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# The Case Against the Case Against Iran: Regionalism as the West's Last Frontier

John C. Shenna

*Iran's leaders have reasons for spurning Western offers of engagement over Iran's nuclear program. They cannot so easily spurn approaches from Turkey and Arab neighbors. Regional engagement should therefore be encouraged, especially by Russia and China, to build confidence in Iran's intention to respect its core Nuclear Non-Proliferation Treaty (NPT) obligation and reduce anxieties that could prompt a regional nuclear arms race. Furthermore, a more rigorous threat analysis suggests Israel can afford to be restrained.*

Over the last seven years, the West has oscillated between persuasion and coercion in an attempt to resolve the questions raised by Iran's nuclear program, but to no avail. Recent developments have dashed Western hopes that the Iranian leadership would be ready to agree on comprehensive confidence-building in return for a settlement of historic differences. Since Washington's dismissal of a Turkish-Brazilian initiative in May 2010 to broker a deal over Tehran's nuclear ambitions, hopes of engagement between Iran and the five permanent members of the UN Security Council (UNSC) and Germany have been compromised, leaving the West no options other than a new round of sanctions or a military strike.<sup>1</sup> Neither of these options is at all likely to deliver what the West wants: suspension of Iran's uranium enrichment activities. Furthermore, a military strike would provide justification for Iranian withdrawal from the Nuclear Non-Proliferation Treaty (NPT) and the manufacture of nuclear weapons.<sup>2</sup>

This break-down of the engagement process initiated by US President Barack Obama may turn out to be a blessing in disguise for the West, as the opposition movement that has emerged since Iran's disputed presidential elections in June 2009 has come out against the swap first mooted in Geneva on October 1, 2009. It would be politically awkward for the West to cut a deal which was unwelcome to the elements in Iranian society that appear most committed to Western ideals of democracy and respect

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1. The Turkish-Brazilian-Iranian initiative of May 17 foresaw the transfer of part of Iran's stockpile of low-enriched uranium to Turkey in exchange for a shipment of finished fuel assemblies that Tehran needs for medical use. It is unclear whether the Iranian motive behind this latest initiative was to complicate the US search for consensus on a further round of sanctions or to accept, at the eleventh hour, the US offer of engagement. This article is premised on the former hypothesis, for reasons that will become clear from its content. On June 9, 2010, the UN Security Council adopted a resolution imposing another round of restrictive measures on Iran, with Turkey and Brazil voting against the resolution and Lebanon abstaining.

2. See Article X of the NPT.

for human rights.<sup>3</sup> But, in any case, the collapse of engagement reflects two underlying failures of perception in Western capitals.

First, the requirement of “zero enrichment” — the total suspension of Iran’s nuclear enrichment activities — is unrealistic. The reality on the ground is that Iran will pursue enrichment in one form or another, and is entitled to do so as a party to the NPT. Second, few analysts in the US or Europe have been willing to reason from the premise that Iran’s regional threat has been routinely exaggerated. Due to this exaggeration it has become an act of intellectual heresy to suggest that Iran does not intend to provoke Israel or other regional neighbors by acquiring nuclear weapons — whatever the rhetorical fanfare in Tehran.

A less exaggerated assessment of Iran’s intentions suggests that Iran’s Muslim neighbors — Turkey, Egypt, and Saudi Arabia in particular — can be the key to a successful diplomatic solution. Regional engagement of Iran by its three regional peers may represent the last diplomatic avenue open to the international community, now that options other than sanctions and military strikes appear to have been exhausted.

The ideal outcome from a new regional dynamic would be to position Iran alongside Japan and Brazil as a non-nuclear-weapon State Party to the NPT, trusted with the possession of an advanced uranium enrichment capability. Whether continued enrichment activities in Iran mean that Iran is a “threat” to the region, and by extension to international peace and security, is the argument that needs to be looked at anew.

A regional approach would not face the same challenge as Western engagement (could the latter be revived): how to walk a tightrope between addressing human rights violations and giving moral support to the Iranian opposition on one hand, and engaging on nuclear issues with regime leaders on the other. The international community could harvest the benefits of Mideast *realpolitik* without the problematic interference of anti-Western sentiment, ever-present in Iran (at least among the political leadership). Deeply rooted inhibitions on both sides of the divide could be bypassed. Such a regional approach could lead Iran to play a constructive role in the region and take part in a comprehensive Arab-Israeli peace process. In the best of cases, such a regional approach could lead eventually to Iran’s acceptance of Israel’s right to exist and the renunciation of support for terrorism, and could boost the global supply of oil and gas as non-OPEC sources dwindle.<sup>4</sup> It represents, in part, an outlook that even Iran has envisioned for itself as laid out in its “20-Year Outlook Plan (2005–2025).”<sup>5</sup>

The regional dynamic would consist of five main geopolitical contexts. First is Turkey, the country best placed to act as Iran’s most influential partner. Second is Egypt, the most populous Muslim country in the Middle East, whose diplomatic weight and

3. It needs to be borne in mind, however, that for the majority of Iranians, the notion of justice and the existence of an independent judiciary have much greater weight than secularism and liberty, which only count for a minority, in which intellectuals feature prominently. See: Abdol Karim Soroush, “*L’Iran en quête de justice*” [“Iran in Search of Justice”], *Le Monde*, March 2, 2010.

4. “A Revolutionary Report on the Future of Oil,” *Energy Bulletin*, July 29, 2007; and “Oil Market Report,” International Energy Agency (IEA), July 2007, <http://www.oilmarketreport.org>.

5. *Majma’-e Tashkhis-e Maslahat-e Nezam-e Jomhuri-e Islami* [Expediency Discernment Council], “Iran’s 20-Year Outlook As Seen in 2025,” *Official Gazette 17995*, December 6, 2006; and “Supreme Leader Outlines Policies of 5th Development Plan,” *Tehran Times Political News*, January 11, 2009, [http://www.tehrantimes.com/Index\\_view.asp?code=186546](http://www.tehrantimes.com/Index_view.asp?code=186546).

experience qualify it to contribute to a regional initiative. Third is Saudi Arabia, Iran's rival and the most influential Muslim nation in the Middle East. Fourth are the smaller Gulf states, whose domestic politics are overshadowed by Iran and who have feared that the West might cut a deal with Iran that impaired their security. Finally, Russia and China, though not direct regional neighbors and obviously not predominantly Islamic countries, are strategically related to Iran through multi-billion dollar economic dealings and through their involvement in the UNSC handling of the nuclear issue. Seeking a regional solution to the nuclear issue would entail all of these countries acting out of self-interest, as will become apparent later in this article.

Regional engagement needs to emphasize the particular security interests of Iran's Islamic neighbors in such a way that nuclear weaponization is seen in Tehran as an unwise option, and hyperbolic posturing on the nuclear issue as a failure of dignified statecraft. Iranian weaponization would in fact run counter to Iran's own security, as it would perpetuate the US military presence in the Gulf and could very well set off a nuclear arms race, which could destabilize the region and undermine Iranian security. Rhetorical self-restraint in Tehran would of course be insufficient evidence that Iran's nuclear intentions are peaceful — Iran would also need to agree with regional partners to conduct specific confidence-building measures, including enhanced transparency of their nuclear program.<sup>6</sup>

Engaging with regional partners to build confidence and lower tensions would also be in Iran's interest if it led ultimately to the repeal of sanctions, not least because sanctions are costing Iran roughly a quarter of its potential national output, and are hampering around \$150 billion of needed investment in oil and gas upgrades over the next ten years.<sup>7</sup> It could also allay Iran's feeling of isolation. At this point, Iran interprets its casting out from the international community by the UNSC as an attempt at regime change by the community in parallel with "regime change" in Iraq.

Regional engagement could also achieve what Western persuasion and coercion have not in recent years: enhanced verification and monitoring of Iran's nuclear activities. This could be done without the West having to "lose face" by back-tracking from its insistence on the (unrealistic) requirement of "zero enrichment." Regional engagement can also offer face-saving to Iran, a country where national pride on this issue carries a decisive psychological weight.

Sanctions have been a failure. Originally conceived as providing a halfway house between acquiescence and war — some even argue that the unique purpose that sanctions now serve is to prevent or delay a military strike by Israel — sanctions will not prevent Iran from achieving a latent or "threshold" nuclear weapons capability, no mat-

6. The 2009 report of the International Commission on Nuclear Non-Proliferation and Disarmament (ICNND) recommends acceptance of the reality of Iran's enrichment activities in return for Iranian acceptance of a very intrusive inspection and verification regime. The ICNND also recommends regional and bilateral safeguards arrangements as useful measures. See: Gareth Evans and Yoriko Kawaguchi (co-chairs), "Eliminating Nuclear Threats: A Practical Agenda for Global Policymakers," *Report of the International Commission on Nuclear Non-Proliferation and Disarmament*, 2009.

7. "Dealing with Iran," *Financial Times*, December 17, 2009, <http://www.ft.com/cms/s/0/5933936c-eb43-11de-bc99-00144feab49a.html>; and Leila Zabbah, "Investment Challenges in Iranian Oil & Gas Sectors — A Legal Approach," National Iranian Oil Company, 2006, [http://www.dohagascon.com.qa/dgc/dgc.nsf/dbb362b1299b2e95432572830028cb44/0fa9efe18b343ed84325739b00319e9d/\\$FILE/Leila%20Zabbah%20%20Full%20Paper.pdf](http://www.dohagascon.com.qa/dgc/dgc.nsf/dbb362b1299b2e95432572830028cb44/0fa9efe18b343ed84325739b00319e9d/$FILE/Leila%20Zabbah%20%20Full%20Paper.pdf).

ter how severe they may be.

