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Neither Submission, Nor War: Conceiving the EU's Policy Response to the Iranian Challenge

Strategic Insights, Volume VI, Issue 6 (December 2007)

by Sergey Smolnikov

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Introduction

The Iranian issue looms large in the EU's foreign policy priorities not only because of its strategic significance, but above all because the way it is being tackled by the EU is indicative of an important international phenomenon. By the latter we mean the Union's ability to act as an *agent of modernity* in world politics. Is it possible to resolve the Iran problem without submission or war? This article argues that in Iran the EU is about to work out a new style of assertive multilateral *commercial power diplomacy* that will make use of its leverage as of the world's dominant trading and economic power to avert the worst-case military scenario. This policy *per se*, however, is not sufficient to ensure an effective and peaceful settlement of the Iranian issue unless the Europeans manage to cut a diplomatic deal with China and engage the United States in direct talks with Tehran.

Iran's controversial uranium enrichment program, which the EU believes is being aimed at creating nuclear weapons, is perceived in Europe as potentially the most serious threat to international security.^[1] Although European and international experts disagree when assessing the time frame for Iran's capacity to start producing nuclear weapons (from several months to 10 years), strategic planners in EU countries cannot afford the luxury of negligence when tackling this problem.^[2] The time is believed to be lapsing. Worried that Iran might be next after the U.S. invasion in Iraq in 2003, and spurred on by U.S. bellicose rhetoric, both the Union and its member countries have been during the last four years engaged in exponentially active diplomatic activities aimed at resolving the problem with Tehran through negotiations.

Theoretically, the EU has *three options* in resolving this problem. The first, and the most simple, would be to submit to the fact that Iran develops a military nuclear capacity, while believing that leaders of any nuclear state are fully aware of the deadly consequences of nuclear weapons and will never resort to using them. Interestingly enough, the submission approach has its supporters even among some Israeli experts, who argue that the nuclear deterrence doctrine will work with Iran exactly as it did with the former Soviet Union.^[3]

This option has at least three substantial drawbacks. First of all, it doesn't take into account the nature of the Iranian regime that is a fundamentalist theocratic state. The policy of such a state is not built along the lines of political expediency; its actions are rather guided by uncompromising religious convictions. When taking into account the strained relationship between the Muslim

world and the Christian civilization—a distinctive and an alarming feature of the 21st century politics—and the precarious nature of peace in the Middle East, one should not exclude that the regime of Ayatollahs is capable of using nuclear weapons as a first strike tool against those whom they perceive as “evil,” while disregarding irreversible catastrophic consequences for Iran itself. Accordingly, the MAD (mutual assured destruction) doctrine, which was believed to be the cornerstone of peace during the Cold War, might not be relevant anymore. Subsequently, the deterrence significance of the U.S. nuclear shield for Europe could become nullified. As a result, the Euro-Atlantic alliance might lose its strategic importance, and Tehran would evolve as a decision-making center with regard to the European security—something that Europeans would hardly find amusing.

Secondly, the international community and, particularly, the EU’s submission to a nuclear-armed Iran, would result in undermining the system of the Non-Proliferation Treaty (NPT), and will actually denote humanity’s endorsement for nuclear arms to spread all over the world with a strong possibility of anti-Western terrorist organizations ultimately getting hold of them. Given the high population density in Europe and the rise of a ghetto mentality among the frustrated second and third generation Muslims in France, Great Britain, and elsewhere, proliferation will dramatically multiply risks to their homeland security.

Thirdly, the emergence of a nuclear Iran, as François Heisbourg, special adviser to the Foundation for Strategic Studies in Paris, rightly observes, would most certainly induce a chain reaction in the region.^[4] After Iran, Turkey, Saudi Arabia, Syria, and probably some other regional players would be prompted to go nuclear due to the logic of strategic response to a new security dilemma. Taking into consideration the volatile nature of the geopolitical situation in the region, which has permanently been an arena for conflicts among states, confessions, and ethnicity, the possession of nuclear arms by its major countries might sooner or later result in wreaking havoc. Europe’s strategic dependence on energy imports from the Middle East is a very tangible rationale behind the Union’s commitment to preserving the non-nuclear status of the region.

Therefore, it may be concluded that the EU submitting to Iran’s strategic transition to nuclear status is by no means a viable option.

