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Iran: A New Challenge to EU Foreign Policy

Roberto Dominguez



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Miami - Florida European Union Center

University of Miami
1000 Memorial Drive
101 Ferré Building
Coral Gables, FL 33124-2231
Phone: 305-284-3266 Fax: (305) 284 4406
Web: www.miami.edu/eucenter

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Iran: A New Challenge to EU Foreign Policy♦

Roberto Domínguez*

Introduction

The recent debate on nuclear proliferation indicates that the international arrangements of the Cold War are currently insufficient to address the transformations in the use of nuclear energy. This issue requires a more comprehensive response from the nuclear club to effectively face the present and future energy demands as well as the insecurity concerns. The Stockholm International Peace Research Institute names 13 nations that could “go nuclear” in the next decade, including: Algeria, Indonesia, Libya, Saudi Arabia, and Syria.¹ In this context, Iran has certainly challenged the status quo of the nuclear powers. Nonetheless, the Iranian nuclear ambition is just a part of the narrative in the complete story of nuclear proliferation.

Iran is significant for the European Union from various perspectives. First, it is a litmus test for the EU foreign policy credibility *vis-à-vis* the United States, particularly after the European debacle in Iraq in 2003. Second, if the EU succeeds in persuading Iran to fully comply with the IAEA requirements, the European approach of persuasion and constructive engagement will undermine the voices, particularly in the United States, that prefer military forces to deal with Iran. Third, it substantiates the aim of the European Union as a civilian power and promoter of democracy and human rights in the region.

The analysis of the relationship between the European Union and Iran involves various levels of analysis. The first is how public opinion perceives Iran as a threat; the second is based on the policies of the main member states of the EU; the third refers to the role of the European Union as an international actor; the fourth and most general is about the participation of the United States and United Nations in inducing Iran to abide by international commitments on nuclear energy. Against this background, the argument of this paper is that the EU has played the role of international consensus maker in dealing with the Iranian nuclear program.

What do Europeans Think about Iran?

Perceptions play an important but not necessarily decisive role in foreign policy. War is not always popular. The *Rally-Round-the-Flag* effect, which is the ability of a nation’s leader to gather popular support for foreign policy initiatives, especially during international crisis, is not always effectively conveyed by the elites. In 2003, the decision of the British government to wage a war against Iraq was contrary to its prevailing public opinion. In other cases, the action of

♦ Paper presented at

* Roberto Domínguez is Assistant Professor of Political Science at Suffolk University, Boston. He holds a Ph.D in International Studies from the University of Miami and an M.A. from Ortega y Gasset Foundation, Spain. He was professor of International Relations at UNAM, México (1996-1999) as well as editor of the Journal *Relaciones Internacionales*. Likewise, he has been visiting Professor at University of Quintana Roo and Teikyo University, Maastricht, Holland. From 1999 to 2002, he was research assistant at The North South Center and since 2002, he has been a research associate at the Miami European Union Center. Among his publications, he has coordinated the following books: with Joaquín Roy, *Towards the Completion of Europe (2006)*, and with Joaquín Roy and Alejandro Chanona, *La Unión Europea y el TLCAN: Integración Regional Comparada y Relaciones Mutuas* (2004). Dr. Domínguez was also a weekly columnist for the magazine *Siempre* (1998-2000) and political analyst for *La Jornada* newspaper.

¹ Frida Berrigan, “Nukes and the Elections,” *Foreign Policy in Focus*, January 4, 2008.

some European governments such as France or Germany was consistent with the popular rejection to invade Iraq. In general, the war in Iraq has been unpopular in the eyes of public opinion, in Europe.

