

The Iranian Nuclear Crisis: An Assessment

Gawdat Bahgat

© 2013 *Gawdat Bahgat*

ABSTRACT: Iran's nuclear program has become the major dispute between the Islamic Republic and global powers, led by the United States. This essay identifies the principal elements in any potential agreement, and outlines the steps needed to enhance the opportunity for a successful negotiation. Rapprochement between Tehran and Washington is not only possible, but indeed, desirable.

Since 1979, relations between the United States and Iran have been characterized by mutual suspicion and hostility. The areas of contention include human rights, the Arab-Israeli peace process, terrorism, and nuclear proliferation. In recent years few crises have attracted the attention of the international community as much as the controversy over Iran's nuclear program. The claims and counter-claims by the Islamic Republic and its major rivals have pushed all sides to the edge of a military conflict and a range of uncertain and unpredictable scenarios. Western powers, led by the United States, accuse Iran of seeking to build nuclear weapons and Tehran categorically denies these accusations and asserts that the program is solely for civilian purposes.

In the last decade, several measures have been employed to curtail Tehran's nuclear drive. These include assassination of the country's nuclear scientists, cyberattacks, severe economic sanctions, and threats of military strikes. It is difficult to assess the success (or failure) of each of these measures. Rather, together, they suggest two conclusions. First, Iran is paying a heavy price in human capital and economic prosperity. Second, despite this heavy price, the Islamic Republic has continued to make progress on its nuclear program. True, it can be argued that the combination of these measures has slowed the progress, but it is also true that the nuclear program in 2013 is more developed than it was a few years ago. In other words, it is increasingly harder to sustain the current confrontation without some kind of a breakthrough or, at least, a gradual reduction of tension. Furthermore, despite Western powers' suspicion, at present there is still consensus that an Iranian nuclear bomb is neither imminent nor inevitable. The Iranian leaders have not made the strategic decision to make the bomb and the country does not have all it needs to make a nuclear device.

In short, there is time for diplomacy. Based on open sources, it is difficult to determine if this time is long or short. Still, most parties in this controversy appear to agree that diplomatic efforts have not yet been completely exhausted. The uncertainty and unpredictability of a military operation (limited or otherwise) further underscores the significance of a diplomatic solution. There is no way to predict with any certainty that Iran and its international rivals would agree on a diplomatic outcome any time soon. Still, one can argue that major players on both sides understand that other options are, for the time being, more costly and less desirable. Finally, it is important to point out that

Dr. Bahgat is professor of National Security Affairs at the National Defense University's NESAC Center for Strategic Study. He is an Egyptian-born specialist in Middle Eastern policy, energy security, WMD, counterterrorism, Arab-Israeli conflict, North Africa, and American foreign policy in the Middle East. He has published numerous books, articles, and been translated into several foreign languages.

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE 2013	2. REPORT TYPE	3. DATES COVERED 00-00-2013 to 00-00-2013			
4. TITLE AND SUBTITLE The Iranian Nuclear Crisis: An Assessment		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Army War College,ATTN: Parameters,47 Ashburn Drive,Carlisle,PA,17013-5010		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT Iran?s nuclear program has become the major dispute between the Islamic Republic and global powers, led by the United States. This essay identifies the principal elements in any potential agreement, and outlines the steps needed to enhance the opportunity for a successful negotiation. Rapprochement between Tehran and Washington is not only possible, but indeed, desirable.					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified	Same as Report (SAR)	10	

pursuing diplomatic efforts does not mean suspending uranium enrichment or lifting economic sanctions. All parties are likely to retain all their options until they reach an agreement. The goal is to pressure the other side to comply with one's demands.

Against this background, this article seeks to examine the American and Iranian stances on the nuclear dispute and highlight the main characteristics of a potential diplomatic agreement between global powers led by the United States and Iran. Again, reaching such an agreement is by no means guaranteed. Still, the argument of this article is the differences between the two sides are not unbridgeable. In the following sections, I examine the Iranian, American, and European stances on the nuclear dispute. The goal is not to assess the rightness or wrongness of each; rather, to understand Iran's, the United States', and the European Union's perceptions of themselves and the other powers. This will be followed by a discussion of the main elements of a potential deal. The underlying conclusion is the global powers, led by Washington, should adopt a step-by-step approach with reciprocal actions. The policy objective should be to establish a robust verification regime that simultaneously recognizes Iran's right of peaceful nuclear power and provides assurances to the international community that the Islamic Republic will not build nuclear weapons.

