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IRAN NUCLEAR DEAL

IMPLICATIONS OF THE FRAMEWORK AGREEMENT

Editors:
Rajeswari Pillai Rajagopalan
Arka Biswas



IRAN NUCLEAR DEAL: IMPLICATIONS OF THE FRAMEWORK AGREEMENT

Rajeswari Pillai Rajagopalan and Arka Biswas (Editors)

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Iran Nuclear Deal: Implications of the Framework Agreement

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Abbreviations

ACU - Asian Clearing Union
CPIM - Communist Party of India (Marxist)
CTBT - Comprehensive (nuclear) Test Ban Treaty
DPRK - Democratic People's Republic of Korea
ESCAP - United Nations Economic and Social Commission for Asia and Pacific
EU - European Union
EU3 - France, Germany and the United Kingdom
GCC - Gulf Cooperation Council
GDP - Gross Domestic Product
HEU - High Enriched Uranium
IAEA - International Atomic Energy Agency
INF - Intermediate-Range Nuclear Force Treaty
IOC - International Oil Company
IPI - Iran-Pakistan-India
IS - Islamic State
JCPOA - Joint Comprehensive Plan of Action
JPA - Joint Plan of Action
LEU - Low Enriched Uranium
LNG - Liquefied Natural Gas
MRPL - Mangalore Refineries and Petrochemicals Limited
NAFTA - North American Free Trade Agreement
NAM - Non-Aligned Movement
NPR - National Public Radio (US)
NPT - Treaty on the Non-Proliferation of Nuclear Weapons
NSG - Nuclear Suppliers Group
ONGC - Oil and Natural Gas Corporation of India
P5+1 - China, France, Russia, United Kingdom, United States of America, and Germany
PLF - Plant Load Factor
PMD - Possible Military Dimension
PNE - Peaceful Nuclear Explosion

PNGRB - Petroleum and Natural Gas Regulatory Board

RevCon - NPT Review Conference

SALT - Strategic Arms Limitation Treaty

START - Strategic Arms Reduction Treaty

UAE - United Arab Emirates

UK - United Kingdom

UN - United Nations

UNSC - United Nations Security Council

US - United States of America

USSR - Union of Soviet Socialist Republics

WMD - Weapons of Mass Destruction

WMDFZ - Weapons of Mass Destruction Free Zone

Chapter I

Introduction

Rajeswari Pillai Rajagopalan

Iran's nuclear programme has been under intense scrutiny from the international community for more than a decade now, as the country continues to play its cards close to its chest and its nuclear intentions remain unclear. Its failure to declare all nuclear facilities and materials in a timely manner has raised suspicion among the major powers and within the non-proliferation community. In this book, however, the effort is not to find fault in any of the approaches taken so far, or even to analyse the Iranian nuclear programme in any detail, whether it is military or civilian.

Meanwhile, important developments have happened in Iran's nuclear programme which led to an initial agreement to limit Tehran's nuclear programme for 15 years. The talks, conducted over two years, came close to a collapse on several occasions, though it appears that all sides are too invested in the negotiations to allow them to fail. This is not to suggest that everything is crystal-clear in everyone's head; in fact, far from it. There are significant differences in the understanding and interpretation of what has been agreed upon and it needs to be seen how the talks would progress by the deadline set for June 30. While both sides are keen to push towards reaching a final agreement, it is not certain this will happen. The chances are, however, better than ever, especially considering US President Barack Obama's keenness. The countries invested in this process, particularly the US, have been determined to see some sort of a political agreement reached in this regard. Obama's desire for a foreign policy legacy is clear. The Obama team, after all, did make a big pitch in pushing for a deal on the Israel-Palestine question with little to show. The Obama administration's eagerness is thus understandable.

Such over-enthusiasm explains why a lot has been left vague for both Iran and the West to interpret on their own terms and equally claim victory: this is important in the domestic context to court the support of different political factions in their respective countries. Thus there are significant discrepancies in the two fact sheets released publicly soon after the framework agreement was announced on 2 April 2015, one by the Obama administration and the other by the Iranian government. Iran has already criticised the US for what it calls its 'spin' on the outcome deal in the White House fact sheet. One of the critical issues may be around the application of the IAEA Additional Protocol (AP). The AP allows for intrusive inspections, including challenge inspections if there is suspicion of covert nuclear activities. It is unclear if Tehran has the same understanding when it says 'provisional application' of the AP. This is important because of the differences between the IAEA and Iran over Tehran's refusal to allow inspections at Parchin, a military base near Tehran where the IAEA believes Iran had conducted tests related to nuclear weapons.⁽¹⁾ With the provisional application of AP, it is not clear whether or not Tehran will permit those intrusive inspections. It appears that inspections on military ones are not included in the AP. Moreover, the inspection agencies are now to give lengthy notice before inspections are carried out.

The US, and the West in general, have made huge concessions in the run-up to finalising the parameters for the Joint Comprehensive Plan of Action (JCPOA). For instance, the

original documents stated that there will be no enrichment at all; now under the deal, enrichment is permitted. Similarly, the lifting of sanctions on Iran was meant to be spread over a period of time. The timeframe for lifting sanctions has gone down from several years to several months, and possibly even weeks. There is also the fact that accounting of past activities is not part of the deal, which makes any agreement potentially weak. Originally, the Iranian authorities were to settle questions about past suspicious nuclear activities with the IAEA in 2014. The past nuclear activities—or Possible Military Dimensions (PMD) in the IAEA language—could have been a major problem area given the differences in the joint statement and White House fact sheet. Now, however, the US seems ready to settle the final deal without past activities being addressed at all. Forging a final deal without the assessment of the PMD of Iran’s nuclear programme could prove quite meaningless.

It is possible that even more concessions will be made by the US in order to reach an agreement by the end of June. The more concessions the US makes, the greater is the anxiety in the region, particularly among the US allies. Saudi Arabia, for example, currently lacks the technological wherewithal to develop its own nuclear capability, whether civilian or military. However, it could consider getting a bomb off the shelf from Pakistan or North Korea. While it is unlikely that Pakistan will pass on a nuclear bomb to Saudi Arabia, Riyadh will always have the option of buying one from North Korea. For the right price, Pyongyang may be willing to give Riyadh what they want. The fact that many of the GCC countries have been developing their civil nuclear programmes further reflects the growing anxieties and their desire to have nuclear capability of their own, should they need to weaponise at some point in the future.

Lastly, this leads to a situation wherein there is also a growing sense that international arms control agreements are not effective in tackling problems posed by states like Iran and North Korea. At some level, the global security community also has to recognise that sanctions and non-proliferation efforts based on technological controls have serious limitations. They only let determined countries buy more time and invest in dedicated weaponisation programmes. They at best delay the programme, and not halt it. How does the international community then handle these “determined proliferators”? Can any regime be effective in stopping these countries from weaponising their nuclear technologies?

This edited volume consists of nine chapters that deal with various aspects of the Iranian nuclear agreement reached on 2 April 2015. Opening with a technical assessment of the Iranian nuclear agreement by Sheel Kant Sharma, the monograph has two chapters focusing on regional reactions: an Israeli perspective authored by Emily Landau, and Gulf reactions written by Kanchi Gupta. Two chapters analysing the three major-power perspectives are included: the US perspective, written by Sylvia Mishra and Uma Purushothaman; the Russian perspective authored by Petr Topychkanov; and the European perspective, by Britta Petersen. Two chapters in the volume are focused on the Indian perspective, one by Arka Biswas providing an overall assessment of India’s response to the Iran nuclear agreement, and a second one by Akhilesh Sati, exploring the possible implications on India’s energy security. Lastly, Rakesh Sood has authored a chapter looking into the impact of the Iranian nuclear agreement on the global non-proliferation architecture.

The idea of compiling this volume is that of Dr. Raja Mohan's, and I must acknowledge that. However, completing this volume in such a short time would not have been possible without the support of all the authors who, despite their busy schedules, were able to write their chapters. I am thankful to all of them. Finally, I am grateful to Arka Biswas who has helped immensely in putting together this monograph. I am happy to acknowledge him as the co-editor of this volume. I also want to take this opportunity to thank both Vinia Datinguino Mukherjee and Anshu John for fine editing of this monograph.

Chapter II

Assessment of Lausanne Framework Accord with Iran

Sheel Kant Sharma

The announcement on 2 April 2015 of an interim framework accord in Lausanne was widely acclaimed to have set the stage for a comprehensive agreement between Iran and its interlocutors(2) (P5, EU and Germany) by 30 June 2015. The accord emerged after many days of hard negotiations which were set to conclude by the March 31 deadline. It essentially comprised key parameters of a comprehensive agreement to be worked out by the June 30 deadline. A Joint Statement in Lausanne by the Foreign Minister of Iran, Javad Zarif, and the EU foreign policy chief, Federica Mogherini, briefly mentioned these parameters and announced agreement to conclude negotiations by the new deadline. Some of the main takeaways from the joint statement are as follows:

- Iran will reduce the capacity to enrich uranium by two thirds.
- Iran will restrict its enrichment capacity at only one location at Natanz.
- Iran will reduce its stockpile of low 3.6 per cent enriched uranium from nearly eight tons to just about 300 kilograms.
- Iran will redesign its heavy water research reactor at Arak to cut risks of plutonium production.
- Iran will stop enrichment in its deep underground facility at Fordow.
- The US and EU would in turn lift nuclear related sanctions against Iran in a phased manner and would also revoke the sanctions imposed by the UN Security Council.
- The phased relaxation of sanctions would be in return for steps taken by Iran and sanctions would be snapped back if constant monitoring and inspections by the IAEA revealed any discrepancies in Iran's implementation.
- The central international institution to the successful implementation of the expected agreement as well as the interim commitments assumed by Iran so far is the IAEA.

These key parameters aim to ensure that Iran's nuclear program will be scaled down substantially, would remain exclusively peaceful, fully transparent and subject to verification by the IAEA through intensive monitoring and inspections. Iran would reduce the capacity to enrich uranium by two-thirds; maintain it only at one location, i.e, Natanz; reduce its stockpile of low 3.6 percent enriched uranium from well over eight tonnes to just about 300 kg; redesign its heavy water research reactor at Arak to minimise risks of plutonium production, and stop enrichment in its deep underground facility at Fordow.

The US and EU would, in turn, lift nuclear-related sanctions against Iran in a phased manner and would also revoke the sanctions imposed by the UN Security Council. The phased relaxation of sanctions would be in return for steps taken by Iran; sanctions would be snapped back if IAEA's constant monitoring and inspections should reveal any discrepancies in Iran's implementation. The IAEA remains the international institution central to verification of the successful implementation of the expected agreement as well as the interim commitments assumed by Iran so far under the Joint Plan of Action (JPA) of November 2013.

Further intensive negotiations have been under way since mid-April to draft the full text of a final deal. However, these negotiations progress under a cloud of nuances that have surfaced almost immediately after the April 2 Joint Statement. Various interpretations and analyses have accompanied the official welcome made by Iran and its interlocutors of the interim accord. Other concerned states such as Israel and Saudi Arabia, as well as staunch critics within the US Congress of President Barack Obama, have faulted the accord and voiced misgivings as to whether the parameters will be effective in preventing Iran's access to a nuclear bomb.

This chapter seeks to examine some of the issues where the US and the Iranian fact sheets reflect different understanding. The issues examined include the understanding of the framework agreement, the Additional Protocol and its enforcement by the IAEA, Iran's enrichment operations, capacity and the nature of centrifuges it will retain, the disposal of the excess low enriched uranium, sanctions relief, and possible military dimension of Iran's nuclear programme, among others. It concludes that even as a final deal appears certain to a significant degree, the gaps that remain between Iran and its interlocutors would require hard work and last-minute compromises in drafting a comprehensive agreement. This could possibly mean an extension of the deadline beyond June 30 in order to salvage the prospects of forging an agreement.

White House Summary

In reply to queries, the White House released a summary Fact Sheet on 2 April 2015 where the commitments accepted by Iran within interim accord were spelt out. The main takeaways from the White House Fact Sheet have been listed below. The US State Department also issued a more elaborate Fact Sheet (See Annex II).

As further detailed in a summary released by the White House on 2 April d2015 the agreed parameters for the agreement being drafted comprise commitments, *inter alia*, on Iran's part to:

- reduce the number of installed centrifuges from about 19,000 to 6,104, of which only 5,060 will be used for enriching uranium for 10 years;
- store dismantled machines under seal of the International Atomic Energy Agency (IAEA);
- cap uranium-enrichment levels at 3.67 per cent (reactor grade) for 15 years;
- reduce stockpiles of reactor-grade enriched uranium from 10,000 kilograms to 300 kilograms;
- convert the Fordow enrichment facility to a research centre, with no uranium enrichment for at least 15 years;
- convert the 900 centrifuges at Fordow to enrichment of elements other than uranium for medical purposes;
- limit research and development on advanced centrifuges for at least 10 years;
- destroy and replace the core of the Arak heavy-water reactor so the reactor cannot produce weapons-grade plutonium;
- commit not to separate plutonium from spent fuel;
- allow continuous monitoring of uranium mines and mills for 25 years;
- allow continuous monitoring of centrifuge production and storage facilities for 20 years;
- allow continuous monitoring of the Fordow and Natanz enrichment sites;

- implement an additional protocol to its safeguards agreement with the IAEA; and
- cooperate with the IAEA investigation into allegations that, in the past, Iran's nuclear program had "military dimensions."

In addition, the P5+1 would develop a dedicated, monitored channel for Iran's procurement of dual-use technology. The P5+1 would be required to terminate some and suspend other nuclear-related UN, US, and EU sanctions as Iran takes key steps.

Iran's Version

Iranian Foreign Minister Javad Zarif promptly decried such fact sheet as a 'spin' to what was agreed.⁽³⁾ Iran then issued its own concise fact sheet to reflect the understanding reached. Iran's version had the standard disclaimer that "nothing is agreed till everything is agreed". The US, too, concedes it but still gave the parameters in detail.

Iran's version had a chapeau affirming that,

"Arak heavy-water reactor remains; (so does) conversion of Fordow to an advanced nuclear and physics research centre; all of the sanctions will be immediately removed after reaching a comprehensive agreement" (parenthesis added).

Further, according to Iran's understanding of the Lausanne outcome, after the implementation of the Joint Comprehensive Plan of Action (JCPOA), "all of the UN resolutions will be revoked and all of the multilateral economic and financial sanctions by the EU and the unilateral ones by the US will be annulled."

This shows that for Iran, the core is 'comprehensive' lifting of sanctions and that all the restrictions and scaling down of its enrichment facilities and stopping of activities are to take effect when JCPOA is implemented.

Furthermore, as regards the cutting down of enrichment and stopping the operation of centrifuges, the Iranian Fact Sheet asserts that the JCPOA will guarantee the continuation of the enrichment program inside the country, and, Iran will have the ability to continue its industrial production of nuclear fuel for providing the fuel for its nuclear reactors.

As for the timeframe for restrictions and reductions remaining in force on its enrichment program, Iran's Fact Sheet pegs it at 10 years. During this period, more than 5,000 centrifuge machines will continue producing enriched material at the 3.67 percent level at Natanz. Furthermore, in Iran's version "it will be able to use the existing enriched stockpile for producing (sic) a nuclear fuel centre and/or export it to international markets in exchange for uranium."

As regards the facility at Fordow, Iran mentions it will continue research and development on advanced machines and will continue the initiation and completion phases of the research and development process of IR-4, IR-5, IR-6, and IR-8 centrifuges during the 10-year enforcement of the JCPOA.

Such a presentation of the Lausanne outcome may be to emphasise to Iranian domestic audience the primacy of lifting of sanctions as well as continuation of capacity built.

As against Iran's 10-year timeframe the White House summary provides calibrated timeframes for different activities, such as: 10 years for reduction/capping on number of operating centrifuges; 15 years for keeping enrichment levels at 3.63 percent; 15

years for a freeze on enrichment at Fordow; and at least 10 years for limits on research and development on advanced centrifuges. While Iran's version says nothing about IAEA monitoring, US spells out 20 years for continuous monitoring of centrifuge production and storage facilities, and 25 years for continuous monitoring of uranium mines and mills.

Constructive Ambiguity

A closer scrutiny of the two versions may reveal some ambiguities in the Iranian version without directly contradicting the US version. For example, Iran says it will have the ability to continue its industrial production of nuclear fuel for providing the fuel to its reactors – which implies only 'ability' but not 'operation' for 3.67 percent enrichment and does not contradict US version's requirement of caps on operating centrifuges, stockpile of LEU and level of enrichment. Similarly at Fordow, Iran asserts retaining 'initiation and completion phases of R&D' but does not contradict US about cessation or stopping of actual uranium enrichment.

IAEA Monitoring and Verification

Where substantial differences need to be bridged is the understanding about IAEA's verification activities. While the US version details every aspect of IAEA's surveillance and monitoring, Iran simply mentions that it will "implement the Additional Protocol on a voluntary and temporary basis for the sake of transparency and confidence building." Iran also holds that the approval process of the Protocol will be ratified within a specified timeframe under the mandate "of the President and the Islamic Consultative Assembly." This language may be meant to assuage the members of Iran's Assembly – since even in 2005 it was the Assembly that had suspended ratification of the Additional Protocol and its provisional implementation.

Heavy lifting might still remain for those drafting the text of the final deal about how Iran will conform to the verification requirements of inspections, surveillance, monitoring and access by the IAEA. The Additional Protocol's strict interpretation has been an issue with Iran in the past. It has also dragged its feet as regards modified Code 3.1 to its safeguards agreement which requires furnishing design information to IAEA about any new facility right from the planning stage. The negotiators will have to spell out every detail about this IAEA role. The arrangements so agreed will come up to the IAEA Board of Governors for approval.

IAEA has insisted on attaining clarity about past activities as a general requirement of safeguards implementation for NPT parties. Iran's cooperation has been in bits and time-consuming, and after considerable persistence on IAEA's part. Even so, the possible military dimension (PMD) has remained a bone of contention and, as explained below, needs to be resolved in the ongoing talks.

The crux of the problem for the IAEA is whether and how to monitor or track undisclosed activities in Iran especially given its past record of concealment and lack of transparency. The nuclear file on Iran rests on its past record and the difficulties encountered by the IAEA in getting Iran to come clean on its undisclosed activities and to rule out any cause for such lack of confidence in the future.

Break Out Scenario

The issue directly linked to the foregoing is the “break out scenario” which has dominated, albeit tacitly, the past ten years of Iran’s talks and negotiations with various interlocutors. Essentially the break out scenario entails that Iran, despite all agreements, might suddenly decide to terminate its obligations one day, throw the IAEA inspectors out, walk out of NPT commitments, and proceed to build a weapon. Since such an eventuality always remains, the whole attempt of Iran’s interlocutors has been to maximise the time that will be needed by Iran to make a weapon after such a break out. Indeed, Iran refuses to even consider such break out since it maintains that it is and will remain party to NPT.

The main burden of the interim accord of April 2 is in ensuring that the break out time is at least a year. This can only be done through the whole range of commitments about reductions and restrictions undertaken by Iran, as well as IAEA’s monitoring, inspections, reviews and engagement with Iranian nuclear facilities and experts.

At present, consistent periodic reports by the IAEA have testified to Iran’s conforming to the freeze commitments given in the November 2013 understanding with its seven interlocutors – which in turn has also led to promised release of some funds locked by sanctions. Lurking suspicion, however, remains that the break out time in the final deal could be as low as two to three months and not greater than six to seven months, since Iran will retain its ability to enrich uranium at both the facilities, namely, Natanz and Fordow.

A recent analysis by reputed professionals with vast experience with IAEA’s safeguards implementation processes has outlined how the break out time can vary. This might take several months due to the factors inherent to IAEA’s inspections and reporting, i.e., first detecting a possible discrepancy, then engaging Iran for clarification and reporting to the Board of Governors, then repeat inspections including environmental sampling, to ascertain possible violation; and going back and forth with Iran and the Board of Governors before sounding a final alarm. Depending upon Iran’s cooperation or concealment this period can be one month or several months. The negotiations underway are geared, at least insofar as the US and its allies view them, to render this IAEA process watertight in order to warn against a break out at the soonest possible time.

It is in this context that President Obama’s immediate comment of April 2 is relevant that if the framework is translated into a final deal, it will “cut off every pathway that Iran could take to develop a nuclear weapon.” In subsequent interview to Thomas Friedman in the New York Times, President Obama claimed that under the final deal (by June 30), the inspectors would be able to watch “the entire nuclear chain” and that a “procurement committee” would examine Iranian imports to be sure equipment would be appropriate for peaceful nuclear uses, not a weapon. Inspectors from the International Atomic Energy Agency, he said, “can go anywhere.”(4)

Fordow

However, the main problem where risks are perceived of the break out time shrinking abruptly pertains to the retention of about 1000 centrifuges at the underground Fordow plant, of which two cascades may be operational, and their possible upgradation. Prof. R. Scott Kemp of the MIT Laboratory for Nuclear Security and Policy has argued that

since the deal is silent about forbidding the installation of highly advanced centrifuges, so long as they do no uranium enrichment, there is a risk that these advanced centrifuges could be re-configured; letting Iran make enough fuel for a bomb as quickly as within three months.(5) As Prof. Kemp emphasises, the centrifuges so retained “could be rapidly repurposed for enriching uranium under a break out scenario”. Therefore, in the work before the negotiators (of Iran and the seven) “the difficult task” will be ensuring that centrifuges to be allowed at Fordow are “physically incapable of uranium enrichment.”

How would that be verified by the IAEA unless it is permitted continuous surveillance, strict monitoring and access, “any time anywhere”? There is little indication so far of Iran having conceded all these aspects.

According to Prof. Kemp, who assesses prospects of a deal favourably, a possible way out would be restricting the number and type of centrifuges allowed. “If this oversight is addressed,” he assesses, the rest of the deal would “lengthen the breakout time to about one year.”

The Fact Sheets issued by the US and Iran on these matters show less convergence. In a very recent interview in Tehran to German Magazine Der Spiegel, Foreign Minister Zarif sounded optimistic about the deal as not only possible but probable, but added that Iran was “very open” about the number of centrifuges in Natanz and Fordow as well as “what will happen to the heavy water reactor in Arak.”(6) He re-emphasised that all economic and financial sanctions imposed by EU and US will be gone.

This indicates what Iran expects from a final deal but hardly clarifies current position about concerns discussed above regarding Fordow. A comprehensive deal will need to dispel doubts. Some clarity will also be needed about exactly how Iran will reduce the 8,000 tonnes of low enriched uranium to 300 kg and under what kind of inspections – whether it would be converted to oxide metal and placed under IAEA control or whether it will be shipped abroad, to Russia for example, for making into fuel or, as Zarif alluded in one of his comments, exported.

Possible Military Dimension (PMD)

At a press conference on 19 May 2015 in Tehran, Zarif insisted that, “The Additional Protocol never allows excessive and unreasonable access to countries infrastructures” and that rather than “inspections” they are “accesses based on clear and managed framework...”(7)

Zarif has characterised persistent remarks by “certain Western officials” about PMD as “sensational” intended to “pacify pressure groups,” and which provoke reactions from officials in Tehran. He holds that the adoption of the Additional Protocol in the 1990s was with the understanding that it would not provide access to “military and even economic secrets.”(8)

Iranian authorities have been stoutly resisting giving the IAEA access to their military facilities. The IAEA invokes Iran’s safeguards agreement and the (voluntary) implementation of the Additional Protocol to demand access, for instance, to Parchin, a military site suspected of hosting work on explosive testing in preparation for military use of the special nuclear material. IAEA persists as it had access only once so far and that too only after the place was allegedly cleansed of any evidence. IAEA also seeks to

interview scientists and defence personnel to seek clarifications. Iran has been averse to accommodating these IAEA demands. The US and its allies insist that the parameters accepted in the interim accord of April 2 also cover this aspect. Iran's omission of any reference in its Fact Sheet is better than downright rejection.

There may be a deeper reason behind Iran's stance, stemming from its past experience when its scientists were assassinated and its facilities subjected to sabotage and cyber-attacks. Besides, on-off repetition of the threat of military action makes Iranian military averse to any access to its secret facilities. This possibly explains the vehemence in Iranian leaders' public anti-US comments, even as they say they are looking forward to an agreement. In the end, limiting relief to nuclear-related sanctions can be double-edged. If missiles and other defence-related sanctions survive in the Security Council, that may also hinder resolving PMD issues.

IAEA

IAEA has tried assiduously to maintain its credibility with Iran so that it can continue a cooperative engagement – and Iran's compliance record about the November 2013 commitments has been consistently appreciated by IAEA's regular reports.

The caution underlying IAEA's reports and comments is reflective of enormous stakes of all concerned in the continuation of closer engagement with Iran which, in turn, is tied to the success of ongoing negotiations. This may be why a wider section of US non-proliferation community has assessed the Lausanne outcome in positive terms. Contrasting Iran file with IAEA's extremely frustrating experience with North Korea, does give cause for not dismissing Iran's side of the story. Moreover, the deal being drafted will be unprecedented in the duration, reach and intensiveness of IAEA's cooperative activities as regards non-proliferation/safeguards with any member state so far, even pushing the envelope wherever possible. Its safeguards budget now for Iran alone and in the 10 or 20 years following a final deal will be far in excess of the pattern hitherto. For its part, Iran is indeed impatient to return to being a normal member state as soon as possible.

