



July 7-8, 2010

# PARTNERSHIP, STRENGTH, AND PRESENCE: Converging Regional Interests and Opportunities in the Gulf





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## A LETTER FROM KENNETH M. POLLACK

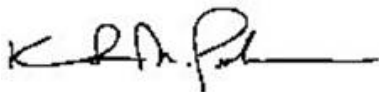
On July 7-8, 2010, the Saban Center at Brookings, United States Central Command, and the U.S. Army Directed Studies Office partnered for the second time to bring together over one-hundred-and-fifty experts and policymakers to discuss ongoing challenges relating to Iran. The conference, *Partnership, Strength, and Presence: Converging Regional Interests and Opportunities in the Gulf*, examined the internal political and economic situation in Iran, and analyzed policy options for convincing Tehran to shift its behavior on a range of issues critical to the interests of the United States and U.S. allies. We were honored to have Chairman of the Joint Chiefs of Staff Admiral Mike Mullen and Under Secretary of Defense for Policy Michèle Flournoy each deliver keynote remarks, and CENTCOM Acting Commander Lieutenant General John Allen participate in the conference.

Since our inaugural conference last summer, held in the wake of the disputed Iranian presidential election, the situation in Iran has grown more complex, and the need to address the government's defiance of the international community has grown more urgent. It was fitting, therefore, that this year's gathering came a few weeks after the UN Security Council voted to impose additional sanctions on Iran—a measure that, by virtue of its broad international support, many participants felt sent a clear signal to the regime.

In light of the UN sanctions vote, the focus of our dialogue was on partnerships. Several participants felt that despite the UN vote, there is still no unified international position on Iran, and they feared that divergent economic and geopolitical interests would prove stronger than the current accord. One participant noted that “where you sit affects where you stand,” meaning that where one sits geographically or politically affects one's attitudes on developments in Iran. While some participants felt sanctions were a good first step, others maintained that the international community should adopt a “China model” by focusing on integrating Iran into the global community despite distaste for some of its positions. At the same time, the conference looked at Iran's own partnerships—with Hamas, Hizballah, Syria, and various groups in Iraq and Afghanistan—and we considered Iranian domestic politics, analyzing the strength of alliances within the regime. In doing so, we hoped to formulate a more nuanced view of the regime and the way in which international developments would affect its calculations.

What follows is the Proceedings of the conference, including summaries of the sessions and a pair of analysis pieces based on the discussions that took place. Please note that the conference was held under the Chatham House Rule, meaning that the content of the dialogue can be made public but not attributed to any person. Because of this, and because of the sensitivity of events in Iran, we have not made public the names of the participants.

I would like to express my sincerest thanks to the staffs of the Saban Center, ADSO, and CENTCOM for putting together the conference and the Proceedings. Lieutenant General John Allen was instrumental in forging the partnership between the Saban Center and CENTCOM last year, and has been equally instrumental in deepening the relationship since then. I am grateful to him, not only for this, but also for offering his own insights and analysis throughout the conference. Through our partnership with him, with CENTCOM, and with ADSO, this second annual conference met, if not surpassed the standards of the first, and has set us on a firm foundation for the future.



Kenneth M. Pollack  
*Director, Saban Center for Middle East Policy at Brookings*

# CONFERENCE AGENDA

**Day One: July 7, 2010**



**Welcome and Introductory Remarks** (off the record)

Lieutenant General John Allen, Acting Commander, U.S. Central Command

**Keynote Address** (off the record)

Admiral Mike Mullen, Chairman, Joint Chiefs of Staff

**Panel One: Iranian Priorities**

Moderator: Suzanne Maloney, Senior Fellow, Saban Center at Brookings

**Panel Two: Regional Perspectives**

Moderator: Daniel Byman, Senior Fellow, Saban Center at Brookings

**Panel Three: International Perspectives**

Moderator: Kenneth M. Pollack, Director, Saban Center at Brookings

**Closing Discussion: Regional Maritime Affairs and Diplomacy in the Gulf**

**Day Two: July 8, 2010**



**Day Two Introductory Remarks** (off the record)

Lieutenant General John Allen, Acting Commander, U.S. Central Command

**Panel Four: Smarter International Pressure**

Moderator: Suzanne Maloney, Senior Fellow, Saban Center at Brookings

**Keynote Address** (off the record)

Michèle Flournoy, Under Secretary of Defense for Policy, U.S. Department of Defense

**Panel Five: Prospects for Regional Cooperation**

Moderator: Kenneth M. Pollack, Director, Saban Center at Brookings

**Panel Six: New Security Architectures**

Moderator: Daniel Byman, Senior Fellow, Saban Center at Brookings

## AN UNCERTAIN OPPORTUNITY: EXAMINING THE POST-SANCTIONS LANDSCAPE

SUZANNE MALONEY

The persistence of antagonism between the United States and Iran's regime over the course of three decades imparts a certain timelessness to discussions of U.S. policy toward Iran. Iran's leadership is perennially enmeshed in its own factional frictions, Washington is perpetually seeking more effective means of influencing Iran's policies, and both sides are unrelenting in their pursuit of leverage over one another. It might be tempting, then, to dismiss Iran's behavior as an intractable dimension of the Middle East landscape—a permanent dilemma whose contours are well-established and well-understood.

Beneath the veneer of consistency, however, Iran and the implications of its policies on American national security have long been in flux, and over the course of the past year, important shifts have taken place that offer new paths forward as well as new challenges for Washington. These shifts came into clearer focus during the second annual conference on Iran co-hosted by U.S. Central Command, the U.S. Army Directed Studies Office, and the Saban Center for Middle East Policy at Brookings. The enduring value of this event was the opportunity to delve beyond the familiar rhetoric and consider the nuances of an issue that is central to the advancement of American interests in the Middle East.

Within Iran, the past year has forged a new equilibrium for the embattled Islamic regime. The dramatic popular protests that briefly erupted in the Iranian streets and captured the hopes of the West a year ago in the wake of a contested election have faded. The sense of possibility and anticipation that infected policy discussions

in 2009 has largely dissipated, thanks to a brutally efficient crackdown by Tehran and the continuing loyalty of Iran's Revolutionary Guard Corps (IRGC) to its Islamic system and its current leadership. The revolutionary system's survival into its fourth decade has demonstrated the surprising success of the partnership between the country's two preeminent authorities, Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinejad, and the continuing resonance of their deeply suspicious worldview for Iran's other institutions and elites.

Still, within the formal presentations and the side conversations that took place during the conference, there seemed to be a consensus that Iran is experiencing a critical juncture whose trajectory is uncertain. In the immediate term, Iranian leaders have to navigate a precarious set of obstacles at home and abroad, particularly the fallout from tough new international sanctions. Despite its apparent suppression, the Green Movement remains a latent force to be reckoned with, and should it develop a determined leadership and a more coherent strategy, it could provide a channel for the dissatisfaction that remains widespread among Iranians. The ascent of a younger generation of hardliners and the rising influence of the IRGC has generated new fissures among the orthodox defenders of the revolutionary system that exacerbate the competitive dimension of all policy deliberations. And just as Iran's reformist opposition emerged from the left-wing radical elements of the post-revolutionary coalition, today's fragmentation among conservatives may well shape Iran's future in an unpredictable fashion.

Within the region, the past year has found Iran in a more polarized position than ever before. Yet, neither Iran's own internal turmoil nor the revival of the United States' reputation and influence in the Middle East appears to have undercut Iran's sense of advantage in its own neighborhood. Tehran retains a curious confidence in its capacity to outlast and outmaneuver international pressure that is bolstered, at least in part, by its reading of the regional environment and its continuing ability to tap into popular resentment beyond its own borders. Iran's brash posture exacerbates its tensions with most of its neighbors as well as Washington, for whom Iran's regional assertiveness and determined pursuit of its nuclear program presents an unambiguous and growing threat.

