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## Iran Nuclear Negotiations: Cautious Optimism & Continuing Challenges

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# Iran Nuclear Negotiations: Cautious Optimism & Continuing Challenges

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In the wake of the excitement surrounding the April 2<sup>nd</sup> Lausanne Framework Agreement, the parties – the P5+1+EU and Iran – have resumed their routine of negotiations in an attempt to reach a comprehensive agreement by the specified June 30<sup>th</sup> deadline. Such a round was held in Vienna on April 21<sup>st</sup>-23<sup>rd</sup>, and another is under way on May 12<sup>th</sup>, with Foreign Ministers to join in on May 15<sup>th</sup>. The Lausanne "Framework Agreement" in itself was not actually a contractual written agreement signed by the parties, but rather a collection of operatively non-binding, or only partially binding, oral statements and unilateral and sometimes contradictory "fact sheets" and clarifications, a kind of a "road map" towards the conclusion of a comprehensive agreement. It stipulates that the parties will subsequently work towards "writing down" an operational "Joint Comprehensive Plan of Action – JCPOA", to be completed by June 30<sup>th</sup>, if possible. However, many of the points raised in the Lausanne agreement still require completion, clarification, elaboration, technical "how to do it" explanations, timetables for implementation, commitment, IAEA involvement regarding safeguards, inspection, and oversight mechanisms. And in spite of the elation at Lausanne, this remains a daunting task with a 60 day deadline now looming.

The Obama administration, in the weeks leading up to Lausanne, stated unequivocally that if a framework agreement would not have been concluded, there could be no extension of the negotiations deadline beyond June 30<sup>th</sup>; it appears that the Iranian negotiating team was inclined to take these assertions seriously, in spite of Supreme Leader Khamenei's public objections to the conclusion of two separate agreements. Now that a generally "satisfactory" framework agreement has been concluded, it might be possible to extend the June 30<sup>th</sup> deadline, if necessary, potentially to the end of 2015, for the conclusion of all aspects of the JCPOA, although the parties have vowed to make every effort to reach an agreement by June 30<sup>th</sup>. If the deadline is formally extended, and even if not, it is to be expected that the provisions of the interim JPA will remain in effect pending replacement by the JCPOA.

Issues remaining to be negotiated include the following:

**On Centrifuges:** although the Lausanne agreement quite explicitly states that Iran will be left with 5,060 IR-1 centrifuges enriching at Natanz and another 1,044 IR-1 centrifuges not actively enriching uranium, the fact sheets regarding the fate of Iran's approximately 13,000 other centrifuges already installed – some of them actively enriching uranium – specify that they will be "removed". This requires further explanation: Will they be dismantled or disassembled? Where will they then be stored? Will there be IAEA supervision of the process and long-term oversight of the "removed" parts or complete centrifuges? What are the timetables for implementation? We assess that the implementation of this clause will take between six months and a year, and, therefore, the timetable for sanctions rescinding is pertinent if subject to IAEA confirmation of Iranian compliance on this issue (see below on the quarrel over the sanctions rescinding timetable between the parties).

The last time that Iran had 5,060 centrifuges in operation enriching uranium was in December 2010<sup>1</sup> - in this sense, the agreement rolls back Iran's capabilities by five years and then freezes them for ten years, assuming of course that Iran complies with the agreement for the duration; the last time Iran had 6,104 centrifuges installed was in April 2009<sup>2</sup> - so the agreement rolls back this capacity by more than six years and then freezes it for the next ten. Advocates of the agreement will highlight this rollback as a remarkable achievement of the agreement; critics will focus on the fact that it nevertheless leaves Iran with nuclear capabilities for breakout if Iran abrogates or violates the provisions of the agreement (albeit limited as compared to current or potential future capacity in the absence of an agreement,).

**On the fate of Iran's stocks of LEU:** under the terms of the 24 November 2013 Interim Agreement, Iran was allowed to retain a total of 7,600 kg of LEU in UF6 form produced prior to the implementation of the JPA on 20 January 2014. The U.S. State Department Fact Sheet of April 2<sup>nd</sup> 2015 states that Iran has about 10,000 kg of LEU, however, it is not clear if that includes stocks in addition to the above mentioned 7,600 kg. It may include the quantity converted to UO2 oxide powder under the JPA, or 20 percent enriched U3O8 oxide. Regardless, the Lausanne agreement stipulates that Iran will be allowed to retain only 300 kg of LEU, without specifying in what form (UF6 or UO2 oxide powder) and that the rest will be "neutralized". Secretary Kerry, in his April 2<sup>nd</sup> Lausanne news conference, stated that "98 percent of Iran's enriched uranium stocks will be neutralized". Subsequently, in an interview with Israel's Channel 10's Tamar Ish-Shalom, on April 30<sup>th</sup>, Kerry stated that "they

