

*The Troika and Iran: France's Contributions to EU3 Nuclear Diplomacy
Theory Encounters the Real World of Multilateral Negotiations
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**Sub-Groups of Member States in the European Union's External and Internal Security:
Does Flexibility Work?**

DRAFT WORK IN PROGRESS – COMMENTS WELCOME

Introduction

Given present concerns about proliferation in the Middle East, it is useful to inquire as to the influence of a sub-group of European Union (EU) member states in the negotiation process with Iran. These negotiations, which began in 2002-2003, address the issue of nuclear diplomacy. This paper concentrates on France's contributions within the Troika. This is a sub-group consisting of the 'big Three,' Britain, France and Germany, which focus their diplomatic efforts in a unique, *ad hoc* case in the Union's external security.

This analysis is a response to the lack of theoretical literature concerning the actual process of the multilateral negotiations on nuclear issues between the EU3 and Iran. In this context, we must distinguish between the early agreements that were achieved between the EU3 and Iran during 2003 and 2004, and the stalemate that followed, which led to the imposition of sanctions against Iran by the United Nations Security Council (UNSC) in 2006 and 2007.

The initial national preferences of Britain, France and Germany were not the sole determinant of the outcomes in multilateral negotiations regarding Iran's nuclear program. Our inquiry is motivated by the fact that it is not enough to investigate national preferences to determine the outcome of EU3-Iranian multilateral negotiations. There are indications that negotiations matter in translating national preferences into the agreements achieved between the EU3 and Iran. We must also review the record of empirical data to date to consider how negotiations can make a difference to move from stalemate to agreement among the states concerned about Iran's nuclear program.

This paper has the following goals. Empirically, we investigate some of the dynamics in key issue areas of the negotiations, particularly the enrichment of uranium on Iranian soil and the provision of 'objective guarantees' that Iran's nuclear program is a peaceful one. Existing competing theories are tested vis-à-vis the empirical record. In the concluding remarks, preliminary steps are taken to suggest a next generation theory on multilateral negotiation focusing more on actual bargaining processes than existing theory.

Research Design

This paper investigates key factors in the 2003 and 2004 EU3-Iranian bargaining process that determined how national preferences were translated into the final agreements. The analysis is

structured around two central theoretical debates to test competing theories vis-à-vis the empirical record regarding key issues. Hypotheses are developed from each theory in order to create a more rigorous empirical analysis. This analysis aims to remove some of the bias inherent in a single theory design thereby avoiding the tendency only to select data that confirms a chosen theory.

The research design is that which inspires Derek Beach's insightful analysis 'Negotiating the Amsterdam Treaty: When Theory Meets Reality,' which in turn references Moravcsik's *The Choice for Europe*.¹ Given the very circumscribed role of institutional actors in the EU3-Iranian negotiations, this paper addresses the question what factors determine actor power. In Moravcsik's argument, governmental power is based on asymmetric interdependence. Using a realist approach, the paper argues government power can be based upon the distribution of capabilities and resources, not actor dependence on agreement. The line of inquiry continues to follow realist thinking asking if the outcomes of the EU3-Iranian negotiations in 2003 and 2004 closely follow preferences of the most powerful actors, primarily France and Germany, and not patterns of asymmetric interdependence among states.

Theoretical Questions

Sources of Actor Power

An investigation of actor power references international negotiations theories, which agree that a actor power is determinant in a large part of negotiation outcomes. Realist theory emphasizes that actor power is determined by the relative static distribution of power resources or capabilities among actors, traditionally defined as strategic resources. Multilateral negotiation outcomes reflect the preferences of the strongest actors. In the EU3-Iranian case, we inquire as to whether the outcome is reflective of Britain, France and Germany's preferences. For the French, the Iran initiative offered the opportunity for diplomatic negotiations to profile Europe on the world stage at a time when the United States refused to engage the Islamic Republic directly. For the Germans, EU3 nuclear diplomacy with Iran offered the most likely prospect of conflict prevention in an area of the world already torn by civil war and sectarian violence. These countries aimed in 2003-2003 to speak for Europe in the Middle East through their opposition to the American-led and British supported engagement in Iraq. The British were most concerned about the differences between France and Germany and the other European states and the open rift this caused within the Atlantic Alliance. The British saw EU3-Iran nuclear diplomacy as a means to end the transatlantic rift.

The asymmetric interdependence approach views power as based upon actor dependence on agreement. In this approach, the strongest actor in terms of assets, politico-administrative or socio-economic, is not the strongest actor at the table. In the EU3-Iran context, France and Germany, despite their relative nuclear and economic strengths, are each dependent on securing an agreement with Iran owing to its energy resources and its strategic position in the Middle East vis-à-vis Iraq, Lebanon and Afghanistan. The relative weakness of each in terms of external security is the difficulty each has, as two of the big Three, to maintain a decisive influence in the EU27. The Union's geographic borders are changing and may in time reach Iran. The logic of diversity, in Hoffmann's definition, increasingly alters the interest calculations for each of these states, which together no longer form integration's core.

¹ Derek Beach, 'Negotiating the Amsterdam Treaty: When Theory Meets Reality' in **The Amsterdam Treaty National Preference Formation, Interstate Bargaining and Outcome**, Finn Laursen, ed. (Odense: Odense University Press, 2002), pp. 593-637; Andrew Moravcsik, **The Choice for Europe: Social Purpose and State Power from Messina to Maastricht**, (Ithaca: Cornell University Press, 1998.)

<i>'Hypotheses – actor strength'²</i>
<i>Realist approach</i>
<ul style="list-style-type: none"> - outcomes reflect the preferences of the most powerful actors, particularly the subgroup of Britain, France and Germany. - small states have no influence over the outcome of the EU3-Iranian negotiations.
<i>Asymmetric interdependence approach</i>
<i>Distribution and intensity of governmental preferences</i> <ul style="list-style-type: none"> - outcomes reflect patterns and actor dependence on agreement. - outcomes are skewed towards the preferences of reluctant governments given the need for unanimity to reach agreement in EU3-Iranian negotiations. - states that are most dependent upon agreement have incentives to offer compromises and side-payments to less dependent actors. Threats of exit are used when credible.³

The Role of Institutional Actors?

