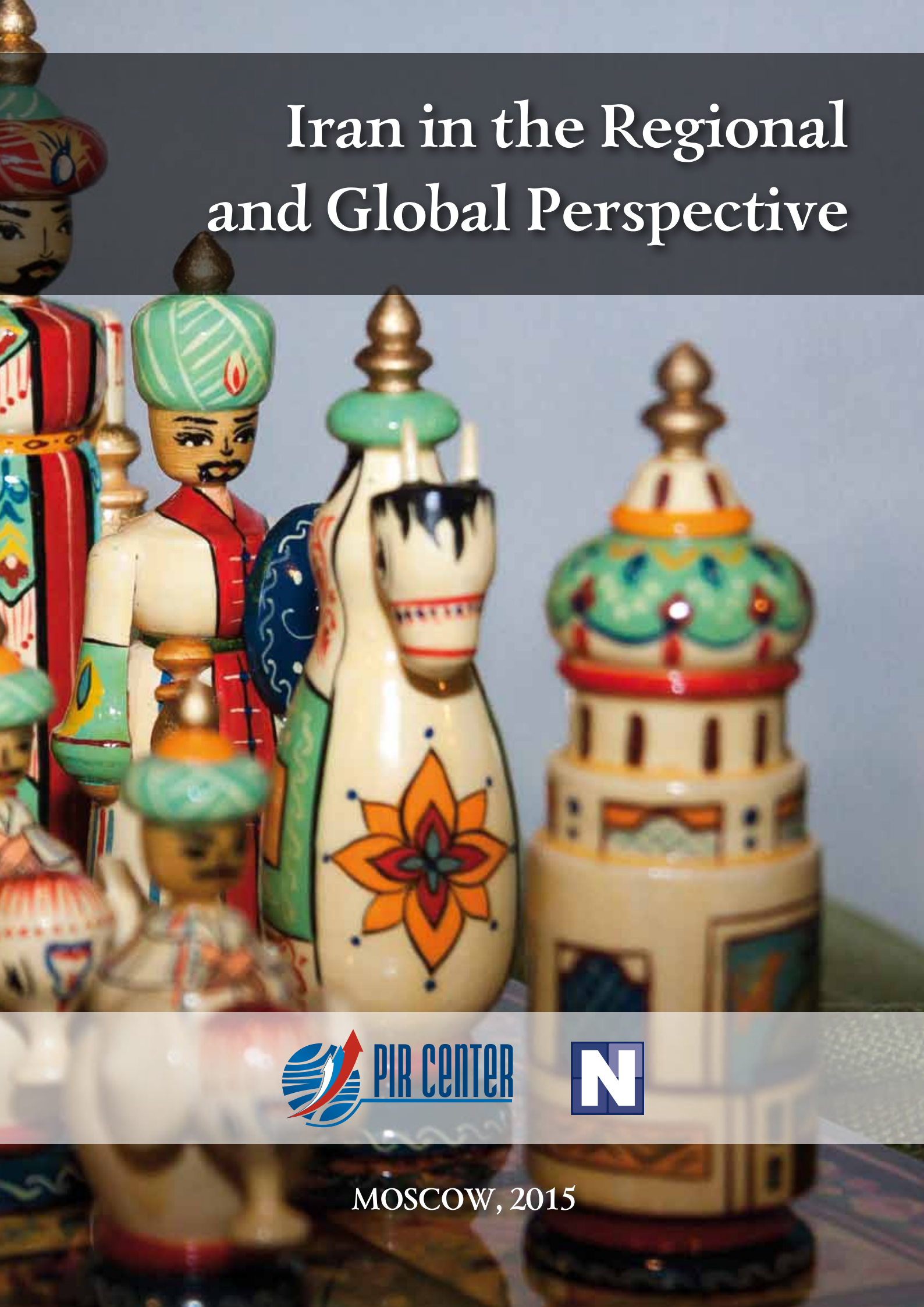


Iran in the Regional and Global Perspective



MOSCOW, 2015

Iran in the Regional and Global Perspective

Report by an international expert group

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PREFACE

The latest deadline for reaching a comprehensive agreement on the Iranian nuclear issue was set for July 1, 2015. On April 2, 2015, in Lausanne, Switzerland, the parties managed to draft Parameters for a Joint Comprehensive Plan of Action. Despite this fact, as the negotiations between Tehran and the P5+1 continue, there is no guarantee that the current round of the talks will end successfully. However, under any outcome it is crucial to focus on the global and regional solutions for a comprehensive and sustainable agreement on the Iranian nuclear issue.

To produce a study on this topic, PIR Center and the Strategic Studies Network have convened a working group with the participation of experts from the P5+1 states and Iran's regional neighbors. During meetings in Bangkok (February 2014) and Moscow (May 2014), and online interviews through 2014, experts from Azerbaijan, Belgium, Canada, China, Egypt, India, Iran, Italy, Kuwait, Libya, Pakistan, Russia, Turkey, the United Arab Emirates and the United States¹ exchanged their analyses and forecasts.



As the situation around the Iranian nuclear program has both a regional and a global dimension, the question presented to the members of the group was twofold:

- What could be done to support the efforts of the P5+1 and Iran to reach a comprehensive agreement?
- What kind of developments in the region are needed for a long-standing solution to the Iranian nuclear issue and a further strengthening of the nonproliferation regime in the Middle East?



This executive summary of the meetings was prepared by Mr. Andrey Baklitskiy, PIR Center's "Russia and Nuclear Nonproliferation" Program Director. It reflects the general line of discussion but does not represent a consensus. Policy memos covering individual topics were prepared by group members for the meeting in Bangkok in February 2014 and are available in Chapters 2 and 3 of this report.

The regional discussion on the Iranian nuclear issue was supplemented by a bilateral Russian–US dialogue hosted by Centre russe d'études politiques (Geneva), PIR Center (Moscow) and Near East South Asia Center for Strategic Studies (Washington DC) with the support from the Carnegie Corporation of New York. The findings of this second track were also incorporated in the executive summary and are presented in Chapter 2 of the report. The full text of the summary of the work of the Russian–U.S. high-level working group is available in Appendix 2.

¹ Full list of experts is available in Appendix 1 to this report.

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EXECUTIVE SUMMARY

In the long run, the only viable way to solve the Iranian nuclear issue is through negotiations. As Tehran has mastered uranium enrichment, little can be done about it, apart from coming to an agreement that will ensure peaceful use of the technology. Current talks between Iran and the P5+1 present a good opening for reaching a comprehensive agreement with Iran. For the first time in many years both sides of the negotiations seem equally interested in finding a solution to the long-lasting issue. On the US-Iranian front, which always raised the greatest concerns, the situation is facilitated by the fact that both of the respective administrations are open to increased cooperation between the two countries. Since his election to office in 2013, President Hassan Rouhani has been keen to normalize relations with the global community and roll back the suffocating sanctions; President Barak Obama is also interested in ending the standoff with Iran and concentrating on more pressing issues, such as the rise of the *Islamic State*.



Fig. 1. Iran and its neighbors

The goals of the US and Iranian administrations are shared — at least in principle — by the domestic actors, which will be crucial in approving and implementing the comprehensive agreement. The Supreme Leader of Iran, Ayatollah Ali Khamenei, has openly supported the talks; the US Congress, which is controlled by the Republicans since early 2015, does not oppose an agreement that would ensure a peaceful nature of the Iranian nuclear program. At the same time, both the Iranian leadership and the US legislature have outlined rather strict red lines that limit the negotiators' room for maneuver. This explains why no party is rushing towards an agreement at any cost; surrendering the negotiating positions will likely result in lack of support at home necessary for the implementation of the deal.

There are also disagreements over the pace of lifting the sanctions.



Fig. 2. Iranian nuclear infrastructure. Source: © Sémhur / Wikimedia Commons / CC-BY-SA-3.0

This is the reason, why despite the fact that many issues have been resolved under the Parameters for a Joint Comprehensive Plan of Action, there is no guarantee that this particular cycle of negotiations will result in a comprehensive solution of the Iranian nuclear issue; in the worst-case scenario, the collapse of negotiations cannot be ruled out.

Furthermore, a comprehensive agreement on the Iranian nuclear program will not in itself end regional rivalry or significantly increase security in the Middle East. One can argue that Tehran will be of a lesser threat to its neighbors once it has been confirmed that Iran does not possess nuclear weapons or a nuclear weapons program. Resolution of the nuclear issue can also make Iran feel more secure and more open to regional dialogue. At the same time, the agreement will remove the threat of US military action against the Islamic Republic, shifting the balance of power in the region. Region rivalry could result in a proliferation of missile capability in the Middle East, (or, more precisely, in the Gulf region), and a race towards acquiring a nuclear capability.

There is a strong impetus to achieve a comprehensive agreement. However, to make any solution to the Iranian nuclear issue sustainable and to strengthen the nonproliferation regime in the Middle East as a whole, new regional security mechanisms must be set up that will include Iran.

Strengthening the Negotiating Process

A number of basic principles could prove useful when it comes to the negotiating process over the Iranian nuclear issue.

First and foremost, it is essential that both Iran and all of the members of the P5+1 negotiate in good faith. Despite the long and sometimes difficult history of relations between the P5+1 and Tehran, currently there is a good level of trust between the parties — at least at the level of the negotiating teams. Those working relations are reinforced by the fact that both sides have so far lived up to their commitments. Apart from being a prerequisite for any future comprehensive deal, this mutual accountability has proved crucial in protecting the negotiations from internal critics. If one of the countries were to be found in violation of the established framework or pursuing a hidden agenda, that would have all sorts of negative consequences for the negotiation process. The same applies to the introduction of any new types of nuclear-related sanctions against Iran. Any development of that kind would make reaching a comprehensive agreement less likely. And if the talks collapse, the party seen as being at fault will get all the blame for the consequences of failure.

“The information indicates that Iran has carried out the following activities that are relevant to the development of a nuclear explosive device:

- *Efforts, some successful, to procure nuclear related and dual use equipment and materials by military related individuals and entities (Annex, Sections C.1 and C.2);*
- *Efforts to develop undeclared pathways for the production of nuclear material (Annex, Section C.3);*
- *The acquisition of nuclear weapons development information and documentation from a clandestine nuclear supply network (Annex, Section C.4); and*
- *Work on the development of an indigenous design of a nuclear weapon including the testing of components (Annex, Sections C.5–C.12).”*

Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran. Report by the IAEA Director General. November 8, 2011

Even if the nature of the Iranian nuclear program, the scope of inspections and the timetable for lifting the sanctions are agreed, the parties will still be facing the issue of the so-called “possible military dimensions” (PMDs), i.e. attempts of nuclear weaponization allegedly made by Iran in the previous decades (mainly before 2003). The issue is complicated; Iran maintains that its nuclear program has never had a military dimension. At the same time, up to date Tehran has not provided the IAEA with the information necessary to verify this.

Many of the issues raised in the IAEA Director General’s report to the Board of Governors in November 2011 remain unresolved despite UN Security Council resolutions, the framework agreement between Iran and the IAEA, and provisions of the Geneva interim agreement. Iran might not be willing to allow international inspectors access to some parts of its military complex not related to the nuclear program because of the risk of espionage or because such access would violate the country’s sovereignty. At the same time, admitting past irregularities (if they had indeed occurred) could have a negative effect on Iran’s international reputation, legitimize the sanctions regime, and serve as a pretext for further coercive action if the global situation changes. Generally, the countries that decide to come clean on their WMD programs voluntarily do not face penalties (Libya, South Africa, etc.); however, the P5+1 could provide Iran with additional assurances. The IAEA Board of Governors could declare that any past irregularities in the Iranian nuclear program should be presented to the Security Council for its information only, and not result in further punitive action. As the investigation of the history of the Iranian nuclear program

might take a long time, it should not be a precondition for a comprehensive agreement, and could be addressed in the framework of the agreement itself.

The approach that separates the nuclear issue from other topics has been successful up to date, and seems to be the right strategy. Piling up additional provisions to the comprehensive agreement (missile control, regional issues) could only harm the negotiating process. That being said, contacts and cooperation with Iran on other regional issues (fighting the *Islamic State*, mediation in the civil war in Syria, assisting Afghan development) can increase the level of trust between the parties and should be encouraged.

Although the regional powers clearly want a place at the negotiating table so as to have a say in the outcome of the talks, such a move would be counterproductive. The P5+1 is already a very diverse group, with different approaches and agendas; it is remarkable that the group has been able to present such a united front at the talks. Bringing in the regional powers to the table would complicate things and eventually derail the talks. This does not mean that the solution to the Iranian nuclear issue should be reached at the expense of these countries' interests. The security concerns of Iran's neighbors should be addressed, though not in the comprehensive agreement itself. Providing security assurances to the region could also result in a more positive attitude towards the nuclear deal with Iran.

At the same time, international efforts should be aimed at making sure that no country in the Middle East is facing a military threat from its neighbors, rather than playing into the narrative of the states aspiring to regional hegemony or special status.

Middle East and the Nuclear Deal

Providing security guarantees to countries of the region should be a necessary but not the only part of regional developments needed to reach a truly lasting solution to the Iranian nuclear issue and export the success from the nuclear sphere to the broader regional security situation.

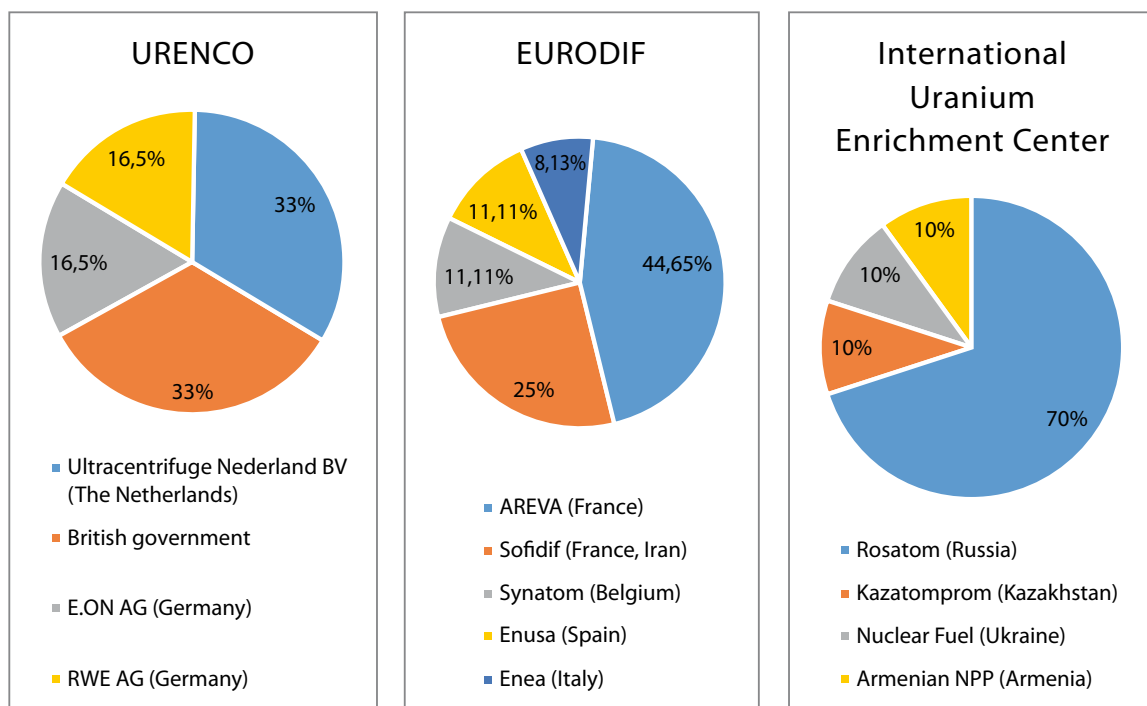


Fig. 3. Structure of multilateral enrichment cycles. Sources: URENCO, Areva, IUEC

An Iranian ratification of the Comprehensive Nuclear-Test-Ban Treaty (CTBT) would be seen as an important sign of the peaceful nature of the country's nuclear program, and should be encouraged. To maximize the effect, other countries in the region should also sign and ratify the treaty.

Whatever arrangement is eventually reached, Tehran's regional rivals will remain suspicious of its enrichment program and breakout potential for a long time. One way of alleviating such fears might be to regionalize the Iranian nuclear fuel cycle. This can be achieved by setting up a joint stock company for uranium enrichment (similar to URENCO, Eurodif, and the International Uranium Enrichment Center) based on the existing Iranian nuclear fuel cycle, in which regional states could acquire stakes and have representatives on the board of governors. Such a JSC could also work on fuel fabrication, starting with research reactors (e.g. Egypt, Algeria). If all the other nuclear-related issues are settled and the quality of the product is guaranteed, the project could become economically viable.

The Iranian nuclear program is also facing opposition based on nuclear safety and security concerns. Iran's neighbors, especially the littoral states of the Gulf, fear that even Tehran's peaceful nuclear infrastructure could have a negative environmental impact. To reassure its neighbors Iran could devote more attention to this issue. It could, for example, conduct a stress test of the Bushehr NPP, and invite regional observers to monitor that exercise. Iran should be encouraged to ratify all the relevant international conventions covering nuclear safety and security (the Convention on Nuclear Safety, the Vienna Convention on Civil Liability for Nuclear Damage, the Convention on the Physical Protection of Nuclear Material, etc.).

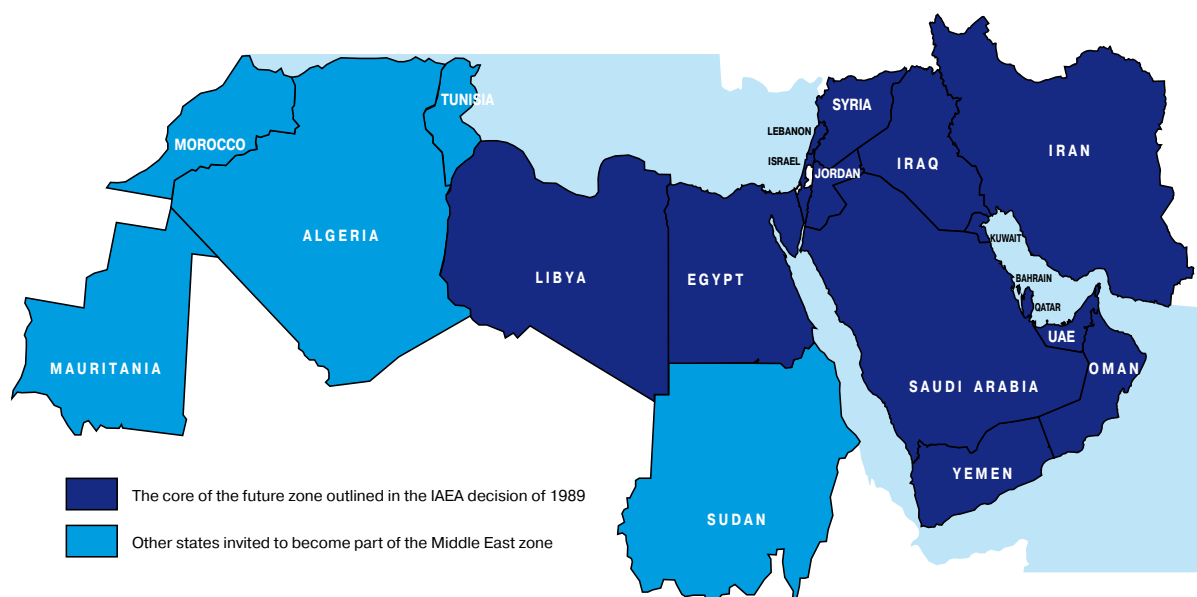


Fig. 4. Middle Eastern WMD-Free Zone. Source: PIR Center

Resolution of the Iranian nuclear issue would bring back to the table the idea of establishing a WMD-Free Zone in the Middle East. Countries in the region should be encouraged to build upon this success and continue with organizing a conference on establishing such a zone, which has been pending since 2012. A comprehensive agreement with Tehran will not necessarily be a game-changer in this sphere, as the Iranian issue is only one of a number of major problems facing that process. The example of Syria joining the OPCW shows that a successful elimination of weapons of mass destruction in an individual country does not necessarily galvanize the WMD-Free Zone negotiations. However, as the establishment of the WMD-free zone would most likely

be supplemented by protocols providing its members with negative security assurances from the nuclear weapon states, this might encourage countries in the region to embrace the idea.

As the countries of the Middle East already possess nuclear facilities, there is need for a regional agreement that would ban the use or threat of force (including cyberattacks) against nuclear installations placed under IAEA safeguards. The agreement could be initiated through regional dialogue or through the UN Security Council. This would help to limit the damage of potential conflicts, and provide incentives for all countries in the region to cooperate with the IAEA.

