Iran, the nuclear negotiations and relations with the UK

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Amid increasing tensions over the nuclear programme and the imposition of another round of sanctions, protesters stormed the British Embassy in Tehran in November 2011, leading to the closure of the embassy. 'Protecting power' arrangements were set in place, meaning that British interests in Iran were handled by Sweden, while Iranian interests in London were taken care of by Oman.

A British parliamentary delegation visited Iran in January 2014. In February 2014 the UK and Iran said that they would re-start direct diplomatic contacts, conducting business through non-resident Chargés d'Affaires rather than through third countries. The Tehran embassy will open as soon as practical problems have been solved.

The UK government supports and participates in the negotiations over Iran's nuclear programme, although it says that the sanctions should not be lifted until a comprehensive solution to the dispute of the nuclear programme has been reached. After the election of Hassan Rouhani in 2013, a Joint Plan of Action was agreed between the E3+3 negotiating team and Iran, leading to enhanced prospects for a deal. On the expiry of the earlier deadline at the end of November, the talks were further extended to 30 June 2015.

Sanctions have caused a particularly sharp deterioration in Iran/UK trade.

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Map courtesy of the University of Texas

1 P5+1 nuclear negotiations

On 27 October, the government answered a Parliamentary Question setting out its policy on the nuclear negotiations with Iran:

> The UK is committed to ensuring that Iran does not develop a nuclear weapons capability. A comprehensive agreement between the E3+3 [P5+1] and Iran is the best way to ensure the exclusively peaceful nature of Iran's nuclear programme.[1]

The UK has been at the forefront of efforts to settle the dispute over Iran's nuclear programme, and has argued in favour of tough sanctions from its EU partners.

The EU sanctions regime includes an oil embargo and severe restrictions on the Iranian financial sector. In December 2012, further measures were added, including trade in raw metals and the import of Iranian natural gas.

After the election of Hassan Rouhani to the Iranian presidency in 2013, a new willingness to compromise was in evidence and a Joint Plan of Action to move the negotiations forward was agreed between Iran and the E3+3.[2] This involved the suspension of Iran's enrichment of uranium to 20%, which would be relatively easy to convert to weapons-grade uranium. Iran also committed to convert much of its existing stockpile of 20% enriched uranium to a form that could not be used for a weapon. As part of its side of the bargain, the E3+3 agreed to suspend sanctions on trade in petrochemicals, gold and precious metals and some other sanctions, including on the aviation industry, and not to impose any new nuclear-related sanctions at UN, US or EU levels for the duration of the agreement. The E3+3 also agreed to enable the repatriation of $4.2 billion of Iranian funds held abroad in agreed steps.[3]

1.1 24 November deadline

The negotiations' original deadline was set for July 2014 but problems remained to be solved at the first deadline, so it was extended to 24 November. Some additional actions were agreed at the same time as the deadline extension, namely the conversion of more of Iran's medium-enriched uranium to less threatening forms and the repatriation by P5+1 countries of $2.8 billion of Iranian funds.

Negotiations resumed in August and in September, with the International Atomic Energy Agency issuing a report saying that Iran was complying with undertakings on uranium enrichment:

> Since the [Joint Plan of Action] took effect, Iran has not enriched UF_6 above 5% U-235 at any of its declared facilities. As a result of downblending and conversion that has taken place, Iran no longer has a stock of UF_6 enriched to 20% U-235.

However, the agency also said that Iran should provide information and access to assuage concerns about possible military dimensions of the programme:

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1 PQ 211460 on Iran, 22 October 2014

2 The E3+3, otherwise known as the P5+1, is the negotiating group engaging with Iran over its nuclear programmed. It is composed of China, France, Germany, Russia, the United Kingdom and the United States.

3 For more detail on the Joint Plan of Action, see the Library standard note: *The Deal with Iran*, 13 December 2013 and *Negotiation with Iran: update May 2014*, 16 May 2014

> The Agency remains concerned about the possible existence in Iran of undisclosed nuclear related activities involving military related organizations, including activities related to the development of a nuclear payload for a missile.[4]

Despite the promising developments on enrichment, it remains probably the most important sticking point in negotiations. Iran wants to increase its enrichment capacity, measured in the number and capacity of centrifuges, to be able to produce more of its own nuclear fuel for future nuclear reactors. The P5+1 team wants to reduce Iran's enrichment capacity to a level determined by Iran's verifiable needs at present. The timescale before Iran might be accepted as a normal user of nuclear power, the level of IAEA access to Iranian nuclear facilities to assuage international concerns about the programme, and the number of enrichment centrifuges are also some of the main areas of contention.

The director of the Arms Control Association said recently that progress was possible if both sides were prepared to compromise:

> There are realistic options available that would meet the bottom line needs of both sides on this key issue. Finding the right combination of measures including curtailing the number of centrifuges for a period of several years, regulating new centrifuge research, reducing the stockpile and form of enriched uranium, and providing Iran with fuel supplies in advance for its one operating light-water power reactor at Bushehr, can meet the core concerns of both sides.[5]

1.2 Talks extended

Despite the fact that Catherine Ashton stepped down as EU High Representative at the end of October, she retained the chairmanship of the Iran negotiations for the time being.

