

## Searching for a Solution to the Iranian Nuclear Puzzle

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**Key Recommendations**

- De-emphasize the nuclear question
- Withdraw the precondition of Iran suspending its enrichment activities before any meaningful negotiations take place
- Adopt a “dual track” strategy: emphasize the possible gains, while quietly explaining the possible cost of heavier sanctions
- Based on the “Iraq and its neighbours” format, initiate a dialogue to discuss perceptions about regional security challenges; participants should include GCC countries, Iran, Iraq, Yemen, the U.S. and the EU
- The U.S. should use backdoor channels of communication with Iran to prepare the ground for any public initiative by President Obama
- Whereas any initiative can only come from the West, Iran should shun its hostile rhetoric and present its own visions and proposals for regional security
- The proposal for the creation of a regional/multinational enrichment centre should be re-introduced
- GCC countries should put forward local initiatives for confidence building in the Gulf region

The 2003 war and the U.S. occupation of Iraq contributed to the creation of a relative power vacuum and to considerable instability in the Gulf region and even beyond. Key Arab states, such as Saudi Arabia and Jordan, have expressed their anxiety about the creation of a new Shi'ite block including Iran, Iraq, Syria and Lebanon that could redefine the balance of power in the region across sectarian lines. Even if this proves not to be the case, there will continue to be strategic uncertainty in the region for the foreseeable future. The common element of all those developments is increased instability and fluidity in regional affairs.

Dealing with Iran's nuclear programme is undoubtedly the most critical strategic question in the proliferation field and a very important issue on today's international security agenda. Although military action at this point would most likely not solve the problem, there is concern that failure to take any action may lead to a “domino effect” in the region and constitute a potentially fatal blow to the international non-proliferation regime.

The regional security problem is not limited to the nuclear issue. But this is perceived by Western countries and also by some of Iran's neighbours as being the most pressing security concern. In addition, the Middle East and Persian Gulf are examples of regions facing both troubled economic conditions and unstable security affairs (with the exception of some oil-producing countries, most other states in the region have been unable to benefit from the economic globalization). At the same time, the region is suffering from various security problems: political tensions, stagnating political transformation processes, the erosion of state power and the risk of state failure, prospective regional hegemony, vulnerable neighbours, weak collective security

mechanisms, power imbalances, and proliferation of weapons of mass destruction (WMD).

**Iran's motives and security considerations**

Iran occupies an important strategic location with access to the Strait of Hormuz through which the majority of the world's oil supplies transit; it possesses significant natural and human resources, and its regional influence has grown significantly over the past few years. Tehran's current security policies, including its strong interest in the development of a nuclear weapon capability and its regional aspirations, antedate the Islamic revolution and are rooted in Persian nationalism and the country's historical sense of regional leadership. In fact, there are significant similarities between the current regime's views toward regional affairs and security threats, and Iran's regional role compared to the Shah period before 1979. One may, however, observe differences, often significant ones, in the rhetoric and the methods (including alliances and support for sub-state groups, for example the so-called HISH -Hezbollah, Iran, Syria and Hamas alliance) used by the regime, but also a remarkable continuity on the objectives of Iranian foreign policy. Tehran's governing elites, pre- or post-revolutionary, share one central aim: the achievement of regional hegemony in the Persian Gulf.

Iran's nuclear programme is in many ways motivated by legitimate security concerns, including the experience of war against Iraq in the 1980s, when Baghdad used chemical weapons on a large scale against Iran with the international community protesting very weakly.

One should also consider Iranian leadership's distrust towards the West, mainly as a result of a sense of humiliation caused by a long colonial experience, as well as a general feeling of insecurity.

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Post-9/11 developments in the Middle East have had a paradoxical impact on Iran, as two of the country's enemies, the Taliban and Saddam Hussein, have been overthrown by the U.S. At the same time, the Iranian decision-making elite was concerned that Washington intended to change its regime by force. Indeed, the Iranian leadership might have reached the conclusion that if a regime was considered by the U.S. as a member of the "Axis of Evil" and did not possess any nuclear capability, it could expect a fate similar to that of Saddam Hussein. Whereas if the country did have a nuclear weapon capability, like North Korea, it stood a reasonable chance of getting financial support from the international community and even regime survival guarantees from the U.S.

