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Enriching the Options:

Europe, the United States, and Iran

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Cooperation between the European Union and the United States regarding the Iranian nuclear file has evolved from an implicit good-cop-bad-cop type of role distribution towards an approach where – at least from an Iranian perspective – Americans and Europeans join in the latter role. At the time of writing, the EU-3 and the US were both pressuring for a more explicit language in the UN Security Council whereas Russia and China had taken on the role of the friendly negotiators. However, despite the more coordinated approach of the Europeans and the Americans an elaborate "transatlantic strategy for Iran" has not emerged.

Given the lack of a common Western strategy, the already too apparent divisions in the Security Council, and the confrontational stance of the Iranian government, short term prospects for reaching a negotiated solution for the Iranian nuclear problem look bad. Since the beginning of 2006, "the wall of mutual distrust" (Khatami) has become more solid than ever. In the medium run, the outcome of the dispute with Iran depends on the stability of the international consensus that Iran should not be allowed to acquire weapons of mass destruction, the West's preparedness to communicate in a credible way that its goal is behavioural not regime change in Iran, and Iranian domestic politics: Both the price Tehran is willing to pay for insisting on its "unalienable right" to develop a full nuclear fuel cycle and the price the relevant international actors are willing to pay for pushing Tehran into a negotiated compromise will be crucial. A compromise would probably need to encompass not only a face-saving element for Iran but also real gains in terms of technological progress, prestige and security. It would have to give Iran's neighbours and the international community the confidence that Iran will stay within and respect the Non Proliferation Treaty and ratify the Additional Protocol. Failure to reach such a bargain would constitute a serious setback not least for the future of non-proliferation in the region and the EU and its diplomatic approach. It would not be the end of the story though, and probably not even that of diplomacy.

A "military option", be that to destroy or set back the Iranian nuclear programme or to bring about regime change from abroad, will not be discussed here. Others have done so, and most have come to the proper conclusion that – aside from the lack of justification and international legality – such action would most likely fail to achieve the wished-for material results.¹ It would also incur enormous political costs, including, among other things, another loss of transatlantic unity.

¹ See among others: Richard Clarke and Steven Simon, "Bombs that would backfire", *International Herald Tribune*, 18 April 2006; see also Seymour M. Hersch, "The Iran Plan", *The New Yorker*, 17 April 2004; Richard K. Betts, "The Osirak Fallacy", *National Interest*, 83 (Spring) 2006, pp.22-25. For a different view see Reuel M. Gerecht, "To Bomb or Not to Bomb", *The Weekly Standard*, 24 April 2006, pp.16-24.

Anamnesis: The Iran File Between the EU-3 and the Security Council

Remarkably, in the Iranian nuclear case, Europe has for once adopted a proactive approach, rather than limiting itself to supporting or criticizing American policies, and Washington has accepted to let European actors define the approach. However, the US administration was skeptical about the European way, and only belatedly – arguably too late – decided to support the EU initiative publicly in the spring of 2005.

France, Germany and the United Kingdom, now generally referred to as the EU-3, in close co-ordination with Javier Solana, the EU's High Representative of the Common Foreign and Security Policy, started direct negotiations with Tehran in 2003. The Europeans acknowledged Iran's right, as a sovereign state and a signatory of the nuclear Non-Proliferation Treaty (NPT), to operate peaceful nuclear programmes. Given, however, 18 years of concealed nuclear activities by the Iranian government, the Europeans made clear that without a voluntary decision to abandon enrichment they could not trust Iran to refrain from using its nuclear programme for military purposes in the future.

In October 2003, Iran agreed to sign the Additional Protocol and to suspend enrichment and reprocessing activities. Since then, IAEA inspectors were able to collect information about the Iranian nuclear programme. In November 2004, the so-called Paris agreement allowed for more rigorous inspections and Iran reaffirmed its decision to voluntarily suspend enrichment activities as well as the production, installation and testing of gas centrifuges and plutonium separation activities as long as serious negotiations were being conducted.

