



Betting on Perseverance Why the Double Track Approach is Still the Best Way to Deal with the Iranian Nuclear Conundrum

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Abstract

For years a group of six nations – Britain, China, France, Germany, Russia, and the United States – has been working on curbing Iran's nuclear programme, which is widely suspected of having military ends. As Iran continues to defy UN requests to halt sensitive nuclear activities and intensify cooperation with the UN nuclear watchdog, the group's approach, based on a combination of sanctions and incentives, has come in for growing criticism. However, while the approach is perfectible, its rationale is still valid. A scrutiny of the empirical evidence available and a plausible analysis of Iran's behaviour throughout the nuclear dispute period seem to indicate that its leadership has yet to take a final decision on whether to go nuclear. This means that there is still room for external actors to impact the nuclear policy calculus of the Iranians and persuade them of the advantage of a compromise. While sanctions are needed to raise the costs of Iran's defiance of the UN, they should complement a broader strategy also comprising incentives as well as the offer of a roadmap for an Iranian nuclear industry under international oversight.

Keywords: *Iran / Nuclear programme / Arms control / IAEA / United Nations / Sanctions / United States / European Union / E3/EU+3*

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by Riccardo Alcaro*

Introduction

The standoff over Iran's nuclear programme, suspected of harbouring secret military ends, is widely considered a major flashpoint. A nuclear Iran – as the argument goes – would dramatically alter the regional balance in the Gulf, providing the Islamic Republic with a formidable deterrent against external aggression, while augmenting its ability to exert influence on its neighbours and eliminating the strategic advantage of its rival Israel, the only nuclear-armed state in the Middle East. An Iranian bomb could also trigger a regional nuclear arms race since such countries as Turkey, Egypt, and Saudi Arabia, might feel compelled to emulate Iran. This would in turn result in the eventual collapse of the international nuclear non-proliferation regime based on the Nuclear Non-Proliferation Treaty (NPT).¹ Given the stakes, it comes as no surprise that curbing Iran's nuclear programme has rapidly become a foreign policy priority for western powers, Israel, and the majority of Arab states, which have a history of rivalry with and mistrust of Persian and Shia-dominated Iran.

Currently, the handling of the Iranian nuclear dispute is in the hands of a group of six countries – Britain, China, France, Germany, Russia, and the United States. Since its inception in early 2006, the group has adopted a 'double track' approach which combines sanctions with the offer of incentives and dialogue. Thus far, however, neither the stick nor the carrot have proved effective, as Iran continues to defy international requests to give verifiable guarantees of the solely peaceful nature of its nuclear programme. This failure has raised the legitimate question of whether the double track approach is indeed appropriate or whether other options – diplomacy without sanctions, sanctions without diplomacy, or a preventive strike against Iran's nuclear industry – should be attempted. A review of how the nuclear standoff has unfolded, and a thorough analysis of the key variables for a settlement, seem however to point to the 'double track' approach as still the best option on hand to influence Iran's nuclear policy.

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¹ Concerns have also been voiced, in particular in the US and Israel, about the possibility that the Iranian government could transfer nuclear technologies, know-how, materials or even a weapon to non-state actors such as terrorist organisations. However, Iran has never been linked to the circumstantial evidence of nuclear terrorist plots amassed by intelligence services (Charles D. Ferguson and William C. Potter, *The four faces of nuclear terrorism*, Center for Nonproliferation Studies, Monterey Institute for International Studies, 2004: Monterey, CA, p. 57).

1. An historical review of the nuclear standoff with Iran

In the summer of 2002, the Iranian Council for National Resistance – a federation of different groups of anti-regime exiles based in Paris – made the existence of until then unknown advanced nuclear facilities in Iran public. Particularly worrisome were revelations of an industrial-scale uranium enrichment plant at Natanz and a heavy water reactor under construction at Arak, as uranium and plutonium (which is more easily produced in heavy water reactors) are the core elements of a nuclear explosive device. After visiting the undisclosed facilities in March 2003 upon Iran's invitation, the International Atomic Energy Agency (IAEA) confirmed that Iran's nuclear industry was in effect far more advanced than previously thought. It found however no solid evidence of military application.

While legal under the NPT, to which Iran is a party as a non-nuclear-weapon state, production of enriched uranium raises deep proliferation concerns because it can serve both peaceful and military purposes, depending on the level of enrichment. A low level of enrichment of 3-4% U_{235} (where U_{235} is the uranium isotope susceptible to fission) is sufficient for use in a reactor, while the core of a nuclear explosive device is made up of highly enriched uranium (HEU), which contains around 90% U_{235} . Plutonium is a by-product of the enrichment process. Being the most complex part of a nuclear programme – it implies considerable financial resources, technological equipment, and technical expertise – the ability to enrich uranium is generally considered by nuclear experts as the single most important step towards weapon capability.

The Iranian government strongly denied that it had military ambitions, claiming instead that nuclear power would allow it to increase its hydrocarbons exports (Iran happens to sit on the second-largest gas reserves and the third-largest oil reserves in the world). Nonetheless, the secrecy and sensitivity of Iran's nuclear activities were reason enough for getting suspicious of its ultimate objective.

In 2003 the three largest members of the European Union – Britain, France, and Germany (the E3) – joined forces in an attempt to persuade Iran to give verifiable guarantees of the solely peaceful nature of its nuclear programme. The E3 were given a boost in late 2004, when the EU threw its weight behind their effort. The office of the high representative for Common Foreign and Security Policy (CFSP), by then the Spaniard Javier Solana, was associated to the negotiating team, from then on dubbed the 'E3/EU'. In spite of its offer of political dialogue, enhanced economic cooperation, and assistance in the civilian nuclear sector, the E3/EU was unable to extract from Iran the one concession that would have assuaged its concerns: a protracted suspension of uranium enrichment-related activities. The Iranians only agreed to a limited freeze. However, they also agreed to sign and implement prior ratification the IAEA Additional Protocol, the 1997 text that expands the agency's verification and inspection powers. In June 2005 Iran's president, the moderate Mohammed Khatami, concluded his second term in office and was replaced by the more hard-line Mahmoud Ahmadinejad. The new president has since stood out for a more confrontational attitude towards the west, provocative comments about Israel, and for having presided over the full re-activation of the nuclear programme.