On the other hand, since late 2003, the U.S. is entangled in an Iraqi (and increasingly an Afghan) quagmire, draining American resources and reducing its influence in the region and worldwide. In view of the domestic situation in Lebanon and Palestine, a permissive regional environment for spoiling strategies and the lack of a functioning regional security architecture in the Gulf region, the Iranian leadership saw a window of opportunity to increase the country's geopolitical weight and establish Iran as a pivotal regional power. Indeed, many decision-makers in Tehran view Iran as the "indispensable nation in the Middle East". As George Perkovich points out, "any Iranian government will want to satisfy these interests – whether it is hard line or moderate, clerical or technocratic." Likewise, then Director of CIA George Tenet has been quoted as saying that "No Iranian government, regardless of its ideological leanings, is likely to willingly abandon WMD programs that are seen as guaranteeing Iran's security."

Despite the generally favourable strategic environment since 2003, Iran has had mixed feelings of increasing regional influence and vulnerability to international pressure. Iran and most of its Arab neighbours have different perceptions and positions on many issues related to regional security, and their relationship is characterized by considerable lack of

trust. One should not automatically draw the conclusion, however, that there is an Arab consensus against Iran. National views *vis-à-vis* Iran are far from monolithic and the Gulf Cooperation Council (GCC) is divided on how to deal with the Iranian challenge. Some countries would prefer to accommodate Iran rather than confront it. Furthermore, anti-U.S. resistance has made Iran more popular in the region. And it should be kept in mind that U.S. military presence in the Gulf region is considered by many officials and experts in Saudi Arabia and other GCC states as both a security challenge and as a necessity to balance Iran.

### **Iranian domestic politics and the nuclear issue**

The domestic dimension is extremely important. Several analysts agree that, beyond addressing threats and affording influence, nuclear weapons have also domestic "benefits" for the regime. Following the examples of India and Pakistan, the Iranian regime is interested in the ability of high-technology programmes to bolster its international standing and to showcase nuclear technology as a substitute for the lack of progress in most economic sectors. Furthermore, historical experience shows that as a state unleashes its nuclear programme it creates political and bureaucratic constituencies and nationalistic pressures that generate their own proliferation momentum. The nuclear programme also appears to enjoy popular support as a tangible sign of prestige and scientific competence.

As a number of experts on Iran's domestic politics, such as Nicola Pedde, Nima Mina and Walter Posch have pointed out, Iran's domestic political scene is extremely complex and actors have multiple agendas. Several centres of power are involved in the design and execution of Iranian foreign and military policy, whereas consensual style and the opaque nature of the decision-making process complicate the situation even further. Ricardo Redaelli puts forward the concept of "a matrix with three competing elements – Islamic ideology, national interests, and factional politics – all constantly at battle." However, there is general agreement that the core player of Iran's decision-making process on both domestic and foreign affairs is Supreme Leader Ali Khamenei.

One of the most critical issues is whether the Iranian leadership has taken a strategic decision about the ultimate objective of the nuclear programme. Assuming that the National Intelligence Estimate's (NIE) conclusion about the suspension of military nuclear activities is accurate, is that decision irreversible or not? According to Anoushiravan Ehteshami, "these debates do not seem to have reached a conclusive point in Iran, and the outcome will depend as much on the balance of power between the various factions and the nuclear schools of thought, as on how the West reacts to Iran's nuclear ambitions." It appears that Iran is making tactical decisions trying to avoid further isolation while keeping the nuclear option open. It should be noted, of course, that even assuming that the final objective is the actual acquisition of a nuclear arsenal,

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there are considerable uncertainties regarding the timetable for producing enough fissile material and reaching the weaponization stage.

