

CHARLES UNIVERSITY IN PRAGUE

FACULTY OF SOCIAL SCIENCES

Institute of Political Studies



Master's Thesis

2015

Bc. Jana Hulvejová

CHARLES UNIVERSITY IN PRAGUE

FACULTY OF SOCIAL SCIENCES

Institute of Political Studies

Bc. Jana Hulvejová

**Negotiation Analysis: Nuclear negotiations with
Iran**

Master's Thesis

Prague 2015

Author: **Bc. Jana Hulvejová**

Supervisor: **JUDr. PhDr. Tomáš Karásek, Ph.D.**

Thesis defence: **2015**

Bibliographic Note

HULVEJOVÁ, Jana. *Negotiation Analysis: Nuclear Negotiations with Iran*. Prague: Charles University, Faculty of Social Sciences, Institute of Political Studies, 2015, 61 pages. Supervisor JUDr. PhDr. Tomáš Karásek, Ph.D.

Abstract

This thesis deals with the topic of the conflict between the US and Iran over Iranian nuclear program and the possibility of resolving it by negotiating a mutually acceptable comprehensive agreement. The aim of this thesis is to analyze whether a zone of possible agreement between the US and Iran on the nuclear issue exists; and if it does, what range of possible agreements falls within it. In order to determine whether a ZOPA exists, the thesis utilizes the negotiation analytic approach, which establishes the elements of the analysis – the parties' underlying interests, their alternatives to a negotiated agreement, barriers to agreement and deal design. By putting the setup elements into a graphical framework representing the negotiation, the analysis finds that a zone of possible agreement between the US and Iran over Iran's nuclear program exists and therefore, a comprehensive deal is possible. However, the existence of major potential barriers to agreement, such as powerful domestic opponents to an agreement on both sides, complicates the negotiating process. The findings of the analysis indicate that to overcome these barriers and reach a mutually acceptable deal, both sides have to retreat from their fixation on maximalist bargaining positions and instead focus on their core underlying interests. Accommodating both parties' core interests requires looking for creative trade-offs within the individual elements of the agreement, largely between technology and transparency of the nuclear program, and making the deal sellable at home for both sides.

Abstrakt

Táto práca sa zaoberá témou konfliktu medzi USA a Iránom ohľadom iránskeho jadrového programu a možnosti jeho vyriešenia vyjednaním obojstranne prijateľnej finálnej dohody. Cieľom tejto práce je analyzovať, či medzi USA a Iránom existuje zóna možnej zhody o

jadrovej otázke; a ak áno, aký rámec možných dohôd do nej spadá. Aby bolo možné určiť, či zóna možnej zhody existuje, práca využíva metódu analýzy vyjednávania, ktorá určuje jednotlivé prvky analýzy ako základné záujmy strán, ich alternatívy k dojednanej dohode, prekážky dohody a návrh podoby dohody. Po vložení prvkov do grafickej štruktúry zobrazujúcej jednania, analýza zisťuje, že zóna možnej zhody medzi USA a Iránom o iránskom jadrovom programe existuje a finálna dohoda je možná. Avšak, prítomnosť veľkých potenciálnych prekážok dohody, ako sú silní domáci oponenti dohody na oboch stranách, komplikuje proces vyjednávania. Výsledky analýzy ukazujú, že prekonať prekážky a dosiahnuť obojstranne prijateľné riešenie je možné, ak obe strany znížia dôraz na svoju maximalistickú vyjednávaciú pozíciu, a namiesto toho sa zamerajú na svoje základné záujmy. Aby finálna dohoda vyhovela základným záujmom oboch strán, aktéri musia hľadať kompromisy v rámci jednotlivých bodov dohody, predovšetkým týkajúce sa technológie a transparentnosti jadrového programu, a podpísať dohodu, ktorá bude akceptovaná aj v domácom prostredí oboch strán.

Keywords

Iran, USA, nuclear program, negotiations, Middle East, negotiation analysis, nuclear weapons, agreement, zone of possible agreement

Klíčové slová

Irán, USA, jadrový program, jednania, Blízky východ, analýza jednaní, jadrové zbrane, dohoda, zóna možnej zhody

Extent of the work: 115 290 characters

Declaration of Authorship

The author hereby declares that she compiled this thesis independently, using only the listed resources and literature, and the thesis has not been used to obtain a different or the same degree.

The author grants to Charles University permission to reproduce and to distribute copies of this thesis document in whole or in part.

In Prague, January 5, 2015

Signature: Jana Hulvejová

Acknowledgments

I would like to thank my supervisor JUDr. PhDr. Tomáš Karásek, Ph.D. for his consultations and tips.

I would also like to thank Martin for his incredible support, help, love and more. And also a big thank you to my family for their support.

Table of Contents

- PART I: Introduction..... 1
 - A. Topic specification and delimitation 1
 - B. Research questions: 2
 - C. Research method..... 2
 - D. The structure of the master thesis 4
- 1. Method: Negotiation analytic approach 5
 - 1.1. Origins, literature, main characteristics 5
 - 1.2. Interests 5
 - 1.3. Alternatives 6
 - 1.4. ZOPA and the graphical framework 7
 - 1.5. Barriers to agreement..... 11
 - 1.6. Deal design 12
- 2. Parties' Interests 13
 - 2.1. Iran 13
 - 2.1.1. Iranian Decision-making 14
 - 2.1.2. External influences 15
 - 2.1.3. Internal influences 16
 - 2.1.4. Impact of a negotiated agreement..... 19
 - 2.2. USA 20
 - 2.2.1. Is Iran's nuclear program a threat to US interests? – Literature review 21
 - 2.2.2. Interest regarding Iran's nuclear program 27
 - 2.2.3. Impact of a negotiated agreement..... 28
- 3. Alternatives to a negotiated agreement 31
 - 3.1. Iran 31

3.1.1.	Breakdown of negotiations.....	31
3.2.	USA	32
3.2.1.	Breakdown of negotiations.....	32
3.2.2.	More pressure	33
3.2.3.	Military force – Literature review	35
4.	ZOPA and Graphical Framework.....	40
5.	Barriers to agreement.....	43
5.1.	Technical Issues.....	43
5.1.1.	Uranium enrichment capacity and monitoring and transparency measures	43
5.1.2.	Possible military dimensions	46
5.1.3.	Sanctions relief	46
5.1.4.	Duration of the deal	48
5.2.	Political issues to resolve.....	49
5.2.1.	Hardliners in Iran.....	49
5.2.2.	Hardliners in the US	50
5.2.3.	Opposition from regional US allies – Israel and Saudi Arabia	51
6.	Deal Design	53
6.1.	Focus on irreducible core interests	54
7.	Conclusion.....	59
	Bibliography	62
	Appendix: The Joint Plan of Action.....	71
	Master Thesis Proposal.....	76

List of Abbreviations

P5+1	The five permanent members of the UN Security Council plus Germany
IAEA	International Atomic Energy Agency
ZOPA	Zone of Possible Agreement
JPOA	Joint Plan of Action
BATNAs	Best Alternatives to a Negotiated Agreement

PART I: Introduction

A. Topic specification and delimitation

After over a decade-long standoff between Iran and the international community over Iran's nuclear program, negotiations reached a surprising breakthrough in November 2013 with the signing of the Geneva interim agreement (also called the Joint Plan of Action¹) by Iran and the P5+1². The interim agreement aims to set a framework for reaching a comprehensive nuclear deal on the issue within a timeframe of 6 months. However, over a year later – and several rounds of intensive negotiations and two extensions of the agreement later – the Iranian nuclear crisis seems as intractable as ever.

The P5+1 countries, led by the US, have made it their objective to halt Iran's nuclear progress and prevent the regime from acquiring nuclear weapons, which they suspect is Iran's objective. For this purpose, they have imposed one of the toughest sanctions regimes and threatened to use military force, which has resulted in harsh Iranian isolation. For Iran, a resolution of the issue is essential for restoring its damaged economy. Nevertheless, Iran is loathe to compromise on its nuclear program, insists on maintaining its enrichment program and claims its purpose is solely peaceful. It is commonly suggested that due to the wide gap between the parties' objectives and their rigidity of positions, a comprehensive nuclear deal is unlikely to happen.

The aim of this thesis is to analyze whether a mutually acceptable comprehensive deal that would resolve the conflict between Iran and the US over the nuclear program is possible. Is there an outcome on which the negotiating parties can agree?

As mentioned, the nuclear negotiations with Iran include a range of actors, the P5+1 countries, and other interested parties, such as Israel and the Arab states, each with its own interests. However, the analysis will intentionally focus only on the official US – Iranian relationship

¹ The full text of the Joint Plan of Action is in Appendix I

² The five permanent members of the UN Security Council plus Germany.

due to the limited scope of a master thesis and due to its central importance to this issue, as their decisions more than anything will determine the outcome.

A necessary condition for each party's reaching agreement is that the deal will appear superior in terms of each party's subjectively perceived interests, to its best alternative to a negotiated agreement. In the language of negotiators, whether a deal is possible depends on the existence of a "zone of possible agreement" (ZOPA). ZOPA is the range of potential deals that are better, in terms of each party's perceived interests, than the best alternative to a negotiated agreement of each party. The existence of a ZOPA is also a prerequisite for a diplomatic success.

B. Research questions:

- Is a mutually acceptable comprehensive agreement between the US and Iran over Iranian nuclear program possible? Does the zone of possible agreement exist?
- If it does, what range of possible deals falls within it?

C. Research method

In my attempt to answer the research questions, I will follow the methodology of "negotiation analysis," an approach that has its roots in game theory, statistical decision theory and decision analysis. The method emphasizes identifying the parties' underlying interests, as opposed to the positions taken, and their alternatives to a negotiation agreement, which set the limits of the negotiation. The next step of the analysis is using the parties' interests and alternatives to a negotiated agreement to determine whether a zone of possible agreement exists within such setup. Determining whether a ZOPA exists enables the next step of the analysis – deal design or in other words envisioning potential agreements. In addition, possible barriers to agreement must also be identified.

In my analysis of the nuclear negotiations, I will utilize the negotiation analytic approach together with an analytical graphical framework developed by James Sebenius and Michael

Singh for their own analysis³ of the nuclear negotiations with Iran. Their analysis was written in 2012, before the occurrence of rapid and significant developments in Iran – the West ratcheting up one of the toughest sanctions regimes crippling Iran’s economy and its crucial oil sector, the election of a moderate, Hassan Rouhani, as President after a campaign of reaching out to the West, the intensification of talks and finally, signing a breakthrough interim deal. These developments make their conclusions outdated and call for an update. Their article and mainly the framework have served as an important basis for my own thesis, however, I depart from their analysis in the different input assumptions of the parties’ interests and alternatives to a negotiated agreement and also in the slightly adjusted graphical framework to better represent the current negotiations.

With regard to the proposed project of the thesis⁴, this thesis deviates from it in several aspects. It does not include an assessment of past US negotiating efforts using the framework and discussion of the possible effects of various cost-imposing and value-enhancing measures on opening space for a potential deal or constricting a ZOPA for two reasons. First, due to the sufficient analysis of the two issues by Sebenius and Singh⁵ and second, largely due to the limited scope of a master thesis. On the other hand, as opposed to the project, the thesis includes an overview of the contentious debate in the American academia about the Iranian nuclear issue, about whether Iranian nuclear program is a threat and how the US should respond to it.

The assessment of how American and Iranian leaders perceive their interests, alternatives to a negotiated agreement and their perceptions of the other side are only as good as the available information. The assessment is gathered mainly from officials’ statements, drawn from their actions, behavior, from assessments of the US intelligence community and the various studies on the Iranian regime and its ideology. I also largely draw on the extensive collection of reports from leading IR think tanks, academic articles and books on the subject.

³ SEBENIUS, J. K. and SINGH, M. K. (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations. *International Security*. 37 (3)

⁴ Listed at the end of the document.

⁵ SEBENIUS, J. K. and SINGH, M. K. (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations.

D. The structure of the master thesis

The thesis continues in the following manner. The first chapter provides an overview of the negotiation analytic approach, its individual elements and presents the graphical framework, which is used for analysis of the negotiation. The next two chapters focus on the key elements of the negotiation analytic approach – parties' interests and their alternatives to a negotiated agreement. The second chapter identifies Iran's interests, discusses its decision-making process, its domestic and external influencers and discusses the potential implications of a successful deal. It then identifies the interests of the US, includes an overview of the American academic debate about whether Iran and its nuclear program pose a threat, and also the potential implications of a successful deal. The third chapter identifies Iran's and the US' alternatives to a negotiated agreement and the ramifications of a breakdown of negotiations. The chapter on the alternatives of the US also includes an overview of a debate in the US academia about the use of military force in dealing with the Iran. The fourth chapter utilizes the graphical framework to determine whether a zone of possible agreement between US and Iran exists. The fifth chapter identifies the potential barriers to a negotiated agreement, including the domestic and international opposition to a deal. The sixth chapter focuses on deal design and attempts to visualize what kind of a deal falls within the ZOPA and is achievable. Finally, the conclusion discusses the results of the analysis and ends with concluding remarks.

1. Method: Negotiation analytic approach

1.1. Origins, literature, main characteristics

The negotiation analytic approach has its roots in game theory, statistical decision theory and decision analysis. The “founder” of negotiation analysis, Howard Raiffa, was seeking to overcome the limits of game theory and to bridge the prescriptive and descriptive approaches. Borrowing from these fields, but with a distinct methodology, it uses a perspective on negotiation that is “asymmetrically prescriptive/descriptive”, which means that “it develops the best possible advice for what one or more parties should do conditional on empirically grounded assessment of what the other side(s) actually will do.”⁶

Negotiation analysis focuses not only on the interactive process “at the table”, but also on actions “beyond the table.”⁷ It encompasses all “dimensions” of the negotiation – tactics at the table, deal design, and the negotiation setup. Negotiation analysis usually decomposes the problem into characteristic elements. It generally focuses on assessing the full set of involved parties, their underlying interests, and their alternatives to a negotiated agreement – these elements make up the “setup” of the negotiation. After identifying the setup of the negotiation, the approach focuses on the possibility of the existence of a zone of possible agreement, identifying the barriers to agreement and deal design.

1.2. Interests

First step of the analysis requires probing deeply for interests, distinguishing them from issues under negotiation and positions taken. Interests are defined as “whatever you care about that is potentially at stake in the negotiation”, issues are “the things that are in the table and up for direct discussion” and positions are “the negotiating parties’ stands on those issues.”⁸ Positions on issues may reflect underlying interests, but they do not have to be identical, therefore it is important to examine apparently incompatible bargaining positions to

⁶ SEBENIUS, J. K. (2009) Negotiation Analysis: From Games to Inferences to Decisions to Deals. *Negotiation Journal*. October

⁷ SEBENIUS, J. K. (2009) Negotiation Analysis: From Games to Inferences to Decisions to Deals.

⁸ SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals. Boston: Harvard Business School Press.

understand and uncover the real interests of the parties – their fundamental needs and priorities.

Further, what the parties care about or what they value encompasses both economic and noneconomic, tangible and intangible factors. In addition to the absolute economic outcome of the negotiation, people tend to care about relative results, perceived fairness, self-image and reputation.⁹ The assessment of each side's interests will provide basic data, as interests are the *measure* of negotiation.

1.3. Alternatives

Next step of the analysis consists of evaluating each party's alternatives to negotiated agreement. The perception and reality of these "walk-away" or "no-deal options" play a key role in most negotiations. An alternative to a negotiated agreement is defined as the preferred course of action, what one will do if agreement is not reached.¹⁰ According to Wheeler¹¹, determining best alternatives to a negotiated agreement (BATNAs) is the cornerstone of negotiation analysis. In every negotiation, a party must choose between accepting an agreement and pursuing alternatives that are more attractive. Agreement takes place only if "all the parties believe that the deal they have reached makes them better off than they would be by walking away from the bargaining table."¹² Any joint action or agreement must be acceptable; therefore, the value a party places on their alternatives sets the *limits* of the negotiation, the bar that any agreement must exceed to be acceptable. Sebenius and Lax discuss a deal/no-deal balance, analyzing how well the deal serves the parties' interests compared to their alternatives¹³.

⁹ SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals.

¹⁰ FISHER, R. and Ury, W. (1981) *Getting to yes: Negotiating agreement without giving in*. Boston: Houghton Mifflin.; WHEELER, M. (2000) *Negotiation Analysis: An Introduction*. Harvard Business School Background Note 801-156

¹¹ WHEELER, M. (2000) *Negotiation Analysis: An Introduction*.

¹² WHEELER, M. (2000) *Negotiation Analysis: An Introduction*.

¹³ SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals.

1.4. ZOPA and the graphical framework

The next step of the analysis is probes the parties' interests and alternatives to a negotiated agreement to determine whether a zone of possible agreement (ZOPA) exists. ZOPA is the “set of possible agreements that is better for each side, given its interests, than its best no-deal option.”¹⁴ Therefore, the existence of a ZOPA is a precondition for any successful deal. Putting the thesis research question into the language of the negotiation analysis, it goes as follows:

- Within the existing setup, is any mutually acceptable deal possible, given each side's perception of its interests and alternatives to a negotiated agreement? Is there, as of this writing, a zone of possible agreement on nuclear issues between the US and Iran?
- If a ZOPA exists, what range of possible deals fall within it?

To answer the research question, the analysis applies a graphical framework developed by James Sebenius and Michael Singh¹⁵, albeit slightly adjusted.

The graphical framework is a representation of the negotiation and allows a visualization of the main elements of the negotiation analysis. It has an intentionally basic setup; it presents two monolithic parties facing a range of simplified nuclear-related deals and the current alternatives to a negotiated agreement. As an output, the framework visualizes the existence and location of the zone of the possible agreement and the range of feasible deals that fall within it, given a particular combination of interests and alternatives to a negotiated agreement.

The graphical framework has two axes – the horizontal axis represents value for the US and the vertical axis represents value for Iran. Between the two axes is a diagonal “frontier” that

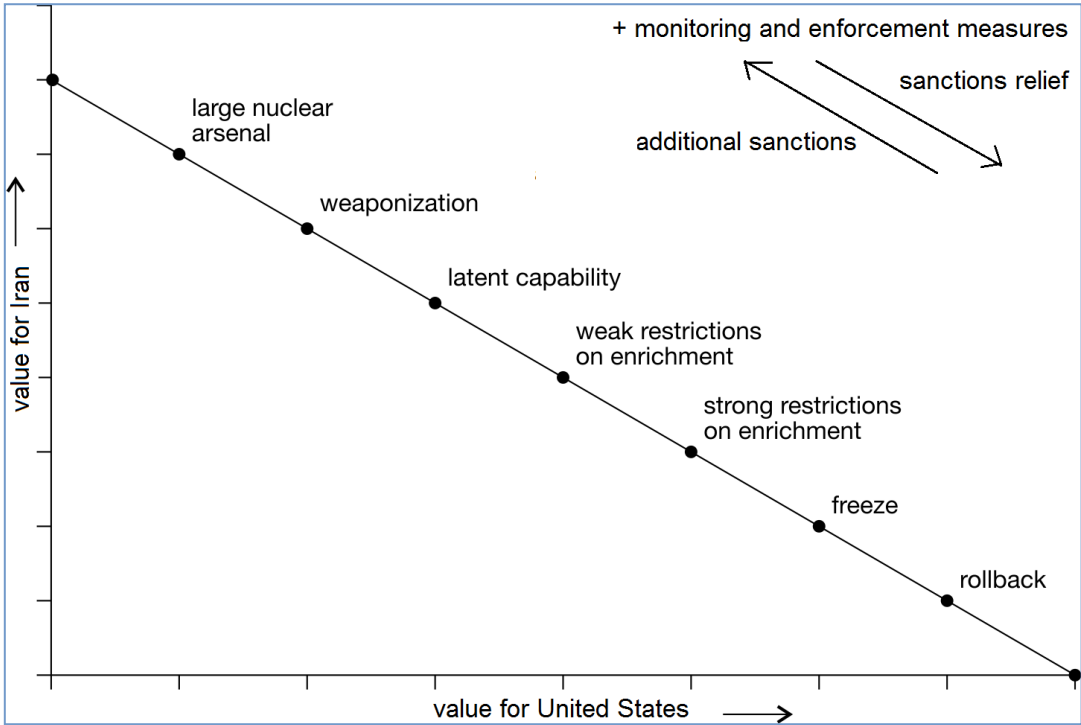
¹⁴ SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals.

¹⁵ Sebenius, James K. and Michael K. Singh (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations.

represents a simplified spectrum of possible outcomes of the negotiations about Iran’s nuclear program. Although the absolute locations of the deals are not fixed, the order is important.

