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U.S. and Iranian Strategic Competition:

Competition Involving the EU, EU3, and non-EU European States

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EXECUTIVE SUMMARY

The various states that comprise the EU and non-EU Europe play a critical role in the competition between the US and Iran. Iran's progress towards a nuclear weapons threshold capability, and evidence that it may be seeking to deploy nuclear armed missiles has led to enhanced policy coordination between leaders in the US and Europe. In the face of a growing Iranian threat, Western governments have stepped up their efforts, including strong economic sanctions, to pressure Iran to fully comply with its obligations under the Nuclear Non-Proliferation Treaty.

The EU, and particularly the EU3 (Britain, France, and Germany), are America's most consistent allies in seeking to roll back Iran's nuclear efforts. Although the approach given EU and European states have taken sometime differ from that of the US, disagreements with the US have focused more over tactics and timing than over the need to take strong steps to halt Iran's progress towards nuclear weapons.

Britain and France also provide military support to the US and the Arab Gulf states. Their force projection capabilities are limited and slowly dropping under the strain of budget reductions, but British and French forces still play an important role in the Gulf and Red Sea, and their military advisors remain an influential factor in the competition between the US and Iran.

There are, however, important differences in approach and perspective. Many European nations are far more reluctant to risk the use of military forces than the US. Iran's oil exports are important to several European states, in part because of easier credit terms and pricing. Additionally, most European states are less sympathetic to Israel than the US.

Iran has attempted to exploit these potential fault lines between the US and Europe. The Iranian leadership, and particularly President Mahmoud Ahmadinejad, frequently state that Iran seeks partnership with Europe and tries to encourage Europe to pursue energy and trade deals that would separate it from the US.

Nevertheless, the US and EU approach to Iran has steadily converged since 2002, following the discovery of the Iran's clandestine nuclear facilities at Natanz and Arak. In the years that have followed, the EU—under the leadership of EU3—began a series of negotiations to persuade Iran to halt uranium enrichment and provide greater transparency as to the purpose of its nuclear program. After several years of failed bargains, EU negotiators gradually began to take a harder line toward Tehran till the rhetoric and polices of European governments closely resembled those of the US.

The EU has unilaterally implemented punitive measures against the IRI's defense and energy sectors. Working in partnership with the US as part of the P5+1 (comprised of the US, Britain, China, France, Russia, and Germany), the EU3 have supported UN sanctions and lobbied both non-Western members of the Security Council to approve of UN resolutions targeted at Iran's nuclear program.

European countries outside the EU play a smaller role in US-Iranian competition. Their presence can be felt most strongly when they work to broker compromise between both parties, when they broadly track with the EU and by extension the US, or when they pursue opportunistic policies in opposition to the established order.

The EU and the other European states that share its strategic views, remain committed to a dual track approach to Iran consisting of sanctions and incentives, but they have also largely sided with the US and resigned from mediating between the US and Iran. Experience has shown that US-EU unity presents a formidable challenge to Iran, while division provides the Islamic Republic space to advance its interests.

The new sanctions on Iranian oil imports that the EU agreed to in early 2012 have reinforced Europe's status as an invaluable partner of the US. The EU states have both adapted to reflect US positions when they have proved valid, and played a role in persuading the US to see the merits of incentives and flexibility in dealing with Iran's legitimate needs.

It is important to note, however, that US and European cooperation is centered around pursuing diplomatic options and sanctions. There is no unclassified indication that any discussions have taken place between the US and EU over preventive military options if diplomacy and sanctions fail, or what level of discussion may have taken place at a more restrictive level between the US and key allies like Britain and France. Many European states may not support, or may actively oppose, any shift to the use of force. Europe and NATO have actively begun to plan for missile defenses, but there has been little public discussion concerning the trade-offs involved in containing Iran, deterring a nuclear Iran, and options like "extended deterrence."

Contents

European views towards Iran, and towards the security of the Gulf and competition between the US and Iran, differ significantly by country. There are, however, five different groups within Europe that broadly shape the role Europe plays. These include: the EU as a bloc; Britain, France, and Germany as individual states; and European countries outside the Union. Britain, France and Germany (the EU 3) all play a major individual role as well as make up three of the nations in the P5+1 group that negotiates with Iran (the five permanent members of the UN Security Council plus Germany. As the brief summary below notes, the non-EU European states play a lesser role and have more divided positions.

European Union:

- Iran values EU investment in petroleum and industry and has historically attempted to use EU states to deflect a more hardline US approach toward its nuclear program. The US seeks EU support for sanctions, its efforts to prevent Iranian proliferation, and to block arms and dual-use technology transfers. The US also draws upon British and French support in power projection in the Gulf. Missile defense has become an area of competition, although Russian pressure to block US programs has had far more impact. The EU states also play an important role in limiting Iran's ability to portray the West as being tied too closely to Israel, and in diplomacy with the Palestinian Authority and Arab states.

Britain:

- Britain is one of three European powers that are part of the six nations (US, Britain, France, Germany China, Russia) that lead the negotiating effort with Iran and that are critical to the success of UN efforts to use negotiations and sanctions to persuade Iran to give up its nuclear weapons efforts. Like France and Germany, it has played a major role in using negotiations and sanctions to try to halt Iran's nuclear weapons efforts. Britain also remains the leading European power with the military capability to intervene in the Gulf, and plays a strong role in Oman and in arms transfers to the GCC states.

France:

- Like Britain, France plays a key role in the effort to halt Iran's nuclear weapons programs, and is the only other European power with the ability to deploy meaningful military forces to the Gulf. France has important military facilities in Djibouti and basing rights in the UAE. It also retains significant influence in Lebanon, and plays a role in limiting the role of the Hezbollah and Iranian influence.

Germany:

- Germany has played a steadily growing role in seeking to limit Iran's nuclear efforts, and is an important member of the six.

Non-EU Europe

- Countries outside of the European Union generally fall into two categories: those who side with the EU and US coalition sanctioning Iran and those who participate with Iran opportunistically in a manner resembling Russia's strategic approach to the Islamic Republic.

European Union

The European Union has come to play a critical role in US-Iranian competition. The EU is supportive of the United States in its competition with Iran, but in the past, member states have attempted to moderate US actions against Iran: opting for negotiation and diplomacy over punitive sanctions, and pressing for incentives for good Iranian behavior as well as sanctions to push Iran to give up nuclear weapons.

The EU states have not sought to weaken US-led initiatives, as have Russia and China, but they have encouraged the US to take a slower and at times softer approach to Iran than it would have

otherwise. As the details of Iran's nuclear program have become clearer, however, the EU has shifted its position further in line with that of the US by supporting US initiatives and enacting substantive unilateral sanctions.

Europe and the United States do have somewhat different interests and goals in competing with Iran. Iran is on Europe's periphery and the EU has historically had a stronger economic relationship with the Islamic Republic and is less bound to Israel than the United States; as such, they have been more reluctant to isolate Iran and more willing to coax cooperation through economic incentives. A prosperous and integrated Iran, capable of competing with Russia to supply Europe's energy needs, is more of a potential strategic asset to Europe. Conversely, however, an openly hostile Iran, armed with nuclear weapons is more of a risk to Europe and any major war in the Middle East poses a threat that is closer to home.

Iran has tried unsuccessfully to exploit potential gaps between the US and the EU member states. Although representatives of the EU are openly critical of Iran's behavior both in terms of its nuclear programs and increasingly authoritarian politics, Iran's leaders still seek ways to use the European states to reduce US influence and support for efforts to alter Iran's nuclear, missile and military efforts.

Evolving US-EU Relations

The US and the EU states have a long history of shared strategic interests and multi-level cooperation that paves the way for partnership in competition with Iran. During the Cold War, successive American administrations guaranteed the independence of Western Europe by rhetorically intertwining European and American interests. After the collapse of the Soviet Union, the connection persisted as the lasting US presence in Europe came to symbolize the formation of a new, transatlantic international order.

The US and the EU often have different perspectives on how to achieve specific goals, but the sets of goals both entities pursue are often very similar. Both are deeply invested in one another and in the international status quo. European interests may diverge from American interests over individual issues—the Iraq War, for example—but fundamental ties built on mutual security, economic interdependence, and shared political values consistently self-right the relationship. The overarching similarity of Euro-American interests and Europe's high-degree of investment in the present international order make the EU nations the United States' closest allies in its competition with Iran, and difficult targets for Iran to influence.

Political Cooperation Based on Mutual Interests

The EU has become both a major organization in its own right and to some extent a symbol of US relations with Europe. Diplomatic ties between the US and EU were established in 1953. In November 1990, as Europe was in the midst of reshaping itself, leaders drafted the Transatlantic Declaration (TD), an agreement which formalized the relationship between the US and the increasingly integrated European member states. The US and EU (then the European Community) pledged to, "inform and consult each other on important matters of common interest, both political and economic, with a view to bringing their positions as close as possible, without prejudice to their respective independence."[1] Commitments of cooperation laid out in the

[1] "Transatlatic Decalration on EU-US Realtions." European External Action Service. Website. 1990. http://www.eeas.europa.eu/us/docs/trans_declaration_90_en.pdf.

TD were given a practical foundation by the New Transatlantic Agenda (NTA) established in December 1995.[2]

Dialogue between the US and EU is extensive and takes place on numerous diplomatic levels at both the organizational and national levels. In addition to the scores of expert-level meetings, the Presidents of the European Commission and the European Council and the President of the United States meet at annual summits to discuss a wide range of mutually relevant issues. The EU Delegation in Washington regularly communicates with US agencies, such as the Departments of Homeland Security, State, Justice and Treasury, as well as relevant Congressional committees. [3]

As the EU continues to evolve and take on more responsibilities as a representative body of its member states, its cooperative relationship with the US continues to intensify. Currently, the US and EU pursue active cooperation on issues such as justice and home affairs, energy and energy security, environmental affairs, science and technology, education and training, and civilian and military crisis management and conflict prevention.[4]

Responding to the common threats of international crime and terrorism, the EU and US have committed to extensive law enforcement and judicial cooperation geared towards enhancing trade and transport security, locating and eliminating sources of terrorist funding, and streamlining the process of trans-Atlantic extradition.[5]

US relations with individual member states, particularly Great Britain, Germany, and France (the EU3) are complex and varied but as a whole reflect the dominant motifs of the greater US-EU relationship.

Interdependent Economic Relations

Although the Islamic Republic is an important trade partner with the EU, due largely to petroleum exports, Iran's commercial interaction with Europe is dwarfed by the United States in value and substance. The deep interdependence of the US and EU economies limits Iran's leverage and capability to drive a wedge between America and Europe though economic means.