Iran re-started enrichment-related activities in August 2005 and enrichment proper in January 2006. In February 2006 it ended voluntary implementation of the IAEA Additional Protocol, thus reducing the ability of the IAEA to collect relevant information about its nuclear programme. Ahmadinejad first boasted of Iran having joined the “nuclear club” in April 2006, when Iranian scientists managed to enrich uranium to 3.5% U₂₃₅ (the level needed for use in a reactor).² Although the embryonic state of Iran’s nuclear programme could hardly justify Ahmadinejad’s bombastic rhetoric, IAEA inspectors from that point on started to report continuous, though irregular, progress.³ In April 2007, Ahmadinejad said that the programme had reached industrial scale. Again, that was far from reflecting reality, and yet the following month IAEA director general Mohammed ElBaradei could not but admit that international efforts to keep Iran from acquiring the know-how for enrichment had been overtaken by events.⁴ In September 2009, the United States revealed that Iran had just notified the IAEA of the existence of a previously unknown enrichment plant under construction at Fordow, near the city of Qom in central Iran. The news sparked international anxiety, as the US described the new facility as too small for civilian uses but large enough for military purposes.⁵ In November 2009 the IAEA board formally reprimanded Iran for failing to disclose the Fordow facility.⁶ The Iranians were unfazed: that same month, Ahmadinejad said his government was planning the construction of ten new sites to enrich uranium to match the Natanz complex.⁷

According to the latest IAEA reports available at the moment of writing, at the end of August 2010 Iran had produced over 2.8 tons of low enriched uranium (LEU), which, if further enriched, would be enough for nearly three explosive devices. Furthermore, it had started to enrich to 20%, which experts generally consider a critical step towards a military capability, since it is much easier to enrich from 20% to 90%, the level needed for a weapon, than from 3-4% to 20%. Repeating a refrain that had been heard for years, the IAEA report stated that, while the agency could verify the non-military diversion of Iran’s declared nuclear material, insufficient cooperation from Iranian authorities prevented it from confirming that all nuclear material was used for a

² Ahmadinejad: *Iran has joined the nuclear club*, «Iran Focus», April 11, 2006, http://www.iranfocus.com/en/?option=com_content&task=view&id=6716.

³ The state of advancement of Iran’s nuclear programme is monitored by a number of governmental, intergovernmental, and non-governmental organisations. Apart from the IAEA, which has set up an ad hoc Iran section on its website, “Iran & the IAEA” (<http://www.iaea.org/NewsCenter/Focus/laealiran/index.shtml>), further information and analysis is provided, among others, by the Institute for Science and International Security (<http://www.isisnucleariran.org/>), the Nuclear Threat Initiative (http://www.nti.org/e_research/profiles/Iran/Nuclear/index.html), and Global Security (<http://www.globalsecurity.org/wmd/world/iran/nuke.htm>). See also Mark Fitzpatrick articles, *Assessing Iran’s nuclear programme* («Survival», vol. 48, n. 3, Fall 2006) and *Can Iran’s nuclear capability be kept latent?* («Survival», vol. 49, n. 1, Spring 2007), as well as his longer study on *The Iranian Nuclear Crisis. Avoiding a worst-case scenario*, IISS Adelphi Paper 398, 2008.

⁴ *West ‘fails’ on Iran nuclear issue*, «BBC News», May 15, 2007, <http://news.bbc.co.uk/2/hi/6657243.stm>.

⁵ Several nuclear experts agreed that the size and configuration of the Fordow site was poorly suited for peaceful purposes, but were careful to emphasise that the conclusion that it was built for a military application was inferential (*Experts weigh in on Obama’s explanation of Iran’s nuclear facility*, «The Washington Independent», September 28, 2009, washingtonindependent.com/61063/experts-weigh-in-on-significance-of-irans-nuclear-facility).

⁶ IAEA Board of Governors resolution GOV/2009/82, November 27, 2009.

⁷ *Ahmadinejad vows dramatic expansion of Iran’s nuclear program*, «The Washington Post», November 30, 2009, <http://www.washingtonpost.com/wp-dyn/content/article/2009/11/29/AR2009112900992.html>.

peaceful purpose. Furthermore, the agency complained that it was still unable to shed full light on aspects of Iran's nuclear and nuclear-related work that could be compatible with a weapons programme.⁸ In a previous report the new IAEA director general, Yukiyo Amano, had gone as far as stating that there was circumstantial evidence that Iran could have in the past conducted, or could still be conducting, work on the development of a nuclear payload for a missile⁹, although Iran has always rejected such evidence as a forgery.¹⁰

2. The double track approach

After Iran, in January 2006, removed IAEA seals from the Natanz facility and resumed work on uranium enrichment, the foreign ministers of the US, Russia, and China joined their E3 counterparts in calling for the IAEA Board of Governors to refer Iran to the Security Council, which duly occurred in early February.¹¹ The six made it nonetheless clear that they would follow a 'double track' approach combining the threat of sanctions with the offer of incentives. While several attempts at engaging Iran have been tried and have failed, the E3/EU+3 has been more successful in increasingly depriving Iran's nuclear programme of international support.

2.1. The sanctions track

Between mid-2006 and mid-2010 the E3/EU+3 has pushed through the Security Council six legally binding resolutions requiring that Iran halt all enrichment-related activities and intensify cooperation with the IAEA.¹² Four such resolutions – UNSCRs 1737, 1747, 1803, and 1929 – were adopted under Chapter VII of the UN Charter and included punitive measures. Due to deep reservations by Russia and China, which have never been eager to punish a country with which they have political ties and a flourishing trade relationship, the UNSC-endorsed sanctions regime could hardly be described as draconian. Apart from banning trade in nuclear- and missile-related products with Iran, it mostly targets individuals and companies linked to Iran's nuclear

⁸ IAEA director general's reports to the Board of Governors, GOV/2010/28, May 31, 2010, and GOV/2010/46, September 6, 2010.

⁹ IAEA director general's report to the Board of Governors, GOV/2010/10, February 18, 2010.

¹⁰ According to investigative journalist Gareth Porter, several IAEA officials maintain that the set of documents providing evidence for Iran's military-related nuclear work might in fact be the result of forgeries. Their opinion however is not reflected in the IAEA report, which accords the documents a fair share of credibility, thus shifting the burden of proving their non-authenticity onto Iran (Gareth Porter, *IAEA to keep heat on Iran*, «Asia Times», July 7, 2010, http://www.atimes.com/atimes/Middle_East/LG07Ak01.html). A much quoted article by former Washington Post reporter Dafna Linzer provided for a while one of the most detailed, open sources-based account of Iran's presumed military nuclear activities (Dafna Linzer, *Strong Leads and Dead Ends in Nuclear Case against Iran*, «The Washington Post», February 8, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/02/07/AR2006020702126.html>).

¹¹ The IAEA Board of Governors declared Iran in non-compliance with its transparency obligations to the agency in September 2005, thus paving the way for the involvement of the Security Council (IAEA Board of Governors resolution GOV/2005/77, September 24, 2005). However, it was only after Iran had re-started enrichment activities and the E3/EU had enlarged to the US, Russia, and China, that the board actually referred Iran to the Security Council (IAEA Board of Governors resolution GOV/2006/14, February 4, 2006).

¹² UN Security Council resolutions 1696 (July 31, 2006), 1737 (December 23, 2006), 1747 (March 24, 2007), 1803 (March 3, 2008), 1835 (September 27, 2008), and 1929 (June 9, 2010).

and ballistic programmes with an assets freeze and a visa denial. Only the latest of the resolutions, UNSCR 1929, has introduced more incisive novelties, such as an outright prohibition on Iranian development of ballistic capabilities (which it seems to have been acquiring at good pace), an embargo on certain heavy weapons, a framework for intercepting and inspecting cargoes suspected of transporting forbidden goods to Iran, and restrictions on Iran's access to financial and banking services that may finance its nuclear or ballistic programmes.