The negotiation analysis of this thesis goes as follows: First, I determine and discuss a set of policy input assumptions about the US and Iranian key interests and best alternatives to negotiated agreement. Using the graphical framework, I locate the parties’ interests on a spectrum of possible nuclear deals based on their policy position. Next, I also analyze and locate each party’s perception of alternatives to negotiated agreement in the graphical framework, as these set the limits for the negotiation. With these elements in place, I determine whether or not a ZOPA exists – via the graphical representation – and if it does, what range of possible deals falls within it.

Figure 1: Graphical Representation of the U.S.-Iranian Nuclear Negotiations



The range of outcomes or possible deals (represented by the diagonal line) includes not just purely nuclear-related deals, but could be characterized as packages of nuclear and other provisions. Combined with each of these nuclear outcomes are monitoring and enforcement measures and sanctions relief/additional sanctions measures. The monitoring and enforcement

provisions do not necessarily differ from one outcome to the next. However, the sanctions measures do vary in a linear fashion from one outcome to the next, and similarly as the scope of the nuclear program, they “decrease” when going downhill on the deal frontier and “increase” when going uphill. Next, I will discuss the individual outcomes with their linkages and implications in more detail.

- **Complete rollback of the Iranian nuclear program and a rollback of the sanctions regime**

A rollback means dismantling Iran’s nuclear program, including ending uranium enrichment and heavy water related activities and removing nuclear material from Iran. However, it remains a question how verifiable such complete rollback could be. What is more important, this would not be a definite solution, as Iran already retains the know-how of uranium enrichment and other nuclear fuel cycle activities and could restart the program anytime in the future. This outcome also includes dismantling the existing sanctions regime, meaning termination of all nuclear-related sanctions.

- **Freeze of Iran’s uranium-enrichment activities and significant lifting of sanctions**

This outcome is similar to the current status of Iran’s nuclear program as negotiated and implemented under the Geneva interim agreement. The agreement imposed strict limits on Iran’s centrifuges, uranium enrichment activities and the amount of enriched uranium Iran is allowed to keep. The agreement also includes some suspension of sanctions and frozen assets; however, if a freeze of the program is part of a comprehensive deal, Iran will likely enjoy more substantial lifting of sanctions.

- **Strong restrictions on enrichment and suspension of some sanctions**

This provision would allow Iran to continue with its uranium enrichment activities, however, under strong restrictions. It would also provide Iran with a suspension of some nuclear-related sanctions.

- **Weak restrictions on enrichment and suspension of some sanctions**

This provision would allow Iran to continue with its uranium enrichment activities under weaker restrictions. It would also provide Iran with a suspension of a smaller number of nuclear-related sanctions.

- **Latent capability and additional sanctions measures**

Under this outcome, sometimes also called virtual capability or nuclear latency, Iran would “possess all of the necessary elements required to rapidly weaponize without having actually done so.”¹⁶ Nuclear latency is defined as “a measure of how quickly a state could develop a nuclear weapon if it chose to do so from its current state of technological development.”¹⁷ Before the freeze of Iran’s enrichment as mandated by the Geneva interim agreement, Iran had enough enriched uranium and centrifuges to produce fuel for a weapon in between one and two months¹⁸ – this period is referred to as a nuclear “breakout” time. Under this outcome, Iran would be able to continue with its nuclear program without restrictions. It could restart uranium enrichment and even advance into enriching uranium to weapons-grade level to build up a stockpile ready to be turned into a nuclear weapon for Iran to have the weapon option, if it decides it needs one. In addition, the US would not lift any sanctions and would pass additional sanctions measures.

- **Actual weaponization and harsh additional sanctions**

Weaponization is defined as “the physical production of all of the necessary components of a deliverable weapon, including the possession of a delivery vehicle. The weapon need not be assembled, tested, or mated to a delivery system to meet this definition, however, all of the weapon components, including the physics package, must be built.”¹⁹ Further along the continuum would be a declared nuclear posture, meaning “demonstrating the the existence of a

¹⁶ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*. U.S.A.: RAND Corporation, p. 5.

¹⁷ SAGAN, S.D. (2010) *Nuclear Latency and Nuclear Proliferation*. U.S.A.: Stanford University Press. Available at: http://iis-db.stanford.edu/pubs/23281/Sagan_Latency_Potter_Volume.pdf

¹⁸ MIGLIORINI, P. et al. (2013) Iranian Breakout Estimates. *Institute for Science and International Security (October)*. Available at: http://isis-online.org/uploads/isis-reports/documents/Breakout_Study_Summary_24October2013.pdf.

¹⁹ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*, p. 5.

nuclear weapon capability through a test or withdrawal from the Nuclear Non-Proliferation Treaty.”²⁰ Under this outcome, the US together with its allies would ratchet up additional and harsh sanctions measures to stop Iran’s remaining trade with the outside world.

- **Iran with many warheads and missile delivery systems**

This outcome is similar to the previous one, only Iran would have a larger nuclear arsenal and a powerful nuclear deterrent. US and its allies would put together the strongest international sanctions coalition to try to pressure Iran. An overview of the debate about the likely implications of a nuclear-armed Iran is elaborated on in chapter on the US interests – about whether Iran’s nuclear program constitutes a threat to the US.

1.5. Barriers to agreement

An important element of a negotiation analysis is identifying the obstacles that might prevent an agreement and the possible ways to overcome them. One of the most common barriers to agreement is strategic behavior, because parties tend to overplay their hands by hard bargaining. Other common barriers are psychological, because the parties may lack trust or have trouble communicating. Another kind of obstacle may be institutional or legal constraints.²¹

A major obstacle to a negotiated agreement, according to Sebenius and Lax, is an adverse deal/no-deal balance – if the terms of the deal are not attractive enough compared to the deal’s alternative for either of the parties, an agreement will be very difficult to achieve.²² To overcome this kind of obstacle, negotiators must think of creative ways to improve the value of the agreement or worsen the perception of the alternative to the other side.

²⁰ DAVIS, L. et. al. (2011) *Iran’s Nuclear Future: Critical U.S. Policy Choices*. September 2014. U.S.A.: RAND Corporation.

²¹ WHEELER, M. (2000) *Negotiation Analysis: An Introduction*.

²² SEBENIUS, J. and LAX, D. (2006) *3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals*.

1.6. Deal design

The next step of negotiation analysis, to envision potential agreements, highlights the *potential* for negotiated agreement to do better than the noncooperative alternatives.²³ Deal design is based on a tension between competitive actions to claim value individually and cooperative ones to create value jointly.

The process of creating value means “reaching mutually beneficial agreements, improving them jointly, and preventing conflict escalation;” it is associated with cooperative behavior or a win-win attitude in negotiation.²⁴ When a deal does not offer enough value to all sides or when its structure will not achieve its purposes, the goal for negotiators is to possibly discover hidden sources of economic and noneconomic value and design a deal that will unlock that value for the parties involved.²⁵ The process of claiming value, a crucial aspect of most negotiations, means that increased value claimed by one party implies less for others. Claiming value implies competitive, win-lose attitude. Often, “competitive moves to claim value individually drive out cooperative moves to create it jointly.”²⁶

²³ SEBENIUS, J. K. (1992) Negotiation Analysis: A Characterization and Review. *Management Science* 38, no. 1 (January): 1–21.

²⁴ SEBENIUS, J. K. (1992) Negotiation Analysis: A Characterization and Review.

²⁵ SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals.

²⁶ SEBENIUS, J. K. (1992) Negotiation Analysis: A Characterization and Review.

PART II: NEGOTIATION ANALYSIS: Nuclear negotiations Iran – USA

2. Parties' Interests

2.1. Iran

According to the assessments of the US intelligence community, “Iran’s overarching strategic goals of enhancing its security, prestige, and regional influence have led it to pursue capabilities to meet its civilian goals and give it the ability to build missile-deliverable nuclear weapons, if it chooses to do so.”²⁷ Iran insists on retaining its indigenous nuclear program for peaceful purposes despite the condemnation and isolation by a significant part of the international community caused by the development of its nuclear program. Iran’s declared goal is to master the nuclear fuel cycle for energy production and medical purposes without having to rely on a foreign nuclear supplier and it demands the recognition of its right to industrial-scale enrichment.²⁸ In reality, Iran has undergone a wide spectrum of nuclear activities and made technical progress in several areas – almost all essential elements of the nuclear fuel cycle, uranium enrichment, nuclear reactors and ballistic missiles – necessary for building missile-deliverable nuclear weapons.²⁹ Iran’s technological advancements allegedly “strengthen the assessment that Iran has the scientific, technical, and industrial capacity to eventually produce nuclear weapons” and therefore the central issue is “its political will to do so.”³⁰ Iran consistently claims that its intentions are peaceful and points to a fatwa, a religious decree issued by the Supreme Leader, that forbids the construction, stockpiling, and use of nuclear weapons.³¹ However, the US intelligence community has concluded that Iran seeks to

²⁷ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community. *Statement for the record*. January 2014. U.S.A.

²⁸ REARDON, R. (2013) Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications. In: TELLIS, A.J. et al, (eds.), *Strategic Asia 2013-14: Asia in the Second Nuclear Age*. U.S.A.: The National Bureau of Asian Research, pp. 201-230.

²⁹ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³⁰ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³¹ PORTER, G. (2014) When the Ayatollah Said No to Nukes. *Foreign Policy*, 16th October. Available at: <http://foreignpolicy.com/2014/10/16/when-the-ayatollah-said-no-to-nukes/>

at least acquire the essential elements to be able to make nuclear weapons quickly in case it chooses to do so in the future.³² In addition, they believe that Iran has not yet decided to go from a potential nuclear weapons capability to producing an actual weapon and they “do not know if Iran will eventually decide to build nuclear weapons.”³³ Despite the big progress, “Iran would not be able to divert safeguarded material and produce enough weapons-grade uranium for a weapon before such activity would be discovered.”³⁴ Although Iran wishes to continually improve its nuclear capabilities, it also wants to “avoid severe repercussions – such as a military strike or regime-threatening sanctions.”³⁵ Analysts call this strategy a “nuclear hedge – maintaining the potential for a nuclear option, while avoiding the regional and international costs of actual weaponization.”³⁶ Furthermore, “Iran’s perceived need for economic relief has led it to make concessions on its nuclear program through the Joint Plan of Action.”³⁷ In continuing in the talks with the P5+1, Iran is trying to balance the objectives of achieving tangible sanctions relief while at the same time not compromising on its nuclear program.

2.1.1. Iranian Decision-making

The fact that the central issue is not whether Iran is able to develop nuclear weapons, but whether it makes a decision to do so, directs the attention from Iran’s technical capabilities to its decision-making process. Iran’s nuclear decisions are guided by a rational consideration of costs and benefits in the context of the broader interests of the regime.³⁸ Iran is not an irrational actor and although “ideology casts Iran’s strategic choices in the context of a revolutionary narrative,”³⁹ it has repeatedly demonstrated it will behave pragmatically to further its own interests.

³² CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³³ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³⁴ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³⁵ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³⁶ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves. Available at: <http://www.wilsoncenter.org/publication/IranNuclearChess>.

³⁷ CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community.

³⁸ The US Intelligence community has assessed that “Iran’s nuclear decision-making is guided by a cost-benefit approach.” CLAPPER, J. (2013) Worldwide threat assessment of the US Intelligence Community. *Statement for the record*. March 2013. U.S.A.

³⁹ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*.

Iran's nuclear decision-making is influenced by various domestic, international and technical factors. Because Iran likely possesses the technical capability to produce a nuclear weapon if it chooses to do so, the future of its nuclear development will be dependent more on political and strategic factors than technical ones. The principal drivers of Iran's nuclear choices are the external security environment and the security of the regime, Iran's international prestige and regional influence, as well as the domestic political context. Iran's leaders consider any nuclear decisions based on how well they advance these values.⁴⁰

2.1.2. External influences

Iran's external security environment is an important driver as exemplified by the fact that Iraq's nonconventional weapons programs are considered the principal motivation for Iran's renewal of its nuclear activities in the 1980s. However, since that time, the strategic context has changed significantly and these changes have had no consistent relationship with the regime's nuclear decisions.⁴¹ Iran's main security threat for the past decade has been the presence of US forces in the region. The strategic context presents Iran with a number of complex incentives and disincentives to pursuing nuclear weapons. Iran's leaders likely believe that nuclear weapons would increase the regime's security and deter an attack on Iran. However, attempting to produce nuclear weapons would put the regime at greater risk by possibly inviting a preventive attack, uniting Iran's enemies behind a common position and leaving the country more isolated.⁴²

Expanding its regional power and asserting its perceived right to act as the dominant power in the Persian Gulf region is another Iranian national security interest. These hegemonic ambitions are based on the regime's revolutionary ideology, deeply rooted Iranian nationalism and conceptions of Iran's rightful place in the world.⁴³ Iran is a Persian, Shia Muslim country located in a region where Sunni Arabs prevail. Iran has no natural allies and it has been in competition with its neighbors for regional power for some time. This is consistent with its increasing military support for allies in the region – Hezbollah, Hamas, Syria and Iraq. Iran

⁴⁰ REARDON, R. (2013) *Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

⁴¹ REARDON, R. (2013) *Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

⁴² REARDON, R. (2013) *Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

⁴³ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*.

strongly opposes the US military presence in the Persian Gulf and has consistently demanded the withdrawal of US forces. In addition, Iran sees not only the US and Israel, but also Sunni Arab states (especially Saudi Arabia), Turkey and Pakistan as geopolitical rivals.

Iran likely sees its nuclear program as a way to advance these regional strategic objectives. Partly, this is symbolic – Iran considers its nuclear advancements as a symbol of anti-American and anti-Israeli defiance and a chance to gain support in the region.⁴⁴ Developing nuclear weapons would likely further these goals by deterring a US attack on Iran, neutralizing US conventional military superiority and expanding Iran’s influence and power in the region.⁴⁵ The US, Israel and the Gulf states are concerned that the possession of a nuclear deterrent would enable Iran to become more assertive regionally – to “engage in threats, military excursions and—most likely—increased support for its terrorist proxies with impunity.”⁴⁶ On the other hand, Iran must consider these benefits in comparison to the potential costs and risks of developing nuclear weapons. As already mentioned, such course risks provoking “a preventive military attack, encouraging other balancing behavior by regional competitors, including the development of their own nuclear weapons; or leading the US to deploy greater forces in the region.”⁴⁷

Furthermore, the nuclear program is not only a source of regional influence, but also international prestige for the regime. Indeed, Iran’s nuclear developments are supported by the Non-Aligned Movement. By demonstrating its technological advancements, its determination and independence in defiance of Western opposition, Iran is viewed as a champion of the rights of weaker states.⁴⁸

2.1.3. Internal influences

Even though Iran’s nuclear decision-making is considered rational, it is largely shaped by the regime’s revolutionary ideology and by the assumptions and beliefs of the Iranian elites.

⁴⁴ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*.

⁴⁵ DAVIS, L. et. al. (2011) *Iran’s Nuclear Future: Critical U.S. Policy Choices*.

⁴⁶ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*, p. 74.

⁴⁷ REARDON, R. (2013) *Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

⁴⁸ REARDON, R. (2013) *Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

The 1979 Iranian Revolution resulted in not only a regime change, but also a complete change of the country's constitutional structure and institutions in the form of a "unique fusion of religion and politics, which institutionalized systemic tensions."⁴⁹ Ayatollah Khomeini's revolutionary vision and charismatic leadership were key to creating the position of the Supreme Leader, a ruling cleric with ultimate religious and political authority. In theory, Iran's constitution aimed to mix theocracy with republicanism, but in practice, Iran's unelected institutions hold far more power than elected institutions like the President and the Parliament.⁵⁰ The Supreme Leader has authority over all state institutions, including the judiciary, regular armed forces and the elite Revolutionary Guards, and the state-controlled media. He is "the single most powerful individual in a highly factionalized, autocratic regime and no major decisions can be taken without his consent."⁵¹

The Supreme Leader is mainly interested in ensuring the survival of the Islamic theocracy and protecting his power.⁵² Khamenei carefully protects his "political prerogatives, including his absolute right to block any policy that he deems as unsuitable for the Islamist order."⁵³ In Khamenei's view, the 1979 revolution was based on ridding Iran of two evils – the shah and the United States – and creating a theocracy "imbued with the core values of justice, independence, self-sufficiency and Islamic piety."⁵⁴ In addition to these revolutionary ideals, deeply rooted animosity to the US and Israel all influence Iranian foreign policy. Analysts debate whether Khamenei would be able to "abandon this position without undermining the *raison d'être* of the Islamic system."⁵⁵

Iran's nuclear progress is an important source of influence not just outwards, but also inwards. The regime gains domestic legitimacy from its foreign policy. Iran's conservative leaders have tried hard to connect the nuclear program to Iranian nationalism and the revolution's core themes of the struggle for independence from foreign powers and the necessity of self-

⁴⁹ LITWAK, R.S. (2014) *Iran's Nuclear Chess: Calculating America's Moves*.

⁵⁰ WRIGHT, R. (ed.) (2010) *The Iran Primer*. U.S.A.: United States Institute of Peace.

⁵¹ WRIGHT, R. (ed.) (2010) *The Iran Primer*.

⁵² SADJADPOUR, K. (2008) *Reading Khamenei: The World View of Iran's Most Powerful Leader*. U.S.A.: Carnegie Endowment for International Peace. Available at: http://carnegieendowment.org/files/sadjadpour_iran_final2.pdf.

⁵³ VATANKA, A. (2014) *The Caucasus and the American-Iranian Nuclear Deal*. U.S.A.: Middle East Institute. Available at: <http://www.mei.edu/content/caucasus-and-american-iranian-nuclear-deal>.

⁵⁴ WRIGHT, R. (ed.) (2010) *The Iran Primer*.

⁵⁵ WRIGHT, R. (ed.) (2010) *The Iran Primer*.

sufficiency. The nuclear program is seen as a symbol of Iran's technological sophistication and resistance against the West and is often used instrumentally in domestic debates for political advantage.⁵⁶ Iran insists on domestic uranium enrichment as essential for the country's energy independence, although it avoids explaining the economic rationale behind it or discussing it with the Iranian public. Nevertheless, the program enjoys a broad public support, which does not, however, extend to the production of nuclear weapons. What is more, the interests of the Iranian people have played a secondary role in the calculations of the Iranian government. By comparing the nuclear program to "an indispensable right of the nation", the Iranian leaders have made any major nuclear withdrawal equivalent to an act of capitulation.⁵⁷ Although the Iranian political system is highly factionalized, all factions are unified in their support for the nuclear program, but disagree over how Iran should weigh "the trade-offs between the pursuit of revolutionary goals and pragmatism."⁵⁸ The conservatives and reformists differ in how they value "the benefits of the nuclear program relative to the costs of continued defiance of the West, increasingly strict international sanctions and isolation from the international economic system."⁵⁹ The conservatives view the nuclear standoff between Iran and the West in zero-sum terms and consider any compromise as threatening to the regime. Therefore, they are more willing to push forward with the nuclear program and suffer the costs of sanctions and diplomatic isolation.⁶⁰ The pragmatists and reformists also support Iran's nuclear advancements, however, they wish for resolving the nuclear dispute to improve the relations with the West and integrate the country into the global economy as a way to achieve regime survival. Therefore, they seek a negotiated settlement of the nuclear issue and are more willing to make compromises.⁶¹

The future of any nuclear agreement over Iran's nuclear program will depend on how Khamenei resolves "the dilemma whether the *political* costs of an agreement—alienating hardline interest groups, especially the Revolutionary Guard, upon which the regime's

⁵⁶ REARDON, R. (2013) Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

⁵⁷ VAEZ, A. And SADJADPOUR, K. (2013) Iran's nuclear odyssey. U.S.A.: Carnegie Endowment for International Peace. Available at: http://carnegieendowment.org/files/iran_nuclear_odyssey.pdf.

⁵⁸ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*, p. 79.

⁵⁹ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*, p. 85.

⁶⁰ REARDON, R. (2013) Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

⁶¹ REARDON, R. J. (2012) *Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge*.

survival depends—outweigh its *economic* benefits” via sanctions relief.⁶² Diplomatically isolated states – sometimes called pariahs, rogues or outliers – have made a strategic decision to seek engagement when there is either “a profound national security challenge or an economic crisis that threatens regime stability, if not survival.”⁶³ So the question then is, whether the economic pressure of the multilateral sanctions on Iran is painful and threatening enough to influence the Supreme Leader to accept a compromise regarding its nuclear program in an agreement with the P5+1. The UN, US and European sanctions have had damaging and isolating effect on the Iranian economy, but it remains to be seen whether they will be able to tip the scales of the Iranian nuclear calculus. It is possible that sanctions and the resulting isolation have put bigger pressure on the opponents of the status quo than on the conservative leaders, who might actually benefit from the status quo.⁶⁴

2.1.4. Impact of a negotiated agreement

For Iran, the possible impact of a negotiated agreement and thus, ending the nuclear crisis and lifting international sanctions would be huge. The gradual lifting of the harsh sanctions would enable Iran to increase its oil exports, access to Western technology and investment to revitalize its oil and natural gas industry and restart its battered economy.⁶⁵ A successful deal would likely have broad noneconomic benefits as well, such as improving Iran’s image in the world. It would also enable Iran to reintegrate into the international economy and could result in a greater role in ensuring the security of the region, especially in connection with the crisis in Syria and Iraq.