The combined economies of the US and EU represented almost 60 percent of global GDP, 42 percent of global trade in services, and 33 percent of global trade in goods in 2006.[6] According to research conducted by the Congressional Research Service (CRS), transatlantic trade, though affected by the global recession, remains vigorous and growth trends demonstrate increasing economic interdependence:

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[2] "Foreign Policy." European External Action Service. website. 13 July 2010. http://www.eurunion.org/eu/Foreign-Policy/Foreign-Policy.html.

[3] "Counterterrorism/Justice, Freedom & Security." European External Action Service. website. 23 February 2011 http://www.eurunion.org/eu/Counterterrorism/Counterterrorism/Justice-Freedom-Security.html

[4] "Foreign Policy." European External Action Service. website. 13 July 2010. http://www.eurunion.org/eu/Foreign-Policy/Foreign-Policy.html.

[5] "Counterterrorism/Justice, Freedom & Security." European External Action Service. Website. 23 February 2011 http://www.eurunion.org/eu/Counterterrorism/Counterterrorism/Justice-Freedom-Security.html.

[6] "Trade." European External Action Service. Website. 12 April 2010. http://www.eurunion.org/eu/Trade/Trade.html.

> In 2009, $1,252.0 billion flowed between the United States and the EU on the current account, the most comprehensive measure of U.S. trade flows. The EU as a unit is the largest merchandise trading partner of the United States. In 2009, the EU accounted for $220.6 billion of total U.S. exports (or 20.8%) and for $281.8 billion of total U.S. imports (or 18.1%) for a U.S. trade deficit of $73.2 billion. The EU is also the largest U.S. trade partner when trade in services is added to trade in merchandise, accounting for $173.5 billion (or 34.5% of the total in U.S. services exports) and $134.8 billion (or 36.4% of total U.S. services imports) in 2009. In addition, in 2009, a net $114.1 billion *flowed* from U.S. residents to EU countries into direct investments, while a net $82.7 billion *flowed* from EU residents to direct investments in the United States.[7]

This deepening economic relationship has a profound effect upon the lives of a sizeable and growing number of European and American citizens. The European Union's Delegation to the United States reports that, "the overall 'transatlantic workforce' is estimated at 12 to 14 million people, of which roughly half are Americans who owe their jobs directly or indirectly to EU companies."[8] Moreover, trade disputes between the US and EU, though often highly publicized, impact only 2 percent of total bilateral trade.[9]

This growing interdependence has had a powerful impact on US and European cooperation in dealing with international problems like Iranian proliferation. In April 2007, leaders from the US and EU met and committed their countries to a future of increased economic integration. European Commission President Barroso, German Chancellor Merkel and US President Bush signed the "Framework for Advancing Transatlantic Economic Integration between the USA and the EU." The framework established the Transatlantic Economic Council (TEC), which, "oversees, guides and accelerates the implementation of work designed to integrate the EU and US economies more closely."[10]

NATO and the EU Security Apparatus

The depth of US-EU economic ties is matched by the closeness of their security partnership. Through the North Atlantic Treaty Organization (NATO) the United States still plays a major role in European security. As of April 2011, the US had approximately 80,000 troops stationed in bases throughout Europe.[11]

Military coordination with Europe is fostered both through US partnership in NATO, and through NATO's ties to the EU security apparatus. Formal relations between NATO and the European Union were initiated in 2001. As of 2007, both organizations shared 21 member countries in common. NATO's new Strategic Concept, adopted at the Lisbon Summit in November 2010, committed the Alliance to a close working relationship with the United Nations and the European Union.[12]

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[7] William H. Cooper, "EU-U.S. Economic Ties: Framework, Scope, and Magnitude." Congressional Research Service. 27 January 2011. http://www.fas.org/sgp/crs/row/RL30608.pdf.

[8] Ibid.

[9] "Trade." European External Action Service. Website. 12 April 2010. http://www.eurunion.org/eu/Trade/Trade.html.

[10] Ibid.

[11] Daniel Dombay, "Obama to recall US troops from Europe." Financial Times. Website. 9 April 2011. http://www.ft.com/cms/s/0/23852314-6236-11e0-8ee4-00144feab49a.html#axzz1U4SvsHtH.

[12] "NATO-EU: a strategic partnership." North Atlantic Treaty Organization. Website. 13 April 2011. http://www.nato.int/cps/en/natolive/topics_49217.htm.

Because the EU is a supranational organization whose members retain national sovereignty in matters of foreign policy and defense, it is not always appropriate to think of EU foreign policy as synonymous with that of its members. Efforts have been made though to better coordinate member states' security and diplomatic policies. The EU's mechanism of organization is the Common Foreign and Security Policy (CFSP). Under the CFSP, EU security is bound to NATO (and thus US interests and assets) in a relationship that is described as "separable but not separate." The "Berlin Plus arrangements" grant the EU access to NATO planning, NATO European command options, and the use of NATO assets and capabilities.[13] The CFSP also lays out the framework for the coordinated imposition of sanctions and restrictive measures.[14]

It is important to note, however, that the politics and rhetoric of such cooperation does not mean that either the EU or NATO Europe have major power projection capabilities in the Middle East or the Gulf. European forces are steadily shrinking in terms of funding, size, and power projection capability. Britain and France are now the only European states with meaningful power projection capabilities in the Gulf region, except for Turkey – which is analyzed in a separate chapter. Both Britain and France, however, are making important force cuts and have uncertain future plans for military development and modernization.

The Impact of European Arms Sales

European arms sales continue to play a major role in building up the deterrent and defensive capabilities of the Arab Gulf states. Similarly, European limits on sales and technology transfers to Iran play a critical role in limiting the IRI's ability to sustain and modernize its conventional forces. There are, however, serious questions as to whether even Britain and France will maintain more than token power projection capabilities in the region for the next decade. The uncertainty of European involvement reinforces the fact that US competition with Iran is becoming steadily more dependent on US alliances and ties to Turkey, the Arab Gulf states and Egypt, and the ongoing competition with Iran for influence in Iraq.

According to information provided by the US government and Richard Grimmett at the Congressional Research Service (CRS), total European arms trade with the Near East highly favors the six nations of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates) over Iran—their chief regional competitor. The major EU powers solidly support the GCC states in their arms agreements and deliveries, and have severely restricted transactions with the IRI. The weapons that do flow to the Islamic Republic from Europe come from peripheral European states like non-aligned Belarus. As evidenced by the disparity between arms agreements and transfers in the tables below, contracts do not always mature into actual exchanges.

[13] "EU-NATO: The Framework For Permanent Relations And Berlin Plus." European External Action Service. Website. http://www.consilium.europa.eu/uedocs/cmsUpload/03-11-11%20Berlin%20Plus%20press%20note%20BL.pdf

[14] "Sanctions or Restrictive Measures." European External Action Service. Website. http://eeas.europa.eu/cfsp/sanctions/index_en.htm

Figure 12.1 and **Figure 12.2** show European trade (both EU and non-EU) to Iran and the GCC states over the period of 2007-2010.

Figure 12.1: European Arms Transfer Agreements with Iran and the GCC, 2007-2010 [15]

(Totals in millions of current U.S. dollars)

Recipient Country	Major West European*	All Other European	Total
Iran	**0**	**300**	**300**
GCC			
Bahrain	0	0	**0**
Kuwait	0	0	**0**
Oman	1,300	0	**1,300**
Qatar	700	0	**700**
Saudi Arabia	13,800	1,100	**14,900**
U.A.E.	3,400	1,100	**4,500**
	19,200	**2,200**	**21,400**

Figure 12.2: European Arms Deliveries to Iran and the GCC, 2007-2010 [16]

(Totals in millions of current U.S. dollars)

Recipient Country	Major West European*	All Other European	Total
Iran	**0**	**100**	**100**
GCC			
Bahrain	0	0	**0**
Kuwait	0	0	**0**
Oman	500	0	**500**
Qatar	100	0	**100**
Saudi Arabia	2,200	400	**2,600**
U.A.E.	400	200	**600**
	3,200	**600**	**3,800**

Source: U.S. Government
Notes: 0=data less than $50 million or nil. All data are rounded to the nearest $100 million.
* Major West European category included France, United Kingdom, Germany, and Italy totals as an aggregate figure.

[15] Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 1998-2005." Congressional Research Service. October 2006, 66. Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 2003-2010." Congressional Research Service. September 22, 2011. http://www.fas.org/sgp/crs/weapons/R42017.pdf.

[16] Ibid.

UN and unilateral sanctions against Iran have largely halted EU arms sales to Iran, but the IRI has at times been able to use third party nations like Switzerland, and front businesses and trading groups to evade other restrictions imposed by sanctions. In January 2011, the Swiss Federal Council tightened its sanctions on Iran to conform to those implemented by the US and EU. The State Secretariat for Economic Affairs issued a statement explaining that, "due to the differing legal situation, Switzerland could have been used to evade sanctions on trade in goods and services. Today's decision by the Federal Council prevents this and at the same time increases the level of legal certainty for Swiss firms operating internationally."[17]

It is not clear how many such cases exist, how many "fronts" and business covers Iran has set up, in what countries transfers took place, or how much impact they have had on Iranian capabilities to build up its nuclear, missile, conventional, and asymmetric warfare capabilities. It is clear that Iran has relied primarily on Russia, China, North Korea, Pakistan, and other suppliers outside Europe. At the same time, it is clear that Iran has sought critical technologies and materials, and spare parts and upgrades for its European and US-supplied military systems, from Europe.

Most of the public information available on illicit transfers to Iran refers to Switzerland as a possible third-party leak point, but does not give any significant details on weapons or nuclear materials that have been transferred. It is known, however, that Iran has extensive buying operations and front organizations, many of which have their routes in major smuggling efforts that began in the early 1980s as a result of the Iran-Iraq War. Iran also has active intelligence operations both inside and outside its embassies.

Evolving IRI-EU Relations

The EU—led in practice by Britain, France, and Germany—is a strong supporter of US efforts to curtail Iran's nuclear and regional ambitions, but it has also pursued a more moderate approach to the Islamic Republic reflecting Europe's significant interests in Iran's market, geostrategic position, and energy-based potential. European relations with Iran have been characterized by sporadic periods of warming and cooling all within the context of US-Iranian competition and the close bond between US and European interests.

At various points European leaders have stretched closer to Iran than the US would like in order to tap the benefits of cooperation that Iran promises. Tehran welcomes divergence when it occurs, but political shifts within Iran from reform to greater conservatism have had a considerable shaping effect upon its external relations with Europe: encouraging the convergence of US and EU policies that exists today.