A second independent variable is the significance of institutional actors in EU3-Iranian negotiations. In this context, neither the Presidency nor the Commission nor the Council Secretariat has a formal role in EU3-Iranian negotiations. None of these institutions plays a causally relevant informal role by shaping the agenda or upgrading the common interest through brokering or mediation in EU3-Iranian negotiations.

The role of H.E. Mr. Javier Solana, a Spaniard, the former Secretary General of the North Atlantic Treaty Organization (NATO), and current High Representative of the Union's Common Foreign and Security Policy (CFSP), is a unique one in talks with the Iranian negotiator responsible for questions of nuclear technology. The evolution of his influence in the negotiation process has led one seasoned EU practitioner to identify Mr. Solana himself as an institution!³

Academics who are proponents of supranational entrepreneur theory identify institutions that are able to act as informal agenda-setters or 'policy entrepreneurs' in the run-up to intergovernmental negotiations. These institutions identify problems and propose solutions, mobilize support for certain policy proposals and mediate compromises between states. Agenda setting can increase the 'efficiency' of agreements and/or lead to outcomes that are closer to the preferences of the institution in question. In this context, we must ask if states possess imperfect information regarding their own and other states' preferences. Is Mr. Solana perceived as possessing privileged access to information that allows him to exploit 'policy windows' by submitting acceptable solutions to common problems at strategic points in negotiations. In terms of leadership, we must question the extent to which Mr. Solana can influence negotiations by providing 'focal points' around which the behavior of actors converges to influence particular outcomes.⁴ Does Mr. Solana speak for Europe in the EU3-Iranian negotiations? Does his role as messenger contribute to the mistrust between Western countries and Iran during on-going talks?

Scholars that advocate the intergovernmental approach argue that EU3-Iranian negotiations are the result of the demand for cooperation from national actors, not the supply of information from institutional 'entrepreneurs.' National governments are able to act as effective policy entrepreneurs. Information is both readily available and even distributed among states. In other words, there are low transaction costs. The outcomes of interstate negotiations are efficient. This means no joint gains are left on the table. All actors are fully informed about the nature and

² This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 596.

³ Philippe de Schoutheete, 'The evolution of intergovernmental cooperation in the European process' in **Challenge Europe**, (Brussels: European Policy Centre, 2007), p. 32.

⁴ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 596.

intensity of their own and others' preferences. The negotiation process does not pose impediments to the ability of actors to achieve joint gains.⁵

<i>'Hypotheses – the role of institutional actors?'</i> ⁶
<i>Institutional entrepreneur approach</i>
<ul style="list-style-type: none"> - states have imperfect information and unclear preferences, while institutions have privileged access to information, allowing Mr. Solana to exploit 'policy windows'. - Mr. Solana is able to provide 'focal points' shifting the agenda and outcome of the EU3-Iranian negotiations closer to his preferences.
<i>Intergovernmental approach</i>
<ul style="list-style-type: none"> - information and ideas are widely and evenly distributed among states. - negotiation outcomes are 'efficient' without institutional entrepreneurship.'

The EU3 on the World Stage: Analysis of 2003-2004 Negotiations with Iran

Preliminary Observations

The closed nature of the EU3-Iranian negotiations does not simplify attempts to pursue a line of inquiry using the previous questions as a guide. There is an inherent bias in press reporting about the negotiations, and there is not much documentation that appears in print by those involved directly in the multilateral diplomacy during 2003-2004. Those who do speak in public tend to emphasize the 'rational,' state-based character of negotiations, and to question the role of an actor like Mr. Solana by asking about the nature of the 'value-added' he brings to the negotiation process. As a strategic institutional actor, Mr. Solana has developed a high profile that builds on his previous role as NATO Secretary General. As a rational, 'utility maximizing' institutional actor, the High Representative has maintained more than a behind-the-scenes influence in the negotiations often speaking with state actors at key points in the negotiation process. He has become a reference person, a voice for Europe, in the talks. The challenge is to access reliable sources beyond those of Council Secretariat statements and interviews with key officials.

The Sources of Actor Power

In this context, power and influence although difficult to measure empirically are analyzed in relational terms – the inquiry is concerned with the extent to which one actor's intended actions have an impact upon other actors at the table. This inquiry is complicated by the fact that Iran's internal context is exceedingly hard to read from the outside. This context makes it difficult at best to ascertain much less measure the extent to which the EU3 negotiation strategy affects Iran.

A British-French-German Core?

To follow the hypotheses above, we question if the outcome of the 2003 and 2004 EU3-Iranian negotiations reflect the preferences of the most powerful actors: Britain, France and Germany. Did these three states act as a regional core to shape and control the negotiating agenda? Did they push key proposals that led to an outcome reflective of their preferences? Was their influence decisive in the final outcome? In this paper, French preferences are highlighted to a greater extent together with its specific positions taken on key issues we identify in the negotiations. France is the state that has persistently advocated a role for the big Three in external security. Its diplomacy more than that of Britain or Germany has envisaged a voice for Europe that is distinct from that of the United States. The *ad hoc* diplomatic initiative with Iran, including a high profile role for Mr. Solana, is consistent with longstanding French objectives. This examination of French

⁵ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 597.

⁶ Ibid

preferences leads us to an investigation as to whether Britain, France and Germany did shape and control the agenda and the 2003-2004 EU3-Iranian negotiations. Lastly, we ask if the outcome is reflective to a significant extent of French preferences and positions.

French Preferences and Positions

During the Cold War France's power position derived from its possession of nuclear weapons. Until German unification and the decline of the bipolar system with the demise of the former Soviet Union, the French nuclear arsenal endowed the country with a privileged role on the Continent, which its leaders often tried to use to enhance the state's leverage between the superpowers. France's preferences in EU3 diplomacy derive from its longstanding role as a nuclear power. French leaders have expressed their conviction that Iran is determined to acquire the bomb. Following this logic, France's aims in 2003-2004 were consistently to slow down Tehran's nuclear program, to open it to nuclear inspections, to mobilize a global diplomatic coalition against the Iranian enrichment program, and to persuade the United States to abandon its policy of isolation. France did not want to see Iran join the nuclear club. French preferences do not exclude Iran's development of nuclear technology for peaceful purposes in accordance with the Nuclear Nonproliferation Treaty (NPT) regime. In this context, French preferences insist on what is termed an objective guarantee that Iran's actions are in line with its stated goal to pursue nuclear technology solely for civilian use. France's preference is for Iran to suspend permanently its national plans for uranium enrichment on its own soil in order to provide this guarantee. These preferences were largely shared by Britain and Germany within the EU3.