Except for the US-Soviet parleys for SALT, START and INF treaties, there has been no parallel to the enormous time, energy and creative diplomacy invested by the Iran-plus-seven in their endeavours so far. As the New York Times reported following the announcement of the framework deal in Lausanne, these talks too may have had their 'Reykjavik moment'.⁽⁹⁾ They risked collapse and were salvaged virtually in the final hours from the very brink of failure by a night-long marathon session.

That Iran is inclined to consider extensive commitments in exchange for lifting of sanctions clearly points to a much wider understanding with its interlocutors in general, and the US, in particular. Thus larger regional concerns and the nuclear breakthrough are likely to go hand in hand in the coming weeks. It does not stand to reason to visualise the collapse of these talks, as both sides are invested in them much more than any other diplomatic offensive. More likely is the prospect of their exceeding the deadline, as has been in past experience. Until that happens, the pressures may endure to stick to the deadline of June to compel the negotiators to seek a middle ground.

Regional Responses

Chapter III

From Reaction to Action: Framework Agreement and Gulf Responses

Kanchi Gupta

The Arab states, including Saudi Arabia and Egypt have officially, albeit tentatively, endorsed the nuclear framework agreement between the P5 +1 and Iran, citing Iran's "good intentions"(10) as a prerequisite for greater stability in the region. Arab distrust towards Tehran has been, however, largely encapsulated by the Arab media that raised questions about Iran's military role in Yemen, Syria and Iraq. They have expressed concern that Iran's "aggressive" regional policy could get a financial and military boost with the end of Tehran's political and financial isolation.

The responses of key regional states to the framework agreement are encased in their trepidation towards a potentially emboldened Iran, and its capacity to pursue expansionist ambitions in the region. As the probability of a final nuclear deal being inked is mounting, Arab states are increasingly compelled to accept it. They are attempting, however, to balance this growing Iranian influence through other policy options.

Such means of geostrategic balancing against Iran include some increasingly independent and assertive foreign policies, as demonstrated by Saudi-led coalition airstrikes against the Iran-backed Houthis in Yemen as well as efforts to institutionalise collective Arab security and nuclear power.(11)

Regional responses to the nuclear negotiations with Iran have also been catalysed by Arab states' overall disagreement with US policy in the region. There is increasing concern that US policies in the region have shifted the regional balance of power in favour of Iran and away from Washington's traditional Arab allies. These policies, set in motion with the US invasion of Iraq in 2003, led to a "Shia revival" and created space for Iran to expand its sphere of influence. The Obama administration's willingness to let former Egyptian President Hosni Mubarak's government fall and Washington's hesitation in taking military action against Syrian President Bashar Assad have increased speculation about Washington's diminished resolve to protect the interests of its allies in the region.

This chapter begins by outlining the official responses of key regional countries to the nuclear deal, particularly those of Saudi Arabia, Turkey and Egypt as well as the other GCC member states. This section also looks at the geostrategic contentions that are the main drivers behind each country's position on the nuclear framework agreement and the prospect of a final deal. The second section examines the policy shifts in the region towards an increasingly assertive military posture and greater independence from the US. The chapter concludes with a brief examination of the nuclear posture of the Gulf States. It derives that while the Gulf States are far from developing nuclear technology to match Iran's capabilities, it is likely that some countries could make efforts towards a nuclear hedging strategy against Iran.

Arab Responses

In the immediate aftermath of the interim Geneva deal between the P5+ 1 and Iran on 24 November 2013, Saudi Arabia announced that "if there are good intentions, this

agreement could represent the first step towards reaching a comprehensive solution to the Iranian Nuclear Programme.” Other Gulf Cooperation Council (GCC) states, including Bahrain, Kuwait and the UAE, threw their weight behind their Gulf counterpart and issued public statements welcoming the interim agreement.

Similarly, after the announcement of the nuclear framework agreement, referred to as the parameters for a Joint Comprehensive Plan of Action, on 2 April 2015, Riyadh cautiously endorsed the deal. The official statement carried by the state news agency said that “the council of ministers expressed hope for attaining a binding and definitive agreement that would lead to strengthening of security and stability” as well as pave the way for a “Middle East and Arabian Gulf region free of all weapons of mass destruction, including nuclear weapons.”(12) The statement also expressed hope for “good neighbourliness” and “non-interference” from the Iranian regime.

The Gulf monarchies, however, expressed their reservations over Washington’s outreach to Tehran through various multilateral forums and the media. During the final stages of the interim negotiations, Saudi Prince Alwaleed bin Talal elucidated Saudi displeasure with the Obama administration’s policy in the region. Prince Alwaleed stated that the nuclear negotiations with Iran are symptomatic of President Barack Obama’s “over-eagerness” to “atleast put one issue in foreign policy aside.”(13) He added that Washington’s approach to the civil war in Syria has allowed “Assad and his Iranian allies (to take) the upper hand.”(14) Former Saudi Ambassador to the United States and now Foreign Minister Adel al-Jubeir said that while awaiting the final deal, Saudi Arabia and its key allies, including Pakistan, will work together to confront Iranian “terrorism, subversion and interference.”(15)

Prince Turki al Faisal, former Saudi Intelligence chief, voiced similar concerns at the Fifth Plenary Session of the Manama Dialogue held in December 2013. He stated that in order to have a full consensus of concerned regional states, the nuclear negotiations must not be limited to the P5 +1 states. He also brushed aside Iranian President Hassan Rouhani’s conciliatory approach towards the region, adding that despite Tehran’s outreach (we) “still find direct interventions of Iran in Arab affairs from Bahrain to Palestine.”(16)

While the other GCC states chose to be largely silent about the framework agreement, Oman—being an outlier among its GCC counterparts, especially in policy matters relating to Iran—welcomed the deal as an “important” step towards better understanding. Omani Foreign Minister Yusuf bin Alawi added that “there are those who prefer peace, this is why there are negotiations between the P5 + 1 and Iran.”(17) Oman has traditionally shared positive relations with Iran and has always been in favour of nuclear negotiations between Tehran and Washington.

In 2011, the Omani Ministry of Foreign Affairs stated that, “The sultanate hopes Washington will engage in a ‘direct dialogue’ with Tehran to resolve the crisis over the Iranian nuclear program. The sultanate has no reason not to believe Iran’s assurances that its program has purely civilian purposes. This region, no doubt, does not want to see any military confrontation or any tension.”(18) Oman’s Sultan Qaboos played a key role in mediating the Iran-US rapprochement over the nuclear issue. Sultan Qaboos was the first foreign leader to visit Tehran following President Rouhani’s election, and in that visit the two countries inked landmark agreements for building a gas pipeline from Oman to Iran and the export of 10 billion cubic meters of gas per year to Oman.(19)

Oman has often asserted its policy independence from its GCC counterparts by resisting Saudi attempts towards a GCC union. It is the only GCC state to have not joined the Saudi-led Operation Decisive Storm in Yemen and also did not contribute troops to the Peninsula Shield Forces' operation in Bahrain in 2011.(20)

Egypt, for its part, has also publicly conveyed optimism over the framework agreement, with its foreign minister stating that the deal could be “a first step toward achieving security in the region”. The government expressed hope that the final accord would prevent the region from “being drawn into an endless arms race.”(21) Egypt's statements come against a backdrop of increasingly tense relations between Tehran and Cairo, especially since the ouster of former Egyptian President Mohammed Morsi.

Tehran had referred to the ouster of the Muslim Brotherhood-backed leader in Egypt as a coup d'état and has since called for the integration of the Brotherhood and other Islamist parties into the Egyptian polity. Traditionally tense relations between Egypt and Iran thawed during the presidency of Morsi, who was also accused of leaking state secrets to Iran's Revolutionary Guard.

Egypt's statements have come as President Sisi is making considerable efforts to court Riyadh, having visited the Gulf monarchy three times in 2015, the last visit in March being made immediately after King Salman's appointment as the new ruler of Saudi Arabia. Riyadh was a staunch supporter of the post-Muslim Brotherhood government in Egypt that brought President Sisi to power.

While there is speculation that Cairo-Riyadh relations might suffer due to internal shifts within the Saudi cabinet,(22) current regional dynamics have led to a congruence of interests between the two states. During President Sisi's visit to Cairo in August 2014, the late Saudi King Abdullah referred to the meeting as ‘important’ as both countries were facing “foreign wars, the intervention of foreign powers, inside seditions, and differences between the Arab nations.”(23)

Egypt is a lynchpin state in Saudi Arabia's attempts to consolidate a Sunni bloc against growing Iranian influence. In order to further this objective, King Abdullah began the process of reconciliation between Egypt and Qatar when relations soured after the removal of Morsi from the presidency. Saudi Arabia, the UAE and Kuwait have also emerged as Egypt's primary benefactors, having made a collective pledge of over USD 12 billion to Cairo since mid-2013.(24)

Turkey has also welcomed the nuclear framework agreement, expressing hope for the forging of a final deal. The Turkish Foreign Ministry stated that the government is “happy to see consensus on the general framework of a final agreement”. Turkish Finance Minister Mehmet Simsek added that a final deal could pave the way for lifting economic sanctions on Iran, which could boost Turkey's exports to its neighbour and in turn help bring down global oil prices.(25)

Turkey is heavily dependent on Iran for its hydrocarbon requirements and was deeply affected by the sanctions on its neighbour. Iran is Turkey's second largest supplier of natural gas and a significant supplier of crude oil. Iran is also Turkey's third-largest export market and the prospect of boosting investment could be an important driver of the improvement in Turkish-Iranian relations.(26)

The “Arab Spring” uprisings have strained relations between Iran and Turkey, particularly due to Turkey’s support for the groups that form the opposition to Syrian President Bashar al-Assad. Relations reached an all-time low as Turkish President Recep Tayyip Erdogan accused Iran of “trying to dominate the region”, days before his scheduled visit to Tehran in April 2015.

In an interview to France 24, President Erdogan stated that “Iran is trying to dominate the whole region in its own way and these developments are not the right kind of developments...Iran and the terrorist groups must withdraw from Yemen”. He also alluded to Iran’s sectarian policies in Iraq and Syria, adding that “Iran’s attitude towards the matter (the Islamic State) is not sincere because they have a sectarian agenda...they will want to fill the void that will be created by Daesh (IS) themselves.”(27) In the interview, President Erdogan also pledged support for the Saudi-led intervention in Yemen, adding that further logistical support will be based on how the situation evolves.

Turkey sees merit in ending its political isolation vis-à-vis the Gulf monarchies.(28) President Erdogan, who has held power since March 2003 (as Prime Minister until August 2014) strained relations with the GCC countries due to his support for the Muslim Brotherhood. In Syria too, the Turkey-Qatar axis competes with Saudi Arabia through support for different rebel groups. However, mutual concerns that Iran has capitalised on the space provided by fractured rebel groups in Syria and Iraq has brought Turkey and Saudi Arabia closer. In a bid to unite the Sunni countries against growing Iranian influence, King Salman invited President Erdogan to visit Riyadh in March 2015 and both countries agreed on the need to increase support for the opposition in Syria(29) and develop greater unity among the Islamist groups.

At the same time, economic imperatives underscore the importance of Turkey-Iran relations. During President Erdogan’s visit to Iran in April 2015, Iranian President Hassan Rouhani stated that both countries want to increase bilateral trade from USD 14 billion in the previous year to nearly USD 30 billion.(30) Ankara and Tehran evaded economic sanctions by trading oil and gas in gold rather than dollars.

In order to maintain the momentum of economic relations with Iran while the latter has been under sanctions, Turkey also voted in June 2010 against a draft resolution of the UNSC to impose new sanctions on Iran.(31) The vote coincided with Turkish and Brazilian efforts to negotiate a diplomatic resolution to the nuclear issue with Iran. However, the nuclear fuel-swap agreement signed in May 2010 was rejected by Washington and viewed as an attempt to mitigate efforts towards imposing new sanctions on Iran. Given that Ankara has succumbed to US pressure and shelved a number of economic arrangements with Tehran in the past(32), the tentative US-Iran rapprochement can give impetus to Turkey’s economic ties with Iran.

While key regional states have welcomed the nuclear framework agreement with Iran, their long-term responses are likely to be conditioned by individual economic, political and geostrategic imperatives. Apart from an increasingly volatile security environment, the states also view the nuclear deal as a geopolitical setback due to a shift in power relations following the US-Iran rapprochement.

At the IISS Manama Dialogue in 2013, Saudi Minister of State for Foreign Affairs Nizar bin Obaid Madani reiterated this concern, saying that recently, “a significant change in the power balances in the Arab World” is “represented in the emergence of political

identities and new strategic balances which may not coincide perfectly with the attitudes of the GCC countries as before. (This has) strongly motivate(d) the GCC countries to adopt new formulations which achieve as much of guarantees required for their common security and support their position against the existing threats or the coming balances, even in facing the potential military escalations and confrontations.”(33)

Recent developments suggest that the regional states are moving towards an independent and assertive foreign policy that may diverge from Washington’s approach to regional dynamics. Saudi Arabia’s Ambassador to Britain, Mohammed bin Nawaf spoke about this in December 2013, stating that since “this year’s talks with Iran may dilute the West’s determination to deal with both governments (Syria and Iran)...The Kingdom of Saudi Arabia has no choice but to be more assertive in international affairs.”(34)

There are various indications of an emerging Saudi “go it alone” policy, including Saudi rejection of a rotating seat on the UN Security Council, increased financial support to Syrian rebels, and attempts to shore up military integration with the GCC. There is also the matter of the Arab League states and independent action in Bahrain in 2011 and Yemen in March 2015.

Regional Military Activism

While the late Saudi King Abdullah put forward the call for greater military integration among the Gulf States at the height of the Arab Spring uprisings in 2011(35), efforts towards developing a common security umbrella have received greater impetus since the international nuclear negotiations with Iran began. At the 34th GCC Summit held in Kuwait in December 2013, the GCC leaders announced the establishment of a joint military command force, which would be eventually established at the Summit in Doha in 2014.

Held a month after the interim agreement with Iran was inked, the Emir of Kuwait Sheikh Sabah al Ahmad alluded to the urgency of the meeting which traditionally focused on economic issues. He stated that “a look at the regional circumstances among us on the regional and international sphere, confirms the obvious importance of our meeting today and the necessity of discussions and the exchange of opinions regarding these circumstances and their consequences in our region.”(36)

The mandate of the unified command force is anchored in the GCC’s military strategy as outlined in 1982, which states that “aggression on a member state is aggression against the other states (and) a joint responsibility whose burden is on all member states”. This announcement was followed closely by a declaration of support by regional leaders for a joint Arab intervention force. At the 26th Arab League Summit, held in Egypt on 28 and 29 March 2015, member states agreed “in principle” to establish a rapid response force to safeguard against national security threats, including the rise of terrorism. The decision also took on a symbolic meaning, having been made two days before the March 31 deadline for the nuclear negotiations between Iran and the P5 +1.

In another indication of unity against what they called “external aggressors”(37), the rapid response force was announced days after Saudi Arabia launched airstrikes in Yemen to thwart the advances of Iran-backed Houthi militias. Termed as “Operation Decisive Storm”, the aerial intervention was actively supported by the UAE, Kuwait,

Bahrain, Qatar, Sudan and Egypt. Other states conveyed their backing for the operation, including Morocco, Pakistan, Jordan, Turkey and Somalia. Operation Decisive Storm was the first deployment of the US-backed Joint GCC military Command(38) set up at the 35th Ministerial and Heads of State Summit in Doha in December 2014.

While the idea of 'collective security' has been floated many times in the past, it has not met with success due to political differences between member states of the GCC and the Arab League. Issues of sovereignty and fears of Saudi hegemony have prevented the development of significant security and defence integration between regional states. Other impediments are the intraregional disputes, such as those between Saudi Arabia and Qatar, Qatar and Egypt, and Turkey and Egypt.(39)

However Arab leaders' disagreements with US policies over Iran, Egypt and Syria and an increasing geostrategic competition with Iran and its regional 'proxies' has created greater willingness among states to establish a regional security architecture. The military cooperation agreement and largely uniform support for the Saudi-led operation in Yemen also signals towards Riyadh's partial success in mediating a rapprochement between Qatar and the GCC states, as well as Qatar and Egypt.

King Salman's meeting with Turkish President Erdogan in March 2015 also signalled the Kingdom's outreach to regional counterparts in an effort to establish a unified Sunni bloc against Iran. The meeting came a day after the monarch's meeting with Egyptian President Sisi, as well as preceding visits by leaders of Qatar, Kuwait, Jordan and the UAE.

Despite Qatari opposition, the Arab League also presented a unified front to Egypt's airstrikes against IS strongholds in Libya in February 2015. The League expressed "its complete understanding regarding the airstrikes launched by the Egyptian armed forces against sites belonging to the ISIL (IS)."(40) Egypt and the UAE also launched airstrikes against Islamist militias in Libya in August 2014, reportedly without Washington's knowledge.(41)

Therefore, despite intra-regional political differences, there is a marked willingness among regional powers to take greater military initiatives. As the deadline for a final nuclear deal comes closer, regional powers led by Saudi Arabia are likely to look for shifts in Iran's regional policy, failing which there could be an escalation of conflict in countries of geostrategic competition, including Syria and Yemen.

Saudi Arabia's newly appointed King Salman has also championed an assertive regional policy by initiating the intervention in Yemen as well as carrying out a significant cabinet reshuffle that is likely to have geopolitical ramifications. The King has replaced former Crown Prince Muqrin with his nephew Prince Mohammed bin Nayef, interior minister since 2012, and his son Prince Mohammed bin Salman, defence minister since January 2015, as second-in-line. He also replaced the long-serving Foreign Minister Saud bin Faisal with former Ambassador to the US, Adel al-Jubeir, the first such appointment from outside the House of Saud.

In replacing the old guard within the Saudi political infrastructure, King Salman has demonstrated greater consolidation of control as well as a larger policy focus on security. Mohammed bin Nayef is known to have been largely instrumental in defeating the al-Qaeda campaign in the Kingdom, driving its remnants into Yemen. Mohammed bin Salman is leading Saudi efforts in Yemen through an active campaign to secure

wider regional backing for the operation.(42) Even though the Saudi operation in Yemen faces a number of challenges, it is unlikely to deter King Salman from taking further assertive steps in the region.

The leaders of the GCC States displayed their displeasure with the Obama administration by “snubbing” President Obama’s invitation to the first ever summit meeting with the GCC leaders at Camp David in May 2014. At the summit, only two of the six GCC members, Qatar and Kuwait, were represented by heads of state. While it was speculated that the monarchs sought written security guarantees from Washington as reassurance against the Iran nuclear deal, they only managed to acquire greater military cooperation by way of joint military exercises and cooperation in counter-terrorism, maritime security and ballistic missile defence. In an attempt to assuage Gulf concerns, President Obama reiterated Washington’s “ironclad commitment to the security of our Gulf partners.”(43)

Just days before the Camp David Summit, leaders of the Gulf States welcomed French President Francois Hollande and secured greater defence partnerships with Paris. President Hollande visited Qatar in May to oversee the conclusion of the contract for the sale of Rafale fighter jets to Qatar and travelled on to Saudi Arabia to attend the GCC summit as guest of honour. While in Riyadh, President Hollande highlighted the commercial and diplomatic complementarities between the two states and reiterated France’s commitment to Saudi Arabia as a friend and ally. The two states pledged arms deals and cooperation on nuclear energy.(44)

French and Saudi positions on the conflict in Syria and the nuclear negotiations in Iran are more in sync than the American approach.(45) The French strongly back the rebel leadership in Syria and take a tougher stance on the nuclear negotiations with Iran. The French have been courting Saudi Arabia since 2012 with repeated visits from the defence minister and weapons’ deals(46), including a USD 3-billion-deal to fund the Lebanese army.

France has been able to cultivate closer defence ties with Qatar, Saudi Arabia and the UAE—where France has had a military base since 2009—owing to the schism in US-GCC relations. Thus France has emerged as a key state in Gulf efforts to diversify their security portfolios and reduce dependence on the US.

Looking Forward

Saudi Arabia has often declared its intention of acquiring nuclear weapons to match Iran’s capability. While on a visit to South Korea in May 2015, former Saudi Intelligence Chief Turki al Faisal stated that “whatever the Iranians have, we will have too.”(47) Saudi officials, however, have refuted reports that they had taken the strategic decision to acquire off-the-shelf atomic weapons from Pakistan. Given that Saudi Arabia is believed to have bankrolled Pakistan’s nuclear programme, this speculation has been rife for “18 years.”(48)

The Arab countries, however, have made no significant moves towards acquiring nuclear weapons. Until the early 2000s, the GCC maintained a stance in favour of a nuclear-weapons-free zone in the region. At the time, Saudi Prince Saud Al-Faisal had prompted “Iran to accept the position we have taken to make the Gulf, as part of the Middle East, nuclear free and free of weapons of mass destruction”. Over time, individual GCC States began to push for the development of nuclear technology for

peaceful purposes. In 2006, the GCC Secretary General used the platform of a conference on nuclear pollution and proliferation in Bahrain, to call for a joint effort to develop nuclear power. In 2007, GCC representatives met with the IAEA to discuss the possibility of a nuclear programme. The United States and France too, signed a number of cooperation agreements for the development of peaceful nuclear energy with the UAE, Qatar, Saudi Arabia and Bahrain.

The UAE has thus far, surpassed the GCC States in its nuclear capabilities. The UAE is the only country in the Gulf to have a functional civilian nuclear programme. However, the Gulf State has time and again reiterated its commitment to keeping the region free of nuclear weapons. UAE's ambassador to the United Nations, Lana Zaki Nusseibeh stressed on the country's "full accession and implementation of all relevant international conventions, including the NPT, the CTBT and the Arms Trade Treaty."(49)

Saudi Arabia too, has a highly ambitious plan for nuclear power production. In December 2011, Saudi Arabia announced its intention of spending USD 100 billion on building 16 nuclear power plants to generate electricity.(50) In addition to nuclear cooperation agreements with Britain and Russia, Saudi Arabia also inked an MoU with China in August 2014 to boost cooperation in the production and peaceful use of nuclear and renewable energy.(51)

More recently, in March 2015, Saudi Arabia inked a memorandum of understanding in nuclear cooperation programmes with South Korea. The MoU seeks to develop a "framework agreement" on technical cooperation, research and development and the exchange of personnel in the nuclear field.(52) This is in addition to a November 2011 agreement with South Korea for cooperation in nuclear research and development.

Saudi's Arabia's recent impetus to building up its nuclear infrastructure could be viewed as a nuclear hedging strategy against Iran.(53) These efforts also stem from Saudi concerns of improving relations between US and Iran that could reduce US appetite for confronting Tehran in its involvement in regional conflicts, including Syria, Iraq, Yemen and Lebanon. Thus, the Arab responses to the nuclear agreement with Iran are not limited to the nuclear dimension of the negotiations but also take into account Iran's regional policy and the implications for balance of power in the region.

Chapter IV

From Lausanne to June 30th: Some New Messages from Israel

Emily B. Landau

On the horizon is the June 30 deadline for achieving a comprehensive nuclear deal with Iran, and it is noteworthy that the months since 24 November 2014 have produced nothing more than a joint statement by the EU foreign policy chief and Iran, issued on 2 April 2015. The White House factsheet that was released almost immediately is exactly that: a factsheet, and not a framework deal with Iran. While there may be some elements in the document that reflect actual agreement with Iran, it is evident from Iran's statements over the past two months that crucial issues remain in dispute, including: the rate of sanctions relief; the nature of inspections and the verification regime; and Iran's work on the military aspects of its nuclear program. It is not clear what kind of agreement was reached regarding Iran's ability to proceed with R&D into advanced generations of centrifuges, but it appears that these activities will continue at some level as yet undefined. Other issues that are highly problematic but not in dispute relate to Iran's ballistic missile capability, which the P5+1 have agreed to leave outside this negotiation, and the 'sunset provision' which US President Barack Obama has admitted could enable Iran in "year 13, 14, or 15" to use advanced centrifuges to reduce its breakout time to near zero.

There are also problems outside the framework of the negotiations. For example, the UK recently reported to a UN panel on sanctions about illegal nuclear procurement activities that Iran has carried out in violation of the sanctions that are in place, and this was included in a UN report.⁽⁵⁴⁾ For the past years—including during the months of negotiations over a final deal—Iran has been stonewalling the IAEA investigation into what it calls the Possible Military Dimensions (PMD) of Iran's nuclear programme. This blatant lack of cooperation on the part of Iran, relates to a set of 12 questions that the IAEA has regarding information in its hands that create suspicions about Iran's nuclear weaponisation activities. The latest reports note that the IAEA investigation is stalled. Another recent issue relates to the fate of the 20-percent-enriched uranium left in Iran in oxide form, under the terms of the JPOA. According to a report of the Institute for Science and International Security, this stockpile could be used to enrich to weapons-grade uranium, which could reduce breakout potential from the one year that the P5+1 are striving for, to about eight months.⁽⁵⁵⁾

The Pesky 'Sunset Provision'

From the weaknesses and loopholes apparent in the US factsheet, there is a strong case to be made that the greatest concern—beyond the imperative of Iran accepting a verification regime that included "anywhere, anytime" inspections—is on the so-called 'sunset provision'. The sunset provision grants Iran the option of upholding the agreement for 10 years, and then moving relatively unhindered to a breakout to nuclear weapons. Iran's nuclear infrastructure will have remained largely intact, and Iran will have continued R&D into advanced centrifuges that it can then install and operate to shorten the time to breakout. Moreover, after 10 years, the international community will very likely have become less vigilant with regard to Iran's nuclear activities,

because they would have already secured a deal and moved on. This will only reinforce Iran's ability to act at a time of its own choosing.

