The West and the Middle East After the Iran Nuclear Deal

by Riccardo Alcaro

ABSTRACT
The Iran nuclear deal will not turn the Islamic Republic into a partner of the West anytime soon. The United States and its allies should therefore be prepared to contrast Iranian activities that foment sectarianism in Syria, Iraq or elsewhere. Their ultimate goal, however, should not be containment, which is no longer a viable option in a regional context characterized by extreme violence, ethnic and sectarian fragmentation, and the proliferation of jihadist groups. Instead, they should calibrate pressure on Iran with an attempt to engage it, along with the Sunni Arab states, in a dialogue ultimately aimed at setting up an inclusive security governance structure in the Gulf. The nuclear deal has shown that compromise with Iran is possible. However implausible it might look today, a regional governance architecture is also a pre-condition to restore long-term stability in the Middle East and the Gulf.
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Introduction

The successful conclusion of the 18-month long nuclear talks between Iran and the P5+1 (China, France, Russia, the United Kingdom and the United States plus Germany and the European Union) has stirred a lively debate on what comes next for the United States and its European allies in the P5+1 group. On the one hand, there are expectations that the agreement reached in Vienna could pave the way for further cooperation with Iran on issues of mutual concern, such as the fight against the Islamic State (IS), keeping Iraq united and securing Afghanistan’s transition. On the other hand, there are concerns that the deal, by taking the pressure off Iran and actually rewarding it with sanctions relief, will embolden hard-liners in Tehran to pursue more aggressive policies. So, what should the United States and its allies make of the nuclear deal: treat it as an isolated arms control arrangement with an enemy or as a vehicle for attempting further cooperation?

To answer this question, it is necessary to take a step back from the agreement and look at the bigger picture. For years, the nuclear issue has been so dominant in the debate about Iran in the US and Europe that the temptation to see the Vienna agreement as a harbinger of major geopolitical changes is understandable. It is nonetheless incorrect to see it that way. The dynamics underlying the multiple conflicts in the Middle East and the Gulf region – the Sunni-Shia schism, the intra-Sunni battle for ideological purity (and political primacy), ethnic tensions, the contest between secular and Islamist forces, all intersecting with interstate rivalries – are independent from the nuclear issue. As a majority Shia Persian country that has found its own formula of political Islam and is equally opposed by Sunni jihadist groups and Sunni Arab states, Iran is involved in all these conflicts, directly or through proxies. The Islamic Republic is actually so enmeshed and influential in the Syrian and Iraqi theatres (and beyond) that the United States and its allies cannot realistically hope to sideline it altogether. If imposing on Iran solutions it

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fiercely resists is unrealistic, the only alternative is to influence its behaviour so that it becomes more forthcoming.

Those who believe that the nuclear deal will have negative regional implications rightly emphasize that, from Tehran’s point of view, the agreement makes perfect sense in transactional rather than strategic terms, meaning that by no means does it imply that Iran will be more cooperative on other issues. The United States and Europe should therefore be ready to contrast forcefully any Iranian activities that foment disorder, including by bolstering the deterrence assets of their regional allies. Nevertheless, the nuclear deal shows that compromise is possible if supported by diplomatic acumen, sound strategy and political will. Pressure on Iran should therefore go hand in hand with incremental engagement. Limited to specific issues in the beginning, the engagement should eventually facilitate the creation of an inclusive security governance structure in the Gulf.

1. The effects of the deal on Iran’s foreign policy

One thing both critics and supporters of the nuclear deal agree on is that it will not turn the United States and Iran into friends overnight, if ever. The domestic conditions are simply not there in either country for that to happen; and even if they were more favourable, the ideological-geopolitical gaps remain huge.

