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Simulation Exercise: The Aftermath of a "Bad Deal" with Iran

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As the talks between Iran and the P5+1 continue, the INSS Arms Control and Regional Security Program held a simulation exercise on September 29, 2014 to explore possible developments following a “bad nuclear deal” – one that effectively enables Iran to maintain a nuclear breakout capability. The assumption of the game's opening scenario was that an agreement that might look reasonable could actually contain many interpretation loopholes that render it “bad.” In the simulation, following Israel’s initial reaction to the deal, Israeli, US, Russian, European, Iranian, and Gulf teams grappled with the implications of the new reality. The objective of the game was to spur a dynamic thought process regarding the possible implications if such an agreement is signed with Iran.

The Opening Scenario

On the morning of November 25, 2014, following a marathon session of negotiations in Geneva, Iran and the P5+1 reached a last minute agreement on a comprehensive deal. The agreement removes sanctions against Iran in return for the partial dismantlement of its nuclear program. US President Barack Obama described the deal as a “landmark agreement that distances Iran from a nuclear weapon and sends a message to determined proliferators everywhere.”

Israel is alarmed that the agreement does not deal with Iran’s current stockpile of low enriched uranium, does not dismantle centrifuges, and approves a reconfiguration of Arak that would enable limited amounts of plutonium to be extracted from the heavy water reactor. The agreement acknowledges Iran’s right to continue enrichment, though limiting the amount of 3.5 percent enriched uranium readily available for further enrichment, and provides for the phased removal of sanctions, even though the P5+1 have exposed Iran’s clear violation of the NPT in the weaponization work it has carried out. Israel’s dismay and anger over the deal was reinforced by the reaction of Iran’s Supreme Leader, Ayatollah Khamenei, who declared that the “agreement was a demonstration of Iran’s resolve and its refusal to buckle in the face of pressure.” An Israeli official stated that as a result of the deal, Iran could acquire a nuclear weapon within four months of a decision to do so.

Key Reactions of the Relevant Players

Israel

After its initial negative reaction to the deal, the Israeli government assessed its options. Since (according to the game scenario) the agreement had to be approved by the UN Security Council, Israel decided to focus its immediate efforts on encouraging the United States to adopt a UNSC resolution that would "improve" the agreement. Israel decided that rather than open the entire agreement to renewed scrutiny, the best diplomatic course of action would be to raise its concerns with the United States regarding five key areas that were particularly problematic: uranium enrichment, plutonium production, the rather limited verification mechanism, the development of the explosive mechanism, and the "sunset clause" limiting the validity of the agreement. The Israeli diplomatic efforts were followed by renewed military readiness to destroy the Iranian nuclear program. Maneuvers and media leaks were ordered to suggest that the use of military force was, once again, a credible option.

The United States

Though sympathetic to Israel's concerns, the US administration was bound by the signed agreement. Washington recognized that Iran would not accept any revision of the agreement in order to meet Israel's five concerns, and sought to address them without unraveling the agreement. The administration considered placating Israel by including an addendum to the agreement, despite Iran's opposition. It decided to request a 48-hour delay of a UNSC resolution on the agreement in order to draft the addendum. The decision was finally made to draft a "side-letter" to provide Israel with security guarantees in the event of an Iranian violation of the agreement.

The US Congress

The agreement was signed after the US Congressional elections, but before the inauguration of the new Congress in January 2015. The administration did not discuss the agreement with Congress prior to signing it. For its part, Congress was skeptical and very sympathetic to the concerns presented by Israel and the Gulf states.

Iran

Iran was clearly satisfied with the agreement, and would not accept the introduction of any changes to the deal. Iran's leaders were concerned by the 48-hour delay of the UNSC session, mainly because of domestic pressures against the agreement. This development pushed it to take steps to demonstrate concern, such as increasing coordination with Hizbollah. Iran was not impressed by Israel's threats to use force against its facilities, believing that such threats were not credible in the current climate in the Middle East. Iran perceived that it was in a win-win position, as there would also be benefits if the agreement was not ratified, since Tehran had avoided the "poisoned chalice" but had still

demonstrated its sincerity in reaching a deal. Moreover, a failure to ratify the agreement would show that Iran's suspicions regarding Western intentions were well founded.