The conference speakers offered trenchant perspectives on this divergence during the two days of discussions, which took place amidst the backdrop of more public Arab advocacy of the use of force to forestall an Iranian nuclear capability. Generating a more effective regional security architecture, particularly one with the potential to draw Iran into a more cooperative relationship with its neighbors and with Washington, will ultimately require the relevant players to form a consensus over what constitutes an acceptable regional role for Iran. Achieving such an understanding and identifying the respective responsibilities for preserving a stable balance in the Gulf remains the challenge for Washington and its regional partners, one that should remain as high a priority as the daily demands of our diplomatic partnership.

The past year has produced a successful transition within Washington's self-proclaimed "dual-track" approach to Iran, from a focus on engagement to one emphasizing pressure. And although pressure has been a consistent and

considerable part of the U.S. playbook on Iran for decades, the latest foray already appears more promising than ever before. An array of shifts in the international context—some deliberately engineered by Washington, such as "resetting" relations with Moscow, and others simply a product of fortuitous timing, such as the post-elections emergence of the first real opposition movement in Iran in several decades—have helped rally the international community around the most strenuous set of multilateral economic sanctions against Iran since its 1979 revolution. The UN measures will be buttressed by unilateral American restrictions that target Iran's dependence on imported gasoline, and by tough new penalties that have already been signaled by the European Union and other allies.

*Iranian capacity to mitigate and evade sanctions should not be underestimated.*

The international community's embrace of painful punitive measures against Iran represents a historic shift. Still, this tactical success does not ensure strategic victory; the ultimate objective—a durable resolution to Iran's nuclear ambitions—continues to elude the United States and its allies. Iranian capacity to mitigate and evade sanctions should not be underestimated, nor should Tehran's willingness to endure painful costs to preserve its nuclear infrastructure. In order to transform the perennial problem of Iran, the United States will need to utilize this latest round of sanctions as a platform—not simply for more sanctions and continuing pressure, but instead for constructing a multifaceted diplomacy effort toward Tehran that constrains and transforms its most problematic policies. For Washington, this will entail overcoming a host of seemingly insurmountable challenges: building on the tactical coordination with Russia and China to create a real convergence of interests on Iran; creating a path for reconciling the world's justifiable

trepidations about Iran's nuclear activities with Tehran's staunch attachment to its presumptive nuclear rights; and finding a means of integrating the disparate concerns about Iranian regional posture and domestic

policies with the overriding international focus on the nuclear program. Making progress on this tall agenda would represent the most meaningful shift of all.



## SUMMARIES OF CONFERENCE DISCUSSIONS

### PANEL ONE: IRANIAN PRIORITIES

In the opening session of the conference, the panelists discussed internal political dynamics in Iran. One speaker noted that although the Green Movement—the anti-incumbent movement that originated in the wake of the contested 2009 Iranian presidential election—has brought increased international attention to Iranian politics, the Iranian political scene has become more nebulous to foreign observers than ever before. The session therefore focused on examining critical developments and crises within Iranian politics in order to gain a better sense of the domestic situation in the country. The speakers analyzed the ongoing disputes between the regime and the opposition, discussed the implications of growing contention within the dominant conservative faction, and offered brief observations regarding U.S. policy options toward Iran.

The session began with widespread agreement that the violent conflict between the Green Movement and the Iranian regime continues to reverberate throughout the country. Yet, the speakers concurred that Iran’s Islamic Revolutionary Guard Corps (IRGC) and the paramilitary volunteer force (known as the Basij militia) have been successful in suppressing popular protests. However, one speaker noted that while the regime has claimed that it has crushed the so-called “green sedition,” its brutal policies toward the opposition indicate that it feels threatened by what it believes is a subversive movement sponsored by foreign actors. The speaker said that this fear of an internal/external threat has driven Iranian leaders to bolster the state security apparatus. This is similar to a decade ago when the government established a number of parallel security

structures amidst fears that the reformist wave of former President Mohammad Khatami would unleash the Islamic Republic’s downfall. The speaker observed that this intensified securitization has resulted in the decentralization of the state’s security and defense structures, making an overthrow of the incumbent government virtually impossible.

Another speaker noted that, ironically, the Green Movement’s weaknesses have enabled it to survive in the face of the regime’s crackdown. Historically, the Iranian regime has been able to shut down or curtail the activities of opposition entities that have had clear-cut organizational structures, such as the registered reformist parties. Yet, because the Green Movement lacks a solid organizational structure, the regime’s tactics have been less effective; the regime has found it difficult to target this somewhat novel threat—a diffuse crowd that lacks official leaders but that manages to continually challenge the regime’s official narratives. Another speaker agreed that the Green Movement has not been eliminated as a political force or sidelined to just chat-room and blog discussions. Instead, the speaker said, the upheaval it has caused has had a political influence, generating growing acrimony among the conservatives. It will therefore likely affect Iranian politics and internal debates well into the future.

The speakers then moved to discussing the regime’s fears of a “soft war” or “velvet revolution,” evidenced by the fact that these terms permeate the rhetoric of Iranian officials. The speakers emphasized that Iranian leaders see the Green Movement as a manifestation of this so-called soft war that the United States and the West have been waging against Iran in the hope of inciting regime change. As one speaker noted, this fear has been the cornerstone of



Iran's security, and even political, policies for several years.

The ongoing obsession with soft war has led incumbent officials to alter Iran's political and security landscape in an attempt to neutralize any threats to the regime. One speaker pointed out that among the most notable changes was the 2007 restructuring of the IRGC that was intended to decentralize its command. A further reaction to the perceived soft war has been the regime's strategy of "mimicking the tactics of the enemy"; the regime has launched an informational counter-campaign, in the form of educational programs and propaganda materials, which is designed to influence the perceptions of Iranian citizens, particularly in Tehran and other major urban centers. The speakers all agreed that the regime's defensive programs and counter-tactics, such as expanded surveillance measures, are likely to have a significant effect in squelching public dissent. However, they also noted that changing the population's perceptions and overall mentality will be an arduous task, especially given the IRGC's efforts to solidify its position as a major political and economic actor in Iranian society.

The speakers analyzed the implications of the IRGC's increasing power in the Iranian political system. Although many participants expressed skepticism about the assertions that the IRGC's ascendancy is tantamount to a coup d'état, they also acknowledged that the IRGC has become significantly stronger, politically. One speaker observed that the gradual removal of Khomeini-era restrictions against the involvement of military figures in politics paved the way for increasing numbers of IRGC veterans to enter the Majlis and the cabinet. In making this claim, the same speaker argued that during an era of constant existential fear,

*The ongoing obsession with soft war has led incumbent officials to alter Iran's political and security landscape.*

the IRGC's autonomy and its role as the defender of the revolution has been advantageous to it and bolstered the power of the Supreme Leader. At the same time, the speakers pointed out the weaknesses of the IRGC, including the fact that the IRGC still holds a minority of political leadership seats and is perceived to lack charisma. One participant noted that it is important to keep in mind that it is unclear whether the IRGC is seeking to gain direct control over the governance of the country, as many fear. Yet, regardless of the IRGC's aspirations, the speakers noted that it is important to monitor its reaction to domestic political developments, such as any moves by Ahmadinejad to hold onto power upon the completion of his term, or the death of the Supreme Leader.