The Agenda-Setting Phase – French Influence?

In August 2002 the National Council of Resistance in Iran made a public claim that Tehran was secretly building two nuclear facilities to convert and enrich uranium on Iranian soil in the cities of Isfahan and Nantanz. Uranium conversion, and to a lesser degree the reprocessing of plutonium, are a key issue in the EU3-Iranian negotiations. Technically both processes can serve to produce either fuel for civilian nuclear reactors or to produce a nuclear weapon. The Iranian government insists its activities are entirely peaceful. The European Union, the International Atomic Energy Agency (IAEA) and the United States call the Iranian claim into question.⁷

In the agenda-setting phase, there was a rising suspicion of Iranian intentions, which led the European Union foreign ministers to place Iran on the agendas of April and July 2003 meetings. On September 12 a General Affairs Council document demanded the 'immediate suspension of all enrichment activities from Tehran.'⁸ France was involved in the drafting of this document with Britain and Germany. In this way the EU3 process began in which the big Three engaged Iran in negotiations, without formal authorization, on behalf of the Union as a whole.

In late October, the French foreign minister, along with his British and German counterparts, accepted an Iranian invitation to come to Tehran to push the diplomatic process ahead. This led the EU3 to issue the non-binding Tehran Declaration to which Iran consented. The EU3 line essentially offered Iran a negotiated settlement. The Iranians would promise to reveal the extent of their nuclear activities as well as sign and ratify an Additional Protocol, thereby allowing intrusive and snap inspections of its nuclear facilities by IAEA experts.⁹ The Europeans offered Iran economic and technological cooperation and benefits in exchange. On

⁷ Anna Katharina Meyer and Marco Overhaus, 'The European Involvement in the Conflict Over Iran's Nuclear Program from 2003 Until Present,' **Deutsche-Aussenpolitik**, June 12, 2006, <http://www.deutsche-aussenpolitik.de/resources/dossiers/iran06/Introduction.php>

⁸ Ibid

⁹NTI, **Iran Profile**, Nuclear Overview, http://www.nti.org/e_research/profiles/Iran/index.html; Ali Ansari, **Confronting Iran**, (New York: Basic Books, 2006.)

December 18, the Iranian government signed the Additional Protocol. France as well as Britain and Germany insisted on its speedy ratification in the Iranian parliament.

The EU3 line purposefully aimed to deflect criticism from a skeptical Bush Administration dominated by neo-conservatives. Iran could develop a civil nuclear program as long as the state provided the required guarantees that it would not seek a military option. There is evidence that France working closely with Britain and Germany to engage a reformist Iranian government under President Khatami was controlling the issues on the negotiation agenda. The unwillingness to agree upon the precise nature of the guarantees foreshadowed the difficulties to come in future negotiations. In an atmosphere of general mistrust, nuclear talks predicated on Iran's suspension of uranium enrichment resulted in an eventual stalemate.

EU3-Iranian Negotiations: British-French-German Control?

In the months that followed the Tehran Declaration, its weakness became apparent. The assignments of responsibilities were too vague. For example, the parties to the Declaration still contested which nuclear activities would fall under suspension. The duration of the temporary suspension also provoked disagreement.

Iranian negotiators announced on June 19, 2004 that Iran planned to end its 'voluntary suspension.' The IAEA was notified that Iran intended to resume the production of uranium hexafluoride (UF₆), which is the material required for uranium enrichment. It was British, French and German officials that met with their Iranian counterparts to present a four-page proposal in which the offer of technology transfer for peaceful nuclear energy by the EU3 was articulated in the context of a long-term agreement.¹⁰

This EU3 initiative paved the way for another accord with Iran that sought to correct the shortcomings of the Tehran Declaration. On November 15, 2005, the Paris Agreement was issued and signed by the EU3 foreign ministers and an Iranian official. In comparison with the Tehran Declaration, the Paris Agreement was more politically binding and more concrete in terms of an institutional framework. Arrangements were made for the creation of three working groups on 'Nuclear Questions,' 'Technology and Cooperation,' and 'Security.' There was also European support for the eventual succession of Iran to the World Trade Organization (WTO). The European line, defined by France along with Britain and Germany, emphasized a demand for 'objective guarantees' to assure the peaceful character of Iran's nuclear program. Although the term 'objective guarantees' was not clearly defined, Iran agreed to suspend uranium enrichment while negotiations on a long-term agreement were taking place.¹¹

As time passed, it became increasingly clear that the Additional Protocol was not going to be ratified by the Iranian Parliament elected in 2004. As negotiations continued, the EU3 made clear that the only objective guarantee that could work was a permanent cessation of uranium enrichment. The already small prospects of a long-term negotiated solution after the Paris Agreement vanished.

The EU3 assured the US that if Iran backtracked on the agreement signed in November 2004, which contained clearer language than the 2003 text and particular emphasis on proving that uranium suspension had actually taken place, the EU3 would join with the US in insisting that Iran be referred to the Security Council.

During the 2003-2004 EU3-Iranian negotiations, the control of the agenda was firmly in the hands of Britain, France and Germany. These negotiations were largely viewed as a test case for Europe's ability to prevent a military confrontation between Iran and the United States.¹² The EU3 influence in this period derives from taking the initiative with Iran given the Bush

¹⁰ Meyer and Overhaus, 'The European Involvement,' June 12, 2006, <http://www.deutsche-aussenpolitik.de/resources/dossiers/iran06/Introduction.php>

¹¹ Ibid

¹² Robert Kuttner, 'A Key Role for Europe in US-Iran Conflict,' **The Boston Globe**, November 29, 2004.