The *second option* comes down to a pre-emptive military strike on Iran. The United States Department of Defense is reported to have prepared a detailed plan of air strikes against key military and strategic facilities in Iran including its ground and underground nuclear sites^[5]. The aim of a military operation would be not only to deprive Iran of its capacity to produce nuclear weapons, but also to eliminate its ability to reciprocate militarily^[6]. This is why the Pentagon’s plan allegedly envisages destruction of the entire Iranian military infrastructure thereby completely cutting down their armed forces’ operational network. Theoretically, the EU countries might support a U.S. military operation either within the framework of NATO, or individually.^[7] However, to justify such support of European public opinion, it is necessary to ensure U.S. compliance with the norms of the international law. To make a pre-emptive strike against Iran a legitimate action, the appropriate governments should provide tangible evidence. In the absence of a compelling justification, a military strike on Iran would look like a preposterous reproduction of the Iraq war that was propelled by a biased reading of intelligence assessments.

To grant their unified support for the belligerent position of the Bush Administration on the Iranian issue has become a particularly complicated matter for the EU in view of the controversial conclusions of the International Atomic Energy Agency (IAEA) report on Iran Safeguards sent to IAEA Board on November 15, 2007. The report concluded that the Iranian authorities were cooperative in providing information on their past nuclear activities. Yet, “the Agency has no concrete information, other than that addressed through the work plan, about possible current undeclared nuclear material and activities in Iran.” Most importantly, “contrary to the decisions of the Security Council, Iran has not suspended its enrichment related activities, having continued

the operation of PFEP and FEP. Iran has also continued the construction of the IR-40 and operation of the Heavy Water Production Plant.”^[8] The report was read by EU-3 Germany France and Great Britain as an indication of Iranian non-compliance. “We are disappointed that cooperation is of a partial and reactive nature,” the EU-3 statement said.^[9] Noteworthy, the statement carefully avoided US-style bellicose rhetoric on Iran, or a hint of a military option being on the table.

The bottom line is that military coercion is fraught with dangerous strategic, economic, and humanitarian repercussions. First of all, it may bring an unacceptable scope of damage for the West including Europe, as a result of asymmetrical retaliation on the part of Iran and its proxies, including al-Qaeda. Thus, Europe—already a place for Islamic radical cells — may be subject to terrorist actions on the part of Iran-sponsored groups, while a repetition of a *deja-vu* American war in the Middle East is most likely to spur a new tide of hatred and belligerence against the United States and its allies in different parts of the world. One should recall the 2004 Madrid train bombings, the terrorist attacks in London in July 2005, and the mass violence in Paris' Muslim suburbs in November 2005 and 2007, just to comprehend that some European democracies would rather defer to a nuclear Iran than face a military clash with Iran that might cause much larger upheavals and chaos as a result of its vengeance.

Secondly, a strike against Iran would lead to disruption of Iranian oil and gas deliveries abroad, causing serious economic damage to its major energy importers, including Italy, Germany, Japan, India, and China. If Iran retaliates by striking oil facilities in Saudi Arabia, or blocking the Strait of Hormuz, an indispensable route for the Persian Gulf oil supplies, it would not only boost the already soaring world oil prices to new record heights; but given the magnitude of petroleum to the world's economic performance, its protracted shortage might result in an outbreak of a global economic, social, and financial crisis.^[10]

Thirdly, bombing Iran risks provoking a serious destabilization of the Middle Eastern region at large as a result of a massive refugee exodus and a consequent humanitarian catastrophe like the one that took place in Lebanon after Israeli raids against Hezbollah in July 2006, or the massive displacement of Iraqis since 2003 as a result of the military overthrow of Saddam Hussein's regime by the United States and Great Britain.

So, anticipated security benefits that a military strike on Iran might deliver in the long-run appear to form a highly volatile equilibrium with overall costs of repercussions that might follow in the mid-term, particularly in light of the background of dubious fruits of the analogous operation in Iraq.

Finally, there is a *third option*. It combines a set of economic and political incentives with pressure. The essence of this *carrots and sticks* approach is to *peacefully* compel Iran to stop the enrichment of uranium. The *carrots* mode implies proposing a package of commercial bonuses and technical assistance coupled with security guarantees for Iran in exchange for its consent to halt uranium enrichment. The EU has been pursuing incentives diplomacy on Iran while negotiating with Tehran since October 2003 through EU-3 for 2-1/2 years and, since September 2006, via the High Representative for the Common Foreign and Security Policy. Described by Javier Solana as “very serious,” the EU's *carrots* package to the Iranians in exchange for their compliance encompasses several elements, including trade, technological and financial aid, and security safeguards.^[11] This policy has been seen as an alternative to the U.S. “cowboy diplomacy” that led to war on Iraq, and which could ultimately target Iran.