Aware of the political obstacles ahead, President Obama and Secretary of State John Kerry have insisted that the agreement is in line with the US tradition of negotiating arms control arrangements with enemies. As such, its main goal is tactical – keeping Iran from trespassing the military nuclear threshold – rather than strategic – changing the nature of the United States’ alliances in the Gulf. Obama’s efforts might eventually be successful in convincing a majority of the public that the deal is worth supporting, even though it seems an uphill battle. His chances of persuading the Republican-dominated Congress to endorse it, however, are close to zero. That means that US compliance with the deal will rely on Obama’s veto and the Republicans’ inability to attract enough Democratic votes to override it. This might be enough to keep the agreement in force, but it hardly constitutes a basis for an informed and objective debate about whether the US-Iran relationship can take a different turn. Instead, as the agreement will continue to be the target of harsh criticism (particularly if its implementation by Iran will be less than impeccable, as it is fair to expect in such a technically complicated matter), the issue will remain subject to massive politicization, well into the 2016 presidential campaign.

In Iran, the deal with the P5+1 has been received with relief and, in some quarters, elation. President Hassan Rouhani’s main promise during his successful presidential bid in 2013 was to break the country’s isolation and obtain the lifting of sanctions without giving up on Iran’s nuclear achievements – all of which he has done, although at the price of accepting severe constraints on the nuclear programme for 10-15 years as well as an intrusive inspection regime. With public opinion mostly in favour of his agenda, Rouhani neutralized opposition to the nuclear talks by securing the support of Supreme Leader Ali Khamenei, who has the ultimate say on the nuclear issue. Khamenei’s decision to back Rouhani and sideline the hardliners has been instrumental for the talks’ success. Iran’s polycentric leadership, notoriously torn by divisions and fraught with jealousy and competition, has found the necessary political unity to strike a deal with the United States, which many regime insiders see as the Islamic Republic’s ultimate enemy. Whether the Iranian leadership will remain as united when it comes to spending the political capital gained in Vienna, however, is an open question.

Iran’s foreign minister, Javad Zarif, has said that the nuclear deal could create the room for cooperation on regional issues – a position that President Rouhani has at time echoed, though in less explicit terms. Pragmatists such as Rouhani and Zarif, as well as the Iranian reformist camp, have undoubtedly been given a boost from the deal, as they now have something concrete – the breaking of Iran’s isolation – to show when arguing in favour of Iran’s integration in the international community, a desire shared by large sectors of the population. But believers in the

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5 Signalling the volatility of the public opinion, a poll conducted by Public Policy Polling (PPP) on 23-25 July 2015 found an overwhelming majority of respondents to be in favour of the deal. The poll results are available here: http://aufc.3cdn.net/e6dca770dc6d71f7d2_tgm6bxklu.pdf.

Islamic Republic’s ideological fabric also have reason to cheer. Khamenei’s careful managing of the issue, whereby he expressed support for the nuclear negotiators but also scepticism regarding the United States’ ability to deliver, has ensured that the Vienna agreement is seen as a victory not only of Rouhani but also of the regime itself. In fact, the nuclear deal may have brought the regime and the population closer, as the regime can been seen as having acted in line with the expectations held by the overwhelming majority of Iranians, notably that the nuclear deal would come at no cost for Iranian pride and sovereignty.

This masterstroke of communication allows Khamenei to depict the agreement in keeping with the Islamic Republic’s foreign policy record. Attesting to this, the Supreme Leader has publicly emphasized that the Vienna agreement does not signal the end of Iran’s hostility towards the United States. Critically, he said that the Islamic Republic would continue to support its allies in Iraq, Syria, Lebanon, Bahrain, Palestine and Yemen. Khamenei might have simply wanted to reassure hard-liners, particularly in the Islamic Revolutionary Guard Corps (IRGC), that no about-face in Iran’s foreign policy priorities is in the making. Yet Khamenei’s words might also signal the intention of key figures in Iran’s security establishment to invest more heavily in Iran’s activities ‘overseas’ (that is, in its neighbourhood), of which the IRGC, not the presidency or the foreign ministry, is de facto in charge. Therefore, the fear of Israel and the Sunni Arab states that the nuclear deal could make Iran more aggressive is well grounded. Nonetheless, pursuing a policy of engagement with Iran still makes sense for the West. The logic dictating such an approach is the same logic that led the Obama administration to accept the risk of an emboldened Iran in order to get the nuclear deal: all alternatives to engaging Iran are worse and, at any rate, unsustainable in the long term.