Economically, the deal would have various short-term and medium to long-term effects on the Iranian economy. Sanctions relief would be a medium-term process, because the nuclear-related sanctions will be phased out over a period of years and only after Iran followed through on its requirements of the deal. In addition, many other sanctions related to human rights and terrorism would likely stay in place indefinitely, therefore, the economic impact of sanctions relief would not be instant, as many Iranians probably expect. Nevertheless, the

⁶² LITWAK, R.S. (2014) *Iran’s Nuclear Chess: Calculating America’s Moves*.

⁶³ LITWAK, R.S. (2014) *Iran’s Nuclear Chess: Calculating America’s Moves*.

⁶⁴ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

⁶⁵ RECKNAGEL, C. (2014) Two Futures: With An Iran Nuclear Deal, And Without. *Radio Free Europe / Radio Liberty*, 20th Nov. Available at: <http://www.rferl.org/content/iran-with-nuclear-deal-or-without/26702042.html>.

short-term effect of the deal would be an enormous “psychological boost for key economic actors in Iran” and a great “momentum in the Iranian economy”⁶⁶ that would increase the economic growth already triggered by Rouhani’s reforms. One of the sectors that would benefit the most from sanctions relief is Iranian petroleum sector, which could increase its production capacity and export as soon as the relevant sanctions against Iranian crude exports were lifted. A major growth in production could be expected by 2020, if the sanctions relief proceeded efficiently. In addition, Iran’s gas sector would also grow in production and exports and it is possible that Iran would become the fifth-largest gas market in the world by 2020. In the aftermath of a nuclear deal and sanctions relief, Iran would undoubtedly go through a turbulent phase. Nevertheless, the economy as a whole would adjust and in the medium to long term, grow extensively thanks to “Iran’s huge competitive advantages in natural and human resources as well as geography.”⁶⁷

2.2. USA

The main reasons for the US interest in Iran’s nuclear program are as follows: “The US dependence on the health of the global economy and the stable flow of global oil show that it has vital security interests in the security and stability of the region and partnership with its regional allies.”⁶⁸ When choosing a policy on the issue, the US also takes into consideration the concerns of its regional allies – Israel, the Gulf Arab states, especially Saudi Arabia – who are among the most directly impacted by Iran’s nuclear choices. In the context of the Iranian nuclear program issue, the US main interest is the stability and security of the strategic Middle East region.

Thus, the next section includes an overview of analyses of the implications of Iran’s nuclear developments and its apparent progress towards the ability to acquire a nuclear weapon on the US interest of security and stability of the Middle East region.

⁶⁶ KHAJEHPUR, B. (2014) After nuclear negotiations, what’s next for Iran’s economy? Al-Monitor. Sep 23. Available at: <http://www.al-monitor.com/pulse/originals/2014/09/iran-economy-nuclear-sanctions-p51-petrochemicals-irgc-deal.html##ixzz3Mbq74Qn5>

⁶⁷ KHAJEHPUR, B. (2014) After nuclear negotiations, what’s next for Iran’s economy?

⁶⁸ CORDESMAN, A.H. (2014) *The Obama Administration: From Ending Two Wars to Engagement in Five – with the Risk of a Sixth*. U.S.A.: Center For Strategic and International Studies. Available at: https://csis.org/files/publication/141203_Commentary_Obama_5_1_War.pdf.

2.2.1. Is Iran's nuclear program a threat to US interests? – Literature review

Academic debates over Iran's nuclear program have resulted in a wide variety of assumptions about its implications for the US, its interests, interests of its allies and the stability and security of the region as such. The most common assessments about the consequences of Iran's "nuclearization" are quite pessimistic.

The most hawkish analysts assume that Iran is "a highly ideological regime," which "cannot be expected to act rationally,"⁶⁹ and whose acquisition of nuclear weapons would be very damaging to US interests. Analysts such as Matthew Kroenig or Barry Rubin believe that Iran possessing a nuclear arsenal would "limit US freedom of action in the Middle East and be able to threaten any US political or military initiative in the Middle East with nuclear war."⁷⁰ Next, Iran could reportedly use the bomb as a cover for greater conventional aggression to expand its influence and establish hegemony in the Persian Gulf. A nuclear-armed Iran may think that the US and Israel will be deterred from retaliating if it causes regional provocations in the form of: "invading a neighbor, using conventional forces to challenge shipping in the Persian Gulf, engaging in subversive activities in regional states or supporting insurgencies, increasing its material support for terrorist organizations such as Hezbollah, or encouraging terrorist attacks."⁷¹ These analysts do not go as far as to claim that Iran would intentionally launch a nuclear strike on US allies in the region, however, they claim that a "volatile nuclear balance between Iran and Israel could easily spiral out of control as a crisis unfolds, resulting in a nuclear exchange between the two countries that could draw the United States in, as well."⁷² Furthermore, they also claim that Iran could decide to increase proliferation by transferring its nuclear arms to other countries or allied terrorist groups. In addition, the analysts believe that Iran's development of nuclear weapons could lead to other states in the region acquiring their own nuclear arsenals and thus result in a nuclear arms race in the

⁶⁹ RUBIN, B. (2010) The Right Kind of Containment. *Foreign Affairs*, 89, 4

⁷⁰ KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option. *Foreign Affairs*, Jan/Feb

⁷¹ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge, p.2.

⁷² KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option.

Middle East. Saudi officials have already intimated that Saudi Arabia will be forced to acquire nuclear weapons if Iran does so.⁷³

Other analysts, such as James Lindsay and Ray Takeyh, agree that the Islamic Republic is “an aggressive, ideological, and even revisionist state,”⁷⁴ but they believe it is rational. They claim that Iranian leaders’ main objective is to stay in power and that they observe a wide set of strategic interests. Edelman, Krepinevich and Montgomery in their response article agree that even if Iran pressed for its agenda in the region, it would “observe essential boundaries if it were convinced of the likelihood of retaliation by the US.”⁷⁵ These analysts also agree that the implications of a nuclear-armed Iran would be dangerous. They claim that going nuclear could embolden Iran to become increasingly aggressive and “multiply its attempts at subverting its neighbors and encouraging terrorism against the United States and Israel.”⁷⁶ On the other hand, Lindsay and Takeyh admit that acquiring nuclear weapons can achieve only a limited set of objectives and while they do offer a deterrent capability, they are not a very successful tool for power projection.⁷⁷ In addition, despite downplaying the risk of a nuclear transfer, these analysts warn that Iranian proxies, Hamas, Hezbollah and other militant groups in the Middle East may be expected to act as if they are protected by Iran’s nuclear umbrella and be emboldened to escalate minor conflicts.⁷⁸ At the same time, Lindsay and Takeyh argue that Iran will hardly wage a nuclear war with Israel to protect its allies in Lebanon or Gaza. Furthermore, their greatest concern would be “the emergence of an unstable bipolar nuclear competition in the Middle East, as the geopolitical balance in the Middle East would be reordered.”⁷⁹ How Israel would respond to Iran’s nuclearization, which it considers an existential threat, remains a question – the nightmare scenario includes Israel launching a

⁷³MOSELEY, R. (2011) Saudi prince warns Iran on nuclear weapons. *Al Arabiya*, 30th Jun. Available at: <http://english.alarabiya.net/articles/2011/06/30/155487.html>; HEINONEN, O. and HENDERSON, S. (2014) *Nuclear Kingdom: Saudi Arabia's Atomic Ambitions*. March 2014. U.S.A.: The Washington Institute for Near East Policy. Available at: <http://www.washingtoninstitute.org/policy-analysis/view/nuclear-kingdom-saudi-arabias-atomic-ambitions>

⁷⁴LINDSAY, M.L. and TAKEYH, R. (2010) After Iran Gets The Bomb.

⁷⁵EDELMAN, E.S., KREPINEVICH JR, A.F. and MONTGOMERY, E.B. (2011) The Dangers of a Nuclear Iran. *Foreign Affairs*, Jan/Feb

⁷⁶LINDSAY, M.L. and TAKEYH, R. (2010) After Iran Gets The Bomb.

⁷⁷LINDSAY, M.L. and TAKEYH, R. (2010) After Iran Gets The Bomb.

⁷⁸ADAMSKY, D. (2011) The War Over Containing Iran – Can a Nuclear Iran Be Stopped? *Foreign Affairs*, Mar/Apr.

⁷⁹EDELMAN, E.S., KREPINEVICH JR, A.F. and MONTGOMERY, E.B. (2011) The Dangers of a Nuclear Iran.

preemptive strike against Iran's facilities. In any case, these analysts conclude that Iran's acquisition of a nuclear weapon would "create an inherently unstable situation, in which both parties would have an incentive to strike first: Iran, to avoid losing its arsenal, and Israel, to keep Tehran from using it."⁸⁰ Edelman, Krepinevich and Montgomery add that although the issue of Iranian rationality is important, there are various paths to a conflict and the dynamics of Iranian-Israeli relations could be prone to miscalculation and escalation.⁸¹

In addition, Robert Reardon believes that Iranian weaponization could also prompt Israel to publicly declare its own nuclear arsenal in order to deter Iran. Such declaration could actually legitimize Iran's nuclear weapons activities, undermine international support for the nonproliferation regime, increase tensions with Iran and lead to a bigger spread of nuclear weapons in the Middle East.⁸² Even though most of Israel's neighbors have accepted its undeclared nuclear weapons program, Iran's weaponization combined with Israel's open declaration of nuclear arms could change their calculus and could trigger additional proliferation in the region.⁸³ As mentioned, Iranian weaponization could undermine the international nonproliferation regime and the credibility of US nonproliferation efforts. Iran is a signatory of the Nuclear Nonproliferation Treaty (NPT) and acquiring its own nuclear weapons would damage the legitimacy of the treaty. It would also set important precedents for the choices of future nuclear proliferators.⁸⁴ Furthermore, analysts also believe that Iran's weaponization or the start of a breakout towards weaponization could set off a regional armed conflict. This would likely provoke a preemptive response from Israel, the US or other concerned countries in the region, which could consequently trigger Iranian retaliation and possibly escalate into a region wide conflict.⁸⁵

Another set of analysts strongly condemns the common assumptions that "a nuclear weapon would turn Iran into a significantly more dangerous actor that would imperil U.S. interests"⁸⁶

⁸⁰ LINDSAY, M.L. and TAKEYH, R. (2010) After Iran Gets The Bomb.

⁸¹ Edelman, Krepinevich, and Montgomery Reply. *Foreign Affairs*, 00157120, Mar/Apr2011, Sv. 90, Vydání 2

⁸² REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

⁸³ EDELMAN, E.S., KREPINEVICH JR, A.F. and MONTGOMERY, E.B. (2011) The Dangers of a Nuclear Iran.

⁸⁴ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

⁸⁵ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

⁸⁶ PILLAR, P. (2012) We Can Live with a Nuclear Iran. *Washington Monthly*, Mar/Apr. Available at: http://www.washingtonmonthly.com/magazine/marchapril_2012/features/we_can_live_with_a_nuclear_ira035772.php?page=all

and that “a nuclear-armed Iran would be the worst possible outcome of the current standoff.”⁸⁷ Paul Pillar and Kenneth Waltz argue that the danger of Iran possessing a bomb has been hugely exaggerated and the debate has been fraught with misunderstandings and lack of analytic thinking. They both contradict the faulty assumption that Iranian regime cannot be counted on to act rationally and stress that Iranian leaders are “perfectly sane ayatollahs who want to survive just like any other leaders” and “act to secure their own preservation.”⁸⁸ Another justification for presenting Iranian potential nuclear weapons as “existential threat” is the assumption that the “mere possession of such a weapon would make Tehran more aggressive in its region,”⁸⁹ without going further into what possible reasoning Iran could have or how such a nuclear shield would work, as exemplified by Michael Kroenig’s hawkish article⁹⁰. Contrary to this claim, both Pillar and Waltz stress that nuclear weapons are most useful in deterring aggression against one’s own country and territory and although we cannot be sure about Iranian intentions, it is more likely that “if Iran desires nuclear weapons, it is for the purpose of providing for its own security, not to improve its offensive capabilities.”⁹¹ Nuclear weapons are much less useful in providing a “shield” for aggressive behavior and increased support for terrorism. In addition, Pillar, Waltz and Stephen Walt negate the concern of some observers and policymakers that Iran would directly provide nuclear weapons or materials to a terrorist group and possibly enable a nuclear attack on the US or its allies while remaining anonymous and avoiding retaliation. Iranian leaders would have strong reasons not to do this – if they have devoted millions of dollars and decades of effort to acquiring nuclear weapons, why would they give them away to parties who can be hardly controlled.⁹² In addition, attribution of nuclear terrorism would not be difficult and guilty terrorist groups and their state sponsor would be identified.⁹³ Providing nuclear weapons to terrorists would be “as suicidal as launching a nuclear strike directly.”⁹⁴ No nuclear weapons state has ever been

⁸⁷ WALTZ, K. N. (2012) Why Iran Should Get the Bomb. *Foreign Affairs*. Jul/Aug, 91, 4

⁸⁸ WALTZ, K. N. (2012) Why Iran Should Get the Bomb. *Foreign Affairs*.

⁸⁹ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

⁹⁰ KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option.

⁹¹ WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

⁹² WALT, S.M. (2012) Should we give Iran the bomb? *Foreign Policy*, 26th June

⁹³ LIEBER, K.A. and PRESS, D. (2013) "States Will Not Give Nuclear Weapons to Terrorists". *Quarterly Journal: International Security*. Available at:

http://belfercenter.ksg.harvard.edu/publication/23385/states_will_not_give_nuclear_weapons_to_terrorists.html

⁹⁴ LIEBER, K.A. and PRESS, D. (2013) "States Will Not Give Nuclear Weapons to Terrorists".

known to transfer nuclear material to a non-state group in the history of the nuclear age.⁹⁵ Nevertheless, Pillar believes that even though the alarming threat of a nuclear-armed Iran has been hyped, the “world would be a better place without an Iranian nuclear weapon”⁹⁶ and there are sound reasons to try to avoid it. He admits that it would undermine the international nonproliferation regime and increase the possibility that other regional countries, especially Saudi Arabia and Egypt, will decide to acquire nuclear arsenal as well. However, he concludes that “it’s not clear that any of this would cause substantial and direct damage to U.S. interests.”⁹⁷

One of the most controversial views on the issue has been put forward by Kenneth Waltz, a prominent international relations theorist. He claims that a nuclear-armed Iran would be the best possible outcome to the current situation and argues that it would likely restore stability to the Middle East. According to Waltz, it is not Iran’s nuclear efforts that are mainly responsible for the current crisis, but Israel’s regional nuclear arsenal and mainly its nuclear monopoly, which has been causing regional instability for decades. He adds that “in no other region of the world does a lone, unchecked nuclear state exist,” and his reasoning states that “by reducing imbalances in military power, new nuclear states generally produce more regional and international stability, not less.”⁹⁸ History shows that major powers have always protested when another country begun to develop its own nuclear weapons, however, every time they managed to acquire them, the other nuclear countries changed the approach and learnt to live with it.⁹⁹ Waltz believes that the decades-long Middle East nuclear crisis and instability would end only “when a balance of military power is restored.”¹⁰⁰ If Iran developed nuclear weapons, deterrence would apply as always – he stresses that there has never been a full-scale war between two nuclear-armed states.¹⁰¹ In addition, no other countries in the region would be inclined to acquire their own nuclear capability and the current crisis would end, which would result in larger stability of the Middle East. He also disagrees with claims that nuclear weapons would make Iran bolder in aggressive and provocative measures. On the contrary,

⁹⁵ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

⁹⁶ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

⁹⁷ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

⁹⁸ WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

⁹⁹ WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

¹⁰⁰ WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

¹⁰¹ WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

Waltz points towards history and argues that when countries acquire nuclear weapons, they start feeling vulnerable and aware that the weapons make them a potential target, which actually discourages them from such aggressive action. Furthermore, Waltz also dismisses the notion that a nuclear-armed Iran would trigger a regional nuclear arms race by again pointing to history and arguing that “fears of proliferation have proved to be unfounded.”¹⁰² He adds that the US does not need to try so hard to prevent Iran from developing nuclear weapons and can lift the current sanctions, although diplomacy should be preserved due to the benefits of open lines of communication.

Waltz’s unorthodox arguments have provoked responses mainly criticizing his view as too sanguine of the pacifying effects of nuclear weapons in this context.¹⁰³ Stephen Walt agrees that “the logic of nuclear deterrence may work well once both sides have reliably survivable forces,” however, he points out that “the transition period where one side has them and another is getting close almost inevitable invites consideration of preventive war, with all the attendant costs and risks.”¹⁰⁴ Colin Kahl also argues that Waltz is wrong when assuming that a nuclear-armed Iran would become a more responsible international actor than it is now. He agrees with Waltz that Iranian leaders are rational despite their fanatical rhetoric, however, he claims “it is still dangerous, and it is likely to become even more so if it develops nuclear weapons.”¹⁰⁵ He supports this argument by the fact that Iranian regime currently sponsors militant groups throughout the region for several reasons. First, to show “a capability to retaliate against the United States, Israel, and other states, should they attack Iran or undermine its interests.”¹⁰⁶ Second, as “an offensive tool to pressure and intimidate other states, expand Iran’s influence and its revisionist agenda, which seeks to make Iran the preeminent power in the Middle East, champion resistance to Israel and “arrogant powers” in the West, promote its brand of revolutionary Islamist ideology, and assert its leadership in the wider Islamic world.”¹⁰⁷ Thus, if Iran believed that nuclear weapons resulted in a stronger deterrent against retaliation, it would likely press its regional goals more aggressively. This

¹⁰² WALTZ, K. N. (2012) Why Iran Should Get the Bomb.

¹⁰³ WALT, S.M. (2012) Should we give Iran the bomb?

¹⁰⁴ WALT, S.M. (2012) Should we give Iran the bomb?

¹⁰⁵ KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb. *Foreign Affairs*, Sep/Oct

¹⁰⁶ KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb.

¹⁰⁷ KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb.

concern reflects the “stability-instability paradox,”¹⁰⁸ in which “the supposed stability created by mutually assured destruction generates greater instability by making provocations, disputes, and conflict below the nuclear threshold seem safe.”¹⁰⁹ Waltz and Reardon agree that nuclear weapons create a form of stability, prevent minor conflicts from becoming major wars, however, this nuclear stability paradoxically permits lower-level violence. What is more, even lower-level conflicts carry the risk of a nuclear exchange caused by misperception or miscommunication.¹¹⁰

To conclude the review, the threat from a nuclear-armed Iran may not be as “existential” as is often proclaimed, however, most analysts suggest that such an eventuality would make a fragile region even more “conflict-prone.”¹¹¹ The main strategic interest of the US as mentioned above is the security and stability of the region, thus, preventing Iran from acquiring nuclear weapons should remain a top US priority.

2.2.2. Interest regarding Iran’s nuclear program

As mentioned above, the main priority for the US is to prevent Iran from acquiring nuclear weapons. However, the official US objective for the past decade had been to block Iran’s pursuit of any nuclear program, which could provide it with weapons capability.¹¹² Until recently, the US has demanded that Iran ceases all uranium enrichment and other proliferation-prone nuclear activities and portrayed this as a firm redline. Iran, on the other hand, has insisted on domestic enrichment as “inalienable right,” thus, these two positions seemed irreconcilable. What is more, ceasing enrichment is not essential for ensuring the peaceful use of nuclear technology and non-proliferation, which the International Atomic Energy Agency (IAEA) can do when permitted adequate access and authority.¹¹³ Therefore, with the Geneva agreement, the US and the P5+1 dropped the demand of eliminating Iran’ enrichment capability completely and accepted an Iranian enrichment program in principle – a program

¹⁰⁸ KREPON, M. (2003). *The Stability-Instability Paradox, Misperception, and Escalation Control in South Asia*. The Henry Stimson Center.

¹⁰⁹ KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb. *Foreign Affairs*, Sep/Oct

¹¹⁰ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

¹¹¹ KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb.

¹¹² DOBBINS, J. et. al. (2011) *Coping with a Nuclearizing Iran*.

¹¹³ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik’s Cube. Belgium: International Crisis Group.

that is restricted enough to ensure that nuclear activities remain civilian and that there is enough time to detect noncompliance. This is in line with what President Obama has said is the US objective: “prevention of Iran obtaining nuclear weapons.”¹¹⁴ The objective of the negotiations for the US is then coming up with a deal that would avoid Iran acquiring a nuclear weapon or at least make it very difficult for Iran to do so. However, how does such deal look like?

