



Transcript

The Iran Nuclear Deal: False Hope?

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THE IRAN NUCLEAR DEAL: FALSE HOPE?

Elizabeth Palmer:

Good afternoon, ladies and gentlemen. Welcome to Chatham House. My name is Elizabeth Palmer and I'm a reporter for CBS News. I cover Iran; I've covered Iran for our network for the past decade. This session is 'The Iran Nuclear Deal: False Hope?' – one of the great questions of modern history and maybe one of the great historical pivots.

I'd like to remind you that this session is on the record. It's being live-streamed on the Chatham House website. Anybody who wants to offer comments or questions on Twitter, the address is @CHEvents.

Now I'd like to introduce our very distinguished panel. On my right, Sir Richard Dalton, who is an associate fellow in the Middle East and North Africa Programme here at Chatham House and also the former British ambassador to Iran. On my immediate left, Fawaz Gerges, professor of Middle Eastern Politics and International Relations at the London School of Economics, and somebody you've probably heard often on the BBC or read – a frequent commentator on Middle Eastern politics and, in particular, Iran. Finally, on my far left, Sir Tom Phillips, who is also an associate fellow here at Chatham House in the Middle East and North Africa Programme and also a former British ambassador, but in Sir Tom's case to Israel and Saudi Arabia.

Sir Tom Phillips:

Not at the same time. [laughter]

Elizabeth Palmer:

The format for this session will be opening remarks by each speaker for between five and seven minutes – a deadline that I'm going to enforce. After that we will throw the session open to questions from the floor. With that, let's begin. Sir Richard?

Sir Richard Dalton:

Thank you. I suggest there's two ways of looking at this question: one looking at the nuclear issue alone, and the other posing the wider question of the

nuclear issue in the context of relations between Iran, its Arab neighbours and the international community.

To take the first one, it's really: is negotiating with Iran under the 24 November Geneva agreement the right way of dealing with the issues raised by Iran's nuclear programme, and is the hope attached to those negotiations real? My answer to that question is: yes, it is the best way, and the hope is real. In brief, with the implementation agreement that came into effect on 20 January, Iran's 20 per cent enrichment programme has been halted and the stock downgraded. Its five per cent low-enriched uranium stock has been frozen. Its centrifuge development and installation capacity has been frozen. The Arak heavy water-moderated reactor is now much more open for scrutiny and no further work is going to be done on it, and IAEA (International Atomic Energy Agency) access has already been enhanced.

So this lives up to the billing which President [Barack] Obama and US partners in these negotiations have given it. Iran has delivered, and so has the European Union and the United States in the concomitant lifting of sanctions. So I wouldn't say that mutual trust has been established – far from it – but the first steps have shown both sides that the underlying idea of getting something for something (win-win) can be real.

As for the comprehensive agreement, negotiations on which are going to be launched next month, agreement is difficult but it's possible. First, it's not going to eliminate Iran's enrichment capability, as many (including Israel) have wanted. The aim is going to be to ensure that if a decision were ever taken by Iran to break out, to develop a weapons capability, then their basic capacity from which they would start would be low enough and the time before succeeding in that effort would be long enough to ensure both detection and a response to prevent it. By that test, I believe, this negotiation will succeed.

It will do so by determining what Iran's practical needs for nuclear enrichment will be, based on a programme for further power and research-type reactors, and of course all kinds of other issues will have to be addressed too – like the potential military dimensions of past activities, the future of their research and development, adoption of the gold standard for verification and monitoring (namely, the additional protocol to their safeguards agreement) and so on and so forth. Not to mention the length of any transition period and a programme for progressive lift of sanctions.

So what's the politics like for actually achieving that agenda? I believe it is in Iran's interests and that they recognize that it is in their interests to abide by

their declared policy, which is not to have nuclear weapons. Of course, they perceive – as we all do – the potency of both physical military deterrence and intelligence coverage of Iran. Iran is unlikely to cheat, in my view, because it would be caught.

I think a fundamental plank of the politics too in Iran is going to be finding a way – and this is going to be the job of the six countries negotiating with Iran – of diverting Iranian nuclear nationalism, which is very potent, away from enrichment (its current totem) towards power generation. Of course, throughout the process, and thinking about the politics still, the leverage over Iran's decision-making offered by the current level of sanctions is going to remain substantial.

