

The Geopolitics of the Iran Nuclear Negotiations

By Chas W. Freeman, Jr.

Last July, negotiators from the Islamic Republic of Iran and the “P5+1” (China, France, Germany, Russia, the United Kingdom, and the United States) failed to reach a final agreement trading restrictions on Iran’s development of its nuclear industry for sanctions relief. Having missed their deadline, they extended it, giving themselves until November 24 to agree. On September 19, they picked up the negotiations where they had left off, but made little progress.

The P5+1 and Iranian negotiators are meeting amidst rapidly evolving international and regional circumstances. Whether they succeed or fail, their discussions will have an impact on much more than just nuclear proliferation in the Middle East. They will affect the geopolitics of that region, relations between the world’s greatest powers, and the emerging pluripolar world order.

Background

Despite international anxieties about Iran’s nuclear weapons program, the program itself remains a conjecture and allegation rather than an established fact. The world’s most highly regarded intelligence agencies affirm only that *some Iranians* were doing *some work* on nuclear weapons until 2003, when the Islamic Republic ended this. The official worry is now that Iran’s mastery of the full nuclear fuel cycle and its development of missiles will give it “nuclear latency” – the future capacity to weaponize nuclear materials on short notice. The intelligence agency consensus is that the Tehran has not made a decision to do this. Still, the seldom-rebutted popular narrative is that Iran is going all out to build a bomb. Even those who reject this narrative do not trust Iran not to make a decision to acquire nuclear weapons in future. This distrust is deep-rooted. It will not be easy to overcome. It is also not without its ironies.

Iran's supreme authorities have proclaimed that nuclear and other weapons of mass destruction are forbidden by Islam. They say that Iran is morally barred from building the bomb. Iran's history makes it hard to dismiss this declaration out of hand. After all, despite an estimated 100,000 deaths from Iraqi nerve gas attacks, it was on this basis that Tehran declined to develop its own chemical weapons capability during the 1980 – '88 Iran-Iraq war.

The only threats to Iran from countries wielding weapons of mass destruction now come from those most agitated about Iran's possible acquisition of them – Israel, the United States, and (to a lesser extent) France and neighboring Russia – all of which have nuclear arsenals and a record of assaulting Muslim states. It is logical that Iran should want a nuclear deterrent to bar attack by such nuclear-armed enemies. Powerful interest groups and politicians in Israel, Saudi Arabia, France, and the United States assign more weight to this logic than to the findings of their own intelligence agencies. Israelis recall that they ran their own clandestine nuclear weapons program decades ago amidst constant denials that they had such a program. Israel's government doubts that Iran is any more truthful about its nuclear programs and their objectives than Israel was.

Holocaust-inculcated paranoia disposes the Jewish state to treat the Iranian nuclear issue as a zero-sum game. The Netanyahu government opposes Iran's retention of any nuclear industry at all. It has repeatedly threatened to attack Iran to destroy its nuclear facilities.

Like its Gulf Arab neighbors, Iran plans increasingly to rely on nuclear energy for electric power, freeing fossil fuels for profitable export. Given past US-led efforts to shut off its access to nuclear fuel and materials, Iran insists on its own control of the nuclear fuel cycle. The P5+1 objective is to persuade Iran to cut its nuclear activities to the smallest possible scale and the lowest possible level of enrichment over the longest period of time to which Iran will agree.

Israel's views have decisive influence in Washington and substantial impact in Berlin, London, Paris, and Moscow. As a practical matter, if the talks produce agreement, it cannot be ratified by the United States or carried out by the U.S. and most other negotiating parties unless the Obama administration convincingly answers, obviates, rebuts, or rejects Israel's objections, which are sure to be forcefully advocated by its clique in the U.S. Congress. In the absence of a deal, Iran will continue to develop its nuclear sector without effective international constraint.

A breakdown in the negotiations or an agreement that falls apart due to opposition from Israel's American partisans would see the U.S. Congress seek to ratchet up sanctions against Iran. Israel would be forced to decide whether to mount a unilateral attack on Iran or suffer a

loss of credibility as its repeated threats to do so were revealed to be a bluff. Iran would have to choose between its professed aversion to weapons of mass destruction and its need to deter attack by Israel or the United States. Those Iranians, including President Rouhani and his government, who had gambled on doing a deal with the United States would be politically humiliated and discredited. Iran might follow north Korea in withdrawing from the Non Proliferation Treaty (NPT). The role of international law in non proliferation efforts would suffer a debilitating setback. The prospects for the proliferation of nuclear weapons in the Middle East would be greatly enhanced. The struggle to craft a strategy to deal with the spreading phenomenon of Islamist extremism, including the so-called “Islamic State” (IS) now straddling the Iraq-Syria border, would be further complicated.

