



Negotiations with Iran: update May 2014

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- The first stages of the process initiated in November 2013 have proceeded relatively smoothly
- Iran has suspended uranium enrichment to 20%, the level which is considered a risk because of the ease with which 20% uranium could be turned into weapons grade
- Iran has also diluted its existing stockpile to make it less of an apparent threat
- Solutions to the controversy over the Arak heavy water nuclear plant look possible
- Some sanctions have been suspended and billions of dollars of frozen Iranian assets have been made available
- New talks on a comprehensive agreement have begun in Vienna and commentators say this will be more difficult than the negotiations so far
- There remains considerable suspicion about the process in the US, Iran and Israel

See also the previous Library Standard Note [The deal with Iran](#), December 2013.

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1 Joint Plan of Action and the new round of talks

The Joint Plan of Action agreed in November 2013 was a significant step. After years of fruitless negotiations to resolve the confrontation between Iran and the P5+1 (the UN Security Council's permanent members plus Germany), the Joint Plan of Action seemed to offer a way out and reach agreement about Iran's nuclear programme.¹

However, it was only an interim deal. It was about setting the conditions for further discussions about what Iran's nuclear programme would look like in the longer term and it is these discussions that started in Vienna on 13 May 2014.

There remains a lot of work to be done to narrow the gap between Iranian and P5+1 positions, although some of the more alarming comments reported are probably maximalist early negotiating positions. There are also strong forces on both sides which do not want the agreement to progress because they do not trust the good faith of the participants. These political forces must be taken into account by the negotiators. The timescale is also tight, aiming for a deal by the end of July, although it can be prolonged by mutual consent.

2 Progress of the negotiations

There remains distance between the two sides on some aspects of the programme. However, the initial stages have progressed quite smoothly.

2.1 Iran's voluntary measures

The Joint Plan of Action set out Iran's 'voluntary measures' (in summary):

- Make the existing stock of 20% enriched uranium safer
- Suspend the enrichment of uranium over 5% for 6 months.
- No further development of the Natanz fuel enrichment plant, Fordow, or the Arak reactor. And no new enrichment locations.
- Enhanced monitoring: provision of specified information to the IAEA, including information on Iran's plans for nuclear facilities. This information would be provided within three months of the adoption of these measures.
- Submit redesign proposals for the reactor at Arak, and agreement on new safeguards
- Daily IAEA inspector access at Fordow and Natanz.²

Further practical measures were agreed between Iran and the IAEA for monitoring and disclosure.

The parties met on 9 and 10 January to discuss implementation.

On 20 January it was reported that Iran had started to implement the first stages of the deal. Iran began the suspension of the more advanced elements of uranium enrichment,

¹ For more on the detail of the Joint Plan of Action, see the Library Standard Note [The Deal with Iran](#), 13 December 2013

² [Joint Plan of Action](#), Geneva, 24 November 2013

suspending the production of 20% enriched uranium, and beginning the conversion of its stockpile of enriched uranium to forms that are more difficult to convert to weapons grade.³

2.2 Sanctions relief

The P5+1 countries paused efforts to reduce Iran's crude oil sales, as set out in the plan. An interim package of sanctions relief was prepared, allowing the un-freezing of \$4.2 billion of Iranian assets held overseas. The first tranche, worth about \$500 million, was released on 1 February.⁴ On 20 January, the EU announced a package of sanctions reduction. The steps taken included the following:

- It suspended its ban on the provision of insurance and transport services in relation to Iranian crude oil sales to current customers.
- It suspended the prohibition on the import, purchase or transport of petrochemical products.
- It suspended the ban on trade in gold and precious metals.
- It increased the ceiling on financial transfers to and from Iran tenfold, as foreseen in the Joint Plan of Action.⁵

The IAEA issued a board report on 20 February that the six steps had been implemented by Iran.⁶