As for the cohesiveness — or lack thereof — of neighboring Muslim states in the context of a regional approach, one finds a convergence of opinion among them on two crucial points with regard to Iran. First, they all want Iran to remain a non-nuclear-weapon State Party to the NPT. Second, they all recognize Iran's determination to possess an independent nuclear fuel cycle. Working together to encourage Iran to provide credible assurances that it intends to remain a non-nuclear-weapon state will not come naturally to them, as their historical relations have not lent themselves to easy cooperation. However, shared interests in relation to Iran provide a solid basis for cooperation. The process could draw them closer together, enhancing long-term prospects for peace and stability in Southwest Asia.

The following paragraphs outline a regional formula for engaging Iran that can strategically, economically, and politically appeal to the statecraft both of Iran and its regional peers: Turkey, Egypt, Saudi Arabia, and the Gulf states. It may not solve the Iranian nuclear conundrum, but by managing it peacefully it can lower international tensions — with positive implications for the price of energy during a period of economic uncertainty.<sup>8</sup> It can combine respect for Iran's NPT rights with heightened confidence in Iran's nuclear intentions and pave the way for moving beyond past rivalries and antagonisms towards constructing a shared future.

## *TURKEY*

Turkey could be the key player in a regional initiative. The government of Prime Minister Recep Tayyip Erdoğan has made clear on several occasions that it is interested in stronger engagement with Iran and seeing through a solution via diplomatic negotiations without sanctions. The tripartite declaration signed by Iran, Turkey, and Brazil in Tehran on May 17, 2010 was an early fruit of this policy of engagement. In this initiative, Turkey (and Brazil) acted “only” as facilitators, given that the realization of the deal (since rejected by the US and its allies) required the cooperation of the US, France, and Russia. The issue at hand, however, is not one of proxy mediation, but self-interested engagement of Iran by Turkey and, possibly, other regional peers.

With Egypt's leadership role declining in recent years, the only country that has the necessary attributes and international standing to take the lead in a regional effort is Turkey. As an Islamic country that is tolerant of Shi'ism and not alarmed by Iran's theocratic and increasingly militarized government, Turkey entertains fairly good relations with Iran. Turkey is a more mature state and has a stronger bureaucracy than most, if not all, other Sunni Muslim states. It has also had a small nuclear program for many years; Egypt is the only other Sunni state in the region of which this can be said.

Turkey is not only interested in maximizing the transparency of Iranian nuclear activities, but also in preventing Iran from clandestine acquisition of nuclear weapons. One scenario would be for Turkey to suggest a nuclear inspection partnership with Tehran similar to the one forged between Brazil and Argentina. Brazil, which was under military

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8. Ultimately, Iran will have to find common ground with the US, because it is the US — and Israel — that have been threatening to attack Iran. However, the art of talking to each other has been lost over the last thirty years.

rule from 1964 to 1985, sought during this period to acquire a nuclear weapons capability in competition with Argentina, which was working along similar lines. Both countries refused to sign the NPT in the years following its entry into force or to submit to comprehensive International Atomic Energy Agency (IAEA) safeguards. They also opposed the establishment of a Latin American nuclear-weapons-free zone (the Treaty of Tlatelolco).

After 1985, however, relations between the two countries began to improve and a sense of what could be achieved through cooperation began to replace the sense of rivalry. This led, *inter alia*, to their abandoning nuclear weapons programs and, in 1991, agreeing to create a joint nuclear inspectorate for all nuclear material in both countries, the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC). The creation of ABACC helped to build confidence within the region in the peaceful nature of the Argentine and Brazilian nuclear programs. Confidence was further enhanced when Brazil signed the Treaty of Tlatelolco (1994), joined the Nuclear Suppliers Group (1996), ratified the NPT (1998), and accepted comprehensive IAEA safeguards (which complement ABACC safeguards). Argentina took the same steps in a similar timeframe.<sup>9</sup>

Although Turkey is protected by a nuclear umbrella as a member of NATO — and the US maintains a number of nuclear weapons at the Incirlik Air Force base in southern Turkey — it has recently shown interest in buying a missile defense system from the US against short- and medium-range missiles, and has just signed an order for a Russian nuclear reactor. This may indicate a certain nervousness in relation to Iran's nuclear and missile activities and an interest, consequently, in obtaining greater transparency from Iran.

If a bilateral inspection agency were established to monitor the two countries (*à la* Brazil and Argentina), transparency would rise significantly, provided the inspection agency was granted greater access for Turkish and Iranian inspectors than what IAEA inspectors are granted in Iran at this time — in other words, if each party's inspectors had "Additional Protocol" (AP) rights (essentially, access to all parts of all nuclear facilities, not just nuclear material). If there is a shortcoming in the Brazilian-Argentine model, it is the absence of such AP rights. This shortcoming, which allows Brazil to limit inspector access within the enrichment plant at Resende, opened in 2004, has made it possible for some in the West (but not in Argentina) to express suspicions about the Brazilian government's commitment to exclusively peaceful nuclear goals. Such an agency could also allay the concerns of other states in the region and thus could form a core element of a regional solution to a problem that has a crucial regional dimension: i.e. the risk that a lack of confidence in Iran's nuclear intentions will provoke a regional nuclear arms race.

Turkey's Iran policy is the result of a domestic tension: on one side stands the Kemalist establishment represented by the military, secularists, nationalists, and bureaucratic elites, which wants Turkey to be seen as a reliable partner and ally of the US and the West. This group fears that Turkey could become a "second Iran" under the AKP government. On the other side, the AKP, represented by a much larger group — liberals, center-right politicians, and the religious — has sympathy for Iran's Islamist

9. Peter Jenkins, "An Alternative Approach to the Iranian Nuclear Problem," *GCSP Policy Analysis*, Geneva Center for Security Policy, December 2009, [http://www.gcsp.ch/e/publications/policy\\_analysis/jenkins\\_alternative\\_approach\\_iran.htm](http://www.gcsp.ch/e/publications/policy_analysis/jenkins_alternative_approach_iran.htm); and Peter Jenkins, "Rethinking Iran," *Internationale Politik Global*, February 2010.

orientation and was the first to congratulate Ahmadinejad on his election victory in 2009. What neither of these camps can afford to neglect are the security-political and economic factors defining Turkey's relations with Iran: Iran's nuclear developments far outpace Turkey's at this stage, and its energy development is of great economic consequence to Turkey. Therefore, the establishment of a regional nuclear safeguards agency should be of common interest to both camps. It could contribute to reducing some of these domestic tensions as well as promoting greater regional security.

### *A BASIS FOR A DEAL?*

Political tensions over the Iranian nuclear issue have prevented direct approaches to Tehran over the construction of a branch of the Nabucco pipeline through Iran, which would be the easiest way to transport a maximum of 31 billion cubic meters (bcm) of natural gas per year from 2014 onwards from Iran and Central Asia via Turkey to Europe. An agreement on this has yet to be reached. Meanwhile, recent discoveries suggest that there are vast natural gas reserves in Iraqi Kurdistan and the Caucasus that could make it unnecessary to take Iranian gas into the Nabucco pipeline.<sup>10</sup>

If Iran wants to pursue the long-term ambition outlined in its 20-year energy strategy, it needs to close the gap between its huge oil and gas reserves and the imbalance between local energy demand and available supply. The realization of this objective depends heavily on Turkey, which can offer both the know-how for the upstream exploration and production of crude oil and natural gas and the downstream refining and distribution capacities that Iran lacks. Such an exchange might help Turkey persuade Iran to engage in confidence-building.<sup>11</sup>

On the other hand, Iran, the biggest and most populous neighbor of Turkey, is its fifth largest trading partner after the EU, the US, Russia, and Iraq. Having poor energy resources, Turkey purchases electricity from Iran. By constructing power plants on Iranian soil and investing in Iran's petrochemical sector, Turkey hopes to meet its growing energy needs.<sup>12</sup> Recent gas supply contracts and other preliminary bilateral agreements for major upstream and pipeline investments are fundamental to Ankara's plans to position itself as a major transit country for oil and gas supplies.<sup>13</sup> The Tabriz-Erzurum pipeline, which carries Iranian natural gas to Turkey and has a capacity of 20 bcm per year, is currently using only a small fraction of this capacity. New deals between Tehran and Ankara would

10. According to media reporting from the European Gas Conference which took place in Vienna, Austria in January 2010, Azerbaijan's Shah-Edniz gas field and Northern Iraq could together provide around 17 bcm of natural gas to Nabucco, a sufficiently large amount in the opinion of the operating companies to make construction of the Nabucco pipeline economically profitable.

11. Turkey's steel industry is also far more advanced than Iran's, so Iran's needs for steel are partly met by imports from Turkey.

12. Mohammad Hossein Hafezian, "Iran-Turkey Economic Ties: Prospects for Improvement," Foreign Policy Department/International Political Economy Studies Group, October 2007, <http://www.csr.ir/departments.aspx?lng=en&abtid=07&&depid=74&semid=959>.