In this regard, a major source of concern is the dangerous line that stretches from the decision that the P5+1 seem to have made not to press Iran on its weaponisation activities—which enables Iran to continue with its 'nuclear fairytale' according to which the international powers never demonstrated that Iran did anything wrong in the nuclear realm—to the sunset provision. After 10 years, Iran will be able to say that it was never found guilty of any wrongdoing; and after upholding the deal for years, it may press for the immediate lifting of all restrictions. This would put Iran right back where it started from, a regular member of the NPT, with no cloud over its head, and with a vast and advanced infrastructure that would enable this dangerous proliferator to move to nuclear production. And there would be no verification measures that go beyond NPT requirements.

No doubt, some would argue that such a perspective translates to an unjustified proclivity to focus on worst-case scenarios that do not leave any room for the possibility that Iran might change. Indeed, there is a possibility that Iran might change, but there are no indications that it is looking to do so. On the contrary, Iran's record is one of ongoing deception and falsehood, and there is no reason to believe that it will change its spots now or in the future. In any case, the assumption must be that the negative scenario is unfortunately a likely one, and accordingly, preparations must be made. Not to do so would be tantamount to providing Iran with the means to cheat; indeed it would even grant it implicit—albeit unintended—legitimacy to do so, because Iran would have adhered to the deal that the international community agreed to.

On the dangers surrounding the sunset provision, President Obama's above-mentioned interview to NPR is a puzzle. In that interview Obama clearly demonstrated that he is aware of the danger that Iran will be left without many of the restrictions (that might ultimately be achieved through a deal) after ten years, and that by operating advanced centrifuges that it developed in the meantime, Iran could reduce breakout time to near zero. Why would the US administration purposely include such a problematic provision? Could it be a legacy issue? That Obama is focused only on the next year and a half, and in ten years so much will have happened that no one will trace negative developments back to his mistaken decision?

In a more recent interview, when trying to convince that he would not go for a bad nuclear deal, Obama emphasised that if Iran goes nuclear in ten years it will be on his head, so to speak, thus he is unlikely to take risks. Another possibility, which is unlikely, is that the US president believes that if Iran cheats after ten years, the US would actually take military action. As Secretary of State John Kerry has said, "in ten years we will still have the options that are available to us now."

A final option—and the most likely one—is that the US President is the kind of optimist referred to above, who is betting on a change in Iran, a different, more moderate regime that might even lose interest in pursuing nuclear weapons development. There are indications that the administration believes that the nuclear deal itself will elicit change for the better in Iran, and that with sanctions lifted, resources will be directed to improving the economy and opening up to the world. The question remains: What basis is there to believe that when Iran gets sanctions relief, the tens of billions of dollars will be directed inward, rather than to military build-up and to continued support of Iran's

regional hegemonic plans and aspirations, its terrorist proxies, and Assad? Moreover, if the optimists turn out to be wrong, they have opened the field to Iran acquiring nuclear weapons: an irreversible scenario with all its attendant dangers.

What Next?

Although time is running short ahead of the June 30 deadline, there are already the by-now familiar initial statements that have raised the possibility of an extension. In the past, similar dynamics started a process that twice ended in actual extensions: in July and November 2014. In whatever time remains, and assuming the White House factsheet is indeed the basis for a comprehensive deal, its lacunas and severe weaknesses must be dealt with. The P5+1 must stand firm regarding its interpretation of sanctions relief and the verification regime, close the loopholes in the document, and ensure that any prospective deal will be as unambiguous as possible in its language and formulations. Everything must be clearly spelled out, otherwise the deal will be open for Iran to misinterpret and abuse. Moreover, Iran is likely to abuse or violate the deal in a manner that is not blatant; Iran can move forward by means of a series of smaller violations that change reality incrementally. This will make it most difficult for the IAEA and the state actors with the decision-making mandate—when facing each relatively minor violation, it will be a challenge to make the call that in and of itself this violation is significant enough to sound the alarms and elicit a determined confrontation of Iran.

The actors in charge of ensuring Iran upholds its end of the deal must also prepare for how they will confront it, taking into account how they will overcome the challenge of Iran's likely mode of violation/defection for the initial ten-year restriction period.

Quick-response mechanisms must be devised and put in place for violations.

Furthermore, the idea of 'snapback' sanctions in the face of an Iranian violation must be revisited; the idea that sanctions will somehow 'snap back' is highly problematic, and Russia has already indicated that it will not be on board in this respect.

Moving to the Region: Where Does Netanyahu Stand?

Israeli Prime Minister Benjamin Netanyahu could now return to the fore, after the flurry of the election dynamics in Israel has ended, and the lengthy process of forming a new government which created a distraction from the debate over negotiations with Iran. Not that Netanyahu disappeared, though. After all, he delivered a highly controversial speech to the US Congress in early March.

It is worth taking a closer look at how Netanyahu has approached the P5+1-Iran negotiations dynamic since 2014, because some interesting, perhaps surprising emphases and nuances have come to characterise his rhetoric. Because Netanyahu's high profile and negative approach is often the centre of attention—due in large part to his own rhetoric—the nuances have had a tendency to get lost in the clamour. Yet they provide insight into what might be expected from the Israeli government in the near future.

Of particular interest is the question of Israel's options for affecting the dynamic that is unfolding, and especially whether Israel might contemplate military action as a "last resort". For some time now it had seemed that Netanyahu was signalling that if all else failed, Israel would take its security into its own hands, and thereafter take military action. Thinly veiled threats were issued on occasion, and in early 2012 there was a strong sense that actual preparations for an attack were being made. A closer look at

statements in the past year, however, and culminating in Netanyahu's speech to Congress, tells a different story.

In what many will no doubt perceive as a counter-intuitive position for Netanyahu, especially in light of his confrontational approach toward the Obama administration on Iran, what Netanyahu has been seeking more than anything over the past year is the ability to influence negotiations in order to secure a better deal. Indeed, although Netanyahu has often been portrayed in the media over the past few years as someone who altogether rejects negotiations with Iran, his evolving rhetoric reveals that what he wants most is to have an influence on those very negotiations.

This is the context for examining not only Netanyahu's speech to the US Congress which was a continuation of a trend that began to find expression in his rhetoric, but also that of Minister Yuval Steinitz, in the latter half of 2014. According to the new emphasis that was gaining traction in the dominant rhetoric, the threat of military action in the face of failed negotiations or a bad deal was no longer emphasised, if indeed it was at all apparent. What replaced this theme was a new emphasis on Israel's role in influencing positions of the P5+1 states in a direction that took Israel's security concerns into account. In this regard, Netanyahu's response to the November 24 decision to extend the talks was telling: he expressed satisfaction that Israel had succeeded in influencing the P5+1 to go for an extension of the talks, rather than agree to a bad deal with Iran.

In his speech to Congress in early March 2015, Netanyahu sent a message about the dangerous pitfalls to a deal, and advised the P5+1 on how to avoid them. The only statements that could possibly be construed as hinting at a military threat from Israel came toward the end of the speech, after Netanyahu noted that Israel is strong and can defend itself. He went on to declare: "Even if Israel has to stand alone, Israel will stand." In continuation, though, Netanyahu filled "standing alone" with different meaning, virtually emptying it of any connotation of Israel taking unilateral military action, and making it about US-Israel solidarity instead: "But I know that Israel does not stand alone. I know that America stands with Israel. I know that you stand with Israel....My friends, may Israel and America always stand together, strong and resolute."(56)

In the past, Netanyahu had a standard manner of making the threat, usually with mention of his responsibility not to allow Israel to return to the situation that the Jews faced in the time of Nazi Germany. This time his formulation was different, and seemed to be hinting at a different kind of standing alone: one that refers to the fact that Israel will voice its concerns, strongly and controversially if necessary, but together with the US.

On Holocaust Remembrance Day on 15 April 2015—a mere two weeks after Lausanne—Netanyahu devoted a considerable portion of his speech to the Iranian threat, and although his disappointment with what was achieved in the talks was considerable, his solution remained decidedly non-military. His complaint was addressed to the international community, who he believed were refusing to see how dangerous and unrelenting the Iranian regime is. He said: "We will continue to insist on the truth and we will do everything we can to open the eyes that have closed." He added, "Even if we are compelled to stand alone, we will not be afraid. In any scenario, in any situation, we will safeguard our right, we will maintain our ability, we will keep our resolve to defend ourselves. Seventy years ago we were a people of war refugees, powerless and

voiceless. Today we express what we have to say, and we are determined to guarantee our existence and our future.”(57)

It is revealing to compare these new emphases with what Netanyahu chose to say about the Iranian nuclear threat on Holocaust Remembrance Day three years earlier. At that time, he reminded people that 70 years ago the Jewish people did not have the military might to defend itself. “But today things are different. Today we have an army. We have the ability, the duty, and the determination to defend ourselves.”(58)

Netanyahu ceasing to make threats that hint at the possible use of military force is a more accurate reflection of Israel’s true role in the overall dynamic of confronting Iran, and its limited unilateral capability to have a real effect. His new approach is an admission of Israel’s limitations, and a shift to trying to convince others of the dangers ahead, “to open the eyes that have closed.” One could argue that Netanyahu is undermining his own message, because he seems to be doing everything possible to end the conversation with Obama, and there is without doubt a contradiction here. Nevertheless, his inability, for whatever reason, to proceed constructively with Obama should not be understood as negating the new message whereby Israel’s self-reliance will likely take the form of rhetoric rather than force. As an aside, it is important to note that the fact that the US has ceased to make a credible military threat is a different story altogether. For the US to threaten military consequences for Iran’s lack of seriousness at the negotiations would make perfect sense because the US is indeed leading the P5+1 in the negotiations with Iran, and a credible threat of force could boost their leverage at the negotiations table. Israel, by contrast, is not at the table, and thus has no formal role.

Broader Regional Dynamics: Possible Regional Cooperation with Israel

It is well known that Israel is not the only state in the Middle East that is fearful of Iran’s nuclear ambitions and the emerging nuclear deal between Iran and the US/P5+1. For the Gulf states—with Saudi Arabia at the forefront—the main concern is slightly different than Israel’s. From their perspective, nuclear Iran is a threat in and of itself, but there is no less concern about what the deal signifies in terms of America’s relations with states in the region. For the US to forge such an agreement with Iran raises acute fears about the future direction of US policy, especially a possible shift away from the traditional Sunni Arab state allies, and toward Iran. There is certainly evidence that they can draw upon—especially over the past year—that Obama regards a nuclear deal as a likely gateway to some kind of US-Iranian détente, and this has further fueled the fears that the administration is indeed contemplating a shift in policy. The Saudis have been less shy than in the past about voicing their concerns, and have clarified that capabilities that Iran achieves will be matched by Saudi Arabia. Moreover, many expect that there is some form of a deal already in place with Pakistan to provide nuclear assistance to the Kingdom.

The US is quite aware of the fears. In mid-May 2015 it invited the leaders of the Gulf states to Camp David to attempt to assuage their concerns. Four of the six Gulf states did not send their heads of state to the meeting; they wanted to send a message of scepticism to the US. It seems this decision was taken when they realised that their demands for a defence pact with the US, and the supply of some advanced military equipment in the framework of a new deal with the US, would not be met. If Obama was hoping to secure agreement on the part of the Gulf states to support a deal with Iran, his attempt failed. While the monarchies said in a joint communiqué that a comprehensive

and verifiable deal with Iran would be in their security interests—a statement that Israel could also adhere to—the Saudis clarified that their current position was to withhold judgment. As such, the messages in both directions were not what each side wanted to hear from the other.

A final issue regards the question of regional dynamics and options. In Netanyahu's Holocaust Day speech in April, he also made an interesting reference to Israel's regional neighbours. He noted that perhaps the partnership that Israel had with its neighbours in identifying common threats will be the foundation of a partnership for forging a better, safer, and more peaceful future for the Middle East. The common interests that exist between Israel and many of the Arab states vis-à-vis Iran are well known, but so far they have not been able to act on them in any meaningful way. The Arab states are wary of any open cooperation with Israel, in view of their longstanding reluctance to pursue normalisation with Israel until the Palestinian conflict is resolved. Nevertheless, while there is no firm information about more recent moves in the direction of cooperation, Netanyahu's statement, which joins others that he has made in recent months in a similar vein, could indicate that cooperation is percolating beneath the surface.

Egypt poses the greatest puzzle with regard to forging a common regional stance vis-à-vis Iran. Egypt and Israel pretty much see eye-to-eye with regard to the Iranian nuclear threat; moreover, Egypt's bilateral security relations with Israel are currently at an all-time high. Yet at the same time, Egypt has been pursuing an intense campaign to pressure Israel on the nuclear front, and to advance this goal in the framework of the Nuclear Non-Proliferation Treaty (NPT). At the NPT Review Conference (RevCon) in April-May 2015, Egypt submitted a particularly harsh proposal against Israel, after the latter had been cooperating with the mandate of the 2010 RevCon to carve out an agenda for a regional WMD/FZ conference. Israel had taken part in five meetings with Arab representatives to work on this via direct talks, but Egypt evidently felt that the facilitator, Ambassador Jaakko Laajava, was showing too much acceptance of Israel's security concerns and its desire to discuss regional security on a broader range of issues, not limited to WMD.

Egypt is therefore pursuing different policies that are working at cross-purposes, when its true interests seem to be clear. With all of the fanfare directed toward Israel, Egypt is not threatened by the capabilities that it has attributed to Israel for years. Indeed, then President Anwar Sadat forged peace with Israel without making this contingent on Israel joining the NPT. By contrast, nuclearising Iran is a clear challenge and threat to Egypt, and to its regional leadership role. With the NPT RevCon behind us—and the Egyptian proposal rejected—perhaps it will be easier to cooperate against the real threat: Iran. Time will tell.

Conclusion

The upshot of this analysis is that the issues at stake regarding a nuclear deal with Iran are very serious. Action must be taken to close the loopholes and the P5+1 must remain firm on the issues in dispute with Iran – especially regarding the rate of sanctions relief and the verification regime.

On the regional front, amidst all the bluster, Netanyahu has actually been pursuing a new message for close to a year now, whereby he has been defining Israel's self-reliance ("Israel will know how to defend itself") in terms of its ability to convince others of its

concerns rather than the prospect of taking unilateral action. This is a truer reflection of Israel's real capability to have an effect on the final outcome. This does not mean that Israel's concerns are less real or less valid, rather that the dynamic is such that Israel does not have a role or seat at the table. The only way it can have an impact is through other stakeholders.

Other regional players are as concerned as Israel, albeit much less vocal, especially the Gulf states. A lingering question is whether they can find their way to cooperate with Israel in creating at least some regional understandings in the face of the emerging threat.

Major Power Perspectives

Chapter V

The United States' Strategy of Engagement Towards Iran

Sylvia Mishra and Uma Purushothaman

Introduction

Bilateral relations between Iran and the United States had reached an all-time low by the time US President George W. Bush left office in 2009 and the Six-Party Talks had hit a standstill. Several rounds of UN-imposed economic sanctions on Iran could hardly bring any change in the country's behaviour towards acquiring nuclear weapons. It was clear that the Bush administration failed in its approach of confrontation on Iran. When Barack Obama assumed the US presidency in 2009, he signalled a break from Bush's foreign policy style; with Iran, in particular, Obama wanted to engage the estranged nation.⁽⁵⁹⁾ He adopted diplomacy to engage Iran towards a negotiated nuclear dialogue. In February 2009, P5+1 met to adjust its negotiating strategy in light of the new US administration's stated commitment to direct US engagement with Iran. On 8 April 2009, then Under Secretary William Burns announced that a US diplomat would henceforth attend all P5+1 – Iran meetings. In July 2009, the US and its allies announced that Iran needed to offer constructive proposals by late September 2009 or face "crippling sanctions."⁽⁶⁰⁾ These significant changes in the US administration's approach towards Iran highlights its commitment to take up the mantle from the EU3 (France, Germany and the United Kingdom) in leading nuclear negotiations with Iran. President Obama had laid the groundwork for engaging Iran and resolving issues related to the latter's nuclear programme.

As the P5+1 countries and Iran are attempting to reach a negotiated settlement on Iran's nuclear programme, several issues await mutually agreeable conclusions before the parameters for the final text of the Joint Comprehensive Plan of Action (JCPOA) can be finalised within the deadline set for 30 June 2015. Tehran demands that all the UN-imposed sanctions against the country be immediately suspended once the deal is done. For its part, Washington insists that contentious issues like inspection of Iranian military sites by the International Atomic Energy Agency (IAEA) and access to Iran's nuclear scientists need to be addressed.⁽⁶¹⁾ There are also disagreements over Iran's research and development of advanced centrifuges. Several possible outcomes loom in case of a "no deal" scenario. However, in the likelihood of a nuclear agreement, the deal would help pave the path to an end to the decades-long estrangement between the US and Iran.

The P5 +1 and Iran negotiations have also engendered great interest in the theoretical and policy debates on nuclear proliferation. Scholars have applied several conflict resolution approaches to better understand the gridlocks of the deal and the way to break the impasse, accounting for varied perspective and adding to the richness of the debate. Set against the present backdrop, this paper is thematically structured in three parts. The first part analyses the shifts in successive Bush and Obama administration's strategy; the second part identifies and analyses these drivers of shift in Obama's policies towards Iran; and the third part focuses on the intricacies of the domestic cleavages shaping the nuclear negotiations, highlighting the ramifications of either a deal or no-deal scenario.

Obama Administration's Policies towards Iran: Balance of Micro-Political Engagements and Economic Sanctions

President Obama came into office with a clear priority of repairing Middle East foreign policy: withdrawing from the two wars in Iraq and Afghanistan, rebuilding America's soft power in the region, finding solutions to the Israeli-Palestinian conflict, and devising a lasting pragmatic strategy to curtail Iran's nuclear ambitions. While the success of the US foreign policy in the Middle East has varied, President Obama has been able to get Iran to come to the negotiating table through practical cost-benefit approach and a strategic vision.

In the context of Iran, the Obama administration has displayed strategic rethinking by undertaking a two-pronged approach of micro engaging Iran politically, and simultaneously adopting a policy of applying economic pressure to "change their behaviour". President Obama has carefully charted a policy of engaging Iran, departing from the former Bush administration's emphasis on military intervention, unwillingness to negotiate, and pursuit of regime change. According to President Obama, the "axis of evil" rhetoric had not been conducive to the process of diplomacy and hence, he adopted a change in rhetoric of "engaging Iran to become a responsible power" as justified in the National Security Strategy Document of 2010:

The United States seeks a future in which Iran meets its international responsibilities, takes its rightful place in the community of nations, and enjoys the political and economic opportunities that its people deserve.(62)

Shifting away from G.W. Bush's confrontational approach with the global war on terror and military interventions, President Obama introduced an alternative approach of problem-solving and extending peaceful overtures, while keeping up with its resistance. Obama's initial engagement in the form of phone calls, formal letters, and a New Year's message to the Iranian people was important in the pursuit of diplomatic solutions to the mutual discord. In spite of such persistent efforts by the Obama administration, however, dealing with Iran has often been punctuated by Iran's policies on a number of fronts. For instance, the brutalities perpetrated by the Iran government during and following the June 2009 unrest were difficult for the nuclear negotiators to ignore. Similarly, in 2009, Tehran's retraction from a tentative fuel swap agreement(63), which was intended to serve as a confidence-building gesture on the nuclear issue, further truncated the US administration's patience for negotiations.(64)

Iran's lack of reciprocal behaviour acted as impediment to America's enhanced diplomatic engagement. Add to that the intellectual rigidity of the Iranian clergy as well as the influence of lobbyists in America. Obama's policy of preventing Iran from developing nuclear capabilities met with little success prior to Iran's Presidential-elect Hassan Rouhani's assuming office in June 2013.

President Rouhani's reformist agenda—and his less incendiary tone in foreign policy—signalled possibilities for the US and Iran to resolve the nuclear stand-off. Without doubt, the 2013 Iranian presidential elections have been one of the most important political events influencing both Iranian and American contemporary foreign policy. The election of President Rouhani provided the Obama administration an opportunity to recalibrate its policy of engagement. Several other factors catalysed a policy shift towards Iran.

Shift of the Obama Administration's Policy-Making towards Iran

The geopolitical situation in the Middle East in the aftermath of the Arab Spring, along with the crises in Iraq and Syria, played a significant role in influencing the future relationship between the US and Iran. With President Obama's loss of control of the US Congress in the by-elections held in November 2014, his overtures to Iran were often viewed as weak. Critics of the US nuclear negotiation with Iran have argued that the Obama administration has "conceded" the Middle East to Iranian influence. While the conflicts in the Middle East are much more complex than 'Iran on the march' theories, there are considerable merits in Obama's policies of diplomatic resolution which would allow Washington more room to influence Iran's regional behaviour.⁽⁶⁵⁾ Moreover, the *raison d'être* of Obama's pragmatic approach towards Iran needs to be understood through the lens of changing geopolitical complexion in the Middle East.

It was widely expected that following the 'Arab Spring' revolutions of 2011, societies would evolve into electing more representative governments. In many cases, however, the medium-term outcome has been a return to the status quo, *ante bellum*. Even as Iran's opposition remained largely dormant throughout the course of the early months of the Arab Spring, the political friction within Iran's regime ramped up sharply. The long-standing resentment towards President Mahmoud Ahmadinejad harboured by the traditional stalwarts of the Iranian revolutionary regime exploded into public view. The outcome of this infighting only reinforced the role of Iran's supreme leader, Ayatollah Ali Khamenei, and the fierce contention opened new fissures among the political elite. But this had not yet substantially eroded the regime's capabilities for maintaining authority in the short term.⁽⁶⁶⁾ Unlike those in Syria, Yemen, Iraq and Libya, under the influence of the Arab Spring, Iran's territorial integrity has not been called into question.

The 20-Year Outlook document released during the presidency of reformist Mohammad Khatami outlines a road map for Tehran's economic, political, social, and cultural development and indicates Iran's aspirations of being a regional power.⁽⁶⁷⁾ This instability and chaos sweeping across the Middle East has only played into bolstering Iran's regional power projection and allowed Iran to fill the regional vacuum. Iran's rising political profile in the Islamic world could also be viewed as another factor limiting the efficacy of American military action.

The election of reformist President Hassan Rouhani with a clear mandate for ending Iran's international isolation, and improving economic conditions due to pressing sanctions, raised new hopes for the Obama administration in engaging Iran with pragmatic diplomacy. In the West, the newly elected President Rouhani was viewed as a leader willing to engage in head-to-head dialogue with the US, softening the harsh rhetoric and intransigent tactics of his predecessor.⁽⁶⁸⁾ At the same time, Rouhani also made concerted efforts to renew and improve relations with its Gulf neighbours, the region, and beyond. The unfolding of regional developments such as the crises in Iraq and Syria once again brought to the fore the questions of America's relations with Iran. The grievous rise of the Islamic State created conditions for unofficial ground cooperation between the US and Iran. Reportedly, there is cooperation on the ground-level between the US and the Shiite militia with the American-led coalition launching airstrikes to support Iranian-backed militias and Iraqi troops in the key city of Tikrit.⁽⁶⁹⁾ If the US and Iran can move beyond the nuclear impasse, ground-level

cooperation between the two countries would only expand as there is an increasing shift in US policy from engaging boots on the ground strategy to one of aerial strikes.

Over the course of two wars in the Middle East the US military faced significant setbacks in terms of heavy casualties, longer deployments and exhausted forces. Various public opinion polls conducted in the US indicated a collapse of public support for long-drawn wars.(70) As the US is increasingly becoming war-weary, there is serious rethinking regarding the future US policy of armed conflict and intervention. The US Armed Forces' capability to commit to future large-scale wars has decreased in the recent years due to large budget sequestration of the various branches of the armed forces. In the US governmental document of 2012, Sustaining US Global Leadership: Priorities for 21st Century Defense, President Obama stated that there will be a necessity to prioritise certain military investments while continuing to reduce the cost of the business.(71)

Another factor that has contributed to the shift in the US' strategic approach to the Middle East is the US shale gas revolution and declining American dependency on oil from the Persian Gulf. Between 2005 and 2012, the US natural gas production increased tremendously: the United States extracted 687 billion cubic metres of natural gas within its territory in 2013, overtaking Russia as the largest producer of the valuable resource. According to the estimates of the World Energy Outlook 2013, the International Energy Agency assumes that production of natural gas in the United States and the NAFTA region as a whole (United States, Canada and Mexico) will increase continuously until 2032 at an annual rate of 1.1 percent.(72)

This increasing self-sufficiency of the US due to steady domestic energy supply would have a lasting impact on the stability of the Gulf, owing to destabilisation due to excess supply and the consequential loss of market and shrinking revenues. The rapidly changing energy map is thus one of the factors leading to a visible American retrenchment from politics of the Middle East and pivot to the Asia-Pacific. However, this narrative of declining American engagement in the Middle East continues to be thoroughly debated. In spite of America's declining reliance on imported oil from the Middle East, the US still continues to have vital stakes in the region, such as security of its traditional allies.