Iran

It is important to note the process of policy formulation and decisionmaking in Tehran is very complicated. True, the Supreme Leader Grand Ayatollah Seyyed Ali Hosseini Khamenei has the final word, but it is also true several institutions and top officials play an active role. The list includes the president, the heads of the legislative (*Majlis*) and judicial branches, and a number of ministers and military leaders, among others.

In a speech inaugurating the 16th Summit of the Non-Aligned Movement on 30 August 2012, Ayatollah Khamenei highlighted Iran's stance on the nuclear confrontation.¹ First, the Islamic Republic's nuclear drive relies largely on Articles IV and VI of the Non-Proliferation Treaty (NPT). The former states, "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes." The latter says, "Each of the parties to the Treaty undertakes to pursue negotiation in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament."² This means, according to Tehran, "nuclear energy for all and nuclear weapons for none." First, the Iranian leaders claim their nuclear program is legitimate while the nuclear weapons states (the United States, Russia, United Kingdom, France, and China) have not lived up to their NPT commitments. Second, Iranian officials have always accused Western powers of a double standard in pressuring their country to give up its "legitimate" nuclear rights while initially helping Israel to build nuclear weapons and

1 Ayatollah Ali Khamenei, "Supreme Leader's Inaugural Speech at the 16th Non-Aligned Summit," *Iranian Students' News Agency*, August 30, 2012, <http://isna.ir/en/news/91060905090/Supreme-Leader-s-Inaugural-Speech-at-the>.

2 United Nations, "The Treaty of the Non-Proliferation of Nuclear Weapons (NPT)," *2005 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)*, May 2-27, 2005, New York, <http://www.un.org/en/conf/npt/2005/npttreaty.html>

later avoiding any condemnation (Israel is widely believed to possess nuclear weapons and has never signed the NPT).

Third, since the 1979 Islamic revolution several grand ayatollahs have strongly spoken against the production, stockpiling, and use of not only nuclear weapons but all types of weapons of mass destruction. They see these weapons as incompatible with Islam. Ayatollah Khomeini, the founder of the Islamic Republic, suspended the nuclear weapons program which the Shah started before the revolution. His successor, Ayatollah Khamenei issued a *fatwa* (religious edict) in 1995 that considered all weapons of mass destruction as a great and unforgivable sin and declared them forbidden (*haram*).³ In order to prove that this *fatwa* is a legal and binding document, the Iranian government submitted it to the United Nations in early 2013.

Fourth, Iran insists on its “right” to enrich uranium based on at least two grounds: (a) there is a strong correlation between national pride in the country’s scientific advances and the nuclear program. In other words, the nuclear program is perceived as an embodiment of national technological achievement. With the exception of Israel, Iran has the most advanced nuclear program in the Middle East; (b) history teaches Iran to reject dependency on foreign supplies of nuclear fuels. In 1973, Eurodif was founded as a joint venture of Belgium, France, Iran, Italy, and Spain. The Shah invested \$1 billion in the company. This investment made Iran entitled to buy 10 percent of the enriched uranium produced by Eurodif. Iran did not receive any enriched uranium and after a long legal dispute was awarded reimbursement.⁴

Finally, and probably most important, Iranian leaders see the nuclear dispute as part of a broader ideological and strategic conflict with Western powers led by the United States. Ayatollah Khomeini famously said the revolution was not about the “price of watermelon,” meaning it was not driven by economic hardship. Rather, it was in response to perceived American penetration of the Iranian nation and society. Thus, resisting US influence has been a significant drive of Iranian policy since 1979. Iranian leaders believe that Washington’s real goal is not nuclear limitation but “regime change” in Tehran.⁵ They argue the United States never accepted the Islamic regime and since 1979 has adopted a confrontational approach even before the nuclear program became an issue.

