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Middle East and North Africa Meeting Summary

Iran and the Six: Nuclear Negotiations in 2013

4 February 2013

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INTRODUCTION

This paper is a summary of a roundtable event held at Chatham House on 4 February 2013, where participants discussed the prospect of reaching a nuclear settlement with Iran through negotiations between itself and the P5+1 in 2013.

Some of the main findings of the meeting include:

- Establishing trust between Iran and the West should be a major priority, but one side will have to take the initiative and provide significant assurances in order to boost confidence and encourage reciprocity. Proposals for this can be found at Appendix A.
- A nuclear deal with Iran could be part of a package, within which Iran would implement the additional protocol, address its programme's possible military dimensions (PMD), implement a cap of 5 per cent on enrichment and limit its stockpiles of enriched uranium in return for international recognition of its right to enrich uranium and significant sanction relief. It was not yet clear whether sufficient flexibility existed on either side.
- Iran's Supreme Leader, Ayatollah Sayyid Ali Khamenei, would have the final say on any agreement reached between the West and Iran. Despite factionalism, Iran is in a position where it could negotiate.
- Sanctions relief will play an important part in reaching a deal with Iran. They have done little to derail the country's nuclear programme, and have not negatively affected its political elites.
- From the US perspective, the opportunity to lift sanctions as part of a deal is limited by congressional constraints on the president. Regardless of Barack Obama's own intentions in reaching a deal, this limits what US negotiators can feasibly offer.
- The EU, in consequence, could need to consider offering concessions on its sanctions at the right time.

The meeting was held under the Chatham House Rule and the views expressed are those of the participants. The following summary is intended to serve as an *aide-mémoire* to those who took part and to provide a general summary of discussions for those who did not.

The Chatham House Rule

'When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.'

TRUST BUILDING BETWEEN IRAN AND THE P5+1

A participant raised the question of whether Iran and the West were engaged in a security dilemma on its nuclear programme, wherein both parties do not recognize that they both base their stances on perceptions of insecurity and not aggressive intent. An approach of 'realistic empathy' may need to be adopted by policy-makers in order for Iran and the P5+1 to both view the situation from the other's perspective.

Another participant challenged this viewpoint, arguing that it is precisely the reliance upon empathy that has led the West to assume that Iran wishes to develop nuclear weapons, based upon the calculation that if they were in Iran's position they would want a nuclear weapon. It is rather the linkage between nuclear weapons and security that has to be challenged, and a strategic dialogue on weapons of mass destruction with Iran and other states in the region is what is needed to better understand Iran's perceptions of security.

A point was raised that signals of positive intent need to be clear in order for trust to be established between Iran and the P5+1. President Obama's *Nowruz* message in 2009 was problematic because it did not convey the intentions of the United States clearly enough, and that it was dismissed by the Supreme Leader for this reason. A number of participants argued that Obama's 'olive branch' was in fact nothing substantial. At the same time, Iran's dismissive response to Obama's *Nowruz* message led to disillusionment on the US side, and gave justification to those arguing for more crippling sanctions to be implemented.

In the context of current negotiations, it was suggested that if the P5+1 were to offer Iran significant sanctions relief in return for the suspension of 20 per cent enrichment, and if Iran accepted this proposal, then both sides would send strong signals of their commitment to mutual security. A participant highlighted that this offer has yet to be put on the table by the P5+1.

Signals themselves must be positive and bold enough in order to engender a response, but modest enough that the signaller is not exposed domestically. It was emphasized that both sides needed to avoid 'bad faith thinking'.

A participant voiced the necessity to avoid attaching preconditions to negotiations, and that the precondition of suspending uranium enrichment had doomed previous talks because they offended Iran's sense of pride and dignity. This participant then warned about the dangers of linking threats and coercion to diplomacy in the event that talks do not go the way the West would like.

The necessity of high level, direct talks between Iran and the United States in particular was raised, and the lack of such talks at present identified as a cause for concern. A participant emphasised the necessity of there being a continuity of diplomats involved in the talks.