Feeling that the UN sanctions were not sharp enough, both the EU and the US have followed up with additional measures.¹³ For a while the European Union took limited steps beyond those strictly mandated by the Security Council (adding a few names to the lists of individuals and firms subject to sanctions), and only recently has it agreed upon a wider array of measures, which comprise a ban on new investments in Iran's energy sector and measures to curtail trade, financial services, banking relations, and transport between the EU and Iran, as well as a considerable extension of the black lists of entities and individuals subject to an assets freeze and a visa denial.¹⁴ The United States has gone further, turning the screw on foreign companies that do business in Iran's energy sector, provide it with refined oil products, insure shipments of such products to Iran, or have links with Iranian banks, as well as with entities linked to the Islamic Republic of Iran Shipping Lines (IRISL) and to the Iranian Revolutionary Guard Corps (IRGC, the powerful paramilitary organisation which holds large stakes in Iran's economy).¹⁵

Anticipating the new wave of US and EU sanctions, Iran has been taking counter-measures, such as luring non-western companies into energy deals or reducing the amount of fuel it buys from abroad every year.¹⁶ Asian firms, most notably Chinese ones, are reported to be filling the vacuum left by European companies fleeing the country because of the sanctions or for fear that their US-based interests might be affected.¹⁷

That said, the string of companies – most of them multinationals active in the energy, shipping, banking and finance, insurance, and engineering sectors – that one after the other have announced they would reduce or cut ties with Iran, including through their subsidiaries, is impressive. A partial list, collected on the basis of different sources, would include energy companies the size of the Anglo-Dutch Royal Dutch Shell, Italy's Eni, Brazil's Petrobras, Spain's Repsol, Norway's StatoilHydro, Malaysia's Petronas,

¹³ An up-to-date and detailed account of UN, EU, and US sanctions against Iran is available on the Iran Watch website (<http://www.iranwatch.org/>).

¹⁴ EU Council Decision 2010/413/CFSP, July 27, 2010.

¹⁵ Sanctions against foreign companies with businesses in Iran's energy and refinery sectors make up the bulk of the *Comprehensive Iran Sanctions, Accountability, and Divestment Act* that the US Congress passed on June 28, 2010 (full text and summary available at <http://www.govtrack.us/congress/bill.xpd?bill=s111-2799>). The legal basis for actions against companies with links to the IRGC are Presidential Executive Orders 13224 (September 23, 2001) and 13382 (June 28, 2005). The Treasury Department maintains and periodically updates black lists of persons and companies.

¹⁶ *Iran is ready for planned U.S. sanctions targeting fuel imports, analysts say*, «The Washington Post», June 24, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/06/23/AR2010062303770.html>.

¹⁷ *A pariah under pressure*, «Financial Times», July 31, 2010, p. 9.

Russia's Lukoil, France's Total; the three shipping giants from Switzerland: Glencore, Trafigura, and Vitol, as well as India's Reliance; some of the world's largest insurers and re-insurers (Lloyd's of London, Germany's Allianz and Munich Re), banks (Lloyds TSB, BNP Paribas, Barclays, Credit Suisse), and consulting firms (KPMG, Ernst&Young). Even South Korea's Kia Motors, whose affordable 'Proxy' model makes up 30-40% of the vehicles on the road in Iran, has announced its intention to stop exports to Iran.¹⁸

Even assuming that Iran is actually able to find adequate replacement, the process is unlikely to be quick and smooth. When it comes to such a capital-intensive industry as energy, in particular, western companies still retain a strategic advantage in terms of technological expertise and know-how, and it will take time for Chinese or other firms to offer the same level of standards. More worryingly for Iran, banks around the world have stopped issuing letters of credit, an essential instrument in transacting oil sales, with Iranian financial institutions. Combined with the refusal of shipping companies to send tankers to Iranian ports, this has caused a drop in Iran's oil exports.¹⁹

2.2. The diplomacy track

Inasmuch as sanctions raise the price of defiance, they could force Iran into a re-calculation of the costs and benefits of its nuclear policy and bring it back to the negotiating table. At least this is the hope of the E3/EU+3, whose official policy line is that of making a compromise on the nuclear issue a more attractive option to Iran than intransigence. Accordingly, the six powers and the EU have taken care to emphasise their readiness to re-engage with Iran in comprehensive negotiations that could solve the issue in a mutually acceptable manner. And even though things have actually gone from bad to worse since early 2006, it would be inaccurate to describe what has since unfolded as an uninterrupted sequence of events leading inexorably to confrontation. In fact, between 2006 and 2008, and even more so after the change of presidency in the United States at the beginning of 2009, there have been a number of occasions in which the quarrelling parties seemed to be close to agreeing on a framework for substantial talks.²⁰

In June 2006, the E3/EU+3 presented the Iranians with a package of incentives.²¹ The package included some new important elements such as the offer of assistance in the construction of a state-of-the-art light water reactor (LWR), the more proliferation-resistant typology of nuclear reactor. More important, however, was the stated intention of the United States to take part in direct talks with the Iranians after twenty-five years of bad blood, on the condition however that Iran halt all uranium enrichment-related work. In September 2006, press reports circulated about EU High Representative

¹⁸ *S Korea ban ends Tehran's Kia imports*, «Financial Times», September 14, 2010, p. 4.

¹⁹ *Sanctions choke Iran oil exports*, «Financial Times», September 14, 2010, p. 4.

²⁰ A brief *History of official proposals on the Iranian nuclear issue* is posted on the website of the Arms Control Association, the US-based non-governmental organisation (http://www.armscontrol.org/factsheets/Iran_Nuclear_Proposals). Apparently the page was last updated in spring 2009.

²¹ The Arms Control Association has disseminated a text of the E3/EU+3 June 2006 offer seemingly prepared by France's foreign ministry (see *Elements of a revised proposal to Iran made by the E3+3*, http://www.armscontrol.org/pdf/20060606_Iran_P5+1_Proposal.pdf).

Solana and Iran's at the time nuclear negotiator Ali Larijani being inches away from agreeing upon a formula to re-start negotiations.²² This was ultimately impossible to achieve, given Iran's steadfast refusal to suspend enrichment again. A second chance occurred in spring 2007, after the Security Council had already imposed two rounds of sanctions on Iran, when Solana floated the idea of a 'double suspension', according to which Iran would freeze sensitive activities and the E3/EU+3 would stop implementation of sanctions pending negotiations on a long-term agreement.²³ The idea was further elaborated in the summer 2008, when the Iranians hinted that they could enter talks with the E3/EU+3 on a 'freeze-for-freeze' basis for a period of six weeks. Along with a renewed offer of incentives that Solana had submitted to the Iranians on behalf of the E3/EU+3 in June 2008²⁴, the freeze-for-freeze option was to be one of the items under discussion at an E3/EU+3-Iran rendezvous in Geneva in late July. In the end, however, nothing came from the meeting.

