

Improving the Prospects for an Acceptable Final Deal with Iran

JINSA's Gemunder Center Iran Task Force

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Introduction

A viable diplomatic solution to Iran’s nuclear quest requires an agreement that verifiably limits its nuclear program to prevent it from attaining nuclear weapons capability. Iranian leaders, by all accounts, are loath to make concessions necessary to attain such a deal. Motivating them to accept such conditions should be a primary objective for the Obama Administration, which has pledged both to “use all elements of American power to prevent a nuclear Iran” and that a “bad deal is worse is than no deal.” A good deal, however, still appears remote.

While the impact of the Joint Plan of Action (JPA) on Iran’s calculus can be debated, the Iranian leadership today appears to be under less compulsion to compromise now than at the outset of the JPA interim period on January 20, leaving wide gaps between the two sides on the parameters for a comprehensive settlement. These gaps must be overcome quickly to secure a peaceful negotiated solution that prevents Iran from attaining nuclear weapons capability.

To achieve this, U.S. diplomatic engagement must be accompanied by greater pressure. Iranian concessions will only come if Tehran believes it has more to lose than its counterparts, should negotiations fail. To peacefully prevent a nuclear Iran, American policymakers must use all available instruments of coercive diplomacy to restore credibility to their mantra that the United States is keeping all options on the table. They must do this promptly and resolutely.

The Obama Administration can undertake several mutually-reinforcing steps to bolster its leverage at the negotiating table: conditioning further sanctions relief on dramatic and verifiable rollback of Iran’s nuclear program; working more closely with Congress on negotiating and implementing a final deal; augmenting the credibility of both the U.S. and Israeli military options; improving dialogue with regional allies; and interdicting clandestine Iranian arms exports.

These efforts are not herculean. The United States has been perceived as retreating from its commitments in the Middle East before, but each time it has successfully rebuilt its credibility in the region. Furthermore, the United States innately is in a much stronger position than Iran. Unlike Cold War arms control talks with the Soviet Union, here the United States is the sole superpower, capable of conveying the seriousness of its intentions and redlines with unmatched military and economic power, not to mention the formidable resources of its diplomatic and regional allies. Iran, possessing only a fledgling nuclear program, faces acute political and economic vulnerabilities at home and significant strategic challenges on its borders. Nevertheless, it is Tehran, not Washington, that has shown a willingness not just to talk, but also to compete. The United States must now demonstrate a greater will to do both as well.

Leverage Sanctions

The United States retains a real ability to exert pressure in the form of sanctions. Iran's economy shrunk more than seven percent between the announcements of major U.S. sanctions at the end of 2011 and the JPA in November 2013. Continued contraction at this rate might well have brought the economy near the point of collapse, and with it much of the regime's domestic legitimacy. However, with the limited relaxation provided by the JPA and better economic management, the Iranian economy is no longer in such desperate shape. A recent study suggests this initial reopening of Iran's economy is helping raise investor confidence – at home and abroad – in the Iranian market, in turn allowing Tehran to begin shoring up its fiscal and monetary policy. The JPA's relaxation of sanctions has thus been a lifeline to Tehran, with monthly oil exports doubling between October 2013 and May 2014, and economic growth projected at one percent for 2014 – a relative boom for an economy previously in freefall.¹

Given these initial positive effects for Iran, the Rouhani Administration is eager for rapid and complete lifting of all remaining U.S. sanctions. Most urgently, this includes measures against Iran's Central Bank that prevent Tehran from repatriating most of its energy export revenues – which prior to sanctions were more than half the government's budget – and against Iran's currency that help devalue the revenues it does collect. It faces a domestic political backlash from above and below if it cannot secure relief for the country's still hard-hit economy, including major industries controlled by various regime elements.

The United States can use this to negotiate from a position of strength. On most key issues, Iran's apparent parameters for a final deal would be unacceptable for the United States, including: maintaining its current level of centrifuges (and eventually expanding it); keeping its heavy water reactor at Arak; and insisting that any restrictions on its nuclear program begin to ease after only several years. Given Tehran's need to remove remaining sanctions permanently, American diplomats could try to reduce Iran's demands by insisting that such relief will occur only gradually and concomitant to concrete actions by Iran that irreversibly roll back its nuclear program and resolve critical questions about its past activities that triggered such sanctions in the first place.

Because Iran has a strong incentive for sanctions to be relieved, the United States should also threaten even deeper sanctions against energy and other vital economic sectors that would take effect if an acceptable deal is not concluded by the interim deadline. Rather than threatening to veto such measures, the White House should instead capitalize on sanctions leverage by making the case publicly for why such conditional measures do not violate the interim deal.

Coordinate the Administration with Congress

The Administration could further strengthen its hand at the negotiating table by working more closely with Congress. Iranian diplomats have tried to pressure their American counterparts by arguing for a deal they could sell back home, especially to hardline elements in the regime. They may also feel heartened in holding out because they believe the Administration needs a deal before U.S. midterm elections, after which the White House might face an even more hostile Congress.

