

# Iran Nuclear Negotiations: Reaching an Agreement

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### Jane Kinninmont

Good evening, ladies and gentlemen. Thank you very much for joining us for this evening's discussion on 'The Iran Nuclear Negotiations: Reaching an Agreement'. I'm joined tonight by Professor Anoush Ehteshami, professor of international relations and joint director of the Centre for the Advanced Study of the Arab World at Durham University, who will be speaking to us particularly about Iran's internal dynamics and how these impact on the chance for reaching and implementing a deal. And by Dr Patricia Lewis, the director of the International Security research department here at Chatham House, who will reflect on the implications of a possible deal for the international community. I'm Jane Kinninmont, deputy head of the Middle East and North Africa Programme here at Chatham House. I will also follow on with some comments on the implications that a deal might have for the Middle East, before we move to about half an hour of discussion, at which point you'll have an opportunity to put your questions to our speakers.

I should just note that tonight's discussion is on the record, so you are welcome to use quotes from here and indeed you are very welcome to tweet. Please, if you do tweet, use #CHEvents. I will now hand over to Anoush to get our discussion started. Thank you, Anoush.

### Anoush Ehteshami

Thank you very much, Jane. Good evening, everybody. It's a real pleasure to be here. If I may say, the timing is also rather fortuitous, given that we are leading up towards 24 November, when everything is either to happen or nothing is likely to happen. So this is a very timely discussion. I'm rather overawed by the quality of the audience, which is typical of Chatham House, where I'd rather sit on the other side and listen to your views and learn from you, than forcing you to have to sit there and listen to me. But be that as it may, hopefully what I will say will generate some discussion around this issue. I look forward to hearing Patricia's comments on the wider picture as well.

My brief was to look at the impact of Iran's internal dynamics on the negotiations. Being an academic, you never speak to the brief that you're given – you kind of interpret it. That said, rest assured I will stay on cue, but decided to approach it somewhat differently.

To begin with, let's look at some of the inherent dynamics. The first point I would like to make is that elections matter in Iran, and the power of elections is important to bear in mind. It gives the incumbent legitimacy, it gives the incumbent a mandate and also a will to pursue a course of action which is evolved through a longer discourse in electoral politics and so on, and it enables them to set a course for a set of policies that he then – and in Iran's case, it is always a he – as president can pursue. So Rouhani, with a mandate of 53+ per cent support in June 2013, in my view has got the power of the voters behind him, and therefore the legitimacy and the mandate to pursue this agenda. So that is important, that he leads it with that authority behind him.

Secondly, perhaps in spite of the ideological character of the Islamic Republic, it also takes into account material factors. This is not a completely ideologically driven state. It takes note of such important matters as the economy, regional balance of power, security, geopolitics. All of these feature in its strategic calculations. It doesn't make decisions in isolation, nor does it have a completely ideological approach to the sets of issues that it is facing – particularly when it comes to national security, as this matter happens to be.

Thirdly, despite evident in-fighting and clear tensions amongst the elite, the instinct of the elite, it seems to me, is to derive policy choices through consensus – not policy decisions, but policy choices through consensus. I would argue despite a lack of transparency and evidence of open debate, on key issues debate is actually extensive and is rather blunt and direct. It does happen. These guys talk about things in their own circles, and sometimes it does out peter out and we get a glimpse of what is going on in terms of the internal thinking amongst the elite.

Moreover, despite its many ideological idiosyncrasies, the Islamic Republic is an institution-based polity. Dare I say, it's even a rule-based one, but rules are defined by its own parameters. It depends where you stand in terms of rule-based, but this is not an anarchical, one-man-driven state. We tend to reduce its polity to that of the leader and his red lines. I would argue it's much more contoured, much more textured and much more complex than that visualization. Institutions actually do matter, legally but also in terms of their constitutional responsibilities that they have to speak to.

When it comes to nuclear policy in particular, but also the nuclear negotiations, the elite tries to reach decisions through this consensus mechanism. Not always successfully, but that seems to be the tenor of their behaviour. In the nuclear realm, one finds a complex but also a layered institutional framework for dealing with nuclear policy. Until 2012, for example, the national security council was driving the agenda. The current president shifted the responsibility to the foreign ministry, thus bringing the whole nuclear negotiations structure within the government, within the executive branch of the state.

