of ballistic missiles. Estimates varied, placing its inventory at between 2,500 and 6,000 long-range missiles capable of striking deep inside Israel at speeds approaching 17,000 kilometres per hour. This coincided with Tehran consolidating its position as a leading developer of drones, particularly the various Shahed models, the Karrar series, and the latest Kaman variant unveiled in January 2026.

The strategic significance of these capabilities became evident during the war, when they became a top priority for U.S. and Israeli strikes. Production facilities, storage sites, and launch platforms were targeted in an effort to degrade Iran's deterrent capabilities and neutralise the threat they posed to Israel. This military escalation was consistent with the pre-war U.S. position, which had signalled its intention to prevent Tehran from acquiring ballistic missiles and stressed the need to incorporate this issue into the nuclear negotiations. In practice, this was reflected in the simultaneous targeting of the infrastructure underpinning both the missile and nuclear programmes.

However, the launch of the negotiation process introduced a new strategic dimension to the issue through the Islamabad Memorandum. Contrary to expectations that Iran's military capabilities would be incorporated into the initial agreement, both the missile and drone programmes were excluded from the preliminary understanding.



The Trump administration subsequently announced a departure from its previous position, stating that it was not seeking to prevent Tehran from rebuilding its missile capabilities, citing Iran's sovereign right to self-defence. This shift reflects a strategic trade-off based on temporarily overlooking the missile programme in exchange for containing the nuclear programme and restricting the funding of armed groups across the region.

This exclusion is not merely a procedural feature of the negotiations. Rather, it raises fundamental questions about the trajectory of the sixty-day transitional period and the strategy each party is likely to pursue thereafter. This situation requires an assessment that goes beyond measuring battlefield losses to understand how these capabilities have evolved from mere weapons systems into a fundamental pillar of the regional balance of power, imposing themselves on regional strategic calculations.

The US Position on Iran's Missile and Drone Programmes

Washington views Iran's ballistic missile and drone programmes less as purely technical issues than as force multipliers of Iran's regional behaviour.

These capabilities enable Tehran, either directly or through its allies and proxies, to impose costs on any U.S. military presence in the region, threaten oil and natural gas infrastructure, and affect the security of vital maritime corridors in the Arabian Gulf, the Red Sea, and the Arabian Sea. This assessment leads U.S. policymakers to link the missile and drone issue to Iran's conduct towards its regional allies, the extent of its involvement in proxy conflicts, and the possibility of reviving a military nuclear programme in the future.

Accordingly, U.S. policy extends beyond merely demanding reductions in the number of missiles or the scope of missile testing. Instead, it seeks to place the missile programme within a broader strategic framework aimed at constraining Iran's instruments of regional influence without sliding into another full-scale war.

Within this framework, the United States adopts a gradual approach that begins by consolidating the ceasefire and reducing the immediate risks to its forces and allies, before shifting to the use of economic and political pressure to reincorporate the missile and drone issue into a broader package encompassing Iran's regional conduct and nuclear programme, without committing itself to explicit promises of achieving comprehensive dismantlement that may prove unrealistic or so costly as to lead to a full-scale war.

At its core, the U.S. position on Iran's missile and drone programmes, viewed in light of allied considerations, can be described as a continuing attempt to reconcile political realism with maintaining the appearance of a commitment to regional security.

The United States recognises that its ability to eliminate Iran's missile arsenal or fundamentally prevent its further development is limited. At the same time, it cannot ignore mounting pressure from Israel, the Gulf states, and European countries that regard these capabilities as a direct threat to their national security.

Accordingly, a dual U.S. approach has emerged: implicit acceptance of the continued existence of conventional missile capabilities within certain limits, coupled with a public emphasis on red lines relating to missile range, accuracy, and any linkage to a nuclear programme or the expansion of Iran's regional influence.



Why Did Washington Deprioritise the Missile Issue?

From the U.S. perspective, the exclusion of the missile and drone issue from the Islamabad Memorandum does not represent a fundamental shift in Washington's position on these capabilities. Rather, it reflects a set of overlapping tactical considerations: the need for a swift agreement to end the war and reduce tensions; recognition of Iran's firm refusal to include its defensive capabilities in the negotiations; a desire to avoid direct friction with allies by providing political reassurances outside the text of the memorandum; and keeping the door open for subsequent, more complex negotiations in which the missile and drone programmes can be addressed within a broader framework encompassing the nuclear programme, Iran's regional conduct, and the future of the region's security architecture.

