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A Decade of Failure; Missed Opportunities and the Escalating Crisis over Iran's Nuclear Program

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A Decade of Failure: Missed Opportunities and the Escalating Crisis over Iran’s Nuclear Program

By

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Masters Thesis
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Abstract

For the past decade the United States and its European allies powers have been unable to persuade the Islamic Republic of Iran to halt what appears to be a program to develop either a nuclear-weapons capability or an actual atomic arsenal. There is good reason to want to prevent Iran from acquiring atomic weapons, although it is too late to stop Tehran from acquiring the capability to produce a nuclear weapon should it choose to manufacture one. Tehran’s desire to develop either a nuclear weapons capability or an actual arsenal is based on a realist assessment of its security environment – it is looking for a way of ensuring the survival and independence of the regime and warding off potential attacks by the United States or other countries. There have been a number of missed opportunities to defuse the nuclear standoff with Iran. The first was in May 2003 when Iran sent the U.S. government via the Swiss a proposal for discussions on a “grand bargain” to restore ties between Tehran and Washington. The Bush administration did not even respond. Britain, France and Germany might have been able to reach an agreement with Iran in 2003-2005, but Washington undermined the Europeans’ ability to reach a deal with Tehran. Negotiations between Iran and the five permanent U.N. Security Council members and Germany have also been unsuccessful in persuading Tehran to abandon its enrichment program. Coercive diplomacy has not worked. Sanctions have not persuaded Iran to reach an agreement with the West, though they have crippled the Iranian economy and hurt ordinary Iranians. There is no viable military option to resolve the nuclear standoff with Iran. The use of force against Iran’s nuclear facilities would only make Tehran more determined to develop atomic weapons. While there are Iranian officials who would like a deal, it is not clear that Supreme Leader Ayatollah Ali Khamenei will ever be willing to reach an agreement with the West. But there is still a remote chance of striking a deal with Tehran provided Western powers are willing to allow Iran a limited enrichment program and offer it the kind of security guarantees it wants. Iran would have to allow limits on its enrichment program and intrusive IAEA inspections before sanctions could begin to be lifted. Containment of a nuclear Iran is feasible and may be the only available option in the future.
Chapter 1 – Introduction

In this thesis I attempt to explain why for the past 10 years the United States and other Western powers have been unable to persuade the Islamic Republic of Iran to halt what appears to be a program to develop either a nuclear-weapons capability or an actual atomic arsenal. There is good reason to want to prevent Iran from acquiring atomic weapons, although it is too late to prevent it acquiring the capability to produce a nuclear weapon should it choose to develop one. I argue that a nuclear-armed Iran within striking range of Israel would not result in a “stable” Cold War-style balance of power in the Middle East as neorealist Kenneth Waltz has suggested, but would likely have the opposite effect, dramatically increasing tensions in a highly unstable region. Nevertheless, it is a threat that could be contained by the United States if necessary. Iran has good reason to want a nuclear deterrent, given the fact that it is surrounded by unfriendly Arab states, has been attacked with chemical weapons by neighboring Iraq, and has been repeatedly threatened with regime change by the United States. Any resolution of the crisis with Iran would have to address Tehran’s desire for security, in addition to the security needs of other countries in the region, including Israel.

I also argue that military force can do little or nothing to prevent Iran from acquiring nuclear weapons if it is determined to get them. In that sense, the military option is not a real option for dealing with the problem. The only way to defuse the crisis is at the negotiating table – a possible but exceedingly difficult challenge. Israel’s Prime Minister Benjamin Netanyahu has repeatedly threatened Iran with possible military action, most dramatically during his speech to the U.N. General Assembly in September 2012 when he displayed a cartoonish bomb diagram to illustrate how far Iran’s nuclear
program has developed and where Israel’s “red line” lies. In February 2013 Netanyahu again warned Tehran that its expanding centrifuge program meant Iran could drastically reduce the time needed to develop an atomic weapon, suggesting that Israel might be faced with a decision on whether or not to attack Iran’s nuclear installations sooner rather than later. U.S. President Barack Obama has refused to rule out military force, but has also cautioned Israel not to act rashly or prematurely and to allow time and space for diplomacy.

Could airstrikes be effective in halting or significantly slowing down the Iranian nuclear program? A number of prominent military analysts and experts are skeptical when it comes to the question of bombing Iran’s nuclear installations to halt its quest for a nuclear deterrent. Former chairman of the U.S. Joint Chiefs of Staff Admiral Mike Mullen said at a 2010 Pentagon briefing that military force cannot destroy Iran’s nuclear program. Iran’s nuclear know-how and its motives for pursuing such a program would remain long after the fires were put out and the corpses buried after the bombing raids. In fact, such strikes would only increase Iran’s desire for nuclear empowerment by highlighting the threat it faces from a hostile world beyond its borders.

My hypothesis is that a decade after Britain, France and Germany launched the West’s so far unsuccessful attempt to convince Iran to abandon its uranium enrichment program, it is still possible for Iran and major Western powers to reach an agreement that would end the crisis – provided the cautious and conservative Supreme Leader Ayatollah

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4 "No strike, however effective, will be in and of itself decisive," Admiral Mike Mullen said. As quoted in Haaretz, "Military strike won't stop Iran's nuclear program," February 22, 2010.
Ali Khamenei agrees to it. The use of the word “crisis” here is appropriate, because the standoff over Iran’s nuclear program has dramatically increased tensions in the Middle East, escalating recently into an exchange of threats of war between Iran and Israel. The biggest challenge for negotiators is that any sustainable resolution of the crisis would require some kind of rapprochement between Tehran and Washington. That is difficult to imagine at the moment given the intense suspicion and lack of trust on both sides, as well as the enormous political difficulties Iran’s factious leadership would face in trying to find a consensus on reaching any agreement involving the United States. So far, Iranian negotiators have never been able to muster the broad support they would need at home to reach a deal with the West, despite several attempts to do so, largely due to the internecine domestic politics inside Iran.

The five permanent U.N. Security Council members – Britain, France, the United States, Russia and China – and Germany have also missed several key opportunities to persuade Tehran to halt its uranium enrichment program in seven years of negotiations between Iran and the so-called “P5-plus-one”, despite repeated offers of economic and political incentives in exchange for a suspension of all sensitive nuclear activities. The most recent rounds of negotiations between Iran and the P5-plus-one took place in February and April 2013 in Almaty, Kazakhstan. As with previous rounds, there were no breakthroughs apart from an agreement to meet again. That prompted Israel’s Prime Minister Benjamin to repeat his suspicion that Iran has been using negotiations to buy

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5 The group is also sometimes called the “E3-plus-three”, referring to the fact that it is the three European countries that launched negotiations with Iran in 2003 – Britain, France and Germany – plus the three countries that joined the trio later – the United States, Russia and China.

6 Justyna Pawlak and Fredrik Dahl, "Iran upbeat on nuclear talks, West still wary," Reuters, February 27, 2013. Last accessed March 4, 2013: [http://reut.rs/Wh2uv6](http://reut.rs/Wh2uv6)
time to develop a nuclear weapon. On its part, Iran has failed to persuade the international community that it is not attempting to amass the capability to produce a weapon under cover of a civilian nuclear energy program, largely due to evidence the U.N. International Atomic Energy Agency (IAEA) has amassed of a military dimension to Iran’s nuclear program. I conclude with a set of 10 recommendations for securing a negotiated solution to the Iranian nuclear standoff. As difficult as it may be, there are examples of countries that have been brought back from the brink of becoming nuclear weapons states throughout history – Argentina, Brazil, South Africa, South Korea, Sweden and Taiwan. There is no reason to think that Iran could not join those other nations.

One of my basic assumptions is that Iran is working to develop the capability to produce nuclear weapons, though it remains unclear whether Iran’s leadership has made a strategic decision to develop an actual atomic bomb. Iranian authorities insist that they do not want atomic weapons but pepper their denials with threats that suggest they want major powers to know that if they wanted a nuclear arsenal, they could easily have one. Despite its protestations that its nuclear ambitions are entirely peaceful, there is ample evidence that Tehran has in the past pursued – and may still be pursuing – an atomic weapons capability. The IAEA has been pursuing a special investigation of Iran’s nuclear program since early 2003. It opened that investigation after the United States provided the agency with intelligence about the existence of two undeclared nuclear installations, a uranium enrichment facility at Natanz and a heavy-water production plant

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8 Reuters, "Iran not seeking a nuclear weapon: Supreme Leader," February 16, 2013. Last accessed February 16, 2013: http://www.reuters.com/article/2013/02/16/iran-nuclear-idUSL6N0BG0TH20130216
at Arak. Contrary to popular belief, it was the U.S. intelligence community that discovered Natanz and Arak, not the National Council of Resistance of Iran (NCRI), an Iranian dissident group linked to the People’s Mujahedin of Iran (MEK) that has claimed to have discovered both sites. But it is true that the existence of the Natanz and Arak facilities was first made public at an NCRI press conference in August 2002. The NCRI announcement sparked much public discussion about a possible Iranian weapons nuclear program.

The IAEA investigation quickly determined that Iran’s principal nuclear technology supplier was Abdul Qadeer Khan, a Pakistani metallurgical engineer who had worked at the Anglo-Dutch-German uranium enrichment consortium URENCO in the Netherlands in the 1970s and is widely considered the father of Pakistan’s nuclear weapons program. In 1987, while the Iran-Iraq war was still raging, a group of Iranians met in Dubai with Swiss middlemen working on behalf what is now referred to as the Khan network, an illicit procurement web that enabled Iran, North Korea and Libya to acquire uranium enrichment and other potentially weapons-related nuclear technology.

At that meeting, Iran agreed to purchase prototype enrichment centrifuges from Khan’s laboratories in Pakistan. The clandestine revival of an Iranian nuclear program that had been mothballed after the Islamic Revolution in 1979, the timing and Iran’s dealings with

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11 Khan was sentenced in absentia by a Dutch court for attempted espionage due to suspicions that he might have stolen sensitive uranium enrichment centrifuge designs with him to Pakistan, but that conviction was later overturned. Khan has always denied such allegations.
13 For a comprehensive account of the Khan network and Iran’s dealings with it, see Douglas Frantz and Catherine Collins, The Nuclear Jihadist (Twelve: New York, 2007).
the Khan network are among the pieces of circumstantial evidence that point to a potential Iranian nuclear weapon project.

Nearly decade after the agency began its investigation of the Iranian nuclear program, IAEA Director-General Yukiya Amano said in his November 2011 report on Iran for the agency’s Board of Governors that the Islamic Republic was not cooperating with his inspectors and suspicions that Tehran’s atomic program has a military dimension were growing.

Since 2002, the Agency has become increasingly concerned about the possible existence in Iran of undisclosed nuclear related activities involving military-related organizations, including activities related to the development of a nuclear payload for a missile, about which the Agency has regularly received new information.\(^\text{14}\)

A year later the IAEA published a similar conclusion, saying its investigation had not made any significant progress in verifying Iran’s claims of innocence.

\begin{itemize}
\item As Iran is not providing the necessary cooperation, including by not implementing its Additional Protocol, the Agency is unable to provide credible assurance about the absence of undeclared nuclear material and activities in Iran, and therefore to conclude that all nuclear material in Iran is in peaceful activities.\(^\text{15}\)
\end{itemize}

The U.S. National Intelligence Estimate of 2007 concluded that Iran has not made a final decision to develop the bomb and suspended secret studies into producing a nuclear weapon in 2003. European and Israeli intelligence officials have disputed some of the details of this finding and believe Iran continued some of its atom bomb research well past 2003.\(^\text{16}\)

\begin{itemize}
\end{itemize}
The U.S. intelligence community assessed that, in the fall of 2003, the Iranian government halted its clandestine research and development program for nuclear weapons – but not the nuclear fuel cycle systems, such as centrifuges, needed to produce the fissile material for a possible weapon. (British intelligence services surveying the same information concluded that though Iran halted weaponization activities in 2003, it subsequently resumed them.) In sum, the circumstantial evidence strongly suggests that Iran is, at a minimum, aiming to develop a nuclear weapons capability.17

In February 2012, U.S. Director of National Intelligence James R. Clapper Jr. summed up the U.S. intelligence assessment of Iran’s pursuit of a nuclear weapons capability in testimony to the Senate Select Committee on Intelligence: “They are certainly moving on that path, but we don’t believe they have actually made the decision to go ahead with a nuclear weapon.”18 According to the IAEA’s quarterly reports and a wide range of open-source information, often citing Western intelligence assessments, it is clear that Iran has so far not enriched uranium to levels needed for a weapon. It has kept its enrichment to the point where its uranium is no more than about 20 percent uranium-235, the fissile uranium isotope, a purity level that is well below the more than 90 percent uranium-235 needed for a weapon. However, a group of nonproliferation experts recently predicted that if Iran made a decision to begin producing weapons-grade uranium, it would only need around four months to produce a sufficient quantity for a single bomb.19 While it would take some time to prepare any bomb-grade uranium and mount it onto a weapon – to weaponize it – if that assessment is correct, Iran’s nuclear capability is quite advanced already.

Some of the IAEA’s concerns about Iran center on intelligence data the United States handed over to the IAEA several years ago, suggesting that Tehran has conducted research into designing and fabricating a nuclear weapon. Iran says that intelligence is based on forged documents but has yet to provide the IAEA with satisfactory information to explain away what the IAEA refers to as the “alleged studies,” which reportedly analyze how to adapt Iran’s Shahab-3 missiles to accommodate a nuclear warhead. Due to its refusal to suspend its enrichment program as demanded by the U.N. Security Council in four sanctions resolutions adopted between 2006 and 2010, the Islamic Republic has been hit with a broad array of international sanctions imposed by the U.N. Security Council, the United States and the European Union. But Iran has pressed ahead with enrichment, insisting on its right to maintain the full nuclear fuel cycle in line with its rights under Article IV of the nuclear Non-Proliferation Treaty (NPT). Throughout this thesis, I refer to Iran’s pursuit of a nuclear deterrent or desire for nuclear empowerment. By that I mean that Iran is either attempting to develop an arsenal of nuclear weapons or the capability to produce such weapons in a short period of time should it choose to do so. In practical terms, there may be little difference between the two scenarios, though there is an important legal difference. In terms of compliance with

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22 Iran signed the Treaty on the Non-Proliferation of Nuclear Weapons in 1968. Article IV of the NPT includes the following: “Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II of this Treaty.” http://www.un.org/disarmament/WMD/Nuclear/NPTtext.shtml
the NPT, one can be on the threshold of a having nuclear weapons – a “virtual” nuclear weapon state – while technically being in full compliance with the treaty.\textsuperscript{23}

The Security Council has imposed four rounds of increasingly draconian sanctions on Iran, most recently in the form of resolution 1929 adopted in June 2010. Whatever the uncertainties are regarding the details of the IAEA’s findings and Western intelligence assessments of the progress Iran has made in its nuclear program, all of the Security Council’s resolutions on Iran’s nuclear program have made clear that it considers Iran’s uranium enrichment program to be a potential threat to international peace and security. Its first sanctions resolution, adopted in December 2006, voiced serious concern about “outstanding issues and concerns on Iran’s nuclear program, including topics which could have a military nuclear dimension, and that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran.”\textsuperscript{24}

The council also expressed support for a negotiated solution to the crisis. The Security Council’s repeated calls for a suspension of Iran’s enrichment program are legally binding under Chapter 7 of the U.N. Charter.

Another question I address in this thesis is why Iran would want a nuclear arsenal in the first place. Viewed through the eyes of a realist, having a nuclear deterrent to counter what Iran sees as potential long-term security threats from the United States, Israel, Pakistan, Iraq and other countries would make sense. There are other questions I attempt to answer: (1) what are the opportunities the major powers and Iran have missed in resolving the crisis; (2) why have negotiations failed so far to produce an acceptable

\textsuperscript{23} Former IAEA chief Mohamed ElBaradei has warned of the danger of having such “virtual” nuclear weapon states. See Julian Borger, “Mohamed ElBaradei warns of new nuclear age,” \textit{The Guardian}, May 14, 2009

outcome; (3) can Iran be persuaded with a combination of sanctions and incentives to reach an agreement acceptable to the West and to Tehran on its nuclear program; (4) does the Islamic Republic want to resolve the standoff; (5) are sanctions an effective tool of persuasion; and finally (6) is there a viable military option for dealing with Iran’s nuclear program if diplomacy and sanctions fail.

In my thesis, I use a variety of sources of information to document Iran’s nuclear program and the public and private diplomacy surrounding it for the past decade. Those include academic literature and journal articles, official U.N. documents, credible news reports from newspapers and other media organizations, as well as dispatches from official Iranian state media. I also draw on some of the information and observations I have gathered from U.N. and government officials and diplomats in my own work as a journalist covering Iran’s nuclear program for over 10 years.
Chapter 2 - Review of Literature: Why Would Iran Want the Bomb?

The U.N. Security Council has declared that Iran’s uranium enrichment program could pose a threat to international peace and security and should therefore be suspended until the international community receives assurances from the IAEA that Tehran’s overall nuclear program is entirely peaceful. But is it possible that a nuclear-armed Iran could actually improve regional peace and security, not undermine it? Some scholars have argued that an expansion of the club of nuclear-armed nations could have beneficial effects on international security by helping to establish a Cold War-style, stable balance of power. In 1981, neo-realist political scientist Kenneth Waltz published a provocative monograph on the potential benefits of nuclear proliferation – *The Spread of Nuclear Weapons: More May Be Better.* In an updated version of his monograph, included in a 1995 book he co-authored with Scott Sagan, Waltz argued that the U.S.-Soviet balance of nuclear power had created a degree of stability in Europe and ensured that the long border between Western and Eastern Europe remained free of skirmishes after World War Two. He also included what would seem like a dire prediction to opponents of nuclear weapons: “Someday the world will be populated by fifteen or eighteen nuclear-weapon states.” But Waltz does not suggest that such a world would be bad. On the contrary, he was optimistic that there would never be a deadly nuclear confrontation between members of the small group of states with atomic arsenals. The reason for his optimism about the behavior of nuclear weapon states is his faith that they will remain

25 Ibid
“rational” – that is, act in a way that ensures their own survival – and shrink in fear at the idea of the total devastation that nuclear weapons can wreak. For Waltz, a structural realist who does not consider internal domestic questions, such as whether a country has a democratic or authoritarian system, to be relevant to his analysis, states are like rational beings who know that atomic weapons are the ultimate destructive device. This raises the costs of war to the point where nuclear-armed foes must think carefully whether it would be suicidal to ignite a conflict that could result in, if not mutual annihilation, at least something close to it.\footnote{Sagan and Waltz, The Spread of Nuclear Weapons, 3.} For that reason, nuclear weapon states always choose to avoid confrontation and the result is peace.

If Waltz is correct, why not let Iran have nuclear weapons since an Iranian arsenal could balance Israel’s, thereby increasing stability in the Middle East? Waltz himself made this argument last year in an essay entitled “Why Iran Should Get the Bomb.” Waltz argued that Israel was the principal motivating factor for Iran’s nuclear ambitions and an Iranian nuclear arsenal could help stabilize the region, since it would represent a counterweight to the threat Israel’s nuclear weapons pose for the Middle East.

It is Israel's nuclear arsenal, not Iran's desire for one, that has contributed most to the current crisis. Power, after all, begs to be balanced. What is surprising about the Israeli case is that it has taken so long for a potential balancer to emerge.\footnote{Kenneth Waltz, “Why Iran Should Get the Bomb,” Foreign Affairs, (July/August 2012).}

Scott Sagan, a critic of deterrence theory, rejects the idea that Cold War-style balance-of-power and containment would work in the case of Iran. A nuclear Iran, Sagan argues, would abandon caution and act more like Pakistan than “nuclearized democracies” such as Israel or India.\footnote{Sagan, “How to Keep the Bomb from Iran,” 53.} Optimistic scenarios about a nuclear Iran, Sagan writes, ignore the
possibility that Tehran would feel secured against a U.S. invasion or Israeli airstrikes and emboldened to attack tankers in the Persian Gulf, as it has done in the past, or help Hezbollah strike at Israel or U.S. troops in the region. It could also threaten its Arab neighbors. More worrying is the possibility that Iranian authorities would be unable to control the activities of the Islamic Revolutionary Guard Corps (IRGC), an elite military force that has been assigned the task of securing Iran’s nuclear facilities and is known to have links to militant organizations outside Iran. According to Sagan, the IRGC link means that an Iranian nuclear arsenal would be “under the ostensible control of the organization that manages Tehran’s contacts with foreign terrorists.”

Some analysts argue that an atomic-armed Iran could spark a nuclear arms race in the Middle East. In December 2011, Saudi Arabia, which has icy relations with Tehran, suggested it would seek atomic weapons if it were sandwiched between nuclear-armed Iran and Israel. In addition to Saudi Arabia, Mustafa Kibaroglu has argued that Iraq, Egypt and Turkey would be among the other Middle Eastern states to consider the “nuclear option” if Tehran successfully developed nuclear weapons. Not everyone agrees that a Middle Eastern nuclear arms race would be inevitable if Iran got the bomb. A recent report by the Center for a New American Security (CNAS) concluded that while, for example, there is a risk Saudi Arabia might seek nuclear arms if Iran gets them, it would most likely rely on its ally the United States to provide it with protection and

31 Ibid, 54.
security – in other words, it would expect the United States to take steps to contain a nuclear Iran.\textsuperscript{34} This is an issue I return to in Chapter 7.

There is another problem with the idea that Tehran acquiring nuclear weapons could lead to a stable balance-of-power in the Middle East – it ignores the possibility that Iranian nuclear ambitions might have little or nothing to do with Israel. Despite President Mahmoud Ahmadinejad’s anti-Israeli rhetoric, the Jewish state is not a key security concern for Tehran. Ray Takeyh views the Iranian invocations of an Israeli threat to Iran as “largely rhetorical, employed by the clerical regime as a means of mobilizing regional and domestic opinion behind a range of policy initiatives.”\textsuperscript{35} Israel, Takeyh adds, is less of a military than an ideological threat to Iran and is not the reason for Tehran’s pursuit of nuclear weapons.\textsuperscript{36} Despite the intense anti-Iranian rhetoric that comes regularly out of Israel, some Israeli officials have occasionally expressed similar views.\textsuperscript{37}

If not to counter Israel’s nuclear arsenal, why would Iran want atomic weapons? According to Sagan, there are three reasons why countries strive to become nuclear powers – to protect themselves from an external security threat, to satisfy the “parochial interests” of domestic actors, or to achieve a status symbol and enhance the country’s reputation. While all three of those reasons could apply to Iran’s pursuit of a nuclear deterrent, Sagan argues that the first one – the need for protection from an external threat and assurance that the current power structures can remain in place – is the crucial motivating factor for Tehran’s current leadership.