A bigger problem hampering cooperation between Iran and its neighbors and between the countries in the Middle East more broadly, is the lack of trust and dialogue in the region, which is fractured by ethnic and religious fault lines. The Middle East obviously needs regional institutions that would include all the major countries and make relations between the states more predictable. If a comprehensive solution to the Iranian nuclear issue is found, this will present an opportunity to build on the successful nuclear talks and initiate regional security dialogue. The mechanism could include representatives of the P5, EU, Iran, and major regional powers (Egypt, Saudi Arabia, Turkey etc.).



Fig. 5. Shanghai Cooperation Organization.
Source: Sejogo, Wikimedia Commons

A broad range of confidence building measures (CBMs) could be introduced by Iran and its neighbors. Those measures could be non-military CBMs (developing transport infrastructure, anti-terrorism coordination, track 2 and 1.5 diplomacy, cultural and political exchanges, promoting trade and business opportunities, etc.) and military CBMs (notification of military exercises, banning attacks on nuclear installations and facilities, advance notification of ballistic missile tests, establishing military hotlines, etc.)

It is equally important to foster Iran's engagement with its neighbors in the East. Once the Security Council sanctions have been lifted, Tehran will be eligible for full membership of the Shanghai Cooperation Organization (SCO), which includes the five Central Asian states, Russia, and China. As a member of the SCO, Iran will play an important role in supporting the Afghan government and fighting terrorism. It will also benefit from increased economic cooperation with the other member-states. The SCO will provide a soft regional security umbrella on the eastern and northern borders of Iran.

1. IRANIAN NUCLEAR ISSUE IN GLOBAL PERSPECTIVE



Establishing and Verifying a Comprehensive Nuclear Agreement with Iran

Tariq Rauf, Director, Arms Control, Disarmament and Non-Proliferation Programme, Stockholm International Peace Research Institute (SIPRI)

Vienna Negotiations

Negotiations began in Vienna on 18 February 2014 between representatives of the European Union (EU), France, Germany, and the United Kingdom (EU/E3), China, the Russian Federation and the United States (+3), and Iran, on the follow-up to a Joint Plan of Action (JPA), agreed in Geneva last November. The objective of these negotiations is two-fold: (1) to agree on additional interim steps beyond those in the JPA, for Iran to verifiably demonstrate the exclusively peaceful nature of its nuclear programme, including addressing and resolving allegations of possible military dimensions (PMD) geared towards developing a deliverable nuclear weapon, and to agree on a final comprehensive solution regarding the nature and extent of Iran's nuclear programme; and, (2) to agree on the modalities of lifting and removing all multilateral and national sanctions related to Iran's nuclear programme.

These negotiations take place against the backdrop of vehement opposition by many members of the US Congress and Israel, who argue for a complete cessation of uranium enrichment in Iran as well as the dismantling of significant elements of Iran's nuclear fuel cycle that might have the potential for use in a nuclear weapon programme. Such opponents have resorted to proclaiming very detailed and onerous conditions for Iran's nuclear activities, the closure of the enrichment plants at Natanz and Fordow, as well as the under construction heavy-water reactor at Arak, and an onerous verification and monitoring regime².

On the other hand, the Obama Administration is taking a correct and principled approach in the negotiations to focus on resolving the outstanding issues concerning the peaceful nature of Iran's nuclear programme and furthering the IAEA's verification authority and role.

Implementation of the JPA

Iran too thus far is keeping its word in implementing the JPA. The IAEA has confirmed that, as of 20 January 2014, Iran:

- had ceased enriching uranium above 5% U-235 at the two cascades at the Pilot Fuel Enrichment Plant (PFEP) and four cascades at the Fordow Fuel Enrichment Plant (FFEP) previously used for this purpose;
- had ceased operating cascades in an interconnected configuration at PFEP and FFEP;
- had begun diluting UF₆ enriched up to 20% U-235 at PFEP;

² See for example, David Albright: Testimony before Senate Foreign Relations Committee on Iran nuclear negotiations: <http://www.isis-online.org/>; David Albright: Maintaining a Six-Month Breakout Timeline.

- was continuing the conversion of UF₆ enriched up to 20% U-235 into U₃O₈ at the Fuel Plate Fabrication Plant (FPFP);
- had no process line to reconvert uranium oxides enriched up to 20% U-235 back into UF₆ enriched up to 20% U-235 at FPFP;
- was not conducting any further advances to its activities at the Natanz Fuel Enrichment Plant, FFEP or the Arak reactor (IR-40), including the manufacture and testing of fuel for the IR-40 reactor;
- was continuing to construct the Enriched UO₂ Powder Plant for the conversion of UF₆ enriched up to 5% U-235 into oxide;
- was continuing its safeguarded R&D practices at PFEP, including its current enrichment R&D practices, and continues not to use them for the accumulation of enriched uranium; and
- was not carrying out reprocessing-related activities at the Tehran Research Reactor and the Molybdenum, Iodine and Xenon Radioisotope Production (MIX) Facility.

The IAEA also confirmed that it had received written communications from Iran in relation to the “voluntary measures” that Iran had agreed to undertake in the first six months as part of the JPA, as follows: that for the first step time-bound (six months), there will be no new location for enrichment other than those already existing at the Fordow and Natanz sites; that during the first step time-bound (six months), Iran will not engage in stages of reprocessing activities, or construction of a facility capable of reprocessing; that during the first step of time-bound (six months), Iran declares that there is no reconversion line to reconvert uranium oxide enriched up to 20% U-235 back into UF₆ enriched up to 20% U-235; and provided information on centrifuge assembly workshops, storage facilities and centrifuge rotor production workshops.

Furthermore, the IAEA and Iran also had agreed on arrangements for increased access by Agency inspectors to the uranium enrichment facilities at Natanz and Fordow, including in relation to weekends and holidays in Iran — under the additional Protocol, complementary access can be carried out only during working hours of a facility.

Pragmatic Way Forward

The pragmatic way forward would be for the EU/E3+3 and Iran to agree that Iran would continue to assure the international community through IAEA safeguards and verification that Iran’s nuclear programme is exclusively for peaceful purposes. In relation to this, Iran would continue its suspension of production of uranium enriched to 20%; only produce uranium enriched to under 5% and convert it into reactor fuel on a timely basis; convert with international assistance the Arak reactor to run on 5% low enriched uranium; continue to refrain from separating plutonium; fully implement the Additional Protocol to its safeguards agreement; and cooperate proactively with the IAEA in the implementation of safeguards, verification and monitoring.

With regard to the allegations on the possible military dimensions (PMD) of Iran’s nuclear programme from the 1990s to 2003 or later, the Vienna negotiations need to see agreement on working through the Joint Commission with the IAEA to facilitate resolution of all issues of concern. A key element would be to resolve the authenticity of the documentation on PMD, and the veracity of the information contained therein. An interesting question might be whether the revelations by Snowden may shed some light on the provenance of this PMD documentation, since the IAEA does not have the capacity to authenticate intelligence information. And, for Iran to conclusively demonstrate that any activities related to PMD, if they had occurred, would never be resumed, and to assure the IAEA accordingly under the provisions of its comprehensive safeguards agreement pursuant to the NPT.

Finally, pursuant to the rights and obligations of the IAEA under Iran's comprehensive safeguards agreement, and Iran's corresponding obligations, as well as the provisions of the Agency's Statute, only the IAEA and Iran can definitively and legally resolve the issues concerning the peaceful nature of Iran's nuclear programme and the PMD. Any agreement to this effect between the EU3/+3/+Iran can only serve as the basis for a technical resolution of the open issues between the IAEA and Iran.

With on-going IAEA verification, with Iran's full cooperation and the measures proposed above, Iran will be no different from Japan, Belgium or The Netherlands in terms of its possible breakout capability — i.e. the capability to make a dash towards building a nuclear weapon. The argument that Iran should be restricted to 3,000 operating centrifuges, and must dismantle some 16,000 machines so as to increase the potential breakout period to six months or more, is not credible. A determined state with knowledge of and expertise in enrichment, could produce sufficient HEU for weapons

“With on-going IAEA verification with Iran's full cooperation and the measures proposed above, Iran will be no different than Japan, Belgium or The Netherlands, in terms of a possible ‘break out’ capability — namely, to make a dash to make nuclear weapons”.

with fewer operating machines, although any breakout would be detected by the IAEA—hence by this logic there must be no enrichment in Iran. However, as one author has aptly put it, “demanding zero enrichment from Iran makes zero sense”.³ The only realistic course is as noted above, for Iran to enrich uranium below 5% under IAEA safeguards, as has been the case since 2005. It should be noted for the record that Natanz and Fordow are the most heavily inspected enrichment facilities in the world, with the IAEA having direct access to the cascades and machines without limitations — this is not the case in Brazil, at URENCO enrichment plants in Europe and in Japan, where though the IAEA can meet its safeguards objectives for enrichment facilities, its access to the cascades and centrifuges is circumscribed under agreed arrangements. The IAEA reports on the implementation of safeguards in Iran have been routinely reporting, for nearly a decade, the exact number of operating and installed centrifuges, enrichment levels, and quantities of enriched uranium produced.

‘Right to Enrich’

As regards the “recognition” by the EU3/+3 of Iran's “right to enrich” uranium, and as regards the claim that Article IV of the NPT refers to peaceful uses of nuclear energy but does not apply to enrichment — it must be asserted that specious and false arguments, ill-considered interpretations of the NPT, and bad faith should be avoided.

Suffice it to say in this regard that the negotiating record of the NPT is clear in that the Treaty's reference to an “inalienable” right did not create or bestow Article IV rights on the States Parties, but merely affirmed them. The right to use and pursue atomic energy in any form was the “inalienable” right of any sovereign State and was therefore pre-existing the NPT. By acceding to the NPT as a NNWS, a State chose to limit itself to peaceful uses and undertook not to pursue nuclear weapons. The pre-NPT right to the pursuit of atomic energy for peaceful purposes was thus retained and affirmed by the Treaty in Article IV. The inalienable rights of NNWS under Article IV were not granted to States by the NPT and cannot therefore be taken away (or otherwise renegotiated). Thus, the Vienna negotiations need to focus on the real issues at hand, and not waste time and effort on raising spurious arguments.

³ George Perkovich, “Demanding Zero Enrichment from Iran Makes Zero Sense”, Foreign Affairs, 15 January 2014.

Conclusion

Opportunities for resolving the Iranian nuclear file through negotiations between the EU3/+3 and Iran were missed in 2003 and in 2005 — negotiations resumed in the fall of 2013 after eight lost years of recriminations and posturing by the EU3/+3, and they have reluctantly come to the logical conclusion that the only credible course is to come to the table to negotiate a comprehensive solution that address the concerns of all sides. Iran would limit its nuclear programme to a certain extent, continue with stringent IAEA safeguards and cooperate pro-actively with the IAEA in resolving open questions; while the EU3/+3 would refrain from threats of use of force and remove all multilateral and national sanctions against Iran. There is no other rational alternative.

The EU/E3+3 and Iran negotiations, while important, are essentially political in nature, but they can lay the ground work and create the conditions that would enable the resolution of the Iran nuclear file by the IAEA and Iran. The issues at stake are too important for only the politicians or think-tank experts to decide.



To the Comprehensive Agreement and beyond: Ideas from Russia and the USA

*Andrey Baklitskiy, Russia and Nuclear Nonproliferation Program
Coordinator, PIR Center*

The Russian-US working group on the Iranian nuclear issue was established in November of 2013 by the PIR Center and the Near East South Asia Center for Strategic Studies (NESA). The aim of the group was to support the positive dynamics of the process of negotiations between Iran and the P5+1 and contribute to reaching a comprehensive agreement on the Iranian nuclear program. The meeting of the group took place in Gstaad, Switzerland on January 27-29, 2014. This memo is based on a summary of the meeting; it reflects major points of the discussion but does not represent a consensus.

The main issues of concern on the Iranian track boil down to four main questions:

- 1) What should the Iranian nuclear program look like under the comprehensive agreement?
- 2) What would be the optimal way of lifting the sanctions?
- 3) What can be done to further encourage Iran and the international community to provide verification and empower constructive forces on both sides?
- 4) In what way can the regional dynamics help to reach a sustainable agreement with Iran?

There was a pretty strong convergence of views on the future of the Iranian nuclear program. All members of the group agreed that Iran's right to enrich uranium should be recognized formally or informally under mutually accepted conditions. No viable option was seen for shutting down the Arak heavy water reactor. Instead, the reactor should be modified in order to produce less plutonium. No reprocessing facilities should be allowed. Iran should implement the strictest IAEA verification regime. A number of other steps by Iran should be encouraged (such as ratification of the Comprehensive Nuclear-Test-Ban Treaty, the Convention on Nuclear Safety, the Vienna Convention on Civil Liability for Nuclear Damage, the Convention on the Physical Protection of Nuclear Material, etc).

"A number of other steps by Iran should be encouraged (such as ratification of the Comprehensive Nuclear-Test-Ban Treaty, the Convention on Nuclear Safety, the Vienna Convention on Civil Liability for Nuclear Damage and the Convention on the Physical Protection of Nuclear Material)"

For a certain period of time restrictions on the Iranian nuclear program will be over and above the NPT requirements. A cap will be put on the Iranian stocks of LEU, and on the number of Separative work units (i.e. the enrichment capacity) that Iranian enrichment program is allowed. Iran's overall nuclear capacity might be limited at the exact level that meets its reasonable needs. The possible military dimensions of the Iranian nuclear program should be examined by the IAEA. However, if past activities remain the only unresolved issue on the agenda, it may be acceptable to overlook them.

The process may benefit from inviting the IAEA Director General to the meetings between Iran and the P5+1 as an observer, and from joint briefings at the sessions of the IAEA Board of Governors. Reinforcing the Iranian commitment not to acquire nuclear weapons through the Islamic framework (i.e. appealing to the anti-nuclear fatwa) could also be useful.

On the issue of sanctions, there also was a rather strong unity among the Russian and US participants. Pretty much everyone agreed that the introduction of any new nuclear-related sanctions against Iran at this time would be a mistake, and the comprehensive agreement should be accompanied by the lifting of all the existing sanctions. As the lifting of UN Security Council sanctions should be a part of any comprehensive agreement, a Security Council resolution with a precise timetable and conditions for lifting the sanctions should be passed before such an agreement can be reached.

Speaking of the US sanctions, it would be more prudent to start with those that do not require congressional action, and can be dismantled by executive orders or waivers. Successfully trading those sanctions for concessions by Iran could get the Capitol Hill on board. Putting together a list of issues that may be disrupted if new US sanctions against Iran were to be introduced might also influence the US Congress and help the negotiating process.

One of the key ways of making any comprehensive agreement sustainable is to engage Iran and increase cooperation between Tehran and the international community. This engagement could be pursued in nuclear-related spheres and include:

- advising Iran on the best energy mix and on the building of nuclear power plants through the IAEA International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO);
- replacing the obsolete core of the Tehran research reactor;
- running programs on WMD nonproliferation and nonproliferation education in the Middle East with Iranian participation;
- holding nuclear safety and nuclear security exercises in the Middle East with Iranian participation (those might include Bushehr NPP stress tests) and inviting Tehran to the Nuclear Security Summits;
- trading contracts for shipment of natural uranium to Iran for cooperation in other spheres;
- studying the possibility of the United States buying enriched uranium for its nuclear power plants from Iran;
- aiming, in the long term, at the implementation of joint nuclear programs (by Russia, the USA, or both) in the Middle East with Iranian participation.

In the process of technological cooperation, the possibility of sharing sensitive technologies should be carefully studied.

Areas of non-nuclear related engagement could include:

- offering Iran membership of such regional bodies as the Shanghai Cooperation Organization;
- working on the Iranian dossier at the Financial Action Task Force on Money Laundering (FATF) and reintegrating Iran into the international financial system;
- accelerating Iranian accession to the World Trade Organization.

There are a numbers of reasons why countries in the region will not be directly invited to the negotiating table, and why regional issues will not be included in the scope of the comprehensive agreement. In the end, President Rouhani has the domestic mandate to negotiate on nuclear issues, not on Syria, Lebanon, or Iraq. However, the Middle Eastern states should at the very least be kept informed of the process, and it does not mean that they can't play an important role.

Third parties could provide technical support for implementing and verifying the provisions of the agreement, play an important role as intermediaries (Kazakhstan, Oman, etc.), and support the US administration in its struggle with the Congress over new sanctions against Iran.

There are also a number of collective actions that can solve some aspects of the Iranian nuclear issue. A regional agreement prohibiting the use or threat of force (including cyberattacks) against nuclear installations placed under the IAEA safeguards could be pursued. Countries in the region could also step up their support for the establishment of a WMD-free zone in the Middle East.

Another regional project could include setting up a joint stock company for uranium enrichment (similar to URENCO, Eurodif, or the International Uranium Enrichment Center) based on the existing Iranian nuclear fuel cycle (it can be an extraterritorial zone under the UN/IAEA auspices), with regional states acquiring stakes in such a company. Internationalizing and regionalizing the nuclear fuel cycle would strengthen cooperation in the region. Having external managers on the company's board would increase the transparency of the Iranian nuclear program.



Aims and Strands of EU Sanctions

Steven Blockmans, Senior Research Fellow, Centre for European Policy Studies

Sanctions are one of the instruments in the European Union's toolkit to promote the objectives of its external action: peace, democracy and respect for the rule of law, human rights and international law (Art. 21 TEU). The EU argues that its 'sanctions are not punitive, but designed to bring about a change in policy or activity by the target country, entities or individuals'⁴. The EU tries to minimize their adverse consequences for the civilian population or for legitimate activities.

The EU traditionally refers to sanctions as 'restrictive measures'. It only uses the term 'sanctions' in relation to the measures agreed to in the framework of the Common Foreign and Security Policy (CFSP). Negative conditionality measures are not referred to as 'sanctions': e.g., reductions of aid adopted under article 96 of the Cotonou Agreement with African, Caribbean and Pacific countries are referred to as 'appropriate measures'; in the context of the European Neighbourhood Policy, the phrase 'less for less' is preferred.

EU sanctions practice features two distinct strands of restrictive measures. Firstly, the EU implements sanctions regimes decided upon by the UN Security Council (UNSC). The competence of the EU to implement UNSC sanctions is derivative of the duty which rests upon EU member states as members of the UN. The 'uploading' of this duty to the EU serves to prevent distortions in the European single market and to enhance the efficacy of implementation. The EU often reinforces UN sanctions by applying stricter and additional measures ('gold-plating'). A second strand of EU sanctions concerns those instances where the Council deems it necessary to adopt restrictive measures autonomously, i.e. in the absence of a UNSC resolution (e.g. Myanmar, Zimbabwe).

In the case of Iran, UN sanctions resolutions provided a basis for more extensive unilateral sanctions (see below).

Adoption and entry into force

According to Articles 24(1) and 28-31 of the Treaty on European Union (TEU), the Council of Ministers imposes EU restrictive measures through a CFSP Council 'Decision' ('Common Position' before the entry into force of the Lisbon Treaty on 1 December 2009) adopted by unanimity.

Certain sanctions, such as arms embargoes and travel bans, are implemented directly by the EU member states on the basis of a binding Council decision.

Measures which provide for the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries, or which have been adopted against natural or legal persons and groups or non-state entities (e.g. asset freezes and travel bans) fall under the competence of the Union and therefore require separate implementing legislation in the form of a Council regulation, which is directly binding on natural and legal persons active in the EU. The legal basis for this implementing regulation is Article 215 of the Treaty on the Functioning of the EU

⁴ Factsheet: EU Restrictive measures, Brussels, 5 April 2013.

(TFEU), which prescribes that the Council (i) acts by a qualified majority on a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission, and (ii) informs the European Parliament thereof. The regulation contains the details on the precise scope of the measures decided upon by the Council and their implementation. It usually enters into force on the day following its publication in the Official Journal of the EU (OJEU)⁵.

Frequent measures

— Arms embargo

An arms embargo normally covers the sale, supply and transport of the goods included in the EU common military list⁶. Related technical and financial assistance is normally also included in the ban. In addition, the export of equipment used for internal repression may be prohibited, i.e. police equipment not covered by the EU common military list (e.g. vehicles equipped with water cannons, barbed wire and anti-riot helmets and shields). The Council might also ban the export of dual use goods to targeted countries, i.e. those that can be used for both civilian and military purposes⁷.

— Asset freeze

An asset freeze concerns funds (e.g. cash, cheques, bank deposits, stocks, shares) and economic resources owned or controlled by targeted individuals or entities. Funds may not be accessed, moved or sold. All other tangible or intangible assets, including real estate, cannot be sold or rented. An asset freeze also includes a ban on providing resources to the targeted entities and persons. EU citizens and companies must not make payments or supply goods and other assets to them. Business transactions with designated companies and persons cannot legally be carried out. National competent authorities can permit derogations from the asset freeze under specific exemptions, for instance to cover basic needs (such as foodstuffs, rent, medicines or taxes) or reasonable legal fees.

