



Iran-US

NUCLEAR DEAL

Tehran back on track



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Iran-US nuclear deal: Tehran back on track

By Rahat Iqbal

Iran is a Middle Eastern country, sharing borders with Iraq, Afghanistan, Pakistan, Azerbaijan, Turkey and Armenia. The country has been striving hard to get nuclear technology. Many states viewed in the 1990s that Iran was on the verge of achieving a civil nuclear technology. Iran's clandestine research in both fuel enrichment and conversion raised international concerns in 2002 and 2003 that the country had gone beyond its purported peaceful purposes. Therefore, the international community imposed sanctions on different sectors in Iran in order to stop it from going nuclear. Multiple sanctions imposed on Iran adversely affected the country's economy; however it learned to survive independently mainly due to its oil reserves as well as national unity.

The simmering US-Iran nuclear deal – if sustained and implemented – will have much larger impact not only on the Middle Eastern but also international political dynamics. Israel and Saudi Arabia have been expressing their sheer concerns about the deal due to their multifaceted frictions with Iran. Throughout the history, Saudi Arabia and Iran have hardly enjoyed cordial relations primarily due to their religious/sectarian differences also having political connotations. The two countries have been fighting proxy wars to promote their religious beliefs and ideologies in Muslim countries including in their region.

Israel is frustrated due to Iranian support to Palestinians and its close affiliation with and support to Hezbollah, a Shia Islamist militant group and political party based in Lebanon. The real problem for Israel is that a nuclear Iran will endanger its decades-old strategy of domination in the Middle East that consists of threatening large states into submission, containing them militarily and preventing them from spreading their influence abroad. Initially, Israel strongly criticized the US nuclear deal with Iran on the plea that Iran cannot be trusted as it may discreetly cheat the agreement for achieving military nuclear technology. Israel advocated that instead of keeping Iran under certain threshold of nuclear capability, the option of complete elimination of nuclear capability be adopted.

Iran's efforts to achieve nuclear capability

Iran launched its nuclear projects during the Shah of Iran's era, with the assistance of US and Europe. In 1974, Iran had already started carrying out research and education in nuclear technology at the University of Tehran in the capital city of Iran (Etemad, 1987:207). During that period, the Shah of Iran planned to produce approximately 2,300 megawatts of electrical power through nuclear technology within 20 years. Resultantly, different contracts with United States and Europe were signed including with Kraftwerk Union (KFW, Siemens Subsidiary) for building two 1,200 megawatt reactors in Buser city. Simultaneously, Iran also focused to work on some

nuclear fuel cycles, which included plans for nuclear research centers in Isfahan as well as on the uranium exploration and ore processing (Soltanieh, 2003). During Iran-Iraq war in 1980, the bombing of Buser nuclear site forced the “Siemens” company to end the contract.

During the era of Akbar Hashemi Rafsanjani, in late 1980s, the Iran’s nuclear program was revived. By the 1990s, Iran had recovered from the war and again started paving its way for the nuclear program, but this time, with the assistance of China and Russia. It concluded a contract with China in 1990 and with Russia in 1995 for construction of Buser reactor and also for supplying a uranium enrichment plant (Mikhailov & Amrollah, 1995). Iran was able in mastering the technology of uranium enrichment plant by 2003, one of the main fuel components of nuclear weapons. Some observers believe that the revival of Iran’s nuclear program became partly possible with the alleged help of Pakistani scientist A.Q. Khan. The contact between Iran and A.Q. Khan had started in early 1987 (Corera, 2006: 60). From 1992 to 1999, according to a report by the Director General IAEA, Iranian representatives met with the Khan network 13 times (IAEA, 2004:8). According to some accounts, the p-2 samples and accompanying detailed specifications and drawings allowed Iran to skip ahead in its research and make thousands of centrifuges on its own, ordering parts individually from the Khan network as well as from other sources in Europe and elsewhere (Fitzpatrick, 2007: 71-72).

Iran geared up its quest for building a nuclear capacity after its war with Iraq in the 1980s. It feared that the Iraq and Libya would definitely acquire the nuclear capability for their security, which will give them a remarkable supremacy over Iran. Hence Iranian leadership also opted for the production of nuclear weapons in order to deter external threats.

Nuclear program of Iran generated concerns worldwide after it succeeded in the construction of gas centrifuge enrichment facilities. Such centrifuges can produce both low-enriched uranium (LEU), which can be used in nuclear power reactors, and highly enriched uranium (HEU), which is one of the two types of fissile material used in nuclear weapons. Iran was also able to successfully develop its uranium conversion facility, which converts uranium oxide into several compounds, including uranium hexafluoride. (Kerr, 2015: 1). Moreover, the worlds’ suspicions increased when evidence went strong regarding Iranian road map to construct reactor moderated by heavy water at Arak with an intention to produce medical isotopes despite knowing the fact that reactor spent fuel contains the plutonium isotopes, which can help in the developing nuclear weapons (Kerr, 2015: 1).