Administration's refusal to be directly engaged. In fact, the general acknowledgement after the 2004 Paris Agreement was reached emphasized the significance of the US response. The key question was whether the US would act to support or kill the deal by sitting by passively.¹³

The EU3 negotiations were conducted largely at the level of the Political Directors. One Political Director represented each country, and, by different accounts, the working relationship among the three was quite good. The French Political Director was noted for his ability to present difficult proposals with a lack of aggressiveness and showed a willingness to look for solutions. In the early phase, the Iranians did not question the accord that was reached. In time with the political changes taking place inside the Islamic Republic, hard liners came to power. Unlike their moderate predecessors, these politicians began to question the demand made by the Europeans for a suspension of uranium enrichment on Iranian soil.

The 2003 Declaration and 2004 Agreement as the Product of French Interests?

If we compare the outcome of the 2003 Tehran Declaration with French preferences, there is an indication that in the issue areas of suspension of uranium enrichment and conversion the outcome is very much in line with French interests as well as those of Britain and Germany. The difficulty in the issue area of objective guarantees, which also reflected French preferences, is the deliberate ambiguity of this term upon which neither the EU3 nor the Iranian could ultimately agree. As a nuclear power, France is insistent that Iran must develop its nuclear capability for civilian purposes, and not to manufacture a bomb. Europe's recognition of Iran's right to build light-water reactors for electricity generation is also reflective of French preferences as is the agreed cooperation on trade and civilian nuclear programs.¹⁴

French preferences were very much in evidence in the outcome of the 2004 Paris Agreement, which articulated more clearly those activities that Iran would voluntarily suspend, and opened the way for more rigorous IAEA inspections. The incentives that Europe would offer Tehran were also indicative of French preferences in the creation of an institutional framework that established working groups. These groups were responsible to negotiate the transfer of technology, to increase trade and aid, and deal with security issues in the Gulf.¹⁵

Although the 2004 Paris Agreement is a reflection of French preferences, as part of the EU3 France maintains that Iran cannot be trusted to control the whole nuclear fuel cycle – even under international supervision. On the basis of this assumption, the French interest is to prevent Iran from pursuing uranium enrichment activities to ensure that Iran's nuclear activity is not for military purposes.¹⁶ This French interest, which is expressed in the EU3 negotiating line, is the main reason for the breakdown of EU3-Iranian negotiations after the Paris Agreement.

A British-French-German Core?

The initial EU3-Iranian negotiations were influenced by the preferences of Britain, France and Germany. The issues on the table, such as uranium enrichment and 'objective guarantees' were of the 'first order' in terms of their importance. As realist theory predicts, the larger states were able to form a core to influence debates and outcomes to a certain extent in the 2003 negotiations. Domestic changes in the Islamic Republic during 2004 limited the core's effectiveness to sustain the momentum of the Paris Agreement in terms of these 'first order' issues.

There is also reason to believe that the negotiation tactics of the EU3 did not produce a long-term agreement in large part because of their incremental nature. Given the moderate Iranian

¹³ Howard LaFranchi, 'Will nuclear bargain with Iran work?' **The Christian Science Monitor**, November 30, 2004.

¹⁴ Mark Leonard, Can EU diplomacy stop Iran's nuclear programme?, **Centre for European Reform Working Papers**, (London: CER, 2005.)

¹⁵ Ibid

¹⁶ Ibid

government in power early in the negotiations, the EU3 may have achieved greater success by making a big offer to provide incentives to close the deal sooner rather than later in the negotiation process. It is unlikely that domestic pressures in France ruled out this option although bureaucratic pressures in one or more of the big states may not have worked in its favor.

Realist logic also offers the explanation that Britain or France's ability to influence the outcome of EU3-Iranian negotiations may have to do with the shifting of their relative power resources vis-à-vis Germany since unification. This explanation is less likely to provide answers in this case. The more idiosyncratic factors specific to negotiations with Iran, particularly the changing internal context in the Islamic Republic and Washington's behind the scenes influence, provide more convincing reasons for the inability of the core to achieve a lasting agreement.

Asymmetric Interdependence?

In light of the difficult relations among the actors in the aftermath of the Paris Agreement, we must question the extent to which agreements have been constrained or eventually prevented by the positions of recalcitrant governments. A related question is that of actor dependence upon an agreement. Actors who have strong interests in a certain issue-area have strong incentives to offer side payments and issue-linkage to other actors. Threats of exit and exclusion are options when credible to decrease the control of other actors over an outcome. The unanimity requirement in this case also indicates that recalcitrant governments can skew the outcome towards their preferences, given their high level of issue specific power. Two questions are raised to test these assumptions. Did recalcitrant governments have significant power in the EU3-Iran negotiations? Did governments that had strong interests and little control of an issue-area achieve their preferences? If this is the case, how was this achieved? ¹⁷

Patterns of State Preferences

French preferences in the EU3-Iranian negotiations illustrate the effects of patterns of preferences. France clearly had strong interests in key issues, for example, uranium enrichment, objective guarantees, and an institutional framework in the overall agreement to offer Iran incentives to cooperate. Yet, as part of the EU3 France was ultimately not able to influence the outcome in these issues because its positions became isolated between those of a reluctant insider, Iran, and a determined outsider with a decisive influence, the United States.

The Power of Reluctant Governments: An Insider, Iran, and an Outsider, the United States

There were two notably recalcitrant governments in the EU3-Iranian negotiations, an insider the Islamic Republic, and an outsider, the United States. As negotiations proceeded during 2003-2004, the Iranians sought to push the limits to show their own people and critics that they were not going to submit to pressure from the EU3 or the United States and to pressure the Europeans to broker a more comprehensive agreement. The United States, while eager to delegate responsibility to the EU3, periodically intervened. Americans made no secret of their lack of faith in the success of the negotiations. The United States would not be happy unless Iran dismantled its nuclear program. The Bush Administration also indulged in the language of regime change, which is at the heart of Iran's security concerns.

Domestically the situation in the Islamic Republic became more complicated after 2004. The new Iranian Parliament stacked with hard line deputies had no intention of ratifying the Additional Protocol. In their view, the Iranian negotiating team was too soft with the EU3 and should insist on the retention of all Iranian national rights. The emphasis on nationalism was important. Nuclear development, particularly the need to enrich uranium, became an iconic issue that would brook no questions, not even those relating to the cost of the venture. ¹⁸

¹⁷ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 605.