13. Among other developments, in July 2007, Turkey and Iran agreed to a \$3.5 billion project in which Turkish Petroleum would produce an annual 20.4 bcm of natural gas from Iran's South Pars field, which would triple bilateral trade between the two countries to \$30 billion over the next five to six years. "Ultimatum to TPAO on SP," *Tehran Times*, October 19, 2009; and "30b Investment in SP Petrochemical Projects," *Tehran Times*, August 28, 2008.

also include shipping up to 35 bcm of Turkmen gas per year to Turkey via Iran.<sup>14</sup> According to Mohammed Nahavandian, head of the Iran Chamber of Commerce, Industry, and Mines, Turkey is also counting on Iran to form a joint airline and establish cooperation in the banking sector. “Currently, our political relations with Turkey are their best — why not have the same with economic ties, too?” Nahavadian remarked in November 2009.<sup>15</sup> Economic relations are likely to improve further since Turkey voted against the UNSC resolution imposing new restrictive measures on Iran on June 9, 2010.

## EGYPT

As an alternative to Turkey and Iran forming a bilateral safeguards agency, Egypt could join Turkey and Iran to form a regional safeguards agency, based on the model of the European Atomic Energy Community (Euratom). Such an initiative might better build confidence regionally. Established in 1957 by Germany, France, Italy, Belgium, the Netherlands, and Luxembourg, Euratom is an independent international organization that acts in several areas connected with the peaceful uses of nuclear energy. One objective of the Euratom Treaty of particular relevance to the case at hand is the introduction of an extremely comprehensive and strict system of safeguards to ensure that civil nuclear materials are not diverted from civil use as declared by the Member States.

Although Egypt’s overall influence has waned somewhat in recent years with the rise of the Gulf states and, in particular, with Iran’s rise following the decline in Iraqi power, Egypt’s historic role in inspiring Arab nationalism, its strategic alliance with the US, and its front-line involvement in the Middle East peace process make it a force that other powers in the region respect.

Egypt’s and Iran’s relations have been tense for thirty years. Since the last Shah took refuge in Egypt after the Islamic Revolution, and since Iran memorialized the murderer of Egyptian President Anwar al-Sadat with a street in Tehran, the two countries have not had full diplomatic relations. Egypt views Iran’s influence on Hamas and Hizbullah with suspicion and as a threat to its own mediating efforts in the Israeli-Palestinian conflict. It also perceives the Iranian nuclear program as potentially a threat to regional stability and to Egypt’s regional influence, if not directly to Egypt. Indeed, a regional nuclear arms race triggered by Iranian acquisition of nuclear weapons could well include Egypt, and spread to Algeria as a consequence. In addition, President Ahmadinejad’s inflammatory rhetorical attacks on Israel cause irritation and disquiet in Cairo, as they complicate the government’s pursuit of a generally constructive policy towards Israel and aggravate its difficulties in controlling “the street.” Also in recent years, Egypt has repeatedly accused its Shi’a population of proselytizing in Egypt.

However, Egypt supports a negotiated solution to the questions raised by Iran’s

14. Recently, Iran and Turkmenistan opened the Dovletabat-Sarakhs-Khangiran gas pipeline which could more than double Turkmen gas imports to Iran when fully operational, from 8 bcm annually to 20 bcm. According to media reports, Turkey has bought some 35 bcm of Turkmen gas, which would be shipped from Turkmenistan via Iran to Turkey, as there is no other pipeline network in place at this time.

15. “Turkey, Iran to Triple Trade Volume to \$30 Billion in Two Years,” *Today’s Zaman*, November 17, 2009, <http://www.todayzaman.com/tz-web/news-193157-turkey-iran-to-triple-trade-volume-to-30-billion-in-two-years.html>.



nuclear activities. It opposes a military option and (fearful, perhaps, of an unhelpful regional example) does not believe in forcible regime change (or consider unforced change imminent). These circumstances, and the fact that Egypt is eager to play a role in establishing whether confidence in Iran's nuclear intentions is justified, would make Egypt a perfect partner to join Turkey in a regional safeguard arrangement. Rivalry and animosity can be a spur to confidence-building, as they have been for France and Germany since the Second World War, and for Brazil and Argentina since the 1980s — they need not be an obstacle. Iranian and Egyptian diplomats can work well together in global fora when their interests happen to coincide.

If, for whatever reason, Turkey were reluctant to engage Iran on its own, Egypt would be well-suited to engaging alongside Turkey. It might even be able to bring Saudi Arabia into the partnership. Having put aside its differences with Saudi Arabia over the ties linking the fundamentalist Saudi Wahhabists to Egypt's Muslim Brotherhood, the only organized opposition powerful enough to challenge the Egyptian government, Egypt has formed a tactical alliance with Saudi Arabia in recent years to contain the expansion of Iranian influence. All three of them — Turkey, Egypt, and Saudi Arabia — are parties to the NPT.

## SAUDI ARABIA

Saudi Arabia could be another key player in a regional scenario. Saudi Arabia sits on one-quarter of the world's oil reserves. It is the largest crude oil producer in OPEC, and the third largest exporter of oil to the US.<sup>16</sup> Its wealth and prestige, its geopolitical position (across the Gulf from Iran and not too far from Israel), and its immense influence on sensitive Sunni-Shi'a relations throughout the Middle East have turned it into the preeminent Islamic state in the region, a preeminence it does not want to lose to Iran. With the Iranian nuclear question gaining ground as one of the West's main concerns in the Middle East, the importance of Saudi Arabia in relation to this unfolding issue seems obvious.

Saudi Arabia's careful diplomacy and low-key approach conceal a deep-seated distrust towards Iran that precedes the overthrow of the Shah.<sup>17</sup> The main cause is the historical Sunni-Shi'a divide which matters more in the relations between Saudi Arabia and Iran than it does in relations between other countries of the Mideast. Shi'a Muslims are concentrated in Iran and Iraq, and are present in significant numbers in Bahrain, Oman, Yemen, and Saudi Arabia (an estimated two million Shi'a reside in Saudi Arabia's Eastern Province; they are a permanent source of concern and occasional violent incidents).

In the case of Iran and Saudi Arabia, confrontation between two fundamentalist and rather recent forms of governance (a revolutionary Shi'ite Republic and a reactionary Sunni Wahhabist monarchy) and competition for regional predominance in

16. Saudi Arabia produces approximately 9 million barrels per day (bpd), whereas Iran produces 4 million bpd. Saudi Arabia was once the number one exporter of oil to the US. "Independent Statistics and Analysis," US Energy Information Administration, [http://www.eia.doe.gov/cabs/Saudi\\_Arabia/Oil.html](http://www.eia.doe.gov/cabs/Saudi_Arabia/Oil.html).

17. One cause was Iran's occupation of the islands of Greater Tunb, Lesser Tunb, and Abu Musa in 1971, which challenged the United Arab Emirates' claim to these islands.

Afghanistan, Pakistan, Iraq, and Lebanon have fuelled Sunni-Shi'a discord and have also strengthened Iranian power and influence in the region, threatening Saudi preeminence.<sup>18</sup> Distrust has been further fed by Iran branding Saudi Arabia as the agent of the US in the Gulf region; by the expansion of Iranian influence in the United Arab Emirates (UAE), Oman, Qatar, and, more recently, in post-Saddam Iraq and Yemen; and by Iran's nuclear program.

So strong is Saudi Arabia's mistrust of Iran's nuclear ambitions that, whereas in the past the Saudis spoke of a nuclear-free Middle East, they now talk of a nuclear-free Gulf.<sup>19</sup> Saudi Arabia could not reconcile itself to Iran having a monopoly on nuclear weapons in a region dominated by Arabs. And given Iran's proximity to Saudi Arabia and its oil-production facilities, Iranian acquisition of nuclear weapons would pose an unacceptable threat to Saudi security. Saudi Arabia and the UAE have bought more than \$15 billion in American arms in the past two years, including missile defense systems. The US is supporting a plan by Saudi Arabia to triple the size of a Saudi force that protects the Kingdom's ports, oil facilities, and water-desalination plants. Saudi Arabia is also reported to have offered to purchase billions of dollars of weapons from Russia if it agreed not to sell Iran sophisticated missiles.