Prospects for a diplomatic arrangement arose again in late 2008, when Barack Obama was elected US president. Obama had campaigned on the promise to reverse the Bush Administration's policy to remain at arms' length from Iran in the nuclear talks and to engage the Iranians directly and without pre-conditions. In the first months of 2009, top officials from the White House and the State Department indicated that the US was willing to explore the conditions for starting a constructive dialogue with Iran on all issues on which the two were at odds. Obama himself delivered a televised address to the "Iranian people and leadership"²⁵, and White House officials did not deny press reports that the president had twice written to Iran's supreme leader Khamenei, although there remained uncertainty as to the letters' exact content.²⁶

The social unrest in Iran that followed Ahmadinejad's contested re-election as Iranian president in June 2009 did not alter the US administration's calculation. The White House condemned the crackdown on anti-government demonstrators and called for imprisoned protesters to be freed. It refrained, however, from openly calling into question the legitimacy of the polls result²⁷. US officials limited themselves to calling on Iran to activate the institutional mechanisms responsible for verifying the regularity of the election procedures.

²² *Europe set for nuclear talks deal with Iran*, «Financial Times», September 23, 2006, p. 1.

²³ Kaveh L. Afrasiabi, *Diplomatic dances over Iran*, «Asia Times», April 25, 2007, http://www.atimes.com/atimes/Middle_East/ID25Ak03.html.

²⁴ *Proposal to Iran by China, France, Germany, the Russian Federation, the United Kingdom, the United States of America, and the European Union presented to the Iranian authorities on 14 June 2008 in Tehran* (available at: <http://www.bits.de/public/documents/iran/EU-proposal-iran140608.pdf>). The proposal, written in both English and Farsi, was preceded by a letter to Iran's foreign minister Manucher Mottaki signed by his E3+3 counterparts and HR Solana (available at: <http://www.bits.de/public/documents/iran/P5+1letter120608-iran.pdf>).

²⁵ Obama delivered his TV address on Nowruz, the Persian New Year's Day (March 19, 2009). The video is available on the White House's website at <http://www.whitehouse.gov/video/The-Presidents-Message-to-the-Iranian-People>. In a less publicised way, the message was conveyed again in 2010.

²⁶ *Obama sent second letter to Khamenei*, «The Washington Times», September 3, 2009, <http://www.washingtontimes.com/news/2009/sep/03/obama-sent-second-letter-to-irans-khamenei/?page=1>.

²⁷ See the *President's opening remarks on Iran, with Persian translation* on the White House Blog, June 23, 2009, <http://www.whitehouse.gov/blog/2009/06/23/presidents-opening-remarks-iran-with-persian-translation>.

One reason for the Obama Administration's restraint was that it had spotted a chance to re-engage the Iranians. In June 2009, Iran submitted to the IAEA a request for assistance to replace the nuclear fuel rods for a research reactor in Tehran that produces medical isotopes. The US convinced France and Russia that Iran could be lured into talks by way of a deal on the provision of the nuclear fuel. France had to be part of the deal because it is the only country (apart from Argentina, which refused to be involved) that produces the kind of nuclear fuel rods the Iranians needed. Russia's involvement was meant to increase the appeal of the arrangement for the Iranians, whose level of trust in Moscow was higher than what they were ready to accord any western power. The deal eventually materialised on October 1, when the Iranian negotiators met with an E3/EU+3 delegation in Geneva.

Iran agreed, in principle, to ship 75% of its low enriched uranium (LEU) to Russia, where it was to be enriched to the necessary 20%, and then sent to France, where it was to be converted into rods, suitable for reactors but not for weapons. This would have deprived Iran of enough nuclear material to potentially build a bomb for around a year, thus opening up a window of opportunity to launch broader negotiations on Iran's enrichment activity.²⁸ The latter remained the real bone of contention, despite the fact that the swap deal seemed to contain an implicit recognition that Iran's enrichment activities, within certain limits, could be tolerated.

In a couple of months' time, however, the Geneva arrangement floundered. Iran first tried to re-frame the terms of the swap, whose technical blueprint, worked out by IAEA officials in Vienna some three weeks after the Geneva meeting, had received the green light from all parties involved (the US, Russia, France, and Iran itself). It then presented, in the form of an ultimatum, its own proposal for the swap, which, however, was very short of confidence-building elements – in particular, it was devised so as to eliminate the timeframe during which Iran's LEU reserves would have been insufficient for a bomb.²⁹ The deal was de facto killed in February 2010 when Iran said it would enrich uranium to 20%, precisely the know-how the E3/EU+3 wanted to prevent the Iranians from acquiring.³⁰

Iran's about-face has been alternatively ascribed to Iran's domestic politics, as Ahmadinejad's opponents, shy of helping the president achieve what could look like a major achievement in the standoff with the west, successfully boycotted the deal³¹; scarce flexibility on the part of the Obama Administration, unable to back up the deal with adequate incentives so as to strengthen Ahmadinejad's hand vis-à-vis his internal

²⁸ See the *Introductory remarks by Javier Solana, EU High Representative for CFSP, at the press conference following his meeting with Saeed Jalili, Secretary of the Iranian Supreme National Security Council*, S220/09, October 1, 2009,

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/discours/110393.pdf.

²⁹ Iran's re-framed proposal for a swap deal, delivered on February 19, 2010, is included in IAEA Board of Governors communication GOV/INF/2010/5 (available at http://www.bits.de/public/documents/iran/GOV_INF_2010_5.pdf).

³⁰ For an analysis of the Geneva deal and the potential consequences of its floundering, see Mark Fitzpatrick, *Iran: The Fragile Promise of the Fuel-Swap Plan*, «Survival», vol. 52, no. 2, June-July 2010.

³¹ Volcker Perthes, *Ambition and Fear: Iran's Foreign Policy and Nuclear Programme*, cit.

opponents³²; or tactical manoeuvres meant to buy time for Iran's nuclear programme to continue unabated.³³

A review of the E3/EU+3 talks with Iran – or, better, *attempts* at talks, since they have never gone further than preliminary contacts – seems to tilt the balance towards this latter interpretation. As a matter of fact, since negotiations with the E3/EU ended in the summer of 2005 Iran has given no tangible signal that it is indeed ready to meet western powers halfway. If anything, it has taken steps that have increased their concerns – suffice it to mention the end of the voluntary implementation of the IAEA Additional Protocol or the failure to notify the agency of the Fordow enrichment facility. The uranium enrichment capabilities of Iran have kept on growing, as have international concerns about a possible escalation of the standoff with the Security Council.

While Iran has recurrently hinted at its interest in settling the dispute, its overtures have almost always come at critical junctures, when it has feared isolation.³⁴ The Iranian government agreed to the Geneva deal, for instance, also or perhaps precisely because it was desperate to ease the international pressure mounted in the previous months and weeks. The crackdown on anti-government demonstrators had stirred international public outrage; the disclosure of the Fordow facility had annoyed Russia – until then the most vocal opponent to sanctions within the E3/EU+3; and Obama's overture had created high expectations of an Iranian response. Having dodged the storm, the Iranians resorted to the usual tactics of delaying responses and re-framing the terms of agreed-upon deals, in the hope that again expressing generic, non-committal interest in solving the dispute could exacerbate the differences within the E3/EU+3.