— Visa or travel ban

Persons targeted by a travel ban will be denied entry to the EU at the external borders. If visas are required for entering the EU, they will not be granted to persons subject to such restrictions on admissions. EU sanctions never oblige a member state to refuse entry to its own nationals. If an EU citizen is subject to a travel ban, his home country must, subject to national legal provisions, admit that person. In addition, member states may grant exemptions to travel bans when they host an international intergovernmental organisation, a UN conference or the OSCE.

Where do EU sanctions apply?

By their very nature, sanctions are designed to have political effects in third countries. Nevertheless, EU restrictive measures only apply within the jurisdiction of the EU, that is:

- within EU territory, including its airspace;
- to EU nationals, whether or not they are in the EU;
- to companies and organisations incorporated under the law of a member state, whether or not they are in the EU. This also includes branches of EU companies in third countries;

⁵ See the Commission's list of restrictive measures (sanctions) in force (Article 215 TFEU), 29 January 2014.

⁶ See Common Military List of the European Union, 11 March 2013.

⁷ See Annex I of Council Regulation (EC) No 428/2009.

- to any business done in whole or in part within the European Union;
- on board of aircraft or vessels under the jurisdiction of a member state.
- Candidates for EU membership (Turkey, Serbia, Montenegro, (FYRo) Macedonia, Kosovo, Iceland, Bosnia-Herzegovina, Albania) systematically align themselves with EU restrictive measures.

Legal remedies

The Council notifies persons and entities targeted by an asset freeze or travel ban of the measures taken against them. At the same time, it brings the available legal remedies to their attention: they can ask the Council to reconsider its decision, by providing observations on the listing. They can also challenge the measures before the General Court of the EU⁸.

Sanctions adopted against Iran

The basic sanctions package against Iran is laid down in UNSC Resolutions 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010). They entail the following measures:

- embargo on all items which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems, and a ban on related technical or financial assistance;
- a visa ban and assets freeze on persons and entities directly associated with Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems;
- prohibition to supply arms to Iran;
- ban on new grants, assistance or loans to Iran, except for humanitarian and developmental purposes;
- ban on commercial activity involving uranium mining, production or use of nuclear materials and technology by Iran overseas;
- authorisation to states to intercept, seize and dispose of Iranian cargo covered under the embargo;
- prohibition on bunkering services to vessels owned or contracted by Iran;
- a ban on new branches and subsidiaries of Iranian banks abroad and a ban on new joint ventures with Iranian banks.

Continued US pressure for the internationalisation of the Iranian nuclear dossier and the extraterritorial application of its sanctions led the EU in January 2013 to adopt US-inspired measures additional to those imposed by the UNSC:

- a ban on export and import of arms;
- ban on export of materials relevant to industries controlled by the Iranian Revolutionary Guard Corps;
- ban on investment by Iranian nationals and entities in uranium mining and production of nuclear material and technology within the EU;
- ban on imports of crude oil, petroleum and petrochemical products and natural gas from Iran;

⁸ See Blockmans, 'Curbing the Circumvention of Sanctions against Iran over its Nuclear Programme', 50 Common Market Law Review (2013), 623–639.

- ban on the supply of vessels designed for the transport or storage of oil and petrochemical products;
- export and import ban on dual-use goods and technology, including telecommunication systems and equipment;
- ban on exports of key equipment used for exploration and production of oil and natural gas, refining and liquefaction of natural gas, and for the petrochemical industry in Iran;
- investment ban on the Iranian oil and gas industries;
- ban on new grants and concessional loans to the Iranian government;
- ban on new commitments for financial support for trade with Iran;
- prohibition to provide insurance and re-insurance to the Iranian government and Iranian entities (except health and travel insurance);
- ban on trade in gold, precious metals and diamonds with Iranian public bodies and the central bank, and on delivery of Iranian denominated banknotes and coinage to the Iranian central bank;
- prohibition on financial transfers with Iranian banks, unless authorised if related to food supplies, health, humanitarian purposes or personal remittances, among others;
- prohibition for Iranian banks to open branches and create joint ventures in the EU;
- ban on the issuance of and trade in Iranian government or public bonds with the Iranian government, central bank and Iranian banks;
- ban on cargo flights operated by Iranian carriers or originating in Iran (except for mixed passenger and cargo flights);
- ban on flagging to Iranian oil tankers or cargo vessels;
- prohibition to construct new oil tankers for Iran or to participate in their construction;
- ban on supplying key naval equipment for shipbuilding and maintenance to Iran.

The EU supplementary sanctions included additional entries in the blacklists to which a visa ban and assets freeze were applied. Only 78 out of 482 listed entities were already designated by the UN.

Temporary EU sanctions relief following the adoption of the Joint Plan of Action

The temporary and partial suspension of sanctions in the framework of the November 24, 2013 agreement on a Joint Plan of Action (JPA) illustrates the flexibility offered by the combination of UN and non-UN sanctions: despite the fact that Tehran's six negotiating partners include the P-5, the deal reached did not affect any UN-mandated measures. Specifically, the P5+1 agreed to halt efforts to reduce Iranian oil sales, "enabling Iran's current customers to purchase their current average amounts of crude", suspended sanctions on insurance for transport of such oil and allowed the repatriation of \$4.2 billion in revenue from oil sales currently held abroad. The EU and the US have also suspended the prohibition on the import, purchase or

"The EU suspends and terminates its sanctions by way of the same procedure applied to the adoption of sanctions: i.e. a Council decision adopted unanimously by the member states and, for issues falling within the competence of the EU (e.g. economic embargoes and asset freezes), an additional Council regulation adopted by a qualified majority on a joint proposal from the High Representative and the Commission. Such decisions usually enter into force on the day following their publication"

transport of Iranian petrochemical products and on the provision of related services; as well as the prohibition on trade in gold and precious metals⁹.

Suspension and termination of EU sanctions

The EU suspends and terminates its sanctions by way of the same procedure applied to the adoption of sanctions: i.e. a Council decision adopted unanimously by the member states and, for issues falling within the competence of the EU (e.g. economic embargoes and asset freezes), an additional Council regulation adopted by a qualified majority on a joint proposal from the High Representative and the Commission. Such decisions usually enter into force on the day following their publication.

⁹ For the suspension of EU sanctions see Council Decision 2014/21/CFSP of 20 January 2014 amending Council Decision 2010/413/CFSP concerning restrictive measures against Iran, OJEU 2014 L 15/22 and Council Regulation No. 2014/42/EU of 20 January 2014 amending Regulation (EU) No. 267/2012 concerning restrictive measures against Iran, OJEU 2014 L 15/18



China's Contribution to the Comprehensive Solution of Iranian Nuclear Issue

Wu Bingbing, Director, Institute of Arab-Islamic Culture, Peking University

We have to consider the U.S.-Iran relationship and the US policy toward Iran in the background of the regional situation. Let us look back to the US response to the Arab Spring since 2011. In 2011, all the Western countries focused on the war in Libya. In 2012 Syria took its place, and in 2013 there was a very strong effort by the USA to push Turkey towards reconciliation with Israel. The idea was to make these two countries an axis of the U.S. policy in the region and try to respond to the threat arising from Iran and some uncertainty in Egypt with this Turkish-Israeli alliance. However, after this political situation changed in Egypt in mid-2013, a new idea emerged implying that Saudi-Israeli cooperation is more important. We could witness it in the first half of 2014.

When I was to the USA in 2013, I had conversations with some Israeli scholars, and they thought Israel and Saudi Arabia were real allies for that moment and an informal alliance between Saudi Arabia and Israel was emerging, and Egypt could support this kind of Saudi-Israeli cooperation. However, today the situation appears to be different. After 2013 and the efforts aimed at solving the chemical weapons issue in Syria, it probably became clear to the USA that without cooperation with Iran they would not be able to resolve the regional problem. Based on this, I think the President's administration, especially Obama and the small circle around him, are trying to push for reconciliation between Iran and the US. Still there is Saudi-Israeli cooperation in place, which is very strong. But Iran is a new factor, so by permitting Iran to play a more positive and active role in the Middle East, the USA could find solutions to many problems, maybe including Syria and even Afghanistan. They could also try to make Iran a kind of *leverage* in order to bolster their own influence (or to limit the influence of Russia); the same is true with regard to China.

"By permitting Iran to play a more positive and active role in the Middle East, the USA could find solutions to many problems, maybe including Syria and even Afghanistan. They could also try to make Iran a kind of leverage so as to bolster their own influence (or to limit the influence of Russia); the same is true with regard to China"

In addition, I believe that Egypt could play an important role in this regard because some new signals have emerged. For example, the Egyptians want to play some security role in the entire Arab world based on the anti-terrorism discourse. Based on this, I think it is very clear that the U.S. Administration has a strong intention to push for a Iranian-US reconciliation. There are two trends within the USA on the issue. One trend is to push the reconciliation forward; the other one is to make obstacles to this process, so we still do not know what is actually going to happen. But, basically, we remain rather pessimistic.

Chinese-Iranian relations should also be elaborated in more detail because no matter what happens in this negotiation, China always regards Iran and Egypt as its two major partners in the Middle East. I think we can witness some very important progress in the Chinese-Iranian financial relations in the first half of 2014. First, our minister of commerce paid a visit to Iran and signed an agreement to double trade between the two countries within three years, so it is a major agreement in fact. Second, our ministry of foreign affairs has been holding a dialogue with Iran

on the security of Afghanistan, and that also happens for the first time. Third, we have signed an agreement with Iran implying that we are going to import 400,000 barrels a day of crude oil.

Effectively, this means we have set a bottom line for US sanctions. Maybe the USA wants us to reduce our oil import from Iran, by 15% each six months, but this bottom line serves as a signal that we cannot have zero imports; we cannot buy less than that. More than that, in May 2014 the Iranian president was in Shanghai to attend the Fourth Conference on Interaction and Confidence-Building Measures in Asia (CICA). CICA could be a very important forum for future relations between China, Russia, and Iran. So, taken all together, these signals show that Iran has become a very important partner for China, and whatever the result of these negotiations, Beijing wants to further strengthen its relationship with Tehran.

We in China are not very optimistic about the future results of the negotiations. So I think that all these steps could also be considered as an assessment that if the negotiations fail, then the USA might impose more sanctions. Before this happens, we should do more to strengthen the relationship between China and Iran. I think it is very clear that Washington wants to bring additional issues to the negotiating table. That might include accusing Iran of being a state sponsor of terrorism; also, the Iranian missile program could be included in this negotiation by the USA. I think that Washington wants to explain to Iran that it takes a long time to lift the sanctions, not one year or two years. The White House believes that the reasonable term for lifting the sanctions might be five years, maybe ten or even twenty years. Also, with regard to the results of the Congressional elections, I think that Obama would not be able to push the Congress to agree to the Comprehensive Agreement that may be yielded by the negotiations. So, based on all of this, the result probably will not be what we want it to be.



Securing the Gains under the Negative Scenario

*Andrey Baklitskiy, Russia and Nuclear Nonproliferation Program
Coordinator, PIR Center*

In the long run, the only viable way to solve the Iranian nuclear issue is through negotiations. As Tehran has already mastered uranium enrichment, little can be done about it, apart from coming to an agreement that will ensure peaceful use of the technology. However, this does not necessarily mean that the current round of talks will end successfully; a collapse of the negotiations cannot be excluded.

The difficulty of bridging the gap between the positions of Iran and the P5+1 may well make the parties miss yet another deadline. This will necessitate another extension of talks. Such an option may seem a good deal for countries in the region: the Iranian nuclear program will remain frozen and Tehran's regional influence will be checked by the international community. However, this outcome will not produce much excitement in the negotiating parties, and will be inherently unstable. Iran will feel that sanctions continue to cripple its economy despite its efforts and concessions. The P5+1 will get weary of investing its resources without solving the issue. If no agreement is achieved, sooner or later this will lead to a breakdown of the negotiations, likely followed by new sanctions against Tehran.

There are a large number of scenarios under which the nuclear talks could collapse. If Iran is held responsible for their failure, we can expect more sanctions, including new UN Security Council resolutions on the issue. However, if the USA or another Western country gets the blame, under the current international conditions this could result in a split within the P5+1 (with the USA, the European countries, Russia and China all having different attitudes towards Iran) and a partial dismantling of the sanctions regime against the Tehran.

"If the nuclear negotiations collapse, one of the priorities will be to preserve the maximum of the gains made at the latest round of talks. The interim agreement, which has been in force for more than a year now, has proved to be the right kind of deal, worth continuing."

It is important to ensure that if any one of these scenarios materializes, the international community is prepared and has a clear and coherent strategy. One of the priorities will be to preserve the maximum of the gains made at the latest round of talks. The interim agreement, which has been in force for more than a year now, has proved to be the right kind of deal, worth continuing. And there are good reasons to believe that it can be done.

First of all, Iran will most probably remain a member of the Non-Proliferation Treaty, and continue to comply with its obligations under the IAEA safeguards agreement. Formal compliance with its international obligations was a cornerstone of Iranian nuclear policy for decades and there are no clear indications that this policy will change anytime soon. Tehran will probably also continue to participate in the Framework for Cooperation with IAEA.

Iran may restart some of the enrichment activities it suspended under the agreement with the P5+1, but that resumption will probably be limited, as Tehran will most likely try to stay below the Israeli *red line* (90 percent along the path to having sufficient weapons-grade material for a bomb).

If Iran shows restraint, the P5+1 could also continue to provide some of the basic sanctions relief (permitting civil aviation-related sales and services, keeping open the channel to facilitate humanitarian trade for Iran's domestic needs etc.)

If the talks collapse, the “nothing is decided until everything is decided” formula will no longer be relevant, which will open the possibility of smaller issue-specific agreements. Those could be a subject for specific intergovernmental arrangement or be done in the context of the Iran — IAEA dialogue. One obvious example here could be the modification of Arak heavy water reactor in order to limit its output of plutonium, an issue where both sides have shown converging views.

In any case, the basic agreement on the principles that was reached during the latest round of talks should remain the basis for any future negotiations. Those principles should include the following:

- The Iranian nuclear issue can be resolved only through diplomacy;
- Iran has the right to develop its own civilian nuclear capabilities under IAEA supervision;
- Plutonium production in Iran should be minimal;
- There should be no reprocessing of spent nuclear fuel in Iran;
- Iran should limit its stocks of enriched uranium that could be further enriched to weapons grade relatively fast.

2. IRANIAN NUCLEAR ISSUE IN REGIONAL PERSPECTIVE



Iran and the Regionalization of the Nuclear Fuel Cycle

Mohamed Shaker, Chairman of the Board, Egyptian Council for Foreign Affairs

A few years ago, I was greatly impressed by the 2005 International Atomic Energy Agency (IAEA) expert group's report on multilateral approaches to the nuclear fuel cycle. Two years later, in 2007, I was equally impressed by the decision of the Arab League Summit in Riyadh, Saudi Arabia, to undertake joint cooperative activities for the development of peaceful uses of nuclear energy & related technology in the Arab World. The Arab Atomic Energy Agency, located in Tunisia, was directed to consider ways and means for Arab cooperation in this area in an integrated Arab framework. The restructuring of the Agency, however, is expected to take a long time. It has not even started yet.

Both events, the IAEA report and the Arab Summit inspired me to write an article on "Nuclear Power in the Arab World and the Regionalization of the Nuclear Fuel Cycle", published in *Daedalus*, Winter 2010. It reflects my views on the issue as far as the Arab World is concerned but with an open mind to learn more about the way to proceed, and whether Iran could be part of it as a way out of its confrontation with the IAEA and the United Nations (UN) Security Council, a so-called diplomatic solution to the Iranian nuclear problem.

Likewise, the Agreement signed in Geneva on 23 November 2013 between Iran and the P5+1 group, and the further negotiations required, revived as well my interest in the regionalization of the nuclear fuel cycle.

The Agreement and its implementation should be considered as a first step towards a longer accommodation that may or may not involve Iran's Arab neighbors who so far were kept away from the negotiations as if they did not matter, although they would have been the first to suffer dire consequences if the negotiations had failed.

Regionalization of the nuclear fuel cycle in its ideal or optimal form may indicate to some extent self-reliance and probably a division of labor or expertise, among its participants. It is quite possible, and even desirable, that no one participant in the cycle would have all the essential elements of the cycle. Its operation would greatly depend on cooperation and coordination between its members and not in isolation from other states or similar groups.

With regard to enrichment, a consensus almost exists: All sensitive nuclear technologies should preferably be internationalized or regionalized.

The advantages of regionalization are as follows:

- Regionalization would be a gradual build-up. It will proceed in phases.
- Every individual state would have a say in one way or another.
- Economies of scale in the operation and the running of such an enterprise.
- The existence of effective regional controls as well as international control by the IAEA.

Effective regional controls would be the basis and the prelude to international control by the IAEA. With both levels of control, we would minimize risks and guarantee international

responsibility. We should learn from the Euratom experience, and maybe ABACC, as unique arrangements, involving Argentina, Brazil, and the IAEA, and under the umbrella of the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL).

- Strengthening non-proliferation norms, each party to the cycle will be checking on the others.
- Bridging the gap between the developed and the less developed countries in the nuclear technology.
- Regionalization in the Middle East may facilitate the establishment of a WMD-Free Zone in the Middle East. One must admit that the WMD-Free Zone itself may lead to a regional nuclear fuel cycle.

In all modesty and as a follow up on the Arab nuclear fuel cycle, I believe that the internationalization or regionalization of sensitive technologies in Iran is the way out of the present crisis. It may not only be the ideal diplomatic solution we are all seeking, but also a technical, economic, and political solution as well, a so-called multifaceted solution.

“The Arab neighbors of Iran, whether individually or as members of an Arab nuclear fuel cycle in the making, would be sharing with Iran the ownership and management of its sensitive technologies without necessarily having access to the technologies themselves, which will remain the private domain of Iran. Moreover, each party to such an agreement would be checking on the others, thereby strengthening non-proliferation norms”

What does this solution mean? It means that the Arab neighbors of Iran, whether individually or as members of an Arab nuclear fuel cycle in the making, would be sharing with Iran the ownership and the management of its sensitive technologies without necessarily having access to the technologies themselves, which will remain the private domain of Iran. Moreover, each party to such an agreement would be checking on the others, thereby strengthening non-proliferation norms.

The Arabs and the Iranians will certainly have to agree on such an arrangement, and the world at large as well. This would be an ideal way to bring the two civilizations closer to each other, the Arabs and the Persians, Shia and Sunni Muslims, which would open avenues of cooperation as well

as overcoming and settling problems that have kept them far apart on many crucial issues in the region.

This reconciliation would engender stability and security in one of the most strategic areas of the world.

It might be said by hardline supporters of sanctions on Iran that what we are suggesting is virtually rewarding a violator, who should not escape punishment. What is hoped to be accomplished is to bring Iran to the fold as a positive and peaceful contributing member to its milieu and immediate sphere, which would engender a new era in the region and the world at large.

A possible significant result of such an accommodation is Iran's opening up to the world, and more importantly, the rebirth of a new Iran.

What about Israel in such a new step, one might ask. Israel will have to join the Non-Proliferation Treaty (NPT) and accept full scope IAEA safeguards as it is the only country in the Middle East that has not yet joined the NPT. Israel should also demonstrate good will in joining other countries of the region in Helsinki, to negotiate a WMD-Free Zone in the Middle East. Israel will also have to honor its commitment to the two-state solution in Palestine. If Israel were to do so, it would be accepted in the region. This would engender a new era in the whole region, stable and secure.

It would not be easy to convince the Iranians and their Arab neighbors to pursue a regionalization of the nuclear fuel cycle in the Middle East region. If the idea were to trigger the interest of all potential parties, it would take a long time to negotiate the suggested scheme of the fuel cycle. The negotiations would definitely entail the involvement and commitment of the P5+1 and the IAEA to achieve such a goal. Therefore, I suggest involving the Arab neighbors of Iran in the next phase of the negotiations with Iran. Their presence this time could open up other avenues for cooperation.



Peaceful Nuclear Cooperation in the Middle East: Short and Mid-Term Future

*Youssef Shatilla, Dean of Academic Programs, Masdar Institute
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One of the major obstacles facing the deployment of nuclear power for peaceful use in the Middle East is the concern of proliferation which fundamentally rests on the ability to enrich and reprocess nuclear fuel. The Nuclear Club states, along with the rest of the world, are concerned with the spread of this ability beyond the confirmed membership of the Club. A short-term workaround is for new entrant states to seek cooperation agreements that forgo their right to develop enrichment and reprocessing capabilities. It appears that such agreements are in fact working, and have managed to attract willing followers whose hunger for clean and reliable nuclear power outweighs the apparent shortcoming of giving up what some opponents have termed the “sovereign right to enrich and reprocess”. However, it is premature to see whether those agreements will stand the test of time as opponents claim that signatories will intentionally forgo the right to develop sustainable and economically feasible access to nuclear power in the long run. This, ironically, is the same reason the signatories have decided to enter the nuclear age in the first place.

