

The Iranian Nuclear Deal:
A Step towards a Middle East without Weapons of Mass Destruction?

MULLER LECTURE

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I would like to begin by thanking Professor Jan Rood and the Netherlands Society for International Affairs for inviting me to give the Muller Lecture, named after Dr. Hendrik Muller, Dutch businessman, diplomat, and ethnographer of the late 19th and early 20th century. I am honored to have this opportunity to join the list of distinguished speakers who have given the Muller Lecture in past years, including Dutch Minister of Foreign Affairs Frans Timmermans, who spoke last year on resource scarcity. This year, in keeping with the Nuclear Security Summit that gathers here in The Hague next week, I have been asked to speak about one of the most significant nuclear security challenges confronting the international community. Dr. Hendrik Muller lived and worked before the Nuclear Age, but – as a Renaissance man in his own time - I hope he would have agreed on the importance of preventing the spread of nuclear weapons as one of the main requirements to maintain international peace and security.

The title of my talk is “The Iranian Nuclear Deal: A Step towards a Middle East without Weapons of Mass Destruction?” Accordingly, I would like to focus my remarks on the current

negotiations between Iran and the P5+1 (the five permanent members of the UN Security Council plus Germany) – under the direction of EU Foreign Policy chief Cathy Ashton - to resolve the Iranian nuclear issue. What are the prospects for achieving a diplomatic agreement that addresses international concerns about Iran’s nuclear intentions and capabilities? If such an agreement can be achieved, could it serve as a step towards establishing the long term objective of a Weapons of Mass Destruction Free Zone in the Middle East?

The first thing I want to say is that the 24 November 2013 Joint Plan of Action between Iran and the P5+1 - which was greeted with so much controversy and criticism - seems to be moving ahead very smoothly. Based on the implementation agreement of 20 January 2014, Iran has already taken the most significant steps to freeze or roll back key elements of its nuclear program and allow increased monitoring by the International Atomic Energy Agency (IAEA). According to the most recent IAEA report on 20 February 2014, Iran has suspended enrichment above 5% and halted installation of additional centrifuges at the Natanz and Fordow enrichment facilities, begun to dilute or convert its existing stockpile of 20% enriched uranium, and halted major construction of the Arak heavy water research reactor. To monitor these restrictions, the IAEA has obtained greater access to Iran’s enrichment facilities, workshops to produce and assemble centrifuges and uranium mining and processing facilities. As long as these measures are in place, they limit Iran’s ability to improve its existing capacity to produce fissile material and enhance the IAEA’s ability to detect cheating or breakout.

On the sanctions side, the United States and the EU have relaxed trade sanctions on precious metals, automotive parts, and petrochemicals and begun to give Iran limited access to oil revenues frozen in foreign bank accounts – as promised under the Joint Plan of Action. Despite the fears of some critics of the interim agreement, the overall sanctions regime seems to be

holding intact. Although many companies have begun to explore potential business opportunities with Iran in the event that sanctions are removed, they have been strongly warned by Washington and European capitals that the existing sanctions will be enforced. Since the Joint Plan of Action went into effect in January, Iranian oil exports have slightly risen to 1.3 million barrels per day (MB/D) in February, but this level is still within the caps that the U.S. has negotiated with Iran's major remaining oil customers - China, India, Japan, and Korea. As the negotiations for a comprehensive agreement proceed, Washington and the European capitals will need to ensure that the remaining sanctions do not erode so that Teheran will be under maximum pressure to meet P5+1 demands for a comprehensive agreement.

The negotiations for a comprehensive agreement began in Vienna in mid-February with Iranian Foreign Minister Zarif and EU Foreign Policy head Cathy Ashton, accompanied by the P5+1 Political Directors. The negotiators agreed to a framework for subsequent negotiations that identified the main issues and established a schedule for additional meetings. The parties met at the expert level in Vienna in early March and Political Directors are meeting again in Vienna this week. Under the terms of the Joint Plan of Action, the negotiators will seek to conclude a comprehensive agreement within six months – this is by 20 July 2014 – with an option to extend the negotiations for an additional six months by mutual agreement until 20 January 2015.