Another way in which trust has been an issue can be seen in how the 2009 Geneva proposal was handled by the P5+1. Iran offered to exchange 75 per cent of its enriched uranium in exchange for fuel rods that would be given to Iran simultaneously, but the P5+1 would only agree to provide fuel rods two years after receiving Iran's stockpile. Iran did not trust the P5+1 to deliver the fuel rods after two years. Other proposals, including those put forward by Japan and Brazil, have been rejected by the United States because they have persisted on including suspension as a precondition for direct talks.

The impact of Iranian domestic politics

Given the deep internal divisions that have stifled its decision-making process, one participant questioned the ability of Iran to negotiate seriously.

A participant proposed that although there are numerous internal political divisions between various personalities, groups and factions (including the Iranian Revolutionary Guard Corps (IRGC)), the decision-making process is functioning, and the Supreme Leader still has the final say on all decisions. The participant then asserted that if the Supreme Leader was to agree with the terms, then a deal could be reached and would remain unchallenged by decision-makers in Iran.

Another participant added that the influence of the IRGC on the Supreme Leader was growing. However, none of the participants believed that the IRGC would seek to undermine the negotiating process if it had been approved by the Supreme Leader.

The upcoming Iranian presidential elections were a key point of discussion, and the question of what impact they will have on the negotiating process was raised. The participants agreed that if the upcoming negotiations in Kazakhstan are a success, then negotiations would most probably continue regardless of the elections.

The impact that previous negotiations have had on turning public opinion in Iran against the international community, and also in pitting Iranians against each other, was argued by a participant to have strengthened the ruling elites.

The role of Europe

There was a consensus that Europe had a key role in reducing tensions due to the simple fact that Iran has long standing diplomatic relations with EU member states, and that mistrust between the EU and Iran does not run as deep as between Iran and the United States. One participant raised the point that sanctions have pushed Iran towards Asia, with a substantial percentage of its economy now in China's hands. Whereas the United States is limited in what it can do about removing sanctions due to congress, the EU can potentially take the initiative in removing sanctions.

A participant raised the point that Europe is limited in the sanctions relief it can provide Iran due to the passing of legislation in the United States stipulating that the latter would apply sanctions on any country that does business with an Iranian entity.

The impact of sanctions

The humanitarian impact of sanctions was raised by a participant, who suggested that framing the sanctions in this way would offer the West a face-saving opportunity to remove sanctions. The emphasis could be placed instead on relieving the suffering of ordinary Iranians, rather than making concessions to the Iranian government. The removal of sanctions could also be argued on the level of *realpolitik*, due to the fact that they have proved ineffective at halting Iran's nuclear programme.

One participant commented that Iran is prepared to endure sanctions in the long term, and is taking a number of financial and economic measures to counter their effects. It was suggested that the sanctions were in fact benefiting the government by draining the population of their resources, and increasing the power gap between elites and ordinary people. There was an agreement that ordinary Iranians are bearing the brunt of sanctions, but one participant argued that they have affected the Iranian middle-class more than others.

In terms of how long Iran can hold out with the current sanctions, estimates among the participants ranged from two years to 10 years. An emphasis was placed on Iran's good crisis-management skills.

It was agreed upon by participants that the sanctions are only part of Iran's economic problems, and that governmental 'incompetence' and mismanagement also plays significant role. A participant argued a link between President Mahmoud Ahmadinejad's policies towards the Central Bank and soaring rates of inflation. A precise ratio of sanctions to government

mismanagement was not agreed upon, but ranged from 80:20 in favour of incompetence, and 50:50.

It was suggested that something other than sanctions relief could potentially be offered to Iran in order to increase confidence, which would take into consideration its desire to become more integrated in the international community and world economy.

