

Confidential

RUSSIA

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PIR Center and Strategic Studies Network report from Antalya:

ON THE WAY TO A COMPREHENSIVE AGREEMENT ON THE IRANIAN NUCLEAR ISSUE:

CHANCES AND RISKS, GLOBAL AND REGIONAL SOLUTIONS

ANNOTATION

The latest deadline for reaching a comprehensive agreement on Iranian nuclear issue was set for July 1, 2015. The window of opportunity for the long-lasting solution to the problem is narrowing down. The negotiations between Tehran and P5+1 continue after their second extension, and on March 31, 2015 the parties failed to meet the self-imposed deadline for the broad political agreement. While the negotiations continue in Swiss Lausanne, there is no guarantee that current round of 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 the study on this topic, the PIR Center and the Strategic Studies Network of the National Defense University have convened an international working group with the participation of experts from both P5+1 and Iran's regional neighbors, as well as some other countries (namely Azerbaijan, Belgium, Canada, China, Egypt, India, Iran, Italy, Kuwait, Libya, Pakistan, Russia, Turkey, United Arab Emirates and the United States). As the situation around Iranian nuclear program has both regional and 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 further strengthening of nonproliferation regime in the Middle East?*

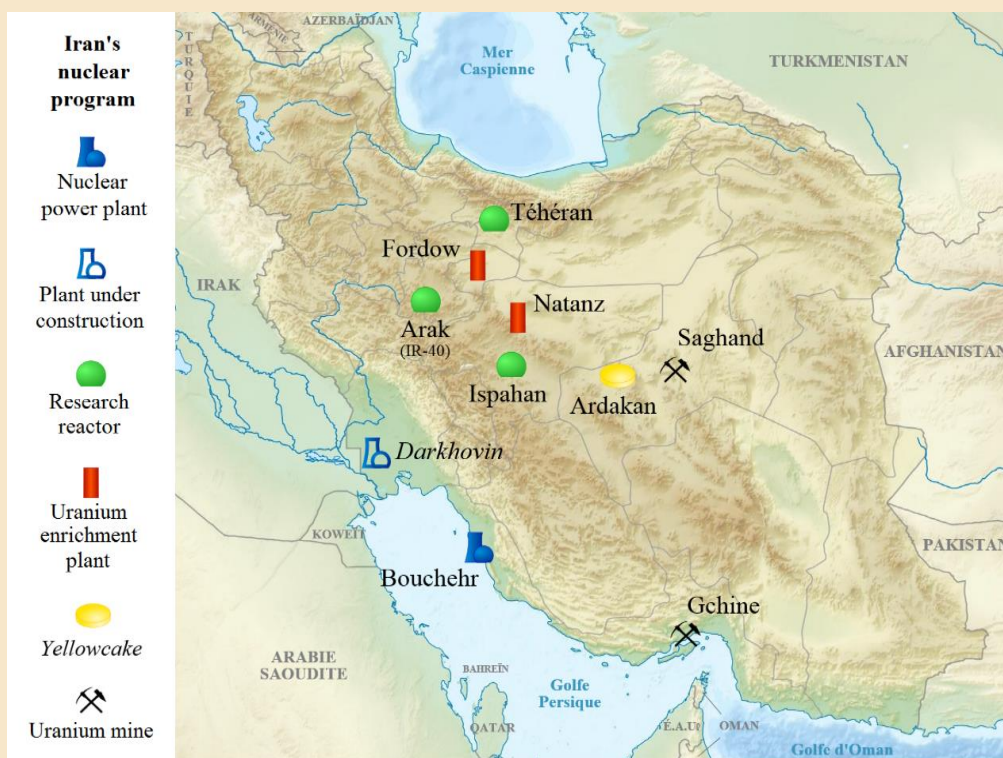
In this issue of Russia Confidential we summarize the findings and forecasts made by the working group. It should be noted that this summary reflects the general line of expert discussion but does not represent the consensus.