The speakers discussed the widening rifts among conservatives within the ruling establishment. Following the purge of influential reformists from the system, power struggles and genuine disputes over visions for the nation's future have thrown the dominant conservative wing into turmoil. For instance, there have been public and acrimonious confrontations over President Ahmadinejad's controversial plan to eliminate \$20 billion in subsidies. Similarly, there have been frequent personal disputes and accusations between the president and prominent moderate conservatives, such as Majlis Speaker Ali Larijani, Tehran Mayor Mohammad Bagher Ghalibaf, and the former president, Ali Akbar Hashemi Rafsanjani. For example, one participant noted the strong opposition from parliamentary leaders, including Larijani, to the regime's attempts to sideline moderates like Rafsanjani. The logic behind this opposition is that if moderates like Rafsanjani are purged, anyone may be the next "victim." In discussing these internal dynamics, the speakers examined the behavior of Supreme Leader Ayatollah Ali

Khamenei—although the arbiter of internal disputes has traditionally been the Supreme Leader, Khamenei has maintained a neutral posture. Some participants interpreted his non-commitment as a sign of weakness. The speakers felt that the current internecine tensions will likely intensify in the run-up to 2012 Majlis elections. This, combined with Khamenei’s reaction to any disputes in that process, will be critical in determining the political future of Iran.

The speakers concluded the session by briefly discussing American policy options toward Iran. Several participants observed that many people across Iran’s ideological spectrum appear willing to negotiate with the United States, although these people make it clear that accepting a complete ban on nuclear enrichment would be unacceptable. One speaker expressed concern over the proposed American sanctions on refined petroleum products, pointing out that Iranian citizens would be unlikely to blame their government for the ensuing gasoline shortages, and would instead blame the United States. Another speaker cautioned that even though opportunities to negotiate may arise, Americans should not expect that any deal with Iran would allow the United States to empower Iranian civil society. In managing its relationship with the United States, the regime will remain vigilant in protecting itself from what it sees as an American soft war.

## PANEL TWO: REGIONAL PERSPECTIVES

The second panel examined the perspectives of key actors in the region toward Iran. The speakers analyzed the interests of the governments of the Gulf states and Israel, and considered the views of these countries’ general populations and relevant constituency

groups. The speakers also addressed how countries in the Gulf feel about U.S. policies toward Iran and whether the United States’ policies impact its relationships with these countries.

One speaker stressed that to gain a “regional perspective,” one cannot solely focus on the viewpoints of governments, but rather must take into account the dynamic nature of the Middle East, including its societal structures, historical narratives, and cultures. Using this broader analytical framework, the speaker gave a

perspective of how people in the region view Iran and its pursuit of nuclear capabilities. It is important to note, the speaker said, that Iran is seen not only as a Persian power but as a Shi’i power. Therefore, the history of Shi’ism must be factored into any analysis of Iran and the feelings of people in the region toward Iran. The speaker

argued that the current nationalist expression of Shi’ism in Iran stems from the Shi’ah’s history of being the opposition within Islam and feeling insecure. The speaker pointed out that the feelings in Iran of fear, insecurity, and persecution are similar to nationalist expressions in Israel. Indeed, many people in the Middle East believe that both Iran’s and Israel’s interests and regional outlooks stem from a long history of insecurity.

The same speaker noted that in considering Iran, people in the Gulf states typically do not focus on Iran’s nuclear program or whether sanctions will be effective in preventing the regime from developing its nuclear program. Broadly, people in the region view Iran’s positions and policies as pragmatic. For example, many consider Iran’s support of Hamas and Hizballah as part of a national security strategy of sorts, rather than an attempt to export the Islamic Revolution. In discussing policy options

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toward Iran, the speaker noted that many countries in the region—including Iraq, Kuwait, Lebanon, Bahrain, and Saudi Arabia—have sizable Shi'i populations (which in some cases make up the majority of the population), and because of this, people in these countries may perceive an attack on Iran as an attack on them. The speaker warned that an American or Israeli attack on Iran to curb its nuclear program may reignite Shi'i terrorism in the region, which escalated in the 1980s but has since subsided. Furthermore, the speaker said, an attack would likely accelerate Iran's nuclear program, trigger a regional war, and produce a spillover of violence into Iraq and Afghanistan. The speaker concluded by saying that policy debates over Iran often do not address a long-term strategic vision for the region, and often do not mention that regional stability would most likely be achieved if there is a solution to the Israeli-Syrian and Israeli-Palestinian conflicts.

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The second speaker focused on the Iraqi view of Iran, specifically how Iraqis see developments in Iran and how they feel about Iran's involvement in Iraq. The speaker was careful to make clear that there is no one, unified Iraqi view of Iranian influence in the country. The speaker outlined the Iraqi political parties' attitudes toward Iranian influence, saying that the secular al-Iraqiyya party resents Iranian meddling in Iraqi politics, whereas some Islamist Shi'i politicians welcome Iran's involvement. However, the speaker pointed out that there is no clear divide between Sunni and Shi'i politicians over Iran's involvement in Iraq (evidenced by the fact that some Sunni politicians have traveled to Tehran since Iraq's March 2010 parliamentary elections), and there are rifts among Shi'i factions in their attitudes toward Iran. For example, the Sadrist are a nationalist movement with a solid social

base and are not beholden to Iranian influence. Even the Dawa party, which has historically close ties to Iran, has disapproved of Iranian influence. In addition, the speaker said, it is important to note that pro-American parties in Iraq are not necessarily anti-Iranian, or vice versa. For instance, the Islamic Supreme Council of Iraq (ISCI) and the Kurdish factions have historically had good relations with the United States but have also maintained intimate ties with Iran. Half of Iran's trade with Iraq occurs with the Kurdistan Regional Government (KRG), and over a hundred Iranian companies operate in the KRG, and the Iranian Revolutionary Guard Corps has a presence there.

The speaker cautioned the United States not to oversimplify the Iraq-Iran relationship (especially with regard to Iraqi political parties) because doing so could cause Washington to make poor policy decisions. Iran has clearly shown its influence in Iraq by affecting the levels of violence in that country and by interfering in its politics. But the results of the recent national elections in Iraq—namely, the lack of a clear winner, the divisions within the parties, and the fact that Shi'i parties did not prevail—demonstrate that while Iran is influential, there are limits to its influence. Therefore, although Iran has been one of the strongest actors in Iraq since 2003, and will continue to have a long-term effect on the country, its impact is not all encompassing. Yet, the speaker said, the United States should be aware that Iran is looking to grow its influence in Iraq. The Iranian government has already made smart, strategic decisions in Iraq, and both countries enjoy a long history of geographic, religious, and cultural ties. Therefore, Iran sees Iraq as a ripe and critical theater to convey its regional power. The speaker observed that although many Iraqis may accept this kind of Iranian influence, they

may also try to balance it by striking alliances with other Gulf states or seeking help from the international community. Ultimately, American policies in Iraq, as well as regional dynamics will affect the way in which Iran attempts to project its power, and will influence the broader Iranian-Iraqi relationship.

The third speaker presented an overview of how policymakers and the general public in Israel regard Iran and its nuclear program. The speaker stated that Israelis consider Iran a serious, existential threat to their state, in part because of Iran's hostile intentions toward Israel and its support of militant groups in the region, such as Hizballah and Hamas. Israelis feel that if Iran were to obtain a nuclear weapon, it would destabilize and radicalize the Middle East. Israelis are convinced that Iran is continually working on nuclear militarization and testing, and building enrichment sites and centrifuges (as in Qom), all of which contradict strictly peaceful energy purposes.

The speaker outlined four options for stopping Iran's nuclear weapons program. First, the international community can impose political and economic sanctions on Iran, but sanctions have so far failed to halt Iran's nuclear program. The speaker noted that the new sanctions (UN Security Council Resolution 1929, adopted on June 9, 2010) are unprecedented, and individual countries are already enforcing their own sanctions. However, because sanctions take a long time to produce tangible results, policymakers will likely begin to question the effectiveness of the sanctions sometime next year. If these sanctions are not seen as being effective, policymakers will look to impose other options, none of which are ideal. One option that is often discussed, containment and deterrence, would be ineffective in containing Iran's nuclear ambitions, according to the speaker. Another option, military action, should be regarded as a measure of last resort,

especially because it would likely have destabilizing consequences for the region. The last option, regime change, is unfeasible in the near future.