Europeans have been more willing than their American counterparts to try to encourage, develop, and exploit reforms in Iran's political system, but the EU and European states have altered their approaches over time. During the period from the Revolution to the death of Ayatollah Khomeini, relations between what was then the European Community and Iran were cooled by external pressure from the US to isolate Iran and by the inflammatory rhetoric and actions of the new Revolutionary regime.

[17]"Iran: Federal Council Takes Steps to Improve Legal Certainty And Prevent Possible Evasion." State Secretariat for Economic Affairs. 19 January 2011. Web.
http://www.seco.admin.ch/aktuell/00277/01164/01980/index.html?lang=en&msg-id=37283

After the fall of the Soviet Union and the ascension of centrist Akbar Rafsanjani to the Iranian presidency, Iran tempered its revolutionary fervor and looked for partnerships in the West. This change was welcomed by the European Community, while the US diplomatic approach was more cautious; EC members began to actively explore the possibly of enhanced relations. Iran viewed Europe as a source of badly needed credit and investment, while Europe saw Iran—newly free of Soviet influence and still isolated by the US—as an open source for trade and energy resources.[18]

Throughout the 1990s, the US continued a regimen of sanctions against Iran while the EU began a series of efforts to promote reform through engagement. The limited economic reforms enacted by Rafsanjani and his successor Sayyid Khatami seemed to give credence to the European approach, but Iran's internal political transformation from moderation to heightened conservatism coupled with the discovery that Iran had undisclosed nuclear facilities at Natanz and Arak challenged and eventually undercut the European strategy.

Strained relations and strong sanctions have now led to the suspension of the majority of the EU's cooperative connections with Iran, but Europe remains committed to influencing Iranian reform through institutional engagement. Before sanctions took effect, the EU pursued cooperation with Iran in a number of areas including: educational exchange, drug control, development and humanitarian aid, and the settlement of Afghan refugees in Iran.[19]

IRI-EU Political Relations since 2000: A Decade of Decline

The 2000s witnessed a diplomatic tug-of-war between the EU and US over Iran. The US pushed for strong measures to censure Iran and critically damage its suspected pursuit of weaponized nuclear material. The EU viewed the American approach as overly aggressive and limiting. The EU agreed that action needed to be taken, but they still held positive engagement to be the best chance for success.

These differences became less important, however, as Iran's internal politics become more hardline and repressive. Iranian officials met with European delegates on many occasions and either openly rejected agreements they felt too constrictive, or agreed to limited deals and later broke those commitments in a stutter-step march toward further enrichment. Ultimately, the EU formally endorsed UN sanctions on Iran and, like the US, began to implement its own set of unilateral sanctions. By exploiting the years of uncoordinated US and EU approaches to its nuclear program, Iran achieved a considerable strategic victory: buying itself both diplomatic cover and time in order to advance its interests.

Euro-Iranian relations experienced their most precipitous decline in the wake of the contested reelection of President Mahmoud Ahmadinejad in 2009, and the Iranian regime's violent suppression opposition members and popular dissent. The EU Presidency, then held by the

[18] Ziba Moshavaer, "Revolution, Theocratic Leadership and Iran's Foreign Policy: Implications for Iran–EU Relations." The Review of International Affairs, Vol.3, No.2, Winter 2003, pp.283 – 305. http://sharif.edu/~maleki/article/Revolution,%20Theocratic%20Leadership%20and%20Foreign%20Policy.pdf.

[19] "EU and Iran Cooperation." European External Action Service. Web. http://eeas.europa.eu/iran/cooperation_en.htm.

Czech Republic, openly condemned both the lack of transparency in the voting process and the government crackdown on protesting members of the opposition.[20]

Tensions increased further when the Iranian government detained nine British staffers working at the UK embassy in Tehran.[21] After hardline cleric Ayatollah Ahmad Jannati promised parishioners that the staffers would be put on trial, President Sarkozy of France expressed solidarity with the British decision to initiate sanctions in response to Iran's actions. He said sanctions were necessary "…so that Iranian leaders will really understand that the path that they have chosen will be a dead end."[22]

Relations worsened further in late November 2011 when Iranian students overran and ransacked the offices of the British embassy in Tehran. Though the Iranian government issued a statement expressing "regret" over the incident, many have speculated about the regime's passive or active involvement in the fracas. British Prime Minister David Cameron denounced the attack as "outrageous and indefensible." Supporting the British position, German Foreign Minister Guido Westerwelle called the disturbance "a violation of international law." French Foreign Minister Alain Juppe said, "the Iranian regime has shown what little consideration it has for international law".[23] As a result of the violence and escalating tensions, as of early 2012, the British embassy in Tehran remains closed.

These developments, along with Iran's steady progression towards a nuclear break out capability, led to new French and British sanctions in late 2011. These culminated in an agreement by the EU at the end of January 2012 to implement a full import embargo on Iranian crude oil and petrochemicals. The press release issued by the EU Council on January 23, 2012 summarized the ban as follows:

> The Council banned imports of Iranian crude oil and petroleum products. The prohibition concerns import, purchase and transport of such products as well as related finance and insurance. Already concluded contracts can still be executed until 1 July 2012. A review of the measures relating to oil and petroleum products will take place before 1 May 2012.
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> In addition, the Council outlawed imports of petrochemical products from Iran into the EU as well as the export of key equipment and technology for this sector to Iran. The Council also froze the assets of the Iranian central bank within the EU, while ensuring that legitimate trade can continue under strict conditions.[24]

Before implementing the embargo, there was hesitation by some governments that centered on ensuring there would be sufficient excess supply—mainly from Saudi Arabia—to prevent a

[20] "Czech EU presidency concerned about presidential polls in Iran," The Prague Daily Monitor, June 15, 2009,http://praguemonitor.com/2009/06/15/czech-eu-presidency-concerned-about-presidential-polls-iran.

[21] Jeanne Whalen, "Arrests in Iran Raise Ire of U.K." 29 June 2009. Web. http://online.wsj.com/article/SB124623156402166201.html?mod=googlenews_wsj.

[22] "European leaders warn Iran regime over British arrests." The Times. Web. 3 July 2009. http://www.timesonline.co.uk/tol/news/world/europe/article6631875.ece.

[23] "Iran protesters storm UK embassy in Tehran." BBC. Web. 29 November 2011. http://www.bbc.co.uk/news/world-middle-east-15936213.

[24] "Iran: New EU sanctions target sources of finance for nuclear Programme." Council of the European Union. Press Release. 23 January 2012. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/127444.pdf

major supply shock. Saudi Arabia, however, stated it would seek to make up the difference, which triggered more decisive European action.[25]

The Europeans acted in spite of threats by Iran's Vice President Mohammed Reza Rahimi and Iranian officers to shut off the flow of oil from the Gulf. They also acted after Mohammad Ali Khatibi, Iran's OPEC governor said, on January 17, 2012 that, "Applying the scenario of sanctions on Iran's oil exports to EU members would be economic suicide for the member countries…Regarding the economic crisis in the Eurozone, imposing any sanction on Iran's oil will push European countries into a deeper crisis." These threats were so exaggerated that they would have rung hollow under any circumstances, but they were particularly hollow because Saudi Arabia's oil minister, Ali Al-Naimi, stated on January 16th that, "We are prepared to meet the increase in global demand as a result of any circumstances."[26]

As of 2012, the EU position on Iran has begun to closely resemble that of the US. Despite this convergence, however, Iranian officials continued to reach out to Europe in order to emphasize divisions between the US and EU on the basis of Iran's geographic proximity and the mutual benefits of economic cooperation. The *Tehran Times* reported that in August 2011 President Mahmoud Ahmadinejad stated:

> I believe that the relationship between Iran and Europe should not be affected by the American influence. In the Second World War, damage was incurred on the European people. They paid the price for the damages of the Second World War, but the Americans made profit out of the war. We are neighbors of Europe. We want to have friendly ties with Europe…We can have very good economic ties. We can also have very good political ties.[27]

Iran attempted to repair its relations with Europe not only by creating division between the US and EU, but also by pursuing positive relations with peripheral EU members. In July 2011, Iran opened its first embassy in Slovenia and Iranian foreign minister Ali-Akbar Salehi met with Slovenian representatives to discusses future areas of economic and political partnership. Salehi stressed the potential for Iran and Slovenia to cooperate in industry, shipping and transport, refining, and electronic manufacturing. The minister also suggested that Iran would be a major energy provider for Slovenia.[28]

Nevertheless, the European Union position reflects a commitment to isolating Iran as long as it continues to pursue its nuclear aims in defiance of UN Resolutions and the inspection requirements of the NPT:

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25 Anthony H. Cordesman and Bradley Bosserman, "US – Iranian Strategic Competition in Sanctions, Energy, Arms Control, and Arms Transfers". Center for Strategic and International Studies. 24 January 2012. http://csis.org/files/publication/120124_Iran_Sanctions.pdf

26 Associated Press, Iran warns EU oil embargo would be 'economic suicide' for Europe, January 17, 2012. Anthony H. Cordesman and Bradley Bosserman, "US – Iranian Strategic Competition in Sanctions, Energy, Arms Control, and Arms Transfers". Center for Strategic and International Studies. 24 January 2012. http://csis.org/files/publication/120124_Iran_Sanctions.pdf

27 "Ahmadinejad advises Europe not to be influenced by U.S." Tehran Times. Web. 6 August 2011. http://old.tehrantimes.com/Index_view.asp?code=245589.

28 "Iran determined to improve ties with Europe: FM." Xinhua News. Web. 15 July 2011. http://news.xinhuanet.com/english2010/world/2011-07/15/c_13988020.htm.

> There is great potential for deeper relations between Iran and the EU. Whilst practical cooperation between the EU and Iran already exists, the scope is currently well below potential. The limits of our cooperation reflect ongoing concerns in the EU and international community, chiefly connected to Iran's nuclear program. The EU is also following the situation of human rights closely. The European Commission has no Delegation in the Islamic Republic of Iran (IRI) but is nevertheless working in close collaboration with the EU member states embassies in Tehran.[29]

The EU remains committed to seeking diplomatic solutions to its disputes with Iran, but Euro-Iranian relations have been seriously damaged by Iran's stalling tactics, Iran's growing political repression and human rights violations, and the general inability of both parties to reach a compromise on the nuclear issue. EU policy toward Iran has increasingly resembled that of the US, but Iranian leaders do not see the US and EU as a fully cohesive unit. Though they may not have a receptive audience, Tehran continues to entice European cooperation apart from the US.

IRI-EU Economic Relations

Iran's energy exports, and the imports its export revenues make possible, are the foundation of the EU-Iranian economic relationship. Like other energy exporters, Iran also offers Europe a way to partially reduce its dependence on Russian hydrocarbons. Iran's value as a lucrative and strategically significant market for European goods is also Iran's key asset in its efforts to draw Europe away from the US.