The Saudi interest in Iran remaining a non-nuclear-weapon state is matched by Iranian interest in convincing Saudi Arabia that it intends to remain a non-nuclear-weapon state. If Iran fails in that mission, it must expect Saudi Arabia to do whatever Saudi leaders determine to be necessary to redress a strategic imbalance and to deter an Iranian nuclear strike on their territory. It is likely to be only a matter of time (during which Saudi Arabia can count on US protection) before Iranian security is undermined

18. It is important to note that the divide between Shi'a and Sunni is generally exaggerated, with some exceptions such as Lebanon and Iraq. The most recent case is Yemen, where the Huthi rebellion is often depicted as Shi'a resistance against a Sunni establishment. This description misses the point. Both the Huthis in the north and northwest of Yemen and President Salih are followers of the Zaydi sect of Shi'a Islam. Whenever the sectarian element is overemphasized, other factors tend to get overlooked, such as the power of tribalism — the result being no less threatening. The Shi'a-Sunni divide has repeatedly been instrumentalized, both locally and internationally. Thus, Iran's growing regional influence and America's mounting problems in the region during the recent Bush Administration persuaded Washington that it had to recalibrate the balance of power in the Mideast. It embarked on an attempt to draw Arab countries into an anti-Iranian grouping, so as to be able to count on their support for comprehensive sanctions against Iran, should engagement fail. US Secretary of State Hillary Clinton's statements before the US House of Representatives Committee on Foreign Affairs in April 2009 alluded to this approach, referring to the need for crippling sanctions if negotiations fail: "We actually believe that by following the diplomatic path we are on, we gain credibility and influence with a number of nations who would have to participate in order to make the sanctions regime as tight and as crippling as we would want it to be." See: "Hillary Clinton: US will Organise 'Crippling' Iran Sanctions if Diplomacy Fails," *The Sunday Times*, April 22, 2009, [http://www.timesonline.co.uk/tol/news/world/us\\_and\\_americas/article6149692.ece](http://www.timesonline.co.uk/tol/news/world/us_and_americas/article6149692.ece). Although the idea was welcomed by Saudi Arabia and Egypt, which cultivated it under the term "Shi'a Crescent," to warn against Iran gaining disproportionate influence in Sunni countries with Shi'a minorities, the objective of creating an anti-Iranian grouping was not achieved. It was an initiative that was largely fabricated for geostrategic reasons, and took insufficient account of complex regional sentiments.

19. The Weapons of Mass Destruction Free Zone in the Gulf initiative was launched in December 2005, after many frustrated attempts since 1974 to establish such a zone in the whole of the Middle East. To break the deadlock, the six Gulf Cooperation Council (GCC) countries shifted the idea to start out from a sub-regional level, including the GCC and Iran, Iraq, and Yemen — and later extend the zone to include other Middle Eastern states including Israel.

by Saudi counter-measures.

In sum, engagement between Saudi Arabia and Iran would be no easy endeavor, given a history of mutual distrust and rivalry, and Iran's recent gains in regional power. But it is precisely in this context that regional confidence-building is most needed. The previously cited examples of France and Germany, as well as Brazil and Argentina, illustrate the gains that can accrue from regional confidence-building in terms of security and prosperity. Neither of these couples has come to regret the effort made to slough off the legacy of the past and find ways to live securely alongside each other. Saudi Arabia's inclusion of their Shi'a minorities into a Sunni-Shi'a dialogue, and their acclaimed initiatives to reverse the negative reputation of the Saudi Wahhabist establishment through international dialogue show that the Saudi leadership is capable of far-sighted measures. Engaging Iran, despite and because the Saudi leadership perceives Iran to be a threat to international peace would further enhance Riyadh's international prestige. Forging a stable long-term relationship can bring benefits; a defensive mindset entails only costs.

## THE GULF

The smaller Gulf states — Kuwait, Qatar, and the UAE — are predominantly Sunni Muslim countries, with the exceptions being Bahrain and Oman.<sup>20</sup> Their decades-old strategic alliances with the US are a source of reassurance for them, as is the weakness of Iran's conventional forces, both being impediments to Shi'a Iran's aspiration to dominate the Gulf.<sup>21</sup> However, Iran's strong presence in the Gulf makes them uneasy about a further increase in Iranian power, and they share Saudi Arabia's strategic interest in averting an Iranian nuclear bomb.<sup>22</sup>

When the six Gulf countries created the Gulf Cooperation Council (GCC) in 1981, their objective was to devise a common policy to deal with the threat of a powerful revolutionary Iran emerging victorious from the Iran-Iraq War. In addition, some of the smaller Gulf states have unsettled differences with Iran: Iran claims Bahrain as its fourteenth Persian province; the UAE is in dispute with Iran over the sovereignty of three islands in the Strait of Hormuz (Greater Tunb, Lesser Tunb, and Abu Musa); and Kuwait contests Iranian exploitation of the offshore Dorra gas field.

Individually, however, the five smaller states lack the power to challenge their

20. An estimated three-fourths of Oman's Muslims are 'Ibadis, a minority group dating from the 8<sup>th</sup> century and distinguished from the Sunni and Shi'a branches of Islam. They are often referred to as Khariji. The Grand Mufti of Oman has declared that the differences between 'Ibadi and Sunni Muslims are insignificant.

21. Frederic Wehrey, David E. Thaler, Nora Bensahel, Kim Cragin, Jerrold D. Green, Dalia Dassa Kaye, Nadia Oweidat, and Jennifer Li, "Dangerous But Not Omnipotent; Exploring the Reach and Limitations of Iranian Power in the Middle East," RAND Corporation, 2009, [http://www.rand.org/pubs/monographs/2009/RAND\\_MG781.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG781.pdf).

Iran's military budget in 2008 was around \$9.5 billion (less than 2% of US defense outlays). It has no conventional power-projection capabilities, outdated air, naval, and armored forces, and primitive electronic warfare capabilities.

22. Their concern first emerged in 2003, after the IAEA produced evidence of clandestine Iranian nuclear activities over many years. Another source of concern is the growing influence of the Islamic Revolutionary Guards Corps (IRGC) in strategic military and security matters.

northern neighbor, and a collective challenge would require their overcoming divisions among themselves over territorial waters, national boundaries, and foreign policy.<sup>23</sup> Their perception of Iran as a threat is unlikely to be met by a common response, and accommodation of Iran, backed up by a US military presence in the Gulf, is likely to remain the default policy. The US maintains naval facilities in Bahrain, ground troops in Kuwait, and air force installations in Qatar and the UAE; the US is also currently strengthening local defense capabilities by speeding up arms sales and upgrading defenses for oil terminals and other key infrastructure.<sup>24</sup>

Notwithstanding their military dependence on the US, the smaller Gulf states reacted negatively to a US offer of a nuclear umbrella in case of an Iranian nuclear threat materializing. It may be that they want to avoid any overt indication of alignment with the US for fear of provoking Iran and because it would play badly in their domestic politics. Whether their caution is also due to certain US policies in the region is unclear.<sup>25</sup> It would be surprising if these autocracies saw merit in US thinking that “regime change” in Iran would be the best non-proliferation policy. What is obvious, however, is that some of them are inclined to reduce their overt dependence on the US and tempted to embark on their own nuclear programs: witness the signing of nuclear energy cooperation agreements by the UAE and Bahrain with France and the US in 2008, the UAE decision to welcome a French military base, and the UAE placing of an order for the construction of four nuclear reactors with South Korea.

There is no unified “Gulf perspective” on the Iranian nuclear issue. Thus, for example, Kuwait, Qatar, and Oman are more tolerant of the Iranian nuclear program, at least in their public statements, than Bahrain.<sup>26</sup> Bahrain, like Saudi Arabia, strongly opposes it and has over the last two years publicly supported the idea of establishing a Uranium Enrichment International Consortium for the Middle East that would be based in a neutral country outside the region, an initiative also vigorously supported by the EU.<sup>27</sup>

Given the lack of coordination between, and military capacity of, these Gulf

23. Saudi Arabia withdrew its Ambassador to Qatar from 2002 until 2008 in protest over coverage of Saudi Arabia on Qatar-based satellite station Al-Jazeera. Qatar continues to have an independent foreign policy, mediating behind the scenes in inter-Arab disputes and forming ties with Israel.

24. Missile defense systems have reportedly been purchased by the UAE, Qatar, Kuwait, and Bahrain. The US keeps Aegis cruisers equipped with advanced radar and antimissile systems on patrol in the Gulf at all times.

25. For instance, the US asking the Gulf states to support Iraq against Iran in the 1980s, then to support the United States against Iraq in 2003, and now to support Iraq again, by opening diplomatic missions in Baghdad and writing off debts. Marina Ottaway, “Iran, the United States, and the Gulf: The Elusive Regional Policy,” *Carnegie Papers*, No. 105, Carnegie Endowment for International Peace, November 2009.

26. The attitude of the Gulf states towards the Iranian nuclear program is a complex matter, determined by their specific relations to Iran and their degree of confidence in the nature of the nuclear program, both of which are not necessarily reflected in public statements.

27. The proposal aims at centralizing enrichment activities to prevent the states of the region from militarizing their civilian programs and to ward off the possibility of a nuclear arms race. The proposal was rejected three times by Iran between 2005 and 2007, because Iran insisted on having its own fuel-making activities. Nicole Stracke, “Nuclear Non-Proliferation from a Gulf Perspective,” *FES Briefing Paper 3*, Friedrich Ebert Stiftung, April 3, 2008, <http://library.fes.de/pdf-files/iez/global/05354.pdf>.

countries, they can neither exercise enough pressure on Iran nor offer sufficient incentives to make it abandon its nuclear program. Thus, the internationalization of the Iranian nuclear file since 2003 has been convenient for them. At the same time, they are somewhat concerned by the possibility that Iran and the US might overcome their differences and strike a deal behind their backs.