A mid-term solution of the proliferation issue is the creation of international fuel banks whereby signatories are guaranteed access to market-priced reactor-grade fuel in a reliable and nondiscriminatory way in return of forgoing their right to enrich and reprocess. This is different from the above solution in that fuel access is controlled by an international body not by one single provider in a bilateral agreement. This will definitely smooth out any polarization any one provider may try to exercise over the rest of the bank members. However, it does not address the fuel market volatility in case of a price war. A country that has developed its own capability to enrich and reprocess its own fuel will have a better chance to ride safely the waves of such a hypothetical, but quite probable, war.

Another obstacle to the deployment of peaceful nuclear energy in the Middle East is the initial huge capital needed to build nuclear power plants, which are expensive to build but relatively cheap to run. There are two basic ways of financing a nuclear power project: government and private financing. However, since the electricity market in the Middle East is regulated and heavily subsidized, government financing is an almost guaranteed way for a nuclear project to move forward. For developing countries, additional resources are required and may include directly allocated development funds from international aid organizations and development banks, or other government-sponsored aid programs, export credit agency insurance schemes or institutions like the Overseas Private Investment Corporation and the Multilateral Investment Guarantee Agency, as well as equity investments and commercial loans. However, multilateral financing agencies are required to balance the views of their Member States, which have strong and diverse views on nuclear power, and proliferation in particular. In addition, they may require investment selection criteria to demonstrate that a proposed nuclear plant will be the least costly option for electricity generation capacity expansion, and/or cost effective for solving environmental, security and other social problems. This will, once again, infringe on countries’ sovereign right to pursue their national agendas of introducing nuclear power independently of the lenders’ own political and ideological preferences.

A third barrier to the deployment of peaceful nuclear power in the Middle East is the lack of infrastructure and support industries (a.k.a. hard infrastructure) that are needed to have a

sustainable nuclear power program. These include physical facilities such as grid, physical protection facilities, component manufacture and material supply, standard calibration laboratory facilities, storage/disposal of low and medium grade radioactive waste, spent fuel storage and disposal facilities, safeguards plans and equipment, emergency response facilities, emergency notification of nuclear incidents, and many others. A short-term solution is to purchase these capabilities through a turnkey agreement for at least the first one or two reactors. A long-term solution, however, will definitely require the new entrant country to develop these capabilities in-house and in so doing will need to get into cooperation agreements with willing partners. This would most probably happen with ease since these agreements could be restricted to only non-sensitive technologies that a new-entrant country could secure from a variety of potential partners even outside the Nuclear Club states.

A fourth obstacle is the lack of skilled human resources capable of running (as well as regulating) the nuclear power program safely and efficiently (both combined are a.k.a. soft infrastructure). Specific expertise in nuclear physics and nuclear materials science for reactor operation and fuel cycle management is crucial, along with a strong commitment to a safety culture. Human resource development needs vary widely, depending upon the national decision to fill the needs through indigenous development (long term) or purchase the capabilities through a turnkey project (short term). Even if a turnkey project is the preferred approach, developing indigenous capabilities should be considered for the long term. The development of such indigenous capabilities will require significant attention to education and training that can be obtained from the vendors and suppliers of nuclear systems and components as a short-term solution. However, it is desirable for a nation to develop its own educational and training capabilities to better assure the long-term availability of the crucial human resources and to provide opportunities for its citizens. While the development of human resources requires investment, this investment brings overall benefit to the economic development of the nation.

Finally, as the countries of the Middle East, and especially those of the GCC, aspire to take their place among the advanced and developed nations, their hunger for energy is unprecedented. Therefore, for any meaningful development to take place, sustain its momentum and stand the test of time, the GCC has to diversify its economy and find alternative sources of energy in addition to oil. This has led to the choice of nuclear and renewable energy as the two energy sources of choice to develop and rely on for the GCC countries' future energy needs.

In addition, the region does not have enough water to satisfy its needs for growth and development, which makes seawater desalination the main source of potable water. Seawater desalination is extremely energy-intensive, and therefore its availability is directly linked to the availability of a reliable and economical energy source. This water-energy nexus makes it necessary to develop integrated water-energy solutions in order to meet the GCC countries' growth and development targets in an economical and sustainable way.

The use of nuclear power in seawater desalination is being developed at Masdar Institute of Science and Technology (MI) to address this unique situation of water-energy nexus. This is particularly relevant since several member states have recently chosen nuclear power to meet their individual energy needs, which will hopefully mean meeting their water needs as well.

The vision of the MI research team is to create and develop the blueprints for a Self-Sustainable Nuclear Oasis (2SNO). Central to this vision is a Small Modular Reactor (SMR) capable of producing about 330MWe, which is used for providing electricity to the grid, producing hydrogen to power a future fleet of hydrogen cars, and desalinating seawater for drinking and industrial applications. The SMR design under consideration is especially suited for this task because it is small, so the construction is simplified and capital investment is minimized; it is modular, so the initial unit could be small and additional units can be added as the need for water and energy grows; it is inherently safe because of its small size and passive safety features that require

no human intervention even in case of beyond-design-basis accident; and it is proliferation-resistant due to its very long fuel cycle (about 60 years) that does not require human access to nuclear fuel for the lifetime of the plant.

Preliminary results show that an oasis that consists of a single reactor of that size will supply (1) about one-third (100 MWe) of its electricity output to the grid and use the rest along with some of its process heat to produce (2) enough hydrogen to power 280,000 light vehicles through High Temperature Electrolysis of Steam (HTES), and produce (3) enough water for about 20,000 inhabitants through hybrid Reverse Osmosis (RO) and Multi-Stage Flashing (MSF).

Therefore, we believe that peaceful nuclear cooperation in the Middle East has a better chance of seeing the light if it offers an integrated solution to these two basic problems namely; energy and water.

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Egypt as a Mediator for Iranian Deal

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Since 2003, Iran has been using the nuclear issue, and more specifically the enrichment percentage, as a bargaining chip in order to gain recognition for itself as a regional power that counterbalances American influence in the Middle East — at least according to Iranian President Hassan Rouhani. For instance, during the Baghdad talks between Iran and the P5+1 that took place in May 2012, Iran raised non-nuclear issues, such as the conflict in Syria and the situation in Bahrain, in order to make it a forum to discuss all the issues with the Western countries and not only the nuclear issue.

The policy of bundling up problematic issues has become the norm in Iran's behavior not only with the P5+1, but also with the regional countries. This happened, for instance, when ex-President of Egypt Mohamed Morsi attempted to engage Iran in a regional dialogue for settling the conflict in Syria, through his initiative of the regional quartette that included Saudi Arabia, Turkey and Iran besides Egypt. Iran expressed its preference to have it as a forum to discuss all regional issues, and not only the Syrian issue. It requested having Iraq and Venezuela as members in the group. This position hindered the proceedings of the quartette's second meeting in Egypt and motivated Saudi Arabia to boycott it.

Iranian policies toward the US and the Western countries, since the victory of Hassan Rouhani in the presidential elections, are based on constructive engagement that requires — as explained in Rouhani's article published in the Washington Post in September 2013 — an understanding of what each side does not want, the provision of concessions through constructive interactions, joint efforts on issues of mutual interest (such as terrorism), and developing other channels for negotiations with the US besides the P5+1 in order to provide other opportunities to negotiate non-nuclear issues.

In the framework of this strategy, the first-step agreement between Iran and the P5+1 is paving the way for a comprehensive agreement that is expected not to be limited to the nuclear issue, but might include other issues that allow Iran to re-position itself as a counterpart to the United States in the region.

Egypt's Reaction:

The first-step agreement announced in Nov, 2013 coincided with the complicated transition Egypt is going through since the June 30, 2013 revolution. Nevertheless, Egypt's reaction to it has been less ideological and more pragmatic. On the one hand, Egypt welcomed the agreement, as it was in line with the principles guiding its foreign policy toward the nuclear issue in the Middle East in general, and toward Iran in particular. Egypt supports Iran's right to gain nuclear capabilities for peaceful purposes as long as it is in line with the NPT, and it supports a peaceful settlement of the nuclear crisis between the United States and Iran.

On the other hand, the strategic implications of this agreement are a matter of concern. The deal would transform the matrix of regional roles in the Middle East in favor of Iran, given that the agreement would end Iran's status as a rouge state (as labeled by George W. Bush) and turn it into a counterpart or even a friend of the United States. This could, I believe, restrict Egypt's regional role, especially after the transitional period has been settled.

In order to balance Iran's nuclear capability, as recognized by the first-step agreement as well as the expected comprehensive deal, Egypt is assessing its own nuclear options. Despite the instability

caused by the transitional period Egypt is going through, discussions about reactivating the nuclear project that is to be used for peaceful purposes in Daba'a region have been renewed. Many analysts expect it to be one of the main issues to be debated during the presidential elections.

Besides, Egypt is very concerned about the implications of this agreement for its friends in the Gulf region, especially Saudi Arabia and the UAE, which have been supporting Cairo since June 2013. Nabeel Fahmy, the Egyptian foreign minister, stated on 22 January 2014 that Egypt's policy on Iran is defined by its friends' interests in the Gulf region.

The need for regional diplomacy:

Up until now, efforts to reach a comprehensive agreement with Iran have been channeled through the P5+1 framework, with a prominent role played by the United States and Russia. No real role is being played by the regional countries that are concerned with these negotiations, such as Saudi Arabia and other GCC countries. This was one of the reasons for tensions between Saudi Arabia and the United States after the first-step deal was reached.

This strategy reflects the belief of some in the U.S. administration that if the thorny issues that exist between Iran and the GCC countries are put on the negotiating table, no agreement will be reached. Thus, Washington prefers not to involve the GCC countries in this stage, and merely briefs them about the results of every meeting. This strategy is also in line with Hassan Rouhani's strategy of constructive engagement with the United States and the West in order to gain an international recognition of Iran's role in the region and beyond.

However, this strategy overlooks the importance of having an effective regional diplomacy in order to make the hoped-for agreement more successful — especially if the Iranians manage to make non-nuclear issues (which are a concern for the GCC countries as well as other countries in the Middle East) part of the agreement.

The suggested regional diplomacy could be based on encouraging regional powers that could relieve the tensions between Iran and GCC countries and propose initiatives that could prevent any further nuclearization of the region.

This regional diplomacy could be based on three pillars:

- 1) Create a regional mechanism, independent from the P5+1, following the 6+2+1 model proposed by Condoleezza Rice after the Iraq war in 2003. In the case of Iran it could be 6 (GCC) + 1(US) + 2(Iran and Egypt). Egypt has a less ideologically-driven position and therefore could facilitate confidence-building between the other countries.
- 2) Launch a regional process that targets business interest groups in the region to create real economic interests between the GCC states and Iran, as well as countries such as Egypt.
- 3) Support Egypt's proposal to make the Middle East a nuclear weapons-free zone. This proposal was supported by Iran in 1970 at the UN, and by Hassan Rouhani in an interview on NBC in September 2013. The implementation of this zone requires international support from Russia as well as the United States.

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Turkey, Iran and the Comprehensive Agreement

Ozden Zeynep Oktav, Professor, School of International Relations, Yildiz Technical University, Turkish Asian Center for Strategic Studies (TASAM)

The interim nuclear deal signed in Geneva in November between Iran and the six world powers is of crucial importance since it has mainly aimed to normalize Iran's relations with the outside world. Put differently, the ultimate goal of the deal is to normalize Iran's nuclear program within a fixed time frame — but it also articulates the expressed intention of all parties to negotiate on long-term strategic objectives. Thus, Obama's policy of initiating a serious dialogue with Iran so as to make the mullahs “unclench their fist” seems to have succeeded for now.

Implications of the Geneva agreement for Turkey

One important consequence of the Geneva agreement from Turkey's perspective is the initiation of the normalization of Tehran's relations with the outside world. This normalization process will have multiple effects on Turkey's relations with Iran on many levels, including economics, security, and politics.

Sanctions/ Economics:

The most important implication of the Geneva agreement for Turkey is that it has given international recognition to Iran's right to continue uranium enrichment for peaceful purposes; besides, Iran's economy has been given sanctions relief worth \$ 7 billion. Thus, it is estimated that an end to the sanctions regime could open the way for exports of Turkish goods and services to Iran worth more than \$90 billion in the medium term. Additionally, the ability to import more of its energy from Iran would reduce some of the squeeze of Turkey's current dependence on Russia, especially in the gas sector. (Kirisci: 2014) Ankara had reluctantly complied with international sanctions by mid-2012. The lifting of economic sanctions would relieve the pressure on the Turkish currency which Turkey suffered very recently. Turkey was not able to pay for its gas and oil imports from Iran in euros or dollars. Turkey's payments in the Turkish Lira were deposited in Iran's account in a state-owned Turkish bank, Halkbank. In return for Iran's acceptance of the Turkish lira, the AKP government tolerated the conversion of Iran's export revenues into gold. Turkey's direct and indirect gold exports to Iran rose sharply in 2012 and contributed to the large decline in Turkey's trade deficit with Iran. (Habibi: 2014) Easing the sanctions would also reshape Turkey's relations with the West, especially the United States. The latest “gold for gas” corruption scandal (17 December) is a striking example that demonstrates the negative impact of sanctions on Turkey's relations with the United States. That scandal was perceived by the AKP government as a plot by Washington (and Israel), whom it suspects of cooperating with the Gulen movement. (Taştekin: Al Monitor Dec. 20 2013).

Security

When it comes to Turkey's security concerns about Iran being a nuclear power, Turkey, on the official level, has never felt any sense of alarmism or urgency so far. In parallel with its increasing economic cooperation with Iran, Turkey has both made efforts to develop necessary

capabilities to defend itself from ballistic missiles and WMD and coupled those efforts with calls for the universalization of non-proliferation norms and the establishment of a Middle East WMD-Free Zone. Here the crucial issue is that from Ankara's perspective any such zone would not include Turkey, because the "seventy or so American nuclear weapons deployed on Turkish soil, according to Ankara, are necessary for deterrence, and help to make sure that the NATO burden-sharing principle remains firmly in place." (Kibaroglu: 2010) Turkey is the only Muslim country that overtly has nuclear weapons stationed on its soil, and the only Muslim member of a credible collective security organization, i.e. NATO. Put differently, Turkey, having more credible security guarantees than those enjoyed by any of the Arab states, can freely declare that a nuclear Iran is not a threat to Turkey.

"Turkey is the only Muslim country which overtly station nuclear weapons on its soil and the only member of a credible collective security organization-NATO. Put differently, Turkey, having more credible security guarantees than those enjoyed by any Arab states can freely declare that a nuclear Iran is not threatening for Turkey"

Nevertheless, Turkey prepares for the worst-case scenario. For example, it was pursuing a ballistic missile-defence system, which coincided with the Obama administration's announced plans for the development of the European Phased Adaptive Approach — a missile defence system that relies on SM-3 missile interceptors deployed on Aegis missile destroyers in the Mediterranean. However, to ensure complete territorial coverage, Turkey has opted to procure a Chinese ballistic missile-defence system and to develop its own low and medium-altitude air-defence systems.

Long story short, although Turkey makes effort to launch an indigenous nuclear capability, it sees "NATO as a suitable vehicle for its long-term security, even where this comes at a cost to the country's broader diplomacy." (<http://www.rusi.org/irannuclear/turkey/>) Turkey's stance towards the Syrian crisis indicates that it favors the involvement of NATO to remove any threats on its borders. Turkey's perception of NATO as the ultimate backstop to its security shows that it will adopt a similar stance in the face of Iranian nuclearisation.

One should bear in mind, however, that according to a 2012 public opinion poll held in 27 provinces across Turkey, 60.8 percent of those polled believe that Iran's possession of nuclear weapons would be a threat to Turkey, and 54 percent of the Turks favored Turkey's acquisition of nuclear weapons in the event of a threat from a nuclear-armed Iran. (Today's Zaman: 2013 Economic Review: 2012). Although Ankara officially declares that a nuclear Iran is not a threat to Turkey, public perceptions of a nuclear Iran are quite negative.

In addition, Turkey might not want to be the only remaining country, other than Italy, to host NATO nuclear weapons if Germany and Netherlands no longer do so (Perkovich: Carnegie). The uncertainty over NATO's tactical nuclear weapons reflects a broader and deeper uncertainty over the dependability of the Alliance as a whole. As many analysts agree, "the only circumstance where Turkish nuclear weapons would acquire a degree of likelihood is a breakdown of Turkey's security relationship with the United States" (Ülgen: 2012). Therefore, keeping Turkey firmly anchored in NATO remains important.

Two important developments — namely, Turkey's current border security issue after the Syrian crisis and the creation of a de facto autonomous Kurdish region in northern Syria — push Ankara not to burn bridges with Tehran. Ankara believes that further sanctions would isolate Iran even further, and it seems quite content with the interim Geneva agreement. However, this does not mean that Turkey won't be uneasy in the face of Iran's having a formal status as a nuclear break-out state with a final agreement following the general contours of the Geneva Accord (i.e. one allowing for Iranian uranium enrichment up to 3.5%).

Put differently, with the de facto recognition of Iran's right to a complete nuclear fuel cycle, Iran will be placed by the international community in the company of responsible nuclear states like Germany, Japan, the Netherlands and Brazil, as well as the nuclear-weapons states. "This would be a significant boost for Iran's international prestige and could be seen as out-doing Turkey, a G20 and NATO member and EU candidate whose own nuclear energy program is still in its early infancy". (Kirişçi: 2014) Such a scenario will probably push Turkey to focus more on the level of Iran's nuclearisation and weapon intentions.

Given the current mistrust between Turkey and Iran due to the deployment of the missile defense system under NATO's command across Turkish territory and of the early warning radar system in Malatya Kürecik, it is certain that rivalry between Turkey and Iran at the security level will continue in the near future. That may lead to further rapprochement between Turkey and Israel, who Iran suspects are already sharing intelligence data generated by the U.S. radar system in Turkey, which is similar to the one in Israel's Negev Desert.

Politics

There have been some important reasons for Ankara becoming very cautious about its relations with Iran. Turkey's strained relations with the United States and Israel, its energy dependence on Iran, current uneasiness about the security of the border with Syria and Ankara's urgency to cooperate with Iran in dealing with its own Kurdish issue are among the reasons for keeping relations with Tehran steady.

However, there can be some drastic changes in Turkey's attitude towards Iran if that country gains supremacy as a nuclear power. In addition, future domestic developments in Turkey will be of crucial importance for the future of Turkish-Iranian relations. The local elections of March 2014 will determine the future of Erdogan's political career after Gezi park protests and corruption probe (17 December) as it will be a litmus test for Erdogan's popularity and Turkey's international showcase. The coming elections in 2014 will absolutely lead to some radical changes in Turkey's foreign policy. A more liberal or pro-American non-AKP government — or a coalition government — might lead to Turkey's seeking cooperation with Israel in utilizing the Eastern Mediterranean natural gas as a probable solution to the Cyprus problem. Needless to say, Turkey will start a new period in its relations with the EU so as to revive the negotiation process.

In sum, it can be said that Iran's integration into the international community would precipitate a new Turkish drive to restore relations with the West and Western institutions.



Iranian Issue in South Caucasus and Caspian Regions

Heydar Mirza, Leading Research Fellow, Foreign Policy Analysis Department, Center for Strategic Studies under the President of Azerbaijan

From Azerbaijani perspective, even with all traditional tensions and jealousy between Azerbaijan and Iran conditioned by historical context, it would be naive to consider that a nuclear Iran would be a direct threat to security in the Middle East, the South Caucasus and Central Asia. I would rather agree with the late American neorealist Kenneth Waltz that portraying the Iranian regime as innately irrational and ruled by "mad mullahs" is either ham-fisted propaganda or a serious mistake.

Iran's policy is almost perfect in terms of pragmatism and understanding of its rationale for survival. In the current geopolitical context of the Middle East, it seems that Iran's desire to develop nuclear weapons has nothing to do with its aggressive rhetoric, as spouted under former president Mahmud Ahmadinejad's. In actual fact, Iran seeks a) to ensure its own long-term security, and b) demonstrate the regime's capacity to engage and achieve long-term goals in finance, human resource, and ambitious scientific and industrial programs. Nevertheless, there is something more than just these two goals. Although a nuclear Iran would not be a direct existential threat to Israel, America's allies in the Gulf, or Azerbaijan, a nuclear Iran means a new and very different Iran. It means a new and different balance of power in the Middle East, the South Caucasus and Central Asia, with too high a deterrence price for the United States and its allies. In my opinion, concerning the South Caucasus, a nuclear Iran would demand more participation in the resolution of frozen conflicts in the South Caucasus, articulate a stronger position on marine borders in the Caspian sea, and add a nuclear element to its Shia soft power in the Middle East, the South Caucasus and Central Asia. I believe a new balance of power will emerge in the Middle East, the South Caucasus and Central Asia if Iran acquired nuclear weapons. Other countries, such as Saudi Arabia and maybe even Turkey, may well launch their own military nuclear programs.