In the meantime, the *sticks* policy implies a variety of financial and economic sanctions in the fashion of those that had been introduced against North Korea. Analogous measures vis-à-vis Iran have been initiated by the UN Security Council at the multinational level in 2006 and 2007, and by the U.S. Administration unilaterally. The measures include visa restrictions and banning access to Iranian assets abroad for the Iranian Revolutionary Guard. Although relatively painful,

these limitations are mostly of symbolic nature, and cannot seriously harm Iran's economy. They are not likely to give the slightest chance to expectations of regime change in Iran. The economic pressure on Iran, however, has not been implemented in full, and is worth giving a try.

The option envisages, for example, the reduction of trade relations to minimum volumes with a possibility of import and export embargoes. It may prove extremely vulnerable to the Iranian economy given its high dependency on trade (a 31.6 percent export share in the GDP in 2006).^[12] The EU might play a pivotal role in economic coercion as the EU countries in total account for about 28 percent of Iran's foreign trade exceeding China's and Russia's share 2- and almost 14-fold respectively [See [Table 1](#)].

Table 1: Iran's Top Ten Trading Partners (2006)

Imports			Exports			Imports + Exports		
Partner	Mio €	%	Partner	Mio €	%	Partner	Mio €	%
<i>World</i>	36.651	100,0	<i>World</i>	53.531	100,0	<i>World</i>	90.182	100,0
1 EU	12.259	33,4	1 EU	12.815	23,9	1 EU	25.074	27,8
2 China	3.910	10,7	2 Japan	7.846	14,7	2 China	11.086	12,3
3 UAE	3.477	9,5	3 China	7.176	13,4	3 Japan	8.871	9,8
4 Korea	2.308	6,3	4 Turkey	4.057	7,6	4 Korea	5.514	6,1
5 Russia	1.655	4,5	5 Korea	3.206	6,0	5 Turkey	4.963	5,5
6 India	1.283	3,5	6 S. Africa	2.151	4,0	6 UAE	3.980	4,4
7 Brazil	1.044	2,8	7 Singapore	1.260	2,4	7 S. Africa	2.336	2,6
8 Japan	1.024	2,8	8 Philippines	1.041	1,9	8 India	1.842	2,0
9 Kazakhstan	977	2,7	9 Syria	609	1,1	9 Russia	1.826	2,0
10 Turkmenistan	906	2,5	10 India	560	1,0	10 Singapore	1.659	1,8

Source: IMF (Dots), EU DG Trade Statistics

Germany, with some 1,700 companies engaged, is the leading European exporter to the Iranian market. With a 5 percent share in Iran's foreign trade, the Bundesrepublik ranks fifth in the list of Tehran's major trade partners in 2006—an apparent fall from the top place it occupied earlier. However, in terms of its economic leverage vis-à-vis Iran, and given the asymmetric nature of its bilateral commercial relationship, Germany's clout should not be underestimated. According to some assessments, about 70 percent of Iran's industries are dependent on imports from Germany. Commercial and technological ties with Germany are of critical importance for a number of Iranian industries that rely on imports of machinery, equipment, and their parts for oil and gas production, electric generators, gas turbines, mechanical and electric appliances, and power generators[13]. Therefore, curbing European deliveries to those sectors of the Iranian economy and industries that cannot function without uninterrupted supplies of goods, spare parts, and material from the EU, could be used as a tangible instrument in the Union's economic power diplomacy.

This option, however, encounters a number of obstacles. First of all, it implies a high degree of solidarity among the EU countries. While reaching a consensus among these states is requisite, it is also crucial to ensure solidarity on the part of the other major trading partners of Iran including China and Russia due to their special relations with Tehran. The bottom line is that China alone might undermine the whole idea of commercial coercion. Chinese companies now account for 10.7 percent in Iran's imports, and would be able to make up for the EU's goods on the Iranian market in case the Europeans resort to a comprehensive trade-banning regime on Iran.

Another factor—the EU's imports of Iranian oil—is equally contentious. On the one hand, it provides the Union with the clout to press Iran economically, given the 17.7 percent share of European countries in Iran's total oil exports of 2.5 million bbl/d[14]. On the other hand, in case of an EU trade war with Iran, the latter might seize its oil deliveries to Europe. Would this cause a significant damage to the European economies? Apparently, an answer is crucial for the Union's further strategy planning. Our analysis shows that while the Italian and particularly the Greek economies might indeed suffer, at least temporarily, before they manage to compensate the shortage with the help of other oil exporters, the rest of the EU would not be exposed to any serious harm, for the key European economies including Germany and Great Britain do not import any substantial quantities of oil from Iran, while France's imports of Iranian oil account only for several percent of its total petroleum supplies from abroad [See [Table 2](#)].