After the United States and the coalition of willing invaded Iraq, the numerous European attempts to negotiate with Iran and the consistent Iranian rejection to be transparent about the reach of its nuclear program, has led the American and European public opinion to increasingly perceive Iran as a threat. In the case of the public opinion in the United States, the majority of the population assumes that Iran is a threat to the nuclear *status quo*, while Europeans tend to perceive a nuclear Iran as a threat but less emphatically than the American public opinion. In a survey conducted in 2007 by the *German Marshall Fund of the United States*, the findings show that 83 percent of Americans and 68 percent of Europeans agreed that a nuclear Iran would lead to further proliferation in the Middle East. Similarly, 54 percent of Europeans believed that a nuclear Iran has the potential to threaten Europe. If Iran was to acquire nuclear weapons, Americans (82 percent) and Europeans (68 percent) concurred it would supply nuclear weapons to terrorists.²

It is important to bear in mind that certainly there is trend to perceive Iran as a potential threat, more acutely in the United States than in Europe. However, there is a gulf of difference as to the means to be used. In the United States, the likelihood of a military intervention is open to electoral and congressional debate. The suggestion of a European military participation in Iran is viewed disapprovingly by the public in Europe.

Do EU Member States Share a Common Approach towards Iran?

The overarching European perception of Iran varies when the member states of the EU implement policies. National political cultures, interest groups and economic links interplay in the formation of political preferences in foreign policy. Thus, while Britain and France concur on the strategy of joint European action and rough new multilateral sanctions even outside the UN Security Council, other countries, notably Italy and Austria, want significantly less serious steps. Germany, Robin Wright asserts, “fell somewhere between.”³

Policymakers of the key European countries are confronting the dilemma of continuing or revisiting the approach to Iran, given that, after four years of critical dialogue and engagement with Tehran through negotiations led by the EU-3 -France, Germany and Great Britain- Europe has barely influenced the Iranian stance on the controversial nuclear agenda.⁴ The current strategy used by EU-3 is under pressure to deliver by the United States. Even Barack Obama, who is considered to be the less antagonistic of the Presidential candidates has voiced his frustration with respect to the role of EU-3. He has stated: “We cannot unconditionally rule out an approach that could prevent Iran from obtaining a nuclear weapon. We have tried limited, piecemeal talks while we outsource the sustained work to our European allies. It is time for the United States to lead.”⁵

France has traditionally played a protagonist role in setting the tone of the external European voice and in the building of the EU relations with Iran. In his first significant speech on foreign policy after his election in May 2007, President Nicolas Sarkozy reiterated his opposition to the Turkish membership,⁶ and also said that Iran could be attacked militarily if it did not live up to its international obligations to curb its nuclear program, although he was unclear as

² German Marshall Fund of the United States, *Transatlantic Trends. Key Findings 2007*, September 2007, 4 (www.transatlantictrends.org, accessed October 2007).

³ Robin, Wright, “Divisions in Europe May Thwart U.S. Objectives on Iran,” *Washington Post*, October 18, 2007.

⁴ Emanuele Ottolenghi. “Iran: The Looming Threat,” *Liberal Magazine*, November 30, 2007 (http://www.transatlanticinstitute.org/html/pu_articles.html?id=39, accessed December 26, 2007)

Remarks of Senator Barack Obama, *AIPAC Policy Conference*, Washington, DC, June 4, 2008.

⁶ John Lichfield, “Sarkozy softens his opposition to Ankara’s membership of the EU,” *The Independent* 28 August, 2007.

to whether or not France would ever participate in military action against Iran or even tacitly support such an approach.⁷ After a seemingly imprecise declaration in September 2007 by the French foreign affairs minister, Bernard Kouchner, who stated that France was preparing for the ‘worst’ situation with Iran, Sarkozy stated “I don’t want to hear anything else that would not contribute usefully to the discussion today.’ ‘For my part, I don’t use the word war.”⁸ The position of France can be explained with two lines of reasoning. The first is that by hardening the French position, Sarkozy is aligning itself with the United States on international policy in order to take a more assertive and effective role on the world stage.⁹ The second is that the hardening of the French position does not equate to any attempt of military intervention, particularly taking into consideration the French economic interests in Iran. For instance, in 2007, Total¹⁰ formed a \$ 2 billion venture with the government-owned National Iranian Oil Corporation and PETRONAS of Malaysia, known as Pars LNG. The aim of which is to produce 8 million metric tons of liquefied natural gas a year- equal to about 15 percent of current world output.¹¹

