



# BULLETIN

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## Never-ending Story: Scenarios for Further Nuclear Negotiations with Iran

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*The latest round of nuclear negotiations with Iran has been recognised as having made limited progress without bringing a compromise on the essential issues of the scale and quality of Tehran's uranium enrichment any closer. Prolonged talks may yet end in either fiasco or success, however the development of a framework political agreement to bring forward the deadline for an agreement on technical details to July 2015 would be the optimal result. Only with the conclusion of these agreements would the possibility that the EU may gradually phase out its sanctions and more opportunities for bilateral contacts with Iran emerge.*

Current negotiations between Iran and the P5+1 group (five members of the UN Security Council and Germany) should lead to a final resolution of the conflict over Tehran's nuclear programme. Against the background of another extension of talks, until July, it is clear that the results will be determined by a compromise between the U.S. and Iran, and by the internal conditions in both countries. Settlement of the dispute as a global issue is still one of the main priorities of Barack Obama's administration, but it may run into opposition from the Republicans, who are in control of the U.S. Congress. At the same time, final decisions in Tehran are still made by the Supreme Leader of Iran, whose strategic calculations are unfathomable.

**The Essence of the Nuclear Dispute.** Contrary to obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the UN Security Council's resolutions, Iran has, for over two decades, continued to make progress with the development of all elements needed to build a nuclear arsenal. These include the production of fissile materials (enriched uranium and plutonium) and an appropriate warhead, and adaptation of ballistic missile as a means of delivery. In 2011, the International Atomic Energy Agency (IAEA) completed its dossier on the possible military dimension of the Iranian programme, and gave more reasons for further and painful sanctions by the UN, the EU and the United States. These sanctions deepened the structural economic crisis in Iran and become impulses for renewal of negotiations.

In November 2013, the so-called Joint Plan of Action (JPOA) was agreed as a road map for bringing the dispute to a conclusion.<sup>1</sup> The JPOA stipulates limiting or halting many elements of the nuclear programme, in return for freeing a small part of the Iranian bank assets frozen by sanctions. The deadline for the JPOA's conditions to be met was extended in July and November of 2014. According to the latest agreed schedule, the framework political agreement should be finalised by 1 March 2015, and detailed technical appendices by 30 June. Available information suggest that Iran has decided to convert a heavy water reactor in Arak in order to reduce its plutonium production capabilities, but it is still fighting to maintain a higher number of uranium enriching centrifuges in Fordow and Natanz, which might be useful in further production of highly-enriched plutonium necessary for warheads. P5+1 concessions seem to include a willingness to negotiate on the quantity of centrifuges, in return for more intrusive inspections by, the IAEA, which might help in detecting and warning about break-out in uranium production. At the same time, the timeframe for such an agreement and limitations is unclear.

<sup>1</sup> See more details and context of JPOA in: M.A. Piotrowski, "Chances of a Nuclear Deal with Iran '50-50'? Negotiations Continue," *PISM Bulletin*, no. 100 (695), 25 July 2014.

**Scenarios for Further Talks.** Depending on the subsequent rounds of talks between Iran and P5+1 between January and March 2015, three scenarios seem to be likely. The first would result in a framework agreement in March, but technical talks would be unsuccessful. A lack of compromise in this area might be a result of Iran's desire to preserve its status as a so-called nuclear threshold state, which produces uranium and may easily restart works on warheads. One possible result of this scenario is the total failure of talks, or another extension that would mean the precise details limiting the scale and possible military dimensions would be drawn up in the future.

The second possible scenario might lead to a framework agreement in March, with a greater chance of resolving the technical details by July 2015. This scenario is currently equally as likely as the first one. It is desirable for the U.S. and other powers, and might be a face-saving solution for Iran offering a chance of gradual normalisation of relations with the West (assuming that Tehran wants this too). This scenario could be a gateway to a long-term solution to the dispute, and a factor that could strengthen the global roles of the NPT and IAEA.