The most vulnerable spot of the Iranian economy is its dependency on gasoline imports. In the previous years they accounted for almost half of their domestic consumption. The major suppliers of gasoline to Iran are several European-based transnational companies, including Swiss Vitol, French Total and the UK's British Petroleum. In the view of US-pushed sanctions, the Iranians have been seeking to end their strategic dependency by constructing new and modernizing old refineries (by September 2007, the volumes of imported gasoline decreased almost by 60 percent when compared with 2006.)[15] However, the international community could still apply substantial pressure on Tehran by banning gasoline deliveries to Iran. There are several options in this regard. One is to curtail operations of Naftiran Intertrade Co. (NICO). This company, based near Lausanne in Switzerland, is a branch of National Iranian Oil Co. (NIOC), a state-owned agency authorized to manage Iran's imports of gasoline and other light-freighted fuels. Another option is to introduce the EU's sanctions against NIOC's major trade partner in Europe—Vitol, which, according to *Energy Compass*, accounts for 60 percent of gasoline cargoes being delivered to Iran from abroad. Finally, the United States could squeeze gasoline supplies to Iran by setting a blockade of its major delivery routes, and in the first run, the port of Bandar Abbas, which is the principle gasoline delivery point in Iran.

These measures coupled with financial, investment, and other commercial restrictions in dealing with Tehran could, hypothetically induce social unrest and prompt political destabilization in Iran, conceivably leading to a change of the government. There are, however, no guarantees that any next administration in Iran would not be comprised of a new bunch of hard-liners inclined to

pursue even harsher anti-American, anti-Israeli, and anti-Western policies than the incumbent regime.

Table 2: Dependency of Selected Countries on Iranian Oil (Thousand bbl/d, 2006)

Country	Total Imports		Imports from Iran	Consumption		Domestic Production
	Volume	Iran's share, %		Volume	Iran's share, %	
Japan	5179	8,6	448	5300	8,4	125
China	3600	9,3	335	7400	4,5	3800
South Korea	3000	6,8	204	2200	9,2	N/A
Italy	1549	12,3	191	1700	11,2	151
France	1570	4,5	135			
Greece	432,6	27,0	117	439	26,6	6,4

Source: Calculated on the basis of IEA data

Next, Iran's top leadership is taking a tough stance on the nuclear issue. While considering the pursuit of its nuclear program as its legitimate sovereign right, Tehran might be using its negotiations with the EU as a disguise with the purpose of buying the time needed for developing this weapons technology. These tactics, if successfully pursued, would allow the regime to eventually present the world with nuclear-armed Iran as a *fait accompli*. Moreover, it is quite possible that Iranian negotiators are even ready to make some tactical concessions to their counterparts to avoid the imposition of sanctions, which are otherwise able to financially and technologically complicate the pursuit of their nuclear program for some time.

Since the first two options in dealing with Iran—according to European policy-makers—are both unacceptable for the EU, the Union has resorted to diplomacy. The EU's diplomatic measures have so far focused on the following two activities:

1. attempts to urge Russia to put pressure on Iran; and
2. direct talks between the EU and Iran with an emphasis on *carrots* diplomacy.

The results of these diplomatic endeavors so far have proven to be disappointingly unsuccessful. Moscow, for example, appears to be implicitly supporting Iran's non-compliance by taking an ambiguous approach. Thus President Putin has expressed a fundamental disagreement with the West's claim that the Iranian nuclear program is militarily-oriented.[16] The Russian leader also warned against threatening Iran while calling these tactics "hopeless,"[17] and promised the Iranians to continue Russia's cooperation with them.[18] Russia, together with China, are the major arms exporters to Iran [See Table 3]. In conjunction with Chinese arms deliveries to the Iranian Navy, Russia's weapons supplies to for Iranian air defense and to its Air Force are skillfully embedded in Tehran's strategy of deterring a possible U.S. military strike on Iran. The advanced Russia-made Tor-M1 surface-to-air missile (SAM) systems delivered to Iran by January 2007 are believed to be placed near Iranian nuclear sites, including the nuclear reactor in Bushehr which is under construction with Moscow's assistance.[19] In parallel, the Russians have attempted to safeguard the prevention of a Western military option regarding Iran by diplomatic means: during the Summit of the Caspian Sea Littoral States in October 2007, it was agreed that the adjacent states will not provide their territory for military actions against any of them.[20] Since Russia has veto power in the UNSC, the Iranians may rest assured that the international community is effectively split over the issue of how to proceed with Tehran. By and large, the European diplomats may reasonably doubt the Kremlin's professed commitment to making the Iranians change their adamant position on the nuclear issue.

