

6 May 2015

The Nuclear Deal with Iran: Strategic Implications

What preliminary conclusions should we draw from the recent nuclear framework agreement between the P5+1 nations and Iran? Today, Gawdat Bahgat highlights six of them, including his belief that Europe should lead the reintegration of the Islamic Republic into the global system.

By Gawdat Bahgat for ISN

In early April Iran and the P5+1 announced that they have reached a framework agreement to end the decades-long dispute over the country's nuclear program. Iran has accepted several limitations on the number of its centrifuges, the size of its stockpile of enriched uranium and the re-configuration of the Arak heavy-water facility (among others). In return the global powers will lift economic sanctions, and Tehran will gradually re-join the global economic and political system. In late April negotiators have resumed their efforts to reach a final agreement by the end of June. The announcement of the Lausanne framework has stimulated an intense debate between the proponents and opponents of the agreement. Within this context several points should be highlighted, including the preliminary nature of the current deal, the importance of the new level of dialogue that it has already unleashed, and the absence of desirable alternatives to a final deal on both sides. In this new landscape, it is ultimately Europe – rather than the United States or Iran's immediate neighbors – that has the credentials and capabilities to facilitate the re-integration of the Islamic Republic into the global system.

Six points

First, despite signing the framework agreement, it is not clear if Iran and the global powers will reach a final compromise. It is too simplistic to assume that all that is left is to create a consensus on technical details. The two sides tried to be as specific as they could, but the gap in their interpretations of the framework is quite wide, particularly with regard to lifting the sanctions and inspecting military sites. The Supreme Leader Ayatollah Khamenei has repeatedly stated that “on the day of the nuclear deal all sanctions should be lifted.” President Rouhani added, “If there is no end to sanctions there will not be an agreement.” At the same time, Defense Minister Brigadier General Hossein Dehqan asserted that “visits to military sites will not be allowed.” This means many critical details still have to be resolved.

Second, if a final deal is signed, both sides will then have to sell it to skeptics back home. In Tehran the Supreme Leader has neither endorsed nor rejected the framework while in Washington the Congress has insisted on playing a role or having a say in the negotiation. According to a recent

bipartisan bill passed unanimously by the Senate Foreign Relations Committee, the Congress will have the right to reject any forthcoming agreement with Iran.

Third, these uncertainties aside, the negotiations between Iran and the global powers and the framework itself have created new dynamics. The United States and Iran are talking again after decades of near-total isolation from each other. Leaders on both sides have concluded that the animosity of the last 34 years cannot persist much longer. The Islamic Republic cannot be treated as a pariah nation forever. Resolving the nuclear issue can pave the way to addressing regional disputes in Afghanistan, Iraq, Syria, Lebanon, and Yemen. It can also help in the war on terrorism and drug trafficking.

Fourth, rhetoric aside, a major driver of the diplomatic efforts has been Iran's nuclear advancement. When negotiations started more than a decade ago, Iran had only a few hundred centrifuges. In 2015 it has approximately 19,000. More important, the country's knowledge of nuclear engineering and physics has deepened. This know-how cannot be taken away by any means. The negotiations and the framework have acknowledged these technological advances under the Non-proliferation Treaty rules and regulations.

Fifth, Iran wants maximum sanctions relief as soon as possible so that growth will pick up, investment can rise, the fall in employment can be halted and government spending can be increased. This is understandable, but the question is: Is Tehran willing to pay any price to achieve these goals? The most recent reports from the International Monetary Bank and the World Bank (among others) project signs of economic recovery, and stable inflation and unemployment rates (despite the recent sharp decline in oil prices). The bottom line is that the experience of imposing sanctions on different countries in the last several decades shows that if the targeted countries are willing to pay the price, sanctions are not likely to force them to change course and policy. Cuba, Iraq, Pakistan, and Russia are cases in point. Iran is a large country with a well-educated and broad middle class and massive natural resources. There are growing signs that the multilateral sanctions regime cannot be sustained much longer. Sanctions are pushing Russia and Iran closer, China and India are importing more oil from Iran, Turkey is willing to buy more Iranian gas (at a discount price), European oil companies are eager to resume their operations in Iran, and American companies are exploring business opportunities.

Sixth, the alternatives to a negotiated agreement are highly undesirable and are likely to be ineffective and risky. The experience of the last several years shows that, in the absence of creative diplomacy, relying on economic sanctions and threats of military action have not halted Iran's nuclear progress. True, the country and the people have paid high price but it is also true that years ago Iran's nuclear program was less developed than it is today. Meanwhile, attacking nuclear sites and/or war with Iran are certain to further destabilize the entire Middle East and South Asia. The wars in Afghanistan and Iraq have been very costly in terms of both human and financial resources. The experience of these two wars suggests it is much easier to start a war than to end one. Wars can take on a life of their own that makes predicting an outcome very risky and uncertain. In short, diplomacy seems to be the most desirable, and indeed, the only way to address the nuclear dispute that benefits all parties.