Washington believes it has inflicted significant damage on Iran's arsenal of drones and ballistic missiles, as well as on its ability to restore production to its previous capacity. Moreover, it assesses that Iran's missile programme remains heavily dependent on Russian, Chinese, and North Korean technology.

In this context, the United States may seek to impose sanctions on countries that supply Iran with drone components, disrupt procurement networks, restrict supply chains, and counter Tehran's use of cryptocurrencies to procure drone components.

However, Tehran has moved beyond traditional methods of sanctions evasion. It now exploits vulnerabilities in the global digital infrastructure and leverages links with unexpected sectors, such as cybersecurity weaknesses in the iGaming and online gambling industries, to finance its operations and launder money, while integrating its military economy into non-Western financial structures backed by Beijing and Moscow.

This complexity renders U.S. sanctions targeting supply chains an increasingly obsolete instrument, ill-suited to contemporary methods of Iranian sanctions evasion that rely on the flexibility of alternative digital infrastructure. By contrast, some assessments hold that, despite the damage inflicted on Iran's drone arsenal, the war did not eliminate its underlying capacity to rebuild.

Iran may draw lessons from this war, just as it did from the Twelve-Day War, and redesign its programme with a greater emphasis on resilience and survivability, particularly by developing first-person view (FPV) drones, which are difficult to detect, jam, or destroy. More importantly, Tehran has begun shifting from a strategy of "missile mass" to one of "algorithmic deterrence" through the Islamic Revolutionary Guard Corps' (IRGC) efforts to integrate artificial intelligence into command-and-control networks.

The next challenge facing U.S. Central Command (US CENTCOM), therefore, will not lie simply in the number of missiles, but in Iran's ability to deploy autonomous drone swarms capable of making complex tactical decisions to evade radar systems—a direct Iranian response intended to disrupt the Joint All-Domain Command and Control (JADC2) networks on which Washington relies.

Washington also assumes that Iran may find it difficult to maintain the size of its missile stockpile, given the limited prospects of rearmament through major powers such as Russia or China, after transferring part of its missile inventory to its proxies in the region and expending several missiles during the war with Israel and the United States.

In addition, the continued targeting of missile launch platforms has reduced Tehran's ability to deploy and use them. At the same time, the U.S. retreat may also be understood as a response to the emerging regional counterbalance, the rise of "drone diplomacy", and growing Turkish competition. The rise of Turkey's defence industry and Ankara's emergence as a leading supplier of drones and defence systems to the Gulf states have given rise to a quiet arms race.

Accordingly, Washington may tolerate the continued existence of Iran's arsenal to preserve the "Iranian threat" as a driver encouraging the Gulf states to deepen their security dependence on the West, while balancing Turkey's growing defence influence in the region.

This U.S. perspective is countered by the Iranian leadership's perspective. From Tehran's standpoint, Iran seeks to link regional issues during the stages leading to a final agreement, foremost among them the ballistic missile programme, Lebanon, and the Strait of Hormuz, to maximise its negotiating gains.

Tehran has accordingly negotiated with Washington on this basis, as its ability to control the Strait of Hormuz has been closely linked to its missile capabilities, which it would use to enforce its measures should the other parties fail to comply with its terms.

This makes the two issues inextricably linked: the greater Iran's military capabilities, the greater the value of the Strait as a negotiating lever. This linkage acquires a deeper strategic and legal dimension through the "militarisation of the law of transit passage." Iran does not use its missiles merely to threaten the closure of the Strait; rather, it seeks to establish an Anti-Access/Area Denial (A2/AD) bubble through which it imposes its own interpretation of freedom of navigation.

This missile umbrella enables Tehran to impose a de facto sovereignty that transforms the Strait from an international waterway into an instrument of legitimate coercion, from its own perspective. In doing so, it redefines the concept of maritime security and turns missile negotiations into negotiations over sovereignty over the region's most important geopolitical chokepoint.





Iran's Position on the Missile and Drone Programmes

Iran's position on the missile and drone programmes is regarded as a central component of the regime's security and legitimacy equation, rather than merely a technical armaments issue.

The leadership in Tehran views these capabilities as the product of a long historical experience shaped by war and isolation, beginning with the Iran-Iraq War of the 1980s, the accompanying missile attacks on civilian areas, and the absence of any effective international security umbrella. In the Iranian official narrative, this constituted a foundational moment that cemented the conviction that reliance on self-deterrence, rather than alliances or external guarantees, is the only guarantor of the survival of both the state and the regime.

