

Global Oil Forum discussion, July 1, 2016: Iran Nuclear Talks and Beyond

14:00:00	Christopher Johnson	thomsonreuters.com	Oil Forum Discussion: Iran & Middle East Risk Welcome to an oil forum discussion on Iran and the Middle East
14:00:22	Christopher Johnson	thomsonreuters.com	We have been joined today by several experts on Iran and the nuclear talks ongoing in Vienna:
14:00:47	Christopher Johnson	thomsonreuters.com	<ul style="list-style-type: none">• Scott Lucas, professor of International Politics at the University of Birmingham, England, and founding editor of EA WorldView• Richard Nephew, Program Director, Economic Statecraft, Sanctions and Energy Markets, Center on Global Energy Policy at Columbia University, New York• Hannah Poppy, Associate Director of Middle East analysis at The Risk Advisory Group in London
14:00:54	Christopher Johnson	thomsonreuters.com	And I can see from the membership list that several other very experienced analysts are also with us
14:01:01	Christopher Johnson	thomsonreuters.com	hello everyone
14:01:07	Scott Lucas	bham.ac.uk	Hi everybody
14:01:14	Richard Nephew	columbia.edu	Hello
14:01:15	Hannah Poppy	riskadvisory.net	Hi everyone
14:01:42	Christopher Johnson	thomsonreuters.com	The latest we have from Vienna is a statement by Iran's Deputy Foreign Minister Abbas Araqchi
14:01:58	Christopher Johnson	thomsonreuters.com	he has told reporters that there are still issues to resolve before a final nuclear agreement, but "the atmosphere of the talks is positive"
14:02:16	Christopher Johnson	thomsonreuters.com	Foreign Minister Zarif also says progress has been made
14:02:29	Christopher Johnson	thomsonreuters.com	One noted observer outside the talks, Olivier Jakob, said just before that statement was made that he thought a deal had effectively been done
14:02:35	Christopher Johnson	thomsonreuters.com	How should we read the Vienna talks?
14:02:39	Christopher Johnson	thomsonreuters.com	Is a deal about to be announced?
14:02:59	Scott Lucas	bham.ac.uk	Our analysis this AM: http://eaworldview.com/2015/07/iran-analysis-3-signs-that-a-nuclear-deal-is-within-reach/
14:03:02	Scott Lucas	bham.ac.uk	Summary
14:03:20	Richard Nephew	columbia.edu	@Christopher: I think that a deal will happen, but it is not about to be announced
14:03:24	Scott Lucas	bham.ac.uk	Progress in private v. the public "tough talk" by Rouhani and Obama to cover themselves with domestic audiences
14:03:36	Richard Nephew	columbia.edu	Reality is that these tough issues are extraordinarily tough
14:03:41	Christopher Johnson	thomsonreuters.com	What sort of timeframe should we expect?
14:03:47	Richard Nephew	columbia.edu	Access to military and other sites is a real problem for Iran.
14:03:48	Scott Lucas	bham.ac.uk	1. Advance on the Iran uranium stockpile, meeting June 2015 target
14:03:52	Richard Nephew	columbia.edu	So is timing of sanctions relief.
14:04:06	Scott Lucas	bham.ac.uk	2. Advance on inspections of military sites, with probable compromise for inspection of some but not all
14:04:11	Richard Nephew	columbia.edu	Timeline for a deal? Probably in the next week or two.
14:04:25	Scott Lucas	bham.ac.uk	3. Advance on timing of sanctions relief with link to Iranian compliance with terms
14:04:30	Christopher Johnson	thomsonreuters.com	There's a new "deadline" on July 7
14:04:34	Scott Lucas	bham.ac.uk	In a three-phase arrangement covering a few months
14:04:37	Christopher Johnson	thomsonreuters.com	What does that mean in reality?
14:04:42	Richard Nephew	columbia.edu	Nothing much.
14:04:51	Richard Nephew	columbia.edu	That deadline was to ensure sanctions relief from Nov 2013 deal didn't fall apart
14:04:57	Richard Nephew	columbia.edu	And to ensure that the Iranians kept program in check.

14:05:04	Richard Nephew	columbia.edu	It can be extended again and again and again if need be.
