The Bottom Line. Two U.S. administrations and many others have sought to negotiate with Iran to credibly limit its nuclear program to peaceful purposes. Their lack of success has prompted analysts to offer tactical and process advice (e.g., be more or less confrontational; impose or avoid preconditions; start with “easy” issues to build momentum; use back channels or third parties, etc.). We argue that a more basic question must first be answered: “is there a ‘zone of possible agreement’ between Iran and its main counterparts?” We develop a framework to answer this question, and conclude that

- On widely accepted assumptions, there does not at present appear to be a zone of possible agreement that is better for each side than its best no-deal option. As such, tactical and process-oriented approaches have failed and will likely continue to fail to achieve desirable agreement.

- If there is no zone of possible agreement, the challenge for negotiators is to create and widen such a zone to include feasible deals that are better than war and accommodating a nuclear-armed Iran.

- If such a zone is to be created and expanded to include desirable agreements, Iran’s no-deal option must be sufficiently worsened by a range of cost-imposing measures and/or the value of a potential deal must be sufficiently enhanced by a range of inducements. Such costs and/or inducements must be credible, meaningful to the Iranian administration, and of sufficient magnitude.

- Downplaying both coercive options and upside potential, as international negotiators appear to have done, works against this two-pronged strategy.

- If and as a zone of possible agreement opens, skillful diplomatic tactics and process choices will be required to achieve a worthwhile deal.

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While much has changed recently in the Middle East, the dilemma posed by Iran’s nuclear ambitions remains. Amidst the din and tumult sweeping the region, the United States and its allies will need to determine why the nuclear talks with Iran in Istanbul in January 2011 failed, and how to proceed with this vital issue. To answer this kind of question, negotiation analysts often assess the “barriers” to agreement, those factors that stand in the way of a desired deal. Given the right diagnosis, a more promising negotiating process can be customized to overcome the specific barriers. But what if no zone of possible agreement exists—at least for now? What would that imply for next steps?

Barriers certainly abound: historically fueled deep distrust, mutual demonization, hostility, internal blockers, miscommunication, and so on. Over the last several years, Iran’s counterparts have dealt with these barriers in increasingly forthcoming ways. After a flat refusal to join the Iranian negotiations during the George Bush’s first term, his administration later agreed to participate, but with significant preconditions. President Obama made highly public overtures to the Muslim world in Cairo, and later addressed Iran directly, offering engagement. So there’s been a progressive change of approach and tone.

And there’s been a process shift to an “easier issues first” approach, without preconditions that Iran cease enrichment, and with involvement of various third parties. Since Iran’s suspected high-level enrichment and feared march toward weaponization have been deemed too hot to negotiate directly, the focus since 2009 has been toward crafting a much smaller-scale deal involving fuel swaps for the Teheran Research Reactor (TRR). The process idea is to build confidence from the TRR toward fuller agreement on Iran’s nuclear program. As independent interlocutors, Brazil and Turkey made some headway with the TRR. In January’s talks, delegation head Baroness Ashton stressed “practical proposals which would build trust . . . detailed ideas including on an updated version of the TRR fuel exchange arrangement . . . We came without preconditions, and made every effort to secure agreement.”

Sometimes, such creative process moves can unearth hidden possibilities as well as signal determination to push for diplomatic solutions. Many analysts have praised or faulted the process choices made thus far. We largely sidestep that debate, instead asking: what if the barriers to agreement are more fundamental than mutual distrust, hostility, and flawed process?

In a recent Belfer Center Working Paper, “Is a Nuclear Deal with Iran Possible? An Analytical Framework for the Iran Nuclear Negotiations,” we develop a graphical framework to answer this question for a range of “input assessments” about Iranian and U.S. interests, each side’s no-deal alternatives, and possible agreements. Without presenting the framework itself, and for a fairly mainstream set of assumptions, the following are some of its implications about whether potential for agreement now exists.
Start with the obvious question: how much does the Iranian regime value going nuclear, whether in the form of latent capability, actual weaponization, or more? Despite declarations of peaceful intent, many observers judge that Iran places a high priority on nuclear weapons capability given its defiance of Security Council resolutions, its failure to satisfy IAEA concerns, its history of concealed facilities, etc. The development of a nuclear weapon would serve the Iranian regime’s overriding interest in survival by acting as a deterrent, a fact openly acknowledged by Iranian officials in the late 1980s, and likely reinforced by the contrasting examples of a non-nuclear Iraq (invaded) and nuclear-armed North Korea (not). A nuclear weapon would also strengthen Iran’s military and political position in the Gulf region and beyond.

If going nuclear is a strong Iranian interest, does an underlying “Zone Of Possible Agreement,” or “ZOPA”, even exist that would result in an Iran without nuclear weapons capability? That is, are there deals better for each side than how each side perceives its best no-deal, or walkaway, option? If there is no underlying ZOPA—a fundamental barrier—even inspired process moves and tactics will fail. Thus, we need to separate two often-conflated questions 1) whether ANY deal on the nuclear issue is feasible (whether a ZOPA exists), and 2) if so, the most promising negotiating approach and process.

This is an intuitively familiar distinction, and hinges on each side’s best no-deal (walkaway) option. To illustrate, if you seek to buy a condo and have a firm upper limit of $400,000, but the current owners have another credible offer for $500,000, their superior walkaway—their no-deal option relative to any feasible proposal you could make—will trump whatever bargaining style you adopt.