On the minus side, of course [President Hassan] Rouhani's position is fragile. There is consensus on the need for serious negotiation but not yet any consensus in Iran on the shape of their nuclear programme long-term or on concessions that can safely be made. Extremist forces in Iran may take action to undermine what's going on. Ayatollah Khamenei himself supports the diplomacy but still has to show that he accepts that extricating Iran from its economic decline and loss of sovereignty requires accommodation in practice with the United States and its partners, and with Iran's neighbours.

But I have to say, on the minus side, a great threat – perhaps the greatest threat – to our hopes comes from the combination of Israeli lobbying, the power of money in US politics, AIPAC (American Israel Public Affairs Committee) and Republican hatred of President Obama. It's going to be hard to get the necessary staged relief from US bilateral sanctions.

How do I sum it up? 60–40 in favour of success.

What about my second question, using the leverage obtained over Iran through the nuclear issue for other purposes? Some have said that we should link sanctions to human rights. Others have said that it was a betrayal of the Arabs, particularly the Sunni Arabs, to engage Iran while they are engaged so unacceptably in Lebanon and, above all, in Syria. The question is: is the Syrian tragedy and the Syrian government's responsibility for it so heinous that solving the nuclear programme should have been shelved and sanctions maintained to exert pressure on Iran in respect of Syria? I think the answer to the Syrian question and the human rights question unfortunately is no. In brief, Iran is fulfilling its obligations under the nuclear agreements it has entered into, and if an attempt was made now to alter the legislative basis for sanctions against Iran on the nuclear issue – by adding other justifications –

two things would certainly happen: the sanctions regime would crumble and the nuclear negotiations would collapse too.

The road to improving Iran's relations with its neighbours, improving Iran's behaviour internationally in general, and indeed to the increased prospect for internal reform lies through the nuclear question, and strengthening the hand of those who've advocated in opening up to the outside world thereby. Antagonistic voices in Iran will certainly drown out moderate ones if Iran's neighbours and the West are unable to make progress with its current government.

Professor Fawaz Gerges:

My assignment today is to say a few words about the American position: the logic and the rationale behind the Obama administration's decision to proceed with the deal with Iran. And to say a few words also about the nature of this particular deal and what it means in geostrategic terms for the Middle East itself, even though I'm going to say a few words about the Saudi and Israeli position.

I think Barack Obama simply summarized the American position when he met with a group of senators, both Democrats and Republicans, during the talks with Iran. He said: look, if you are opposed to the nuclear deal with Iran, that means we're going to go to war against Iran. The alternative to signing a nuclear deal with Iran would have meant basically war between the United States and Iran. I think that statement by Barack Obama in the White House captures the essence of the American position. We all know that Barack Obama does not have the will and the desire to get engaged in another military venture in the Middle East, neither in Libya nor in Syria, let alone in Iran.

One of the major lessons we have learned in the last six years is that Barack Obama has been basically systematically disengaging from the Middle East. The administration no longer prioritizes the Middle East as part of its top priorities. America is shifting its economic and political and foreign policy priorities away from the Middle East to other areas in the world, particularly the Pacific region. In fact, the Barack Obama policy establishment believes that 'the United States of America in the last ten years or so has overextended itself in the Middle East far and beyond what America's vital interests require'. The United States has overextended itself and thus the United States must begin the process of 'gradual disengagement and investing in areas where America's future lies'. They believe that somehow

the Pacific region has emerged as a pivotal theatre where America's national interests, both economic and political, lie in the next 10-15 years.

I think the people around Barack Obama – I've written a book on this, called *Obama and the Middle East: The End of America's Moment*, in which I focus a great deal on the perceptions and the views of the American foreign policy elite. They believe that you cannot dance around Iran, whether in the Gulf or in the Mashriq, whether in Bahrain or in Iraq, whether in Syria or in Lebanon. Iran is here to stay and thus the administration knows very well that it has to come to terms with Iran, given the fact that the administration is not prepared to go to war against Iran. As you know, in 2012 Barack Obama was unwittingly – he basically fettered his own hands as a result of what the ambassador called domestic pressure by particular constituencies, in particular by Israeli, when he said during the last few months of the presidential elections that if Iran does make a decision to build a nuclear weapon that the United States would go to war against Iran. In this particular sense, the consensus within the administration is that Iran was proceeding – it was a matter of a year, a year and a half, that Iran was going to reach a tipping point at which the administration red line would be called into – I mean, putting that particular red line in operational terms.