Governments and the public in the Gulf states are united in their aversion to a military strike on Iran to destroy nuclear facilities, at least one of which (the power reactor at Bushehr) is already cause for concern because it is located in a seismically unstable area (an estimated 4,000 earthquakes occur in the region each year), uses technology having a poor reputation for safety, and is closer to the capitals of Kuwait, Bahrain, Qatar, and the UAE than to Tehran. Iranian retaliation for a military strike could block the Hormuz Strait, through which an estimated 17 million barrels of Gulf crude oil pass each day.<sup>28</sup>

To the smaller Gulf states, the application of crippling sanctions on Iran would be almost as unwelcome as a military strike. Oman and the emirate of Dubai have forged strong trade ties with Iran since the end of the Iraq-Iran war, and Qatar has strong diplomatic links with the Islamic Republic. They regard accommodation with Iran as the key to their own prosperity and security and generally oppose Western efforts to further isolate Iran. However, in light of a new round of UN-mandated sanctions they will recognize the need to deliver some degree of *quid pro quo* for US military protection and to comply with international obligations, at least to some extent.<sup>29</sup>

What describes the position of the smaller Gulf states most accurately is that they support strong engagement by the international community as a way to restrain Iranian power, and the imposition of “targeted” or “limited” sanctions — for example, travel restrictions on individual Iranians implicated in Iran’s nuclear program or on members of the Iranian Revolutionary Guards Corps, and limited asset freezes — that are unlikely to harm their own economic, political, and diplomatic relations with Iran. They do not want to be seen by Iran as having an active hand in any sanctions policy *vis-à-vis* Iran. Furthermore, they do not believe that sanctions will induce the Iranians to abandon their nuclear program; they expect sanctions to be circumvented because Iran has developed sophisticated embargo-busting schemes, is increasingly using smaller non-Western banks for financial transfers, and has energized the informal and trust-based system of the *hawala* [exchange], to enable cash transfers within the Islamic world.

Thus, Iran’s immediate neighbors cannot exert enough leverage by themselves to resolve the Iranian nuclear issue, and in any case would be reluctant to do so, for fear of provoking Iran. But they have an interest in the issue being resolved peacefully. It would therefore suit them if Iran were to lower tensions in the region by providing credible assurances that it intends to remain a non-nuclear-weapon state. This might incline them to give moral support to a regional engagement exercise and to join a regional safeguards agency were one to be set up by Iran and its regional peers.

28. Energy Information Administration (EIA), “Oil in the Persian Gulf,” *Country Analysis Briefs: Persian Gulf Region*, Robert Strauss Center for International Law and Security, 2008, [http://hormuz.robertstrausscenter.org/PG\\_oil](http://hormuz.robertstrausscenter.org/PG_oil).

29. Some analysts argue that the Gulf states already profit from the fact that foreign loans to Iran have decreased over the last three years and have shifted by the same amount — around \$20 billion — to the Gulf countries.

For its part, the Islamic Republic can benefit from allaying Gulf anxieties and concerns. The Gulf states possess both financial means and know-how. They could make a big contribution to upgrading Iranian infrastructure, especially along the Gulf littoral, as well as in the water, gas, and petrochemical sectors.

## *RUSSIA AND CHINA*

Russia and China enter into this regional scenario on account of their massive energy investments in Iran and their status as influential UNSC members. Unlike some Western powers, Russia and China are not opposed to an independent Iranian nuclear fuel cycle, including an enrichment capability. Given their economic and strategic interests, they have and will continue to oppose extensive sanctions as long as they think that Iran hasn't crossed the line dividing a threshold capability from manufacturing nuclear weapons. If Iran were to cross the line, however, their commitment to the NPT would incline them to support firm counter-measures. Russia, for example, has made clear on several occasions that an Iranian bomb would be incompatible with Russia's security.

Russia and China are also at odds with the West over the question of what, exactly, constitutes Iranian "non-compliance." One of the reasons why Russia and China seem lukewarm about a further tightening of sanctions is that they regard Iran's current non-compliance with UNSC resolutions as different in nature from non-compliance with treaty commitments. Though Chapter VII resolutions are legally binding, Russia and China see them as primarily political measures, in this instance designed to coerce Iran into abandoning enrichment.<sup>30</sup>

Under Article I of the NPT, Russia is committed to refrain from facilitating the acquisition of nuclear weapons by a non-nuclear-weapon state. Russia has held hard negotiations with Iran, seeking — and getting — Iran's assurance that it is committed to its NPT obligations. In this matter, Russia's international standing and reputation are engaged: were Iran to show an inclination to acquire nuclear weapons, it would be highly embarrassing for Russia, since Russia has supplied fuel — so far over 80 tons — and technology to the Iranian nuclear reactor in Bushehr. To minimize the risk of proliferation and to counter international criticism, Russia has insisted on spent nuclear fuel rods being returned to Russia.

## *MOSCOW AND TEHRAN - CLOSE ALLIES?*

As post-Soviet Russia was feeling the noose of US expansionism tightening on its western and Central Asian borders, it started looking for economic benefits and new spheres of influence. Courting Arab neighbors and Iran, and building an axis between Moscow, Tehran, Erevan, and New Delhi became priorities of the Russian foreign policy establishment under Prime Minister Yevgeny Primakov. Russian advances were met by an Iran, battered by eight years of war with Iraq and isolated by the US, that was seeking partners to develop its energy, transportation, and military sectors.

30. This attitude could create political grounds for not insisting on compliance with these resolutions if Iran were ready to build confidence in its nuclear intentions in ways other than those foreseen in the resolutions, e.g. through regional arrangements.

Since then, Russia and Iran have developed an economic relationship that extends well beyond the nuclear sector. Russia is Iran's foremost supplier of heavy engineering products, high-tech goods, and military equipment.<sup>31</sup> It exported a total of \$3.3 billion in goods to Iran in 2008. In addition, as the world's second-largest gas producer (it was overtaken by the US in 2009), Russia hopes to win extensive business from upgrading Iran's underdeveloped gas industry. Iran has already awarded Russia billions of dollars in gas-related contracts, and they are working to develop upstream sites inside Iran.

While Russia and Iran have a common interest in constraining US influence in Central Asia and the Caucasus, they are themselves competing for influence in these areas. The Southern Caucasus and Central Asia are considered by Russia as its backyard, but it is a backyard that once belonged to the Persian Empire.

Nonetheless, Russia needs Iran's support in containing Sunni extremism in these areas. Russia cannot afford to risk Iran being destabilized internally through severe sanctions, as such instability could affect Russia's Muslim population or the Muslim citizens of Russia's neighboring countries.<sup>32</sup> Conversely, with regard to the Caspian Sea, Iran needs Russia for a satisfactory juridical resolution of its territorial status. An unsatisfactory resolution could be detrimental to Iran's pipeline interests.

On June 9, Russia agreed to another round of UN sanctions, but it was with little enthusiasm without evidence that Iran had "crossed the line" and moved to acquire nuclear weapons. Russia made sure that sanctions were sufficiently weak to avoid a rupture in economic relations — bad for both parties — and the possibility of Tehran supporting radical Islamic groups in the Southern Caucasus and Central Asia.<sup>33</sup> This would be consistent with Russia's past restraint with respect to sanctions on Iran (a restraint matched by Russia's reluctance to see a rapprochement between Iran and the US).

Evidence points to "stability" as crucial to Russia's relations with Iran. This suggests it would be in Russia's interest to quietly press Iran to do a better job of confidence-building in order to avert further sanctions beyond this latest round, and to deny Israel reason for a military strike. Russia's growing exasperation over Tehran's refusal to respond to Western offers implies it may be in a mood to add additional pressure.

## CHINA

China has tended to adopt similar positions to Russia in the UNSC, resisting all but narrowly-targeted measures against Iranian nuclear activities. This is partly explained by economic interests: over the past five years, China's state-run energy companies have committed investments of \$120 billion to Iran's energy sector, and China has hugely profited from Iran's trade shift towards Asia as a result of Western sanc-

31. "Iran Sanctions (Special Series)," *Part 2: FSU Contingency Plans*, Stratfor Global Intelligence, September 2009.

32. According to a report delivered by Russian Foreign Minister Sergei Lavrov at a conference of the Organization of Islamic Countries (OIC) in Yemen in 2005, Russia is home to 20 million Muslims. See: "Islamic Group OKs Russian Observer Status," United Press International, July 2, 2005, [http://www.upi.com/Top\\_News/2005/07/02/Islamic-group-OKs-Russian-observer-status/UPI-72691120310414/](http://www.upi.com/Top_News/2005/07/02/Islamic-group-OKs-Russian-observer-status/UPI-72691120310414/).

33. In exchange for its support of the resolution, Russia obtained considerable concessions to spare its day-to-day business with Iran.

tions.<sup>34</sup> Its bilateral trade with Iran accounts for an estimated \$25–30 billion per year and has increased six-fold over the last decade: 23% in 2008 alone.

As China works to acquire alternative routes for its oil imports to avoid the Strait of Malacca, which could be blocked in the event of a conflict, one of its priorities is to develop pipelines from Iran passing through Central Asia and Russia. In June 2009, Iran replaced Saudi Arabia as China's third largest supplier of unrefined oil. That year, China's biggest and most prominent national energy company, China National Petroleum Company (CNPC), entered Iran's upstream oil sector by signing a contract with the National Iranian Oil Company (NIOC) to take the lead in developing the North Azadegan oil field. In February 2010, CNPC concluded a final contract to proceed with upstream exploration and production of Phase 11 of Iran's massive South Pars gas field, displacing French Total from at least the upstream segment. Since 2007, Iran's Pars Oil and Gas Company (POGC, a subsidiary of NIOC) and China's National Offshore Oil Corporation (CNOOC) have also been developing the North Pars gas field.