\textsuperscript{34} Angus McDowall, “Iran nuke unlikely to start Mideast arms race: report,” \textit{Reuters}, February 20, 2013. Last accessed February 20, 2013: \url{http://reuters/ZfSuiV}
\textsuperscript{36} Ibid
\textsuperscript{37} Mark Heinrich, “Containing Iran debated as sanctions options falter,” \textit{Reuters}, \url{http://www.reuters.com/article/idUSTRE62N37O20100324} (March 24, 2010). In this article, Israel Defense Minister Ehud Barak is quoting as saying Iran’s leaders are not total “meshugenah” (nutcases).
Iran is, mostly, a country that wants nuclear weapons to dissuade an attack. It sits in a perennially unstable region, has long faced a belligerent Iraq, and now wants to stand up to Washington’s calls for regime change.38

In Short, Iran’s Islamic leadership suffers from an insecurity complex and considers nuclear empowerment as the best way to shield itself against attempts at “regime change” of the kind the U.S. military carried out in Iraq and Afghanistan – and in Iran in 1953. According to Western intelligence sources, Iran’s leaders concluded that the reason the United States invaded Iraq in 2003 but left North Korea alone was that it feared Pyongyang might soon have a nuclear device while the U.S. government was fairly confident Baghdad did not – despite Washington’s public claims to have intelligence suggesting Saddam Hussein had revived his clandestine nuclear weapons program.39

According to George Perkovich, in addition the United States, Iran also senses potential danger coming from two other countries – Iraq and Pakistan – one of which possesses nuclear weapons and the other of which tried but failed to acquire them.40 The United States, Iran’s principal enemy, has long been militarily active in the Middle East. Until recently it was an occupying force in two countries bordering Iran – Iraq and Afghanistan. While the U.S. military is no longer occupying Iraq, it does not plan to withdraw the bulk of its forces from Afghanistan until 2014. The perceived U.S. menace on its doorstep is a source of insecurity for the leaders of the Islamic Republic of Iran.

Perkovich and Takeyh both cite Iranian fears about Iraq. Iran’s concerns about Baghdad, against which it fought a war from 1980 to 1988, have undoubtedly subsided.

38 Scott D. Sagan, “How to Keep the Bomb from Iran,” Foreign Affairs, 85:5 (September/October 2006): 47.
somewhat since the collapse of Saddam Hussein’s regime as result of the U.S.-led invasion of Iraq in 2003. Bilateral relations between Iran and Iraq have improved in recent years. Nevertheless, Iraq remains highly unstable to this day, a fact that is a source of unease for Iran.

Iran’s prolonged war with Iraq has done much to condition the Iranian worldview and behavior. Iraq’s use of chemical weapons against Iran — with impunity, if not tacit acceptance of Western powers — has reinforced Iran’s suspicions of international order. For many within the Islamic Republic’s leadership, the only way to safeguard Iran’s interests is to develop an independent nuclear deterrent.41

Another of Iran’s long-term security concerns, Perkovich argues, is its nuclear-armed neighbor Pakistan, which also emerged as a halfhearted U.S. ally after the September 11, 2001 attacks. One of the roots of predominantly Shiite Iran’s fears about Pakistan is the way Pakistani intelligence services have nurtured Wahhabi fundamentalism, an offshoot of Sunni Islam imported from Saudi Arabia to Pakistan and Afghanistan. Pakistan also supported the Taliban, who, despite being a mutual enemy of Iran’s foe the United States, have proven to be no friend of Iran and remain active in Afghanistan.

The Taliban were inveterately hostile to Iran. In the summer of 1998, just months after the nuclear tests, the Taliban assassinated nine Iranian diplomats in the Shia-majority region of western Afghanistan. Sectarian Sunni groups regularly murder Shiites in Pakistan.42

Once again, seen from the perspective of a realist, having nuclear arms to counter potential threats from Pakistan, Iraq, Israel, the United States and elsewhere makes perfect sense.

Iran likely perceives other potential threats in the region. Recently published U.S. State Department cables obtained by the whistle-blowing website WikiLeaks confirmed

41 Takeyh, Iran: The Nuclear Challenge, 2.
42 Perkovich
that Iran is not on the friendliest of terms with some of its Arab neighbors, which also view Tehran’s nuclear ambitions with suspicion. Saudi Arabia and other Arab states have reportedly encouraged Washington to use military force to deal with Iran’s nuclear program.\textsuperscript{43} Iranian authorities are doubtless aware of those discussions, and those in Tehran who support the development of atomic weapons most likely see them as yet another argument for acquiring a powerful nuclear deterrent.

Chapter 3 – Missed Opportunities

Introduction

The history of diplomatic endeavors to resolve the crisis over Iran’s nuclear program date back 10 years. The various attempts to resolve the crisis diplomatically began with a May 2003 offer by Iran to open up a dialogue with the United States aimed at resolving the two countries’ many bilateral problems, including Tehran’s nuclear program. Washington repudiated the offer without taking the time to determine whether the Iranians were serious. This was the first major missed opportunity for Iran and the West. That next came during attempts by Britain, France and Germany – the “EU3” – to persuade Iran to suspend its uranium enrichment program. That process may have been doomed from the start, since the United States not only refused to participate but denigrated and undermined the Europeans’ efforts. Eventually the European trio came close to a deal with Iran in 2004. The Iranians were prepared to suspend their full program provided they were permitted to run a small cascade of centrifuges under close IAEA supervision. Then IAEA Director-General Mohamed ElBaradei, who in 2005 shared the Nobel Peace Prize with the IAEA for his nonproliferation efforts, encouraged the Europeans to accept the Iranian proposal since the small cascade would be under IAEA safeguards and monitoring. But the Europeans, knowing that the United States would disapprove, rejected the idea and insisted on a suspension of all enrichment work. In 2005, conservative former Tehran mayor Mahmoud Ahmadinejad was elected president. Closer in views to Supreme Leader Ayatollah Ali Khamenei at the time, Ahmadinejad was less inclined to reach a deal with the Europeans than his reformist
predecessor Mohammad Khatami. The EU3 process collapsed after Iran decided in late 2005 to resume enrichment and expand its centrifuge program.

In early 2006, the IAEA Board of Governors referred Iran’s nuclear program to the U.N. Security Council, which demanded that Tehran halt enrichment work or face sanctions. To date, Iran has been hit with four rounds of U.N. sanctions aimed at undermining its nuclear and missile programs and even more draconian U.S. and European Union measures that have made it difficult for Iran to carry out international financial transactions and sell its oil and gas abroad. In 2006, the United States reversed course on Iran and agreed to join an expanded diplomatic team of the five permanent Security Council members and Germany – which became known as the P5-plus-one. The six-nation group has made several offers of incentives to Iran since 2006 in exchange for a suspension of Tehran’s enrichment program. In May 2010, Turkey and Brazil reached an agreement with Iran to revive a nuclear fuel-swap deal with Iran that the IAEA had unsuccessfully tried in late 2009 to broker with Tehran, Washington, Moscow and Paris. But the Turkish-Brazilian-Iranian agreement received little support from the P5-plus-one and collapsed due to the Western push for a fourth U.N. sanctions resolution, which was adopted by the Security Council in June 2010.

So far the P5-plus-one process has also been unsuccessful, but the six powers presented Iran with an expanded offer in Almaty, Kazakhstan in February 2013 that included potential sanctions relief in exchange for halting higher-level enrichment at an underground facility at their latest meeting with Iran’s nuclear negotiator Saeed Jalili. At the time of this writing, Iran had not responded in a concrete way but expressed optimism about the way the P5-plus-one was responding positively to some of its demands. The
P5-plus-one met with Iran in Almaty again in April 2013 but there were no breakthroughs at that meeting either.\footnote{Justyna Pawlak and Yeganeh Torbati, "Powers and Iran fail to end nuclear deadlock in Almaty," \textit{Reuters}, April 7, 2013. Last accessed April 20, 2013: \url{http://reut.rs/10GpAcV}}

\textbf{Iran’s 2003 Offer}

In May 2003, the Swiss Ambassador to Tehran Tim Guldimann faxed a cover letter and a two-page document entitled “Roadmap” to the Near East bureau at the State Department in Washington. It was an unusual document and Guldimann realized that from the start. In his cover letter, the Swiss envoy, who was charged with representing U.S. interests in Iran, said that the Supreme Leader Ayatollah Ali Khamenei agreed with “85%-90%” of the roadmap, which had been prepared by Iran’s ambassador to Paris, Sadeq Kharrazi, nephew of then Foreign Minister Kamal Kharrazi.\footnote{The Washington Post has published Guldimann’s cover letter and the roadmap at the following URL: \url{http://www.washingtonpost.com/wp-srv/world/documents/us_iran_1roadmap.pdf}. Last accessed March 7, 2013.} The roadmap called for bilateral dialogue between Iran and the United States, which have had no diplomatic relations since the 1979-81 hostage crisis, covering a wide range of issues, including assurances that Iran has no weapons of mass destruction (WMD) programs, would cooperate with the IAEA and sign up to the agency’s Additional Protocol to permit intrusive, short-notice nuclear inspections. The roadmap said Iran pledged the following:

- to cooperate in a crackdown on al Qaeda and other militant organizations;
- to work with the United States to stabilize Iraq;
- to end “any material support to Palestinian militant groups” such as Hamas and Islamic Jihad;
- to work on transforming the Lebanese militant group Hezbollah into a “mere political organization”;
- and to accept the Saudi proposal for a two-state solution to end the Israeli-Palestinian conflict. In return, the Iranians wanted a “halt in U.S. hostile behavior,” an end to all sanctions, an end to U.S.
interference in Iranian internal and external affairs, recognition of Iran’s legitimate security interests in the region and pursuit of anti-Iranian terrorists, above all the People’s Mujahedin of Iran (MEK) in Iraq.

After more than two decades of icy, occasionally conflictual relations, often characterized by mutual insults – the United States had become the “Great Satan” for Iran, and Iran a nation of “mad mullahs” for many in the United States – it was an unusual proposal for the Iranians. The timing said a lot. It came on the heels of the swift toppling of Saddam Hussein’s regime in neighboring Iraq and the U.S. military’s entry into Baghdad on April 9, 2003. The ease with which the U.S. military defeated the Iraqi army, widely considered to have been the most powerful Arab military force at the time, had clearly rattled the Iranian leadership. Since U.S. President George W. Bush had labeled Iran a member of an “axis of evil” of states seeking WMD in his 2002 State of the Union address46, Iranian leaders became worried they were next in line for regime change. “In Tehran, the clergy faced a new and grim reality,” wrote Trita Parsi. “America’s encirclement of Iran was now complete. During their twenty-four-year reign, the clerics had seldom felt so vulnerable.”47 This vulnerability, Parsi argues, led to the roadmap Guldimann faxed to the State Department and, as a backup, to Representative Bob Ney from Ohio, the only member of Congress at the time who spoke Farsi. Ney could help ensure that the proposal reached the White House and did not languish on a desk at the “Foggy Bottom”.48

48 A nickname for the State Department.
If the Iranians were serious about the proposal – Guldimann and Parsi both believe they were and there is no available evidence to contradict their view – the U.S. reaction was a disappointment. While a number of State Department officials believe Washington should have accepted the Iranian offer of negotiations, Vice President Dick Cheney and Defense Secretary Rumsfeld dismissed the proposal with a simple argument: “We don’t speak to evil.”

That was not all the White House did. It moved to retaliate against Guldimann for supposedly departing from his mandate of merely relaying messages without interpretation between Tehran and Washington. The White House disliked Guldimann’s activism.

Instead of simply rejecting the Iranian offer, the Bush administration decided to punish the Swiss for having delivered the proposal in the first place. Only a few days after its delivery, Washington rebuked Guldimann and the Swiss government for having overstepped its diplomatic mandate.

While it is not clear if the proposal would have led anyway, the swift rejection of the roadmap was a mistake and may have been a major lost opportunity at a time when the stars were more aligned for successfully improving U.S.-Iranian relations than at any time since 1979.

An opportunity for a major breakthrough had been willfully wasted. Many former Bush administration officials admit that the nonresponse was a mistake. The proposal came at an opportune time. Tehran did not have a functioning nuclear program, and they were not swimming in oil revenues from soaring energy demand.

It is impossible to say whether negotiations with the Iranians in May 2003 would have led anywhere, but the refusal to follow up on the proposal was unwise and irresponsible.

Seyed Hossein Mousavian, a former senior Iranian nuclear negotiator, described the 2003

49 Parsi, 248.
50 Ibid, 270.
51 Ibid
offer as an “incredible opportunity”\textsuperscript{52} that was brushed aside by the Bush administration, which believed there was no point in negotiating with Iran when it could press ahead with plans for regime change on its own terms. Mousavian said the rejection had far-reaching consequences inside Iran’s leadership and only further convinced hardline conservatives that the United States was not interested in diplomacy: “The absence of a response to Iran in 2003 convinced Tehran that Washington was not sincere in its stated desire for rapprochement.”\textsuperscript{53} New York Times columnist Nicholas Kristof described the Bush administration’s refusal to respond to Iran’s offer as “diplomatic mismanagement of the highest order.”\textsuperscript{54} Suzanne Maloney raised doubts about whether the May 2003 proposal would have led anywhere, but she was also critical of the Bush administration’s policies and general failure to seize the opportunities available to it to improve relations with Iran.

(W)ith the wisdom of hindsight, it is clear that the Bush administration’s miscalculations – based in part on a wholesale misreading of Iran’s internal political dynamics – forfeited perhaps the best opportunity in recent history to generate real momentum on Iran.\textsuperscript{55}

Ray Takeyh argues that the U.S. snub of the 2003 offer undermined the position of Iran’s moderates within the country’s complicated power structures, helping to ensure that a diplomatic solution to the nuclear standoff would be that much more difficult to achieve. The reformists were later definitively sidelined after Ahmadinejad was elected president in 2005 and replaced by hard-line conservatives\textsuperscript{56}, who initially showed no interest in

\textsuperscript{53} Ibid
reaching a deal with the West and dismissed the efforts of Iranian negotiators who appeared to be trying to resolve the nuclear standoff.

**The EU3 (2003-2005)**

In the summer of 2003, Britain, France and Germany quietly proposed negotiations with Iran intended to persuade Tehran to freeze what they feared was a burgeoning nuclear arms program. According to news reports of the negotiations at the time, the Bush administration was not pleased about the EU3 initiative, illustrating the wide gulf between the United States under President Bush and Europe. Even Britain disagreed with its close ally Washington on whether to engage with Tehran or isolate it.  

Two of the three members of the EU3 – France and Germany – had vigorously opposed the Bush administration’s attempts to persuade the U.N. Security Council to adopt a resolution explicitly authorizing an invasion of Iraq on the basis of dubious U.S. claims that Saddam Hussein had revived his nuclear, chemical and biological weapons programs. The United States and Britain chose to attack Iraq without a clear U.N. authorization, assembling a “coalition of the willing,” a group of several dozen states, most of which provided little or no actual military support in the war. After the relatively smooth initial invasion of Iraq and the swift toppling of Saddam’s regime, the Americans failed to establish law and order and the country descended into violent chaos and sectarian warfare for years.

Concern about the rush to war in Iraq amid unsubstantiated allegations about Iraqi WMD activities was one of the reasons Britain, France and Germany decided to open a

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57 Paul Taylor and Louis Charbonneau, “Iran offered chance to share technology; Britain, France Germany defy U.S.,” *The Globe and Mail*, September 20, 2003: A14. (Newspaper pickup of a Reuters report that was published the previous day.)

dialogue with Tehran. Given that the allegations about Iraq’s nuclear and other WMD programs turned out to be false, negotiators from the EU3 were keen not to rush to any hasty conclusions about Iran. It became clear from my own conversations with European diplomats involved in the negotiations at the time that in addition to defusing the escalating nuclear standoff with Iran, Britain, France and Germany had two principal goals: to make it impossible for the United States to take hasty military action against Iran as it had in Iraq, and to show that it was possible to resolve such crises at the negotiating table rather rushing to war.  

Hardliners in the Bush administration were nonplussed. The hawkish Under Secretary of State for Arms Control and International Security John Bolton openly criticized London, Paris and Berlin for “naively” talking with Iran, accusing them of effectively helping Tehran buy time to secretly continue along the path to nuclear weapons. By October 2003, the EU3 had reached a general understanding with Iran on the goals of their negotiations. The British, French and German foreign ministers flew to Tehran for a high-profile meeting with their Iranian counterpart. On October 21, 2003, the four foreign ministers agreed on a communiqué in which Tehran pledged to cooperate fully with the IAEA investigation of its past nuclear activities and to halt enrichment and plutonium reprocessing work for an unspecified period of time. That communiqué included the following declaration:

The Iranian authorities reaffirmed that nuclear weapons have no place in Iran's defense doctrine and that its nuclear program and activities have been exclusively in the peaceful domain. They reiterated Iran's

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60 John Bolton, Surrender Is Not an Option (New York: Threshold Editions, 2007). In Chapter 5, “Leaving the Driving to the EU,” Bolton describes in detail how he opposed the efforts of the EU3 – Britain, France and Germany – to negotiate with Iran when he was Under Secretary of State from 2001 to 2005.
commitment to the nuclear non-proliferation regime ... (W)hile Iran has a right within the nuclear non-proliferation regime to develop nuclear energy for peaceful purposes it has decided voluntarily to suspend all uranium enrichment and reprocessing activities as defined by the IAEA.61

Talking with the EU3 was not without risks for the Iranian government, which was headed at the time by the reformist President Mohammad Khatami. According to Mousavian, the process “took the wind out of the sails of the American push for international convergence against Tehran’s interests, which could have ended in a repetition of Iraq’s experience.”62 But he noted that some Iranian media were referring to the government’s willingness to negotiate with the EU3 and suspend its nuclear fuel work as “giving in to the pressures of the West.”63 In exchange for the suspension, Britain and France agreed to use their veto powers to block any proposed punitive action against Iran in the event Washington succeeded in persuading the IAEA Board of Governors in Vienna to refer the Iranian nuclear program to the U.N. Security Council in New York. Mousavian described that pledge from Britain and France as one of the most important results of what became known as the Sa’dabad Agreement – the meeting was held at the Sa’dabad palace in Tehran – and a “major diplomatic breakthrough for Iran.”64 The communiqué also said Iran would accede to the IAEA’s Additional Protocol, which would enable agency inspectors to conduct more intrusive inspections than under the IAEA’s standard Safeguards Agreements with its member states and NPT signatories.

After the agreement was signed, one of the details that needed clarification was what exactly the suspension of “all uranium enrichment and reprocessing activities”

62 Mousavian, 107.
63 Ibid
64 Ibid, 108.
meant in practical terms and how it would be verified. It was understood that the IAEA would verify the suspension, but agreeing on a list of specific activities to be included in the freeze proved difficult. Iran attempted to define the suspension in the narrowest possible terms, while the Europeans and ElBaradei sought a much broader suspension. Mousavian claims in his book that ElBaradei informed the Iranians that a narrower suspension of enrichment would be acceptable and later, under pressure from Washington, informed Tehran that the suspension would have to include not only actual enrichment but also a halt to the production and assembly of centrifuge components.65 ElBaradei indicates in his own memoirs that a narrower suspension would have been acceptable to Iran and the IAEA.

Once again we found ourselves at an intersection of technology and politics. A purely technical definition would only require the suspension of the introduction of nuclear material into the centrifuge cascade. The Iranians would have been happy with this; they wanted the narrowest possible limitation. But since the suspension was intended as a confidence-building measure, the Europeans wanted a broader definition.66

Iran begrudgingly accepted the broader definition of an enrichment suspension, ensuring the continued support of the IAEA chief and further talks with the increasingly suspicious Europeans. While there was no hard proof that Iran was pursuing atomic weapons at the time, each successive quarterly IAEA report made clear that the Iranians were withholding information about their past nuclear activities and not fully cooperating with agency inspectors. As a result, the Europeans were slowly coming around to Washington’s view that Iran might simply be using negotiations to play for time, though they refused to give up.

65 Ibid, 124.
In 2004, the EU3 and Iran had a series of further disputes about what should and should not be included in the suspension. Tehran decided to continue testing its uranium conversion plant at Isfahan, a facility that produces uranium hexafluoride (UF6), the feed material for enrichment centrifuges. In his June 2004 report to the IAEA Board of Governors, ElBaradei said testing at the Isfahan plant was “at variance with the Agency’s previous understanding as to the scope of Iran’s decision regarding suspension.”

Iran continued to press for the right to continue with a small-scale enrichment facility and to keep operating its uranium conversion plant, though it was willing to temporarily forgo industrial scale enrichment at its Natanz plant for some years. These demands led to further friction between Iran and the EU3.

There was also the important question of what Iran would receive in exchange for the suspension. In 2004, the kinds of incentives on offer from Britain, France and Germany were European support for Iran’s membership in the World Trade Organization and loans by international financial institutions. The EU3 also proposed negotiations on a wide range of political and economic issues, including “firm guarantees” for European cooperation on peaceful nuclear technology.

With the election of Ahmadinejad, a conservative who was widely viewed as representing the views of the supreme leader, in June 2005, pressure was mounting inside Iran to resume enrichment. In the view of ElBaradei, the European failure to deliver on a number of their promised incentives for Iran added fuel to the fire. For instance, the final European proposal to

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68 ElBaradei, 143.
70 ElBaradei, 141.
71 Ibid, 144.
the Iranians did not include nuclear power reactors, just smaller-scale research reactors, which ElBaradei said was due to fears about how the United States would react.

The French could have provided nuclear technology to Iran, except that Areva, the French company, was unwilling to jeopardize its relationship with the United States, its biggest market. The United States had refused to give the green light to Areva, so the company’s offer made a vague statement about opening up their foreign fuel market to the Iranians.72

In the end, no European nuclear firm was seriously interested in doing business in Iran, making it impossible for the EU3 to include concrete promises of atomic technology to Tehran.

In 2005, the Iranians and Europeans exchanged a series of proposals in an attempt to salvage their increasingly shaky discussions. In the course of the year, Iran presented a total of four proposals to the EU3 detailing what it was willing to do and what it wanted in exchange, the first in January 2005 and three clarifications in March, April and July.73

Among the steps Iran offered to take were: a pledge not to pursue weapons of mass destruction;74 cooperation on combating terrorism; regional security cooperation, including in Iraq and Afghanistan; adoption and implementation of the IAEA Additional Protocol; non-stop monitoring at important facilities; continuation of its enrichment suspension for six months; and limiting the expansion of its enrichment program. In exchange Iran wanted guarantees that its nuclear facilities would not be attacked, a declaration from the EU that Iran was a major energy supplier for Europe, access to

72 Ibid
74 Supreme Leader Khamenei did issue a fatwa, or religious edict, in 2003 stating that nuclear weapons were contrary to the teachings of Islam, but Ray Takeyh said in a 2005 interview “I don’t believe that is an indication the Supreme Leader views nuclear weapons as weapons that are religiously impermissible.” See Bernard Gwertzman, “Takeyh: Iran's Populace Largely Opposes Nuclear Program,” Council on Foreign Relations. Last accessed March 26, 2013: http://www.cfr.org/world/takeyh-irans-populace-largely-opposes-nuclear-program/p7885
European nuclear technology, a commitment from European firms to build power plants in Iran and normalization of Tehran’s status under G8 rules for sensitive nuclear exports.\textsuperscript{75}

In August 2005, the EU3 presented its own comprehensive offer to Iran, which included demands that went well beyond what the Iranians had been willing to offer. It did not consent to Iranian enrichment but offered guarantees that Iran would have a supply of low-enriched uranium fuel for civilian reactors and the possibility of storing nuclear fuel in a third country. Tehran would commit not to pursue nuclear fuel cycle work for 10 years, after which the suspension would be reviewed. The EU3 also wanted Iran to commit to remain in the NPT. In exchange, the EU would recognize Iran’s importance for Europe as a source of fossil fuels and offer security cooperation in the region, including on drug trafficking and in Afghanistan and Iraq.\textsuperscript{76} (Russia supported the EU3 efforts and in November 2005 offered to host a Russian-Iranian joint venture enrichment facility on Russian territory, an idea that generated little enthusiasm in Iran.\textsuperscript{77}) Iran rejected the proposal because it did not recognize Tehran’s right to enrich uranium. In August 2005, newly elected President Ahmadinejad explained Iran’s repudiation of the EU3 offer: “We are logical and respect international rules, but will not give in to those who want to violate our rights.”\textsuperscript{78} It was a complaint that was to be heard frequently in the West’s fitful negotiations with Iran in the years ahead – the demands being placed on Iran were a breech of its rights to nuclear technology under the Non-Proliferation Treaty.

