Although the nuclear talks in Moscow did not achieve concrete results, there is still time to get past the nuclear impasse. The Obama administration clearly isn’t interested in offering the Islamic Republic the kind of concessions that would allow it to back down. The key questions now are: Will President Obama, if reelected in November, be more flexible? And will Iran muster confidence that Obama can get U.S. political support for any agreement?

Chief Iranian nuclear negotiator Saeed Jalili went to Moscow resolved to get sanctions gradually lifted and recognition of Iran’s right to enrich uranium to 3.5 percent. In exchange, he offered a freeze on 20 percent enrichment, confidence-building measures on the 20 percent enriched stockpile, a commitment to cooperate with the IAEA to resolve remaining ambiguities and agreement to address the IAEA’s “possible military dimension” issues. The last point concerns inspection protocols and related matters.

However, the P5+1—the five permanent members of the UN Security Council plus Germany—offered Jalili essentially nothing Iran wants, so there was no reason for him to budge.

A week before the Moscow talks, after meeting with his Russian counterpart in Tehran, Iran’s foreign minister, Ali Akbar Salehi, aptly described the mood in the Iranian capital: “Sometimes the process slows down and sometimes it accelerates, but overall I’m optimistic about the final outcome.” Salehi understands that domestic politics would become far more radical should dialogue collapse, with unpredictable consequences.
While positions on the likely framework of a final accord actually moved closer at the Istanbul talks in April, things went in the opposite direction in Moscow, largely because of disagreement on incremental confidence-building measures. The shift was reflected in remarks by Catherine Ashton, the European Union’s foreign-policy chief, who hinted at a return to emphasis on Iran’s “international obligations” under UN Security Council resolutions calling on Tehran to halt enrichment entirely. At the same time, she maintained that the Nuclear Nonproliferation Treaty remains the basis of the talks, although many signatories to the NPT enrich uranium at low levels for peaceful purposes.

The NPT, to which the Islamic Republic is a signatory, does not deny Iran’s right to enrich uranium. And, even though the upcoming talks in Istanbul will be lower-level and “technical” in nature, the main point is that they will continue. Iran and the P5+1 have not engaged in dialogue this consistently since Jalili was appointed as Iranian top nuclear negotiator in 2007.

The two main factors determining the pace of negotiations are the Iranian economy and the U.S. presidential election. However, Israel’s efforts to block a face-saving solution by threatening to drag the United States into another war in the Middle East should not be ignored.

Consider the Iranian economy, which is nowhere near collapse. The reality is not that “Iran is on the verge of a choice between having a nuclear program or an economy,” as Cliff Kupchan, a senior analyst on the Middle East at the Eurasia Group, insists. To put things into perspective, the Islamic Republic has lost some 40 percent of its expected oil income this year, according to the International Energy Agency. The European Union embargo on Iranian oil, due to go into full effect on July 1, has practically already been implemented. Moreover, the Obama administration has already given six-month waivers from sanctions to most other countries purchasing Iranian crude. Assuming even an annualized 60 percent loss—which cannot be taken as absolute truth due to the opaque nature of Iran’s crude exports—the Islamic Republic will still rake in an estimated $40 billion from oil this year. That’s roughly twice as much as when Mohammad Khatami was president a decade ago. It is no coincidence that Supreme Leader Ayatollah Ali Khamenei has dubbed this Persian year “the year of national production, supporting Iranian labor and investment.” He adds that the “economic Jihad” is “never-ending.”
This is not to say that ordinary Iranians aren’t suffering from the sanctions. A recent Gallup survey showed that at times during the past year, almost half of Iranians didn’t have enough money to buy food needed by their families. That’s three times as many as when the first UN Security Council sanctions were passed against Iran over its nuclear program in 2006. But Iranians increasingly view the sanctions as designed to encourage a popular revolt against their government rather than an effort to drag the Islamic Republic to the negotiating table.

Iranians recall Ayatollah Khomeini’s famous quote when an aide raised concerns about inflation: “This revolution was not about the price of watermelons.” His successor, Ayatollah Khamenei, recently told the Iranian nation that “what the enemies of Iran fear, and must fear, is not a nuclear Iran, but Islamic Iran.” In other words, Iran’s leaders emphasize the sanctity of the revolution over Western pressures.