Sanctions on Iran

Iran has faced the US and international sanctions since its Islamic Revolution of 1979 – with sanctions becoming broader in 1995, expanded further in 2005 and reached its peak in 2011 – for coercing Iran to abandon its nuclear program. These sanctions have remained controversial in many discussions and at many forums due to their possible impact and negative side effects. The extent and timing of relief from these imposed sanctions for Iran in lieu of the final nuclear deal are also matters of controversy.

- a. **Sanctions after Iranian Revolution in 1979.** There were no sanctions imposed on Iran until the US Embassy siege and attack in Tehran. After that incident, an escalating series of sanctions started under the Presidency of Jimmy Carter with a start of ban on Iranian oil imports, blocking the assets of Iranian government in US. Moreover, the administration imposed embargo on trade links between US and Iran as well as on travel to Iran (Laub, 2015). The United Nations Security Council (UNSC), regional and international establishments such as US, member States of European Union (EU), Korea, Japan, Canada, Australia, Norway, Netherlands, Switzerland and others placed a tough inter-locking matrix of sanctions relating to Iran's nuclear program, missile technology, energy sector, shipping, transportation, and financial sectors (US Department of States, 2015). As a result the Iranian economy started shuddering badly.
- b. **Reagan administration.** The second set of sanctions was imposed after the bombing of US marine peacekeepers in Lebanon; Washington imposed restrictions on such as loans from World Bank. Besides this, the administration also put more restrictions on exports of dual use technology for military use during the Iran-Iraq war. The U.S was also facing the criticism for purchasing Iranian oil for Strategic Petroleum Reserves, hence the ban was placed on entire Iranian exports to US (Clawson, 2010).
- c. **Clinton administration.** The sanctions imposed for the third time were in 1995 under the presidency of Clinton. These sanctions were imposed due to Iranian announcement of a deal of USD 1 billion with a US oil company Conoco to develop the selected oil and gas fields. Therefore, president Clinton called for the banning of anyone related to US participation in Iranian petroleum development. Moreover, two months later, he further imposed complete embargo on total trade and investments of Iran. Furthermore in 1996, Congress overwhelmingly passed the Iran and Libya Sanctions Act (ILSA) to persuade foreign companies not to invest in Iran's oil and gas industry, the main source of Iranian income (Farrar, 2011: 2356-2358).
- d. **Bush administration.** The fourth time sanctions were imposed during the Bush administration due to the reports that Iran is involved in the internal security / political dynamics of Iraq, thus fueling terrorism and playing a pivotal role in threatening stability of Iraq. Moreover, the reports also illustrated that Iran is still continuously pursuing its nuclear and missile program. Resultantly, the Bush administration established an office in Department of Treasury which was responsible to forcefully ensure implementation of US sanctions on different countries particularly Iran. It was also responsible to monitor the adherence of these sanctions by private firms (Katzman,

2006: 37-39). In addition, Washington also imposed sanctions on many foreign entities and companies, especially Chinese and Russian, which were allegedly assisting Iran in the development of its nuclear and missile programs (Clawson, 2010).

- e. **Obama administration:** The latest sanctions imposed on Iran were basically the extension of the previous sanctions enforced during the presidency of George W. Bush. US subsidiaries of foreign banks have paid more than \$14 billion in penalties for violations of sanctions regulations, mostly related to transactions with Iran. In June 2010, US Congress prodigiously approved the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA), which besides many other factors embattled the supply of refined petroleum products to Iran by different non-U.S. firms. In 2010, Iran was importing approximately 30 percent of its refined gasoline due to substandard condition of its own refineries. Many renowned international oil companies publicized to abandon their supply deals with Iran due to CISADA's provisions (Factsheet, 2012). Section 1245 of the National Defense Authorization Act for fiscal year 2012 placed sweeping restrictions on foreign banks dealing with Iran's Central Bank. Foreign companies were facing grave consequences if found involved in trading or providing transport or financial services for Iran's oil and automobile industries, as well as precious metals sector. In November 2013, the Obama administration suspended or waived a number of sanctions after reaching an interim agreement with Iran over the nuclear issue. Perhaps the most important change was that the United States did not require foreign banks to make further reductions in oil purchases, below the 1.1 million barrel per day level then prevailing, to avoid the Section 1245 penalties (Clawson, 2010)

Iranian perspective on the nuclear deal

The Iran nuclear deal is titled with Joint Comprehensive Plan of Action (JCPOA). It is not only an engagement with US rather comprises of P5+1 countries which include US, Great Britain, Russia, France, China and Germany. This deal achieved its first major breakthrough on July 15, 2015. It was brokered to stipulate mutual concessions, lifting economic sanctions on Iran and in return Iran has to end its nuclear program. The agreement is primarily focused on curtailing and discouraging Iran from pursuing its development of nuclear weapons. Iran is the only Middle Eastern country that was on the verge of accomplishing its nuclear program, besides Israel. This development could have brought a paradigm change in security and political balance of the region.