Because all four options are problematic, the speaker suggested that the international community work to enforce the current round of sanctions, communicate with Iran's public about the intentions of the sanctions (that they are targeted against the regime's malfeasance), and pressure the Iranian government by articulating that all options are on the table. The speaker concluded by noting that for Israelis, the relevant policy question is not how to stop Iran from *actually acquiring* a nuclear bomb but how to deny Iran the *capacity* to build a bomb.

### PANEL THREE: INTERNATIONAL PERSPECTIVES

The third panel of the conference assessed the views of the international community regarding Iran's pursuit of nuclear capabilities. The speakers focused on giving the perspectives of key countries that are not in the immediate vicinity but are critical pieces in forging an international response to Iran's behavior: Russia, China, and members of the European Union.

The first speaker began by saying that since the disintegration of the Soviet Union in 1991, Russia has become accustomed to seeing its neighbors grow in strength and stature. For this reason, Russia does not perceive Iran's expansion—both in terms of its population growth and power projection—as out of the ordinary. Russia also views the Islamic Republic as a rational and pragmatic political actor, and its support of Hizballah and Hamas—groups many countries see as terrorist—as a rational strategy for a country that acts from a position of weakness. Additionally, many Russians identify with Iran's strong sense of nationalism because Russia itself went



through a difficult period after the collapse of the Soviet Union that challenged its identity.

In terms of nuclear proliferation, the speaker pointed out that when the Soviet Union disintegrated in the early 1990s, Iran was not yet in a position to develop nuclear capabilities, so at that time Moscow's focus was on Pakistan and specifically the India-Pakistan nuclear arms race because it was a destabilizing factor in the region. Russia felt threatened by Pakistan's nuclear proliferation in light of the long-standing tensions between Russia and Pakistan, which escalated during the Soviet-Afghan war of 1979-89. In contrast, Russia has tended to see Iran as an important trading partner and an ally who played a constructive role in stabilizing a volatile and unstable country in the region—civil-war-ridden Tajikistan. Ultimately, the speaker explained, Russia is not concerned with nuclear proliferation per se, but rather with the intentions and nature of the country that is proliferating. For this reason, Moscow was not concerned when Israel or India acquired nuclear capabilities, and is similarly not very concerned with the fact that Iran is pursuing nuclear capabilities.

The speaker argued that the current international environment is conducive to negotiations, primarily because of the Obama administration's willingness to engage with Iran, and the recent "reset" of U.S.-Russian relations. The warming of the Washington-Moscow relationship has made clear to Moscow that Washington values its cooperation on issues of importance to the United States and international community. Because of this improved bilateral relationship, it may be easier to achieve broader international cooperation. For instance, the speaker said, Russia's support of UN Security Council Resolution

(UNSCR) 1929 had an important impact on China, ultimately causing China to vote in favor of the resolution because it could not "hide behind Russia's back." But, the speaker cautioned, Russia's cooperation on sanctions should not be mistaken for tacit Russian support for a possible military strike against Iranian nuclear facilities.

The second speaker analyzed Chinese-Iranian relations, noting that Iran is important to China not only as a supplier of oil, but more importantly as a market for China's national oil companies; these companies are looking to compete for new energy exploration, investment, and development projects. The speaker said that despite growing ties between China and Iran, China is not looking to jeopardize its relations with the United States and the international community. In particular, China does not want to be seen as a spoiler

when it comes to high-profile issues or matters of great concern to the international community. As a rising power, China is looking to develop partnerships with multiple international and regional actors. For this reason, Russia's support of the recently-passed UN sanctions, as well as Israeli and Saudi Arabian pressure, caused China to vote in favor of the resolution. The speaker said that Chinese officials are cognizant of the potentially destabilizing effect that a nuclear-armed Iran could have on the region, especially with respect to oil supplies. However, Chinese officials view harsh economic sanctions as a counterproductive tool because they serve to radicalize the targeted country, and as such are not effective in achieving the desired objectives.

The speaker said that Beijing must make some difficult choices sooner rather than later. Because American companies are currently barred from investing in Iran and

*Russia is not concerned with nuclear proliferation per se, but rather with the intentions and nature of the country that is proliferating.*

because European companies are curtailing their investments there, the Iranian market is open to Chinese investors. This has been beneficiary for China, as China and Iran have strengthened their economic ties. But the speaker argued that Chinese politicians would be wise to consider the long-term negative consequences of continuing down this road, particularly on Chinese-American strategic relations. By the same token, the United States will face difficult decisions should China continue its economic projects in Iran in spite of sanctions banning them. In particular, the United States may soon have to decide whether to grant China a national interest waiver (and thus anger those countries that are abiding by the sanction rules) or whether to punish Chinese firms in violation of the policy (and thus alienate China).

The final speaker outlined the view of the European Union toward Iran, saying Europe has been torn between realism and idealism. In the past, Europe adopted a *modus vivendi* in dealing with Iran—it valued Iran’s geographic proximity to Europe and access to its hydrocarbon resources but had distaste for aspects of its behavior. Yet, many European countries found it difficult to continue to ignore Iran’s human rights abuses. Indeed, many European nations have voiced a concern that the exclusive focus on Iran’s nuclear proliferation has undermined the need to address human rights issues. Europeans believe that human rights abuses in Iran cannot be overlooked, and the international community must take the human rights issue to a new level by creating a watch list for notorious human rights violators in Iran.

Iran has been a test case of sorts for the European Union—it has presented a complex issue that has necessitated a unified European policy response, despite diverse

interests and concerns among Europeans. The speaker noted that as Iran’s nuclear program grew in importance, Europe sought, starting in 2003, to come up with a cohesive policy in light of the United States’ unilateral actions in Iraq and elsewhere. Individual European countries felt too weak on their own—they had split over the issue of Iraq and felt powerless as a result. Therefore, in order to prevent further unilateral U.S. actions, they felt they had to formulate a united policy. The speaker noted that Europe believes some diplomatic episodes over the past several years started out as promising, such as President Jacques Chirac’s 2006 talks with the Iranians or the 2008 letter Javier Solana delivered to Iran, but none yielded results.

European capitals were irked by Turkey’s and Brazil’s votes against the latest Security Council resolution to impose sanctions on Iran, partly because they saw Turkey and

Brazil “as new kids in the game.” The European Union not only approved the Security Council’s sanctions, but also extended its own sanctions against Iran. In doing so, Europe implicitly implemented the U.S. congressional sanctions. The speaker found it unusual that European countries did not debate this action. The lack of debate was, in the speaker’s view, a major deviation from the European Union’s policy toward the United States—a few years ago the issue would have entailed a fierce and principled debate not only between the European Union and the United States, but among European nations.

One participant asked whether there was any viable scenario in which Russia, China, and the European Union would change their current positions. One of the speakers said that a U.S.-backed Israeli attack would almost certainly invite Russian condemnation. Another speaker thought

*The United States may soon have to decide whether to grant China a national interest waiver or whether to punish Chinese firms in violation of the policy.*

that either an attack on Iran or a refusal by Iran to engage in diplomatic talks could produce shifts in China's position. Another speaker added that if the United States were to impose sanctions on China, the ensuing embarrassment would undoubtedly affect China's position.

A participant asked how Turkey's and Brazil's votes against UNSCR 1929 were perceived in China. One speaker replied that Beijing welcomed the move because Turkey's and Brazil's votes changed the narrative of China as the country that undermines UN Security Council resolutions. Another speaker pointed out that the European Union was angered by Turkey's failure to notify the EU of its decision to reach out to Iran, especially given Turkey's aspirations to join the European Union. The speaker argued that Turkey's vote was most likely intended to demonstrate to Americans and Europeans alike that Turkey can maintain a stand-alone position.