At the same time, Iran is a limited market and only one of many energy exporters. Only a few states like Greece, Italy and Spain get Iranian oil under terms that act as an incentive to import. Pressures from the Eurozone economic crisis and the reduction in supply of oil from Libya following the 2011 regime change have caused those three countries to be more reliant on the IRI for their energy needs. At the height of Greece's debt crisis, when lenders and major oil traders refused to do business with Athens fearing default, Greece looked to Iran for between one-quarter to half of its oil imports, figures comparable to Spain's dependence.[30] Tensions have been eased somewhat for Greece by the passage of a second bailout program in late February 2012 worth over $174 billion. And according to Reuters, European traders have also stepped up negotiations with Greek oil refiner, Hellenic Petroleum, to help it replace Iranian crude soon to be blocked by the embargo.[31]

As long as Iran exports oil and gas to any consumer, or nations like Saudi Arabia increase their production, the world supply and oil prices will stay at levels that limit the cost of energy imports to Europe. As a result, the EU and European states have been willing to join the US in efforts to censure and sanction Iran's nuclear ambitions – although the latest EU sanctions have been timed to go into force over a six month period in order to allow members to minimize the problems in ending imports from Iran.

European partnership with the US in seeking to end Iran's nuclear efforts has had its costs. During the period of Euro-Iranian rapprochement in the 1990s, European countries began to invest heavily in a variety of projects throughout Iran. As a result, the EU became Iran's largest

[29] "Iran." European External Action Service. Web. http://eeas.europa.eu/iran/index_en.htm.

[30] "Traders work on deals to replace Iranian oil." Ekathimerini.com. Web. 27 February 2012. http://www.ekathimerini.com/4dcgi/_w_articles_wsite2_1_24/02/2012_429817.

[31] "Iran says has not refused oil to Greece: ISNA." Reuters. Web. 26 February 2012. http://www.reuters.com/article/2012/02/26/us-iran-greece-oil-idUSTRE81P0D920120226.

trading partner by 1995. Notably, France entered into several contracts to develop Iranian infrastructure to aid the transit of French goods to Central Asia, and Germany and other European nations increased their demand for Iranian energy resources – receiving 75 percent of Iran's total petroleum exports.[32]

According to data taken from the European Commission's official website, the EU is Iran's most important trading partner and accounts for almost a third of the IRI's exports.[33] Ninety percent of EU imports from Iran are energy related and Iran is the 6th largest supplier of hydrocarbons to Europe.[34] By contrast, Iran is ranked 25th on a list of major EU trade partners and captures only 0.9 percent of EU trade.[35]

In addition to the newly imposed embargo on Iranian oil – which will take full effect in July 2012, when existing delivery deals will be canceled – the EU and its member states have reduced or eliminated many other forms of investment. Plans started in 2002 during the Khatami presidency to establish an EU-IRI Trade Cooperation Agreement (TCA) have been on hold since August 2005 when negotiations failed to halt Iran's nuclear pursuits.[36] Many European firms who increased their presence in Iran during the 1990s have been deterred from future investment by increased international pressure.

Figure 12.3 and **Figure 12.4** are taken from data developed by the European Commission's Eurostat service, and show that Europe's constant need for energy resources kept imports relatively stable until the imposition of the recent embargo, but foreign direct investment was seriously diminished in the late 2000s during the period of increased UN and US sanctions:[37]

[32] Ziba Moshavaer, "Revolution, Theocratic Leadership and Iran's Foreign Policy: Implications for Iran–EU Relations." The Review of International Affairs, Vol.3, No.2, Winter 2003, pp.283 – 305. http://sharif.edu/~maleki/article/Revolution,%20Theocratic%20Leadership%20and%20Foreign%20Policy.pdf.

[33] "Countries: Iran." European Commission Trade. Web. 3 September 2010. http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/iran/index_en.htm .

[34] Ibid.

[35] Ibid.

[36] Ibid.

[37] "Countries: Iran." European Commission Trade. Web. 3 September 2010. http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/iran/index_en.htm.

Figure 12.3 European Union Trade in Goods with Iran[38]

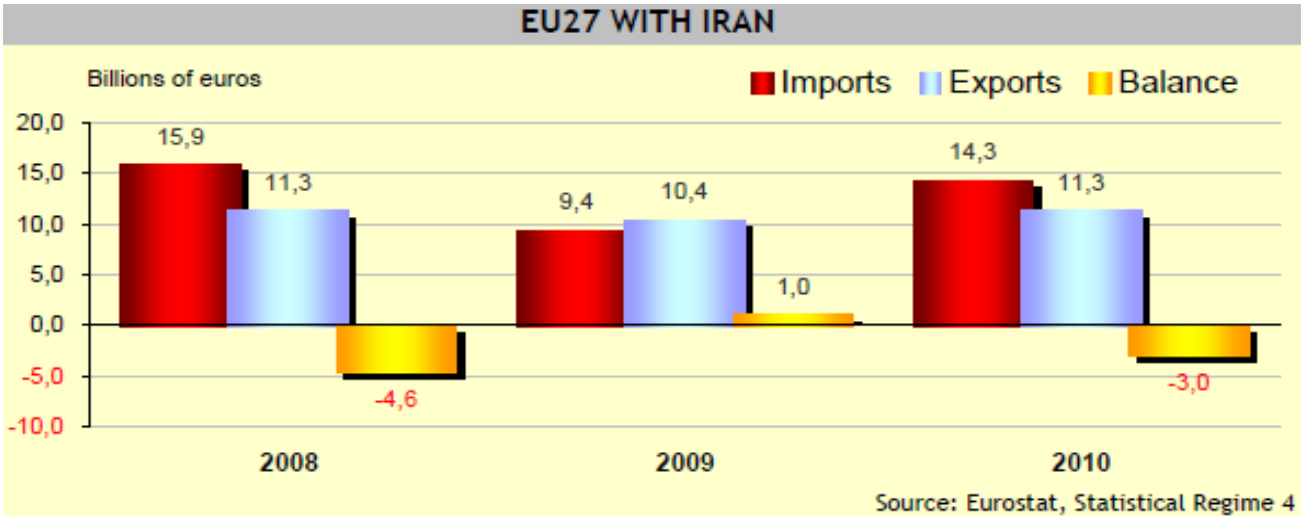
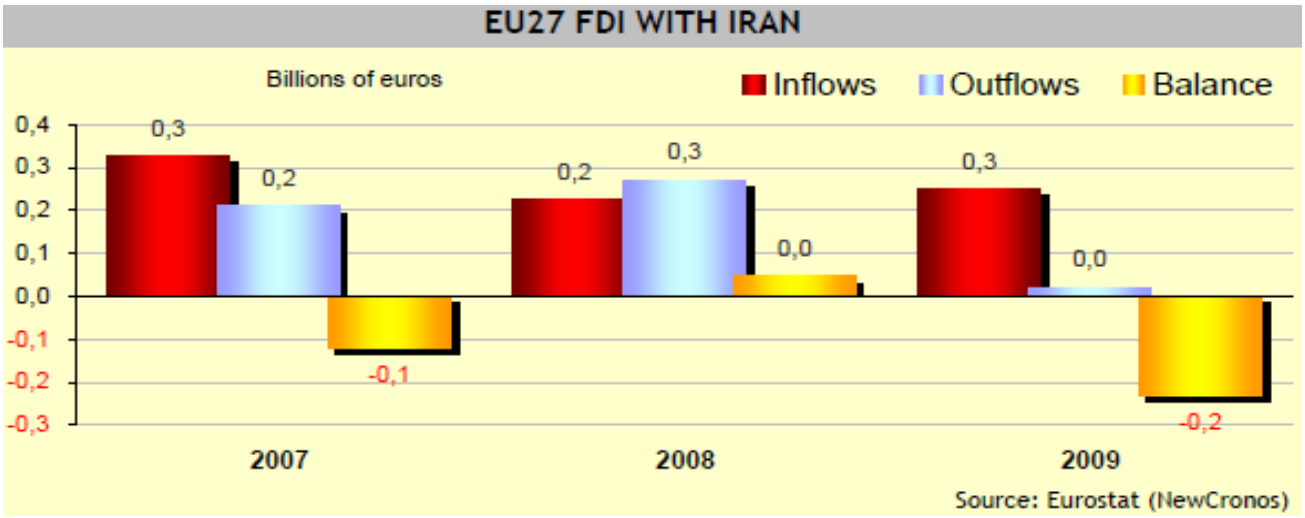


Figure 12.4: European Union Foreign Direct Investment in Iran[39]



[38] "EU Bilateral Trade and Trade with the World." European External Action Service. Web. 8 June 11. http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf.

[39] Ibid.

Iranian officials continue to try to make European states reverse their position by highlighting the long-term costs Europe will face if it continues to isolate the IRI. In response to the EU oil embargo, the Iranian government preemptively halted oil exports to Britain and France and discussed plans to initiated further cuts to Europe before the July deadline. Iranian lawmaker Mohammad Zabeti said such a proposal would pass because "[the] Iranian people have always been in favor of dialogue and friendship, but unfortunately the Europeans, following the U.S. steps, in the past years have always behaved in an arrogant manner."[40]

President Ahmadinejad warned EU states that their actions were closing off Iran as a key market for Europe and that they would soon find themselves replaced by more amenable Asian competitors. He said:

> The moves made by the European Union on the whole show that the EU is not dominated by a realistic and pragmatic approach and clear-cut wisdom…while Europe still has the same share in Iran's oil exports, Asian countries, Iran's neighboring countries in particular, have already overtaken Germany and Italy in non-oil imports from Iran.[41]

It is clear, however, that Ahmadinejad and other members of Iran's ruling regime will be hard-pressed to compel European engagement by focusing on non-oil imports. Once again, Iran is only one of many markets and energy exporters, and the Arab Gulf states are of far more import to Europe as markets and areas of investment, as well as energy exporters and suppliers. They too fear Iran and this creates a much stronger material incentive to Europe than Iran can hope to offer.

The EU has joined the US in largely suspending economic activity with Iran. No limited players in globally traded exports bought from a wide variety of sources at market prices can pose a credible threat of the kind Iran would like to make.

The US and Europe's Divergent Approach to Sanctions and Negotiation (1992-2006)

The factors shaping the flow of European and US cooperation in seeking to halt Iran's nuclear efforts become clearer when the history of their different efforts in negotiation and sanctions is examined in more detail. Over the past three decades the US and EU have both sought to halt Iran's nuclear efforts, limit its missile and other military efforts, persuade it to play a peaceful role in the region, and encourage serious democratic and human rights reforms.