14:05:18	Richard Nephew	columbia.edu	Real problem is that, at some point, the negotiators will get too dug in and will have to go home
14:05:18	Scott Lucas	bham.ac.uk	@Christopher @Richard --- My understanding is that announcement by July 7
14:05:27	Scott Lucas	bham.ac.uk	will not be the "start date" of the agreement
14:05:36	Scott Lucas	bham.ac.uk	But to confirm process for next stage
14:05:36	Richard Nephew	columbia.edu	Yes, that's right.
14:05:43	Richard Nephew	columbia.edu	It will just be the start of the implementation process
14:05:51	Richard Nephew	columbia.edu	That may take up to 4-6 months depending on nuclear steps
14:05:59	Scott Lucas	bham.ac.uk	I.e. 30-day review by US Congress while Iran prepares for implementation
14:06:11	Richard Nephew	columbia.edu	Just a part of it.
14:06:18	Richard Nephew	columbia.edu	Will also need to have Iran start removing centrifuges, etc.
14:06:36	Richard Nephew	columbia.edu	Implementation process will involve:
14:06:40	Richard Nephew	columbia.edu	1) Congressional review
14:06:48	Richard Nephew	columbia.edu	2) Iranian nuclear steps starting (like centrifuge removals)
14:06:56	Richard Nephew	columbia.edu	3) Drafting of UNSC resolution to relieve sanctions
14:07:03	Richard Nephew	columbia.edu	4) Drafting of sanctions waivers and similar legislation in the EU
14:07:06	Barani Krishnan	thomsonreuters.com	Given current pace of negotiations, and assuming they go without much disruption, when can sanctions relief be expected at the earliest?
14:07:12	Richard Nephew	columbia.edu	Long pole in the tent: Iranian nuclear steps
14:07:29	Richard Nephew	columbia.edu	@Barani: My bet remains early 2016
14:07:39	Barani Krishnan	thomsonreuters.com	Q1?
14:07:51	Scott Lucas	bham.ac.uk	@Richard --- "Phase 3" is beginning of lift of sanctions (at least in principle) when IAEA verifies implementation?
14:08:06	Richard Nephew	columbia.edu	@Barani: Possibly. That assumes deal is done soon.
14:08:13	Richard Mallinson	energyaspects.com	@Richard/all - how long do you think IAEA verification of the Iranian actions will require?
14:08:19	Richard Nephew	columbia.edu	@Scott: Yeah, i think that's probably right.
14:08:36	Richard Nephew	columbia.edu	@Richard M: IAEA verification probably will take 1-2 months (taking aside the PMD issue for a moment)
14:08:43	Richard Nephew	columbia.edu	The real issue is that Iran has to do stuff for the IAEA to verify
14:08:50	Himanshu Ojha	thomsonreuters.com	As the "deadline" gets pushed back further and further, will U.S domestic politics play a greater part as we get closer to the election?
14:09:08	Richard Nephew	columbia.edu	@Himanshu: I do not think so.
14:09:18	Richard Nephew	columbia.edu	The people in this race are already defining their positions.
14:09:31	Richard Nephew	columbia.edu	The real issue is whether there is successful implementation to stop whomever is President from cancelling deal
14:09:33	Richard Nephew	columbia.edu	If that is their druthers.
14:10:44	Matthew Robinson	columbia.edu	What are the risks that Tehran will use any money freed up to fund anti-Western groups?
14:10:58	Richard Nephew	columbia.edu	(by which i mean: if they feel it is better to kill the deal than let it sit)
14:11:10	Richard Nephew	columbia.edu	@Matt: Well, look, they will probably send some money to proxy groups and so forth
14:11:14	Richard Nephew	columbia.edu	That's the nature of Iranian foreign policy.
14:11:19	Scott Lucas	bham.ac.uk	@Matthew --- Analysis is split on this
14:11:20	Richard Nephew	columbia.edu	But, they have a lot of domestic development requirements
14:11:42	Richard Nephew	columbia.edu	I suspect that they're going to spend most of it on infrastructure and similar development projects that have stalled b/c of sanctions
14:11:50	Richard Nephew	columbia.edu	After all, Rouhani was elected on this promise
14:11:51	Hannah Poppy	riskadvisory.net	@Matthew I'm not sure a deal will lead to a change on Iran's strategy for proxies
14:11:58	Scott Lucas	bham.ac.uk	As Richard says, there is an immediate need for the money to go to

14:12:15	Scott Lucas	bham.ac.uk	economic recovery as well as attraction of foreign investment But --- possibly in line with Hannah --- Iran could step up support for Assad in Syria
14:12:25	Scott Lucas	bham.ac.uk	Having delayed for months on giving him more credit
14:12:43	Richard Nephew	columbia.edu	I think that's all true.