\textsuperscript{75} Ibid
\textsuperscript{76} Ibid
\textsuperscript{77} Ibid
\textsuperscript{78} Parisa Hafezi, "Iran rejects EU's nuclear plan," \textit{Reuters}, August 7, 2005.
There never was an offer that satisfied both the Iranians and the EU3. As a result, the negotiations fell apart. Once Ahmadinejad took office and adopted a more aggressive, nationalistic tone on the Iranian nuclear program, it became clear that it would be very difficult, if not impossible, to reach an agreement. However well intentioned, the EU3 negotiations were probably doomed from the start because they lacked the blessing of the United States, whose opposition to engaging with Iran made it impossible for the Europeans to put any enticing incentives on the table for Iran. The most outspoken critic of the EU3 process, John Bolton, correctly identified the premise of the EU3 process, though he failed to acknowledge that Washington’s Iran policy, which he helped formulate, played a central role in the demise of the EU3 process.

The entire EU3 effort was premised on the view that they could handle an “axis of evil” member better than we had handled Iraq, and that Iran could be talked out of pursuing nuclear weapons.79

Bolton believed negotiations were a waste of time and that the Iranians were using them as diplomatic cover to avoid a referral to the U.N. Security Council, where it could be put under sanctions. It is possible that Bolton was right. But Mousavian, who was closely involved in the EU3-Iran negotiations, insists Iran was ready to cut a deal and did everything it could to reach an agreement.80

ElBaradei, whom Bolton and other hawks in the Bush administration despised and sought to oust as head of the IAEA,81 also believed a deal would have been possible at the time. Still angry about U.S. and British deceptions regarding Iraq’s non-existent WMD, ElBaradei opposed referral of the Iran case to the Security Council, lest it become the target of another round of U.S.-led regime change. He was a strong supporter of the

79 Bolton, 340.
80 Mousavian, 162.
81 ElBaradei, 180-90.
EU3 process. ElBaradei has made clear that mistakes were made during the negotiations – above all the Europeans’ refusal to allow Iran to operate a small enrichment cascade under IAEA monitoring and the lack of any proper incentives for Tehran – that led to the failure of the process.

(T)he West’s insistence on taking a hard line – refusing Iran’s request to retain some small element of their nuclear program – achieved nothing. The most amorphous of principles trumped pragmatism. Had the EU3 offered Iran a reasonable package, with concrete benefits, the Iranians, I believe, would have been willing to suspend their enrichment program, or at least to limit it to a small R&D operation while negotiations toward a grand bargain continued. Iran’s requirement was access to Western technology – both nuclear technology and other technology they had been denied under U.S. sanctions. Because of U.S. opposition, such an offer did not materialize.82

Mousavian echoes ElBaradei’s view, saying that the EU3 “missed a great many opportunities for a face-saving solution during nuclear talks just because the United States was not prepared to play a constructive role to support an initiative other than its own ramping up of pressure during negotiations from 2003 to 2005.”83 But he acknowledges that Iran, too, made mistakes. Supreme Leader Khamenei had demonstrated “reluctance and reservation,” which undermined reformist President Khatami’s drive to secure a deal that would end the nuclear standoff with the West and avoid sanctions.84 The Khatami government’s push for a deal with the Europeans was sharply criticized in the Iranian press, meaning that the Iranian negotiators found themselves under pressure not only from “hawks in Washington and Tel Aviv” but also from Iranian conservatives suspicious of the West and other domestic critics.85 That

82 Ibid, 146-47.
83 Mousavian, 178.
84 Ibid, 183.
85 Ibid
made it more difficult for the Iranian delegation to compromise, since they were afraid of appearing weak back. The result was failure.

By the beginning of 2006, the EU3 had broken off talks with Iran and agreed to support the Bush administration’s calls to refer Iran’s nuclear dossier to the U.N. Security Council. The IAEA Board of Governors formally took that step on February 4, 2006, by passing a resolution that referred the matter to the Security Council. That referral prompted Iran to suspend implementation of the Additional Protocol, which it had signed and pledged to implement but never ratified. Tehran ignored the Security Council’s calls to stop enriching uranium, and in late December, the 15-nation council passed its first of four sanctions resolutions against Iran, resolution 1737.

There is one final point worth raising here when looking back at the failed EU3 initiative – the role of Mohamed ElBaradei. Bolton was not the only person criticizing ElBaradei’s handling of Iran during his tenure at the IAEA. British, French and German negotiators often told me during the years of the EU3-Iran negotiations that they felt ElBaradei was undermining them at times. One of the points the EU3 tried to make clear to the Iranians was that failure to reach a deal would result in a Security Council referral, something the Iranians wanted to avoid. But European diplomats said that ElBaradei was doing his best to make a Security Council referral out of the question, which they said made the Iranians less willing to compromise. In other words, they felt ElBaradei wanted them to use an all-carrots-and-no-sticks approach.

87 ElBaradei, 193. Iran never ratified the Additional Protocol but had signed and pledged to implement it.
On the other side, ElBaradei was frustrated with what he saw as the Europeans’ failure to compromise or offer proper incentives. But the EU3, and eventually the Americans when they began supporting the Europeans, grew increasingly frustrated with what they saw as ElBaradei’s attempts to undermine their push to keep the pressure on Tehran. One of the things that frustrated the Western powers was what they regarded as ElBaradei’s obsession with the U.S. approach to Iraq and his determination to prevent its repeat in Iran, even if that meant softening the IAEA’s quarterly reports on Iran to the agency’s board of governors, thus making the case for a Security Council referral less solid.

Determined to prevent another war, ElBaradei did everything to ensure that his reports on IAEA inspections of Iran's nuclear program could not be used to justify a military attack against the Islamic Republic. Over the objections of the IAEA Department of Safeguards, ElBaradei and his political and legal advisers regularly toned down language in inspection reports and removed allegations they felt were less certain than others. 89

It was not only American and European officials who had doubts about ElBaradei’s approach to Iran. Some of ElBaradei’s colleagues at the IAEA felt that he overestimated his own ability to persuade the Iranians to cooperate with the IAEA and reach an agreement. Two former heads of the IAEA safeguards division, Pierre Goldschmidt of Belgium and Olli Heinonen of Finland, encouraged ElBaradei to take a tougher public stand on Iran but he refused. 90 According to Heinonen, ElBaradei thought the Iranians simply needed coaching and coaxing in order to cut a deal with the Europeans, but he eventually realized this may have been naïve on his part. "He had had faith in the Iranians that they were ready to resolve their problems but didn't know how to do it,”

90 Ibid
Heinonen said. “I think he lost his illusions in January 2008. He didn't go back (to Tehran) afterwards and his line on Iran hardened.”91

ElBaradei’s reticence about the Security Council was understandable. Not only had the council failed to prevent the war in Iraq, when the IAEA board of governors referred to New York the case of North Korea’s nuclear program and Pyongyang’s withdrawal from the NPT in 2003, the Security Council dropped the issue after a single round of consultations and outsourced the problem to a non-U.N. forum known as the “six-party talks” involving the two Koreas, China, Russia, Japan and the United States. ElBaradei was furious about this. He castigated the council for its inaction on North Korea, which conducted its first nuclear test in 2006, saying it may have set “the worst precedent of all if it conveys the message that acquiring a nuclear deterrent, by whatever means, will neutralize any compliance mechanism and bring about preferred treatment.”92

This is not to say ElBaradei or the EU3 was right or wrong in his or their approach but to highlight how important players in the 2003-2005 negotiations with Iran disagreed on strategy and at times worked at cross purposes, questioning, doubting and perhaps undermining each other in ways that did not help bring the Iran nuclear dispute any closer to a diplomatic solution.

P5-plus-one (2006-present)

As the EU3 process was collapsing, the Bush administration dropped its opposition to engagement with Iran. Condoleezza Rice left her post as National Security Adviser, where she had developed a reputation as a staunch supporter of Bush’s policies in Iraq, and took over from Colin Powell as Secretary of State in August 2005. Unlike

91 Ibid
her predecessor Colin Powell, who had little influence with the Bush administration due to his opposition to the push for war in Iraq, Rice was taken seriously at the White House. As the sectarian violence in Iraq grew worse and worse, hawks like Bolton, whom Bush named U.S. ambassador to the United Nations as a recess appointment, were sidelined. Rice’s reversal on Iran came after European officials made clear to her in 2005 that they saw Washington, not Tehran, as the biggest impediment to a deal with Iran on its nuclear program. Rice had a change of heart and, with the aid of the leaders of France and Germany, managed to convince Bush that it was time to consider some form of engagement with Iran, albeit in a group setting that would demonstrate how the United States had the international community on its side. Rice, who had been with Bush from the beginning and was seen as one of his most trusted lieutenants, persuaded the president that it was in the best interests of the United States to begin engaging, at least indirectly, with Iran via an expanded multilateral group that included the EU3, the United States, Russia and China – the P5-plus-one. EU High Representative for Common Foreign and Security Policy, Javier Solana of Spain, became the group’s principal interlocutor with Iran, so the entire 27-nation EU became a de facto junior member of the P5-plus-one.

In June 2006, Solana delivered the P5-plus-one’s first offer to Iran. It included and expanded on what the EU3 had offered Tehran a year earlier. In the new package of incentives was an additional European promise to build a light-water civilian nuclear reactor if Tehran stopped enriching uranium. The United States added an offer of spare

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94 Ibid
airplane parts for Tehran’s aging fleet of aircraft to the incentives mix. Other “carrots” included nuclear fuel guarantees, halting discussion of Iran’s nuclear program at the Security Council, and cooperation on civil aviation, telecommunications, agriculture and other fields between Iran, the United States and EU. In exchange, Iran would suspend all enrichment-related and plutonium reprocessing activities and resume implementation of and ratify the IAEA Additional Protocol.

Iran did not accept the P5-plus-one offer but its reaction was less categorical than its dismissal of the EU3 proposal the previous year. In its formal response to the six-nation group, Iran said it found the P5-plus-one’s offer to be “containing useful foundations and capacities for comprehensive and long-term cooperation between the two sides.” But it said that it was “not clear for the Islamic Republic of Iran how the suspension of Iran's nuclear activities would help ‘to create the right conditions for negotiations’.” Tehran wanted an end to discussions of its nuclear program in the Security Council, security guarantees, and an end to all unilateral sanctions against it. With an agreement remaining elusive, the P5-plus-one pressed on with its dual-track approach to the Iran issue – keeping the door open to dialogue and further negotiations while applying pressure in the form of sanctions. The first U.N. Security Council sanctions resolution (number 1737) was adopted on December 23, 2006, the second (1747) on March 24, 2007, the third (1803) on March 3, 2008, and the fourth and

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99 Ibid
101 Ibid. Iran clearly had in mind the many U.S. sanctions that have been in place since the 1979-81 hostage crisis.
toughest sanctions resolution (1929) on June 9, 2010. I will discuss the sanctions against Iran in detail in the Chapter 5.

As the council was putting the final touches on what became resolution 1803 in March 2008, the third U.N. sanctions resolution against Iran, the P5-plus-one was preparing to resubmit its June 2006 offer to Iran but with more specifics. Iran’s Foreign Minister Manouchehr Mottaki preempted the P5-plus-one offer with a May 2008 counterproposal that had few specifics. There was no mention of a willingness to suspend enrichment. On the contrary, it suggested the establishment of “enrichment and nuclear-fuel consortiums in different parts of the world – including in Iran.”102 In other words, Iran was proposing the establishment of a uranium enrichment joint venture and would allow other countries to participate – similar to the previously mentioned Russian proposal to host a jointly owned Russian-Iranian enrichment plan in Russia. However, Iran was insisting that it be on Iranian soil.

In August 2008, the P5-plus-one responded with their own updated proposal, which, among other things, said that the group would consider supporting Iranian nuclear research and development once confidence in the peaceful nature of its atomic program had been restored.103 They also offered a reaffirmation that countries should avoid taking military action in a way that is inconsistent with the United Nations Charter, as well as steps toward normalizing economic and political relations with Iran, including support for Iranian WTO membership.104

104 Ibid
Once again the negotiations hit a familiar impasse. Iran refused to suspend its enrichment program, while the P5-plus-one – a group that includes Iran’s traditional allies on the Security Council, Russia and China – refused to abandon its dual-track strategy of engagement and pressure. In 2009, an opportunity arose for a new round of engagement. The Iranians were looking for fresh fuel for the Tehran Research Reactor (TRR), a facility built by the Americans in 1967 that Iran uses to make medical isotopes for cancer radiation therapy. The Iranians asked the IAEA for help securing fresh fuel for the TRR and ElBaradei suggested a multilateral arrangement involving the United States, Russia and France overseen by the IAEA. The idea was that Iran would use its own enriched uranium stocks as fuel for the research reactor. Iran would ship the vast majority of its low enriched uranium stocks to Russia for enrichment up to 19.5 percent and from there it would be sent to France for processing into specialized fuel assemblies. The United States would facilitate the deal by giving it its blessing. It would take a year to prepare the fuel assemblies for the TRR, which meant that Iran would be left with very little enriched uranium on its territory during that time, defusing tensions and giving breathing space for further negotiations with Iran. The deal was agreed upon in principle at a meeting of the P5-plus-one with Iran in Geneva in October 2009, though it was never realized. Iran accused the West of trying to trick it into giving up its enriched uranium and began adding new conditions. This came amid an atmosphere in which the Majlis, Iran’s parliament, was increasingly critical of Ahmadinejad, who was a strong supporter of the TRR proposal. Negotiations remained in limbo until Brazil and Turkey attempted to revive the TRR in the spring of 2010. The

105 ElBaradei, 297-313. The TRR fuel-swap is discussed in detail here.
106 Ibid, 295.
Brazilian and Turkish initiative came as the P5-plus-one were putting the finishing touches on what was to become Security Council resolution 1929, the toughest U.N. Iran sanctions resolution to date. But the morning after the foreign ministers of Iran, Turkey and Brazil signed the so-called Tehran Declaration of May 17, 2010 to revive the stalled fuel-swap deal\textsuperscript{107} and avert a new round of U.N. sanctions, Hillary Clinton told a Senate committee that Washington’s response to Ankara’s and Brasilia’s efforts was that the U.S. delegation in New York would circulate a draft sanctions resolution on Iran that afternoon.\textsuperscript{108} Brazil and Turkey, both of which were elected members of the Security Council, were furious.\textsuperscript{109} On June 9, 2010, they voted against resolution 1929, the only no votes ever cast against an Iran sanctions resolution in the Security Council.

There were a number of reasons for the P5-plus-one decision to press ahead with sanctions despite the Brazil-Turkey initiative. Given that the dual-track strategy on Iran called for both engagement and pressure, there was no reason to abandon the sanctions drive while pursuing diplomacy. At the time, U.S. officials said that one of the main reasons they disregarded the Tehran Declaration was that Iran was simultaneously insisting it would pursue higher level enrichment, raising questions about Tehran’s sincerity.\textsuperscript{110} There was also the fact that the fuel-swap deal was far less significant in May 2010 because the Iranians’ stockpile of enriched uranium had increased considerably between the time the TRR deal was first agreed in Geneva in October 2009 and the date the Tehran Declaration was signed eight months later.\textsuperscript{111} That meant that the

\textsuperscript{107} The full text of the Tehran Declaration is available on the BBC website: http://news.bbc.co.uk/2/hi/middle_east/8686728.stm
\textsuperscript{108} Louis Charbonneau, “U.S. shares blame for Brazil, Turkey votes on Iran,” Reuters, June 18, 2010.
\textsuperscript{109} Ibid
\textsuperscript{110} Ibid
\textsuperscript{111} Louis Charbonneau, “Turkey, Brazil brokering Iran nuclear deal,” Reuters, April 30, 2010.
percentage of Iran’s total stockpile of enriched uranium to be shipped out of the country was far lower seven months later, making the deal less attractive to the Americans and Europeans.\textsuperscript{112} The Western countries also disliked the fact that the Tehran Declaration explicitly recognized Iran’s right to enrich uranium. But there was another possible factor cited by U.S. and European officials to me later on which helped to explain Russia’s and China decision to press ahead with sanctions: the fact that the P5 saw Brazil and Turkey as attempting to encroach on their territory by attempting to solve a problem that they considered to be their responsibility.\textsuperscript{113} U.S. and European officials expressed suspicion about the motives of Brazil and, to a lesser extent, Turkey. Given that Turkey is a neighbor of Iran, its desire to help defuse the nuclear crisis made perfect sense. Turkey also has aspirations of solidifying its position a regional power with diplomatic influence. There was more skepticism about Brazil under then President Luiz Inacio Lula, who Western diplomats said at the time was less interested in helping resolve the Iran problem than in promoting himself as a peace broker and Brazil as a significant developing power.\textsuperscript{114} The fact that Brazil aspires to become a permanent member of an expanded U.N. Security Council may also have played a role in its desire to show that it could succeed where the other big powers could not in securing a breakthrough with Iran. In the end, the Brazil-Turkey initiative on Iran was brushed aside by the P5-plus-one.

The P5-plus-one say they have not given up on Iran. But nearly seven years after they began meeting with the Iranians, the negotiations have not resolved the Iran crisis. They did ensure that a tenuous consensus among the five Security Council veto powers held until recently, enabling the passage of four sanctions resolutions.

\textsuperscript{112} Ibid
\textsuperscript{113} This is an issue that will receive further attention in Chapter 5.
\textsuperscript{114} Charbonneau, “U.S. shares blame for Brazil, Turkey votes on Iran.”
the fourth U.N. sanctions resolution was adopted, there are no indications that a fifth is on its way, but the P5-plus-one continues to meet. The six powers recently revised their 2008 offer and presented it to Iran at a meeting in Almaty, Kazakhstan in February 2013 and discussed it further in April. Details of what exactly the P5-plus-one offered Iran are still emerging, but most elements are clear – in addition to keeping what was in the previous offers, the P5-plus-one proposed relaxing a Western ban on trade in gold and other precious metals and easing the EU ban on imports of Iranian petrochemical products.115 In exchange, Iran would be required to suspend its higher-level enrichment work. Iran’s nuclear negotiator Saeed Jalili expressed optimism about the progress made at the Almaty talks, though U.S. and European officials were more downbeat.116 It remains to be seen whether the latest round of talks will succeed in bringing the six powers and Iran out of their entrenched positions and any closer to a deal that has eluded them for the past 10 years. The P5-plus-one remains a work-in-progress, so it is impossible to say now whether it is doomed to failure as the EU3 process was. The prospects for success, however, are not good.

115 Justyna Pawlak and Fredrik Dahl, "Iran upbeat on nuclear talks, West still wary," Reuters, February 27, 2013.
116 Ibid
Chapter 4 – The Enemy Within and Without: Domestic Pressures and Iran’s Nuclear Program

The previous chapters focused on the interaction between Iran and the international community, above all the United States and major European powers. This chapter looks at domestic Iranian factors, which have played a crucial role in ensuring the failure of Iran’s negotiations with the West over the past decade. As former Iranian nuclear negotiator Hossein Mousavian and others have said, various Iranian officials have tried to secure a deal with the West for years, only to see their efforts undermined by domestic opponents inside the Islamic Republic of Iran. For every Iranian official willing to talk with the West, there are many more willing to line up and criticize him for negotiating with the enemy. One reason for this is that the Iranian leadership has made the country’s nuclear program an issue of national pride, so that abandoning or curtailing it would be equivalent to giving up the family jewels. But national pride does not explain why Iran has adopted such a confrontational foreign-policy course toward the United States, the European Union, its Arab neighbors and Israel, an approach that has brought Iran increasingly painful international sanctions and isolation as it moves ever closer to nuclear empowerment.

As discussed in previous chapters, the main reason Iran’s leaders have pushed ahead with their nuclear program is to ensure Iranian national security and preserve their own grip on power. And the top leaders’ deep-rooted suspicions toward the West – above all on the part of Supreme Leader Ayatollah Khamenei – make it highly unlikely that they will agree to abandon their quest for a nuclear deterrent.

*                          *                          *                           *
As discussed in Chapter 2, Iran’s pursuit of nuclear empowerment makes perfect sense from a defensive and strategic point of view. It is based on a realist assessment of its security environment. Faced with the anarchy of the international arena and fearing new attempts at regime change by the United States, or U.S. attempts to dictate policy to Iran regarding Tehran’s role in the Middle East, the Iranian leadership is pursuing a nuclear deterrent to ensure it remains in power, keep its enemies at bay and preserve its regional influence. Fears of foreign interference – above all by the United States – are deeply ingrained in Iran’s identity and play a central role in post-revolutionary Iranian decision-making. Iran’s suspicion of the United States can be traced back to the U.S. Central Intelligence Agency’s 1953 coup that toppled democratically elected Prime Minister Mohammad Mossadegh and installed the Shah of Iran, Mohammad Reza Pahlavi, as the Iranian leader. Washington’s support for Iraq during the 1980-88 Iran-Iraq war – a conflict that killed between 500,000 and 1.5 million people over the course of eight years – further convinced Iran’s leadership that the United States could never be trusted. We might add to that the Bush administration’s careless rejection of Iran’s 2003 secret request for negotiations aimed at a rapprochement with the United States, an issue discussed in Chapter 3. In short, Iran’s mistrust of the West, above all the United States, has deep roots and is one of the principal reasons Iran is wary of any overtures by Washington, London, Paris and Berlin in negotiations on its nuclear program.

Some of Iran’s post-revolutionary leaders have made a habit of demonizing the United States, most famously Ayatollah Ruhollah Khomeini, the first Supreme Leader of the Islamic

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118 Iran’s concerns about Pakistan, Iraq, the United States, the Taliban and Saudi Arabia were covered in Chapter 2.
Republic of Iran, who in November 1979 described the United States in a speech as “the Great Satan, the wounded snake.”\textsuperscript{119} Kenneth Pollack has argued that such images of the United States remain fresh in the minds of some of those with power in contemporary Iran. It is part of the revolutionary ideology some of them cling to.

The men who rule in Tehran today have believed reflexively for fifty years that the U.S. government is evil, that it is the source of all the problems in the world and the ultimate cause of all of Iran’s problems. They defined themselves and led their country once they came to power inspired by the idea that Iran was the champion of goodness and sanctity and that its God-given mission was to combat the forces of evil – led by the United States.\textsuperscript{120}

Pollack notes that not all of those in power in Iran actually believe the myth of the Great Satan being responsible for all of Iran’s troubles and that not everything the United States does is evil.\textsuperscript{121} But the idea persists in Iran and cannot be ignored.

The 1953 coup is essential to understanding what made Iran so suspicious of the United States, Britain and other Western powers. Anoushiravan Ehteshami argues that the CIA-organized plot and other interferences have created a kind of national trauma that is central to comprehending Iranian foreign policy.