Table 3: Iran's Arms Imports from China and Russia (1997–2006)

Supplier	No. Ordered	Weapon Designation	Weapon description	Year of Order/License	Year(s) of Deliveries	No. Delivered/Produced	Comments
China	(125)	C-801/CSS-N-4/Sardine	Anti-ship missile	(1992)	1995-1998	(125)	
	2	Y-7	Transport aircraft	1994	1998	(2)	
	(40)	C-701/FL-10	Anti-ship missile	(1998)	2001-2004	(40)	
	(250)	R-440 Crotale	SAM	(1998)	1999-2004	(250)	
	(6)	Crotale	SAM	(1998)	1999-2004	(6)	Status uncertain
Russia	(200)	V-46	Diesel engine (AV)	(1993)	1993-2000	(200)	For modernization of T-54, T-55 and Type-59 Tanks to T-72Z
	5	Mi-8/Mi-17/Hip-H	Helicopter	1998	2000	5	For SAR
	(540)	9M114/AT-6 Spiral	Anti-tank missile	(1999)	2000-2003	(540)	For Mi-171Sh helicopters;
	22	Mi-8/Mi-17/Hip-H	Helicopter	1999	2000-2001	22	Incl some for SAR; Mi-171Sh version
	(20)	Mi-8/Mi-17/Hip-H	Helicopter	2001	2002-2003	(20)	\$150 m deal; Mi-171Sh
	(40)	R-60/AA-8 Aphid	SRAAM	(2003)	2006	(40)	For Su-25 combat aircraft
	(6)	Su-25/Frogfoot-A	Ground attack ac	(2003)	2006	6	6 Su-25T version; incl 3 Su-25UBK; for Revolutionary Guard
	(500)	9M338/SA-15 Gauntlet	SAM	2005	2006	(500)	For Tor-M1 (SA-15) SAM
	(29)	Tor-M1/SA-15	Mobile SAM system	2005	2006	29	\$700m deal (part of \$1 b deal); incl for protection of Iranian nuclear plant

Source: SIPRI Arms Transfers Database

The *carrots diplomacy* has also borne no fruit. The Iranians expressed their interest in expanding their cooperation with the EU, but have nonetheless defied compliance. Therefore, the *sticks approach* to Iran started gaining proponents among EU member states. In October/November 2007, while the EU's chief foreign policy representative continued to engage Iran through negotiations, French officials appealed to their European colleagues to consolidate their policies, and resorted to threats to impose sanctions on Iran.^[21] French President Nicolas Sarkozy outlined his country's approach in the following way: "France's position, it's that: no nuclear weapon for Iran, an arsenal of sanctions to convince them, negotiations, discussions, firmness."^[22] In November 2007, Paris was supported by London and Berlin as British Prime Minister Gordon Brown and German Chancellor Angela Merkel expressed their resolute intention to coerce Iran economically.^[23] This approach is implemented through a set of multi-layer activities: preparation of a third round of sanctions on Iran at the UNSC;^[24] working out joint European restrictive measures; and coordination of these measures with the U.S. Administration. The idea behind these activities is to cut the financial resources Iran may need to proceed with its nuclear program, and thereby coerce Tehran into ceasing its program of uranium enrichment. However, in the absence of genuine multilateral support and above all, due to an intransigent position of all major parties involved, including the Iranian leadership, the U.S. Administration, Moscow and Beijing, it is most likely that EU-U.S. policy of economic suffocating, however painful to the economy of Iran, would not bring anticipated results.

There are three major reasons for that. First of all, the Iranian power holders are committed to proceeding with their nuclear program, which they appear to consider as a symbol of their nation's grandeur and as leverage against nuclear-armed Israel and the interventionist United States. Therefore, they would rather expose the Iranian people to hardships and sacrifices than submit to the demands of the West. Secondly, Iran, an oil producing country, has substantial revenues from its energy exports that—given the high and rising oil prices—would enable them to keep their economy afloat even after the total interruption of trade and economic ties with the West. Thirdly, Chinese companies operating inside and outside Iran would be able to make up for any production losses that might be incurred by a European withdrawal from the Iranian market.

While concentrating their Iranian policies on sanctions, the European governments appear to be overlooking two important guidelines in tackling the issue. These two guidelines entail engaging two the most powerful world players—China and the United States—in changing their modes of dealing with the Iranian regime. A key and the most dynamic economic partner of Iran, China is able to apply real power to international sanctions in case it supports them. Beijing has already proved helpful in handling the North Korean nuclear issue, and it looks that by all counts the Chinese are strongly interested in non-proliferation. In dealing with China, the Europeans would certainly be much better equipped if the Reform Treaty were already in power. Although it would certainly not ensure China's compliance, it would still definitely give the Union important leverage in its diplomacy with Beijing. So far, the interaction on Iran between the EU and the PRC has been limited to a mere exchange of information between Javier Solana and the Chinese Foreign Minister.^[25] As for diplomatic tactics, much would have depended on the skills, imagination, and stamina of a new European foreign policy *supremo*. This is why a person to fit such a position should be of the highest diplomatic and political caliber, able to be up to his/her unprecedented historic mission of not only eloquently "speaking" on Europe's behalf, but also creatively designing and decisively and persistently pursuing its external policies. While the Chinese, on several occasions, have expressed their opposition to imposing new UN sanctions on Iran, the EU could attempt to make them more cooperative on the issue both by persuasion and sophisticated bargaining, e.g., through lifting Europe's arms embargo on the PRC in exchange for its tangible pressure on Tehran.

