

INSS Insight No. 1455, April 13, 2021 <u>A Return to the Nuclear Agreement? Contacts between the United</u> <u>States and Iran</u>

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Iran and the United States reported that the first round of indirect talks between them, aimed at finding a formula for a return to the nuclear agreement, was serious and constructive, although there is no assurance that the process will succeed. Despite the common interest of both sides to return to the agreement, the road ahead is fraught with obstacles and it is possible that the talks will collapse. Beyond the existing disagreements, the attack on the Natanz website, which Iran blames on Israel, may undermine the Vienna talks. In any case, both sides must find a mutually convincing formula that each party intends to implement what is imposed on it. US elements are still questioning Iran's intentions – is the regime willing to re-accept all the restrictions entailed in the nuclear agreement, or is it trying to buy time. It seems that even if the US administration is willing to listen to Israel's arguments (including those to be raised during a planned visit to Washington by senior defense officials), Israel's ability to influence US moves toward the next stage of talks with Iran will be impaired if it raises mostly objections.

The United States and Iran have completed a first round of indirect talks in Vienna, mediated by the EU, as part of efforts to find a formula for their return to the nuclear deal. Two working groups were established – one on the nuclear aspects and the other on sanctions – to formulate the steps that the United States will take to lift the sanctions, and those incumbent on Iran to roll back the moves it took in its nuclear program while violating its obligations under the agreement.

<u>The parties reported that the talks were constructive</u>, but both warned that there was still no guarantee of a successful outcome. Talks are expected to resume in the coming days. In the background are Iranian demands to remove all sanctions that were re-imposed after they were lifted with the signing of the agreement in 2015, as well as those subsequently imposed by the Trump administration that were not directly related to the nuclear deal (related to terrorism and human rights issues). In effect, by the end of its term, the Trump administration was working to "ensnare" a future administration, whereby it would have difficulty removing sanctions. Moreover, Iranian figures are adamant that only with the certainty that sanctions are lifted, including through the start of oil exports and transfer of funds in the global banking system, will Iran return its nuclear program to the state it was at before violating the terms of the agreement.

It seems that despite the effort of both sides to defend their narrative about who will take the first step, in practice the discourse focuses on ways that will allow them both to coordinate and synchronize their full return to the nuclear agreement. Both have a declared interest in returning to the agreement, but quite a few hurdles are expected on the road ahead, and the focus is on finding a formula that will allow them to trust the other party's willingness to implement what is imposed on it. For the United States, this involves removal of all sanctions imposed by the Trump administration; for Iran, required is a full return to its obligations under the nuclear agreement. Hence, there is a possibility that the talks will blow up, followed consequently by the continuation of the US "maximum pressure" campaign on Iran, and Tehran's continued violation of the agreement. Furthermore, the attack on the Natanz facility, which Iran blames on Israel, may also damage the Vienna talks.

In the meantime, Iran continues to make further technological progress in the nuclear program. A spokesman for the Atomic Energy Organization of Iran said testing of a new advanced IR-9 centrifuge has begun, and that within a few months cold testing would occur at the Arak reactor, after which it could be used in about a year. In addition, a recent irregular report released by the International Atomic Energy Agency (IAEA) detailed another serious breach by Iran in the field of production of uranium metal for the Tehran research reactor.

In Iran itself, the internal debate on the nuclear agreement has deepened (sharpened by the upcoming June 18 presidential election), and tension is building between conservative camp figures, who oppose a return to talks with Washington, and President Hassan Rouhani and his supporters. *Kayhan*, a newspaper affiliated with the conservative camp and Supreme Leader Ali Khamenei, published a call for the Iranian delegation to leave the talks and return home; a study by the Majlis published on April 11 stated that Iran would need about six months to make sure that all sanctions were lifted; in addition, the Majlis research institute published a description of the pressures allegedly exerted on the Iranian delegation by the United States and the European countries party to the agreement to retreat from Iran's official position, as defined by Khamenei. Countering this stance, Rouhani made it clear that those who oppose the talks are in fact harming the Iranian people and their economic situation, which may improve once the sanctions are lifted.