In thinking about ways to constrain Iran’s nuclear program, the US has mostly focused on the scale of Iran’s uranium enrichment that Iran would be allowed to retain under a comprehensive agreement. The efficiency and the number of centrifuges is important for extending or limiting the so-called breakout window – that is, “how long “Iran would need to enrich weapons-grade fissile material if the Tehran regime made the strategic decision to weaponize.”¹¹⁵ Most estimates put Iran’s current breakout time at no more than eight weeks.¹¹⁶ According to this approach, the objective is to lengthen the breakout time to establish sufficient time for detection and reaction to possible weaponization. The US officials claim they would like to limit the capacity of Iran’s nuclear program to extend the breakout time to at least a year.

The logic behind this goal is to constrain Iran’s nuclear program in a way as to provide the US enough time to react diplomatically, or with another round of economic sanctions, and if nothing else works, to react using military force.¹¹⁷

2.2.3. Impact of a negotiated agreement

One of the most significant consequences of a successful deal would be a chance for increased cooperation between the US and Iran on significant regional issues, such as “containing the rise of the Islamic State, stabilizing the civil war in Syria, reigning in terrorism in Pakistan,

¹¹⁴ THE WHITE HOUSE – OFFICE OF THE PRESS SECRETARY (2012) *Remarks by the President to the UN General Assembly*. U.S.A.: UN Headquarters. Available at: <http://www.whitehouse.gov/the-press-office/2012/09/25/remarks-president-un-general-assembly>.

¹¹⁵ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹¹⁶ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik’s Cube.

¹¹⁷ GORDON, M.R. (2014) U.S. Lays Out Limits It Seeks in Iran Nuclear Talks. *The New York Times*, 20th Nov. Available at: <http://www.nytimes.com/2014/11/21/world/middleeast/us-lays-out-limits-it-seeks-in-iran-nuclear-talks.html?ref=world/middleeast>

preventing a Taliban victory in Afghanistan, and countering the region's heroin trade.”¹¹⁸ There are already beginnings of what could be a future cooperation on a common goal – constraining the threat of the Islamic State.¹¹⁹

One possible direction in which the course of the relationship past a negotiated agreement could go has been called “theory of the case.” The theory argues that “a nuclear deal will show the benefits of Rouhani’s approach of working with the West and this would strengthen Rouhani’s hand and, over time, give him more authority over other national security issues over which he now has little say, such as Syria, Iraq and support for terrorism.”¹²⁰ The presumption is that Rouhani would likely want to normalize relations with the West also in these other areas. However, even if the agreement actually strengthened the position of moderates and Rouhani, it is not clear whether he would be willing and able to change Iran’s problematic policies.

Some analysts argue that the US should be cautious in its rapprochement policy towards Iran. David H. Petraeus warns that “lifting sanctions would also lead to the economic empowerment of a government that is the leading state sponsor of terrorism.”¹²¹ He suggests that the US should make it clear that there could be no full reconciliation unless Iran ceased its destabilizing regional behavior. In addition, while sanctions relief would inevitably be part of any nuclear deal, the nonnuclear sanctions related to terrorism and human rights should remain place.¹²²

In addition, US allies are concerned that in case of signing a deal with Iran, US would be ready to accept Iranian hegemony in the Middle East. The warming relationship between the US and Iran stemming from signing a deal could cause a strain in the relationship of the US

¹¹⁸ GIBSON, B.R. (2014) Implications of an Iran nuclear deal. *Middle East Eye*, 22nd Nov. Available at: <http://www.middleeasteye.net/columns/implications-iran-nuclear-deal-1541754>.

¹¹⁹ ERDBRINK, T. And ARANGO, T. (2014) U.S. and Iran Both Attack ISIS, but Try Not to Look Like Allies. *The New York Times*, 3rd Dec. Available at: <http://www.nytimes.com/2014/12/04/world/middleeast/iran-airstrikes-hit-islamic-state-in-iraq.html>

¹²⁰ CLAWSON, P. and KHALAJI, M. (2014) How Iranians might react to a nuclear deal. September 2014. U.S.A.: The Washington Institute for Near East Policy.

¹²¹ SERCHUK, V. And PETRAEUS, D.H. (2013) U.S. needs to plan for the day after an Iran deal. *The Washington Post*, 9th Apr. Available at: http://www.washingtonpost.com/opinions/us-needs-to-plan-for-the-day-after-an-iran-deal/2014/04/09/056ff992-bf4b-11e3-b195-dd0c1174052c_story.html.

¹²² SERCHUK, V. And PETRAEUS, D.H. (2013) U.S. needs to plan for the day after an Iran deal.

with its traditional allies in the region, especially Saudi Arabia and Israel.¹²³ Thus, the US would also have to reassure its allies in the region that it is still committed to the security and stability of the region.

¹²³ AL JAZEERA (2013) Shifting focus: Impact of Iran nuclear deal. *Al Jazeera*, 24th Nov. Available at: <http://www.aljazeera.com/news/middleeast/2013/11/shifting-focus-impact-iran-nuclear-deal-2013112481732726811.html>.

3. Alternatives to a negotiated agreement

The willingness of the two sides to sign a deal over Iran's nuclear program will depend on how they weigh the deal advances their interests relative to the alternatives to a negotiated agreement. Will Iran conclude that the terms of the agreement on the table are compatible with its core interests and more attractive than the alternative to the deal? How will the US weigh other policy options as compared to a negotiated agreement in the context of protecting its underlying interests?

3.1. Iran

3.1.1. Breakdown of negotiations

It is important to examine Iran's thinking about the possibility of a failure of negotiations. It is likely that in such a case the nuclear crisis would return to the status quo. Iran's best option would be to ensure that it "deflects the blame"¹²⁴ and portrays the West as inflexible and responsible for the breakdown. The Iranian leaders would likely hope this would erode the sanctions regime in time even in the absence of a negotiated agreement if Iran continued to claim that it had no interest in producing nuclear weapons.¹²⁵ As a result of the failure of talks, the US Congress would likely increase sanctions and Iran would likely respond with resuming its uranium enrichment to the levels limited by the interim agreement as a sign of defiance and to build a stockpile for the future.¹²⁶ Analysts do not believe that a breakdown of negotiations would "push Iran into a nuclear breakout, as Iran has no immediate national security imperative to acquire nuclear weapons,"¹²⁷ and Iran would risk provoking a military attack. However, a preventive attack by the US or Israel on Iran's nuclear facilities would likely cause the Iranian leaders to make a strategic decision to seek to acquire nuclear weapons. This could trigger efforts of other states in the region to balance against Iran's nuclear capabilities and

¹²⁴ INTERNATIONAL CRISIS GROUP (2014) Iran Nuclear Talks: The Fog Recedes. Belgium: International Crisis Group.

¹²⁵ PORTER, R.C. (2014) How To Muddle Through With Iran: Finding Middle Ground In The Iranian Nuclear Talks. *Fortuna's Corner*. Weblog [Online] 20th October. Available from: <http://fortunascorner.com/2014/10/20/how-to-muddle-through-with-iran-finding-middle-ground-in-the-iranian-nuclear-talks/> [Accessed 12/12/14]

¹²⁶ ADEBAHR, C. (2014) What Iran Would Do Without a Nuclear Deal. *Carnegie*, 13th Nov

¹²⁷ LITWAK, R.S. (2014) Iran's Nuclear Chess: Calculating America's Moves.

could result in an arms race and possibly a cascade of regional proliferation. In addition, Iran could find itself in an increasing diplomatic and economic isolation or even in a military confrontation with Israel or the US or both. As already mentioned, Iranian decision-making is considered rational and it includes a calculation of the regime interests. Iranian leaders are mainly interested in the security and survival of the regime and nobody, including Khamenei, wants to push Iran to go to war with the US.¹²⁸

Analysts believe that even in case of a failure of talks, Iranian leaders would remain below the weaponization threshold and would be satisfied with a virtual capability, which would allow Iran to remain within the NPT.¹²⁹ Iran would likely continue its strategy of a “hedge”, keeping ambiguity about its nuclear intentions and capabilities, “keeping the weapons option open, while avoiding the international and regional fallout of overt weaponization.”¹³⁰ The failure of talks would not be easy for Iran. Harsh economic sanctions have taken a big toll on Iranian economy and especially its oil export and, what is more, the recent fall in global oil prices puts a big pressure on the government’s budget and even reverses Rouhani’s economic achievements to date.¹³¹ However, the Islamic Republic has so far, after several rounds of sanctions, managed to readjust and find ways to “muddle through” and would likely survive.¹³²

3.2. USA

3.2.1. Breakdown of negotiations

It is unclear how the world would react to a potential breakdown of talks, however, this would likely depend on the interpretation of why a negotiated agreement was not reached and who is to blame. In such case, it is likely that “a battle of competing narratives to assign blame will follow.”¹³³ Iran would surely do its best to “try to win the world over to its side in a war of

¹²⁸ VATANKA, A. (2013) *Iran’s Hardliners and the Nuclear Deal*. U.S.A.: Middle East Institute. Available at: <http://www.mei.edu/content/iran%E2%80%99s-hardliners-and-nuclear-deal>.

¹²⁹ REARDON, R. (2013) *Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

¹³⁰ LITWAK, R.S. (2014) *Iran’s Nuclear Chess: Calculating America’s Moves*.

¹³¹ INTERNATIONAL CRISIS GROUP (2014) *Iran Nuclear Talks: The Fog Recedes*.

¹³² ESFANDIARI, H. et al. (2014) *What’s Next For Iran and the P5+1*. U.S.A.: Wilson Center. Available at: http://www.wilsoncenter.org/sites/default/files/what_next_for_iran_p5%2B1_0.pdf.

¹³³ LITWAK, R.S. (2014) *Iran’s Nuclear Chess: Calculating America’s Moves*.

words”¹³⁴ and portray the US as the inflexible party, who was not satisfied with just limiting Iran’s nuclear program, but aimed for regime change, as always suspected by Iran. Therefore, the best course of action for the US would be to make the terms of the final negotiating offer to Iran publicly available, so the international community will see exactly the tradeoff that Iran rejected.¹³⁵ Furthermore, the question also remains, whether the strong international sanctions coalition would hold after the failure of the talks. “If the international community views US hard bargaining as the cause of the failure, Washington will likely have a difficult time maintaining international support for sanctions,”¹³⁶ as many states will be tempted to establish commercial relations with Iran. The US should try hard not to lose this support as the threat of increasing sanctions motivates Iran to seek a deal.

It is unlikely that Iran would necessarily push for a nuclear breakout or withdraw from the NPT if negotiations break down. Iran would have no reason to do so as it “has no immediate national security imperative to acquire nuclear weapons”¹³⁷ and is aware of the risks of such course of action. Even though the monitoring mechanism in Iran is relatively weak, it does complicate Iran’s ability for clandestine activities and its possibility to weaponize without alerting the IAEA and thus likely triggering a military attack. Iran will probably resume its enrichment activities as before the interim agreement and continue with the “hedge strategy” – improving its breakout capability, but not making a dash for weaponization.

3.2.2. More pressure

One likely path after a breakdown of negotiations is for the US to exert additional pressure to bring Iran back to the negotiating table and make it more conducive to a negotiated agreement. Such course of action was already debated even in the midst of the latest negotiations, especially by the more hawkish members of the US Congress. These congressmen threatened imposing additional sanctions measures as they were not satisfied with the currently negotiated terms of the deal and would like to see Iran agreeing to halt all of its nuclear activities and

¹³⁴ ADEBAHR, C. (2014) What Iran Would Do Without a Nuclear Deal. *Carnegie*, 13th Nov

¹³⁵ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹³⁶ FIKENSCHER, S. and REARDON, R.J. (2014) The Fool’s Errand for a Perfect Deal with Iran. *Washington Quarterly*, Fall 2014, pp. 61-75. Available at:

https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/Fikenscher-Reardon_Fall2014.pdf

¹³⁷ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

dismantle its program. Passing such additional sanctions would be completely counterproductive to the ongoing talks and would likely be seen as a violation of the Geneva interim agreement by Iran and thus actually lead to a breakdown of talks.

In the aftermath of a collapse of negotiations, the US would likely try to mobilize international coalition for another sanctions push on Iranian economy and especially on Iranian oil exports as the “growing oil supply and decreasing demand has created a soft international market in which further restrictions on Iranian oil exports would not trigger price increases.”¹³⁸ Current extremely low oil prices are already straining the fragile Iranian economy.¹³⁹

The US has effectively created a broad international coalition against Iran thanks to its sanctions efforts in the United Nations Security Council. Economic sanctions have been successful at “denying Iran resources and funds required for the continued progress of the nuclear program, which has raised the costs of weaponization and delayed the program’s progress,”¹⁴⁰ and at bringing Iran to seriously negotiate with the US and P5+1. Their impact has increased dramatically especially since the imposition of tough financial and oil sanctions in 2011. This has led to Iran being cut off from the international banking system, limited Iran’s ability to do business abroad, and contributed to a significant drop in Iranian oil exports and the value of the Iranian rial and a rise in inflation.¹⁴¹

However, it cannot be said that economic sanctions would have succeeded in influencing Iranian decision-making, because even despite economic pain, Iran has not made concessions in negotiations. Furthermore, increasing sanctions also raises the possibility of escalation. In the past, Iran has often responded to new sanctions with significant nuclear advances or repeatedly threatened to retaliate, most often by closing the Strait of Hormuz. Iran has also shown amazing flexibility in adopting measures to adapt to new rounds of sanctions. Iranian leadership has also managed to protect its key supporters from the sanctions’ effects and thus

¹³⁸ SAMORE, G. (2014) The Future of the Iran Nuclear Negotiations. *The International Institute For Strategic Studies*. Weblog [Online] 29th September. Available from: <http://www.iiss.org/en/politics%20and%20strategy/blogsections/2014-d2de/september-b6af/the-future-of-the-iran-nuclear-negotiations-488e>. [Accessed 12/12/14]

¹³⁹ KHAJEHPUR, B. (2014) Iran takes steps to reduce economic risk of falling oil prices. *Al-Monitor*, 14th November. Available at: <http://www.al-monitor.com/pulse/originals/2014/11/iran-oil-economy-falling-prices-crude-exports-market-reacts.html>.

¹⁴⁰ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

¹⁴¹ REARDON, R. (2013) Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

mainly the Iranian public has been experiencing the weight of sanctions and isolation. This has not caused the public to challenge the leadership, but it has led to the election of a moderate president who campaigned with the purpose of rapprochement with the West and easing the sanctions. Robert Reardon argues that “it is unlikely that Iran will yield to economic coercion without a clear path to the lifting of the toughest sanctions – the ones on Iran’s oil and financial system – beyond complete capitulation.”¹⁴² In addition, Khamenei is allegedly “averse to compromise under pressure, fearful of projecting weakness and inviting greater pressure.”¹⁴³ Some analysts argue that “economic pressure or military force cannot end Iran’s nuclear program, because it is entangled with too much pride and sunk costs to be simply abandoned.”¹⁴⁴ Sanctions and threats also strengthen the belief of many Iranians that the US is actually aiming for regime change, which could lead to Iranian leaders believing they actually need to acquire nuclear weapons for the defense of the regime.

3.2.3. Military force – Literature review

The controversial issue of using military force to pressure Iran to halt its nuclear activities has its vocal proponents and critics.

The proponents of a military strike warn of the danger that a nuclear-armed Iran would present to the US interests in the Middle East and further as described in the chapter on the US interests. Michael Kroenig believes that if a military strike to destroy Iran’s nuclear facilities is “managed carefully, it could spare the region and the world a very real threat and dramatically improve the long-term national security of the United States.”¹⁴⁵ He optimistically claims that the US likely knows the location of all the nuclear facilities, that even if Iran decides to rebuild them after a strike, the US has a “good chance catching it,” it would be able to limit casualties and reduce collateral damage by precision-guided missiles.¹⁴⁶ The proponents of a strike are often hopeful that Iran will “not be able to simply resume its process after,” and that it “could well force Iran to quit the nuclear game altogether” and point to the example of Iraq and Syria, who did not restart their programs after a preventive attack. If not, there is always the

¹⁴² REARDON, R. (2013) *Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications*.

¹⁴³ WRIGHT, R. (ed.) (2010) *The Iran Primer*.

¹⁴⁴ VAEZ, A. And SADJADPOUR, K. (2013) *Iran’s nuclear odyssey*.

¹⁴⁵ KROENIG, M. (2012) *Time to Attack Iran – Why a Strike Is the Least Bad Option*.

¹⁴⁶ KROENIG, M. (2012) *Time to Attack Iran – Why a Strike Is the Least Bad Option*.

possibility of additional attacks. In addition, Kroenig claims that “an attack might actually create more openings for dissidents in the long term, giving them grounds for criticizing a government that invited disaster,” and even if it did not, the US must give priority to its vital national security interest, not Iran’s domestic political struggles.¹⁴⁷ Kroenig also argues that by launching an attack on Iran’s nuclear program, US removes the incentive for other countries in the region to pursue their own nuclear programs and strengthen the international nonproliferation regime by showing that it will not avoid using strength to prevent the spread of WMDs.

On the other hand, critics of a preventive attack on Iran stress a number of negative military, economic and political consequences that could emerge.

First, a US preventive attack would not be able to ensure a nuclear-weapons-free Iran, because it could not “end” Iran’s nuclear program, but could only accomplish delaying its progress. According to estimates, preventive strikes would set back the Iranian nuclear program by only a few years.¹⁴⁸ The strike would probably be able to destroy Iran’s main nuclear facilities; however, it would not prevent Iranians from reconstituting its nuclear program, as they have already acquired the knowledge and expertise of the uranium enrichment process, which provides them with the ability to acquire a weapon. As Mohamed El Baradei, the former Director of IAEA, observed, “You cannot bomb knowledge.”¹⁴⁹ The threat of Iran possibly acquiring a nuclear weapon can be decreased, but not eliminated.

Second, critics of an attack argue that it would have the paradoxical effect of making it easier for Iran to acquire a bomb in the long term. Paul Pillar argues that it would most likely “provide the strongest possible incentive for Iran to move forward rapidly in developing a nuclear weapon, in the hope of achieving a deterrent to future attacks.”¹⁵⁰ Robert Reardon agrees that an attack will likely cause Iran to “redouble its efforts and reconstitute its program” and adds that it might “make it easier for Iran to withdraw from the NPT and expel IAEA

¹⁴⁷ KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option.

¹⁴⁸ BBC (2011) US defence chief Panetta warns against Iran strike. *BBC*, 11th Nov. Available at: <http://www.bbc.co.uk/news/world-middle-east-15688042>.

¹⁴⁹ JERRY, G. (2009) You can’t bomb knowledge. *Newsweek*, 12th Feb, p. 58.

¹⁵⁰ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

inspectors.”¹⁵¹ In such a case, the US would not be able to closely monitor Iran’s nuclear activities, Iran’s path to weaponization would be less restrained, which would make “future US policy choices more difficult.”¹⁵²

Third, an attack will most likely trigger a costly retaliation against the US or its allies in the Middle East.¹⁵³ Iran could use various ways to strike back: harassing the tanker traffic in the Persian Gulf, shutting the Strait of Hormuz, damaging the oil infrastructure, attacking US forces in the region, using proxy groups for disruptive activities or supporting terrorist strikes worldwide.¹⁵⁴ Iranian retaliation against US military bases or ships in the region could have negative economic consequences, especially for the international oil market.

Fourth, a preventive strike and the subsequent Iranian retaliation could be the beginning of a regional war that would be difficult to end. Paul Pillar argues that “the dispersed nature of the target and the US military’s operational requirements, such as the suppression of Iranian air defenses, would make this a major assault,” and would be the start of war.¹⁵⁵ Robert Litwak believes that even “a limited attack on Iran’s nuclear sites could well escalate into a conflict.”¹⁵⁶ In addition, he warns of the possible devastating consequences of bombing nuclear “hot sites containing toxic fissile material” for the nearby civilian population and the environment.¹⁵⁷

Fifth, an attack might actually increase the domestic popular support for the regime.¹⁵⁸ Kroenig’s argument that an attack might “create more openings for dissidents to criticize the regime”¹⁵⁹ is not persuasive. Many analysts believe that a military attack by a foreign country traditionally generates a “rally-round-the-flag” effect that benefits the regime.¹⁶⁰ Pillar even claims that an attack would be “an immediate political gift for the hardliners,” as it would increase nationalism and reinforce their domestic political power at the expense of the

¹⁵¹ REARDON, R. (2013) Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

¹⁵² REARDON, R. (2013) Iran’s Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

¹⁵³ EDELMAN, E.S., KREPINEVICH JR, A.F. and MONTGOMERY, E.B. (2011) The Dangers of a Nuclear Iran.

