

The Iran Nuclear Deal

A briefing by BASIC

February 2016



British American Security
Information Council

www.basicint.org

Iran is a Non-Nuclear Weapon State (NNWS) party to the Nuclear Non-Proliferation Treaty (NPT) that has previously been accused of committing violations of their safeguards agreement with the International Atomic Energy Agency (IAEA).¹ The historic and detailed Joint Comprehensive Programme of Action (JCPoA) agreement was concluded on 14 July 2015.

Implementation Day was declared on 16 January 2016, as Iran had met its obligations under the agreement. Many international economic sanctions that had been in place were removed. The Iran nuclear deal appears to be a success for global non-proliferation regime, but reactions from many countries in the region are mixed and many are already starting to look ahead to the future to what this means for regional and global security.

Looking Back: Iran and E3+3 Talks

Since 2006, the E3+3² has been involved in negotiations with Iran to reach a verifiable diplomatic resolution that would constrain Iran's nuclear capabilities, and particularly prevent it from being able to make a nuclear weapon were it to attempt to do so.³

The talks between the E3+3 countries and Iran were stagnant for seven years, despite a number of proposals for negotiated settlements and confidence building measures. They improved in 2013 in the context of mounting pressure from increasing international sanctions and bilateral US-Iranian diplomatic talks prior to and after Hassan Rouhani was elected President in June 2013.

An interim breakthrough agreement was signed in November 2013, specifying a variety of terms and conditions for a first phase of agreement, and two months later Iran and the E3+3 reached consensus on implementation of an interim deal, the Joint Plan of Action (JPoA).⁴ The first six month phase of the JPoA entailed freezing a large part of Iran's nuclear program, including construction, reprocessing and enrichment above 5%, blending down the uranium enriched to 20% and reducing stocks of low enriched uranium, and increased IAEA verification and monitoring, in return for targeted and temporary sanctions relief worth about \$7 billion.⁵

In the aftermath of the JPoA's inauguration, Iran and the E3+3 conducted a series of talks to secure a comprehensive deal with a deadline of 20 July 2014. The framework agreement was concluded in April and a Joint Comprehensive Plan of Action (JCPoA) agreed on 14 July.

Timeline

Date	Event
July 2006	UNSC adopts resolution that calls on Iran to suspend pursuit of nuclear weapon
Nov 2013	E3+3 and Iran sign breakthrough agreement: an interim deal
20 Jan 2014 ⁶	Joint Plan of Action (JPoA) created
14 July 2015 ⁷	Finalisation Day: Conclusion of Negotiations
18 Oct 2015 ⁸	Adoption Day: Parties begin working on commitments made
16 Jan 2016 ⁹	Implementation Day: IAEA certifies Iran has met requirements, global sanctions lifted
Mid-Oct 2023 ¹⁰	Transition Day: IAEA to conclude all nuclear activity in Iran peaceful
Mid-Oct 2025 ¹¹	UN will terminate JCPoA mandate

- 1 Usha Sahay & Alexander Pearson, Iran's Nuclear and Ballistic Missile Programs, Center for Arms Control and NonProliferation, 2013: <http://armscontrolcenter.org/fact-sheet-north-koreas-nuclear-and-ballistic-missile-programs/>
- 2 This group of countries includes Germany, France, United Kingdom, United States, China, and Russia. It is also widely referred to as the P5+1. We prefer to refer to this group as the E3+3 for historical reasons, as it was the E3 that started the negotiations.
- 3 The White House, First Step Understandings Regarding the Islamic Republic of Iran's Nuclear Program, Office of the Press Secretary, 2013: www.whitehouse.gov/the-press-office/2013/11/23/fact-sheet-first-step-understandings-regarding-islamic-republic-iran-s-n
- 4 Kelsey Davenport, History of Official Proposals on the Iranian Nuclear Issue, Arms Control Association, 2014: http://www.armscontrol.org/factsheets/Iran_Nuclear_Proposals
- 5 Indira Lakshmanan, Iran to Reap \$7 Billion in Sanctions Relief Under Accord, 2014: <http://www.bloomberg.com/news/articles/2013-11-24/iran-to-reap-7-billion-in-sanctions-relief-under-accord>

Terms of JCPoA Agreement¹³

What has happened since October 2015¹⁴

Iran to reduce its low-enriched uranium from 10,000kg to 300kg	Iran shipped over 10,000kg of uranium out of Iran
Iran will reduce centrifuges to 6104	Iran has dismantled 2/3 of its centrifuges
Iran cannot enrich uranium over 3.67%	Iran has stopped enriching uranium over 3.67%
Iran must redesign its Arak reactor	Iran removed core from Arak filled it with concrete
Iran must give IAEA access to all nuclear facilities	Iran has allowed unprecedented access to its facilities and supply chain