Iranian president Hassan Rouhani has promised to end the nuclear impasse with the West, and he seems to be fulfilling that promise. Late 2013 and early 2014 were full of events, and the November 2013 Geneva interim deal was at their center. But there are different opinions about that core event. Although a number of analysts are optimistic, there are many issues that make the whole construct of the US — Iranian reboot fragile.

The first issue is the current geopolitical context in the Middle East and the civil war in Syria. There are many questions about the US diplomacy, and one of them is the timing. Unexpected turns of event in the civil war in Syria, where Iran is involved through its proxies, could easily derail the whole process. There is a broader agenda as well. I studied in great detail comments by Russian media analysts on the Geneva deal and the detente, and my assumption is that in the current context the detente is not in Russia's interests. Some Russian analysts even go as far as fearing that if the détente goes too far, Russia could lose Iran as its strategic partner in the region.

Israel is another issue. I think Israel at this moment has fully mobilized all the means that it has to torpedo the Geneva process. The Middle East is a region where only one unbalanced nuclear power exists, and that power is Israel. And emergence of a counterbalance in the form of a theocratic regime in Tehran poses an existential threat to the Israelis, who fear that this interim agreement could in fact become a permanent one. That is causing angry rhetoric and tensions in

US — Israeli relations. Being both American and Israeli strategic partner in the South Caucasus, Azerbaijan watches these tensions very closely.

These tensions increased after February 1, 2014, when US Secretary of State John Kerry was asked at a press conference whether he believed that he could "actually nail this [the Israeli-Palestinian negotiations] down". Rather than respond directly to the question, Kerry answered "there's an increasing de-legitimization campaign that has been building up. People are very sensitive to it. There are talk of boycotts and other kinds of things. Are we all going to be better with all of that?" This added up to Israeli negativity on the Geneva process and anti-US rhetoric in the Israeli media.

Also, some senior US diplomats and intelligence officials are not positive about Israel's intensified strategic military and intelligence cooperation with Azerbaijan, which, as they think, complicates the Geneva process. This has been underlined in one of the reports by the Institute for National Security Studies (INSS) in Israel later in 2013.

The second issue is Iran's sincerity. Since 2010 Iranian economy has been suffering as a result of Washington's tough measures. The state of Iran's economy is very easy to see from Azerbaijan, where many business people have commercial ties with partners in Iran. The most observable things were hyperinflation and shortages. In a short article for the Foreign Affairs magazine on November 27, 2013, at the peak of optimistic sentiment three days after the signing of the Geneva deal, Suzanne Maloney of the Brookings Institute wrote that all that had happened — from Iranian president Hassan Rouhani's unprecedented outreach to Barak Obama to the deal itself — had in fact been a carefully orchestrated strategy by the regime, undoubtedly endorsed by Ayatollah Ali Khamenei. Iran has suspended its nuclear program temporarily with no promise to abandon it permanently, and agreed to convert part of its enriched uranium stockpile to fuel rods for the Tehran Research Reactor and allow International Atomic Energy Agency (IAEA) to inspect its nuclear facilities in Natanz and Fordow. In exchange for these promises, Tehran got access to desperately needed cash. The US has agreed to unfreeze \$ 550 million in frozen Iranian oil revenues, and there is more to come, together with guaranties of no additional sanctions to be imposed. Thus, there can be some truth in skeptics' questioning the effect of the deal for the US, because in their opinion Iran has been left better off.

And there is no guaranty that once the US continues to call off the sanctions and the process of detente goes far enough, there will be no surprises from the "known unknowns" of Iran's nuclear program, as former US Secretary of Defense Donald Rumsfeld once said. I mean that chances are very high that having devoted so much resources and effort to its nuclear program, Iran will open all its nuclear facilities to IAEA, but keep at least some little portion, but the most important, military one, in secret. I would like to see the faces of senior American diplomats one day, when, after the detente goes as far as reopening embassies, they receive news of Iran's first nuke. What then?

The third issue is Iran's domestic politics. Parallels are often drawn between Hassan Rouhani and Michail Gorbachev but these parallels do not represent a thorough political analysis. Hassan Rouhani is not Michail Gorbachev. Everything Gorbachev did was in the name of renewing the system, whereas Rouhani cannot afford this. His role in Iran is different, as is the internal structure of Iran's political establishment and society. Gorbachev was a master political tactician and had considerable room for maneuver in domestic politics. The same can't be said of Rouhani. At the same time, the contextual framework of the US — Soviet detente in the late 1989 was very different from the current contextual framework of the Middle Eastern geopolitics in 2013. Although cash inflows and guaranties of no additional sanctions create some room for domestic maneuver for Rouhani, Iran's domestic politics are still a black box, to an even greater degree than Soviet politics was. It is much more complicated than simple rivalry between two camps, i.e. liberals and conservatives.

Frankly speaking, I have made a bet with one of my colleagues on this issue. My forecast is that the Geneva process will be disrupted. And I am sure than sooner or later Iran will produce its first nuke. If I am mistaken it is going to cost me \$ 150. But costs for the region and for the whole world can be much higher — and I don't mean the costs of dealing with a nuclear Iran. I mean the costs of unpreparedness to potential evolution of the regional and global balance of power.

I believe in Tehran's extreme pragmatism in foreign policy, and I also believe that from this very pragmatic viewpoint, and taking into account the Iraqi, Libyan and Syrian experience, and with the North Korean example in the background, Iran in theory has the right to military nuclear might. And if Tehran successfully accomplishes the national program of military nuclear might and assumes a new place in the new balance of power in the Middle East, the South Caucasus and Central Asia, it will have to reevaluate its foreign policy, especially towards its immediate neighbors and Israel, because great power means great responsibilities.

Whatever the future of the Geneva process, and whatever the level of traditional tensions and jealousy between Azerbaijan and Iran, I believe that these tensions will disappear given time, once both states, one 5,000 years old, the other 20 years old, get used to living side by side. We just have too much in common, and if Turkey is the closest country to Azerbaijan in terms of ethnicity, Iran is the closest country to Azerbaijan in terms of Shia Islam, let alone the 23 million ethnic Azeris living there. I completely reject any military scenario of preventing Iran from going nuclear. Azeri leadership has repeatedly declared at various venues that for all its partnership with the US and Israel, there is no chance of Azeri territory being used to launch strikes against Iran.

“Iran is the closest country to Azerbaijan in terms of Shia Islam, let alone the 23 million ethnic Azeris living there. And I completely reject any military scenario of preventing Iran from going nuclear. Azeri leadership has repeatedly declared at various venues that for all its partnership with the US and Israel, there is no chance of Azeri territory being used to launch strikes against Iran.”



Iran and the Central Asia

Albert Zulkharneev, Executive Director, PIR Center

The direct impact of the state of Iran's relations with the Central Asian states on a comprehensive solution of the nuclear issue is limited to rather formal, but still symbolic and timely assistance, such as the help provided in April 2013. Participants of the negotiations were not able to choose the venue, and Kazakhstan suggested Almaty, which hosted the P5+1 talks.

At the same time, if we consider a comprehensive solution of the issue as a long-term and sustainable solution based on a secure regional environment, then the Central Asian countries, being Iran's neighbors, as well as current and potential partners, play an important role, especially if we talk about regional organizations and security structures.

We face at least two problems that follow from the need to combine joint international efforts to find a solution of the nuclear problem and enhance regional security and cooperation with Iran.

"The potential of the Shanghai Cooperation Organization is twofold. First, it addresses the Iranian concerns over regional security, and can strengthen Iran's positions as one of the key players in Central Asia. At the same time, the prospect of full membership and the strengthening of Iran's positions in the region are interlinked, and are conditional on the lifting of the UN sanctions on Iran. SCO rules do not allow new members to join if there are UN sanctions in force against them"

First, Iran needs security guarantees as a precondition of the success of negotiations on the nuclear issue. At the same time, both the Western countries and Iran are raising their stakes. They do not want to make any concessions not related to nuclear issues as a part of solution of the nuclear problem. The Western countries prefer to de-link the two spheres, and Supreme Leader of Iran has also given his mandate to negotiate only on the nuclear issue.

However, if we talk about a comprehensive solution, at some point we will face the issue of security guarantees.

The second problem is the growing rivalry between the six countries, economic and even geopolitical, connected with the opening of the Iranian market.

That rivalry can undermine joint efforts on the implementation of the Geneva accords, as well as efforts to negotiate a new agreement. It is necessary to combine both our national interests and aspirations and our common objectives to solve the problem.

One of the bodies that I think has the potential to respond to these problems is the Shanghai Cooperation Organization, which includes key regional actors. The five Central Asian states, Russia and China are full members, four countries are observers (Iran, India, Pakistan, and Mongolia), and three (including Turkey) are partners in dialogue.

The potential of the Shanghai Cooperation Organization is twofold. First, it addresses the Iranian concerns over regional security, and can strengthen Iran's positions as one of the key players in Central Asia. At the same time, the prospect of full membership and the strengthening of Iran's positions in the region are interlinked, and are conditional on the lifting of the UN sanctions on Iran. SCO rules do not allow new members to join if there are UN sanctions in force against them. As we understand, the lifting of the UN sanctions can result only from a comprehensive solution of the nuclear issue being achieved.

The SCO is interesting and attractive for Iran for several reasons. All of them, as I have mentioned, are connected with the consolidation and strengthening of Iran's positions on its northern and eastern borders:

First, the SCO rejects unilateral engagement of any third non-regional parties in resolving regional problems. Such engagement is unacceptable, unless it has been agreed with the SCO. For example, this is the basis of the SCO position on Afghanistan or the US military bases in Central Asia. In the wake of the withdrawal of the ISAF forces from Afghanistan, the positions of the SCO are strengthening.

Second, the SCO can be a viable alternative format for regional cooperation on Afghanistan, which is important to Iran.

Third, SCO members emphasize national sovereignty and non-interference as a common value of all its members. That value fully correlates with the Iranian vision of its relations with international community.

The fourth reason is real cooperation on counter-terrorism (through the Regional Counter-Terrorism Structure), which is becoming ever more important, given the ongoing instability in the Middle East.

The fifth reason is opportunities for economic cooperation.

In other words, the SCO can provide a soft regional security umbrella on the eastern and northern borders of Iran. It is not a military bloc, and there are no military commitments, but the high level of economic interdependence of the SCO countries does not allow the territory of any of its members to be used to threaten the security of other members.

Current SCO members are also interested in Iran's greater involvement in the SCO structure. This has to do with the changing situation over Iran.

The country is one of the key producers and exporters of oil. It has the world's second-largest natural gas reserves. Neither of the two SCO members who are large exporters of natural resources (i.e. Russia and Kazakhstan) wants to see a new competitor emerge in the global and European markets. Nevertheless, the SCO is developing its Energy Club, whose ability to harmonize energy interests can be very useful at this precise moment.

In terms of security, it is important to Russia and China — and I think to the Central Asian republics as well — to have on the borders of Central Asia a partner and a country that has an obligation not to engage in military cooperation with third countries at the expense of their own security interests.

For Russia, Iran's greater involvement can be seen as a small but significant counterbalancing of Chinese economic expansion within the SCO.

Most of the Central Asian countries are interested in deeper cooperation with Iran, especially in the economic sphere. That is certainly true of Tajikistan, which has lost some investment projects because of the weakening of the Iranian economy. The same is true of Kyrgyzstan. Russia and Kazakhstan, as well as Turkmenistan, are interested in deeper energy cooperation. Relations with Uzbekistan are more complicated due to that country's relations with Israel.

Now is the time when the Shanghai Cooperation Organization is still a carrot for Iran, and most of the members of the Organization would be interested in deeper Iranian engagement in the Organization's structure.

It is a good opportunity to demonstrate that the SCO is not an anti-American club but an influential regional organization capable of contributing to the resolution of global security issues.

We therefore recommend stepping up the dialogue between Russia, China and the Central Asian countries on the one hand, and Iran on the other within the Shanghai Cooperation Organization, in parallel with the negotiations on resolving the nuclear issue.

Neither is it too early to think about implementing more ambitious energy projects, including nuclear energy. Some of the SCO members and partners have a wealth of nuclear energy expertise (such as Russia). Others are nuclear energy newcomers (Kazakhstan, Turkey and Iran itself); they may be interested in joint peaceful nuclear energy projects.

Furthermore, if the Western countries are seen as artificially linking the lifting of nuclear-related sanctions to non-nuclear issues, the SCO can alter its rule that makes full membership conditional on the lifting of UN sanctions.

The challenge is to make sure that joint activities within the SCO on the Iranian issue are not perceived as a threat to P5+1 efforts. It is necessary to demonstrate to our Western partners that cooperation with Iran in the framework of the Shanghai Cooperation Organization facilitates rather than impedes their own joint efforts. Together with activities within the SCO, it is necessary to encourage dialogue between the SCO and the Western countries so as to ensure that all the participants pursue a shared goal, even though they all have their own distinct interests.

This dialogue is important not only for the Iranian issue. It is even more important and timely for the Afghan issue.

At the same time, taking into account the situation in Ukraine, it is obvious that the level of trust between Russia and the West continues to implode, and it would be rather difficult to harmonize the different geopolitical projects. Nevertheless, we need to make a start on that process without delay.



Confidence-Building Measures in the Middle East: a View from India

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2013 was a year of change for Iran — most significantly, Hasan Rouhani, an Iranian ‘moderate’, assumed the presidency and an interim nuclear deal for a comprehensive future agreement between Iran and the P5+1 was reached in Geneva. This atmosphere of rapprochement is an opportune moment for the region to capitalize on, especially with regard to confidence-building measures (CBMs) with Iran. This paper will look at the challenges faced in the South Asian experience of CBMs, and make relevant recommendations for adoption in West Asia.

In the application and implementation of CBMs, replication needs further consideration because of specific regional differences — there are common security concerns and aspirations, local concerns that are only pertinent to sub-regions, and also an overlap between the two — making the situation and problems extremely complex. To examine the relevance of South Asian CBMs to a West Asian context runs the risk of using a one-size-fits-all formula for a variegated landscape. However, since CBMs between Iran and the region and not on a State-by-State basis has been identified as the theme for this paper; the South Asian challenges will be examined on a case-by-case basis to eschew a universal paradigm.

Of central importance is the presence of political will. Iran’s overtures towards the international community, particularly Israel, and Rouhani’s departure from Ahmadinejad’s belligerent rhetoric makes the regional environment especially conducive for the easing of tensions. The new leadership has, for instance, pointedly denounced crimes against humanity, referring also to the Holocaust — a far cry from Ahmadinejad’s denial of it as Zionist myth-making. Whatever the motivation for the change in perspective, these postures must be understood in the right context, and acknowledged. However, there has been no sign of this from Israel, whose prime minister has yet to modify his position on the Iranian nuclear deal, having previously called it a ‘historic mistake’. Before formal CBMs can make any headway, the political leaderships will have to first establish an interest in making gestures/statements that reflect a strong will to improve bilateral/multilateral ties. This can be achieved by downplaying hostile rhetoric and acknowledging the steps taken by Iran, instead of criticizing it for not making more substantial gestures.

While institutionalized distrust is endemic to both South Asia and West Asia, the difference is that in the latter case, there has been no concerted effort in emphasizing CBMs for regional/sub-regional cooperation, with very few exceptions. Instead of identifying areas for constructive engagement, the focus has been on highlighting differences. The experience of CBMs in South Asia is therefore instructive, both for its limited successes and as a cautionary tale.

Many military and non-military CBMs are in place between India and Pakistan, but the lack of strict implementation in some cases has led many observers to question their ability to truly build confidence. This is for a variety of reasons. First among these is the criticism of the gap between rhetoric and reality that has not been bridged sufficiently. CBMs are a means to an end and not an end unto themselves. The thinking must be in terms of what is rational and achievable, and not lofty, idealistic goals that only serve the purpose of rhetoric. Michael Krepon, who has worked extensively on CBMs in South Asia, has referred to the ‘C’ of CBMs as ‘competition’ to stress the reasons that may motivate States to undertake these exercises and attempt to out-do each other: to forcefully signal intent, mollify domestic and international audiences and so on.

Dramatic and sudden conciliatory moves instead of studied gradualism or a step-by-step process most often serve to build on a negative spirit of competition already in existence, and do much harm to the actual idea of CBMs itself. Take the Agra Summit of 2001 between Indian prime minister Atal Behari Vajpayee and Pakistani president Pervez Musharraf as a case in point. Quite apart from institutionalized distrust, there was an observed lack of preparation for the Summit and considerable resistance at home — the entire exercise ended with a lot of hype and not much substance.

To overcome these challenges, it is important to first develop a domestic constituency that favours CBMs. History demonstrates that one is only as strong as the weakest link in the chain, and positive bilateral measures are often upset by internal dissenting voices. Awareness of the utility of CBMs must be created within States, and proponents of CBMs must be able and prepared to defend them. Effort must also be dedicated to streamline common agendas. A zero-sum game that privileges controversial core issues is unlikely to yield positive results — this calls for a de-linking of incremental, perhaps even comparatively insignificant, steps, from contentious ones.

Criticism of CBMs in South Asia has also been levelled against what is seen as an over-emphasis on military over non-military CBMs. The argument is that non-military CBMs (or atmospheric measures, a term coined by Michael Krepon) may create the necessary atmosphere of trust to commence more significant formal CBMs. Krepon argues that atmospheric measures ‘have not typically facilitated formal measures, and both types of CBMs have not prevented severe crises’ in South Asia (Michael Krepon, ‘Beyond Atmospheric’, *Dawn*, 19 August 2012). This is supported by the argument in South Asia against the non-inclusion of core issues, which asks whether CBMs can be meaningful if primary concerns (such as Kashmir) are not dealt with. Vajpayee visit to the Minar-e-Pakistan in Lahore, constructed in honour of Muhammad Ali Jinnah, was all very well as a symbolic gesture, but eventually, it came to naught. In this regard, Krepon also acknowledges that non-military CBMs require far less political capital than military CBMs. In a region where CBMs are most conspicuous by their absence, informal gestures (release of prisoners, economic measures, humanitarian aid relief) can be first steps to test the waters. After all, establishing trust and implementing CBMs is cyclical in nature — one is a pre-requisite for the other.

Learning from the South Asian experience, criticism can also be expected of status quoism, whereby more resources, geopolitical advantages and differences in geographical size may create suspicions of a State’s intent in pursuing CBMs i.e. to mitigate opposition/criticism by other States and maintain one’s own pre-disposition. This is damaging to trust, and smaller, less secure States may then not be as keen to undertake exercises in confidence-building. This is an inescapable pitfall, and action-backed assurances (linked to eventual agreements) for sowing trust may be sought to overcome it.

Observations have revealed that although States have employed CBMs, there has also been a concomitant pursuit of counter-interests that is damaging to confidence-building exercises, pointing to the political double standards. India and Pakistan have a joint anti-terror institutional mechanism. However, doubts about its purported aim remain, given the role of allegedly State-sponsored non-State actors in cross-border terrorism. In this case, much depends on the make-up of the institutions in control — civilian and/or military — and whether they are working at cross-purposes.

An important factor for consideration is the presence of external players, of both a collusive and a direct nature. While India-Pakistan CBMs are bilateral in nature, from India’s perspective, the role of China in Pakistani affairs complicates matters. In West Asia, a similar scenario can be envisaged. Iran is going to hold on to its right to enrich uranium, and despite its present limitations, there are fears that it may set-off a domino nuclearization effect in the region over the long term. Most recently, there have been allegations of Pakistani-Saudi Arabian nuclear collaboration. In addition, we have the presence of US military bases in the region. The presence of so many variables

in what should strictly be a regional equation holds great potential to upset matters. They can either be legitimate grounds to stall confidence-building exercises or even in their absence, as justification for the withdrawal of a State that is not interested in further pursuing CBMs but cannot risk the ire of the international community.

There is also the danger, in South Asia, as previously stated, of paying disproportionate attention to India-Pakistan military CBMs. The issues of Kashmir and nuclearization tend to overwhelm other concerns. This also affects the attention paid to CBMs with other States of South Asia — India and Pakistan are, after all, not representative of the entire region. West Asia is also likely to face similar problems.