14:12:49	Richard Nephew	columbia.edu	The real issue is that Iran can be matched dollar for dollar
14:12:50	Scott Lucas	bham.ac.uk	And it could also step up backing of Hezbollah as well as economic aid (think soft power, not hard) to Ansar Allah in Yemen
14:12:54	Richard Nephew	columbia.edu	So that won't be determinative.
14:13:02	Scott Lucas	bham.ac.uk	And also support of Iraqi Shia militias
14:13:02	Hannah Poppy	riskadvisory.net	right, so regional developments, rather than a deal per se are more likely to determine what support Iran gives to allies
14:13:05	Richard Nephew	columbia.edu	How the rest of the U.S./partner regional policy shapes up will be.
14:13:21	Richard Nephew	columbia.edu	@ Hannah: totally agree
14:13:32	Scott Lucas	bham.ac.uk	@Hannah --- I would add that a successful deal opens up space for Rouhani and Zarif as they will be bolstered
14:13:40	Scott Lucas	bham.ac.uk	So they could renew push for "engagement" strategy
14:13:48	Scott Lucas	bham.ac.uk	Which has been stalled during the nuclear talks process
14:13:50	Hannah Poppy	riskadvisory.net	@Richard exactly, so the question is more, will Iran & US expand talks post-deal onto other regional issues?
14:14:45	Richard Nephew	columbia.edu	@Hannah: Maybe, but there will be an incentive for both sides to also harden their regional positions
14:14:51	Richard Nephew	columbia.edu	So, conversations may not be that productive
14:15:11	Scott Lucas	bham.ac.uk	@Hannah @Richard --- As a related test case...
14:15:28	Scott Lucas	bham.ac.uk	Do Rouhani and Zarif get an advance towards their objective of working with Saudi Arabia ...
14:15:33	Scott Lucas	bham.ac.uk	Rather than against it?
14:16:04	Hannah Poppy	riskadvisory.net	@Scott that's an interesting question, but one that also depends on the Saudi attitude
14:16:27	Richard Nephew	columbia.edu	@Hannah @Scott: I agree with Hannah on Saudi views being important.
14:16:28	Hannah Poppy	riskadvisory.net	which doesn't exactly appear to be particularly keen on the idea of dialogue with Iran right now
14:16:51	Scott Lucas	bham.ac.uk	@Richard @Hannah --- Hypothetical: Could the tough Saudi line be eased....
14:17:00	Richard Nephew	columbia.edu	That's true. But Zarif and other regime views will also harden if Yemen continues to be bloody.
14:17:03	Scott Lucas	bham.ac.uk	If Rouhani and Co. offer genuine pursuit of political resolution in Yemen?
14:17:21	Hannah Poppy	riskadvisory.net	@Scott Yes, agreed with Yemen will be central to that. Thus Omani mediation would be needed
14:17:33	Scott Lucas	bham.ac.uk	@Hannah --- Agreed in full.
14:17:54	Richard Nephew	columbia.edu	I'll dissent here: I think that the Saudis right now would fear a political settlement that leaves Iran with any power in Yemen
14:18:08	Richard Nephew	columbia.edu	And that's the only thing the Iranians would help to engender (in Saudi's view)
14:18:19	Richard Nephew	columbia.edu	So, i think the best chance for a political settlement is if the Iranians stay out of it.
14:18:23	Richard Nephew	columbia.edu	Which Iran won't want to do
14:18:59	Scott Lucas	bham.ac.uk	@Richard @Hannah --- And, hypothetically, if Rouhani/Zarif/Rafsanjani offer to pull back support of President Assad?
14:19:05	Hannah Poppy	riskadvisory.net	@Richard, agreed about it being an issue of Saudi perception, which is what makes it harder to forecast
14:19:06	Scott Lucas	bham.ac.uk	But keeping Syrian system in place ...