After intensive last-minute discussions, the negotiators announced on 24 November that the talks would be extended until June 30 2015. The longer than expected extension was designed to allow for a political agreement to be reached within four months, leaving three further months for resolution of the technical details as explained in the joint statement:

> We intend to build on the current momentum in order to complete these negotiations within the shortest possible time, up to four months, and if necessary to use the remaining time until the end of June to finalize any possible remaining technical and drafting work.[6]

Talks would take place in December, according to an Iranian representative.[7]

The negotiators said that it was 'credible' that they would reach a comprehensive settlement and that 'new ideas' were being explored. Meanwhile, the commitments set out in last year's initial agreement would continue to be honoured, including the transfer to the Iranian government of some $700 million per month of frozen Iranian assets.[8]

UK Foreign Secretary Philip Hammond gave a positive assessment of the extension:

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4 *Implementation of the NPT safeguards Agreement and relevant provisions of the Security Council resolutions in the Islamic Republic of Iran*, IAEA Board Report, 5 September 2014

5 'Statement from the Arms Control Association on the Prospects for a Nuclear Deal with Iran', Arms Control Association, 16 October 2014

6 Joint Statement by Catherine Ashton and Iranian Foreign Minister Mohammad Javad Zarif following the talks in Vienna, EU External Action Service, 24 November 2014

7 'Iran to hold nuclear talks with world powers in December – spokeswoman', IRNA website, 3 December 2014 (supplied by BBC Monitoring)

8 HC Deb 25 November 2014, c772

> We have a much better understanding of what an agreement would look like that would be acceptable to both sides and we all believe that we have got far enough that it is worth continuing this work.
>
> Extension does not mean a pause; we will continue negotiations in early December. Our clear aim remains to reach, within the next few months, a comprehensive agreement which addresses international concerns about Iran's nuclear programme. Extending the negotiations will allow extra space and time to try to achieve this.[9]

The length of the extension could have its drawbacks. Those opposed to the talks in both the US and Iran may see it as a bigger opportunity to torpedo the negotiations. In the US Congress, there are many who want to impose further sanctions on Iran, which could cause the Iranians to abandon the process. William Kristol, for example, said that the sanctions regime had already deteriorated and that he 'strongly supported' Congressional efforts to strengthen it.[10]

In Iran, conservative forces are also hostile to the talks and may hope to derail them, thereby damaging their moderate opponent, President Hassan Rouhani.

2 Iran and the conflict in Syria and Iraq

The election of Hassan Rouhani changed the outlook for relations with the West and injected new life into the nuclear negotiations, which had been moribund under the previous government of Mahmoud Ahmadinejad. But another factor has affected relations: the spread of radical *jihadi* group ISIS into Iraq. While the group, along with other Islamist radicals, were largely confined to the Syrian conflict, Iran was supporting the Assad government in Syria and criticised the US for allowing its allies in the Gulf to fund radical Sunni groups in Syria.

Iran and the US were already involved in some cautious cooperation in Iraq, where the two traditional enemies were committed to protecting the Iraqi government. After the spread of ISIS control into Iraq, coming close to the outskirts of the capital Baghdad, that cooperation rapidly crystallised, with Iran and the US being instrumental in persuading Iraq's previous Prime Minister al-Maliki, to step down. Al-Maliki was blamed by many for alleged divisive sectarian policies which caused a Sunni backlash and the associated takeover of large parts of Iraqi territory by ISIS. The US and Iran have also found themselves performing similar functions advising the Baghdad government on its military campaign against ISIS.

On 2 December, it was reported that US, British and other Western fast jets were fighting 'directly alongside' Iranian warplanes in the attempt to clear ISIS forces from the northern Iraqi towns of Saadiya and Jalula, not far from the Iranian border.[11]

Although the US and British governments say that there is no direct coordination taking place, some collaboration does seem to be taking place (there are reports of an informal division of ISIS territory into sectors) and could pave the way for an acceleration of the rapprochement between Iran and the West, underpinning the nuclear negotiations by increasing trust. However, such trust is unlikely to be built up quickly and the dire situation in Iraq could bring conflict as well as cooperation between Iran and the West.

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9 'Foreign Secretary remarks following Iran talks', Foreign and Commonwealth Office press release, 24 November 2014

10 Michael Makovsky and William Kristol, 'No Deal', *Weekly Standard*, 8 December 2014

11 'Iranian jets join allies in the fight against Islamic State in Iraq', *Daily Telegraph,* 2 December 2014

In any case, the sheer complexity of the situation in Iraq and Syria means that there is not likely to be a wholesale re-alignment. Iran continues to support the Assad government in Syria. Assad is reported to have turned a blind eye to *jihadi* groups in Syria while turning his fire on more moderate Syrian opposition groups. Moderate Syrian rebels also accuse Iran of helping to create ISIS, to go along with the Assads' alleged policy of turning the rebellion into a *jihadi* one; the US State Department designation in 2012 of the Iranian Ministry of Intelligence for supporting Al-Qaida in Iraq supported that idea.[12]

There remain serious questions about the West's cooperation with Iran over ISIS:

- Can the West cooperate with Iran in Iraq while being opposed to Iranian actions in Syria?
- Can Iran support for the Iraqi government be effective when Iran also supports Syria and the Syrian government is accused of being ambivalent over ISIS?
- Can Iran work on the same side as the Kurds in Iraq when it has its own Kurdish insurgency problems in western Iran.

In June, US Secretary of State John Kerry said that the US was open to talks with the Iranians over Iraq:

> We're open to discussions if there is something constructive that can be contributed by Iran, if Iran is prepared to do something that is going to respect the integrity and sovereignty of Iraq.[13]

But some commentators have warned against cooperating too much with Iran over Iraq:

> We have grown accustomed to Pakistan playing both arsonist and fireman at the same time — sheltering Osama bin Laden and supporting jihadist groups while winning aid from Washington by portraying itself as a partner in the war against terrorism. Iran is adept at playing a similar game, only instead of aid it is likely hoping for a further relaxation of Western sanctions and a sweeter deal on its nuclear program.[14]

2.1 Sunni governments in the region

Saudi Arabia is one of the leading opponents of any warming of the relationship between the US and Iran. The Saudis feel threatened by Iran and have traditionally relied on the close security relationship with the US and other Western countries to counter that threat.