One participant commented that some reformists in Iran believe that Russia would not tolerate any kind of rapprochement between Iran and the United States. In other words, Russia would like to see the current status quo—neither peace, nor war between the United States and Iran—to endure, simply because any meaningful engagement between the United States and Iran could disadvantage Russia. In response to that comment, a speaker noted that there is a widespread perception that Russia is benefitting from the stalemate in relations between Iran and the United States, especially in the sphere of trade. However, the speaker pointed out that compared to Europe and the United States, Iran occupies a relatively small place in Russia's foreign policy. Moreover, given Russia's aspirations to reemerge as a great power with strong modern economy, it is unlikely that Russia

would play the role of a spoiler. Instead, Russia is interested in improving its relations with the United States and Europe as a part of its grand strategy to reinstate itself as a powerful state on the world stage.

Another participant questioned the intentions of Moscow and Beijing in supporting UNSCR 1929. In particular, the participant asked if Russia and China approved the resolution out of genuine concern over Iran's nuclear proliferation or if their vote was a strategic move—hoping that by supporting this measure, the United States would have to lend support in the future to an issue of concern to them. One speaker replied by saying that Moscow may have voted for the resolution in hopes of a quid-pro-quo from Washington, but it is also true that Russians appreciated President Obama's move to improve relations between the United States and Russia. With regard to China's position, another speaker pointed out

*Russia is interested in improving its relations with the United States and Europe as a part of its grand strategy to reinstate itself as a powerful state on the world stage.*

that even though there are some concerns in China over Iran's nuclear proliferation, those concerns are not nearly as acute as they are in the United States, so China may also have had transactional considerations in mind.

#### CLOSING REMARKS: REGIONAL MARITIME AFFAIRS AND DIPLOMACY IN THE GULF

The first day of the conference concluded with remarks on broader U.S. policies in the Gulf and the prospects for building partnerships in the region. The speaker stressed the importance of boosting the United States' credibility and trust among the countries in the Gulf, and demonstrating the United States' commitment to the growth and prosperity of the region. The speaker said that the United States and Gulf countries have several overlapping interests, including

promoting the prosperity and security of the people in the Middle East and ensuring regional compliance with international maritime law. To ensure these interests are met, a number of combined task forces (CTF) are operating in the Gulf region. The U.S. Navy, which has had a presence in the Gulf for over sixty years, continues to build strong partnerships. These partnerships are based on mutual regard, an understanding of common challenges, and a respect for sovereignty, and are critical to U.S. security in the region because they ensure the success of naval operations.

The speaker said that the U.S. Navy's Fifth Fleet is the maritime anchor of Central Command's regional security architecture, made up of a number of bilateral and multilateral security initiatives. These initiatives include a regional network of air and ballistic missile defense systems and counter-narcotics, counter-human trafficking, and counter-piracy operations. The speaker stated that maritime security in the Gulf region and, consequently, freedom of access in the Gulf are critical for global prosperity and economic growth in the Middle East.

Freedom of access to Gulf waters is based on the international community's respect of international maritime law, but it can be threatened by maritime intimidation and aggressive posturing. The speaker said that Iran's belligerent rhetoric in the Gulf (including threats to close the Strait of Hormuz), its open defiance of the United Nations and the International Atomic Energy Agency, and its exaggerated military prowess threaten not only the well-being of Gulf countries, but ultimately Iran itself. The speaker stated that the IRGC's naval forces (IRGCN) have acted carelessly and unprofessionally, and at times have miscalculated, which is alarming because these actions can invite retaliatory measures

from U.S. forces—an undesirable outcome, yet one that may be necessary.

One participant noted that during the 1990s, when the United States tried to engage with Iran, there was a brief period in which Tehran dropped its provocative posture and looked to undertake confidence-building measures. The participant asked whether President Obama's attempts to engage Iran have affected Iranian behavior "on the ground." The speaker stated that a couple of years ago, the IRGCN engaged in three aggressive incidents in the Strait of Hormuz, but since then the U.S. Navy has not seen similar behavior. Around the same time, the U.S. Navy began regularly exchanging maritime Code of Signals with Iran's Navy, but the IRGCN has only taken part in one such exchange in that time span. The speaker made clear that the Iranian Navy and the

*The IRGC's naval forces (IRGCN) have acted carelessly and unprofessionally, and at times have miscalculated.*

IRGCN are distinct, with the former acting in a more professional manner and the latter lacking the chain of command or discipline required for military professionalism.

Another participant asked about the nature of the war games conducted by Iran's Navy and the IRGCN in March 2010. The speaker stated that many navies in the world conduct similar exercises. Further, the ones that Iran conducted in 2010 did not appear to be different from past years' exercises. The speaker made clear that Iran tends to inflate its actual capabilities, and argued that Iran cannot close the Strait of Hormuz. However, the speaker said that Iran could disrupt passage through the Strait of Hormuz by conducting various forms of irregular warfare, including placing mines or firing coastal defense cruise missiles.



PANEL FOUR:  
SMARTER INTERNATIONAL  
PRESSURE

The fourth panel, which led off the second day of the conference, addressed the goals, historical record, and potential effects of sanctions on Iran. In general, the speakers agreed that neither the recently-passed UN sanctions, nor unilateral American pressure tactics should be viewed as end goals; rather, they should be seen as means to an end. However, there was disagreement among the speakers over what an acceptable outcome for the United States should be, and whether the current sanctions or future measures would affect Tehran's behavior.

The speakers differed on how to define the goal of pressuring Iran, but they agreed that the United States' overarching objective should be to convince Iran to change its behavior. One speaker suggested that a desirable outcome would be a negotiated settlement in which Iran agreed to transparent inspections, constraints on nuclear weaponization, and strict restrictions on its stockpile of low-enriched uranium. The speaker argued that a full suspension of Iran's uranium enrichment is an unrealistic goal. Other speakers on the panel suggested intermediate objectives that should be considered (those short of denying the regime nuclear capabilities), such as undermining the development of Iran's missile programs and limiting Iran's projection of its military capabilities throughout the region. One speaker argued that pressure must lay the groundwork for an effective containment regime, which would be needed if Iran ultimately develops nuclear weapons. Others expressed a more categorical view, stating that an Iranian bomb should remain "unacceptable," at least in public discourse. In line with this

*Neither the recently-passed UN sanctions, nor unilateral American pressure tactics should be viewed as end goals; rather, they should be seen as means to an end.*

reasoning, current policy approaches should exclude the containment option, because laying the foundation for containment might appear as a tacit acceptance of a nuclear Iran.

The speakers approved of the way in which the Obama administration has worked with international allies to increase global pressure on Iran. One tactic that has been successful has been setting relatively weak standards in international resolutions so as to win over traditionally skeptical countries (as in the case of UNSCR 1929), but then using these resolutions as a springboard for tougher measures by the United States and its closest allies. Some participants agreed, saying that the value of UNSCR 1929 is its vagueness, which allows for individual governments to implement their own pressure mechanisms. One speaker argued that targeted pressure has been effective in convincing many international banks to withdraw their financial services from firms directly or indirectly involved in Iranian nuclear proliferation or militant activities, and has forced many international oil companies to stop their projects in Iran. The speakers and many participants considered the emphasis on reputational risk—i.e., "naming and shaming" those companies that do not comply with international pressure—as an effective tool.