14:19:42	Christopher Johnson	thomsonreuters.com	I have an oil-specific question ...
14:19:52	Christopher Johnson	thomsonreuters.com	Earlier today we published a poll of 25 analysts

14:20:18	Christopher Johnson	thomsonreuters.com	It showed most of the oil industry expects a very slow increase in Iranian oil exports if/when a deal is done
14:20:31	Richard Nephew	columbia.edu	@Scott (on your last q) I think that this would be too hard for the Iranians right now. But, maybe that would help.
14:20:33	Christopher Johnson	thomsonreuters.com	Most analysts expect Iranian oil exports to have increased by about 60 percent in a year's time
14:20:45	Christopher Johnson	thomsonreuters.com	750,000 barrels per day, by June 30, 2016
14:20:52	Christopher Johnson	thomsonreuters.com	Does that sound about right to you?
14:21:34	Richard Nephew	columbia.edu	@Chris: i think that is potentially too optimistic, personally.
14:21:46	Christopher Johnson	thomsonreuters.com	Why?
14:21:53	Richard Nephew	columbia.edu	I think that the fields may be in worse shape than we expect.
14:22:01	Richard Nephew	columbia.edu	I think that the Iranian system may be slow to get it going.
14:22:19	Richard Nephew	columbia.edu	I think that they'll have some difficulty in selling their overfilled storage and that will make it hard to boost.
14:22:28	Richard Nephew	columbia.edu	But, I admit that I don't know that to be true
14:22:42	Richard Nephew	columbia.edu	My sense is more that 500,000 extra within 6 months is more feasible.
14:22:53	Scott Lucas	bham.ac.uk	@Richard @Christopher --- How much increase of the 750K bpd from stored oil? How much from new production?
14:22:59	Christopher Johnson	thomsonreuters.com	Interesting
14:23:05	Christopher Johnson	thomsonreuters.com	Good question
14:23:08	Scott Lucas	bham.ac.uk	And how much of the 750K depends on foreign investment in the fields?
14:23:21	Christopher Johnson	thomsonreuters.com	re investment - a lot
14:23:24	Richard Nephew	columbia.edu	@Scott: agree, very good question. This is part of the reason why I'm skeptical about all the numbers flying around.
14:23:37	Christopher Johnson	thomsonreuters.com	And Iran would be relying on some US companies if it wants quick results
14:23:45	Christopher Johnson	thomsonreuters.com	yes, agree
14:23:51	Richard Nephew	columbia.edu	@Scott: I also agree on investment: they will need something to go into it to get to 750,000. I think 500,000 is in their reach.
14:23:54	Scott Lucas	bham.ac.uk	@Christopher @Richard --- What is your optimistic projection for completion of contracts for foreign investment
14:23:58	Scott Lucas	bham.ac.uk	if we get a deal?
14:24:12	Scott Lucas	bham.ac.uk	Given that there were talks in May between Oil Minister Zanganeh and European firms?
14:24:15	Richard Nephew	columbia.edu	On US companies, I don't think that they're likely to be part of the deal. Only "Secondary" -- ie not involving us people -- sanctions to be relieved
14:24:38	Christopher Johnson	thomsonreuters.com	That will present real issues to Iran, then
14:24:41	Richard Nephew	columbia.edu	@Scott -- I hear from industry people that deals are closer than I would have suspected
14:25:01	Christopher Johnson	thomsonreuters.com	US companies have the best track record on most of the difficult areas that Iran face
14:25:10	Richard Nephew	columbia.edu	But, I'm skeptical. Until we see that new contract...
14:25:18	Richard Nephew	columbia.edu	And while snap-back of sanctions is real...
14:25:24	Richard Nephew	columbia.edu	And while the US congress hasn't spoken...
14:25:33	Richard Nephew	columbia.edu	So, i think real long-term contracts are probably more distant.
14:25:43	Richard Nephew	columbia.edu	But, as you can tell, I'm pretty sceptical/pessimistic by nature on this question.
14:25:57	Hannah Poppy	riskadvisory.net	@All: Do you think the way that sanctions relief will be implemented means that in general U.S. and U.S.-linked companies will struggle to get a foot in the door?
14:25:58	Richard Nephew	columbia.edu	@Chris: I tend to agree on how lacking U.S. support will hurt Iran, but not fatal.