¹⁸ This section relies on the analysis in Ansari, **Confronting Iran**, 2006.

In the Iranian view, its actions had never violated the NPT. Iran's right to nuclear technology for peaceful purposes as a member of the NPT regime also obliges the country never to develop nuclear weapons. In the cold war era, as Israel, India, and Pakistan edged closer to the acquisition of nuclear weapons outside the NPT regime, the Middle East and South East Asia, became less secure. The Western countries concern for Iran's suspension of uranium enrichment and willingness to demonstrate transparency in its actions was countered by Iran's insistence that suspension cannot equate with suspending either knowledge or technology access. In the Iranian experience, transparency closed the door to the country's acquisition of nuclear technology because the Iranian regime was not an ally of the United States.¹⁹

From Iran's perspective, nuclear weapons states refuse to give up their arms in violation of the NPT regime. The question is one of how to strengthen the NPT regime, which is consistently undermined over time by states outside the treaty regime that seek to acquire nuclear weapons technology for the purpose of building a bomb. Iranian negotiators refused, in this context, to submit to preconditions for negotiations in which a double standard was imposed: one for existing nuclear weapons states as well as those states outside the NPT that were allowed to acquire nuclear technology to construct a bomb; and another for those states inside the NPT regime that sought to acquire nuclear technology and were denied their right to do so.

The Iranian interest is to strengthen the NPT regime. Its position has consistently been that referral of its nuclear program to the Security Council will not accomplish this aim as long as other structural impediments persist in unraveling the regime. The focus of the international community should be to encourage those states outside the regime to join the NPT.

Factions within Iran differed as to the degree of trust and compromise that could be afforded to the Europeans. Traditional conservatives and Reformists argued for an agreement to be reached with the Europeans to divide the West and maintain European support as a counterweight to US ambitions in Iran. Hard liners in Iran were more skeptical of the EU's capacity to deliver in the absence of US engagement and the dominance of American neo-conservative thinking in the run-up to the Iraq invasion. Hard liners were convinced that the West's objective since 1979 was the overthrow of the Islamic Republic: regime change.

Waltz's third image,²⁰ the international system, provides the logical place to start when we consider that the global war on terror dominated American thinking in the aftermath of 9/11. Psychologically, the Bush 43 Administration experienced a sea change in its policy orientation. US relations with Iran in previous decades were defined by key events that influence decisively the collective consciousness in each country: the overthrow of Iranian Premier Mossadeq in 1953, which Iran remembers as a CIA/US Embassy-led operation; the US Embassy hostage crisis in Iran, which the United States recalls as an attack on American nationals and the beginnings of a revolutionary Iranian regime hostile to US interests; and Iran Contra, which led to the illegal sale of arms to Iran covertly in exchange for funds channeled to support the Contras in Nicaragua under the Reagan Administration. In the 2002 State of the Union, President George W. Bush included Iran in the 'axis of evil' with Iraq and North Korea. Each episode contributes to mutual mistrust, which defines Iranian-US relations.

The attention to the matters of detail in the 2003 Tehran Declaration did not address the root of the problem: the lack of trust between Iran and the United States. In the absence of trust, no settlement of the nuclear dispute could endure. The Iranian negotiators were concerned that the broader framework was missing, and worried that concessions on the nuclear issue would allow America to move on to another matter of contention, terrorism, or increasingly, Iraq.

Moreover, there was a change in the structural parameters of negotiations: in 2003 Iranian reformers were in power and the US military was not yet bogged down in the midst of

¹⁹ The author's presentation of the Iranian interest and position derives from numerous interviews with diplomats from different member states at the United Nations.

²⁰ Kenneth Waltz, **Man, the State and War**, (New York: Columbia University Press, 1959.)

protracted civil strife in Iraq. By the end of 2004, Iranian hard liners were ascendant and Iraq had shown the limits, in Iranian eyes, of the use of force in international politics by any initiator, including the US, to achieve its intended goals. When the Americans finally came on board with the EU3, in May 2006, opinions were polarized and domestic pressures were mounting.

Strong State Interests – Ruling Out Military Strikes, Enhancing Diplomatic Credibility and Saving the NPT Regime

Each of the EU3 states was dependent on agreement with Iran with different interests at stake. For Germany the strongest interest was to avoid military strikes against Iran in the wake of the Iraq conflict. As negotiations progressed, the EU3 offered greater incentives to the Iranians in exchange for agreement in Paris during fall 2004. Another vital interest, particularly for France and Germany, was to enhance the diplomatic credibility of Europe. This was important after public divisiveness on the Continent occurred concerning Operation Iraqi Freedom.²¹ There were few alternatives to agreement suggesting that France and Germany would offer side payments and issue linkages to achieve results. A third interest, particularly for Germany as a non-nuclear state, is to preserve the NPT regime. Germany did not have a high level of power in this issue. The double standard that exists does not provide credible alternatives. The structural power of Britain and France, as nuclear states, did not provide a high level of control regarding the NPT regime. In Iran's perspective, the nuclear powers do not respect the legal nature of the NPT regime or Iran's rights to develop nuclear technology for civilian purposes as a signatory to the regime. Despite considerable structural power, the EU3 were not able to compel Iran to suspend uranium enrichment on its own soil permanently as a way to preserve the NPT. The use of 'carrots' to induce Iran to comply with EU3 demands was not well perceived by Iranian negotiators, who commented 'carrots are for donkeys,' thereby emphasizing the demeaning nature of the EU3 approach. The reaction to Iran's activities in this issue area illustrates the contradictory nature of the EU3 negotiating line. The EU3 demand is that Iran stop enrichment of uranium on its own soil as non-signatories like India, Israel and Pakistan develop the bomb.

Patterns of Preferences and Asymmetric Interdependence?

As time passed, the relative decline in EU3 influence during negotiations with Iran can be explained by looking more closely at bargaining dynamics instead of an exclusive focus on relative power and preferences.