In August 2005, the EU-3 offered Iran a "Framework for a Long-Term Agreement". As incentives, it mainly offered access to the international nuclear technologies market, a draft EU/Iran Trade, Cooperation and Political Dialogue Agreement, an assured supply of nuclear fuel for Iranian reactors from Russia, based on a unspecified framework to be negotiated, unspecified support for the development of Iran's civil nuclear programme, and continued support for Iranian accession to the WTO. On the demand side, Iran was asked to make a binding commitment to refrain from uranium conversion, enrichment, and fuel reprocessing, to continue cooperation with the IAEA, with all facilities under safeguards under all circumstances, to ratify the NPT Additional Protocol by the end of 2005, to agree to arrangements for the supply of nuclear fuel elements from outside Iran and their return after their use, and to make a legally binding commitment not to leave the NPT. In short, the incentives were rather vague, and the demands quite explicit.

When the Iranian government swiftly rejected the European proposal rather than studying it more carefully and accepting it as a basis for further exploration and decided to re-start uranium conversion (a precursor to enrichment) the negotiations were suspended. At the IAEA board-of-governors meeting in Vienna in September 2005, a European-drafted resolution that condemned Iran for non-compliance with the NPT was

approved demonstrating to Iran that its conflict was with the international community rather than with Europe and the United States.

Since the beginning of 2006, the EU and Iran have entered a period of mutual "robust diplomacy". In January, Iran removed IAEA seals on enrichment-related equipment and material at Natanz. This challenging signal allowed the EU-3 to reach a consensus, first and most importantly with China and Russia, and then with most members of the IAEA's board-of-governors. Its decision, in February, to refer the case to the UN Security Council was celebrated as a remarkable demonstration of international unity and clearly disturbed and dismayed the Iranian leadership.

Whereas the relevant international players fully agree about the goal – no one wants Iran to acquire nuclear weapons – there is a marked disagreement about the best strategy to get there. More precisely, actors disagree about the specific guarantees needed and whether Iran could be allowed limited enrichment under a negotiated settlement.² The most serious dispute, however, concerns the degree of pressure to be put on Iran.

This was more than obvious in the lengthy negotiations about the text of the presidential statement of the UN Security Council in March 2006. The EU-3 and the US preferred a more explicit text with a reference to the "threat to international peace and security" posed by Iran. In contrast, Russia and China wanted to avoid any such language, arguing that the term established a pretext for sanctions. Moreover, both countries requested that the IAEA kept "shared authority" over the issue instead of attributing it fully to the Security Council. Such difficulties in agreeing on a joint text from the outset hint at one possible trajectory of the case. The Iranian nuclear file may linger for years on the agenda of the Security Council, with new declarations, new deadlines, and new negotiations but without a major breakthrough.

Iran's Pluralistic Interest Structure

Already before Iran made it on the agenda of the Security Council, the debate about how to deal with the country ranged between military options and various sticks-and-carrots approaches. The basis of most analyses is an assessment of – or perhaps rather a speculation about – "what Tehran really wants", i.e. of the leadership's intentions regarding the nuclear programme. Do they strive for weapons of mass destruction or not? If they do, is it for reasons of deterrence, or for an unrestrained pursuit of aggressive regional policies (terrorism, subversion, regional hegemony)? The stance which President Mahmud Ahmadinejad, a former Revolutionary Guards official with a

² In March 2006, a second Russian proposal was reported to include an authorisation to conduct small-scale uranium research activities in Iran. At about the same time, Mohamed ElBaradei stated that Iran might need to continue some uranium enrichment as a face-saving measure. This was immediately discarded by the U.S., making clear that the administration would reject any proposal that would not require Iran to stop any such activities. See "Russia Plan for Iran Upsets U.S. and Europe", *The New York Times*, 7 March 2006.

hard-line populist agenda has taken since his election in June 2005, has certainly increased the suspicion that Iran “wants the bomb”.