This had worked quite well in the past, with China and above all Russia frustrating EU and US calls for quicker and more incisive action. But Iran apparently went too far by sinking the Geneva deal, at least for Russia. The Kremlin may have actually lost its patience with Iran's perpetual manoeuvring or it may have wanted to lend substance to the US-Russian détente sought by Obama (or both). Whatever the reason, it gradually shifted towards supporting new sanctions. China, to tell the truth, insisted for a while that new punitive measures would risk derailing the 'diplomacy train'. By mid-spring 2010, however, it seemed to be persuaded that the train had never set off.

Iran made a last attempt to avoid action by the Security Council when it skilfully lured Turkey and Brazil into a nuclear fuel swap deal designed along the pattern of the Geneva scheme. The new agreement was celebrated in Tehran in the presence of Ahmadinejad himself and Turkey and Brazil's leaders on May 17, while the NPT Review Conference was going on in New York and the E3/EU+3 were finalising the draft of the new resolution. A closer look at the details of the deal dissipated any concern, or hope, that it could stop the sanctions process.

³² Flynt and Hillary Leverett, *The United States, Iran, and the Middle East's New "Cold War"*, «The International Spectator», vol. 45, no. 1, March 2010.

³³ Mark Fitzpatrick, *Iran: The Fragile Promise of the Fuel-Swap Plan*, cit.

³⁴ To Iran's credit, however, it is worth recalling that the most extensive scrutiny of public statements by Iranian officials would find no reference whatsoever to the possibility of Iran giving up nuclear enrichment.

In the eyes' of the US and its European partners, the new agreement was flawed under several respects. A key point was that it bound Iran to sending abroad the same amount of LEU (around 1,200 kg) that had been agreed to in Geneva. In the meantime, however, Iran had increased its LEU stock, and therefore would still have retained enough material for a bomb. Much more importantly, the deal brokered by Turkey and Brazil left the issue of Iran's enrichment activities, including its plans to enrich to 20%, completely untouched. The trilateral agreement between Iran, Brazil, and Turkey focused exclusively on the fuel swap as if this was an end in itself, while the west had thought of it just as a means to increase reciprocal trust, thereby creating the conditions for a serious negotiation on the enrichment problem.³⁵ In sum, the Tehran deal was a weaker re-proposition of the Geneva arrangement, with the aggravating circumstance that the conditions that had made the latter attractive had been overtaken by the events.³⁶ The United States moved quickly to neutralise whatever benefit Iran could reap from the deal's announcement: the day after the ceremony in Tehran, Secretary of State Hillary Clinton communicated to Congress that the E3/EU+3 had reached an agreement on the new round of sanctions.³⁷

3. Why it is sensible to uphold the double track approach

As Iran continues to defy UN and IAEA requests for a suspension of uranium enrichment and more transparency, it is legitimate and indeed necessary to raise the question of whether the double track approach is appropriate. Both negotiation efforts and sanctions have so far failed to induce Iran to compromise. After the nuclear talks with the E3/EU ended in reciprocal acrimony in 2005, Iran's on and off expression of interest in dialogue seems to have bought time for it to develop its nuclear programme rather than laid down the foundations of a credible negotiation. As for sanctions, the historical record of the last four years shows that they have been unable to prevent Iran from achieving key nuclear know-how. And even if they did contribute to slowing it down (as one may argue with some reason), they have certainly not weakened Iran's sense of purpose in mastering the fuel cycle. On the contrary, the nuclear dispute has been skilfully turned into an issue of national pride in Iran, to which not only the composite conservative coalition now in power but also more reform-oriented representatives of the establishment and the majority of public opinion profess commitment.³⁸ So why should the US and its partners persevere with an approach that has thus far given no tangible result? To answer this question, it is necessary first to

³⁵ EU officials knowledgeable on the issue have confirmed that, in terms of addressing the EU and US's proliferation concerns, the Turkish-Brazilian-Iranian deal is of no use (interview of the author with an EU official in Brussels, June 2010).

³⁶ For a description of the deal, see Peter Crail, *Brazil, Turkey Broker Fuel Swap With Iran*, «Arms Control Today», vol. 40, no. 5, June 2010, pp. 25-27.

³⁷ For an instant assessment of the Turkish-Brazil-Iran deal, see Rouzbeh Parsi, *The trilateral Iranian nuclear agreement: shell games, international style*, ISS Analysis, May 2010, <http://www.iss.europa.eu/uploads/media/RP-IranTurkeyBrazilpdf.pdf> see also Daryl G. Kimball, *Dealing With Iran's Uranium*, «Arms Control Today», vol.50, no. 5, June 2010, p. 4.

³⁸ For an analysis of Iran's nuclear policy in the wider context of the country's regional predicament and domestic context, see Volker Perthes, "Of Trust and Security: The Challenge of Iran", in Volker Perthes, Ray Takeyh, Hitoshi Tanaka, *Engaging Iran and building peace in the Persian Gulf region*, A report to the trilateral commission: 62, 2008 (see also his briefer, but more up-to-date *Ambition and Fear: Iran's Foreign Policy and Nuclear Programme*, «Survival», vol. 52, no. 2, June-July 2010).

investigate whether Iran's nuclear policy is fixed on a pre-determined path or whether it can still be influenced from abroad, and whether the combination of sanctions and diplomacy can in fact result in more influence than other options. In this latter case, perseverance would emerge as the wisest strategic choice.

3.1. Iran is unlikely to have taken a final decision on weapon capability

While there is little doubt that Iran has gone the extra mile to divert international checks on its nuclear programme, uncertainty is still the rule as to its ultimate objective. Not even all Israeli experts agree that Iran is determined to leave the NPT, test a nuclear device, and declare itself a nuclear state. This would amount to a 180-degree reversal of the official policy line that Iran has followed thus far, which has consisted in feeding both domestic and international support for its nuclear programme by dismissing charges of military ambitions as politically motivated and portraying IAEA and UNSC censures as a western plot. If Iran were to go openly nuclear, it would have a hard time indeed in persuading its mostly opportunistic partners to resist American and European demands to isolate it. In theory, Iran could go nuclear without telling anyone. In practice, however, keeping the construction of a nuclear arsenal secret is an increasingly difficult, costly, and risky option: Iran is under almost unprecedented scrutiny from the IAEA and western powers, as attested to by its inability to shelter even a small facility like the Fordow enrichment centre from the eyes of western intelligence services.

It is worth recalling that no solid proof of a military diversion of Iran's nuclear programme has yet emerged, and allegations that Iran has engaged in some military-related work rely on circumstantial evidence. Spy agencies are split on this latter point. In 2007 the US assessed that Iran had stopped developing aspects of a nuclear weapons programme in late 2003, but neither European nor Israeli information services share this conclusion.³⁹ Even if the US intelligence community were to reverse or (as it seems more likely) qualify its 2007 conclusions, this would only marginally change the picture. The point is not whether Iran has conducted single sensitive activities (which it has), but whether its leadership has already taken the decision to exercise the military option. As of September 2010, the most likely conclusion in this regard is that it has not. Intelligence services do not seem to have penetrated Iran's nuclear curtain to the extent that they can retain otherwise.⁴⁰

Iran's behaviour has so far seemed to fit the strategy of leaving the door open for a military option – or maintaining ambiguity on the issue. As a matter of fact, while resisting what it considers excessive intrusions into its nuclear programme, Iran has avoided severing ties with the IAEA (although it has sometimes made some veiled threats that it could go as far as to do so). At least until the latest wave of sanctions, defiance of western pressure, as well as of IAEA and UNSC resolutions, seems to have paid off for the Iranian leadership. Domestically, it has given the clerical regime a

³⁹ The US assessment is included in the National Intelligence Estimate 2007, which collects analyses from all 16 US intelligence agencies (see National Intelligence Council, *Iran: Nuclear Intentions and Capabilities*, November 2007, available at: http://www.dni.gov/press_releases/20071203_release.pdf).

