

Position Paper

Future Unclear for Current Geneva Agreement on Iran

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Iranian delegation and P5+1 states convene for Geneva negotiations [AP]

Abstract

Western powers achieved several victories with the recent deal reached on Iran's nuclear weapons programme, while Iran achieved temporary respite from the threat of war and a breakthrough in political relations with the West in specific and the international community in general. Iran also regained some of its previously-frozen assets in this latest deal, but any permanent deal will be highly unlikely given that Israel, its supporters and some Arab nations will push for a final agreement that strips Iran completely of its nuclear capabilities. Iran will not agree to such a deal, citing the case of Gaddafi who lost his presidency and subsequently his life even after abandoning his nuclear weapons programme. While the two sides have been able to reach a temporary deal, a permanent deal is still far off.

Introduction

Iran and the P5+1 states signed a six-month interim agreement on the Iranian nuclear programme in Geneva late Saturday, November 23, 2013. Given the long years of negotiations preceding the deal, it is considered one of the most significant international diplomacy success stories since the beginning of this century. For Washington, it was seen as the most prominent foreign policy achievement of the Obama administration, while for Iranian president Hassan Rouhani and Iran's regional allies it was described as having a stronger impact than the development of a nuclear bomb.

This paper discusses the reasons that rendered the agreement possible at this time, the key conditions of the deal, what it means for the future of the Iranian nuclear project and the political and strategic implications of the deal for Iran's regional role and standing.

The road to agreement

This round of serious and direct negotiations between Iran and the United States began in March this year behind closed doors with secret meetings mostly held in Oman. The desire of both parties to reach a negotiated solution on the nuclear issue began several months before the election of President Hassan Rouhani and during Mahmoud Ahmadinejad's leadership. The talks would not have been possible, whether during the secret or public phase, without the approval of Iran's Supreme Leader, Ali Khamenei, and the consent of the key leadership circles in the country.

There are a number of reasons Washington was willing to reach a consensus through negotiations. First, the Middle East has fallen on the Obama administration's list of priorities as it focuses more on the Pacific Basin. The US is no longer willing to deploy its financial and military capabilities in the Middle East, instead favouring to reduce its military presence there. The United States is also no longer willing or able to devote financial, military and political efforts on multiple fronts. The Obama and Bush administrations' wars in the Middle East and Islamic world have damaged US interests abroad as well as jeopardised its global security. Finally, the Obama administration is fully aware that pursuing a military strategy to address Iran's nuclear capabilities is highly risky because there is no guarantee of results and Iran's response could very well impact close-by Gulf countries.

From Iran's standpoint, it was not possible for an economy that depended mainly on oil revenues to escape vulnerability to global sanctions. United States and European Union sanctions on Iran had expanded to non-western actors, inflicting great damage on Iran's economy. The latest package in particular had prevented Iran from doing business with non-western companies, banks and institutions who feared they would be punished for doing so. While Iran withstood economic sanctions for a long period and found ways to dodge them through a network of economic relations run by the Revolutionary Guard Corps, both inside and outside Iran, this became impossible when the oil and banking sectors were added into the sanctions package.

Iran's oil exports fell from 2.5 million barrels in 2011 to a little over a million barrels in 2013, more than a 60 per cent decrease. Iran's oil revenues decreased from \$100 billion

in 2011 to \$35 billion in 2013, gross oil production declined from 4 million barrels to under 3 million barrels per day, and Iran's currency value continued to decline. Iranian sources indicate that economic growth rates did not exceed zero per cent during the past two years. Western sources say Iran's economy shrank by more than 5 per cent over the past year alone.

Sanctions also caused a high rate of inflation, with figures from the Iranian president as high as 42 per cent. According to official statistics, unemployment was at 13 per cent due to a decline in private and public investments – a stark contrast to the world's average 9.7 per cent unemployment rate and the Middle East's 6.9 per cent.