### Consequences of Iranian nuclearization

The key question is the impact of Iran's acquisition of a nuclear weapons capability for regional and international security. At the global level, there is little doubt that further proliferation would make the strategic chessboard more complex whilst at the same time multiplying risks and complicating strategic decision-making.

There is also growing concern that the open nuclearization of Iran could also, in combination with other negative developments, cause a serious – even deadly – blow to the international non-proliferation regime. The probability of a nuclear “domino effect” has often been emphasized, whereby the presence of nuclear weapons in Iran may well motivate other countries in the region, such as Egypt, Saudi Arabia, or even Turkey (arguably a more remote possibility) to try and develop their own nuclear weapon capability. For example, Mark Fitzpatrick argues that although not inevitable or automatic, Iran's nuclear arming would significantly increase prospects for a nuclear arms race in the region. Christoph Bertram, however, points out that “anyone seeing in an Iranian bomb a key factor which might prompt Saudi Arabia, Egypt or other countries to obtain one as well needs to explain why for 40 years the Israeli bomb has not had that effect.” Although it is quite possible that key states in the region could learn to live with this outcome, it is also possible that a nuclear Iran could serve as a “tipping point” for some states in other regions in their thinking about acquiring a nuclear capability. One can speculate whether Iran's nuclearization will be the “hair that broke the camel's back”.

There is also concern about regional instability and the probability of nuclear use against Israel. As was also the case with North Korea, experts differ over the seriousness of the Iranian threat for the Middle East and even beyond. According to a rather alarmist view, Iran's acquisition of nuclear weapons and long-range missile delivery systems is likely to strengthen the more radical elements and to affect its behaviour in the region. It is argued that “such a development would tilt the regional balance away from the Arabs, challenge and complicate U.S. hegemony and sow doubts as to the advisability of over-reliance on the U.S. in the region” and that Iran's nuclearization would “introduce a further element of insecurity and uncertainty into a part of the world where stability is already fragile.”

The history of the nuclear age clearly supports the view that nuclear weapons can serve as an effective deterrent against nuclear or conventional security challenges. But their usefulness as tools of intimidation has been rather limited. It is possible, however, that the acquisition of a nuclear weapon capability may increase Iran's self-confidence but also its propensity for brinkmanship and risk-taking. Shahram Chubin makes an interesting point in that direction, arguing that “while Iran may not be

deliberately confrontational, it tends to pursue strategies and tactics that are apt to make miscalculation and confrontation more likely. Some of these are cultural and some regime-specific. The result is a mixed record of pragmatism and opportunism, often associated with different factions within the regime. In a nuclear environment this dualism will be more dangerous.” Indeed, the possibility of a gradual rise of a new generation of leaders, most of them non-clerical, may complicate things further, at least during the phase of transition from a regime based on Velayat-e faqih (the rule of the jurist) to a more secular one.

More optimistic assessments have also been presented arguing that a cautious, moderate Iran armed with nuclear weapons may even be an improvement over the status quo. Few analysts, however, share that viewpoint.

Under current circumstances, the majority of analysts consider an extended crisis and a creeping nuclearization process to be the most probable scenario. The critical question is whether Iran's nuclearization may be perceived as an intolerable threat for Israel, Iran's neighbours and/or the West or whether it presents a security problem that can be accommodated. Is it conceivable that under certain circumstances Iran's leaders might decide to threaten to or even use nuclear weapons? Most Israeli defence and military officials are quite concerned and pessimistic, because for the first time since Israel's establishment an enemy state will be able to physically threaten its existence. Other Israeli analysts appear to be relatively less alarmed arguing that it is “doubtful whether the Iranian regime would actually exercise a nuclear capability against Israel, despite its basic approach that rejects Israel's existence.”

A key issue remains, of course, whether deterrence will be sufficient to ensure restraint in the case of Iran. Richard Haass' question on whether Iran is an imperial power or a revolutionary state is highly pertinent here. Two schools of thought have emerged on those questions. On the one hand, several long-time students of the Iranian strategic culture cautiously suggest that Iran's strategic goals are limited to self-defence and regime survival. On the other hand, there are those who regard Iran as an inherently revolutionary state (even using the neo-conservative term “Islamofascist revolutionaries”), and deterrence, from this perspective, is little more than wishful thinking.