That said, the security council remains instrumental in this, given that it represents so many of these other institutional leaders in the polity. But there is a council of heads, there is a supreme nuclear committee, there is a technical committee, and there is a lower ministerial committee that looks at all aspects of the nuclear issue. Therefore, this is a complex and multi-layered institutional framework.

But at the same time, it's also evident that there exist varying degrees of institutional influence. Not all institutions are equal in this context. They appear, in terms of size, as players, their representatives sit on these various committees as key players, but they don't carry equal weight. Obviously, that is determined by all sorts of other elements, including patronage and such like that I will come to next.

Nevertheless, deep-seated factional rivalries and also personal loyalties still play a part in policy decisions. This gives the whole process that element of opaqueness that we always attribute to Iran. It's driven by where its factions sit and where individuals sit within it but also by the personal loyalties that they have.

I would add, the outcome of the elections in 2009 still cast a long shadow over the regime's legitimacy at home and confidence in its policies. It does so in two ways. On the one hand, there is a clear crisis of confidence. You can see this in the way that the regime continues to treat the leaders of the Green movement as pariahs, as people who have to be locked up. Their presence is a thorn in the side of the elite. But also, I think, the elections and their outcome have led to a securitization of the state. In that regard, the Revolutionary Guards have become much more prominent, if not preeminent, on so many of these national security realms. That is an important element to bear in mind and that remains, in my view, a legacy of the 2009 elections, but not exclusively. Before that the RGC were already present on so many levels in the country.

So as a consequence of the crisis in 2009, there now exists a deeply divided conservative camp. You know that the new conservatives, the core around Ahmadinejad, have been evicted from many of the seats of power. But the remaining conservatives are also divided on so many issues, to do with personality but also on policy issues and the relationship that they hold with the leader. While divided, they have lost

resources at their disposal. At the same time, as a consequence of the 2009 elections, we also have a dysfunctional reformist camp. But its problem is it has limited resources and therefore limited voice in terms of trying to project and enhance an alternative strategy.

These divisions, coming on top of the country's complex institutional and bureaucratic structures, make the pursuit of consensus extremely difficult, and also harder for us to view from the outside.

In addition to these complexities, I would add that there are four, what we may call, environmental factors which are pressing on decision-makers. These are the following.

First, a weak and structurally vulnerable economy. We have rehearsed the numbers before: high unemployment, high inflation, soft oil prices affecting the economy, the weakness of the national currency, the inability of the state to generate profit at any substantial level to feed into the national economy, and the structural weaknesses that the sanctions have now brought to the fore for all to see. This, in my view, is one of the critical environmental factors that is feeding into decision-making.

The second is the expectations of society. The society who voted for Rouhani expects decisions, expects transformation. In a sense, they are holding the government, but also more broadly the elite as a whole, accountable for what happens next. But within that, civil society also has a role to play. They propose what we may call a nuclear peace, as the basis of rolling back the security state that has strengthened after 2009 on the one hand, but also for them in particular, the importance of shifting the national agenda back to things like human rights, like equality and so on. Their view is that the sanctions and this whole set of negotiations is a sideshow as far as the domestic situation is concerned.

The third environmental factor is – I alluded to this already – the continued crisis of legitimacy. How do you deal with that when you discuss Iran's nuclear policy, which is in many ways its national prize? If you give in, you are seen as a traitor; if you don't give in, you bring the country to ruin. Where is the middle ground? Where is the middle way in this regard?

Fourthly, stepping slightly on Patricia's territory here: the other environmental factor that has very important domestic dimensions is geopolitical uncertainty. We tend to assume that in Iraq, in Lebanon, in Yemen, certainly Syria, Iran is preeminent. Indeed, some in Iran claim that actually Iran now controls four Arab capitals (Sanaa, Baghdad, Beirut, Damascus) and the hinterland around them. You could spin this slightly differently and actually talk about it in terms of not so much geopolitical vulnerability but geopolitical uncertainty. Actually, Iran is vulnerable in Iraq, it is vulnerable in Syria, and spillover from Syria into Lebanon will directly affect its influence with Hezbollah, and tie Hezbollah into battles and conditions that Iran would rather not have it be involved in. This, I think, we misread as an important factor in the domestic context. This is an important environmental factor.