Thus the Iranian nuclear portfolio, I would argue, is one of the most important portfolios for the administration – much more important than Syria, much more important even than the Palestinian-Israeli conflict. The administration knows, given the pressure on the administration, there is no way around dealing with the question of Iran, in particular if Iran reaches that particular tipping point.

I also want to say a few words, even though the ambassador fleshed out the logic behind the Iranian position – we think we know that the new leadership in Iran also recognizes how the sanctions, one of the most stringent sanctions regimes in world history, have really bled Iranian society and the economy. It also threatened the legitimacy and authority of the Iranian Islamic republic itself. It's not just about economic and social pain, it's about what the sanctions regime means for the stability of the regime. Thus the decision was made to engage the United States to lift the sanctions, a strategic priority for the administration.

But here is the punching point, my thesis today – and I could be wrong of course, because as you know we have very limited information, in particular what has taken place behind closed doors between the Americans and the Iranians. I think what we're talking about here is not positive rapprochement,

as the consensus has it in the Middle East. If you read commentary in the Middle East, if you talk to Saudi leaders or Israeli leaders, they believe somehow a secret deal was reached between Iran and the United States and this secret deal, this rapprochement, this grand bargain would have major geostrategic implications for the Middle East. I think what we're witnessing here is what I call negative rapprochement. The reason why it's negative rather than positive rapprochement is because you have institutional and domestic constraints that basically fetter the hands of both the American and the Iranian leadership. In the United States, again, both in the Democratic Party and the Republican Party there are vested interests opposed to any kind of major breakthrough, major rapprochement. In Iran, of course, President Rouhani and Foreign Minister [Mohammad Javad] Zarif face institutional and bureaucratic challenges to any kind of an open-ended engagement with the Americans. So what we are witnessing really is a kind of limited, the beginning of a relationship that basically punctures holes in the institutionalized enmity between the United States and Iran.

A final point on this, because my time is coming to an end. I think this particular, even though it's limited, even though it's not an open-ended rapprochement, has major implications. Major implications in Iraq – the United States and Iran seem to have converged interests in Iraq. Even to a lesser extent in Syria and Lebanon, in terms of deactivating the minefields – in particular, the sectarian minefields that threaten the existence of some states in the region.

Sir Tom Phillips:

I'm going to focus on Saudi Arabia and Israel, both of which have intriguingly similar concerns about Iran's role in the region – both about the nuclear programme and about Iran's more general behaviour in the region. In fact, when I arrived in Riyadh in 2010 I was struck by how similar the sense of threat and encirclement was to what one used to pick up in Jerusalem and Tel Aviv.

In Israel's case – and apologies of course for the over-simplification – the country's narrative is based on a deep sense that they live in a hostile region, and they see Iran as a particular threat in its support for groups such as Hezbollah, in Iran's extremist anti-Zionist rhetoric and of course in the prospect that such a country might one day develop the existential threat of a nuclear weapon. I know that at least some Israeli analysts reckon that Iran is actually quite unlikely to use a nuclear weapon against Israel, for a host of

reasons (including what would come back at them if they did). But they certainly worry that extremist groups in the region will feel empowered under some sort of nuclear umbrella (perhaps the model is the Kashmiri groups in the countdown to 2003, with the Pakistani umbrella). They worry about the prospect of proliferation in the region: if Iran gets the bomb, who else will? And of course ultimately they think that if you get into a totally proliferated region, who will stay? – when you can go and be a lawyer in Los Angeles, it's much simpler. So even the existence of nuclear weapons in the region is seen as a threat to the Zionist project, as it were.

So the Israeli reaction to the interim nuclear deal has been predictably – but I would also say a little bit simplistically – negative. If at the end of the day the deal means that sanctions have been working and there is a prospect of Iran dropping its military nuclear weapons without anyone having to attack Iran, surely that would be a good thing. Maybe Israel could have nuanced its response a little bit more carefully, however sceptical they might have wanted to sound at the same time.