In the author's view, although Iran is in many ways a special case and has often caused problems to its neighbours and beyond, there should be little doubt about Tehran's rationality in the foreign policy and security realm, and its understanding of the concept of deterrence. Scenarios regarding the probability of nuclear strikes against the U.S., Europe, Israel or any of Iran's neighbours do not sound convincing.

Concern has also been expressed about command and control and safety mechanisms were Iran to acquire a nuclear weapons capability. It is

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generally believed that the possibility of an accidental detonation of a nuclear weapon would be greater in new nuclear-weapon states (NWS) because, in most cases, they would lack most of the safeguards that existing NWS have deployed. Although the transfer of accident prevention technology by existing NWS might violate the letter of the NPT, it should be seriously contemplated after a country crosses the nuclear threshold. The probability that an irrational leader can gain control of nuclear weapons would, in theory, increase with their further spread. While most existing threshold states have a rather good historical record in this respect, there is no assurance that this will continue to be the case in the future. Of course, there is no evidence to the contrary either.

The probability of the use of nuclear weapons as a result of miscalculation or loss of control during a crisis (as opposed to accidental launching) should not be dismissed. The lack of secure second-strike forces and reliable C3I systems in most NWS and the adoption of launch-on-warning (LOW) postures as a consequence, could lead to strategic instability and increase the probability of the use of nuclear weapons due to miscalculation. And however small the risk of each individual scenario may be, one should also consider the cumulative risk of all the possible dangers arising from assumed nuclear proliferation.

II The exclusive focus on the nuclear issue has in fact strengthened the hardliners.

A study edited by Ephraim Kam focuses on the day after Iran's nuclearization and examines issues of potential concern including the checks and balances on the deployment and use of nuclear weapons, the socialization of Iranian leadership and high level bureaucracy with "nuclear facts of life" and the common understanding of red lines. The lack of common borders between Iran and Israel alleviates to some extent the possibility of military crisis escalation, a conventional war and loss of control during a crisis.

Would Iran provide nuclear weapons to terrorist organizations? There is no record or proof so far of any NWS providing nuclear weapons to non-state actors. If we accept that Iran is indeed a rational actor, and aware of the possible consequences for its own security should the weapon be traced to Tehran (while having no full control over its employment), it is quite unlikely that its leadership will contemplate the transfer of nuclear weapons to a terrorist organization. Of course, there are no absolute certainties on such matters, but the probability would be extremely low.

#### Available options for defusing the crisis

When designing a strategy to address the Iranian nuclear issue, one should first define the West's objectives in the Gulf region and more broadly (listed below neither in order of priority, nor with an equal level of commitment by the two pillars of the Transatlantic alliance):

- prevent the collapse of the international non-proliferation regime;
- stabilize Iraq and Afghanistan;
- maintain the smooth flow of energy products from the Gulf region at a reasonably price;
- prevent the use of nuclear weapons as a direct consequence of Iran's nuclearization;

- safeguard Israel's security (from threats emanating from the Gulf);
- protect the security of GCC countries, either through military means or through the establishment of a cooperative regional security system;
- promote a more moderate Iranian foreign policy and, in due time, internal reform;
- normalize relations with Iran.

It should be kept in mind that a nuclear issue-focused strategy may not be able to achieve many of those objectives. Indeed, a number of experts argue quite strongly that the exclusive emphasis on the nuclear issue and the "demonization" of Iran has inflated the value of these capabilities and strengthened the hardliners. The West should "return to a sense of proportion" and "reenlarge the zoom" of its relations with Iran, which is too important for the West to be reduced to the nuclear issue. Other issues and problems should come into the equation.