For much of that time the European and American strategies have been similar, but the EU pursued a policy of engagement that sometimes differed from that of the US from the period of Khomeini's death to the imposition of UN sanctions on Iran in 2006. EU officials attempted to play the role of middleman, but negotiations consistently broke down over the EU demand that Iran permanently cease its uranium enrichment program—a non-negotiable condition for US support.[42]

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[40] "Iran calls on EU states to review decisions on oil embargo, vows not to retreat." Xinhuanet. Web. 4 February 2012. http://news.xinhuanet.com/english/world/2012-02/04/c_122656618.htm.

[41] "Ahmadinejad: US, EU Firms Bypassing Sanctions against Iran." Fars News Agency. Web. 6 March 2011. http://english.farsnews.com/newstext.php?nn=8912151331.

[42] "Europe's Iran Diplomacy." European Union Center of North Carolina. EU Briefings. Web. March 2008. http://www.unc.edu/depts/europe/business_media/mediabriefs/Brief7-0803-iran.pdf.

Since that time, the EU and its member states have largely adopted a dual track approach that entails offering financial and technological incentives if Iran agrees to cooperate, and employing sanctions as long as Iran refuses. At the same time, the US has become more flexible in offering Iran incentives to change its behavior and more flexible in dealing with Iran's legitimate demands for a peaceful nuclear power program. The Obama Administration and EU both support this dual track approach.

As noted earlier, there have been three major catalysts driving this shift. One is Iran's threatening nuclear efforts. The other two are Iran's politics. EU and US cooperation has been reinforced by the Iranian regime's steadily increasing limits to democratic elements within Iran. Western governments have been critical of the regime's hand in virtually eliminating meaningful opposition candidates from elections in the Iranian Majlis, its possible participation in voting irregularities during the Iranian presidential election in 2009, and its role in the subsequent crackdown and continuing human rights violations.

Euro-American cooperation has been further reinforced by the anti-Semitism and extremism of the Iranian regime in dealing with Israel, by Iran's state sponsorship of terrorism and support of the Hezbollah and Syrian intervention in Lebanon, and more recently by Iran's support of the Assad regime's ruthless violence against the Syrian people. The US does differ from most EU states in its support of Israel relative to the Palestinians, but both seek the same kind of peace settlement, and oppose Iranian arms smuggling to Hamas and support of terrorism and violence.

Figure 12.5 provides a detailed chronology of the different approaches taken by the US and EU toward Iran and its burgeoning nuclear program. Unless otherwise noted, all data come from the European Union Center of North Carolina's EU Briefing on Iran:

***Figure 12.5: Chronology of EU & US Approaches to Iran*[43]**

- **1992:** Sensing a greater tendency toward openness in Iran after the death of Khomeini, the EU sought to mend past rifts through engaging in a 'critical dialogue.' The 'critical dialogue' attempted to change Iranian behavior and strengthen moderate forces in Iran by promoting communication on topics of human rights, regional stability, state-sponsored terrorism.[44]

- **1995:** The Clinton administration did not share the European perspective on Iran and passed the D'Amato bill (ILSA) initiating economic sanctions. Europe rejected the imposition of sanctions.

- **1998-2002:** In the wake of the Presidential election of noted moderate Mohammad Khatami Iran and the EU decided to begin negotiations for a Trade and Cooperation Agreement (TCA) linked to a Political Dialogue Agreement (PDA).

- **2002:** Warming EU-IRI relations were critically damaged after it was revealed that Iran was operating two undisclosed nuclear sites at Natanz and Arak. The United States argued that Iran should face censure from the UN Security Council, but the EU3 dissented, arguing that the situation required dialogue instead of sanctions.

[43] "Europe's Iran Diplomacy." European Union Center of North Carolina. EU Briefings. Web. March 2008. http://www.unc.edu/depts/europe/business_media/mediabriefs/Brief7-0803-iran.pdf.

[44] M. V. Struwe, "The policy of 'critical dialogue': an analysis of European human rights policy towards Iran from 1992 to 1997.', Working Paper. University of Durham, Centre for Middle Eastern and Islamic Studies, 1998. Durham. http://dro.dur.ac.uk/95/.

- **October 2003:** The EU3 negotiated the "Tehran Agreement" and Iran agreed to suspend uranium enrichment and sign an additional protocol to the Nuclear Proliferation Treaty (NPT) that permitted IAEA inspections of its facilities.

- **September 2004:** Iran flouted the terms of its agreement and resumed enriching uranium. The US again pressed for the Security Council to take action, while the EU3 continued to pursue a diplomatic approach. Responding to negotiation with the EU, Iran agreed to suspend its enrichment program again by accepting European assistance in building a light water reactor. EU-IRI trade and investment talks were also resumed.

- **August 2005:** In another attempt to resolve the continuing crisis, the EU3 introduced the "Framework for a Long-term Agreement" under which the US would, among other things, lift sanctions blocking Iranian entry to the WTO. Iran for its part was required to permanently cease its enrichment of uranium. Under the new leadership of President Mahmoud Ahmadinejad, Iran soundly rejected the offer claiming that attempts to halt Iran's enrichment capabilities amounted to an infringement of Iran's national sovereignty.

- **January 2006:** After continued deadlock in negotiations, Iran resumed enrichment. In response, the EU3 agreed for the first time to refer the Iranian case to the Security Council. Iran suspended its voluntary cooperation with the IAEA and accelerated its enrichment efforts.

- **June – December 2006:** The EU3, with the support of Russia, China, and the US (EU3+3), proposed a last ditch package of incentives. When Iran rejected the effort, the UNSC drafted a resolution promising sanctions if Iran's enrichment program was not halted by August. When the deadline passed without a change in Iranian behavior, the Security Council initiated UNSCR 1737 on December 23rd, its first round of economic sanctions. Over a decade of attempts on behalf of the EU to avoid sanctioning Iran ended in failure.

- **June 2009:** The Czech-held EU Presidency criticizes both the lack of openness in the reelection of President Ahmadinejad and the government crackdown following the vote.

- **December 2009 - July 2010:** In the wake of the contested Presidential elections and the persisting diplomatic logjam, EU officials gathered support among member countries and introduced a regime of unilateral sanctions which targeted Iran's energy and financial sectors in order to pressure Tehran to back down from its nuclear program.

- **July 2010:** After being asked to restart negotiations by Saeed Jalili, Iran's Secretary of the Supreme National Security Council, EU foreign policy chief Catherine Ashton stated that the EU would welcome continued diplomacy with Iran, but that the resolution of nuclear issue would remain the focus of future dialogue.

Cooperation in Ballistic Missile Defense

The US and EU states also cooperate in seeking ways to defend European territory and Europe-based US assets against potential threats from Iran. As noted earlier, the impact of such cooperation is limited by the decline in meaningful European power projection capability. Partnership has taken a more tangible form in the area of missile defense, but has been complicated by debates over what level of defense is needed and by Russian objections.

During the Bush administration, the US signed agreements with the governments of Poland and the Czech Republic to install a missile defense system to protect European allies from long-range ballistic missile threats originating from Iran and North Korea. The deal proposed the placement of ground-based anti-ballistic missiles (ABM) at the Redzikowo air base in Poland and the construction of a radar system to detect enemy missiles at Brdy in Czechoslovakia.

Though the US stated the system was intended as a defensive measure against "rogue states", the Russian government denounced criticized the plans as an unnecessary provocation and claimed the ballistic missile defense (BMD) system could be used for offensive purposes. Russian President Dmitry Medvedev warned that "we will not be hysterical about this, but we will think of retaliatory steps."[45]

Russian objections to US-EU missile defense architecture appear to be self-interested rather than part of a larger effort to strategically aid Iran. Unfortunately for BMD proponents in the US and EU, it is difficult to convince Russia that missiles based in Central Europe that are intended for protection against Iran, cannot be made to serve another purpose.

Figure 12.6 below illustrates the now defunct Europe-based missile defense system and the maximum range of Iran's Shahab-3 missile.

Figure 12.6: Cancelled European Land-based System[46]

[45] "Q&A: US Missile Defense." BBC News. Web. 20 September 2009 http://news.bbc.co.uk/2/hi/europe/6720153.stm.

[46] "Q&A: US Missile Defense." BBC News. Web. 20 September 2009. http://news.bbc.co.uk/2/hi/europe/6720153.stm.

When President Obama came into office in 2009 he ordered a review of the ABM proposal and ultimately cancelled the plans. The administration stated that Iran's missile capabilities posed a greater risk at the short-to-medium ranges and did not immediately require the fixed-base system proposed by the previous administration. In place of the Bush plan, Obama introduced the European Phased Adaptive Approach (EPAA) whereby, in the short-term, ship-based and mobile land-based defenses like the Aegis and Standard-3 missile systems could be used to defend Europe.[47]

By compromising with Russian concerns over the European missile system, the Obama Administration boosted its policy of diplomatic reset for Russo-American relations but frustrated European host countries who stood to gain financially and strategically from US BMD systems. The Czech Republic reacted negatively to the new plan and in July 2011 officially withdrew from the project. Instead of hosting a $100 million radar system, the Pentagon proposed to house a $2 million early warning system in Czech territory as a consolation.[48] Czech Defense Minister Alexander Vondra explained his country's rejection of the offer saying, "In a moment when we aren't so sure that this project has a chance to develop, it wouldn't be prudent to invest in it and create exaggerated expectations, which could in the end lead to unnecessary frustration in mutual relations."[49]

Despite the decision not to participate in the first phases of the EPAA, the Czech government has repeatedly stated its support for the overarching goal of European missile defense. Responding to a flurry of articles describing the Czech move as evidence of a souring of US-Czech relations, Deputy Foreign Minister Jiri Schneider said:

> Against the backdrop of a mutual understanding, we [the Czechs and Americans] were both surprised at the interpretation that this was the end of cooperation…We are very open to the NATO concept of missile defense and exploring the opportunities for the Czech Republic, to find a place for the country in the new architecture.[50]

By pursuing a more flexible BMD design the US aimed to provide space to improve its relations with Russia without abandoning US interests in European missile defense. So far, however, it has had little success. Putin has made European missile defense into a major political issue, claiming that it can somehow limit Russia's nuclear deterrent – although the current plan lacks anything approaching such a capability. The end result has been to sharply limit any progress and to do so at a time when both the US and Europe have fewer and fewer resources to fund an effective system.

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[47] "Q&A: US Missile Defense." BBC News. Web. 20 September 2009. http://news.bbc.co.uk/2/hi/europe/6720153.stm.

