



Policy Memo

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Since January 20, 2014 the implementation of the interim agreement between Iran and P5+1 is under way. Now the main question should be: what do we expect next? In this paper I tried to briefly elaborate on the possible scenarios for the next 6 to 12 months. I would like to notice that it is a very simplified model, used only to outline some major trends.

I have called the **first scenario** “way forward”. There is a probability that by May or June a comprehensive agreement on the basis that was laid back in November in Geneva will be prepared. The regional situation will of course determine the success to a large extent because the regional climate will either be pulling backward or will reverse the situation which is currently negative. This negative trend is present because Saudi Arabia is entering into alliance with Israel against Iran. This scenario “way forward” also provides opportunities for confidence building between Iran and the Gulf countries and that would call for a much closer cooperation and a dialog between Iran, Egypt and Turkey. However, today such scenario seems to be romantic rather than realistic.

If we look at the “way forward” scenario, provided it becomes reality, than it will of course be very beneficial for Russian diplomats and Russian leadership. Provided it happens, it would create very conducive environment for more active and substantive strategic dialogue with Iran. At some point this country might even become a full member of the Shanghai Cooperation Organization. We might see to beginning of construction of the second power unit of the Bushehr nuclear power plant, we might see more active military technical and nuclear cooperation and preparations might begin for very substantive visit of the Russian President to this country. What remains beyond the equation are economic factors because with this scenario we are very likely to see the drop in oil prices because of the more oil supply through the Hourmuz strait. The “way forward” scenario in my view is unlikely.

The **second scenario** can be called “roll back scenario” where Iran would disrupt negotiations with P5+1 or some of the participants would put forward preconditions that would be unacceptable to the country and therefore negotiation would fail. Tension in the region would be growing between Iran, Saudi Arabia and other countries of the Gulf; this might include potential military confrontation. Provided that scenario is to become real, Russia would have to reconsider its position, as it has previously stated that new sanctions were not possible, and start discussions of

potential new sanctions. Oil prices would go up to the extent that goes way beyond the boldest expectations and dreams of the State Duma. But the current state of things let us presume that this scenario is also unlikely rather than likely for a number of reasons.

Third scenario is what I would call “muddling through”, this is what analysts do all the time – mix together two or three scenarios and produce some sort of a hybrid. This middle way would base on the assumption that the temporary agreement is being implemented, although debate is going on the implementation. New agreement is concluded but it is not as sustainable as many would wish, some tensions remain both in Middle East and in the Gulf. Provided we see that this middle scenario becomes reality, that would change little in terms of Russian position because it does not impede building close cooperation with Iran, with President and Spiritual Leader Mr. Khamenei, who is a big fan of Tolstoy and Sholohov.

Last and most important, because the devil or solution is always in the details. Something that might make it possible or prevent from coming up with a comprehensive agreement on nuclear aspects of Iranian nuclear program. You can call this the notes I made on the sidelines of November Geneva meeting.

First you got the enrichment levels and secondly the limits that might be temporarily introduced on those enrichment levels. Then the question, the big question will be “for how long and at which level this ceiling will be set. Of course it will depend on the good will that Iran is to demonstrate. It is possible that no limitations or restrictions will be introduced whatsoever because they go against the letter and the spirit of the NPT.

Second is the future of heavy-water reactor in Arak, whether it can be converted into light-water reactor. Serious assessment and analysis will be needed to see what kind of problems Arak brings in terms of nonproliferation regime.

Third issue is simple rather than difficult in my opinion. Iranians should have already ratified the additional protocol to the IAEA safeguards agreement. They were prepared to so even 10 years back. But I understand them full well because they don't have very much up the sleeve so they will unlikely ratify it immediately they could implement it voluntarily. But this temporarily application's modalities is what interests me most and this is something I debate a lot with my Iranian counterparts.

In conclusion I would like to raise a completely different topic which is also very serious and put a new question mark that has to do with the delivery means. This brings us to the topic, which is not related to Iran, but rather to strategic missile defense. On the one hand from Russian point of view discussions of not just nuclear but also missile dossier of Iran meets the Russian interests. It is also obvious that it meets interests of other participants of negotiations with Iran. But should we add this missile component to the discussions now when we are in-between interim and permanent solutions, it might be too much overburden, this might become the last straw that broke the camel's back.