Bertram is one of the harshest critics of current Western policy on Iran arguing that "for almost six years now the West has tried – and failed – to stop the Iranian nuclear programme. Instead, nuclear enrichment has become a matter of Iranian national pride and sovereignty. The programme has been intensified, rather than slowed, in response to international programme." The exclusive focus on the nuclear issue has in fact strengthened the hardliners and the securitization of relations between Iran and the West has provided an excellent excuse for the economic failures of Ahmadinejad's government.

Let us briefly examine the available policy options:

#### a. Use of military force

As a general principle, the use of military force to prevent the proliferation of nuclear weapons should be included in the list of the West's options, albeit strictly as a last resort one. Even if the use of military force is not the best – or even a good – option to deal with the Iranian nuclear crisis, there may be other nuclear crises in the future in which the use of military force may be the best or perhaps the only option. To resolve problems of legitimacy that a unilateral counter-proliferation action will entail, criteria, rules and procedures for an internationally sanctioned preventive action should have been agreed well before any nuclear crisis erupts. In this context, the impact of the U.S.'s Iraqi adventure was disastrous.

Military action must be viewed as a component of a comprehensive strategy rather than a stand-alone option for dealing with Iran's nuclear programme. It is highly questionable whether the unilateral use of military force would be effective in the case of Iran, mainly because of two reasons: (i) the uncertainty about the results (especially if Israel, and not the U.S., decides to strike) and (ii) the possibility that the costs (political and economic) may outweigh the benefits.

For reasons of geography and – possibly – limited intelligence, the application of the Begin Doctrine against Iran will be a very challenging undertaking for Israel, which may feel forced to try to

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convince (or "blackmail") the United States to "do the dirty job". It is rightly argued that an Israeli strike may prove to be doubly counterproductive, not only because it may not be militarily successful but also because global criticism may be directed against Israel, allowing Iran to re-build its nuclear programme. In addition, it will be widely assumed that Washington gave Tel Aviv a "green light", if not active assistance, so the United States might face almost the same reaction as if it had carried out an attack itself. An American attack would involve extensive strikes against C3I and air-defence installations and would almost certainly be successful in destroying the targeted Iranian nuclear facilities (although intelligence may prove to be a serious problem). But even in this case it will be an open question whether the attack will lead to a significant delay in the Iranian nuclear programme. What seems for sure is that the use of military force will strengthen the hardliners.

Iran's options of retaliation against Israel and/or the U.S. could include naval mining, special operations against Gulf shipping and oil-related targets in the region, more intense support for Hezbollah, and covert operations against worldwide Israeli and American targets. Although Iran's military capabilities are rather limited compared to those of the U.S., there should be little doubt that its ability to increase instability in Iraq and elsewhere in the region and to cause another rally in oil prices – at a time of global financial upheaval – is much greater.

#### *b. Sanctions*

As Scott Sagan pointed out, "Washington learned with India and Pakistan in the 1980s and 1990s that sanctions only increase the costs of going nuclear; they do not reduce the ability of a determined government to get the bomb." There is an emerging consensus that sanctions have strengthened rather than weakened the Iranian regime, that additional sanctions will have a marginal impact and that sanctions in general will not work (with the exception of an oil embargo, which would have, however, a prohibiting cost for the West), as stated for example in a report by the U.S. General Accounting Office issued in December 2007.

Furthermore, for a stricter sanctions regime, the support of Russia and China would be necessary. However, the recent crisis between the West and Russia does not facilitate a closer cooperation on the issue of Iran's nuclear programme. Chinese support has been rather limited and conditional. China's role in the North Korean case has been quite positive, but the interests involved in the case of Iran are probably different because of the energy factor. It is not clear what the quid pro quo would be for Chinese support.

We would argue, therefore, that sanctions should continue to be used as a tool of pressure against Iran, albeit not as the central element of the West's strategy.

#### *c. Engagement*

The majority of analysts agree that Iran would be interested in direct negotiations with the U.S. and in a "grand strategic bargain" to resolve all outstanding

questions. A key question is what are the topics that should be discussed? What are Iran's priorities and expected gains from such comprehensive negotiations with the U.S. and Europe?

