



Global Relations Forum International Task Force

## **“The Future of the Nuclear Deal with Iran: Preserving, Solidifying and Leveraging a Diplomatic Success”**

**1<sup>st</sup> Meeting, October 13-14, 2016, Istanbul**

### **Meeting Summary**

In 2015, the Global Relations Forum (GRF) launched an international Task Force to focus on maintaining the momentum of and constructively steering the Joint Comprehensive Plan of Action (JCPOA) on Iran’s nuclear program, which presents an unprecedented opportunity to engage Iran and has the potential to affect the broader Middle East and international security. With its high-level international membership, the Task Force set out to identify strategies and possibly new institutional structures that can preempt the build-up of corrosive pressures on the JCPOA both within and from outside the region, while gradually steering the agreement towards broader constructive use.

After a planning meeting that was held in June 2016, the Task Force convened for its first meeting on October 13-14, 2016, in Istanbul. The meeting brought together participants and rapporteurs from China, Germany, India, Iran, Israel, Italy, Russia, Turkey and the US, under the co-chairmanship of GRF Vice-Chairman and President Memduh Karakullukçu; Former Special Envoy of the Prime Minister for Disarmament and Non-Proliferation Issues, Amb. Rakesh Sood; and Director of the International Security Program at Harvard University’s Belfer Center for Science and International Affairs and Chair of the Pugwash Executive Committee, Dr. Steven E. Miller.

The first day of the meeting addressed the preservation of the JCPOA with three panel sessions, whereas the second day featured three sessions that explored the strategies for building on its momentum.

#### **Session I: Containing Geostrategic Fault Lines**

Entitled “Containing Geostrategic Fault Lines,” the first session of the meeting sought to analyze the extent of the JCPOA’s resilience to the broader tensions and crises in the region, and determine the appropriate institutional mechanisms and strategies to increase its endurance against shifting geostrategic fault lines.

The participants initiated the discussion by pointing out the fragility of the agreement in the face of the regional fault lines including political backlash in the US and Iran, the Arab-Israeli confrontation, conflicts in Syria and Yemen, rising sectarian tensions, and rivalry between the US and Russia. Although the agreement was deliberately fenced off from other areas and focused solely on the nuclear issue, the participants noted that it would be very difficult to preserve the deal in case of a military contention that puts the US at odds with Iran directly or indirectly through its regional allies such as Israel and Saudi Arabia.

Pointing at a potential source of contention, the participants highlighted some major divergences among the perspectives of different countries on the roles of Iran and the US in the region, more specifically with respect to the effect of Iran’s actions on the region’s stability, and the consequences of the US policy towards the Middle East in terms of leadership.

While stressing the difficulty of compartmentalizing the JCPOA from these fault lines, the participants suggested that the resilience of the agreement can be bolstered by ensuring that it is implemented in a way that brings benefits to all parties involved.

## **Session II: Domestic Political Dynamics**

In the second session of the meeting, entitled “Domestic Political Dynamics,” the main focus was on the effect of domestic politics in Iran, Israel, Saudi Arabia and the US on the durability of the agreement. The participants evaluated the vulnerability of the JCPOA to domestic pressures, especially within the context of the upcoming elections in the US and Iran.

The participants noted with concern that in either scenario for the US presidency, the agreement is highly likely to come under strain: the Republican candidate could work with the Congress more easily, but he will not be in a position to defend the deal; and although the Democratic candidate would work towards providing enough sanctions relief to ease the Iranians and fend off unwanted action from the Congress, her inclination to preserve relations with the traditional allies of the US in the region might cast a shadow on the engagement with Iran.

As to the effects of domestic politics in Iran, the participants underlined that despite a significant number of full or partial supporters for the agreement in Iran, the expected benefits need to accrue more quickly in order to avoid a popular reaction against the continuation of the process. Moreover, the opposition in Iran has a strong and actively pursued stance against the extension of cooperation and dialogue with the West in other areas, the participants added.

## **Session III: Economic Factors**

In the final session of the first day of meetings, “Economic Factors,” the participants discussed the ways in which economically driven actions could potentially undermine or strengthen the JCPOA.

During the discussions, it was purported that the JCPOA has created a new economic environment for Iran’s relations with the world, but there is a mismatch between the expectations from the deal and the results it has so far brought about. The agreement led to the suspension of the UN sanctions and the lifting of the EU sanctions on Iran’s economic activities. The US sanctions, however, are partially lifted: the JCPOA only covered those related to nuclear activities, leaving the sanctions placed on other grounds such as terrorism and human rights intact. There is confusion about the legal implications of the JCPOA for conducting business with Iran, and investors are hesitant as they deem it to be very risky to invest in Iran at the moment. Consequently, several participants argued, some segments of the Iranian society feel that Iran is not reaping any economic benefits in return to the concessions it has made with the deal.