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<sup>1</sup> Based on the IAEA inspection reports of November 2010, which reported 4,816 centrifuges in operation, and of February 2011, which reported 5,184 centrifuges enriching uranium

<sup>2</sup> Based on the IAEA inspection reports of February 2009, which reported 5,412 centrifuges installed, and of June 2009, which reported 7,052 centrifuges installed

started out with a (sic) 12,000 kilograms of a stockpile of enriched material. Under our agreement, that will be reduced by 98 percent to 300 kilograms for that 10-year period" (the limitation is actually fifteen years, but Kerry may just have slipped up on the details). What "neutralized" means needs to be clarified: Foreign Minister Zarif has spoken of Iran becoming an exporter of enriched uranium on the international market in exchange for foreign currency earnings – does this mean the export of LEU stocks out of Iran, perhaps to Russia, for cash? Or does it mean down-blending LEU to the natural uranium level, and/or processing into UO<sub>2</sub> oxide powder? Again, this clause could take time (between six months to a year) to implement, and the timetables for such implementation need to be specified and overseen and confirmed by IAEA inspection. Additionally, as mentioned above, if the pace of sanctions rescinding is linked to IAEA confirmation of Iranian compliance with the terms of the JCPOA, this timeline will definitely need to be solidified. Furthermore, the assumption is that the 300 kg allowed in Iran for the first fifteen years of the agreement is a constant figure, which means that all enriched uranium produced by Iran in the first fifteen years of the duration of the agreement must also be "neutralized". The details of how that will be done have also not been specified.

The last time that Iran had 300 kg of LEU was in mid-2008<sup>3</sup> – thus, this clause involves a rollback of Iran's LEU stock of about seven years or more, and freezes that level for another fifteen, assuming of course that Iran complies with the provisions of the agreement for its duration. Advocates of the agreement will hail this as a remarkable achievement, while critics might grudgingly claim that it still leaves Iran with almost half the quantity required for a single nuclear device if further enriched to weapons grade HEU, although this is not the dominant loophole or weakness of the agreement (which is leaving Iran with a significant capability to resume breakout, with tenuous oversight for timely discovery of clandestine or covert nuclear weapons related efforts, thus shifting the burden for that to intelligence, which, regarding Iran, has a record of mixed accuracy).

**The Arak Reactor:** the Lausanne framework specifies that the core currently installed at the Arak reactor will be dismantled, removed, and then either destroyed or shipped out of Iran, to be replaced by a new, redesigned core incapable of producing weapons grade plutonium. The timetable and technical details for this procedure remain to be negotiated, but implementation here too may be expected to take several months at least.

**Fordow:** the Lausanne framework stipulates that "almost two thirds of the (2,710) centrifuges at Fordow will be 'removed'" (as explained above in connection with Natanz, the specifics of "removed" still require clarification), thus leaving 1,044 centrifuges installed at Fordow, but not to enrich uranium. The Lausanne Framework then stipulates that there will

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<sup>3</sup> Based on the IAEA inspection reports of February 2008, which specified 75 kg, and of September 2008, which specifies 480 kg; the May 2008 report failed to specify the quantity of LEU held by Iran – an unexplained one-time aberration – but that would have then been about the time that Iran reached the 300 kg mark

be no "fissile material" at Fordow (U235="fissile material"; U238="fissionable material" - does this mean no uranium at all, including in UF6 form, or no enriched uranium?), and that the centrifuges may be used for research and medical isotope treatment. Theoretically, this is conceivable, but the details remain to be clarified, elaborated and synchronized with IAEA oversight. U.S. Secretary of Energy Moniz indicated, in his April 6<sup>th</sup> news conference, that only about 10 percent of the centrifuges remaining installed at Fordow would actually continue to spin; thus, by implication, the rest would be idle. The decision to allow Fordow to continue to operate, under the specified restrictions, rather than be closed down, was a major concession to Iran's "honor" issues.