2.3 Arak heavy water plant

On 19 April, Iranian nuclear chief Ali Akbar Salehi said that his country and the P5+1 were close to a deal on the future of the Arak heavy water plant. The proposed resolution would involve re-designing the core of the Arak reactor, reducing the production of plutonium (which can be made into a weapon) from the reactor but still allowing Iran to produce medical isotopes. A European diplomat was reported to have said that nothing had been decided.⁷

2.4 Seven further steps

On 9 February, the IAEA and Iran had agreed a further seven steps to be taken by 15 May. The Arms Control Association reported in May on the progress on those steps:

³ ['Temporary Nuclear Deal With Iran Takes Effect'](#), *New York Times*, 20 January 2014

⁴ ['Iran sanctions eased as deal sticks'](#), *Financial Times*, 20 January 2014

⁵ ['Iran: EU suspends certain sanctions as Joint Plan of Action enters into force'](#), EU press release, 20 January 2014

⁶ [Implementation of the NPT safeguards agreement and relevant provisions of the Security Council Resolutions in the Islamic Republic of Iran](#), IAEA, 20 February 2014

⁷ ['Iran Claims Progress on Nuclear Deal'](#), Arms Control Association, May 2014

Iranian Actions to be Completed by May 15, 2014	Status
Providing mutually agreed relevant information and managed access to the Sahand mine in Yazd.	In Progress An IAEA team was provided access to the Sahand mine on a May 5-6 visit to Iran.
Providing mutually agreed relevant information and managed access to the Ardakan concentration plant.	In Progress An IAEA team was provided access to the Ardakan plant on a May 5-6 visit to Iran.
Submission of an updated Design Information Questionnaire (DIQ) for the IR-40 Reactor (Heavy Water Reactor at Arak).	Completed In its March 20 report on the Joint Plan of Action, the IAEA noted that Iran completed an updated DIQ for the agency.
Taking steps to agree with the Agency on the conclusion of a Safeguards Approach for the IR 40 Reactor.	In Progress Iran and the IAEA met on May 5 to continue work on the safeguards for the IR-40 reactor at Arak.
Providing mutually agreed relevant information and arranging for a technical visit to Lashkar Ab'ad Laser Centre.	Not Yet Completed
Providing information on source material, which has not reached the composition and purity suitable for fuel fabrication or for being isotopically enriched, including imports of such material and on Iran's extraction of uranium from phosphates.	Not Yet Completed
Providing information and explanations for the Agency to assess Iran's stated need or application for the development of Exploding Bridge Wire detonators.	In Progress Iran announced on May 4 that it had sent the IAEA a report on the detonators, but the IAEA has not yet publically confirmed that the report was received.

Source: [Arms Control Association](#)

3 Talks on a comprehensive agreement

On 13 May the parties arrived again in Vienna to discuss drawing up an agreement on a comprehensive solution. Four days of talks were planned and were expected to focus particularly on the main areas of difference: the extent of Iran's continued uranium enrichment, the future of the heavy water reactor at Arak and the work that could be associated with the military use of the nuclear programme, including the detonators issue. Supreme Leader Ali Khamenei said recently that reports that Iran should restrict its ballistic missiles programme were 'stupid and idiotic'.⁸

The sequence of Iranian confidence-building measures and Western sanctions-lifting could also be controversial.

A final deal should be reached by 20 July, according to the original agreement, although the deadline can be extended by mutual agreement.

4 Opposing forces

4.1 US

On 19 December 2013, a bill to expand existing sanctions against Iran and impose new ones was introduced in the US Senate,⁹ although the US and the other signatories to the deal had agreed on no new sanctions. The tabling of the Bill was seen as a threat to the negotiations with Iran and was not taken well by Iranian commentators. In January new Iran sanctions legislation was introduced in the Senate. Voices generally supportive of the deal, such as the

⁸ 'Iran nuclear negotiators to start work on final accord', *BBC News Online*, 13 May 2014

⁹ *Nuclear Weapon Free Iran Act of 2013*, S 1881

Arms Control Association, were highly critical of the attempts to bring in further sanctions legislation. The Arms Control Association said:

In nuclear negotiations, as in medicine, the first principle is: "Do no harm." Yet a bill authored by Sen. Robert Menendez (D-NJ) and co-sponsored by 58 of his colleagues, threatens to pull the plug on the patient just as the Iran nuclear negotiations are entering their most delicate phase.