Future prospects

It was said that Iran is ready to make a deal, but that it wants this deal to be part of a comprehensive package that would also address broader regional issues. The nuclear part of this package would most likely conform to a 5+2 structure, wherein Iran would 1) implement the additional protocol; 2) address its programme's possible military dimension (PMD); 3) implement a cap of 5 per cent on enrichment; 4) limit its stockpiles of enriched uranium; and 5) implement code 3.1 of the subsidiary arrangements for its safeguards agreement (i.e. notifying new facilities as soon as the decision to construct is taken); in return for 1) international recognition of its right to uranium enrichment; and 2) significant sanctions relief.

The negative impact that negotiating in bad faith could have on diplomacy was raised, and participants agreed that a strategy for implementing the steps taken in whatever deal is made should be formulated and agreed upon by both parties beforehand. This is necessary so that both sides are clear on each other's obligations and expectations, and that they are provided with a level of mutual assurance that there is a framework in place to implement the steps.

It was said that although Ayatollah Khamenei is said to be conscious of history, and wary of assuming the 'Gorbachev' posture in taking the initiative to allow major concessions, he should recognize that the demise of the USSR was due more to internal contradictions rather than solely to overtures to the outside world, and that he should consider the benefit of engaging with the United States before similar contradictions become manifest in Iran.

There was a consensus that parts of a deal would have to go beyond the terms of the Non-Proliferation Treaty (NPT) in order for it to be accepted beyond Iran. Iran is very conscious that it has already offered to implement the additional protocol, and is unlikely to offer anything beyond that until a reciprocation of sufficient significance is offered by the West.

The focus of the International Atomic Energy Agency (IAEA) upon Iran opening up its military installations to inspectors is also an unrealistic expectation given the low levels of trust and confidence at the moment. Moreover, some participants indicated that the IAEA is being pushed to deal with the PMD of Iran's nuclear programme prematurely, because Iran cannot admit to any military dimensions without incriminating itself. The potential for agreement on 'amnesty' for past research and development with potential military significance should be communicated early on in the negotiation process.

APPENDIX A. BUILDING TRUST AND REACHING AGREEMENTS: PRACTICAL INSIGHTS FROM PAST NEGOTIATIONS

- The security dilemma has been an inescapable element of these negotiations, fostering uncertainty about the other's intentions. The question remains, however, whether this dynamic is based upon misplaced fear or aggressive intent.
- There is a need to signal peaceful motives, as well as test the sincerity of the other side. This may give rise to domestic complications, for example over sanctions relief, if the other party does not reciprocate. For this reason, the signalling needs to be dramatic.
- If a window for progress exists, and goals are not immediately achieved, it is imperative that diplomacy does not end there. It may be the case that more signals are required, including 'low-level' moves.
- It is necessary to avoid bad-faith, which is the tendency to discount situational factors in favour of 'inherent characteristics'.
- Serious negotiations cannot be predicated upon the preference for further sanctions.
- A more positive Iranian response is unlikely to be caused by greater leverage over the country.
- There is a practical need to empathize with the other party during negotiations, and recognize that each participant has legitimate security interests and values.
- It is very important to establish, or seek to establish, diplomacy and communication at the highest level.
- It is of little use to re-hash past failures during new talks.
- It is necessary to bear in mind the negatives of continuing to maintain the current course of being over reliant on applying pressure, and offering too little in diplomacy.
- Maintaining continuity in the negotiation teams is a key element of successful and progressive negotiations.

- The recognition of issues other than nuclear ones, including those that link the participants as common interests, is very important.
- There is a greater potential role of Europe in these negotiations, as they maintain the most robust diplomatic ties with Iran at present.

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The Middle East and North Africa Programme, headed by Dr Claire Spencer, undertakes high-profile research and projects on political, economic and security issues affecting the Middle East and North Africa. To complement our research, the MENA Programme runs a variety of discussion groups, roundtable meetings, workshops and public events which seek to inform and broaden current debates about the region and about UK and international policy. We also produce a range of publicly available reports, books and papers.

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