There is, I think, a whole complex issue of the linkage between the Iran issue and what else is happening in the region, in particular Israeli doubts about the Obama administration's handling of Egypt and Syria, and their wish that Secretary [John] Kerry was spending more time on such issues rather than pushing for a framework agreement between Israel and the Palestinians. I don't believe there's ever been some kind of simplistic US–Israel understanding that 'if you take out the Iranian nuclear programme we'll accept a Palestinian state', but certainly in the minds of many Israelis there's some kind of linkage between their willingness to – as they would see it – lower their security guard in their immediate backyard and the confidence they do or don't feel that the Americans will be there for them when it comes to any major security threat. So one thing, as Richard said, it's going to be fascinating to watch in the months ahead is what do the Israelis do, especially in Washington, about the prospect of a deal with Iran.

From the Saudi perspective, I think there's perhaps even a deeper history, going back to the fault lines between the Persian and Arab worlds and of course the Sunni–Shia divide, which is such a 'Great Game' feature of the current region. In brief, I think even without the nuclear issue there was a sense that the Shia crescent – stretching from Iran, via [Prime Minister Nouri al-] Maliki's Iraq and [President Bashar al-] Assad's Syria, to Hezbollah in Lebanon – was expanding to places such as Bahrain and Yemen, down into Africa and, of course, in Saudi Arabia's own oil-rich and fairly Shia population-heavy Eastern Province. So both Israel and Saudi Arabia see the Iran nuclear

programme not simply as a problem in itself but as symptomatic of the rogue Iranian role in the region as a whole, and even as part of some loosely defined bid for regional hegemony.

Even if the Saudi public line in response to the interim deal was more sophisticated and less resolutely negative than the Israeli one, they too worry that it represents yet another Western – particularly American – blink (although of course from a Saudi perspective the first Obama blink was when he let [Benjamin] Netanyahu off the hook on the settlements issue back in 2009), hard on the heels of Obama failing what they took as his commitment to punish Assad militarily for his use of chemical weapons. I was in Riyadh last week and was really struck by how deep the Syrian nerve is. Just as a footnote, the sort of model, I think, would be what Spain meant in Europe in the 1930s – that sort of resonance in Saudi society.

I think Saudi fears can broadly be defined as, first of all, a concern that a West desperate – given especially the long shadow of Iraq – to avoid another military entanglement in the Middle East will settle for an unsatisfactory deal with Iran and may even be fooled by an Iran that will find ways to continue a covert nuclear military programme. Secondly, that even if Rouhani is genuinely wanting a deal, he'll be somehow outwitted overall by the hardliners in Tehran. Thirdly, that the lack of Western resolve will also mean that we will turn too much of a blind eye to Iranian troublemaking in the region more generally. They certainly continue to see instances of that very hostile agenda out there – the discovery of a large arms cache in Bahrain in December. And conversely, and fourthly, in a way that the final deal with Iran will allow Iran too prominent a place in regional security deliberations. Maybe just below the surface there is a bit of a worry that a West less dependent on Saudi oil than in the past will find Iran, with its sort-of-democratic habit and all that, more of a natural partner than they are.

There is a lot of talk about whether Saudis will now look elsewhere for strategic partners but as I see it, they know that they haven't really got that many options. China and Russia wouldn't really replace them. France won some points there but hasn't got the military volume to come to their rescue in the event of certain worst-case scenarios. So they do know in all of this that at the end of the day they need the Americans. They watch the stuff about the pivot but I don't think they're over-concerned just yet about the reality of a real pivot. But we shall see further Saudi self-help efforts to develop their own capabilities and to build up GCC (Gulf Cooperation Council) defence coordination, even if they know that the latter in particular will remain a work

in progress for some considerable time, given the traditional fault lines in the Gulf.

Two final points. As I see it, the Saudis are very much in reactive mode at the moment. I think it would be useful if they were to focus on defining and setting out their own positive vision of the region they want to see and what a stable balance could look like, in the same way that with the Arab peace initiative they set out a very positive vision of what the region could look like in the event of an Israeli–Palestinian–Syrian–Lebanese deal. And finally, however much Saudi Arabia and Israel may share concerns about Iran, I think the Israelis are overoptimistic that this might mean some kind of breakthrough when it comes to the bilateral relationship and security coordination between the two countries. I think the key Saudi message remains that the doorway to any such relationship remains resolution of the Palestinian issue, including, critically, the issue of East Jerusalem. Thank you very much.