... Hard-liners in the Iranian parliament have already promised retaliation for the Menendez bill by undoing the concessions made Nov. 24 and intensifying Iran's uranium-enrichment activities. Passage of the bill would thus constitute a gift to those on both sides who oppose a negotiated outcome.¹⁰

In January, President Obama said that he would veto any new sanctions bill.¹¹

4.2 Iran

Hardliners in Iran have sought to undermine President Rouhani in various ways since his election. Hardline factions, particularly in the Iranian Parliament, have launched angry attacks on the Rouhani government for allegedly giving away Iran's right to uranium enrichment. Often, however, Rouhani's opponents have chosen other routes to attack him, particularly as the nuclear negotiations are reported to have the backing of the Supreme Leader Ali Khamanei at present. A documentary on Rouhani's early political career was released recently, accusing him of disloyalty to the founder of the Islamic Republic. Hardliners are also accused of fomenting a riot in Tehran's Evin prison and three reformist newspapers have been shut down since the beginning of his presidency.¹²

Iran has also undertaken military manoeuvres, perhaps with a view to appeasing hardliners. Reports have circulated suggesting that the Iranian armed forces have been building and destroying replicas of US warships. The Iranian navy also announced in February that it had dispatched a frigate to the North Atlantic where it would approach US waters. Such a manoeuvre would not pose a threat to the US. It would be more a demonstration to Iranian public opinion of the Iranian navy's reach and an antidote to the perceived humiliation of the US naval presence in the Persian Gulf. In the end the manoeuvre was cancelled.

4.3 Israel

Many Israeli politicians continue to be suspicious that Iran is duping the West and that the P5+1 negotiating group of Western countries is too eager to make concessions. US National Security Adviser Susan Rice visited Israel in May 2014 to discuss the negotiations. Rice argued that the opportunity to reach a negotiated settlement on Iran's nuclear programme was time-limited and that Rouhani and his foreign minister Javad Zarif would not be able to keep control of the issue for ever and Iran would return to the intransigence of previous Iranian governments.

Rice said that the process had already achieved a lot in suspending enrichment to 20%, diluting the present stock pile and allowing increased IEAE inspection. Many Israelis remain unimpressed and have stressed what they see as Iran's dangerous development of long-range ballistic missiles and support for terrorist activities.¹³

¹⁰ 'New Sanctions Now Would Torpedo Iran Nuclear Negotiations', Arms Control Association, 13 January 2014

¹¹ 'Obama takes tough line against Iran sanctions to Congress', *Reuters*, 28 January 2014

¹² 'Iran's hardliners step up attacks on Rouhani over nuclear talks', *Financial Times*, 5 May 2014

¹³ 'Israel suspects world powers compromising on Iran nuclear plan', *Haaretz*, 14 May 2014

5 Outlook

The International Crisis Group published a report on the negotiations in May. The organisation summarised its recommendations for progress with the following steps:

- permitting Iran a contingency enrichment program that could be dialled up in the event of nuclear fuel denial, though constrained enough that any breakout could be promptly detected and, through a defined response, thwarted;
- converting the heavy-water research reactor in Arak to diminish the amount of plutonium it produces;
- transforming the bunkered facility in Fordow into a proliferation-resistant research and development centre;
- introducing transparency measures that exceed Iran's existing obligations but conform with its legitimate security and dignity concerns and that the P5+1 should acknowledge will be temporary;
- providing Iran significant but reversible sanctions relief in the early stages of the comprehensive agreement, followed by escalating further relaxation, including open-ended suspension or termination of restrictions in accordance with progress on the nuclear front;
- establishing positive incentives by strengthening trade ties, and increasing civilian nuclear and renewable energy cooperation between the parties; and
- coordinating messages to reassure both sides' regional allies and rivals, and to avoid inciting hardliners as leaders sell the agreement at home.¹⁴

Mark Fitzpatrick of the International Institute for Strategic Studies said in May that the present round of negotiations would be difficult:

It's interesting and not unexpected that the parties are talking in positive tones, respectful tones, but this drafting stage they're entering will be very difficult.