Obama Administration and the Widening Domestic Fissures

On 2 April 2015 when Iran and P5+1 agreed on an interim deal, President Obama stated that he was committed to the idea of diplomatically resolving the issue of Iran's covert nuclear programme. He further added that after months of tough and principled diplomacy, Iran and P5+ 1 countries have been able to make a deal that meets America's 'core objectives'.(73) The interim deal ensured that Iran would not pursue building a bomb using plutonium or enriched uranium. The core of the reactor at Arak would be dismantled and replaced, and Iran would not build a new heavy-water reactor. Iran's capability of uranium enrichment at Fordow facility would be checked and the vast majority of Iran's stockpile of enriched uranium would be neutralised.(74)

While according to President Obama, the deal would guarantee that Iran would remain a minimum of a year away from acquiring enough material for a bomb, several analysts have raised concerns about whether or not the deal has enough teeth to check on Iran's nuclear ambitions. Third parties and lobbyists in the US and abroad present their own set of constraints on the scope of engagement between the US and Iran.(75) The

framework agreement generated sharp reactions from the American political class, highlighting signs of fissures along party lines. Republicans, fearing that the “agreement will be too short, sanctions relief too rapid, inspectors too restricted and Iran’s missile programme ignored”(76), initiated a bill (passed with an overwhelming bipartisan vote of 400-25) that allows Congress to review any deal on Iran’s nuclear programme negotiated by the Obama administration.(77)

Still, in spite of the sharp differences in the US political circle, a poll conducted by Hart Research showed that 61 percent of Americans favour the deal and do not want Congress to block it.(78) This only shows the enthusiasm of the American public in favour of the nuclear deal with Iran. The overlap between the 2016 presidential election and the implementation of a nuclear deal simultaneously complicates the administration’s efforts to ensure that the deal materialises. The Presidential hopefuls of the 2016 elections have also expressed their views on the framework agreement. For instance, former Governor of Florida Jeff Bush stated that the deal will only legitimise Iran’s nuclear activities, while Senator Ted Cruz accused the President of doing everything to circumvent the Congress.(79) Even as President Obama has so far succeeded in managing the opposition on multiple fronts, key details still remain to be resolved. Some of the Obama administration’s toughest challenges are likely to emerge with the unravelling of the details after the negotiations are completed.

Geopolitical Implications for the Region

In the event of a finalisation of nuclear deal, one of the main concerns of American policy-makers would be the question of how Tehran behaves in the aftermath. Opponents of a deal often suggest that Iran is likely to feel both less constrained and more determined to subvert regional governments and possibly directly threaten some of its regional rivals. The Obama administration and supporters of the deal, on the other hand, have repeatedly indicated that a deal could be the start of a wider rapprochement with Iran, ultimately producing a less fearful and therefore, less aggressive Iran.(80) A recent report offers signs of positive development as it suggests that the Israeli military has commenced viewing potential security benefits in the expected nuclear deal scenario curbing Iran’s nuclear programme.(81) While during the final stages of the negotiations, the Obama administration needs to exercise caution and balance between Iran and its commitment to Gulf allies in the backdrop of sharpened regional rivalries.

Several argue that if Iran is allowed to keep 6,500 first-generation centrifuges and 150 kg of uranium enriched to 3.5 percent purity, then in all likelihood even Saudi Arabia will announce that they are going to maintain similar capabilities. Prince Turki al Faisal, the former head of Saudi Intelligence, opined that the countries in the Middle East and outside the region are going to demand the same opportunity to enrich uranium to whatever level is being allowed to Iran.(82) In the event of an agreement with Iran, owing to the growing Shia-Sunni schism in the Middle East, the Obama administration would need to strike a fine balance between reaching out to Iran, while simultaneously reassuring America’s Arab allies. Hosting the six-nation Gulf Cooperation Council for a summit at Camp David, Obama pledged that the US would consider using military action to defend its allies in the region amid Arab anxiety of Iran’s destabilising activities in the region.(83)

This narrative of a balancing act of President Obama and his ironclad commitment to the security of America’s Gulf partners reflected through the summit joint statement of

developing US-assisted region-wide missile defence system(84) would find continued relevance in future policies as well. While a host of no-deal scenarios emerge—ranging from imposing more severe sanctions to even military action—the greater challenge would be the difficult process of reconciliation of both sides regarding the details for the deal. Inconsistencies in Iran’s behaviour, as latest reports(85) of Iran’s growing nuclear fuel stockpile emerge, could also prove to be detrimental to the finalisation of the deal.

The coming days are going to provide an opportunity for policy-makers of both sides to rethink the nature of engagement of future US-Iran relations. As incremental intensification of sanctions regime is a difficult process that hurts the economies of both sides and fails to revise Iran’s quest towards nuclear threshold, it is in the best interest of both Iran and the US to finalise the nuclear deal. The Obama administration’s marked shift in strategy in engaging Iran would accomplish its original goal of preventing Iran’s nuclear ambitions, whilst making Iran a responsible stakeholder in Middle Eastern politics. While relations between the US and Iran is complex and involves several factors, both sides will be able to finalise the deal when they perceive a de-escalation of threat to their security environment.

One of the first steps in the process of de-escalation of threat perception would be to resolve the nuclear stand-off. This process is likely to entail what Rouhani had stated: requiring a balance between realism and idealism and interaction and dialogue based on reciprocity, respect, and mutual interest.(86) While both the sides take systemic constraints into consideration, there is hope that seizing this opportunity would create a breakthrough moment for the US and Iran. As American leadership faces acute foreign policy challenges in the Middle East, breaking a nuclear impasse with Iran would hold the key to sustaining, rebooting and redefining American leadership in the region.

Chapter VI

Iran Nuclear Framework Agreement: A Russian Perspective

Petr Topychkanov

A number of conflicting assessments regarding Russia's role in the negotiations on the Iranian nuclear program have emerged in the course of the negotiations between Iran and P5+1. Some experts have said that Russia played a significant role(87), while others argued that its role was rather passive.(88) While some claimed that Russia was interested in protracting the negotiations, others argued that it actually wanted them to be completed; yet another group asserted that the Kremlin had sought to derail the negotiations.(89)

Russian Interests in Iran

The debate on the Russian role in these negotiations sometimes neglects Russia's established interests. Firstly, it is not in Russia's interest for Iran to acquire nuclear weapons or the capabilities to develop them. Secondly, Russia is aware of the threats posed by Iran's possible involvement in the proliferation of nuclear technologies and materials. Thirdly, Russia is categorically opposed to the use of force in solving the Iranian nuclear problem – whether through missile and air strikes, sabotage, cyberattacks, or any other means. Finally, Russia does not support unilateral or multilateral sanctions against Iran and would like them to be lifted. In other words, Russia's interests lie in strengthening the non-proliferation regime, promoting regional stability, and developing multi-faceted cooperation with Iran.

Various interest groups, including those representing the energy and military industrial sectors, impact Russia's policy toward Iran. However, past experience suggests that while these groups may influence Moscow's position on Iran, they do not determine it. Besides, Russia has to consider the interests of other regional players, primarily Israel, with which, as the Russian President put it, Russia is bound by "strong ties of friendship."(90)

Did the Ukraine-triggered crisis in Russia's relations with the West affect the Kremlin's position on Iran?(91) It certainly did, but not to the extent feared by many. Russia did not shield Iran, nor did it act as a spoiler in the negotiations. This behaviour would explain Western satisfaction and Iran's open dissatisfaction with the quality of Russian participation in the negotiations.

Iran's Place in the Foreign Strategy of Russia

Russia has not abandoned its interests regarding Iran as a result of the current geopolitical crisis. The crisis, however, has become one of two reasons for the development of both bilateral and multilateral cooperation initiatives with the Islamic republic.

The most hotly debated development in the bilateral relationship was the expansion of cooperation on the peaceful use of atomic energy. On 11 November 2014, Russia and Iran signed the Protocol to the 1992 Intergovernmental Agreement which includes cooperation in the construction of eight WWER-reactor nuclear power plants, as well as a contract to build the second stage of the Bushehr nuclear power plant with between

two and four new reactors.(92) Russia is also expanding its cooperation with Iran in other areas including trade, transportation, space exploration and military technology.

The nuclear deal between Russia and Iran is a part of the grand strategy of the Russian Rosatom company. Though largely overlooked by the international media, Russia has signed several significant nuclear energy agreements over the last several months. These agreements give Russia an opportunity to develop nuclear cooperation with India, Turkey and Iran. Russia also plans to build nuclear plants in Bangladesh, Vietnam and Egypt. The strategy involves efforts to assist the recipient countries with building their nuclear industry (rather than simply constructing nuclear power plants), maximally localising equipment manufacturing, as well as being open to joint nuclear power plant construction projects in third countries (the last option will be hardly offered to Iran).

The second reason for developing Russian-Iranian cooperation is the impending conclusion of the negotiations on the Iranian nuclear problem. Evidently, Moscow understands that the sanctions against Iran may be lifted in the foreseeable future. Russia is thus attempting to maximally strengthen its position in the Iranian market before new actors begin to appear at the scene.

The current situation surrounding Iran resembles that around India several years ago. When, with help of the George W. Bush administration, India started to emerge from partial international isolation brought on by its 1998 nuclear weapon tests, Russia intensified its already active contacts with India. As a result, Russian companies were able to sign a number of contracts with India shortly after its 2008 agreement with the IAEA.(93)

Russian participation in the nuclear talks has demonstrated that despite the depth of the Ukrainian crisis and all the existing conflicts between Russia and the West, there are no reasons to consider Russia a purely destructive force that is bent on harming the West. The current issues in global politics and economics have forced Russia to take a more pragmatic position, albeit concealed under the cloak of propaganda rhetoric. This position seeks to prevent a further escalation of disagreements into an even sharper confrontation with the West. As part of this strategy, Russia strives to develop large-scale cooperation with other global and regional powers, including Iran.

Russia's 'Pivot to Asia' and Iran

In his speech at the 13th annual Sochi Investment Forum in September 2014, Prime Minister Dmitry Medvedev announced Russia's new strategy in Asia.(94) Three objectives are at the core of this strategy: confidence building between Russia and Asian countries; increased Russian involvement in regional affairs; and a greater focus on the Asian-Pacific states as Russia's partners in the spheres of modern technology and finance.

According to Medvedev, this strategy is in line with Moscow's policy of rapprochement with Asian countries, which it has conducted for over ten years. But the previous accent on the "economic pivot" to Asia(95) is now increasingly to be complemented by a new attention to political questions, particularly through confidence-building exercises and participation in various regional associations. However, just as in the past, Russia is still not as active in the Asia-Pacific as other countries in the region expect it to be, which the prime minister also pointed out in his comments in Sochi.

The current political crisis in Russia's relations with the West, which was triggered by the events in Ukraine, gives a strong impetus to Russian rapprochement with Asian countries. However, many analysts are of the opinion that significant progress in this area has yet to be achieved.(96) This may be explained as resulting from difficulties associated with refocusing the Russian economy under conditions of sanctions and other unfavourable trends. Alternatively, one could take comfort in the idea that Russia's efforts to enhance its relations with the Asia-Pacific states will produce results a few years down the line. Such rationalizations would make sense if the turn toward Asia were actually a new vector in Russia's foreign policy and commerce.

However, given Medvedev's statement that Moscow has already been oriented toward Asia for over ten years, one must look for more profound explanations for the lack of progress, ranging from human resources to culture and psychology. President Vladimir Putin reflected the self-identification of most members of the Russian elite when he stated that "Russia is an integral and organic part of the Great Europe, the broad European civilization. Our citizens conceive of themselves as Europeans."(97)

Among other underlying causes of the last decade of missed Asian opportunities is the lack of strategic vision in the region. It is quite telling that presidential and government speechwriters, followed by journalists and experts of various stripes, have adopted the Russian translation of the English-language term "pivot to Asia," which originally referred to a strategy announced by the White House in 2010.

Russian policy analysis and strategy formulation in the Asia-Pacific, where the country has maintained its presence for several centuries, quite often revolves around Western concepts and approaches rather than drawing on Russia's own wealth of experience. This should come as no surprise, though, as increasingly fewer specialists responsible for the analytical component of Russia's Asia and Asia-Pacific policy are familiar with the history of Russian relations with Asian countries, even the relatively recent history. Not many of these so-called 'specialists' speak Asian languages. This is even more clearly true in the case of the expert and media communities.

Conclusions

There is no reason to see either an inactive or spoiler role for Russia at the nuclear negotiations with Iran. After all, the core interests of Russia in this issue are not very far from those of the West. Moscow does not want Iran to have a nuclear bomb, nor does it want this country to be involved in the nuclear proliferation, or military escalation in the region. However, a successful resolution of the nuclear problem of Iran would give Russia a mix of opportunities, both promising and challenging. On the one hand this will help Russia and Iran to boost bilateral trade, which is insignificant at present, and to make its "pivot to Asia" more complex and beneficial for its economic and security goals. Yet from another point of view, the resolution will heat up competition in Iran between companies of Russia and other countries, and even will create a possibility of rebalancing Iran's foreign policy not in the Russian interests.

Chapter VII

The Long Road to Lausanne and the Way Forward for the EU with Iran

Britta Petersen

European governments have had a long history of active involvement in negotiations regarding Iran's nuclear program, right from the beginning of the process in 2003. This essay examines the successes and shortcomings of the EU and E3 activities and calls on Europe to now take their relations with Iran to the next level.

The Joint statement given by the EU High Representative Federica Mogherini and Iran's Foreign Minister Javad Zarif on 2 April 2015 in Lausanne was brief but positive: "Today, we have taken a decisive step: we have reached solutions on key parameters of a Joint Comprehensive Plan for Action (JCPOA). The political determination, the good will and the hard work of all parties made it possible. Let us thank all delegations for their tireless dedication."

It did not, however, take long for the differences to again cloud the atmosphere of relief that was felt in most capitals around the world following Lausanne. While US President Barack Obama called the agreement a "historic understanding," "a good deal" and "our best bet", Iranian President Hassan Rouhani described it as "the surrender of the West" and "a victory for the great Iranian nation". The Israeli Prime Minister, Benjamin Netanyahu, for his part, called it "a dangerous deal" that "will lead to war."

For the European Union, a binding agreement on Iran's nuclear program would spell major success given the constancy of its involvement and its ambitions. It is therefore important that Europe ensures the protection of the deal from spoilers. It also needs to develop an overarching strategy to engage with Iran beyond the nuclear issue. After all, the country has been kept out of the regional discourse for too long, despite its importance as a player in the Middle East.

The EU is in a good position to do so because it never fully severed diplomatic ties with Iran in the aftermath of the Islamic Revolution of 1979. Germany can play a leading role: It is the EU country with the most developed economic ties with Iran, and it is also home to the largest Iranian diaspora in Europe with a community of more than 120,000 Iranian immigrants.

Let us briefly recapitulate the role of the European Union and its three member states that have so far participated in the Iran negotiations: Great Britain, France, and Germany—the so-called E3. It has been easily the most lengthy and most ambitious European promotion of a non-military solution for a major security challenge and in the field of nuclear non-proliferation. It is therefore worth examining the strengths and weaknesses of Europe's long way to Lausanne, and the way ahead.

For almost ten years, European governments led the efforts to resolve the crisis triggered by the discovery of Iran's clandestine nuclear enrichment program in 2003. The initiative was then handed over to the Barack-Obama-led US government. Although the framework agreement has been successfully negotiated, given the risk of a backlash from Republican hawks in the US Congress⁽⁹⁸⁾, Europe would do well not to rest on its laurels; rather, it is time for the EU to think ahead and beyond the deal.

Even as the technical issues have all been nearly resolved, Iran will not immediately turn into a reliable partner and the distrust between Iran and the West will remain in the short term. Europe should use its position to extend its agenda with Iran beyond the nuclear deal. Engaging Iran's active—and rather pro-Western—civil society is one possible way. Another way would be to identify areas of common interest. The tectonic shift that is still ongoing in the Middle East requires a more comprehensive policy approach, and Iran is too important a player in the region to be reduced to the nuclear file.

The First Trip to Tehran

In October 2003, Foreign Ministers Joschka Fischer (Germany), Dominique de Villepin (France) and Jack Straw (UK) travelled to Tehran for the first time to defuse tensions with Iran over its nuclear program. That visit kickstarted a series of European efforts aimed at a peaceful resolution of the crisis.

It was not a small step for them, nor for the rest of the European Union; the trip was not uncontroversial, either. Quite a number of EU member states were sceptical about the legitimacy of the E3, as Germany, France and the UK would come to be known. Within the framework of the EU's divided sovereignty, this was an important initiative. But it was not until Javier Solana, the then High Representative for Common Foreign and Security Policy of the EU made himself spokesperson of the initiative, that the E3 were formally accepted by the EU.(99)

As Oliver Meier argues, "Institutionally, a process of cooperation and consultation among the E3 and the EU was set up, that has remained basically the same ever since."(100) Resistance though was never far. In 2005, member states like Italy, Spain and Portugal questioned the authority of the E3 to negotiate a resolution on behalf of the EU.(101) However, the E3 and the EU managed to stick with the format and its approach of "constructive engagement" with Iran that played an important role in preventing a military escalation of the conflict.

Whether the E3 can be a format for other European foreign policy initiatives remains to be seen. What is clear is that the 2003 trip to Tehran was an important success for European diplomacy, not only because Europe remained united—as opposed to the divisions during the Iraq crisis—but also because it managed to sign an agreement with Iran. From the US' point of view, however, the Tehran Declaration that was signed by the E3 and Iran in October 2003 bordered on European unilateralism.

In the declaration, Iran agreed to suspend all uranium enrichment and reprocessing activities. Tehran also agreed to resolve all outstanding issues with the International Atomic Energy Agency (IAEA) and ratify the Additional Protocol. In return, Europe offered "easier access to modern technology and supplies in a range of areas."(102)

The US, for its part, continued its approach of containment and isolation of Tehran that found its expression in then US President George W. Bush's infamous "Axis-of-Evil-speech" that included Iran. While the extent of coordination between Washington and the E3 was unclear, the possibly unintended good-cop-bad-cop approach seemed to have worked.

Paris Agreement and Setback

The Paris Agreement followed in November 2004, aimed at reducing ambiguities between Iran, the E3 and the IAEA regarding the scope of suspension of uranium enrichment. The text of the agreement states, “a long-term agreement will provide objective guarantees that Iran’s nuclear programme is exclusively for peaceful purposes”, reduced differences between Europe and Washington. But it also provided that suspension “is a voluntary confidence building measure and not a legal obligation.”

For Tehran, this meant that Iran was entitled to maintain a full nuclear fuel cycle. But not for the US, which saw the suspension of enrichment as a precondition for negotiations. In August 2005, Mahmoud Ahmadinejad was elected as Iran’s President, heralding the start of a politically different journey for the nation. The following “Framework for a Long-Term-Agreement” presented by the E3 in August 2005 was rejected by Iran on the basis that it did not recognise Iran’s right to enrich uranium. Negotiations then broke down.

On 12 January 2006, Javier Solana came to the conclusion that “the discussions with Iran have reached an impasse”, calling the country’s decision to restart uranium enrichment a “clear rejection of the process the E3/EU and Iran have been engaged for over two years.”(103) The case was referred to the UN Security Council in 2006. This brought the mediation efforts, undertaken until then by the E3, under the purview of the five permanent members of the UN Security Council and gave birth to the new set-up of P5 (China, France, Russia, the UK and the USA)+1 (Germany), also referred to as E3+3.

The Birth of P5+1 or E3+3

By and large, Europe saw this new set-up as an advantage because the UN Security Council could impose sanctions, although Russia and China were sceptical about the idea at that time. The UN Security Council Resolution 1696, adopted on 31 June 2006, demanded that “Iran shall suspend all enrichment-related and reprocessing activities, including research and development.” It did not, however, provide for sanctions.

From the European point of view, it was a success nonetheless, because it “provided an unambiguous legal basis for European calls on Iran to cease enrichment by endorsing the demand for suspension”(104), argues Oliver Meier. The resolution also supports an offer by the E3+3 that encourages cooperation with Iran and confidence-building based on an “exclusively peaceful nature” of Iran’s nuclear programme.”(105)

However, the IAEA came to the conclusion that Iran had not given up its nuclear enrichment activities and imposed a first round of sanctions with Resolution 1737 on 23 December 2006. They were implemented by the EU on 23 April 2007. When Nicolas Sarkozy was elected as French President on 6 May 2007, he started to push the E3 to adopt unilateral sanctions beyond the UN framework.

France had always been the toughest among the three European negotiators on Iran. However, when Sarkozy’s Foreign Minister Bernard Kouchner threatened that, “we have to prepare for the worst, and the worst is war,”(106) the question arose if Europe had indeed given up on its earlier position that a military confrontation must be avoided. Germany, which has the largest network of economic relations with Iran, favoured a more cautious approach.

According to a report by the newsmagazine, “Der Spiegel”, the German Foreign Minister Frank-Walter Steinmeier had data to prove, that French and American companies conducted large amounts of business with Iran and thus the demand for the EU sanctions were “hypocritical”.(107) But Berlin was sidelined. Until 2010, the EU supported four UN Security Council Resolutions that imposed sanctions on Iran.(108)

This more robust approach was closer to the US position. The then US President, George W. Bush supported, in principle, the E3’s position to offer incentives to Iran, which can be seen as another success for European diplomacy. As a European diplomat explained to Oliver Meier, the ‘explicit endorsement’ by China, Russia and the USA constituted ‘one key difference’ between this proposal and the one offered in 2005.”(109)

At the same time, it also brought the E3 in conflict with the IAEA under Mohamed El Baradei, who had come up with a work plan in the summer of 2007 to overcome differences with Iran. The plan was rejected by Washington, and European diplomats were also concerned that the plan could sideline UN sanctions and the E3+3 negotiations.

Obama Takes Over, EU Position Hardens

In 2008, the process took on new dynamics with the election of Barack Obama as US President. While initially there were all kinds of worries on the European side, the US decided to directly join the E3+3 talks in April 2009. While the Obama administration had come to the conclusion that it needed to engage more in diplomacy, the European position had hardened.

The crackdown on the opposition movement in Iran in 2009 tested the patience and unity of the E3. France now was in favour of isolating Iran and there it took the lead. In July 2009, the UK asked other European countries to withdraw their diplomats from Tehran to protest against the detention of British embassy staff who was accused by Iran of inciting protests. Germany and Italy were against it. The EU agreed, however, to call on Tehran to release the British staff. Iran, in return, announced that the EU “has totally lost the competence and qualifications needed for holding any kind of talks with Iran.”(110)

In November 2009, Catherine Ashton took over as the EU High Representative from Javier Solana, which brought an additional change in Europe’s approach to the Iran issue. While some called the new strategy, more “sober”, others dismissed it as “bureaucratic”.

On 17 June 2010, the EU decided on a new set of restrictive measures and economic sanctions against Iran. While the EU previously justified its sanctions mainly as a means to influence Iran’s nuclear and missile activities, it now argued that economic sanctions generally would hike the price for the Iranian government to continue with the programme.”(111)

An IAEA report released in November 2011 confirmed the suspicions earlier expressed by the US that Iran indeed tried to acquire nuclear weapons. In the same month, French President Sarkozy wrote a letter to his British and German counterparts—as well as to the leaders of the US, Canada, Japan and the EU—calling for an import ban on Iranian oil. On 23 January 2012, the EU Foreign Affairs Council imposed an import ban on Iranian crude oil and froze the assets of the Iranian Central Bank in the EU.

E3 leaders, David Cameron, Angela Merkel and Nicolas Sarkozy issued a statement that unequivocally called for “strong measures” that would prevent Iran from continuing its nuclear programme, described as a threat to “the peace and security of us all.”(112) Although countries like Italy, Spain and especially Greece were reluctant to extend trade restrictions to oil imports in the middle of a financial crisis, they did not resist them in the end.

The decision initially brought Iran back to the negotiation table, but no agreement could be reached. The stumbling stone was the demand by the E3+3 that Iran end its production of 20-percent-enriched uranium. Tehran insisted that the E3+3 first had to recognise its right to enrichment. The talks had entered a deadlock.

Geneva Accord and the Joint Plan of Action

It was not before the election of Hassan Rouhani as Iranian President in June 2013, and the opening of a number of back-channel negotiations by the Obama administration in March 2013, that the negotiations gathered new steam. An interim agreement called the Geneva Accord and the Joint Plan of Action was reached in November 2013. One year later, on 6 November 2014, seven prominent European citizens signed an open letter urging the E3+3 and Iran to reach a final deal.(113) It was not before 2 April 2015 in Lausanne, that an agreement was reached on the framework of a comprehensive deal with Iran.

Basically, the negotiators compromised over allowing Iran to continue to enrich uranium to prevent the country from getting a nuclear weapon. “Breakout capability” has become the new buzzword, the yardstick of the time needed to produce enough fissile material for one nuclear weapon. A lot of technical detail has to be filled-in before a deal can be finalised by the deadline, set for 30 June 2015.

