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Position Paper

Iran's Strategy under New Sanctions

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This past two weeks, the full wrath of Europe and the US has settled on Iran in what US Secretary of State Hillary Clinton warned at the beginning of the Obama Administration would be 'Crippling Sanctions'. Among the impacts: Oil exports have fallen over 1.3 million b/d; close to $10 billion in annual trade with the UAE, a key source for Iranian imports, is drying up; the Iranian rial is plummeting; inflation has ballooned to 30%; and annual revenue is projected to drop by over 50% to $50 billion.

Iran is becoming effectively isolated, its oil export stream squeezed off, its access to international financial networks and markets denied, and many of its companies and officials blacklisted

The sanctions are designed to force Iran to halt its nuclear programme, which the West accuses it of using to build a bomb. Iran claims it is only for energy and medical use.

Iran has officially responded in four ways:

1. It has threatened to use its enriched uranium to fuel a submarine and to convert its Navy to nuclear power (which would require 92% purity), an example of its uncanny ability to cross red lines before the West even realises there is a red line to be crossed.
2. It has released a position paper outlining its views and goals, and calling for three-monthly talks, an acknowledgement that promises on either side must wait until the upcoming presidential elections.
3. It has embarked on what the media is calling a 'charm offensive', its UN Ambassador offering assurances it will not ratchet up conflict, a signal it won't immediately close the Strait of Hormuz – though, as sanctions reduce its flows of oil export and goods import, its own cost for doing so drops.

Iran's mild response to the draconian sanctions regime fits what Hossein Mousavian, research scholar at Princeton University and former Iranian nuclear negotiator, calls Iran's post-revolutionary character. Revolutionary idealism, he says, explains Iran's failure to adopt typical *realpolitik* approaches to threats from other states, such as its failure to respond in kind to Iraqi President Saddam Hussein's use of chemical weapons in the Iran-Iraq War. It could also be why the West can still offer no hard evidence – despite the plethora of satellite reconnaissance and intelligence collection gathered over a decade of military presence on both sides of Iran's border– that Iran is developing a nuclear weapon, because it simply doesn't have one, even though it is gaining the capacity to do so.

Negotiations to resolve the seemingly intractable nuclear issue are celebrating their 10th anniversary. Over 22 high-level, and countless technical meetings have taken place. Since 2006, when the US became engaged in the talks, they have made no discernible progress.

Accumulated anger

The reason is that the nuclear issue is only one of a host of accumulated issues that divide Iran and the US. Locked in a bilateral relationship of suspicion, almost paranoia, their dangerous enmity dates back to the revolution 33 years ago, which replaced the Shah – a strong US ally – with Islamic clerical rule.

From the outset, the US took a dim view of the new regime and never officially recognised it. The hostage taking that same year sealed the fate of what has been the most acrimonious standoff in the history of modern state politics. Triggered by Washington accepting the Shah into the US for medical reasons, the US critically failed to require him or his family first to renounce the throne, nor did it inform the Iranian government of the move. From an Iranian perspective, the embassy seizure right after the Shah entered the US was aimed to protect the revolution against a CIA coup, such as the one in the early 1950s, which was hatched in that same embassy basement and overthrew Mohammad Mossadeq, who had nationalised oil.

Cultural missteps on both sides led to the first protracted stand-off between the US and Iran, known today as the Hostage Crisis. It was an event unique in US history. It made the US feel helpless on the international stage, and stole its idealistic self-image as a country beloved for its universalist democratic ideals. For the first time, the US heard rhetoric condemning it as imperialist and supporting a criminal dictator. The US has never forgotten the humiliation, and has never forgiven Iran.

Iran, meanwhile, was 'bruising' for a fight and ready to take on the world with a new Islamic political doctrine, and offer a third way, 'Neither East nor West'. The battle it took on has proven to be an extraordinary example of what it really means to combat a unipolar power.

Iran has been under US sanctions for 30 out of 33 years since. The US has never established diplomatic relations with Iran (yet even at the nadir of the Cold War, it had an embassy in Moscow). Following the US lead, the UN failed to denounce Iraq for invading Iran in 1980, and delayed for years condemning Saddam for using chemical weapons. Abandoned by the UN during the Iran-Iraq war, Iran felt it could rely only on itself, a lesson it has never forgotten – and which has had significant repercussions for the nuclear issue. Iran has also been the target of the first officially acknowledged use of cyber-warfare, Stuxnet – which President Obama approved in the first blush of his presidency, even as he stretched out the US hand and demanded Iran unclench its fist!

It was under President Bill Clinton, in 2002, that the nuclear issue emerged, thanks to information provided by a US-branded terrorist group, the Mujahedin e-Khalq or MEK, which during the Shah's era killed six Americans, and after the Iranian revolution, killed numerous clerical leaders, putting it on the Islamic Republic's terrorist list as well. From its camp just over the Iranian border in Iraq, the MEK produced information that Iran's nuclear energy programme was weaponising.

It is the only hard evidence ever produced that Iran had a weaponisation programme, which according to subsequent assessments by the US National Intelligence Estimate (NIE), it launched in 2002 and ended in 2003. In the most recent NIE, in paragraphs purged from the publicly available document, it was revealed that the weapon was being developed to target Iraq, not Israel. When the US invaded Iraq in 2003 and toppled Saddam Hussein, the Iranians shut down the programme. Iran maintains it did not reveal the information itself because it feared attack by Israel, which had already hit WMD installations in Iraq and Syria. Its reticence can also be understood in light of its mistrust of international institutions, and its perpetual labelling as a rogue, being painted 'Axis of Evil' despite cooperating with post-9/11 Western efforts to contain al-Qaeda and the Taliban.