Any potentially rewarding international approach towards Iran needs to take that country's domestic politics into account. Our basic assumption is that Iran's political elite is not unified, not even with regard to the nuclear issue. "Tehran", in other words, may actually want different things. Though difficult, any solution-oriented assessment of the international community's options would require a serious foreign policy analysis – attempting at least to look into the interest definition of the different actors involved in Iranian foreign policy making.

To start with, the strategic decision in Tehran about the ultimate goal of the nuclear programme has probably not been taken yet.³ No international observer is currently in the position to assess exactly to what extent respective factions have made up their minds about the features of the programme. In the international arena, Iranian officials constantly deny any military purpose.⁴ More interesting: the same message is also regularly sent to the domestic audience by religious and political leaders, as well as by the local media. In 2004, the *rahbar* or Spiritual Leader, Ayatollah Ali Khamene'i, even issued a fatwa to the effect that Islam prohibits the production, stockpiling, and use of nuclear weapons.⁵ Scepticism regarding such official declarations is certainly in place. However, given that the Iranian elite has always aimed to legitimise policies within an Islamic-ideological framework, Khamene'i's ruling about the incompatibility of Islam and atomic weapons is not altogether irrelevant. Besides this, goals may be adapted as costs and benefits of particular strategies change: for the better but also for the worse.

While they differ over many issues, three goals that are relevant for the issue seem to form a common denominator for the Iranian elite. First, this is economic and technological progress. The elite clearly sees nuclear energy as a technology of the future which they should master as other advanced nations do. This perception is also shared by Iranians with a nationalistic-secular background who do not necessarily support the Islamic regime, and probably by most, or at least a large part, of the Iranian population. The nuclear programme has become a question of national pride and sovereignty. International pressure to give up enrichment is seen as an attempt to prevent Iran from economic development. Iranians are angry about double-standards – about the different treatment of Israel, Pakistan or India – but especially about the

³ Drawing a historical comparison, a French scholar has pointed out that France, in the 1950s, had initially developed its nuclear infrastructure quickly, but without any clear political direction. Even if leaders were aware of the political, security and economic benefits nuclear power could give them, there was no strategic decision to build operational nuclear weapons before 1958. Bruno Tertrais, "The Iranian nuclear crisis", in Ivo Daalder et al. (eds.) *Crescent of crisis. U.S.-European strategy for the greater Middle East*. Brookings Institution: Washington, 2006, pp. 25-40: 27.

⁴ See, for instance, the article of Javad Zarif, "We Do Not Have a Nuclear Program", *New York Times*, 6 April 2006. Zarif is the Iranian ambassador to the UN. See also Hassan Rowhani, "Iran's Nuclear Program: The Way Out", *Time*, 9 May 2006.

⁵ See BBC Monitoring, 11 August 2004.

West's treatment of the post-Islamic-revolution-Iran as compared to how it the courted Iran during the Shah's autocracy.⁶ The demand for the "fuel cycle" thus creates a common basis for those who are simply interested in the scientific and civil use and those who want at least to achieve the option of acquiring military nuclear capacity.⁷

A second shared goal is Iran's recognition as a regional great power. Again, this is certainly not a quest that is limited to the leadership level. Iran is greatly concerned by and wants to be directly implicated in shaping the future of the region. Iranians of all sorts make it very clear that they want to be treated with respect and as an equal partner by the international community. Both the nuclear issue as such and the style of the negotiations are interpreted by the Iranian elite as questions of self-esteem and prestige. This is shown in Ahmadinejad's rather exaggerated declaration after scientists had achieved enrichment on a laboratory scale that the country had "joined the nuclear club" or the insisting of Iranian officials that "everything depends on the way we are treated".⁸

Last and certainly not least, Iran wants security. For the elite, this obviously means national as well as regime security. The latter is surely the top priority for a large part of the leadership who – while trying to find comfort in a presumably weakened Bush administration – feels seriously threatened by a US agenda that might still include forced regime change. Iran, after all, has been classified as part of the "axis of evil" by George W. Bush and finds itself surrounded by US troops and US allies on practically all its borders. The trauma of the Iraq war where Iran found itself isolated and had to cope with the whole world supporting an aggressive neighbour may make self-reliance seem to be the only option to safeguard national and regime security. Some form of conventional or non-conventional deterrence capacity is certainly seen as necessary.