Germany represents one of the more relevant actors in the relations with Iran. Michael Tockuss, former President of the German-Iranian Chamber of Commerce in Tehran, has asserted that “some two thirds of Iranian industry relies on German engineering products,” calculation that reflects the Iranian dependency on German spare parts and suppliers.”¹²

In spite of the economic interests, German-Iran relations have deteriorated since 2004. In the political sphere, Chancellor Angela Merkel condemned Mr. Ahmadinejad’s statements on Israel and the Holocaust. In a speech in February 2006, she said, “A president who questions Israel’s right to exist, a president who denies the Holocaust, cannot expect to receive any tolerance from Germany. We have learned our history.”¹³ On the economic side, Germany’s Economics Ministry has also scaled back the export credit guarantees it issues for trade with Iran to \$1.2 billion in 2005 from \$3.3 billion in 2004. But German companies still exported \$5.7 billion worth of goods to Iran in 2006, up from \$5 billion in 2004. Privately, American and Israeli officials express frustration that Germany has been more resistant than Britain or France to reducing commercial ties with Iran. With Germany’s hold on the Iranian market so unsettled, experts say China has overtaken it as the largest trade partner. At least 1,700 German companies are active in Iran, including household names like Siemens and BASF.¹⁴

The EU and Iran: Diplomacy beyond the EU-3

The machinery of the external relations of the European Union is the result of the amalgamation of the willingness of the member states and the community institutions to pursue concrete

⁷ Elaine Sciolino, “French Leader Raises Possibility of Force in Iran,” *New York Times* August 28, 2007.

⁸ Elaine Sciolino and Alison Smale, “A Frenchman in a Hurry Maps His Path: Sarkozy Seeks to Align France, and Rest of Europe, With US,” *New York Times*, September 24, 2007.

⁹ James Blitz, “France hardens stance on Iran with call for European sanctions,” *Financial Times* September 18, 2007.

¹⁰ Total is one of France’s largest corporations and the world’s fourth largest publicly-traded integrated international oil and gas company. With operations in more than 130 countries, Total engages in all aspects of the petroleum industry, including Upstream operations (oil and gas exploration, development and production, LNG) and Downstream operations (refining, marketing and the trading and shipping of crude oil and petroleum products). Total also produces base chemicals (petrochemicals and fertilizers) and specialty chemicals for the industrial and consumer markets. In addition, Total has interests in the coal mining and power generation sectors, as well as a financial interest in Sanofi-Aventis

¹¹ Realité, “France’s Economic ties with Iran,” *Backgrounders*. (<http://www.realite-eu.org/site/apps/nl/content3.asp?c=9dJBLLNkGiF&b=2315291&ct=44>, accessed, October 2007).

¹² Realité, “Germany’s Economic ties to Iran,” *Backgrounders/Fact Sheet* (<http://www.realite-eu.org/site/apps/nl/content3.asp?c=9dJBLLNkGiF&ct=44>, accessed November 2007).

¹³ Mark Landler, “Germany’s Commercial Ties with Iran Prove Hard to Cut,” *New York Times International*, September 21, 2007.

¹⁴ Ibid.

objectives in the international sphere. While the community institutions attempt to develop an integral vision encompassing the multiplicity of interest in the EU-27, the member states display their international presence depending on their interests in the region and/or the issue in the international agenda. While in the case of Latin America, Spain plays a relevant role in leading EU relations with that region, in the case of the security agenda in Iran and due to its prevalent role in the making of EU relations, France, the United Kingdom and Germany have taken the leading voice in the EU-3 group.

At the level of the community institutions, the relationship between the EU and the Iranian Theocracy is quite. In fact, there is no delegation of the European Commission in Tehran, while the Iranian embassy in Brussels is accredited to the EC. The Iranian-EU relations foreign policy has gone through four phases. The first phase, from 1979 to 1989, followed a transatlantic solidarity (Europe-United States) and might be characterized as a Cold Peace.¹⁵ The second phase (1989-1997) is marked by diplomatic and economic reforms in Iran, which cleared the way to explore investment opportunities and improve diplomatic relations, particularly with France.¹⁶ The third phase (1997-2003) promoted and deepened the bilateral relations in all areas; the reformist regime of President Khatami was a key element to the development of mutual trust with Europeans. The fourth and final phase started in 2003; regressions in some of the reforms implemented by Khatami and radicalization in the government of President Ahmadinejad have brought about skepticism in Europe.