United States

In the last two years, the United States’ energy outlook has tremendously improved due to impressive technological advances known as hydraulic fracturing and horizontal drilling. The International Energy Agency projects that the United States, which currently imports approximately 20 percent of its total energy needs, “will become self-sufficient

³ Seyed Hossein Mousavian, “Ten Reasons Iran Doesn’t Want the Bomb,” *The National Interest*, December 4, 2012, <http://nationalinterest.org/commentary/ten-reasons-iran-doesnt-want-the-bomb-7802>.

⁴ Oliver Meier, “Iran and Foreign Enrichment: A Troubled Model,” *Arms Control Association*, January/February 2006, http://www.armscontrol.org/act/2006_01-02/JANFEB-IranEnrich.

⁵ Ali Vaez and Charles D. Ferguson, “New Report: Towards Enhanced Safeguards for Iran’s Nuclear Program,” *Federation of American Scientists*, October 6, 2011, http://www.fas.org/press/news/2011/report_iran_nuclear_program.html.

in net terms by 2030.”⁶ Strategically, this means the United States will continue to be less dependent on oil and gas supplies from the Persian Gulf region. This promising outlook has prompted some analysts and policymakers to call for disengagement from the Middle East. This argument, however, has at least a two-fold shortfall. First, the American economy is by far the largest economy in the world. The global economy is well-integrated; what happens in one region affects the rest. True, the United States is growing less dependent on oil and gas supplies from the Middle East, but China, India, Japan, and South Korea are moving in the opposite direction. Second, in addition to energy interests in the Persian Gulf region, Washington has broader geopolitical and strategic interests, including the security of Israel, counterterrorism, and proliferation of weapons of mass destruction. In short, despite an improved energy outlook the United States is highly unlikely to disengage from the Middle East any time soon.

Against this background, the US concerns regarding Iran’s nuclear program are multidimensional. A nuclear-armed Iran would pose an existential threat to Israel. Tehran might give these weapons to terrorist organizations. Iran would become more aggressive, assertive, and intimidate its neighbors. Finally, the argument goes, other neighbors, particularly Egypt, Saudi Arabia, and Turkey would follow suit and acquire their own nuclear weapons. It is important to point out there is no consensus on these potential threats. Indeed, many current and former policymakers and analysts have recently refuted these concerns and offered the opposite argument.⁷

These arguments and counterarguments aside, the United States’ objective was clearly articulated by President Obama, “I do not have a policy of containment; I have a policy to prevent Iran from obtaining a nuclear weapon.”⁸ The President has also repeatedly stated there remains time to pursue a diplomatic solution, but, time is not unlimited. To prevent Iran from acquiring the bomb, different US administrations have adopted a “carrot-and-stick” approach, employing a variety of rewards and punishments. These include diplomatic negotiations, economic sanctions, and keeping the military option open, among others.

Initially, the United States preferred not to talk directly to Iran and encouraged the Europeans to take the lead. In his second term, President Bush expressed dismay at what he termed the outsourcing of our policy toward Iran. This option was reinforced in 2009 when President Obama announced his willingness to talk to the Iranian leaders to solve the nuclear dispute. In the following years, Undersecretaries for Political Affairs William Burns and Wendy Sherman led the US delegation as part of the so-called 5+1 (the five permanent members in the United Nations Security Council plus Germany) negotiations with Iran. Little success, if any, came out of these negotiations. According to Robert Hunter, a former US ambassador to the North Atlantic Treaty

6 International Energy Agency, *World Energy Outlook 2012*, <http://www.iea.org>.

7 For example, see Kenneth Waltz, “Why Iran Should Get the Bomb,” *Foreign Affairs* 91, no.4 (July-August 2012): 2-10; Paul Pillar, “We Can Live with a Nuclear Iran,” *Washington Monthly*, March 2012, <http://www.washingtonmonthly.com>; and Reza Marashi, “America’s Real Iran Problem,” *The New York Times*, November 10, 2011.

8 Barack Obama, “Transcript of Obama’s American-Israel Public Affairs Committee Speech,” *Politico*, March 4, 2012, <http://www.politico.com/news/stories/0312/73588.html>.

Organization (NATO), the reason for failing to make real progress is the negotiations “focused overwhelmingly on the nuclear file and on ‘technical’ arrangements, without going to core issues of security.”⁹ In the first press conference following his reelection, President Obama stated he will push for a dialogue and a diplomatic solution.