No-deal options go beyond alternative offers: refusing to settle a lawsuit normally implies (facing the no-deal option of) court. Spurning a friendly merger may bring a hostile bid. A firm’s no-deal option in union bargaining may be a strike. Failing to agree with one potential alliance partner may lead to negotiations with another, or going it alone. In these cases, there may be no ZOPA if one side sees its no-deal option as superior: if that side absolutely believes it would prevail in court, block the corporate raider, quickly break a strike, find a more appealing alliance partner or do better solo. Without a ZOPA, tactics alone will fail. Something like this may be true for the Iranian talks if 1) going nuclear has a high enough value to the regime, and 2) if no-deal means going nuclear.

Whether a ZOPA exists in these negotiations thus turns in part on how appealing each side judges its no-deal options relative to whatever deal may be on offer. Predictably, the hardline Iranian regime regularly evinces confidence about its no deal prospects; the downfall of their old foe Mubarak can only strengthen Iranian assurance. American sources seem to echo this view: asked in June 2010 about the effects of greatly enhanced U.S. and Security Council sanctions, CIA Director Leon Panetta responded “Will it deter them from their ambitions with regards to nuclear capability? Probably not.” And, top U.S. officials have consistently downplayed possible attack by American or Israeli forces. On the current policy
trajectory, while computer viruses may have gummed the works, there seems a reasonable likelihood—by no means an inevitability—that no deal for Iran means that it gets a nuclear capability, sooner or later. The U.S. and like-minded countries have frequently judged this outcome to be disastrous and unacceptable.

Translation: no ZOPA may presently exist that includes an Iran with a verifiably peaceful nuclear program. With no ZOPA, negotiating tactics and process can’t work. To create and enlarge a ZOPA, the U.S. and others must consciously adopt an integrated strategy simultaneously to worsen Iran’s perceived no-deal option and/or offer a more valuable agreement to the extent this is possible. Resources and efforts devoted to this strategy should intensify in proportion to the costs—arguably extremely high—of a nuclear weapons-capable Iran. Each element of this strategy requires sophisticated coalitional negotiation. This represents a first or second cousin of Richard Holbrooke’s “bomb but talk” approach to ending the Bosnian war.

Credibly threatening and imposing greater costs of no deal on Iran is, of course, a familiar game played by the U.S. in concert with others: technologically, financially, diplomatically, and militarily. The more hawkish U.S. Congress and newly solidified right-wing Israeli government should enhance the motivation for, and credibility of, this part of the approach. By contrast, consistently emphasizing the risks and downsides of possible coercive action works against this objective.

Worsening Iran’s perceived no-deal option is not identical to a “big stick” strategy of imposing unrelated, largely punitive costs (e.g., asset freezes, trade and travel restrictions). This approach also entails actions that make Iranian military nuclear potential less likely, further delayed, and otherwise degraded—all of which simultaneously improve the U.S. no-deal situation if the negotiations should drag on endlessly or fail outright.

But raising the cost of no-deal, though the focus of much U.S. policy, is only part of a strategy. At the same time, we should, along with others, creatively work to credibly enhance the value to Iran of a “yes” relative to the costs of a worsening “no”. However, what might seem like value-enhancing offers—better relations with the U.S. or greater openness to world trade—may not actually be positives for a suspicious Iranian regime that thrives on external enemies, tight control, and aspires to self-sufficiency, at least rhetorically. The incentives which have already been offered by the U.S. and its allies—the suspension of sanctions, reassurances regarding Iran’s territorial integrity, cooperation on civil nuclear energy, regional security, trade, and civil aviation, as well as assistance with agricultural, economic, and technological development—have elicited scant interest from Iran. This suggests that the regime either does not value such inducements, at least relative to a nuclear path, or in its deep suspicion of Western aims, deems them not credible. The perverse effect of the regime’s dismissal of such offers is that the U.S. and its allies often see little choice but to rely heavily on costs going forward.
Though the history is discouraging, it is possible that these or other potentially value-enhancing items can be made more credible and attractive, especially if Iran’s no-deal option worsens. As such, the zone of possible agreement would further expand. Moreover, highlighting genuine willingness to offer broader benefits, as well as to impose costs, would send a positive message to Iranians beyond the hardline regime as well as to others whose full cooperation is valuable to this strategy.

If, as seems likely, the Iranian regime’s no-deal option appears superior, a ZOPA may not exist at present. Recent events in the region appear to have increased Tehran’s self-confidence and perhaps strengthened this likelihood. This would pose an insurmountable barrier to agreement that would defeat all tactical and process-oriented initiatives. To open space for a worthwhile nuclear deal—and avoid both military conflict and a nuclear-armed Iran—we should embrace a relentless and creative strategy to worsen Iran’s no-deal options while demonstrating the value to Iranians of a “yes”. Downplaying both coercive options and upside potential, as we appear to have done, works against this two-pronged strategy to create and widen a zone of possible agreement.

Implementing this strategy would require tough, skillful diplomacy and, if necessary, willingness to credibly threaten force. But without an underlying zone of possible agreement, a primary focus on negotiation process and tactics—getting the right tone, venue, communication style, framing, level of secrecy, use of back channels and/or third parties, etc.—can’t work. If and as a zone of agreement opens up, however, a sophisticated use of these and other process tools will be key to actually reaching a worthwhile agreement.