The speakers examined avenues for improving the United States' persuasive power. One speaker argued that engagement and pressure tactics need to be clearly tied together, so that it is evident to Iran that sanctions are not malicious, but a means of moving toward negotiations. The speaker said that U.S. officials should be flexible and willing to use developments to the United States' benefit. For example, Washington immediately rejected the May 2010 Tehran Declaration that Turkey and

Brazil negotiated with Iran, but could have used that declaration as a basis for articulating constructive suggestions to Tehran. In light of this, the speaker argued, if the United States is looking to strengthen international pressure on Iran, it should focus its diplomatic efforts on courting rising regional powers such as India, Indonesia, Brazil, and Mexico because Iran has frequently relied on these countries.

One speaker said that it is important for any pressures on Iran to target influential parties. Therefore, the speaker called for Washington to try to persuade the European Union to enforce a travel ban on Iranian elites, many of whom enjoy traveling to prestigious Western destinations. Along the same lines, the speaker applauded new U.S. sanctions, signed into law on July 1, 2010, which allow President Obama to impose sanctions on international banks that provide services to blacklisted Iranian banks. These measures, the speaker felt, could create necessary international pressure on the regime and its allies.

Another speaker suggested focusing on communications. Specifically, the speaker recommended instituting counter-propaganda programs, and airing them on the Voice of America's Persian News Network. The speaker said it is important to communicate to the Iranian people directly and articulate the true nature and goals of American pressure in a bid to undermine the regime's narrative of vicious American oppression. This would require the removal of sanctions on technology, such as Internet filter-breaking software, which Iranian citizens could use to communicate freely amongst themselves in the face of state censorship and surveillance.

One of the speakers gave an overview of the vulnerability of Iran's economy and its

oil sector, noting that sanctions have disrupted the country's hydrocarbon development and output, although the resulting impact on Iran's foreign policy is not as clear cut. The speaker added that Iran needs further discoveries in order to keep its oil production running at the current output level. In addition, Iran requires outside capital and technology to assist it in developing its gas fields. Together, these needs leave the Islamic Republic vulnerable to outside pressure.

In examining the effect of sanctions, one speaker said that Iran has had difficulty in attracting foreign investors not only because of the stringent terms of the buy-back contracts used in its energy sector, but also because of international sanctions. Strong evidence emerged in 2007 that the threat of sanctions was a major factor in scaring off international companies. At the time, the

National Iranian Oil Company eased its contract terms before offering a new set of hydrocarbon development blocks on the international market, but did not see any increase in interest from potential investors. Several speakers and participants noted that there are challenges inherent in a sanctions policy. Many participants argued that no sanctions regime would ever succeed in altering the Iranian regime's behavior. Additionally, they pointed out that sanctions have the potential to cause harm to Iranian citizens—shortages of fuel and other staples can raise prices, reduce the purchasing power of income, and decrease the overall quality of life of the middle class. One speaker emphasized that if sanctions limit the supply of fuel in Iran, the "little guy" would be hurt because regime elements, like the IRGC, would still be able to procure the fuel they need. A participant argued that sanctions could lead to rampant corruption, cut connections to the outside world, increase crime, and undermine overall

*Iran requires outside capital and technology to assist it in developing its gas fields.*

development. By denying the Iranian private sector access to finance and trade, sanctions could have the unintended consequence of bolstering the power of the IRGC and its subsidiary firms, which would use coercive, “mafia-like” means to feed their business interests. A participant argued that if sanctions cripple Iran’s private sector, it would play into the hands of regime hardliners who are looking to extend the state’s dominance of the economy. The same participant said that the new sanctions the United States has imposed on Iran, specifically the ban on the sale of refined petroleum products to Iran, could mitigate some political fallout Ahmadinejad would face if he ended energy subsidies. (Ahmadinejad has pushed to end energy subsidies that have kept prices artificially low for Iranian consumers.) While ending these subsidies would cause prices to increase and inflation to rise, Ahmadinejad could blame the price increases on the U.S. sanctions and not on his policies.

Ultimately, many participants felt that the political ramifications of the American-led sanctions remain unclear. Participants offered a mixed assessment of whether the current round of sanctions would turn potential allies among Iran’s population—including those in the Green Movement—against the United States. Some participants felt that Supreme Leader Khamenei is so entrenched in his beliefs and so hostile in the face of pressure that any compromise is unthinkable, unless compromise becomes vital to maintaining his hold on power or to the regime’s survival. One participant felt that in the short term, it would be difficult to assess the effectiveness of the current round of sanctions—at best, it may be possible to observe instances of successful disruption of Iran’s nuclear and military activities, but barring a significant public policy change in Tehran, there may be no

clear indications of the effectiveness of the current pressure.

#### PANEL FIVE: PROSPECTS FOR REGIONAL COOPERATION

The panel on regional cooperation explored several avenues for engaging with Iran, and examined the common goals and interests that countries in the Gulf share. The speakers emphasized Iran’s centrality to regional stability and highlighted past instances of cooperation between the Islamic Republic and the United States. The speakers analyzed future prospects for reaching out to Iran both directly and by engaging regional partners.

The first speaker began by laying out a conceptual framework for regional cooperation in the Middle East. The speaker said that a narrow focus on Iran has consequences for U.S. cooperation with other countries. The speaker pointed out that there is already significant cooperation between the United States and Gulf countries (with the exception of Iran), and emphasized the importance of capitalizing on these existing partnerships to address particular problems, as well as lay the foundation for long-term, strategic relationships. However, despite the existing partnerships between the United States and Gulf countries, Washington has thus far seemed unable to articulate a grand strategy for one day achieving cooperation with Iran. According to the speaker, a first step toward shaping a grand strategy would be to distinguish between formal, governmental cooperation and informal, societal cooperation.

The speaker outlined five key considerations for developing a comprehensive plan for strategic cooperation in the region over the

*By denying the Iranian private sector access to finance and trade, sanctions could have the unintended consequence of bolstering the power of the IRGC.*

issue of Iran. First, the speaker argued, there is no clear-cut consensus among the Gulf states regarding the threat posed by Iran. Second, the speaker said, interstate dynamics in the region are so complex that they may undermine the chances of achieving a cooperative framework for dealing with Iran. Because of this, the United States has thus far been unable to implement an integrated regional approach, and instead has dealt with each state separately. Third, it is counterproductive to link issues—the United States should try to decouple its main objectives with regard to Iran. In other words, the United States should not make its desire to cooperate with Iran on regional issues dependent on the progress of negotiations over the nuclear issue. The speaker argued that in failing to engage Iran over shared interests in Afghanistan because of the nuclear issue, the United States lost a valuable opportunity for cooperation. Fourth, the speaker pointed out that the United States does not hold a monopoly over partnerships in the Middle East and may soon have to share its sphere of influence with outside actors, such as NATO member countries, China, and India. Finally, a successful cooperation strategy with Iran must blend military and civilian expertise to promote smarter problem-solving and politically neutral policies. In developing a grand strategy for cooperation in the Gulf and the broader Middle East, the United States must use a holistic approach and depoliticize the mechanisms for cooperation as much as possible.

Given these considerations, the speaker suggested that one approach to engaging with Iran is to find issues that are not directly related to national sovereignty. For example, a smart program of engagement would focus on health, science and technology, food security, and water, all of

which are areas in which the United States can share its technical expertise without infringing upon Iranian sovereignty. Overall, the speaker argued that the United States has a greater prospect for cooperating with Iranian society than with the government. However, given the Iranian regime's deep distrust of its own citizenry, it will be a challenge to find innovative platforms for cooperation.

Another speaker discussed Iran's policies toward Iraq and Afghanistan, arguing that they are best understood in the context of the country's overall regional foreign policy. The basic tenets of Iran's foreign policy are, in the speaker's opinion, survival of the regime and expansion of its power. To achieve these ends, the regime employs several key strategies, including using both soft and hard power, creating spheres of influence, providing training and material support to non-state actors, being deliberately ambiguous about its nuclear capacity, and using terrorism. The speaker pointed out that Iran's foreign policy today is more U.S.-centric than it was under the Shah in the 1970s. Iran sees itself competing for ideological and political control in the region, even though it realizes that it cannot overtake the United States economically or militarily.