The last possible scenario might be a lack of any framework agreement in March, probably as a result of Iran's decision to move forward with its industrial scale nuclear programme. This seems to be a low probability scenario now, but internal factors on the side of the U.S. and/or Iran might result in a lack of compromise regarding even the general conditions for the settlement of the dispute.

**Limitations in Iran and the United States.** Even though negotiations are following a multi-lateral formula, their success or failure depends mainly on the flexibility of Iran and the United States. The strategic calculations and final decisions of Ali Khamenei, Supreme Leader of Iran, are the main unknown. However, while the country is in deep economic crisis, its internal situation is far from the national economic and social catastrophe of the time of the war with Iraq (1979–1989). On the one hand, many of Khamenei's speeches about Iran's preparations for economic autarchy, and recent debates in the conservative-dominated parliament (Majelis) might indicate that Iran will be reluctant to make further concessions. On the other hand, the very fact that Khamenei has given the green light for Iranian nuclear negotiations might indicate the contrary, that is, further progress in concessions. It is noteworthy that, in one of the latest parliamentary debates, Hassan Rowhani, president of Iran, threatened the possibility that the nuclear agreement ratification could bypass Majelis (via national referendum), which would be impossible without some degree of approval by Khamenei.

In the next few months, it is equally important that the U.S. Congress does not adopt new laws to impose further economic sanctions on Iran, which may torpedo the last phases of negotiations. This depends not only on the Republican control of both chambers of Congress, but also on divisions among Democrats. This might be a decisive factor in February or March, during the vote on the Kirk-Mendez bill, which includes new sanctions on Iran. Of last but not least importance will be the interests of and actions by lobbyists of Israel and Saudi Arabia. Moreover, if the P5+1's diplomacy is to be ultimately successful, Obama will need Congress in order to dismantle many U.S. laws sanctioning Iran. The U.S. president may have the authority to cancel or suspend his executive orders, and to veto new bills, but he could not ignore all laws from past three decades that have resulted in sanctions on Iran. Taking all this together, Iran's main demand that sanctions passed by all U.S. administrations and Congresses seems to be unrealistic.

**The Long Road to Normalisation.** The political and technical conditions for limiting Iran's nuclear programme are extremely complicated. A final positive scenario might be possible with compromise on the scale of this programme, but even a framework agreement in March 2015 would not mean a full and final solution to the dispute. If there is a framework political agreement with Iran by March, Obama's administration might present this as a success of its diplomacy. In such a case there are also more chances for success at the NPT Review Conference in New York, in April and May 2015. It is also likely that even the general provisions of a framework agreement might be unsatisfactory for Israel and Saudi Arabia, the main allies of the U.S. in the region. However, even with such a framework agreement, the U.S. administration might be in a stronger position to oppose any further Congressional sanctions towards Iran, and raise the prospects of a final agreement and technical annexes being concluded by July 2015. The success of negotiations would, until a comprehensive agreement is reached, be only the beginning of the possible normalisation of relations between the West and Iran. In the long-term perspective, conflicting interests on issues that are currently secondary (such as the destabilisation of neighbouring countries, support for Hezbollah and Hamas, and Tehran's non-compliance with human rights rules) might become more visible.

The majority of European countries play a supporting role for the UK, France, Germany and the EU's high representative, in talks with Iran. Compromises between Iran and the U.S. are of fundamental importance if any framework agreement and technical annexes are to be concluded. It is in the interests of the whole EU to preserve unity and solidarity with the P5+1 group, and the pillars of European sanctions towards Iran, until a comprehensive solution to the nuclear dispute is reached. The unclear prospects for this kind of settlement also confirm the need for careful bilateral contacts between individual EU countries and Iran, at least until any final nuclear agreement begins to be implemented. Only with comprehensive agreement will there be chances to move on with process of the UN, the EU and the U.S. gradually suspending sanctions, over a likely period of two or three years. There may be still limits for economic cooperation between Poland and Iran, but both sides might then continue the political dialogue in a much better climate. Conditions in Iran, especially regarding the removal of legal barriers and implementing structural economic reforms, would be of no minor importance for such a scenario.