Political Relations

The EU-Iran relationship showcased an increased dynamism during the second half of the 1990s, particularly after the election of President Khatami. In 1998, a Comprehensive Dialogue in the form of semi-annual troika meetings was established covering a variety of themes from regional issues to energy. Subsequently, high-level working groups on energy and transport as well as on trade and investment were established in 1999 and 2000, respectively. Furthermore, in 2001 the Commission adopted a Communication setting out the conditions for a trade and cooperation agreement (TCA). The negotiations for the TCA were launched in Brussels in December 2002, while both parties also held a troika meeting and an NGO roundtable in Tehran on Human Rights, marking the start of the Human Rights Dialogue.

The expectations were still high with the re-election of Khatami, but they were deflated as a result of the modest pace of the political reform and the general elections in early 2004, which were held under conditions criticized by the EU. As a result, the Comprehensive Dialogue between the EU and Iran was suspended by Iran in December 2003 and no meeting within the framework of the EU-Iran Human Rights Dialogue has taken place since June 2004. The negotiations for the TCA were stalled in June 2003.¹⁷

Lacking a general framework for the bilateral relationship, the contacts between the two parties have been around the Iranian nuclear program. The EU-3, supported by the HR/SG Javier Solana, seized the initiative in October 2003, by offering a generous package of economic incentives; in exchange, Iran would accept to suspend uranium enrichment and allow intrusive inspections of the IAEA by signing the 'Additional Protocol' to the NPT. This diplomatic victory was translated in the so-called Paris Agreement which states that

Iran reaffirms that, in accordance with Article II of the NPT, it does not and will not seek to acquire nuclear weapons. It commits itself to full cooperation and transparency with the IAEA. Iran will continue to implement

¹⁵ Ziba Moshaver, "Revolution, Theocratic Leadership and Iran's Foreign Policy; Implications for Iran-EU Relations," *Review of International Affairs* 3, no. 2, Winter 2003, 292.

¹⁶ Moshaver, 293.

¹⁷ The European Commission, *The EU's Relations Iran*, http://ec.europa.eu/external_relations/iran/in-tro/index.htm, accessed May 25, 2008).

the Additional Protocol voluntarily pending ratification. To build further confidence, Iran has decided, on a voluntary basis, to continue and extend its suspension to include all enrichment related and reprocessing activities, and specifically: the manufacture and import of gas centrifuges and their components; the assembly, installation, testing or operation of gas centrifuges; work to undertake any plutonium separation, or to construct or operate any plutonium separation installation; and all tests or production at any uranium conversion installation.¹⁸

After the signature of the Paris Agreement, the TCA negotiation resumed. Rounds V, VI and VII took place in 2005. However, following Iran's breach of the Paris Agreement by resuming uranium conversion at the Esfahan plant, the TCA and the political dialogue agreement negotiations were suspended once again by the Commission.

During a visit to Tehran on June 5-6, 2006, the HR/SG Javier Solana presented to the Iranian authorities the new proposals of the international community for opening negotiations on Iran's nuclear program. The result of the proposal was not satisfactory for the European Union and in a press statement by P. Douste-Blazy the EU asserted that

The Iranians have given no indication at all that they are ready to engage seriously on the substance of our proposals. Iran has failed to take the steps needed to allow negotiations to begin, specifically the suspension of all enrichment related and reprocessing activities, as required by the IAEA. We express profound disappointment over this situation. In this context, we have no choice but to return to the United Nations Security Council and take forward the process that was suspended two months ago. We have agreed to seek a United Nations Security Council Resolution which would make the IAEA-required suspension mandatory.¹⁹

The 2006 proposal included a promise to support the construction of light water nuclear reactors and the sale of commercial planes to Iran, a conference on regional security issues, a long-term energy partnership between the EU. As of mid-2008, Iran has not relinquished its right to suspend the enrichment and processing activities as requested by the IAEA.