Although the negotiations for a comprehensive agreement are just getting started, we can already identify the main issues and stumbling blocks. In principle, both sides agree on the basic structure of a deal – Iran will accept specified limits and additional monitoring of its nuclear activities for a defined period of time in exchange for comprehensive relief from UN Security Council, multilateral and national nuclear-related sanctions and provision of peaceful nuclear cooperation for Iran's civil nuclear program. At the end of this specified period, the parties agree

that the extra restrictions on Iran's nuclear program will be lifted and Iran will be treated in the same manner as that of any other non-nuclear weapon state party to the nuclear Non Proliferation Treaty (NPT).

In practice, however, the two sides are very far apart on the essential details of an agreement concerning the magnitude and duration of restrictions on Iran's nuclear program. When President Obama announced the interim deal he said that in a final deal "Iran must accept strict limitations on its nuclear program that make it impossible for Iran to develop a nuclear weapon." To meet U.S. national security requirements and to sell the deal to Congress and allies in the region, the Obama administration is seeking physical limits that significantly delay Iran's existing ability to produce weapons grade fissile material and substantially increases monitoring to detect break out and any attempt to build secret facilities. In particular, the P5+1 are demanding that Iran significantly scale back its existing enrichment program and accept long term constraints on the number of centrifuges and stockpile of 5% enriched uranium, restrict Iran's development of more advanced centrifuge types, close or convert the Fordow enrichment facility and the Arak heavy water research reactor and cooperate with IAEA to resolve weaponization issues and accept additional verification. Moreover, the P5+1 want these measures to be in place for many years, as long as 20-25 years.

In contrast, President Rouhani and other Iranian leaders have publicly rejected any dismantlement of its current program and closure of existing facilities. Iran has indicated that it will accept some enhanced verification measures, such as the IAEA Additional Protocol, and short term constraints on the size of its enrichment facilities and modifications of its planned Arak heavy water research reactor to limit plutonium production. However, Iran continues to insist that it needs to build an industrial scale enrichment plant for production of nuclear power

plant fuel, develop more advanced centrifuge machines, and construct power research reactors for isotope production. Iran argues that these capabilities are required for its peaceful nuclear program, but in reality, the primary objection of Iran's nuclear program is to create a nuclear weapons option, which Iranian leaders view as essential to assert Iran's dominance in the region and to defend Iran against external enemies, mainly the United States.

Unfortunately, the Ukraine crisis may reduce even further chances for a comprehensive nuclear deal because Iran is less likely to make difficult nuclear concessions when P5+1 unity is threatened by tensions between Russia and the West over Ukraine. If the Ukraine dispute can be limited to Russian annexation of Crimea and the exchange of relatively modest economic sanctions, it may be possible to maintain Russian cooperation in the P5+1 talks, which has been relatively good up to now. If, however, the Ukraine crisis leads to Russian actions in eastern Ukraine and much more significant economic sanctions, it will certainly embolden Iran to take advantage of divisions within the P5+1. In a worse case, Moscow could propose its own ideas for a nuclear deal that the Western powers would reject, but Iran could accept.

Given the fundamental differences among the parties, a comprehensive nuclear agreement is unlikely during the one year time frame of the Joint Plan of Action. Nonetheless, neither side in the nuclear negotiations wants the process to fail. This would inevitably lead to more sanctions, expanded nuclear activities, greater tensions, and higher risk of military conflict. At a minimum, both sides want to avoid being blamed for the collapse of negotiations. As a result, I expect the negotiators will try to find a formula to extend the negotiations past January 2015, perhaps with another interim or partial agreement to exchange additional nuclear constraints for some additional sanctions easing. As long as the process continues, it will delay and limit Iran's nuclear capacity, even if it doesn't resolve the threat. No doubt, there will be strong opposition

in both the U.S. and Iran to a series of interim agreements, including pressure in Washington for additional sanctions and pressure in Tehran to reverse the nuclear freeze. On balance, I think President Obama is in a stronger position than President Rouhani to sustain the diplomatic process in the absence of a comprehensive agreement.

Even if the negotiations break down, however, I think the U.S. and its allies have strong options to increase pressure on Iran to prevent it from building nuclear weapons. Given the soft international oil market – with relatively low demand and multiple sources of increased supply – the Western countries can reduce Iran’s oil exports even further and increase financial pressure to further restrict Iran’s access to and use of its oil revenues. No doubt, Iran will respond to renewed sanctions by unfreezing its nuclear activities. It will deploy additional and more advanced centrifuges, expand its production and stockpile of low enriched uranium, resume construction of the Arak heavy water research reactor and threaten to take additional steps toward nuclear weapons, such as enriching uranium above 20% for the purpose – as Tehran has already hinted – of developing fuel for nuclear submarine reactors.