The E3 and the EU have been happy to take a backseat in the last few years. But it seems that a convergence of positions between Washington and Europe over time made this possible. The same cannot really be said about the West and Iran. There remains an enormous amount of mistrust between the two sides that needs to be bridged even if an agreement will be signed in July.

This is why Europe now needs to up the ante. As the former German Foreign Minister, Joschka Fischer, notes, “to achieve a sustainable compromise that all sides accept (even if with gritted teeth), the negotiations must be accompanied by diplomatic steps aimed at building trust both in the region and beyond. Europe is very well versed in such processes and should put its experience to good use.”(114)

The former German Foreign Minister and one of the fathers of the E3 is not the only one pressing for a renewed, stronger European role. Think-tanks such as the European Council on Foreign Relations and Carnegie Europe recently published articles with similar arguments.(115)

Europe indeed has nothing to lose by intensifying diplomacy with Iran in the field of cultural contacts, exchange of ideas on topics of common interest such as urbanisation, migration and many others, as well as people-to-people exchange. It is much better positioned to do this than the US, where any deal with Iran faces fierce resistance in the Congress.

Germany, in particular, is in a good position to do so. Its large Iranian diaspora has kept contact and business ties with their country of origin over all these years. Most of European-Iranians are also very far from romanticising the Mullah regime.

While it is a bit premature to call for a broader European strategy, an incremental approach might bring more insight into the question of where relations between Europe and Iran could be headed to in the future.

India and the Framework Agreement

Chapter VIII

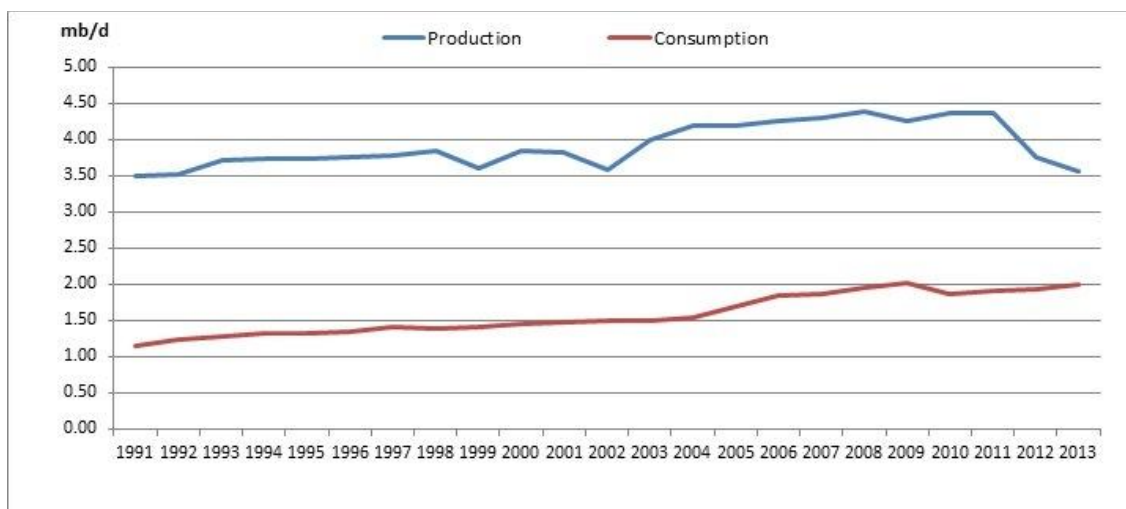
Iran Nuclear Framework Agreement: Impact on India's Energy Calculations

Akhilesh Sati

Introduction

Iran is one of the most hydrocarbon-resource-rich countries in the world and thus holds an important position in energy space. At the end of 2013, it had the world's largest conventional natural gas reserves, estimated at 33.8 trillion cubic meters (tcm) which is more than 18 percent of proved gas reserves globally, as well as the 4th largest crude oil reserves estimated at 157 billion barrels which is more than nine percent of the world's proved oil reserves. Despite its geopolitical isolation, Iran has managed, year by year, to increase both oil and gas reserves. It produced some 3.56 million barrels per day (mb/d) of oil and around 166 billion cubic meters (bcm) of gas in 2013. Oil production fell by around six percent from the level of 3.75 mb/d in 2012, which is the lowest level in last 20 years while the oil consumption increased by around four percent for the same period (Chart 1).

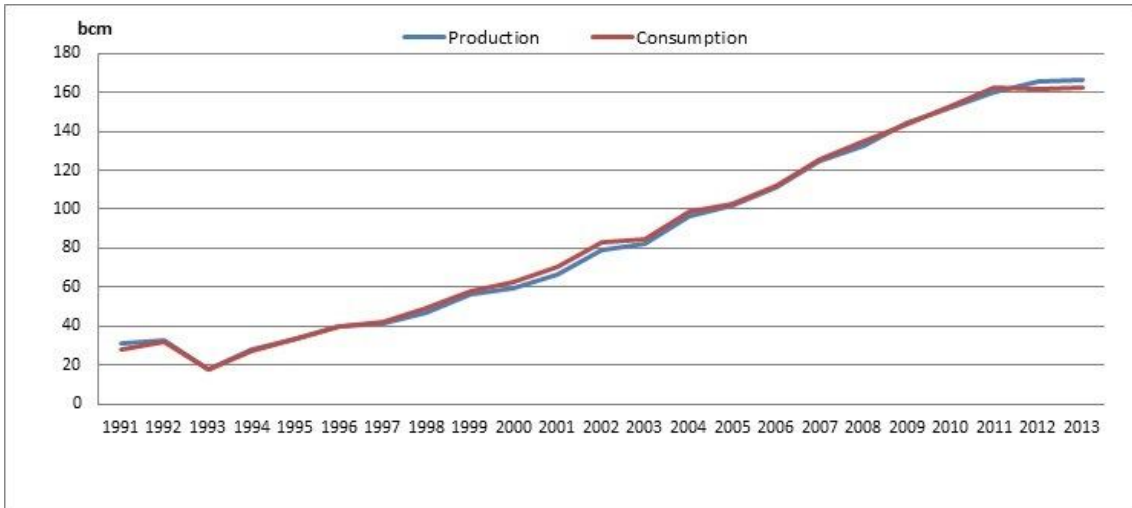
Chart 1: Iran- Crude Oil Production and Consumption



Source: BP Statistical Review 2014

At the same time, both gas production and consumption for the same period grew at a slow pace 0.8 percent and 0.7 percent, respectively (Chart 2).

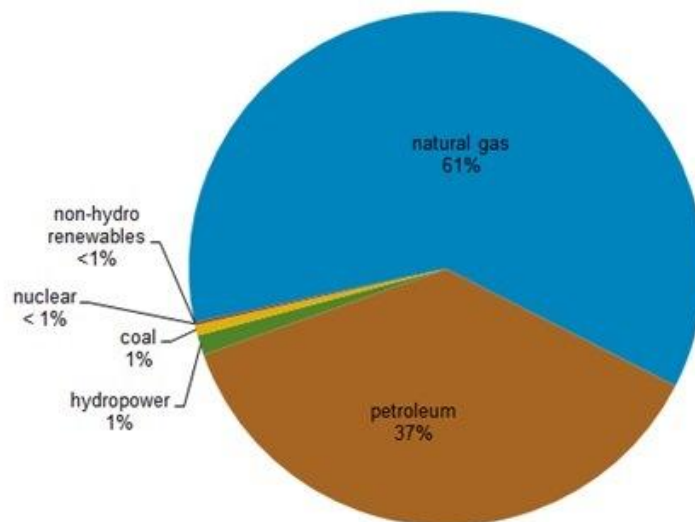
Chart 2: Iran- Gas Production and Consumption



Source: BP Statistical Review 2014

Despite its abundant resource endowment, Iran’s domestic oil and gas sector has suffered due to the international sanctions imposed on the country over the last several years targeting its nuclear programme. Foreign investment was restricted; many international oil companies (IOCs) divested their interest in the upstream sector; access to technical expertise and equipment for mature oil and gas fields was not available; and many key green field oil and gas projects were either cancelled or delayed. Simultaneously, other factors such as rising domestic demand for oil and gas, along with their declining production growth, affected its ability to export oil and gas. As shown in Chart 3, Iran’s energy consumption is dominated by oil and gas and the share of other fuels in its primary energy consumption mix is hardly significant.

Chart 3: Iran’s Total Primary Energy Consumption Basket (2012)

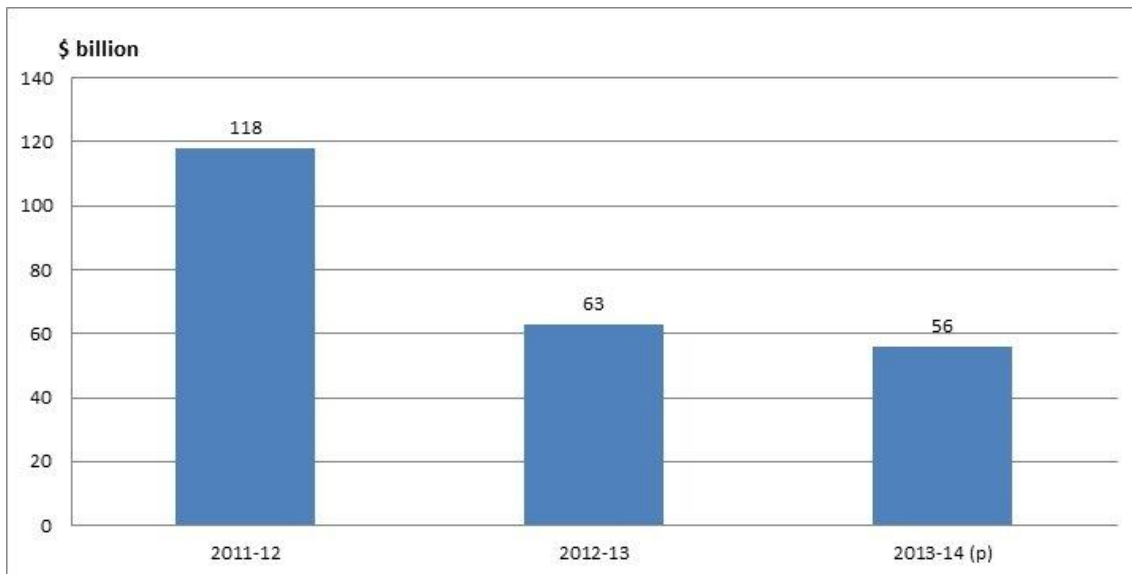


Source: Energy Information Administration

Although Iran’s export of gas increased slightly in the past two to three years (See Chart 2), such marginal increase did not make a difference to halt the rapid decline of its oil and gas export revenue (Chart 4). In 2010, Iran got 80 percent of its export revenues

from oil and gas, but in 2013, this figure declined to 60 percent. This also had an impact on its GDP growth (Chart 5).

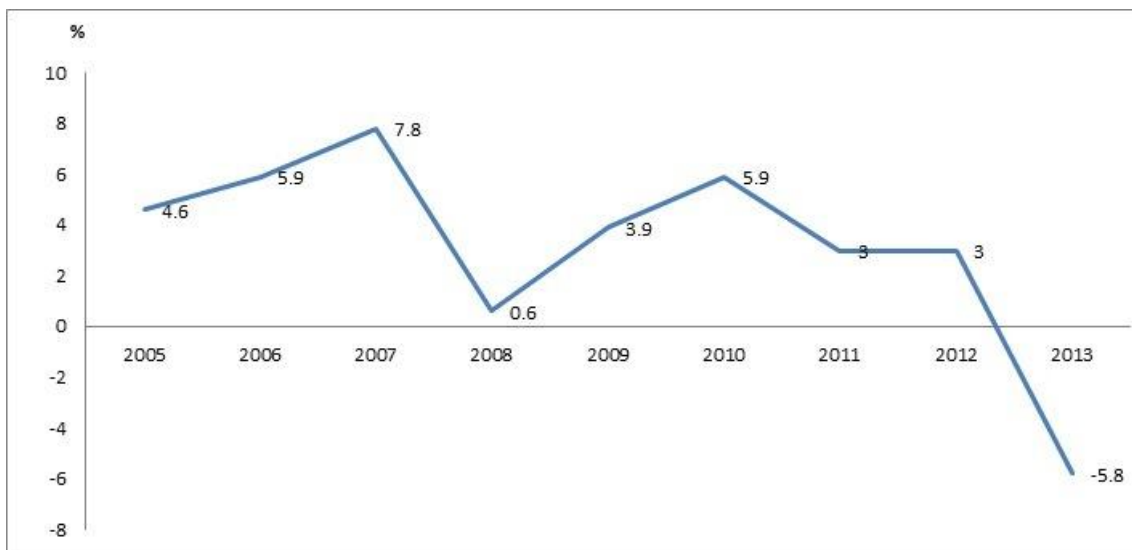
Chart 4: Iran's Oil and Gas Export Revenues



Note- Years as per Iranian financial years (ending March 20); (p)- provisional

Source: Energy Information Administration

Chart 5: Iran's GDP Growth



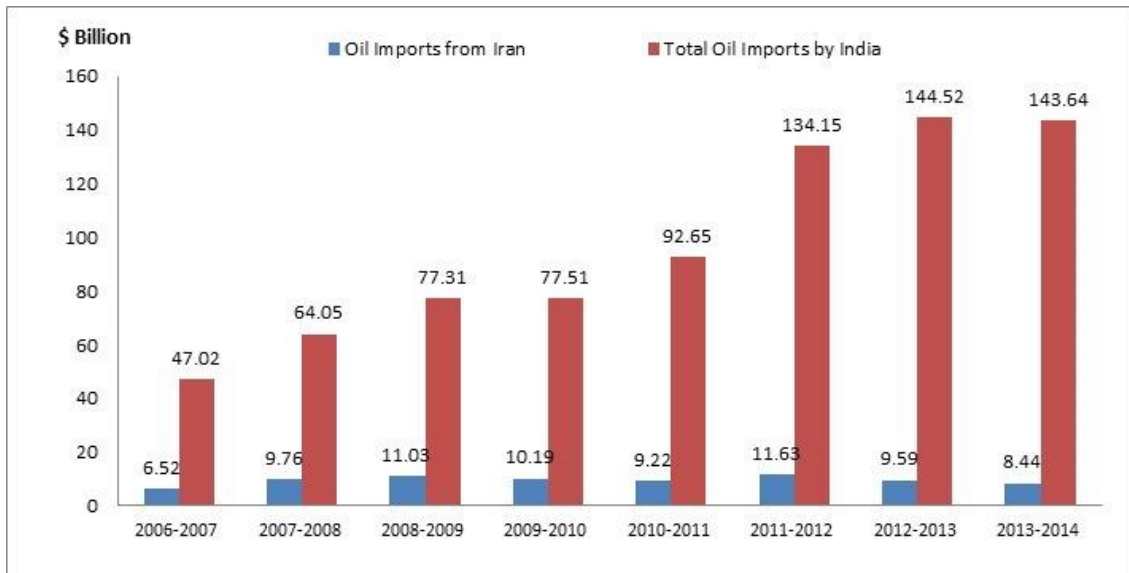
Source: World Bank

India and Iran in the Context of Crude Oil

India's close ties to Iran in the context of oil can be traced back to the Asian Clearing Union (ACU) that was established on 9 December 1974 upon the initiative of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP). Headquartered in Tehran, ACU was set up to promote regional co-operation, by facilitating payments among member countries for eligible transactions on a multilateral basis, thereby economising on the use of foreign exchange reserves and transfer costs. It also seeks to

promote trade among the participating countries.(116) The members of the ACU included Iran, India, Bangladesh, Bhutan, Nepal, Pakistan, Sri Lanka, Myanmar and Maldives. India and Iran were the largest economies in the union and the link between them was oil trade. Indian imports of crude oil from Iran grew since the ACU was initiated and in the last decade India was among Iran’s top five oil export destinations (Chart 6).

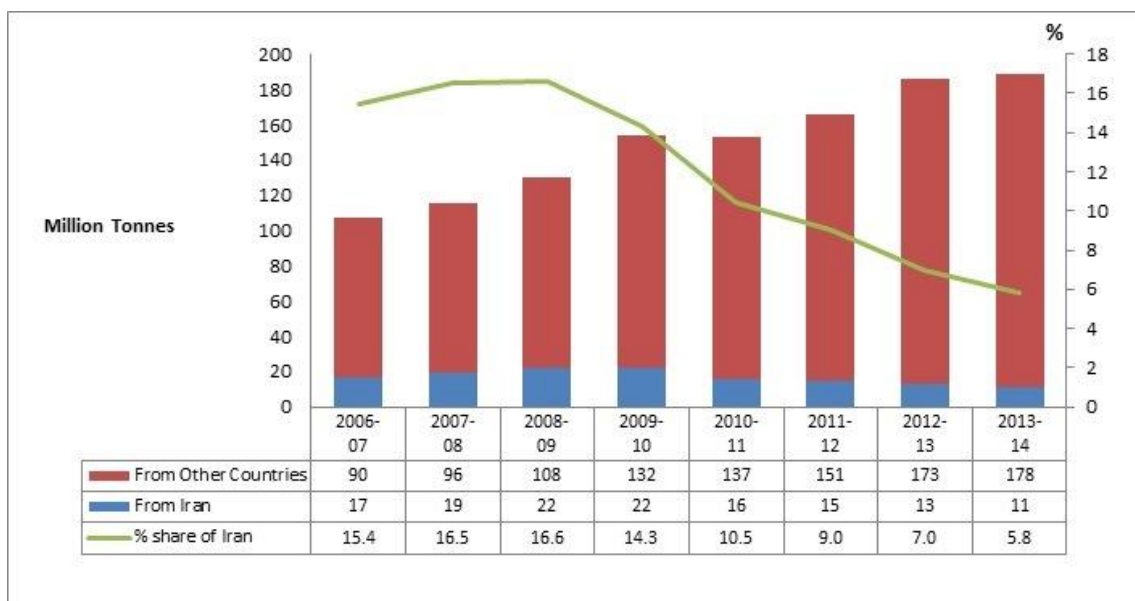
Chart 6: Oil Imports (in Value) by India



Source: Ministry of Commerce and Industry

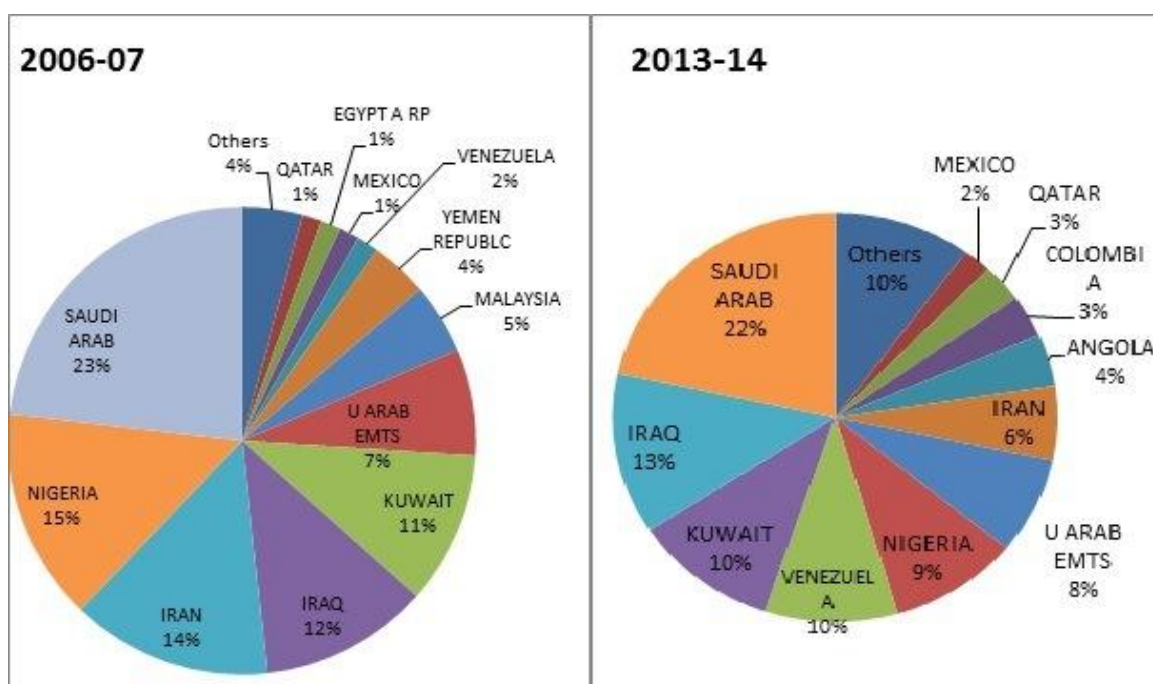
The share of Iranian crude oil in India’s imports has declined from 16.5 percent in 2007-08 to 5.8 percent in 2013-14 (Chart 7). The problem with import of crude from Iran started when the Reserve Bank of India (RBI) snapped the ACU mechanism in December 2010. Other options for settling payment to Iran—such as routing it through a bank in Turkey or making payments in Indian rupees—were investigated, but none could withstand the pressure from the United States which controlled vital, global channels of financial flows.

Chart 7: Share of Iran Oil in India’s Total Oil Imports



Source: Ministry of Commerce and Industry

Chart 8: Direction of India's Oil Imports



Source: Ministry of Commerce and Industry.

While India was able to substitute Iranian crude from other Middle Eastern and South American crude (Chart 8), the specific payment terms, discounts and the product yield that Iran crude offered were vital for Indian refineries, such as the Mangalore Refineries and Petrochemicals Limited (MRPL) that had met more than 50 percent of its crude needs through Iranian crude.(117) In December 2011, MRPL, a unit of state explorer Oil and Natural Gas Corporation (ONGC), was the largest buyer of Iranian crude at 142,000 barrels per day (bpd). Essar, a private refiner imported 110,000 bpd, state-owned Hindustan Petroleum Corporation Ltd imported 65,000 bpd and Indian Oil Corp

imported 50,000 bpd. At that point in time, India was Iran's second largest customer after China, accounting for over 12 percent of Iranian crude exports.

With the lifting of the sanctions on Iran, Indian refineries will once again be in a position to freely source crude in a manner that optimises product yield and, simultaneously, maximise the profitability of the refinery. Latest news reports show that Indian imports of Iranian crude has increased after some relief in sanctions on Iran at the end of 2013.(118) What is important to note is that the rationalisation of crude sourcing (i.e., which crude is bought at what price) happens at the refinery level and not at that of the Ministry of External Affairs (MEA). Under ideal conditions, it is a commercial decision and not a foreign policy decision. Sanctions against Iran disrupted this environment and allowed foreign policy of the United States to have an impact on economic and commercial decisions of the Indian refineries which made the MEA a party to the decision. In other words, India in general, and some Indian refineries in particular, were unintentionally subsidising the foreign policy of a much richer country. The lifting of sanctions will retrieve economic and commercial decision-making of refineries in India from the distortions caused by New Delhi's foreign policy.

India and Iran in the Context of Natural Gas

Although India is surrounded by gas-rich countries, the most viable gas import option via cross-border pipelines shows low probability of materialisation in the next decade, notwithstanding several years of discussion and planning on specific projects. Besides less unspecified pipeline options from Russia, four alternatives are still in discussion(119):

- 1.TAPI (Turkmenistan to India pipeline passing through Afghanistan and Pakistan)
- 2.IPI (Iran to India passing through Pakistan)
- 3.SAGE (Middle-East (Iran/Oman) to India (South-Gujarat) subsea pipeline)
- 4.MBI (Myanmar to India crossing Bangladesh)

Currently, only TAPI continues to be discussed, albeit only on paper. Progress is slow and geopolitical risks along transit countries continue to be high, making the finalisation (date) still highly speculative. In the meantime, gas from Myanmar has already found its way into China. As a result, only small volumes are expected to be imported via cross-border pipeline into India. The new government should seek to stabilise political relations with neighbouring countries to support international pipeline projects and gas contracting to improve the potential for pipeline options. The question is whether the lifting of sanctions will change prospects for the IPI pipeline.