¹⁵⁴ POSEN, B. (2010) Overkill. *Foreign Affairs*, Jul/Aug, Sv. 89, Vydání 4

¹⁵⁵ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

¹⁵⁶ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹⁵⁷ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹⁵⁸ KAHL, C.H. (2012) Not time to attack Iran. *Foreign Affairs*, Mar/Apr.

¹⁵⁹ KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option.

¹⁶⁰ PILLAR, P. (2012) We Can Live with a Nuclear Iran.

moderates.¹⁶¹ In addition, an attack would likely cause the Iranian population to be extremely hostile to the US and even in the improbable case of a political change, any new regime will have to reflect such stance.¹⁶²

Sixth, an attack would increase the regime's popularity not only domestically, but also internationally, even in some Arab countries. According to Pillar, an attack could be seen as "unprovoked killing of Muslims,"¹⁶³ could deepen anger at the US and lessen the isolation of Iran from other states in the region.

Last, unless the US convinced the international community that using military force was actually the last possible option – for example by providing evidence of an Iranian breakout and dash towards weaponization – an attack would likely lead to the weakening of the multilateral support for the current sanctions regime and the current multilateral nonproliferation effort.¹⁶⁴

In short, it is impossible to predict the full ramifications of going into military conflict with Iran precisely, however, most analysts agree that the negative consequences would likely be severe. Critics of a preventive attack also argue that "military action against Iran would have consequences far worse than a nuclear-armed Iran."¹⁶⁵

President Obama has repeatedly stated that in the context of resolving the issue of Iran's nuclear program, "all options are on the table."¹⁶⁶ At the same time, the US administration evidently considers the military option very unattractive and seems extremely reluctant to use force against another country in the Middle East. The US stated objective – to prevent Iran from obtaining nuclear weapons – signals that the US has drawn a red line for Iran at weaponization, meaning that Iran's push for weaponization should trigger a US military response. However, as US intelligence analysts maintain, Iran has not yet decided to cross the

¹⁶¹PILLAR, P. (2012) We Can Live with a Nuclear Iran.

¹⁶²PILLAR, P. (2012) We Can Live with a Nuclear Iran.

¹⁶³PILLAR, P. (2012) We Can Live with a Nuclear Iran.

¹⁶⁴ REARDON, R. (2013) Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications.

¹⁶⁵PILLAR, P. (2012) We Can Live with a Nuclear Iran.

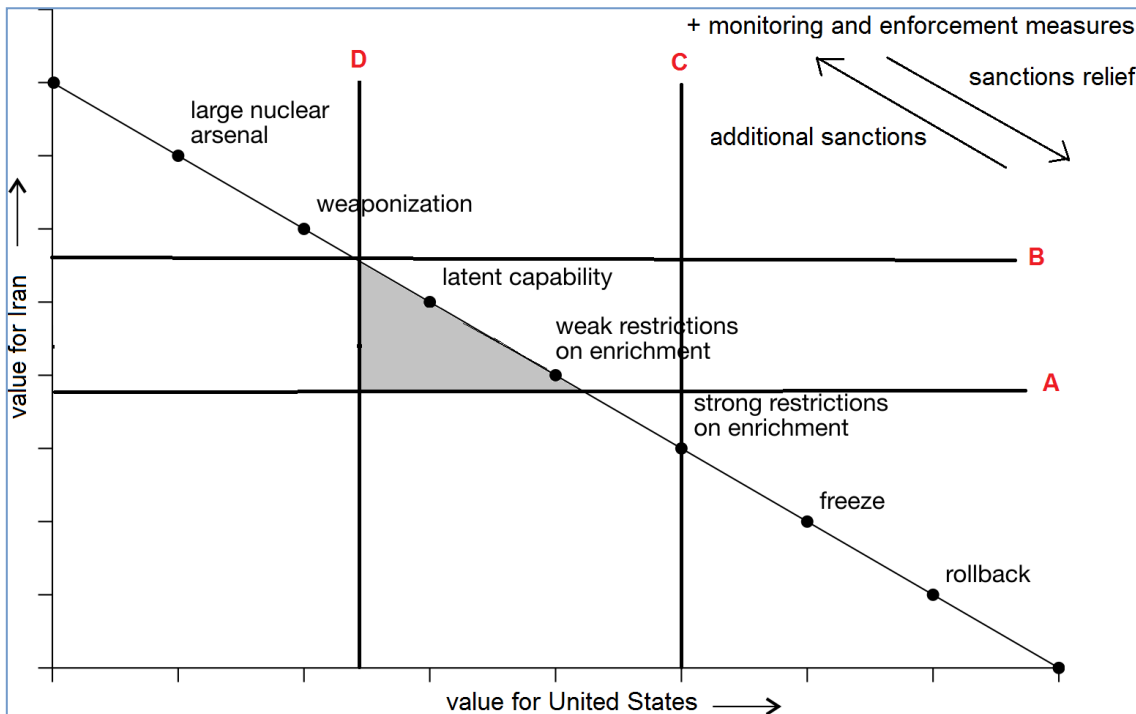
¹⁶⁶ THE WHITE HOUSE – OFFICE OF THE PRESS SECRETARY (2012) *Remarks by President Obama and Prime Minister Netanyahu of Israel After Bilateral Meeting*. U.S.A.: Oval Office. Available at: <http://www.whitehouse.gov/the-press-office/2013/09/30/remarks-president-obama-and-prime-minister-netanyahu-israel-after-bilate>

threshold from a potential capability to weaponization. Robert Litwak believes that “the strategic ambiguity of a hedge – of going so far but no further, at least not yet – might well serve Iranian interests.”¹⁶⁷ He adds that by drawing the red line at weaponization, President Obama has also signaled that he would not launch a preventive strike to prevent Iran from having a nuclear hedge option. Reardon argues that the US might run into the challenge of enforcing the red line without evident proof of Iran’s weaponization. The regime’s hedge strategy stresses ambiguity about its nuclear intentions and capabilities and Iran is not likely to make a dramatic move that would openly cross the red line and provoke a military response.

¹⁶⁷ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

4. ZOPA and Graphical Framework

Figure 2: Graphical representation of the ZOPA



To represent the parties' interests and alternatives to a negotiated agreement in the graphical framework, I have added lines A, B, C and D.

Line A, which crosses the deal frontier between “weak restrictions on enrichment” and “strong restrictions” represents Iran’s interest and preference for the outcome out of the negotiations. Iran has for years maintained its emphasis on keeping its enrichment program and continuing in scientific progress. As already mentioned, Iran’s actions so far are consistent with the objective of possessing all of the necessary elements to produce nuclear weapons, while delaying the decision whether to “cross the nuclear threshold” or not.¹⁶⁸ On the other hand, Iran seems to be willing to suffer certain temporary restrictions on its nuclear program as long as substantial sanctions relief crucial for Iran’s economic recovery is included in the deal.

¹⁶⁸ REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge.

Line B represents Iran's alternative to a negotiated agreement and it crosses the deal frontier in between the points "latent capability" and "weaponization." This is the likely outcome if negotiations fail. Iran will likely resume its enrichment activities to the levels before the Geneva interim agreement, but without the perception of facing a great near-term threat, such as after suffering a preventive attack on its facilities, it is unlikely to move further along the continuum towards weaponization. The US will likely pass additional sanctions measures as a response.

Line C, which crosses the deal frontier at "strong restrictions on enrichment," represents the interest of the US. The core US interest is that Iran's nuclear program remains exclusively peaceful and under strong monitoring measures. As mentioned earlier, the US has retreated from its original objective of forcing Iran to halt its nuclear activities completely and, through the Geneva interim agreement, has accepted that Iran kept some level of enrichment. The interim agreement states: "This comprehensive solution would involve a mutually defined enrichment programme with practical limits and transparency measures to ensure the peaceful nature of the programme."¹⁶⁹

Line D represents the alternative to a negotiated agreement for the US and it crosses the deal frontier in between the points "latent capability" and "weaponization," as the likely outcome of a negotiations breakdown.

After putting these elements into the graphical framework under the specified assumptions, it is possible to deduce whether a zone of possible agreement exists or not. Whether a ZOPA exists depends on the location of the US and Iranian interests and alternatives to a negotiated agreement. The part of the diagonal deal frontier that is both above line A and to the right of line D represents the ZOPA.

Therefore, if the assumptions about the US and Iran's interests and alternatives to negotiated agreement are correct, it is possible to conclude based on the graphical representation of the negotiation analysis that a ZOPA exists as of this writing. The existence of a ZOPA signals the possibility of finalizing a negotiated agreement between the US and Iran on Iran's nuclear

¹⁶⁹ EUROPEAN EXTERNAL ACTION SERVICE (2013) *Joint Plan of Action*. Belgium. Available at: http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf.

program. This conclusion is compatible with the fact that the parties to the negotiation have managed to successfully break through the impasse in 2013 by signing and implementing the Geneva interim agreement. However, even after over a year of intensive negotiations and two extensions of the talks and the interim deal, the parties have not been able or willing to reach a comprehensive deal about Iran's nuclear program. The analysis continues by identifying the possible barriers to a negotiated agreement.

5. Barriers to agreement

In addition to the deep mistrust between the parties, there are various other barriers to a comprehensive nuclear agreement. Because the Geneva interim agreement states that “the comprehensive solution would constitute an integrated whole where nothing is agreed until everything is agreed,” any of these barriers could potentially block a deal if left unresolved.

5.1. Technical Issues

After over a year of negotiations, the parties have not been able to resolve several technical questions related to the nuclear issue: the adequate uranium enrichment capacity Iran would keep, the intrusiveness of future IAEA inspections, the possible military dimensions of its nuclear program, the timeline and extent of sanctions relief and the duration of the agreement. In the following sections, the nature of these technical obstacles is explained in more detail.

5.1.1. Uranium enrichment capacity and monitoring and transparency measures

Uranium enrichment is probably the most politically sensitive question and also one on which other interconnected issues depend. Therefore, as long as enrichment remains unsolved, there will not be a comprehensive nuclear deal.

Iran insists on maintaining uranium enrichment and its leaders often declare they “will not accept any limitations” on enrichment other than temporary measures intended for trust building.¹⁷⁰ Iran often employs rhetoric about its inalienable right to a civilian nuclear program and likens the crisis to evidence of Western arrogance and efforts to deny Iran independence.

The US has originally demanded a suspension of any enrichment activities, but with the Geneva agreement the Obama administration admitted this outcome was unlikely and accepted some level of Iranian enrichment to be later determined according to "mutually

¹⁷⁰ CNN PRESS ROOM (2014) *Iranian President Rouhani on Iran's Nuclear Technology* [WWW] Available from: <http://cnnpressroom.blogs.cnn.com/2014/01/26/iranian-president-rouhani-on-irans-nuclear-technology/> [Accessed 12/12/14]

agreed parameters consistent with practical needs.”¹⁷¹ However, agreeing on what Iran’s practical needs are has proven to be a big challenge due to very different US and Iranian estimates. The US considers Iran’s practical needs as minimal and does not understand the economic logic of Iran’s insistence on enrichment. Iran, on the other hand, claims to have a need of an extensive enrichment program for planned future expansion of nuclear power production. Thus, due to lack of progress on this criterion, the US officials have instead switched to calculating the scale of Iran’s enrichment capacity on the criterion of a “breakout time” – time needed for producing enough material for a nuclear weapon. The US negotiators say they are aiming for at least a year-long period that would give the US timely warning for a response in case Iran decides to race to build a nuclear weapon. Lengthening the breakout time can be achieved by various combinations of restrictions on the number and sophistication of centrifuges and the quantity of stocks of enriched uranium.¹⁷² Obviously, Iran rejects the idea of projecting its nuclear program based on the assumption that it plans to weaponize.

Furthermore, many experts dismiss using the flawed concept of breakout for defining a negotiating position or as a judgment measure of the deal. Paul Pillar argues that because extensive monitoring measures will be central to any nuclear deal with Iran, it makes little sense to be obsessed with the breakout time. Any suspicious activity would be detected and a US response could be organized within a couple of weeks.¹⁷³ In addition, Iran would have no incentive to sign a deal, subject itself to intrusive monitoring and then break out.¹⁷⁴ Greg Thielmann and Robert Wright argue that the term is commonly misunderstood as meaning the time required to actually make a bomb. However, although the current estimated breakout time of Iran is 2 months, it would take much longer for Iran to actually produce a deliverable and tested bomb – even a year according to some estimates.¹⁷⁵ Furthermore, the magnitude of

¹⁷¹ EUROPEAN EXTERNAL ACTION SERVICE (2013) *Joint Plan of Action*.

¹⁷² LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹⁷³ PILLAR, P. (2014) Breakout, Shmeakout: The Wrong Way to Assess a Nuclear Deal with Iran. *The National Interest*, 15th Jul. Available at: <http://nationalinterest.org/blog/paul-pillar/breakout-shmeakout-the-wrong-way-assess-nuclear-deal-iran-10880>.

¹⁷⁴ BERNSTEIN, A. And WALSH, J. (2014) A misconception that could scuttle nuclear talks with Iran. *Reuters*, 24th Nov. Available at: <http://blogs.reuters.com/great-debate/2014/11/23/a-misconception-that-could-scuttle-nuclear-talks-with-iran/>

¹⁷⁵ THIELMANN, G. And WRIGHT, R. (2014) The Trouble With “Breakout Capacity. *Slate*, June ed. Available at: http://www.slate.com/articles/news_and_politics/foreigners/2014/06/iran_u_s_nuclear_negotiations_in_vienna_w_hy_it_s_critical_to_understand.single.html

the threat of a breakout time largely depends on other elements of the negotiated agreement – especially monitoring measures. Under intensive monitoring, it does not matter whether the breakout time is two or six months. In addition, another reason why focusing on the measure of breakout is flawed is because the US intelligence community has assessed that if Iran did decide to acquire a nuclear weapon, it would most likely not do so in its declared and closely monitored facilities¹⁷⁶. Instead, analysts warn of the danger of a “sneakout” at a clandestine enrichment facility.

Therefore, the key to resolving this “barrier to agreement” is not making Iran’s breakout impossible, but making it very difficult and unattractive. A possible solution is likely for the US to accept a higher capacity of Iranian enrichment in return for Iran’s acceptance of much stricter safeguards and more intrusive monitoring measures.

Regarding monitoring and transparency issues, the US negotiators believe that there is a need for much stricter measures than the NPT requires due to Iran’s evasive behavior in the past. Iran has failed to declare certain activities and nuclear facilities to the IAEA and the US intelligence analysts believe that Iran run a program to acquire nuclear weapons capabilities until 2003¹⁷⁷. The US claims that the nuclear deal will also require the implementation of IAEA’s Additional Protocol and other extra mechanisms. Iran appears more willing to accept additional monitoring measures than to limit its enrichment program. IAEA’s Additional Protocol could also be an important assurance against the threat of a nuclear sneakout because it would grant inspection access even to undeclared nuclear facilities. However, hardliners in Iran view intrusive inspections as a cover for acquiring details of its military capabilities and a national security risk. Nevertheless, in the recent negotiations Iran reportedly expressed willingness to finally implement the Additional Protocol as a part of a comprehensive deal, but only in return for substantial sanctions relief. While the US considers economic sanctions as its leverage to constrain Iran’s enrichment program, Iran considers transparency as its own leverage to bargain the lifting of sanctions.¹⁷⁸

¹⁷⁶ THIELMANN, G. And WRIGHT, R. (2014) The Trouble With “Breakout Capacity.

¹⁷⁷ NATIONAL INTELLIGENCE ESTIMATE (2007) *Iran: Nuclear Intentions and Capabilities*. U.S.A.

¹⁷⁸ LITWAK, R.S. (2014) *Iran’s Nuclear Chess: Calculating America’s Moves*.

5.1.2. Possible military dimensions

Resolving outstanding questions about possible military dimensions of Iran's nuclear program will be an inevitable part of the nuclear deal. This would include Iran sharing information about the allegations that until 2003 it pursued a military nuclear capability and carried out weapons-related experiments. The US Congress will likely demand IAEA's confirmation that Iran's nuclear program is for civilian purposes only before it agrees to any suspension of sanctions. Since the implementation of the Geneva interim agreement, Iran has been more cooperative in resolving the outstanding issues, however, it has still not provided answers relevant to the past suspicious activities. Iran claims that sharing sensitive information about its infrastructure would endanger national security and make it more vulnerable to potential attacks. In addition, Iran has been denying any weaponization-related activities for over a decade and would likely suffer a loss of reputation if it admitted them now.

5.1.3. Sanctions relief

The economic sanctions imposed on Iran have been one of the causes of Iran's international isolation and economic woes, but also likely the main motivator for Iran's willingness to negotiate a deal. However, the issue of sanctions relief has proven quite problematic due to the different understanding of the interim agreement's wording of the final agreement. The deal states: "This comprehensive solution would involve a reciprocal, step-by-step process, and would produce the comprehensive lifting of all UN Security Council sanctions, as well as multilateral and national sanctions related to Iran's nuclear programme."¹⁷⁹ Iran interprets this section to mean that the sanctions relief will be a gradual, step-by-step process in reciprocation to Iran's fulfillment of its commitments. Iran expects the P5+1 to gradually terminate, not just suspend, all UNSC resolutions and nuclear sanctions. However, the P5+1 do not wish to terminate sanctions in the near future, because neither will Iran terminate its nuclear activities – only temporarily limit them. The US and its partners in the P5+1 consider the interim deal to indicate that sanctions will only be suspended and possibly terminated later, when Iran's program is no longer constrained.

¹⁷⁹ EUROPEAN EXTERNAL ACTION SERVICE (2013) *Joint Plan of Action*.

The US wants to maintain its sanctions leverage as much as possible in case Iran reverses its commitments under the comprehensive agreement. The US believes that if once suspended, re-imposing multilateral sanctions and renewing Iran's isolation would be much more difficult than it would be for Iran to ramp up its nuclear program. However, Iran is unlikely to sign off on a deal that does not provide substantial and tangible sanctions relief. President Rouhani served as a nuclear negotiator during the negotiations with the E3 in 2003-2005 and was likely frustrated that the negotiated agreement did not provide the recognition of its right to enrichment and promised economic inducements¹⁸⁰. In addition, Rouhani will hardly be able to sell the deal at home if it does not significantly lift sanctions.

Another major obstacle to resolving the issue is a number of "technical" difficulties in dismantling the sanctions architecture. The US is responsible for majority of the economic sanctions on Iran, mainly on Iran's oil, gas and banking sector. However, not all existing sanctions aimed at Iran are nuclear related. Especially many of US sanctions are connected to other issues such as Iran's human rights abuses and state sponsorship of terrorism. In addition, rolling back the US sanctions is not solely up to the Obama administration because majority of them were imposed by Congress, and thus their permanent lifting will require Congressional consent. At the moment, there is strong opposition to sanctions relief in the Congress and this is likely to increase, starting from January 2015 when a Republican majority takes it over. The President can lift a part of the sanctions imposed by the Executive Order and ensure limited sanctions relief by using his waiver authority. On the other hand, the Congress can also impose new sanctions or demand the President to preserve the existing sanctions. Therefore, Iran rejects receiving sanctions relief by waivers because it does not see it as a secure option as it is liable to changes in the US domestic politics. Iranian leaders argue that the major and costly concessions that the US demands from Iran necessitate a more reliable path to sanctions relief than presidential waivers - irreversible concessions for irreversible sanctions relief. Western companies are not going to rush to invest in costly longer term projects in Iran without assurances that they will not be sanctioned.

In addition, Iranian negotiators ask for substantial and tangible sanctions relief from the beginning so they can defend the nuclear concessions the hardliners are surely to criticize. The

¹⁸⁰ INTERNATIONAL CRISIS GROUP (2014) Iran Nuclear Talks: The Fog Recedes.

US negotiators have assured Iran that they would be able to deliver sanctions relief, however, it remains to be seen whether it would be enough to persuade Khamenei to accept a deal. Furthermore, sanctions relief may not lead to immediately visible economic improvement, which could strengthen the hand of the hardliners, as the public expectations of the effect of sanctions relief are quite high.¹⁸¹ After a deal is signed, sanctions would be lifted only gradually after Iran demonstrates its commitment to the deal and even then, the nonnuclear ones would remain in place.

The difficulties in lifting the sanctions have turned them from leverage to an obstacle to agreement. Although driven to the negotiating table by the negative effects of sanctions, Iran is not likely to make significant concessions without a clear road towards sanctions relief.