There will be many bracketed areas of disagreement, and resolving those brackets before July 20 is going to be very, very difficult indeed . . . It's less than a 10 per cent chance.¹⁵

David Gardner in the *Financial Times* argued on 13 May that, despite the 'bombast' coming from certain Iranian leaders, Iran had an interest in reaching a deal, particularly in view of the worrying spread of sectarian strife in Iraq, Syria and Lebanon:

It is . . . in Iran's interest to collaborate in bringing stability to neighbouring Iraq, racked by Sunni-Shia conflict since the US-led invasion of 2003. Since Iraq has a Shia majority, Iran's Shia regime does not fear losing influence there so much as the revival of Sunni jihadism. But that will be impossible to eradicate in Iraq without also doing it in Syria. In time, that will require a plausible transition out of the Syrian conflict, possible only if Iran jettisons President Bashar al-Assad, its ally whose regime depends on Iran and Hizbollah, its Lebanese paramilitary proxy, to cling to power. (Hizbollah, too, is discussing what an Iranian rapprochement with the US would mean for its future.)¹⁶

¹⁴ *Iran and the P5+1: Solving the Nuclear Rubik's Cube*, International Crisis Group, May 2014

¹⁵ 'Iran nuclear talks arrive at pivotal deal-drafting phase', *Financial Times*, 11 May 2014

¹⁶ 'Iranian bombast belies its interest in a nuclear deal', *Financial Times*, 13 May 2014

In the *Daily Telegraph*, Tom Rogan recently warned that Iran's government is plagued by factionalism and that the country remains unpredictable.¹⁷

6 UK Government reaction

In April 2014 Baroness Warsi was asked for the UK government's assessment of the negotiations so far. She conceded that achieving a comprehensive agreement will be difficult:

Lord Turnberg: To ask Her Majesty's Government what is their most recent assessment of the results of negotiations with Iran to reduce its capacity to develop nuclear weapons.

The Senior Minister of State, Department for Communities and Local Government & Foreign and Commonwealth Office (Baroness Warsi) (Con): There have now been two rounds of negotiations with Iran on a comprehensive agreement, which would address our concerns about Iran's ability to develop a nuclear weapons capability. These discussions have been positive and useful; and a framework for the negotiations has been agreed. But achieving a comprehensive agreement will not be easy.

Lord Turnberg: To ask Her Majesty's Government what assessment they have made of the reductions in nuclear capability made so far by Iran.

Baroness Warsi: Under the November Geneva interim deal, Iran has halted the most concerning aspects of its nuclear programme and in some cases is rolling it back: e.g. it has stopped enriching uranium beyond 5%; it is getting rid of its stockpile of 20% enriched uranium; and is not installing any additional centrifuges. All of these actions take Iran further away from developing a nuclear weapons capability. We are using the time and space created by the Geneva deal to negotiate a comprehensive agreement to address all our proliferation concerns and therefore take Iran further away from developing a nuclear weapons capability.¹⁸

In November 2013, Ajay Sharma was appointed as the UK's non-resident Chargé d'Affaires for Iran and in December, he paid his first visit to the country.¹⁹ In April, a former UK ambassador to Iran, Sir Simon Gass, travelled to Iran to discuss improving diplomatic ties and re-opening the British embassy in Tehran. The UK government withdrew its ambassador and expelled the Iranian ambassador to the UK in 2011 following the attack on the British embassy in Tehran which the British government suspected had the backing of the then Iranian government. Diplomatic relations were never formally broken off, however.

¹⁷ 'Where is Iran heading? Here are three clues', 15 April 2014, *Daily Telegraph* (blog)

¹⁸ [HL Deb 8 April 2014, c277WA](#)

¹⁹ 'Ajay Sharma makes first visit to Iran as non-resident Chargé d'Affaires', FCO press release, 3 December 2013