Iran has been under various economic sanctions since 1979. In the last few years, President Obama succeeded in enlisting support of sanctions from many countries and the United Nations Security Council. It is difficult to provide an accurate assessment of the full impact of these sanctions. Still, economic and geopolitical facts draw a mixed picture. Despite holding some of the largest oil and natural gas reserves in the world, Iran’s volumes of production and export have fallen since early 2012. In March 2013, the International Energy Agency (IEA) reported that Iran’s maximum sustainable crude production capacity is off by 700,000 barrels a day.¹⁰ High oil prices have encouraged exploration and production in most oil-producing countries. Meanwhile, some of the major international oil companies have suspended operations in Iran. In the long run, however, some doubt the effectiveness of these sanctions. Having lived under sanctions for more than three decades, Iran has learned to mitigate their impact. Furthermore, as Paul Stevens—a leading oil expert—argues, oil embargoes simply do not work. The international oil market is “too complex, with too many players and too many options to disguise transactions.”¹¹ Stevens cites examples of failed oil embargoes such as Cuba; Rhodesia and South Africa; the Arab oil embargo in the aftermath of the 1973 Arab-Israeli war; and the embargo against Iraq in the 1990s.

There is no doubt these comprehensive and severe economic sanctions have seriously hurt Iran’s economy as demonstrated by the massive drop in the country’s currency and its oil production and export. In a speech in the holy city of Mashhad to mark the beginning of the new Iranian year (21 March 2013), Ayatollah Ali Khamenei acknowledged the banking and oil sanctions have hurt Iran. It is important, however, not to underestimate Tehran’s ability to mitigate their impact in the long term. Some Iranians argue that the country confronted much harder circumstances during the 1980-88 war with Iraq than under any sanctions Western powers can impose. Finally, how far sanctions can impede the nuclear program is uncertain. Sanctions are clearly increasing the price Iran pays to maintain its nuclear program. However, despite the high and mounting price, there are no indications of change in the country’s nuclear policy. In June 2010, commenting on economic sanctions, then Director of Central Intelligence Agency Leon Panetta said, “Will it deter them from their ambitions with regard to nuclear capability? Probably not.”¹²

President Obama, like his predecessor President Bush, has repeatedly stated that a military option will be considered if diplomacy and sanctions

9 Robert E. Hunter, “Rethinking Iran,” *Survival* 52, no.5 (October-November 2010): 135-156, 151.

10 International Energy Agency, “Oil Market Report,” <http://www.iea.org>.

11 Paul Stevens, “An Embargo on Iranian Crude Oil Exports: How Likely and with What Impact?” *Chatham House*, January 2012, <http://www.chathamhouse.org/publications/papers/view/181293>.

12 Leon Panetta, “This Week Transcript: Panetta,” interview by Jake Tapper, *ABC News This Week with George Stephanopoulos*, June 27, 2010, <http://abcnews.go.com/ThisWeek/week-transcript-panetta/story?id=11025299&page=1>.

fail to prevent Iran from making nuclear weapons. It is highly speculative to predict the shape of such an option (i.e., a limited strike on nuclear installations or a broader attack on centers of power). What is certain, however, is several factors would weigh on the decision to attack Iran. These include the short- and long-term impact on the nuclear program; stability in Iran and the broader Middle East; Tehran's potential retaliatory options; and the reaction of global oil markets among others. In late 2012, a group of highly influential former diplomats, members in the Congress, and military leaders published a report called *The Iran Project* in which they urged the United States' administration to consider all these issues before making a decision to attack Iran.¹³ Raising doubt about the credibility of a military option, Michael Hayden, former Director of the Central Intelligence Agency, stated, "Attacking Iran would guarantee what we are trying to prevent—an Iran that will spare nothing to build a nuclear weapon and that would build it in secret."¹⁴

Finally, as the wars in Afghanistan and Iraq suggest, wars take a life of their own and it is much easier to start a war than to end it. Underscoring these points, then Secretary of Defense Robert Gates told an audience of West Point cadets, "In my opinion, any future defense secretary who advises the president to again send a big American land army into Asia or into the Middle East or Africa should 'have his head examined,' as General MacArthur so delicately put it."¹⁵

