



Nuclear Negotiations with Iran

The Path Forward

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November 17, 2014

Negotiations between the P5+1 and Iran on Tehran's nuclear program are scheduled to conclude November 24 following a four-month extension.¹ The P5+1 consists of the five permanent members of the U.N. Security Council—the United States, Russia, China, the United Kingdom, and France—plus Germany. These six nations came together in 2006 to address Iran's nuclear program and to work as a unified front to try to resolve with diplomacy the concerns that Iran's nuclear program is aimed at developing nuclear weapons. Although Iranian President Hassan Rouhani voiced optimism as late as October 13 that the two sides would reach a compromise agreement,² few others share his optimism that the very wide gaps between the positions of the two sides can be bridged in the time remaining. Just last weekend, President Barack Obama reiterated his skepticism that a full deal could be achieved later this month.³

The ongoing talks are being conducted in the framework of the November 2013 Joint Plan of Action, or JPOA, an interim agreement signed in Geneva, Switzerland. The JPOA froze Iran's nuclear program and facilitated increased inspections in exchange for some sanctions relief measures for Iran, enabling negotiations on the comprehensive agreement for 6 to 12 months.⁴

There are three basic scenarios for the outcome of these talks:

- The final-deal scenario, in which the two sides succeed in concluding a comprehensive final deal
- The failure scenario, in which the talks end with no agreement, negotiations stop, and there is no agreement on further talks
- Extension of the talks scenario, in which there is no final agreement but the parties agree to extend the negotiations based on an interim agreement

The final-deal scenario

There is a low probability of the P5+1 and Iran coming to a comprehensive final agreement this month that addresses outstanding concerns about Tehran's nuclear program. The main contested issue is the number of centrifuges that Iran will be allowed to operate. Currently, it is operating around 9,000 centrifuges, which it says it needs to meet its civilian energy needs.⁵ Iranian Supreme Leader Ayatollah Ali Khamenei instructed the Iranian negotiating team to demand that Iran be allowed to operate as many as 190,000 centrifuges, a number that most analysts believe far exceeds what Iran needs to have a nuclear program that is nonmilitary and that exists just to generate electricity.⁶ The more centrifuges Iran has within its borders, the higher the risks are that Iran could enrich material to weapons-grade level more quickly. A higher number will give Iran a very short potential breakout time—the time it would take to produce enough material for a nuclear weapon—if it decided to build a nuclear weapon. Such a scenario would make a potential deal with this number unacceptable for the United States and its allies.

Attempts to bridge this large gap have failed so far because Supreme Leader Ayatollah Khamenei does not have a real interest in making these concessions. For him, these concessions constitute a total surrender to the United States and a boon for President Rouhani and his policies. Rouhani, who came into office as president last year, has a more forward-leaning approach to engaging the international community than Ayatollah Khamenei and has sent more positive signals about his willingness to compromise.⁷ The agreement and any associated economic gains are likely to be attributed to President Rouhani despite Ayatollah Khamenei's close management of the negotiations, which he believes is a matter of national security.⁸ On the other hand, a failure of the negotiations would allow him to blame the defeat on President Rouhani, to argue that his distrust of the United States and its partners is justified, and to convince Iranians that they have no other choice but to stand strong and weather economic sanctions.

Attempts to bypass the question of the number of centrifuges by limiting the number of allowed cascades of centrifuges—which are the necessary systems for actual centrifuge operation—have proven unsuccessful as well. A comprehensive agreement will only be possible in the unlikely event that Supreme Leader Ayatollah Khamenei proves willing to give up his publicly stated position on centrifuges. An agreement on his terms will be a farce, inimical to U.S. interests, and impossible to sell domestically in the United States.

The current situation means that talk of a “good” deal in contrast with a “bad” deal is not useful—a bad deal is simply not possible, given the many checks and constraints that would prevent it from going forward, including the U.S. Congress, skeptical countries in the Middle East, and the Obama administration's own stated positions. The real choice is between a deal and no deal at all. If a deal is reached, it is by definition an “acceptable” deal—namely, one that the Obama administration believes will serve U.S. interests better than the status quo and that can be sold domestically.

A more probable variation of the final-deal scenario is a political agreement in November on the principles of a final deal that leaves the technical details to be finalized at a later date. The implications of this scenario are very similar to the extension of the talks scenario because a final nuclear deal would be a complicated document; the devil would be in its technical details. A political agreement on the principles of a final deal would make an extension of the negotiations more acceptable politically to the parties involved, but it would not represent a true final agreement.