Over the past few years, the relationship between Gulf governments and Washington has cooled: the Sunni Gulf monarchies were deeply worried by the support of the Obama administration for the Arab uprisings and the deposition of Hosni Mubarak in Egypt. Criticisms of the repression in Bahrain added to that and the re-invigoration of the nuclear talks under Rouhani further strained the relationship. Now it looks as if Westerners and Iranians are to some extent cooperating over ISIS, when many in the Gulf monarchies think that from the outset Iran bears much responsibility for the unrest in Iraq, as well as unrest such as that in Bahrain.

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12 'Treasury Designates Iranian Ministry of Intellligence and Security for Human Rights Abuses and Support for Terrorism', US Treasury, 16 February 2014

13 'Kerry says air strikes in Iraq an option, U.S. open to Iran talks', *Yahoo News*, 16 June 2014

14 'The United States should not cooperate with Iran on Iraq', *Washington Post,* 167 June 2014

Worried that the beneficiaries of present trends will be their enemies in Tehran and Damascus, Saudi and Turkish leaders want to concentrate the focus on Syria, arguing (not without justification) that there can be no solution to the ISIS problem without the removal of the Assad government.[15]

3 UK/Iran relations

The UK government has pursued a relatively tough line against Iran's nuclear programme, encouraging other EU member states to impose strong sanctions. British policy is that the sanctions can only be definitively lifted as part of a comprehensive agreement on the nuclear programme.[16] In July, the House of Commons Foreign Affairs Committee published a report on UK relations which broadly endorsed the government's policy towards the nuclear negotiations.[17]

In September 2014, Prime Minister David Cameron met Iranian President Rouhani in New York,[18] and shook hands. It was the first such meeting since the Iranian revolution of 1979.

3.1 Diplomatic relations

In November 2011, protesters angry about the latest round of sanctions imposed by the EU on Iran over the nuclear programme stormed the British Embassy in Tehran, smashing windows and burning the British flag. It was widely assumed in the UK that the Iranian authorities had not done enough to prevent the incident, even though the Iranian government issued a statement regretting the "unacceptable behaviour by a small number of protesters in spite of efforts by the police."[19]

In November 2013, the UK and Iran agreed that relations would be conducted through a non-resident Chargé d'Affaires, Ajay Sharma. Iran also appointed its own non-resident Chargé d'Affaires.

On 20 February, the government ended the formal arrangement whereby Sweden and Oman acted as the protecting powers for British interests in Iran,[20] meaning that bilateral business would thenceforth be conducted directly by British officials.

On 17 June 2014, following an improvement in relations over the preceding few months, the then Foreign Secretary William Hague announced that the Government intended to re-open the Tehran embassy.[21] He said that the main considerations were the safety of staff and their ability to carry out their duties without hindrance; there were 'practical issues' that needed to be resolved first and that a full range of services would not be available straight away.

At the end of October 2014, the Tehran embassy remained closed,[22] but the government said that it wanted to re-open it as soon as possible:

> **Baroness Anelay of St Johns:** I agree entirely with the noble Lord that the sooner it happens, the better. We would like to re-establish the embassy and the visa system

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15 See for example Prince Turki Al-Faisal On Regional Crises, Comments at the National Council on Arab-US Relations, 28-29 November 2014
16 PQ 209366 on Iran, 26 September 2014
17 *UK policy towards Iran*, Third Report of Session 2014–15, Foreign Affairs Committee, HC 547, 14 July 2014
18 'Leaders of UK and Iran meet for first time since 1979 Islamic revolution', *Guardian,* 24 September 2014
19 'Iran protesters storm UK embassy in Tehran', *BBC News Online,* 29 November 2014
20 HC Deb 24 February 2014, c29
21 HC Deb 17 June 2014, c80WS
22 British Embassy Tehran

there. Clearly, noble Lords will know that the circumstances in which we had to leave the embassy mean that we have to renegotiate literally being able to refurbish the embassy and move back in. We are in active negotiations on that—as he says, the sooner the better for the return.[23]

3.2 Human rights

There has been a lot of criticism over Iran's human rights record, particularly in relation to its treatment of Christians and other religious minorities, the execution of homosexuals, and its widespread use of the death penalty in general. The British Government says it raises these issues at meetings with Iranian representatives. According to the Foreign and Commonwealth Office, problems with human rights have not improved much in recent months, although the openness to debate about them may have:

> There has been little change in the human rights situation in Iran between July and September 2014. There continues to be great international concern over the widespread use of the death penalty in Iran; restrictions on freedom of religion or belief, freedom of expression, and the rights of journalists; and human rights defenders, women, and prisoners. However, over the past three months, there has been increased public debate about human rights issues, particularly the filtering of websites and gender segregation, in part driven by a number of high-profile cases. Although this has not so far resulted in a change to the substantive human rights situation in Iran, a number of Iranian political figures, such as Communications and Information Technology Minister, Mahmoud Vaezi, have shown support for greater freedom of expression, particularly through electronic media.[24]

Some commentators are worried that the focus on oppression in Iran will be lost if too high a priority is given to improving relations, to gain advantages in the nuclear negotiations and in Iraq and Syria, as suggested in this Parliamentary Question:

> **Stephen Timms**: To ask the Secretary of State for Foreign and Commonwealth Affairs, what priority the Government gives to the human rights situation in Iran as a factor in the development of bilateral relations with that country and in the potential re-opening of embassies in Tehran and London; and if he will make a statement.
>
> **Mr Tobias Ellwood**: We remain deeply concerned by the dire human rights situation in Iran. Iran is one of the UK Government's "Countries of Concern" on human rights and thus subject to enhanced monitoring and reporting on human rights developments. We hope that President Rouhani will act on the pledges he has made to implement social reforms and improve the rights of all citizens in Iran. But responsibility for human rights in Iran does not fall under the direct authority of the President. Genuine progress, while essential, will be difficult to achieve. Improving our bilateral relationship with Iran is in the interests of both countries. It does not mean we suddenly agree on everything; on the contrary, we will continue to have sharp disagreements with Iran, particularly over human rights. But a functioning relationship, including with embassies reopened, will better equip us to respond to those challenges.[25]

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23 HL Deb 30 Oct 2014, c1305

24 Human Rights and Democracy report, Iran - Country of Concern: latest update, 30 September 2014, Foreign and Commonwealth Office, September 2014

25 Written question 212111: Stephen Timms, 27 October 2014

3.3 Trade

The sanctions have reduced Iran's economic growth, led to a weakening of its currency and cost it $100 billion in oil revenues.[26]

Talks aimed at relaxing sanctions in return for Iran curbing its nuclear activities are ongoing. The two sides have given themselves until 24 November to reach an agreement, although press reports indicate that agreement may not be reached by this deadline.[27] Despite the sanctions, Iran supplied 29% more crude oil to major Asian customers in July 2014 compared with a year earlier, mainly due to higher exports to China.[28]

There was a partial lifting of sanctions following an agreement in November 2013. However, businesses in Iran complain that they have seen little benefit from this, partly because international banks are unwilling to be involved with Iran for fear of reprisals from the US.[29]

The effects on the Iranian economy of the sanctions and their partial lifting was described in a recent report by the IMF:

> ***Since early 2012, international trade and financial sanctions brought renewed shockwaves and pushed the economy into a deep contraction.*** A series of sanctions restricting oil exports, the supply chain of some key sectors (like automobiles), and transactions of international and domestic banks, impaired Iran's ability to conduct international current and capital transactions and brought a sharp decline in income. Oil production fell to a 20-year low, oil-export proceeds declined by more than half (by about 15 percent of GDP)[30]
>
> […]
>
> There was a limited and temporary easing of economic sanctions in November 2013. Under the interim agreement with the P5+1 in November 2013, Iran's crude oil sales would be allowed to stabilize at the level of around 1 million bpd and Iran could access US$4.2 billion of its own funds held abroad in the six months, following the agreement taking effect on January 20, 2014. Sanctions on Iran's petrochemical exports, the automobile industry, and on the trading of gold and precious metals, were also waived temporarily, potentially providing US$1.5 billion in revenue. The United States and the European Union have also committed to establish a financial channel to facilitate humanitarian trade with Iran, including for civil aviation needs and to enable payment of tuition fees for Iranian students abroad. All in all, Iran would be able to dispense about US$6–7 billion (2 percent of GDP) during the six months following its implementation on January 20, 2014. The interim agreement maintained the sanctions against the Central Bank of Iran and other domestic financial institutions.[31]

According to Reuters, "the European Union is quietly increasing the urgency of a plan to import natural gas from Iran, as relations with Tehran thaw while those with top gas supplier Russia grow chillier".[32] Iran has the second largest gas reserves in the world, after Russia.

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26 "US slaps more sanctions on Iranian banks, firms", Reuters, 29 August 2014

27 See, for example, "Iran nuclear talks result doubted year after Geneva breakthrough", *Bloomberg,* 14 October 2014

28 Iran oil minister vows to bypass sanctions after new US curbs, *Reuters*, 3 September 2014

29 "Iranians back Rouhani's efforts to tackle legacy of sanctions", *Financial Times*, 14 August 2014

30 IMF, *Islamic Republic of Iran: Staff Report for 2014 Article IV Consultation*, 13 March 2014, p7

31 p 10

32 "Iran won't replace Russia as top gas supplier – Tass quotes Rouhani", *Reuters*, 4 October 2014

In September, it was reported that Iran and Russia had been discussing a deal whereby Russia would supply grain to Iran in return for oil, as a way of getting round Western sanctions imposed on the two countries.[33]

It is not UK government priority to increase trade with Iran at present, as the following comment from the Government's joint guidance on trade with Iran makes clear:

> The UK government does not encourage trade with, or investment in, Iran and has withdrawn all commercial support for trade. If you decide to trade with Iran, you do so at your own risk. Having weighed up the risks, the final decision on whether to trade with Iran lies with you. However, if your business dealings get into trouble, the government will not be able to assist.[34]

UK trade with Iran has suffered over the last few years, with total exports to Iran falling from about €500 million in 2008 to €90 million in 2013, as the following table shows:

Trade in Goods (Exports to Iran) - Bilateral Trade Figures: € Million - Source: Eurostat

	2006	2007	2008	2009	2010	2011	2012	2013
EU 27	11290	10121.8	11338.6	10429.2	11312.2	10494.2	7358.8	5438
Germany	4110.5	3595.8	3920.3	3782.5	3786.4	3082.2	2523.7	1849
France	1896.1	1511.7	1810.2	1446.8	1786.9	670	803.2	494
UK	628.4	579.4	508.6	414.9	327.2	203.5	119.6	89.4
Italy	1825.2	1856.3	2125.5	2013.3	2059	1863.3	1407.2	1055.2
US (€)	65.1	99.1	490.8	195.6	157.7	180	190.5	227.1
US ($)	85.9	144.7	683.2	280.4	211.4	233.2	251.1	312.8

Sources: Eurostat, United States Census Bureau

Exchange rate $ to € correct for 31st December of the year in question (source: X-rates)

Compiled by British-Iran Chamber of Commerce

UK exports to Iran are noticeably lower than those of Britain's major competitors and it has been pointed out that US exports to Iran have not suffered as much as UK trade; this has been blamed in some quarters on the chilling effect US sanctions have on banks from other countries; a point which was brought up in a debate in the House of Commons in March 2014:

> **Mr Straw:** […] Does the Minister accept that, whichever way we look at the data, one cannot but come to the conclusion that United States practice and the way they pressure British banks is operating more harshly on our banks than on US banks and entities? That is the heart of the matter on which we want to see some action taken by the British Government.