5.1.4. Duration of the deal

Lastly, another contentious issue is the envisioned length of the final agreement. According to the interim deal, “following successful implementation of the final step of the comprehensive solution for its full duration, the Iranian nuclear programme will be treated in the same manner as that of any non-nuclear weapon state party to the NPT.”¹⁸² Iran would like to see duration of three to five years, while some US officials say they would like to stretch the period to twenty years.¹⁸³ Iran expects that after the IAEA concludes that its nuclear program is entirely for peaceful civilian purposes, it should be treated as any other member of the NPT. However, a potential comprehensive agreement with Iran will most likely be multi-stage, implemented in phases of various durations. Some restrictions may be short-term, while others will be long-term or permanent, such as IAEA monitoring and inspections. However, according to Daryl Kimball of the Arms Control Association, the demand that the agreement must last 20 years is not based on any scientific or technical assessment and his estimate of the deal’s length is over a decade with some Iranian commitments lasting longer.¹⁸⁴

¹⁸¹ CLAWSON, P. and KHALAJI, M. (2014) How Iranians might react to a nuclear deal.

¹⁸² EUROPEAN EXTERNAL ACTION SERVICE (2013) *Joint Plan of Action*.

¹⁸³ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik’s Cube.

¹⁸⁴ KIMBALL, D.G. (2014) Iran Nuclear Deal 101: How A Comprehensive Agreement Can Block Weapons Pathways. Issue Briefs. Arms Control Association. Volume 6, Issue 10, October 30, 2014. Available at: <http://www.armscontrol.org/issue-briefs/2014-10-30/Iran-Nuclear-Deal-101-How-A-Comprehensive-Agreement-Can-Block-Weapons-Pathways>

5.2. Political issues to resolve

The decades of mistrust and mutual suspicions between Iran and the US will likely complicate an already very complex process of negotiations. Among other political barriers to agreement are domestic opposition on both sides and some external opposition from the states in the Middle East.

5.2.1. Hardliners in Iran

The powerful Iranian hardliners are opposed to a nuclear deal with the West for a number of reasons.

First, they have the least to gain by a successful deal politically and economically. They actually benefit domestically from continuing conflict with the US and they fear that a nuclear deal might give more power to the pragmatists who want to see better relations with the West. Furthermore, although economic sanctions relief is viewed as the main Iranian driver to agree to a deal, it is important to realize that many of the nonnuclear sanctions that will likely remain in place are targeting the key hardliners of the regime.

Second, the hardline opponents of a deal perceive its potential implications – rapprochement with the US and integration into the international system – as a threat to the Islamic Republic and the regime. One of the ideological pillars of the Islamic Republic is self-sufficiency and independence and the hardliners fear that nuclear cooperation with other countries will make Iran dependent on the West for its energy needs. Furthermore, the Iranian conservatives are suspicious of the US' intentions and fear that Iranian concessions on the nuclear issue may be interpreted as a weakness, lead to more demands and pressure from the West to compromises on other issues and damage the regime's stability and legitimacy.

Third, the factions opposed to President Rouhani do not want to see him taking the credit and benefits of going through successful negotiations and have strong motivation to undermine a deal that could empower the pragmatists.¹⁸⁵ Due to this, the current Iranian negotiators are unwilling to make large concessions so as not to give the hardliners further causes for critique.

¹⁸⁵ ESFANDIARI, H. et al. (2014) What's Next For Iran and the P5+1.

The fractured Iranian political arena makes accomplishing and implementing a comprehensive deal to its end very difficult.

At the same time, Iranian conservatives do not represent an independent political group, as they are politically and financially dependent on the Supreme Leader and other groups around him, such as the Revolutionary Guards.¹⁸⁶ This essentially means that the Supreme Leader ultimately decides the fate of the nuclear deal. In fact, Khamenei has been decreasing the domestic polarization over the issue of the nuclear deal by constraining the hardliners' criticisms.¹⁸⁷ He has publicly declared his support for the Iranian negotiators several times, while expressing his low expectations for the success of a deal.¹⁸⁸ These actions can be interpreted as Khamenei effectively enabling President Rouhani and his team of negotiators to work towards a deal involving sanctions relief and at the same time "hedging" for possible failure.¹⁸⁹

5.2.2. Hardliners in the US

Some members of the US Congress maintain that Iran must be left with no capability to acquire nuclear weapons and demand that Iran dismantles its nuclear program - meaning it halts all uranium enrichment activities. Although such outcome would be ideal for Iran's hawkish opponents, Ali Vaez and Karim Sadjadpour argue that it is not necessary from a nonproliferation point of view thanks to the IAEA's enhanced safeguards.¹⁹⁰ In addition, there is almost no chance that Iran will give up what it calls "an inalienable right" to enrichment. The Obama administration has already conceded this element and agreed to a limited Iranian enrichment program as part of the interim deal. Many congressmen disagree with such concessions and warn the administration not to agree to a "bad deal," meaning a deal that would leave Iran with a uranium enrichment program, however limited, and that does not also

¹⁸⁶ CLAWSON, P. and KHALAJI, M. (2014) How Iranians might react to a nuclear deal.

¹⁸⁷ ESFANDIARI, H. et al. (2014) What's Next For Iran and the P5+1.

¹⁸⁸ GANJI, A. (2014) Khamenei Opposes Iran's Hardliners on Nuclear Negotiations. The Huffington Post, 3rd Dec. Available at: http://www.huffingtonpost.com/akbar-ganji/khamenei-iran-nuclear-negotiations_b_6264716.html

¹⁸⁹ TABATABAI, A. (2014) "Five Myths about Iran's Nuclear Program". *Belfer Center for Science and International Affairs*, 10th July. Available at:

http://belfercenter.ksg.harvard.edu/publication/24405/five_myths_about_irans_nuclear_program.html?breadcrumb=b=%2Fregion%2F153%2Firan%3Fgroupby%3D3%26filter%3D10

¹⁹⁰ VAEZ, A. And SADJADPOUR, K. (2013) Iran's nuclear odyssey.

aim at Iran's human rights abuses and its sponsorship of terrorism¹⁹¹. Furthermore, believing that only increased pressure will force Iran to make such concessions, the Congress has been threatening to ratchet up additional sanctions legislature throughout the length of the negotiations. However, such move would be counterproductive. Additional economic pressure would likely stop Iran's remaining trade with Europe and Asia and thus it would economically hurt allies of the US in these regions.¹⁹² Consequently, this could break the multilateral sanctions coalition and the P5+1's unity and increase the suspicions of the Iranian conservatives that the US does not wish to honestly negotiate with Iran, but achieve regime change. The negotiations would likely break down. If the sides fail to achieve a comprehensive deal, more sanctions may be necessary, however, they would be premature during the negotiations.

Another problematic issue connected with the US Congress is that in the aftermath of a potential comprehensive agreement, US administration will need congressional approval to lift sanctions against Iran. President Obama can deliver some, but not all sanctions relief – as already mentioned in the section “Sanctions relief” of this chapter. With additional time, the new US Congress is likely to become more hostile towards negotiations.

5.2.3. Opposition from regional US allies – Israel and Saudi Arabia

The US faces not only domestic opposition to a nuclear deal with Iran, but also opposition from its allies in the region – most notably Israel and Saudi Arabia. Their posture is similar to the hardliners' of the US Congress – they press the US to adopt a tougher stance with Iran to achieve a halt of uranium enrichment activities and a rollback of Iranian nuclear program.

Israel is the most outspoken opponent of the nuclear deal with Iran and Iran's nuclear program. It does not want to see any sanctions relief for fear that businesses will rush to Iran immediately and the sanctions architecture will fall apart without Iran having to halt its program.¹⁹³ Israel also opposed accepting even a limited enrichment program in the interim deal because it feared this constituted its de facto legitimization. Israel has reiterated that it

¹⁹¹ LITWAK, R.S. (2014) Iran's Nuclear Chess: Calculating America's Moves.

¹⁹² GOLDMAN, Z.K. and ROSENBERG, E. (2014) Don't Wreck the Iran Talks. *The New York Times*, 5th Nov. Available at: http://www.nytimes.com/2014/11/06/opinion/dont-wreck-the-iran-talks.html?_r=1.

¹⁹³ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik's Cube.

considers Iran's nuclear program an existential threat and it would prefer that the P5+1 forgets the interim deal and uses its leverage, including the threat of using military force, to pressure Iran into rolling back its program. For several years, Israeli officials have publicly threatened carrying out a pre-emptive strike on Iran's nuclear facilities.¹⁹⁴ Israel has already demonstrated its willingness to use preventive military strikes to destroy nuclear weapons programs in the region – against Iraq in 1981 and Syria in 2007. However, this kind of unilateral aggression would most likely lead to a breakdown of the current negotiations with Iran.

Saudi Arabia does not want to see its main regional rival armed with nuclear weapons and has suggested that in such scenario it would acquire its own nuclear deterrent. Saudi Arabia, together with other Gulf Arab states, fears that a nuclear deterrent would enable Iran to try to project its power and influence events in the region more aggressively. More importantly, Saudi Arabia feels threatened by the possible rapprochement between Iran and the US and losing its political, economic and military ties with the US. In addition, a comprehensive deal that would loosen sanctions on Iran would lead to more Iranian competition on the oil market.

¹⁹⁴ KERSHNER, I. (2013) Officials in Israel Stress Readiness for a Lone Strike on Iran. *The New York Times*, 18th Apr. Available at: <http://www.nytimes.com/2013/04/19/world/middleeast/israeli-officials-stress-readiness-for-lone-strike-on-iran.html>.

6. Deal Design

Analysts suggest that from the technical side, the comprehensive agreement should be a “straightforward trade-off between technology and transparency.”¹⁹⁵ Accordingly, Robert Litwak¹⁹⁶ suggests that Iran as a member of the NPT would be allowed to keep a limited uranium enrichment program, monitored by the IAEA to ensure only peaceful civilian use and in return would receive sanctions relief from the US, EU and UN. Figuring out the technical details, such as the numbers of permitted centrifuges, the range of inspections, and the schedule of lifting of sanctions should not be so difficult.

Nevertheless, the nuclear negotiations remain to be seen as unsolvable mainly due to their fundamentally political character. Litwak believes that from the technical point of view, during the last round of negotiations in November 2014 in Vienna, reaching a deal was very close. The fact that the parties were not able to agree on the technical terms is evidence to the political character of the problem.¹⁹⁷ The nuclear question and the technical language it is conducted in are considered a “proxy” for a more fundamental debate and are the result of domestic constraints on both sides.

For Iran, the Islamic revolution was based on independence, self-sufficiency and rejection of dictates from outside powers. Iranian leaders consider accepting nuclear concessions defined by the West as giving up its autonomy. The nuclear issue is also a representation of a broader debate about Iran’s relationship with the US and outside world and its orientation toward the world economy. Iranian conservative leaders likely consider integration into the international community destabilizing and thus representing a threat to the regime survival.

This relates to the Western and the US views of Iran as a revolutionary, anti-status quo state that wants to weaken the norms of the international order and consequently, they do not want to legitimize such behavior by compromising on Iran’s nuclear program.¹⁹⁸ Therefore, for the US the nuclear question is a proxy for a debate that developed from a Bush-era threat of the

¹⁹⁵ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹⁹⁶ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

¹⁹⁷ ESFANDIARI, H. et al. (2014) What’s Next For Iran and the P5+1.

¹⁹⁸ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to “Yes”. Belgium: International Crisis Group.

character of the “rogue states” and shifted into the Obama administration’s concept of “outliers,” whose *behavior* is in violation of the international norms¹⁹⁹. Litwak argues that the tension in the US domestic political debate comes from the conflicting goals of regime change and behavior change. This is visible in the recent congressional debate about the nuclear deal, as the Congress critics demand adding other issues on table - such as Iran’s sponsorship of terrorist groups or its human rights record – which are linked to the character of the regime.²⁰⁰

6.1. Focus on irreducible core interests

Although overcoming the political barriers to a negotiated agreement may seem almost impossible, it would be counterproductive to conclude that due to large political obstacles a comprehensive agreement between Iran and the US is not achievable. As mentioned in the introductory chapter about the methodology of negotiation analysis, the approach stresses the importance of probing deeply for the parties’ interests and distinguishing them from issues under negotiation and positions taken. Because positions on issues do not have to be identical to underlying interests, it is important to look past the apparently incompatible bargaining positions to understand and uncover the real interests of the parties – their fundamental needs and priorities.

The graphical representation of the negotiation analysis and the parties’ underlying interests showed that a zone of possible agreement exists; therefore, the next step is to show how a workable compromise can be achieved to reach a mutually acceptable deal.

To move forward in achieving a comprehensive deal, the parties will need to stop emphasizing their inflexible bargaining positions and stop focusing on technical-sounding, ambivalent and manipulable measures, such as practical needs and breakout time. Instead, if both sides retreat from their maximalist positions and rather directly focus on their core interests and domestic political concerns, they might see that a mutually acceptable deal is achievable. A great example of adopting such approach is the 2013 Geneva interim agreement, which was successfully negotiated thanks to the emphasis on their respective core interests and a deal

¹⁹⁹ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

²⁰⁰ LITWAK, R.S. (2014) Iran’s Nuclear Chess: Calculating America’s Moves.

design that was sellable at home. The negotiations extension of November 2014 was therefore a failure of the parties' political will to adopt the same approach and show flexibility.

These conclusions are compatible with the findings of experts from the International Crisis Group²⁰¹. They determined the assumptions of the minimum, irreducible requirements or interests of the parties similarly to the assumptions of this thesis' analysis:

- for Iran, to maintain a meaningful enrichment program, continued scientific progress and achieving tangible sanctions relief;
- and for the US to ensure that Iran's enrichment program is adapted only for civilian purposes and is under strong and secure monitoring mechanisms and that the Iranians cooperate to show its nuclear program is exclusively peaceful.²⁰²

In addition, to accommodate these interests the International Crisis Group suggests the proposed comprehensive deal needs to include the following broad objectives:

“Building a firewall between Iran's civilian and potential military nuclear capabilities by constraining the most proliferation-prone aspects of its nuclear program; enhancing transparency by establishing rigorous monitoring and verification mechanisms to establish confidence in the peaceful nature of Iran's nuclear activities; ensuring implementation and deterring non-compliance by establishing objective and compulsory monitoring and arbitration mechanisms, as well as by devising, in advance, potential responses to breaches by either party; and bolstering the parties' incentives to remain faithful to the agreement by introducing positive inducements and rehabilitating Iran's economy and international standing.”²⁰³

Again, the solution seems straightforward and technical, however, how can these broad outlines of a deal be translated into a specific mutually acceptable agreement that will not be discarded by domestic opposition? According to the experts from the International Crisis Group, reaching a comprehensive deal requires flexibility on both sides and aiming for creative trade-offs between the individual elements of the agreement. Such trade-offs can be

²⁰¹ Their reports on the issue are available at: <http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/iran.aspx>

²⁰² INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to “Yes”.

²⁰³ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik's Cube.

illustrated by the following example: Both parties generally agree that limiting the initial scope of Iran's enrichment capacity will be part of any comprehensive deal and that these limits would be reduced after a confidence-building period. To work out the differences on the technical parameters, they could trade off the height of the limits against the length of the confidence-building period. Iran could agree to larger limits on its enrichment capacity and in return, the US could agree to a shorter timeline of lifting the limits on Iran's enrichment capacity.²⁰⁴ These experts continue in similar fashion and argue that an acceptable final agreement would need to include:

- Iran to accept more quantitative limits on the number of its centrifuges than it prefers; to commit to using nuclear fuel supplied by Russia for the entire lifespan of Bushehr' reactor; to implement all elements of the IAEA's Additional Protocol and other safeguards and transparency measures; to convert or transform some of Iran's nuclear facilities
- US to accept more qualitative progress in Iran's enrichment program via research and development; to ensure Russia's guarantees of fuel supply for Iran; to suspend a significant amount of nuclear-related sanctions relief in the first phase of the agreement, leading to additional lifting, including suspension or terminations of sanctions consistent with progress on commitments on the nuclear program.²⁰⁵

Such arrangement would protect each side's core interests: Iran would be able to maintain a contingency enrichment program as part of R&D that could be increased in case of supply disruption, it would receive tangible sanctions relief and Iran's fear of compromising on its independence and self-sufficiency would be reduced by Russia's additional assurances of providing a stockpile of fuel as a backup.²⁰⁶ In addition, the program would be limited enough, adapted only for civilian purposes and monitored by the IAEA in a way that any attempt at breakout at declared or at a clandestine enrichment facility would be detected and enabled a response, thus addressing the US concern about a nuclear breakout or a sneak-out.

²⁰⁴ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to "Yes".

²⁰⁵ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to "Yes".

²⁰⁶ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to "Yes".

International Crisis Group also recommends that the comprehensive agreement is split into several phases that would be compatible with the multi-layered character of both the nuclear program and the sanctions regime and the rollback of both would happen in stages.²⁰⁷ The duration of the comprehensive agreement should not be established according to arbitrary measures or political calendar, but according to objective measures, such as the time the IAEA will need to establish the peaceful nature of the nuclear program, the Crisis Group estimates eleven to sixteen years.²⁰⁸ After the successful implementation of the final phase, the Geneva interim agreement states that the Iranian program will be treated “normally,” meaning as any other program of a member of the NPT.

Such a deal would not be perfect and it would be uncomfortable for its opponents on both sides as it carries risks for both Iran and the US. Iran would preserve its breakout or sneak-out capability and sanctions relief would not happen as fast or broadly as many Iranians might expect. However, such agreement would not violate the parties’ respective bottom-line interests.

For the deal to be successful, it would have to be “sellable” at home and acceptable even to domestic hardliners on both sides, otherwise it could hardly be a long-lasting deal. Both parties should refrain from presenting the deal as a total victory and a defeat of the other side, because such rhetoric could anger the hardliners on the other side and undermine the deal.²⁰⁹ In addition, the parties would need to carefully present the deal to their publics and explain its benefits over other alternatives to a negotiated agreement. A deal must be judged and viewed as a whole, because focusing on any single element will miss the point of making compromises and trade-offs. Furthermore, a deal must also be judged by looking realistically at its alternatives. A breakdown of talks and the most likely alternative – increased pressure in the form of additional sanctions – would be unlikely to create a more facilitating atmosphere. This would likely damage trust and also harden the parties’ positions. For the US, the other less likely alternative of using military force could succeed temporarily, but it would not eliminate Iran’s program, only set it back by a few years. In addition, it might give Iran a powerful incentive to move quickly to acquire a bomb. For Iran, the existing harsh sanctions

²⁰⁷ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Solving the Nuclear Rubik’s Cube.

²⁰⁸ INTERNATIONAL CRISIS GROUP (2014) Iran and the P5+1: Getting to “Yes”.

²⁰⁹ INTERNATIONAL CRISIS GROUP (2014) Iran Nuclear Talks: The Fog Recedes.

and potential additional pressure, in addition to the incredibly low oil price, would likely continue to hurt its damaged economy and retard any economic reforms by the moderate President. In addition, Iran would again risk going down the spiral of increased isolation and increased threats of military force.

7. Conclusion

The thesis aimed to analyze whether a mutually acceptable comprehensive deal between the US and Iran over Iranian nuclear program is possible. A necessary condition for each party's reaching agreement is the existence of a zone of possible agreement. Thus, the thesis analyzed:

- whether a zone of possible agreement between the US and Iran on the nuclear issue exists;
- and if it does, what range of possible deals falls within it.

To determine whether a ZOPA exists, the thesis utilized the negotiation analytic approach. The negotiation analysis proceeded with the following steps: identifying the parties' underlying interests, as opposed to the bargaining positions taken, and their alternatives to a negotiated agreement to establish the basic setup of the negotiation. The thesis concluded these input assumptions to be:

- Iran's core interest is to preserve a meaningful enrichment program and scientific nuclear achievements, while aiming for receiving significant sanctions relief to enable recovery of the damaged Iranian economy.
- The US core interest is to make sure that Iran's nuclear program is exclusively peaceful, limited and monitored enough to prevent the possibility of Iran producing a nuclear weapon.
- Iran's alternative to a negotiated agreement is to resume enrichment and other nuclear-related activities to similar levels as before the signing of the Geneva interim agreement; and likely to be subject to additional pressure campaign in the form of sanctions measures or even tougher.
- The US alternative to a negotiated agreement is to respond to the increase of Iranian nuclear activities by passing additional sanctions measures to convince Iran to come back to the negotiating table or consider a less attractive, stronger response in the form of a preemptive strike on Iran's nuclear facilities.

The analysis then proceeded in visualizing these input elements of the negotiation setup on a simplified graphical framework depicting the negotiations and locating them on a range of

potential outcomes to the nuclear crisis. As an output, the graphical framework enables determining the existence and location of ZOPA. The graphical negotiation analysis concluded that as of this writing, a ZOPA exists and a mutually acceptable comprehensive agreement between the US and Iran is possible.

The next step of the negotiation analysis - identifying the barriers to a negotiated agreement – concluded that the barriers are twofold. First, there are technical issues that need to be resolved, such as the precise uranium enrichment capacity Iran would keep, the intrusiveness of the inspections and monitoring measures, the possible military dimensions of the nuclear program, the timeline and scope of sanctions relief and the duration of the agreement. Second, there are significant political obstacles in the form of domestic opposition by hardliners in Iran and the US Congress and external opposition by the US allies in the region – mostly Israel and Saudi Arabia.