Accordingly, the missile arsenal and drone systems are presented as an existential shield that deters adversaries, foremost among them the United States and its allies, from contemplating renewed invasion scenarios or devastating military strikes, while providing Tehran with the ability to respond in the event of a large-scale attack or the direct targeting of its vital interests.

This historical experience explains the Iranian leadership's insistence on classifying the missile and drone programme as a sovereign defensive capability that is not open to negotiation. In the Iranian official narrative, negotiations are acceptable on issues such as the nuclear programme, where technical concessions can be exchanged for sanctions relief or political recognition. They are not, however, acceptable when it comes to what is portrayed as the very core of national security.

Any concession on missile range or accuracy, or on the ability of drones to operate beyond Iran's borders, is presented domestically as tantamount to exposing an unprotected body before an armed adversary—in other words, as a politically and militarily suicidal step.

Accordingly, the Iranian leadership employs unequivocal language in rejecting the inclusion of this issue in any agreement. The official narrative portrays Washington's and Tel Aviv's demands regarding Iran's missile programme not as efforts to promote stability, but as a systematic attempt to strip Iran of its deterrent capabilities so that terms can be imposed on it from a position of strength.

At the regional level, the missile and drone programme becomes an instrument for redefining Iran's role in the region. Tehran presents these capabilities not merely as a means of defending its own borders, but as a means of defending the entire Axis of Resistance, from Iraq, Syria, and Lebanon to Yemen and Gaza.

The implicit message is that any large-scale attack on its allies will not exact only a local cost, but will also open the door to missile and drone strikes launched from Iranian territory, thereby raising the cost of such action for regional and international adversaries.

In this sense, missile and drone capabilities are integrated into Iran's strategy of deterrence through proxies. They fill gaps that its allies cannot bridge on their own and provide Tehran with the ability to manage different levels of escalation without moving directly towards a full-scale confrontation, whether by striking limited targets or sending calibrated signals across multiple theatres.

At the structural level, Iran is keen to demonstrate that these capabilities are not merely projects that can be suspended by a swift political decision, but a system deeply embedded within the state's military and industrial institutions.

References to missile cities, underground facilities, and drone production lines distributed across official and semi-official institutions are intended to reinforce the perception that the programme has become an integral part of the country's national power structure, and that any agreement affecting its core would, in practice, amount to an attempt to re-engineer Iran's internal balance of power.

This dimension is employed domestically to mobilise public opinion around the idea that preserving the missile and drone programmes also constitutes a defence of national dignity and of the country's scientific and engineering achievements, rather than merely of military security in its narrow sense.

Finally, a key element of Iran's narrative rests on invoking the discourse of double standards in response to international pressure. Tehran repeatedly argues that its regional adversaries—from Israel to states possessing the most advanced fighter aircraft and missile systems—are not required to relinquish their military capabilities. In contrast, its own missile and drone programme is portrayed as an illegitimate threat.

This discourse is directed not only at the domestic audience, but also seeks to cultivate sympathy in some world capitals that view double standards with a critical eye.

In this way, Iran seeks to shift the debate from the question of whether its missiles constitute a threat to the question of why one party is denied the right to self-defence while others are allowed to retain it. It thus presents its insistence on maintaining these capabilities as part of a broader struggle against what it describes as international hegemony and injustice.



The Iranian Paradox in the Missile and Drone File

The current U.S. position suggests that Iran's strategy of placing issues of greater importance to the Trump administration, such as the Strait of Hormuz and the nuclear programme, at the centre of the negotiations has helped shift the negotiating process in its favour. Before the war, Israel had pressed for both the nuclear and missile programmes to be included among the negotiating priorities. In the current negotiations, however, Iran has succeeded in drawing red lines around any potential agreement with the United States, including with respect to the missile programme.

Tehran linked the conclusion of an agreement to issues affecting its survival and national security, foremost among them its defensive capabilities. It rejected any negotiations over missiles and drones while keeping the door open to negotiations on the nuclear programme, which, before the war, had been the issue closest to reaching agreement.

The war, together with the Twelve-Day War, confirmed that drones had become a principal component, alongside ballistic missiles, of Iran's ability to conduct precise long-range strikes. These developments have further reinforced the Iranian leadership's conviction of the importance of continuing to develop both its missile and drone capabilities.

Therefore, once the sixty-day period expires, Tehran is likely to maintain its firm position on the missile and drone programme, viewing it as the primary guarantee against any future attack by Israel or the United States, given the absence of trust among the parties and its expectation that any future agreement could collapse at any time.

