

### Iran and the P5+1

The Consequences of a Deal and the Consequences of None

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#### I. Background

Negotiations between the world powers and Iran have been aimed at persuading Iran to limit its nuclear programme in exchange for lifting sanctions which have crippled Iran's economy. Iran is suspected of seeking nuclear weapons, given its history of clandestine atomic development, whilst Iran insists it is enriching uranium for energy and medical purposes with no intention of building nuclear weapons. Distrust and a lack of will to make concessions have plagued previous negotiations. However, Iran's current administration portrays a willingness to engage the international community, backed by a strong popular mandate.

The Interim-Deal of November 2013 provided temporary sanctions relief in return for a commensurately temporary curtailment of Iran's nuclear programme, whilst talks determine the details of a final comprehensive agreement that removes all nuclear related sanctions in return for a monitored guarantee Iran cannot produce nuclear weapons. The deadline for such an agreement has been extended until November 2014 whilst the sides try to bridge gaps that remain between them. At this time, the consequences of an agreement, and those of a failure to reach one, could define regional

stability and security in the near future.

#### II. Regional Stability

The fate of Iran's nuclear programme will have a profound impact on the region's stability, militarisation and ability to confront terrorism.

Israel, the Iranian regime's long term adversary<sup>1</sup> has been the staunchest advocate of military strikes to disable Iran's nuclear facilities before a weapon can be produced, opposed to any concessions made by the p5+1 to allow a potential Iranian civil nuclear programme in an agreement. If the P5+1 cannot reach such an agreement, Iran has stated that it will resume enrichment<sup>2</sup> which in turn would shorten the breakout period for weapons to a point unacceptable to the international community, particularly the US and Israel<sup>3</sup>.

Israel has indicated that it is prepared to strike unilaterally to safeguard its interests.<sup>4</sup> Such a serious commencement of strikes would undoubtedly generate a counter-attack by Iran against Israeli and 'Jewish' targets, posing a grave threat to the Israeli populations,<sup>5</sup> oil security and regional stability.

Alternatively, if a deal were to be agreed, Israel fears Iran will be boosted both economically and

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<sup>1</sup> Brookings, July 16, 2014 [[Link](#)]

<sup>2</sup> Reuters, June 13, 2014 [[Link](#)]

<sup>3</sup> The Guardian, September 28, 2012 [[Link](#)]

<sup>4</sup> Haaretz, March 19, 2014 [[Link](#)]

<sup>5</sup> Washington Institute, November 11, 2012 [[Link](#)]

politically from re-engagement in the international community, potentially using this to boost its sponsorship of militant groups such as Hezbollah and Hamas, which openly threaten Israeli security.<sup>6</sup>

Nuclear proliferation in a region undergoing considerable unrest is a clear and prominent global issue<sup>7</sup>. If no agreement is reached and Iran is allowed to cross the threshold to a nuclear armed state, then other regional powers - notably Saudi Arabia, will perceive it as a national security imperative to be similarly equipped to counter Iran's influence.<sup>8</sup> However, a comprehensive deal that reassures regional powers that the international community is sufficiently capable and motivated to monitor a peaceful Iranian nuclear programme could prevent such proliferation. This route must be recognised as a crucial and necessary tool in preventing further militarisation and mark a turning point demonstrating the utility of dialogue even in the most intractable rivalries.<sup>9</sup>

Iran's participation in negotiations is part of a wider diplomatic effort made by the new, more moderate, administration<sup>10</sup> to promote dialogue in the region on issues such as sectarianism, terrorism and trade.<sup>11</sup> A comprehensive deal could go some way to building trust between

<sup>6</sup> Al Monitor, March 1, 2014 [[Link](#)]

<sup>7</sup> Financial Times, April 7, 2014 [[Link](#)]

<sup>8</sup> BBC, November 6, 2013 [[Link](#)]

<sup>9</sup> Wilson Center, June 23, 2014 [[Link](#)]

<sup>10</sup> Al Monitor, January 13, 2014 [[Link](#)]

<sup>11</sup> Press TV, April 15, 2014 [[Link](#)]

regional powers.<sup>12</sup> Current regional crisis, such as the rise of IS and al-Nusra's attacks on Lebanon, alongside the proliferation of foreign fighters and extremism in Syria means that the prospect of better regional relationships could prove constructive, particularly given Iran's influence on the Shia community.<sup>13</sup>

A deal is also crucial to Western counter-terrorism interests in the region. The US and Iran in particular have common interests in countering groups such as the Islamic State.<sup>14</sup> Neither can fulfil such a task alone, a good deal could translate into more global cooperation in tackling fundamental catalysts of militant extremism.