Europe and Iran

Probably more than any other global power, Europe has broad and extensive interest in political stability and economic prosperity in the Middle East. Geographical proximity and historical ties have created a special partnership between the two regions. Areas of mutual interests include trade, investment, migration, drug trafficking, climate change, energy security, non-proliferation of weapons of mass destruction, and counter-terrorism (among others). A politically stable and economically

prosperous Middle East would benefit the peoples in the region and the peoples in Europe and the world as a whole. Reaching a diplomatic settlement to the nuclear dispute will not solve any of these challenges. But re-integrating the Islamic Republic into the regional and global system is likely to reduce tensions and contribute to progress in addressing them. Iran is a major regional power with significant hard and soft capabilities. Trying to isolate Iran, one can argue, has further accelerated and deepened regional conflicts.

Europe is better qualified to take the lead in re-integrating Iran in the regional and global system than are other regional and global powers. The Islamic Republic has almost no friends in the United States Congress. For more than three decades there has been no direct contact or interaction between American diplomats and their Iranian counterparts. For many years the Department of State has designated Iran as the main state sponsoring terrorism in the world. It will take some time to overcome the decades-long animosity between the two nations.

Similarly, some of Iran's neighbors are highly skeptical of its intentions. Saudi Arabia has traditionally taken the lead in accusing Iran of stirring ethnic and sectarian violence and intervening in Arab affairs. Indeed the conflicts in Iraq, Syria, and Yemen can be seen as partly a proxy war between Tehran and Riyadh with the former supporting Shiite groups and the latter backing Sunni allies. Saudi Arabia and the other members of the Gulf Cooperation Council (Bahrain, Kuwait, Qatar, Oman, and the United Arab Emirates) have been very concerned about the nuclear negotiation with Iran and the potential strategic implications. To allay their concerns, President Obama will meet with the leaders from the six nations in mid-May to reassure them of strong U.S. commitment to their security.

On the other side some European countries such as Germany, Austria, Switzerland and Italy, have enjoyed relatively good relations with Iran. For several years the European Union was the largest trading partner of Iran, with most imports from Iran dominated by energy products while most EU exports were mainly machinery and transport equipment. With the tightening of sanctions in the last few years the volume of trade has shrunk and China, the UAE and Turkey have emerged as Tehran's main trade partners. Europe's trade with Iran is subject to certain restrictions derived from the sanctions imposed by the United Nations Security Council (UNSC) on Iran through resolutions 1737 (December 2006), 1747 (March 2007), 1803 (March 2008), and 1929 (June 2010). Following the European Council declaration on Iran in mid-July 2010, the EU adopted a decision that introduced additional sanctions on the financial sector and oil and gas exports.

In addition to these trade relations, the EU has been negotiating with Iran on several strategic issues for many years. These negotiations were part of the so-called Comprehensive Dialogue in 1998. In the early 2000s the two sides sought, unsuccessfully, to sign a Trade and Cooperation Agreement. Several European oil companies were actively involved in Iran's energy sector. This broad cooperation, however, has been significantly slowed in recent years due to the comprehensive sanctions on Iran.

In the last few weeks the U.S. Department of Energy has speculated that, with a deal in place, Iran might start selling a stockpile of 30 million barrels and raise its output by approximately 700,000 barrels per day by the end of 2016. These extra oil supplies are likely to push prices down. Under such a scenario European economies would save on their huge energy bills and would reduce their heavy dependency on Russia's oil and gas supplies. Equally important, good relations with Tehran would further open Iranian markets (more than 70 million potential consumers) to European products.

Europe has the credentials and capabilities to facilitate and accelerate the process of re-integrating the Islamic Republic into the global system. This historical opportunity is likely to lay the ground for a peaceful settlement in Syria, Yemen and other regional conflicts. The history of the West's relation with Iran is full of missed opportunities. The use of economic sanctions has its own limitation. This unique opportunity for engagement must not be squandered.

Dr. Gawdat Bahgat is professor of National Security Affairs at the National Defense University's Near East South Asia Center for Strategic Study. He is an Egyptian-born specialist in Middle Eastern policy, particularly Egypt, Iran, and the Gulf region. His areas of expertise include energy security, proliferation of weapons of mass destruction, counter-terrorism, Arab-Israeli conflict, North Africa, and American foreign policy in the Middle East.

Publisher

[International Relations and Security Network \(ISN\)](#)

Creative Commons Attribution-NoDerivatives 4.0 International

For more information on issues and events that shape our world, please visit the [ISN Blog](#) or browse our [resources](#).

<http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?lng=en&id=190287>

ISN, Center for Security Studies (CSS), ETH Zurich, Switzerland