The deal is quite complex in nature; on one hand it bounds Iran to forgo its quest for a nuclear bomb for a minimum of next fifteen years and on other hand it also places limits on the numbers of centrifuges, the decrease in stockpile of low enriched uranium, the elimination and redesigning of the heavy water core reactor at Arak, and to abandon reprocessing capabilities for the above mentioned period of time (Ross, 2015). The exact extent of the reduction in the deal is given below (Solomon, Casey & Lee, 2015):

- No uranium enrichment over 3.67% purity—the level suitable for power plants but not for nuclear arms.
- Reduction in the number of installed centrifuges to 6,104 from about 19,000
- Fordow nuclear facility to be converted into a research center.
- It is still unclear that if Iran would have to disclose its past nuclear research.
- A reduction to Iran's stockpile of low-enriched uranium from 10,000 kilograms to 300 kilograms.
- The right of inspectors to access all Iran's nuclear facilities and its supply chains.

President Obama had very rightly emphasized that the deal is not blindly centering on trust as it merits several sweeping means to validate the real time developments of Iranian nuclear program. Definitely, it will follow a comprehensive monitoring of the whole supply chain from the mining to enrichment, hence making it almost impossible for Iran to divert materials into any covert program. These all preconditions provide an ample advantage for scrutiny in the agreement (Ross, 2015).

The deal's opponents in the US and Israel have endeavored to manipulate the public's ignorance regarding International Atomic Energy Agency (IAEA) procedures; however the agreement made its way as the IAEA inspection policy doesn't rely on self-supervision or trust rather it encompasses a complete protocol of inspections. Moreover, every IAEA inspector is trained in the Los Alamos National Laboratory of USA, hence ensuring indirect U.S. presence in the monitoring teams for Iran.

Iran is anticipating to gain a lot from this nuclear agreement rather than just the economic gains. Iranian Foreign Minister Javad Zarif stated that "Iran has signed an historic nuclear agreement — now it's Israel's turn." As per Zarif, the international community must gain advantage of the momentum created by the Vienna Agreement, which bolsters Iran's status as Non-Nuclear Weapon State, in order to gear a worldwide initiative to ban nuclear weapons. This initiative will pump fresh blood into the NPT. Zarif proposed that the five nuclear powers should start implementing small viable measures. He highlighted that one of the step can be towards establishing a Middle East free of nuclear weapons.

The new Iran after the final deal is hitching for a more powerful status in Middle East hence bringing new challenges for Israel. This is the new Middle East; Iranian style but the major unknown variable is the reaction of the United States. From an economic perspective, any agreement between Iran and the West would certainly lead to the lifting of sanctions on Iranian oil exports. This would further flood the already saturated oil market with cheap Iranian oil, bringing prices even further down.

The role of Israel

There is no doubt that it is a very complex situation for Israel in a way that on one side it will be benefitting from the outcome of the deal between Iran and P5+1 countries and on the other side it will be feeling threatened due to the economic and status uplift gains of Iran. It will also have the fear that Iran can cheat the deal and develop its discreet nuclear weapons. Israel is a major stakeholder in the effects of the deal due to threats it perceives from Iran, but Israel is not part of the structure to directly manipulate the result. Israel is more apprehensive due to the apparent temporary halt in Iranian nuclearization and reduction in its nuclear capacity / capability instead of complete elimination. Those opposing the deal are in fact using pressure tactics so that it results into a good deal instead of a bad deal. The European members of the P5+1 have shown their own vital short-term interest in the agreement, hovering around resumption of business ties with Iran (Landau & Stein, 2015). Israel is uneasy of impending Iran's competitive status and rising power and not the bomb, as it will disturb the regional balance of power.

Despite such heavily pursued reservations, whether the Israeli goals will be achieved and the great powers will exercise what Israel exactly wanted. According to the Israel Minister of Intelligence Mr. Yuval Steinitz the deal should be composed of complete end to Iran's nuclear weapons research and development activity, closure of the Fordow facility and complete ban on its entire work on nuclear and research in the past, followed by elimination of entire stockpile of enriched uranium present in the country (Solomon, Casey & Lee, 2015). These seem to be over ambitious demands, quite far from reality.