Europe

Europe understood that the agreement was flawed, but believed it to be better than no deal. Europe sympathized with Israel's concerns, but did not view them as a higher priority than issues such as Ukraine and the threat from Islamic State. It was important for Europe that disagreements over the deal be resolved within the P5+1 framework and not solely by the United States.

Russia

Russia was one of the main losers from the agreement, perceiving that it would lose significant influence over Iran. Russia was concerned that Iran's return to the international fold would damage Russia's political and economic interests, with consequences for Moscow's monopoly on energy supplies in Europe. Russia was therefore prepared to act as a spoiler, and perhaps surprisingly, quietly encouraged Israel to maintain its threat to attack Iran's nuclear facilities. In parallel, Russia sought to convince Iran that it could dissuade Israel from carrying out an attack, and exploited its influence with both parties to strengthen its own position in negotiations with Iran. The Europeans proposed some concessions to Russia over Ukraine in return for its acceptance of the Iran deal.

The Gulf States

At the official level, the Gulf states were restrained in their response and expressed some satisfaction with the agreement, although much depended on how it was implemented. However, behind the scenes, the states expressed their concern, with tense discussions with the United States over the flaws in the agreement. The Gulf states also held discussions with Egypt, Russia, Pakistan, and China, as well as secret talks with Israel, which were leaked to the press. Although no military understandings were reached, Israel and the Gulf states agreed to maintain channels of communication.

Main Insights from the Simulation

- a. The deal that appears to meet the needs of all the parties could actually constitute a bad agreement, because of a lack of attention to the technical details. The deal in essence enables Iran to remain a nuclear threshold state and grants legitimacy to this status.
- b. The assessment of any agreement with Iran requires an extensive evaluation of technical considerations and terminology.
- c. In order to obtain international support for Israel's position, it is recommended that Israel focus its diplomatic activity on no more than the aforementioned five key problems that it identifies in the deal.

- d. The opening scenario in which the US President signs an agreement before the prior approval of the US Congress is a distinct possibility.
- e. In the event that the agreement requires the approval of the UN Security Council, there may be an opportunity for Israel to take diplomatic action to try to influence the content of the agreement. Nevertheless, once it is signed, there is little likelihood that Israel will succeed in this regard.
- f. The simulation demonstrated that US fears of an Israeli attack against Iran's facilities have diminished. It appears that the concerns over an Israeli strike are no longer a significant factor among United States calculations. This could well lead to strategic surprise should Israel attack after facing a "bad deal."

Recommended Actions

- a. Israel should act now to close potential loopholes in any prospective deal through its contacts with the US administration and with Congress. Israel's ability to influence Congress will be greatly reduced after the elections, since the new Congress will not be in session until January 2015.
- b. A letter signed by the US President offering security guarantees to Israel in the event of an Iranian violation of the deal could help address Israel's concerns over the content of the agreement. It is recommended that Israel give thought now to the content of such a letter.
- c. Israel should consider cooperating with Russia in order to obtain a satisfactory agreement. In a similar vein, the concerns of Saudi Arabia and other Gulf states over a nuclear Iran could provide an opening for cooperation.

Conclusion

The simulation highlighted some possible outcomes that could follow the signing of a "bad" nuclear agreement with Iran. Certainly, other developments may arise in the wake of the game's opening scenario. Nevertheless, the potential developments described in this simulation provide some important insights for Israel in its diplomatic contacts with the P5+1 over a possible agreement with Iran.

In light of the main insights to emerge from the game, and especially Israel's limited ability to influence a UNSC resolution following a P5+1-Iran deal, Israel should act in the coming weeks to address the potential difficulties that would arise from a possible "bad deal" before it is too late.