If the EU could cut a deal with China on Iran, it might probably also prompt Russia to rethink its Iranian policy. Facing the risk of being sidelined by Beijing as a key non-Western partner for Europe, and losing its clout in international diplomacy in the realm of Middle Eastern geopolitics, Moscow would most likely be more inclined to cooperate there in concert with the EU.

Another important element of the EU's maturing diplomacy on Iran should be a more pro-active approach to Europe's major ally, and simultaneously, Tehran's pivotal foe—the United States. While so far it has been Washington that has led the U.S.-EU foreign policy duet on major international issues, including the Iranian nuclear program, the Reform Treaty gives sufficient institutional and other soft power clout to the Union's leaders and chief diplomats to enable them to make it the other way around. Europe's major task in this respect would be to correct the U.S. international stance in a way that would restrain its temptations to act unilaterally and forcefully in world affairs. More precisely, it would mean compelling U.S. policy-makers to refrain from belligerent rhetoric on Iran that may prompt the regime to augment its military capabilities with WMD. But, above all, the EU should attempt to push the U.S. leaders to initiate direct talks with Iran without preconditions. As the incumbent U.S. Administration, according to Condoleezza Rice, sees no possibility of negotiating with Tehran unless the latter stops its uranium enrichment, and while the Iranians show no indication of their willingness to comply, the world continues to rapidly move toward a military scenario.

Under these circumstances, the EU's diplomatic tactics should be concentrated on prolonging negotiations with Iran through the U.S. presidential election year, 2008, and on using all its leverage in restraining the United States from using military force against the Iranians. There is a good chance that a new Democratic President, as the candidates' ongoing debate on foreign policy, including Iran, demonstrates, would most likely pursue a more rational and far-sighted policy on the matter than George W. Bush, and will use diplomacy first, as Hillary Clinton has said; or, as Barack Obama has announced, would even talk to rogue states' leaders "without a precondition."^[26] So, the EU's best policy option would be to hold the current U.S. leaders' hands tied under the table for the next twelve months, and then act in the fashion of diplomatic coercion with respect to Iran, together with a new U.S. Administration. The weakened position of the U.S. economy coupled with the huge trade dependency of China and Russia on the EU provides the Europeans with a rare opportunity to engage Washington, Beijing, and Moscow in a multilateral commercial-power diplomacy on Iran—an option of last resort hopefully able to ensure Iranian compliance to nuclear non-proliferation proliferation by peaceful means.

About the Author

Dr. Sergey Smolnikov is an independent analyst in the field of world politics. He has taught International Relations and Foreign Policy in North America, Europe and Asia.

References

1. [Statement by the United Kingdom on behalf of the European Union at the IAEA Board of Governors](#), August 9, 2005.
2. German BND, for example appears to assess 2009 as the earliest date for Iran to have a nuclear bomb, while the CIA is reported to believe it will not be the case before 2010. See: Reuters, "[France warns: Nukes in response to terror](#)," January 19, 2006.
3. See: Martin Van Creveld, "[Faut-il bombarder l'Iran?](#)" *Le Monde*, January 11, 2007.
4. "[Iran's] departure from the international non-proliferation system would very likely smash the logic of reciprocal trust and abstention on which the NPT is constructed. A nuclear Iran would unleash, among other things, a regional race for atomic equality on the part of the main Arab states," asserts François Heisbourg. François Heisbourg, "[Le club nucléaire doit rester fermé](#)," *Le Monde*, April 4, 2006.
5. According to mass media reports, U.S. Central Command and Strategic Command planners have worked out a detailed military operation strategy that "would involve aerial bombardment by

long-distance B2 bombers, each armed with up to 40,000lb of precision weapons, including the latest bunker-busting devices." Philip Sherwell, "[U.S. prepares military blitz against Iran's nuclear sites](#)," *The Daily Telegraph*, February 14, 2006. The U.S. military has elaborated two plans for strikes on Iran. The first one "is to bomb only the nuclear facilities. The second option is for a much bigger strike that would—over two or three days—hit all of the significant military sites as well. This plan involves more than 2,000 targets." Philip Sherwell and Tim Shipman, "[Bush setting America up for war with Iran](#)," *The Daily Telegraph*, September 17, 2007. See also Sarah Baxter, "[Secret U.S. Air Force team to perfect plan for Iran strike](#)," *The Sunday Times*, September 23, 2007.