As a frequent target of both Iran's rhetoric and its active support of terrorist groups, Israel is unlikely to be satisfied with this sort of agreement, as the terms of any deal are likely to be far from the conditions outlined by the Netanyahu government. The real question is what the Israeli government would do in response to an acceptable agreement that satisfies the P5+1 and the United States. It will be very difficult for Israel to initiate military steps or even to threaten military action against the Iranian nuclear program once the P5+1 concludes an agreement with Iran. Doing so would lead to a direct clash with the United States on a sensitive security issue. If the world's major leaders sign a deal with Iran and Israel's government tries to initiate military action with all its risks, important segments of the Israeli public are likely to turn against any government decision and raise questions about why a new agreement was not given any chance to succeed.

Israeli Prime Minister Benjamin Netanyahu will also likely hesitate to stoke opposition to an agreement in the U.S. Congress because if the P5+1 reaches an agreement with Iran, it is not likely that congressional measures to prevent sanctions against Iran from being lifted will be effective. Prime Minister Netanyahu cannot afford a political war with the Obama administration for dubious achievements after being attacked repeatedly in Israel⁹ for interfering in American domestic politics. As a result, it seems that Israel will have to adopt a wait-and-see approach, focusing instead on gathering intelligence to prove that Iran is violating an agreement, if in fact it does so.

It is probable that Gulf states, and specifically Saudi Arabia, also may be very concerned about an acceptable deal. However, there will be little these states can do other than voice their concern to the United States if they do not agree with the terms. A deal will probably further weaken their trust in the United States and may push Saudi Arabia and others to reconsider developing their own nuclear programs. However, if the deal proves effective and puts distance between Iran and a nuclear weapon, the Gulf states may relax their positions. These states may also worry that successful nuclear negotiations with Iran may lead to further diplomatic improvements between Washington and Tehran at their expense.

If Iran and the P5+1 reach an acceptable deal, however, then the broader international community is likely to give the deal some more time to work. Some countries—for example, China, India, Germany, Russia, and Italy, which have stronger business connections with Iran¹⁰—will likely be happier than others because of the business opportunities with Iran and the possibility for cooperation with Tehran on other Middle East problems.

But some countries—in particular, some European powers such as France—will probably be more suspicious of Iranian intentions and its willingness to give up its nuclear ambitions even after the conclusion of the agreement.¹¹

If an acceptable deal is reached, recommendations for U.S. policy going forward include:

- Working on ensuring effective monitoring of the agreement by the International Atomic Energy Agency, as well as the United States and its allies.
- Ensuring strict U.S. compliance with its commitments in order to preclude Iran from finding excuses for noncompliance and to avoid an Iranian perception that the United States is working with Israel against the spirit of the agreement.
- Dealing with Israel’s anxieties through a continuous dialogue in order to create a positive atmosphere and to make the execution of an agreement smoother. Keeping the Israeli government in the picture will help convince Israel that the United States will be tough on Iran if it violates its commitments. At a time of great uncertainty in the Middle East overall, Israel and the United States need to ensure that they closely coordinate on Iran in the coming months.
- Reassuring Gulf states’ concerns via dialogues with them on the agreement and its implications and continuing ongoing joint regional security exercises.
- Increasing intelligence sharing with Gulf states on Iran and looking for appropriate responses to their security concerns.
- Working on a common, trans-Atlantic strategy as to next steps with Iran.

The failure scenario

The implications of this scenario are the simplest to assess of the three. Almost everyone expects failure and is prepared for this eventuality. Failure to reach an agreement also means the situation would return to where it was before negotiations started, allowing all parties to go back to their old policies. The United States and its allies would likely resume full-scale sanctions on Iran while also considering new sanctions. Iran would return to its policy of maintaining an economy that can withstand sanctions, and it would likely face less public pressure because the regime would be able to place significant blame on the P5+1 for the failure of the negotiations.