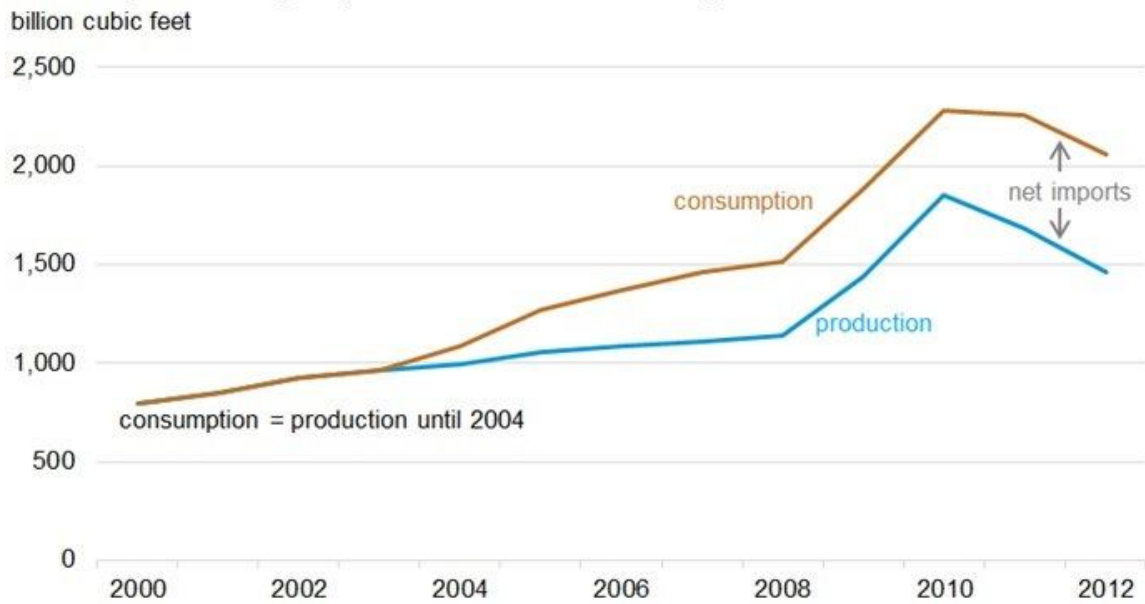
The Iran-Pakistan-India gas pipeline is a roughly 2,200-km, on-land pipeline that will transport over 140 bcm of gas from Iran to Pakistan and India annually. The total cost of the project was estimated to be over USD 7 billion in 2006. Ironically, the IPI pipeline was initiated by the United States way back in the 1990s(120). There was a group that was constituted through funding from the Rockefeller Foundation and the United Nations Development Program in 1994, which comprised of two leading politicians from Pakistan and India. From Pakistan, there was Mr. Shah Mahmood Qureshi (who became Foreign Minister in 2008) and Mr. Shahid Khaqan Abbasi; one was from the People's Party and the other was from the Muslim League. From India, there was Mr. Jaswant Singh and Mr. Mani Shankar Aiyar; one was from the BJP and the other from the

Congress Party. On the technical side, Mr Hilal Raza from Pakistan and Mr Yogi Mehta from India were invited. The first presentation on the IPI was made in 1995 in Singapore. The idea was to convey to India and Pakistan that if they were the joint importers, the price of gas would be pulled down because of economies of scale. Both the Indian politicians were doubtful as the two countries had fought three wars, but the technical experts offered the example of the Indus Water Treaty which had withstood three wars and many disputes to offer hope. Discussions over the IPI ebbed and flowed depending not only on the state of Pakistan-India relations but also on the concerned Minister's personal interest in the project. For example, former Petroleum Minister Mani Shankar Aiyar believed that while India, Japan, Korea and China (which are the world's four biggest consumers of imported energy) were surrounded by some of the richest oil and gas resource countries—Iran, Iraq, Saudi Arabia, all the Gulf countries and Central Asia—they did not have an agreement for a cooperative import strategy because of a lack of political initiative.(121)

Discussions with Iran in 2004 were described as 'conversations without commitment.'(122) Separate discussions also took place with Pakistan regarding transit arrangements within the wider context of expanding trade and economic relations between the two countries. In the mid-2000s, press reports indicated that Pakistan and India were to press ahead with the IPI pipeline, despite a threat of UN sanctions against Iran. The announcement followed a meeting in Islamabad to discuss legal, financial, technical and commercial aspects of the project.(123) Now as talks progress on the lifting of sanctions, the prospects of the revival of the IPI gas pipeline has also been reviewed. But facts have changed for gas, not only in the domestic and regional context, but also globally. Such change may mean that the fate of the IPI is now as doubtful as they were almost three decades ago.

More recently, the principle of Mutually Assured Disruption (MAD) has been proffered as a means to bridge the trust deficit between the two nations. If the pipeline coming from Iran goes through Pakistan and then into India at Jaisalmer and is extended to go to Karachi, Lahore, Rawalpindi, and then back to other Indian states, then the risk of disruption could be shared by both parties. If there is a disruption anywhere in the pipeline, supply to Karachi, Lahore and Rawalpindi will be cut off. If India deliberately cuts off the supply to Pakistan, then Pakistan can cut off the supply to India. The cost of the additional route would be small as it entails only 100 km of extra pipeline.

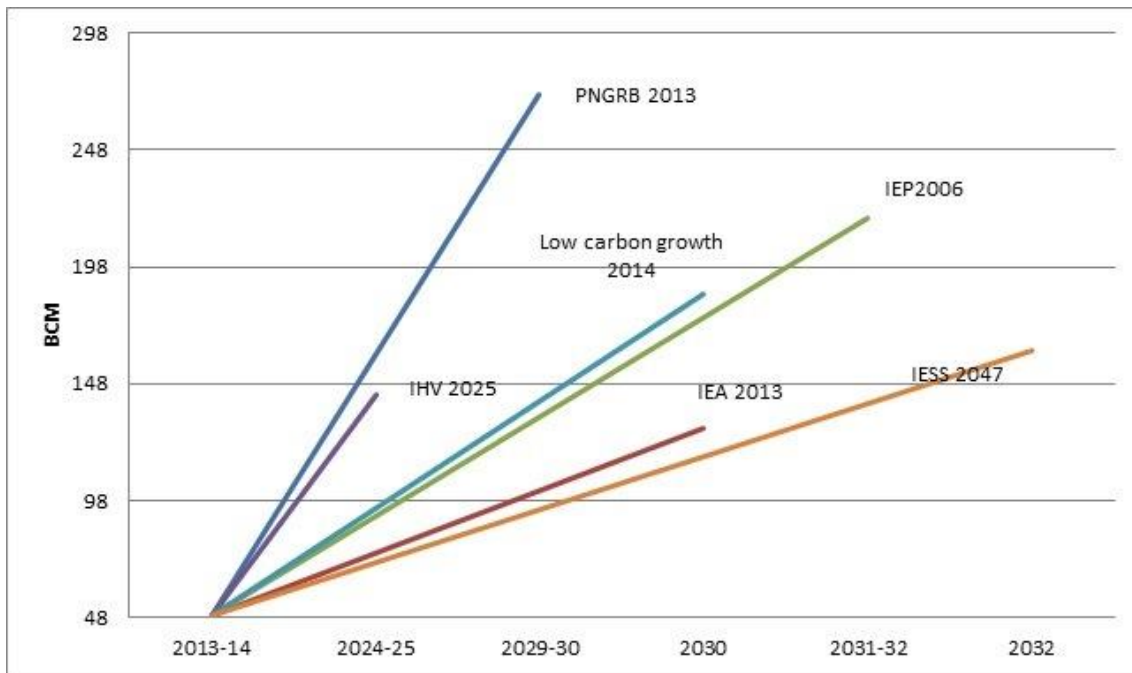
Chart 9: India Natural Gas Production and Consumption



Source: Energy Information Administration

In general, India is seen to be in a deficit situation when it comes to supply of natural gas (Chart 9 and 10). Conservative estimates for gas supply—including domestic production, small volumes of shale gas and pipeline gas—are still pegged at about 55 bcm by 2025. When contracted LNG volumes are added, domestic availability is expected to increase to 75 bcm.(124) This is less than half the volumes projected by the Petroleum and Natural Gas Regulatory Board (PNGRB), which takes a top-down approach to projections based on plan document data, sectoral demand growth rates, and the growth of regional markets based, in turn, on the development of national gas grid. Along with domestic production of 83 bcm, the PNGRB anticipates LNG imports alone to account for 78 bcm [70 percent PLF (Plant Load Factor) of operating and planned LNG capacity], with another 10 bcm from the TAPI pipeline from Turkmenistan based on plan document projections, upstream company projections and estimates for trans-border pipeline gas quoted in plan documents. Shale gas and gas hydrates supply are not included. However, even under the generous supply assumptions of the PNGRB, India is expected to face a shortfall of about 100 bcm of natural gas by 2030.

Chart 10: Gas Demand Projections by Various Agencies



Source: ORF's Energy Monitor

The IEA expects domestic production to touch 98 bcm by 2035 and LNG and pipeline imports to reach 74 bcm by 2035. Demand for natural gas is expected to touch 172 bcm which means that net deficit could potentially be wiped out by 2035. IEA also assigns significant probability for production of 25 bcm of coal bed methane (CBM) and 35 bcm of shale gas by 2035. The IEA does not clarify if production from unconventional sources is included in its estimate for total domestic production but if unconventional gas production does materialise as anticipated by the IEA, 34 percent of India's total gas demand could be met by unconventional gas by 2035. The commercial viability of the IPI pipeline is based on these optimistic projections for demand for gas and a possible shortfall in supply.

As of 2015, the global gas market is in surplus and prices of gas in all markets have fallen by 50 percent. However, India has been unable to capitalise on this opportunity for many reasons, including: (1) lack of a large liquid market for gas; (2) regulatory uncertainty over pricing; (3) lack of an extended pipeline network within the country; (4) regulatory interventions in key consuming segments such as power and fertiliser; and (5) the availability of much cheaper coal for power generation.

Unless these domestic conditions change, it is unlikely that the lifting of sanctions alone would revive the IPI project. As gas pipelines are capital-intensive projects that are not flexible in terms of source and destination, they require a stable guarantee on demand in terms of both volume and price. There is little evidence on these factors changing in the near term which means that realistic prospects for IPI remain uncertain.

Other Energy Sector Investment Opportunities in Iran

As per the Iranian Oil Minister Bijan Namdar Zanganeh, Iran needs \$200 billion of investment in its oil industry, with \$70 billion of that for petrochemicals. He says that Asia is Iran's main market and main priority and Europe is only second to Asia.(125)

On average, Iran produces 68 percent of its 60 million tonnes (mt) petrochemical capacity due to shortage of raw materials. It is planning to add six mt more by commissioning 11 petrochemical units in the Iranian year ending 20 March 2016.

Iran is now OPEC's 5th biggest oil producer (with around 2.8 million bpd per annum production). To achieve its pre-sanctions position of 2nd biggest producer (with around 3.8 to 4 million bpd per annum) after Saudi Arabia, Iran would require foreign investors, new technologies and producers, given its declining oil revenue, higher dependence on non-oil exports and two-digit inflation (at around 23 percent in 2013). It also plans to add 1 million bpd more by developing fields at its borders. Many industry analysts observe that while adding the first one million bpd would take months, adding the second one million bpd will be more of a challenge because sanctions may be rolled back slowly.

Iran is already going ahead with development of South Pars natural gas field (that connects to Qatar's North field), joint oilfields with neighbouring Iraq, Azadegan and Yadaravan oil fields. It has plans to develop Farsi block (where India has a stake) and has plans for refinery expansions petrochemical projects and LNG capacity expansion plans, storage facilities plans, rehabilitation of large aging fields such as Gachsaran and Marun and other infrastructure projects like railways, ports and power. These are all opportunities for Indian companies that will expectedly open up if and when sanctions against Iran are lifted.

Conclusion

There are reports that the Iranian government is preparing revisions to its unsuccessful rigid regime for domestic oil and gas sector (which do not allow ownership of oil and gas resources) to allow IOCs such as ONGC to explore and develop oil gas fields only through Iranian subsidiaries. IOC will not get equity or production rights even after completion of development work, but they may get production sharing contracts instead of old buy-back contracts. Yet there are concerns and doubts whether investors or IOCs will revive their interests in the economy which is beset with issues: declining, striving to fulfill its rapidly growing energy needs, its domestic energy prices kept suppressed by subsidising, and lacking a lucrative investment environment. Countries including UAE, Mexico and India are seen walking away from huge oil projects in the absence of a lucrative investment environment or that of better terms to attract investments. Given persistent uncertainty over the prospects for investment in the energy sector, the lifting of sanctions may not be as big an opportunity as it is thought to be. India's investment experience in Iran has been subject to far too many geo-political uncertainties. Though new prospects may open up in the energy sector in Iran after sanctions are lifted, a dramatic surge in trade and investment relations between India and Iran is unlikely.

First, Iran has been a tough negotiator even while the nuclear deal has not been negotiated. India was given the Farsi offshore block (in which Farzad B gas field (block) was discovered by ONGC Videsh Ltd. in 2008) under a development service contract. This is reported to have recently been withdrawn.⁽¹²⁶⁾ Iran is also reported to have re-negotiated with India a USD 233-million worth railway track contract given in 2014 and managed to cut the deal by seven percent to USD 217 million. There are reports that Iranians may ask for more discounts and could split the order with other countries. India, which in the past has enjoyed special relations with Tehran as one of only a few

countries (including China and Russia), was willing to do business with it, while it faced sanctions. But now it may have to prepare itself to face tough competition from other countries and at the same time also face Iran's hardening stance in negotiations.

Second, uncertainties remain even in the gas sector, which is the most attractive of all the sectors. India is a country where gas market is immature and regulated. Major consumers of gas, namely both power sector and fertiliser, are also regulated and both these sectors cannot afford a delivered gas price level of more than \$4-4.2/mmbtu and \$11/mmbtu, respectively. Thus the fate of the more than USD 7-billion worth (in 2006) IPI will remain doubtful for various reasons:

- a) The agreed price for IPI gas at Indian border is said to be more than \$8.4/per mmbtu, which will increase if transportation cost within India is included. This will make it unaffordable for the power and fertiliser sector.
- b) Capital cost—which was \$7.4 billion in 2006—may be much more today.
- c) After fulfilling its domestic needs for gas (including reinjection in aging oil fields) Iran may be left with only small quantities of gas to export at least for the short term, as bringing investments and developments of gas field will take time in Iran. Iran already has agreements with neighbours Turkey, Iraq, Armenia and Syria for gas export and it imports gas from Turkmenistan.

Third, the market today is oversupplied with oil, demand is suppressed, and oil prices are hovering low (USD 50-60/bbl). These developments are caused by factors like shale and tight oil revolution in the US, price competition not only between OPEC and non-OPEC producers, but also within OPEC as they seek to maintain their market share. India can take advantage of the situation and diversify its energy portfolio to contain volatility and risk by importing oil from other geographies, like Mexico, Venezuela, and Iraq, rather than depending on its conventional markets such as Iran and Qatar.

Fourth, in a scenario where major oil companies like BP, ENI and Lukoil are already heavily invested in Iraq and are far ahead in the learning curve, India's options may be limited. Total SA has signed investment agreement with Abu Dhabi; China is already financing projects in Iran including Abadan oil refinery; Indonesia has agreed to participate in upstream business, while Iran will supply crude to Indonesia. Being far behind in the game, India has to work hard to get new projects in Iran apart from holding on to existing projects.

Chapter IX

India's Approach to the Iran Nuclear Framework Agreement

Arka Biswas

Introduction

Despite India's limited engagement in West Asia, New Delhi has shown remarkable interest in nuclear developments in Iran. While India did not play a proactive role in the nuclear negotiations with Iran, it did take a position on developments in that nation over the last decade. Such position was influenced by various factors, and these factors also have been shaping the roles that India played in the negotiations for the resolution of the Iran nuclear issue.

India has traditionally taken a firm stand against nuclear proliferation. This position got further hardened as New Delhi sought to end its nuclear apartheid, driven by the India-US civil nuclear cooperation. With its 2005 and 2006 votes at the International Atomic Energy Agency (IAEA) in favour of resolutions against Iran, India gave a clear signal to the world and Iran as to where it stood on nuclear non-proliferation.

At the same time, specific realities in New Delhi's bilateral and multilateral engagement with Tehran forced it to tread carefully as it approached a resolution of the Iran nuclear issue. Two of these factors are their association in the Non-Aligned movement (NAM), and their bilateral energy relations. These engagements, among others, were carefully regarded by India in its attempts to make amends in its already strained relations with Iran.

New Delhi pursued this task by devising an approach to the resolution of the Iran nuclear issue that did not hurt its ties with either Washington or Tehran. The approach has been to call for a peaceful diplomatic resolution of the issue, while distancing itself as much as possible from the resolution process itself. This approach explains New Delhi's reaction to both the announcement of an interim deal between Iran and P5+1 in November 2013, and that of the framework agreement on 2 April 2015 in Lausanne.

This chapter will attempt to deconstruct India's approach to the framework agreement for a comprehensive nuclear deal with Iran. The first section will examine India's overall approach to nuclear non-proliferation and make an assessment of how the civil nuclear cooperation with the US further hardened India's stand on non-proliferation issues, including that of Iran. This section will map out the evolution of India's position on Iran following the detection of Iran's clandestine nuclear programme, resulting in its votes against Iran at the IAEA. The second section will trace two aspects of New Delhi's bilateral ties with Tehran and assess the ways they affected India's approach to the resolution of the Iran nuclear issue. The third section will examine the stand taken by India in the resolution of the Iran nuclear issues and will argue that this has been New Delhi's attempt at rebalancing its relations with Tehran. The fourth section will discuss the continuity in India's approach on the Iran nuclear issue, as reflected in the Indian government's reaction to the framework agreement.

India, Nuclear Non-Proliferation, and Iran

Since Independence, India has viewed the spread of nuclear weapons as detrimental to international stability.(127) Traditionally, however, it has put more stress on complete nuclear disarmament as it found the nuclear non-proliferation order, as established in the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), discriminatory.(128) Eventually, and especially in the last decade, such antipathy of New Delhi towards the nuclear non-proliferation order gradually receded. This shift was driven primarily by India's gradual integration with the global nuclear order. The civil nuclear cooperation with the US, followed by a waiver from the Nuclear Suppliers Group (NSG), has essentially allowed for India to be partially accepted into the nuclear order, while not requiring New Delhi to give up its nuclear weapons.

Despite its strained relationship with the NPT in the last quarter of the 20th century, India continued to oppose proliferation of nuclear weapons. However, since the negotiations on civil nuclear cooperation with the US, New Delhi has been required to act more responsibly on nuclear non-proliferation.

Interestingly, the India-US civil nuclear cooperation was preceded by negotiations between New Delhi and Washington on "Next Step in Strategic Partnership", details of which were released in a joint statement issued in January 2004 by then Prime Minister Atal Bihari Vajpayee and then President George W. Bush.(129) These negotiations coincided with the revelation of Iran's clandestine nuclear enrichment programme, reported by the Director General of the IAEA in June 2003.(130) The report submitted by the DG, IAEA, had a significant impact on how India perceived the nature of Iran's nuclear programme. Prior to the revelation, New Delhi saw Tehran's nuclear programme as peaceful. This was evident in the two joint statements issued by the governments of India and Iran in April 2001(131) and January 2003(132), wherein the two nations stressed the right of Iran to peaceful use of nuclear technology and noted that the US' proliferation concerns over Iran were 'unreasonable'.(133) Following the submission of the report by the DG, IAEA, on Iran's covert nuclear enrichment activities, New Delhi's position changed completely: On September 24, 2005, India voted in favour of a resolution sponsored by the United Kingdom, France and Germany (the EU-3) at the IAEA which called for the "implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran."

It is noteworthy that India and the US had sealed their civil nuclear cooperation in July 2005 during then Prime Minister Manmohan Singh's visit to the US.(134) An understanding was forged between the two that Washington will seek New Delhi's support in its efforts to curb proliferation in Iran. The civil nuclear agreement was thereafter formally enacted by the Hyde Act, which came into force in December 2006. The Hyde Act included the requirement for the US President to "secure India's full and active participation in United States efforts to dissuade, isolate, and if necessary, sanction and contain Iran for its efforts to acquire weapons of mass destruction."(135) Thus, the negotiations with the US leading up to the civil nuclear agreement had a significant impact on India's position on nuclear developments in Iran.

At the same time, India's vote against Iran at the IAEA can be seen as its attempt at defending its image as a 'responsible' nuclear power. While India has had an 'impeccable' record in not contributing to the spread of nuclear weapons, it had to take a more proactive role in global non-proliferation efforts as it sought to end its nuclear

apartheid. This was particularly critical for the civil nuclear cooperation between India and the US, considering that much of the non-proliferation lobby in the US was against such cooperation with India. Thus, it was not just the US pressure on India, but also the latter's own interest in sliding into the global nuclear order, that determined India's stand on Iran.

Simultaneously, as former Secretary (East) to Ministry of External Affairs of India, Ambassador Sanjay Singh argues, the spread of nuclear weapons in West Asia is seen in New Delhi as being against India's interest in the region.(136) He notes that this definition of 'interest' is drawn from various factors, including: the number of Indian nationals living in West Asia; the remittances received by India from the region; the region's vast petroleum reserves; and its geographical proximity to the Indian sub-continent. Amb. Singh says India has, ultimately, strived to pursue the maintenance of peace, tranquillity and stability in West Asia and thus any attempts of Iran to acquire nuclear weapons will be against India's interest. Hence, India's stand on the Iran nuclear issue, even if not of the same magnitude, would have been along the same lines, irrespective of whether India was engaged in negotiations with the US. The civil nuclear cooperation with the US, at best, had further consolidated India's position on the subject in question.

India-Iran Relations

India's approach to the Iran nuclear issue cannot be viewed in isolation from other aspects of its bilateral relations with Tehran. These include their association with the NAM and their bilateral energy relations, among others. Although these aspects have not had a direct impact on India's position on nuclear developments in Iran, their examination is equally important, given their effect on India's approach to the resolution of the Iran nuclear issue.

For instance, the Indian government had faced severe criticism domestically for its vote in favour of a resolution against Iran at the IAEA in 2005. Various political leaders, especially from the Left, accused the government of ranging itself with the US and the Western powers and breaking ranks with the non-aligned countries.(137) The Communist Party of India (Marxist) (CPI-M) criticised the Indian government thus: "The government has caved in under the threat from the US that it has to choose where it stands — with the US or Iran — and the blunt message that the nuclear cooperation agreement will not be ratified by the US Congress if India takes an independent stand."(138) To address the domestic opposition to its votes in favour of both the resolutions against Iran at the IAEA in 2005 and 2006, the Indian government used two principal arguments. First was that while the Indian government recognised Iran's right to peaceful use of nuclear technology, as promised in the NPT, it also wanted Iran to cooperate with the IAEA and implement the additional protocol.(139) The second argument made by the Indian government was that its votes in favour of resolutions against Iran "should not be interpreted as in any way detracting the traditionally close and friendly relations [India] enjoy[s] with Iran."(140) This attempt of the Indian government to disconnect New Delhi's relations with Tehran from its stand on the Iran nuclear issue also translated into its approach to the US' attempts of making Iran comply with its international nuclear obligations.

The US and other Western powers identified the wealth acquired by Iran from oil and gas trade as the backbone of Tehran's nuclear ambitions. They therefore decided to

freeze Iran's oil and gas revenues and impose unilateral economic sanctions on the trade of petroleum resources.(141) Despite India's promise of supporting the US in its efforts on the Iran nuclear issue, New Delhi officially refused to comply with either the US- or the EU-imposed unilateral economic sanctions.(142) The bilateral oil and gas trade between India and Iran, thus, played a significant role in influencing India's approach to sanctions.

Another case to examine in this context is that of the IPI gas pipeline. While the Indian government decided to stall the project, pointing to the issue of pricing as the bone of contention(143), it stopped short of officially calling off the project.(144) The Indian government took this position despite tremendous pressure exerted on it by the US.

India's bilateral energy ties with Iran, while not directly affecting India's stand on the Iran nuclear issue, influenced New Delhi's approach to make Tehran comply with its international nuclear obligations. This argument is further substantiated by the statement given in 2012 by the spokesperson of the Indian External Affairs Ministry. The statement noted that India "does not feel obligated to comply with unilateral sanctions that undermine Indian commercial interests."(145) India's own experience with economic sanctions may have further influenced its stand on this front, although the assessment of this argument is beyond the scope of this chapter.

Approach to Resolution: Attempt to Rebalance

India had to take a firm position on the Iran nuclear issue, especially considering the fact that it was not in India's interest to let Iran acquire nuclear weapons and that New Delhi was simultaneously involved in negotiations with the US to end its nuclear apartheid. At the same time, New Delhi also needed to ensure that its position vis-à-vis the Iran nuclear issue does not damage beyond repair its bilateral relations with Tehran. As Harsh Pant and Julie Super argue, India, thus, had to balance over a tight rope with the US and Iran on the two opposite sides.(146)

In its attempt at rebalancing, India arguably faltered a few times. For instance, in 2005 at the IAEA, some analysts argued that India could have abstained from voting on the resolution against Iran.(147) The fact that even some of the US' allies, like Pakistan and Morocco, did not vote in favour of the resolution further accentuated these arguments. Others noted, however, that it was critical for the US to secure India's vote in favour of the resolution as that saved the resolution from appearing as having been purely conjured by the West.(148)

Similarly, the decision to launch an Israeli spy satellite, the Tecsar, from Sriharikota in early 2008 received strong objections from Iran. Tecsar is capable of producing high-quality images during the night and in extreme weathers. It was launched to boost Israel's intelligence-gathering capabilities with specific aims of targeting Iranian nuclear sites and military activities.(149) Although India argued that the launch of the satellite was only a scientific achievement, it could not have missed the political implications of its decision, given the fact that the satellite enhanced Israeli intelligence-gathering capability on nuclear sites in Iran. Registering its protest against New Delhi's decision, an official from Iran stated that this decision "could have political implications."(150)

While these incidents damaged India's relations with Iran, New Delhi attempted to restore the balance between its relations with the US and with Iran via its approach to the resolution of the Iran nuclear issue. On almost all of the occasions, while addressing

the Iran nuclear issue, Indian political leaders and government officials argued that the resolution to the issue was possible only through diplomatic means. For instance, while talking about the Iran nuclear issue during his February 2007 visit to Tehran, the then External Affairs Minister of India, Pranab Mukherjee, said that “the issue should be resolved through dialogue. It cannot be resolved through coercive methods.”(151)

While there were calls for India to use its good offices in Tehran and Washington to bridge the trust gap between the two, New Delhi decided to distance itself, as much as it could, from the intricate dynamics of the situation. With its votes in favour of resolutions against Iran at the IAEA in 2005 and 2006, India had already given a strong signal to the world, and in particular Iran, as to where it stood on non-proliferation issues. By calling for a diplomatic resolution of the issue in question and, at the same, not taking a proactive role in the resolution process, New Delhi attempted to both mend its already strained bilateral ties with Tehran and avoid getting entrenched into the issue.

