

Assessing the Three Scenarios for the Iran Nuclear Negotiations

by [Michael Singh \(/experts/michael-singh\)](/experts/michael-singh), [Robert Satloff \(/experts/robert-satloff\)](/experts/robert-satloff)

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ABOUT THE AUTHORS



[Michael Singh \(/experts/michael-singh\)](/experts/michael-singh)

Michael Singh is the Lane-Swig Senior Fellow and managing director at The Washington Institute.



[Robert Satloff \(/experts/robert-satloff\)](/experts/robert-satloff)

Robert Satloff is executive director of The Washington Institute, a post he assumed in January 1993.



Brief Analysis

The current talks could end with an extension, a breakdown, or a surprise deal - all of which pose difficult challenges for U.S. policy.

With less than a week remaining until expiration of the six-month negotiating period that began with the signing of the "Joint Plan of Action" (JPOA) in January, significant gaps reportedly remain between Iran and the P5+1 (Britain, China, France, Russia, the United States, and Germany). Foremost among these is the uranium enrichment capacity Iran would be permitted to retain under a deal. Yet gaps also reportedly persist on matters such as inspector access to military sites (as opposed to declared, ostensibly civilian nuclear facilities) and the duration of any constraints to which Tehran is subject.

As a result, an agreement by the July 20 deadline appears unlikely. Yet it is one of the three possible scenarios that could unfold in the coming days -- in order of likelihood, these include an extension of the talks, collapse of the talks, and a last-minute deal.

EXTENSION

A decision to extend the talks -- which have continued off and on for more than ten years -- would surprise few; indeed, most observers assumed when the JPOA was signed that the talks would last for at least a year, an eventuality explicitly allowed for in the document itself. However, each party has signaled that a formal six-month extension -- as opposed to a brief, "off the books" extension of a few days or even a few weeks -- would depend on whether the other had demonstrated serious intent to reach a compromise. While such talk may largely be a

negotiating tactic -- both sides want the other to see July 20 as its best and perhaps last chance for a nuclear deal -- securing an extension could in fact be more difficult than many assume.

For one thing, under the complex system used to monitor and disburse international payments for Iranian oil sales, Tehran received cash payments of \$4.2 billion during the first six months of the JPOA, and it would likely insist on being paid more during the second six months. Although President Obama could take this step without congressional approval, it is a potential political obstacle.

In addition, Congress is likely to resume its push for passage of contingent sanctions (i.e., sanctions that would take effect only if the negotiations fail) along the lines of the stalled Kirk-Menendez bill. That legislation was vehemently opposed by the White House, which reportedly placed heavy pressure on senators to refrain from cosponsoring it and even threatened a veto. But the president also asserted that he would support sanctions if negotiations failed to yield progress. In pushing for increased pressure on Tehran, Congress will no doubt cite this commitment and the need to respond more robustly to Iran's other troublesome policies in the region, such as its provision of arms to Hamas, which is fueling the Gaza conflict. The previous dispute between the White House and Congress sent a message to Iran that it could drive a wedge within the U.S. government by threatening to walk away from the table. Tehran would likely employ the same tactics again if talks are extended, so it is crucial that Washington send a more unified message this time around.

Most important, there is little to indicate that reaching an agreement would be any easier during a second six-month period than it has been during the first, given the increasingly rigid positions being staked out publicly by Supreme Leader Ali Khamenei and the view of American negotiators that they have compromised as much as they can. Iran's oil exports average a bit over one million barrels per day, a level that is low but not crippling. Furthermore, crises in Iraq, Libya, and other oil-producing states portend future increases rather than decreases in oil prices, while mounting U.S. tensions with Russia and China promise to make sanctions enforcement more difficult as time passes.

FAILURE

One of the primary reasons why P5+1 negotiators wanted the JPOA in the first place was the extent to which Iran's breakout time had diminished, and thus the urgency of lengthening it or at least halting the program's advance, even if temporarily, to allow for talks. If negotiations collapse, Tehran is all but certain to resume the activities it froze under the JPOA: enriching its uranium stocks to 20 percent, installing new centrifuges at all facilities, developing and installing more advanced centrifuges, stockpiling enriched uranium without constraints, and taking steps toward fueling the Arak heavy water reactor.