In order to mitigate the harmful effects of economic factors on the deal, the participants recommended incentives to advance the deal in small steps, gradually bridging the trust gap among the parties. The discussions also shed light on proposals such as creating economic zones in Iran that would be confined to certain sectors or creating safe havens for some companies, yet it was added that devising such policies necessitates broader consensus on the extent to which Iran’s integration into the world economy is desired and will be facilitated by other states.

The participants then concluded the session on a positive note, arguing that in spite of all the barriers including the remaining sanctions and Iran’s domestic issues such as lack of transparency, progress is being made on the economic front, as evidenced by the Boeing and Airbus deals. It was added that although it is unimaginable for the US and Iran to resolve all of their disagreements, the full exploitation of the economic benefits would take Iran’s relations with the world to a very different state compared to

that before the JCPOA. The US-China bilateral relations were put forth as evidence that at least theoretically, Iran and the US could have an economically-guided relationship despite their political differences.

## **Session IV: Leveraging the JCPOA Laterally: Broader Cooperation for Regional/Global Security**

The fourth session of the meeting, entitled “Leveraging the JCPOA Laterally: Broader Cooperation for Regional/Global Security,” discussed the possibility of building on the momentum of the JCPOA to manage relations in other security domains including cyber, maritime or missile capabilities.

Participants underlined that at the moment, parties to the deal lack both trust and the political will to cooperate in fields other than nuclear weapons, advising to channel efforts towards preserving the JCPOA and ensuring its implementation in full.

Nonetheless, preventing maritime conflicts emerged as a field that could benefit from additional efforts, as participants expressed concern that an incident between Iran and the United States in the Persian Gulf could raise tensions and harm the JCPOA.

## **Session V: Extending the JCPOA Temporally**

The meeting’s fifth session, entitled “Extending the JCPOA Temporally,” addressed the possibility and desirability of continuing arms control efforts with Iran after the completion of the JCPOA’s lifespan, through the extension of its duration or its replacement with new agreements. It also investigated incentives that could preempt the potentially destabilizing consequences of the deal’s 10-15 year cut-off points.

During the discussion, participants suggested adopting confidence-building measures and utilizing technological developments in order to preserve regional security in the post-JCPOA period. In terms of confidence-building measures, the participants recommended the P5+1 to adopt a universal approach, applying the same principles in their relationships with other non-nuclear states so as to avoid double standards. The participants also suggested that extending the JCPOA laterally might help build confidence, stating that in addition to sea and cyber space agreements, the internationalization and depoliticization of Iran’s civil nuclear program could serve as a way of building trust and increasing cooperation. In terms of technological options, the panelists advised the adoption of proliferation-resistant technologies that would reliably delineate civilian nuclear programs from nuclear weapons programs; or the adoption of a robust verification system that would address concerns about Iran’s enrichment activities after the deal expires.

On the issue of extending the JCPOA temporally, the participants stressed that any offer should ensure that Iran also benefits from the extension. In an effort to determine what such offers would resemble, the participants explored several policy options including providing support for Iran’s light-water reactor program and providing Iran, under the auspices of the IAEA, with a strategic reserve equivalent to a year’s requirement of low-enriched uranium for each corresponding year of prolonging the deal.

## **Session VI: Iran’s Economic Engagement with the Region and the World**

The sixth session of the meeting, entitled “Iran’s Economic Engagement with the Region and the World,” addressed the issue of integrating Iran to the regional and global market economy, using the momentum of the JCPOA and the lifting of international sanctions. During the discussions, the challenges awaiting the process were outlined as the difficulty in attaining expected levels of growth; resistant domestic interest groups blocking reform and the non-transparent economic structure.

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On the issue of growth rates, participants cautioned that the high growth figures expected by Tehran could only be attained if sanctions relief is accompanied by structural reforms to diversify the economy and ensure a business-friendly environment.

Participants stressed that Iran needs to move towards a more diverse economy while noting that this could trigger regional rivalries with other oil-based economies trying to diversify, such as Saudi Arabia. In terms of internal resistance to diversification, powerful domestic interest groups with a vested interest in the oil industry's dominance over the country's economy were emphasized. Panelists stated that Iran has the necessary infrastructure, energy resources and labor force to start manufacturing and production in different fields, while underlining the necessity to resolve its pressing banking problem that inhibits money transactions.

Lack of transparency, claims of corruption, high political risks and the fragility of the JCPOA were highlighted as other problems that inhibit growth. The participants also evaluated the prospects of Iran's full membership to the World Trade Organization and its signaling value to Iran.