To conclude, US administrations have considered economic sanctions and potential military action as means to pressure Iran to engage in diplomatic efforts to reach a satisfactory solution to the nuclear issue. In testimony before the House Foreign Affairs Committee, Undersecretary William Burns stated, "Sanctions and pressure are not an end in themselves; they are a complement, not a substitute, for the diplomatic solution."¹⁶

European Union

The goal of the European Union's policy on Iran's nuclear dispute is to "achieve a comprehensive, negotiated, long-term settlement which restores international confidence in the exclusively peaceful nature of the Iranian nuclear program, while respecting Iran's legitimate right to the peaceful use of nuclear energy under the Non-Proliferation Treaty."¹⁷ This declared objective is not different from that of the United States. Brussels, however, had initially adopted a different tactic than Washington. Since the early days of the 1979 revolution, relations between Washington and Tehran have been dominated by mutual hostility and mistrust. The United States has sought to isolate and contain Iran. On the other side, the Europeans have taken a less confrontational approach and sought to influence Iran's domestic and foreign policies by engaging the country in commercial and diplomatic relations.

13 The Iran Project, *Weighing Benefits and Costs of Military Action Against Iran* (New York: The Iran Project, 2012), http://www.wilsoncenter.org/sites/default/files/IranReport_091112_FINAL.pdf.

14 Ken Dilanian, "U.S. Intelligence Chief Sees Limited Benefit in an Attack on Iran," *Los Angeles Times*, February 16, 2012.

15 Thom Shanker, "Warning Against Wars Like Iraq and Afghanistan," *The New York Times*, February 25, 2011.

16 William J. Burns, "Implementing Tougher Sanctions on Iran: A Progress Report," (Washington, DC: U.S. Department of State, December 1, 2010), <http://www.state.gov/p/us/rm/2010/152222.htm>.

17 Council of the European Union Factsheet, *The European Union and Iran* (Brussels, Belgium: March 12, 2013), http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/129724.pdf.

Stated differently, the Americans played the role of “bad cop” while the Europeans played the role of “good cop.” Eventually the two roles converged and neither has succeeded. Iran has continued to make progress on its nuclear program.

The difference between American and European policies on Iran can be explained by historical, commercial, and geopolitical factors. Generally, Tehran has had warmer relations with some European countries than with the United States. The European Union has been Iran’s major trade partner for many years with Iran exporting a large portion of its oil and petroleum products to European markets in return for machinery, transport equipment, and chemicals.¹⁸ Finally, Iran and the broader Persian Gulf/Middle East region are in Europe’s backyard—what happens there has a deeper and direct impact on Europe than on the United States. These differences between Washington and Brussels, as well as some differences among the European Union (EU) member-states, have provided Iran with opportunities to overcome attempts to isolate and weaken its international economic and political outreach.

Against this background Tehran and Brussels sought to establish cooperative relations in the aftermath of the Iran-Iraq war (1980-88). These efforts, however, were restrained by disagreements over the *fatwa* (religious ruling) against Salman Rushdie and allegations of Iranian involvement in terrorist activities. Despite these obstacles and setbacks, the Iranian and European sides initiated the so-called “critical dialogue,” which later evolved into a comprehensive one. The Europeans sought to use growing trade and commercial ties as well as flourishing political dialogue to change Iran’s policy in four areas: human rights, the Arab-Israel conflict, allegations of sponsoring terrorism, and the proliferation of weapons of mass destruction (WMD). Gradually, the nuclear issue dominated relations between the two sides, particularly since the early 2000s when more information on the nuclear program became available.

The revelation of previously undeclared nuclear activities in 2002 was coupled with two other developments. First, the EU became more concerned about the proliferation of WMD and articulated a broad strategy signaling a rising European role. This strategy was officially declared in the mid-2000s.¹⁹ Second, the United States’ invasion of Iraq in 2003 heightened tension in the Middle East. Europe was concerned that Washington might start another war against Iran, which would further destabilize its “backyard.”