⁴⁰ According to an EU official knowledgeable about the issue, "no-one outside Iran has all the pieces of the puzzle" (interview by the author, Brussels, June 2010).

narrative around which popular support could coalesce. Internationally, it has forced a re-appraisal of Iran's role in the strategic calculus of a number of countries, most notably the United States – it is worth recalling that even the Bush Administration, probably the most hostile US administration to the Islamic Republic since 1979, eventually came to terms with the political necessity of engaging it. Thanks also to the nuclear dispute, Iran is today in a stronger position to extract concessions from the 'Great Satan' than it has ever been.

From this point of view, the nuclear programme should be regarded more as a means to get US acceptance of the clerical regime, as well as recognition of Iran's regional role and interests, than an end in itself. If this is the case, there could still be room for settling the nuclear dispute, as Iran may eventually decide that compromise rather than continued defiance can ultimately deliver its strategic objective of climbing the region's hierarchy to the highest point possible.

3.2. Iranian leadership's opportunism can be turned into an opportunity

Looking at Iran's behaviour since the nuclear crisis arose, political opportunism stands out as the most salient element of continuity.⁴¹ But if opportunism is the main driver of Iran's nuclear policy, the above-mentioned conclusions that Iran sank the Geneva deal because of the fractiousness of its leadership and excessive timidity on the part of the Obama administration deserve renewed scrutiny.

Within a month from the vote on the new Security Council resolution, Iran confirmed its interest in implementing the deal brokered by Turkey and Brazil, backtracking from initial threats that the new sanctions would have killed it. It also said that it was ready to re-start talks with the E3/EU+3, as required by UNSC 1929. Furthermore, it crucially indicated that, in the framework of a fuel swap, it would be ready to stop enriching uranium to 20%.⁴²

Given Iran's record, suspicions that this could be the umpteenth enactment of the usual ploy of making overtures just to stir things up and buy time are legitimate. But if the direction of Iran's nuclear policy does depend a great deal on its domestic political context, as it is often the case where power is shared among a plurality of centres, this latest opening would indicate that a faction inside Iran still considers a compromise a possible outcome. From this standpoint, the message underlying the new overture is a request for the time needed to build the domestic political case for an agreement. Those potentially in favour of a deal could point to Iran's greater isolation as evidence that back-peddalling on the Geneva deal has not paid off. To support their case, however, they will need to outline a brighter prospect in which Iran is more secure and more influential if it settles the nuclear dispute than if it does not. In this respect, the action of external players is almost as critical to the orientation of Iran's nuclear policy as its domestic politics.

⁴¹ The point is stressed by Shahram Chubin, *Iran's Nuclear Ambitions*, Carnegie Endowment for International Peace, 2006: Washington, DC.

⁴² *Iran offers terms to halt 20 percent uranium enrichment*, «Haaretz», July 28, 2010, <http://www.haaretz.com/news/international/iran-offers-terms-to-halt-20-percent-uranium-enrichment-1.304616>.

3.3. Sanctions only work if part of a broader policy

After the collapse of the Geneva deal, the US has concentrated on forging sufficient consensus both within the Security Council and among its partners in Europe, Asia and the Gulf for a new, tougher round of sanctions against Iran. This has created the impression that sanctions exhaust the US Iran policy. In fact, president Obama has often insisted that sanctions are just a means to complement the main track of the double track approach, which is diplomacy.⁴³ Their intent is to raise the costs of defiance, thereby facilitating a decision by Iran to return to the negotiating table. But sanctions are also an instrument to prepare the context of the negotiation they are meant to support, in that they draw a line between what is considered tolerable and what intolerable.

To further develop this line of reasoning, it is key to identify the threshold below which a compromise is unattractive to the Iranians and beyond which the United States could lose interest. This threshold is the level of progress of Iran's nuclear programme, along with the inspection and verification mechanisms that would necessarily be part of a settlement.

Even those who think that the Iranians could be willing to compromise admit that they are determined to acquire *virtual* military nuclear capabilities anyway.⁴⁴ However, defining 'virtual' capabilities is an exercise subject to a degree of arbitrariness. According to a maximalist interpretation, Iran would need to develop a 'breakout' capacity. To this end, not only would it have to acquire the technological know-how to master the nuclear fuel cycle, it would also have to physically possess a sufficient amount of highly enriched uranium or plutonium to build a small arsenal in a few months' time (alternatively, it would need to be able to produce the needed HEU or plutonium at short notice). In addition, it would still have to develop the technical expertise to 'weaponise', that is, to miniaturise a nuclear warhead so that it may fit atop a ballistic missile. In this case, the only constraint on Iran going nuclear would be its decision not to do so. Apparently, this is a scenario that the United States (not to mention Israel) is not ready to tolerate.⁴⁵

There is widespread concern that the Iranians could opt for a calculated risk in which they would attempt to force the US and its partners to accept a virtual nuclear Iran, counting on the fact that the United States, by its own admission, seems to be lacking a strategy to deal with such an outcome.⁴⁶ This would amount to a hazardous act of brinkmanship. That the US has yet to outline an adequate response does not mean it has no options, including the use of force.

⁴³ Obama explicitly emphasised this point during a press conference in early August 2010 (*Iran strategy showing results*, «National Security Network», August 5, 2010, <http://www.nsnetwork.org/node/1688>).

⁴⁴ This is the opinion, among others, of Flynt and Hillary Leverett, two American Iran experts that have worked for both the Clinton and Bush Jr. Administrations and that currently run a website entirely dedicated to Iran and the US-Iran relationship, *The Race for Iran* (<http://www.raceforiran.com/>).

⁴⁵ An unidentified senior US official has made it clear that the US is determined to prevent Iran from acquiring the "ability to have a breakout" (*Gates Says U.S. Lacks a Policy to Thwart Iran*, «The New York Times», April 17, 2010, <http://www.nytimes.com/2010/04/18/world/middleeast/18iran.html>).

⁴⁶ *Ibidem*.