**R&D on advanced centrifuges:** the U.S. "fact sheet" includes the following statement regarding Iranian R&D on advanced centrifuges: "Iran will not use its IR-2, IR-4, IR-5, IR-6, or IR-8 models to produce enriched uranium for at least ten years. Iran will engage in limited research and development with its advanced centrifuges, according to a schedule and parameters which have been agreed to by the P5+1." What this means has not been fully explained, and perhaps has not been fully worked out in terms of actions, oversight, and timetables. From the French "Fact Sheet" and other sources, it turns out that Iran will be allowed to use advanced centrifuges for enrichment beginning in the 13<sup>th</sup> year, at which point, according to U.S. President Obama, breakout warning time will be reduced to virtually zero.

**Sanctions:** over the period of negotiations since January 2014, Iran has postured that the pace of sanctions rescinding is the primary obstacle to agreement between the parties. The P5+1, and especially the U.S., position has been unwavering, to the effect that sanctions will be rescinded only on pace with Iranian compliance with the provisions of the JCPOA; this was reasserted in the U.S. "fact sheet" in the wake of the Lausanne statements of agreement. Iran has been posturing that it, in contrast, insists on immediate and complete rescinding of sanctions upon signature of the comprehensive agreement and JCPOA; however, Foreign Minister Zarif, in a slip of the tongue little-noticed by media and observers, stated in an interview on Iranian television upon his return to Teheran, that "the sanctions will be removed completely the moment that the IAEA confirms that Iran has completed doing what it has committed to do", i.e. when the IAEA confirms Iranian compliance with the provisions of the JCPOA. This was fully in sync with the U.S. stated position and the State Department "fact sheet". However, in the following days, Iran backtracked, accusing the U.S. and P5+1 and EU of misrepresenting what had been agreed to, and published a "fact sheet" of its own which depicted some of the points in a somewhat different or contradictory light, especially regarding sanctions. Moreover, Iran then stated that the U.S. was blatantly lying about the clauses agreed to at Lausanne, and that Tehran would issue a detailed rebuttal; this additional paper, however, has not materialized to date. This way or that, the implication was that Iran intends to try to renegotiate the

sanctions rescinding timetable, and the U.S. has indicated that "creative" negotiation might produce a compromise.

**PMD** – the Lausanne framework reiterates that Iran will work with the IAEA to resolve the "Clarification of Outstanding Issues" regarding "Possible Military Dimensions", and will grant the IAEA access to any site that it requests of past, present, or future proliferation concern, including by re-implementing the IAEA "Additional Protocol". Iran's record on this front, however, is dismal, and over the past year and a half it has continued to stonewall IAEA efforts, including in the implementation of the 11 November 2013 agreement with the Agency, and subsequent decision on the "two outstanding practical measures" – the initiation of high explosives testing and neutron transport calculations. Iran, therefore, continues to be in non-compliance of its parallel 11 November 2013 agreement with the IAEA. **Moreover, since Lausanne, Iranian leaders, from the Supreme Leader and IRGC High Command down, have forcefully asserted that no access will be granted to "military" sites, and that Iran never agreed to, and never will agree to such access.**

## **ASSESSMENT**

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The excitement produced by the Lausanne "Framework Agreement" – which was not a contractual agreement at all, but rather a collection of oral statements and unilateral "fact sheets" regarding what had been agreed to – has yielded once more to the well-known routine of inconclusive rounds of negotiations towards the uncertain conclusion of a comprehensive agreement. While some of the issues, such as the number of centrifuges and the quantity of LEU to remain in Iran and the fate of the Arak reactor, were agreed to in remarkable detail, other aspects remain bogged down in either disagreement, or technical complexity and contention between the parties. Issues that still remain to be clarified include: the fate of the 13,000 centrifuges to be "removed", the fate of the LEU to be subtracted from Iran's stocks, the parameters of activity to be allowed at Fordow, the parameters of advanced centrifuge R&D, the timetable for the removal of the Arak reactor core and its destruction., the parameters of IAEA inspection rights at sites of concern (given the record of Iranian intransigence on this so far in practice, in blatant abuse of commitments made), and the timetable for sanctions rescinding.

All of these still look like formidable hurdles to be negotiated by June 30<sup>th</sup>, given that the routine rounds of negotiations are currently being held at a relatively low level, and assuming that crucial decisions can only be made at the level of Kerry and Zarif, who will presumably join the team for the final crucial rounds. So, once again, it is likely that the negotiations will reach the precipice point close to the June 30<sup>th</sup> deadline, with the possibility that they will extend beyond that date.