[48] Andre de Nesnera, "US Missile Defense Plan Goes Ahead without Czech Support." Voice of America. 5 July 2011. http://www.voanews.com/english/news/europe/US-Missile-Defense-Plan-Goes-Ahead-Without-Czech-Support-125028864.html.

[49] Jeremy Druker, "Understanding US-Czech Relations on Missile Defense." Swiss Federal Institute of Technology Zurich: International Relations and Security Network. 13 July 2011. http://www.isn.ethz.ch/isn/Current-Affairs/ISN-Insights/Detail?lng=en&id=131039&contextid734=131039&contextid735=131038&tabid=131038&dynrel=4888ca a0-b3db-1461-98b9-e20e7b9c13d4,0c54e3b3-1e9c-be1e-2c24-a6a8c7060233.

[50] Ibid.

The EU3: Britain, France, and Germany

As has been noted earlier, three European states play critical individual roles in the competition with Iran: these include Britain, France, and Germany. Turkey – which is analyzed in a different chapter – plays a critical role as both a European state and a regional power. Each country takes a somewhat different approach to key issues, and is worth examining in more detail, within the broader context of US and EU relations.

Britain, France, and Germany—the EU3—most directly influence US-Iranian strategic competition through their support of sanctions through the P5+1—comprised of the five permanent UN Security Council members and Germany (aka "The Six")—and through their varied capacity to project military power in the Gulf.

Britain and the Broader Role of Britain, France, and Germany in "The Six"

Great Britain has led the EU as one of the strongest supporters of tough sanctions on Iran and its foreign policy approach most closely parallels that of the US. The UK serves as an important strategic partner for the US by mediating US and European interactions and by pushing for US sponsored goals within the EU framework.

In the lead up to UNSCR 1929 in 2010, British officials including former Prime Minister Gordon Brown reached out to French President Nicolas Sarkozy and German Chancellor Angel Markel on several occasions to build broad based European support for a tougher sanctions regime.[51] Britain has also been a strong lobbying partner in the effort to persuade both Russia and China to support sanctions through their votes on the Security Council.

Britain's criticism of Iran's human rights record and British efforts to halt Iran's nuclear ambitions have led to several notable diplomatic incidents which have strained Iran's wider relationship with Europe, but have also illustrated divisions among the leading European powers. After the turmoil following Iran's contested 2009 presidential elections, the regime accused Britain and its embassy officials in Tehran of inciting public unrest. Nine British staffers were detained by Iranian police and one, Hossein Rassam, was arrested and charged with "acting against national security."[52]

In August 2009, President Ahmadinejad said, "you (the United Kingdom) supported any voice against Iran and now you have openly interfered in the Iranian nation's affairs."[53] According to Iran's Mehr News, Ahmadinejad warned Britain that if it continues to interfere "the Iranian nation will react firmly."[54]

In response to the detentions the British and Czech governments urged their fellow members of the European Union to temporarily withdraw their diplomatic missions from Iran. This initiative was blocked by Chancellor Merkel. Merkel urged a less aggressive show of protest—predicated

[51] "Merkel, Brown back new sanctions against Iran." Fox News. Web. 1 April, 2010. http://www.foxnews.com/world/2010/04/01/merkel-brown-new-sanctions-iran/.

[52] Robert Tait, Julian Borger and Ian Traynor, "Iran Brings Formal Charges Against UK Embassy Official." The Guardian. 3 July 2009. Web. http://www.guardian.co.uk/world/2009/jul/03/iran-embassy-employee-trial.

[53] "Iran warns Britain to stop meddling or else." Mehr News. 16 August 2010. Web. http://www.mehrnews.com/en/NewsDetail.aspx?NewsID=930858.

[54] Ibid.

on sending a "strong signal" to Iran—but maintaining the ability to openly negotiate.[55] Sweden, who held the EU Presidency in July 2009, sided with Berlin and urged a "step by step" approach to the situation in Tehran.[56] When Tehran claimed it would commence with the trial of Rassam, EU members uniformly summoned Iranian ambassadors to capitals around Europe to formally protest the Iran's decision.[57] While summoning was not as strong a move as the British plan to withdraw all EU ambassadors from Tehran, persistent Iranian pressure led to a unified stand by the EU3, rather than continued division.

Britain and Power Projection in the Gulf

Great Britain maintains the capability to project military power in the Gulf region and has important military relationships with Arab Gulf states like Oman. As a result of the global recession and subsequent budgetary tightening, Britain's already limited military reach is decreasing, but it is still a factor in any calculation of force balance and the UK remains the United States' most dependable European ally.

In October 2010 the British government completed the Strategic Defense and Security Review (SDSR) outlining Britain's strategic goals for the future and the restraints placed on those goals by its national fiscal crisis. According to the Conservative government, the defense budget represented an over-commitment of approximately $60.7 billion USD. British Ambassador to the US, Nigel Sheinwald, reports that cuts to the British fighting force will target "older, heavier equipment":

> …we'll have 40 percent fewer tanks and 35 percent less heavy artillery. We will decommission the aircraft carrier HMS Ark Royal and drop four destroyers and frigates from current forces; we will reduce the number of fighter jet types we maintain; and we will plan to withdraw our forces from Germany by 2020. And it is true that there will be a temporary gap in our capability to operate aircraft from the sea before the F-35 Joint Strike Fighters come online.[58]

Despite these cuts, Britain's Foreign Secretary William Hague has reiterated Britain's intent to remain a "highly deployable" military power and Secretary of State for Defense Liam Fox wrote in the *Times* that "[the United Kingdom] will continue to be a big contributor to NATO and our interests will be more secure."[59] Both comments were made in 2010 in response to fears on the part of US officials that Britain's military spending would drop beneath 2 percent GDP—the NATO defense spending target. The SDSR kept military expenditures above the NATO target,

[55] "British calls for diplomatic walkout from Iran." http://www.timesonline.co.uk/tol/news/world/europe/article6626649.ece

[56] David Charter, "British Calls for Diplomatic Walkout from Iran Are Rejected By EU Partners." The Times. Web. 3 July 2009. http://www.timesonline.co.uk/tol/news/world/europe/article6626649.ece.

[57] Robert Tait, Julian Borger and Ian Traynor, "Iran Brings Formal Charges Against UK Embassy Official." The Guardian. 3 July 2009. Web. http://www.guardian.co.uk/world/2009/jul/03/iran-embassy-employee-trial.

[58] "A leaner meaner British Military." Foreign Commonwealth Office. Web. 22 October 2010. http://www.fco.gov.uk/en/news/latest-news/?view=News&id=23074623.

[59] "Britain will remain military power of 'first rank', says William Hague." The Telegraph. Web. 15 October 2010. http://www.telegraph.co.uk/news/uknews/defence/8066161/Britain-will-remain-military-power-of-first-rank-says-William-Hague.html.

but it initiated reductions averaging 19 percent across almost all departments.[60] This included the elimination of 17,000 military employees and 25,000 civilians employed by the armed forces.[61]

The 2011 NATO action in Libya demonstrated some of the tactical drawbacks of Britain's cuts. Admiral Sir Mark Stanhope, First Sea Lord of the Royal Navy, faulted the retirement of the HMS *Ark Royal* and her compliment of Harriers for delaying NATO response times. And according to Jonathan Laurence and P.W. Signer of the Armed Forces Journal, Britain may lack a sea-strike power for as long as a decade.[62] The Sea Lord also confirmed that the Royal Navy "had been forced to ask the US to resupply Tomahawk cruise missiles used by submarines targeting Libya."[63]

The difficulties of the Libya operation notwithstanding, Ambassador Sheinwald argues that cuts will allow the military to create a more effective and focused security posture. He writes:

> Our new planning assumptions see us capable of deploying a modernized all-arms force into the field up to 30,000 strong for a single major operation. And we will retain an ability to sustain in long-term stabilization operations a brigade-sized force in theater at levels not too far below those currently deployed in southern Afghanistan.[64]

In addition to Britain's air, land, and sea forces, Britain makes contributions to Gulf security through arms transfers. According to CRS, from the period of 2003 to 2010 the United Kingdom participated in 16.09% of all arms agreements in the Middle East, totaling approximately $20.8 billion.[65]

British connections with Oman—a useful ally because of its steady relations with Iran and its strategically valuable location at the mouth of the Gulf—are also an asset to projecting power in the Middle East and containing Iran. According to the British Embassy in Muscat, nearly 100 British military personnel are on loan to the Omani Armed Forces and both nations are actively engaged in joint training in both the UK and Oman.[66]

Britain remains committed to maintaining a global reach that could positively affect the US position in its competition with Iran, but for the next several years—especially until the completion of Britain's new aircraft carrier—Whitehall's rhetoric of active and engaged partnership with the US through NATO will be severally tested by the scale and distance of potential conflicts.

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[60] Jonathan Laurence and P.W. Singer, "Tough Times." Armed Forces Journal. Web. http://www.armedforcesjournal.com/2010/12/5062276.

[61] Ibid.

[62] Ibid.

[63] James Kirkup, "Navy Chief: Britain Cannot Keep Up Its Role In Libya Air War Due To Cuts." The Telegraph. Web. 13 June 2011. http://www.telegraph.co.uk/news/worldnews/africaandindianocean/libya/8573849/Navy-chief-Britain-cannot-keep-up-its-role-in-Libya-air-war-due-to-cuts.html.

[64] "A leaner meaner British Military." Foreign Commonwealth Office. Web. 22 October 2010. http://www.fco.gov.uk/en/news/latest-news/?view=News&id=23074623.

[65] Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 2002-2009." Congressional Research Service. 10 September 2010. http://www.fas.org/sgp/crs/weapons/R41403.pdf.

[66] "UK in Oman: our relationship." British Embassy Muscat. Web. http://ukinoman.fco.gov.uk/en/about-us/working-with-oman/uk-in-oman/uk-oman.

France and "The Six"

After partnering with Britain and Germany in several failed bids to diplomatically dissuade Iran from pursuing its suspect nuclear program, France has become a strong supporter of both UN and EU sanctions.

Under the leadership of President Sarkozy, Paris has rejected the "constructive dialogue" approach of the past in favor of stronger measures parallel to those proposed by Washington. At times Sarkozy has adopted a harder line than President Obama and criticized the administration for its early engagement with Iran. Sarkozy said in September 2009, "We supported President Obama's extended hand to Iran's leaders, but this hand cannot remain extended indefinitely with leaders who do not respond…the centrifuges keep on turning."[67] Sarkozy's penchant for attention-getting rhetoric and French domestic politics may have provided some of the fuel for France's new approach toward Iran, but the shift has provided Washington with an ally where once France was a diplomatic impediment.