2. Elements of a strategy to engage Iran: Iraq and Syria

The strategic rationale for engaging Iran can be gleaned from a dispassionate reading of the unfolding crises in the Middle East and the Gulf. Three challenges stand out among the countless problems that beset the region: the collapse of state authority and sectarian and ethnic fragmentation, most notably in Iraq and Syria; the proliferation of jihadi groups, including Al-Qaeda’s local branches and the Islamic State; interstate tensions and rivalries between regional as well as extra-regional players. In Iraq and Syria, which is where the three aforementioned dynamics play out to the extreme, policy responses should follow the same blueprint: deeper interaction with local warring parties with a view to fostering a policy of inclusion; marginalization and isolation of extremist groups; and pragmatic cooperation between external actors, regional and extra-regional alike. Also opportune, indeed necessary, is to link these actions to a broader plan for the eventual creation of a system of regional governance guaranteed and supported by committed external

It is here that the need to engage Iran emerges. Iran might be part of the problem in some regional theatres, yet it is a problem that cannot be wished away. The Islamic Republic is here to stay, and not because the nuclear deal has ‘legitimized’ it. The regime enjoys its share of popular support and seems to be in control of the state, certainly more than can be said for the vast majority of states in the region. Iranians look across the borders and see chaos everywhere, which likely has a dampening effect on whatever enthusiasm for domestic revolutionary change part of the population may still harbour. In addition, while the clerical regime’s ideology often makes it an intractable interlocutor, the struggles it is engaged in regard not only its survival but the security and prestige of the country, something a secular government would also seek. The Shia-Sunni schism lends a religious undertone to a rivalry, the one between Iran and Saudi Arabia, which is geopolitical at its core.

Containing the clerical regime while working to undermine it from the inside – the approach long pursued by the United States and still the one favoured by Israel and the Sunni Arab countries – is no longer viable. That approach could perhaps work in a more stable regional environment, although the US experience with containing Iran in the 1980s-1990s was far from an unequivocal success. But the region has now plunged into such level of insecurity, violence and volatility that something more radical is needed. The region can only achieve enduring stability if Iran commits to its security. A different regime than the ayatollahs’ would no doubt be an easier interlocutor. Absent this option, realism and real concern for the region’s security make engagement the wiser choice.

The United States has the diplomatic and military assets required to sustain such a process, yet domestic polarization on Iran makes it extremely hard for the Obama administration to pursue such a strategy alone. Help should come from Europe, where the proposition of engaging Iran is significantly less controversial. While EU countries are not nearly as influential as the United States, and are actually incapable of carrying out effective crisis management independently, they do have enough political and economic resources to initiate the process and provide the United States with a policy track it can join at a later stage. This is what France, Germany and the United Kingdom (E3) did with regard to the nuclear issue in 2003-2005. The E3, supported by the European Union, kept negotiating with the Iranians in spite of deep US concerns. In the end, they were able to overcome America’s reluctance and managed to involve the George W. Bush administration in a collective crisis management effort along with China and Russia. Especially if they were able to win the active support of China and Russia again, the Europeans could replicate their largely ignored success on the nuclear talks with Iran and give the US administration more policy options than America’s toxic domestic debate.

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on Iran would allow.

Engagement does not presuppose a switch of alliances nor the overcoming of the rivalry with Iran. Its rationale is the opening of regular channels of communication that can facilitate ad hoc forms of cooperation between the West and Iran on regional dossiers, while paving the way for a dialogue on security governance in the Gulf. The engagement would proceed in a gradual way, focusing first on short-term urgencies and then on longer-term strategic concerns.

In the short-term, the engagement of Iran cannot but be limited. As the United States and Europe continue to exert vigilance over Iran’s nuclear activities, they should seek more coordination with Tehran on Iraq and attempt a dialogue on Syria and Yemen. At the same time, they should contrast Iran’s maximalist objectives, such as the promotion of sectarianism, assistance to the Houthi rebels in Yemen (which is, at any rate, more modest than usually assumed), and provocative actions in the Straits of Hormuz.