When the November 2013 Joint Plan of Action was reached, there was concern among some countries, including Israel, and among some members of the U.S. Congress, Republicans as well as Democrats,¹² that it would lead to a gradual erosion of the international sanctions regime—the full network of international and bilateral sanctions against

Iran built by the United States over the past decade. The concern was that this erosion would eventually lead to the full collapse of the sanctions regime. This scenario did not take place because the Obama administration made a special effort to keep the sanctions functioning that were not lifted as a result of the interim agreement. For example, individuals and entities that were sanctioned because they tried to circumvent the sanctions were identified on a list; that list was continuously updated.¹³

Concerns from Israel and from some in the U.S. Congress that it would be difficult for the United States and the international community to effectively restore sanctions that were in place before the November 2013 JPOA¹⁴ appear to be unjustified as well. During the past nine months, the reaction of the global business community to the temporary lifting of sanctions on Iran was very reserved and resulted in few new business transactions with Iran.¹⁵ Based on the business community's reaction, reinstating these sanctions would not significantly impact Western business interests. The significant drop in the price of oil this year¹⁶ may also contribute to the success of renewed sanctions because the global economy can now easily absorb the impact of a further reduction in Iranian oil exports. This oil-price collapse may also give the P5+1 increased leverage in its current talks with Iran due to the Iranian economy's heavy reliance on oil exports to sustain growth.

For Israel, a collapse of the talks would remove concerns that the P5+1 is ready to conclude a bad deal—again, no bad deal is going to happen because the Obama administration and its partners in the P5+1 simply will not agree to it. On the other hand, failure would likely mean a return to a situation in which Iran is gradually shortening its breakout time.

Israel will have to consider three options. First, Israel could rely on a resumed and possibly improved sanctions regime to bring an end to Iran's nuclear program. It remains unclear whether Israel would pursue this option, and it would be dependent on how it views the international community's measures to reimpose penalties on Iran for not achieving a deal. Israel could also rely on President Obama to use military force against Iran if confronted with a breakout scenario. However, from Israel's perspective, the latter is a high-risk strategy because many Israelis do not consider President Obama's military threats credible.¹⁷

Israel's third option is to again consider a military operation of its own against Iran's nuclear facilities. Israeli leaders may assume that the military option could get more support in the United States after the failure of talks because more Americans would likely be convinced that there is no other alternative.

The failure of talks would also remove the Gulf states' concern of a bad deal or of closer ties between Iran and the United States. But failure would also renew the Gulf states' need to have U.S. security guarantees against Iran, and countries in the region may subsequently move to start their own nuclear programs, leading to a possible nuclear race in the heart of the Middle East.

Talks might fail following disagreements within the P5+1 itself. It is quite possible that Russia, which has traditionally been more lax toward Iran's nuclear ambitions, will be more willing to make concessions to Iran and to support an agreement that will allow Iran to keep a larger number of operating centrifuges. As a result, Russia may oppose the resumption of a strict sanctions regime, and Beijing may follow Moscow's lead. In any case, the United States and the European Union impose most sanctions against Iran on their own—the impact of sanctions on transactions with the U.S. and Europe is greater than their impact on transactions with China and Russia.¹⁸ As long as they maintain their unity on this issue, it will be possible to return to a credible sanctions regime.

If no deal is reached, recommendations for U.S. policy going forward include:

- Resuming a full sanctions regime
- Considering new and more painful sanctions against Iran, particularly further restrictions on the export of oil
- Working to ensure Russia and China do not abandon or subvert sanctions
- Conducting joint military exercises in the Gulf to signal to Iran that the United States is determined to prevent Iran from acquiring a nuclear weapon
- Preparing for the greater probability of an Israeli attack on Iran's nuclear installations

In considering the last recommendation, the United States will be confronted with a wider set of questions. Is an Israeli attack in the interest of the United States? What if Israel fails to achieve its objectives in an attack? Would the United States be drawn in militarily? How will Iran retaliate? Would Iranian retaliations push the United States to intervene? Would the fighting expand to other actors as well? These questions have been considered and heavily debated in the past, and they have led the United States to put heavy pressure on Israel to avoid military action.¹⁹

However, the United States should not necessarily oppose an Israeli strike under certain circumstances. First, a successful Israeli attack may allow the United States to avoid difficult decisions about intervening in Iran's nuclear program. Second, the current regional situation diminishes the odds of an Israeli attack developing into a wider regional conflict; it would be difficult for Hezbollah to retaliate against Israel given the terrorist group's substantial commitment to the survival of the Assad regime in Syria.²⁰ Syrian President Bashar al-Assad is unlikely to divert precious military resources away from his own survival, even to retaliate on behalf of his benefactors in Tehran. Most probable is that Iran would be left alone with a very limited capability to retaliate. Iran would likely be aware of its limited space of maneuverability, and as a result may prove to be more responsive to military threats, making following through on those threats unnecessary.