In addition, as of May 2009, China and Iran concluded an agreement to construct 20 nuclear reactors. This move was heavily criticized by Washington, especially as one of the first nuclear power plants to be constructed happened to be located close to the border with Iraq. The US has also criticized China for other aspects of its nuclear cooperation with Iran, repeatedly asking China to discontinue trade in "nuclear-related goods and technology."

These fast-expanding economic and energy security ties, China's financial leverage over the US, and its growing assertiveness in defending its national interests explain why China did not agree to a significant widening of UN sanctions on Iran. There seems to be little or no chance that a ban on exporting refined petroleum to Iran would ever obtain Chinese (or Russian) support, absent evidence of a nuclear breakout attempt (the conversion of low-enriched uranium to weapons-grade uranium).<sup>35</sup> A UN ban on investment in Iran's energy sector would be equally unattractive to China.<sup>36</sup>

It is no accident that any signs from Iran that it might be willing to enter into negotiation on Western proposals have tended to be seized on by China as a reason to defer consideration of sanctions and to pursue diplomatic discussions. It is these same economic interests that give China, like Russia, every reason to encourage Iran to lower tensions and reduce pressure for sanctions by engaging in regional confidence-building. China's Deputy Secretary of the Arms Control and Disarmament Association stated on May 29, 2010 that a solution to the nuclear issue by other than Western powers should be encouraged. He said: "The recent tripartite agreement on nuclear material swapping among Iran,

34. Sinopec, one of China's biggest oil companies, signed a memorandum of understanding with the National Iranian Oil Refining and Distribution Company to build oil refineries in Iran, with an investment of \$6.5 billion.

35. In any case one must assume that the countries of the Caucasus and Central Asia would see rewards from smuggling too large to make gasoline sanctions in any way effective.

36. There are further arguments for the West not to anger China by pressing for sanctions: as the leader of the Shanghai Cooperation Organization (SCO), which has established itself as an increasingly important factor in Central Asian affairs and Sino-Russian relations, China has so far quietly resisted full SCO membership for Iran, pushed by other members of the SCO. Were China to be further antagonized, it could give up its resistance and admit Iran into the pact, which would not only strengthen China's ability to access Iran's energy sources, but seriously dampen any Western sanctions or military options against Iran.



Turkey, and Brazil shows that influential countries other than major Western powers have started helping resolve sensitive global issues. Such efforts should be applauded and encouraged, especially because last year, US President Barack Obama said that instead of depending on America alone, other countries, too, should try and resolve world issues.”<sup>37</sup>

In the case of Iran, China and Russia are all the better placed to do so by the fact that they tend to see international criticism of human rights offenses as an interference in domestic affairs. Unlike the West, they are not faced with the almost impossible balancing act of condemning human rights violations and offering moral support to the Iranian opposition on one hand, and coaxing Iran’s leadership into meaningful negotiations on the nuclear issue on the other hand.

China could also see advantage in regional confidence-building to avert the US striking a deal with Iran reminiscent of the 2005 US-India deal on civil nuclear cooperation. That deal, coupled with US encouragement of Indian dominance in South Asia, was deeply unwelcome in Beijing, where it was seen as a crude exercise in balance-of-power diplomacy.

## OF PRIDE AND PREJUDICE

The geopolitical and geo-economic factors outlined in the previous chapters argue for a regional approach to the nuclear impasse with Iran. This could take the form of Iran engaging in a confidence-building exercise with Turkey, Egypt, and Saudi Arabia, with Russian and Chinese encouragement. There are, in addition, “psychological” factors which militate for such an approach.

Principal among these is the bypassing of anti-Western sentiment in Iran. This sentiment has been a powerful but underrated influence on Iranian handling of contacts with the West over the nuclear issue. Iranians have often asserted that Iran is the victim of double standards within an international non-proliferation system dominated by the three Western nuclear-weapon states.<sup>38</sup> The three non-NPT nuclear-armed states, India, Pakistan, and especially Israel, this argument continues, should be subjected to the same standards as those the international community has sought to apply to Iran. Other issues — sanctions, frozen Iranian assets abroad — exacerbate this feeling that the West has been unjust to Iran. Such views, legitimate or not, carry with them a strong aspect of Iran’s desire for “face” — that is, for respect for its status as an ancient civilization and a sovereign member of the international community.

Another reason for regional partners having a better chance of obtaining a positive response on the nuclear issue than the West is that Iranian nuclear policy is deeply entrenched in three distinctive aspects of Iranian foreign policy, aspects that are better understood and partly shared by these partners. They are “third-worldism” and political Islam — ideologies that have been merged by Iranian intellectuals since the 1960s — and Iranian nationalism. The third-worldist argument, for instance, has been used with regard to the nuclear program from the late 1990s onwards: Iran, just like any other

37. Zhai Dequan, “Iran Deserves a Break,” *China Daily*, May 29, 2010, [http://www.chinadaily.com.cn/cndy/2010-05/29/content\\_9906552.htm](http://www.chinadaily.com.cn/cndy/2010-05/29/content_9906552.htm).

38. These states have acquiesced in several other non-nuclear-weapon states — Japan, Brazil, Germany, and the Netherlands — obtaining an enrichment capability.

country, has the right to peaceful use of nuclear energy; the West has not taken seriously its duty to share civilian nuclear technologies with countries of the third world, and so on. Whereas Islamism and third-worldism are intrinsically international, Iranian nationalism is self-centered and influenced to a greater extent than generally presumed by a belief in Persian exceptionalism. Although the first two pillars seem to contradict the third, this has not prevented the Islamic Republic from making use of all three when convenient. Elements of both nationalism and third-worldism exist in the Iranian treatment of the nuclear issue.

It is a common misunderstanding to believe that the Iranian opposition — and among it, the reformers — would be more favorable to surrendering Iran's nuclear rights than regime leaders. One must not forget that the Islamic Revolution's anti-Americanism was principally inspired by the Islamic Left, from which Iran's reformists have emerged. Tracing their ideological roots to Marxism, some key reformist figures were behind the US hostage crisis between 1979 and 1981. Former reformist presidential candidate Mir Hossein Moussavi belongs to this group. In October 2009, he remarked that the proposed swap of low-enriched uranium for fuel for the Tehran Research Reactor would undermine Iran's scientific achievements and render absurd the costly investments in the development of a nuclear program.<sup>39</sup> He criticized Ahmadinejad for "selling out to the West," should he continue to show "weakness" by negotiating the non-negotiable.

It seems likely, however, that what really motivated opposition leaders' objections to this proposal was a wish to deny the regime credit for a deal with the West. They may look more kindly on confidence-building *vis-à-vis* regional peers in that this would incur less domestic opposition. It would also be more compatible with their conviction that the existing Islamist constitution has the capacity to introduce a form of genuine democracy that can accommodate Islamic principles, and with their wish for the survival of the Islamic Republic, at least in name.<sup>40</sup> They will be aware that it would be harder to play on national pride to block engagement with regional peers than engagement with the West.<sup>41</sup>

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39. Peter Symonds, "Wrangling Continues over Iranian Nuclear Deal," International Committee of the Fourth International (ICFI), October 30, 2009, <http://www.wsws.org/articles/2009/oct2009/iran-o30.shtml>.

40. They do not expect to attain such goals until pressure on the regime has been increased by the poorer elements in Iranian society rallying to the Green Movement, and until this movement is better organized. In fact, at this time, the Green Movement is more opposed to the government and the personality of President Ahmadinejad than to the regime as such because the leaders of the Green Movement have succeeded in keeping their supporters aligned with Khomeini's revolutionary parameters. Walter Posch, "A Last Chance for Iran's Reformists? The 'Green Struggle' Reconsidered," *Working Paper*, Middle East and Africa Division, Stiftung Wissenschaft und Politik, German Institute for International and Security Affairs, May 2010.

41. The national pride argument resonates with all segments of the political spectrum in Iran. Whether it is used by the opposition to block a deal by the current leadership with the West, or reflects a belief that such a deal would undermine Iranian sovereignty is irrelevant. The argument resonates with public opinion because it is embedded in Iran's revolutionary ideology and sense of patriotism.

*IRAN AND THE WEST*

Some of the factors that suggest why the failure of Western engagement since 2003 should come as no surprise have already been mentioned. Other factors have also been at work. Despite Western doubts about the honesty and integrity of Iranian negotiators, it must be acknowledged that their tendency to accuse the West of double standards is not entirely unreasonable. The insistence on zero-enrichment, first by Great Britain, France, and Germany (the E3) and the IAEA Board, and then by the UNSC, well after Iran's original safeguards non-compliance had been corrected, is unique to Iran. No other non-nuclear-weapon state that has developed an enrichment capability has been required to suspend it, or asked to abandon it. Iranian leaders consistently stress that their program is a legal entitlement. They have not been contradicted on that point.<sup>42</sup>

When Iran recently tested a nuclear-capable missile, Western media reports failed to note the critical distinction between striving to acquire a threshold capability that can be defensive, and being determined to acquire an offensive capability, for which, in Iran's case, there continues to be no evidence — in the public domain, at least. This distinction between a latent capability to make nuclear weapons in an emergency and the actual manufacture of them with a view to sitting on top of a strategic stockpile remains crucial. The Western media's failure to respect it feeds into Iranian belief that it, and it alone, is singled out for demonization based on faulty facts.