Thus, economically speaking, Iran needed a deal to address the sanctions dilemma in such a way that the opposition would be silenced without threatening the Islamic Republic's stability. Furthermore, Iran's obstacles in enriching uranium could have meant sanctions for an even longer and indefinite time period.

The agreement: costs and benefits

Both sides came to the negotiating table with demands. The US and western powers wanted to force Iran to stop uranium enrichment, dispose of quantities which had already been enriched, and place Iran's facilities under strict international control. Iran sought western approval of its right to enrich uranium for peaceful reasons as well as the end of sanctions and a return to normalized political relationships with world powers as a regional leader with recognizable interests.

Per the agreement, Iran has pledged to undertake a number of steps over the next six months: stop development of its Arak nuclear plant, freeze the production of plutonium within two years, halt uranium enrichment beyond five per cent, avoid setting up new centrifuges beyond the 800 already in existence, keep the amount of enriched uranium between three and five per cent, dispose of some 200 kilograms of 20 per cent enriched uranium, either by mixing the quantity with raw uranium or by converting it to oxide, and allowing a strict international control programme to be implemented by the International Atomic Energy Agency. Iran's commitment to the agreement indicates they have ceased the development of nuclear weapons, at least for the time being.

During the six months, the US and other western powers have committed to allowing Iran to access nearly seven billion dollars of frozen funds and easing restrictions on the export of Iranian oil. However, the structure of penalties relating to foreign investment in

the fields of oil and gas production, and financial activities of Iran across the world, will remain unchanged.

In his address to the Iranian people, Rouhani spoke about formal western recognition of Iran's right to uranium enrichment, but that recognition is not in the text of the agreement. The agreement simply includes a realistic acknowledgment of the existence of enrichment activities at low levels not in excess of five per cent (on the basis that it is difficult to prevent enrichment at this level). Western countries argued during the negotiations that international treaties do not provide for the right of enrichment, but rather limit its existence with provisions relating to the prevention of proliferation of nuclear weapons.

The agreement triggered controversy inside Iran around the following issues:

- The agreement does not include any provision granting formal recognition of Iran's right to enrich uranium on its territory in accordance with Article IV of the Treaty on the Non-Proliferation of Nuclear Weapons and the International Atomic Energy Agency. Critics say the phrase "continuation of enrichment" which appears in the text of the agreement cannot be understood as "formal recognition."
- The P5+1 group set three conditions to allow enrichment as part of the Iranian nuclear programme which will lead to the end result of dismantling the uranium enrichment infrastructure, including:
 1. Clear limits on scope and level of enrichment activities, capacity, location and stocks.
 2. Tight control of enrichment.
 3. Burden of proof that enrichment is consistent with practical needs. This last condition specifically gives western powers an opportunity to argue that practical need does not require any enrichment whatsoever within Iranian territory.
- The text of the agreement explicitly requires Iran be committed to UN Security Council resolutions and gives western powers the right to request a suspension of enrichment even below the agreed five per cent.
- Iran is set to lose more than it will gain even with the easing of sanctions. However, Iranian groups in support of the agreement state that this will not destroy existing foundations for nuclear weapons development and that they are able to renege at any time. Should Iran stick to the conditions, it has also gained a seat as a legitimate party to discussions on Syria and other regional matters, particularly consultations with Turkey on the topic of Geneva II.

As an added dimension to controversy around the agreement, Israeli prime minister Benjamin Netanyahu criticised the deal and described it as "dangerous" because it strays

away from Israel's quest to force Iran to completely relinquish enrichment capabilities and dispose of all stocks in its possession. However, Israel does not take into account the agreement is temporary, limited to six months, and represents Iran's categorical abandonment of the enrichment path for purposes of building nuclear weapons. Because the agreement strips Iran of its stockpile of uranium enriched to 20 per cent, it necessarily removes the key accelerator that would have been a necessary component to build a nuclear weapon.

