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Reaching Diplomatic Agreement with Iran

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In light of Iranian President Hassan Rouhani's inauguration and his declared intention to enhance transparency and improve relations with the international community, a new and significant opportunity exists to end the nuclear standoff with Iran. By voting in significant numbers for Rouhani, the Iranian people indicated their support for more constructive engagement with the outside world and their hope for improved domestic economic conditions. The international community can and should respond constructively.

Because of the historic mistrust between the United States and Iran, as well as the complexities of the nuclear issue, achieving an agreement will require significant new initiatives and greater diplomatic flexibility on both sides.

SUMMARY

This discussion paper outlines options for the United States and its partners in the UN Security Council and the P5+1. We propose an immediate initiative for constructive engagement and a longer-term diplomatic strategy, in support of the new round of P5+1 meetings Kazakhstan has proposed. Before these sessions begin, work must already be underway for achieving greater transparency and monitoring of Iran's nuclear program. This strategy contains three inter-related elements:

- I. **Immediate trust-building measures** to gain Iranian suspension of enrichment to 20 percent and/or greater access for international inspectors in exchange for partial and contingent suspension of non-military sanctions;
- II. **A comprehensive long-term agreement** to ensure the civilian nature of Iran's nuclear program, achieved by offering progressive sanctions relief in exchange for Iranian acceptance of the IAEA Additional Protocols and a proposed UN Nonproliferation and Civilian Use Commission (see Appendix II for further details on the suggested composition and mandate of a Commission); and
- III. **Regional security assurances** for Iran offered by the United States.

Strategic goals

The core objectives of the international community are to prevent Iran from developing nuclear weapons and to guarantee that its nuclear program is solely for peaceful purposes. This can be accomplished by convincing Tehran to accept binding limits on its nuclear program and robust monitoring mechanisms to guarantee the absence of military-related activities.

Iran's core objectives are to gain international acceptance of its right to develop nuclear energy, including enrichment, and to obtain relief from international sanctions. These goals can be realized by accepting limits on its nuclear program and agreeing to enhanced transparency and additional monitoring mechanisms.

Combining the two sets of objectives is the key to reaching a diplomatic settlement. An agreement could be based on the following formula: enhanced transparency and rigorous monitoring of a limited enrichment program, in exchange for the suspension and progressive lifting of international sanctions.

I. Immediate trust-building measures

To begin the process of constructive engagement, each side should make an initial gesture to build confidence and demonstrate a willingness to bargain seriously. The initial step for Iran might be to suspend enrichment to 20 percent and allow greater access for international inspectors. The first step for the United States and its partners could be a partial suspension of non-military sanctions.

Iran. At the Almaty II discussions in April 2013, Iran offered to freeze centrifuge installation at its Fordow facility and suspend 20 percent enrichment. Iran could agree to take these steps as temporary measures for a period of six months, in coordination with a reciprocal initiative from the United States and its partners. Although very modest, these measures would be steps in the right direction.

Iran could also accept one of the elements of the IAEA's Additional Protocols, such as providing information about, and allowing at least temporary IAEA access to, other parts of its fuel cycle beyond already declared facilities. Such an action would not address the full range of IAEA concerns about Iran's program, but it would be a positive move and could build a foundation for ongoing negotiations to reach a comprehensive agreement.

The United States and its partners. Some officials have said that Iran must act first to start the diplomatic process, but the United States and its partners can strengthen Rouhani's hand in the face of domestic hardliners by making an initial

gesture of their own. The obvious first step would be an offer of limited sanctions relief.

The United States could suspend the prohibitions on direct or indirect financing of exports to Iran of medical supplies, agricultural products, consumer goods and related non-military goods and services. The European Union could adopt a parallel suspension. The UN Security Council could suspend the ban on transactions with designated Iranian banking institutions for the financing of specified exports of non-military goods and services.

An initial suspension of financial sanctions on non-military exports would not be an unprecedented or radical step. In July 2013 the United States removed restrictions that had denied the Iranian people access to medicines and medical supplies. The United States could follow up this humanitarian gesture with a diplomatic move to suspend some additional non-military sanctions.

The proposed move is aimed at easing some of the restrictions on international financing that are causing hardships for ordinary Iranians. The suspension could be offered for a period of six months, renewable when Iran responds positively. It could be combined with an indication that other sanctions will be lifted on a step-by-step basis if the Iranian side reciprocates.