The election of Hassan Rouhani in August 2013 as the President of Iran, followed by an increase in the number of diplomatic exchanges between Iran and the P5+1 nations (China, France, Germany, Russia, the UK and the US), and Tehran’s growing cooperation with the IAEA, culminated in the signing of an interim nuclear deal between Iran and P5+1. The parties agreed to halt nuclear and related activities in Iran and, in exchange, partly ease off economic sanctions against Iran, while they negotiated a comprehensive package that resolves all of the issues pertaining to Iran’s nuclear programme.

This interim nuclear deal between Iran and P5+1, implemented on January 20, 2014, was strongly welcomed by New Delhi for two main reasons.(152) Firstly, the process utilised diplomatic means to resolve the issue, a call that New Delhi has consistently made. Secondly, it eased off the pressures on India, on the one hand, from the US and its Western allies vis-à-vis the economic and trade sanctions, and on the other hand, from the strained relations with Iran. On the day when the interim deal entered into force, an Indian Government official commented that “any improvement in Iran’s economy would be useful,” and added that “India-Iran ties did not gain much traction because of sanctions. The withdrawal of the sanctions will benefit the ties.”(153)

Take on the Framework Agreement

Even as it refused to take a proactive role in the Iran nuclear negotiations, India continued to support the process from the outside. Upon the announcement of an agreement over the framework for the comprehensive nuclear deal between Iran and P5+1 on April 2, 2015 in Lausanne, India’s Ministry of External Affairs issued a statement, congratulating the negotiators and noting that the “announcement underlines the success of diplomacy and dialogue, which India has always supported.”(154)

On the same occasion, Ministry of External Affairs’s Spokesperson, Syed Akbaruddin, also said that India “has always maintained that the Iranian nuclear issue should be resolved peacefully by respecting Iran’s right to peaceful uses of nuclear energy, as also the international community’s strong interest in the exclusively peaceful nature of Iran’s nuclear programme.”(155)

Given unresolved issues and the continued domestic pressures from hardliners in both Iran and the US that could still derail the process at its last stages, Indian government

officials remain cautious about the completion of the final agreement.(156) Yet, their focus has mostly been on how India would benefit if the final agreement is indeed successfully negotiated. For instance, a senior Indian government official was quoted as saying that “if there is a significant withdrawal of sanctions, that would benefit our economic engagement greatly as even the most normal transactions had become very tedious for Indian businesses. From insurance to raising capital, every deal faced international hurdles.”(157) Along with economic benefits that India can reap from a successful comprehensive nuclear deal with Iran, Indian experts are also looking at some of the strategic benefits that New Delhi can enjoy with the end of Iran’s international isolation. For instance, on Afghanistan, due to Pakistan’s meddling on regional issues, India finds it “difficult to deliver and execute its goodwill in Afghanistan.”(158) It is argued that the end of Iran’s isolation will open up avenues for India to better support the Afghan government in mutually agreeable capacities.

There has been, however, a lack of serious deliberation made, at least, by the Indian government on the details of the Lausanne framework. Government officials have avoided addressing certain questions that cloud the framework, such as the following: Is the Lausanne framework strong enough to ensure that Iran’s nuclear programme remains peaceful? Will the verification measures included in the framework succeed in detecting any suspicious activities by Iran in time?

This lack of deliberation is unsurprising and merely reflects the Indian government’s approach to the Iran nuclear issue. By not delving into the details of the framework, the Indian government can observe the events as they unfold in Iran. While the US government, along with its P5+1 partners, takes up the responsibility of the framework and the successful completion of the comprehensive nuclear deal with Iran, the Indian government does not have to shoulder the burden of any failure or setback, be it in the final stages of the negotiations or following the successful completion of the deal. In any case, countries such as Israel and Saudi Arabia have put significant pressure on P5+1 to leave any room for India to contribute to the further strengthening of the framework. On the other hand, if the comprehensive nuclear deal with Iran is successfully negotiated by or after the 30 June 2015 deadline, India can reap various economic and strategic benefits, given its position on the issue.

Conclusion

It was evident from India’s vote at the IAEA in 2005 that it had chosen the US and the Western allies over Iran and other traditional partners from the third world. This decision was in India’s interest for a couple of reasons. Firstly, while there was pressure from the US on India to cooperate on Iran, India had much to gain by taking a strong position on nuclear proliferation challenges as it sought to end its nuclear apartheid. It is, however, important to acknowledge here that the value of the IAEA resolutions against Iran and the referral of the matter to the UN Security Council (UNSC) in resolving the Iran nuclear issue remain debatable. Secondly, as Ambassador Singh argues, it was in India’s interest to not let Iran acquire nuclear weapons as that could destabilise the region further.(159)

At the same time, other aspects of India’s bilateral ties with Iran, namely their association at the NAM and trade of petroleum resources, made New Delhi tread carefully in its approach to the resolution of the Iran nuclear issue. For instance, domestic opposition to the government’s decision to side with the US instead of a NAM

partner country at the IAEA votes in 2005 and 2006 forced New Delhi to mend the strained bilateral relations with Tehran. Similarly, India's energy dependency on Iran made it difficult for New Delhi to completely side with the US, especially as Washington decided to impose unilateral economic sanctions.

Given these constraints, India attempted to mend its ties with Iran by formulating an approach to the resolution of the Iran nuclear issue that was acceptable, even if not in its entirety, to both Tehran and Washington. With the end-goal of rebalancing its relations with Iran, India attempted to distance itself from the Iran nuclear issue, and its resolution process, as much as possible. This was evident in its repeated calls for a diplomatic resolution of the nuclear issue, while not taking any proactive role in the resolution process itself.

The Indian government's take on the Lausanne agreement is a continuation of this approach. While welcoming the framework agreement, the Indian government has not made any public assessment of the strengths or weaknesses of the Lausanne framework, considering that the burden of a failure, if there is one, will directly lie with P5+1. Indian leaders and government officials are, instead, looking at the benefits that India will enjoy if a comprehensive nuclear deal with Iran gets successfully negotiated.

If negotiations fail at the last stages or if the comprehensive deal fails in ensuring a peaceful nuclear Iran in the long run, India, like any other country, will face repercussions. But given that there are so many major powers already engaged in the negotiations and that the stakes involved are already high, there is not much that India could have brought to the negotiating table. Instead, by supporting the negotiations from the outside, India has succeeded in safeguarding its interest in preserving ties with both Washington and Tehran.

Global Non-Proliferation Regime

Chapter X

Impact on the Global Non-Proliferation Architecture

Rakesh Sood

The global non-proliferation architecture consists of treaty structures, which are formal and legally binding together with informal understandings that are not legally binding in treaty terms, but have nevertheless contributed to norm setting because of their political nature. Often, such dual character leads to inconsistencies which are, inevitably, resolved in terms of both regional and global power politics. The parameters for the Joint Comprehensive Plan of Action regarding Iran's nuclear programme announced on 2 April 2015 (Framework Agreement) reflects this reality, while exposing the limitations of the current architecture.

Nuclear Non-Proliferation Treaty

The most important treaty-based component of the global non-proliferation architecture is the Nuclear Non-Proliferation Treaty (NPT)(160) which was negotiated in the second half of the 1960s and came into force in 1970. It sought to impose a post-World War II global order on a technology that had been spawned in its crucible. While the horrors of a nuclear war had been made all too apparent by the bombings of Hiroshima and Nagasaki in August 1945, nuclear technology still exerted a fascination in terms of its wide range of possible peaceful applications. To promote international cooperation in this field, the International Atomic Energy Agency (IAEA) was set up in 1957 in Vienna. However, during the 1960s, there was a growing realisation among the two superpowers of that era, USA and USSR, that the proliferation of nuclear weapons was inevitable and not in their interests. This convergence created the political impulse for the NPT negotiations.

From the outset, the NPT was crafted to create some semblance of a political balance between three competing impulses. By defining a 'nuclear weapon state' as one that had exploded a nuclear device before 1 January 1967 (Article IX), the NPT was reflecting the political reality of the post-World War II global order and legitimising the nuclear arsenals of the five countries that were the permanent members of the UN Security Council. For the other non-nuclear weapon states, which gave up their right to develop or acquire nuclear weapons (Article II), the promise was that they would have access to all peaceful applications of nuclear technology (Article IV), including Peaceful Nuclear Explosions (Article V). To demonstrate transparency of their peaceful nuclear programmes and enjoy access to cooperation, non-nuclear weapon states were required to accept a comprehensive verification regime (full-scope-safeguards to be implemented by the IAEA – Article III). On their part, the nuclear weapon states undertook not to transfer any weapons to the non-nuclear weapon states nor assist them in this regard (Article I) and also committed them to pursuing negotiations in good faith towards cessation of the arms race and nuclear disarmament (Article VI).

Since it was evident even then that the obligations were not balanced, the duration of the NPT was fixed at 25 years (Article X) rather than making it permanent, and its implementation was to be reviewed every five years (Article VIII) by all the states parties. The convergence of interests among the architects of the post-World War II global order remained intact in the post-Cold War period to enable the indefinite and

unconditional extension of the NPT in 1995, thus perpetuating the inherent imbalance in terms of the obligations. Notwithstanding this, the NPT is the most widely adhered to international treaty today with only four countries outside it: India, Israel and Pakistan that never joined it, and DPRK which withdrew from the treaty in 2003. Incidentally, all four are known to possess nuclear weapons and therefore cannot fit into the NPT framework. Therefore, in terms of its adherence level, the NPT, despite its imbalances, has reached the limits of its success.

Proliferation-Related Export Controls

Export controls, another key element of the global non proliferation architecture, have been an integral part of the NPT and the Zangger Committee(161) was set up in 1971 to come up with a list of “goods” whose transfers would act as a trigger for application of safeguards by the IAEA. However, the 1974 PNE by India led to a tightening of export controls to tackle potential proliferation. This informal group known as the London Club was reincarnated in 1992 as the Nuclear Suppliers Group. The immediate stimulus was the suspicion about Iraq pursuing a clandestine nuclear weapon programme, though proliferation-related concerns following the breakup of the USSR were also important factors in terms of the nuclear capabilities of Belarus, Kazakhstan and Ukraine. Russia was no longer a superpower at that time and was deeply concerned about proliferation in its neighbourhood. During the Cold War, China’s proliferation activities with Pakistan were largely ignored by the Western countries but now with US as the sole superpower, China was ready to play a more cooperative role.

This convergence led to the strengthening of proliferation-related export controls by imposing restrictions on the transfer of dual-use equipment and technologies and the “catch-all clause”. In the IAEA, this convergence of interests led to the creation of an Additional Protocol(162) in 1997, which expanded the IAEA’s rights of access to information and for physical inspections of sites covering the entirety of the nuclear fuel cycle. Environmental monitoring was introduced. The new benchmark introduced for non-nuclear weapon states was that they now needed to convey assurance about both declared and “undeclared” activities. About a decade ago, when concerns grew about Iran’s enrichment programme, new restrictions were imposed on transfers of enrichment and reprocessing technologies and related equipment through the tightening of NSG guidelines. These gradual steps tilted the global architecture further towards strengthening of the non-proliferation component which was based more on political understanding among like-minded states rather than formal treaty obligations, which had reflected a balance between three impulses.

The institutional framework of the global architecture was provided by the IAEA which had been originally set up in 1957 to promote international cooperation for the peaceful application of nuclear science and technology. After the NPT came into being, it took on the role of NPT verification, and as non-proliferation became the dominant driving force in the 1990s, the IAEA became the world’s nuclear watchdog. Today, the Safeguards share accounts for more than half of the IAEA’s budget, leaving technical cooperation activities largely dependent on voluntary contributions. The global institutional architecture therefore has been shifted to non-proliferation-related concerns as compared to the other two legs of the NPT – nuclear disarmament and technical cooperation for promoting peaceful applications of nuclear science and technology.

While the NPT has an amendment procedure spelled out in Article VIII, it has never been used because of apprehensions that such a move could unravel the balance which had been forged in the 1960s and reflected the political reality at that time. To reflect the changing political realities, it was easier to take recourse to other elements of the global architecture, both formal (IAEA's Additional Protocol in 1997) and informal (NSG guidelines). After the 9/11 US attacks, concerns have grown about terrorists acquiring weapons of mass destruction and these were sought to be addressed through UN Security Council Resolution 1540 which obliges all countries to introduce export controls on sensitive equipments, material and technologies. In sum, the different elements of the global non-proliferation architecture developed over half a century reflect the then existing political realities. Consequently, there is a lack of consistency between those different elements and the current political realities; the Framework Agreement succinctly captures this inconsistency.

Background to the Iran Deal

The most interesting aspect is that Iran has never sought to renounce the NPT. On the contrary, it has always maintained that its behaviour is consistent with the NPT including its efforts to build an enrichment capability. This is in contrast to the approach adopted by DPRK which quit the NPT in accordance with Article X of the Treaty. Thereafter it proceeded to undertake nuclear tests and develop a small arsenal. Though its behaviour was widely condemned as being contrary to the norms of non-proliferation, any collective action was not possible because it would have been vetoed by China which nurtures a close political relationship with DPRK, and secondly, DPRK could no longer be accused of violating its Treaty obligations.

Concern about Iran's nuclear activities, particularly its enrichment programme, was first raised nearly a decade ago. The rationale was "proliferation concerns" and the allegations related to lack of transparency on Iran's part. Iran's defence was that since it had not introduced fissile material into the facility, it was not obliged to notify the IAEA, and secondly, since it had not signed up to the Additional Protocol, it was not bound by it. Gradually, concerns mounted with regard to the construction of highly secure underground facilities and clandestine activities which pointed to the existence of a possible military programme. The increase in the number of facilities, together with the creation of the underground facility at Fordow meant that a military strike (as in the case of Israeli strike on the Osirak nuclear complex in Iraq in 1981) was no longer a tenable option. The attempt to slow down Iran's enrichment programme through covert means by introducing the Stuxnet worm into the Natanz computer systems (Programmable Logic Controllers controlling the centrifuges) was the first documented case of a successful cyber attack. It was discovered in 2010 and reportedly slowed the Iranian programme by two to three years, leading Iran to diversify its enrichment activities to other sites and undertake suitable counter-measures, by strengthening its own cyber capabilities, both offensive and defensive.

Dialogue with Iran regarding its nuclear programme began over a decade ago. It was led by France, Germany and UK (EU-3). At this stage Iran was reported to have approximately 1,000 centrifuges. After more than two years of inconclusive negotiations, China, Russia and the US joined the negotiations in 2006, converting it into the P5+1 format. The last eight years of talks gradually revealed that the principal negotiations had to be undertaken between the US and Iran. US-Iran relations had

broken down after the 1979 Islamic revolution and the subsequent siege of the US embassy in Tehran. Further, the US had been the initiator of the sanctions regime against Iran. While some of the economic sanctions were related to Tehran's nuclear proliferation activities, there were additional sanctions related to concerns on terrorism, human rights violations, and ballistic missile proliferation. These negotiations gained traction under the Obama administration and the prospects of forward movement brightened after President Rouhani's election in 2013. This is a reflection of the political forces at play, and undoubtedly, US' exit from Iraq and Afghanistan, coupled with developments in Syria exerted its own political logic on the negotiators.

The NPT framework was not the preferred one to resolve these differences primarily because the critical issues were more political than merely legal issues of Treaty compliance. Similarly, the IAEA would be brought in as the watchdog for implementing the inspection regime, but was not part of the political negotiations. The UN Security Council was necessary in order to give teeth to the sanctions regime and that meant that the P5 veto wielding countries needed to be part of the negotiations. In other words, the instruments of the global non-proliferation architecture yielded neither the forum nor the framework for dealing with the Iranian negotiations; the P5+1 gave it a broader legitimacy but it soon became apparent to everybody concerned that the key negotiations were to happen between the US and Iran.

Further, the global architecture did not (and perhaps was not designed to) factor in the regional tensions that have also impacted decision-making. In 1963, then US President John F. Kennedy had said in an oft quoted speech that he was "haunted by the feeling that by 1970...there may be ten nuclear powers instead of four, and by 1975, fifteen or twenty" and he regarded this as the "greatest possible danger and hazard". Other than China which was expected to detonate a device within the next year, the countries seen as most likely to follow were the US and the Soviet allies. The NPT sanctified the extended deterrence or the nuclear umbrella provided by the two superpowers to its military allies, but for countries outside the alliance structures, the global non-proliferation architecture did not provide adequate assurances. Its subsequent evolution was designed to prevent horizontal proliferation, and going by Kennedy's apprehensions, it has been successful in doing so. Vertical proliferation, nuclear disarmament, and regional tensions were challenges that the global non-proliferation architecture was not designed to address and, therefore, the Iranian negotiations took place outside its framework.

Before the Islamic revolution of 1979, Iran had been a key regional ally of the US, together with Saudi Arabia and Israel. Post-revolution, there was a break in relations with the US; Iran's relations with Saudi Arabia and Israel too became strained, though for different reasons reflecting regional political dynamics. Their reaction to the negotiations was negative, with Prime Minister Benjamin Netanyahu doing everything possible to undermine President Barack Obama's initiative by appealing to the Republicans to reject the treaty, and the Saudis warning that whatever rights were conceded to Iran for its nuclear programme, they too would be entitled to the same. After the Framework Agreement was announced, President Obama convened a summit level meeting of the GCC leaders in Washington, primarily to assure them about US regional policy and ensure that the political opening with Iran did not destabilise US' existing regional relationships. During the early phases of the P5+1 talks with Iran, it

was Iran that wanted to place the nuclear talks in a wider “regional framework” but the Western countries were reluctant to do so as they felt that this was a mere dilatory tactic. Now, with Iran’s role in the region growing, the hardliners in Iran see removal of sanctions as the sole purpose of the nuclear talks and are opposed to any regional issues being discussed, even on the sidelines. All this only serves to highlight the intensely political nature of the negotiations. While the technical aspects of the Framework Agreement are relevant to the global non-proliferation architecture, the key players involved are equally, if not more, occupied with the wider political impact of these negotiations on regional political dynamics.

Framework Agreement

The most significant technical issue on which Iran was able to prevail was its right to an enrichment capacity, primarily on the ground that this right was consistent with the NPT. In return, it has accepted a far more intrusive inspection regime than would be the case under the NPT. Both these aspects are political in character which enables both sides to claim “victory”. The political sensitivities are evident from the fact that both the US and Iran have put out different fact sheets, highlighting different aspects from the Framework Agreement, pointing to the political minefields that still need to be traversed before the final details are concluded by 30 June this year. Among the key differences is the phasing out of the sanctions. The US Fact Sheet(163) states that the “US and EU nuclear related sanctions will be suspended after the IAEA has verified that Iran has taken all of its key nuclear related steps”. Lifting of UN Security Council sanctions will be simultaneous “with the completion, by Iran, of nuclear related actions addressing all key concerns”. The Iranian Fact Sheet(164) , meanwhile, states that sanctions will be revoked after the implementation but proceeds to elaborate these as including “financial, banking, insurance, investment, and all related services including oil, gas, petrochemicals and automobile industries”. It further states that “nuclear related sanctions against real and legal individuals, entities, and public and private institutions, including the Central Bank, other financial and banking institutions, SWIFT, shipping and aviation industries, oil tanker companies will be immediately removed”.

The Iranian Fact Sheet emphasises that “none of the nuclear facilities or related activities will be stopped, shut down, or suspended and Iran’s nuclear activities in all of its facilities including Natanz, Fordow, Isfahan and Arak will continue”. The US Fact Sheet states that Fordow will not conduct any research and development into uranium enrichment or have any fissile material for 15 years, and will be converted into a nuclear physics, technology research centre. Another issue left open is the manner of disposal of the 9700 kg of excess low-enriched uranium (LEU); the Iranian Fact Sheet talks about a “nuclear fuel centre”. Regarding Arak, the US Fact Sheet states that the original core will be destroyed or taken out of Iran, spent fuel will be shipped out, reactor will be redesigned, and Iran will not undertake any reprocessing activity. The Iranian Fact Sheet points out that the Arak reactor “will be enhanced and updated with remodifications”. Similar differences persist on the Additional Protocol which Iran claims it will implement “on a voluntary and temporary basis”, on research and development of advanced centrifuges, and on the timeframe of the Agreement, which according to Iran is 10 years, whereas the US Fact Sheet indicates that certain obligations to be undertaken by Iran will last significantly longer.

What is yet to be specified is the dispute resolution process. It is clear that the final agreement will need to be submitted to the UN Security Council to enable the lifting of the UNSC-mandated sanctions and to provide a mandate to the IAEA for undertaking its inspection activities. Some kind of a reporting mechanism for the IAEA will need to be developed even as P5+1 continue with their own channels of communication. Iran has agreed to the creation of a dedicated procurement channel for acquisitions and transfers of certain nuclear-related and dual-use materials and technologies, as an additional transparency measure. This would imply that any acquisition outside this channel would raise serious questions on compliance. The important aspect here is that just as the negotiating mechanisms were outside the global non-proliferation architecture, so will be the monitoring and reporting provisions of the final agreement.

The weakness of the global architecture is that the concepts and definitions of the NPT have remained frozen in time, while nuclear technology has evolved and since matured. Further, while there is clear distinction between civilian and non-civilian applications, the science and engineering capabilities are not as easily distinguishable. This has given rise to concepts like 'breakout time' and 'threshold state', which do not fit into the NPT framework. In 2012-13, Iran was presumed to be three months away from having enough quantity of highly-enriched uranium (HEU) adequate for one nuclear device. Under the present Framework Agreement, this breakout time has been extended to more than a year. The political rationale is that in case Iran violates the Agreement, the international community would have enough time to craft a credible response to deter Iran. Obama's consistent position has been that the US will do "whatever it takes" (a euphemism that covers military means) to prevent Iran from obtaining a nuclear weapon. Israeli PM Netanyahu, however, took the view that Iran's nuclear capability had to be entirely dismantled because of the Iranian revolutionary regime's hostile attitude to Israel. Therefore, Netanyahu's approach was that any deal was a bad deal and the only option was to tighten economic sanctions till the regime collapsed and was replaced by a moderate one. This approach is predicated on two questionable assumptions: first, that the international community would agree to tighten sanctions and maintain these over a long period, and second, the existing regime would collapse and be replaced by a moderate regime that would be less nationalistic about the nuclear programme.

Conclusion

An objective way to describe the outcome of the Framework Agreement is that it legitimises Iran as a non-nuclear weapon state party to the NPT, but as a "threshold state" with a "breakout time" of a year. Clearly, this description, though technically accurate creates an intellectual challenge for the ayatollahs of non-proliferation because they tend to adopt a fundamentalist view of the global non-proliferation architecture without taking the political realities into account.

The political reality is that it was more important to keep Iran within the global non-proliferation architecture and this was possible only through talks. There is a growing sentiment in Israel that instead of rejecting the Agreement, Israel should now use its influence to further tighten its provisions. Saudi Arabia may be rattling the cage but its primary concern is to ensure that a budding relationship between the US and Iran should not weaken its own regional importance and its alliance with the US. Therefore, as the Iran deal is politically driven, its fallout will also have to be politically managed.

Though there are complex negotiations ahead, diplomacy has certainly achieved more by adapting the global non-proliferation architecture than would have been possible otherwise.

Annexure

Annex I: Joint Statement by EU High Representative Federica Mogherini and Iranian Foreign Minister Javad Zarif Switzerland

2 April 2015

We, the EU High Representative and the Foreign Minister of the I. R. of Iran, together with the Foreign Ministers of the E3+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States), met from 26 March to 2nd April 2015 in Switzerland. As agreed in November 2013, we gathered here to find solutions towards reaching a comprehensive resolution that will ensure the exclusively peaceful nature of the Iranian nuclear programme and the comprehensive lifting of all sanctions.

Today, we have taken a decisive step: we have reached solutions on key parameters of a Joint Comprehensive Plan of Action (JCPOA). The political determination, the good will and the hard work of all parties made it possible. Let us thank all delegations for their tireless dedication.

This is a crucial decision laying the agreed basis for the final text of the JCPOA. We can now restart drafting the text and annexes of the JCPOA, guided by the solutions developed in these days.

As Iran pursues a peaceful nuclear programme, Iran's enrichment capacity, enrichment level and stockpile will be limited for specified durations, and there will be no other enrichment facility than Natanz. Iran's research and development on centrifuges will be carried out on a scope and schedule that has been mutually agreed.