I'm conscious of time, Jane, so let me move rapidly on and speak very briefly about where does all this fit as far as the context in which we can begin to differentiate between nuclear camps in Iran, and here is my take on them.

The first group – let's call them nuclear neutralizers. These are essentially pacifists on the nuclear front. Their argument is: who needs nuclear power anyway? They are there, not so visible, not so vocal, but they have a voice internally within the elite. They are overwhelmingly on the reform camp but not exclusively. They have been outspoken in the past but are now silent, but given this discussion of nuclear negotiations permeating across society, you can expect them to become a bit more visible in time.

The second camp are the nuclear hardliners, the foreign policy revolutionaries, if you will. To them, compromise is equal to betrayal. For them, the mantra is: stand out in what you do and you oppose all satanic plots, of which the nuclear negotiations is one.

The third camp is nuclear compromisers. These are the people who are running the show right now. Let's call them normalizers. For them, compromise is essential in order to set the country free, in order to begin to cast it in a different direction, in order to deal with all the problems that it has on the political, social, economic, foreign policy front and so on, and eventually reintegrate Iran into the international community.

So in a word, Iran's economic crisis and nuclear negotiations are now tightly tied together. Relief for the former is now directly dependent on conclusions or procession in the latter. For Iranians, the question still has to be answered: is nuclear power a national right or a social curse? Frankly, they haven't yet had that debate. Thank you.

### Jane Kinninmont

Thank you very much, Anoush. We'll now turn to Patricia.

### Patricia Lewis

Thank you. Thanks to everyone for coming.

So we have ten days before we're going to learn whether or not there's a deal to be negotiated, to be had, in the nuclear negotiations. I want to look at what such a deal could look like. I've got four options for this deal: one is a good deal, one is a bad deal, one is a delayed deal, and the other is a collapsed deal (I'm not sure that that counts as a deal, but I'll put that in there, so that can be a 'no deal').

First of all, there is some good news. The IAEA reported at the beginning of November that a number of things have happened that have improved the situation. There are still some glitches, and I'll go on to talk about those in a minute, but they say that Iran no longer has a stock of 20 per cent enriched uranium hexafluoride (the gaseous form). It's all been changed into the solid form. That's a very big step. As a confidence-building measure, that's significant. And it's continued to decrease the gaseous form of 5 per cent enriched uranium, into solid form. So that's a continuation. There are various other similar things that they get some bouquets for from the IAEA.

There are some negative things though as well. The IAEA is concerned that some of these things haven't been done within the timeframe, that some activities (which are perhaps not terribly important) have gone outside the framework that was agreed. And perhaps most significantly, the issues of past military action, the military activities that are suspected to have taken place in Iran in the past, are still not clarified at all. Indeed, Iran hasn't proposed yet the new practical measures that it was supposed to do by the beginning of September, in terms of the next step in relation to the framework for cooperation. So there are some really good and important pieces but some not so good, which indicate perhaps that they haven't quite got their act together totally.

So what would a good deal look like? We're in the middle right now of what's called an interim deal. One of the things we need to do is make sure that a good deal moves on from the interim deal. It's got to be long-term, not short-term – what does a long-term frame mean in this regard? Probably around a decade, a decade long, in order to give a good chunk of time for real progress to be made. Any longer than that though, Iran might find it difficult in terms of its own abilities to be able to predict the fuelling of Bushehr and so on, because of the arrangements that it has. So somewhere along those lines might be reasonable.

A good deal is something that all sides will be okay with, no side will be completely happy with. I think that defines a good deal. Of course, I don't need to tell anyone in this room that for some factions in various countries around the world, there will be no good deal. Any deal done with Iran will be considered to be a poor deal. The very fact that Iran accepts it will be considered to be the definition of a bad deal.