These goals are – in a broad way – shared by the Iranian elite. A potentially successful formula for a negotiated solution would need to respond to these goals – almost regardless of who rules in Tehran. At the same time, the value attached to each of these goals, or what would be viewed as satisfactory response to these interests, varies across different factions of the broader political elite of the present Islamic regime. Moreover, what different factions try to achieve in the nuclear policy field is partly determined by issues that are unrelated to the nuclear file as such.

Somewhat simplifying, we can speak of three main groups within the policy-making elite – with the *rahbar* trying to maintain elite coherence and the regime as such, and not to take sides too openly. In contrast to purely domestic politics, the divide here is not so much between "reformers" and "conservatives". After all, the deal with the EU-3 was agreed by the former Secretary of the Supreme National Security Council, Hassan

⁶ Cf. Volker Perthes, *Orientalische Promenaden. Der Nahe und Mittlere Osten im Umbruch*, München: Siedler Verlag, 2006, pp.333-340.

⁷ Only a small faction of technocrats without political influence is rather unemotional about the issue and would give up enrichment in order to facilitate investment and economic development.

⁸ See interview with Ali Larijani, *Financial Times*, 22 January 2006; or "Iran Says Will Only Enter 'Dignified' Nuclear Negotiations", *AFX News*, 17 March 2006.

Rowhani, a member of the conservative ruling circle. Rather, distinction has to be made between those whose political and economic interests are related to good or at least not worsening relations with the international community, and those who can benefit or have little to lose from a confrontational stance. While all groups share a general suspicion not only towards the US and the Europeans, but also towards Russia, and those Arab States that have supported Iraq, they differ regarding their priorities and the degree of compromise they are willing to make to solve the nuclear problem.

A first group, which we may call "Islam-nationalists", is at the moment most visibly represented by President Mahmud Ahmadinejad. It seems to be set for securing the option of acquiring military nuclear capacity and rarely misses an occasion for provoking the international community. There is some logic in such a stance which, for the time being at least, seems to help generating popular support and diverting attention from the economic problems that his government is as unlikely to solve as was the one of his predecessor, Muhammad Khatami. This group comprises, but is not limited to, many members of a new generation of highly nationalist politicians, often veterans of the Security Services, the Revolutionary Guards, and the first Gulf War who Ahmadinejad rewarded with cabinet seats after his election. Its electoral basis consists predominantly of the low or no-income strata whose economic demands can more easily be satisfied with the additional rents provided by rising oil prices.⁹ Islam-nationalists also draw on the support of groups that benefit from an economically closed Iran – such as the Revolutionary Guards.¹⁰ International pressure probably helps this faction as it provides some credentials to the propagandist claim that Iran stands alone vis-a-vis a hostile environment. In short, the Ahmadinejad faction has more to win than to lose from a confrontation with the international community.

Their position in the nuclear issue is exemplified by Kayhan, a newspaper that strongly supported Ahmadinejad's candidacy. During the last years, it has militated against the negotiations with the EU-3 and further advocated Iran's withdrawal from the NPT, a position that is also occasionally voiced by President Ahmadinejad.¹¹ In April 2006, Kayhan's editor, Hussein Shariatmadari, even criticised the decision (and thereby indirectly the Leader) to allow talks with the US ambassador to Iraq, Zalmay Khalilzad.¹² Such talks, he wrote, were a "trap" based on "false assumptions".¹³ In the

⁹ It would probably be an over-interpretation to argue that Ahmadinejad uses his rhetoric in order to generate crises that make oil prices rise and thereby fill the coffers of his government. Fact is, however, that with every dollar more for the barrel, the Iranian state gains approximately 2.5 USD/day.