The advantage of this proposed suspension is that it allows for quickly re-activating sanctions if Iran does not respond in kind or attempts to exploit the gesture. If successful, the initial partial suspension could serve as the basis for ongoing negotiations to reach a comprehensive settlement.

II. A comprehensive long-term agreement

The contours of a longer-term comprehensive diplomatic bargain with Iran are well known and have been outlined in numerous studies and reports. If Iran accepts enhanced transparency and more intrusive inspections to guarantee that it will not develop nuclear weapons, the United States and its partners will progressively lift sanctions and accept limited Iranian enrichment under rigorous international monitoring.

The foundation of a more rigorous nonproliferation monitoring regime would be Iranian acceptance of the Additional Protocols established by the International Atomic Energy Agency and now in place in more than one hundred countries. Acceptance of the Additional Protocols would be a major step toward enhancing the IAEA's ability to ensure the peaceful nature of Iran's program. Iran should also agree to all the provisions of its existing Comprehensive Safeguards agreement with the IAEA.

Another step toward robust monitoring capacity might be the creation of a special Security Council Commission for monitoring and supporting Iran's nuclear program and ensuring its peaceful nature—a UN Nonproliferation and Civilian Use Commission for Iran.

In exchange for Iran's compliance with the Additional Protocols and acceptance of the proposed Commission, the United States, Europe, and the UN Security Council would develop and implement a roadmap for progressively lifting all sanctions in return for specific Iranian steps toward transparency and more rigorous monitoring, as part of a normalization of diplomatic and commercial relations (see Appendix I for more detail and past precedents on sanctions relief).

In addition, the United States should work with its allies in the region to offer assurances against military attack if Iran takes the proposed steps toward a more limited and transparent nuclear program. Security assurances could be offered as part of a separate arrangement, reached in conjunction with the comprehensive settlement, to clarify questions about past 'potential military dimensions' of Iran's nuclear program.

III. Regional security assurances

The United States should offer security assurances to Iran as part of a comprehensive nuclear agreement. This would include pledges from Iran's neighbors not to attack militarily or engage in hostile intelligence operations.

Successful nuclear nonproliferation negotiations in other countries have included security assurances. Ukraine agreed to give up the nuclear weapons on its soil in conjunction with security assurances from Russia and the United States. South Africa ended its nuclear program when perceived security threats in the region diminished. A guarantee against military attack would increase Iran's willingness to restrain its nuclear program. Security assurances would make it easier for President Rouhani to win support for an agreement among hardliners at home (see Appendix III for addressing military-related concerns).

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APPENDIX I: Sanctions relief

A strategy of sanctions relief should be aimed at sustaining Iranian participation in constructive bargaining and securing agreement to enhanced transparency and monitoring. The United States, Europe, and the UN Security Council should indicate their readiness to lift sanctions according to a timetable that is linked to progress in achieving greater transparency and rigorous monitoring. The initial limited suspension of some non-military sanctions would be followed by additional forms of sanctions relief as Iran agrees to accept the Additional Protocols, the Special Commission, and other steps.

Sanctions relief should focus initially on lifting restrictions on the financing of non-military exports and imports of Iranian oil. These measures would have the greatest beneficial effect for the Iranian people and would provide encouragement for President Rouhani's declared intention to build constructive relations with the international community.

As the enhanced transparency and monitoring process proceeds, sanctions relief would continue on a systematic and scheduled basis. Each significant step toward compliance with the Additional Protocols and acceptance of the proposed Commission would be matched by a further lifting of specific sets of U.S. and EU sanctions, in a progressive manner. The sanctions on arms transfers and the supply of nuclear-related and dual use materials and technologies would be left to the last phase of the process and would be lifted only when the Additional Protocols are fully implemented and the Special Commission is operational.

The United States, the UN Security Council, and the European Union have used sanctions suspensions as a successful policy option in previous cases. The record shows that an offer to lift sanctions can be an effective inducement that encourages targeted states to take steps toward compliance with international norms.

Libya. In August 1998 the UN Security Council offered to suspend sanctions against Libya if it accepted an agreement to turn over for trial two suspects wanted in connection with the terrorist bombing of U.S. and French airliners. When the proposed agreement was announced, the Security Council adopted Resolution 1192, which affirmed that the Council would suspend sanctions when the suspects arrived in The Hague. A few months later the Libyan suspects were delivered to The Hague, and UN sanctions were immediately suspended.

Liberia. In June 2006 the Security Council voted to lift timber sanctions against Liberia as a means of encouraging the government to adopt a new forestry law providing more transparent management of forestry resources. In adopting Resolution 1689 the Council decided not to renew the previous timber sanctions

but also declared that it would reinstate the sanctions after a period of 90 days if the forestry legislation was not adopted. The new law was adopted and the sanctions were not renewed.