READY FOR DIALOGUE: ANOTHER ROUND OF IRAN-P5+1 TALKS

In the long run, the only viable way to solve the Iranian nuclear issue is through negotiations. As Tehran has mastered the uranium enrichment, little can be done about it, apart from coming to an agreement that will ensure the peaceful use of the technology (for a map of Iranian nuclear infrastructure, see Image 1). 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. Importantly, **on the US-Iranian front**, which always raised most concerns, both respective administrations are open to increased cooperation. Since his election to office in 2013, Iranian President Hassan Rouhani was keen to normalize relations with the global community and roll back the suffocating sanctions; US President Barak Obama is also interested in ending the standoff with Iran and concentrating on more pressing issues, like the rise of the *Islamic State*.

The goals of the US and Iranian administrations are at least in principle shared by the domestic actors, which will be crucial for approving and implementing the comprehensive agreement. Supreme Leader of Iran Ayatollah Ali Khamenei has openly supported the talks; US Congress controlled by the Republicans since early 2015 does not oppose the agreement that will ensure the peaceful nature of Iranian nuclear program. At the same time, both Iranian leadership and US legislature have outlined rather strict red lines limiting negotiators' maneuvering room.



Map 1. Iranian nuclear infrastructure. Source: Sémhur / Wikimedia Commons / CC-BY-SA-3.0

This explains why no party is rushing towards the agreement at any cost: surrendering the negotiation positions will likely result in lack of support at home necessary for the implementation of the deal. While Iranian negotiating team prefers to focus more on verification and transparency, P5+1 are mainly basing their demands on the estimated breakout potential of Iran. There are also disagreements over the period during which limitations will apply to the Iranian nuclear program and the pace of lifting sanctions.

This is the reason why despite the fact that a number of issues are supposedly solved (the future of Arak heavy water reactor and Fordow enrichment facility among others), the comprehensive agreement is still out of sight and there is no guarantee that this particular cycle of negotiations will result in final solution of Iranian nuclear issue; the collapse of negotiations altogether cannot be excluded.

Furthermore, the comprehensive agreement over Iranian nuclear program will not in itself end the regional rivalry and significantly increase security in the Middle East. One can argue that Tehran will be of a lesser threat to its neighbors once confirmed that it does not possess nuclear weapons or military nuclear program. The solution to the nuclear issue can also make Iran to feel more secure and more open to the regional dialogue. The agreement will remove the threat of US military action against the Islamic Republic, shifting the balance of power in the region.

There is strong impetus to finalize nuclear negotiations with Iran with 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 there is a need for regional security mechanisms, which will include Iran.

STRENGTHENING THE NEGOTIATING PROCESS

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

1. First and foremost, it is essential that both Iran and all of the members of the P5+1 negotiate in good faith and not pursue a hidden agenda. The same applies to introduction of new types of nuclear-related sanctions against Iran. Any event of such kind will make reaching a comprehensive agreement less likely.
2. Even if the composition of Iranian nuclear program, the scope of inspections and the timetable for lifting sanctions are agreed, the parties will be facing the issue of so-called possible military dimensions (PMDs), attempts of nuclear weaponization that Iran allegedly made during the last decades (mainly before 2003). The issue is complicated; Iran maintains that its nuclear program never had a military dimension, at the same time, up to date Tehran has not provided IAEA with full information necessary to verify this.

Obviously, admitting past irregularities (in case they did took place) could have negative effect on Iranian image in the world, serve as legitimization for the sanctions regime and remain a pretext for further coercive actions if the global situation changes. Generally, the countries that decide to come clean on their WMD possessions voluntarily do not face penalties (like in cases of Libya, South Africa etc.); however, P5+1 can provide Iran with additional assurances. A decision of IAEA Board of Governors can state that any past irregularities in the Iranian nuclear program presented to the Security Council will not result in further action. As the investigation of the history of Iranian nuclear program might take a lot of time, it should not be a prerequisite of a comprehensive agreement.

3. The approach that separates the nuclear issue from other topics has been successful up to date and seems to be the right strategy. Adding additional provisions to the comprehensive agreement (missile control, regional issues) could only hurt the negotiating process. This being said, contacts and cooperation with Iran on other regional issues (fighting the *Islamic State*, mediating civil war

in Syria, assisting the development in Afghanistan) out of nuclear talks can increase the level of trust between the parties and should be encouraged.