¹⁰ See "Iran: What Does Ahmadi-Nejad's Victory Mean?", *Crisis Group Middle East Briefing* n°18, 4 August 2005.

¹¹ See "Secretary of State dismisses new threats from Iran", *The Associated Press*, 25 April 2006.

¹² Even though the Supreme Leader's public endorsement of a dialogue with the US was limited to expressing "Iran's opinion [...] that the American government should leave Iraq", it nevertheless broke with a taboo in Iranian politics. See "Aloof Khamenei faces dilemma over US talks", *Financial Times*, 10 April 2006.

¹³ See "Aloof Khamenei faces dilemma over US talks", *Financial Times*, 10 April 2006.

same editorial, he also condemned the "malicious behaviour of China and Russia"—surely not the way to foster these countries' support in the Security Council. Probably as a result of domestic pressure, President Ahmadinejad has now himself taken the initiative regarding communication with the US. Mainly limited to accusations of the US, declarations about the failure of liberal democracy, and a faith-based explanation of the world to President Bush, Ahmadinejad's letter reveals his acceptance of the Leader's decision but not a diplomatic u-turn. In the pro-government media, the President's letter was indeed portrayed as a great move – that made the world, and not least President Bush, pay attention. Representatives of other trends within the regime were openly dismissive about the initiative.



"To the attention of Mr. George W. Bush, President of the United States of America..."

Source: Kār Gozārān, 9 May 2006

Such dismissiveness towards, and sometimes open annoyance with, the President's foreign-policy moves and statements is quite characteristic of a second, large group within the Iranian power elite that can best be labelled as "realists". In general, members of this group appear more willing to abide by the international rules of the game. They certainly want to avoid their country's complete international isolation and emphasise Iran's interest in regional stability

and cooperation. As to the nuclear programme, these realists would ideally want to keep all options open. Their top priority being regime security, they would most likely be inclined to give up a military option if security guarantees could be achieved by different means. Representatives of this group have repeatedly stressed the importance of continued negotiations with the West, and, crucially of direct talks with the US, which they say are beneficial for both sides. These realists are found among senior regime figures in powerful committees (notably in the Expediency Council – chaired by former president Ali Akbar Hashemi-Rafsanjani – that has supervisory power over the executive and whose Persian name "Council to Establish the Interests of the Regime" is probably more telling, and the Supreme National Security Council that plays a vital and surely more important role than the Ministry of Foreign Affairs in defining Iran's foreign and security policies).

Finally, there are those who could be referred to as "globalists". Globalists share the realists' interest in co-operation. Different from the realists, however, their nuclear ambitions are exclusively economic and technological. Nuclear energy is viewed by them as the key technology to assure Iran's economic development. At least some of the globalists were prepared to accept the EU-3 offer of August 2005. Their interest in Iran's integration into the world economy is strong. Their social basis – overlapping to some extent with the realists' – consists of the bourgeoisie and export merchants who

are interested in the chances involved, among other things, in WTO accession or a Trade and Co-operation Agreement with the EU as much as they fear further economic sanctions. While also including newcomers in the current government, this group mainly consists of politically and economically liberal circles around former president Khatami. Having suffered an important loss in popular support and feeling that the West has contributed to the failure of the Khatami government, globalists increasingly view the realignment with the realists as the only deterrent against the hardliners.