The Administration could put the pressure back on Iran by seeking Congressional review and approval for any comprehensive settlement. A bipartisan consensus in Washington would communicate U.S. resolve to walk away from the table without an acceptable final deal, thus limiting the range of Iranian demands to which the United States might feasibly agree and undercutting Iran's incentive to play for time. Given the importance of sanctions to the final outcome of a deal, cooperation would also boost U.S. leverage: while the President can repeal the array of measures enacted by Executive Order, many of the most impactful sanctions – namely, those against Iran's banking, shipping, refining, insurance and energy production sectors – require Congress to pass superseding legislation or a joint resolution before they can be lifted. On July 9, 344 House members, including those from the leadership of both parties, sent a letter to the White House underscoring the importance of such cooperation for securing an acceptable final deal.²

Augment Credible U.S. Military Option

The history of U.S.-Iran relations suggests that, rather than responding reciprocally to compromise and confidence-building measures, Tehran exploits such opportunities and respects only strength. Therefore, the United States needs to increase pressure by making it abundantly clear that it will use military force as a last resort to prevent a nuclear Iran.

The United States already has sufficient capability in the region to exercise the military option, including 35,000 troops in the region as well as significant air and naval assets. However, the credibility of that option is also a function of the perceived U.S. willingness to use it, should diplomacy fail. To this end, American policymakers and officials should clarify and strengthen their declaratory policy, to underscore the seriousness of their stated intention to keep all options on the table. This could include Congressional hearings on the feasibility of the U.S. military option. It could also include statements that: highlight, rather than repeatedly downplay, the viability of the military option; publicly support the right of U.S. allies to defend themselves if an acceptable deal is not reached; and publicize advanced U.S. military capabilities, including the GBU-57 Massive Ordnance Penetrator (MOP) bunker buster designed specifically to neutralize targets like Iran's deeply-buried illegal nuclear facilities. Deployments or exercises could reinforce this message of readiness, similar to when the United States responded to North Korean nuclear threats by flying B-52 strategic bombers over the southern half of the Korean peninsula in March 2013.³

Augment Israeli Military Option

The United States should also boost the credibility of Israel's military option. Contrasted with the United States, which has the unquestioned capability but uncertain will to carry out such a strike, Israel's own capability may not match its clear determination to prevent a nuclear Iran. Specifically, it is unknown if Israel's bunker busters could damage Iran's underground enrichment facilities enough to substantially set back its nuclear program.

Therefore, the United States could generate additional leverage by transferring MOP bunker busters to Israel. Because Israel currently lacks aircraft to carry the MOP, the United States would need to transfer an appropriate delivery capability as well. There are no legal or policy limitations to such a transfer and the United States has previously recognized the importance of a credible Israeli military option by calling for the delivery of aerial refueling tankers and smaller bunker busters in 2012.

This would reinforce diplomatic efforts in two ways. First, by sending an unmistakable signal that Israel has the ability – on top of the will – to execute a military strike, it would increase Tehran's concerns about what could happen if no acceptable deal is reached. Second, it would bolster the U.S. position at the negotiating table by communicating preparedness to consider other options if diplomacy goes nowhere.

Improve Dialogue with Regional Allies

The United States must work more directly with its allies, both to credibly signal that any final deal must also reflect their concerns and interests, and to articulate alternatives should diplomacy fail. American policymakers should reiterate, both publicly and privately, their willingness to defend regional allies and to prevent an outcome they view as an existential threat, buttressed by unequivocal support for U.S. allies' fundamental rights to ensure their self-defense. The United States should also develop an understanding with its partners on the conditions that could prompt them to use force to prevent a nuclear Iran.

These actions will present a stronger, more unified counterpoint to Iranian leverage at the negotiating table, a setting where Iran has adeptly capitalized on tensions between the United States and its partners in the past to bolster its own bargaining position and play for time. Moreover, by reducing the daylight between the United States and its Israeli and Gulf Arab allies – all of whom Tehran sees as primary threats to its regional influence and even regime survival – cooperation will magnify Tehran's worries about the consequences of failed diplomacy.

Interdict Clandestine Iranian Arms Exports

Iran's motivation to compete while it talks with the United States is evident in multiple ways. In the nuclear realm, it remains defiant of legally-binding U.N. Security Council resolutions requiring it to cease work on ballistic missiles capable of delivering nuclear warheads, even as it adheres to the letter of the JPA.⁴

Furthermore, as elements of its nuclear program have slowed under the interim deal, Tehran has continued its efforts to shift the balance of power on the ground in the Middle East. This is true particularly in Iraq and Syria, where the United States has been reticent to counter Iranian attempts to bolster its Shiite allies. As a result, Tehran can feel more emboldened in negotiations and U.S. allies feel more apprehensive that a final nuclear agreement will only move the regional balance of power further in Iran's favor.

To arrest Iran's regional power play and counter this dangerous perception of retrenchment, the United States could enforce the U.N. arms embargo against Iran, including by intercepting arms shipments to Iraq, Syria (via Iraq) and elsewhere. (The U.S. Navy was prepared to do just that in March 2014 against a ship smuggling Iranian-origin arms through the Red Sea, before the Israeli Navy apprehended the vessel.) Iran is subject to the legally-binding U.N. Security Council Resolution 1747 (2007) prohibiting it from supplying, selling or transferring arms or related materiel directly or indirectly.

By assuaging U.S. allies' fears of Iran's growing regional influence, such actions could present a more united front against Tehran at the negotiating table, and make a final deal more acceptable to them. By showing that the United States is willing resort to measures beyond just negotiating, such actions could also magnify Iran's concerns about the costs of diplomacy's failure.

Endnotes

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