Many experts agree that Iran does not want to be seen as a pariah state and be diplomatically and economically isolated. It is also argued that in order to solidify recent strategic gains, Iran needs to reach some accommodation with the U.S. and its Arab neighbours. At the same time, Iran's cooperation is extremely important for the stabilisation of Iraq, but also Afghanistan and Lebanon, as well as the survival of the international non-proliferation regime and the establishment of a new cooperative security system in the Gulf region. In many of those issues, the interests of the U.S. and Iran are not necessarily conflicting or diverging.

Therefore, key issues on the Iranian agenda would probably include the re-establishment of diplomatic links, which would offer much-sought legitimacy to the regime, and normalization of relations with the U.S. and the EU, acknowledgement of Iran's regional role (although this would almost certainly cause strong reaction from Arab Sunni states, especially Jordan and Egypt, and probably Saudi Arabia), some type of guarantees for regime survival, an end to U.S.-funded democracy efforts (which are ineffective anyway) and access to Western (mainly European) sources of funding.

#### *d. Nuclear weapons in the basement*

Although suspension of the military nuclear programme and normalization of relations with Iran should be the West's primary objectives, an alternative option, a "Plan B" is necessary in case things do not develop as expected. If all other efforts fail, and this should clearly be seen as a scenario of last resort, perhaps the adoption of a "nuclear weapons in the basement" policy by Iran might be an acceptable solution for all parties involved. In this case, Iran would proceed very slowly to the development of a nuclear weapons capability, without openly crossing the nuclear threshold.

Thus, the Iranian regime would be able both to claim to its domestic audience that it did not wield to U.S. pressure, and appear internationally as a responsible power. At the same time, any existential threat to Israel's security would not materialize for a long time, if at all, allowing for the use of political, diplomatic and economic tools to address the problem. Such an option might also contribute to the prevention of a "domino scenario", as other regional countries might perceive the threat as far less immediate. Unfortunately, the lack of trust and the limited channels of communication between Iran and the West reduce the likelihood of an agreement in accordance to the above line of logic.

A "civilian" variation of this idea has been put forward by Gareth Evans, who proposed the abandonment of the "zero enrichment" goal in favour of a "delayed limited enrichment", with the wider international community explicitly accepting that Iran can enrich uranium domestically for peaceful nuclear

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energy purposes. In return, Iran would agree to phasing in that enrichment programme over an extended period of years, with major limitations on its initial size and scope, and a highly intrusive inspections regime.

### A role for Europe?

The Gulf is a region of rather limited political EU presence, involvement and influence. However, the region is highly important for the Union for geo-economic (supply of energy product in general and the fact that normalization of relations with Iran would enable Europe to substantially diversify its natural gas supply sources), but also increasingly for strategic reasons, especially in view of the geopolitical shift from the Levant to the Gulf region. Currently the U.S. remains the major strategic actor in this region, although emerging powers such as Russia (whose influence on Iran has been increasing), China and India have been demonstrating a greater interest lately.

Rather unexpectedly, the EU, or at least the big three (France, Germany, United Kingdom/EU-3) and the EU's High Representative for CFSP, Xavier Solana, have been central actors almost since the beginning of the Iranian nuclear crisis. One would have expected the intra-European division over the war in Iraq to undermine efforts for a common foreign and security policy, and in many ways it did. However, the EU and the US shared a common concern in the case of the Iranian nuclear programme and despite substantial differences in their respective approaches both toward Iran and the methods to deal with the proliferation of weapons of mass destruction, they managed to maintain an almost united front, with the

EU-3 being at the forefront of diplomatic efforts to resolve the crisis and the U.S. providing support for a diplomatic solution, although frequently hinting (and sometimes clearly stating) that all options are on the table. On the other hand, cynics would probably argue that Europe did far better than expected on the Iranian nuclear crisis because the initial expectations were very low.