In this atmosphere, and surrounded by nuclear capable states (the US in Afghanistan and the Persian Gulf, Pakistan and India further east, Russia to the north, to the west Saddam's Iraq, and then, Israel), Prime Minister Muhammad Khatami reached out to President George W. Bush indicating Iran was willing to put everything on the table and negotiate a 'Grand Bargain,' including Iran's support for Hezbollah and Hamas, its human rights record, and critically, its nuclear programme. The White House never responded.

Indeed, the West, and US in particular has mothballed engagement of any kind with Iran, defying the classic practice of building trust and communication on less sensitive issues first. Three areas stand out: 1) Afghanistan, where the US and Iran share interests in preserving a stable, anti-Taliban government in Kabul, and where Iran could offer NATO alternative supply routes to those from Pakistan; 2) Afghan heroin export control, currently costing Iran millions in blood and treasure, and which, without its constraint, could flood Europe with heroin; and 3) Syria, where if Western states were genuinely committed to peace – as Kofi Annan is – they would welcome engagement by all significant regional powers, and not paint Iran with a different brush than Russia for its support of Assad. That Iran is shut out suggests that anti-Iranian policy trumps any peace plan no matter what the cost in Syrian blood.

The view from Iran

How do we understand the strategies of a highly ideological, authoritarian non-realist regime, at risk of imposed regime-change by powers acting on evidence that does not exist?

Iran's first strategic goal is to be recognised as having the sovereign and legitimate right, as a signatory to the Nuclear Nonproliferation Treaty (NPT), to develop enriched uranium for peaceful purposes. The West views such rights as bearing responsibilities, which it interprets as meaning Iran must suspend all enrichment while addressing Western concerns – a scenario which gives Iran no guarantees it won't be left in infinite suspension. Iran's view is rights come first, but that even without enjoying full recognition of its rights, it is fulfilling its responsibilities, such as accepting ongoing International Atomic Energy Association (IAEA) inspections. Iran takes this very seriously. Supreme Leader Ali Khamenei has stated he would resign if Iran cannot exercise its legitimate rights to enrich.

Meanwhile, the West, finding no smoking gun, has quietly shifted focus to defend against Iran's *intention* to build a bomb, presuming it desires to do so as an imperative of *realpolitik*, and in light of its growing capabilities.

Iran cannot prove a negative, namely that it has no intention to build a bomb. Fatwas have been passed, and much ink spilled supporting the claim. But Iran has not been believed, any more than Washington's own NIE findings. Iran's offers to do swaps (as in its 2011 offer to limit enrichment to 5% if the West would provide proliferation-proof fuel rods), or most recently, its offer to halt its 20% enrichment and export its stockpile for sanctions relief, have consistently been spurned by the West as too little too late, or only a ploy to buy time. When the US rejected a Russian step-by-step plan to break the deadlock in 2011, which Iran had accepted, President Vladimir Putin publicly stated that it was clear the West's real design was not resolution but regime change. Indeed, the implication is that the West's emphasis does not lie in reducing the danger of proliferation and increasing safety, as otherwise any offer to stop high levels of enrichment, or swap enriched uranium for fuel rods would be snapped up in the name of protecting general public welfare.

Iran's second major strategy is to get sanctions lifted and its nuclear file removed from the UN Security Council. After 10 years, it has a stockpile of 20% enriched uranium it wants to exchange for graduated sanctions relief (and not just spare civilian aviation parts – which is what the West has offered, and which it feels should fall under humanitarian, not political measures). It has offered to open its facilities to full transparency if its right to enrich to 5% is recognised.

The fact is, sanctions have not delivered the results expected. As the sanctions regime has grown, so has Iran's nuclear capabilities. What began 10 years ago as 3% enrichment through a few hundred centrifuges has ballooned to 20% enrichment and thousands of centrifuges. Additionally, If the NIE is to be believed, Iran's decision to abandon a weapons programme had nothing to do with sanctions, but instead, was determined by the fall of Saddam Hussein. Indeed, the West has illustrated that short of war, its tactics - sanctions, isolation, condemnation, and red lines - have had minimal impact on the choices made by Iran's current regime.

Iran's third strategic goal is to be recognised as an important regional power. From the outset of the West's containment and then isolation of Iran, it has adopted an eastern-facing strategy to secure support, trade, and influence, and to carve out a position as a regional hegemon. The pride in the scientific achievement represented by the nuclear programme is intimately tied to that strategy – and explains why it is supported by hardliners and opposition forces alike. However, Iran's hankering for a regional role is a constant theme, and not surprisingly, is reiterated in its recent position paper offered at the UN. Iran also knows a 'Grand Bargain' is a pipedream if it were to be discovered developing a nuclear weapon – let alone, pointing it at Israel.

Iran’s fourth strategy is to stolidly grow the atomic industry, but so slowly that it has crossed several red lines without triggering a shoot-out with the West. In effect, the West has grown acclimated to an industry that has gained the trappings of inexorability. In contrast, Iran’s main tool of aggression (other than funding its favoured militias), is language, manipulated to move the spotlight where it wants it. Sophisticated in its ability to use rhetoric to bully, threaten, feint and withdraw (while watching the price of oil rise), Iran uses words to fight and manipulate its enemies, a tool against which the realist West (and Israel) are often lead-footed.

If regime change, rather than a nuclear agreement, is the ultimate Western goal, the Iranian regime's top priority is survival, which means it must rely on itself. It remains close to Washington's old nemeses, Iraq and Afghanistan, as in a sense, all three are victims of US wars, and Iran will want to draw the other two in, should it be a victim of another round. However, as it has no WMD deterrent, it's first order of business is to convince the US and Israel that it does not want war. The game-changer is if either attacks. Iran will claim innocence, and that it never *intended* to build a bomb. But now it must do so, to protect its sovereignty.

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