Globalists, and probably more importantly, realists have become increasingly critical about the current government's interference into high politics and its handling of the crisis. Already in September 2005, Rafsanjani – in a rather patronising way – let the government know that "you need diplomacy and not slogans."¹⁴ Hassan Rowhani made clear that "Iran's general policies do not change with new governments" and recommended widening Iran's "circle of consultants" – in other words, bringing in people with more experience, better diplomatic skills, and negotiating abilities.¹⁵ While Iranian newspapers were instructed not to portray the referral to the UN Security Council as a failure, members of the Iranian elite have expressed their concerns about the diplomatic gaffes of Ahmadinejad's team that contrast sharply with the more sophisticated strategies of the predecessor's that skilfully used the negotiations with the EU-3 in order to gain time and the European's support against US pressure for a Security Council referral.¹⁶

Most likely, these latter groups would be inclined to find a compromise – not on Iran's "right to the fuel cycle", but on the way to practice this right.¹⁷ Certainly, this would require a new international offer – a bargain that would be seen by them (and could be sold to the Iranian public) as responding to Iran's national interest.

Compromise or Containment

Before this background, it may be useful to reconsider the "European offer" of August 2005 and ask what Europe can, and what it cannot, bring to a package deal that could be acceptable to Iran as well as for the international community. Clearly, the EU-3 offer of a Trade and Cooperation Agreement, and an enhanced political dialogue

¹⁴ Iranian State radio, 30 September 2005.

¹⁵ Bill Samii, "Iranians Consider Reaching Out to U.S.", Testimony Submitted to the Committee on International Relations, United States House of Representatives, 8 March 2006. Somewhat later in the crisis, Rowhani, in a statement carried by Iran's official news agency, ISNA, even called for "more balance, more reason, and less emotion" in Iran's dealing with the nuclear conflict. See *Financial Times*, 21 April 2006.

¹⁶ These rather intriguing revelations came from a lecture delivered by Hassan Rowhani to members of the Supreme Council of the Cultural Revolution. Bill Samii, "Iran: Former Nuclear Negotiator Remains Committed To National Ambitions", *Radio Free Europe*, 7 March 2006.

¹⁷ According to Rowhani, "our discussion is that we can enrich in Iran, together with other countries outside Iran, or in free zones". An Iranian journalist reported that Rafsanjani is promoting a 10-year suspension of enrichment. Personal communications, Tehran, May 2006.

responded to the Iranian quests for economic progress and recognition as a major player in the Middle East. Missing, but potentially deliverable by the EU was a response to the Iranian quest for technological progress. What the EU-3 did not and cannot offer is a response to the Iranian quest for security. It is an irony of sorts that the EU-3, in their draft agreement of August 2005, declared their readiness to guarantee that Iran would not be attacked by French or British nuclear arms. A good try indeed – but not one responding to Iranian fears. Iran is not concerned about European weapons (and realistically, not even about Israeli ones), but certainly about the US military presence in the region.

To influence Iranian behaviour in a positive way, a dual strategy is thus necessary. The international community will have to increase the costs for non-cooperation and offer more incentives for cooperation. Increasing the costs for non-cooperation essentially requires a consensus in the Security Council about a sanctions and containment strategy: The permanent members would need to demonstrate that a diplomatic, political and, partly at least, economic isolation of Iran is actually on the cards. Of course, sanctions have not always been successful, they will have a massive effect on the oil prices, it will be very difficult to convince China and Russia, and one would have to think carefully about their form and effect on the Iranian elites and population. But if the EU-3, the US and other important players in the international system want Iran to take the sanctions threat seriously, they will have to indicate in a convincing manner that they would be prepared to bear a three-digit oil price in order to prevent a nuclear arms race in the Gulf region.

At the time of writing, sanctions were still totally discarded by China and Russia. Perhaps, a shift in their position could be provoked by the Iranian government if it continues to deny Putin any diplomatic success. What is clear is that Europeans and Americans should work hard to avoid disunity in the Security Council, by refraining from militaristic language and doing whatever is necessary to keep Russia and China on board. No "transatlantic strategy" that does not involve Russia and China is likely to succeed.