Regional / GCC perspective

There are mixed reactions in the Gulf towards the Iranian nuclear deal. Those favoring the deal argue that it would prevent the region from descending into a nuclear arms race. Others however highlight a number of negative consequences of the deal for the Gulf. The absence of GCC member states in Geneva was quite disturbing, even for the international observers.

Seen from Saudi perspective, nuclear deal with Tehran means improvement in Iranian economic standing and its capability to create a nuclear weapon - since the deal will only be effective for 15 years, and will not eliminate Iran's technical capabilities to maintain a nuclear program. Saudi Arabia also feared that its strategic alliance with the US would be adversely affected. Perhaps that is why the Saudi King wasted no time in rushing to America in order to get assurance that his alliance with the US will not be abandoned in return of Iran's favor. The Saudi leaders feared that US might change its position against Iran in the ongoing wars in Syria and Yemen (Berke, 2015).

The US is certainly not darting to see a more influential Iran in the region, but simultaneously, it would not mind some improvement in Iranian stature. The agreement would make Iran free from the enslavement of international sanctions, which kept it isolated since decades. President Obama clearly stated that it is not only the matter of weapons but also the Iran will be back to its position, restoring its traditions, power and influence in the region.

Iran is likely to be re-integrated into cooperation with Western powers, developing serious challenges for the Arab states. US would not abandon the Saudi Arabia and the Gulf countries rather it would revert back to the 'twin pillars' policy of Iran and Saudi Arabia/ GCC to protect Western interests in the region (Iqbal, 2015).

The nuclear deal would enable Iran to adopt a proactive role in defining the contours of emerging Middle East order. Some argue that the increased stature and stakes of Iran are likely to reduce sectarian divide in the region while exerting influence to resolve Syrian conflict. Iran would also get some strategic leverage to enhance trade and transit opportunities for regional states including Pakistan, Afghanistan, India and CARs. Iran has also been hosting millions of Afghan refugees for decades, have stakes in the peace and stability of Afghanistan, would endeavor to develop consensus with Pakistan for an Afghan owned political framework to bring more stability in the region (Zulfiqar, 2014).

Prospects and implications of the deal

The nuclear deal would bring stability in Iran's ties with the West. But still many Western circles opine that Iran can cheat the deal any time and will exert to gain regional superiority over Israel. In order to address this concern, International Atomic Energy Agency (IAEA) inspectors will be allowed to monitor all the nuclear facilities of Iran. Moreover, sanctions will be removed after complete assurance on reduction and elimination of nuclear components by Iran as defined in the deal (Sanger & Gordon, 2015). Iran would find it hard to implement the protocols of the deal as it will also affect its energy sector, hence US will have to initially remove portion of sanctions as CBMs (Hanauer, 2015).

It is very much evident that a western recognition of Iranian regional influence would come at the expense of the Gulf States. In the post-deal reality, there would be three regional powers: Iran, Turkey and Israel. From an economic perspective, any agreement between Iran and the West would certainly lead to the lifting of sanctions on Iranian oil exports that are estimated at between one and 1.5 million barrels a day. This would further flood the already saturated oil market with cheap Iranian oil, bringing prices even further down. If this persisted, it would have adverse economic consequences on the Gulf States, which are already financially overstretched.

The Gulf Arab states may make some strategic shifts to secure their long-term interests, including abandoning their military and security alliance with US in favor of their own joint military cooperation. The Gulf States can also build strategic partnerships with the regional powers of Pakistan and Turkey. Finally, the Gulf States would have to improve internal GCC relations.

Conclusion

Although, the deal has been ratified by partners but still has to be practically implemented. The deal needs some Confidence Buildings Measures by stakeholders to take it forward. Both Iran and West would be the beneficiaries through this deal, whereas regional effects are very dicey due to many inferences drawn from the traditional interests and rifts within the region. Israel and Saudi Arabia have always endeavored to keep US and Iran at bay but the implementation of the deal would help the latter two countries in becoming strong allies. Many circles still oppose the agreement but the independent experts on nuclear proliferation understand that it would block Iran's path to a nuclear weapon. Those who are not driven by ideological-political considerations understand that the deal does not temporarily freeze Iran's nuclear progress for 15 years, but rather it establishes the country as a Non Nuclear Weapon State (NNWS). Neither Iran nor the US is interested in military confrontation and both have much to gain from an agreement. But since this deal will constitute a building block towards diplomatically resolving other regional conflicts, all sides have been negotiating with their eyes on the future.

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