The other thing I think is really important is that it remains verifiable and that the IAEA continues to have the role of verifying this agreement, if it is reached. Therefore, that the measures that are put in place enable the IAEA to actually make real measurements that are clear, that reduce the ambiguity – because a lot of this stuff has been very ambiguous. It has to focus, I think, on the enrichment to never be more than 5 per cent.

Having said that, there's a danger, there's a risk with this. Five per cent enrichment is a large part of the work that's been done for full enrichment, for weaponization enrichment. You go from 5 per cent to 20 per cent to 90 per cent very quickly. Most of the heavy lifting, most of the hard work, is done in the nought to 5 per cent. So it's really important to remember that, that all of these deals which keep it at 5 per cent, which is certainly a reasonable thing to do, nonetheless do pose some risks if the tide ever turns, if Iran does decide to go down the military route. It's important to remember that.

So the issue of timing, the issue of verifiability, the access the IAEA has, is absolutely crucial in sorting out this deal. And, I think, some understanding that there's no risk-free agreement. That's true in all of our agreements in every which way. I think as well the Arak reactor, the prevention of the Arak reactor from producing plutonium, has to be one of the key things for the long term. At the moment that's not a 'right now' issue but in the longer run it's something that would be very important, and it's something that can be done right now in terms of conversion or halt.

I think the other thing to do has been happening with the IAEA inspections: to continue to build confidence. The decision to remove the gaseous 20 percent into solid may not sound terribly important but actually it is very important. It's a very big confidence-building measure. Because in order to use it in the centrifuges, it would have to be re-converted into gas again, and so just converting it back into solid, having it as an oxide (a solid material) which can be stored in a very different way and which can be monitored, is already a very significant confidence-building measure. It's not a panacea, it won't solve your problem, but it is an important indicator of a willingness to take steps.

Establishing a take-back mechanism of enriched material to Russia is something which I think everybody is expecting to happen, and certainly has been on the table for a long time. I think as well, a way in which sanctions remain tied to behaviour would be an important feature of any good deal. That, I know, is easier said than done, because to lift sanctions, to impose sanctions, is cumbersome and requires going through Congress, requires going through various factions, various committees, etc. But if there's a way in which governments can have a much more flexible mechanism for ratcheting up and ratcheting down sanctions, clearly tied to behaviour, this would be something that would give them a tool, over a decade or so, to be able to finesse what might be a workable deal.

What would a bad deal look like? Too many centrifuges – 10,000 or more is probably the right figure we're talking about. Inadequate verification, not having access for the IAEA. We'd want to see it certainly not decrease but also increase in terms of access. Measures that clearly would allow Iran to stall, I think that's the issue. How would you know? In building up confidence, in building up a deal on a pattern of behaviour over time, how do you know it's not just a stall? How do you know it's a halt? Is there a way of knowing that? So measures to build confidence over a period of time will be very important.

Then I think a bad deal would result in no sanctions being lifted. This is not in Iran's interest. So I think if there's going to be a deal, it's going to be one that will have to result in the lifting of sanctions for Iran. With the current state of the US government, with other concerns around the world, this will be a non-trivial exercise. I think Iran needs to see that there is a carrot at the end of all this, that there is something for them at the end of all this. They won't go into all of this and then find that they're not going to have sanctions lifted anyway. That would have enormous impact further down the road, not only on Iran but also on all sorts of other things that the international community is trying to do within the framework of the Non-Proliferation Treaty.

A delayed deal – is it possible to have yet another delay? Anything's possible, but it wouldn't be a very good idea. It would be very difficult to manage, I think. It would feel very much like a stall rather than a halt. It would feel as if it were being strung out, yet another round of negotiations – why would you end up with a better deal than you could get now? It wouldn't result in the lifting of further sanctions. It would be just kicking the ball down the line and buying time. If there is an intent to develop a military capability, it would buy time. That's the difficult balance, the difficult equation, that the parties have to decide upon.

A collapsed deal: that would be where there would be no agreement. There would be a great deal of blaming all around, of course, probably hardening of positions, making it much more difficult to address this issue later on. No sanctions lifted, no win for Iran in that case. Very hard to move forward for the future. This may be one of the most critical things that is held out as something for Iran: the statement about the right for enrichment and the importance that Iran places on that.