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[33] "Putin, Iran's Rouhani to discuss trade, economic ties", *Reuters*, 10 September 2014

[34] Department for Business, Innovation & Skills, Export Control Organisation, Foreign & Commonwealth Office and UK Trade & Investment, Embargoes and sanctions on Iran, 11 September 2012

Mark Simmonds: I am grateful for the right hon. Gentleman's intervention, because it leads me on quite neatly to my next remarks. Before I move on, however, I must say that I do not think he can conflate the challenges that some UK banks have—we can come on to the specifics—with the whole range of issues that affect the bilateral trade relationship between the United Kingdom and Iran. For example, banks must consider other aspects in order to comply with regulatory authorities in the UK and the European Union, as well as in the US. Such considerations include anti-money laundering, concerns about counter-terrorism and all the other aspects that banks must consider when assessing risk and ensuring that they comply with the whole package of important regulatory regimes, US or otherwise.

The right hon. Gentleman referred to banks that have fallen foul of the US regime, but those cases concerned not extraterritorial sanctions but transactions that had a connection to US territory. The allegations were that the banks had directly violated US law by conducting business with Iran from the United States, and it is correct that those banks should respond to allegations that they have broken US regulations within US territory.

I want to move on to secondary or extraterritorial US sanctions, which are at the heart of the thrust of the right hon. Gentleman's remarks. Along with the European Union, we have taken steps to protect UK companies from such extraterritorial jurisdiction. The key to our approach to Iran is that our sanctions are so closely aligned with those of the US that the scope for such jurisdictional conflict is small. As I mentioned, we recognise the importance of US and EU sanctions in bringing Iran to negotiations.[35]

[35] HC Deb 26 March 2014, c123WH

Timeline of nuclear negotiations with Iran

June 14, 2013: Hassan Rouhani is elected president of Iran. A former nuclear negotiator, he asserts that Iran will maintain its nuclear program, but offers to be more transparent.

August 6, 2013: Three days after his inauguration, Iran's President Hasan Rouhani calls for the resumption of serious negotiations with the P5+1 on Iran's nuclear program.

September 26, 2013: The P5+1 foreign ministers meet with Iranian Foreign Minister Javad Zarif on the side-lines of the UN General Assembly meeting in New York. Zarif presents the P5+1 with a new proposal that U.S. Secretary of State John Kerry describes as “very different in the vision” of possibilities for the future. Zarif and Kerry meeting for a bilateral exchange after the larger group meeting. Zarif later says he and Kerry move to agree “first, on the parameters of the end game.” Zarif says Iran and the P5+1 will think about the order of steps that need to be implemented to “address the immediate concerns of [the] two sides” and move toward finalizing a deal within a year. The parties agree to meet again on October 15 in Geneva.

September 27, 2013: President Barack Obama calls Iranian President Hassan Rouhani, marking the highest level contact between the U.S. and Iran since 1979. While President Obama says that there will be significant obstacles to overcome, he believes a comprehensive resolution can be reached.

In Vienna, Iran's new envoy to the IAEA, Reza Najafi, meets with IAEA deputy director Herman Nackaerts to resume negotiations on the structured approach to resolving the agency's concerns about the possible military dimensions of Iran's nuclear program. Both sides describe the meeting as constructive and agree to meet again on October 28.

October 15-16, 2013: Iran and the P5+1 meet in Geneva to resume negotiations over Iran's nuclear program. At the end of the talks, the parties release a joint statement describing the meetings as "substantive and forward looking." The statement also says that Iran presented a new proposal that the P5+1 carefully considered as an "important contribution" to the talks. The proposal is understood to contain a broad framework for a comprehensive agreement and an interim confidence building measure to be instituted over the next 3-6 months, but no details are given as the parties agreed to keep the negotiations confidential.

Wendy Sherman, Undersecretary of State for Political Affairs, says after the talks that Iran approached the meetings "with a candour" she had not heard in her two years of negotiating with Tehran. The parties agree to meet again November 7-8 in Geneva with an experts level meeting October 30-31.

October 28-29, 2013: Iran meets with the IAEA to continue discussions over the agency's investigations into Iran's past nuclear activities with possible military dimensions. According to a joint statement, Iran presented a new proposal at the talks that contained "practical measures" to "strengthen cooperation and dialogue with a view to future resolution of all outstanding issues." Iran and the IAEA agree to meet again in Tehran on November 11.

November 7-10, 2013: The P5+1 and Iran meet in Geneva to continue negotiations over Iran's nuclear program. On November 8, with the expectation that a deal is close, U.S. Secretary of State John Kerry flies to Geneva to join the talks, as do the foreign

ministers from the other P5+1 countries. The parties fail to reach an agreement on a first-phase deal, but announce that talks will continue on November 20 in Geneva.

Secretary Kerry says in Nov. 10 press conference that the parties "narrowed the differences" and made significant progress toward reaching an agreement during the talks.