The combination of all these developments laid the foundation for European-Iranian nuclear negotiation. These diplomatic efforts were led by France, Germany, and the United Kingdom, and started in 2003. In the following year, Javier Solana, then the EU high representative for common foreign and security policy, joined the negotiations. In November 2004, the Europeans and Iranians signed an accord known as the Paris Agreement under which Tehran agreed to suspend uranium enrichment and the E3/EU recognized that the suspension was a

18 European Commission, *Directorate-General for Trade, Countries and Regions: Iran*, http://ec.europa.eu/index_en.htm.

19 Council of the European Union, *EU Strategy Against Proliferation of Weapons of Mass Destruction* (Brussels, Belgium: The European Council, 12 December 2003), http://trade.ec.europa.eu/doclib/docs/2004/august/tradoc_118532.en03.pdf.

voluntary confidence-building measure and not a legal obligation.²⁰ This Agreement did not last for a long time. The two sides accused each other of not living up to their commitments.

Following the election of President Mahmoud Ahmadinejad in 2005, Tehran resumed enriching uranium and the International Atomic Energy Agency (IAEA) referred Iran to the United Nations Security Council. In 2006 and 2008, Solana presented offers for a negotiated solution that included several economic and diplomatic incentives.²¹ These incentives, however, fell short of Iran's expectations and demands. Within this context the United Nations Security Council issued four resolutions (1737 of December 2006, 1747 of March 2007, 1803 of March 2008, and 1929 of June 2010). These resolutions imposed strict and comprehensive economic sanctions on Iran. In parallel, the European Union added extra sanctions. Meanwhile, the negotiating track has not been completely abandoned. High Representative Catherine Ashton has led several rounds of negotiations with Iran in what became known as the 5+1 or E3+3 (France, Germany, United Kingdom, China, Russia, and the United States).

Two conclusions can be drawn from this brief European-Iranian nuclear negotiation history. First, since the late 2000s the European policy on Iran's nuclear power has moved closer to the US stance, what the Iranians perceive as "less carrots and more sticks." Second, a major reason for failing to reach tangible progress is the EU's inability to address a major Iranian concern—security. Iranian leaders perceive the nuclear dispute as a pretext for regime change. The United States is better positioned than the EU to offer security guarantees to the Islamic Republic.

Potential Diplomatic Deal

Shortly after his reelection, President Obama highlighted the basic elements of a negotiated deal, "There should be a way in which they (the Iranians) can enjoy peaceful nuclear power while still meeting their obligations and providing clear assurances to the international community that they're not pursuing a nuclear weapon."²² After three rounds of negotiations with little success, Iran and the global powers held a new round of talks in Almaty, Kazakhstan, in late February. No official

20 International Atomic Energy Agency, *Iran-EU Agreement on Nuclear Programme*, Mehr News Agency, November 14, 2004, http://www.iaea.org/newscenter/focus/iaecairan/eu_iran14112004.shtml.

21 Walter Posch, "Iran and the European Union," *The Iran Primer* (Washington, DC: United States Institute of Peace, October 11, 2010), <http://iranprimer.usip.org/resource/iran-and-european-union>.

22 Barack Obama, "Remarks by the President in a News Conference," The White House, November 14, 2012, <http://www.whitehouse.gov/the-press-office/2012/11/14/remarks-president-news-conference>.

account was given of offers and counteroffers. It was reported, however, that negotiations focused on several points:

- Suspending Iran's uranium enrichment at 20 percent purity, which is considered near weapons grade.
- Restricting Iran's stockpile of 20 percent enriched uranium.
- Freezing enrichment at the underground Fordo site, near Qom.
- Increasing the monitoring of Iran's nuclear activity.
- Cooperating with the International Atomic Energy Agency (IAEA) in a more transparent manner.
- Recognizing Iran's legitimate rights to enrich uranium.
- Pledging not to impose new sanctions and gradual removal of existing ones.

The two sides agree on a number of issues but there are fundamental differences regarding the sequence of actions and the timing and magnitude of sanctions relief. Thus, it is important not to exaggerate the relatively positive outcome of this latest round of negotiation. Still, the Iranian negotiators issued a statement underscoring they "consider these talks a positive step which could be completed by taking a positive and constructive approach and taking reciprocal steps."²³ Iran and the global powers convened a meeting of experts in Istanbul (March 2013) and another meeting of top negotiators in Almaty (April 2013). How much they can agree on, if any, would be determined by their negotiating strategies and, more importantly, by economic, political, military, and strategic facts on the ground.