4. Despite the clear interest of the regional powers to be present at the negotiation table and influence the outcome of the talks, such a move would be counterproductive. P5+1 already has a diverse composition which brings in different approaches and agendas; it is remarkable that the group manages to keep such a coherent position. Adding regional powers to the dialogue will complicate things and eventually derail the talks. Clearly, the security concerns of Iranian neighbors should be addressed, though not in the comprehensive agreement itself.

MIDDLE EAST AND THE NUCLEAR DEAL

Providing security guarantees to the countries of the region should be 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.

- ✓ Iranian ratification of the **Comprehensive Nuclear-Test-Ban Treaty** (CTBT) will be seen as an important sign of peaceful nature of the country's nuclear program and should be encouraged. To maximize the effect, other countries of the region should as well sign and ratify the treaty.
- ✓ Under any arrangements, regional rivals of Tehran will remain suspicious of its enrichment program and a possibility of a break out for a long time. One way to decrease such fears might be the **regionalization of Iranian nuclear fuel cycle**. This can be achieved by organizing a joint stock company for uranium enrichment (as in the case of URENCO, Eurodif, or International Uranium Enrichment Center) based on the existing Iranian nuclear fuel cycle, where regional states can buy shares and have representatives on the board of governors. Such JSC could also work on the fuel fabrication, starting with research reactors (e.g. Egypt, Algeria).
- ✓ Iranian nuclear program also faces opposition based on **nuclear safety and security** concerns. Iranian neighbors, especially littoral states of the Gulf, fear that even peaceful nuclear infrastructure of Tehran can have a negative environmental impact. To reassure its neighbors Iran could devote more attention to this issue. This could include the stress test of the Bushehr NPP with the invitation of regional observers. Iran should be encouraged to ratify all the relevant international conventions covering nuclear safety and security (Convention on Nuclear Safety, Vienna Convention on Civil Liability for Nuclear Damage and Convention on the Physical Protection of Nuclear Material etc.).
- ✓ Solution to the Iranian nuclear issue will bring back to the table the idea of establishing a **WMD-Free Zone in the Middle East** (see Image 2 on page 5). Countries of the region should be encouraged to build on this success and continue with organizing a conference on the zone, pending since 2012. A comprehensive agreement with Tehran will not necessarily be a game-changer in this sphere, as Iranian issue is just one of the number of major problems facing the process. However, as the establishment of the zone will most likely be supplemented by the protocols, providing members with negative security assurances from the nuclear weapons states, this might push the countries of the region towards the deal.
- ✓ 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 fractured along the ethnic and religious lines. The Middle East obviously needs **regional institutions** that would include all major countries and make relations between them more predictable. The mechanism could build on the successful nuclear talks and include representatives of the P5, EU, Iran and major regional powers (Egypt, Saudi Arabia, Turkey etc.).

- ✓ A wide 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, prohibition of attack against nuclear installations and facilities, advance notification of ballistic missile tests, establishing military hotlines etc.)



Image 2. Middle East WMD-Free Zone. Source: PIR Center

- ✓ It is equally important to engage Iran with its neighbors in the East. Once the Security Council sanctions are lifted, Tehran will be able to get a full membership at the **Shanghai Cooperation Organization** (SCO), which includes five Central Asian states, Russia and China. As a part of the SCO Iran will play important role in supporting the Afghanistan government, fighting terrorism, and will benefit from increased economic cooperation with other member states. SCO will provide a soft regional security umbrella on the eastern and northern borders of Iran.