The Tehran agreement of November 2003 meant different things to its signatories. For the EU3, a confrontation between Iran and the United States had been avoided. Diplomatic engagement had succeeded where military action could not. A process of confidence building had begun. For Iran, concessions had been secured from the West and an immediate crisis had been overcome. Iran awaited a more favorable political climate to reopen negotiations. The EU3 wanted the Additional Protocol to be signed and ratified as a matter of security. After the Iraq invasion, the future of transatlantic relations would be influenced by this outcome.

In Iran, the municipal elections of 2003 brought a conservative council to Tehran, full of hard liners. The new mayor of Tehran was Mahmoud Ahmadinejad. The political ascent of Iran's neo-conservatives pointed to a lack of bold Reformist leadership and a loss of the Reformist popular base in Iranian society. There were players within Iran who considered their state to be the chief beneficiary of the US war on terror. Iraq and Afghanistan were becoming increasingly difficult situations to cope with militarily. Iran's political leverage was growing with time, which changed the dynamics with the EU3 at the table.

²¹ Philip H. Gordon and Jeremy Shapiro, *Allies at War*, (New York: McGraw-Hill, 2004.)

The Role of Institutional Actors?

In the EU3-Iranian negotiations, institutional actors lack formal powers. The negotiations were by all accounts an *ad hoc* diplomatic initiative in the hands of Britain, France and Germany. The role of the High Representative, Mr. Solana, is an active one that must be explained. As Pollack explains, activity is not commensurate with influence.²² In this analysis, we ask if institutional actors had a significant causal impact on negotiations, performing functions that otherwise would not have been undertaken, and changing outcomes in the process.

In this case, we test two competing sets of hypotheses. In the first place, we look at an important assumption of institutional entrepreneur theory: states possess imperfect information and are unclear about their own preferences. Is this accurate in the EU3-Iranian negotiations? Next we explore whether institutional actors were able to exploit 'policy windows' identifying critical problems, brokering compromises between states, and putting forward unique proposals? Lastly, did institutional actors provide 'focal points' in the course of agenda setting or during actual negotiations, around which the behavior of states converged?²³ In each instance, the role of Mr. Solana is investigated. It is difficult to discern or assess the actual influence of the High Representative in that his activities take place in a closed environment and the nature of the effects that result from his interventions are hard to measure empirically.

The Role of Information During the EU3-Iranian Negotiations

Given the *ad hoc* nature of the EU3 negotiations with Iran, we must inquire as to whether the bargaining took place in an information-rich environment. There were various proposals from the different national delegations, and the basic preferences of the states were fairly stable in key issue areas. This suggests that an institutional actor is limited in scope for entrepreneurial agenda setting. The actual drafting of texts at the technical level did not skew the possession of detailed information away from the EU3 or Iran. As larger states, these actors possess the analytical capabilities not to have to rely on the technical expertise of institutional secretariats. Documents indicate that each state had detailed positions on a number of issues negotiated at the table.

Was the High Representative Able to Exploit 'Policy Windows' During the EU3-Iranian Negotiations?

In spite of this information-rich environment, was Mr. Solana able to perform a unique function identifying problems and proposing solutions, thereby enabling him to influence the outcome of negotiations? Did the High Representative mediate compromises between states, skewing outcomes towards his own preferences? In each of the three negotiation issue areas highlighted in this analysis, the suspension of uranium enrichment on Iranian soil, the nature of 'objective guarantees,' and the extent of trade and technical cooperation on nuclear programs, there is little indication that Mr. Solana played a significant role in 'highlighting the broader picture or the common interest.'²⁴ The High Representative did not appear to have flagged any key problems not already brought up by national delegations or to propose solutions that gained the support of a winning coalition of states. In fact Mr. Solana's strategy is to know when to intervene in multilateral diplomacy to represent the views of the Union's 27 members and when to be invisible if consensus is difficult, particularly among the larger states.²⁵ In the EU3-Iranian negotiations, there is the suggestion that Mr. Solana pushed his way to the table after initially

²² Mark A. Pollack, 'Delegation, Agency and Agenda-Setting in the Treaty of Amsterdam,' European Integration online Papers (EIoP), Vol. 3, No. 6, <http://eiop.or.at/eiop/texts/1999-006a.htm>

²³ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 612.

²⁴ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 614 who cites Bobby McDonagh, **Original Sin in a Brave New World**, (Dublin: Institute of European Affairs, 1998.)

²⁵ Dan Bilefsky, Solana, EU's 'good cop,' takes stage, **International Herald Tribune**, August 12, 2006.

being excluded by Britain, France and Germany.²⁶ Other accounts indicate that once at the table, Mr. Solana performed extremely well as a ‘champion of our cause’ by the EU3 who ‘shoulder responsibility’ in talks with Iran’s negotiator. In this context, Mr. Solana’s role speaks to the backing other member states of the Union give to the EU3 in nuclear diplomacy with Iran.²⁷

One of the most important considerations for those negotiating with Iran on matters of nuclear technology is that its internal context is not possible to read well from the outside. Only those who possess a deep familiarity with Iran’s culture and history, knowledge of the Persian language, and a longstanding experience in the country’s domestic affairs are likely to understand more fully where influence resides among its competing centers of institutional power. Iran is not a monolith. There are different actors jockeying for power in a relatively decentralized system.

This is significant for EU3 diplomacy because it indicates that European diplomatic efforts with Iran can at best be described in terms of bounded rationality.²⁸ This means there are natural limits to the cognitive abilities of actors, and they do not possess the necessary substantive and analytical skills to see through uncertainty to find a mutually acceptable and efficient outcome. In this context, we must inquire as to the value-added Mr. Solana’s experience as a negotiator brought to the table over time to identify diplomatic solutions mutually acceptable to all the actors at the table. A related question must be did the leaders of the respective countries possess the political will to negotiate a solution? In the absence of political will, no solution is possible at any level of negotiation.