The agenda with Iran has also faced two other issues that have strained the diplomatic dialogue. The first is the Iranian statements on Israel. The Commissioner for External Relations & European Neighborhood Policy, Benita Ferrero Walner, stated before the European Parliament that "we must utterly condemn the totally unacceptable remarks about the State of Israel made by the Iranian Head of State, Mahmoud Ahmadinejad.... (later she added) it is time to draw a line and to remind the Iranian President of the responsibilities that come with being a member of the family of nations."²⁰ Under Khatami's Presidency there was an unspoken agreement that Iran would not obstruct the Peace Process between Israel and the Palestinian Authority; with the open defiance of President Ahmadinejad, the civilian diplomatic power of the European Union has been strongly affected, particularly because it strengthens the position of hardliners in United States and Israel and undermines the EU position of dialogue.

The second issue is with respect to human rights in Iran. The European Union is alarmed by an increasing erosion of the freedom of expression, opinion and association as well as by the latest developments with regard to the harassment of minority groups, the denial of women's

¹⁸ International Atomic Energy Agency, Iran-EU Agreement on Nuclear Program, November 14, 2004 (http://www.iaea.org/NewsCenter/Focus/laea/iran/eu_iran14112004.shtml).

¹⁹ Press statement by P. Douste-Blazy on behalf of the Foreign Ministers of China, France, Germany, the Russian Federation, the United Kingdom, the United States of America and the High Representative of the European Union, Paris, July 12th 2006. (http://ec.europa.eu/external_relations/iran/doc/2006_press_st-at_iran_nuclear_12-07-06.pdf).

²⁰ Benita Ferrero Waldner, *Statement on recent declarations by the President of Iran* (European Parliament, Strasbourg, 16 November 2005 - SPEECH/05/696).

rights, and the intimidation of lawyers and human rights defenders such as the imprisonment of the Iranian academic Dr. Ramin Jahanbegloo.²¹ Consequently, the European Union has repeatedly supported UN Resolutions on the situation of human rights in Iran such as the one brought forward by Canada to the 60th General Assembly in 2005. The Council of the EU has also adopted conclusions expressing EU's serious concern with regard to the deteriorating situation of human rights in Iran, which is at total variance with the EU policy on that matter. Despite the current difficulties in the area of human rights, the European Initiative for Democracy and Human Rights (EIDHR) has promoted four projects with an estimated budget of €3.9 million, in partnership with UNICEF, UNODC, UNDP and the British Institute for International and Comparative Law.

Economic Relations

Iran's current account surplus, low debt and comfortable level of reserves have helped to protect the economy from external shocks, such as the aftermath of September 11. Yet, the country faces a difficult challenge in trying to accelerate the pace of reform and to create new jobs for its young population and to further reduce the still high unemployment rate.

The role of trade in the EU-Iran relationship is explained differently depending on the particular perspective of each party. While the EU is the most important trade partner for Iran, however it represented only 1.23 percent of the EU's total exports in 2004. With regard to the behavior of the balance of trade, the EU trade relationship with Iran has traditionally been negative due to large imports in the energy sector. Interestingly, despite rising energy prices, the EU's balance of trade was positive in 2002 and 2004 and the surplus in the later years amounted to €3.7bn. As for trade in services, Iran's share of total EU trade in this sector is only 0.3 percent. On the other hand, foreign direct investment of the EU (25 member states counted) remains at a low level and unstable: from 2001 to 2003, inward stocks have been slowly declining from €2.2bn to €1.8bn.

Against the backdrop of the economic figures, the EU has constantly reminded Iran that the prospect of greater economic, political, and security cooperation, including trade and investment incentives and support for Iran's accession to the World Trade Organization (WTO), on the one hand, and progress in the areas of political dialogue and counter-terrorism, on the other hand, are interdependent, inseparable and mutually reinforcing elements of the global approach which is the basis for progress in the EU-Iran relations.²²

Co-operation

A general bilateral cooperation scheme is still absent in the EU-Iran relationship. In this context, the fragmented cooperation is largely concentrated on counter-narcotics and Afghan refugee assistance programs as well as on the support of the European Union to UN programs on human rights and disaster relief operations in Iran.