### III. Domestic Politicisation

Influential hard line political and religious figures in Iran's administration have long argued that the West's plan for the negotiations is to humiliate the Republic into axing its nuclear programme.<sup>15</sup> Failure to conclude a final deal could serve hardline political and economic interests by fuelling their mantra, whilst marginalising moderates and reducing the prospect of a non-military resolution. President Rouhani's Government is the most open to comprehensive negotiation there has ever been. Failure to secure a deal could reduce public confidence in any moderate route to ending Iran's international

<sup>12</sup> Tehran Times, November 15, 2013 [[Link](#)]

<sup>13</sup> Al Monitor, July 7, 2014 [[Link](#)]

<sup>14</sup> Payvand, July 4, 2014 [[Link](#)]

<sup>15</sup> BBC, May 11, 2014 [[Link](#)]

isolation, and fuel militaristic hardline support in Iran for a long time to come.

President Rouhani has expressed a desire to improve cultural and political freedom inside Iran.<sup>16</sup> His wide public support base and support from Iran's Supreme Leader<sup>17</sup> make him the first President realistically able to engineer such reforms. However, hardliners in Iran's Government have so far prevented domestic reform.<sup>18</sup> It is believed that the public, political and economic support that would accompany a comprehensive nuclear deal, would enable Rouhani's administration to make considerable strides on domestic freedoms.<sup>19</sup>

The role of those in the US who oppose a deal must also be recognised. In the event a deal cannot be reached, members of the US Congress are eager to impose much tougher sanctions on Iran as soon as possible.<sup>20</sup> In addition to being detrimental to future US diplomatic efforts over the issue it also brings to the fore the issue of sanctions.

#### IV. The Sanctions Debate

A comprehensive deal with Iran would result in the removal of 'nuclear related sanctions'. Sanctions imposed on Iran for its promotion of

terrorism and human rights violations will otherwise remain in place.<sup>21</sup> Therefore, despite the considerable respite a deal would provide for Iran, the international community would continue to protest against security and human rights violations without fear of damaging any agreement.

The fact that Iran actively entered negotiations with political will has generated considerable support for the argument that sanctions are a viable tool for diplomacy and preventing conflict.<sup>22</sup> The perceived success of comprehensive sanctions against Iran has informed debate over other international crises such as Eastern Ukraine and the Western perception that sanctions against Russia could influence their willingness to cooperate and cease inflammatory action.<sup>23</sup>

The fact that even a majority of those opposed to a deal on Iran favour more punitive sanctions demonstrates that sanctions are being viewed as producing conditions for dialogue.<sup>24</sup> Failure to produce a deal could fail to generate enough international enthusiasm, particularly from Russia and China for further sanctions, which could stall US efforts to force Iran to compromise on its nuclear programme.

#### V. Iran's Economy - Foreign Desire and

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<sup>16</sup> Harvard Belfer Center, December 6, 2013 [[Link](#)]

<sup>17</sup> Al Monitor, August 5, 2013 [[Link](#)]

<sup>18</sup> Financial Times, November 13, 2013, [[Link](#)]

<sup>19</sup> Al Monitor, January 17, 2014 [[Link](#)]

<sup>20</sup> Reuters, July 19, 2014 [[Link](#)]

<sup>21</sup> NIAC, July 8, 2014 [[Link](#)]

<sup>22</sup> Brookings, March 21, 2014 [[Link](#)]

<sup>23</sup> Washington Post, July 31, 2014 [[Link](#)]

<sup>24</sup> BBC, November 20, 2014 [[Link](#)]

### Domestic Struggle

International business reaction to the Interim-Deal of November 2013 demonstrated substantial enthusiasm for increased access to Iran's 70million plus population and its considerable scope for development.