Another extension of the negotiating deadline would lack credibility and – to one degree or another – entail some of the same negative consequences as a failure to close a deal or to implement one. There is a lot at stake in the current negotiations. Recent international trends and developments are both adding to their complexity and magnifying the consequences of their outcome.

The Changing Global and Regional Contexts of the Talks

Over the past year, relations among the P5+1 and the situation in the region have both changed substantially. Tensions between the EU, US, and Russia have become acute. Iran is less isolated internationally. Israel’s influence in France, Germany, and the U.K. has weakened. The rise of IS and the drawdown of Western forces in Afghanistan have made cooperation with Iran on regional issues more attractive. Meanwhile, U.S. dollar hegemony has begun visibly to erode. The net effect of these changes has been to create new diplomatic options and opportunities for future sanctions avoidance by Iran.

As a result of the Ukraine crisis, Washington and Moscow are now barely on speaking terms. Berlin, London, and Paris have cut back engagement with the Putin government. Russia has moved to embrace China as an alternative to Europe. China, for its part, has been eager to secure its inner Asian rear. (A good relationship with Russia strengthens China’s ability to fend off what it sees as a rising threat from the United States in the Western Pacific.) These developments have greatly lessened Western influence in Moscow and reduced Russian interest in deferring to Western policies when its own interests in the Middle East and elsewhere suggest a different course.

In August, Russia reportedly agreed to buy an initial 500,000 barrels of Iranian oil for resale on world markets, including China, with an option for twice as much. This directly undercut Western sanctions restricting Iran’s oil trade. (Most sanctions on Iran have been imposed by the West without UN Security Council authorization, depriving them

of binding force under international law. In the absence of UN legitimation of sanctions, China has been importing about 675,000 barrels of Iranian oil a day. India imports almost 300,000.) In the short term, the reported Russian deal reveals a damaging split in the political solidarity of the P5+1. It reduces financial pressure on Iran. In the longer term, it raises questions about the viability of current – let alone future – sanctions against Iran.

Most Europeans want a deal with Iran that reduces the prospects for Iranian development or deployment of nuclear weapons as well as follow-on proliferation in West Asia and North Africa. The EU has little appetite for more sanctions against Iran. Moreover, the limited sanctions relief of the interim agreement of November 24, 2013 predictably awakened interest in the Iranian market. European companies have been especially active in seeking sales and investment opportunities, stealing a march on their more cautious and presumably less-favored American competitors. (Asian companies have all along been active in Iran.)

European interest in trade and investment in Iran is all the greater because the EU now seeks more than ever to reduce its energy dependence on Russia. European interest in achieving closure in the nuclear talks with Iran has risen. Meanwhile, distaste for Israel's domestic and regional policies has grown considerably in Europe but much less so in the United States. In this atmosphere, an Israeli effort to block or sabotage agreement with Iran would potentially split the P5+1 along yet another axis.

Recent gains by Sunni extremists in Iraq and Syria have served to underscore Iran's strategic influence in the Fertile Crescent, strengthening incentives for Western rapprochement with it. So far, deference to Gulf Arab animus toward both Iran and its Shiite clients in the region has prevented the United States and other leading (mostly Christian!) participants in the newly formed anti-IS coalition from active exploration of overt cooperation with Iran. Much has been made of the bravery of the Kurdish peshmerga, but the Shiite coalition of Iran, the Iraqi and Syrian governments, and Hezbollah has been and remains the main force arrayed against IS on the ground.

In practice, Iran has the same enemies in the region as the West, if not the same friends. Unlike the Gulf Arabs, Iran has no ideological contradiction arising from a requirement to appease Sunni extremists at home or to oppose democracy in places like Egypt or Bahrain. Awkward as Western cooperation with Iran may be in terms of relations with the Arabs of the Gulf, the arguments for it are likely to seem increasingly compelling as the struggle against Sunni extremists in the region takes its predictably difficult course. Iran is about to be admitted to the Shanghai Cooperation Organization (SCO). The need for Iranian and SCO actions to counter the (Sunni extremist) Taliban in post NATO

Afghanistan can only strengthen the case for cooperation with Iran. Such cooperation is incompatible with anything other than a relaxation of sanctions.

In the absence of consensus in the UN Security Council, most sanctions against Iran rely upon the fact that the dollar is not just the global medium of trade settlement and benchmark for currency exchange but also the U.S. national currency. Sovereignty over the dollar has allowed the United States to prohibit Iranian transactions in it and currencies linked to it, effectively excluding Iran from global trade and finance except as approved by Washington. But, as is always the case, the market distortions sanctions entail have created incentives to find ways to work around them. This means avoiding the use of the dollar in favor of gold, other currencies, or barter. The need to do this has been especially felt by countries like China, India, and Turkey, which need Iranian oil.