The most substantial EU resources are allocated in the area of counter-narcotics policies in Iran. The bilateral dialogue remains active largely via the Dublin Group and the respective mini-Dublin Group on Iran. In 2005, the European Commission allocated €1.2 million to support demand reduction initiatives in Iran, focusing on local NGO networks working in the area

²¹ Council of the European Union, *Declaration by the Presidency on behalf of the European Union on the case of the Iranian academic Dr. Ramin Jahanbegloo*, Brussels, 10 July 2006, 11421/06 (Presse 211).

²² *EU-Presidency and Commission Joint Press Release on the opening of the negotiations with Iran* IP/02/1880 - Brussels, 12 December 2002. The EU-Iran Working Group on Trade and Investment met for the first time in November 2000 in Tehran to discuss possibilities to foster the increase and diversification of trade and investments between the two parties. A third meeting in 2002 was followed by a fourth meeting in November 2003. A fifth meeting has not yet taken place.

of demand control for narcotics and harm reduction. Furthermore, another €1.2 million was assigned to an inter-regional initiative on Afghanistan neighborhood precursors with a view to better control cross-border trafficking of narcotics.

In view of the global combat against terrorism, the stability in Afghanistan is of the paramount relevance to the international community. Iran has been affected by the instability in the region with a refugee population of approximately 2.5 million, the majority of whom are from Afghanistan. The situation of such refugees is primarily a humanitarian problem because the majority of them are unable to satisfy their basic human needs. In 2005 the European Commission's Humanitarian Aid Office (ECHO) assigned €750 thousand to support an UNHCR program in Iran for the repatriation of Afghan refugees. Further assistance to increase water supply and improve sanitation for Afghan refugees has been under consideration.

Other significant actors

The diplomatic strategies of the European Union can be reinforced or undermined as a result of the cooperation or lack of it by other significant actors, particularly the United States and Russia.

Due to the massive economic and human resources drained as a result of the Iraqi conflict, the United States found in the European Union a partner that could deflate the Iranian nuclear ambitions. On the one hand, Iran has certainly stopped the nuclear weapons program. In fact, the U.S. National Intelligence Estimate, a coordinated body of the U.S. intelligence community's 16 agencies, released a report in December 2007 in which it said Iran had halted its nuclear weapons program in 2003.²³ For the experts, however, this information was not convincing since the main problem with Iran is not about weaponization, but fissile material production. It is this area that poses a challenge to international community.

Iran has been reluctant to adopt the European bid. While the United States skeptically observed the diplomatic efforts of the EU until 2006, it has since become more engaged in the diplomatic front jointly with the European Union. At the meeting of the board of governors of the International Atomic Energy Agency on March 5, 2008, Simon Smith, UK's IAEA ambassador, speaking on behalf of the EU-3, said that "over a wide range of issues on which the agency asked for clarification the answers (from Iran) are less than satisfactory."²⁴ In May 2008, the EU-3+3 (China, Russia and the United States) updated the offer to Iran and highlighted the willingness of the big powers to help Iran develop its modern nuclear program by supplying it with light water reactors, a major concession from Washington.²⁵ There are no signs, however, that the Iranian government will accept the new offer.

In the case of Russia, the bilateral cooperation with Iran is strengthening, however disagreements between both parties also exists. Three events illustrate the recent bilateral trends. The first is the visit of then-Russia's President Vladimir Putin to Tehran in October 2007, the first visit ever of a Russian head of state. The second is more concrete; two months after President Putin's visit, Russia sent two shipments to Iran with atomic fuel for its Russian-built nuclear reactor in Iran. However, Russian Foreign Minister Sergei Lavrov echoed U.S. President George W. Bush's viewpoint that the supply of Russian nuclear fuel to Iran makes it unnecessary for Tehran to enrich its own uranium -- something that Russia along with the United States and the European Union fear could result in Iran acquiring nuclear weapons. The third was the Iranian defense minister's announcement at the end of December 2007 that Moscow would supply Tehran with advanced S-300 air defense missiles. Almost immediately after, Moscow flatly denied this.²⁶

²³ Reuters, "Iran Welcomes U.S. Report," *New York Times*, December 4, 2007.