If Iran keeps with its past behavior, it would also use failed talks as an opportunity to quickly push its nuclear program forward, such as by increasing enrichment levels beyond 20 percent or actually fueling the Arak reactor. In addition, it might finally import the S-300 air-defense system with Russian assistance. However, all of these steps are considered to be Israeli redlines, which may deter Iran from taking them immediately.

More likely is that Tehran would increase the number of cascades operating at Natanz and/or Fordow, increasing the rate at which it produces enriched uranium and further decreasing its breakout time. Doing so would be relatively straightforward, as Iran currently operates only 9,000 out of 19,000 installed centrifuges at Natanz, and four of sixteen centrifuge cascades at Fordow. The regime could also reduce its cooperation with International Atomic Energy Agency inspectors to a level even lower than before the JPOA.

It is unclear whether these steps would trigger an Israeli military response, or precisely what the calculus for Israeli action would be. Israel may continue to view a full-blown military strike as a last resort, to be undertaken only when all other options are exhausted. Alternatively, it may see the breakdown in talks as a window of opportunity to strike with less international -- and, crucially, American -- blowback than if it attacked during negotiations or after the

conclusion of an agreement. Indeed, the possibility that failed talks could trigger a conflict will likely be seen by the Obama administration -- which has vocally opposed such a strike -- as a compelling reason to extend the negotiations.

The president's goal, and that of the EU3, will be to exert pressure on Iran with an eye toward resuming the talks on propitious terms. Obama has indicated that the military option remains "on the table," but such warnings are widely deemed to lack credibility in light of U.S. hesitation to use force in Syria, Iraq, and elsewhere. It is near certain, however, that U.S. sanctions would be stepped up if talks fail. Tehran would likely engage in a diplomatic campaign to counter those sanctions by arguing that it made a good-faith effort to reach a deal, and that Iranian oil exports are necessary given conditions in Iraq and Libya. The fractious state of U.S. relations with Moscow and Beijing suggests that these arguments may gain purchase; however, China and other oil importers are likely to continue supporting sanctions if U.S. or Israeli military action is seen as the most credible alternative.

Iran will also pocket the concessions that the United States has already made. Despite the American mantra that "nothing is agreed until everything is agreed," Washington's public acquiescence to Iranian enrichment and its willingness to allow Iranian facilities to continue operating in perpetuity will not be easily rescinded, and will complicate any future attempts to end those activities or close those facilities through diplomacy or military action.

LAST-MINUTE DEAL

Given the gaps between the parties and the inflexibility -- and patience -- demonstrated by Iranian authorities, a deal at this stage is unlikely without further significant U.S. concessions. This in turn suggests that any deal produced by July 20 would likely be presented to Congress, allies in the Middle East, and perhaps even other P5+1 states as a *fait accompli*, with war put forward as the alternative.

While the president has broad authority to conclude such a deal and enforce its provisions, he would face resistance from Congress and expand the already deep divisions between the United States and its regional allies. The result would be inimical to American interests -- Iran would likely enjoy relief as states around the world relaxed sanctions, even as Congress sought to impede U.S. relief and allies in the Middle East and beyond engaged in hedging behavior, having deemed Washington increasingly unreliable.

Finally, it is conceivable, if unlikely, that Iran will accede to all major U.S. demands and reach an accord generally on U.S. terms by July 20. Although this would be a welcome development, the obstacles to its full implementation and to broader U.S. interests would still be daunting -- not only with regard to enforcing the deal itself, but also in terms of contending with an economically empowered Iran, avoiding further nuclear proliferation as other states sought to match Iran's residual capabilities, crafting a sanctions regime that delivered any promised relief while continuing to deter and punish Iran's destabilizing policies, and bolstering America's damaged prestige through more purposeful policies elsewhere in the Middle East. These tasks would prove quite difficult even in the best of circumstances; for a United States that is seen as retreating from its friends and interests in the region and beyond, they would be near impossible.

Michael Singh is managing director of The Washington Institute. Robert Satloff is the Institute's executive director. ❖

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