While Iran can crowd the nuclear threshold, its options to actually build nuclear weapons are limited. The IAEA would quickly detect any effort by Iran to produce weapons grade highly enriched uranium at its inspected enrichment sites and international alarm bells would ring if Iran begins to obstruct IAEA inspections. The Supreme Leader is unlikely to run the risk that nuclear break out from declared facilities will trigger a military attack from the U.S. or Israel. More likely, Iran will try to build covert secret enrichment facilities so it can produce weapons grade uranium in secret – as it has already tried to do two times in the past. So far, however, the U.S. and its allies have been able to detect construction of covert facilities before they became operational and forced Iran to submit these facilities to international inspection.

Let me conclude with a few thoughts on how the Iran nuclear issue relates to regional arms control efforts. The idea of creating a Nuclear Weapons Free Zone in the Middle East – or, more ambitiously, a Weapons of Mass Destruction Free Zone – has been around for more than fifty years. In theory, all regional parties support the establishment of such a zone, but very little progress has been made in that time, beyond predictable speeches, hortatory resolutions and occasional meetings among diplomats and experts. The deep differences among the regional parties on the terms and conditions are well known. Israel, for example, argues that a zone cannot be established until there is enduring and stable peace with its neighbors. The Arabs, led by Egypt, have argued that negotiations for a zone should begin in parallel with peace negotiations between Israel and Palestine. For its part, the U.S. has avoided adding another contentious issue to the list of problems that already complicate settlement of the Israeli-Palestinian issue. Iran – while giving lip service to a zone – has refused to attend the most recent meeting of regional parties to negotiate arrangements for a regional conference on the zone because of Israel's participation.

Fundamentally, the underlying security and political conditions in the Middle East make regional arms control arrangements very difficult to achieve. Given tensions among the states of the region and lack of normal diplomatic relations between Israel and many others, it is hard to even conduct negotiations, much less complete and implement agreements. In contrast to regions where Nuclear Weapons Free Zones have been created, such as Latin America, Southeast Asia, Africa, and the South Pacific, the states of the Middle East have repeatedly engaged in major military conflicts with each other and the threat of force remains a prominent feature of regional politics.

Remarkably, since the Second World War, six states in the Middle East have made serious attempts to acquire nuclear weapons – Israel, Egypt, Iraq, Libya, Syria and Iran. Thus far, only Israel has succeeded. Even though the conventional Arab military threat to Israel’s existence has abated, Israelis still view their nuclear deterrent as an ultimate guarantee of survival in a region of instability, conflict, terrorism, and Iran’s growing nuclear threat. The four Arab states that have pursued nuclear weapons all failed – Egypt under Nasser, Iraq under Saddam Hussein, Libya under Qaddafi and Syria under Assad – the last three launching secret nuclear programs in violation of their NPT commitments. The indigenous capacity of Arab states to develop nuclear weapons will remain limited for many years, but the motivation persists. Several Arab governments – most prominently Saudi Arabia - have made clear they intend to pursue nuclear weapons if Iran succeeds.

To sum it up, the basic conditions for achieving a WMD Free Zone in the Middle East are not favorable. In my view, preventing Iran from acquiring nuclear weapons is a necessary, but not sufficient condition for establishing such a zone. Obviously, if Iran acquires nuclear weapons, Israel will be doubly determined to retain its nuclear deterrent and some Arab countries will be doubly determined to acquire their own. In the unlikely event that a comprehensive nuclear agreement with Iran is achieved, many significant political and security obstacles to establish a zone will remain. In fact, we have to be careful not to link the Iran nuclear negotiations to regional arms control issues because Iran may attempt to make its acceptance of nuclear constraints dependent on other states in the region accepting similar constraints.

I want to end on a relatively positive note – as much as one can in dealing with the Middle East. Although I am skeptical that an overall nuclear deal can be reached with Iran, I believe we still have the capacity to prevent Iran from acquiring nuclear weapons through a combination of

diplomacy, economic sanctions, political pressure, intelligence operations, export controls and the threat of force. Of course, these measures only delay the problem, but that may be the best that can be achieved given the current leadership in Iran. Ultimately, we have to hope that domestic political developments inside Iran produces a government that places less value on nuclear weapons and more emphasis on economic development and normalized political relations with the outside world, including the U.S.

Thank You.