Iran’s historical impotence in the face of foreign influence has left a deep and seemingly permanent scar on the Iranian psyche, which has also been guiding elite thinking for many decades. An almost obsessive preoccupation with outside interference in Iran’s internal affairs has made Iranians wary of big-power involvement in the area.\textsuperscript{122}

While it was never formally colonized, Britain took over Iran’s oil industry in the early 20\textsuperscript{th} century and exploited it to secure cheap fuel for its empire. London had turned Iran

\textsuperscript{121} Ibid
into what was effectively a colonial protectorate in the decades prior to Mossadegh’s 1951 nationalization of the oil industry, a move that led Britain to seek out American help in toppling Mossadegh. Suzanne Maloney has argued that an important element of Iran’s “anti-imperialist identity is the pursuit of genuine sovereignty and cultural authenticity.” These historical factors underpin Iran’s deep suspicion towards the Western powers with which it has been negotiating for years without any success.

Pollack argues that much of what contemporary Iranians believe about Mossadegh is a myth. He describes Mossadegh as an ineffective reformer who amassed “dictatorial powers” and became so obsessed with eliminating all foreign influences on Iran that he arguably brought the coup that ousted him from power on himself. One could easily argue that Pollack’s criticism of Mossadegh is a self-serving justification for the coup coming from someone who spent many years as a military analyst at the CIA, the agency responsible for Mossadegh’s demise. But my goal here is not to decide whether Mossadegh was a hero or a fraud, but to point that whatever he was in reality, his ouster continues to play a central role in the Iranian imagination to this day, making it that much more difficult for the United States to reach any kind of sustainable rapprochement with the Iranian leadership. This is a point which Pollack emphasizes.

Ever since (Mossadegh was overthrown), Iranians – already predisposed to conspiracy theories and inevitably blaming everything but the weather on foreign subversion – have had one firm, incontrovertible fact with which to back all of their assertions and conjecture: the United States did overthrow Mossadegh. Neither we nor they can ever escape that truth. We should not forget it; they will not.

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124 Pollack, 71.
125 Ibid
In 2000, U.S. Secretary of State Madeleine Albright apologized for the 1953 coup, saying the United States “must bear its fair share of responsibility for the problems that have arisen in U.S.-Iranian relations.” President Obama echoed Albright’s apology in 2009 when, as a newly elected president determined to reach out to Tehran, he attempted to distance himself from the Bush administration’s aggressive “axis of evil” rhetoric on Iran and open the door to renewed U.S.-Iranian dialogue. Iran remains suspicious of the United States. It has never really accepted those apologies, though it has never closed the door on engagement with Washington. That leaves a thin ray of hope that some kind of rapprochement may be possible, provided one finds the proper formula.

The principle hurdle to an agreement between Iran and the West is the apparent immovability of Iran’s Supreme Leader, Ayatollah Ali Khamenei, who has the final say on all domestic and foreign policy matters. While President Ahmadinejad has generated a great deal of attention in the Western press, his real powers in Iran are far more limited than Khamenei’s. Ahmadinejad has played an increasingly marginal role in Iranian politics since his public falling-out with Khamenei in the years following his 2009 re-election in dubious circumstances that sparked nationwide protests and a severe government crackdown. According to Iran expert Karim Sadjadpour, “as long as Khamenei remains Supreme Leader, a fundamental shift in Iranian domestic and foreign policy is unlikely.”

support his predecessor Ayatollah Ruhollah Khomeini enjoyed, leaving Khamenei feeling more vulnerable and insecure than Khomeini. For Khamenei, Sadjadpour argues, the Iranian nuclear program is an expression of the ideals of the 1979 revolution, which include anti-Western values and ensuring Iran’s independence and self-sufficiency.\textsuperscript{130} That is not something Khamenei would easily abandon because it could be seen as cutting himself off from his roots and undermining Iran’s hard-fought independence.

For Khamenei, the nuclear program has come to embody the revolution's core themes: the struggle for independence, the injustice of foreign powers, the necessity of self-sufficiency, and Islam's high esteem for the sciences. He wants to ensure that Iran is scientifically and technologically advanced enough to be self-sufficient, self-sufficient enough to be economically independent, and economically independent enough to be politically independent.\textsuperscript{131}

Khamenei, writes Sadjadpour, is therefore likely to continue supporting Iran’s nuclear program and to oppose any compromise with the United States and Europe. Even if he wanted a compromise with the West – and his May 2003 overture to Washington could indicate that he has at least on one occasion seriously considered the idea – he would not do it again without the support of all key Iranian power centers, including the influential Islamic Revolutionary Guard Corps (IRGC).\textsuperscript{132} This is partly due to the weakening of his domestic status in recent years. That weakening began during the half year of civil unrest in Iran after the 2009 presidential election, a period widely referred to as the green revolution. Sadjadpour says that Khamenei’s influence waned significantly in the wake of the green revolution, leaving him more dependent than ever on the IRGC.

Before the presidential elections, Khamenei appeared to have a lifelong lock on the job of supreme leader. But his fate became far less certain after

\textsuperscript{131} Ibid
\textsuperscript{132} Ibid
six months of sporadic turmoil. To regain control, he has grown increasingly reliant on Iran's vast intelligence networks, security forces and military. His future rests most of all in the hands of the Revolutionary Guards. With their apparently strong support, Khamenei has refused to cede any political ground since the election, on the grounds that compromise projects weakness and invites further challenges.133

Given the uncertainty of the supreme leader’s position and the popularity of Iran’s nuclear program among all factions on Iran’s political scene, compromise and rapprochement with the West continue to be unlikely options for Khamenei, despite the fact that he continues to approve negotiations with the P5-plus-one and has not ruled out direct talks with the Americans.

Balkan Devlen conducted an analysis of Iranian leaders’ operational code in an attempt to predict how Iran would behave in continued negotiations on its nuclear program with the United States and its allies. As a basis for his analysis, Devlen considered two letters President Ahmadinejad sent to the American people and President George W. Bush in 2006, which Devlen said had clearly received the blessing of Khamenei and reflected a broad consensus among Iran’s political elite. Based on his mapping of the Iranian leaders’ operational code – their values, belief system and world view – Devlen concluded that Iranian leaders would like to reach a negotiated settlement with the United States to defuse the nuclear crisis, but maintain ambivalent feelings toward Washington and “fear that if they show willingness to negotiate, the United States could exploit it.”134 Furthermore, the deep mistrust and relatively low cost of

133 Ibid
maintaining the current deadlock make the Iranians reluctant to take steps to end the nuclear standoff.\textsuperscript{135}

Iranians believe that the United States is willing to endure the current situation or even escalate to a militarized conflict, rather than negotiating with Iran. What makes the U.S. prefer (according to Iran) deadlock over negotiation is not only a hostile view of the world … but also that they (the U.S.) have greater control over historical developments.\textsuperscript{136}

Devlen concluded that Iran’s leaders believe the United States and Israel know that military action against Iran’s nuclear installations would likely be futile because they are spread across the vast country, often underground, while military operations can never eradicate Iran’s nuclear know-how.

Iranian leaders are undoubtedly aware of such assessments and are likely to consider the costs of a low-probability military conflict acceptable when considered against the political cost of bowing to the international pressures.\textsuperscript{137}

I will return to the military option against Iran’s nuclear program in Chapter 6. For now it is sufficient to note that Devlen’s analysis adds further credence to the argument that the Iranians are unlikely to compromise and can be expected to continue with their uranium enrichment program, despite the fact that they would like to reach a settlement with the West. This view is consistent with that of Sadjadpour, who as discussed above, has also concluded that Khamenei is reluctant to support a compromise.

There is also the issue of public opinion, which some analysts say has long been on the side of continuing with Iran’s nuclear program, albeit one that is peaceful and not intended to produce weapons.\textsuperscript{138} While Iran’s leaders do not base their decisions on what

\textsuperscript{135} Ibid
\textsuperscript{136} Ibid, 61.
\textsuperscript{137} Ibid, 62.
\textsuperscript{138} Ibid, 61.
is popular, they do pay attention to public opinion, as evidenced by the government’s crackdown on negative news coverage in the aftermath of the 2009 presidential election and the widely reported allegations of voter fraud. Devlen cites a 2007 poll conducted by the Program on International Policy Attitudes, which showed that 84 percent of Iranians polled considered having a full nuclear-fuel cycle – including uranium enrichment – “very important,” while 89 percent of Iranians said it was “very important” for Iran’s economy to develop nuclear energy.\(^\text{139}\) There have been no similar polls since 2007, which makes it impossible to gauge current levels of domestic support for Iran’s nuclear program. It is equally impossible to say how accurate the 2007 poll was. Takeyh argued in 2005 that the Iranian population was opposed to an Iranian nuclear weapons program, in contrast to Pakistan and India, where the public wholeheartedly supported the development of a nuclear arsenal.\(^\text{140}\) But his assessment was based informal interviews and discussions with Iranians, not on empirical poll data. Takeyh later argued that Iran’s nuclear program has an appeal for Iranian nationalists, who see it as synonymous with Iran’s independence and technical superiority and therefore reject the idea of curtailing it.

In a peculiar way, the nuclear program and Iran’s national identity are fused in the imagination of many Iranians. To stand against the United States on this issue is to validate one’s revolutionary ardor and sense of nationalism. Thus, the notion of compromise and acquiescence has limited utility to Iran’s aggrieved nationalists.\(^\text{141}\)

Takeyh said that after Ahmadinejad took office in 2005 he expended a great deal of effort to create a narrative for the Iranian public in which Iran’s nuclear program was a source

\(^{139}\) The full results of the PIPA poll cited by Devlen can be found here: [http://www.worldpublicopinion.org/pipa/pdf/jan07/Iran_Jan07_rpt.pdf](http://www.worldpublicopinion.org/pipa/pdf/jan07/Iran_Jan07_rpt.pdf)


\(^{141}\) Takeyh, “Introduction: What Do We Know?” 11.
of national pride and proof that Iran, the seat of the once mighty Persian empire, is again
destined for greatness and cannot be stopped by the traditional Western meddlers in
Iranian politics, above all the United States.

At a government level, for the past seven years there is no question that
President Ahmadinejad has framed the nuclear issue as a matter of
national sovereignty and greatness, and that the resistance of international
pressure to curtail the nuclear program has become, if not the raison
d’être, then at least a pillar of the struggling Islamic republic.\textsuperscript{142}

The scientists involved in Iran’s nuclear program have their own reasons to
support progress on the nuclear program. Not only is there national pride at play, there is
personal intellectual pride for Iranian scientists who have found themselves cut off from
the international scientific community because of the sanctions and widespread
suspicions about the nature of Iran’s nuclear program around the world. This has helped
motivate some Iranian nuclear scientists to close ranks with country’s leadership, which
considers them to be an extremely valuable element of Iranian society.

Iran’s pariah status has ironically engendered an esprit de corps within its
scientific community. Researchers resent being shunned by their
international colleagues, and are annoyed at being excluded from
collaborative work with Western centers of learning that are crucial to
scientific advancement. In today’s Iran, rulers and scientists have crafted a
national compact whereby the state provides the resources and the
scientists furnish their expertise.\textsuperscript{143}

The assassinations of Iranian nuclear scientists in recent years, which Iran has blamed on
Israel and the United States, have demonstrated that the national compact between rulers
and scientists can have lethal consequences for any scientist or engineer intimately
involved in the Iranian nuclear project.\textsuperscript{144}

\textsuperscript{142} Ibid, 8.
\textsuperscript{143} Ibid, 10
\textsuperscript{144} Reuters, “Iran hangs ‘Mossad agent’ for scientist killing,” May 15, 2012. Last accessed March 23, 2013:
http://www.reuters.com/article/2012/05/15/us-iran-nuclear-execution-idUSBRE84E09F20120515
If Khamenei woke up one morning and decided to compromise with the West and suspend Iran’s enrichment program, could he make it happen? The simple answer is yes. But it would be extremely difficult for Khamenei to find the necessary support among Iran’s motley mix of conservatives, pragmatists and reformists for a move to freeze the country’s nuclear program, even on a temporary basis. And as Sadjadpour has argued, such a move would be uncharacteristic for a conservative like Khamenei, for the reasons discussed earlier. In the previous chapter, we saw how former Iranian nuclear negotiator Mousavarian complained about the criticism he and his fellow negotiators faced when attempting to work out the details of an enrichment suspension that would be acceptable to Iran and the EU3 between 2003 and 2005. Iran’s former chief nuclear negotiator Hassan Rowhani also publicly complained about the difficulties he faced in getting Iran’s leadership to back a compromise with the West. He criticized the country’s leadership for adopting after Ahmadinejad took office in 2005 what he described as an uncompromising approach to negotiations with the West, according to which any suspension of Iran’s uranium enrichment program, even temporary, was out of the question.\textsuperscript{145} Rowhani, who was sidelined after President Ahmadinejad came to power, appeared to rebuke the fiery president for his confrontational approach, calling for “more balance in our decisions and (the need) to approach the issue with more reason and less emotion.”\textsuperscript{146} But this was not because Rowhani believed Iran should abandon its nuclear ambitions and give into the demands of the West. On the contrary, he argued that Iran should avoid confrontation – a recommendation Ahmadinejad ignored – and temporarily suspend its enrichment program while quietly pushing ahead to achieve mastery over

\textsuperscript{145} Chen Kane, “Nuclear Decision-making in Iran: A Rare Glimpse,” \textit{Middle East Brief}, Crown Center for Middle East Studies, May 2006 (http://www.brandeis.edu/crown/publications/meb/MEB5.pdf)

\textsuperscript{146} Ibid
nuclear technology in order to force a kind of nuclear “fait accompli” on the world. As Rowhani reportedly said in a 2004 speech to the Supreme Cultural Revolution Council:

    I think we should not be in a great rush to deal with this issue. We should be patient and find the most suitable time to do away with the suspension. . . . We must move very carefully, in a very calculated manner.\(^{147}\)

Five years after Rowhani said that, Ahmadinejad himself attempted to reach a deal with the West on a plan that would have involved moving most of Iran’s enriched uranium stocks out of the country so that it could be transformed into fresh nuclear fuel assemblies for a specialized medical research reactor, the Tehran Research Reactor (TRR). This time the president himself was undercut by his political rivals in the parliament, the Majlis, and the deal, agreed in principle at a meeting in Geneva in 2009, collapsed.\(^{148}\)

    (T)he tentative deal ran into immediate trouble in Tehran, where it was rejected by Ahmadinejad’s rivals across the political spectrum. Majlis Speaker Ali Larijani, who as Iran’s previous nuclear negotiator had repeatedly been vetoed by hardliners when he sought small elements of tactical flexibility, found revenge by castigating the Geneva plan as a Western deception.\(^{149}\)

Larijani’s sharp public criticism of the deal was enough to push Khamenei to distance himself from the plan. The reformist presidential candidate who opposed Ahmadinejad in 2009, Mir Hossein Mousavi, also spoke out against the TRR deal, along with Mohsen Rezai, the conservative candidate in that same election.\(^{150}\) The deal was dead shortly after arrival in Tehran. It was a case that illustrated how no matter who in Iran proposes a compromise with the West, there is always someone to oppose it.

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\(^{147}\) Kane


\(^{150}\) Ibid
The 125,000-strong Islamic Revolutionary Guard Corps (IRGC), also known as the Pasdaran or the Army of the Guardians of the Islamic Revolution, is a key player in Iranian politics. The IRGC has grown from a small militia charged with ensuring the ideological protection of the 1979 Islamic revolution into a major force inside Iran that permeates virtually every corner of Iranian society, politics and economy.\footnote{Ali Rahigh-Aghsan and Peter Viggo Jakobsen, “The Rise of Iran: How Durable, How Dangerous?”, \textit{The Middle East Journal}, 64:4 (2010): 562.} Ideologically, the IRGC is conservative, though it, like the rest of Iranian society, has its own factions. Nevertheless, it is possible to make some general observations about the IRGC and what appears to be the low probability that its leaders would favor a compromise with the West over Iran’s nuclear program. As RAND Corporation analysts explained in a 2009 report, the IRGC generally seeks to keep the ideology of the Islamic revolution alive.

Bound together by the shared experience of war and the socialization of military service, the Pasdaran have articulated a populist, authoritarian, and assertive vision for the Islamic Republic of Iran that they maintain is a more faithful reflection of the revolution’s early ideals.\footnote{RAND Corporation, The Rise of the Pasdaran, (Santa Monica: RAND Corporation, 2009): 1.}

While the Atomic Energy Organization of Iran (AEOI) is officially in charge of Iran’s nuclear program, it is the IRGC that oversees the more sensitive operations. In its last sanctions resolution adopted in June 2010 the U.N. Security Council explicitly noted with “serious concern the role of elements of the Islamic Revolutionary Guard Corps (IRGC) … in Iran’s proliferation sensitive nuclear activities and the development of nuclear weapon delivery systems.”\footnote{U.N. Security Council, Resolution 1929} According to the RAND report, the IRGC is in charge of Iran’s “unconventional warfare options” and would be the likely guardian of any Iranian nuclear arsenal, should the government acquire one: “Were Iran to develop and field
nuclear weapons, oversight of their storage, training, and deployment infrastructure would likely fall to the IRGC.”

According to Takeyh, the principal supporters of, and driving force behind, Iran’s nuclear weapons program are “elements associated with Supreme Leader Ali Khamenei.” Those elements control important institutions like the IRGC and the Guardian Council, giving them significant influence over Iranian national security policy. They also subscribe to a world view that renders them unlikely to favor abandoning or suspending the nuclear project and compromising with the West because that would be a betrayal of the revolutionary ideals they are sworn to uphold.

A fundamental tenet of their ideology is that the Islamic Republic is in constant danger from predatory external forces, necessitating military self-reliance. This perception was initially molded by a revolution that sought not just to defy international norms but also to refashion them. The passage of time and the failure of that mission have not necessarily diminished widespread suspicions of the international order and its primary guardian, the United States.

Support for development of a nuclear deterrent, however, is not limited to the IRGC. Whether it involves developing an actual nuclear arsenal or ensuring that Iran is a position to construct a nuclear warhead at short notice, support for nuclear empowerment is spread widely across the country’s various power centers. There is also no dearth of those who support development of an actual atomic weapon among Iran’s elite.

You find that more within the hawkish elements of the Iranian elite. You will find them within the Council of Guardians; you will find them within the Revolutionary Guard; you will find them within the judiciary; you find them even within the Supreme Leader’s office, and quite possibly, with the Supreme Leader himself.

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154 RAND, p.
156 Ibid
157 Ibid
158 Gwertzman interview. See footnote 138.
With the cautious Khamenei on top and conservative factions ready and willing to brand any move toward rapprochement with the West as a sign of weakness or a betrayal of the revolution, it is impossible to imagine Iran deciding to halt its nuclear program.

Domestic pressures from multiple groups inside Iran – including public opinion – are such that it would be difficult, if not impossible, to get consensus within the Iranian leadership on abandoning or suspending the country’s nuclear fuel program in order to cut a deal with the West. And Khamenei is someone who seeks consensus wherever possible.
Chapter 5 – Sanctions: An Imperfect Tool

Since 2006, the principal tool that the United States and its European allies have relied on to persuade Iran to alter its nuclear policy is a combination of U.N. and unilateral U.S. and European sanctions,\(^{159}\) which have clearly had a negative impact on Iran’s economy and slowed the progress of Tehran’s nuclear enrichment program. But the sanctions have not produced any visible changes in Tehran’s official nuclear policy as it continues to expand its enrichment program. This is hardly surprising as sanctions have a poor record of persuading countries to change their behavior. A 1992 study by the U.S. General Accounting Office (GAO) on the value and impact of sanctions found that they were somewhat effective when it came to modest goals such as “upholding international norms by punishing the target nation for unacceptable behavior and deterring future objectionable actions.”\(^{160}\) But they have been less successful with the more publicly prominent objective of persuading countries targeted by sanctions to comply with the sanctioning states’ wishes. The GAO also found that while sanctions can increase the cost of trade and financing for the sanctioned state, they generally do not ruin the target countries’ economies, and can have a deleterious effect on the sanctioning nation by halting mutually beneficial trade. But actual damage to a sanctioned country’s economy, the GAO found, rarely corresponds to the threatened impact because countries learn how to evade the measures and redirect their trade and financial flows elsewhere.\(^{161}\)

\(^{159}\) Japan, Australia, Canada and other countries have also imposed unilateral sanctions on Iran, but in this chapter I will focus largely on the U.N., U.S. and European measures.


\(^{161}\) Ibid, 2-3.
Having lived under sanctions for decades, Iran has become a skilled evader of restrictions on its trade. It has also had help from some of its major trading partners, including Russia and China. Moscow and Beijing have been at best reluctant supporters of the U.N. Security Council sanctions, repeatedly condemning the more draconian unilateral U.S. and EU measures that target Iran’s financial and energy sectors. Since 2006, Russia and China worked hard to soften the U.S. and European push for U.N. sanctions and have made clear they oppose sanctioning Tehran’s energy sector. This has undoubtedly sent signals to Tehran that the big powers are split on the question of how tough they should be on Iran. Moscow and Beijing have gone so far as to suggest that there is no longer any room for new U.N. Security Council sanctions against Iran, further undermining the ability of the P5-plus-one to back up any potential offers of incentives with threats of punishment if Tehran continues to avoid the negotiating table.  

While the West has sharply curtailed commerce with Iran, Russia continues to cooperate with Tehran on developing nuclear power plants, while China remains a top purchaser of Iranian oil. Iran remains open for business with Moscow and Beijing, especially the latter, which needs Iran’s vast energy reserves to help fuel its own booming economy and increasing demand within the world’s most populous nation.

There are several reasons for the fact that sanctions have failed to persuade Iran to abandon its nuclear program. First of all, as discussed in previous chapters, there is the Iranian leadership’s determination to acquire a nuclear deterrent for national security reasons. Secondly, sanctions are most effective when applied against democratic

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governments that face strong internal opposition, something that is not the case in Iran
when it comes to the country’s nuclear program. The GAO study found that sanctions
tend to “work best when there is strong internal political opposition to the target
government, particularly internationally oriented commercial interests that want to retain
business ties with the country imposing the sanctions.”\textsuperscript{164} Iran does not have a liberal
democratic government and the domestic opposition has never questioned the wisdom of
having a nuclear program, though it has sharply criticized the government of President
Mahmoud Ahmadinejad for what it says is his economic mismanagement. As a result,
there is little or no internal political pressure on the Iranian government to alter its
nuclear policy. A third reason why sanctions have failed to persuade Tehran to change its
nuclear policy is that Iran has found sophisticated ways to evade sanctions, an issue I
discuss in detail later on in this chapter. Finally, as mentioned above, a number of
countries, above all China, Russia, India and Turkey, have maintained a readiness to
trade with Iran, offering it open trading channels that are often out of reach of Western
governments.