14:26:22	Hannah Poppy	riskadvisory.net	So a comparison for that question being Myanmar...
14:26:33	Richard Nephew	columbia.edu	@Hannah: Yes with respect to US companies.

14:26:50	Scott Lucas	bham.ac.uk	@Hannah @Richard --- Because of Iranian reluctance or U.S. government dissuasion?
14:27:11	Richard Nephew	columbia.edu	@Scott: because the US-domestic sanctions will remain in place, in all likelihood
14:27:26	Richard Nephew	columbia.edu	And because the politics surrounding this will be uncertain for a while.
14:27:40	Richard Nephew	columbia.edu	Every Republican candidate (major ones anyway) have said they'll repudiate the deal.
14:27:54	Richard Nephew	columbia.edu	So, it'll make it hard for people to want to stick their necks out, even if they were allowed.
14:28:00	Richard Nephew	columbia.edu	Or, anyway, it would make it hard for me!
14:28:22	Scott Lucas	bham.ac.uk	@Richard --- Naive question: would this also keep BP at distance? Or is it beyond being a "British" firm and Britain's politics vis-a-vis U.S.?
14:28:56	Richard Nephew	columbia.edu	Well, by letter of the law, I think they'll be ok. Foreign-incorporated companies are not covered by US "primary" sanctions
14:29:05	Hannah Poppy	riskadvisory.net	@Richard but what if business start to make real money (or sense that they could) in Iran, will that change the attitude of Republican candidates?
14:29:15	Richard Nephew	columbia.edu	But, if I were a big company with lots of US interests in a tricky political situation in the US, I'd be nervous, sure.
14:29:28	Richard Nephew	columbia.edu	@Hannah: I've been hoping that would be the case for 18 months.
14:29:30	Richard Nephew	columbia.edu	Nada yet.
14:29:34	Richard Nephew	columbia.edu	US companies aren't pushing for it.
14:29:40	Richard Nephew	columbia.edu	They fear being linked to Iranian "blood money"
14:30:00	Richard Nephew	columbia.edu	So, there is no push factor on the US political system, beyond the arms control enthusiasts and those with reflexive concerns about Iran
14:30:06	Richard Nephew	columbia.edu	Business sector has been (largely) silent
14:30:32	Hannah Poppy	riskadvisory.net	@Richard ok, that's interesting, (and disappointing)
14:31:21	Matthew Robinson	columbia.edu	What steps could the West take if Tehran fails to comply with any of the terms of the deal?
14:31:37	Richard Nephew	columbia.edu	@Matt: well, sanctions snap-back is always a possibility.
14:31:42	Richard Nephew	columbia.edu	That would be for major, big violations.
14:31:52	Richard Nephew	columbia.edu	If they do little things, then it is possible more incremental steps could be taken.
14:32:11	Richard Nephew	columbia.edu	And, of course, if they breakout altogether, then the range of options goes upward to military action.
14:32:14	Scott Lucas	bham.ac.uk	@Richard --- Adding to Matthew's question, what is your understanding of position now on "snapback" sanctions?
14:32:27	Scott Lucas	bham.ac.uk	Will it be written into the deal?
14:32:30	Richard Nephew	columbia.edu	But, I suspect there will be a robust dispute resolution process to avoid all of the problems that come with this.
14:32:57	Richard Nephew	columbia.edu	@Scott: well, it will be written in to the UNSC part of the deal.
14:33:02	Richard Nephew	columbia.edu	Only way that UNSC resolutions work.
14:33:09	Richard Nephew	columbia.edu	For US and EU sanctions, it may be more implicit.
14:33:09	Scott Lucas	bham.ac.uk	@Richard --- Is Russia going to agree to dispute resolution body outside UNSC?
14:33:26	Richard Nephew	columbia.edu	So as to avoid spiking Iran in public (similar to their ability to snap-back on us by restarting nuke program)
14:33:38	Richard Nephew	columbia.edu	@Scott: They'll agree to one that works with the UNSC.
14:33:49	Richard Nephew	columbia.edu	They get the problem we have with the possibility of a veto
14:33:57	Richard Nephew	columbia.edu	We get the problem they have with automaticity.