At the same time, a discourse of pressure alone will not help Iranian pragmatists to defend their case. Pressure from the Security Council will necessarily have to be combined with a convincing offer to Iran – one that "globalists" would not want to, and realists could not afford to reject. First, rather than running behind developments in Iran and refusing to consider the next step on the nuclear-technological ladder which Iran has not yet taken at a given moment (conversion, a pilot project with some 20 centrifuges, a 164-centrifuge cascade, etc.), the EU could move further and offer to allow Iranian scientists to participate in international research programmes – if an agreement is reached. Iranians would be much more interested in Western than Russian technology. A German or French light water reactor – as it is reported to be included in

the latest offer in May 2006¹⁸ – would be a better choice than one from Russia. The same applies to the outsourcing of enrichment. One might actually think of a Europeanisation or Urenco-isation of an enhanced "Russian proposal".¹⁹ Reference is to the British-Dutch-German joint-venture Urenco:²⁰ The terms of the 1970 Almelo Treaty, which governs the Urenco partnership, prohibit that any partner in the group enriches uranium outside the group, whether by gas centrifuge or other means. Urenco is thus also a good example to demonstrate to Iran and others that industrially developed countries have delegated their "enrichment sovereignty". Offering some form of co-operation with Urenco to Iran would imply knowledge transfers – surely nothing the international community feels comfortable about at the moment. But the prospect of such a co-operation would demonstrate to Iran that Europeans and Americans are willing to make a serious offer of real partnership. It could make acceptance both of a rigorous inspections' regime and a long term suspension of industrial scale enrichment activities more palatable. At least, the position that the international community wants to prevent Iran from development and progress would be much more difficult to defend in Tehran.

Second – and perhaps most importantly – there needs to a more serious contribution from the United States. Negotiations with Iran will not come to any sustainable result unless the United States comes in directly or indirectly on the security question. Primarily, Washington will have to make clear that its goal in the process is indeed the same as that of the Europeans, the IAEA, and the rest of the international community: limiting the proliferation of WMD and maintaining the non-proliferation regime, not regime change in Tehran. The prospect of some form of explicit or implicit American security guarantees would arguably help a lot to bring a new round of negotiations to a successful conclusion. In the words of a prominent member of the "realist" group in Tehran: "If major powers gave us security assurances this would help us to give you guarantees that all nuclear issues are peaceful [...] and there would not even be a theoretical need to divert the programme for military purposes"²¹. Obviously, these major powers are not the EU-3. Washington would not be asked to promise or guarantee more than it did in regard to North Korea which was assured in writing in September 2005 that the US "had no intention to attack or invade the D.P.R.K. with

¹⁸ Steven R. Weisman, "Help With Reactor Included in European Offer to Iran", *The New York Times*, 17 May 2006.

¹⁹ The exact content of the "Russian proposal" is not clear. Iranian officials say that it actually did not provide for an association of Iranian scientists, it would simply be enrichment "in Russia by Russians".

²⁰ Urenco was set up in 1971 exclusively for production of low-enriched uranium.

²¹ Personal communication, Tehran, May 2006.

nuclear or conventional weapons"²². Certainly, the regime in Tehran is not more of a rogue than that in Pyong Yang.

The US could also offer to lift sanctions on Iran. Here, the trade sanctions are less important than the financial ones. Iran has by now found alternative trade sources, but the prohibition of substantial investment of foreign companies in Iran clearly harms the economy as it forces Iran into unfavourable contracts for developing its oil industry.²³

Eventually, some form of regional security arrangement for the Gulf region will have to be brought on the way. This could start with a series of informal talks, gradually developing into a forum that would involve the regional actors as well as those states who have troops or strong stakes in the region. Ideally, something like a Persian Gulf Stability Pact would emerge – a multilateral arrangement built on the experience of the largely EU-sponsored Stability Pact for South Eastern Europe. If security issues in that region, including but not restricted to proliferation, are not going to be tackled under some multilateral framework, the regional and the international community will soon have more problems to deal with than only the nuclear conflict between Iran and the international community.²⁴

While this essay is being written, US security guarantees do not seem a very realistic option, though. The administration has so far not given any indications that it would set aside its dislike of the Iranian regime for a realist trade-off. And Congress will probably not be willing to consider security guarantees for an Iranian regime whose government is headed by a holocaust denier who publicly wishes that Israel be "wiped off the map".