The Sanctions

While Iran has been under a U.S. embargo for decades, it was not until just over
six years ago that Tehran began facing U.N. sanctions. In February 2006, the IAEA
Board of Governors formally referred the case of “Iran’s many failures and breaches of
its obligations to comply with its NPT (nuclear Non-Proliferation Treaty) Safeguards
Agreement” to the U.N. Security Council due to IAEA discoveries related to Iran’s
clandestine uranium enrichment work.\textsuperscript{165} In July 2006, the Security Council ordered Iran

\textsuperscript{164} GAO, 4.
\textsuperscript{165} International Atomic Energy Agency Board of Governors, “Implementation of the NPT Safeguards
to “suspend all enrichment-related and reprocessing activities” or face sanctions under Chapter 7 of the U.N. Charter.\(^\text{166}\) Iran ignored the council’s ultimatum and in December 2006 the 15-nation council unanimously voted to impose its first round of sanctions on Tehran. Resolution 1737 focused on Iran's nuclear and missile industries, blacklisting the Atomic Energy Organization of Iran (AEOI), firms linked to Iran's atomic and missile programs, and a number of individuals involved in Iran’s nuclear and missile industries.\(^\text{167}\) Under the U.N. measures, any foreign assets of blacklisted entities were to be frozen and the entities themselves banned from conducting any international transactions. As with all U.N. Security Council decisions, enforcement and implementation rests in the hands of individual member states. Therein lay one of their principal weaknesses.

Resolution 1747, the second Security Council sanctions resolution against Iran, was adopted unanimously in March 2007. It tightened the measures laid out in 1737 in several ways. It called on all U.N. member states and international financial institutions "not to enter into new commitments for grants, financial assistance, and concessional loans" to Tehran except for humanitarian purposes.\(^\text{168}\) It also blacklisted Iran’s Bank Sepah, banned all Iranian arms exports and expanded the U.N. blacklist of firms and individuals that would face an international asset freeze and travel ban.

Resolution 1803, adopted in March 2008 with 14 votes in favor and one abstention (Indonesia), incrementally tightened the measures against Iran included in the

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two previous resolutions. It called for "vigilance" against two more Iranian banks – Bank Melli and Bank Saderat – but did not formally blacklist them.\footnote{169} The most important new measure in 1803 was a call for cargo inspections of vessels operated by Iran Air Cargo and Islamic Republic of Iran Shipping Lines (IRISL) as they travel in and out of Iran – provided there are sufficient grounds to do so. As with the previous two resolutions, the measures in the final text were watered down in response to objections from Russia and China.

Resolution 1929, adopted in June 2010 with 12 votes in favor, two votes against – Brazil and Turkey – and one abstention (Lebanon), was the toughest of the four U.N. Security Council sanctions resolutions. It included a ban on the sale of eight categories of heavy weapons to Iran and authorized U.N. member states to inspect and seize any suspicious air, land or sea cargo going into or coming out of Iran, not just cargo shipped by IRISL or Iran Air Cargo. It called on countries to prevent any financial services to Iran that could support its nuclear or missile programs and urged states "to exercise vigilance over all Iranian banks," including the Central Bank of Iran. It blacklisted First East Export Bank, a subsidiary of Bank Mellat, three IRISL subsidiaries and added other firms and individuals to the U.N. blacklist. It demanded that countries "exercise vigilance" when dealing with any Iranian company.\footnote{170} Later in this chapter we will look more closely at the months of negotiations that led to resolution 1929, which provided the legal basis for tough European Union sanctions against Iran’s financial and energy sectors.


The United States has long had extensive sanctions in place against Iran. In the decades following the 1979-81 hostage crisis, during which Washington broke off diplomatic relations with Tehran, the United States gradually banned the import of most Iranian products into the United States and made most trade with Iran illegal. In recent years, the EU, long one of Iran’s main trading partners, has gradually increased its own sanctions against the Islamic Republic. In 2010, the EU banned the creation of joint ventures with enterprises in Iran engaged in the oil and natural gas industries. It also outlawed the provision of insurance and re-insurance to the government of Iran, making it difficult for Iran’s state oil shipper IRISL to insure its cargo since most re-insurers are in Europe, and banned the sale of energy industry equipment to Iran. Last year, the EU outlawed all new oil contracts with Iran and announced it would freeze any assets of the Central Bank of Iran in Europe.171 In October 2012, the EU broadened its measures to ban all trade with major Iranian state companies in the oil and gas industry and strengthened restrictions on dealings with the central bank.172

―Smart‖ Sanctions

The U.N. sanctions against Iran were never intended to cut off all trade with the Islamic Republic. Their official aim is to cripple Iran’s nuclear and missile industries without impacting the rest of Iran’s economy, which would harm ordinary Iranians. The application of so-called targeted sanctions that focus on specific industries and individuals – also known as “smart sanctions” – has become the norm in the wake of the

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sweeping trade embargo against Iraq in the 1990s, which was heavily criticized by human rights groups due to the impact it had on the civilian population. It is difficult to quantify precisely what impact the sanctions had on Iraqi civilians, but it was clearly severe. It is estimated that hundreds of thousands of Iraqi deaths could be attributed to the U.N. sanctions over the years they were in place.

By 1998 Iraqi infant mortality had reportedly risen from the pre-Gulf War rate of 3.7 percent to 12 percent. Inadequate food and medical supplies, as well as breakdowns in sewage and sanitation systems and in the electrical power systems needed to run them, reportedly caused an increase of 40,000 deaths annually of children under the age of 5 and of 50,000 deaths annually of older Iraqis.173

Concerns about the humanitarian impact of the Iraq sanctions led to the establishment in 1996 of the so-called Oil-for-Food program. Overseen by the United Nations, Oil-for-Food allowed Iraq to resume the export of oil to purchase humanitarian items such as food and medicines. But the program became a conduit for kickbacks and bribes and is now considered a good example of how not to manage sanctions.174

While sanctions did not lead to a collapse of Saddam Hussein’s regime, U.N. weapons inspectors who returned to Iraq in 2002 after a four-year hiatus found no evidence that Baghdad had revived its previously discovered nuclear, chemical and biological weapons programs. Clearly the sanctions, combined with the constant threat of military intervention by the United States, played some role in the government’s decision not to revive those weapons programs, which it was forbidden by the U.N. Security Council from pursuing. False allegations by the United States and Britain in 2002 and 2003 about the revival of those banned arms programs helped to justify the

U.S.-led invasion of Iraq in March 2003. It is beyond the scope of this thesis to consider the impact of the Iraq sanctions on the Iraqi government’s policymaking calculus. Suffice it to say that it is possible the combination of the U.N. sanctions, the military threat, and a highly intrusive U.N. inspection regime during the years 1991-98 and 2002-03 may have achieved one of their main objectives – to persuade Iraq to abandon its banned weapons programs – albeit at a massive cost to the civilian population in terms of lives and public health. As is often the case with sanctions, top-ranking officials in the Iraqi regime suffered little.

**Humanitarian Impact of the Sanctions on Iran**

Western governments that have lobbied for sanctions against Iran have repeatedly said over the years that the point of their measures is not to punish the general Iranian population but to persuade the government to change its nuclear policy and accept a negotiated settlement with the P5-plus-one that would include suspending Tehran’s uranium enrichment program. The EU reiterated that point when it announced a new round of sanctions measures against Iran in October 2012.

Today's decisions target Iran's nuclear and ballistic programmes and the revenues of the Iranian government for these programmes. They are meant to persuade Iran to engage constructively by negotiating seriously and addressing the concerns of the international community. The sanctions are not aimed at the Iranian people.175

While the intention of the sanctions may not have been to hurt the Iranian population, there is strong evidence that the cumulative effect of six years of increasingly strict U.N., EU and U.S. sanctions is extremely negative for ordinary Iranians. According to a report

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175 Council of the European Union, “Iran: EU strengthens sanctions over lack of progress in nuclear talks,” (14803/12, PRESSE 422), October 15, 2012
by the office of U.N. Secretary-General Ban Ki-moon, international sanctions on Iran are hurting the Iranian population and harming humanitarian operations in the country.

The sanctions imposed on the Islamic Republic of Iran have had significant effects on the general population, including an escalation in inflation, a rise in commodities and energy costs, an increase in the rate of unemployment and a shortage of necessary items, including medicine.\(^\text{176}\)

The value of the Iranian currency, the rial, has plummeted over the past year. In late September and early October 2012 it lost a third of its value over a 10-day period, sparking street protests. U.S. and other Western officials have blamed the currency’s collapse on a combination of economic mismanagement and the sanctions.\(^\text{177}\)

The U.N. report attributes many of Iran’s economic troubles to the sanctions. One of the side effects U.N., U.S. and EU sanctions is that it has become difficult for foreign companies to finance legal trade with Iran, since international banks are increasingly worried about doing any business with Iran. The report said "even companies that have obtained the requisite license to import food and medicine are facing difficulties in finding third-country banks to process the transactions."\(^\text{178}\) Payment problems have prompted pharmaceutical companies to stop exporting medicines to Iran, leading to shortages of drugs used to treat cancer, heart and respiratory conditions, multiple sclerosis and other illnesses. The report also warned U.N. member states that Iranian humanitarian aid groups and activists have voiced concerns about the combined effects of

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\(^{177}\) Ibid

\(^{178}\) Ibid
the sanctions, rising inflation, and soaring commodity prices, which are having "far-reaching effects on the general population."\textsuperscript{179}

Foreign trade data for the EU and Iran through 2011 did not point to a significant overall decline in EU-Iranian transactions, though those figures date from before the rapid deterioration of the Iranian economy in 2012. It also remains to be seen what impact the latest steps taken by Brussels will have on future EU-Iran trade. While the bloc’s total trade with Iran dropped from 27 billion euros in 2008 to just under 20 billion euros in 2009, it shot back up to 25.8 billion euros in 2010, falling back to 23.8 billion euros in 2011. EU figures also show that the 27-nation bloc was Iran’s number one trading partner in 2010 and 2011 for combined imports and exports, followed by United Arab Emirates, China, India and Japan.\textsuperscript{180} In light of the bloc’s increasing restrictions on EU-Iran trade, it unlikely that the EU retained its position as Iran’s top trading partner in 2012. U.S. trade with Iran is insignificant compared with Europe’s, though it has continued to grow despite the extensive U.S. and U.N. sanctions in place against Tehran. In the first eight months of 2012, America’s trade with Iran increased to $199.5 million from $150.8 million a year earlier, much of that due to grain sales, which are permissible under U.S. law, according to U.S. Census Bureau data.\textsuperscript{181}

\textbf{Cat and Mouse Games: Evading Sanctions}

Although they have not halted it, there are signs that the international sanctions against Iran have had an impact on the government’s ability to push ahead with its

\textsuperscript{179} Ibid
\textsuperscript{180} Recent official EU trade data can be found here: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf
nuclear program. A 2012 report by the U.N. Security Council’s Panel of Experts, a group of independent monitors who assess compliance with the U.N. sanctions regime, concluded that the U.N. sanctions have hampered Iran’s ability to develop its nuclear fuel program.

Sanctions are slowing the procurement by the Islamic Republic of Iran of some critical items required for its prohibited nuclear programme. At the same time, prohibited activities, including uranium enrichment, are continuing.\textsuperscript{182}

That report also highlighted some of the difficulties in implementing targeted sanctions against a country like Iran, which has been under some form of sanctions for more than three decades and, as a result, has become highly skilled at evading trade restrictions. One case that the U.N. Panel of Experts’ report describes in detail is that of the state-owned Islamic Republic of Iran Shipping Lines (IRISL), Iran’s principal maritime shipping firm. At the time the experts’ report was completed in April 2012, IRISL had more than 130 vessels operated by a sprawling network of some 75 companies, the majority of which operated only one or two vessels each. The panel said that such practices were unusual for a large shipping firm and made it difficult for international observers to keep track of what IRISL’s ships were up to.\textsuperscript{183}

These activities, although not in themselves illegal, have introduced a complex and amorphous structure to the Islamic Republic of Iran Shipping Lines that serves to obscure its activities as a whole and the identities of individual vessels. The more complex the overall structure of the Islamic Republic of Iran Shipping Lines, the more difficult and time-consuming the identification of ships related to it.\textsuperscript{184}

The first reference to IRISL in a Security Council resolution was in 1803, adopted in March 2008, which called on countries to inspect the company’s vessels if there were reasonable grounds to suspect it might be carrying banned cargo. At that time, IRISL owned more than 110 vessels, according to the Panel of Experts. After the resolution passed, IRISL began transferring its ships to two companies linked to the parent firm, the Hafiz Darya Shipping Company and Sapid Shipping Company. Between 2008 and June 2010, IRISL carried out a further 110 changes of ownership of its vessels. By April 2012, IRISL owned 50 vessels, 14 of which it owned directly and another 36 of which were owned by 14 different shell companies linked to IRISL. This murky ownership structure has made it difficult to track IRISL ships since tens of thousands of vessels are on the sea at any given moment around the world.185

Another of IRISL’s obfuscation methods has been the constant renaming of vessels, making certain that the ships’ new names contain nothing that directly associates them with Iran. In 2008, most of IRISL’s vessels contained the word “Iran.” By April 2012 fewer than 10 of IRISL’s more than 130 ships contained the word “Iran” in their names. Since March 2008, there have been more than 150 changes of the names of ships that were at some point registered to IRISL, Hafiz Darya and Sapid. In addition to altering the ships names, there have been more than 90 changes in the flag states of IRISL’s vessels, adding yet another layer of obfuscation.186 The U.N. Panel of Experts notes that the complicated shell game the company is using to hide its ships make it extremely difficult for national maritime authorities around the world to track the movements of IRISL-linked vessels and fulfill their legal obligations to inspect

185 Ibid
186 Ibid, 38.
suspicious Iranian cargo and seize sanctioned items. The Panel concluded that “vigilance over the company’s activities, in particular monitoring vessels’ International Maritime Organization numbers, continues to be important.” \(^{187}\)

**Financial Troubles**

Financial authorities in the United States and EU member states have exerted a great deal of effort to make it difficult for Iran to access international financial markets. During negotiations on the fourth U.N. sanctions resolution against Iran – resolution 1929 from June 2010 – the United States, Britain and France had attempted to persuade Russia and China to blacklist Iran’s central bank but Moscow and China, which maintain close business ties with Tehran, rejected the proposal. \(^{188}\) Sanctioning the central bank, they argued, would have made it nearly impossible to conduct legitimate trade with Iran, since all foreign transactions are, as a ruled, cleared through a country’s central bank. While it only blacklisted one more Iranian bank, resolution 1929 included language calling for vigilance regarding all Iranian banks, including the central bank. Western nations have used this call for vigilance as the legal basis for a de facto blacklisting of Iran’s central bank and most Iranian financial institutions. As a result, any transaction with an Iranian bank, legal or not, is risky business for anyone hoping to avoid running afoul of U.S. or European authorities.

The remainder of this section is based on an extensive interview in November 2012 with a Western Security Council diplomat based in New York who ran the negotiations for one of the P5-plus-one delegations six months over the course of six

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\(^{187}\) Ibid, 39.

months until resolution 1929 was adopted in June 2010. The diplomat requested that his name and home country be withheld since he was not authorized to speak publicly about the negotiating process.

Within the Western camp, U.S. Ambassador to the United Nations Susan Rice insisted on being the “pen-holder” for the draft resolution, which was to become the fourth U.N. sanctions package. French Ambassador Gerard Araud and his British counterpart Mark Lyall Grant were reluctant to allow Rice to draft the resolution. The Europeans had drafted the three previous U.N. sanctions resolutions and both Araud and Lyall Grant had long years of experience negotiating on the Iran issue, since they had been political directors for their respective foreign ministries. As a result, they were closely involved in negotiations on some of the earlier sanctions resolutions. There were no concerns about Rice’s competence but British and French diplomats were worried that Obama’s desire to keep open the possibility of negotiations with Iran – something he had offered Tehran shortly after taking office in early 2009 – would lead Washington to present an initial draft that would be too soft.

“Your first draft has to be the strongest,” the Security Council diplomat said. “The process of negotiating (on Iran sanctions) means the gradual removal of sanctions measures to please the Russians and Chinese. So if you set the bar too low, you’ve got nowhere to go. You have to aim high.” The Europeans reluctantly agreed to let Rice be the pen-holder – or drafter – of the resolution. They were pleasantly surprised. The U.S. proposed elements for a sanctions resolution that included blacklisting the Central Bank of Iran and other banks and trading companies. It also targeted the Islamic Revolutionary Guard Corps (IRGC), shipping and other firms and called for authorizing countries to
board ships and seize suspicious cargo from all land, air and sea vessels coming in and out of Iran, provided there was suspicion that banned materials were on board. It did not target Iran’s oil and gas sectors, something the French had wanted.

In the course of the negotiations, the idea of blacklisting the central bank was dropped due to Russian and Chinese opposition, though language was kept that would urge U.N. member states to “exercise vigilance” regarding the central bank and all other Iranian financial institutions. Since it was clear that China, a major energy customer of Iran’s, was fighting the Western negotiators on blacklisting banks, the call for vigilance on Iranian banks was especially important. U.S. and European negotiators knew that this wording would later give the EU the legal basis to blacklist virtually all Iranian banks once the resolution was adopted.

“That was clearly the strategy. We didn’t talk about it but the Russians knew exactly what we were doing,” the diplomat said. “The idea was to give us language that would enable us to act on our own when implementing the U.N. sanctions, (action) that goes well beyond what’s explicitly in the text. We’ve done that with banks and other Iranian industries.” For their part, the Russians tried to include language barring “unilateral” coercive measures – a strategy clearly aimed at the United States and European Union – but the U.S. and European delegations resisted. Russia also wanted to include language making it clear that there should no “extraterritorial” enforcement of any unilateral sanctions. The U.S. and European negotiators rejected that as well. I will discuss Washington’s drive for extraterritorial enforcement of U.S. sanctions on Iran in detail later in this chapter.
Negotiations on the new sanctions resolution continued within the P5-plus-one throughout much of early 2010. The 10 non-permanent Security Council members, including Turkey and Brazil, complained about being left out of discussions on a draft resolution they would eventually be asked to vote for. The political dynamics on the council were growing tense. Lebanon made clear that it would be unable to support any sanctions resolution against Iran, given that the Iranian-backed Hezbollah movement was sharing power in Beirut with a Western-backed political bloc led by Saad al-Hariri, son of assassinated Prime Minister Rafik al-Hariri, and would have difficulty reaching a consensus. Brazil, an important developing power with increasing clout inside the Group of 20 club of key developed and developing nations, and Turkey also made clear they disliked the idea of sanctioning Iran again.

In the spring of 2010, Turkey and Brazil attempted to resurrect the defunct Tehran Research Reactor nuclear-fuel-swap deal that had fallen apart in late 2009, as discussed in previous chapters. This infuriated the Russians, who saw it as a Turkish and Brazilian attempt to infiltrate the P5-plus-one and undermine the authority of the P5 (Brazil sees itself as a candidate for a permanent seat on an expanded Security Council if an agreement on that divisive issue can ever be reached.) That was when Russia made clear it was in agreement with a U.N. Security Council sanctions package, provided agreement could be reached on specific measures that did not cross Russia’s red lines, along with a list of entities to be added to the existing U.N. blacklist. Moscow wanted to keep the focus on Iran’s nuclear and missile programs, while avoiding the financial and energy sectors. But it signaled it was open to the idea of sanctioning shipping firms and the
IRGC. As the Security Council diplomat explained: “Russia doesn’t like it when countries try to take power away from the P5.”

On May 17, 2012, Iran, Brazil and Turkey issued a joint communiqué called the Tehran Declaration. In it, they pledged to revive the fuel-swap deal that the Iranians had earlier agreed to with the United States, France, Russia and the IAEA but later wavered on implementing. The day after the declaration was signed, Secretary of State Hillary Clinton told the Senate Foreign Relations Committee that agreement had been reached on a new draft U.N. sanctions resolution against Iran among the five permanent Security Council members and Germany and would be circulated to the remaining 10 council members later that day. Brazil and Turkey were furious about what they saw as Clinton’s response to the Tehran Declaration, which the Brazilians and Turks had wanted to use as the basis for a process that would render further U.N. sanctions unnecessary. But the Americans and Europeans were determined to press ahead with the dual-track approach of sanctions in addition to engagement, and Russia and China made no attempt to stop them. This rendered the Brazilian and Turkish efforts irrelevant.

As discussed in Chapter 3, the Turkish and Brazilian votes in the Security Council may have been irrevocably lost when Clinton announced that the U.S. response to the Tehran Declaration was to circulate a draft sanctions resolution. The result was the lowest number of ‘yes’ votes for a U.N. sanctions resolution against Iran – the first two in 2006 and 2007 were approved unanimously, while the third in 2008 passed with 14 yes votes and one abstention from Indonesia. Resolution 1929 was adopted on June 9, 2010 with only 12 votes in favor, two votes against from Turkey and Brazil, and one abstention from Lebanon. Lebanon’s abstention came after the Lebanese cabinet failed to reach a

189 See Chapter 3.
decision, due to a 50-50 split between Hezbollah ministers who opposed it and non-
Hezbollah cabinet members who were in favor.¹⁹⁰

Looking back at the effectiveness of resolution 1929, the Security Council
diplomat said it has been much more effective than they had foreseen while negotiating it
in early 2010. It was also extremely important for the EU, which has used it as a legal
springboard to impose a variety of tough unilateral sanctions on banks, shipping and
other firms – and Iran’s energy sector, which Russia and China say should never be
subject to U.N. sanctions. With the aid of resolution 1929, the EU was able to take steps
that went beyond the U.N. sanctions while doing so in the name of implementing the
U.N. measures. According to the Security Council diplomat, this was one of the goals of
the Western negotiators when they were drafting the sanctions – creating a legal basis for
additional unilateral EU and U.S. sanctions. For example, the United States, Britain and
France persuaded Russia and China to allow the following language in resolution 1929
which offered the EU a legal basis for sanctioning Iran’s energy sector: "Noting the
potential connection between Iran’s revenues derived from its energy sector and the
funding of Iran’s proliferation-sensitive nuclear activities, and further noting that
chemical process equipment and materials required for the petrochemical industry have
much in common with those required for certain sensitive nuclear fuel cycle
activities.”¹⁹¹ The Russians were not comfortable with the idea that 1929 would enable
Western governments to take further unilateral measures against Iran, the diplomat said,
but in the end they acquiesced.

¹⁹⁰ Becky Lee Katz, "LEBANON: Government split down the middle on latest U.N. sanctions on Iran," Los
¹⁹¹ U.N. Security Council, Resolution 1929
In the final days before 1929 was passed, Russia and the rest of the council had effectively signed off on the resolution, and the final negotiations were between Rice and Chinese Ambassador Li Baodong. China was opposed to the inclusion of a number banks on the new blacklist. In the end, only one bank was added to the U.N. blacklist, First East Export Bank, a subsidiary of Bank Mellat based in Malaysia, but Beijing agreed to support the addition of 40 new Iranian entities to the U.N. sanctions list.

The U.S. and European delegations tried hard to secure a full blacklisting of Iranian shipping firm IRISL but failed to persuade Russia and China. In the end, they compromised with Moscow and Beijing by designating three IRISL subsidiaries – Irano Hind Shipping Company, IRISL Benelux NV and South Shipping Line Iran (SSL). The idea of designating subsidiaries of larger companies was part of a broader strategy. “By designating subsidiaries, you draw a red flag to the parent company,” the European diplomat said. “Then the EU and U.S. can come along and designate the parent company. It’s not ideal, but you have to work with the political realities you’re faced with. It’s symbolic in a way, but it has an impact.”