14:34:06	Richard Nephew	columbia.edu	So, I suspect there will be a process layered in in front of the UNSC process
14:34:16	Richard Nephew	columbia.edu	...so that everyone gets to have something close to what they want...
14:34:26	Richard Nephew	columbia.edu	...without undoing what we (US) need for a deal.
14:34:30	Scott Lucas	bham.ac.uk	@Richard --- Thx. Makes sense.

14:34:51	Scott Lucas	bham.ac.uk	@Richard --- How much of a factor does China play here, in either investment or uptake of oil exports?
14:35:06	Richard Nephew	columbia.edu	@Scott: well, I think they will want to play for sure.
14:35:13	Richard Nephew	columbia.edu	Smarter people than me will know how much oil they can buy.
14:35:21	Richard Nephew	columbia.edu	But they'll want to stay in the Iranian market to keep diversification.
14:35:30	Richard Nephew	columbia.edu	ON investment, i think they'll compete for deals, for sure
14:35:45	Richard Nephew	columbia.edu	But the Iranians want EU, Japanese and other products/money.
14:36:01	Richard Nephew	columbia.edu	So, that may not be as easy for China as when the western majors walked away a few years back
14:36:16	Richard Nephew	columbia.edu	@Hannah: what do you think the domestic politics are for Rouhani/Zarif post deal success?
14:36:26	Richard Nephew	columbia.edu	Will this lead to major positive change to the system?
14:36:28	Richard Nephew	columbia.edu	Or hardening?
14:37:09	Hannah Poppy	riskadvisory.net	@Richard from speaking to people (who know more than me) a long will hand on the 2016 majlis elections
14:37:27	Hannah Poppy	riskadvisory.net	and also to what extent popular expectations about the deal can be managed
14:37:49	Scott Lucas	bham.ac.uk	@Richard @Hannah --- Rouhani and Zarif are likely to get a boost on the deal
14:37:56	Hannah Poppy	riskadvisory.net	Tehran university put out an interesting poll from May that suggested expectations for sanctions relief are particularly high among Rouhani supporters
14:38:17	Scott Lucas	bham.ac.uk	And Rouhani signaled on Sunday that he wants to take on the judiciary over its handling of social as well as legal issues
14:38:18	Hannah Poppy	riskadvisory.net	@Scott right, so I guess the issue is whether they could maintain that high to February & beyond
14:38:42	Scott Lucas	bham.ac.uk	E.g. bans on public concerts, women at sporting events, enforcement of hijab
14:38:55	Scott Lucas	bham.ac.uk	These are on the margins of the important political-legal questions
14:39:07	Scott Lucas	bham.ac.uk	But they are important margins for Iranian public opinion, I believe
14:39:39	Scott Lucas	bham.ac.uk	Meanwhile, Rouhani-Rafsanjani face challenging task of assembling slate of candidates for 2016 Parliamentary elections
14:40:03	Richard Nephew	columbia.edu	@Scott @Hannah, yes I think that all makes sense.
14:40:08	Scott Lucas	bham.ac.uk	And facing possible obstruction by others within system, e.g., veto or restrictions on candidates
14:41:07	Hannah Poppy	riskadvisory.net	@Scott: I remain unconvinced on how important those social issues are, at least compared to things like corruption/foreign investment
14:41:53	Matthew Robinson	columbia.edu	How does the need to increase pressure on Russia play into deal making on Iran?
14:42:00	Scott Lucas	bham.ac.uk	@Hannah --- I get sense that many in Iranian public (how many?) see these as markers re the Rouhani promise of opened political and social space
14:42:14	Scott Lucas	bham.ac.uk	But I take your point
14:42:28	Richard Nephew	columbia.edu	@Matthew: My view is that allowing us to put more pressure on Russia when Iranian oil is back on the market is a positive thing (for sanctioners)
14:42:36	Richard Nephew	columbia.edu	But is not ultimately the thing that will determine a deal.
14:42:51	Richard Nephew	columbia.edu	US/EU has shown it can walk and chew gum at same time on Russia and Iran sanctions
14:43:14	Richard Nephew	columbia.edu	And, anyway, at least some part of the Iran/Russia energy pictures are different in their implications for Europe and elsewhere
14:43:20	Scott Lucas	bham.ac.uk	@Richard --- Beyond that, do you think we will get any other politics re oil supply if deal is done?