In the run-up to the fourth round of UN sanctions issued in June 2010, French officials stated that if the Security Council did not approve Resolution 1929 the French government would push for unilateral measures through the EU instead.[68] After the imposition of UNSCR 1929, France supported tougher supplementary sanctions, including the 2012 oil embargo, and it continues to criticize Iran's nuclear program and its harsh treatment of political dissidents. Like Britain, France, has moved away from the EU's older model of incentives and engagement with Iran and closer to sanctions-oriented approach favored by the US.

France and Power Projection in the Gulf

France has limited power projection capability in the Gulf as compared with the US, but it possesses Europe's only operational aircraft carrier, and has a base in Djibouti, security partnerships with regional powers like Saudi Arabia and the UAE, and joint training and basing rights in the Gulf. Since the election of President Sarkozy, France has pursued a much more muscular foreign policy which has created more opportunities for Franco-American cooperation in opposing Iran.

In May 2009, France strengthened its strategic reach in the Middle East by opening its first military base abroad in fifty years in Abu Dhabi. The installation will host 467 French soldiers, sailors, and airmen and solidifies France's stake as an ally of the UAE and a player in the broader strategic contest with Iran. French officials have stated that France is "deliberately putting itself into a position of dissuasion…if Iran was to attack, (France) would now in effect also be under attack."[69] President Sarkozy, who participated in the base's inauguration, explained that by establishing a French military presence in the UAE, "France is showing that it

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[67] Edward Cody, "France's Approach to Iran Toughens Under Sarkozy." Washington Post Foreign Service. Web. 1 October 2009. http://www.washingtonpost.com/wp-dyn/content/article/2009/09/30/AR2009093004757.html.

[68] Luke Baker, "U.N. Iran sanctions may take until June: Kouchner." Reuters. 14 march 2010. Web. http://www.reuters.com/article/2010/03/14/us-eu-iran-sanctions-idUSTRE62D0OK20100314.

[69] John Lichfield, "France Opens UAE Base to Protect Region from Iranian Threat." Huffington Post. 26 June 2009. http://www.huffingtonpost.com/2009/05/26/france-opens-uae-base-to-_n_207505.html.

is ready to assume its responsibilities in guaranteeing the stability of a region vital to the entire world."[70]

France also engages in joint military exercises with Saudi Arabia and maintains a military presence in Lebanon through the United Nations Interim Force in Lebanon (UNIFIL).[71] France works to limit the influence of Hezbollah—Iran's proxy—in partnership with the US.

Despite France's renewed desire to utilize and increase its military capabilities in the Gulf, the conflict in Libya has demonstrated the tangible limits to France's power projection. Though France and Britain took a leading role in effort to support the Libyan opposition, their ability to operate successfully was predicated on US support. French fighter sorties over Libyan skies would have been impossible without the US-led destruction of Muammar Gadhafi's air defense and command and control networks. Paris' reengagement with NATO and its support of sanctions has made France a closer diplomatic partner for the US if not a stronger military ally.

Germany and "The Six"

Germany is an active participant in the EU's current round of sanctions on Iran, but has been more reluctant in the past than the UK, France, and US in sanctioning Iran. Over the past decade German leaders have openly criticized Iran's questionable nuclear aims and its tainted human rights record, but they have been reluctant to drive Iranians away from the negotiating table and have advocated policies that preserve some form of dialogue.

Part of Germany's past resistance to sanctions has been influenced by its trading relationship with Iran and the fear that sanctions would not be equally enforced. The German government pushed back against calls for sanctions on Iran by French and American officials in 2007 claiming that both nations were hypocritically violating their own embargos. According to the German Foreign Ministry, French and American companies had not reduced their business dealings with Iran, despite the imposition of sanctions. The ministry claimed that while German exports to Iran have declined, French automobile manufactures and US companies like Microsoft and Caterpillar were still very present in the Islamic Republic.[72]

In mid 2009, as the Obama administration was seeking support for a new round of sanctions on Iran, Germany indicated that it would not support additional sanctions if the proposal did not have full support of the EU. Though Britain and France were in favor of sanctions, Germany claimed it would wait till consensus was reached amongst the 27 EU member states.[73]

Despite these differences, Germany has been a much more supportive partner for the US than other P5+1 powers, Russia and China. After the IAEA issued a report in November 2011 in which it stated a belief that Iran was pursuing nuclear weapons the German government moved in line with its Western allies, backing increased sanctions that became the January 2012

[70] Ibid.

[71] "Political Relations: France and Lebanon." French Ministry of Foreign and European Affairs. Web. 18 February 2011.http://www.diplomatie.gouv.fr/en/country-files_156/lebanon_294/france-and-lebanon_3270/political-relations_6061/index.html

[72] "Berlin Says US and France Guilty of Hypocrisy." Spiegel Online. Web. 24 September 2007. http://www.spiegel.de/international/world/0,1518,507443,00.html.

[73] Massimo Calabresi, "Will Germany back Obama's Iran-Sanctions Coalition?" Time. Web. 21 September 2009. http://www.time.com/time/world/article/0,8599,1924846,00.html.

embargo. Germany's past reluctance was fueled by its intent to preserve business interests in Iran, its emphasis that diplomacy and continued dialogue are key to any solution to the nuclear issue, and its desire to maintain a foreign policy independent of the US and more in tune with that of greater Europe.

Germany and Power Projection in the Gulf

Despite cooperation in the US led sanctions regime, Germany's abstention from the UN Security Council vote on a no-fly zone in Libya and its refusal to participate in subsequent NATO operations suggests the country's reticence to project its military power in the Greater Middle East.

That said, Germany does see regional stability as a national interest and contributes support to status quo powers like Saudi Arabia through significant arms sales. In July 2011, the German government approved a $2.5 billion deal to deliver 200 Leopard armored tanks to the Saudis. Facing domestic criticism, government officials defended the trade saying the regime is "pillar of stability" in the Middle East.[74] Germany also sold 36 Leopard 2 tanks to Qatar in 2009.[75]

Non-EU Europe

The European states outside of the European Union play a minor role in US-Iranian competition. Their presence can be felt most strongly when they either broadly track with the EU and by extension the US, or pursue opportunistic policies in opposition to the established order. The nations of Switzerland and Belarus serve as suitable proxies for both camps.

Switzerland

Though Switzerland maintains its long-held neutrality, it is a de facto member of the Western-led international order and pursues foreign policy options that often closely reflect that of its EU neighbors. Though the Swiss have a significantly more robust relationship with the US, Iran continues to seek partnership along diplomatic and economic lines. Tehran voices its disappointment over Swiss decisions that work contrary to its interests, but like its strategy with the EU states, it refrains from viewing Switzerland and the US as a wholly unified coalition.

Switzerland played a significant role in the contest between the US and Iran when the Swiss ambassador to Iran attempted to broker a deal between Washington and Tehran in 2003. The failed negotiations, sometimes referred to as the "Grand Bargain" were initiated by Ambassador Tim Guldimann who presented the US State Department with a document detailing several US and Iranian goals for potential negotiations including: Iran's support for anti-Israel proxies, counterterrorism efforts within Iran, and the recognition of Israel as a state. Guildmann claimed that the document had originated from the highest levels of the Iranian leadership and that they were willing to negotiate.[76]

[74] Julio Godoy, "Germany Arms Saudis Against Iran." Inter Press Service. Web. 25 July, 2011. http://ipsnews.net/news.asp?idnews=56617.

[75] Ibid.

[76] Glen Kessler, "2003 Memo Says Iranian Leaders Backed Talks." Washington Post. Web. 14 February 2007. http://www.washingtonpost.com/wp-dyn/content/article/2007/02/13/AR2007021301363.html

Ultimately, a bargain was never struck and controversy still surrounds the episode. Critics of the Bush Administration claim that a key opportunity was missed because "important power centers in the administration… were opposed to this kind of diplomatic effort with Iran."[77] Supporters of the administration's decision not to negotiate claim that the credibility of the letter and of Guildmann as a source were questionable from the beginning and not in line with available intelligence on Iranian intentions.[78]

Switzerland now participates in the US competition with Iran in two key areas: facilitating US-Iranian dialogue and participating in the US-led sanctions regime targeting Iran's nuclear efforts. Switzerland maintains an American interests office at its Embassy in Tehran and has served as the principal facilitator of US-Iranian communication since the severing of US-Iranian diplomatic relations in 1980. The Swiss Embassy is crucial for providing an avenue of communication during periods of heightened US-Iranian tension. For example, Swiss diplomats represented the US when three American hikers were detained in Iran and accused of espionage in 2009.

Beyond playing the role of mediator, in 2011 the Swiss joined the US and EU by enacting economic sanctions on Iran in addition to those mandated by the UN Security Council. Switzerland's major banks have terminated their financial interactions with Iran and the Swiss government has worked to freeze bank accounts linked to entities involved in Iran's nuclear program. Bern values its intermediary role, but introduced sanctions to prevent Swiss complicity in Iran's nuclear program and to clarify the situation for Swiss businesses that had temporarily paused investments with Iranian partners.[79]

Bilateral economic cooperation between Iran and Switzerland has been significantly impacted by the UN and unilateral sanctions, and by the United States' willingness to penalize Swiss companies that operate in the US but violate sanctions by trading contraband goods with the IRI. In December 2009, the Treasury Department announced that Credit Suisse would pay a $536 million settlement to the United States for illicitly processing Iranian transactions with US banks. The Swiss banking firm pledged to cease doing business with Iran.[80]

In 2010 Switzerland exported goods worth just under $900 million to Iran and imported goods valued at just over $50 million.[81] Trade volume was down $83 million from the previous year.[82] As a result of international pressure, Swiss commodities traders Glencore International AG and Vitol ceased selling gasoline to Iran.[83] According to the Wall Street Journal, a key factor in the

[77] "The 'Grand Bargain' Fax: A missed Opportunity?" PBS: Frontline. Web. 23 October, 2007. http://www.pbs.org/wgbh/pages/frontline/showdown/themes/grandbargain.html.

[78] Ibid.

[79] Julia Slater and Luca Beti, "Swiss-Iranian relations take a new track." Swissinfo.ch. 21 January 2011. http://www.swissinfo.ch/eng/politics/Swiss-Iranian_relations_take_a_new_track.html?cid=29306360.

[80] Kenneth Katzman, "Iran Sanctions." Congressional Research Service. 4 April 2011. http://fpc.state.gov/documents/organization/161339.pdf

[81] Ibid.

[82] Ibid.