November 11, 2013: IAEA Director General Yukiya Amano and Ali Akbar Salehi meet in Tehran to continue talks on an approach for the agency's investigations into Iran's past nuclear activities with possible military dimensions. Amano and Salehi sign a Framework for Cooperation Agreement. The framework lays out initial practical steps to be take by Iran within three months, including allowing IAEA access to the Heavy Water Production Plant at Arak and the Gchine uranium mine, and providing the agency with information on new research reactors and nuclear power plants that Iran intends to build. The statement commits the parties to cooperation "aimed at ensuring the exclusively peaceful nature of Iran's nuclear programme through the resolution of all outstanding issues that have not already been resolved by the IAEA."

November 20-24, 2013: Iran and the P5+1 meet again in Geneva to continue negotiations. On November 23, the foreign ministers from the P5+1 join the negotiations. Early on November 24, Iranian Minister Javad Zarif and Catherine Ashton, leader of the P5+1 negotiating team, sign an agreement called the Joint Plan of Action. It lays out specific steps for each side in a six-month, first-phase agreement, and the broad framework to guide negotiations for a comprehensive solution.

The first-phase pauses further developments in Iran's nuclear program, rolls back significant elements like the stockpile of 20 percent enriched uranium, and requires more extensive IAEA monitoring and access to nuclear sites. In return, Iran receives limited sanctions relief, repatriation of limited assets frozen abroad, and a commitment that no new nuclear-related sanctions will be imposed on Iran for the duration of the agreement. For more details on the agreement, click here.

The plan will establish a Joint Commission to monitor the agreement and work with the IAEA. The six month period can be extended by mutual consent of both parties.

December 8, 2013: Under the terms of the Framework for Cooperation Agreement the IAEA visits the Arak Heavy Water Production Plant.

December 9-12, 2013: The P5+1 and Iran meet in Geneva at the technical level to begin discussions on the implementation of the Nov. 24 Joint Plant of Action.

December 11, 2013: Iran and the IAEA meet again in Vienna to review progress made on the six actions that Iran agreed to take as part of the Framework for Cooperation Agreement. The parties also begin discussing the next practical steps for Iran to take and initially plan to meet again on Jan. 21 to finalize the measures. The meeting is later postponed at the request of Iran to Feb. 8.

December 30-31, 2013: Technical level discussions between Iran and the P5+1 on implementing the Joint Plan of Action continue in Geneva.

2014

January 9-10, 2014: Iran and the P5+1 meet for a third time in Geneva to discuss implementation. The parties reach an agreement and return to their respective capitals for approval.

January 12, 2014: Iran and the P5+1 announce that implementation of the Joint Plan of Action will begin on Jan. 20.

January 20, 2014: Implementation of the Joint Plan of Action begins. The IAEA issues a report on Iran's compliance with the deal. The report states that Iran is adhering to the terms of the agreement, including, halting enrichment of uranium to 20 percent, beginning to blend down half of the stockpile of 20 percent enriched uranium to 3.5 percent, and halting work on the Arak Heavy Water Reactor. The IAEA also begins more intrusive and frequent inspections.

The United States and the European Union also issue statements saying they have taken the necessary steps to waive the specific sanctions outlined in the Nov. 24 deal and release a schedule of payments for Iran to receive oil money held up in the other countries.

February 9, 2014: Iran and the IAEA meet to discuss further actions for Iran to take under the November 11 framework agreement to resolve the agency's concerns about Iran's nuclear program. They agree on additional actions, including Iran's past work on exploding bridge wire detonators, one of the past activities with possible military dimensions.

February 17-20, 2014: Negotiations between Iran and the P5+1 on the comprehensive agreement begin in Vienna. The parties agree on an agenda and framework to guide the talks

March 17-20, 2014: The P5+1 and Iran meet in Vienna to continue negotiations.

April 7-9, 2014: Another round of talks between Iran and the P5+1 take place in Vienna.

May 13-16, 2014: The P5+1 and Iran begin drafting the comprehensive agreement.

May 21, 2014: Iran and the IAEA announce an additional five actions for Iran to complete before August 25. Two of the activities that Iran agrees to provide information on relate to possible military dimensions.

June 2-6, 2014: At the IAEA board meeting Director General Yukiya Amano says that Iran is complying with the terms of the interim agreement and the agency's investigation into the unresolved concerns about Iran's nuclear program. The agency's quarterly report shows that Iran has neutralized nearly all of its stockpile of 20 percent uranium gas bu dilution or conversion to powder form.

June 16-20, 2014: Iran and the P5+1 hold another round of negotiations in Vienna.

July 2-19, 2014: Iran and the P5+1 continue talks in Vienna on a comprehensive nuclear agreement. Early on June 19, the parties announce that they will extend the talks through November 24 and keep the measures agreed to in the interim agreement in place. The parties also announce additional actions that Iran will take, namely converting 25 kg of uranium powder enriched to 20 percent into fuel plates and blending down about 3 tons of uranium enriched to less than 2 percent. The P5+1 will also repatriate $2.8 billion in funds. The parties agree to resume talks in August.

August 25, 2014: Iran misses a deadline to complete actions on five areas of concern to the IAEA as part of the agreement that Iran and the agency reached in November 2013.

September 5, 2014: The IAEA's quarterly report on Iran's nuclear program shows that Iran is complying with the interim deal, but did not provide the IAEA with information about past activities with possible military dimensions (PMDs) by the Aug. 25 deadline.