14:43:25	Richard Nephew	columbia.edu	But, long-term, good for Europe to have a diversified NG supply, etc.
14:43:30	Hannah Poppy	riskadvisory.net	@Matthew I would agree with @Richard in that they've managed to 'firewall' the talks from other serious geopolitical issues so far

14:43:39	Scott Lucas	bham.ac.uk	E.g. Saudi strategy on supply and price in negotiations with OPEC?
14:43:58	Richard Nephew	columbia.edu	@Scott: Well, my sense is that the Saudis already anticipate Iranian oil coming back on.
14:44:10	Richard Nephew	columbia.edu	So i think the politics are going to remain as is: Saudi push to maintain (if not expand) market share
14:44:17	Richard Nephew	columbia.edu	And competing like hell against Iran coming back in
14:44:28	Richard Nephew	columbia.edu	(which also has an additional political/security dimension for Saudi of course)
14:44:35	Christopher Johnson	thomsonreuters.com	@Richard: absolutely right
14:44:54	Christopher Johnson	thomsonreuters.com	Saudis are building market share steadily
14:45:40	Simon Falush	thomsonreuters.com	Although they did drop behind Nigeria for sales to India recently, so competition is fierce.
14:46:27	Christopher Johnson	thomsonreuters.com	Going back to the question of compliance with any nuclear deal ...
14:46:31	Scott Lucas	bham.ac.uk	@All --- How long before financial transactions (which have affected countries such as India re oil from Iran) can be fully restored post-deal?
14:46:32	Christopher Johnson	thomsonreuters.com	What are the chances of major violations by Iran, do you think?
14:47:06	Richard Nephew	columbia.edu	@Scott: Should be as soon as banks want to do it when secondary sanctions are suspended (ceased to apply, whatever)
14:47:16	Richard Nephew	columbia.edu	So, i would anticipate some would start in early 2016, but others will be more reluctant
14:47:24	Richard Nephew	columbia.edu	Could take years for big banks that were burned to go back in.
14:47:35	Richard Nephew	columbia.edu	@Christopher: Million dollar question.
14:47:45	Richard Nephew	columbia.edu	My view is that they will not do a major violation because they fear consequences...
14:47:49	Richard Nephew	columbia.edu	... which could go to military options.
14:47:58	Richard Nephew	columbia.edu	After all, a big violation would also put a big bulls-eye on them.
14:48:08	Richard Nephew	columbia.edu	And smaller violations won't materially affect breakout timelines
14:48:19	Scott Lucas	bham.ac.uk	@Christopher --- Interesting that Amano going to Tehran tomorrow
14:48:21	Richard Nephew	columbia.edu	So, my sense is that there will be some cheating and testing, but they'll play nice...
14:48:36	Scott Lucas	bham.ac.uk	I would think to begin to define inspections and procedures for compliance
14:48:38	Richard Nephew	columbia.edu	...until deal expires. Then who knows? But also then options remain to counter them.
14:48:50	Richard Nephew	columbia.edu	@Scott: Yes, probably. But also to follow up on PMD.
14:49:15	Scott Lucas	bham.ac.uk	@Richard --- Agreed. Defining which military sites can be inspected and the protocol/limits of the inspections
14:49:44	Scott Lucas	bham.ac.uk	@Christopher --- It will cost Iran too much - to point of economic crisis - to break the agreement and get caught.
14:50:05	Richard Nephew	columbia.edu	@Scott: To be clear, I don't think there will be some military sites off limits and those ok.
14:50:09	Richard Nephew	columbia.edu	US won't accept that.
14:50:22	Richard Nephew	columbia.edu	What they may accept is a procedure to try to resolve issues without inspectors tromping around sensitive places.
14:50:29	Richard Nephew	columbia.edu	But, there cannot be no-go areas in Iran
14:50:41	Richard Nephew	columbia.edu	(just as, for Iran, there cannot be capricious abuse of inspection rights)
14:50:58	Scott Lucas	bham.ac.uk	@Richard --- But how will Iran accept "all military sites" written into the deal?
14:51:14	Scott Lucas	bham.ac.uk	What would be the acceptable language around that?
14:51:28	Richard Nephew	columbia.edu	It won't be. The deal will probably say Iran accepts the Additional Protocol.