The final step of the negotiation analysis was deal design or, in other words, envisioning potential agreements. Although significant political barriers to agreement remain, it does not necessarily mean that a comprehensive deal would be unachievable. To reach a mutually acceptable agreement, both sides need to readjust their focus from the seemingly irreconcilable maximalist bargaining positions to their core underlying interests, as emphasized by the negotiation analytic approach. To accommodate the parties' core interests, both sides would need to show flexibility and agree to look for creative trade-offs between the individual elements of the agreement. On the technical side, the major trade-off would be between technology and transparency.

The deal design analysis showed that a feasible comprehensive deal that falls within the range of the assessed ZOPA can be summarized as follows: Iran would be allowed to keep a limited uranium enrichment program, monitored and verified by the IAEA to ensure only peaceful civilian use and in return would receive significant sanctions relief. The thesis also elaborated on the more technical details of the potential comprehensive deal and showed how this kind of a deal would not violate the parties' underlying interests and thus be potentially acceptable. Nevertheless, domestic hardline opponents on both sides could undermine the deal; hence, the thesis proceeds with the emphasis on making the deal sellable at home by carefully presenting the deal as a whole and by comparing it to its worse alternatives.

To sum up, on the one hand the analysis has shown that a comprehensive nuclear deal is possible; on the other hand, the uncovered barriers indicate that it will be very difficult to achieve it. Nevertheless, overcoming the many technical issues and powerful political obstacles is possible, if both sides retreat from their maximalist positions, communicate their irreducible core interests and show great flexibility.

When comparing the findings of the thesis to the findings of Sebenius and Singh's analysis²¹⁰ of the nuclear negotiations, it is interesting to note that although our input assumptions about the setup elements differ, and the thesis uses an adjusted version of their graphical framework, the predictions of the existence of the ZOPA are similar, after including positive inducements in the form of sanctions relief in the graphical framework.

The thesis has focused on the official US – Iranian relationship, however, a fuller future research could build on this analysis to include the full range of interested actors – which means all parties to the P5+1 and possibly Israel and Saudi Arabia – and focus on coalition negotiations. In addition, although the analysis mentions the problematic issue of domestic opponents and the difference of interests of various factions on both sides, nevertheless, the thesis has mainly perceived the two parties as being monolithic for the purpose of simplification. Future research could elaborate on this aspect and focus on the complex internal or Level II negotiations²¹¹ on both sides.

²¹⁰ Sebenius, James K. and Michael K. Singh (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations.

²¹¹ Putnam, R. D. (1988). "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization* 42 no. 3: 427- 460.; Sebenius, James K. "Level Two Negotiations: Helping the Other Side Meet Its 'Behind-the-Table' Challenges." *Negotiation Journal* 29, no. 1 (January 2013): 7–21.

Bibliography

ADAMSKY, D. (2011) The War Over Containing Iran – Can a Nuclear Iran Be Stopped? *Foreign Affairs*, Mar/Apr.

ADEBAHR, C. (2014) *Tehran Calling. Understanding a New Iranian Leadership*. U.S.A.: Carnegie Endowment for International Peace.

ADEBAHR, C. (2014) What Iran Would Do Without a Nuclear Deal. *Carnegie*, 13th Nov

AL JAZEERA (2013) Shifting focus: Impact of Iran nuclear deal. *Al Jazeera*, 24th Nov. Available at: <http://www.aljazeera.com/news/middleeast/2013/11/shifting-focus-impact-iran-nuclear-deal-2013112481732726811.html>.

ALLISON, G. and SETTER, O. (2014) *Blocking All Paths to an Iranian Bomb. How the West Can Avoid a Nuclear Maginot Line*. U.S.A.: Belfer Center for Science and International Affairs.

BBC (2011) US defence chief Panetta warns against Iran strike. *BBC*, 11th Nov. Available at: <http://www.bbc.co.uk/news/world-middle-east-15688042>.

BERNSTEIN, A. And WALSH, J. (2014) A misconception that could scuttle nuclear talks with Iran. *Reuters*, 24th Nov. Available at: <http://blogs.reuters.com/great-debate/2014/11/23/a-misconception-that-could-scuttle-nuclear-talks-with-iran/>

CLAPPER, J. (2013) Worldwide threat assessment of the US Intelligence Community. *Statement for the record*. March 2013. U.S.A.

CLAPPER, J. (2014) Worldwide threat assessment of the US Intelligence Community. *Statement for the record*. January 2014. U.S.A.

CLAWSON, P. and KHALAJI, M. (2014) *How Iranians might react to a nuclear deal*. September 2014. U.S.A.: The Washington Institute for Near East Policy.

CNN PRESS ROOM (2014) *Iranian President Rouhani on Iran's Nuclear Technology* [WWW] Available from: <http://cnnpressroom.blogs.cnn.com/2014/01/26/iranian-president-rouhani-on-irans-nuclear-technology/> [Accessed 12/12/14]

CORDESMAN, A.H. (2014) *The Obama Administration: From Ending Two Wars to Engagement in Five – with the Risk of a Sixth*. U.S.A.: Center For Strategic and International Studies. Available at: https://csis.org/files/publication/141203_Commentary_Obama_5_1_War.pdf.

DAVIS, L. et. al. (2011) *Iran's Nuclear Future: Critical U.S. Policy Choices*. September 2011. U.S.A.: RAND Corporation

DOBBINS, J. et. al. (2011) *Coping with a Nuclearizing Iran*. September 2011. U.S.A.: RAND Corporation

EDELMAN, E.S., KREPINEVICH JR, A.F. and MONTGOMERY, E.B. (2011) The Dangers of a Nuclear Iran. *Foreign Affairs, Jan/Feb*

EINHORN, R.J. (2014) *Preventing a nuclear-armed Iran: Requirements for a Comprehensive Nuclear Agreement*. U.S.A.: Foreign Policy at Brookings

ERDBRINK, T. And ARANGO, T. (2014) U.S. and Iran Both Attack ISIS, but Try Not to Look Like Allies. *The New York Times*, 3rd Dec. Available at: <http://www.nytimes.com/2014/12/04/world/middleeast/iran-airstrikes-hit-islamic-state-in-iraq.html>

ESFANDIARI, G. (2014) Khamenei Aide Calls For End To Criticism Of Nuclear Talks. *RFE/RL*, 1st Dec 2014.

ESFANDIARI, H. et al. (2014) *What's Next For Iran and the P5+1*. U.S.A.: Wilson Center. Available at: http://www.wilsoncenter.org/sites/default/files/what_next_for_iran_p5%2B1_0.pdf.

EUROPEAN EXTERNAL ACTION SERVICE (2013) *Joint Plan of Action*. Belgium. Available at: http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf.

FIKENSCHER, S. and REARDON, R.J. (2014) The Fool's Errand for a Perfect Deal with Iran. *Washington Quarterly*, Fall 2014, pp. 61-75. Available at: https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/Fikenscher-Reardon_Fall2014.pdf

FISHER, R. and Ury, W. (1981) *Getting to yes: Negotiating agreement without giving in*. Boston: Houghton Mifflin.

GALLAGHER, N. (2014) *Will It Play In Persepolis?* Foreign Affairs, 21st November.

GANJI, A. (2014) Khamenei Opposes Iran's Hardliners on Nuclear Negotiations. *The Huffington Post*, 3rd Dec. Available at: http://www.huffingtonpost.com/akbar-ganji/khamenei-iran-nuclear-negotiations_b_6264716.html

GIBSON, B.R. (2014) Implications of an Iran nuclear deal. *Middle East Eye*, 22nd Nov. Available at: <http://www.middleeasteye.net/columns/implications-iran-nuclear-deal-1541754>.

GOLDMAN, Z.K. and ROSENBERG, E. (2014) Don't Wreck the Iran Talks. *The New York Times*, 5th Nov. Available at: http://www.nytimes.com/2014/11/06/opinion/dont-wreck-the-iran-talks.html?_r=1.

GORDON, M.R. (2014) U.S. Lays Out Limits It Seeks in Iran Nuclear Talks. *The New York Times*, 20th Nov. Available at: <http://www.nytimes.com/2014/11/21/world/middleeast/us-lays-out-limits-it-seeks-in-iran-nuclear-talks.html?rref=world/middleeast>

HEINONEN, O. and HENDERSON, S. (2014) *Nuclear Kingdom: Saudi Arabia's Atomic Ambitions*. March 2014. U.S.A.: The Washington Institute for Near East Policy. Available at: <http://www.washingtoninstitute.org/policy-analysis/view/nuclear-kingdom-saudi-arabias-atomic-ambitions>.

INTERNATIONAL CRISIS GROUP (2013) *Great Expectations: Iran's New President and the Nuclear Talks*. Belgium: International Crisis Group.

INTERNATIONAL CRISIS GROUP (2013) *Spider Web: The Making and Unmaking of Iran Sanctions*. Belgium: International Crisis Group.

INTERNATIONAL CRISIS GROUP (2014) *Iran and the P5+1: Getting to “Yes”*. Belgium: International Crisis Group.

INTERNATIONAL CRISIS GROUP (2014) *Iran and the P5+1: Solving the Nuclear Rubik’s Cube*. Belgium: International Crisis Group.

INTERNATIONAL CRISIS GROUP (2014) *Iran Nuclear Talks: The Fog Recedes*. Belgium: International Crisis Group.

JERRY, G. (2009) You can’t bomb knowledge. *Newsweek*, 12th Feb, p. 58.

KAHL, C.H. (2012) Not time to attack Iran. *Foreign Affairs*, Mar/Apr.

KAHL, C.H. and WALTZ, K.N. (2012) Iran and the bomb. *Foreign Affairs*, Sep/Oct

KEISWETTER, A.L. (2014) *Prospects for an Iran Nuclear Agreement*. U.S.A.: Middle East Institute. Available at: <http://www.mei.edu/content/article/prospects-iran-nuclear-agreement>.

KERSHNER, I. (2013) Officials in Israel Stress Readiness for a Lone Strike on Iran. *The New York Times*, 18th Apr. Available at: <http://www.nytimes.com/2013/04/19/world/middleeast/israeli-officials-stress-readiness-for-lone-strike-on-iran.html>

KHAJEHPUR, B. (2014) After nuclear negotiations, what’s next for Iran’s economy? Al-Monitor. Sep 23. Available at: <http://www.al-monitor.com/pulse/originals/2014/09/iran-economy-nuclear-sanctions-p51-petrochemicals-irgc-deal.html###ixzz3Mbq74Qn5>

KHAJEHPUR, B. (2014) Iran takes steps to reduce economic risk of falling oil prices. Al-Monitor, 14th November. Available at: <http://www.al-monitor.com/pulse/originals/2014/11/iran-oil-economy-falling-prices-crude-exports-market-reacts.html>.

KIMBALL, D.G. (2014) *Iran Nuclear Deal 101: How A Comprehensive Agreement Can Block Weapons Pathways*. Vol. 6, Issue 10. U.S.A.

KIMBALL, D.G. (2014) Iran Nuclear Deal 101: How A Comprehensive Agreement Can Block Weapons Pathways. Issue Briefs. Arms Control Association. Volume 6, Issue 10, October 30, 2014. Available at: <http://www.armscontrol.org/issue-briefs/2014-10-30/Iran-Nuclear-Deal-101-How-A-Comprehensive-Agreement-Can-Block-Weapons-Pathways>.

KREPON, M. (2003). The Stability-Instability Paradox, Misperception, and Escalation Control in South Asia. The Henry Stimson Center.

KROENIG, M. (2012) Time to Attack Iran – Why a Strike Is the Least Bad Option. *Foreign Affairs*, Jan/Feb.

LIEBER, K.A. and PRESS, D. (2013) "States Will Not Give Nuclear Weapons to Terrorists". *Quarterly Journal: International Security*. Available at: http://belfercenter.ksg.harvard.edu/publication/23385/states_will_not_give_nuclear_weapons_to_terrorists.html

LINDSAY, M.L. and TAKEYH, R. (2010) After Iran Gets The Bomb. *Foreign Affairs*, Mar/Apr

LITWAK, R.S. (2014) *Iran's Nuclear Chess: Calculating America's Moves*. U.S.A.: Wilson Center. Available at: <http://www.wilsoncenter.org/publication/IranNuclearChess>.

MIGLIORINI, P. et al. (2013) Iranian Breakout Estimates. *Institute for Science and International Security (October)*. Available at: http://isis-online.org/uploads/isis-reports/documents/Breakout_Study_Summary_24October2013.pdf.

MOSELEY, R. (2011) Saudi prince warns Iran on nuclear weapons. *Al Arabiya*, 30th Jun. Available at: <http://english.alarabiya.net/articles/2011/06/30/155487.html>

NADER, A. (2013) *Iran After the Bomb. How Would a Nuclear-Armed Tehran Behave?* U.S.A.: RAND Corporation.

NADER, A. (2013) *Iran's 2013 Presidential Election: Its Meaning and Implications*. U.S.A.: RAND Corporation.

NATIONAL INTELLIGENCE ESTIMATE (2007) *Iran: Nuclear Intentions and Capabilities*. U.S.A.

PILLAR, P. (2012) We Can Live with a Nuclear Iran. *Washington Monthly*, Mar/Apr. Available at: http://www.washingtonmonthly.com/magazine/marchapril_2012/features/we_can_live_with_a_nuclear_ira035772.php?page=all.

PILLAR, P. (2014) Breakout, Shmeakout: The Wrong Way to Assess a Nuclear Deal with Iran. *The National Interest*, 15th Jul. Available at: <http://nationalinterest.org/blog/paul-pillar/breakout-shmeakout-the-wrong-way-assess-nuclear-deal-iran-10880>.

PILLAR, P.R. et al. (2013) Correspondence. Nuclear Negotiations with Iran. *International Security*, 38 (1), pp. 174-192.

PORTER, G. (2014) When the Ayatollah Said No to Nukes. *Foreign Policy*, 16th October. Available at: <http://foreignpolicy.com/2014/10/16/when-the-ayatollah-said-no-to-nukes/>

PORTER, R.C. (2014) How To Muddle Through With Iran: Finding Middle Ground In The Iranian Nuclear Talks. *Fortuna's Corner*. Weblog [Online] 20th October. Available from: <http://fortunascorner.com/2014/10/20/how-to-muddle-through-with-iran-finding-middle-ground-in-the-iranian-nuclear-talks/> [Accessed 12/12/14]

POSEN, B. (2010) Overkill. *Foreign Affairs*, Jul/Aug, 89, 4

POSEN, B.R. et al. (2010) The Containment Conundrum - How Dangerous Is a Nuclear Iran? *Foreign Affairs*, Jul/Aug.

PUTNAM, R. D. (1988). "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization* 42 no. 3: 427- 460.

REARDON, R. (2013) Iran's Nuclear Ambitions: Motivations, Trajectory, and Global Implications. In: TELLIS, A.J. et al, (eds.), *Strategic Asia 2013-14: Asia in the Second Nuclear Age*. U.S.A.: The National Bureau of Asian Research, pp. 201-230.

REARDON, R. J. (2012) Containing Iran: Strategies for Addressing the Iranian Nuclear Challenge. U.S.A.: RAND Corporation

RECKNAGEL, C. (2014) Two Futures: With An Iran Nuclear Deal, And Without. *Radio Free Europe / Radio Liberty*, 20th Nov. Available at: <http://www.rferl.org/content/iran-with-nuclear-deal-or-without/26702042.html>.

RICHARDSON, J. and METCALFE, D. (2002). *Negotiation Analysis. The Science and art of collaborative decision-making*. U.S.A.: The Belknap Press of Harvard University Press.

RUBIN, B. (2010) The Right Kind of Containment. *Foreign Affairs*, 89, 4

SADJADPOUR, K. (2008) Reading Khamenei: The World View of Iran's Most Powerful Leader. U.S.A.: Carnegie Endowment for International Peace. Available at: http://carnegieendowment.org/files/sadjadpour_iran_final2.pdf.

SAGAN, S.D. (2010) *Nuclear Latency and Nuclear Proliferation*. U.S.A.: Stanford University Press. Available at: http://iis-db.stanford.edu/pubs/23281/Sagan_Latency_Potter_Volume.pdf

SAMORE, G. (2014) The Future of the Iran Nuclear Negotiations. *The International Institute For Strategic Studies*. Weblog [Online] 29th September. Available from: <http://www.iiss.org/en/politics%20and%20strategy/blogsections/2014-d2de/september-b6af/the-future-of-the-iran-nuclear-negotiations-488e>. [Accessed 12/12/14]

SEBENIUS, J. and LAX, D. (2006) 3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals. Boston: Harvard Business School Press.

SEBENIUS, J. K. (1992) Negotiation Analysis: A Characterization and Review. *Management Science* 38, no. 1 (January): 1–21.

SEBENIUS, J. K. (2009) Negotiation Analysis: From Games to Inferences to Decisions to Deals. *Negotiation Journal*. October

SEBENIUS, J. K. and SINGH, M. K. (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations. *International Security*. 37 (3)

SEBENIUS, J.K. (2013) Level Two Negotiations: Helping the Other Side Meet Its 'Behind-the-Table' Challenges. *Negotiation Journal*. No. 29: 7–21.

SERCHUK, V. And PETRAEUS, D.H. (2013) U.S. needs to plan for the day after an Iran deal. *The Washington Post*, 9th Apr. Available at: http://www.washingtonpost.com/opinions/us-needs-to-plan-for-the-day-after-an-iran-deal/2014/04/09/056ff992-bf4b-11e3-b195-dd0c1174052c_story.html.

TABATABAI, A. (2014) "Five Myths about Iran's Nuclear Program". *Belfer Center for Science and International Affairs*, 10th July. Available at: http://belfercenter.ksg.harvard.edu/publication/24405/five_myths_about_irans_nuclear_program.html?breadcrumb=%2Fregion%2F153%2Firan%3Fgroupby%3D3%26filter%3D10

THE WHITE HOUSE – OFFICE OF THE PRESS SECRETARY (2012) *Remarks by the President to the UN General Assembly*. U.S.A.: UN Headquarters. Available at: <http://www.whitehouse.gov/the-press-office/2012/09/25/remarks-president-un-general-assembly>.

THE WHITE HOUSE – OFFICE OF THE PRESS SECRETARY (2012) *Remarks by President Obama and Prime Minister Netanyahu of Israel After Bilateral Meeting*. U.S.A.: Oval Office. Available at: <http://www.whitehouse.gov/the-press-office/2013/09/30/remarks-president-obama-and-prime-minister-netanyahu-israel-after-bilate>

THIELMANN, G. And WRIGHT, R. (2014) The Trouble With “Breakout Capacity”. *Slate*, June ed. Available at: http://www.slate.com/articles/news_and_politics/foreigners/2014/06/iran_u_s_nuclear_negotiations_in_vienna_why_it_s_critical_to_understand.single.html

U.S. DEPARTMENT OF STATE (2014) *Remarks on U.S. Policy in the Middle East*. U.S.A.: Georgetown University.

VAEZ, A. And SADJADPOUR, K. (2013) Iran’s nuclear odyssey. U.S.A.: Carnegie Endowment for International Peace. Available at: http://carnegieendowment.org/files/iran_nuclear_odyssey.pdf.

VATANKA, A. (2013) *Iran's Hardliners and the Nuclear Deal*. U.S.A.: Middle East Institute. Available at: <http://www.mei.edu/content/iran%E2%80%99s-hardliners-and-nuclear-deal>.

VATANKA, A. (2014) *The Caucasus and the American-Iranian Nuclear Deal*. U.S.A.: Middle East Institute. Available at: <http://www.mei.edu/content/caucasus-and-american-iranian-nuclear-deal>.

WALT, S.M. (2012) Should we give Iran the bomb? *Foreign Policy*, 26th June

WALTZ, K. N. (2012) Why Iran Should Get the Bomb. *Foreign Affairs*. Jul/Aug, Sv. 91, Vydání 4

WHEELER, M. (2000) *Negotiation Analysis: An Introduction*. Harvard Business School Background Note 801-156

WRIGHT, R. (ed.) (2010) *The Iran Primer*. U.S.A.: United States Institute of Peace.

ZARIF, M.J. (2014) Iran is committed to a peaceful nuclear program. *The Washington Post*, 13th June.

ZARIF, M.J. (2014) What Iran Really Wants. Iranian Foreign Policy in the Rouhani Era. *Foreign Affairs*, May/June.