September 18, 2014: Talks between Iran and the P5+1 resume in New York City on the side-lines of the UN General Assembly.[36]

[36] Timeline of Nuclear Diplomacy With Iran, Arms Control Association

Implementation of the joint Plan of Action

The Arms Control Association updated the following table in September 2014:

Iranian Actions	***Status***
By January 20, halt production of near-20% enriched uranium hexafluoride gas (UF6) and commit to only enrich up to 5%.	**Completed** According to the January 20 IAEA report, Iran had halted enrichment to 20% UF6.
By January 20, disable the configuration of the centrifuge cascades Iran has been using to produce 20% enriched UF6.	**Completed** According to the January 20 IAEA report, Iran had ceased operating its interconnected centrifuges enriching to 20% UF6. The February 20 IAEA report said that Iran is now using the four cascades at Fordow to enrich uranium to 5%.
On January 20, continue conversion of half of its stockpile of near-20% uranium hexafluoride gas (UF6) into uranium oxide powder as working stock for fabricating fuel for the Tehran Research Reactor.	**Completed** According to the July 20 IAEA report, Iran completed the process of converting half of its stockpile of 20% enriched UF6 gas (~104 kg) to uranium oxide powder.
On January 20, begin dilution of half of its stockpile of 20% UF6 to no more than 5% enriched UF6 and complete dilution by April 20.	**Completed** According to the April IAEA report, Iran completed the dilution of half of its stockpile of 20 percent-enriched uranium.
Continue only its safeguarded research and development practices, including its current enrichment research practices, which were not designated for accumulation of the enriched uranium.	**Completed** In the February 20 IAEA report, the agency verified that Iran was continuing its safeguarded research and development practices at Natanz and was not using the research to accumulate uranium as it tested advanced models.
By April 20, provide the IAEA with:	
plans for nuclear facilities	**Completed** Iran submitted details on site selection for 16 nuclear power plants to the IAEA, its initial plans for 10 future enrichment sites, and a light water reactor.
descriptions of buildings located on nuclear sites	**Completed**

the scale of operations for each location	**Completed**
information on uranium mines and mills	**Completed** According to the May 23 IAEA report, Iran has visited the Gchine Mine, the Saghand Mine and the Ardakan Uranium production plant.
information on source material	**Completed** Iran provided the IAEA with information about source material on April 20, according to the May 23 IAEA report.
Submit an updated Design Information Questionnaire (DIQ) for the reactor at Arak (IR-40).	**Completed** Iran submitted at updated DIQ on the reactor to the IAEA on February 12, according to the agency's Feb. 20 report.
Take steps to conclude a safeguards approach with the IAEA for the Arak reactor.	**Completed** The IAEA and Iran met on May 5 to discuss the revised safeguards approach. According to the June 20 report, Iran has reached an agreement with the agency on the safeguards approach.
Allow daily IAEA inspector access at Fordow and Nantanz, including scheduled and unannounced inspections and access to surveillance information on a daily basis.	**Completed** As of the February 20 IAEA report, the IAEA was able to install surveillance measures at Natanz and Fordow to facilitate daily monitoring and came to an agreement regarding the facilitation of daily access. (Prior to the Joint Plan of Action, the IAEA had accessed Fordow on a weekly basis, and Natanz on a biweekly basis.)
Allow the IAEA to conduct monthly inspections of the heavy water reactor at Arak and associated facilities.	**Completed** The IAEA was able to make its first monthly visit and access the heavy water reactor on Feb. 12, according to the agency's Feb. 20 IAEA report. (Prior inspections were conducted at the reactor once every three months, and other facilities at the site were not included.)
Provide information to allow the IAEA inspectors managed access to:	

centrifuge assembly workshops	**Completed** The IAEA was able to visit the facility between February 3 and 7.
centrifuge rotor production	**Completed** The IAEA was able to visit the facility between February 3 and 7.
workshops and storage facilities	**Completed** The IAEA was able to visit the facility between February 3 and 7.
uranium mines and mills	**Completed** The IAEA has been able to access Iran's two uranium mines at Gchine and Saghand and the milling facility at Ardakan.
Provide figures that will allow the IAEA to verify that centrifuge production will be dedicated to the replacement of damaged machines.	**Completed** The IAEA has had access to Iran's centrifuge workshops and facilities.
Cap the size of the 5% enriched UF6 stockpile.	**Completed** The July 20 IAEA report confirmed that the plant to convert less than 5 percent uranium has to powder is operating and Iran fed 1,505 kg into the process for conversion. This brought Iran's stockpile of uranium gas enriched to less than 5 percent to 7,560 kg - the amount it had stockpiled on January 20 when implementation of the Joint Plan of Action began.
Iran Will Refrain From the Following Actions	***Status***

Refrain from installing a reconversion line to reconvert uranium oxide powder to 20% UF6.	**Complying** The January 20 IAEA report said that Iran does not have a reconversion line in place.
Refrain from reprocessing or constructing a facility capable of reprocessing materials.	**Complying** In a January 18 letter to the IAEA, Iran said it will not engage in reprocessing or construct a reprocessing facility over the six months of the deal. The January 20 IAEA report confirmed that no reprocessing is taking place at the Tehran Research Reactor or MIX facility.
Refrain from making any further advances of its activities at the Natanz Fuel Enrichment Plant. (This includes not installing new centrifuges and not feeding UF6 into the roughly half the centrifuges at Natanz that are installed but not yet enriching uranium.)	**Complying** The IAEA verified in the February 20 report that Iran has not made any further advances and no new centrifuges are enriching uranium.
Refrain from making any further advances of its activities at Fordow. (This includes not installing new centrifuges, not feeding UF6 into the three quarters at Fordow that are installed but not yet enriching uranium, and not interconnecting the cascades.)	**Complying** The IAEA verified that Iran has not made any further advances and no new centrifuges are enriching uranium.
Replacing existing centrifuges only with centrifuges of the same type.	**Complying** As of the February 20 IAEA report, the agency did not report any violation of this restriction, and surveillance has been set up to monitor any changes.
Refrain from commissioning the heavy water reactor at Arak.	**Complying** The February 20 IAEA report said that Iran had not conducted any activities to further the Arak reactor.