Western suspicion of Iran's nuclear intentions is not wholly unjustified. The enrichment program's roots were concealed for 18 years until 2003. Since 2003, Iranian officials have refused to respond convincingly to evidence of plans to make nuclear warheads, and there has been the recent revelation, mentioned above, that Iran has been constructing a second enrichment plant near Qom/Fordow, since either 2005 or 2006, without providing early design information to the IAEA.

However, experience and theory since 1945 suggest that bureaucracies (governance in the Islamic Republic has much in common with governance in the communist USSR) do not engage in nuclear adventurism. Iran is "rational" enough to know, for example, that a nuclear strike on Israel would invite the destruction of Iran and that international experts are capable of tracing back the source of nuclear material, a process known as "nuclear attribution." Every nuclear device has a signature, and this represents a strong disincentive to letting fissile material fall into the wrong hands.<sup>43</sup> The option of supplying terrorists with radiological material for a "dirty bomb" has been open to Iran for years; Iran has not taken advantage of it.

Furthermore, the Iranian population at large tends to be "rational" about the nuclear issue, which is in fact less relevant to their concerns than the dire economic situation, restrictions on cultural and social life, brutal repression, favoritism, and cor-

42. Under the NPT, Iran has not forfeited its right to enrich uranium after failing to respect its obligations under Article III of the Treaty. Nothing in the Treaty calls for suspension of the right of those who violate it.

43. "NATO's Comprehensive, Strategic-Level Policy for Preventing the Proliferation of Weapons of Mass Destruction (WMD) and Defending against Chemical, Biological, Radiological and Nuclear (CBRN) Threats," September 2009, [http://www.nato.int/cps/en/natolive/official\\_texts\\_57218.htm](http://www.nato.int/cps/en/natolive/official_texts_57218.htm).

Matthew B. Stannard, "New Tools for a New World Order: Nuclear Forensics Touted as Method to Trace Bomb Materials, Deterrent for Rogue Nations," *San Francisco Chronicle*, October 29, 2006.

ruption. There are, however, two indicators that allow the conclusion that the Iranian population does not want a nuclear-armed Iran. One is the experience of the Iran-Iraq War in which over 300,000 soldiers and civilians were killed and more than 500,000 were injured, and which has created a negative attitude towards weapons of mass destruction.<sup>44</sup> The other is the fact that many Iranians, 70% of whom are under the age of 35, look towards the West and would not want to see Iran's interactions with the West cut off because of the government's ambitions to acquire a nuclear arsenal, or by any dangerous adventurism involving radiological dispersal devices, or "dirty bombs."<sup>45</sup>

In any event, only the possibility of engagement between Iran and its regional peers can deliver assurances that Iran's nuclear intentions are as peaceful as it claims — Western engagement has run into the sand. A combination of regional factors can render nuclear weaponization geopolitically and geo-economically impractical. If the perception of a threat that is partly unsubstantiated but is constantly kept alive by confrontational rhetoric can be dispelled through sustained confidence-building, then the nuclear issue can be depoliticized — and eventually resolved.

Regional confidence-building will have to start against the background of a further round of Western-inspired multilateral sanctions. As weak as these sanctions are, they have become politically unavoidable — not least to punish Iran for flouting the will of the UNSC. They target, among other things, businesses and foreign accounts of members of the Iranian Revolutionary Guards Corps (IRGC), and impose travel restrictions on them.<sup>46</sup> These measures are likely to inconvenience them, despite their vast smuggling networks.<sup>47</sup> In the best of cases, sanctions that hurt the IRGC may eventually induce the leadership to fulfill the Western requirement of uranium enrichment suspension, but this is unlikely to happen until they have accumulated enough low-enriched uranium to maintain threshold capacity.<sup>48</sup> In the meantime, regional engagement can lower tensions, avert a regional nuclear arms race, and create a basis for sustained peaceful co-existence in the region.

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44. Figures vary from 300,000 to around 700,000 casualties. For the lowest number, see "Iran-Iraq War (1980-1988)," Global Security, 2005, <http://www.globalsecurity.org/military/world/war/iran-iraq.htm>.

45. 40% of the under-35 age group are under 16. See: "Iran Market Introduction," Education Market Intelligence, British Council, <http://www.britishcouncil.org/eumd-information-background-iran.htm>. There are around two million students in Iran today. Including their families, there are an estimated ten million persons in Iran who closely follow and discuss national and international events. See Abdol Karim Sorouch, "L'Iran en Quête de Justice" ["Iran in Search of Justice"].

46. The IRGC is estimated to dominate up to 70% of Iran's formal economy (sources vary). Their political and military influence has grown constantly over the past few years, to the extent that the Islamic Republic's theocratic character is being overgrown by its military orientation. See: Frederic Wehrey, Jerold D. Green, Brian Nichiporouk, Alireza Nader, Lydia Hansell, Rasool Nafisi, and S.R. Bohandy, "The Rise of the Pasdaran: Assessing the Domestic Roles of Iran's Islamic Revolutionary Guards Corps," National Defense Research Institute, RAND Corporation, 2009.

47. They control most airports, ports, and important border crossings in Iran through which everything from narcotics to satellite dishes are smuggled, with such sales estimated to reach some \$12 billion annually.

48. Iran's most likely objective is to acquire a latent capability to withdraw from the NPT and manufacture nuclear weapons in case of "extraordinary events jeopardizing [Iran's] supreme interests." See Article X of the NPT.

## THE ISRAEL FACTOR

Whatever may result from a regional confidence-building initiative, it would be Panglossian to expect it to lead immediately to Tehran reducing its grandstanding and vitriol against Israel, recognizing Israel's right to exist, or breaking off relations with Hizbullah and Hamas. As is widely known, Iran's denial of the right of existence to the state of Israel stems from its revolutionary ideology. It is kept alive by Iran's dissatisfaction with US support for Israeli power, a feeling shared in the Arab world. In its support for the Palestinian cause, Iran has always emphasized the anti-imperialist and revolutionary aspects of the Palestinian struggle. The Iranian qualification of Israel as an "imperialist outpost of the West in the Middle East" reflects this view. The Palestinian desire for nationhood, however, has never been particularly relevant to Iran, as numerous Palestinian complaints over lukewarm financial support from Iran have illustrated.

On the other hand, Iran's anti-Semitic tirades and President Ahmadinejad's Holocaust denial do not stem from its revolutionary ideology. They have more to do with populist courting of the "Arab Street" — Ahmadinejad is one of the three most popular political figures in the Arab world.<sup>49</sup> However, a consequence of the tirades, perhaps unintended, has been a sharpening of Israeli anxiety about Iranian intentions. This anxiety, complemented by Israel's conviction that US engagement will fail to halt uranium enrichment in Iran, has added urgency to Israel's advocacy of coercive measures and insistence on adhering to a strict timeline for Iranian abandonment of enrichment.

Ideological motives aside, Iran can hardly reconcile itself to the fact that Israel has an estimated 200 nuclear warheads, which in theory pose an imminent threat.<sup>50</sup> And it shares a widely held view — in the Arab and Muslim worlds, among developing countries, and in the Non-Aligned Movement — that only non-nuclear-weapon states should be entitled to ask Iran to abjure nuclear weapons, not those which possess a nuclear arsenal.<sup>51</sup> It is nonetheless almost unthinkable that Iran would manufacture nuclear-armed missiles to launch them against Israel. It knows this would be suicidal (and would result in the death of many Palestinians — a prospect to which Iranian leaders may not be totally indifferent). It is more likely that Iran intends to acquire a latent defensive nuclear capability (falling well short of Israel's non-latent capability).

In fact, Ehud Barak, the Israeli Defense Minister, acknowledged in an interview

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49. Peter Kiernan, "Middle East Opinion: Iran Fears Aren't Hitting the Arab Street," *World Politics Watch*, Zogby International, March 2, 2007, <http://www.zogby.com/Soundbites/readclips.cfm?ID=14570>.

50. "Nuclear Overview," *Israel Profile*, Nuclear Threat Initiative, November 2008, [http://www.nti.org/e\\_research/profiles/Israel/Nuclear/](http://www.nti.org/e_research/profiles/Israel/Nuclear/); and Douglas Frantz, "Israel Gains Full Nuclear Arsenal," *Los Angeles Times*, October 12, 2003, among others. National Public Radio reporter Eric Weiner used the range of 200 to 400 nuclear weapons, citing the CIA as his source. Eric Weiner, "Israeli Writer," *All Things Considered*, National Public Radio, March 22, 2001. The most notable revelations may have been those of Mordechai Vanunu, a former technician at Israel's nuclear reactor complex, who provided data on and photographs of the nuclear reactor center at Dimona to *The Sunday Times* in 1986. Vanunu reported that Israel had been building nuclear weapons for 20 years and possessed a stockpile of between 100 and 200 warheads.