As mentioned earlier in this chapter, there are increasing concerns at the United Nations about the impact of the sanctions on ordinary Iranians. The Western powers had originally intended the measures to be targeted, aimed solely at the nuclear and missile industries. While the Iran sanctions regime continues to suffer from patchy implementation, U.N. officials and sanctions experts say its stranglehold on Iran is tightening and the cumulative effect of the measures has clearly impacted the Iranian population. The Security Council diplomat acknowledged this, summing up situation as follows: “It’s not Iraq – at least not yet.”
Extraterritorial Enforcement

The U.S. government has been particularly aggressive in pushing foreign banks and other companies to avoid any business with Iranian firms, threatening them with U.S. sanctions if they fail to heed Washington’s warnings. The United States has made clear that foreign companies failing to comply with U.S. unilateral sanctions against Iran could find themselves cut off from U.S. markets. The extraterritorial enforcement of unilateral U.S. sanctions has forced countries like Turkey and India, which are major purchasers of Iranian oil, to seek alternative oil suppliers or non-monetary methods of payment.\(^\text{192}\)

New U.S. measures announced last year are intended to cut off Tehran’s oil revenues by preventing financial institutions from carrying out oil transactions with the Central Bank of Iran, which handles most of Iran’s oil payments. As the U.S. Treasury Department has made clear to countries around the world, the point of the new U.S. measures is to force countries to significantly reduce oil imports from Iran to avoid their banks being banished from U.S. markets.\(^\text{193}\) The United States has demonstrated its willingness to sanction Russian and Chinese companies that continue to do business with Iran in defiance of U.S. sanctions. Beijing protested to Washington last year after the Treasury sanctioned Bank of Kunlun, a unit of the state-owned China National Petroleum Corp., for its involvement in Iran’s energy sector.\(^\text{194}\) In December 2012, Washington warned Russia that activities of a U.S.-sanctioned Iranian bank in Russia, Mir Business Bank CJSC, could lead U.S. authorities to increase their scrutiny of Russian banks active in the United States, a thinly


\(^{193}\) Ibid


Some countries, like Iran’s neighbor Turkey, have openly declared that they will only comply with U.N. sanctions and do not see themselves bound by unilateral U.S. restrictions. By way of comparison, the Security Council has only blacklisted three Iranian banks while the United States has designated well over a dozen.\footnote{The U.N. Security Council’s list of designated entities and persons is available here: http://www.un.org/sc/committees/1737/consolist.shtml. The U.S. Treasury Department’s Iran designations are available here: http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran.txt.} But U.S. officials have made clear to governments and companies with strong commercial ties to Iran that Washington considers all firms that do business with the United States obligated to comply with U.S. sanctions against Iran, regardless of those countries’ legal codes. In the case of Turkey, the United States sent a delegation of Treasury Department officials to Ankara in 2010 to explain to Turkish officials what the United States expected of them.\footnote{Louis Charbonneau, “Special Report: Tracking Iran’s nuclear money trail to Turkey,” Reuters, September 20, 2010. http://static.reuters.com/resources/media/editorial/20100920/iran2.pdf. Last accessed December 13, 2012} According to U.S. and other Western financial intelligence officials, Turkey was “allowing itself to be used as a conduit for Iranian activity via Turkish banks and the
Turkish lira, making it possible for Iranian funds in Turkish guise to make their way into Europe.”

Two years after the Treasury Department delegation visited Ankara, Turkish banks are more cautious about doing business with Iran. But they have not cut off commercial ties. More recently Turkey has been annoying U.S. authorities by selling significant quantities of gold to Iran, a precious commodity that Washington fears could help it continue to evade sanctions. By bartering for items with gold, Iran can bypass international financial markets, which usually require payments in dollars, euros or other currencies Iran now has difficulty accessing. Turkish gold sales to Iran increased sharply in March 2012, just as Iran was expelled from the international financial settlement network SWIFT. The difficulties the United States has had persuading Turkey to comply with unilateral U.S. sanctions illustrates the problem of enforcing punitive measures when key trading partners of a sanctioned country do not feel legally bound by them.

Russia has also continued to engage in large-scale business projects with Iran, as exemplified by the Russian-built Bushehr light-water nuclear power plant. While U.N. sanctions did not explicitly bar Russia from completing the Bushehr project, which was underway well before the first U.N. sanctions resolution against Iran was adopted in 2006, Moscow ran into difficulties with the EU over the plant. In 2010, German authorities seized nuclear-related items purchased in Germany that were en route to the

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199 Ibid
Bushehr plant and detained several men involved in the transaction for questioning. Russian U.N. Ambassador Vitaly Churkin complained to the Security Council about extraterritorial enforcement of the EU ban on nuclear technology transfers to Iran, describing it as unacceptable.202

Banks in China, Iran’s top oil export destination, have created barter arrangements with Tehran so that they can continue to do business there. Rather than paying Iran in cash for oil purchases, Chinese banks use the funds to acquire goods for Iranian customers and transfer those goods to Iran.203 According to the U.N. Panel of Experts report on Iran, barter transactions with Tehran have become increasingly popular as Iranians find it difficult to carry out routine international transactions in U.S. dollars, euros and other major currencies due to the U.S. and EU restrictions.204 Iran has reportedly been offering gold bullion stored abroad, or tanker loads of oil, in exchange for food due to the difficulties it faces in conducting international financial transactions.205 Countries that have announced plans to increase barter trade with Iran include Pakistan, Sri Lanka and Thailand. There is no way to quantify the cost Iran incurs as it carries out such elaborate countermeasures, but it undoubtedly adds to the financial pressure on Tehran at a time when its economy is in shambles.

While it is difficult to say to what degree the sanctions are to blame for Iran’s economic troubles, and to what extent the government’s own economic policies are

204 Final report of the Panel of Experts, 42.
responsible, there is increasing evidence that the sanctions are playing a central role. The Washington-based Institute for International Finance (IIF) recently concluded that it is the sanctions that have pushed Iran into a deep recession. In its latest report on the Middle East and North Africa, the IIF said crude oil exports from Iran plummeted in 2012, while inflation soared. It predicted that Iranian gross domestic product would likely contract by 3.5 percent in 2012, compared to 1.2 percent growth in 2011. The institute also forecast that government revenues from oil sales, which accounted for half its income last year, could drop by at least 40 percent in the 2012-13 fiscal year. The IIF’s forecasts contrasted sharply with the most recent predictions of the International Monetary Fund (IMF), which said that Iran was expected to bring its high inflation down and return to growth next year despite the sanctions. Unlike the IIF’s forecasts, which are not based on Iranian government figures but come from independent analysis, the IMF predictions were largely based on official Iranian government data.

Political Fallout of Sanctions

There are also political consequences of sanctions. Iran’s relations with China have deepened in recent years, partly due to Beijing’s reluctance to support the sanctions regime and its determination to maintain strong commercial ties with Tehran. Iran is increasingly looking to China, which supported all four rounds of U.N. sanctions against Tehran but worked hard to dilute them in negotiations on the draft resolutions, as a diplomatic protector and commercial ally. China has made clear its opposition to the unilateral U.S. and EU sanctions against Tehran and has repeatedly said it sees no need

for further U.N. measures. A March 2012 report by the Center for Strategic and International Studies (CSIS) outlined how Sino-Iranian ties have been strengthening as the sanctions against Tehran have become increasingly stringent.\textsuperscript{208} The report concluded that Iran provides China with a secure source of oil, an arms market, a strategic link to the Middle East, and an indirect means of challenging American hegemony.

Iran’s need of a great power patron is satisfied by China who provides economic partnership, an important arms nexus, and perhaps most importantly diplomatic cover. The Sino-Iranian bond is strengthened by a mutual distrust of America’s global reach and both nations frequently criticize the U.S. policy of liberal interventionism as imperialist and hegemonic.\textsuperscript{209}

As the United States and Europe continue to tighten their sanctions stranglehold on Iran, it will likely drift further into the arms of China. That will further weaken Western powers’ leverage over Tehran and dull the impact of the sanctions. If that is the case, stricter U.S. and European sanctions could make Iran less likely to compromise on its nuclear program, because the Western measures themselves will simply encourage Tehran to continue turning to the east to find alternative markets to replace those in the West it has been shut out of. If it is successful in its shift to the east, the sanctions on Iran will become increasingly less relevant as time goes on.

The situation with Russia is slightly different. While Russian commercial links to Iran remain strong, they are not as deep as China’s, largely because Russia has its own ample reserves of oil and gas. But the CSIS report concludes that Moscow, like Beijing,


\textsuperscript{209} Ibid, 7.
has sought to derive political benefits from the fact that it is at best a half-hearted
participant in enforcing sanctions against Iran, sometimes backing the U.S. position,
sometimes opposing it. Moscow has long-term strategic reasons for maintaining close
ties to Iran.

Russian calculations are decidedly realist and its policies towards each side (U.S. and Iran) fluctuate according to the relative risks and benefits of association. Russo-Iranian relations are driven by Russia’s goals to establish trade and transport links to the Gulf, to coordinate oil and gas export policies, and to counter U.S. influence in the Middle East.210

In short, China and Russia are resisting U.S. and European efforts to ratchet up the pressure on Tehran. Rather, they continue to play both sides off against each other and reap whatever benefits they can from maintaining good commercial ties with Iran.

Tehran’s strong business ties to countries like Turkey, India, China, Russia and others will ensure that it has avenues to evade sanctions, limiting their effectiveness and demonstrating to the world that the international community is divided.

210 Ibid, 21.
Chapter 6 – Getting Tough: The Military Option vs. Diplomacy

For the last decade, hawks and doves in the United States and Israel have debated whether there is a realistic back-up plan involving force in the event the P5-plus-one process fails – in other words, a viable military option that would involve destroying or significantly damaging Iran’s nuclear program without creating more problems than it solves. For years, Israeli officials, some of whom have described Iran’s nuclear program as an existential threat to Israel,\(^\text{211}\) have repeatedly declared that failure to resolve the diplomatic standoff with Iran at the negotiating table could prompt Israel to use military force to destroy Iran’s nuclear installations\(^\text{212}\) as it did in Iraq in 1981 and in Syria in 2007.\(^\text{213}\) In a speech to the U.N. General Assembly in September 2012, Israeli Prime Minister Benjamin Netanyahu displayed a cartoon-like diagram of a bomb to illustrate the progress of Iran’s nuclear weapons program and warned those present – the Iranian delegation had left the assembly hall – that Israel might have no choice to but to attack Iran if it crossed Israel’s “red line,” which he said was the production of enough 20 percent enriched uranium for a single bomb if it was enriched further to a weapons-grade level.\(^\text{214}\) Nor has Washington ruled out the use of force against Iran. Two days before Netanyahu announced his red line, President Obama told the 193-nation General Assembly that the United States will “do what we must to prevent Iran from obtaining a


\(^{213}\) Israel destroyed Iraqi leader Saddam Hussein’s nascent nuclear weapons program with air raids on the Osirak nuclear complex in June 1981. Iraq attempted to revive the program but it was definitively destroyed after U.N. inspectors uncovered it in the years following the first Gulf war in 1991. In July 2007 Israel carried out a similar raid on a Syrian facility that U.S. officials have said was nuclear facility.

nuclear weapon.” Unlike the Israeli prime minister, Obama did not lay down any specific red lines or elaborate on his threat. But Obama’s suggestion that the United States was prepared to use military force against Iran was unambiguous: “A nuclear-armed Iran is not a challenge that can be contained.”

How viable is the military option for dealing with Iran’s nuclear program? According to Matthew Kroenig, a former special adviser to the U.S. Secretary of Defense under Obama, it is not only a viable option, it is high time the United States – not Israel, which lacks the military capabilities of the U.S. armed forces – used military force to eradicate the threat of a nuclear-armed Iran. Kroenig argues that those who oppose the use of force, or are skeptical about it, underestimate the threat a nuclear-armed Iran would pose to the United States and its interests in the Middle East and elsewhere. They assume that the consequences of a military attack on Iran would be as bad or worse than living with a nuclear Iran. Kroenig dismisses that view.

(T)hat is a faulty assumption. The truth is that a military strike intended to destroy Iran’s nuclear program, if managed carefully, could spare the region and the world a very real threat and dramatically improve the long-term national security of the United States.

He argues that a properly executed U.S. attack on Iran’s nuclear facilities, which would require the deployment of bunker-busting bombs to penetrate Iran’s underground facilities, would be far less risky than a decades-long attempt to contain a nuclear-armed Tehran. And Iran’s “rapid” nuclear development means that the United States will

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216 Netanyahu’s red line of sufficient 20 percent enriched uranium for one bomb is quite some distance from an actual weapon. In his speech Obama vowed to prevent Iran from getting an actual weapon, not preventing it from amassing enough 20 percent enriched uranium for a single bomb.
217 Ibid
218 Matthew Kroenig, “Time To Attack Iran,” Foreign Affairs, 91:1 (January-February 2012), 76.
219 Ibid, 77.
inevitably face a stark choice between a conventional military conflict in the shorter term and nuclear war in the future.\(^{220}\)

Faced with that decision, the United States should conduct a surgical strike on Iran’s nuclear facilities, absorb an inevitable round of retaliation, and then seek to quickly de-escalate the crisis. Addressing the threat now will spare the United States from confronting a far more dangerous situation in the future.\(^{221}\)

Not all analysts are as confident as Kroenig that Iran’s nuclear program could be neutralized or set back significantly with the aid of air strikes. In 2004, the *Atlantic Monthly* had retired U.S. Air Force Colonel Sam Gardiner, a military strategy expert who has taught at the National War College and other U.S. military academies, prepare a war game to simulate an attack on Iran’s nuclear facilities. At the end of that exercise, Gardiner concluded that a military attack was not worth it: "After all this effort, I am left with two simple sentences for policymakers," he was quoted by the *Atlantic* as saying. "You have no military solution for the issues of Iran. And you have to make diplomacy work."\(^{222}\) One of the major drawbacks of the military option, Gardiner said, is that the scarcity of solid intelligence means it would be difficult to assess the actual impact of any bombing raids on Iran’s nuclear program.

Pre-emption is only a tactic that puts off the nuclear development ... It cannot make it go away. Since our intelligence is so limited, we won't even know what we achieved after an attack. If we set it back a year, what do we do a year later? A pre-emptive strike would carry low military risk but high strategic risk.\(^{223}\)

Two years later Gardiner spoke in Berlin about how an operation against Iran’s nuclear facilities would work in theory. He said it was theoretically feasible and would take no

\(^{220}\) Ibid, 86.
\(^{221}\) Ibid.
\(^{223}\) Ibid
more than five days, but would not eradicate Iran's nuclear program since the know-how would remain, making such an operation all but useless.  

One could argue that nine years after the Atlantic war game, the United States should have better intelligence on Iran’s nuclear program and be in a better position to assess the impact of military action on Iran’s nuclear installations. But intelligence on Iran still has its limits. Obama said last year that the U.S. intelligence community has a “very good estimate” of how long Iran would need to develop a nuclear weapon if it chose to do so, though he acknowledged there was still a great deal Washington does not know about what is going on inside the Islamic Republic, above all regarding decision-making.

"Do we know all of the dynamics inside of Iran? Absolutely not," Obama said. "Iran itself is a lot more divided now than it was. Knowing who is making decisions at any given time inside of Iran is tough." According to a Heritage Foundation research report, a military operation against Iran’s nuclear installations would be much more complicated than the five-day campaign Gardiner described above – and much more difficult than Israel’s attacks on Iraq and Syria – probably involving thousands of sorties over the course of several weeks. And, as Gardiner and others have said, even if such an operation was successful, it could only delay Iran’s nuclear arms program, not eradicate it. Not only is there no ironclad guarantee that Israeli, U.S. or European intelligence agencies know where all of Iran’s nuclear facilities are located, Iran has a large number of educated scientists and

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226 Ibid
technicians with a sophisticated level of technical expertise. Know-how cannot be bombed away. That is also the view of former Joint Chiefs of Staff Chairman Admiral Mullen, who said in 2010 that military force cannot destroy Iran’s nuclear program, and the only way to deal with it is through negotiations aimed at making Tehran realize that the benefits of not developing nuclear bombs outweigh the benefits of having them.

Some analysts have argued in another direction – that a limited operation focusing solely on Iranian nuclear facilities would be insufficient and the ultimate goal should not be limited to demolishing nuclear installations while sparing the country’s leadership. The objective should be regime change. Responding to Kroenig’s article, Jamie M. Fly of the Foreign Policy Initiative and Gary Schmitt of the American Enterprise Institute agreed with some of the opponents of a targeted military action against Iranian nuclear facilities, describing the idea as a “temporary fix” that would only force the country’s leadership to move its secretive nuclear program even further underground. They also agree with critics of Kroenig that the nuclear know-how inside Iran is at such a high level that bombing its atomic facilities would not resolve the problem. Fly’s and Schmitt’s solution, however, is not to avoid military action, but a broader operation aimed at undermining the Islamic government that has been in power since 1979 and hopefully contributing to its downfall.

If the United States seriously considers military action, it would be better to plan an operation that not only strikes the nuclear program but aims to

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228 Gardiner made the same point earlier. Kroenig dismisses the idea that Iran might have hidden nuclear facilities: “(I)t is unlikely that Tehran has any significant operational nuclear facilities still unknown to Western intelligence agencies.”

229 “No strike, however effective, will be in and of itself decisive,” Admiral Mike Mullen said. As quoted in “Military strike won’t stop Iran’s nuclear program,” Haaretz, February 22, 2010.

destabilize the regime, potentially resolving the Iranian nuclear crisis once and for all.\textsuperscript{231}

Such a campaign would involve targeting key installations of the Islamic Revolutionary Guard Corps – which the authors incorrectly refer to as the “Republican Guard” – the intelligence ministry and other significant government facilities.

The goal would be to compromise severely the government's ability to control the Iranian population. This would require an extended campaign, but since even a limited strike would take days and Iran would strike back, it would be far better to design a military operation that has a greater chance of producing a satisfactory outcome.\textsuperscript{232}

Fly and Schmitt acknowledge that such an operation would offer no guarantees that the Iranian regime would fall immediately, though it would likely increase the government’s unpopularity. The authors dismiss the idea that an outside attack on Iran would encourage ordinary Iranians who dislike their government to rally behind the country’s leadership, a typical reaction in a time of war.

In fact, given the unpopularity of the government, it seems more likely that the population would see the regime's inability to forestall the attacks as evidence that the emperor has no clothes and is leading the country into needlessly desperate straits. If anything, Iranian nationalism and pride would stoke even more anger at the current regime.\textsuperscript{233}

Fly and Schmitt conclude that Kroenig is correct to argue that the military option should be given priority at the moment. However, they argue that half measures should be avoided. If a military option is chosen “it would be far better to put the regime at risk than to leave it wounded but still nuclear capable and ready to fight another day.”\textsuperscript{234}

Colin H. Kahl of Georgetown University countered by arguing that the biggest problem with calls for prioritizing military action is the idea that the best approach to
dealing with Iran is to launch another pre-emptive war. If there is any lesson to be learned from the mistakes of the Iraq war, it is that “Washington should not choose war when there are still other options, and it should not base its decision to attack on best-case analyses of how it hopes the conflict will turn out.”

He also disputes Kroenig’s suggestion that a war with Iran would be a clean and manageable conflict in which Washington could avoid an uncontrollable escalation. Kahl calls this a “mirage” and warns that “any war with Iran would be a messy and extraordinarily violent affair, with significant casualties and consequences.” Iran would have every reason to escalate the conflict and unleash a furious retaliation against Israel, the United States and other countries. One of the biggest concerns in the United States and Europe is that Iran would blockade the Strait of Hormuz, one of the world’s most important oil shipping lanes, driving up the price of crude at a time of economic uncertainty in Europe and the U.S. Some analysts doubt that Iran would close Hormuz, through which nearly 20 percent of the world’s oil passes. Others suggest it would be difficult, if not impossible, for Iran to do so. Bradley S. Russell, a U.S. Navy captain, and Max Boot, both at the Council on Foreign Relations, note that Iran tried but failed to close the Strait of Hormuz during the 1980-88 Iran-Iraq war, though Iranian forces did manage to frequently harass Kuwait oil tankers. Kahl suggests that the

236 Ibid, 167.
Iranians might nevertheless have a strong motive for trying to blockade the strait – just an attempt to close it would send international oil markets into a frenzy, undermining the fragile global economic recovery and leading to massive pressure on the United States to de-escalate any conflict with Iran. In reality, Kahl continues, such a move would likely have the opposite effect on Washington, prompting it to escalate by taking more drastic military steps to ensure the Strait of Hormuz remains open for shipping traffic.

While there is no doubt that the United States would win in any conflict with Iran in a purely military sense, it could easily escalate into a messy war with unintended consequences for the United States, Israel and Iran’s neighbors. Iran has the ability to cause trouble in Syria, Iraq, Afghanistan, Lebanon, the Palestinian territories and elsewhere. Former IAEA chief Mohamed ElBaradei described the fallout from any attack on Iran to destroy its nuclear facilities in apocalyptic terms:

A military solution … will give (Iran's) regime the full (domestic) support, the full justification to go for a crash course to develop nuclear weapons. The know-how is there, you cannot take it out of their minds. … They will simply, in my view, go underground. The region is already in an unsustainable situation and adding an attack will simply create a ball of fire which will ricochet everywhere, in every part of the world.

Like ElBaradei, Kahl predicts that Iran’s unpopular leadership would benefit from a U.S. military attack, as ordinary Iranians would rally behind the “nuclear hard-liners, increasing the odds that Iran would emerge from a strike even more committed to building a bomb.” He dismisses Kroenig’s, Fry’s and Schmitt’s suggestions that an attack might increase antipathy towards the Iranian leadership. One reason for this, Kahl argues, is the popularity of the country’s nuclear program among ordinary Iranians: “To

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240 Kahl, 169.
242 Kahl, 170.
the extent that there is internal dissent over the program, it is a discussion about whether the country should acquire nuclear weapons or simply pursue civilian nuclear technology.”

While there are Arab leaders who would welcome a U.S. attack on Iran’s nuclear facilities, above all in Saudi Arabia and other Gulf states, Kahl says that the Arab Street might not share those leaders’ enthusiasm. There could be an upsurge of anti-Americanism and a swell of sympathy for Iran across the Middle East. Populist Islamist governments that took power in the wake of the Arab Spring in Egypt and elsewhere might be inclined to side with Iran against the United States. There is are other problems with the “regime change” scenario Fly and Schmitt advocate – it is not at all clear that toppling the Islamic leadership in Iran would lead to a government that would opt against developing a nuclear deterrent. Iran’s nuclear program was launched prior to the 1979 Islamic revolution, when the Shah was still in power. With or without regime change, it is very possible that a new Iranian government would seek to continue the program for the strategic and security reasons discussed in previous chapters. According to a former senior IAEA official, Iranian opposition leader Mirhossein Mousavi, a central figure in the 2009 green revolution who was Iran’s prime minister from 1981 to 1989, was among the Iranian officials who approved Tehran’s initial contact with the A.Q. Khan network that set Iran’s secret nuclear program in motion in the 1980s. This was clear from the fact that Mousavi’s signature was on a monetary transfer to individuals involved in the initial purchase of centrifuge technology.

243 Ibid, 171.
244 Kahl, 170.
245 Author’s interview with senior IAEA official in New York in May 2010.
This chapter has focused mainly on the possibility of a U.S. attack. But as Netanyahu’s warnings cited above made clear, an Israeli attack on Iran’s nuclear facilities is also a possibility. Some analysts say that Israel is less inclined to attack Iran unilaterally now that Obama has committed himself to preventing Iran from getting a nuclear weapon. But the possibility of an Israeli attack remains. As mentioned previously, Israel attacked Iraq’s nuclear facilities in 1981 and Syria’s in 2007. Iran’s program, however, is much more advanced than the Iraqi or Syrian programs were, with its facilities are spread across the country, some of them deep underground and others near population centers like Isfahan. That fact, combined with Iran’s air-defense systems deployed around key nuclear facilities, makes any military operation aimed at destroying Iran’s nuclear capabilities a difficult and risky venture.