In Iraq, the United States will probably have to step up its military efforts to better confront the Islamic State but also to counter the perception that Iran is doing more than Washington is. More importantly, the US government and its allies in Europe should present the campaign against the Islamic State as predicated on the imperative to promote a politics of inclusion. They should continue to direct their diplomatic efforts and incentives, such as arms transfers, financial assistance and trade deals, towards supporting all forms of power-sharing among Iraq’s ethnic and religious groups. In contacts with the Iranians, American officials and European diplomats should pass on the message that, while Iran’s maximalist objectives are unacceptable, its security concerns in Iraq are compatible with the West’s. Insofar as a stabilized Iraq is unlikely to turn hostile to Iran and ceases to be a breeding ground for Sunni radicals, it is in Iran’s interest to support the inclusive agenda promoted by the West.

In Iraq, the West and Iran share the goal of fighting the Islamic State and keeping the country united. In Syria, however, they support opposing factions even while they continue to face the IS threat. There is no clear trajectory of how the civil conflict between the Iran-supported regime of President Bashar al-Assad and the various forces that oppose it will unfold. For the time being, there are no chances of a peace deal because the warring parties, as much as their patrons, are not interested in it. The alternative scenario, victory of one faction, is also implausible, given the fact that no party seems to have the military upper hand. The war seems destined to continue until mutual exhaustion takes over. Yet, interacting with Iran – as well as with Russia, the other main backer of the Assad regime – might still be helpful to achieve some limited results.

The United States and EU countries should involve Iran in a dialogue on ways to reduce the violence by signing limited cease-fires, increase humanitarian assistance and help countries hosting millions of Syrian refugees. Critically, Iran should be engaged in a discussion about potential post-Assad scenarios. The
Iranians have been working on building up an autonomous power base in Syria through the creation of Iranian-trained militias, and might therefore be willing to let an increasingly weak Assad go. Their price would undoubtedly be reassurances that any post-Assad Syrian government would preserve Iran’s access to Lebanon and the Levant. Given the implications for Israel’s security, such ‘demands’ might be impossible to swallow for the United States. The Americans, as well as the Europeans, could increase pressure on Iran and Assad by stepping up their support for secular opposition forces and letting Turkey, Qatar and Saudi Arabia continue to support Sunni rebel groups – provided they give up the most radical elements of their agenda. Their goal should be to moderate Iran’s demands and create the preconditions for a reconciliation process, which would make it easier for them to concentrate on their main priority, the fight against the Islamic State.

Syria is no longer a nation-state and may never be one again. It might survive as a virtual state while in fact being divided into autonomous regions subjected to the influence of external patrons (the United States, Turkey and the Arab states on the one hand and Iran and perhaps Russia on the other). While light-years away from ideal, this post-conflict scenario is preferable to the current carnage. Fragile as it might be, it could nonetheless last for some time and give all actors involved, local as well as foreign, the opportunity to work out a more enduring formula for recreating government structures. The cases of Bosnia and Lebanon, both theatres of brutal civil wars fought along ethnic and sectarian lines in 1992-1995 and 1975-1990 respectively, show that power-sharing agreements between local actors supported by external powers can at least ensure peace and the vestiges of a unitary state.

3. Elements of a strategy to engage Iran: the Gulf

The argument, often heard in Arab countries and Israel, that Iran is seeking regional hegemony does not stand the test of reality. Iran has not enjoyed hegemony in the region since the time of the Sassanid dynasty, before the Arab conquests in the 7th century, so there is no historical precedent attesting to this supposed desire. More importantly, Iran does not have the power, soft or hard, to establish (let alone maintain) such hegemony.