Summary: Iran's compliance has meant that all four pathways to building a nuclear weapon have been effectively blocked. In addition, the deal has increased the time it would take for Iran to successfully create a nuclear bomb from 2 months to over 12 months.¹⁵

Sanctions Relief

The three main sets of sanctions that were placed on Iran because of its nuclear programme were set by the United Nations, the United States and the European Union. A concise summary of all that was promised by the three entities via the agreement can be seen in [this table](#) from the Arms Control Association.¹⁶ The following have been the developments on sanctions relief as of the 16 January 2016.

UN Security Council (UNSC)

- The UNSC removed Iran's Sepah Bank and its subsidiaries from a global sanction, for the first time since an UNSC freeze in 2007.¹⁷

United States (US)

- The US has lifted its nuclear-related sanctions on several Iranian industries including banking, energy, shipping, software, and others.¹⁸
- The US will settle an outstanding historic claim from the Hague Tribunal for \$400 million, based on a previous purchase of military equipment prior to 1979. The amount, including interest totals \$1.3 billion that will be paid to Iran.¹⁹
- Certain sanctions will remain in place, pertaining to Iran's non-nuclear military development.²⁰

European Union (EU)²¹

- Banking, trading, shipping, energy, and other sanctions have been relieved between Member States and Iran.
- Italy looks to sign a diverse economic deal with Iran, totalling \$18.4 billion, in sectors ranging from energy to infrastructure.²²
- Iran has purchased 118 Airbus planes from the EU totalling over \$25 billion.²³

"Today, I released a report confirming that Iran has completed the necessary preparatory steps to start the implementation of the Joint Comprehensive Plan of Action (JCPoA). The report was submitted to the IAEA Board of Governors and to the United Nations Security Council."

– IAEA Director General, 16 January 2016¹²

- 6 Kelsey Davenport, *History of Official Proposals on the Iranian Nuclear Issue*, Arms Control Association, 2014: www.armscontrol.org/factsheets/Iran_Nuclear_Proposals
- 7 Kelsey Davenport, *The Comprehensive Nuclear Agreement with Iran at a Glance*, Arms Control Associations, 2015: <http://www.armscontrol.org/factsheets/A-Comprehensive-Nuclear-Agreement-with-Iran-at-a-Glance>
- 8 *Ibid*
- 9 *Ibid*
- 10 Kenneth Katzman and Paul K. Kerr, *Iran Nuclear Agreement*, Congressional Research Service, 2016: <https://fas.org/sgp/crs/nuke/R43333.pdf>
- 11 *Ibid*
- 12 International Atomic Energy Agency Director General, *IAEA General Statement on Iran*, IAEA 2016, <https://www.iaea.org/newscenter/statements/iaea-director-general%E2%80%99s-statement-iran>
- 13 The US Department of State, *Parameters for a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program*, 2015: <http://www.state.gov/r/pa/prs/ps/2015/04/240170.htm>
- 14 International Atomic Energy Agency Director General, *Verification and Monitoring in the Islamic Republic of Iran in light of United Nations Security Council Resolution 2231*, 2016: <https://www.iaea.org/sites/default/files/gov-inf-2016-1.pdf>
- 15 *Ibid*
- 16 Kelsey Davenport, *The Comprehensive Nuclear Agreement with Iran at a Glance*, Arms Control Associations, 2015: <http://www.armscontrol.org/factsheets/A-Comprehensive-Nuclear-Agreement-with-Iran-at-a-Glance>
- 17 World Nuclear News, *Implementation Day for JCPoA, Nuclear Policy*, 2016: <http://www.world-nuclear-news.org/NP-Implementation-day-for-JCPOA-1801167.html>
- 18 US Department of the Treasury, *Guidance relating to the Lifting of Certain U.S. Sanctions Pursuant to the Joining Comprehensive Plan of Action on Implementation Day*, US Department of State, 2016: https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement_guid_e_jcpoa.pdf
- 19 The White House, *The Historic Deal That will Prevent Iran from Acquiring a Nuclear Weapon Implementation Day*, 2016: <https://www.whitehouse.gov/issues/foreign-policy/iran-deal>
- 20 *Ibid*

Reactions

China²⁴

Xi Jinping was amongst the first of the world leaders to visit Iran after the sanctions had been lifted to discuss a variety of issues including science, technology, culture, tourism and security according to President Rouhani. The two leaders signed a total of 17 strategic agreements to solidify the partnership for the next 25 years, and have agreed on economic terms to increase trade to \$600bn. China is Iran's largest trading partner and the Iran deal seems to be in the best interests of both countries.