In this regard, the fact that the US and the EU, as well as other partners of the US in Asia and the Gulf region, have considerably raised the stakes today could not be as unwise as opponents to the sanctions track maintain. That sanctions have not stopped Iran from enriching uranium does not mean they have done no harm. A testimony of this is that Iran has made a strenuous effort to avoid them, notably by trying to drive a wedge between western powers and their partners in the Security Council and elsewhere. In addition, this new round of sanctions is of a different scale and magnitude compared with past measures. Drying up the sources that finance the development of Iran's hydrocarbon sector is likely to impact negatively on a state that collects not less than 50% of its revenues from energy exports.⁴⁷ Equally critical is the potential impact of restrictions on Iran's imports of refined oil products, since decades of scarce investments in the refinery industry have turned Iran into a net importer of such goods as gasoline or diesel fuel.⁴⁸ Recently Iran has announced that it has stopped buying petrol, while expanding its gasoline production capacity. However, this has been achieved through ad hoc, emergency measures, such as increasing winter reserves or the blending into existing petrol stocks of ethers and benzene, which are not sustainable over time (Iran has also put an end to its generous subsidy regime, a move which can make macroeconomic sense if sensibly managed, but which is also being heavily felt by the population). Iran's petrol supply deficiency problem has not been solved.⁴⁹

Dismissing sanctions as ineffectual is therefore premature. In fact, they serve the important purpose of making defiance increasingly hard to endure in a situation in which Iran has still some way to go before having a nuclear breakout capability in sight, thereby reducing the appeal of advancing the nuclear programme until that threshold. On the ballistic front, for all the uncertainties surrounding Iran's progress in developing different types of ballistic missiles, Iran's missile capability is more a future than a present risk (although a very real one, given Iran's robust efforts to improve its ballistic assets).⁵⁰ On the weaponisation front, the circumstantial evidence collected so far by western intelligence agencies and the IAEA points to preliminary studies or project blueprints rather than proved technological acquisitions. Finally and more critically, Iran's nuclear programme, at least what is known of it, is still years away from providing the industrial basis needed for a virtual nuclear arsenal, which must be in the range of a dozen warheads (at least) in order to have a minimum capacity as a deterrent. On top of this, Iran's enrichment programme, hardly a model of sophistication, has apparently slowed down in the last year due to successful sabotage operations by western and Israeli intelligence.⁵¹ Assuming that Stuxnet, the computer virus that has

⁴⁷ According to British Foreign and Commonwealth Office data (<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/middle-east-north-africa/iran?profile=all>); other sources put the figure even higher, at 60% (see for instance *Iran oil exports top 844 mn barrels*, «Press TV», June 16, 2010, <http://www.presstv.com/detail.aspx?id=130736§ionid=351020102>).

⁴⁸ According to Reza Taghizadeh, an analyst on Iranian political affairs, in 2009 Iran spent around 11 billion dollars on fuel imports (see Reza Taghizadeh, *Sanctions and Iran's Achilles' heel*, «Radio Free Europe/Radio Liberty», June 10, 2010, <http://www.payvand.com/news/10/jun/1083.html>).

⁴⁹ *Middle East Economic Survey*, vol. LIII, no. 39, 27 September 2010, p. 16.

⁵⁰ International Institute for Strategic Studies, *Iran's ballistic missile capabilities. A net assessment*, IISS Strategic Dossier, 2010; see also Steven A. Hildreth, *Iran's Ballistic Missile Programs: An Overview*, CRS Report for Congress, February 4, 2009, <http://ftp.fas.org/spp/crs/nuke/RS22758.pdf>.

⁵¹ According to the Financial Times, companies providing technologies and materials for Iran's gas centrifuges – the rotating machines needed to enrich uranium – have been persuaded by US and Israeli

allegedly infected a number of computers at Iran's Bushehr nuclear power plant, is a warning signal sent to Iran by foreign powers (America and Israel are the main suspects as the original sponsors of the attack), cyber-weapons should also be factored in. While their impact is difficult to measure, they have a strong dissuasion potential both because they rise the costs of protection and safety of key facilities and expose Iran's vulnerability.⁵²

Against this backdrop, the Iranian leadership may calculate that the costs it would incur before actually acquiring a breakout capability are too high, and that the certain advantages deriving from a compromise are more attractive than the uncertain benefits of dragging on the dispute until it escalates into an open confrontation.

3.4. *It is imperative to bolster the diplomatic track*

Sanctions are a useful bargaining chip – actually, their usefulness is limited to this complementary function – but punitive measures alone cannot force a willingness to compromise upon Iran. Rather, incentives should also be offered in return. The E3/EU+3 have long acknowledged this and have twice presented the Iranians with a package of incentives, but in vain. Clearly, the offer on the table was not attractive enough for the Iranians. The E3/EU+3 could probably work more on improving their offer, for instance by specifying more clearly when the incentive would materialise. However, as long as the Iranians do not substantiate their expressed readiness to enter talks with tangible confidence-building measures, offering bigger rewards makes little sense. It would be a sign of weakness and dent the credibility of the E3/EU+3. And in the current predicament characterised by reciprocal mistrust, the credibility of the message is perhaps more important than the specific content of the message.

So how can the diplomatic track be supported? The key element to increase its sustainability is the rebuild reciprocal confidence. The experience of the E3/EU failed negotiations with Iran, on the condition they were not an Iranian hoax⁵³, have shown that there is little interest in Iran for any arrangement which does not include concessions by the US. So, of all actors involved, it is the United States the one whose decisions are most capable of tilting the balance one way or the other.

It is difficult to anticipate the details of a potential US-Iran rapprochement, not least because the Obama administration's room of manoeuvre is constrained by a number of domestic constituents profoundly mistrustful of Iran and contemptuous of the clerical regime. So deeply rooted is mutual distrust in the US and Iran, and so distant are their views of their respective roles in the Gulf region, that seeking a 'grand bargain' capable of solving all controversial issues at once would be to no avail. A rapprochement can only take place as an incremental process leading to an acceptable *modus vivendi*. This would be based on the pragmatic recognition that a mixture of dialogue and

intelligence services to deliver faulty components (*Sign of Iran nuclear sabotage*, «Financial Times», July 23, 2010, p. 2).

⁵² On Iran's supposedly extreme vulnerability to cyberattacks, see Spengler (pseudonym of David P. Goldman), *What really bugs Iran*, «Asia Times», October 23, 2010, http://www.atimes.com/atimes/Middle_East/LJ13Ak01.html.

⁵³ Even disillusioned officials from the E3 are shy to describe the E3/EU-Iran talks as a hoax (interview with a former foreign minister from one of the E3 countries, March 2009).

competition – not dissimilar in essence from those between the US and Russia or the US and China – would serve their respective national interests far more than open confrontation.

To sound more credible when he says he is concerned with the Iranian regime's behaviour and not the regime itself, Obama will need to detail a roadmap leading to an acceptable, insofar as under strict IAEA supervision, industrial-scale enrichment capacity in Iran. Moreover, while the US and its partners should ask for concrete confidence-building steps by Iran, starting with freezing plans to enrich to 20% U₂₃₅, they should also come to terms with the fact that demanding a full suspension or even reversal of Iran's nuclear programme is a non-starter. If Iran agrees to more intrusive IAEA inspections and if it also agrees to develop its nuclear programme according to a roadmap detailed in cooperation with the E3/EU+3, the US should be ready to consider suspension of sanctions even if Iran does not halt enrichment altogether (as required by UNSC resolutions).⁵⁴

3.5. *Measuring the double track approach against other options*

The appeal of the double track approach also derives from the weakness of the other options on the table. As said above, dropping the sanctions track and rely only on incentives would be an injudicious move. The authority of the UN would be undermined, as Iran would be rewarded for having defied successive Security Council resolutions. The credibility of the E3/EU+3 would also suffer a severe blow, as Iran's brinkmanship would be seen as having paid off. This would pose a dangerous precedent since countries around the world could calculate that raising proliferation concerns is enough to win US concessions.