Jeffrey Goldberg of The Atlantic, an expert on the Middle East, has argued that the negative consequences of an Israeli attack outweigh any potential benefits. Those negative consequences are the following: innocent people would die; it might not succeed in destroying or crippling Iran’s nuclear program; even if it does work, Iran can rebuild it; an Israeli strike could cause an upsurge of sympathy for Iran among Sunni Arabs who despise the Iranian government for supporting Syrian President Bashar al-Assad’s brutal war against rebels determined to oust him; it could trigger a “war without end” in the region; it could damage U.S.-Israeli relations; it could undermine U.S. policy aimed at destabilizing Iran’s leadership and preventing it from getting nuclear weapons through diplomatic methods such as sanctions.246 Another Israeli commentator, Amos Harel, wrote in Haaretz that the likelihood of an Israeli attack has diminished in recent months,

partly due to the upcoming Iranian presidential elections in June, in which Ahmadinejad will not be permitted to run because of Iran’s constitutional two-term limit. The departure of Ahmadinejad from Iran’s political scene means that Israel’s principal bogeyman will lose his podium. Another reason for Israel to refrain from an attack, Harel argues, is that Washington does not want the Israelis to interfere with, or undermine support for, the international sanctions stranglehold that that Washington believes is choking the Iranian economy.

Washington is satisfied that the sanctions have caused considerable damage to the Iranian economy and believes that for now, it makes sense to continue along this track.

There is also a non-violent method of attacking Iran’s nuclear program that the United States and its allies have used – sabotage. The best known act of sabotage involved a computer virus called Stuxnet that was designed to attack enrichment centrifuges installed at Iran’s Natanz enrichment plant, the first use of malware to target industrial machine operations. According to a white paper prepared by the U.S. internet security firm Symantec, the virus was first spotted “in the wild” in 2007, though an earlier version might have been in circulation as early as 2005. Symantec said the Stuxnet worm is “the first computer software threat that was used as a cyber-weapon.” The virus, which was reportedly developed by the United States and Israel, caused computer control systems at Natanz that regulated the operation of centrifuges and the

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248 Ibid
249 Jim Finkle, “Researchers say Stuxnet was deployed against Iran in 2007,” Reuters, February 26, 2013. Last accessed April 7: [http://reut.rs/YwlRg5](http://reut.rs/YwlRg5)
251 Ibid
flow of uranium hexafluoride gas throughout cascades of centrifuges to fail and hid that failure from the plant operators. The various versions of the virus that hit Natanz between 2007 and 2010 targeted crucial industrial control software known as Step 7 (S7-315) developed by the German firm Siemens AG. (According to Israeli security reporters Yossi Melman and Dan Raviv, Germany’s BND foreign intelligence agency helped to arrange the cooperation of Siemens.) The malware affected different parts of the enrichment process – it adjusted valves that control the uranium gas flow between individual spinning centrifuges in a way that significantly increased the pressure in them, or shifted the rotational speed of centrifuges in order to cause severe mechanical malfunctions. According to nuclear security expert David Albright, head of the Institute for Science and International Security (ISIS) in Washington, Stuxnet was likely responsible for the destruction of more than 10 percent of the centrifuges installed at Natanz at the time of the attack.

To date, Stuxnet is known to have had at least one successful attack. It is increasingly accepted that, in late 2009 or early 2010, Stuxnet destroyed about 1,000 IR-1 centrifuges out of about 9,000 deployed at the site. The effect of this attack was significant. It rattled the Iranians, who were unlikely to know what caused the breakage, delayed the expected expansion of the plant, and further consumed a limited supply of centrifuges to replace those destroyed.

Iran shut down a number of centrifuge cascades for months and unearthed the existence of Stuxnet in its Siemens S7-315 programmable logic controller (PLC). The existence

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253 Finkle
257 Ibid
of the virus in Iran’s nuclear program eventually became public knowledge and Iran took steps to eradicate the Stuxnet and prevent future attacks.\textsuperscript{258} A significant number of centrifuges were destroyed, though the sabotage did not affect Iran’s overall long-term production of enriched uranium. Nevertheless, ISIS said it “is certain that foreign intelligence agencies will continue in their efforts to sabotage Iran’s centrifuge program.”\textsuperscript{259} The Obama administration seems to believe covert operations like Stuxnet have been effective in slowing down the development of Iran’s enrichment program.

In early 2011, for example, US Secretary of State Hillary Clinton publicly highlighted that the program had been experiencing difficulties. Indeed there now appears to be a perception in Washington, and elsewhere that the Iranian nuclear issue may not be as pressing as it was two years or so ago. This may therefore buy some time for the international community’s dual-track approach to Iran … to work.\textsuperscript{260}

Looked at from a longer-term perspective, it is very possible the success of Stuxnet was more psychological than mechanical. But it proved that Iran’s nuclear program can be targeted with cyber weapons. And since Iran has to rely on clandestine smuggling networks to acquire sensitive industrial technology and software – such as Siemens S7-315 PLC software – from abroad, it will remain vulnerable to future malware attacks. Opportunities will present themselves to saboteurs working for foreign intelligence agencies at various points along Iran’s illicit supply chain.

Another method of sabotaging Iran’s nuclear program has involved the assassination of Iranian scientists. Between 2007 and 2012 at least five senior Iranian nuclear scientists were killed – most of them with various types of bombs. An attempt to place a magnetic bomb on the car of scientist Fereydoon Abbasi-Davani failed when

\textsuperscript{258} Ibid
\textsuperscript{259} Ibid
Abbasi-Davani jumped out of his car at the last minute. He was later promoted to the post of head of the Atomic Energy Organization of Iran. Melman and Raviv suggest it is clear Israel’s Mossad was behind the assassinations.

Three of the four bombings were accomplished by powerful magnets that held a uniquely shaped charge – a small but powerful bomb that directed all its lethal energy in one direction – when stuck onto a car door. The explosives were placed by fast-moving attackers riding on motorcycles, and motorcycles were practically a trademark of the Mossad’s assassination unit.

Iran has repeatedly denounced the killings as terrorism and in May 2012 executed a 24-year-old man for allegedly being a Mossad agent involved in one of the assassinations.

Last year, Tehran formally complained to the United Nations about the assassinations but neither U.N. Secretary-General Ban Ki-moon nor the Security Council condemned the killings. Christof Heyns, however, the U.N. special rapporteur on extrajudicial executions, said the killings seemed to reflect a "worrying trend of extrajudicial executions of nuclear scientists in Iran. … The killings are unlawful and should be condemned."

While the assassinations will likely have little or no impact on the further development of Iran’s nuclear program, they have clearly rattled the Iranians. According to Melman and Raviv, Israeli intelligence agencies consider any delay in Iran’s nuclear program, however short, to be a victory.

The Mossad knew, after all, that the entire Iranian weapons program would not be demolished by assassinations of nuclear scientists and military officers. Those individuals would be replaced. Yet, any delay at all represented an achievement. Israeli strategic thinking – exercised in Egypt, Iraq, and elsewhere – held that temporary disruptions to an

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261 Melman and Raviv, 454-457.
262 Ibid, 450-454.
265 Ibid
enemy’s dangerous projects were sufficient cause for taking significant risks.\textsuperscript{266}

If this is correct, there may be more assassinations in Iran’s nuclear industry.

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According to conventional wisdom, maintaining a credible military threat in the background is an essential part of diplomacy with Iran. I will discuss that idea in more detail in the next and final chapter. Suffice it to say that there is no sign the threat of military action is making Iran any more willing to compromise at the negotiating table, though it could be one of the reasons Iran has not yet created an actual nuclear weapon. The fear among Iran’s leaders that the military option could be used most likely had an impact on Iran’s willingness to negotiate in the past. Iran’s cessation of weaponization work and desire for negotiations with the United States in May 2003 would appear to illustrate this point.

Despite their threats, neither the United States nor Israel appears to be gearing up for an attack on Iran anytime soon. Contingency planning is doubtless at an advanced stage, though the Obama administration is pressing ahead with economic warfare and covert sabotage operations like the Stuxnet virus. But if Iran continues to creep towards the point where it can develop an atomic weapon at short notice, above all with the use of more advanced centrifuges it is developing, the likelihood of a U.S. and/or Israeli attack on Iran’s nuclear facilities will increase dramatically. The Obama administration has not set a clear red line for Iran, an approach that has the advantage of leaving Iran in the dark about when the United States might decide to launch airstrikes against Iranian atomic facilities. But Tehran may continue pushing its nuclear program slowly forward until

\textsuperscript{266} Melman and Raviv, 518-521.
Washington clarifies its red lines – either with an unequivocal public statement or with an actual strike against an Iranian target. The jury is still out on whether bombing raids can resolve the nuclear standoff with Iran or make it dramatically worse, though the balance of arguments overwhelmingly favors diplomacy over military force.
Chapter 7 - Escape From Deadlock: Conclusion and Recommendations

What can be done to end the decade-long standoff over Iran’s nuclear program? Lessons can be learned from the numerous missed opportunities and mistakes that the United States, Britain, France, Germany, Russia, China and Iran have made during the last 10 years. It is possible that the window of opportunity has been shut for good, that Iran has made up its mind to pursue a nuclear deterrent, whether in the form of a nuclear arsenal or a nuclear capability that leaves it in a position where it could build nuclear weapons at short notice if it decided to do so. It is not possible to turn the clock back to 2003, when a reformist Iranian president was in power and Iran may have been more amenable to compromise. In other words, it is very possible that a deal between Iran and the West cannot happen because Iran’s supreme leader does not want one.

I believe there is still a chance – albeit a slim one – for a deal with Iran. Former Iranian nuclear negotiator Hossein Mousavian, a visiting scholar at Princeton University who was briefly jailed in Iran before he left the country, is also among those convinced it is not too late. Iran’s leaders, Mousavian argues, have long been ready to strike a nuclear deal with the United States, the other four permanent Security Council members, and Germany, and remains ready to do so today – provided they receive sufficient security guarantees from Washington.

Tehran will not seriously consider having a dialogue with the United States on Weapons of Mass Destruction (WMD) questions unless and until the United States agrees to discuss Iran’s security objectives in addition to America’s security objectives. The obstacles to Washington and Tehran opening such a dialogue are serious but not insurmountable as each nation becomes more cognizant of the mounting threats to its security.268

267 Reuters, “Iran ex-nuclear official gets suspended sentence,” April 9, 2008. Last accessed on April 27, 2013: http://reut.rs/1ILcQT1
268 Mousavian, 4.
In order for a deal to take place, Mousavian says the six powers would have to recognize that Iran has the right to a full civilian nuclear energy program, including enriched uranium fuel production, at least on a limited scale.\textsuperscript{269} Russia and China would not have trouble granting Iran the right to enrich uranium, and the Europeans might eventually be persuaded to accept the idea. It would be a tall order for the United States and Israel, where such a capitulation could be tantamount to political suicide. Washington has already acknowledged Iran’s right to civilian nuclear energy but is reluctant to permit it to enrich uranium, a part of the nuclear fuel cycle the IAEA and the world’s key nuclear powers are generally trying to dissuade countries from engaging in.\textsuperscript{270} U.S. officials dislike the idea of allowing Iran to join the club of so-called virtual nuclear weapons states like Japan and Germany, both of which could theoretically produce an atomic weapon if they ever decided they wanted one. But according to Mousavian, it is too late to turn back the clock on Iran’s nuclear capabilities. He has argued that Tehran reached “break-out capability”\textsuperscript{271} – the moment when it could produce enough weapons-grade fissile material for a single weapon – as early as 2002. That claim is debatable since, as discussed in previous chapters, Iran continues to operate elaborate foreign procurement operations in an attempt to bypass international sanctions aimed at cutting off its access to nuclear and missile technology, raising doubts about the self-sufficiency of Iran’s nuclear program. But whether or not Mousavian’s statement is an exaggeration, Iran’s


\textsuperscript{270} The IAEA has been pushing for the creation of nuclear fuel banks so that countries would have a ready supply of fuel for civilian energy purposes without the need to produce atomic fuel domestically. See http://www.iaea.org/OurWork/ST/NE/NEFW/Assurance-of-Supply/iaea-leu-bank.html

\textsuperscript{271} Ibid
nuclear capabilities are advanced enough that is not far from being able to produce a nuclear weapon if it wanted one.\textsuperscript{272}

The basic elements of a theoretical deal are clear – Iran would be permitted to maintain a civilian nuclear program, including enrichment, but its enrichment work would have to be on a limited scale and Tehran would have to permit intrusive, surprise IAEA inspections and around-the-clock monitoring 365 days a year. Russia and China would likely accept such a deal, and the European Union might also back it, albeit with some reluctance. But it would be hard to sell in the United States and Israel, since it would force them to accept an Iranian nuclear capability and prepare for containment.\textsuperscript{273}

There is clearly a great deal of skepticism in Washington about whether any deal with Iran is possible. Those who dismissed Iran’s 2003 overture to the Bush administration sent via the Swiss saw no point in sitting down at a table with representatives of the Islamic Republic. Vice President Dick Cheney and Defense Secretary Rumsfeld dismissed the proposal with a simple argument: “We don’t speak to evil.”\textsuperscript{274}  I have spoken with officials in the Obama administration who also feel a deal with Iran will never happen and the only thing that is keeping them from developing an actual nuclear weapon is fear of military strikes. A deal, if possible, would require compromises on all sides – in Tehran, Washington, Europe and Israel, compromises that would undoubtedly create political discomfort at home for all governments involved. But if all sides want an agreement such compromises will be necessary. Iran has not closed the door on a deal.

\textsuperscript{272} David Albright, head of the Institute for Science and International Security (ISIS), has predicted that Iran could reach “critical capability” to develop a nuclear weapon – the point where it has enough weapons-grade uranium for a single weapon – by mid-2014. See http://isis-online.org/uploads/isis-reports/documents/FinalReport.pdf

\textsuperscript{273} Matt Spetalnick and Mark Felsenthal, “Obama warns Iran on nuclear bid, containment ‘no option’,” Reuters, September 25, 2013. Last accessed February 18, 2013: http://reut.rs/ORpTQ9

\textsuperscript{274} Parsi, 248.
It is therefore necessary to pursue every available avenue to pry that door open, even if the chances of reaching a sustainable agreement are small.

At the end of this chapter, I will make 10 recommendations for securing a deal between Iran and the P5-plus-one. Before presenting those recommendations, I would like to discuss in detail the background of what is needed for an agreement with the Islamic Republic and ways that we can learn from a decade of missed opportunities.

Striking a Deal

1) Does Iran want a deal with the West? I have attempted to show throughout this thesis that a number of Iranian officials have demonstrated varying degrees of willingness over the years to strike some kind of deal with the United States and Europe that would end the crisis. Among those are former nuclear negotiator Mousavian, cited above, former chief nuclear negotiator Hassan Rowhani, the outgoing President Mahmoud Ahmadinejad, and his predecessor Mohammad Khatami. There have been others. Many U.S. and European officials question the sincerity of these and other Iranian officials, though the Iranians have also questioned the sincerity of their Western interlocutors. There are clearly numerous Iranian officials – above all Iranian conservatives and members of the Islamic Revolutionary Guard Corps – who oppose any deal with the United States and Europe, especially one that would limit the development of Iran’s nuclear program and halt its pursuit of a nuclear deterrent. (Those who have become millionaires because of the sanctions – and there are undoubtedly quite of few of them in Iran – could also be expected to resist any deal that would lead to lifting of the sanctions.) There is currently no consensus within Iran’s various power centers on the
value of a deal with the West, and as discussed previously, Supreme Leader Ayatollah Ali Khamenei is among those who are highly resistant to any agreement with the West.

Khamenei has the authority to authorize a deal if he chooses to do so, and some analysts believe he may be willing to make one.\(^\text{275}\) Despite his refusal to give way on Iran’s enrichment program, Tehran under Khamenei has insisted that Iran remains committed to the NPT and has not ordered the assembly of an atomic weapon. This could, of course, be less a strategic decision and more what Karim Sadjadpour has described as Khamenei’s “inability to make difficult decisions and his seeming preference to muddle along with the status quo.”\(^\text{276}\) Ordering the construction of a nuclear weapon would represent a radical shift of the status quo from nuclear capability into weaponization and would run the risk of a U.S. and/or Israeli attack on Iranian nuclear facilities. With the threat of such an attack looming overhead, the development of Iran’s nuclear program over the last decade has been methodical, not rushed. Iran has worked hard to assemble the various ingredients of a nuclear weapon, focusing on the enrichment process, but has yet to put it all together. It has also refrained from developing or acquiring the central component of an atomic bomb – weapons-grade fissile uranium or plutonium.

If the Swiss offer from 2003 was a genuine expression of a desire to negotiate with the United States backed by the supreme leader – and to this day that remains unclear – then Khamenei did at least once consider the possibility of deal with the West to prevent Iraq-style regime change in Iran. However reluctant he may be about a deal,


\(^{276}\) Sadjadpour, 28.
Khamenei has remained open, in theory at least, to a deal with the West even as he pushes the country’s nuclear program forward.

Thus far, the supreme leader has opted for a more judicious and incremental approach to nuclear empowerment. It is a strategy that has served him well as Iran has succeeded in expanding its nuclear infrastructure and has transgressed a series of Western red lines. The price for such advances has been increasing economic penalties and a degree of international isolation.\(^{277}\)

It remains to be seen whether the worsening economic bite of international sanctions and the threat of military action will change Iran’s nuclear decision-making calculus, though the history of Iran, which has lived under sanctions for decades, has shown that it is remarkably resilient to trade restrictions. There are no signs that Khamenei is on the verge of a reversal. But in March 2013, Khamenei issued an interesting statement regarding the prospect of bilateral discussions with the United States: “I am not optimistic, but I do not oppose, either.”\(^{278}\) It might simply be a polite way of saying there is no point in negotiating with the Americans. But Khamenei may also be signaling that he will not stand in the way of talks with the United States and has not ruled out the remote possibility that a deal could be struck with the Great Satan. Only Khamenei himself and those close to him know what he really meant. Sadjadpour, who is among the pessimists who doubt a deal is possible while Khamenei is alive, summed up his assessment of the meager likelihood of Iran reaching an agreement with the West: “Those who want a deal can’t deliver, and those who can deliver don’t want a deal.”\(^{279}\)

2) \textit{Are there incentives that could be offered to Iran to entice it to strike a deal with the West?} The most important incentives that could be offered to Iran include the

\(^{277}\) Takeyh, “Introduction: What Do We Know?” 12.
\(^{279}\) Sadjadpour in an interview with the author in Washington, D.C., April 26, 2013.
following: security guarantees and assurances that Iran will not be subjected to regime change; the suspension and eventual lifting of sanctions, above all the U.S. and EU sanctions that make it difficult for Iran to sell its oil; eventual restoration of full economic and political relations between the West and Iran; guarantees that neither the U.S. nor Israel will attack Iran; acceptance of Iran’s right to a full nuclear program including limited uranium enrichment; normalization of Iran’s nuclear dossier at the IAEA and eventual removal of the issue from the U.N. Security Council agenda; recognition of Iran as an important regional player in the Middle East; and an end to sabotage and assassinations linked to Iran’s nuclear program.

A nuclear deal that would strengthen, not weaken, the Iranian leadership’s hold on power and protect them from regime change might be tempting for Tehran.

(The) Iranian regime is unlikely to consent to any such agreement if it believes the agreement will harm the regime’s legitimacy and political standing. Therefore, at least in the mind of the Iranian leaders, a nuclear agreement worth signing is an agreement that will help, not hurt, the regime’s hold on political power in Iran.280

But contemplating a nuclear deal with Tehran that would strengthen the Iranian leadership’s hold on power is something that many in the United States would find difficult to swallow. While the Obama administration has indicated that it is not pursuing a policy of regime change in Iran,281 in stark contrast to the Bush administration’s open calls for the Iranian people to overthrow their leaders and reclaim their freedom,282 it would be hard for Obama to reach any agreement with Tehran that appeared to bolster

the Iranian leadership. Such a deal could make the Democrats politically vulnerable at
time when Congress is deeply split along partisan lines on a number of divisive domestic
issues. Obama’s Republican rival in the 2012 presidential election, Mitt Romney, made
clear that if he won he would want the United States to provide solid support to dissidents
working to topple the country’s leadership. As long as the Republicans continue to
support regime change in Iran, it is difficult to imagine the United States supporting any
kind of compromise with Tehran involving sanctions relief, since Congress would be
reluctant to suspend U.S. punitive measures against Tehran. And without sanctions
relief, no deal with Iran will be possible. This is one of Obama’s main domestic
challenges – finding a way to ensure that the Republicans and skeptical Democrats do not
stand in the way of a deal with Iran and do not sabotage it. In a way, the domestic
political challenges Obama would face in selling a deal to America – above all
overcoming the notion that Iran is a nation of “mad mullahs” that can never be trusted –
mirror the challenges confronting those in Iran who might want a deal with America – the
Great Satan who likewise can never be trusted.

3) What could Iran offer that would be acceptable to the West? A complete
cessation of Iran’s nuclear program is unrealistic since it is already so advanced.
Requiring Iran to fully dismantle – or completely suspend for an extended period – its
enrichment program is also unrealistic at this point, as Iran has made clear over and over
again. But there is room for compromise. If they want to reach an agreement with Iran,
the United States and Europe will need to accept the fact that Iran has already achieved a
certain nuclear-weapons capability that cannot be eradicated or reversed without a full-

scale military invasion of Iran – and there are no guarantees that even a full-scale invasion would work. But it would be possible to require that Iran limit its enrichment output – both in terms of the number of centrifuges Iran operates and the enrichment level of the uranium it produces – and permit non-stop intrusive monitoring by the IAEA. It would have to ratify and implement the IAEA’s Additional Protocol and accept additional intrusive monitoring for a limited period of time that goes beyond the Additional Protocol.

Iran would also have to respond to all the evidence the IAEA has amassed about its research into developing a nuclear weapon. Tehran’s denials and accusations that the United States fabricated evidence about its nuclear weaponization research are not credible. One way to help jumpstart negotiations and get the United States ready to make concessions might be for Iran to admit once and for all that it has been dabbling for decades in research aimed at developing nuclear warheads and missiles capable of delivering them and pledge to abandon all of that research and related activities. (But such an admission from Iran is highly unlikely.) Tehran would also have to accept limitations on its missile program, possibly agreeing to inspections by an acceptable outside party, such as a group of countries that includes friendly nations like Russia and China and neutral Western states. In his incisive essay “Getting to Yes With Iran,” Robert Jervis added further logical requirements that any workable agreement would have to include.

In the most likely deal, Iran would agree to stop designing warheads and to refrain from enriching uranium above the 20 percent level. It would retain only limited stockpiles of uranium enriched to 5–20 percent, accept limits on the capacities of its enrichment facilities, allow robust
inspections of its nuclear facilities, and agree to refrain from building facilities that the United States could not destroy.\textsuperscript{284} In order to restore relations with the United States, Iran would undoubtedly need to take further steps separate from its nuclear program. Jervis suggests that in order to reach a broader agreement with the United States, Iran would need to cease all support for Hamas, Hezbollah and other groups dedicated to the harassment of Israel.\textsuperscript{285} This would be necessary to secure Israel’s support for any deal Washington made with Iran.