In the 2003-2004 negotiations, Mr. Solana’s role was circumscribed. Since his first visit to Tehran in January 2004, the High Representative worked hard to keep the diplomatic channel open. However, there is no indication that Mr. Solana tried in any way to divert the negotiations away from the preferences of the EU3 or that he was able to exert undue influence on his Iranian counterpart, Mr. Ali Larijani, and thereby change the contours of the Paris Agreement. As negotiations were drawn out over time, political will to achieve a long-term accord increasingly weakened. The most decisive reasons for this turn of events had to do with domestic political changes within the Islamic Republic and the pressure from the United States on the EU3 to refer Iran to the United Nations Security Council if the Iranian leadership refused to comply with the EU3 demand to suspend uranium enrichment.

The Role of Mr. Solana

The conditions for institutional entrepreneurship were relatively poor in the 2003-2004 EU3-Iranian negotiations given that: much of the agenda was already set by the EU3; there was a relatively information-rich environment; and the overall climate was more propitious for agreement. Reformists were still in power within the Islamic Republic. The United States and Great Britain were not yet bogged down in worsening civil strife in neighboring Iraq.

Mr. Solana’s role underlines the fact that although his influence was limited in the agenda-setting phase, his presence indicates a responsibility to keep the Council informed of progress in EU3-Iranian negotiations. This suggests a EU3 + 1 (High Representative) model, which avoids the cumbersome procedures of the Council. As the EU3 sub-group shoulders the responsibility for the Iran nuclear dossier, acting independently of the Common Foreign and Security Policy (CFSP), these negotiations set a precedent to consider.

This precedent addresses the growing difficulties of achieving consensus in a Union of 27 as well as the Council Presidency’s weakness as an institution and lack of resolve to deal with

²⁶ Ibid

²⁷ Federal Foreign Office, ‘Interview with Foreign Minister Steinmeier on the Middle East in ‘Die Welt’ newspaper,’ September 29, 2006.

²⁸ For a discussion of bounded rationality in the context of European constitutional reform, consult Derek Beach and Colette Mazzucelli, eds. **Leadership in the big bangs of European integration** (Basingstoke: Palgrave Macmillan, 2007.)

important foreign policy issues, particularly when in the hands of smaller member states. The stakes in play in relations with Iran and the rise in ambition in European foreign policy call for a specific type of leadership, which the EU3 aim to provide.

Given that one of the issues highlighted in this analysis pertains to trade concessions, it is necessary to bear in mind that Mr. Solana's role is to represent the rest of the member states. In this context, the EU3 cannot offer concessions in an area within the jurisdiction of Union as a whole. The High Representative's presence speaks to the fact that smaller members states do not wish to take on the role of passive bystanders. In contrast, lieutenant states, like Italy, Spain and Poland, seek a more formal role in the negotiations. The concerns of the Union's other member states as to the nature of their own role in the EU3-Iran negotiations make us question whether the flexibility of sub-groups that provide leadership in external security can work.²⁹

Did Institutional Actors Provide 'Focal Points' Before or During EU3-Iranian Negotiations?

Did the High Representative provide 'focal points' after the Tehran Declaration and prior to the Paris Agreement around which the behavior of actors converged? Were policy choices restricted and particular outcomes more likely?³⁰ The limited scope for Mr. Solana's activities in this context relate to the *ad hoc* nature of the diplomatic initiative with Iran. Only the Tehran Declaration was agreed upon by the EU3 and Iran in fall 2003. While the vague nature of the declaration did motivate the EU3 to make a more concrete offer to Iran, Mr. Solana's involvement in the bargaining process only began in January 2004. His role was particularly relevant when the issue of trade concessions was negotiated. There is no indication that his involvement placed new issues on the agenda or that he pushed state preferences to converge.

Conclusion

This analysis makes the argument that the negotiation process mattered in translating national preferences into the agreements reached in Tehran during fall 2003 and in Paris a year later. We investigated two theoretical questions: What determined actor power in the EU3-Iranian negotiations? Did institutional actors play any role in these negotiations?

Actor Power – Asymmetric Interdependence with an Anomaly?

There is evidence that indicates a British-French-German core was able to shape the agenda and control the outcome of the 2003 and 2004 negotiations with Iran. The EU3 proposals fared well initially in the 2003 negotiations, and the overall final outcome did reflect a convergence of British, French and German preferences. As the 2004 negotiations proceeded, changes were taking place within the Islamic Republic that did not bode well to sustain momentum toward achieving a long-term multilateral agreement. Pressure from a reluctant outsider, the United States, was forcing the EU3 in a direction that did not fully reflect French or German preferences.

Hypotheses on asymmetric interdependence provide an explanation in key issue areas in terms of the 2004 Paris Agreement and its aftermath. Iran was able to skew the outcome toward its preferences on the objective guarantee, which was deliberately ambiguous, as well as trade concessions without a fundamental acceptance of the EU3's insistence that Iran cease uranium enrichment as a precondition for progress. The Iranians maintained that enrichment was their lawful right as a signatory to the NPT regime and that the EU3 was bowing to extraneous pressure from Washington. The core disagreement between Tehran and the EU3 is about what constitutes an objective guarantee that Iran's nuclear program is peaceful.³¹

²⁹ Giles Merritt, "Solana's Role Stirs Up A Bureaucratic Turf War – In the EU Trenches." **International Herald Tribune**, December 17, 2004.

³⁰ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 617.

³¹ Leonard, Can EU diplomacy stop Iran's nuclear programme?, 2005.

The anomaly that is more difficult to explain is why the EU3 with its combination of structural power and substantial trade concessions was not able to change the context of the 2004 negotiations. Iran's right to enrich uranium on its own soil persisted as a focal point of divergence in negotiations. The EU3 insisted that they should simply supply the required uranium. Iran has considered how enrichment facilities on its territory could benefit the region. Its oil is a finite resource. Iran, with its larger population and greater oil consumption relative to other neighbors, has an interest to look for alternative sources of fuel like nuclear energy. Over time there has been an 800% increase in the price of nuclear fuel. For economic, political, and strategic reasons, Iran does not consider its interest served to be fuel dependent on any other power.

The EU3's negotiating context in 2003 and 2004 was always dependent on two factors: the political turn of events in Iran as Reformists began to lose power in government; and the willingness of the United States to be supportive of its diplomatic initiative. The language of 'permanent cessation' of uranium enrichment was consistently problematic. In Iran's view, the EU3 packages, which reflected pressure from Washington to pursue a coercive line, failed to address its rights for the peaceful development of nuclear technology.