Next, the speaker assessed the impact of the 2009 Iranian presidential election on Iran's foreign policies. Although the election marked a turning point for the country, especially in terms of the public's discontent with the regime, there has been no discernible impact of the elections on Iran's foreign policy objectives. What has changed is the domestic environment in which decisions are made. In particular, new alliances emerged between elites and opposition forces functioning outside of the government.

*In failing to engage Iran over shared interests in Afghanistan because of the nuclear issue, the United States lost a valuable opportunity for cooperation.*



The speaker recommended ways in which Iran and the United States could cooperate in Iraq and Afghanistan. In Afghanistan, American and Iranian national interests overlap significantly, creating several major areas for cooperation. These areas include eradicating narco-trade and narco-trafficking, countering al-Qa'ida, preventing a resurgence of the Taliban, and facilitating the reconstruction of Afghanistan. The speaker noted that Iran has been a moderating force in Afghanistan.

In Iraq, the situation is much more complex and the potential for cooperation is significantly less. The speaker observed that Iraq remains at the top of Iran's foreign policy agenda because an alliance between the Shi'i governments of both countries would provide Iran with an unprecedented opportunity to expand its sphere of influence and project its power. Nonetheless, there are a few opportunities for Washington and Tehran to work together: the United States and Iran can cooperate in facilitating Iraq's economic growth, strengthening its territorial integrity, and supporting regular democratic elections in the country.

Striking a similar note, the final speaker argued that the biggest obstacle to U.S.-Iranian collaboration in Afghanistan is the fact that the United States is seeking to promote a strong and centralized Afghan government, whereas Iran's primary concern is ensuring calm and stability along the Afghanistan-Iran border. Having felt the destabilizing effects of Afghan wars, narco-trafficking, and the influx of refugees from Afghanistan, Iran has a strong interest in closely monitoring its border with Afghanistan. In addition, Iran wants to keep its options open and have multiple insurance policies—it sees its ability to influence events in Afghanistan as a

deterrent to a U.S. strike against its nuclear program.

The speaker said that both Iran and the United States prioritize Israel in their foreign policies, though from opposite perspectives. Because Iran hears U.S. rhetoric—that achieving an Arab-Israeli peace agreement will isolate Iran—it attempts to deny the parties the opportunity to reach an agreement. With respect to the Gaza Strip, Iran has an interest in supporting Hamas, which it sees as serving as a counterweight of sorts to Israel, as a bridge to Sunni Arabs, and as a tool it could

use in the event that Israel or the United States attacked its nuclear facilities. Similarly, in Lebanon, Iran and the United States have opposing interests—whereas the United States wants Beirut to dismantle Hizballah, Tehran has an interest in continuing to bolster Hizballah. Tehran has shepherded Hizballah's growth and has developed close

personal ties to figures in the group, and sees Hizballah—the only group in the region to have defeated Israel militarily—as a crucial asset. Because of this, cooperation with the United States on Lebanon is nearly impossible. But, because the United States does not prioritize Lebanon as part of its overall strategy in the Middle East, the likelihood of a U.S.-Iranian conflict there is unlikely.

The speaker closed by recommending that Washington and Tehran work to build avenues for dialogue. In addition, the speaker said that the United States should press Israel to end the blockade of Gaza because the blockade serves to radicalize people in the region and identify with Iran. One participant said this panel was important in that it illustrated that while the nuclear issue dominates discussion of U.S. policy toward Iran, it is important to

*Both Iran and the United States prioritize Israel in their foreign policies, though from opposite perspectives.*

consider the other issues that divide Washington and Tehran.

#### PANEL SIX: NEW SECURITY ARCHITECTURES

The final session of the conference addressed the prospects of strengthening security and stability in the Gulf. The speakers examined possible models of security cooperation in the Gulf region, noted potential obstacles, and analyzed the role of the United States in the region. The panel discussed two paradigms: multilateral security cooperation and bilateral cooperation between the United States and individual Gulf countries.

One speaker suggested that in order to design an effective model of regional security, the United States must first clarify its strategic interests in the Gulf, evaluate the threats in the region, identify the principal objectives of a new security architecture, and assess the role of rising powers. In addition, all the speakers agreed that the United States must determine whether it is seeking a bilateral or multilateral security framework in the region. One speaker noted that the region is a dynamic environment and therefore the word “architecture,” which suggests stasis, may not be the proper term. A new security model must be flexible so that it can adapt to the changing environment of the Gulf.

The speakers agreed that the nature of any new security model for the region would ultimately depend on the Gulf states’ threat perceptions. The speakers identified two sets of threats in the region: The first set includes piracy, money laundering, and human- and narco-trafficking, which would require a multilateral international security architecture. Within such framework, security issues would be addressed on an international level, among great powers, regional actors, and small states. Over time, however, great powers would reduce their contributions to allow the regional states to

take lead in sustaining regional security and stability. This model would resemble some existing entities like the Organization for Security and Cooperation in Europe (OSCE) or the Association of Southeast Asian Nations (ASEAN).

At the same time, the speakers pointed out a few obstacles that may arise in realizing the proposed multilateral security architecture. One speaker observed that the Gulf states do not necessarily agree on what constitutes a threat. Moreover, some states in the Gulf present a threat to one another. Kuwait, for example, which was invaded by Iraq in 1991, is too small and vulnerable to entrust its security to a regional organization. The speaker observed that the small Gulf countries may feel more protected if the United States were to guarantee their security. However, this involvement of outside powers, specifically, the United States, would be unacceptable to Iran. The speaker emphasized a few other potential obstacles, including the region’s ethnic and religious diversity, demographic trends, and the lack of mutual understanding. In general, the speakers agreed that for a multilateral security model to succeed, it would need to focus on those issues that constitute common problems for the Gulf states, such as economic development, healthcare, and defense.

The second set of threats includes the danger posed by Iran. One speaker observed that Iran’s distinct Persian identity, coupled with its aggressive foreign policy, constitutes a threat to the Gulf’s Arab states. This threat would be best countered through bilateral security agreements with the United States. At the same time, however, the Gulf states must work to strengthen their political institutions, domestic infrastructure, and national defense in order to reinforce their national identities and boost their legitimacy in the eyes of domestic constituencies—all of which would serve as a buffer against the threats coming from Iran. The speaker drew

some parallels with the Gulf Cooperation Council (GCC), by pointing out that although the GCC maintains a multilateral posture, it functions based on bilateral relations between each Gulf state and the United States.

One of the speakers entertained the idea of an internationalized Gulf region, with major outside powers assisting the Gulf states in securing oil routes. Another speaker proposed a more narrow security framework that would focus selectively on Iran, Syria, and al-Qa'ida. One speaker suggested that despite al-Qa'ida's Sunni identity, it may be trying to forge a strategic alliance with Iran. The speaker argued that the presence of Osama bin Laden's relatives in Iran and al-Qa'ida's operatives in Gulf

countries with large Shi'i populations corroborates this argument. Yet, the other speakers expressed skepticism at this scenario, pointing out that even if there is an alliance in the making between Iran and al-Qa'ida, it is most likely a short-term, tactical arrangement of convenience rather than a long-term, strategic partnership.

A speaker said that there is another set of threats in the region that is rarely discussed in security terms: natural disasters, such as draughts and tsunamis. This is an area in which the parties in the region can work together to address common goals. Doing so, the speaker suggested, can be a way to build trust, not only among the Gulf Arab states, but with Iran.