6. "The danger that it [Iran] will acquire a nuclear weapon and the ability to integrate it with the ballistic missiles Iran already possesses is a reason for immediate concern. Iran already has the largest inventory of ballistic missiles in the Middle East, and Teheran views its ballistic missiles as an integral part of its strategy to deter—and if necessary retaliate against—forces in the region, including U.S. forces," contends a U.S. intelligence report. Anton La Guardia, "[A sobering view of Iran](#)," *The Daily Telegraph*, February 2, 2006.

7. There are, for example, different interpretations of French Foreign Minister Kouchner's remarks regarding position Paris is taking with regard to a military option. In his interview broadcast on RTL radio and LCI television he said: "We will negotiate until the end. And at the same time we must prepare ourselves... It is necessary to prepare for the worst... The worst, it's war, sir... We are preparing by trying first of all to put together plans that are the unique prerogative of the chiefs of staff, but that — it's not for tomorrow." Katrin Bennhold and Elaine Sciolino, "[After Talk of War, Cooler Words in France on Iran](#)," *The New York Times*, September 18, 2007.

8. Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran. *Report by the Director General: IAEA GOV/2007/58*, November 15, 2007.

9. Mark Heinrich and Karin Strohecker, "[U.S. and EU allies to urge more Iran sanctions](#)," Reuters, November 22, 2007.

10. According to oil consultants, as a result of a probable strike on Iran, "the price of oil could shoot up to God knows where," leading to "chaos" on world markets. Iran produces roughly 2,5 million barrels of oil a day and "could simply collaborate with Shi'ite forces in southern Iraq to cut off Iraq's roughly 1.7 million barrels a day of production, further weakening its neighbor while driving up prices for its own exports." Steven Mufson, "[Strike on Iran Would Roil Oil Markets. Experts Say: Price Hits Record Close; U.S. Tightens Sanctions](#)," *The Washington Post*, October 26, 2007, A01.

11. "We have said over and over again that we think a diplomatic solution is a good way, and we are going to continue on that line and ... we are going to prepare a very serious package that will make it difficult for them to say no," Javier Solana said in May 2006, ahead of negotiations with Iran's delegation. Meanwhile, Iranian President Mahmoud Ahmadinejad reacted by saying, "They want to offer us things they call incentives in return for renouncing our rights." [EU to propose 'bold' package to Iran](#), Associated Press, May 16, 2006.

12. Source: *Eurostat*.

13. See: Hubert Wetzels and Hugh Williamson, "[Germany to urge business to loosen Iran links](#)," *Financial Times*, November 14, 2007.

14. Calculated on the basis of IAEA data.

15. Iran's Gasoline Imports, 2007:

('000 b/d)	Sep.	Aug.	Jul.	Jun.	May	Apr.	Mar.	Feb.	Jan.
Bandar Abbas	65	58	83	104	125	127	122	73	91
Bandar Mahshahr	19	0	33	33	33	35	40	20	34
Total	84	58	116	137	158	162	162	93	125

Source: Paul Sampson Briefing, "[Inside Iran's Gasoline Trade](#)," *Energy Compass*, Energy Intelligence Group, Inc., October 12, 2007.

16. Citing North Korea as a positive example of nuclear programme settlement, Putin called for the same approach to Iran. He emphasized that in North Korea, "we [Russia] called for patience and, step by step, looked for solutions like the ones we are now finding. We believe the same approach needs to be used with respect to Iran's nuclear programme. Trying to scare someone, in this case the Iranian leadership or the Iranian people, is hopeless. They are not afraid, believe me." "[Joint Press Conference with the Federal Chancellor of Germany, Angela Merkel, on the Results of the Ninth Round of High Level Russian-German Intergovernmental Consultations](#)," *President of Russia Official Web Portal (Kremlin.ru)*, October 15, 2007, Wiesbaden.

17. During his joint press conference with French President Nicolas Sarkozy in Moscow on October 10, 2007, Putin remarked: "We have no data that suggest that Iran is seeking to produce nuclear weapons. We have no objective data of that sort. And so we believe that Iran does not have such plans." "Joint Press Conference with President of France Nicolas Sarkozy on the Results of Russian-French talks," *Kremlin.ru*, October 10, 2007, Moscow.