Accordingly, Tehran is unlikely to negotiate over its military industries, despite its willingness to negotiate over its nuclear programme, or even to accept freezing its development for a specified period. The ballistic missile programme was likewise not included among the provisions of the Memorandum of Understanding signed by President Trump and Iranian President Masoud Pezeshkian. It may instead be deferred to the second phase of the negotiations.

From Tehran's perspective, ballistic missiles constitute part of the country's national defensive capabilities rather than a subject for negotiation, and will not form part of any final agreement. Iran regards these missiles as a strategic pillar for maintaining the military balance and countering potential threats, a position that has introduced new dynamics into both the negotiations and the drafting of the anticipated agreement.

Where Is the Missile File Headed After the Sixty Days?

The overall trajectory after the sixty-day period points towards the missile and drone programme entering a phase of capability management rather than resolution. It is likely to remain outside the formal text of the understanding, while remaining at the centre of both sides' military and negotiating calculations.

Its exclusion at this stage creates a window of opportunity for Iran to reorganise its arsenal. At the same time, Washington prepares to turn it into a standalone issue in a new round of negotiations focused on the offensive capabilities of Iran and its proxies.

At this stage, Tehran is exploiting the exclusion of the missile and drone programme from the preliminary understandings to regain its footing and reorganise its military capabilities. The absence of written restrictions creates a window that enables it to continue developing and expanding its missile and drone arsenals, while improving their accuracy and their ability to penetrate air defences.



The recent war reinforced the Iranian leadership's conviction that its missile and drone systems are not merely military assets, but a vital pillar of the state's survival and deterrence capability. Accordingly, the ceasefire period is being used to rehabilitate underground launch platforms, replenish stockpiles, and test new tactics based on short, precise, and repeated strikes as part of a long-term strategy of attrition.

By contrast, Washington's current priorities remain focused on the Strait of Hormuz and the nuclear programme, while recognising that the first round of negotiations will not mark the end of the process. The most likely trajectory is that, after consolidating the ceasefire and establishing a nuclear negotiating track, the U.S. administration will move to a second phase centred on the missile programme and Iran's regional proxy network.

Here, Washington will encounter a major obstacle: Iran has turned its military capabilities into a "red line" at the heart of its negotiating strategy. It enters the negotiations with the ability to conduct large-scale, sustained strikes against high-value targets, to achieve—albeit at limited rates—penetration of air defence systems, and to demonstrate its capacity to adapt and rebuild under pressure.

Based on this equation, Iran is likely to rebuild significant parts of its drone programme at a relatively rapid pace and move towards developing models better adapted to Western air defence systems, posing new threats to the region.

Reasonable estimates suggest that Iran could restore its capacity to conduct sustained long-range drone attacks within approximately six to twelve months, unless stringent restrictions are imposed or new precision strikes disrupt its production chain.

At the same time, as the Trump administration enters a second phase of negotiations, it is likely to seek arrangements that prevent Iran's proxies from acquiring advanced weapons or limit the funding and arming of these groups, particularly if a portion of Iran's frozen assets is released. Concerns arise that some of those funds could be channelled to Hezbollah or other proxy groups.

Here, Washington faces an additional dilemma: Iran does not view its proxies in Lebanon, Yemen, Iraq, and Gaza merely as military arms or instruments of political pressure, but as living research and development laboratories for its missile and drone systems.

The continued exclusion of the missile programme from the current phase of negotiations allows Tehran to continue testing and upgrading its weapons based on real-world combat data gathered by its proxies through ongoing engagements with Western and regional air defence systems.

This means that Washington's challenge will extend beyond the battlefield to a relentless race against Iran's military technological innovation. Every drone sortie and every missile launch provides Iran with data that can be used to improve accuracy, refine flight paths, and develop countermeasures against radar and missile defence systems.

Ultimately, the period following the sixty-day deadline appears more likely to mark the emergence of a new framework governing the missile and drone programme: one managed through unwritten rules of engagement, economic pressure, and political warnings, while, from Iran's perspective, relying on a measured reconstruction of its capabilities and carefully calibrated use, with the ability to escalate preserved should conditions change. This interim phase leaves the region in a state of armed truce, with its future trajectory depending on whether the next round of negotiations succeeds in bringing the missile and drone programmes, together with Iran's regional proxies, within a broader framework of understanding, or whether the two sides continue to manage the conflict through a combination of mutual deterrence and technological attrition.



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