There has been considerable interest, from both state delegations (such as France and Austria) and global industries looking to demonstrate interest in trade if an agreement is reached.<sup>25</sup> A deal would be a considerable opportunity for all concerned; foreign businesses are indeed already being courted by Iranian officials. However companies will not presently risk being heavily fined, particularly in the US market<sup>26</sup> and so are mostly avoiding commitment until a final deal is secured and the details of sanctions relief is clearly laid out. Access to international markets, should sanctions be lifted, would result in a considerable boom for Iran's economy and a fall in global oil prices once Iran's oil industry can develop.<sup>27</sup>

Prior to the November 2013 Agreement, Iran's "oil exports and revenues plummeted; the value of its currency eroded; trade disruptions shattered businesses and exacerbated inflation."<sup>28</sup>

Although there have been wide ranging economic reforms under Rouhani's administration<sup>29</sup> the

<sup>25</sup> UANI, [\[Link\]](#)

<sup>26</sup> New York Times, April 13, 2014 [\[Link\]](#)

<sup>27</sup> BBC, November 25, 2013 [\[Link\]](#)

<sup>28</sup> Brookings, March 21, 2014 [\[Link\]](#)

<sup>29</sup> Bloomberg, February 11, 2014 [\[Link\]](#)

IMF has warned that Iran's economy remains extremely fragile.<sup>30</sup> Failure to secure a deal that would alleviate the sanctions could see Iran's economy crippled with ordinary civilians suffering most whilst the elite continue to reap the financial spoils of isolationism.<sup>31</sup> This could have a damning impact on Rouhani's administration, given his election campaign was founded on breaking the sanctions deadlock and reviving the economy, which without substantial alleviation of sanctions, is not a realistic prospect.<sup>32</sup>

### VI. Policy implications

It is crucial to recognise the domestic pressures facing negotiators. Political factions on both sides are extremely skeptical of any deal, particularly one where they could be perceived as losing out. As such, a truly comprehensive deal is vital - one that can be sold as a success to both parties. It must alleviate Western concerns and generate sufficient monitoring capability to curtail the incentive to strike militarily. A comprehensive deal has the ability to act as a stabilising impetus in the region and pave the way for greater cooperation. Policy makers must push for such a resolution.

Failure to produce a deal brings the threat of military action. However, a military strike may

<sup>30</sup> New York Times, February 12, 2014 [\[Link\]](#)

<sup>31</sup> New York Times, January 22, 2014 [\[Link\]](#)

<sup>32</sup> Reuters, June 18, 2014 [\[Link\]](#)

only be able to destroy one or two facilities and in reality is not guaranteed to curtail Iran's nuclear programme permanently. The benefits of curtailing their enrichment programme must be perceived to outweigh the costs for Iran if there is to be any long term solution. Policy makers must recognise the opportunity provided by the talks to curtail nuclear desires in the region and ensure it is known that nuclear arms are of no benefit.

Regional instability, notably the Israeli-Palestinian conflict and the rise of IS (formerly ISIS) is fuelling sectarian and state rivalry. The dangers of failing to produce a nuclear deal must be recognised as a catalyst for further escalation and distrust. The prospect of a nuclear armed proxy war between Iran and Saudi Arabia is a very real concern, thus a deal must not be seen as a short term act but as long term mitigation against further escalation in an already fracturing region – as well as a poignant opportunity. Policy makers should use the momentum and goodwill provided by the p5+1 talks to encourage more dialogue between regional actors on issues such as counterterrorism and trade as a catalyst for cooperation.

Despite positive indications that a deal can be reached between the P5+1 and Iran, there is always the possibility that the gaps between the sides are simply too large to close. A contingency plan must be in place given the advanced stage of Iran's nuclear programme and the detrimental

impact of Iranian nuclear weapons on the region's stability. This is likely to involve sanctions and policy makers should analyse the impacts of various options carefully, noting the consequences for Iran's moderates and our ability to engage in future negotiations. Considering the major diplomatic strides made over the past year, it is crucial to utilise this position for positive engagement rather than reverting to confrontational and unconstructive rhetoric, whilst maintaining a strict and universal intolerance of Iranian nuclear weapons.

There is widespread assumption that the severe impact international sanctions have had on Iran's economy influenced the election of a more moderate Government; one open to engagement with the West and ending Iranian isolation. However, further detailed research on how sanctions influence segments of a population, from the electorate to the elite, in relation to voting behaviour, policy making and compromise will be crucial for use in future international crises response.

A deal resolving international concerns over Iran's nuclear programme would be a major breakthrough in this decades-long standoff . A deal could be a catalyst for positive regional and global developments, however it is important to note the risks, not only those involved in failure to produce a deal, but failure to produce a deal that sufficiently reassures Iran's regional adversaries.

## Policy Briefing

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No deal is indeed better than a bad deal for now - but a comprehensive deal is best for all with so little time to waste.

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