International transactions in the dollar and related currencies are facilitated by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), from which the United States engineered the expulsion of Iranian banks in 2012. The U.S. resort to sanctions against Iran and other countries has inspired a variety of mechanisms designed to avoid not just the dollar but also SWIFT, whose databases enable the United States to monitor and punish transactions it has prohibited. Recent sanctions against Russia are spawning still greater creativity in this regard. This is reflected – *inter alia* – in recent initiatives by the BRICS group of countries to settle trade in their own currencies. The Chinese yuan, Hong Kong-Shanghai, and China's UnionPay seem now to be emerging as alternatives to the dollar, New York, and SWIFT in the conduct of interbank transactions supporting international trade.

The Indo-Pacific region's economies are already 1.5 times the size of either NAFTA or the EU and are growing more rapidly. The implications of this are clear. The era in which the United States and/or Europe can effectively sanction other countries without the support of the UN Security Council and the great non Western great powers excluded from it is drawing to a close. The opportunities for avoiding or undercutting sanctions available to countries like Iran are growing concomitantly with the redistribution of power in the global economy.

The Geopolitical Consequences of No Agreement

Iran has been seriously hurt by sanctions. But Iran's pain – which, all too predictably, has not produced changes in Iranian policy – is likely to diminish with time. Another round of Israeli-inspired, American-led tightening of sanctions will be difficult. Before long, it is likely to become impossible. If the current negotiations fail, there is every reason to believe both that Iran will be able to tough out the aftermath

and that the strait jacket of sanctions that has constrained the Iranian economy will steadily loosen.

Iran's talks with the P5+1 have represented a gamble by Iranian moderates that improved relations with the West on terms respectful of Iranian sovereignty and national dignity are possible. A perceived Western rebuff of this thesis would severely undercut them. It would also sharpen the contradiction between Iran's professed moral principles and its military's perception that it needs a nuclear deterrent. Tehran might well respond by denouncing the NPT and ending international inspection of its nuclear facilities, as North Korea did. US-Iranian reconciliation would likely be deferred for another generation or more.

Israel and the Gulf Arabs are disposed to welcome anything that delays or complicates Western rapprochement with Iran, which they judge is likely to come at their expense. Thus, they might initially welcome a failure by the P5+1 and Iran to reach agreement. But any such *schadenfreude* would be short-lived. The dashing of Iranian hopes for improved relations with the United States and EU would seriously reduce prospects for the political compromises between Iran, its neighbors, and the West necessary to replace sectarian struggle and violent politics with stability in the Fertile Crescent. A definitive failure of Western efforts to broker less alarming nuclear policies in Iran would have the effect of exacerbating longstanding strategic antagonisms and increasing tensions in the Persian Gulf.

The lack of any internationally monitored cap on Iran's nuclear capabilities would be seen by its Arab neighbors as the removal of an essential external check on its imperial ambitions. In response, the several Gulf Arab states would likely carry out their oft-threatened preemptive acquisition of nuclear deterrents, whether imported or indigenous. (Once on the road to nuclear capability, they might also feel strong enough to pursue accommodation with Iran.) The Gulf Arab states would certainly insist on the right to their own nuclear enrichment, paralleling Iran's programs. Others beyond the Gulf, like Egypt and Turkey, might well feel compelled to follow suit with their own nuclear programs, leading to a spreading frenzy of nuclear proliferation. An unmanageably complex tangle of nuclear balances and doctrines would succeed Israel's current nuclear monopoly in a region notoriously prone to war.

What Might Follow Agreement

By contrast, an agreement between Iran and the P5+1 that survived Israeli and Gulf Arab second-guessing could (and likely would) stall, if not preclude, further nuclear proliferation in the region. It could also catalyze progress toward Iranian rapprochement with the United States and other Western countries. Its regional impact would depend in part

on whether it was judged as likely to prove effective in curbing Iran's presumed nuclear ambitions. If so, it could facilitate the regional accommodations necessary to restore stability in the Middle East and wider Muslim world. If not, it could trigger efforts by some Arab Gulf states to field their own nuclear deterrents before reconsidering how to coexist with the Islamic Republic.

One way or another, an agreement would produce a chance for all parties to discover common interests in combating and containing extremism, whether Sunni or Shiite in origin, and an opportunity for creative diplomacy to replace military contention with peaceful coexistence and competition. These opportunities might not be seized, of course. But they would not exist at all in the absence of a successful outcome to the current negotiations.

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