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The following CBMs relevant to South Asia could prove useful in the West Asian context:

Non-Military CBMs:

- Bus, rail and air links;
- Humanitarian aid;
- Release of prisoners;
- Joint anti-terror institutional mechanism;
- Track II exchanges in neutral territory;
- Joint Economic Commissions and Joint Business Councils;
- High-level political visits/exchanges;
- Cultural exchanges;
- Trade.

Military CBMs:

- Agreement on Advance Notification of Military Exercises, Maneuvers and Troop Movements; Agreement on the Prohibition of Attack against Nuclear Installations and Facilities;
- Agreement on Prevention of Airspace Violations and for Permitting Overflights and Landings by Military Aircraft;
- Agreement on Advance Notification of Ballistic Missile Tests;
- Director General Military Operations (DGMO) hotlines (and between other entities eg. Foreign Ministers, Heads of Coastguards).



Confidence-Building Measures in the Middle East: a View from Pakistan

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Conceptual Framework of Confidence Building Measures

Confidence building measures (CBMs) broadly defined, can be any set of unilateral, bilateral, or multilateral actions or procedures that act to reduce military tensions between a set or sets of states, before, during or after actual conflict.¹⁰ Confidence building measures (CBMs) are meant to reduce the element of uncertainty and fright among the parties to a dispute or conflict. CBMs thus give confidence that the opponent(s) are not going to behave unpredictably and in an aggressive manner. Through CBMs, the behaviours of the parties become more predictable and away from suspicions. CBMs are indeed, concurrences meant to give each party assurance that the other is not preparing for surprise military action or pursuing policies associated with such future actions.¹¹ Although, CBMs does not end the chances of any conflict or war forever, these measures provide transitory respite from the looming threat apprehensions and decrease the sense of insecurity, particularly for the weaker side.

Chronology of Rivalry and South Asian CBMs

Ever since their independence, the frosty Indo-Pakistani relations have been the main cause of an estranged South Asia. With respect to the CBMs, South Asia, particularly, the Indo-Pak Subcontinent has been atypical. This is because, despite taking a number of CBMs, there have been three major wars and a conflict (Kargil), apart from many minors skirmishes along the Line of Control (LoC) in Kashmir. Over the years, India and Pakistan became nuclear powers, bringing strategic balance in the region, yet there remain the looming threats of conventional military escalations as witnessed in 2001/02, a major military mobilization along international border and LoC.

Unfortunately, the Indo-Pak history is marred with revulsion, mistrust and hostility, thus entire South Asia has been hostage to this rivalry. The cold war between the former superpowers seriously influenced the South Asia, where India and Pakistan became their partners, with a clear ideological divide. The unresolved disputes, Kashmir being the most critical of contemporary international relations, further created a rift between two major countries of South Asia. The perpetual Indo-Pak divergences have many implications, which are not local in nature but their prolonged continuance also has global repercussions. The leading inference is that South Asia cannot be integrated as a region, politically as well as economically. The development of antagonistic cultures in both states is visible at the political as well as societal levels. In some cases history is distorted and redrawn in favour of each other's strategic culture. A crucial problem is the covert quasi-alliance that "hawks" on both sides establish by thriving on each other's prejudices.

This is a situation created by the application of the action-reaction phenomenon. When one state develops its military component of national power, though not specifically for a particular country,

¹⁰ Itty Abraham, Pakistan-India and Argentina-Brazil: Stepping back from the nuclear threshold., Occasional Paper, No. 15, October 1993.

¹¹ What are Confidence Building Measures, The Henry L. Stimson Center Website. Accessed at; www.stimson.org/cbm/cbmdef.htm.

the rival state tends to respond in similar terms. In the case of India and Pakistan, India has always taken the lead and prompted Pakistan to engage in an arms race. In the wordings of McWilliams, Wayne C.; Piotrowski, Harry; “Both sides had been fortified with modern weapons purchased mainly from the US. US built jet fighters battled each other- some bearing Pakistani insignia and flown by Pakistani pilots, the others bearing Indian insignia and flown by Indian Pilots.”¹²

Militarization along the borders, especially the LoC, costs both countries heavily, overlooking the social and human resource development. Just to quote, on the disputed Siachen Glacier, the world’s highest battlefield, Pakistan roughly spends “Rs 15 million a day and India spends Rs 50 million a day for maintaining their militaries in that war zone.”¹³ Unlike the EU and ASEAN, the only regional organization, SAARC, has not been able to harmonize the region, politically or economically. The major reason behind SAARC’s failure is one of the principles of this organization: bilateral and contentious issues are not allowed to be discussed at that forum. Indeed, this regional organization is a hostage of regional hegemonic designs of the major regional country.

The Era of Optimism in the Indo-Pak CBMs

The better part has been that, despite nuisance, there have been negotiations and peace talks at the official, ministerial and even at the level of top leadership to shed away the environment of distrust between key neighbours of South Asia. These talks even continued during the period of extreme tension between both countries as track-2 diplomacy. Since 2003, there have been some very positive and substantive developments between India and Pakistan in almost all spheres; political, economic, security and between the civil society people-to-people contact. Historically, the Indus Water Treaty of 1960 has served as a major CBM between Pakistan and India, although in the contemporary situation, there arose many Pakistani concerns over the construction of some dams and the diversion of water from Western rivers, exclusively meant for Pakistan.

The nuclear-related CBMs were taken in 1988. In this regard, the ‘Non-attack of Nuclear Facilities’ agreement was signed between Indian Prime Minister Rajiv Gandhi and Pakistani Prime Minister Benazir Bhutto in Islamabad. The agreement was re-ratified by both countries in January 1992 and remains in force. Through this agreement there takes place an annual exchange of lists and details about the location of all nuclear-related facilities in each country. The measure further pledges both sides not to attack listed facilities.¹⁴

In 1991, India and Pakistan re-ratified an agreement¹⁵ signed after the 1972 Simla Accord, which involves a communications hotline between commanders governing troop maneuvers, joint patrols of common borders, and a pledge not to launch pre-emptive attacks.¹⁶ In December 2013, Indo-Pak Director General Military Operations met under the same CBM to ease tensions over the cross-LoC exchanges of fire.¹⁷ While initiating the Composite Dialogue Process in 1997, India and Pakistan agreed to constitute Joint Working Groups (JWGs) on eight issues. The Lahore Agreement of 1999 was a reiteration by both sides of their aspiration for better bilateral relations and their mutual desire to resolve such issues as Kashmir. Despite the Kargil Conflict of 1999,

¹² McWilliams, Wayne C.; Piotrowski, Harry; *The World Since 1945: A History of International Relations*.

¹³ Dr Muhammad Khan, Indo-Pak CBMs, Pakistan Observer, February 10, 2014. Accessed at; <http://pakobserver.net/detailnews.asp?id=233124>.

¹⁴ Clifford E. Singer, Nuclear Confidence Building in South Asia, ACDIS Research Report, June 1995.

¹⁵ Confidence-Building Measures in South Asia. The Henry L. Stimson Center. Accessed at: <http://www.stimson.org/southasia/?SN=SA2001112047>.

¹⁶ Michelle Maiese, Confidence-Building Measures, Beyond Intractability, September 2003 <http://www.beyondintractability.org/essay/confidence-building-measures>.

¹⁷ After 14 years, key Pak, Indian Army commanders meet, Times of India, December, December 24, 2013. Accessed at; http://articles.timesofindia.indiatimes.com/2013-12-24/india/45539334_1_dgmo-indian-army-loc.

the Agra Summit of 2001 was a great success and a major CBM for regional peace and stability in South Asia. The move forward on the stalled Composite Dialogue process revived during the 12th SAARC in Islamabad in January 2004; this too was a major CBM.¹⁸

This development was a great success as it came after a major military escalation between India and Pakistan. Backdoor diplomacy and CBMs helped to avoid this major military confrontation, which could have been very dangerous in the context of nuclearization of the region.

Kashmir-related CBMs

According to the Indian scholar Kuldeep Naya, former Pakistani Prime Minister Zulfikar Ali Bhutto once said, “We can make the ceasefire line a line of peace and let people come and go between the two Kashmirs. After all, why should they suffer? Let there be some free movement between them. Then one thing can lead to another. After all, simultaneously we hope that there will be exchanges of visits, of officials and non-officials.”¹⁹ Indian Premier AB Vajpayee during his visit to Pakistan (Lahore) said in 1999 that the problem of Jammu and Kashmir had yet to be settled and that the two sides would continue to have talks until they resolved it. In other words, Vajpayee conceded that it was a dispute, warranting settlement. He did not declare it as an ‘integral part of India’.²⁰ In 2003, Pakistan unilaterally announced a ceasefire along the LoC, which India reciprocated later; the ceasefire remained in effect until 2013. At the demand of Kashmiri locals, there two governments organized meetings and reunions of divided Kashmiri families across the LoC at five places. In the subsequent step, trade and travel across the LoC was envisaged and in 2005, the Srinagar-Muzaffarabad bus service was inaugurated. This was followed by Poonch-Rawalakot travel in 2006 and a truck service to promote intra-Kashmir trade. During 2004–2007, negotiations were held for the resolution of the core issue, Kashmir and other issues like Siachen and Sir Creek. There still remain many anomalies as far as the smooth visa regime is concerned.

Could CBMs Resolve Issues

In South Asia, the need for the restoration of trust and practical CBMs cannot be overemphasized. An analysis of South Asian history would reveal that although CBMs have reduced the hostilities under stressed environment, they have not resolved the core issues. Traditionally, there has been public support for the CBMs in Pakistan for a cordial and friendly Indo-Pak relationship. Nonetheless, Indian public opinion has not exactly been clamoring for more CBMs and better relations between India and Pakistan. The Indian media and extremist Hindu nationalist parties have contributed to creating an atmosphere of hatred for Pakistan among the Indian masses.

Indeed, neither bilateralism nor the adoption of a number of CBMs has been able to resolve the core issues between major South Asia players. These core issues have the potentials to fuel the situation. Indeed, in the renewed peace process, both countries have resorted to a gradual approach, yet talked very guardedly about the core issue(s). Political analysts feel that peripheral issues of lesser significance remained at the focus of discussions, while on the core issues, only promises were made.

Indeed, over the years, maintaining a status-quo on these issues created many other issues, which have now attained their separate identities and significance. In the presence of unresolved core

¹⁸ Shahid Hussain, Pakistan pledges to pursue peace with India, Gulf News, July 21, 2004. Accessed at: <http://gulf-news.com/news/world/pakistan/pakistan-pledges-to-pursue-peace-with-india-1.327690>.

¹⁹ Kuldeep Nayar, Both India and Pakistan have Missed the Bus, Gulf News, February 14, 2014. Accessed at: <http://gulfnews.com/opinions/columnists/both-india-and-pakistan-have-missed-the-bus-1.1290963>.

²⁰ Kuldeep Nayar, Both India and Pakistan have Missed the Bus, Gulf News, February 14, 2014. Accessed at: <http://gulfnews.com/opinions/columnists/both-india-and-pakistan-have-missed-the-bus-1.1290963>.

issues, non-state actors would repeatedly find opportunities for derailing the peace process. As a result, the nuclear rivals would again turn to the mobilization of troops, risking a nuclear disaster. Therefore, for a durable peace and stability in the region, the regional leaders, especially India and Pakistan, must formulate a realistic vision of the future of the region, and accept the realities on the ground through an optimistic mindset.

Embarking upon the path of promoting trade and commerce, alongside making progress towards a lasting solution of core political issues and bridging the trust deficit is the best way forward. Therefore, South Asians must continue talking to each other, remain engaged in negotiations, desist from overreacting to sporadic incidents and acts by non-state actors, take all measures for the promotion of peace and tranquility, initiate more CBMs, and develop economic cooperation. This is only possible by giving peace a chance, ending antagonism by bringing concord among the leadership and the peoples of the two countries. This process would provide opportunities for enhance economic development and social integration in the South Asia.

Indeed, under the changed environment of interdependence and with pre-eminence of soft power, social constructivism and liberalism in the international politics, there is realization among the South Asian neighbors that they need to shed away the differences and move forward. Nonetheless, there exist traditional mindsets at some quarters and strong influence of the hawks, which derail the peace process and render the CBMs as unproductive. There is a need for the international community, the UN and major powers to facilitate the resolution of core issues in South Asia.

CBMs: Iran and the Middle East

Like South Asia, the Middle Eastern region has been at the focus of international attention ever since World War One. The region has more than its fair share of problems, such as the Israel-Palestine problem, the Iran-GCC divide, the Iranian nuclear programme, instability in Lebanon, foreign invasions, local uprisings, the power play of the major powers and above all, the oil politics; indeed, oil as a *raison d'être* of turmoil in the region. Despite a continuous conflict and a state of violence between the Palestinian Authority and Israel, there have been parallel efforts; CBMs for bringing peace in the region²¹ on terms acceptable to both sides. Starting from the Camp David Accords of 1978, where two framework agreements were reached, there have been over 19 peace building efforts, and indeed CBMs, to bring peace to the region. To name but a few peace agreements, the Madrid conference of 1991 was a major breakthrough. The Oslo accords of 1993–1995 paved the way for a lasting peace in the region. Others include the Hebron protocol of 1997, the Wye River memorandum of 1999, the Camp David Summit of 2000, the Taba Summit of 2001, the 2003 Road Map, the Agreement on Movement and Access of 2005, and the Annapolis Conference of 2007.

All these agreements and CBMs were aimed at a win-win situation and a Palestinian state. Invisible forces and hawks prevailed at the critical stages of the implementation of all these CBMs and pacts, thus creating more splits and causes of violence. However, in the process, some of the Arab countries came very close to Israel, but Palestinians could not get back to their homeland and the majority of them are still languishing either in jails or in refugee camps in neighbouring countries. The United States and European have made some serious efforts for regional peace. According to the writer William B. Quandt, "Sometime in the mid-1970s the term peace process began widely used to describe the American-led efforts to bring about a negotiated peace between Israel and its neighbors. The phrase stuck, and ever since, it has been synonymous with the gradual, step-by-step approach to resolving one of the world's most difficult conflicts. The United States has provided both a sense of direction and a mechanism.

²¹ Eran, Oded. «Arab-Israel Peacemaking.» *The Continuum Political Encyclopedia of the Middle East*. Ed. Avraham Sela. New York: Continuum, 2002.

That, at its best, is what the peace process has been about. At worst, it has been little more than a slogan used to mask the marking of time.”²²

Recent History of Ideological Divide

Recent history of the region is marred by ideological differences between Iran and the GCC states on a variety of issues, local uprisings (the Arab Spring), oil politics and major powers’ play in regional geopolitics. In 2013, removal of Egyptian President Mohamed Morsi and the heightened Islamist-secularist tension pushed the actors toward zero-sum politics.²³ General Abdul Fattah Al Sissi, who would soon become Egypt’s president, visited Moscow with an endorsement from President Vladimir Putin and finalization of an arms deal worth \$2 billion (funded by the GCC states). President Putin backed General Sissi, saying, “I know that you, Mr. Defense Minister, have decided to run for president of Egypt. I wish you luck both from myself personally and from the Russian people.”²⁴

According to the US intelligence community, the Syrian situation is quite serious and “there is widespread torture and killing by the Assad regime on an unprecedented scale unlike anywhere in the world.”²⁵ Apart from 134,000 deaths, 6.5 million Syrians have been displaced internally and 2.5 million took refuge in the neighbouring countries. Iranian-Saudi differences are traditional, however, Iranian Foreign Minister believes that both countries “share a common interest in a secure environment, thus, neither one of us will benefit from sectarian divisions, neither one of us will benefit from extremism.”²⁶

The 1979 Islamic Revolution in Iran brought a major change in regional politics. Iranian Islamists raised their voices against the monarchs of the Middle East, particularly the Gulf states, in order to promote their own version of Islam. The Gulf monarchs took it as a challenge and a threat to their survival. They established the Gulf Cooperation Council (GCC) in 1981. The GCC was formed to confront their security challenges in the region through collective measures. Saudi military support of Bahrain in 2011-12 was a demonstration of collective security. Based on ideology, GCC states supported Iraq during the Iran-Iraq War (1980-1988). For its part, Iran established its nexus with Syria, Lebanon, Gaza and those Arab localities that follow its ideology. Iran fully supported Hezbollah during its 34-day war in 2006. It also backed Hamas against Fatah, as well as Bahrain and Syria against insurgents. Indeed, Iran raised an active and popular voice against monarchs in the Middle East, especially the GCC states – and the monarchs did all they could to counter that.

The Iranian Nuclear Issue in Perspective

The new Iranian regime under President Hassan Ruhani has agreed to negotiate a deal with the P5+1. Initial developments on a likely deal are encouraging and following the visit of IAEA technical experts, Iran has shown its willingness ‘Not to opt for nuclear weapons’.²⁷ The United States and the EU have started easing the sanctions imposed against Iran in 2005 and in the years

²² William Quandt, (2005). *Peace process: American diplomacy and the Arab-Israeli conflict since 1967*. Washington, DC: Brookings Institution and University of California Press. ISBN 0-520-22374-8.

²³ Anouar Boukhars, Nathan J. Brown, The Egypt Effect: Sharpened Tensions, Reshuffled Alliances, February 13, 2014. <http://carnegieendowment.org/2014/02/13/egypt-effect-sharpened-tension>.

²⁴ Oren Dorell, Russia offers Egypt no-strings-attached arms deal, USA Today, February 13, 2014. Access at: <http://www.usatoday.com/story/news/world/2014/02/13/russia-egypt-arms-deal/5459563/>.

²⁵ Anouar Boukhars, Nathan J. Brown, The Egypt Effect: Sharpened Tensions, Reshuffled Alliances, February 13, 2014. <http://carnegieendowment.org/2014/02/13/egypt-effect-sharpened-tension>.

²⁶ By Mustapha Karkouti, Russia’s Policy in Syria could Change, Gulf News, February 15, 2014.

²⁷ Steven Erlanger, Iran and 6 Powers Agree on Terms for Nuclear Talks, The New York Times, Feb 20, 2014. Accessed at; http://www.nytimes.com/2014/02/21/world/middleeast/iran.html?ref=nuclearprogram&_r=0.

that followed. Opportunities for closer ties between the United States and Iran are increasing, and the Israel-Iran relationship may witness a positive change in the days to come. The upshot is that a nuclear Iran could have been a direct threat to Israel. According to a US official, “All our concerns must be met to get an agreement”²⁸ over Iran’s nuclear programme. The end result should be that, “Iran does not develop a nuclear weapon and that world powers can be confident that Iran’s nuclear program has no military aspect or intent, as Iran maintains.”²⁹ The deal would reduce the antagonism between Iran and the United States, and some of the CBMs are already visible.

A perceptible tilt in US regional policy, i.e. probable US-Iran cooperation, has worsened America’s relations with Saudi Arabia and possibly other GCC countries. Besides, the NATO and U.S decision not to take military action against the Syrian regime has further created mistrust between these partners. The Iran-Iraq alliance uses increasing oil production and exports to challenge the Saudi oil preeminence and Saudi leadership of the OPEC.

According to Simon Henderson, a scholar at the Washington Institute for Near East Policy, “The game here is for control of the OPEC cartel. Baghdad and Tehran get on very well together and they are vying against Saudi Arabia, which is the other major power in the Gulf. The energy side of it is that oil and gas is the main component, the main weapon which these countries can use against each other.”³⁰

“The GCC meeting in Doha, Qatar in 2007 was a welcome step, indeed a leap forward for building confidence between Iran and the GCC. The GCC decision not to support any military action against Iran by the US in the wake of tense relations over the Iranian nuclear programme at that time was a good gesture and a great CBM.”

Needed CBMs between Iran and GCC

The GCC meeting in Doha, Qatar in 2007 was a welcome step, indeed a leap forward for building confidence between Iran and the GCC. The GCC decision not to support any military action against Iran by the US in the wake of tense relations over Iranian nuclear programme at that time was a good gesture and a great CBM. Rather than developing antagonism, Iran and the GCC need to have political dialogue and enhance their trade and commerce for better cooperation in the region. The Palestinian issue needs a just resolution based on a UN decision. Avoidance of any conflict should be a priority. The Syrian conflict is heading for a resolution through talks; let the people’s will prevail, rather than meddling by external forces, both regional and extra-regional. The Egyptians strife, too, is in the process of being resolved. There has been a pause in the Arab uprisings, which have the potential of resurfacing unless sufficient welfare measures for the local masses are taken.

Contemporary Debate on CBMs in South Asia and Middle East-Iran

The South Asian CBMs and problem solving strategy (model) have not been a success. Therefore, a bungled South Asian model cannot be replicated for the Middle East & Iran. In fact, the Middle Eastern and Iranian issues are more numerous and complicated than the problems facing the South Asia. The United States and some European countries have earnestly tried to facilitate

²⁸ Steven Erlanger, Iran and 6 Powers Agree on Terms for Nuclear Talks, The New York Times, February 20, 2014. Accessed at; http://www.nytimes.com/2014/02/21/world/middleeast/iran.html?_r=0

²⁹ Ibid.