The extension of the talks scenario

Difficulties bridging the gaps between the positions of the P5+1 and Iran have led to talk of a possible further extension of negotiations.²¹ This extension may require a new interim agreement that will not necessarily be identical to the current interim agreement, the Joint Plan of Action. Although both sides say they are not looking to extend negotiations, these statements are mostly motivated by concerns that it is too soon to start talking about an extension. Both the P5+1 and Iran view the deadline as a form of pressure that may cause the other party to make the concessions necessary to reach a final agreement. In practice, however, an extension of the talks may be the most reasonable outcome of these last days of negotiations.

The main problem with an extension of negotiations is that the JPOA was not devised to go beyond the 6 to 12 months envisioned for negotiations. The agreement froze the advance of the Iranian nuclear program in some areas and extended international knowledge of the program, but it did not stop the low-grade enrichment of uranium.²² Accumulation of large quantities of low-enriched uranium in a form that can be easily converted into a gas can by itself shorten significantly the Iranian breakout time.

If the P5+1 and Iran agree to an extension, they will have to modify the agreement to reflect this concern: Iran will need to reassure the P5+1 that it is negotiating in good faith and not simply using the time gained to move closer toward a nuclear weapon. The most important feature of a new interim agreement should be to ensure that Iran cannot accumulate low-enriched uranium that can easily be converted into a gaseous form. This can be done in two ways: Iran can ship this uranium to a third country, such as Russia, in order to turn it into nuclear fuel, or it can keep it inside Iran while converting it into a form that prevents its further future enrichment.

Centrifuges will be another critical component of a new interim deal. Iran's production of additional centrifuges will have to be limited, as will its research and development on new types of centrifuges. In exchange for these restrictions, Iran will probably ask for further relaxation of existing sanctions.

The initial Israeli reaction to a new extension will probably be negative, with Israel arguing that its warnings about the JPOA have been vindicated. However, if the arrangements that prevent the accumulation of low-enriched uranium are robust enough and Israel can be persuaded that the sanctions regime is not going to collapse, Israel may eventually reconcile itself to the extension for lack of better options.

The Gulf states will likely have a similar reaction, though it will be muted because attempts to reach a full agreement are still possible. The international community in general will probably be glad that a new crisis was avoided and will likely cooperate with the implementation of the new agreement.

If an extension of talks is agreed to, recommendations for U.S. policy going forward include:

- Creating credible arrangements for the removal of low-enriched uranium out of Iran or conversion of this material in Iran into a form which cannot be easily further enriched.
- Considering which sanctions can be further relaxed without damaging the sanctions regime as a whole. After the interim agreement is concluded, the United States should continue its efforts to maintain the sanctions regime.
- Conducting a dialogue with Israel and the Gulf states before and after the acceptance of the new interim agreement. These dialogues should include briefings on the elements of the new agreement, as well as the steps the United States will take to preserve the sanctions regime and monitor the new agreement.

The likelihood that talks between the P5+1 and Iran will not produce a comprehensive final agreement means that the United States should start developing a new nuclear interim agreement to replace the JPOA and enable extension of negotiations with Iran on its nuclear program. The timing of proposing an extension agreement will depend on the probability of reaching a more ambitious and comprehensive agreement in the coming days.

At the same time, the United States should engage in an intensive dialogue on a potential new interim agreement with its allies and partners in the Middle East. The United States should discuss these countries' concerns and demonstrate to them that they and their interests are accounted for in the new agreement.

Conclusion

The diplomatic effort to prevent Iran from having a nuclear program that could lead to a nuclear weapon has been a long-term effort—one that began in the last decade under the previous administration of President George W. Bush. The painstaking process of building an international coalition has had an impact: It has highlighted Iran's questionable actions and behaviors on the nuclear front, and it has isolated Iran from the international community. This international coalition led by the P5+1 has also imposed significant costs on Iran's economy and power for not meeting international legal commitments and obligations. Most importantly, the efforts to engage Iran diplomatically via the interim agreement have given the international community greater access to and visibility into Iran's nuclear program.

As the end-of-month deadline of this current phase of talks looms, the United States, the international coalition it has assembled, and its partners in the Middle East should very carefully weigh Iran's actions and evaluate the likely scenarios that could unfold in the coming months. At a time of great uncertainty and turmoil in the Middle East, the efforts to deal with Iran's nuclear program through diplomacy can either boost or undermine the region's fragile stability. The most important thing the United States must do is ensure that its actions in dealing with the Iranian nuclear program are as closely coordinated as possible with its most reliable partners in the Middle East, the countries on the frontlines who will feel the greatest impact in terms of what comes next with Iran and its nuclear program. Proper preparation for the different possible scenarios will help the United States and its allies, specifically those in the Middle East, deal better with the consequences of each scenario.

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Endnotes

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