51. Expressed by Turkish Prime Minister Recep Tayyip Erdoğan at the 64<sup>th</sup> UN General Assembly in New York in September 2009.

in 2009 that Iran does not present an existential threat to Israel,<sup>52</sup> and the former Director General of the IAEA, Mohammed ElBaradei, has repeatedly cautioned against exaggerating the Iranian threat.<sup>53</sup> Whether or not the Israeli perception of an Iranian nuclear threat has been hyped as a cover for what is really a regional rivalry, there is a difference between bankrolling terrorists or resistance fighters, which Iran does, and launching nuclear missiles against Israel.<sup>54</sup> It is equally inconceivable that Iranian leaders would want to take the risk of making Iranian fissile material available to a terrorist group hostile to Israel and provoking a retaliatory strike on Iran.<sup>55</sup>

Iran also knows that the West has every reason to discourage a military strike on Iran by Israel. Its consequences could be devastating — complete closure of the Hormuz Straits, for example, as a result of Iranian mining operations, would mean that the West would have only some 400 days until oil reserves ran out. A strike could be used to unite the Iranian population behind the regime. It would slow down political development and reforms. It would mobilize Arab support for Iran. In calculating a response, Iran would not distinguish between Israel and the US, or even US allies; the losses being inflicted by Iraqi and Afghan militias funded and trained by Iran could increase dramatically.

Israel's threat perception is fed by more than Iran's nuclear and missile programs. Since the invasion of Iraq, Iran's regional influence has increased to the point where, without Iran, no lasting and substantial progress on the Palestinian question seems possible — not to their influence in relations with Lebanon and Syria. Iran has strengthened its tactical alliances with the winners of recent conflicts — with Iraq's Shi'a population, which will also dominate the next Iraqi government, and with Hizbullah and Hamas who have gained in strength and popularity since 2006. But, even before the collapse of an Iraqi threat in 2003, Israel was very cautious of Iran and applied the containment policy defined by Menachem Begin. Enunciated shortly after the Israeli destruction of the nuclear reactor of Osirak in Iraq in 1981, it asserted the fundamental need to prevent "an enemy to develop weapons of mass destruction against the people of Israel." For strategic reasons, keeping a regional monopoly of nuclear weapons is legitimate from an Israeli point of view. A nuclear-capable Iran could constrain Israel's unilateral freedom of military action.

The focal point of Israel's position is its insistence on zero-enrichment in Iran. Israel refuses to acknowledge that there is a step-change involved in moving from an enrichment capability to possessing nuclear weapons. An enrichment capability would give Iran the potential to produce both nuclear fuel for civilian energy and fissile material for the core of a nuclear weapon. To produce a weapon, however, Iran would have

52. Richard Silverstein, "Nuclear Iran No Existential Threat to Israel," September 17, 2009, [http://www.richardsilverstein.com/tikun\\_olam/2009/09/17/barak-nuclear-iran-no-existential-threat-to-israel/](http://www.richardsilverstein.com/tikun_olam/2009/09/17/barak-nuclear-iran-no-existential-threat-to-israel/).

53. Kaveh L. Afrasiabi, "US Faces a Tough Choice on Iran," *Asia Times*, September 4, 2009, [http://www.atimes.com/atimes/Middle\\_East/KI04Ak01.html](http://www.atimes.com/atimes/Middle_East/KI04Ak01.html).

54. Whereas there is near international consensus that Hamas and Hizbullah resort to terrorist activities, there are diverging opinions on whether to define them as terrorists or national resistance fighters.

55. "NATO's Comprehensive, Strategic-Level Policy for Preventing the Proliferation of Weapons of Mass Destruction (WMD) and Defending against Chemical, Biological, Radiological and Nuclear (CBRN) Threats," September 2009, [http://www.nato.int/cps/en/natolive/official\\_texts\\_57218.htm](http://www.nato.int/cps/en/natolive/official_texts_57218.htm).

to reconfigure its enrichment facilities, convert low-enriched uranium into weapons-grade uranium, and manufacture a nuclear device. According to a “Joint Threat Assessment” that was conducted by American and Russian experts in 2009 and endorsed by President Obama and President Medvedev, this process could take two or three years.<sup>56</sup> Reconfiguring an enrichment facility to produce highly enriched uranium (HEU), or throwing out IAEA inspectors in advance of reconfiguration, would be a highly visible indicator of Iran’s intentions, giving the international community ample time to react.<sup>57</sup> Constructing a sufficiently large, unsafeguarded, enrichment facility would be most unlikely to go undetected — Western intelligence services were aware of construction at Iran’s new facility near Qom well before it was declared to the IAEA, and could have pressed the IAEA to demand a special inspection, had they chosen.

All this underscores the need to get Israel to recognize Iran’s NPT rights — all the more so as Israel itself has not seen fit to become a party to this Treaty. Tehran must be denied a reason to feel that it is a victim of double standards. The NPT entitles parties to the use of nuclear technology for peaceful purposes, as long as they respect their obligations under the treaty. Since 2003, though, Iran has largely, in the view of many, not entirely respected its obligations. Crucially, there is no evidence that it has violated its Article II commitment to refrain from manufacturing or acquiring a nuclear weapon or explosive device.

Ideally, Israel would be persuaded to agree to the Middle East nuclear-weapon-free zone, which other states in the region, including Iran, are advocating, and which would be a valuable regional confidence-building measure. Both of these goals were vigorously supported by the almost 190 states participating in the NPT Review Conference at the UN in New York in May 2010. In the best of cases, successful confidence-building could lead eventually to Iran’s acceptance of Israel’s right to exist and the renunciation of support for terrorism — perhaps a utopian vision, but a possible outcome of regional players encouraging Iran to play a constructive role in local issues. In the meantime, however, it seems likely that Israel’s frustration over Iran’s continuing enrichment activities and over US reluctance to sanction a military strike could be met by some sort of enhanced strategic partnership with the US.

## CONCLUSION

Iran’s leaders have asserted that the country’s nuclear program is peaceful in nature.

56. “Iran’s Nuclear Missile Potential: A Joint Threat Assessment,” US and Russian Technical Experts, East West Institute, May 2009, <http://docs.ewi.info/JTA.pdf>.

57. At the time of writing, one cascade at the pilot fuel enrichment plant (PFEP) at Natanz has been configured to process uranium enriched beyond 5%. According to a report by the Director General of the IAEA, 5.7 kg of low-enriched uranium (UF<sub>6</sub>) had been enriched to 19.7% (U-235) as of May 31, 2010. Report by the Director General, “Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions 1737 (2006), 1747 (2007), 1803 (2008) and 1835 (2008) in the Islamic Republic of Iran GOV/2010/28,” IAEA, May 31, 2010, [http://www.isis-online.org/uploads/isis-reports/documents/IAEA\\_Report\\_Iran\\_31May2010.pdf](http://www.isis-online.org/uploads/isis-reports/documents/IAEA_Report_Iran_31May2010.pdf). One cascade can only produce small quantities; to produce significant amounts of highly enriched uranium (HEU) in a relatively short timescale, Iran would have to reconfigure the PFEP at Natanz, or configure the new plant at Qom appropriately. One cascade normally numbers 164 machines; the PFEP has more than 8,000 machines.

They have done little, however, to make it easy for the international community to believe them. It is Tehran's responsibility to do a much better job at reassuring the international community of its intentions. The preceding argument, recommending a regional solution to the regional dimension of the problem, is that Iran's Muslim regional peers should make it clear to Iran that nuclear weaponization is not in Iran's long-term interest, and should seek credible assurances that Iran intends to remain a non-nuclear-weapon state.

The ultimate goal of such confidence-building would be to convince the international community as a whole that Iran could rightly be seen as the Brazil of Southwest Asia. Recreating a Brazilian-Argentine nuclear safeguards scenario, or a Euratom scenario, as outlined in this article, could be the first step towards this. Other steps could include: that the Islamic Republic give formal assurances that it will not produce uranium enriched beyond 5% (beyond what it requires to refuel the Tehran research reactor); that it will not withdraw from the NPT; that it will convert future low-enriched uranium production into power reactor fuel; that it will convert the research reactor currently being constructed at Arak to make it a less efficient producer of plutonium; and that it will invite a permanent on-site presence of IAEA inspectors at sensitive sites.

Iran could also offer to join other states in the region in forming a nuclear-test-free zone.<sup>58</sup> It is possible that Israel could be ready to participate in such an initiative as it has never tested and appears to have a no-test policy in order to maintain ambiguity. This could be a step in the direction of Iran ratifying the Comprehensive Test Ban Treaty alongside Israel and Egypt, which would facilitate the Treaty's entry into force.

What Iran could gain as a result of successful confidence-building would include more secure relations with its neighbors, enhanced respect for the enlightenment of Iranian diplomacy, and improved access to world markets. With its declining energy production and expanding energy consumption in the context of acute demographic pressures — Iran's population of around 73 million has doubled in the last two decades, and the labor market is growing by an estimated 750,000 new entrants each year — the Islamic Republic can ill afford further isolation.<sup>59</sup>

Possession of a nuclear weapon would not guarantee the survival of the current Iranian regime. Its leaders are intelligent enough to know that, and they have too much self-respect to stoop to taking a page out of the North Korean playbook. As a corollary to that, Western leaders should not imagine that they can persuade Iran to give up its nuclear program by a policy of sticks and carrots. Iran is too proud and ancient a nation to be beaten into submission or seduced by baubles.

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58. A proposal put forward in December 2009 by former Deputy Director General of the IAEA Pierre Goldschmidt.

59. Keith Crane, Rollie Lal, and Jeffrey Martini, "Iran's Political, Demographic, and Economic Vulnerabilities," RAND Project Air Force (PAF), RAND Corporation, 2008, [http://www.rand.org/pubs/monographs/2008/RAND\\_MG693.pdf](http://www.rand.org/pubs/monographs/2008/RAND_MG693.pdf).