18. Russia's commitment to developing cooperation with Iran in energy, including finalizing the civil nuclear project in Bushehr as well as extending bilateral cooperation to space, civil aircraft and other fields was stated by Putin in his interview to Iranian Information Agency IRNA on October 16, 2007. "[Interview to Iranian State Television and Radio Information Agency IRNA](#)," *Kremlin.ru*, Tehran, October 16, 2007.

19. As reported by media sources, Russia completed its US\$700 million contract with Tehran in December 2006 by delivering 29 Tor-M1 Surface-to-Air missile systems to Iran. "Tor-M1 is a high-precision missile system designed to destroy aircraft, manned or unmanned, and cruise missiles flying at an altitude of up to 10 kilometers (6 miles)." "[Tor-M1 anti-aircraft missile delivery to Iran completed – exporter](#)," *RIA Novosti*, Bangalore, India, January 23, 2007.

20. At the Caspian Sea summit in Tehran on October 16, 2007, the leaders of Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan leaders signed an important declaration emphasizing "that in no circumstances will they allow their territory to be used by a third country to commit aggression or other military action against one of the parties." "[Текст Декларации, принятой по итогам Второго Саммита Глав прикаспийских государств](#)," *MFA.kz*, Tehran, October 16, 2007.

21. While the EU has already introduced some restrictive measures, including freezing visas to a number of Iranian officials and banning arms sales to Iran, France would like to toughen sanctions. According to media reports, in early October 2007 French Foreign Minister Bernard Kouchner "wrote to his 26 EU counterparts to 'start right now' to examine new European measures." The measures under consideration envisage to "freeze the assets of major Iranian banks and ban European companies from all financial transactions with them, and to cap export credits, insurance and new investment." Katrin Bennhold, "[France faces hard sell on Iran sanctions](#)," *The International Herald Tribune*, October 8, 2007.

22. "It is not true that there is no solution other than submission or war. There is a whole range of decisions that the international community must take in order to convince the Iranians that they

are headed toward a dead end. I prefer UN sanctions... But for the European community itself to apply sanctions, that is not unilateralism, that is an international, a multilateral decision. Therefore, it is fine by me." ["Excerpts from interview with Nicolas Sarkozy,"](#) *International Herald Tribune*, September 23, 2007.

23. Outlining his major foreign policy priorities, Gordon Brown declared that "unless positive outcomes flow from Javier Solana's report and the IAEA, we [Great Britain] will lead in seeking tougher sanctions both at the UN and in the European Union, including on oil and gas investment and the financial sector. Iran should be in no doubt about our seriousness of purpose." Gordon Brown, "[Lord Mayor's Banquet Speech](#)," *Number-10.gov.uk*, November 12, 2007. During her joint press conference with President Bush, Chancellor Merkel said: "The threat posed through the nuclear program of Iran is indeed a serious one. ... If the talks with the representatives of Iran and Mr. Solana, as the representative on the European Union side, do not yield any results... [and] if the reports remain unsatisfactory that the International Atomic Energy Organization puts on the table,... we need to... agree on further possible sanctions. Germany needs to look somewhat closer at the existing business ties with Iran. I will talk with them [German companies that have business with Iran] again on further possible reductions of those commercial ties as we have already launched that in that tendency already now." ["President Bush and Chancellor Merkel of Germany Participate in a Joint Press Availability](#)," Prairie Chapel Ranch, Crawford, Texas, November 10, 2007.

24. "We have asked Dr. Javier Solana, the European Union's High Representative for Common Foreign and Security Policy, to meet with Dr. Ali Larijani, Secretary of Iran's Supreme National Security Council, to lay the foundation for future negotiations... In view of the fact that Iran has not fulfilled the requirements of UN Security Council Resolutions 1737 and 1747, including the suspension of its enrichment and reprocessing activities, we agree to finalize a text for a third UN Security Council Sanctions Resolution under Article 41 of Chapter VII of the Charter of the United Nations with the intention of bringing it to a vote in the UN Security Council unless the November reports of Dr. Solana and Dr. El Baradei show a positive outcome of their efforts." ["Joint Statement on Iran, New York: Summary: 28 September 2007, New York - A joint statement from the U.S., Russia, China, Britain, France and Germany on Friday 28 September 2007,"](#) *European Union @ United Nations: Partnership in Action*, September 28, 2007, 7.

25. ["Chinese FM holds phone talks with Solana over Iran nuclear issue,"](#) *People's Daily Online*, October 31, 2007.

26. On a more detailed summary of Barack Obama's views on the Iranian issue, see: Michael R. Gordon and Jeff Zeleny, ["Obama Envisions New Iran Approach,"](#) *New York Times*, November 2, 2007.