Refrain from transferring fuel or heavy water to the Arak reactor.	**Complying** The February 20 IAEA report said that Iran had not conducted any activities to further the Arak reactor.
Refrain from testing additional fuel or producing more fuel.	**Complying** The February 20 IAEA report said that Iran had not manufactured or tested any reactor fuel, and the number of fuel rods produced remains at 11.
Refrain from installing any additional reactor components at the Arak site.	**Complying** The February 20 IAEA report said that Iran had not conducted any activities to further advance the Arak reactor.
Limit centrifuge production to those needed to replace damaged machines.	**Complying** The IAEA has regular managed access to centrifuge assembly workshops.
Refrain from constructing any new locations for enrichment.	**Complying** In a January 18 letter to the IAEA Iran said it would not pursue any new uranium enrichment sites during the six months of the agreement.
P5+1 Actions	***Status***
Pause efforts to reduce Iran's crude oil sales, allowing Iran's current customers to purchase their current average amounts of crude oil, including the EU prohibition on providing insurance for vessels carrying Iranian oil.	**In Progress** In a January 20 press release, the EU Council of Foreign Ministers announced the suspension of sanctions preventing the insurance of vessels. However, not enough time has passed to determine if Iran's current oil customers are importing at their current average amounts.

Enable the repatriation of $4.2 billion of Iranian revenue held abroad on the following schedule:	
Feb. 1: $550 million	**Completed**** Iran received its first instalment as scheduled on February 1. These funds were released from Japan.
March 1: $450 million (half of the dilution of the 20% stockpile of UF6 complete)	**Completed**** IAEA Director General Amano confirmed that half of the dilution was completed on time in his remarks to the IAEA Board of Governors on March 3.
March 7: $550 million	**Completed****
April 10: $550 million	**Completed****
April 15: $450 million (dilution of the entire stockpile of 20% UF6 complete)	**Completed****
May 14: $550 million	**Completed**
June 17: $550 million	**Completed**
July 20: $550 million.	**Completed**
Suspend US sanctions on Iran's petrochemical exports and associated services.*	**Completed** In a January 20 statement, the White House announced that the United States would begin suspending sanctions.
Suspend US sanctions on Iran's import and export of gold and precious metals as well as sanctions on associated services.*	**Completed** In a January 20 statement, White House announced that the United States would begin suspending sanctions.

Suspend U.S. sanctions on Iran imports of goods and services for its automotive manufacturing sector.	**Completed** In a January 20 statement, White House announced that the United States would begin suspending sanctions.
Suspend EU sanctions on Iran's petrochemical exports and associated services.*	**Completed** In a January 20 press release, the EU Council of Foreign Ministers announced the suspension of sanctions.
Suspend EU sanctions on Iran's import and export of gold and precious metals as well as associated services.*	**Completed** In a January 20 press release, the EU Council of Foreign Ministers announced the suspension of sanctions.
License the supply of spare parts and services for safety of flight for Iranian civil aviation and associated services.*	**Completed** In a January 20 statement, White House Press announced that the United States would begin suspending sanctions. On April 4, Boeing confirmed that it received a license from the Treasury Department for exporting spare aircraft parts.
License safety related inspections and repairs in Iran for Iranian civil aviation sector as well as associated services.*	**Completed** In a January 20 statement, White House Press secretary said that the United States would begin suspending sanctions.
Establish a financial channel to facilitate humanitarian trade for Iran's domestic needs using Iranian oil revenue held abroad: food and agricultural products medicine, medical devices, and medical expenses incurred abroad Iran's UN dues tuition payments to universities and colleges for Iranian students studying abroad.	**Completed**

Increase the EU authorization thresholds for transactions for non-sanctioned trade to an agreed amount.	**Completed** In a January 20 press release, the EU Council of Foreign Ministers increased by tenfold the thresholds for authorizing financial transfers.
P5+1 Will Refrain From the Following Actions	***Status***
Not pass new nuclear-related UN Security Council sanctions.	**Complying** There have been no new UN Security Council resolutions sanctioning Iran.
Not pass new EU nuclear-related sanctions.	**Complying** On December 16, the EU Council of Foreign Ministers committed not to impose any further sanctions on Iran during the implementation of the Joint Plan of Action.
Not impose new U.S. nuclear-related sanctions.	**Complying** A bill introduced in the U.S. Senate (S1881) would impose further sanctions on Iran, but it has not yet been voted on.
Iranian Actions (to be completed as part of the extension before Nov. 24, 2014)	***Status***
Convert 25 kilograms of 20 percent enriched uranium powder from oxide form to fuel plates for the Tehran Research Reactor	**In Progress** In its Sept. 5 quarterly report, the IAEA said Iran was continuing to produce fuel assemblies for the Tehran Research Reactor.
Convert the stockpile of uranium enriched to less than 2 percent (about 3 metric tons) to natural uranium	**In Progress** Iran sent a letter to the IAEA on Aug. 17 saying it would blend down over 4,000 kilograms of uranium enriched to less than 2 percent.
P5+1 Actions (to be completed as part of the extension before Nov. 24, 2014)	***Status***

Enable the repatriation of $2.8 billion dollars in frozen Iranian oil revenues held abroad	**In Progress** On September 4, 2014, Iran received $1 billion in repatriated funds from Japan.

Source: Arms Control Association, Implementation of the Iran-IAEA Framework for Cooperation, September 2014