Saudi Arabia²⁵

The Saudi position over the Iran nuclear deal is skeptical. The religious and cultural differences between the two Middle Eastern states were heightened in December 2015 by the execution of a top Shi'a cleric in Saudi Arabia. Iranian protesters burned the Saudi Arabian embassy in Tehran and Saudi Arabia severed diplomatic ties with Iran. According to an interview conducted by the CNN with the Saudi Foreign Minister, Adel al-Jubeir, the money that Iran will receive from the relief of the sanctions will "not be okay" because it will be used to further its various "nefarious activities". Adel al-Jubeir also refused to respond to a question regarding Saudi attempts to acquire a nuclear weapon, stating that "Saudi Arabia will do whatever it takes in order to protect our nation and our people from any harm". Oil prices may yet fall even lower as Iran reintegrates into the global market, which could further harm the Saudi economy.²⁶

Israel

There remains a strong perception within Israel of Iran as a potential serious and severe existential threat. The leadership frames the nuclear programme in Iran as a regional and international security issue, but disagrees with the international community's approach to managing it.²⁷ Prime Minister Benjamin Netanyahu has been vehemently opposed to the deal, and remains convinced that "Iran has not relinquished its ambition to obtain nuclear weapons", and has pledged that Israel will act as the "watchdog" on the issue.²⁸ The country is also developing a system of antimissile defenses which are used as the country's main defense against any potential Iranian missile strike.²⁹

European Union

France had initially been particularly sceptical of the deal and its implementation, but has not been slow in seeking economic benefit from it.³⁰ Italian Prime Minister, Matteo Renzi, stated that the initial economic deals signed soon after the JCPoA were "just the beginning."³¹ Given its current economic slump, the Iranian market will surely be of use for the European Union. The EU High Representative is currently serving as head of the Joint Commission, is also tasked with safeguarding the deal for the next ten years.³²

United States

The Obama Administration has sought to balance complex competing domestic and international interests,³³ and has talked up the deal as a definitive success of diplomacy. The inclusion of a historic prisoner exchange was deeply symbolic. But things remain in flux and vulnerable. Hard-liners in both the United States and Iran are deeply worried by closer relations, and will demand reversal of measures if there is any perception of a violation of the agreement.³⁴

Iran

On the morning of Implementation Day, the reformist Ghanoon Daily newspaper in Tehran read "Hello Iran without sanctions: We are released."³⁵ Though not everyone sees this as the start of a wider rapprochement, many in Iran will surely enjoy the economic relief of the sanctions, as well as improved diplomatic relations. Rouhani has undoubtedly gained much political capital through the success of the negotiations.³⁶ He has promised to closely monitor the implementation of sanctions relief, that will bring substantial economic benefits.³⁷ There are many hard-liners in the Iranian Majles who disapprove of what he has done, though he has been able to maintain the support of the Supreme Leader thus far.³⁸

21 European Union External Action, *Information Note on EU sanctions to be lifted under the Joint Comprehensive Plan of Action (JCPOA)*, 2016: http://eeas.europa.eu/top_stories/pdf/iran_implementation/information_note_eu_sanctions_jcpoa_en.pdf

22 Cinelli & Balmer, *Deals and warm words flow as Iran president visits Europe*, Reuters USA, 2016: <http://www.reuters.com/article/us-iran-europe-rouhani-idUSKCN0V31DJ>

23 Chris Johnston, *Airbus Signs \$25bn deal to sell 118 planes to Iran*, BBC, 2016: <http://www.bbc.co.uk/news/business-35434483>

24 *Iran and China agree closer ties after sanctions ease*, BBC World News, 2016: <http://www.bbc.co.uk/news/world-middle-east-35390779>

25 Ashley Fantz, *Saudi foreign minister deeply skeptical of Iran deal*, CNN Politics, 2016: <http://edition.cnn.com/2016/01/19/politics/situation-room-saudi-arabia-foreign-minister/>

26 Ian Black, *As Iran hails a historic deal, Saudi Arabia looks on with anxiety and irritation*, The Guardian, 2016: <http://www.theguardian.com/world/2016/jan/18/as-iran-hails-a-historic-deal-saudi-arabia-looks-on-with-anxiety-and-irritation>