It should be clear, however, that the EU is not and cannot become a major actor in the Gulf region, at least in the near future. As Almut Moeller points out, "despite a whole series of initiatives, the overall European approach to the region has not as yet emerged with sufficient clarity. A paramount problem is the absence of a strategic EU approach to the region that takes into account the changes that have taken place since the events of 9/11." In addition to ratifying the Lisbon Treaty, which will make the EU a more effective foreign policy player, it is therefore essential for the EU to streamline its policies toward the Middle East.

However, although the EU cannot substitute the U.S. role, it can act in a complementary way, inserting a degree of pragmatism to American foreign policy. Europe's contribution to the management of the Iranian crisis should consist of:

- (a) an effort to convince the new American administration to recognize that Iranian

proliferation, Iraq, Persian Gulf security, the U.S. role in the Middle East, and Palestinian-Israeli relations are all linked and cannot be resolved without a more balanced U.S. stance;

- (b) its readiness to actively assist in the development of a new comprehensive security system in the Gulf region, which will take under consideration Iranian, GCC and Iraqi but also Western security concerns.

### Next steps ahead: Attempting a synthesis of options

Among moderates in the West, there are two schools of thought: the first focuses on Iran's nuclear programme and seeks to find ways to convince Iran to freeze its enrichment activities, through negotiations, with economic sanctions and the threat of international isolation being the main tools. For example, Perkowitz recommends that Iran should be given one last, time-limited chance to negotiate suspension of its fuel-cycle-related activities. After that, they should break off negotiations with Iran and focus on developing a consensus approach that includes Russia and China (in the context of P-5 plus one diplomacy (permanent members of the UN Security Council plus Germany)).

The other school of thought considers the nuclear issue as very important but not the only or the central issue in the relationship between Iran and the West. The objective should be the overall improvement of relations, with resolution of the nuclear issue being one of the results of the rapprochement, not a precondition.

Bertram pointedly asks "If détente and containment with the Soviet Union were an acceptable foreign policy tool, why not with Iran?" He argues that the "West's policy at present is one of containment and confrontation. Replacing the latter with détente requires a considerable turnaround in thinking and acting vis-à-vis Iran, with demonization of the regime being superseded by recognition of it, confrontation by an offer of cooperation, sanctions by expansion of trading relations, accusations by dialogue, preconditions by direct negotiations and sabre rattling by inspections." He also suggests that the Western effort for a détente with Iran could be a unilateral policy and need not be immediately reciprocated by the regime in Tehran. Neither should immediate results be expected regarding the nuclear issue (although he argues that détente undermines the stance of those who advocate the military nuclear option for security reasons).

Ray Takeyh urges a more imaginative diplomacy and a paradigm shift, arguing that Washington's recognition of Iran's regional status and deepened economic ties with the West might finally enable the pragmatists to push Supreme Leader Khamenei to marginalize the radicals who insist that only confrontation with the U.S. can allow Iran to achieve its national objectives. Western overtures along this line of logic could perhaps influence the coming Iranian elections.

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Both schools of thought have their merits and their limitations. Moving from competition and containment to dialogue and détente requires a rather substantial conceptual leap, which many decision makers in the West may not be prepared to make. Even if Western governments are willing to engage into such a unilateral diplomatic exercise, it is rather doubtful that they will look kindly and patiently into an initial complete lack of progress. And many officials and experts would argue that a policy of “carrots” without any “stick”, even in the background, might be perceived by Iran as a sign of weakness.

A combination of the two approaches described above, however, may be feasible and even effective. The central role of Iran in the Gulf region and its increasing importance in the broader Middle East should be acknowledged, although not at the expense of other countries in the region. The willingness of the West to engage Iran into diplomatic talks across the board, without any preconditions, should be expressed. Common interests and opportunities should clearly be presented. The emphasis should be on possible gains for all sides involved. At the same time, a number of “red lines” should be clearly defined (admittedly, not an easy exercise) and presented to the other side, as well as the possible costs of the continued confrontation, including the cost of missed opportunities. The real probability of more substantial sanctions and isolation of Iran, in combination with the reduction of prices of energy products as a result of the global financial crisis, might affect the cost/benefit analysis of the Iranian leadership.

