

Four Misconceptions About the Lausanne Negotiations with Iran

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The negotiations over Iran's nuclear program that were held all last week in Lausanne and the resulting [joint action plan](#) received such massive media coverage that we wanted to figure out – what exactly happened in this quiet Swiss resort town?

Misconception # 1: The international community and Iran came to an agreement.

Reality: There is no treaty. Yes, there is an “understanding,” but only sort of (which means there is not even a memorandum of understanding). The wording of the preamble is fascinating: (“Important implementation details are still subject to negotiation, and nothing is agreed until everything is agreed.”) But there’s no real need to read the other paragraphs, since they might all change while everything is being “agreed,” and none of those paragraphs are binding anyway. The only firm commitment the parties undertook was a promise to knuckle down and try to put together something serious that could be signed by June 30.

Hence the question – what was the point of this useless scrap of paper? Well, it was needed so that Obama and the Iranian diplomats could announce their historic victory and avoid the shameful necessity of admitting that the negotiations, on which great hopes had been pinned, had actually ended in naught. As long as they emerged with this document, they can always later point their fingers at each other for the breakdown of any agreement. That’s a standard practice.

Misconception # 2: Obama can sign a long-term agreement with Tehran that will bring an end to the Iran crisis.

Reality: The most Obama can do is sign an agreement that will be valid until he leaves office. The majority of the Republicans in the Senate (and the next US president will be almost certainly be a Republican) recently sent an official [letter](#) to the government in Tehran that offered the Iranian leaders a clear picture of the senators’ opinion of any potential treaty with that country.

At best, a future agreement with Iran will provide a semblance of stability for no more than 18 months. It should also be kept in mind that the Senate will do everything it can to torpedo this treaty, and subversive Democratic senators who would be dissatisfied with any deal will also lend a hand in that. The American Israel Public Affairs Committee has [spoken out](#) against the treaty, and AIPAC is the most powerful lobbying organization in the United States, wielding significant leverage in both the House and the Senate, as well as within the

US president's own administration. And while Obama has essentially nothing to lose, many members of his party are quite hesitant to ruffle AIPAC's feathers and thereby kiss their political careers goodbye. Incidentally, in America it's commonly believed that the party favored by AIPAC wins the White House. Thus, even the Democrats have a strong motivation to deep six any deal with Iran in order to prevent a Republican from moving into the Oval Office.

Republican Speaker of the House John Boehner has [promised](#) to call Obama "on the carpet," stating, "In the weeks ahead, Republicans and Democrats in Congress will continue to press this administration on the details of these parameters and the tough questions that remain unanswered."

✖ Misconception #3: An agreement between the US and Iran will bring peace to the region.

Reality: Israeli Prime Minister Netanyahu's initial reaction to the outcome of the talks in Lausanne was to [call it](#) a "historic mistake." That was followed by a three-hour conversation with Obama, during which the American president tried to pacify the furious prime minister. At least that's how the Israeli press describes the situation. As a result, Netanyahu decided to convene an emergency meeting of the National Security Council and stressed that the agreement with Iran represented an "existential threat" to his country. Let us ponder the question of what Israel's military and political leaders might have discussed at that Security Council meeting. Possible answers:

A. A plan to resettle Jews in Argentina, Crimea, or the South Pole. It doesn't matter – just somewhere far from Iran and its bomb

B. A plan to launch a preemptive military strike against Iran, assuming they don't succeed in derailing later negotiations.

Probably option B was discussed, with an emphasis on the potential involvement of Saudi Arabia, for which a perfect sort of *casus belli* has been created, namely – [Iran's support for Shiite rebels in Yemen](#), which is a threat to the Shiite provinces in Saudi Arabia itself.

There were great hopes for the Lausanne talks, but peace in the region seems very far off. The existential contradictions inherent within the Tel Aviv – Riyadh – Tehran triangle will eventually explode.

Misconception # 4: Lifting the sanctions on Iran will decimate the price of oil

Reality: It will not. The Iranian government and some Western analysts believe that lifting sanctions will put an extra million barrels of oil onto the market each day, but this is an overly optimistic assessment. In an interview with CNBC, the managing director of JBC Energy, Johannes Benigni, [claimed](#) that one year after the hypothetical signing of any peace treaty and the lifting of sanctions against Iran, realistically there would be "more [Iranian] oil in the market, eventually, but only to the extent of 300,000 barrels a day." That will be important for the Iranian treasury, but will not have a critical impact on the global market. Iran did not while away its time under sanctions, but stayed busy trading oil while sidestepping the injunction, which included selling oil to Asian markets, in the guise of "processed products." The lifting of sanctions, which is still quite far off and entirely theoretical, will merely make it easier for Iran to conduct its trade and will slightly increase

oil sales to Europe. The oil market's initial reaction to the news of the outcome of the negotiations offers a hypothetical confirmation of this conclusion. Brent crude for June delivery is now trading for about \$56.09 a barrel in London, and no panic selling has been noted. Moreover, the market is in what is called "contango," which means that the futures price is currently higher than the expected spot price. For example, Brent for December delivery is trading at \$60.74, which is very difficult to reconcile with the panicked media reports of an impending "collapse" of the market.

In summary: we're not seeing any sharp drop in oil prices, and even the most ideal resolution of the Iran problem will not bring down the oil market. A wave of euphoria may usher in a temporary price drop, but there is simply no long-term basis for prices to fall just because of a treaty with Iran.

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