Fordow will be converted from an enrichment site into a nuclear, physics and technology centre. International collaboration will be encouraged in agreed areas of research. There will not be any fissile material at Fordow. An international joint venture will assist Iran in redesigning and rebuilding a modernized Heavy Water Research Reactor in Arak that will not produce weapons grade plutonium. There will be no reprocessing and the spent fuel will be exported. A set of measures have been agreed to monitor the provisions of the JCPOA including implementation of the modified Code 3.1 and provisional application of the Additional Protocol. The International Atomic Energy Agency (IAEA) will be permitted the use of modern technologies and will have enhanced access through agreed procedures, including to clarify past and present issues. Iran will take part in international cooperation in the field of civilian nuclear energy which can include supply of power and research reactors. Another important area of cooperation will be in the field of nuclear safety and security. The EU will terminate the implementation of all nuclear-related economic and financial sanctions and the US will cease the application of all nuclear-related secondary economic and financial sanctions, simultaneously with the IAEA-verified implementation by Iran of its key nuclear commitments.

A new UN Security Council Resolution will endorse the JCPOA, terminate all previous nuclear-related resolutions and incorporate certain restrictive measures for a mutually agreed period of time.

We will now work to write the text of a Joint Comprehensive Plan of Action including its technical details in the coming weeks and months at the political and experts levels. We are committed to complete our efforts by June 30th. We would like to thank the Swiss government for its generous support in hosting these negotiations.

Annex II: Parameters for a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program (White House Fact Sheet)

Media Note

Office of the Spokesperson

Washington, DC

2 April 2015

Below are the key parameters of a Joint Comprehensive Plan of Action (JCPOA) regarding the Islamic Republic of Iran's nuclear program that were decided in Lausanne, Switzerland. These elements form the foundation upon which the final text of the JCPOA will be written between now and June 30, and reflect the significant progress that has been made in discussions between the P5+1, the European Union, and Iran. Important implementation details are still subject to negotiation, and nothing is agreed until everything is agreed. We will work to conclude the JCPOA based on these parameters over the coming months.

Enrichment

- Iran has agreed to reduce by approximately two-thirds its installed centrifuges. Iran will go from having about 19,000 installed today to 6,104 installed under the deal, with only 5,060 of these enriching uranium for 10 years. All 6,104 centrifuges will be IR-1s, Iran's first-generation centrifuge.
- Iran has agreed to not enrich uranium over 3.67 percent for at least 15 years.
- Iran has agreed to reduce its current stockpile of about 10,000 kg of low-enriched uranium (LEU) to 300 kg of 3.67 percent LEU for 15 years.
- All excess centrifuges and enrichment infrastructure will be placed in IAEA monitored storage and will be used only as replacements for operating centrifuges and equipment.
- Iran has agreed to not build any new facilities for the purpose of enriching uranium for 15 years.
- Iran's breakout timeline – the time that it would take for Iran to acquire enough fissile material for one weapon – is currently assessed to be 2 to 3 months. That timeline will be extended to at least one year, for a duration of at least ten years, under this framework.

Iran will convert its facility at Fordow so that it is no longer used to enrich uranium

- Iran has agreed to not enrich uranium at its Fordow facility for at least 15 years.
- Iran has agreed to convert its Fordow facility so that it is used for peaceful purposes only – into a nuclear, physics, technology, research center.
- Iran has agreed to not conduct research and development associated with uranium enrichment at Fordow for 15 years.
- Iran will not have any fissile material at Fordow for 15 years.

- Almost two-thirds of Fordow’s centrifuges and infrastructure will be removed. The remaining centrifuges will not enrich uranium. All centrifuges and related infrastructure will be placed under IAEA monitoring.
- Iran will only enrich uranium at the Natanz facility, with only 5,060 IR-1 first-generation centrifuges for ten years.
- Iran has agreed to only enrich uranium using its first generation (IR-1 models) centrifuges at Natanz for ten years, removing its more advanced centrifuges.
- Iran will remove the 1,000 IR-2M centrifuges currently installed at Natanz and place them in IAEA monitored storage for ten years.
- Iran will not use its IR-2, IR-4, IR-5, IR-6, or IR-8 models to produce enriched uranium for at least ten years. Iran will engage in limited research and development with its advanced centrifuges, according to a schedule and parameters which have been agreed to by the P5+1.
- For ten years, enrichment and enrichment research and development will be limited to ensure a breakout timeline of at least 1 year. Beyond 10 years, Iran will abide by its enrichment and enrichment R&D plan submitted to the IAEA, and pursuant to the JCPOA, under the Additional Protocol resulting in certain limitations on enrichment capacity.

Inspections and Transparency

- The IAEA will have regular access to all of Iran’s nuclear facilities, including to Iran’s enrichment facility at Natanz and its former enrichment facility at Fordow, and including the use of the most up-to-date, modern monitoring technologies.
- Inspectors will have access to the supply chain that supports Iran’s nuclear program. The new transparency and inspections mechanisms will closely monitor materials and/or components to prevent diversion to a secret program.
- Inspectors will have access to uranium mines and continuous surveillance at uranium mills, where Iran produces yellowcake, for 25 years.
- Inspectors will have continuous surveillance of Iran’s centrifuge rotors and bellows production and storage facilities for 20 years. Iran’s centrifuge manufacturing base will be frozen and under continuous surveillance.
- All centrifuges and enrichment infrastructure removed from Fordow and Natanz will be placed under continuous monitoring by the IAEA.
- A dedicated procurement channel for Iran’s nuclear program will be established to monitor and approve, on a case by case basis, the supply, sale, or transfer to Iran of certain nuclear-related and dual use materials and technology – an additional transparency measure.
- Iran has agreed to implement the Additional Protocol of the IAEA, providing the IAEA much greater access and information regarding Iran’s nuclear program, including both declared and undeclared facilities.

- Iran will be required to grant access to the IAEA to investigate suspicious sites or allegations of a covert enrichment facility, conversion facility, centrifuge production facility, or yellowcake production facility anywhere in the country.
- Iran has agreed to implement Modified Code 3.1 requiring early notification of construction of new facilities.
- Iran will implement an agreed set of measures to address the IAEA's concerns regarding the Possible Military Dimensions (PMD) of its program.

Reactors and Reprocessing

- Iran has agreed to redesign and rebuild a heavy water research reactor in Arak, based on a design that is agreed to by the P5+1, which will not produce weapons grade plutonium, and which will support peaceful nuclear research and radioisotope production.
- The original core of the reactor, which would have enabled the production of significant quantities of weapons-grade plutonium, will be destroyed or removed from the country.
- Iran will ship all of its spent fuel from the reactor out of the country for the reactor's lifetime.
- Iran has committed indefinitely to not conduct reprocessing or reprocessing research and development on spent nuclear fuel.
- Iran will not accumulate heavy water in excess of the needs of the modified Arak reactor, and will sell any remaining heavy water on the international market for 15 years.
- Iran will not build any additional heavy water reactors for 15 years.

Sanctions

- Iran will receive sanctions relief, if it verifiably abides by its commitments.
- U.S. and E.U. nuclear-related sanctions will be suspended after the IAEA has verified that Iran has taken all of its key nuclear-related steps. If at any time Iran fails to fulfill its commitments, these sanctions will snap back into place.
- The architecture of U.S. nuclear-related sanctions on Iran will be retained for much of the duration of the deal and allow for snap-back of sanctions in the event of significant non-performance.
- All past UN Security Council resolutions on the Iran nuclear issue will be lifted simultaneous with the completion, by Iran, of nuclear-related actions addressing all key concerns (enrichment, Fordow, Arak, PMD, and transparency).
- However, core provisions in the UN Security Council resolutions – those that deal with transfers of sensitive technologies and activities – will be re-established by a new UN Security Council resolution that will endorse the JCPOA and urge its full implementation. It will also create the procurement channel mentioned above, which will serve as a key transparency measure. Important restrictions on conventional arms

and ballistic missiles, as well as provisions that allow for related cargo inspections and asset freezes, will also be incorporated by this new resolution.

- A dispute resolution process will be specified, which enables any JCPOA participant, to seek to resolve disagreements about the performance of JCPOA commitments.
- If an issue of significant non-performance cannot be resolved through that process, then all previous UN sanctions could be re-imposed.
- U.S. sanctions on Iran for terrorism, human rights abuses, and ballistic missiles will remain in place under the deal.

Phasing

- For ten years, Iran will limit domestic enrichment capacity and research and development – ensuring a breakout timeline of at least one year. Beyond that, Iran will be bound by its longer-term enrichment and enrichment research and development plan it shared with the P5+1.
- For fifteen years, Iran will limit additional elements of its program. For instance, Iran will not build new enrichment facilities or heavy water reactors and will limit its stockpile of enriched uranium and accept enhanced transparency procedures.
- Important inspections and transparency measures will continue well beyond 15 years. Iran's adherence to the Additional Protocol of the IAEA is permanent, including its significant access and transparency obligations. The robust inspections of Iran's uranium supply chain will last for 25 years.
- Even after the period of the most stringent limitations on Iran's nuclear program, Iran will remain a party to the Nuclear Non-Proliferation Treaty (NPT), which prohibits Iran's development or acquisition of nuclear weapons and requires IAEA safeguards on its nuclear program.

Annex III: English Translation of Iranian Fact Sheet on the Nuclear Negotiations

3 April 2015

Iran Matters has translated the Iranian Foreign Ministry's official "fact sheet" (titled "Summary of the Package of Joint Solutions for Reaching a Comprehensive Plan of Joint Action") about yesterday's nuclear accord, which has only been published in Farsi. Translated by Payam Mohseni. (Note: Text in boldface is from original)

What solutions did Iran and the P5+1 reach?

Arak heavy-water reactor remains; conversion of Fordow to an advanced nuclear and physics research center; all of the sanctions will be immediately removed after reaching a comprehensive agreement

According to the reached solutions, after the implementation of the Comprehensive Plan of Joint Action, all of the UN resolutions will be revoked and all of the multilateral economic and financial sanctions by the EU and the unilateral ones by the US will be annulled.

According to the reports from Farsnews correspondent in Lausanne, Iran and 6 countries reached a package of solutions for a Comprehensive Plan of Joint Action after 9 days of negotiations.

The Islamic Republic of Iran and the countries in the P5+1, including China, Russia, France, the United States, England, and Germany, in the city of Lausanne, Switzerland, reached a package of solutions necessary to attain a Comprehensive Plan of Joint Action according to the framework of the elements contained within the 24 November 2013 Joint Plan of Action and following a long process of complex and extensive negotiations with technical, legal, and political dimensions. The package containing these solutions does not have legal binding and will only provide a conceptual guide for calibrating and assessing a Comprehensive Plan of Joint Action. On these grounds, the drafting of a Comprehensive Plan of Joint Action based on these solutions will begin in the near future.

The Continuation of the Nuclear Program including Enrichment

According to the framework of existing solutions, none of the nuclear facilities or related activities will be stopped, shut down, or suspended, and Iran's nuclear activities in all of its facilities including Natanz, Fordow, Isfahan, and Arak will continue.

These comprehensive solutions will guarantee the continuation of the enrichment program inside the country, and, based on this, the Islamic Republic of Iran will have the ability to continue its industrial production of nuclear fuel for providing the fuel for its nuclear reactors in accordance with the Comprehensive Plan for Joint Action.

According to the reached solutions, the timeframe of the Comprehensive Plan of Joint Action regarding Iran's enrichment program will be 10 years. During this period, more than 5,000 centrifuge machines will continue producing enriched material at the 3.67 percent level at Natanz. Additional machines to this number and related infrastructure will be used to replace machines that have been damaged during this time and will be collected and stored under the supervision of the IAEA. Also, Iran will be able to use the

existing enriched stockpile for producing a nuclear fuel center and/or its export to international markets in exchange for uranium.

According to the reached solutions, Iran will continue its research and development on advanced machines and will continue the initiation and completion phases of the research and development process of IR-4, IR-5, IR-6, and IR-8 centrifuges during the 10 year period of the Comprehensive Plan for Joint Action.

Fordow Facilities

According to the reached solutions, the Fordow nuclear facilities will be converted to an advanced nuclear and physics research center. More than 1,000 centrifuge machines and all related infrastructure in Fordow will be preserved and maintained, out of which two centrifuge cascades will be in operation. In addition, in cooperation with some of the countries of the P5+1, half of the Fordow facilities will be dedicated to advanced nuclear research and the production of stable isotopes that have important applications in industry, agriculture, and medicine.

Arak Heavy Water Research Reactor

In accordance with the existing solutions, the Arak heavy water research reactor will remain and will be enhanced and updated with re-modifications. In the redesigning of the reactor, in addition to decreasing the amount of plutonium production, the efficiency of the Arak reactor will be increased significantly. The re-modification of the Arak reactor will be undertaken in a designated timeframe and will be initiated in the form of a joint international project under the management of Iran, after which the construction will begin immediately in the framework of a comprehensive timeframe. The production of fuel for the Arak reactor and the granting of an international nuclear fuel license are among the issues that will be undertaken with international cooperation. On the other hand, the factory for the production of heavy water will continue to function as it has in the past.

Additional Protocol

Iran will implement the Additional Protocol on a voluntary and temporary basis for the sake of transparency and confidence building, and, in continuation, the approval process of the Protocol will be ratified within a specified timeframe under the mandate of the President and the Islamic Consultative Assembly.

Removal of Sanctions

According to the reached solutions, after the implementation of the Comprehensive Plan of Joint Action, all of the UN Security Council resolutions will be revoked, and all of the multilateral economic and financial sanctions of the EU and the unilateral ones of the US including financial, banking, insurance, investment, and all related services, including oil, gas, petrochemicals, and automobile industries will be immediately revoked. In addition, nuclear-related sanctions against real and legal individuals, entities, and public and private institutions, including the Central Bank, other financial and banking institutions, SWIFT, shipping and aviation industries of the Islamic Republic of Iran, oil tanker companies, will be immediately removed. Also, the P5+1 member countries are committed to restraining from imposing new nuclear-related sanctions.

International Cooperation

International nuclear cooperation with the Islamic Republic of Iran, including with members of the P5+1, will be possible and enhanced in the fields of constructing nuclear power plants, research reactors, nuclear fusion, stable isotopes, nuclear safety, nuclear medicine and agriculture, etc... According to the Comprehensive Plan of Joint Action, Iran will also be provided access to the global market and the international trade, finance, technical knowledge and energy sectors.

Schedule for implementing Comprehensive Plan of Joint Action

At the end of this stage of negotiations, the drafting of the Comprehensive Joint Plan of Action will begin in the near future until the timeframe of 10 Tir (July 1). With the finalization of the text, the Comprehensive Plan of Joint Action will be adopted as a resolution by the UN Security Council. For the Comprehensive Joint Plan of Action to be binding and executable for all UN member states, this resolution will be approved under Article 41 of Chapter Seven of the UN Charter like the previous resolutions against Iran so that these previous resolutions can be annulled.

The parties to the Comprehensive Plan of Joint Action will need a timeframe for preparatory work for the implementation of the Comprehensive Plan of Joint Action once the resolution is approved by the Security Council. After the preparatory phase, and at the same time as the start of Iran's nuclear-related implementation work, all of the sanctions will be automatically annulled on a single specified day.

In the framework of the reached solutions, violations from the mutually agreed accords contained in the Comprehensive Plan of Joint Action by any one country will have predetermined mechanisms of response.

Annex IV: Treaty on the Non-Proliferation of Nuclear Weapons (NPT), opened for signature in 1968 and entered into force in 1970.

Text of the Treaty

The States concluding this Treaty, hereinafter referred to as the Parties to the Treaty,

Considering the devastation that would be visited upon all mankind by a nuclear war and the consequent need to make every effort to avert the danger of such a war and to take measures to safeguard the security of peoples,

Believing that the proliferation of nuclear weapons would seriously enhance the danger of nuclear war,

In conformity with resolutions of the United Nations General Assembly calling for the conclusion of an agreement on the prevention of wider dissemination of nuclear weapons,

Undertaking to co-operate in facilitating the application of International Atomic Energy Agency safeguards on peaceful nuclear activities,

Expressing their support for research, development and other efforts to further the application, within the framework of the International Atomic Energy Agency safeguards system, of the principle of safeguarding effectively the flow of source and special fissionable materials by use of instruments and other techniques at certain strategic points,

Affirming the principle that the benefits of peaceful applications of nuclear technology, including any technological by-products which may be derived by nuclear-weapon States from the development of nuclear explosive devices, should be available for peaceful purposes to all Parties to the Treaty, whether nuclear-weapon or non-nuclear-weapon States,

Convinced that, in furtherance of this principle, all Parties to the Treaty are entitled to participate in the fullest possible exchange of scientific information for, and to contribute alone or in co-operation with other States to, the further development of the applications of atomic energy for peaceful purposes,

Declaring their intention to achieve at the earliest possible date the cessation of the nuclear arms race and to undertake effective measures in the direction of nuclear disarmament,

Urging the co-operation of all States in the attainment of this objective,

Recalling the determination expressed by the Parties to the 1963 Treaty banning nuclear weapons tests in the atmosphere, in outer space and under water in its Preamble to seek to achieve the discontinuance of all test explosions of nuclear weapons for all time and to continue negotiations to this end,

Desiring to further the easing of international tension and the strengthening of trust between States in order to facilitate the cessation of the manufacture of nuclear weapons, the liquidation of all their existing stockpiles, and the elimination from national arsenals of nuclear weapons and the means of their delivery pursuant to a

Treaty on general and complete disarmament under strict and effective international control,

Recalling that, in accordance with the Charter of the United Nations, States must refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the Purposes of the United Nations, and that the establishment and maintenance of international peace and security are to be promoted with the least diversion for armaments of the world's human and economic resources,

Have agreed as follows:

Article I

Each nuclear-weapon State Party to the Treaty undertakes not to transfer to any recipient whatsoever nuclear weapons or other nuclear explosive devices or control over such weapons or explosive devices directly, or indirectly; and not in any way to assist, encourage, or induce any non-nuclear-weapon State to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices, or control over such weapons or explosive devices.

Article II

Each non-nuclear-weapon State Party to the Treaty undertakes not to receive the transfer from any transferor whatsoever of nuclear weapons or other nuclear explosive devices or of control over such weapons or explosive devices directly, or indirectly; not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices; and not to seek or receive any assistance in the manufacture of nuclear weapons or other nuclear explosive devices.

Article III

1. Each non-nuclear-weapon State Party to the Treaty undertakes to accept safeguards, as set forth in an agreement to be negotiated and concluded with the International Atomic Energy Agency in accordance with the Statute of the International Atomic Energy Agency and the Agency's safeguards system, for the exclusive purpose of verification of the fulfilment of its obligations assumed under this Treaty with a view to preventing diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices. Procedures for the safeguards required by this Article shall be followed with respect to source or special fissionable material whether it is being produced, processed or used in any principal nuclear facility or is outside any such facility. The safeguards required by this Article shall be applied on all source or special fissionable material in all peaceful nuclear activities within the territory of such State, under its jurisdiction, or carried out under its control anywhere.

2. Each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes, unless the source or special fissionable material shall be subject to the safeguards required by this Article.

3. The safeguards required by this Article shall be implemented in a manner designed to comply with Article IV of this Treaty, and to avoid hampering the economic or

technological development of the Parties or international co-operation in the field of peaceful nuclear activities, including the international exchange of nuclear material and equipment for the processing, use or production of nuclear material for peaceful purposes in accordance with the provisions of this Article and the principle of safeguarding set forth in the Preamble of the Treaty.

4. Non-nuclear-weapon States Party to the Treaty shall conclude agreements with the International Atomic Energy Agency to meet the requirements of this Article either individually or together with other States in accordance with the Statute of the International Atomic Energy Agency. Negotiation of such agreements shall commence within 180 days from the original entry into force of this Treaty. For States depositing their instruments of ratification or accession after the 180-day period, negotiation of such agreements shall commence not later than the date of such deposit. Such agreements shall enter into force not later than eighteen months after the date of initiation of negotiations.

Article IV

1. 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 without discrimination and in conformity with Articles I and II of this Treaty.

2. All the Parties to the Treaty undertake to facilitate, and have the right to participate in, the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy. Parties to the Treaty in a position to do so shall also co-operate in contributing alone or together with other States or international organizations to the further development of the applications of nuclear energy for peaceful purposes, especially in the territories of non-nuclear-weapon States Party to the Treaty, with due consideration for the needs of the developing areas of the world.

Article V

Each Party to the Treaty undertakes to take appropriate measures to ensure that, in accordance with this Treaty, under appropriate international observation and through appropriate international procedures, potential benefits from any peaceful applications of nuclear explosions will be made available to non-nuclear-weapon States Party to the Treaty on a non-discriminatory basis and that the charge to such Parties for the explosive devices used will be as low as possible and exclude any charge for research and development. Non-nuclear-weapon States Party to the Treaty shall be able to obtain such benefits, pursuant to a special international agreement or agreements, through an appropriate international body with adequate representation of non-nuclear-weapon States. Negotiations on this subject shall commence as soon as possible after the Treaty enters into force. Non-nuclear-weapon States Party to the Treaty so desiring may also obtain such benefits pursuant to bilateral agreements.

Article VI

Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to

nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control.

Article VII

Nothing in this Treaty affects the right of any group of States to conclude regional treaties in order to assure the total absence of nuclear weapons in their respective territories.

Article VIII

1. Any Party to the Treaty may propose amendments to this Treaty. The text of any proposed amendment shall be submitted to the Depositary Governments which shall circulate it to all Parties to the Treaty. Thereupon, if requested to do so by one-third or more of the Parties to the Treaty, the Depositary Governments shall convene a conference, to which they shall invite all the Parties to the Treaty, to consider such an amendment.

2. Any amendment to this Treaty must be approved by a majority of the votes of all the Parties to the Treaty, including the votes of all nuclear-weapon States Party to the Treaty and all other Parties which, on the date the amendment is circulated, are members of the Board of Governors of the International Atomic Energy Agency. The amendment shall enter into force for each Party that deposits its instrument of ratification of the amendment upon the deposit of such instruments of ratification by a majority of all the Parties, including the instruments of ratification of all nuclear-weapon States Party to the Treaty and all other Parties which, on the date the amendment is circulated, are members of the Board of Governors of the International Atomic Energy Agency. Thereafter, it shall enter into force for any other Party upon the deposit of its instrument of ratification of the amendment.

3. Five years after the entry into force of this Treaty, a conference of Parties to the Treaty shall be held in Geneva, Switzerland, in order to review the operation of this Treaty with a view to assuring that the purposes of the Preamble and the provisions of the Treaty are being realised. At intervals of five years thereafter, a majority of the Parties to the Treaty may obtain, by submitting a proposal to this effect to the Depositary Governments, the convening of further conferences with the same objective of reviewing the operation of the Treaty.

Article IX

1. This Treaty shall be open to all States for signature. Any State which does not sign the Treaty before its entry into force in accordance with paragraph 3 of this Article may accede to it at any time.

2. This Treaty shall be subject to ratification by signatory States. Instruments of ratification and instruments of accession shall be deposited with the Governments of the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics and the United States of America, which are hereby designated the Depositary Governments.

3. This Treaty shall enter into force after its ratification by the States, the Governments of which are designated Depositaries of the Treaty, and forty other States signatory to this Treaty and the deposit of their instruments of ratification. For the purposes of this

Treaty, a nuclear-weapon State is one which has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to 1 January 1967.

4. For States whose instruments of ratification or accession are deposited subsequent to the entry into force of this Treaty, it shall enter into force on the date of the deposit of their instruments of ratification or accession.

5. The Depositary Governments shall promptly inform all signatory and acceding States of the date of each signature, the date of deposit of each instrument of ratification or of accession, the date of the entry into force of this Treaty, and the date of receipt of any requests for convening a conference or other notices.

6. This Treaty shall be registered by the Depositary Governments pursuant to Article 102 of the Charter of the United Nations.

Article X

1. Each Party shall in exercising its national sovereignty have the right to withdraw from the Treaty if it decides that extraordinary events, related to the subject matter of this Treaty, have jeopardized the supreme interests of its country. It shall give notice of such withdrawal to all other Parties to the Treaty and to the United Nations Security Council three months in advance. Such notice shall include a statement of the extraordinary events it regards as having jeopardized its supreme interests.

2. Twenty-five years after the entry into force of the Treaty, a conference shall be convened to decide whether the Treaty shall continue in force indefinitely, or shall be extended for an additional fixed period or periods. This decision shall be taken by a majority of the Parties to the Treaty.¹

Article XI

This Treaty, the English, Russian, French, Spanish and Chinese texts of which are equally authentic, shall be deposited in the archives of the Depositary Governments. Duly certified copies of this Treaty shall be transmitted by the Depositary Governments to the Governments of the signatory and acceding States.

IN WITNESS WHEREOF the undersigned, duly authorized, have signed this Treaty.

DONE in triplicate, at the cities of London, Moscow and Washington, the first day of July, one thousand nine hundred and sixty-eight.

Note:

On 11 May 1995, in accordance with article X, paragraph 2, the Review and Extension Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons decided that the Treaty should continue in force indefinitely (see decision 3).

Endnotes

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