There is also a debate <u>within the US administration</u> about how prepared the United States should be to remove all sanctions imposed by the Trump administration, as demanded by Iran. Republican lawmakers and Democrats are calling on the administration to retain leverage for pressure on Iran. This debate is concurrent with other domestic developments in the US. Indeed, alongside its interest in returning to the agreement, the administration *faces a wide range of internal challenges*, requiring it to pay attention to Congress, which it needs in order to advance its agenda on civic issues.

The central question, which is also pointed out by American figures, has been and remains whether the Iranian regime is indeed willing to return to all the restrictions imposed on it by the nuclear agreement. Some believe that the Iranian demand for the removal of nonnuclear sanctions, as well as the requirement to ensure their removal before any action is taken by Iran, reflect a tactic to remove sanctions even beyond what was achieved in the original agreement, or alternatively holding Washington accountable. Moreover, it is not clear whether the Iranian regime is eager to reach an agreement before the Iranian presidential election, or whether it intends to drag on until August, when the new government of the president-elect will be formed.

Although the US administration has repeatedly stated that it intends to use the return to the agreement as a platform to promote a "longer and stronger agreement," at least at this stage it appears to be an intention to try to improve the agreement only after returning to the original agreement. It is likely that the very raising of this aspect at the present time would immediately lead to the dissolution of the talks by Iran. Moreover, other than presenting the intention to use the agreement as an avenue to a better agreement and talks on other issues (surface-to-surface missiles and Iran's regional conduct), it is doubtful whether the US administration has formulated an orderly plan to persuade Iran to discuss any future agreement. Although according to the administration it will be possible to use the renewed coordination between Washington and the Europeans and its proven ability to re-impose painful sanctions as future leverage over Tehran, it is possible that after the return to the agreement the "pressure" from the administration will ebb, and while it deals with many issues at home and abroad, the Iranian nuclear issue and the agreement will lose urgency and be pushed aside. This is especially so if Iran returns to enriching uranium at levels that keep it a year away from the ability to produce fissile material with time left until the clauses in the agreement expire.

Recommendations for Israel

Israel's working assumption should be that the Biden administration intends to return to the nuclear deal, with all the benefits to Iran included in it, and that the United States and Iran will find a formula that will allow the original agreement to be restored. While the administration may listen to Israel's arguments, including those raised during the planned visit to Washington by senior members of the security establishment, if Israel insists on demonstrating mainly opposition, in practice its ability to influence American moves toward the formulation of the next phase of talks with Iran will be impaired. A sense in

Washington that Israel is determined to act - overtly or covertly - in order to make it harder for the United States to return to the agreement will cause a conflict between Washington and Jerusalem, which will make it even more difficult for Israel to advance its interests.

In these circumstances, Israel must engage in a discreet dialogue with the Biden administration, with concrete proposals in hand on how to ensure full Iranian compliance with the terms of the agreement (which are significant for the timeline to achieve the ability to produce fissile material) and promote the linkage that the United States asserts that it seeks, between a return to an agreement and an Iranian commitment to discuss an improved agreement already in the near term. It is also important to hold a discussion in this regard between Jerusalem and the European countries that are partners in the nuclear agreement.

In the second stage, Israel must formulate and present its position on what will be defined by Washington as a "longer and stronger agreement." The main requirements should be: extension of the duration of the agreement (including five-year steps to examine Iranian conduct, with an option for extension); a marked and significant slowdown in progress on advanced centrifuges; answers to the IAEA's questions; and strengthened supervision clauses. At the same time, beyond the nuclear realm, which for Israel is the most serious strategic threat, and without slowing down the effort to reduce it, Israel should present a series of demands regarding Iran's regional policy, led by:

- a. US public insistence that Iran withdraw all its forces and its envoys from Syria, i.e., Hezbollah and the Shiite militias. As long as it does not do so, Israel has the full right, and US backing, to defend itself and its interests.
- b. A guaranteed continued United States presence in Iraq and Syria, as part of policies to include ISIS and Iran.
- c. Strengthened efforts to reduce Iranian influence in Iraq and Lebanon, both in direct steps that the administration itself will take and by encouraging Gulf states, especially Saudi Arabia, to strengthen economic ties with these two states.