Appendix: The Joint Plan of Action

Joint Plan of Action

Preamble

The goal for these negotiations is to reach a mutually-agreed long-term comprehensive solution that would ensure Iran's nuclear programme will be exclusively peaceful. Iran reaffirms that under no circumstances will Iran ever seek or develop any nuclear weapons. This comprehensive solution would build on these initial measures and result in a final step for a period to be agreed upon and the resolution of concerns. This comprehensive solution would enable Iran to fully enjoy its right to nuclear energy for peaceful purposes under the relevant articles of the NPT in conformity with its obligations therein. This comprehensive solution would involve a mutually defined enrichment programme with practical limits and transparency measures to ensure the peaceful nature of the programme. This comprehensive solution would constitute an integrated whole where nothing is agreed until everything is agreed. This comprehensive solution would involve a reciprocal, step-by-step process, and would produce the comprehensive lifting of all UN Security Council sanctions, as well as multilateral and national sanctions related to Iran's nuclear programme.

There would be additional steps in between the initial measures and the final step, including, among other things, addressing the UN Security Council resolutions, with a view toward bringing to a satisfactory conclusion the UN Security Council's consideration of this matter. The E3+3 and Iran will be responsible for conclusion and implementation of mutual near-term measures and the comprehensive solution in good faith. A Joint Commission of E3/EU+3 and Iran will be established to monitor the implementation of the near-term measures and address issues that may arise, with the IAEA responsible for verification of nuclear-related measures. The Joint Commission will work with the IAEA to facilitate resolution of past and present issues of concern.

Elements of a first step

The first step would be time-bound, with a duration of 6 months, and renewable by mutual consent, during which all parties will work to maintain a constructive atmosphere for negotiations in good faith.

Iran would undertake the following voluntary measures:

- From the existing uranium enriched to 20%, retain half as working stock of 20% oxide for fabrication of fuel for the TRR. Dilute the remaining 20% UF₆ to no more than 5%. No reconversion line.
- Iran announces that it will not enrich uranium over 5% for the duration of the 6 months.

- Iran announces that it will not make any further advances of its activities at the Natanz Fuel Enrichment Plant¹, Fordow², or the Arak reactor³, designated by the IAEA as IR-40.
- Beginning when the line for conversion of UF₆ enriched up to 5% to UO₂ is ready, Iran has decided to convert to oxide UF₆ newly enriched up to 5% during the 6 month period, as provided in the operational schedule of the conversion plant declared to the IAEA.
- No new locations for the enrichment.
- Iran will continue its safeguarded R&D practices, including its current enrichment R&D practices, which are not designed for accumulation of the enriched uranium.
- No reprocessing or construction of a facility capable of reprocessing.
- Enhanced monitoring:
 - Provision of specified information to the IAEA, including information on Iran's plans for nuclear facilities, a description of each building on each nuclear site, a description of the scale of operations for each location engaged in specified nuclear activities, information on uranium mines and mills, and information on source material. This information would be provided within three months of the adoption of these measures.
 - Submission of an updated DIQ for the reactor at Arak, designated by the IAEA as the IR-40, to the IAEA.
 - Steps to agree with the IAEA on conclusion of the Safeguards Approach for the reactor at Arak, designated by the IAEA as the IR-40.
 - Daily IAEA inspector access when inspectors are not present for the purpose of Design Information Verification, Interim Inventory Verification, Physical Inventory Verification, and unannounced inspections, for the purpose of access to offline surveillance records, at Fordow and Natanz.
 - IAEA inspector managed access to:
 - centrifuge assembly workshops⁴;
 - centrifuge rotor production workshops and storage facilities; and,
 - uranium mines and mills.

¹ Namely, during the 6 months, Iran will not feed UF₆ into the centrifuges installed but not enriching uranium. Not install additional centrifuges. Iran announces that during the first 6 months, it will replace existing centrifuges with centrifuges of the same type.

² At Fordow, no further enrichment over 5% at 4 cascades now enriching uranium, and not increase enrichment capacity. Not feed UF₆ into the other 12 cascades, which would remain in a non-operative state. No interconnections between cascades. Iran announces that during the first 6 months, it will replace existing centrifuges with centrifuges of the same type.

³ Iran announces on concerns related to the construction of the reactor at Arak that for 6 months it will not commission the reactor or transfer fuel or heavy water to the reactor site and will not test additional fuel or produce more fuel for the reactor or install remaining components.

⁴ Consistent with its plans, Iran's centrifuge production during the 6 months will be dedicated to replace damaged machines.

In return, the E3/EU+3 would undertake the following voluntary measures:

- Pause efforts to further reduce Iran's crude oil sales, enabling Iran's current customers to purchase their current average amounts of crude oil. Enable the repatriation of an agreed amount of revenue held abroad. For such oil sales, suspend the EU and U.S. sanctions on associated insurance and transportation services.
- Suspend U.S. and EU sanctions on:
 - Iran's petrochemical exports, as well as sanctions on associated services.⁵
 - Gold and precious metals, as well as sanctions on associated services.
- Suspend U.S. sanctions on Iran's auto industry, as well as sanctions on associated services.
- License the supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation and associated services. License safety related inspections and repairs in Iran as well as associated services.⁶
- No new nuclear-related UN Security Council sanctions.
- No new EU nuclear-related sanctions.
- The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions.
- Establish a financial channel to facilitate humanitarian trade for Iran's domestic needs using Iranian oil revenues held abroad. Humanitarian trade would be defined as transactions involving food and agricultural products, medicine, medical devices, and medical expenses incurred abroad. This channel would involve specified foreign banks and non-designated Iranian banks to be defined when establishing the channel.
 - This channel could also enable:
 - transactions required to pay Iran's UN obligations; and,
 - direct tuition payments to universities and colleges for Iranian students studying abroad, up to an agreed amount for the six month period.
- Increase the EU authorisation thresholds for transactions for non-sanctioned trade to an agreed amount.

⁵ "Sanctions on associated services" means any service, such as insurance, transportation, or financial, subject to the underlying U.S. or EU sanctions applicable, insofar as each service is related to the underlying sanction and required to facilitate the desired transactions. These services could involve any non-designated Iranian entities.

⁶ Sanctions relief could involve any non-designated Iranian airlines as well as Iran Air.

Elements of the final step of a comprehensive solution*

The final step of a comprehensive solution, which the parties aim to conclude negotiating and commence implementing no more than one year after the adoption of this document, would:

- Have a specified long-term duration to be agreed upon.
- Reflect the rights and obligations of parties to the NPT and IAEA Safeguards Agreements.
- Comprehensively lift UN Security Council, multilateral and national nuclear-related sanctions, including steps on access in areas of trade, technology, finance, and energy, on a schedule to be agreed upon.
- Involve a mutually defined enrichment programme with mutually agreed parameters consistent with practical-needs, with agreed limits on scope and level of enrichment activities, capacity, where it is carried out, and stocks of enriched uranium, for a period to be agreed upon.
- Fully resolve concerns related to the reactor at Arak, designated by the IAEA as the IR-40. No reprocessing or construction of a facility capable of reprocessing.
- Fully implement the agreed transparency measures and enhanced monitoring. Ratify and implement the Additional Protocol, consistent with the respective roles of the President and the Majlis (Iranian parliament).
- Include international civil nuclear cooperation, including among others, on acquiring modern light water power and research reactors and associated equipment, and the supply of modern nuclear fuel as well as agreed R&D practices.

Following successful implementation of the final step of the comprehensive solution for its full duration, the Iranian nuclear programme will be treated in the same manner as that of any non-nuclear weapon state party to the NPT.

* With respect to the final step and any steps in between, the standard principle that "nothing is agreed until everything is agreed" applies.

Master Thesis Proposal

UNIVERZITA KARLOVA V PRAZE

FAKULTA SOCIÁLNÍCH VĚD

Institut politologických studií

Projekt diplomové práce


Negotiation Analysis: Nuclear negotiations with Iran

Autor: Jana Hulvejová

Obor a ročník studia: Mezinárodní vztahy, 3. ročník

Akademický rok: 2013/2014

Vedoucí práce: JUDr. PhDr. Tomáš Karásek, Ph.D.

Datum odevzdání: Červen 2014 

Souhlasím s vedením diplomové práce:

Specification and delimitation of the topic

One of the issues on top of the international community's agenda at the moment is the issue of Iran's nuclear activities. The negotiations between the P5+1 (United States, Russia, China, United Kingdom, and France, plus Germany) and Iran over its controversial nuclear program reached an important breakthrough and the parties signed an interim six-month agreement on November 24, 2013. The deal, called the Joint Plan of Action, consists of a short-term freeze of parts of Iran's nuclear program in exchange for decreased economic sanctions on Iran, as the parties work towards a final long-term agreement within a framework of regular monthly meetings. At the time of this writing, due to major gaps remaining between the parties even after reaching the July 20 target date, the negotiations have been extended for another four months.

However, is there any outcome on which the parties at the negotiating table can agree? Is a mutually acceptable deal possible between the US and Iran? This will be the focus of my analysis. Although the nuclear negotiations with Iran include a range of actors, the P5+1 parties, and other interested parties, such as Israel and the Arab states, each with its own interests, the analysis will intentionally focus only on the official US – Iranian relationship, due to its central importance to this issue and the limited scope of a master thesis.

A necessary condition for each party's reaching agreement is that the deal will appear superior in terms of each party's subjectively perceived interests, to its best alternative to a negotiated agreement. In the language of negotiators, whether a deal is possible depends on the existence of a "zone of possible agreement" (ZOPA). ZOPA is the range of potential deals that are better in terms of each party's perceived interests than the best alternative to a negotiated agreement of each party. The existence of ZOPA is also a prerequisite for diplomatic success.

Research question

Is a mutually acceptable agreement between the US and Iran over Iranian nuclear program possible?
Does the zone of possible agreement exist?

Research method

In my attempt to answer the research questions, I will follow the methodology of "negotiation analysis", an approach that has its roots in decision analysis and game theory. However, unlike game theory this approach does not presume the full game-theoretic rationality of each side and does not generally assume that all the elements of the game are common knowledge. Therefore, it tends to de-emphasize the application of game-theoretic solution concepts or efforts to find unique equilibrium outcomes and

instead, generally focuses on changes in perceptions of the ZOPA and the subjective distribution of possible negotiated outcomes conditional on various actions.

In my analysis of the nuclear negotiations with Iran, I will focus on the following elements of a negotiation analytic approach:

- **Parties' underlying interests**

First step of the analysis is probing deeply for interests, distinguishing them from issues under negotiation and positions taken. This will provide basic data, as interests are the *measure* of negotiation.

- **(Best) Alternatives to negotiated agreement**

Next step is evaluating each party's perceptions of its own – and the other's evaluations of their – alternatives to negotiated agreement. Any joint action or agreement must be acceptable; therefore these alternatives set the *limits* of the negotiation. Alternatives may change over time and may also play a tactical role.

- **Agreements**

The third step, to envision potential agreements, highlights the *potential* for negotiated agreement to do better than the noncooperative alternatives.

- **The process of creating and claiming value**

Within this setup of interests, alternatives to negotiated agreement and possible agreements, basic processes occur. The process of creating value means reaching mutually beneficial agreements, improving them jointly and preventing conflict escalation; it is associated with cooperative behavior. The process of claiming value, a crucial aspect of most negotiations, means that increased value claimed by one party implies less for others. Often, competitive moves to claim value individually drive out cooperative moves to create it jointly. Outcomes of this dynamic include poor agreements and deadlocks and attempts to manage this tension were dubbed the "Negotiator's Dilemma".

- **Changing the game**

Negotiation analysis does not follow the assumption that the game is fully specified at the outset of analysis. The game is simply that which the parties act as if it is. If the parties deal with a particular set of issues, alternatives to agreements and possible agreements, then those elements are part of the configuration of the game. Therefore, parties need not limit themselves to creating and claiming value within the fixed configuration; they often move to change perceptions of the

game itself. Each side typically tries to learn about the other side's situation and what is jointly possible, to advantageously influence the other side's perceptions and to favorably change the elements of the game.

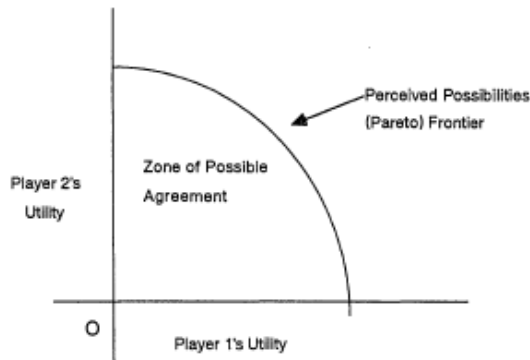


Figure 1: Perceived Zone of Possible Agreement

Source: Sebenius, James K. (1992) Negotiation Analysis: A Characterization and Review. *Management Science*. 38 (1): 33

The negotiation analytic approach can be also represented in graphical form as seen in Figure 1:

The origin (O) represents the value of failing to reach the agreement; each side's best alternative to agreement implies the location of this point. The Pareto frontier in the northeast part of the graph represents the evaluations of the set of those possible agreements on the issues that could not be improved on from the standpoint of either party without harming the other. Generally, neither side knows the precise location of the frontier. The whole area bounded by the two axes and the frontier is the zone of possible agreement and each party has its own perceptions of it. The figure represents a "model" of possible joint action. Interests provide the raw material and the measure, alternatives to agreement indicate the limits and agreements present the potential. Within this setup, the process comprises of creating and claiming value, however, the elements may themselves evolve or be changed intentionally by one of the parties.

To put it differently, the research question stands as follows: Within the existing setup, is any mutually acceptable deal possible, given each side's perception of its interests and no-deal options? Is there, as of this writing, a ZOPA on nuclear issues between the US government and the Iranian regime?

In my attempt to answer the research question, the analysis will go followingly:

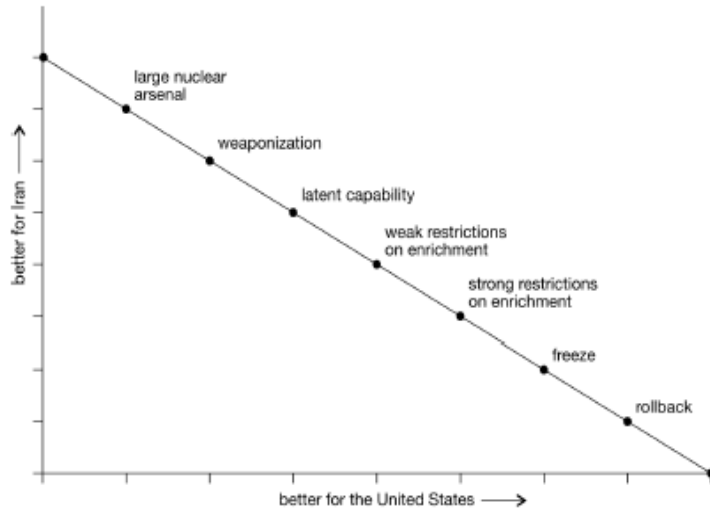


Figure 2: Graphical Representation of the Analysis of the Nuclear Negotiations

Source: Sebenius, James K. and Michael K. Singh (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations. *International Security*. 37 (3): 67

First, I will determine and discuss a set of policy input assumptions about the US and Iranian key interests and best alternatives to negotiated agreement. Using a graphical framework representing the negotiation developed by James Sebenius (Figure 2), I will locate the parties' interests on a spectrum of possible nuclear deals based on their policy position. The horizontal axis represents value for the US and the vertical one represents value for Iran. The deal frontier represents a simplified range of possible outcomes for Iran's nuclear program – a rollback of the nuclear program, a freeze, strong restrictions on enrichment and weak restrictions on enrichment, latent capability, weaponization and large nuclear arsenal.

Next, I will also analyze and locate each party's perception of alternatives to negotiated agreement in the framework, as these set the limits for the negotiation. The assessment of how the US and Iranian decision makers perceive their interests, best alternatives to a negotiated agreement and their perceptions of the other are only as good as the available information. The assessment will be mainly drawn from officials' own statements, inferred from actions, behavior and in the case of Iran, from the numerous studies on the regime's ideology and assessments of the US intelligence community.

With these elements in place, I will determine whether or not a ZOPA exists – via the graphical representation – and if it does, what range of possible deals falls within it. ZOPA will be the region of the graph that is simultaneously better than each side's no-deal option.

Did a ZOPA exist or was one created to allow a successful negotiation of the Joint Plan of Action in November 2013? The agreement represented the first formal agreement between the US and Iran in 34 years. The analysis will also include an assessment of past US negotiating efforts using the framework and discuss the possible effects of various cost-imposing and value-enhancing measures on opening space for a potential deal or constricting a ZOPA, such as sanctions, military activities, threats of coercive measures and other value-creating options.

Tentative outline

1. Introduction
2. A bit of history – overview of the Iranian nuclear crisis and negotiations
3. Negotiation Analytic approach - origins, literature, main characteristics
4. Negotiation Analysis: Nuclear negotiations with Iran
 - a. Graphical framework
 - b. Parties' interests
 - c. Alternatives to negotiated agreement
 - d. ZOPA and potential agreements
 - e. Assessment of past US negotiating efforts
5. Conclusion

References

Alterman, Jon B (2012) *Gulf Kaleidoscope: Reflections on the Iranian Challenge* (Washington, D.C.: Center for Strategic and International Studies)

Blair, David C. (2010) U.S. Intelligence Community Annual Threat Assessment, statement for the record

Einhorn, Robert (2014) Avoiding Stalemate In The Iran Nuclear Negotiations: Focus On Practical Needs. *Iran@Saban*. Brookings Institution.
<http://www.brookings.edu/~media/blogs/iran%20at%20saban/2014/02/17%20stalemate%20iran%20nuclear%20negotiations%20einhorn/17%20stalemate%20iran%20nuclear%20negotiations%20einhorn.pdf>

Einhorn, Robert J. (2014) *Preventing a Nuclear-Armed Iran: Requirements for a Comprehensive Nuclear Agreement*. Brookings Institute. <http://www.brookings.edu/research/papers/2014/03/31-nuclear-armed-iran-einhorn>

Fisher, R. and W. Ury (1981) *Getting to Yes* (Boston: Houghton-Mifflin)

for the Senate Select Committee on Intelligence (Washington, D.C.)

James Clapper (2012) *Worldwide Threat Assessment of the U.S. Intelligence Community*, unclassified statement for the record for the Senate Select Committee on Intelligence (Washington, D.C.)
<http://intelligence.senate.gov/120131/clapper.pdf>.

Joint Plan of Action, Geneva, 24 November 2013,
http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf

Lax, David A. and James K. Sebenius (1986) *The Manager as Negotiator: Bargaining for Cooperation and Competitive Gain* (New York: Free Press)

Lax, David and James K. Sebenius (2006) *3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals* (Boston: Harvard Business School Press)

Limbert, John (2009) *Negotiating with Iran: Wrestling the Ghosts of History* (Washington, D.C.: United States Institute of Peace Press)

Limbert, John (2009) *Negotiating with Iran: Wrestling the Ghosts of History* (Washington, DC: U.S. Institute of Peace Press)

Parsi Trita (2007) *Treacherous Alliance: The Secret Dealings of Israel, Iran, and the U.S.* (New Haven, Conn.: Yale University Press)

Parsi Trita (2012) *A Single Roll of the Dice: Obama's Diplomacy with Iran* (New Haven, Conn.: Yale University Press)

Raiffa Howard and John Richardson and David Metcalfe (2002) *Negotiation Analysis: The Science and Art of Collaborative Decision Making* (Cambridge, Mass.: Belknap Press of Harvard University Press)

Sadjadpour Karim (2009) *Reading Khamenei: The World View of Iran's Most Powerful Leader* (Washington, D.C.: Carnegie Endowment for International Peace)
http://carnegieendowment.org/files/sadjadpour_iran_final2.pdf.

Sebenius, James K. (1992) Negotiation Analysis: A Characterization and Review. *Management Science*. 38 (1): 1–21

Sebenius, James K. (2009) Negotiation Analysis: From Games to Inferences to Decisions to Deals. *Negotiation Journal*. 25 (4): 449–465

Sebenius, James K. and Michael K. Singh (2012) Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations. *International Security*. 37 (3): 52–91

Singh, Michael (2012) Is the Iranian Regime Rational? *Foreign Policy*
<http://www.washingtoninstitute.org/policy-analysis/view/is-the-iranian-regime-rational>

The Iran Project (2012) Weighing Benefits and Costs of International Sanctions Against Iran.
<http://bakerinstitute.org/media/files/news/8c94922a/CR-IranReport2-120312.pdf>

The Iran Project (2012) Weighing Benefits and Costs of Military Action Against Iran.
http://bakerinstitute.org/media/files/news/9147d7e6/IRAN_Report.pdf

Wanis-St. John, Anthony (2012) Nuclear Negotiations: Iran, the EU (and the United States). In G. Olivier Faure, ed., *Unfinished Business: Saving International Negotiations From Failure* (University of Georgia Press)