27 Goor Tsalalyachin, *How Israelis Differ on Dealing with Iran*, Royal United Services Institute, 2012: <https://rusi.org/commentary/how-israelis-differ-dealing-iran>

28 Steven Erlanger, *Netanyahu Asserts Israel Will Be Iran's Watchdog*, The New York Times, 2016: http://www.nytimes.com/2016/01/18/world/middleeast/netanyahu-asserts-israel-will-be-irans-watchdog.html?_r=2

29 *Ibid*

30 *France: No Iran Nuclear Deal if Military Site Inspections are Blocked*, The Guardian, 2015, <http://www.theguardian.com/world/2015/may/27/laurent-fabius-france-no-nuclear-deal-iran-refuses-inspections-military-sites>

Recent Incidents

The agreement's fate is far from sealed. Two tense diplomatic incidents between Iran and the US threatened to knock it off course in January 2016. On the 12 January, two US patrol craft illegally entered Iranian waters near Farsi Island. US sailors were detained but claimed that they were not harmed whilst in detention.³⁹ They and their craft were released after 15 hours, following rapid negotiations. The speed of the release was in contrast to previous similar incidents, and in contrast to Turkey's shooting down of a Russian aircraft a few months earlier.

Iran conducted a ballistic missile test on 17 January. This did not contravene the JCPoA, but did elicit a reaction. Eleven entities and individuals who had known involvement with Iran's ballistic missile project were enlisted under US sanctions once again.⁴⁰ Whilst the impact was contained, it served as a reminder of continued challenges.

Dispute Resolution Procedure

The JCPoA has within its structure a dispute mechanism that looks to mitigate any concerns over Iran's compliance to the nuclear terms of the deal

Step 1 IAEA will use a new Online Enrichment Monitor to ensure compliance⁴¹

Step 2 Members of JCPoA to meet every 2 years to review progress

Step 3 If suspicions emerge, IAEA can request verification and/or access to site in question with Iranian compliance⁴²

Step 4 Dispute Resolution Mechanism will be established over a 15-day period⁴³

Step 5 If determined that Iran has broken the deal, "snap back" sanctions will be introduced⁴⁴

Step 6 After eight years, if no disputes have occurred, all remaining sanctions on Iran will be lifted⁴⁵

Speculating Political Context

President Hassan Rouhani won his surprise overwhelming election victory in 2013 on the back of his slogan, 'prudence and hope'. The Iran deal has been a powerful symbol of his attempt to warm relations with the West without capitulating, and it has generally been seen by most observers as a significant diplomatic success. Future diplomatic efforts look promising. Perhaps cooperation with Iran will prove a useful diplomatic catalyst to cooperation over other security issues that plague the region, such as the current conflicts in Syria and Yemen.

However despite the optimism that the deal implies, its success is notably fragile. There are pressures on both sides of the deal that have the potential to disrupt the delicate balance. The US election of a new president could have a major impact. Iran's own presidential election in June 2017 could also disrupt the fine balance. The E3+3 could fall out over other strategic issues, or the EU itself could suffer disintegrative forces, reducing the capacity to support the deal. Further regional instability and greater friction between Iran and Saudi Arabia and/or Israel, both close US allies, could blow apart the deal. Nonetheless, the longer the deal remains in place, the more likely perceptions and relationships with Iran are set to improve.

31 Cinelli & Balmer, *Deals and warm words flow as Iran president visits Europe*, Reuters USA, 2016:

<http://www.reuters.com/article/us-iran-europe-rouhani-idUSKCN0V31DJ>

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33 Andrea Berger, *The Audience War: US Rhetoric and the Iranian Program*, Royal United Services Institute, 2012:

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<http://www.brookings.edu/blogs/markaz/posts/2016/01/17-iran-nuclear-deal-sanctions-relief-prisoner-release-maloney>

35 *Ibid*

36 *Ibid*

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http://www.nytimes.com/2016/01/19/us/politics/navy-releases-timeline-of-irans-capture-of-us-sailors.html?_r=0

41 World Nuclear News, *Implementation Day for JCPoA*, Nuclear Policy, 2016:

<http://www.world-nuclear-news.org/NP-Implementation-day-for-JCPOA-1801167.html>

42 European Council on Foreign Relations, *Explainer: Iran Nuclear Deal*, 2016:

http://www.ecfr.eu/article/iran_explainer3070

43 *Ibid*

44 *Ibid*

45 Kenneth Katzman, *Iran Nuclear Agreement*, Congressional Research Service, 2016: <https://fas.org/sgp/crs/nuke/R43333.pdf>