14:51:40	Richard Nephew	columbia.edu	That itself permits access to undeclared sites in the country without exception.
14:51:45	Scott Lucas	bham.ac.uk	@Richard --- That makes sense.
14:51:52	Richard Nephew	columbia.edu	The real issue is not "where" but "how quickly, how often, and who can go"

14:52:24	Christopher Johnson	thomsonreuters.com	@Richard/Scott/Hannah: Do you think there is a specific issue that holding up a deal at this point?
14:52:24	Richard Nephew	columbia.edu	(But, I do agree: this is the trickiest of tricky issues still being worked on. Iran will need to sort out rhetoric and reality.)
14:52:26	Christopher Johnson	thomsonreuters.com	Is that the sticking point perhaps?
14:52:42	Richard Nephew	columbia.edu	@Christopher: Yes, i think this is a big one.
14:52:53	Richard Nephew	columbia.edu	I could be wrong, but I'd bet money this is why Zarif had to go home.
14:53:02	Richard Nephew	columbia.edu	He didn't go home just to change his suitcase.
14:53:15	Christopher Johnson	thomsonreuters.com	
14:53:30	Scott Lucas	bham.ac.uk	@Richard --- Well, he does like to rotate his shirts
14:53:47	Scott Lucas	bham.ac.uk	But updates of Rouhani and Supreme Leader on that issue
14:54:00	Scott Lucas	bham.ac.uk	and on the timetable and procedure for sanctions relief
14:54:34	Richard Nephew	columbia.edu	@Scott: probably right
14:54:36	Matthew Robinson	columbia.edu	Everyone is going to be watching very closely between now and when a deal is implemented. What should we expect to see -- will it be smooth sailing or rocky?
14:54:51	Richard Nephew	columbia.edu	@Matthew: A bit of both. Congressional debate will cause bad rhetoric in Iran.
14:54:56	Richard Nephew	columbia.edu	And likewise here.
14:55:01	Richard Nephew	columbia.edu	There will also be technical glitches.
14:55:07	Richard Nephew	columbia.edu	Iran will have to do a lot in a little amount of time.
14:55:15	Richard Nephew	columbia.edu	They're liable to get one or two things off-course.
14:55:25	Richard Nephew	columbia.edu	But, i think that the big issues will be worked out.
14:55:33	Richard Nephew	columbia.edu	And that it will, in the end, be implemented.
14:55:46	Richard Nephew	columbia.edu	Oil markets (i would bet) roil with every passing nasty comment or positive indication.
14:56:20	Richard Nephew	columbia.edu	But, that's normal anyway.
14:57:02	Alex Lawler	thomsonreuters.com	Oil is down today, increased expectations of a final deal are part of that
14:57:38	Scott Lucas	bham.ac.uk	@All --- Agreed with Richard. Each step forward in process makes sabotage more difficult from either side....
14:57:50	Richard Nephew	columbia.edu	(Just wait until Zarif heads to the airport in a huff and then comes back)
14:57:54	Richard Nephew	columbia.edu	(Or Kerry does)
14:57:58	Richard Nephew	columbia.edu	
14:58:15	Alex Lawler	thomsonreuters.com	I wonder - has the oil market already priced in a deal and exports increase of say 500,000 bpd?
14:58:42	Christopher Johnson	thomsonreuters.com	@Alex: I suspect so
14:59:03	Christopher Johnson	thomsonreuters.com	Many thanks everyone for a terrific discussion
14:59:13	Christopher Johnson	thomsonreuters.com	So much to talk about
14:59:25	Richard Nephew	columbia.edu	Thank you everyone. This was fun. Have a good one.
14:59:30	Alex Lawler	thomsonreuters.com	@Christopher: we'll see
14:59:35	Scott Lucas	bham.ac.uk	Thanks to everybody --- very useful for me....
14:59:36	Christopher Johnson	thomsonreuters.com	I will make a pdf of this discussion If anyone would like a copy, please email me: christopher.johnson@thomsonreuters.com
14:59:37	Alex Lawler	thomsonreuters.com	thanks
14:59:38	Hannah Poppy	riskadvisory.net	Thanks all
15:00:16	Libby George	thomsonreuters.com	thanks everyone