On the other hand, giving up on diplomacy while relying only on sanctions could prove even more unwise. The risk inherent to the use of sanctions is that, if the target of sanctions resists pressure, the entity imposing the punitive measures ends up 'sanctioning itself out'.⁵⁵ In other words, if sanctions become a surrogate of policy and if this surrogate proves ineffective, they are counterproductive in that they create reciprocal animosity while narrowing the room for dialogue. In fact, in this case they actually increase the appeal of the use of force as the only practical option left.

A number of experts maintain that, if Iran is not stopped by either diplomacy nor sanctions, the US administration will be under hard pressure from Israel to opt for a preventive military strike against Iran's nuclear facilities. But the problem – or better, one of the problems – with the military option is that it would have to be exercised in a situation in which doubts over Iran's ultimate objective are not fully dissipated. The Israelis and, as seen above, also the Americans do not seem to be ready to tolerate even an Iranian breakout capacity, which by definition is only a possibility, not a

⁵⁴ A number of experts have long identified this option as the only mutually acceptable option to solve the dispute. See, among others, the report by the International Crisis Group, *Iran: is there a way out of the nuclear impasse?*, Middle East Report N°51, February 23, 2006, <http://www.crisisgroup.org/en/regions/middle-east-north-africa/iran-gulf/iran/051-iran-is-there-a-way-out-of-the-nuclear-impasse.aspx>.

⁵⁵ Walter Posch, among others, has warned against this risk (*The European Union and Iran: what next?*, «The International Spectator», vol. 42 n. 4, December 2007).

certainty. Furthermore, the legal case for a strike is, to say the least, tenuous: while Iran has been formally reprimanded for scarce transparency, it has no legal impediment to acquire a breakout capacity. Therefore, if the US were to decide for a strike, not only would it need to hit all the right targets, it would also need to prepare for a tough public diplomacy campaign aimed at making Iran's reckless regime the sole party responsible. On both fronts, and especially on the second, victory would be far from assured.

It is not unreasonable to anticipate that an attack would result in the reassembling of Iran's composite conservative coalition. A further, not necessarily alternative, option would be the militarisation of the regime, with the Revolutionary Guards gaining the whip hand over the clergy (a process which some analysts see as already underway)⁵⁶. One way or the other, the fractiousness of the Iranian leadership would be reduced, but not necessarily according to the attackers' wishes. The surge in national pride that would follow the attack would almost certainly benefit the regime, which would gain a freer hand in silencing dissenting voices and therefore in imposing its narrative on the public opinion. The regime could seize on national outrage to justify a reversal of its official policy and advocate the need for a nuclear deterrent.

Supporters of the military option point out that a strike would still impart such a hard lesson on Iran that it would be deterred from re-activating its nuclear activities. This, however, is pure speculation, since the opposite argument – that the Iranian leadership could instead put aside any hesitation and embark in a crash course in developing nuclear arms – is as persuasive. By all accounts, a military strike is not credited with the chance of destroying Iran's nuclear programme. Due to the fact that the nuclear facilities are spread throughout a country the size of France and Germany combined, often built underground or close to crowded cities, the debate is not about whether the nuclear programme can be destroyed, but whether it can be slowed down.

The potential benefits of a military strike should therefore be thoroughly measured against its political costs, as the net result is more likely to be negative than positive. While a US or Israeli attack would not make the international community less concerned about an Iranian H bomb, it would diminish the extent and intensity of international ostracism. In the Islamic world, where the United States sometimes struggles to get a double-digit approval rating, Iran's justifications for defending itself would resound much more loudly than the US or Israel's reasons for attacking it. Even a potential withdrawal from the NPT by Iran would be met with only a half-hearted censure. Russia and China, which are adamantly opposed to further military intervention in the Gulf, would stop or greatly dilute any action by the Security Council. The E3/EU+3 would be unlikely to stand up to the strain, and the EU itself would again be faced with the spectre of division. In sum, the framework for sustainable negotiation would collapse.

⁵⁶ US Secretary of State Clinton shares this opinion (*Clinton: military supplanting government in Iran*, «The Washington Times», February 16, 2010, <http://www.washingtontimes.com/news/2010/feb/16/clinton-iranian-military-supplanting-government/>). See also Ali Alfoneh, *The militarisation of Iran's politics*, «Islamic Affairs Analyst», August 2008.

Conclusion

As Iran continues to defy UN requests to halt sensitive nuclear activities and intensify cooperation with the IAEA, the combination of sanctions and diplomacy attempted by the US and its partners within the E3/EU+3 to curb Iran's nuclear programme has come in for growing criticism. The double track approach has been alternatively questioned for being excessively demanding, overly reliant on sanctions and too timid on the incentives track. While the approach is certainly perfectible, however, the overall concept is still valid, and the E3/EU+3 would be better off by persevering with it rather than abandoning it.

The double track approach relies on the basic assumption that Iran's nuclear policy has not yet been fully plotted out by Iranian authorities. This assumption stands to both scrutiny of the empirical evidence available and a plausible analysis of Iran's nuclear policy calculus. On this premise, the upholding of the double track approach seems a more practical option to get out of the nuclear impasse than the other alternatives that are usually suggested.

In the current predicament, wherein Iran is ignoring six UNSC resolutions and regular requests by the IAEA for greater transparency, dropping the sanctions track while withholding the diplomacy track would make a mockery of international institutions, undermine the credibility of the E3/EU+3, and harm America's prestige. On the other hand, giving up on diplomacy while relying exclusively on sanctions would be worse still, since when sanctions replace policy (instead of complementing it) they tend to create a vicious circle in which one party adds sanctions onto sanctions and the other party makes its best to resist pressure. The inherent risk here is that the use of force would be increasingly seen as the only way to break the stalemate. But an attack against Iran's nuclear facilities is at serious risk of backlash. If the US, upon Israel's urging, were to opt for a preventive strike in the absence of a clear violation by Iran of its NPT obligations, international consensus on curbing Iran's nuclear plans would evaporate, Iran would gain the moral high ground even for leaving a discredited NPT, and the E3/EU+3 would split.

Sanctions may bite Iran, but they are unlikely to force a change of behaviour upon the clerical regime. Nonetheless, they can impact on the Iranian leadership's nuclear calculus insofar as they are accompanied by a credible offer of incentives and, above all, the willingness by the US to outline, together with Iran, a roadmap towards an Iranian industrial-scale enrichment capacity. By agreeing to an Iranian enrichment capacity, to be developed in phases and under strict IAEA supervision, the Obama administration would lend substance to its apparent strategic re-appraisal of Iran as an actor worth cooperating with. Roadmap to enrichment, incentives and continued pressure, including through sanctions, are mutually reinforcing components of a comprehensive strategy to address the dispute over Iran's nuclear programme.

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