The Role of Institutional Actors: Behind the Scenes Influence and Focal Points?

The question of the significance of institutional actors was investigated by looking at the role of the High Representative during the agenda-setting phase and the 2004 negotiations. Evidence suggests that the conditions for institutional entrepreneurship were relatively poor in the run-up to the Tehran Declaration. The negotiations were firmly in the hands of powerful states, Britain, France and Germany. The *ad hoc* nature of the initiative limited Mr. Solana's ability to influence the content of debates in key issue areas. During the negotiations, Mr. Solana played a 'messenger' role, keeping the Council informed of the progress in the EU3-Iran bargaining process while maintaining an open channel with the Iranian negotiator, Mr. Larijani. There is no indication that Mr. Solana played a larger role as an institutional entrepreneur because of his technical knowledge in selected issue areas. Nor is it evident that his experience, personality or superior negotiating skills afforded him the opportunity to build on the existing Tehran Declaration to create focal points around which the behavior of the states at the table converged.

Closing Thoughts on Theory and the Real World of EU3-Iranian Negotiations

This paper's analysis indicates that Moravcsik's liberal intergovernmental theory explains some aspects of EU3-Iranian negotiations. The real world of these negotiations poses challenges as well to a rational, state-centered theory. Clearly the role of the large states, Britain, France and Germany is dominant. Evidence also suggests that there is a unique, circumscribed role in the bargaining process for the High Representative depending on the issue in question, for example, trade concessions, and the level of negotiation. Despite overwhelming structural advantages for the EU3, there has been a stalemate in their negotiations with Iran since the Paris Agreement. The recalcitrance of the Islamic Republic and the United States is decisive in this stalemate. The EU3 acting in concert with the United States did refer Iran to the United Nations Security Council. On December 23, 2006 the UNSC adopted Resolution 1737, which cited Iran's pursuit of nuclear weapons capability as a 'grave threat,' and 'placing Iran in the small category of states under Security Council sanctions.' In the US explanation of the vote, the resolution's aim is to send Iran an unambiguous message that there are 'serious repercussions to its continued disregard of its obligations'.³² The Iranian Permanent Representative to the United Nations, Ambassador Dr. M.

³² Permanent Mission of the United States to the United Nations – New York, **Explanation of Vote by Ambassador Alejandro Wolff, Acting U.S. Permanent Representative, on Iran and the adoption of UNSC Resolution 1737**, December 23, 2006, USUN Press Release # 357.

Javad Zarif,³³ addressing the Security Council articulated that bringing Iran's peaceful nuclear program before the Council only achieved the stated objective of a few powers to use the Security Council 'as an instrument of pressure and intimidation to compel Iran to abandon its rights.'³⁴

There is little in-depth empirical material available on the actual EU3-Iranian negotiations. The scarcity of data regarding Mr. Solana's role is striking. Questions that remain unanswered in this case include how influential Mr. Solana has been since the Paris Agreement. The EU3 continue to talk with Iran after the country's referral to the Security Council. Under what conditions is Mr. Solana influential? Evidence suggests that the High Representative recognizes the limits of his own influence. In fact, it is his voice that calls for the United States to engage Iran directly. Mr. Solana acknowledges that the absence of the US impacts decisively on the EU3's inability to reach an agreement with the Islamic Republic.³⁵ Although we may surmise that Mr. Solana's working methods inspire greater trust in negotiations with his Iranian counterparts, the opposite has been indicated. The Iranian side has expressed the view that Mr. Solana's concern as talks proceed is increasingly to profile his own role.

Theoretical attempts to explain the EU3-Iranian negotiations must acknowledge a general lack of understanding as to the internal dynamics around the table. There are few empirical studies that explain national positions, real or stated, on the issues in question. Given the importance of the NPT regime to the Iranian interest, we should make an attempt, working with existing theory, to contribute a more inclusive definition of state interests and preferences referencing ideology and the role of norms.³⁶ We should ask the question as to whether Iranian preferences are ideological-based, and if so, only, as Moravcsik argues, in 'second order' issues. Regarding the role of norms, we must question if the NPT regime has a normative dimension, where concerns such as the 'rule of law' make behavioral claims on actors.³⁷

The fate of EU3-Iranian diplomacy illustrates that a paradigm change diplomatically by the US can support a broader multilateral effort and demonstrate the resolve of nuclear weapons states in nonproliferation. This is arguably the most important challenge of our time. Those countries with the greatest responsibilities in the global system must respond in an ethical, pragmatic, and visionary manner.³⁸ Relations with Iran demonstrate the dangers of a double standard in the real world in which we live.³⁹ This double standard disadvantages the Nuclear Nonproliferation Treaty signatories, and offers no disincentive to those countries, including India, Israel and Pakistan, which simply disregard the international norms of the regime. The ways in which the nations of the world address or ignore this persistent double standard in negotiations⁴⁰ is the critical factor defining a contest of wills in the new millennium that refuses to leave the cold war behind.

³³ Mohamad Bazzi, 'Iran's suave public face UN ambassador Zarif negotiates delicate path,' **Newsday**, April 28, 2006.

³⁴ Permanent Mission of Iran to the United Nations – New York, **Some Facts and Materials on the Peaceful Nuclear Program of the Islamic Republic of Iran, Part 1**: Statement by H.E. Dr. M Javad Zarif, Permanent Representative of the Islamic Republic of Iran before the Security Council, 23 December 2006, <http://www.un.int/iran/>

³⁵ **BBC News**, 'Solana urges US to talk to Iran,' April 28, 2007.

³⁶ This analysis is drawn from Beach, 'Negotiating the Amsterdam Treaty,' p. 623.

³⁷ *Ibid*, p. 624.

³⁸ Cathal J. Nolan. ed, **Power and Responsibility in World Affairs**, (Westport, CT and London: Praeger, 2004.)

³⁹ Jeane J. Kirkpatrick, **Dictatorships and Double Standards**, (New York: American Enterprise Institute, 1982.)

⁴⁰ Strobe Talbott, **Engaging India Diplomacy, Democracy, and the Bomb**, (Washington, DC: Brookings Institution Press, 2006.)