³⁰ Jeff Seldin, Mideast Wary over Iraq-Iran Plan to Unite in Oil Market, Payvand Iran News-VOC. Accessed at; <http://www.payvand.com/news/14/feb/1041.html>.

and mediate the resolution of the Palestinian issue, though the results have not been altogether encouraging. Unlike the Middle East and Iran, major powers and the international community has not been willing to play a facilitating role in resolving the core issues in South Asia. Non-resolution of the Kashmir & Palestine disputes has resulted in the mushrooming of issues in both regions to the extent that these new issues have come to overshadow the core disputes. Geo-strategic & geo-economic dynamics of the region further complicates the resolution of both disputes.

Whereas more CBMs and trust building measures are needed in South Asia and the Middle East, the United Nations, the United States and international community need to undertake serious efforts for the resolution of decades-old issues in both regions, i.e. Kashmir in South Asia and Palestine in Middle East. Resolution of the core issues would facilitate the resolution of other issues that have emerged over the years as offshoots of the core issues. Had there been uniform implementation of UN resolutions, both regions would have got rid of the root causes of the contemporary mushrooming of issues. Until these issues have been resolved, there is a need for active and effective CBMs aimed at avoiding any conflicts in both regions. However, for a lasting peace in both regions, the international platform in the form of the United Nations has to be strengthened. Its resolutions must be implemented indiscriminately, and the right to self-determination, as enshrined in the UN Charter, must be given to all those who deserve it and have been waiting for it for decades.

3. CONCLUSIONS

A comprehensive nuclear deal with Iran could drastically change the global and regional security situation, strengthen the nuclear nonproliferation regime, and pave the way to resolving other regional issues (fighting ISIS, supporting Afghanistan, ending the civil war in Syria, etc).

There is no guarantee that the current round of the talks will end successfully. However, under any outcome it is crucial to focus on global and regional solutions for a comprehensive and sustainable agreement on the Iranian nuclear issue.

To reach a comprehensive agreement the negotiating parties should take into consideration the following points:

- 1) It is essential that both Iran and all of the members of the P5+1 negotiate in good faith. Mutual trust is a prerequisite of any comprehensive deal; a hidden agenda of one of the parties or an unfriendly gesture (such as the introduction of new sanctions against Iran) could derail the talks, for which the party at fault would rightly get all the blame;
- 2) Once the scope of inspections and the timetable for lifting the sanctions have been agreed, the parties will face the issue of possible military dimensions of the Iranian nuclear program. The P5+1 could provide Iran with additional assurances that the country will not face penalties for any past activities. A decision by the IAEA Board of Governors could state that any past irregularities in the Iranian nuclear program should be presented to the Security Council for its information only, and not result in further punitive action. Investigation of the history of the Iranian nuclear program should not be a prerequisite for a comprehensive agreement, and can be addressed later on in the framework of the agreement;
- 3) The approach that separates the nuclear issue from other topics has been successful up to date and should be upheld. However, contacts and cooperation with Iran on other regional issues in different formats can increase the level of trust between the parties and should be encouraged;
- 4) Although the regional powers clearly want to be present at the negotiating table and influence the outcome of the talks, such a move would be counterproductive. This does not mean that the solution to the Iranian nuclear issue should be reached at the expense of the countries in the region. The security concerns of Iran's neighbors should be addressed, though not in the comprehensive agreement itself.

A comprehensive agreement between the P5+1 and Tehran is the key to strengthening the nonproliferation regime in the Middle East and globally. However, to reach a truly lasting solution to the Iranian nuclear issue there is a need to export the success from the nuclear sphere to the broader regional security situation. The following steps should be considered:

- 1) Iran and the region's countries should be encouraged to sign and ratify the Comprehensive Nuclear-Test-Ban Treaty;
- 2) Iran should be encouraged to ratify all the relevant international conventions covering nuclear safety and security (the Convention on Nuclear Safety, the Vienna Convention on Civil Liability for Nuclear Damage, the Convention on the Physical Protection of Nuclear Material, etc.);
- 3) Establishing a regional nuclear fuel cycle based on the Iranian enrichment capacity could alleviate fears of a possible breakout. This can be achieved by setting up a joint stock company for uranium enrichment (similar to URENCO, Eurodif, and the International Uranium Enrichment Center), in which the regional states could acquire stakes and have their representatives on the board of governors;

- 4) Resolution of the Iranian nuclear issue will bring back to the table the idea of establishing a WMD-Free Zone in the Middle East. Countries in the region should be encouraged to build on this success and continue with organizing a conference on such a zone, which has been pending since 2012;
- 5) As the countries of the Middle East already possess nuclear facilities, there is need for a regional agreement that would ban the use or threat of force (including cyberattacks) against nuclear installations placed under IAEA safeguards.
- 6) The lack of trust and dialogue in the region could be addressed by fostering a regional security dialogue in the Middle East. Such a mechanism could build upon the successful nuclear talks and include representatives of the P5, the EU, Iran and major regional powers;
- 7) Once the Security Council sanctions have been lifted, Tehran can be offered full membership of the Shanghai Cooperation Organization, which will provide a soft regional security umbrella on Iran's eastern and northern borders;
- 8) A broad range of confidence building measures (CBMs) could be introduced by Iran and its neighbors. Both non-military and military CBMs should be considered.

Focusing on the above-mentioned issues could help to reach the comprehensive agreement on the Iranian nuclear program. Even more importantly, there is an opportunity to use the current momentum and move towards a more integrated and more peaceful region.

APPENDIX 1.

MEMBERS OF WORKING GROUPS ON IRANIAN NUCLEAR ISSUE AND PARTICIPANTS OF BANGKOK AND MOSCOW MEETINGS

MEMBERS OF THE IRAN IN THE REGIONAL AND GLOBAL PERSPECTIVE WORKING GROUP AND PARTICIPANTS OF THE BANGKOK (FEBRUARY 23–25, 2014) AND MOSCOW (MAY 24, 2015) MEETINGS:

1. Vladimir **Orlov**, President, PIR Center, Chairman of the group (Russia);³¹
2. Gawdat **Bahgat**, Professor, Near East South Asia Center for Strategic Studies (USA);
3. Andrey **Baklitskiy**, «Russia and Nuclear Nonproliferation» Program Coordinator, PIR Center (Russia);
4. Kayhan **Barzegar**, Director, Institute for Middle East Strategic Studies (Iran);
5. Steven **Blockmans**, Senior Research Fellow, Centre for European Policy Studies (Belgium);
6. Mustafa **Fetouri**, independent analyst, journalist (Libya);
7. Muhammad **Khan**, Head of Department, International Relations, Faculty of Contemporary Studies, National Defense University, Pakistan (Pakistan);
8. Matteo **Legrenzi**, Associate Professor at the School of International Relations at Ca' Foscari University of Venice (Italy);
9. Farhad **Mammadov**, Director, Center for Strategic Studies under the President of Azerbaijan (Azerbaijan);
10. Heydar **Mirza**, Leading Research Fellow, Foreign Policy Analysis Department, Center for Strategic Studies under the President of Azerbaijan (Azerbaijan);
11. Ruhee **Neog**, Senior Researcher, Institute of Peace and Conflict Studies (India);
12. Ozden Zeynep **Oktav**, Professor, School of International Relations, Yildiz Technical University, Turkish Asian Center for Strategic Studies (Turkey);
13. Eman **Ragab**, Senior Researcher, Security and Strategic Studies Unit, Al-Ahram, (Egypt);
14. Tariq **Rauf**, Director, Arms Control, Disarmament and Non-Proliferation Programme, Stockholm International Peace Research Institute (Canada – Sweden);
15. Mohamed **Shaker**, Chairman of the Board, Egyptian Council for Foreign Affairs (Egypt);
16. Youssef **Shatilla**, Dean of Academic Programs, Masdar Institute of Science and Technology (UAE);
17. Adnan **Shihab-Eldin**, Director General, Kuwait Foundation for the Advancement of Sciences (Kuwait);
18. Wu Bingbing, Director, Institute of Arab-Islamic Culture, Peking University (China);
19. Albert **Zulkharneev**, Executive Director, PIR Center (Russia)

³¹ All positions are provided as of May 2014

MEMBERS OF THE RUSSIAN-US HIGH-LEVEL WORKING GROUP ON THE IRANIAN NUCLEAR ISSUE:

1. Gawdat **Bahgat**, Professor, Near East South Asia Center for Strategic Studies (USA);
2. Andrey **Baklitskiy**, Russia and Nuclear Nonproliferation Program Coordinator, PIR Center (Russia);
3. Barry **Blechman**, Co-founder, Stimson Center (USA);
4. Elena **Chernenko**, Foreign Policy Observer, *Kommersant* Daily (Russia);
5. Roger **Cohen**, Foreign Correspondent, *The New York Times* (USA);
6. Charles **Ferguson**, President, Federation of American Scientists (USA);
7. Chas **Freeman**, President Emeritus, Middle East Policy Council (USA);
8. Colin **Kahl**, Senior Fellow and Director of the Middle East Security Program, Center for New American Security (USA);
9. Roger **Kangas**, Academic Dean and a Professor of Central Asian Studies, Near East South Asia Center for Strategic Studies (USA);
10. Fyodor **Lukyanov**, Editor-in-Chief, *Russia in Global Affairs* journal, Chairman of the Presidium of the Council on Foreign and Defense Policy (Russia);
11. Patricia **Moore Nicholas**, Project manager, Carnegie Corporation of New York (USA);
12. Vitaly **Naumkin**, Director, Institute of Oriental Studies, Russian Academy of Sciences (Russia);
13. Vladimir **Orlov**, President, PIR Center (Russia);
14. Thomas **Pickering**, Vice Chairman, Hills & Company (USA);
15. Vladimir **Voronkov**, Permanent Representative of the Russian Federation to the International Organizations in Vienna (Russia);
16. Jim **Walsh**, Head of Security Studies, Massachusetts Institute of Technology (USA);
17. Albert **Zulharneev**, Executive Director, PIR Center (Russia).

APPENDIX 2.

THE RUSSIAN-US HIGH-LEVEL WORKING GROUP ON IRANIAN NUCLEAR ISSUE

Project Coordinators' Summary³²

Gstaad, Switzerland

January 27–29, 2014

Washington D.C., USA

Moscow, Russia

May 7–20, 2014

The Russian-US working group on the Iranian nuclear issue was established in November 2013 by the PIR Center, a leading Russian NGO in the area of international security, and the Near East South Asia Center for Strategic Studies (NESA),

³² This report is a summary of the meeting and further discussions, which were held under the Chatham House rule, prepared by PIR Center's Program Coordinator Andrey Baklitskiy and NESA Professor Gawdat Bahgat. It reflects the discussion at the meeting but does not represent any kind of consensus



a regional center under the US Department of Defense. The aim of the group was to support the positive dynamics of the process of negotiations between Iran and the P5+1 and contribute to reaching a comprehensive agreement on the Iranian nuclear program.

The meeting of the group took place in Gstaad, Switzerland on January 27–29, 2014. It was later supplemented by the coordinators' work in May of 2014.

1. NEGOTIATING THE FUTURE OF THE IRANIAN NUCLEAR PROGRAM UNDER THE COMPREHENSIVE AGREEMENT

- 1.1. The manner of implementing the Interim Agreement will shape the negotiations on a permanent agreement.
- 1.2. The majority of the members of the group agreed that there is a 6 to 12 month's window of opportunity to reach an agreement with Iran. Therefore the first priority should be given to measures that could be implemented and yield results within that time limit.
- 1.3. All members of the group agreed that the Arak heavy water research reactor should be converted to a light water version or modified in order to produce less plutonium. No reprocessing facilities should be constructed in Iran.
- 1.4. A majority of the members of the group agreed that Iran should ratify the Additional Protocol to its IAEA Comprehensive Safeguards Agreement, and start applying modified code 3.1 of the Subsidiary Arrangements General Part to the country's Safeguards Agreement.
- 1.5. All members of the group agreed that the Iranian ratification of the Comprehensive Nuclear-Test-Ban Treaty and enabling the work of the monitoring stations could be a good confidence-building measure and should be encouraged. Some members of the group believe that the Iranian ratification is only possible and meaningful with simultaneous voluntary ratifications of the CTBT by Egypt and Israel.
- 1.6. All members of the group agreed that Iran should be encouraged to ratify the Convention on Nuclear Safety, the Vienna Convention on Civil Liability for Nuclear Damage, and the Convention on the Physical Protection of Nuclear Material.
- 1.7. A majority of the members of the group agreed that the limitations on the Iranian nuclear program that go beyond the NPT should be aimed at demonstrating the peaceful nature of the program, and will not be permanent. Some members of the group proposed a 7-year period, based on the time it took the IAEA to reach a broader conclusion that there were no undercover activities in South Africa. Other members of the group believed that 10 years would be an acceptable compromise. Several members of the group believe that a much shorter period of time will be sufficient.
- 1.8. Some members of the group proposed that the IAEA Director-General should be invited to the meetings between Iran and the P5+1 as an observer, especially if the negotiations prove unable to yield a comprehensive agreement by July 20, 2014, and the interim agreement is extended for another six months. This would further integrate the agency in the negotiating process and help to clarify the IAEA role within the comprehensive agreement. Along the same lines, Iran and the members of the P5+1 should give joint briefings at the sessions of the IAEA Board of Governors. This will increase the transparency of the process, demonstrate a united position of the negotiating parties, and serve as a confident-building measure.
- 1.9. Some members of the group believe that not only Iranian levels and volumes of enrichment but also Iran's overall nuclear capacity should be capped at the exact level of its reasonably justified needs.

- 1.10. Some members of the group suggested that in order to secure the so called *uranium pathway* to nuclear weapons, a cap should be put on Iran's overall stock of LEU at 3.5% enrichment level. Another limitation should be put on the number of *separative work units (SWU) the Iranian enrichment program has at its disposal, not on the number of centrifuges*, as the latter can have different *SWUs per year or month depending on the type of the centrifuge*.
- 1.11. Several members of the group proposed to explore how the Islamic framework can be used to reinforce the Iranian commitment not to acquire nuclear weapons. The Supreme Leader of Iran, Ali Khamenei, has publicly spoken against nuclear weapons and is widely believed to have issued a fatwa against the production and use of such weapons. Including a reference to the fatwa in the preamble to agreements with Iran or coming up with a similar approach could prove useful.
- 1.12. Some members of the group believe that any past activities and possible military dimensions of the Iranian nuclear program should be thoroughly examined by the IAEA. However, other members of the group stressed that if the past activities of Iran turn out to be the only unresolved issue, they should not be allowed to impede the conclusion of a comprehensive agreement.

2. LIFTING THE SANCTIONS

- 2.1. All members of the group believe that the introduction of any new nuclear-related sanctions against Iran at this point in time or at any point while the parties negotiate in good faith would be a mistake and could derail the negotiating process.
- 2.2. All of the members of the group agreed that once a comprehensive agreement with Iran has been concluded, there should be no new nuclear-related sanctions imposed on the country.
- 2.3. A majority of the members of the group agreed that the UN Security Council sanctions against Iran should be lifted once the regime of strict long-term IAEA inspections has been introduced. Some members of the group noted that as lifting the UN SC sanctions should be an integral part of any Comprehensive agreement, a Security Council resolution with a precise timetable and conditions for lifting the sanctions should be passed before such an agreement can be reached.
- 2.4. A majority of the members of the group agreed that sanctions relief will prove to be one of the most difficult parts of reaching and implementing the agreement. As a large part of the US sanctions against Iran are multipurpose and pursue different goals apart from solving the nuclear issue, they will be harder to revoke compared with the sanctions introduced by the UN Security Council and the EU. Dealing with the US sanctions, it will be more prudent to start with those that do not require congressional action, and can be dismantled by executive orders or waivers. Once the White House has begun successfully trading the sanctions for concessions on the part of Iran, the Capitol Hill might accept the benefits of the process and go along with this approach.
- 2.5. Some members of the group believe that the optimal way to deal with the current sanctions against Iran (both international and unilateral) would be their suspension instead of removal. The suspension would require yearly renovation conditioned by a certification that Teheran is not involved in illicit nuclear activities. Such a mechanism would have better chances of passing through the US Congress.

3. ENGAGING IRAN

- 3.1. Some members of the working group stressed that the Geneva agreement remains very fragile and was made possible by the unified position of the P5+1. All the actions that could provoke tensions between the members of the group (e.g. introducing new sanctions against Iran, circumventing current sanctions regime) and undermine the negotiating process should be avoided.
- 3.2. Some members of the group proposed a greater engagement with Iran within the IAEA International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO). In the format of INPRO Iran could be advised on the best energy mix and on the building of nuclear power plants. Russia and the USA could both participate in this process.
- 3.3. Some members of the working group noted that the core of the Tehran research reactor is obsolete and should be replaced with technical assistance from the IAEA, Russia and the USA.
- 3.4. Some members of the group indicated that holding nuclear safety and nuclear security exercises in the Middle East with Iranian participation (those might include the *Bushehr* NPP stress tests) could help to allay the fears of Iran's neighbors and reduce tensions in the region. Some experts believe that Iran should be invited to the next Nuclear Security Summit in Washington in 2016.
- 3.5. Some members of the group find it necessary to aim, in the long term, for joint nuclear programs (by Russia, the USA, or both) in the Middle East with Iranian participation. Those programs should be economically viable and demonstrate the transition from confrontation to cooperation in the region.
- 3.6. Some members of the group noted that Iran does not have enough natural uranium reserves to sustain a nuclear program. Contracts for imports of natural uranium under strict international monitoring would be seen as a sign of good will at the negotiations.
- 3.7. Some members of the group proposed to discuss the possibility of the USA buying enriched uranium for its nuclear power plants from Iran. This would play well with Iran's pride, and shift relations between the two countries from politics and ideology to the economy. Being a customer could give the United States the opportunity to propose recommendations and insist on various conditions when it comes to uranium enrichment.
- 3.8. Some members of the group noticed that while engaging Iran in technological cooperation might have benefits, sensitive technologies must not be shared.
- 3.9. Some members of the group believe that there is a need for close cooperation with Iran to help move the country out of the Financial Action Task Force on Money Laundering (FATF) *black list* and achieve a step-by-step reintegration of Iran into the international financial system.
- 3.10. Some members of the group proposed to help to accelerate Iranian accession to the World Trade Organization.

4. REGIONAL DYNAMICS

- 4.1. Up until now other Middle East countries have not been invited to the table to negotiate the comprehensive agreement. It seems that this will be the prevailing trend: to isolate the nuclear and the regional tracks.
- 4.2. At the same time the very process of trust-building between the P5+1 and Iran has caused some significant shifts in the regional politics (e.g. in relations between Iran and Saudi Arabia, Iran and Israel). Countries in the region could be further engaged in

the process of normalization of relations; they can also play a role in a comprehensive agreement. Third parties could provide technical support for implementing and verifying the provisions of the agreement. There are a number of states that have played or could play an important role as intermediaries (Armenia, Kazakhstan, Oman, etc.). Other countries could help to persuade the US Congress to support the comprehensive agreement with Iran.

- 4.3. Some members of the group noted that despite the tentative success on the nuclear track, the P5 should not take for granted Iranian cooperation on other issues. As the Revolutionary Guards (not President Rouhani) control the Iranian foreign policy on key issues in the region (e.g. Syria, Lebanon, Iraq etc) it will make a broader regional cooperation with Iran more difficult.
- 4.4. Some members of the group proposed to reach a regional agreement that would ban the use or threat of force (including cyberattacks) against nuclear installations placed under IAEA safeguards. The agreement could be initiated through regional dialogue or through the UN Security Council. This would make Iran less worried about its own security, and provide incentives for all countries in the region to cooperate with the IAEA.
- 4.5. Some members of the group believe that the process of establishing a WMD-free zone in the Middle East is a good framework to engage Iran with its regional rivals and make the future comprehensive agreement more sustainable. To support the process, Russia and the USA should pursue active diplomatic involvement and bring their allies in the region to the negotiating table.
- 4.6. Some members of the group think that Russia and the USA should avoid giving too many commitments in the Middle East so as not to be manipulated by the regional powers.
- 4.7. Some members of the group proposed that Russia, the USA as well as other P5 members should provide negative security assurances to countries in the Middle East, including Iran.
- 4.8. A majority of the members of the group think that setting up a joint stock company for uranium enrichment (similar to URENCO, Eurodif, or the International Uranium Enrichment Center) based on the existing Iranian nuclear fuel cycle, in which regional states could acquire a stake, is a promising idea. Internationalizing and regionalizing the nuclear fuel cycle would strengthen cooperation in the region. External managers on the board would add to the transparency of the Iranian nuclear program.
- 4.9. Some members of the group believe that a multilateralization of the Iranian nuclear fuel cycle might serve as an example for other countries (including the P5 and de-facto nuclear-weapon states). This will help to close some loopholes in the NPT and become a back door to Fissile Material Cutoff Treaty.