At its core, any sustainable deal with Iran would effectively be a bilateral agreement between Washington and Tehran. Although Europe, Russia and China have participated in on-again-off-again negotiations with Iran since 2006, their involvement has always been a fig leaf for direct U.S.-Iranian bilateral discussions, something the United States actively resisted until Obama came into office in 2009.\textsuperscript{286} Britain, France, Germany, Russia and China would effectively be witnesses and co-signers of any deal, third parties who could help oversee fulfillment of some of the promises that Iran and the United States would be required to offer each other to secure a proper agreement. The Iranian leadership and U.S. administration would undoubtedly encounter fierce resistance in both their countries and there is no guarantee that it would possible in the divided domestic political landscapes of Iran and the United States to ratify any agreement between Tehran and the West. Decades of mistrust, suspicion and broken promises on all sides have reduced confidence to meager levels. The Obama administration would have the added obstacle of needing at least the tacit support of Israel, which would require a

\textsuperscript{285} Ibid, 113.
\textsuperscript{286} Deputy Secretary of State William Burns met with Saeed Jalili on the sidelines of P5-plus-one talks in Geneva in October 2009. It was the highest level U.S.-Iranian meeting in three decades. Prior to that, the U.S. representative in the P5-plus-one process left the room when an Iranian delegate entered. See Julian Borger, “Nuclear talks lead to rare meeting between US and Iran,” \textit{The Guardian}, October 1, 2009. Last accessed April 27, 2013: \url{http://www.guardian.co.uk/world/2009/oct/01/iran-nuclear-geneva-talks}
leap of faith in the Israeli government that might not be possible to attain. Whatever promises Tehran would be willing to make, without some support from Israel it would be difficult for the U.S. administration to offer the kind of sweeping incentives and sanctions relief Iran would need for a deal – not to mention acceptance of an ongoing Iranian nuclear capability.

Domestic resistance in Iran to a deal with the West could be fierce. As the failed Tehran Research Reactor deal showed, even a limited, one-time arrangement with the West proved to be too difficult for President Ahmadinejad to muster the required domestic support. And convincing Iran’s suspicious leadership that a nuclear deal with the West is not an elaborate trick designed to subjugate and/or colonize the Islamic Republic would not be easy, especially in light of what happened to Libyan leader Muammar Gaddafi – killed in 2011 by NATO-backed rebels who ousted him – eight years after he abandoned his nuclear, chemical and biological weapons programs in the interest of improved relations with the West.

Washington would need to convince Tehran that negotiations were not designed to weaken it and that a settlement would end American efforts at regime change. Security assurances would have to be part of any deal, and they would be hard to craft. The fact that the United States helped overthrow Qaddafi in 2011 despite his earlier agreement to abandon his weapons of mass destruction program would surely be on Iranian minds.\(^{287}\)

Convincing the suspicious Khamenei that a nuclear deal with the West would not be setting him up to follow in Gaddafi’s footsteps would not be easy.

Coercive Diplomacy

The United States and Europeans, with lackluster support from Russia and China, have tried to use more than promises of incentives in their attempts to persuade Iran to

\(^{287}\) Ibid
comply with the demands that it halt its uranium enrichment. The P5-plus-one’s dual-track strategy combines engagement and the promise of “carrots” with pressure, so far in the form of sanctions. That strategy has been based on the assumption that in order to push Iran to negotiate in good faith, there must be threats of punishment – the “sticks” – looming in the background. While the P5-plus-one’s pressure track has involved only sanctions so far, Israel and the United States have added the threat of military action to the mix as another stick to coerce Iran into abandoning its pursuit of a nuclear deterrent. This is what is known as coercive diplomacy.

In the words of Alexander L. George: “Coercive diplomacy seeks to persuade the opponent to do something, or to stop doing something, instead of bludgeoning him into doing it, or physically preventing him from doing it.”\(^ {288} \) Coercive diplomacy differs from the simple use of military force because “in contrast to the traditional military strategy … the coercive strategy focuses on the enemy’s will rather than upon negating his capabilities.”\(^ {289} \) The use of force in coercive diplomacy is vital, though it is something that is communicated to an opponent or enemy as an inevitable course of action only if that opponent or enemy does not alter its behavior: “Hence, force is subordinated to what is essentially not a military strategy at all but rather a political-diplomatic strategy for resolving or reconciling a conflict of interests with the opponent.”\(^ {290} \) In the case of Iran, the threat of a possible military attack by Israel or the United States has been in the background of negotiations from the beginning: if negotiations and offers of incentives fail to persuade Iran to back down from its

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\(^ {289} \) Ibid, 18.

\(^ {290} \) Ibid
confrontational nuclear policy and pursuit of a nuclear deterrent, it has known for a
decade that it could face military action along the lines discussed in the previous chapters –
most likely a surgical bombing campaign intended to destroy or severely damage its
nuclear facilities. This has added an element of “good cop/bad cop” to the dynamics
between Iran and the P5-plus-one: since Russia and China oppose the use of force at all
costs, they have been the good cops, with the Europeans in the middle and the Americans
playing the bad cops.

Ironically, the threats of military action against Iran’s atomic installations are
probably making the country’s insecure leadership even more convinced of the need for a
nuclear deterrent to counter what they suspect is U.S. and Israeli determination to force
an end to Iran’s political system.

Because Iran’s nuclear program is at least in part driven by the Islamic
Republic’s desire to be able to protect itself against attack, this U.S. threat
is likely to heighten the perceived danger and so increase Iran’s
determination not to be swayed from its current course. 291

While the military threats that have been backing up coercive diplomacy to pressure Iran
to make a deal with the West may have led Tehran slow the progress of its atomic
program, such threats may also be undermining attempts to achieve a diplomatic solution
to the nuclear standoff with Tehran.

Has coercive diplomacy been effective with Iran? While it has not led to an end
of Iran’s quest for a nuclear deterrent, there are signs that it has worked in the past. Fears
among Iranian leaders of a U.S. military attack undoubtedly played a role in inspiring the
2003 Iranian offer of negotiations with the United States on a grand bargain that would
have included assurances about Iran’s nuclear program. Perhaps because the Bush

administration was focusing all of its attention on Iraq – which along with North Korea and Iran was a member of what President Bush described as an “axis of evil” of nations determined to acquire weapons of mass destruction – it failed to notice that the perfect conditions for successful coercive diplomacy on Iran may have been in play in May 2003. As a member of the “axis of evil,” Iran appears to have reached the conclusion that it might be next on the list of potential regime change targets after the fall of Baghdad in April 2003. Ray Takeyh has argued that the U.S. invasion of Iraq was also crucial for Khamenei’s 2003 decision to suspend Iran’s weaponization work aimed at developing an atomic warhead. From the point of view of Iran, there was a credible military threat at the time and it might have been ready to make concessions as a result. It is possible that negotiations based on the May 2003 “roadmap” would have failed, but the conditions appear to have been ripe for an agreement born of coercive diplomacy and, as I argued in Chapter 3, an opportunity might have been missed to resolve the Iranian nuclear program peacefully.

But if the conditions were good for coercive diplomacy in May 2003, those conditions did not last long. The U.S. mishandling of Iraq, the bungled occupation and the bloody insurgency and sectarian violence unleashed across that country for several years following the initial invasion sent a clear message to Iran that the United States was not capable of successfully implementing regime change in Iraq’s bigger and more populous neighbor. Stephen Walt argues that the poor U.S. record on regime change over the last decade has undermined the United States’ ability to use coercive diplomacy in Iran.

(T)he subsequent debacle in Iraq and the U.S. failure in Afghanistan have almost certainly alleviated any fears they might have had back then. Iran’s leaders know we aren’t going to invade the country and they probably know that air strikes can’t bring down their regime. I’m sure they don’t want the U.S. to attack, but I doubt their fear is great enough to convince them to run up the white flag and comply with all of our present demands.293

Walt looked at Alexander George’s eight criteria for effective coercive diplomacy and assessed whether they have been met in the case of the United States and Iran. Those criteria are strength of motivation, sense of urgency, adequate domestic political support, viable military options, asymmetry of motivation favoring the United States, clarity of objective, the opponent’s fear of unacceptable escalation, and clarity regarding the precise terms of settlement. Walt concluded that the first four have been just barely met in the case of the United States and Iran. The United States has failed with the last four criteria. It is therefore not surprising that after 10 years of coercive diplomacy there are no signs that it is working with Iran, especially when there is a lack of “clarity regarding the precise terms of settlement” – a fundamental problem given that Western nations say they want a negotiated agreement with Iran.

A combination of painful sanctions and threats of military force have not persuaded Iran to change course on its nuclear program. Jervis agrees with Walt that the United States’ overall record with coercive diplomacy is not particularly good. While it worked with the late Libyan leader Muammar Gaddafi in 2003, when a combination of threats and enticements induced him to abandon his chemical, biological and nuclear weapons programs, it failed in a number of other countries. Jervis said “a succession of relatively weak adversaries in Panama (1989), Iraq (1990 and 2003), Serbia (1998), and

293 Stephen M. Walt, “What would Alex George say about coercing Iran?” Foreign Policy, March 14, 2013. Last accessed April 23, 2013: http://atfp.co/YdBKqA
Taliban-ruled Afghanistan (2001), did not respond to American attempts at pressure, leading Washington to fall back repeatedly on direct military action.”\textsuperscript{294} Nor were those the only examples where U.S. attempts at coercive diplomacy were either partial or total failures.

Coercive diplomacy did convince the military junta that ruled Haiti to step down in 1994, but only once it was clear that U.S. warplanes were already in the air. And today, Iran is hardly alone in its defiance: despite issuing many threats and promises, the United States has been unable to persuade North Korea to relinquish its nuclear arsenal or even refrain from sharing its nuclear expertise with other countries (as it apparently did with Syria).\textsuperscript{295}

As previously mentioned, Iran has been able to glean lessons from another case of failed coercive diplomacy – North Korea, which in 2003 withdrew from the nuclear Non-Proliferation Treaty and in 2006, 2009 and February 2013 carried out a series of atomic tests. One of the lessons to be learned may be that U.S. threats against North Korea were not to be taken seriously as Washington preferred to handle the North Korean crisis via multilateral negotiations in the so-called six-party talks with both Koreas, China, Russia and Japan, as well as bilateral talks with China and behind-the-scenes communications with Pyongyang.\textsuperscript{296} And there may be another lesson to be learned from South Asia. After successfully testing a nuclear weapon in 1998, Pakistan went from pariah state to key U.S. ally practically overnight after the September 11, 2001 attacks on the United States. Iran has undoubtedly taken notice of that.

\textbf{Recommendations and Conclusion}

\textsuperscript{294} Jervis, 106.
\textsuperscript{295} Ibid
\textsuperscript{296} Josh Rogin, “Exclusive: U.S. and North Korea held secret meeting in March,” \textit{Foreign Policy}, April 9, 2013. Last accessed April 14, 2013: \url{http://atfp.co/Z6kabN}
The combination of threats, international sanctions and on-again-off-again negotiations between the P5-plus-one and Iran has failed to persuade the Iranian leadership to abandon its quest for a nuclear deterrent. Jervis argues that “the obstacles to successful negotiations may be so great that the best the United States can achieve is a form of containment that would maintain something like the status quo, with Iran remaining at some distance from a weapon.” Obama has ruled out containment, having stated repeatedly that the United States will never permit Iran to develop a nuclear weapon. While this is not a clear red line like Israel’s – Prime Minister Benjamin Netanyahu said that Iran will not be allowed produce enough 20 percent enriched uranium as raw material for a future bomb – Obama’s statements suggest that the United States might be willing to tolerate an Iran with a nuclear weapons capability provided it does not cross the line into constructing an actual nuclear device.

Some analysts argue that containment of Iran is not possible. Shmuel Bar, a former Israeli intelligence official who is now Director of Studies at the Institute of Policy and Strategy in Herzliya, says Cold War-style containment in the event Iran develops an atomic weapon would not be possible. Containment assumes that leaders with access to nuclear weapons will act rationally, which is something that might not be the case in a Middle East where Iran has nuclear arms. Bar paints an apocalyptic view of that scenario, which is worth quoting in full.

The countries of the region will probably be more predisposed than the Cold War protagonists to brandish their nuclear weapons not only rhetorically but through nuclear alerts or nuclear tests in order to deter their enemies, leading to situations of multilateral nuclear escalation. Once one country has taken such measures, the other nuclear countries of the region would probably feel forced to adopt defensive measures, and multilateral escalation will result. However, such multilateral escalation

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297 Ibid, 115.
will not be mitigated by Cold War-type hotlines and means of signaling, and none of the parties involved will have escalation dominance. This and the absence of a credible second strike capability may well strengthen the tendency to opt for a first strike.\textsuperscript{298}

Bar’s main point is that neither a nuclear-armed Iran nor its neighbors could be relied upon to act “rationally” in the way the United States and the Soviet Union did during the Cold War. Actors in the Middle East – Bar is obviously not talking about Israel, which is known to have a sizable nuclear arsenal, the existence of which it neither confirms nor denies – may behave irrationally if they have nuclear weapons and feel emboldened to engage in dangerous adventurism and provocations, thereby increasing instability in an already highly unstable region.

But is containment of Iran really out of the question? Kenneth Pollack has argued persuasively that a nuclear-armed Iran could be contained. In order to keep a nuclear-armed Iran in check, Pollack says, the United States would have to set clear “red lines” that Iran could not cross, such as using or threatening the use of force against any of its neighbors or transferring nuclear material or weapons to another country or non-state actor.\textsuperscript{299} Crossing those red lines would mean that Iran would face all the force the United States deemed necessary, including cyber warfare and sabotage.

To deter Iran from more aggressively pursuing unconventional wars against the United States and its allies, Washington might want to convey to Tehran that asymmetric warfare on its part will be met by disproportionate responses, such as supporting insurgent and separatist groups inside Iran, undermining Iran’s currency, and mounting relentless cyberattacks against Iran as examples. Of course, the essential element to

\textsuperscript{298} Shmuel Bar, “Can Cold War Deterrence Apply to a Nuclear Iran?” \textit{Strategic Perspectives}, Number 7, 2011: 12

this deterrent threat is that the United States will need to be able to make
good on it, and the Iranians need to believe that Washington is ready and
able to do so.\footnote{Ibid, 2.}

Containment for Iran would be different from the way the United States kept the Soviet
Union in check. Deploying U.S. forces to neighboring countries, Pollack argues, might
send a strong signal to Iran that Washington is serious about its red lines. But a large
presence of conventional forces would probably be unnecessary because Iran’s “ability to
project force beyond its borders is extremely limited.”\footnote{Ibid, 4.} Iran’s specialty, says Pollack, is
different, usually involving harassment and subversion.

Iran is an anti-status quo power that seeks the overthrow of all of the
conservative states of the Persian Gulf region, and has attempted to
engineer such overthrows on a number of occasions. Iranian intentions
vary toward its other neighbors, but it rarely wishes them well and has
backed a number of terrorist and insurgent groups against nearly all of
them.\footnote{Ibid}

Rather than stationing large numbers of troops in the Middle East the way the United
States did in Western Europe during the Cold War, which could cause political
difficulties for some of the regional governments, Pollack recommends having naval
forces constantly cruising off Iran’s shore to emphasize the U.S. readiness to use its
overwhelming military power against Iran. As Bar mentioned above, there is also the
question of a “hotline,” something that the United States and Soviet Union established
after the Cuban missile crisis to ensure swift communications were possible to avert
conflict. Establishing a similar hotline with Iran would be problematic, Pollack argues,
“given the Iranian regime’s paranoia when it comes to direct contact with the U.S.
government.” \(^{303}\) Without a hotline, Pollack says, more dialogue, cultural and academic exchange and bilateral military discussions could help bridge the communication gap between Washington and Tehran to avoid miscommunications and misinterpretations during crises. \(^{304}\)

Accepting an Iran that is somewhere near the threshold of having actual nuclear weapons might create some nervousness in the region, but it could be the only way to secure an agreement with Iran. In order for such a deal to be possible, Iran would have to be willing to accept certain limitations on its nuclear program. It is not at all clear that a balance can be struck between Iran’s minimum requirements for what it keeps in its nuclear program and the maximum of what the United States could accept. Above all, it is not clear that Khamenei can be persuaded to accept any deal with the West. But if Khamenei can be brought around to support a deal that allowed Iran to maintain a nuclear weapons capability, I offer the following 10 recommendations for the United States, Britain, France, Germany, Russia and China for ending the nuclear standoff with Iran.

**Recommendations**

1) **The United States and Iran should enter into high-level, bilateral, no-preconditions discussions aimed at agreeing a set of clear objectives for full, direct negotiations intended to end the nuclear standoff and reintegrate Iran into the international community.** There is no need to abandon the P5-plus-one process but the U.S.-Iran dispute – the heart of the problem – must ultimately be resolved bilaterally. Such talks should lay the groundwork for negotiations aimed at resolving the nuclear standoff. There have been high-level talks between Iran and the United States since

\(^{303}\) Ibid, 6.
\(^{304}\) Ibid
Obama took office, but an ongoing, high-level communication channel connected to Iran’s supreme leader is needed. This is something both the United States and Iran are reluctant to commit to, but it is necessary.

2) It is also vital that the United States assures Iran that stability in the Middle East, not regime change in Iran, is its ultimate goal. Understanding and addressing Iran’s need for security is crucial if a way out of the nuclear standoff is to be found.

2) Make clear to Iran that the military option is a last resort but emphasize that it is a very real option if there is no deal on its nuclear program. Public threats of military action and coercive diplomacy have not pushed Iran to abandon its nuclear program but the threat of force combined with sanctions may have scared Iran to the point that it has refrained from creating an actual nuclear weapon.

3) Acknowledge Iran’s right to a full nuclear program, including limited enrichment well below weapons grade level and monitored 24/7 by the IAEA. Iran’s enrichment program should have physical limits placed on it – a maximum number of centrifuges and a maximum enrichment percentage of no more than 20 percent. The P5-plus-one could sign an agreement with Tehran that once the IAEA is satisfied Iran has provided proper guarantees that its nuclear program is entirely civilian in nature, the six nations – including the United States – would seek to provide it with civilian nuclear technology after a certain period of time.

4) Offer Iran the possibility of comprehensive sanctions relief and normalization of relations with the West if it takes concrete steps to resolve the doubts about its nuclear program as verified by the IAEA. Make clear to Iran that the alternative
to sanctions relief is more sanctions on its oil exports and continued isolation. There would have to be a period of at least one year during which Iran would have to prove that it was cooperating with the IAEA before any major sanctions relief and steps toward normalizing relations with the West could be made. Also, all the incentives discussed earlier in this chapter should be put on the table.\textsuperscript{305}

5) \textbf{Continue working on Russia and China to help close ranks within the P5-plus-one.} It may be impossible to bring Moscow and Beijing along on further U.N. sanctions against Iran, but keeping them on board on the Iran issue is crucial. While the core of any agreement between Iran and the P5-plus-one would be a bilateral U.S.-Iranian deal, having the support of Russia and China is important to ensure that Iran does not have an escape hatch when it comes to the already existing sanctions. Moscow and Beijing can and should do much more to ensure the U.N. sanctions currently in place are properly implemented.

6) \textbf{Make clear and realistic demands of Iran on its nuclear program} – Tehran must provide full cooperation with the IAEA, come clean about its nuclear arms research and accept the most intrusive monitoring possible for a specific time period, including surprise inspections. The IAEA should be permitted to decide what would be required of Iran to prove its nuclear program is peaceful in nature. Failure to comply with this will result in breach of the agreement and the possibility of further sanctions.

7) \textbf{Iran must commit to recalibrating its missile program so that it is purely defensive.} It should dismantle long-range offensive missile programs – above all the development of nuclear-capable missiles – and agree to an independent missile inspection regime, in addition to IAEA inspections, that will satisfy the P5-plus-one.

\textsuperscript{305} See pages 107-108.
9) **Prepare for containment of Iran in the event negotiations fail.** The United States must assure Israel and other countries in the region that it will commit itself militarily to helping protect the region though concrete containment steps if Iran acquires a nuclear weapon. Such commitments could help prevent a nuclear arms race in the Middle East since countries in the region would not necessarily feel the need to develop their own nuclear deterrents.

10) In order for the United States to have even the tacit support of Israel – a vital component of a sustainable solution – Iran would have to agree to end all support to Hezbollah, Hamas and any other militant group involved in attacks on or harassment of Israel. Iran should also accept the two-state solution for Israel and a Palestinian state, something that was included in the 2003 roadmap proposed by Iran.306

**Conclusion**

What happens next? If steps such as the ones I proposed above are not taken, the most likely scenario for the foreseeable future is that the current impasse in the P5-plus-one talks will continue as Iran presses ahead, slowly but surely, towards nuclear empowerment. Iran may stop short of crossing the threshold into developing actual nuclear weaponry due to fears of a U.S. attack on its nuclear installations, leaving Tehran in a position where it could quickly develop a nuclear weapon if it wanted one. If that happens, the United States and their European allies will continue to tighten their sanctions on Iranian oil exports in the hope that Iran will decide that the economic difficulties it is facing are not worth the trouble. Washington will keep pressuring those countries that do business to Iran with punitive measures such as banishment from

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306 See Chapter 3, footnote 43.
lucrative U.S. markets, while Russia, China and Iran’s other key trading partners will likely only heed such warnings symbolically.

If Iran does not rush to develop a nuclear weapon, the United States will likely hold off with military action, interpreting it as a sign that coercive diplomacy is effective enough to warrant continuing with the approach. So far, Khamenei has pursued his own dual-track strategy of defying calls to freeze Iran’s uranium enrichment program while continuing to participate in P5-plus-one negotiations. It is impossible to disprove the hawks who believe that Iran is only negotiating with the P5-plus-one to buy time and ward off military action. But a more likely explanation for Iran’s desire to continue talking is that Khamenei is keeping all options on the table and is reluctant to move decisively in any direction. Iran will continue to negotiate in case a deal appears that is good enough to take, while simultaneously pressing ahead with its nuclear program in case it decides that developing a nuclear arsenal really is the best way to go. This is not a bad negotiating strategy, since the further along Iran is with its nuclear program, the better the payoff for any eventual deal would be. But Iran has to avoid going so far with its nuclear program that it would risk a U.S. and/or Israeli attack. And even if Iran does not decide to go nuclear now, it will always have that option open for the future. An agreement with Iran that defuses the current crisis is possible, provided two conditions are met – (1) the offer on the table is good enough to convince Supreme Leader Ayatollah Ali Khamenei not to veto it and (2) the cost of not taking the offer is so high that refusal is not an option because it could jeopardize the survival of the regime. So far, neither of those two conditions has been met.
It is very possible that no deal can be struck with Iran while Khamenei is in power. Unfortunately there is no guarantee that his successor, whoever that may be, will be any more amenable to a settlement with the West. Since the military option is not a real solution to the problem, the United States and Europe have no alternative but to keep up the pressure on Iran to accept a negotiated settlement, while encouraging Russia and China not to undermine their efforts. The prospects for success are not good, but that is not an excuse to abandon efforts for a diplomatic solution. And to prepare for the possibility that Iran does develop a nuclear arsenal, the United States and its allies should prepare a vigorous containment strategy that would provide increased security for countries in the Middle East that feel threatened by Iran.
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