In 2014, the six members of the Gulf Cooperation Council (GCC) outspent Iran on defence by a ratio of nine-to-one. Saudi Arabia’s defence budget alone is over five times bigger than Iran’s. If a longer timeframe is considered, the gap takes on gargantuan dimensions: in the period from 2004-2011, Iran placed 2.4 billion dollars worth of arms orders, the GCC states over 106 billion. It is not only a matter of quantity, but quality too. While Iran has struggled to find access to advanced technologies, the GCC states have benefitted from transfers of advanced weapon
systems from the West.\(^9\) The same goes for Israel: its defence budget is bigger than Iran’s by a solid margin: in 2013, the last year for which comparable statistics are available, Israel spent 18.7 billion dollars in defence, Iran 14.8 (Israel’s defence spending rose to over 20 billion in 2014). One should add to these figures the 3 billion dollars worth of US military assistance Israel receives every year – military assistance that includes cutting-edge technologies and weapons systems that are even more sophisticated than the ones the Arabs receive.\(^10\) On top of all this, the United States continues to deploy massive military assets in the region, a tangible testimony to its commitment to the security of its allies and resolve to keep Iran in check. The argument that Iran, even with the additional resources it will get from sanctions relief, can effectively make a bid for regional hegemony is ludicrous. The numbers simply do not add up.

What Iran is doing is trying to expand its influence in those areas where it finds willing audiences, particularly among Shia communities. Iran’s objectives are not altruistic: through influence in Syria, Lebanon and other places, it gains valuable assets to be able to deter the most formidable of its enemies – first and foremost Israel – and threaten them by fomenting domestic unrest (for instance in Bahrain). That said, the notion that Iran is the source of all the instability in the Gulf – usually taken for granted in most Arab states and often echoed by Israel and part of the US political establishment – is based more on politics than facts. Shia communities are willing to accept Iran’s help because they do not feel their security, social status and economic opportunities are guaranteed in the existing political structures. In addition, Arab governments have not behaved that differently from Iran, in that they also have a record of supporting groups based on sectarian affinity.\(^11\)

For engagement with Iran to succeed, the war of competing narratives purported by Iran and its Sunni Arab rivals (but also Israel and often the United States itself) will have to be put aside. Whereas the Arab states see Iran on the offensive in Syria, Iraq and elsewhere, the Iranians claim they are fighting to preserve their defence and deterrence assets in Iraq and Lebanon (via Syria). No doubt, they will see the reassurances the West has given the Arab Gulf states in terms of US commitment to their security, and US, French and British arms sales as vindicating their claims. This is why it is of critical importance that the US condition its reassurances to the Arab Gulf states on their acceptance of the pragmatic principles underlying Western engagement with Iran. EU countries with important links and a military presence in the Gulf, such as France and the United Kingdom, should do the same. The United States and Europe should also try to engage other countries, particularly their Security Council partners, in a public diplomacy campaign aimed

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\(^9\) All data are taken from Anthony Cordesman, “The Iran Nuclear Agreement and Conventional Arms Transfers in the Gulf”, in CSIS Commentaries, 20 July 2015, https://shar.es/1tHfnS.


at promoting an inclusive governance structure in the region, as security in the Gulf will not materialize until Iran and its regional rivals find a constructive *modus vivendi*.

A pan-Gulf forum could address, in the beginning, lower profile issues, including trade, movement of people, environmental protection, the fight against organized crime, and the development of common infrastructure projects. Critically, however, it would also provide a platform for handling high politics issues cooperatively. The forum would discuss the future of Iraq and Syria, address maritime security, set parameters for the peaceful resolution of disputes in the Gulf waters, promote an understanding on the treatment of religious and ethnic minorities within national borders, and launch negotiations over a Nuclear Weapon Free Zone in the Gulf. The forum, or dialogue, would ultimately serve the purpose of creating a balance of interests between the region’s main rivals, Iran and Saudi Arabia, guaranteed by US power and supported by EU countries and, ideally, the Security Council. However distant this prospect might seem now, there is no other way for the area to gain long-term stability unless powerful external states persuade local countries to overcome their self-destructive zero-sum mentality.

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1[2](#) Ibidem. Hanelt and Koch, while supporting the idea of some international mediation, maintain that the process should be endogenous to the community of Gulf states. While preferable, this option nonetheless seems to be impractical. External pressure, persuasion and cajoling is probably needed for a process of this kind to be sustainable.
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