CONCLUSIONS

A comprehensive nuclear deal with Iran could drastically change the global and regional security situation, strengthen nuclear nonproliferation regime and open possibilities to solve other regional issues. There is no guarantee that current round of 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 reach a comprehensive agreement the negotiating parties should take into consideration the following points:

- 1. Good faith is essential for negotiations success. Hidden agenda of any of the parties or an unfriendly gesture (like an introduction of new sanctions against Iran) could derail the talks;*
- 2. P5+1 can provide Iran with additional assurances that the country will not face penalties for the past activities;*
- 3. The approach that separates the nuclear issue from other topics should be upheld; at the same time contacts and cooperation with Iran on other regional issues in different formats should be encouraged;*
- 4. The solution to the Iranian nuclear issue should not be reached at the expense of any countries of the region. The security concerns of Iranian neighbors should be addressed, though not in the comprehensive agreement itself.*

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 where important steps could be:

- signing and ratification of the Comprehensive Nuclear-Test-Ban Treaty by Iran and the countries of the region;
- Iran's ratification of all the relevant international conventions covering nuclear safety and security;
- Creation of the regional nuclear fuel cycle based on the Iranian enrichment capacity (i.e. by organizing a joint stock company for uranium enrichment) which would decrease fears of a possible breakout;
- Continuing with organizing a conference on establishing a WMD-Free Zone in the Middle East, pending since 2012;
- Creating a regional security dialogue in the Middle East including representatives of the P5, EU, Iran and major regional powers;
- Tehran getting a full membership at the Shanghai Cooperation Organization, which will provide a soft regional security umbrella on the eastern and northern borders of Iran;
- A wide range of confidence building measures (non-military and military) to be introduced by Iran and its neighbors.

Edited by Julia Fetisova

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Moscow-Geneva, April 2015

Excerpts from the Membership Terms and Conditions at the Trialogue Club International

[...]

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3.1. Individual club members are entitled to:

3.1.3. Receive a copy of the Russia Confidential exclusive analytical newsletter by e-mail in chosen language (English or Russian). According to the Club Terms and Conditions, the transfer of the bulletin to third parties is not allowed.

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3.2. Corporate Club members are entitled to:

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[...]

4. The duties of the Club members

4.1. All members of the Club must:

4.1.6. Not to share the Russia Confidential analytical newsletter, as well as the Password to the Club section of the PIR Center web-site with individuals and legal entities who are not members of the Club.

[...]

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6.1. The Russia Confidential exclusive analytical newsletter is issued by the Trialogue Ltd by PIR Center's order for the Club members' private use only.

6.2. The newsletter contains exclusive analytical materials on international security, foreign and domestic policy of Russia and the CIS, prepared by the PIR Center's staff and invited experts specially for Russia Confidential.

6.3. The newsletter materials are confidential and must not be quoted and transfer to the non-members for at least 30 days since the day of issue.

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6.5. The newsletter is disseminated via e-mail between the Club members once a month in Russian or in English, depending on the choice of the Club member.

6.6. The Club member can also receive a paper copy of the newsletter in chosen language.



Dear members of the Trialogue Club International,

The 2014 Club season has ended and we start a new Club season. We would like to **invite you to prolong your membership for 2015 or 2015-2016.**

In 2015, the Club members will continue to receive our exclusive information on the foreign policy priorities of the Russian Federation, and on current threats and challenges to the global security. **Five meetings of the Trialogue Club International** will be held (four in Moscow and one abroad); Club members will receive **12 issues of the Russia Confidential exclusive analytics bulletin**, our informational and analytical newsletters.

Fees for the *Trialogue* Club membership since 2015 are as follows:

| Period | Individual membership | Corporate membership |
|---------------------------------|-----------------------|----------------------|
| 01.01.15. – 31.12.15. (1 year) | 30 000 rub. | 47 000 rub. |
| 01.01.15. – 31.12.16. (2 years) | 54 000 rub. | 84 000 rub. |

We would like to remind you that the corporate membership is based on **"1+1" scheme** when **two representatives** of the organization participate in the work of the Club.

Please, bear in mind that you can decide to pay the **two-year fee**, which would help you to get a better price.

On all questions concerning the *Trialogue* Club Internationsl membership, please contact us by the e-mail secretary@trialogue-club.ru or by phone: +7 (985) 764-98-96

Sincerely,

**Chairman,
Trialogue Club
International**

Dmitry Polikanov