



PolicyWatch 1922

What Iran Might Gain from a Nuclear Deal

[Patrick Clawson](#)

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If Iran decides to seriously negotiate during upcoming nuclear talks -- currently scheduled to begin this weekend in Istanbul -- what might it expect to gain from the resultant deal? Probably not much, because even a comprehensive agreement on nuclear issues would not close the profound geostrategic split between Washington and Tehran.

ONLY MODEST ECONOMIC BENEFITS

Most of the U.S. sanctions on Iran were enacted for reasons that extend beyond proliferation, such as state support for terrorism and human rights violations. When Washington imposed restrictions on Iran's Central Bank in February after prolonged internal debate, the reasons cited in President Obama's executive order were not the nuclear program, but instead "the deceptive practices of the Central Bank of Iran and other Iranian banks to conceal transactions of sanctioned parties, the deficiencies in Iran's anti-money laundering regime and the weaknesses in its implementation, and the continuing and unacceptable risk posed to the international financial system by Iran's activities." None of these problems would be dispelled by a comprehensive nuclear agreement.

Moreover, the U.S. pattern in other countries has been to relax sanctions in a phased manner, keeping some restrictions in place until it is clear that the targeted government's changes are permanent and comprehensive. Congress has been particularly reluctant to end sanctions it enacted into law. Consider that the Jackson-Vanik restrictions placed on the Soviet Union because of limits on Jewish emigration are still on the law books, to Moscow's great annoyance. In Iran's case, many sanctions that were initially issued as executive orders have since been codified as laws. Although those laws typically authorize the president to waive sanctions if national security so requires, issuing a waiver could be a tough sell politically.

Nor is it clear how much a nuclear deal would affect sanctions by other countries. The European Union has cited human rights concerns for many of its sanctions on Iran and Iranian officials. The EU has a long record of imposing sanctions for such reasons, from Burma to Zimbabwe, and Tehran's human rights image in European circles is quite poor. As for UN sanctions, the United States is reluctant to let Security Council resolutions expire because reintroducing them would be

very difficult if Iran failed to fulfill its obligations -- hence the preference for suspending sanctions for a defined period of time rather than removing them altogether.

Even if the sanctions were substantially relaxed, private firms may not be eager to reenter the Iranian market. A number of major international companies that withdrew from Iran in recent years did so at least in part because of the poor business climate. Even when sanctions were less of an issue, Iran had a poor record of attracting international investment. In Colin Powell's rephrasing of an old saying, "Capital is a coward. It flees from corruption and bad policies, conflict and unpredictability."

In many ways, the main economic impact of a nuclear deal would be in sparing Iran from additional sanctions. Major new restrictions are looming at the end of June, including an EU ban on oil sales and potential U.S. sanctions on foreign central banks that facilitate Iranian oil exports. Those measures would presumably be suspended in the event of a deal, whereas the lack of a deal would likely prod the United States, EU, and like-minded countries to turn up the pressure even more. Yet avoiding prospective sanctions is not a particularly tangible incentive for Iranian leaders -- that is, they would have trouble justifying an agreement to their constituents by simply saying, "It's a bad deal, but if we did not take it, life would be even worse."

KHAMENEI'S FEARS

In his March 29 meeting with Turkish prime minister Recep Tayyip Erdogan, Supreme Leader Ali Khamenei made the revealing statement that he opposes "any plan created by Americans for the Syrian issue." In an obvious rejoinder to this comment, former Iranian president Akbar Hashemi Rafsanjani told an interviewer, "The United States is a prime power in the world, what difference is there between Europe, China, and Russia and the United States? If we negotiate with them, why should we not negotiate with the United States? Negotiations do not mean surrender. We will negotiate. If they accept our position, or if we accept their position, the issue is over." He went on to recount how he had once recommended to Ayatollah Ruhollah Khomeini that Iran negotiate with Washington. Rafsanjani's comments created a firestorm, with Khamenei's usual backers complaining loudly that nothing the United States proposes can be accepted.

On the nuclear issue, Khamenei often argues that there is little point in settling the impasse because the West would simply turn to some other issue, such as human rights, to keep up its drumbeat against Tehran. He describes the West's true objective as undermining and then overthrowing the Islamic Republic. Indeed, he has long warned about the Western plan to achieve "soft overthrow" by stirring up youths, women, and intellectuals, and he views the 2009 mass protests as proof he was correct. Khamenei's prolific public record on this issue suggests that he will view any U.S. nuclear proposal as a potential Trojan horse, designed to open the country to Western ideas that would devour the Islamic Republic. This mindset explains why he periodically uses a favorite Khomeini refrain to dismiss Obama's offers to engage: "Do you call this negotiation? This is like the relationship between a wolf and a lamb."

In short, giving Khamenei an incentive to settle the nuclear impasse is difficult because he seems to fear U.S. carrots more than U.S. sticks. For example, because he (correctly) regards Western cultural invasion as the regime's principal threat, he is particularly opposed to what many regard as the most benign and basic confidence-building step, namely, people-to-people exchanges. Many of his speeches suggest he is more afraid of opening the country to the outside world than he is of a military attack, which he (incorrectly) believes would rally people to his revolutionary values.

Khamenei's frequently expressed opposition to making concessions -- which he sees as a slippery slope -- is another indicator that he would reject a nuclear deal. Fortunately, while he is the most important player in the Iranian political system, he is not the only one, and more cautious and business-minded heads may prevail.

FOR NUCLEAR, IRAN GETS NUCLEAR

Iran's most important benefits from a nuclear deal would most likely lie in the nuclear sector. The nuclear program has become the regime's signature selling point, with Tehran incessantly bragging about scientific and technological advances that have supposedly brought the Islamic Republic into the ranks of the world's great powers. Gaining international acceptance of the program would be a real coup for Tehran. The P5+1 (the five permanent members of the Security Council plus Germany) frequently proclaim their willingness to accept a peaceful civilian nuclear program in Iran. And during her tenure as secretary of state, Condoleezza Rice even spoke about U.S. cooperation in constructing nuclear power plants in the country once the ongoing impasse was resolved -- quite a change from President Clinton's bitter opposition to the Bushehr plant in the late 1990s, which he made the foremost issue at several summits with Russian leaders. Although Rice's speculation was quite farfetched, the mere political act of accepting the program would be a triumph for Iran's leaders, even if they had to agree to significant limitations. There would be immediate practical benefits too: a deal would presumably mean the end of sabotage and assassination campaigns.

Yet no matter how comprehensive a nuclear settlement the parties reach, Iran will remain profoundly divided from the United States and its allies. The current troubles in Syria, which have so hurt the Islamic Republic's image across the Arab world, are but another reason why Washington and others will continue to regard Tehran with suspicion, if not hostility. If Iran wants more, it is going to have to give more.

Patrick Clawson is director of research at The Washington Institute.