I think as well, if we look at the broader international community, which is what I've been asked to address, this is where we have to find a very delicate balance. We need to ensure that the obligations under the Nuclear Non-Proliferation Treaty are upheld, and clearly upheld and supported – that's true in all aspects of the Non-Proliferation Treaty, by the way, but I'm just addressing this one today – and that the Non-Proliferation Treaty is put at the heart of the obligations that Iran has. If this doesn't happen or if a bad deal or a collapsed deal occurs, then the Non-Proliferation Treaty suffers. We have a review conference coming up in 2015. Now for all sorts of reasons, that review conference is going to have a lot of difficulties anyway. This would be yet another, but nonetheless a significant – and it may even overwhelm the Non-Proliferation Treaty review process next year.

So it's in nobody's interest within the negotiations to let that happen, unless of course you're the one who feels that you've got the really bad end of the stick and you want to create a big mess at the Non-Proliferation Treaty review conference. That, if you like, is leverage that Iran might feel that it has.

In terms of Middle East security, how this deal is understood within the Middle East is absolutely critical. How it's understood that Iran has managed to secure a deal for itself whereby it has a civil nuclear/peaceful nuclear energy programme but isn't allowed a military programme, and not a shot fired in anger about it – I think that's the thing. There's a very lazy and very inaccurate belief that the development of nuclear weapons somehow protects you from attack. So it's really vital that these types of peaceful processes are understood to be part of the whole non-proliferation regime rather than it being

something in which yet again a country is essentially prohibited from carrying out its activities, and is then somehow attacked, because all of the wrong messages go out in that case.

Iran's economy and how it will manage this – I think this is one of the very interesting things for the region. If we look to a future where Iran's economy starts to grow again, what sort of impact will that have on the other economies of the region? I know there's a great deal of nervousness – and Jane, I think you're going to talk to us about that – about a [indiscernible] Iran. Nonetheless, a repressed Iran, an Iran that isn't fully participating in the way that it could, is not good for the people of Iran plus also in terms of trade in the region.

I can't make any predictions about this. I have no crystal ball, although I sometimes pretend I have one. But it seems to me that it is possible that a deal will get done in ten days' time. It won't be easy and it won't be perfect. It will be somewhere probably – there will be some things I would describe as a good deal, there will be some things I would probably describe as not quite so good. We won't really know except in the long term, if a deal does get done.

I just want to end with saying that the fly in the ointment really is the lack of transparency over the Parchin military site. We can all understand that for various reasons, military sites which have got nothing to do with nuclear are sensitive. Iran wants to protect it. But there has been so much concern about the nuclear activities at this site that the lack of transparency over what's been going on there undermines any confidence that countries might have in the long-term future, in the impossible futures for any deal that might come about.

So I think if there is a way at least in which this issue could be addressed in the deal, for the future – not sorted, it won't be sorted in this deal, but if it could be part of what goes on – if it continues to be a focus for the countries involved in the deal and Iran accepts that this is still an unresolved issue and will have to be addressed over a period of time. And that built into this deal is a review process, a process in which this will be looked at from time to time, that is connected with a ratcheting up and ratcheting down of economic measures – I think that's our best hope for the next couple of weeks.

### Jane Kinninmont

Thank you very much, Patricia. The nuclear negotiators have been adamant that the talks on the nuclear issue should be separate from wider discussions about Iran's role in the Middle East in general. There are good reasons for that. The talks have been maintained over a period where there have been multiple conflicts in the Middle East. They haven't been derailed. Something else that's been very important to the success of these talks has been the unity on the P5+1 side, so you've had the US, EU, Russia and China agreeing on a major issue of strategic importance, despite the deep divides over Syria. Of course, if Iran's role in Syria was part of these talks, that international unity wouldn't have been feasible.