²⁴ Leigh Phillips, "EU-3 push for answers from Teheran over new nuclear allegations," *EUobserver*, March 6, 2008.

²⁵ Elaine Sciolino, "Big Powers to offer sweeteners to Iran," *International Herald Tribune*, May 2, 2008.

²⁶ Mark N. Katz, "Russia and Iran: Unfriendly friends," *Middle East Times*, January 02, 2008.

Venezuela is another actor that has become a significant partner for Iran. The oil reserves and anti-Americanism are the common platform for this alliance, although cooperation in energy has been vital for this relationship. In July 2007, the two presidents launched the construction of a joint petrochemical plant with an annual capacity of 1.65 million tons on Iran's Gulf coast. Iranian officials said a second methanol plant would be constructed in Venezuela. Each of the two plants would cost \$650 million to \$700 million and take four years to complete. The expectations both the countries have is to increase their market access: Iran to the Latin American market, while Venezuela to buyers in India and Pakistan.²⁷ With regard to the shared anti-Americanism, numerous statements have been made by both countries. One of the most infamous moments in their alliance was made during a visit of President Chavez to Iran in September 2006, when he spoke in support of Iran's nuclear program and asserted: "What gives the U.S. the right... to stop any country developing nuclear power for peaceful purposes? (and added) "We don't want another war, but there will be disastrous consequences if Iran is attacked."²⁸

Sanctions and Incentives

The positions of the United States and Russia to some extent vary from the view of the European Union. Nonetheless, at least in the diplomatic arena, there has been a gradual convergence since 2006. Despite these different positions, there is a consensus amongst most of the EU members that a combination of sanctions and incentives would encourage Iran to be more transparent in its nuclear activities and less aggressive towards Israel. This duality of a) policy of sanctions and b) incentives operates at three different levels. The first is the global, which is based on the negotiations in the IAEA in Vienna and the Security Council as a diplomatic body of last resort. The consensus is hard to reach in the Security Council, particularly in light of the divergent positions of Russia and China, on the one hand, and France, the United Kingdom and the United States, on the other. Nonetheless, the Security Council has passed three resolutions against Iran (1737, 1747 and 1803), the most recent one was adopted in March 2008.

The second level is the regional, where EU has taken on the role of the main actor. After a decrease of activities between the Commission and Iran since 2003, the Council of the EU has also approved actions to enforce UN resolutions. For instance, in April 2008, the EU's Political and Security Committee placed the largest Iranian bank, Bank Melli, on a list of Iranian institutions and personalities that the EU would boycott.²⁹ Likewise, Europe has gone farther than the Security Council by sanctioning 24 entities not named by UN Resolutions 1737 and 1747, and has prohibited some transactions that are not delineated in either resolution.³⁰

Finally, the third level of sanctions and incentives is based on the diplomacy of the member states. For the EU member states it is difficult to remain silent about the statements made by President Ahmadinejad against Israel; he has reiterated in numerous occasions that Israel would soon disappear off the map. This type of diplomatic position has isolated Iran from European diplomacy, as it happened in the UN food summit in June 2008.³¹

Conclusions

²⁷ Realite. "The Chavez-Iran Alliance," *Backgrounders/Fact Sheet* (<http://www.realite.eu.org/site/apps/nl/content3.asp?c=9dJBLNkGiF&b=2315291&ct=44>, accessed October 2007)

²⁸ Quoted in Realite. "The Chavez-Iran Alliance," *Backgrounders/Fact Sheet* (<http://www.realite.eu.org/site/apps/nl/content3.asp?c=9dJBLNkGiF&b=2315291&ct=44>, accessed October 2007)

²⁹ Herb Keinon, "EU set to blacklist leading Iranian bank," *The Jerusalem Post*, April 29, 2008.