It should be kept in mind, however, that as a result of the growing interconnection between problems in the region, developments in other regional issues have a direct or indirect impact on relations between the West and Iran, which in turn affect those conflicts spots. For example, continued instability in Iraq, lack of progress in Palestine and Lebanon, and in Israeli-Syrian negotiations constitute, for different reasons in each case, additional obstacles to the normalization of relations with Iran. For that reason, Iran is an important missing link in the post-Annapolis negotiations to reach a settlement to the Arab-Israeli conflict. Severe deterioration in any other regional hot spot may have adverse consequences for relations between Iran and the West.

Beyond resolving the nuclear impasse in the Persian Gulf, there is a need to address the regional security vacuum. There are very few specific ideas as to the structure of this new regional security system. Vali Nasr and Ray Takeyh proposed a “treaty pledging the inviolability of the region’s borders, arms control pacts proscribing certain categories of weapons, a common market with free-trade zones, and a mechanism for adjudicating disputes.” In this

context, we propose that a number of confidence-building measures could be discussed such as:

- the creation of a regional security forum, with annual meetings for heads of states, foreign, defence, finance and interior ministers;
- prior notification of and exchange of observers in exercises;
- joint exercises and arrangements for disaster relief in the case of natural and man-made disasters;
- Confidence-Building Measures (CBMs) for the prevention of incidents between naval and air forces respectively;
- joint Search and Rescue (SAR) arrangements;
- cooperation regarding trafficking, drug-trade, and border security issues.

Europe’s experience with similar arrangements, although in a quite different context, could be quite useful in the early phases of discussions for a regional security system. In this context, it has also been suggested that, as there are strong local and regional dynamics, Gulf states should begin to take ownership of the regional security process and put forward local initiatives, such as the Gulf Research Centre’s proposal for a “Gulf as a WMD Free Zone”.

### What to expect for 2009?

The stated – but as yet not implemented – intention of the U.S. to open an office in Tehran is a hopeful sign that Washington is coming around to understand that – conditional – engagement rather than confrontation is the only realistic and viable solution to the Iranian puzzle. In the absence of a serious – negative – development or action in the region, the combination of a new U.S. administration (and indeed Barack Obama has indicated his willingness to adopt a different approach and even enter into a dialogue with his Iranian counterpart) and, potentially, a new Iranian president coming into office in 2009, as well as a new (moderate?) Israeli Prime Minister in early 2009, might create a new dynamic and open a window of opportunity for diplomatic activity between Tehran and Washington, with the active support of Europe.

However, it “takes two to tango” and if Iran is serious about normalizing its relations with its neighbours and the West, it should act accordingly. As Volker Perthes argues very persuasively, “...being the leading regional power brings responsibility; and only responsible behavior can create legitimacy and acceptance that Iran craves...Iran’s leaders should begin by shunning hostile rhetoric...by laying out its strategic vision for the region... engaging the Saudis about their idea of a regional joint venture [for an independent fuel cycle]”. He also points out that “Iran cannot have it both ways, seeking guarantees against regime change at home, and promoting it in its neighbourhood”.

Because of the new American administration’s foreign policy review process and the expected

II Beyond resolving the nuclear impasse in the Persian Gulf, there is a need to address the regional security vacuum.

II It “takes two to tango” and if Iran is serious about normalizing its relations with its neighbours and the West, it should act accordingly.

## Searching for a Solution to the Iranian Nuclear Puzzle

emphasis on the financial crisis, perhaps one should not expect a major initiative regarding Iran in early 2009. However, it is essential that the new American president, spends some of his personal international political capital in an effort to forge a more effective coalition between the P-5 plus one countries and other interested powers (including key countries in the Gulf region).

**The international community negotiating strategy should consist of a skilful synthesis of readiness to accommodate Iran's legitimate concerns and integrate that important country into an inclusive regional security system, accompanied by concrete incentives, together with a clear understanding of the possible consequences for Tehran if it continues its spoiling actions in the Gulf region and the wider Middle East.**

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