However, the countries in the region who have poor relations or tensions with Iran are very concerned about the possible impact that a deal could have on them – which is an interesting thing, because in many ways, looking at it from outside, it would seem that a deal could be beneficial to making the region more stable in the long term. For one thing, it reduces the possible risk of a wider WMD arms race in the Middle East. For another, we've had a situation since the 1970s and the withdrawal of the British empire from the Gulf where the US has been the dominant power in the Middle East, and especially in the Persian Gulf region. Since 1979, the countries around that vitally, strategically important body of water



through which a third of the world's oil passes have been profoundly polarized over their attitudes to the US. So it should be the case that if a nuclear deal also means that there can begin to be a rapprochement gradually between the US and Iran, that should defuse some of the sources of tension in the Gulf.

But given that the situation in the Gulf has been the case since 1979, in the short term a change in the relationship between the US and Iran could actually be destabilizing, in that it would be changing the game and creating shifts in the balance of power, and of course deep anxieties on the parts of countries that would prefer to uphold the status quo. In particular, it's been evident that Saudi Arabia and the UAE especially have been profoundly concerned that a US rapprochement with Iran would ultimately mean the US switching sides. This is based on a zero-sum view of Gulf security but it's something that has been very much influenced by the way the Gulf states have seen the impact of the US-led invasion of Iraq in 2003: they've seen that simply as something that benefitted Iran. There are conspiracy theories even that the US and Iran plotted to do this, at one end of the spectrum, but more broadly there's a sense that the US, whether through naivety or not, gave an advantage to Iran in a way that has destabilized the region.

There are many ways to get beyond that zero-sum way of thinking about Gulf security. There are others who argue that Gulf security is something that is indivisible, and that trying to keep the Gulf Arab states secure by making Iran feel insecure is not going to produce any kind of sustainable security. Certainly there would be economic benefit. We've seen at different times, especially under the presidency of Khatami, attempts at developing more economic relations between Saudi Arabia and Iran. There's room for cooperation on nuclear safety, because again one of the big concerns of some of the Gulf states is the risk of environmental damage or simply accidents. Kuwait and Bahrain are both much closer to Bushehr than Tehran is. And there's a shared interest in terms of maintaining the free flow of trade and countering drug smuggling in the Gulf.

So there are ways in which cooperation could be supported, and as the world prepares for a possible deal, that kind of preparation should be happening. But the timing has been particularly bad because of the intensity of the conflict in Syria, in which the Gulf states and Iran have found themselves on different sides. This isn't simply an issue of tensions between states. Iran's role in the conflict in Syria has alienated vast swathes of people in the Arab world, well beyond their governments. If you look back to 2006 and the war between Israel and Hezbollah, at that time Iran was popular on the Arab street. So was Hezbollah. There was some currency to their appearance of resisting the Americans and Israel and so forth. That popularity has in many ways been squandered. Iran's stance in Syria hasn't been the only thing that has sectarianized politics in the region but it is one of the factors that has contributed to the Middle East being more divided along sectarian lines.

If there is not some follow-on from this nuclear deal to really reach an international agreement to sponsor a political solution in Syria, you are going to see continuing tensions between Iran and many of the Arab states and non-state actors. There are many reasons for the complex phenomenon of the Islamic State, but one of the ways that group justifies itself is in terms of it countering what they see as the influence of Iranian militias in Syria and in Iraq.

Given the fact that many of the key Arab states here don't trust the US to fix these problems, states which generally strongly opposed the invasion of Iraq but now criticize the US for not intervening in Syria, one of the other very interesting phenomena of recent years has been the emergence of a tacit alliance between allies of the West in the region who formerly who seen as enemies. Here I'm talking about Israel, the Gulf states and Egypt becoming quite aligned on their stance towards Iran, and joining together to pressure the US to make sure that any agreement with Iran is quite tough on Iran's nuclear programme.

That's something that isn't going to go away and which is helping reshape dynamics in the Middle East in ways that people didn't necessarily foresee.

So the implications of what I'm saying essentially is that even if we have the breakthrough of a nuclear deal, there's still a huge amount of work to be done. Western diplomats should be looking hard at ways to resolve these wider regional problems, particularly Syria, if they want the nuclear deal to actually lead to a more peaceful Middle East.

At this point, we've said a lot. We have just under 20 minutes for questions from the floor.