No Nixon-to-China moment to be expected, thus. However, realism could still grow from the field, as it were: The mutual acceptance of direct talks between the American ambassador to Iraq and members of Iran's Supreme National Security Council – whose head, Ali Larijani, happens to be in charge of both the Iraq and the nuclear file – may help to explore both a channel of communication and the issues to discuss in the future. Both sides have so far limited the scope of the planned talks to the Iraq file – and both so, as it appears to European eyes, for somewhat similar ideological reasons. Realists on both sides are willing to consider more.²⁵ It is hardly a coincidence that, parallel to President Ahmadinejad's announcement in April 2006 that Iran had now mastered enrichment, the chief of Iran's Expediency Council Ali Akbar Hashemi Rafsanjani told

²² See US Department of State, Office of the Spokesman, "Joint Statement of the Fourth Round of the Six-Party Talks", Beijing, 19 September 2005, http://usinfo.state.gov/eap/Archive/2005/Sep/19-21_0095.html.

²³ Cf. Akbar E. Torbat, "Impacts of the US Trade and Financial Sanctions on Iran", *The World Economy* 28 (3), 2005, pp.407-434.

²⁴ Among the worrying consequences of a nuclear armed Iran is a nuclear ambition spill over to states in the region such as Saudi Arabia, Egypt and Turkey that feel threatened by Iran. See "Cirincione: Time for a Clear Public Understanding of Iranian Threat", *Council of Foreign Relations*, 4 April 2006. This fear was also expressed by the Saudi Foreign Minister who called for the establishment of a nuclear-free Gulf Region, BBC, 16 January 2006.

²⁵ See "Key Senator Bucks Bush, Urges US - Iran Talks", *The New York Times*, 16 April 2006; Henry Kissinger, "A Nuclear Test for Diplomacy", *The Washington Post*, 16 May 2006.

an Arabic newspaper with regard to the planned American-Iranian talks on Iraq: "There have been many cases where big and broad operations have begun from small ones." And, in an indeed very Iranian way of ambiguous indirect communication: "At this time, it is impossible to deny that if successes come about [in these talks] new paths will definitely open."²⁶ Even President Ahmadinejad's letter, while not being helpful in the short run may be so in the future. At least, communicating directly with the US has become politically acceptable in Iran; after the letter was sent, Iranians increasingly pointed to "working with the US to solve the issue" as a way out of the crisis.

No doubt, success is only one option. Even new negotiations and new offers for cooperation may eventually fail. We would then find ourselves left with the classical tool-box of containing an adversary whose regime and basic preferences, whether we like them or not, will probably only change over a longer time: deterrence, an open diplomatic, cultural and economic contest aimed at the people of that adversary as well as its neighbours, and finally détente – an offer to talk and to cooperate whenever and to the extent to which the behaviour of that adversary allows for such engagement.

Remarkably, US observers who are convinced that both European diplomatic strategies and American military options will fail have recommended that the US should "get ready for a nuclear-ready Iran". At the end of the day, they see no other option than reviving and adapting Cold War strategies that eventually imply to set up "management regimes"²⁷ with Iran – for instance about maritime security or incidents at sea. This would again involve talks. Certainly, however, conditions of such talks would be worse than those the United States and its allies could have today.

²⁶ Interview, *al-Hayat*, 12 April 2006.

²⁷ See Douglas E. Streusand, "Managing the Iranian Threat to Sea Commerce Diplomatically", in Henry Sokolski and Patrick Clawson (eds.), *Getting Ready for a Nuclear-Ready Iran*. Strategic Studies Institute, 2005, pp. 257-284 and the report of the Nonproliferation Policy Education Center presented by one of the editors in the same book, pp.1-20.