³⁰ Neil Crompton, "The European View on Iran: Fallout from New US Intelligence Estimate," *Policy Watch* 1320, The Washington Institute of Near East Policy, December 17, 2007.

³¹ Silvia Aloisi, "Ahmadinejad, Mugabe given cold shoulder at summit," *Boston Globe*, June 3, 2008; see also Thomas Friedman, "People vs. Dinosaurs," *New York Times*, June 8, 2008.

The role of the EU-3 in Iran can be evaluated from two perspectives. The first is to take as the yardstick the absolute achievement of the political objective, where the EU-3 appears to have failed. John Bolton arguing along this line states: “Ironically and disastrously, the renewed EU-3 effort produced exactly the opposite effect. Over the next three and a half years, it gave Iran precisely what it needed most: time to overcome the difficulties of mastering the nuclear fuel cycle.”³² The second perspective is to observe the EU-3 as a coalition builder,³³ where the EU has played the role of mediator and consensus builder; likewise, it has also blocked a nuclear domino effect and enlarged its informal membership from EU-3 to EU-3+3 or P5+1.

In light of the new US administration in January 2009 and the dominant role of the United States in world affairs, it is crucial for the EU to remind the international community that categorizations such as the “axis of evil” have strengthened considerably the position of the conservative nationalist in Iran.³⁴ At the same time, the creation within Iraq of a Shi’a-dominated province considerably increases Tehran’s influence within the country in particular and the region in general.³⁵

In the opening paragraph of this paper, it was argued that Iran is only a partial story of the proliferation of a nuclear nations and that a new international arrangement must be pursued by the international community. However, there are no prospects for a sweeping reform of the nuclear international order in the foreseeable future. At the same time, Iran has been firm on its objective of increasing its nuclear capabilities. On May 26, 2008, the IAEA’s Director-General, Mohamed ElBaradei, sent a report to the UN Security Council, stating that Iran has not cooperated in answering detailed questions about its highly controversial nuclear enrichment program.³⁶ Is there any solution?

One of the scenarios is US intervention. Currently, the US military is overstretched and any military intervention can be perilous due to the certain characteristics of Iran. Likewise, the international community would hardly support such an enterprise. The second scenario points to the direction of the diplomatic effort and recent offer of the EU-3+3. This makes the current EU-3 approach to dealing with Iran the most feasible scenario. Along these lines, William Luers, Thomas R. Pickering and Jim Walsh have also proposed a solution close to the reviewed package of 2006. This initiative states that the US and its allies should propose turning Iran’s national enrichment efforts into a multinational program. Under this approach, the Iranian government would agree to allow two or more additional governments (for example, France and Germany) to participate in the management and operation of activities in Iran. In exchange, Iran would be able to jointly own and operate an enrichment facility without facing international sanctions and enjoy a variety of other benefits such as membership into WTO, increased trade with Europe, access to equipment for its aviation and energy industries, and perhaps normalized relations with the United States.³⁷ In this regard, the EU-3+3 must be clear about the incentives offered to Iran, while the Persian nation must also understand the losses of pursuing the security dilemma in the region.

³² John Bolton, *Surrender is not an Option* (New York: Threshold Editions, 2007), 143.

³³ Sebastian Harnisch, “Hanging together or hanging separately? The EU3, the United States and Iran’s Nuclear Quest,” *Social Europe. The Journal of the European Left* 3 (2007).

³⁴ David Hastings Dunn, “Real men want to go to Teheran: Bush, pre-emption and the Iranian nuclear challenge,” *International Affairs* 83, no. 1, 2007, 23

³⁵ Hastings Dunn, 23.

³⁶ Merie D. Kellerhals, “UN Agency Report Critical of Iran’s Nuclear Cooperation,” *Telling America’s Story*, U.S. Department of State, May 28, 2008.

³⁷ William Luers, Thomas R. Pickering and Jim Walsh, “A solution for the US-Iran Nuclear Standoff,” *New York Review of Books* 55, no. 4, March 20, 2008.