APPENDIX 3:

JOINT PLAN OF ACTION AGREED BETWEEN IRAN AND P5+1 ON NOVEMBER 24, 2013

PREAMBLE

The goal for these negotiations is to reach a mutually-agreed long-term comprehensive solution that would ensure Iran's nuclear program will be exclusively peaceful. Iran reaffirms that under no circumstances will Iran ever seek or develop any nuclear weapons. This comprehensive solution would build on these initial measures and result in a final step for a period to be agreed upon and the resolution of concerns. This comprehensive solution would enable Iran to fully enjoy its right to nuclear energy for peaceful purposes under the relevant articles of the NPT in conformity with its obligations therein. This comprehensive solution would involve a mutually defined enrichment program with practical limits and transparency measures to ensure the peaceful nature of the program. This comprehensive solution would constitute an integrated whole where nothing is agreed until everything is agreed. This comprehensive solution would involve a reciprocal, step-by-step process, and would produce the comprehensive lifting of all UN Security Council sanctions, as well as multilateral and national sanctions related to Iran's nuclear program.

There would be additional steps in between the initial measures and the final step, including, among other things, addressing the UN Security Council resolutions, with a view toward bringing to a satisfactory conclusion the UN Security Council's consideration of this matter. The E3+3 and Iran will be responsible for conclusion and implementation of mutual near-term measures and the comprehensive solution in good faith. A Joint Commission of E3/EU+3 and Iran will be established to monitor the implementation of the near-term measures and address issues that may arise, with the IAEA responsible for verification of nuclear-related measures. The Joint Commission will work with the IAEA to facilitate resolution of past and present issues of concern.

ELEMENTS OF A FIRST STEP

The first step would be time-bound, with a duration of 6 months, and renewable by mutual consent, during which all parties will work to maintain a constructive atmosphere for negotiations in good faith.

Iran would undertake the following voluntary measures:

- From the existing uranium enriched to 20%, retain half as working stock of 20% oxide for fabrication of fuel for the TRR. Dilute the remaining 20% UF₆ to no more than 5%. No reconversion line.
- Iran announces that it will not enrich uranium over 5% for the duration of the 6 months.
- Iran announces that it will not make any further advances of its activities at the Natanz Fuel Enrichment Plant (1), Fordow (2), or the Arak reactor (3), designated by the IAEA as IR-40.
- Beginning when the line for conversion of UF₆ enriched up to 5% to UO₂ is ready, Iran has decided to convert to oxide UF₆ newly enriched up to 5% during the 6 month period, as provided in the operational schedule of the conversion plant declared to the IAEA.
- No new locations for the enrichment.
- Iran will continue its safeguarded R&D practices, including its current enrichment R&D practices, which are not designed for accumulation of the enriched uranium.
- No reprocessing or construction of a facility capable of reprocessing.

- Enhanced monitoring:
 - Provision of specified information to the IAEA, including information on Iran's plans for nuclear facilities, a description of each building on each nuclear site, a description of the scale of operations for each location engaged in specified nuclear activities, information on uranium mines and mills, and information on source material. This information would be provided within three months of the adoption of these measures.
 - Submission of an updated DIQ for the reactor at Arak, designated by the IAEA as the IR-40, to the IAEA.
 - Steps to agree with the IAEA on conclusion of the Safeguards Approach for the reactor at Arak, designated by the IAEA as the IR-40.
 - Daily IAEA inspector access when inspectors are not present for the purpose of Design Information Verification, Interim Inventory Verification, Physical Inventory Verification, and unannounced inspections, for the purpose of access to offline surveillance records, at Fordow and Natanz.
 - IAEA inspector managed access to:
 - centrifuge assembly workshops⁴;
 - centrifuge rotor production workshops and storage facilities; and,
 - uranium mines and mills.

In return, the E3/EU+3 would undertake the following voluntary measures:

- Pause efforts to further reduce Iran's crude oil sales, enabling Iran's current customers to purchase their current average amounts of crude oil. Enable the repatriation of an agreed amount of revenue held abroad. For such oil sales, suspend the EU and U.S. sanctions on associated insurance and transportation services.
- Suspend U.S. and EU sanctions on:
 - Iran's petrochemical exports, as well as sanctions on associated services. (5)
 - Gold and precious metals, as well as sanctions on associated services.
- Suspend U.S. sanctions on Iran's auto industry, as well as sanctions on associated services.
- License the supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation and associated services. License safety related inspections and repairs in Iran as well as associated services. (6)
- No new nuclear-related UN Security Council sanctions.
- No new EU nuclear-related sanctions.
- The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions.
- Establish a financial channel to facilitate humanitarian trade for Iran's domestic needs using Iranian oil revenues held abroad. Humanitarian trade would be defined as transactions involving food and agricultural products, medicine, medical devices, and medical expenses incurred abroad. This channel would involve specified foreign banks and non-designated Iranian banks to be defined when establishing the channel.
- This channel could also enable:
 - a) transactions required to pay Iran's UN obligations; and,
 - b) direct tuition payments to universities and colleges for Iranian students studying abroad, up to an agreed amount for the six month period.

- Increase the EU authorisation thresholds for transactions for non-sanctioned trade to an agreed amount.

Elements of the final step of a comprehensive solution*

The final step of a comprehensive solution, which the parties aim to conclude negotiating and commence implementing no more than one year after the adoption of this document, would:

- Have a specified long-term duration to be agreed upon.
- Reflect the rights and obligations of parties to the NPT and IAEA Safeguards Agreements.
- Comprehensively lift UN Security Council, multilateral and national nuclear-related sanctions, including steps on access in areas of trade, technology, finance, and energy, on a schedule to be agreed upon.
- Involve a mutually defined enrichment program with mutually agreed parameters consistent with practical needs, with agreed limits on scope and level of enrichment activities, capacity, where it is carried out, and stocks of enriched uranium, for a period to be agreed upon.
- Fully resolve concerns related to the reactor at Arak, designated by the IAEA as the IR-40. No reprocessing or construction of a facility capable of reprocessing.
- Fully implement the agreed transparency measures and enhanced monitoring. Ratify and implement the Additional Protocol, consistent with the respective roles of the President and the Majlis (Iranian parliament).
- Include international civil nuclear cooperation, including among others, on acquiring modern light water power and research reactors and associated equipment, and the supply of modern nuclear fuel as well as agreed R&D practices.
- Following successful implementation of the final step of the comprehensive solution for its full duration, the Iranian nuclear program will be treated in the same manner as that of any non-nuclear weapon state party to the NPT.

(1) Namely, during the 6 months, Iran will not feed UF₆ into the centrifuges installed but not enriching uranium. Not install additional centrifuges. Iran announces that during the first 6 months, it will replace existing centrifuges with centrifuges of the same type.

(2) At Fordow, no further enrichment over 5% at 4 cascades now enriching uranium, and not increase enrichment capacity. Not feed UF₆ into the other 12 cascades, which would remain in a non-operative state. No interconnections between cascades. Iran announces that during the first 6 months, it will replace existing centrifuges with centrifuges of the same type.

(3) Iran announces on concerns related to the construction of the reactor at Arak that for 6 months it will not commission the reactor or transfer fuel or heavy water to the reactor site and will not test additional fuel or produce more fuel for the reactor or install remaining components.

(4) Consistent with its plans, Iran's centrifuge production during the 6 months will be dedicated to replace damaged machines.

(5) Sanctions on associated services means any service, such as insurance, transportation, or financial, subject to the underlying U.S. or EU sanctions applicable, insofar as each service is related to the underlying sanction and required to facilitate the desired transactions. These services could involve any non-designated Iranian entities.

(6) Sanctions relief could involve any non-designated Iranian airlines as well as Iran Air.

* With respect to the final step and any steps in between, the standard principle that nothing is agreed until everything is agreed applies.

Source: European External Action Service, http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf

APPENDIX 4:**JOINT STATEMENT BY CATHERINE ASHTON AND IRANIAN FOREIGN MINISTER MOHAMMAD JAVAD ZARIF FOLLOWING THE TALKS IN VIENNA, 24 NOVEMBER 2014**

Since we agreed to the Joint Plan of Action one year ago in Geneva, we, together with the Foreign Ministers and Political Directors of the E3+3 (China, France, Germany, Russia, the United Kingdom and the United States), have been engaged in intensive diplomatic negotiations aimed at reaching a comprehensive solution.

We once again express our appreciation to the Austrian Government for their most generous support in hosting these negotiations in Vienna.

Based on the strong commitment by all sides to reach a mutually-agreed long-term comprehensive solution, we have held ten rounds of negotiations and numerous meetings during the past months.

Some ideas have been developed, but given the technical nature of this effort and the decisions needed, more work is required to assess and finalize them as appropriate.

We would have preferred to finalize a comprehensive solution here in Vienna. But we remain convinced that, based on the progress made and on the new ideas which continue to be explored, there is a credible path through which a comprehensive solution can be reached.

We, together with the Foreign Ministers of the E3+3, have therefore agreed to continue our diplomatic efforts. We have decided to extend the measures of the Joint Plan of Action to allow for further negotiations until June 30th.

We intend to build on the current momentum in order to complete these negotiations within the shortest possible time, up to four months, and if necessary to use the remaining time until the end of June to finalize any possible remaining technical and drafting work.

Iran and the E3/EU+3 reaffirm that they will continue to implement all their commitments described in the Joint Plan of Action in an efficient and timely manner.

The IAEA will be asked to continue monitoring the voluntary measures under the Joint Plan of Action.

The next meeting to continue our work will happen in December.

Source: European External Action Service, http://eeas.europa.eu/statements-eeas/2015/150402_03_en.htm

APPENDIX 5:

JOINT STATEMENT BY EU HIGH REPRESENTATIVE FEDERICA MOGHERINI AND IRANIAN FOREIGN MINISTER JAVAD ZARIF, APRIL 2, 2015

We, the EU High Representative and the Foreign Minister of the I. R. of Iran, together with the Foreign Ministers of the E3+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States), met from 26 March to 2nd April 2015 in Switzerland. As agreed in November 2013, we gathered here to find solutions towards reaching a comprehensive resolution that will ensure the exclusively peaceful nature of the Iranian nuclear programme and the comprehensive lifting of all sanctions.

Today, we have taken a decisive step: we have reached solutions on key parameters of a Joint Comprehensive Plan of Action (JCPOA). The political determination, the good will and the hard work of all parties made it possible. Let us thank all delegations for their tireless dedication.

This is a crucial decision laying the agreed basis for the final text of the JCPOA. We can now restart drafting the text and annexes of the JCPOA, guided by the solutions developed in these days. As Iran pursues a peaceful nuclear programme, Iran's enrichment capacity, enrichment level and stockpile will be limited for specified durations, and there will be no other enrichment facility than Natanz. Iran's research and development on centrifuges will be carried out on a scope and schedule that has been mutually agreed.

Fordow will be converted from an enrichment site into a nuclear, physics and technology centre. International collaboration will be encouraged in agreed areas of research. There will not be any fissile material at Fordow. An international joint venture will assist Iran in redesigning and rebuilding a modernized Heavy Water Research Reactor in Arak that will not produce weapons grade plutonium. There will be no reprocessing and the spent fuel will be exported. A set of measures have been agreed to monitor the provisions of the JCPOA including implementation of the modified Code 3.1 and provisional application of the Additional Protocol. The International Atomic Energy Agency (IAEA) will be permitted the use of modern technologies and will have enhanced access through agreed procedures, including to clarify past and present issues.

Iran will take part in international cooperation in the field of civilian nuclear energy which can include supply of power and research reactors. Another important area of cooperation will be in the field of nuclear safety and security. The EU will terminate the implementation of all nuclear-related economic and financial sanctions and the US will cease the application of all nuclear-related secondary economic and financial sanctions, simultaneously with the IAEA-verified implementation by Iran of its key nuclear commitments.

A new UN Security Council Resolution will endorse the JCPOA, terminate all previous nuclear-related resolutions and incorporate certain restrictive measures for a mutually agreed period of time.

We will now work to write the text of a Joint Comprehensive Plan of Action including its technical details in the coming weeks and months at the political and experts levels. We are committed to complete our efforts by June 30th. We would like to thank the Swiss government for its generous support in hosting these negotiations.

Source: European External Action Service, http://eeas.europa.eu/statements-eeas/2015/150402_03_en.htm

APPENDIX 6:

PARAMETERS FOR A JOINT COMPREHENSIVE PLAN OF ACTION REGARDING THE ISLAMIC REPUBLIC OF IRAN'S NUCLEAR PROGRAM, APRIL 2, 2015

Below are the key parameters of a Joint Comprehensive Plan of Action (JCPOA) regarding the Islamic Republic of Iran's nuclear program that were decided in Lausanne, Switzerland. These elements form the foundation upon which the final text of the JCPOA will be written between now and June 30, and reflect the significant progress that has been made in discussions between the P5+1, the European Union, and Iran. Important implementation details are still subject to negotiation, and nothing is agreed until everything is agreed. We will work to conclude the JCPOA based on these parameters over the coming months.

ENRICHMENT

- Iran has agreed to reduce by approximately two-thirds its installed centrifuges. Iran will go from having about 19,000 installed today to 6,104 installed under the deal, with only 5,060 of these enriching uranium for 10 years. All 6,104 centrifuges will be IR-1s, Iran's first-generation centrifuge.
- Iran has agreed to not enrich uranium over 3.67 percent for at least 15 years.
- Iran has agreed to reduce its current stockpile of about 10,000 kg of low-enriched uranium (LEU) to 300 kg of 3.67 percent LEU for 15 years.
- All excess centrifuges and enrichment infrastructure will be placed in IAEA monitored storage and will be used only as replacements for operating centrifuges and equipment.
- Iran has agreed to not build any new facilities for the purpose of enriching uranium for 15 years.
- Iran's breakout timeline — the time that it would take for Iran to acquire enough fissile material for one weapon — is currently assessed to be 2 to 3 months. That timeline will be extended to at least one year, for a duration of at least ten years, under this framework.

IRAN WILL CONVERT ITS FACILITY AT FORDOW SO THAT IT IS NO LONGER USED TO ENRICH URANIUM

- Iran has agreed to not enrich uranium at its Fordow facility for at least 15 years.
- Iran has agreed to convert its Fordow facility so that it is used for peaceful purposes only — into a nuclear, physics, technology, research center.
- Iran has agreed to not conduct research and development associated with uranium enrichment at Fordow for 15 years.
- Iran will not have any fissile material at Fordow for 15 years.
- Almost two-thirds of Fordow's centrifuges and infrastructure will be removed. The remaining centrifuges will not enrich uranium. All centrifuges and related infrastructure will be placed under IAEA monitoring.

IRAN WILL ONLY ENRICH URANIUM AT THE NATANZ FACILITY, WITH ONLY 5,060 IR-1 FIRST-GENERATION CENTRIFUGES FOR TEN YEARS.

- Iran has agreed to only enrich uranium using its first generation (IR-1 models) centrifuges at Natanz for ten years, removing its more advanced centrifuges.
- Iran will remove the 1,000 IR-2M centrifuges currently installed at Natanz and place them in IAEA monitored storage for ten years. Iran will not use its IR-2, IR-4, IR-5, IR-6, or IR-8 models to produce enriched uranium for at least ten years. Iran will engage in limited research and development with its advanced centrifuges, according to a schedule and parameters, which have been agreed to by the P5+1.
- For ten years, enrichment and enrichment research and development will be limited to ensure a breakout timeline of at least 1 year. Beyond 10 years, Iran will abide by its enrichment and enrichment R&D plan submitted to the IAEA, and pursuant to the JCPOA, under the Additional Protocol resulting in certain limitations on enrichment capacity.

INSPECTIONS AND TRANSPARENCY

- The IAEA will have regular access to all of Iran's nuclear facilities, including to Iran's enrichment facility at Natanz and its former enrichment facility at Fordow, and including the use of the most up-to-date, modern monitoring technologies.
- Inspectors will have access to the supply chain that supports Iran's nuclear program. The new transparency and inspections mechanisms will closely monitor materials and/or components to prevent diversion to a secret program.
- Inspectors will have access to uranium mines and continuous surveillance at uranium mills, where Iran produces yellowcake, for 25 years.
- Inspectors will have continuous surveillance of Iran's centrifuge rotors and bellows production and storage facilities for 20 years. Iran's centrifuge manufacturing base will be frozen and under continuous surveillance.
- All centrifuges and enrichment infrastructure removed from Fordow and Natanz will be placed under continuous monitoring by the IAEA.
- A dedicated procurement channel for Iran's nuclear program will be established to monitor and approve, on a case by case basis, the supply, sale, or transfer to Iran of certain nuclear-related and dual use materials and technology — an additional transparency measure.
- Iran has agreed to implement the Additional Protocol of the IAEA, providing the IAEA much greater access and information regarding Iran's nuclear program, including both declared and undeclared facilities.
- Iran will be required to grant access to the IAEA to investigate suspicious sites or allegations of a covert enrichment facility, conversion facility, centrifuge production facility, or yellowcake production facility anywhere in the country.
- Iran has agreed to implement Modified Code 3.1 requiring early notification of construction of new facilities.
- Iran will implement an agreed set of measures to address the IAEA's concerns regarding the Possible Military Dimensions (PMD) of its program.

REACTORS AND REPROCESSING

- Iran has agreed to redesign and rebuild a heavy water research reactor in Arak, based on a design that is agreed to by the P5+1, which will not produce weapons grade plutonium, and which will support peaceful nuclear research and radioisotope production.
- The original core of the reactor, which would have enabled the production of significant quantities of weapons-grade plutonium, will be destroyed or removed from the country.
- Iran will ship all of its spent fuel from the reactor out of the country for the reactor's lifetime.
- Iran has committed indefinitely to not conduct reprocessing or reprocessing research and development on spent nuclear fuel.
- Iran will not accumulate heavy water in excess of the needs of the modified Arak reactor, and will sell any remaining heavy water on the international market for 15 years.
- Iran will not build any additional heavy water reactors for 15 years.

SANCTIONS

- Iran will receive sanctions relief, if it verifiably abides by its commitments.
- U.S. and E.U. nuclear-related sanctions will be suspended after the IAEA has verified that Iran has taken all of its key nuclear-related steps. If at any time Iran fails to fulfill its commitments, these sanctions will snap back into place.
- The architecture of U.S. nuclear-related sanctions on Iran will be retained for much of the duration of the deal and allow for snap-back of sanctions in the event of significant non-performance.
- All past UN Security Council resolutions on the Iran nuclear issue will be lifted simultaneous with the completion, by Iran, of nuclear-related actions addressing all key concerns (enrichment, Fordow, Arak, PMD, and transparency).
- However, core provisions in the UN Security Council resolutions — those that deal with transfers of sensitive technologies and activities — will be re-established by a new UN Security Council resolution that will endorse the JCPOA and urge its full implementation. It will also create the procurement channel mentioned above, which will serve as a key transparency measure. Important restrictions on conventional arms and ballistic missiles, as well as provisions that allow for related cargo inspections and asset freezes, will also be incorporated by this new resolution.
- A dispute resolution process will be specified, which enables any JCPOA participant, to seek to resolve disagreements about the performance of JCPOA commitments.
- If an issue of significant non-performance cannot be resolved through that process, then all previous UN sanctions could be re-imposed.
- U.S. sanctions on Iran for terrorism, human rights abuses, and ballistic missiles will remain in place under the deal.

PHASING

- For ten years, Iran will limit domestic enrichment capacity and research and development — ensuring a breakout timeline of at least one year. Beyond that, Iran will be bound by its longer-term enrichment and enrichment research and development plan it shared with the P5+1.
- For fifteen years, Iran will limit additional elements of its program. For instance, Iran will not build new enrichment facilities or heavy water reactors and will limit its stockpile of enriched uranium and accept enhanced transparency procedures.
- Important inspections and transparency measures will continue well beyond 15 years. Iran's adherence to the Additional Protocol of the IAEA is permanent, including its significant access and transparency obligations. The robust inspections of Iran's uranium supply chain will last for 25 years.
- Even after the period of the most stringent limitations on Iran's nuclear program, Iran will remain a party to the Nuclear Non-Proliferation Treaty (NPT), which prohibits Iran's development or acquisition of nuclear weapons and requires IAEA safeguards on its nuclear program.

Source: U.S. Department of State, <http://www.state.gov/r/pa/prs/ps/2015/04/240170.htm>