Burma/Myanmar. In May 2012 the U.S. government and the Council of the European Union agreed to suspend sanctions on trade and investment in the country's economy. The EU decision provided for the continuation of the arms embargo against Burma/Myanmar for another 12 months. The sanctions suspension was intended to encourage and reward the government's decisions to end military rule, accept open elections and adopt other measures toward greater political freedom.

APPENDIX II: A special UN commission

The Security Council has the authority to create special commissions as it may determine to serve international peace and security objectives. Examples include the Counter-Terrorism Executive Directorate, created in 2004 to provide staff support and technical expertise for the UN Counter-Terrorism Committee, and the UN Special Commission for Iraq, created in 1991 to assure the dismantlement of Iraq's nuclear weapons program and weapons of mass destruction, and its successor, the UN Monitoring, Verification and Inspection Commission, established in 1999.

The proposed UN Nonproliferation and Civilian Use Commission for Iran would be uniquely structured to gain Iranian compliance. Although Iranian officials might object to an arrangement that goes beyond their basic IAEA obligations, they might accept the Commission as a temporary measure if it is designed appropriately. It would be cooperative, not coercive. It would operate in collaboration with Iranian officials to assure that the Iranian nuclear program is solely for civilian purposes.

The proposed Commission would be created for a renewable three-year time period and would operate with the consent of the Iranian government. It would consist of a designated number of international technical experts stationed in Iran under the authority of the Security Council. None of the experts would be from the P5 countries. They would have access to Iran's nuclear enrichment and production facilities. Their mission would be to monitor and verify compliance with the Additional Protocols and to provide further assurances that Iran's nuclear program is being developed and used solely for peaceful purposes.

The number of technical experts stationed in Iran could be relatively small if their presence is supplemented by the installation of remote monitoring equipment at mutually agreed locations in Iran's nuclear production sites. The equipment would measure radiation levels, ambient chemical and heat signatures, and other indicators of normal civilian nuclear activity. It would transmit encrypted data directly to a designated secure site under Security Council authority at IAEA headquarters in Vienna.

To provide incentives for Iranian acceptance, the proposed Commission would have a mandate to provide material support and technical assistance for Iran's civilian nuclear program. The support could take the form of the assistance that was offered during previous unsuccessful negotiations for a fuel swap agreement. The Commission could coordinate the supply of medical isotopes and low-level enriched uranium for Iranian reactors and could offer to facilitate the provision of fuel reprocessing services. This assistance would be linked to arrangements for enhanced transparency and monitoring of Iran's nuclear production facilities.

Many of the details of the proposed Commission would have to be negotiated. Agreement would be necessary on the number and the duties of the technical experts, their political independence, their freedom of movement and levels of access within Iran, the type of monitoring equipment to be installed, the security of the data transmitted to the IAEA, the conditions for renewal, and many other difficult questions. Negotiations on the terms of the Commission would be a central feature of renewed diplomatic engagement with Iran.

APPENDIX III: Addressing ‘potential military dimensions’ from the past

A great deal of concern and diplomatic energy has focused on allegations of past Iranian nuclear activities that may have a military dimension. Evidence of a connection between Iran’s nuclear program and its military forces would be worrisome and a matter of concern, but differences over access to the Parchin military complex and other sites should not block progress toward agreement on the central strategic goal of establishing limits on Iran’s enrichment program and greater transparency and monitoring.

Iran has refused demands from IAEA inspectors and Western officials for access to the major military installation at Parchin. Iran’s reluctance to allow access to Parchin and other military sites may reflect the regime’s concerns about possible military strikes. It is no secret that senior officials in Israel and members of the U.S. Congress have threatened military action against Iran. Any government facing such threats might have an understandable reluctance to open its military facilities to international inspection. Security assurances against military attack might make it easier to address these concerns.

The possibility of past military activities has long been assumed by Western intelligence agencies. The official finding of the U.S. intelligence community is that Iran was taking steps toward the development of nuclear weapons capability in the past but halted these efforts in 2003. That assessment has been repeated regularly by U.S. intelligence leaders, most recently in Congressional testimony in February 2013. Clarifying questions about past action is not as important as taking actions now to halt further nuclear production and gain greater transparency and monitoring. If these latter are accomplished it will diminish the importance of whatever past non-disclosures may appear as potential Iranian advantages.