# HOPE AND UNCERTAINTY: REFLECTIONS ON THE SECOND ANNUAL U.S. CENTRAL COMMAND-ARMY DIRECTED STUDIES OFFICE-SABAN CENTER AT BROOKINGS CONFERENCE ON IRAN

KENNETH M. POLLACK

During this year's conference on Iran, one participant asked a particularly salient question: "What has changed since last year and what has remained the same?" The question is important to consider because for many countries, especially the United States, Israel, and members of the Europe Union, the passage of time is a critical factor in gauging policy options toward Iran.

Overall, the conference illustrated that one very important thing has remained the same over the past year, but a great many others have changed. What has remained the same is our sense of uncertainty; uncertainty about where the international community's relationship with Iran is headed and uncertainty over Iran's own direction. Even though more evidence has emerged regarding Iran's intentions and the international community's position, the policy outcome is still unclear. Indeed, because so much has changed in terms of the specifics, the new information has largely served to heighten our uncertainty by forcing us to consider the possibility of many more potential scenarios.

A significant portion of the discussion at the conference was devoted to analyzing seeming contradictions that have arisen over the past year. Many of the panelists noted the persistent dominance of the most hardline elements of the regime over decision-making in Tehran, but also noted emerging splits within this relatively narrow segment of the Iranian elite. They mentioned the continuing determination of the regime not to bow to the pressure of

sanctions, while acknowledging that the regime was clearly shaken by the passage of UN Security Council Resolution 1929 and the unanimity of the P5 (the United States, China, Russia, France, and Britain) in doing so.

Indeed, the various conversations conducted during the conference strongly suggest that the passage of UNSCR 1929 was a major achievement on the part of the Obama administration, but it remains entirely unclear whether it will prove to be a true watershed. In the run-up to the vote, the United States, Britain, France, and Germany conducted a remarkable diplomatic campaign, bringing on board Russia, China, and most of the rest of the international community's key players. In doing so, they defied a largely skeptical community of experts, media pundits, and other diplomats. Likewise, they succeeded in passing a UN resolution that in relative terms is much tougher on Iran than the prevailing view ever imagined possible. Securing Russian and Chinese agreement to a ban on arms sales to Iran appears to have stunned Tehran, in addition to a great many others.

This virtuoso diplomatic performance has clearly bought the Obama administration and the E3 (France, Britain, and Germany) some time to try to make the policy of pressure work. However, there was widespread agreement at the conference that this grace period may not last for very long. Participants identified multiple stresses that could develop over time, some fairly soon:



- Russia came on board with the Western approach to Iran because two developments converged: its growing interest in a better bilateral relationship with Washington (due in part to the Obama administration's efforts at "resetting" U.S.-Russian relations) and changes in its bilateral relationship with Tehran that convinced the Russians that Iran was less important to it than in the past. It is not clear whether one of these alone would have sufficed and, therefore, if either variable changes again, it is equally unclear whether Russia would remain committed to the current course.
- China supported UNSCR 1929 very reluctantly. It did so only as a result of Western pressure and inducements, Arab (particularly Saudi) incentives, and Iran's own misbehavior. The conference suggested that Western missteps might easily cause China to resume its opposition to the current pressure policy—in particular, any U.S. sanctions against Chinese firms based on unilateral secondary sanctions like the refined petroleum ban.
- On a similar note, several discussions during the conference highlighted a potential tension in the current U.S. policy of pressuring Tehran to change its behavior on the nuclear front. The current incarnation of this policy takes the form of broad multilateral sanctions like UNSCR 1929 coupled with even harsher unilateral sanctions like the American sanctions on finance and refined petroleum exports. Indeed, the administration hopes that the EU and many East Asian countries will follow suit with harsher sanctions of their own against Iran. However, these unilateral sanctions could have the effect of

alienating key countries (particularly China, but possibly Brazil, Turkey, and other non-aligned countries as well) and eroding their support for the multilateral sanctions.

- Finally, conference participants identified another tension related to potential Western support for human rights in Iran. While several conference participants argued that it was both morally correct and strategically necessary for the international community to focus its pressure on Iran for its human rights violations (potentially as a way of maintaining the pressure on Tehran for longer than would be possible based on its nuclear defiance alone) others noted that doing so could cause China to jump ship.

All of this indicates that while the Obama administration has likely bought itself some time, during which both key constituent groups and its allies will wait to see if its policy of pressure will work, that period may not last long—six months, a year, perhaps two.

In examining the diplomatic landscape that now exists in the wake of the UN vote, most conference participants felt that the Iranians had been taken aback by the passage of UNSCR 1929, and were probably willing to begin clandestine negotiations with the United States. But very few believed that the UN vote alone would be sufficient to convince Iran to make the kind of compromises that the West is demanding. Consequently, it will take both time and more pressure to change Tehran's mind, and the tensions noted above will make it difficult for the administration either to buy a great deal more time or to ratchet up the pressure much further without causing strains in the international coalition. Given the Obama administration's ability to confound its

critics so far, none of the participants claimed that it would be impossible, but very few thought it likely.

The issue that perhaps raises the biggest question of uncertainty is knowing success (or failure) when we see it. One conference participant repeatedly asked the various speakers whether it would be possible to know if the policy of pressure was working. In other words, is there any way to gauge the policy's success short of Tehran actually

agreeing to our terms? This question is likely to be the same one that many others will be asking six to twelve months from now, when many of the issues identified above begin to create frictions in the international coalition. It is a critical question, and I expect that at next year's conference, there will be a great deal of discussion on this issue as we try then to answer the great question of "what has changed and what has remained the same."

## THE SABAN CENTER FOR MIDDLE EAST POLICY

The Saban Center for Middle East Policy was established on May 13, 2002 with an inaugural address by His Majesty King Abdullah II of Jordan. The creation of the Saban Center reflects the Brookings Institution's commitment to expand dramatically its research and analysis of Middle East policy issues at a time when the region has come to dominate the U.S. foreign policy agenda.

The Saban Center provides Washington policymakers with balanced, objective, in-depth and timely research and policy analysis from experienced and knowledgeable scholars who can bring fresh perspectives to bear on the critical problems of the Middle East. The center upholds the Brookings tradition of being open to a broad range of views. The Saban Center's central objective is to advance understanding of developments in the Middle East through policy-relevant scholarship and debate.

The center's foundation was made possible by a generous grant from Haim and Cheryl Saban of Los Angeles. Ambassador Martin S. Indyk, Vice President of Foreign Policy at Brookings was the founding Director of the Saban Center. Kenneth M. Pollack is the center's Director. Within the Saban Center is a core group of Middle East experts who conduct original research and develop innovative programs to promote a better understanding of

the policy choices facing American decision makers. They include Bruce Riedel, a specialist on counterterrorism, who served as a senior advisor to four presidents on the Middle East and South Asia at the National Security Council and during a twenty-nine year career in the CIA; Suzanne Maloney, a former senior State Department official who focuses on Iran and economic development; Stephen R. Grand, Fellow and Director of the Project on U.S. Relations with the Islamic World; Hady Amr, Fellow and Director of the Brookings Doha Center; Shibley Telhami, who holds the Sadat Chair at the University of Maryland; and Daniel Byman, a Middle East terrorism expert from Georgetown University. The center is located in the Foreign Policy Studies Program at Brookings.

The Saban Center is undertaking path breaking research in five areas: the implications of regime change in Iraq, including post-war nation-building and Gulf security; the dynamics of Iranian domestic politics and the threat of nuclear proliferation; mechanisms and requirements for a two-state solution to the Israeli-Palestinian conflict; policy for the war against terrorism, including the continuing challenge of state sponsorship of terrorism; and political and economic change in the Arab world, and the methods required to promote democratization.







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1775 Massachusetts Avenue, NW • Washington, DC 20036 • PHONE: 202-797-6462 • FAX: 202-797-2481  
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