Political and strategic implications

Iran's ties with the US and other world powers remain under speculation with the latest agreement, as does its regional role and standing. Many are suggesting that a secret deal forging a US-Iranian alliance accompanied the nuclear agreement. Others argue that the agreement is a turning point in Iran's foreign policy similar to the one seen in Egypt after Anwar Sadat's involvement in the Camp David treaty.

Of course, this is conjecture and contrary to sources close to the negotiations who have said that neither the US nor other western countries had agreed to include regional issues in the negotiations despite Iran's desire to do so during the initial secret phase. The US in particular wanted to limit the talks to nuclear issues and leave other issues to be pursued after nuclear talks were complete. Even with that, it is difficult to imagine a scenario in which the agreement wouldn't leave a mark on any future political or strategic developments.

The US stands to gain several things from an alliance or friendlier relations with Iran. First, it maintains a role as a competitor in the region with Israel, Turkey and Saudi Arabia even as it directs its attention toward the Pacific Basin. (Of course, Iraq, Egypt and Syria are not relevant in such calculations until regional balances shift one way or another.) The US will gain new channels to Afghanistan, and relieve itself of Pakistani and other Central Asian pressures loyal to Russia. US calculations also include Iran's access to countries such as Armenia and Azerbaijan, which would otherwise remain hostage to pressures from Russia and Turkey. Iran could become a host for oil and gas pipelines to the Balkans and Central Asia, along with the Russian and Turkish corridors.

friendly Iran could work on promoting peace in the Middle East, particularly in relation to the Arab-Israeli conflict, and will have a bigger role in the anti-terrorism fight.

Tehran, on the other hand, hopes that its political openness to the US and the West in general will help it secure geopolitical gains in Iraq, Lebanon and Syria, and that it will

become an economic partner in the Gulf region and secure recognition of its status as an authentic stakeholder in regional decisions.

Geneva was merely an interim agreement. Various pressures will exert themselves in the next six months from the US and Iran, as well as regional powers in the Middle East, making it very possible that a permanent and final deal will not be realized. Any path creating consistency in the strategic objectives of both sides should include bilateral ties between the US and Iran in the fields of education, economics, culture and politics. The 1970s and 80s model of US-Egypt relations provides a good model for what should happen, with the caveat that Sadat's shift to the US found no opposition within the Egyptian state. In Iran there is opposition in various government circles, particularly at the highest levels, as well as thorny regional issues which could prevent future consensus.

In short, the Geneva interim agreement progresses normalisation of Iran's political relations with the US and allied western European countries, while Tehran is spared the threat of force against it in the foreseeable future. The deal will make the political climate in the Islamic Republic significantly better; however, Iranian-US relations have quite a ways to go before they turn friendly or even into an alliance, and may actually never do so.

Future outlook

The Geneva agreement spoke volumes about the immense yet limited power enjoyed by the United States and its Atlantic allies – on the one hand, they were able to leverage control over a key aspect of world economic order; on the other hand, the US' limitations were seen in its insistence on avoiding costly involvement in the Arab-Islamic Levant, particularly in light of the Bush administration's recent history in the area. The agreement also illustrated Israel's limited impact on US decision-making when strategic interests are at stake.

This is nothing more than an interim agreement. While western powers achieved almost all they desired, and Iran earned temporary respite from the threat of war, the reality is that actors such as Israel and its supports in Washington as well as Arab powers will continue to demand that Iran be stripped of all enrichment capabilities. Iran will argue that this will put them at risk of a Qaddafi-like end, creating a stalemate which has two possible outcomes: the temporary deal becomes the long-term agreement with no final consensus, or a final agreement is reached based on the temporary conditions. Either way, Tehran likely gives up its dream of nuclear weapons capabilities.

At the political and strategic level, it is premature to predict the emergence of an Iranian-American alliance. However, the agreement opens what could be a long road towards political normalisation between the two countries. Of course, it is important to note other events in the region, such as the US's stance on Syria's Assad regime and Iraq's election outcomes, will likely also have an impact on future relations between Iran and the US.

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