The Way Ahead

The next several months appear crucial in addressing Iran's nuclear program. On one side, the country continues to make progress, including developing the skills and proficiencies of enriching uranium. On the other side, severe economic sanctions have inflicted economic hardship, reduced oil exports, and brought economic growth to a standstill. The legitimacy and survival of any regime depends on its ability to meet the basic needs of its population. Both Iran and global powers claim that time is on their side. These claims and counterclaims aside, it is certain that a diplomatic solution would serve the two countries', and the entire world's, interests. Moving forward, Iranian, American, and European negotiators should consider the following:

First, after more than three decades of hostility, the two sides should have realistic expectations and limit negotiations to the nuclear issue. Other significant strategic grievances and disagreements need to be addressed; however, in the current environment, a grand bargain seems highly unlikely. Instead, an agreement to defuse tension over the nuclear stalemate can prepare the foundation for confidence-building and encourage both sides to consider other issues. The negotiations to address the nuclear issue are not only technical; political and strategic concerns are equally important.

23 Fars News Agency, "Iranian Negotiators Issue Statement after Talks with World Powers in Kazakhstan," February 27, 2013, <http://english.farsnews.com/printable.php?nn=9107148304>.

Second, since the 1979 revolution, Iran has had a unique political/religious system based on the concept of *velayat-e faqih* (guardianship of the religious jurist). A close examination of the Iranian leaders' statements and policies illustrates regime survival is their overriding concern.²⁴ Indeed, regime survival is at the core of the nuclear dispute. Many Iranian leaders believe the United States is using the nuclear issue as a pretext to pursue regime change. They make the point that when the nuclear program started under the Shah, the United States supported it, sold nuclear reactors to Tehran, and provided education and training to Iranians. They claim that Washington's real goal is to change the Islamic regime in Tehran, not the nuclear program. Ayatollah Khamenei recently stated, "If the Americans want the issue to be over, there is one simple solution which is the US should put aside its enmity with the Iranian nation."²⁵ This perception needs to be addressed. US officials need to assure their Iranian counterparts that the US goal is to change Iranian policy not the regime.

Third, if the negotiators reach an agreement, they will have to convince the public and political leaders in Washington and Tehran to accept it. The public perception on both sides is extremely hostile. For more than three decades, Iran has been seen as the major threat to US interests in the Middle East and South Asia and the United States has been portrayed as the "Great Satan." Leaders on both sides need to fundamentally alter these perceptions. Major initiatives to build confidence are needed.

Finally, the decades-long enmity between Washington and Tehran obscures the fact that American and Iranian interests are not always mutually exclusive. There are several areas of potential and promising cooperation including energy, counterterrorism, drug trafficking, regional security, Iraq, Afghanistan, and many others. An American-Iranian rapprochement is not only possible, but desirable. It would serve the interests of both sides and contribute to regional and global stability. On the Iranian New Year's Eve (*Nowruz*), President Obama sent a congratulatory message to the Iranian people and leaders saying he would "continue to work toward a new day between our two nations that bears the fruit of friendship and peace."²⁶ In late March 2013, Ayatollah Khamenei said he is not optimistic about talks with the United States, but not opposed to them either. These statements suggest a breakthrough is not likely and key strategic and psychological hurdles need to be addressed. Still, a diplomatic solution to the Iranian nuclear crisis and reducing tension between Washington and Tehran is worth the effort.

24 James K. Sebenius and Michael K. Singh, "Is a Nuclear Deal with Iran Possible?" *International Security* 37, no.3 (Winter 2012/13): 52-91, 60.

25 Mehr News Agency, "Iran will raze Israel to ground in war: Ayatollah Khamenei," March 21, 2013, <http://www.highbeam.com/doc/1G1-323156125.html>.

26 Barack Obama, "President Obama's *Nowruz* Message to the Iranian People," The White House, March 18, 2013, <http://www.whitehouse.gov/photos-and-video/video/2013/03/15/president-obama-s-nowruz-message-iranian-people>.