[83] Spencer Swartz, "Swiss Firm Halts its Sales of Gas to Iran." 9 January 2010. http://online.wsj.com/article/SB126300336665822669.html

decisions was the passage of US legislation that "bars any company that does more than $20 million in oil and gas business with Iran from doing business in the U.S."[84]

In a similar response to EU sanctions, Iranian officials met the news of Swiss sanctions with reserved criticism. Hossein Mohammadi, first secretary at the Iranian embassy in Bern, told Swiss news service Swissinfo.ch, "Mediation and peaceful settlement of conflicts has been a main pillar of Swiss foreign policy…Imposition of sanctions as a hostile act is not a solution to the world problems and has never worked effectively."[85] Switzerland is a key diplomatic bridge for an Iran that is rapidly becoming ever more isolated. Tehran recognizes that creating a crisis with Bern over the imposition of sanctions would only drive the Swiss further away from aiding Iran against more potent adversaries like the United States and the EU3.

As of early 2012, the Swiss government has refrained from mirroring the latest round of sanctions implemented by the US and EU on Iran's energy and banking sectors. Switzerland is not an importer of Iranian crude, but its large oil trading companies like Gunvor and Vitol play a measurable role in Iran's ability to export globally.[86]

The brief chronology below highlights a few of the critical periods of Swiss participation in US-Iranian competition since the Iranian Revolution. All data are provided by Swissinfo.ch.[87]

- **1979:** Islamic revolution in Iran; students hold staff of US embassy hostage for 444 days. US breaks off diplomatic relations.
- **1980:** Switzerland starts representing Washington's interests in Iran, and providing consular assistance to US citizens in Iran.
- **2008:** Swiss Foreign Minister Micheline Calmy-Rey goes to Iran to attend signing of gas agreement, sparking widespread criticism at home and abroad.
- **August, 2010:** Switzerland adopts UN-imposed sanctions against Iran after it refuses to suspend its nuclear program.
- **January, 2011:** Switzerland agrees to step up sanctions in line with those imposed by the US, the EU and some other countries.

Belarus

Iran and Belarus maintain a supportive relationship built upon energy and arms trade and mutual opposition to the Western-led international order. In contrast to the EU's political and economic retreat from Iran over the past decade, Belarus—led by self-avowed authoritarian President Alexander Lukashenko—has deepened bilateral relations.[88] The Belarusian government, like the

[84] Ibid.

[85] Julia Slater and Luca Beti, "Swiss-Iranian relations take a new track." Swissinfo.ch. 21 January 2011. http://www.swissinfo.ch/eng/politics/Swiss-Iranian_relations_take_a_new_track.html?cid=29306360.

[86] http://www.jpost.com/IranianThreat/News/Article.aspx?id=254993

[87] Julia Slater and Luca Beti, "Swiss-Iranian relations take a new track." Swissinfo.ch. 21 January 2011. http://www.swissinfo.ch/eng/politics/Swiss-Iranian_relations_take_a_new_track.html?cid=29306360.

[88] "Profile: Alexander Lukashenko." BBC News. 9 January 2007. http://news.bbc.co.uk/2/hi/europe/3882843.stm

Iranian government, is frequently criticized by the US and EU for its corruption and human rights violations. Iran, exploiting those tensions, seeks to cultivate Belarus as one of several far-flung allies united in opposition to Western interference.

At a joint news conference in 2007, Iranian President Ahmadinejad standing with President Lukashenko said, "We oppose the development of a unipolar world and the use of double standards directed against us. We have agreed that we will act jointly internationally to offer each other support...we see Belarus' success as our own. We believe that Belarus has similar attitudes towards Iran."[89] The partnership is based on complimentary worldviews shared by both states, and cemented by diplomatic support and growing economic exchange.

The official website of the Republic of Belarus describes economic and diplomatic cooperation with Iran as follows:

> At present in Belarus there are six Belarusian-Iranian joint ventures, 18 Iran-owned companies and two banks with Iranian capital. In 2009 Belarus-Iran trade totaled $71.6 million, with Belarus' export as large as $63.2 million, import - $8.4 million. Belarus' major exports to Iran are synthetic fibers and synthetic cords, metal products, trucks, tractors, potash fertilizers. Belarus mainly imports Iranian cars and parts, fruits.
>
> Belarus and Iran have set up a commission for economic cooperation as well as a committee for cooperation in industry and mining. Belarus and Iran have signed 35 interstate and interagency treaties, including a package of basic economic treaties.[90]

In 2007, Iran agreed to allow Belarus to develop its Jofeir oil and gas field in what Lukashenko dubbed a "strategic partnership."[91] The project at Jofeir is particularly important because it helps Belarus lessen its dependence on neighboring Russia's energy supplies and marks the country's first foreign energy project.[92] In June 2010, Russia halted 60 percent of its gas deliveries to Belarus until Minsk agreed to pay a debt of $200 million. President Lukashenko, speaking to a special cabinet session after the crisis, stressed the need for Belarus to strengthen its relationships with alternative energy markets like Iran.[93]

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[89] "Iran, Belarus to stand together against critics." Reuters. 22 May 2007. http://www.reuters.com/article/2007/05/22/us-iran-belarus-idUSL2254505920070522.

[90] "Belarus, Iran to accelerate joint investment projects." Official Website of the Republic of Belarus. 6 May 2010. http://www.belarus.by/en/press-center/news/belarus-iran-to-accelerate-joint-investment-projects_i_0000001054.html.

[91] "Iran, Belarus to stand together against critics." Reuters. 22 May 2007. Web. http://www.reuters.com/article/2007/05/22/us-iran-belarus-idUSL2254505920070522.

[92] "Belarus, Iran leaders happy with outcome of Minsk visit." RIA Novosti. 22 May 2007. Web. http://en.rian.ru/world/20070522/65909833.html

[93] "Belarus after expanded Iran energy ties." PressTV. 29 June 2010. Web. http://edition.presstv.ir/detail/132491.html

With partial funding from the Central Bank of Iran, Belarus' state-run energy firm Belarusneft began exploration at the Jofeir site despite increasing pressure from the West.[94] In April 2011, the US Department of State imposed sanctions on Belarusneft for its activities in Jofeir under the Iran Sanctions Act of 1996 which restricts economic investment in Iran's energy sector above $500 million. Belarusneft is barred from access to US markets and ineligible to receive US government contracts.[95]

Cooperation between Iran and Belarus also extends to the realm of arms trading. According to Iranian new service PressTV, Belarus has entered agreements to sell short-range Iskander-M missile systems to Iran. The Russian made platform "is equipped with two solid-propellant single-stage 9M723K1 guided missiles with 'quasi-ballistic' capability with a range of approximately 310 miles."[96]

US sanctions on Belarusneft have not dampened Lukashenko's efforts to continue cooperating with Iran. The partnership is principally built on energy security and mutual disdain for the perceived imperiousness of Western governments: two elements the US and EU cannot or will not address in order to draw Belarus away from the IRI. In a June 2011 phone conversation reported by PressTV, Lukashenko said that the "Acceleration of completion of the mutual plans [between Iran and Belarus] will help promote welfare and progress of the two nations."[97] Iranian President Ahmadinejad similarly affirmed the future of positive relations saying, "Iran will always stand by Belarus…enhancement of the level of consultation between the two states on regional and international issues is in favor of global peace and security."[98]

Belarus plays a limited role in US-Iranian strategic cooperation, but the key factors of its relationship with Iran—energy security and opposition to the US-led international system—are avenues which Iran hopes to exploit across the globe and must be targeted if the US hopes to break apart the small coalition of Non-Aligned states Iran is cultivating as allies.

Implications for US Policy

The European Union and the non-EU states that track with it are currently pursuing a sanctions-based containment strategy that closely parallels the US approach to Iran. Though Europe stands to lose more economically from cutting itself off from Iran than the US, European leaders reject Iranian overtures, strongly support diplomatic efforts to halt Iran's threatening nuclear program, and take strong stands on Iran's human rights abuses and open threats toward Israel.

Growing US-EU unity presents a formidable challenge to Iran, while division provides the Islamic Republic space to advance its interests. The United States should labor to maintain the present state of Euro-American strategic convergence by stressing the benefits of cooperation,

[94] "Iranian central bank helps fund Belarusneft oil exploration." MEED. 21 May 2009. Web. http://www.meed.com/sectors/oil-and-gas/iranian-central-bank-helps-fund-belarusneft-oil-exploration/2031055.article

[95] "US Sanctions Belarusneft over Iran contract." New Europe. 3 April 2011. Web. http://www.neurope.eu/articles/US-sanctions-Belarusneft-over-Iran-contract/105722.php

[96] "Belarus 'selling Iran Iskander-M missiles." PressTV. 25 August 2011. Web. http://edition.presstv.ir/detail/93244.html.

[97] "Iran, Belarus call for enhanced ties." PressTV. 10 June 2011. Web. http://www.presstv.ir/detail/183992.html.

[98] Ibid.

leveraging transatlantic economic interdependence, and further weakening Iran's limited connections to Europe.

- *Continue comprehensive engagement and coordinate responses to Iran.* The unparalleled extent of Euro-American cooperation in matters diplomatic, economic, and cultural presents a serious challenge to powers intent on creating a transatlantic rift. The US should avoid engaging in unilateral activities which jeopardize the US-EU relationship and instead effectively communicate its policies to its European allies in hopes of achieving greater coordination. Coordination should not come at a cost of national interests, but a united Euro-American front forces Iran to risk alienating its chief export market.
- *Promote energy alternatives to sustain a cohesive European response to Iran.* As the EU oil embargo comes into full effect in July 2012 the US should leverage its relationships with the Arab Gulf states and other oil producers to ensure a steady flow of hydrocarbons to Europe. Countries weakened by the ongoing fiscal crisis in the Eurozone may be disproportionately affected by an interruption in supply. To prevent defection from the embargo or worse, disintegration of the EU, the US should be prepared to mobilize its diplomatic and economic resources.

The European Union and particularly Britain, France, and Germany are the closest and most significant partners of the US in its competition with Iran. All now have similar perceptions of the threat Iran poses to international stability and are willing to implement aggressive sanctions to dissuade it from obtaining nuclear weapons. In a game where so many players are ambiguous in their allegiance, the EU states—led by the EU3— are invaluable partners of the US, and ones which have both adapted to reflect US positions when they have proved valid, and played a role in persuading the US to see the merits of incentives and flexibility in dealing with Iran's legitimate needs.

The caution in preserving this unity is that the United States must be seen in Europe as being sincere in its willingness to replace sanctions with negotiations and incentives if Iran is willing to give up its threatening nuclear efforts. The US must be willing to accept regime evolution, rather than regime change, if Iran's ruling elite will make the necessary democratic and human rights reforms. The US must be seen as pragmatic, rather than acting out of ideological hostility to Iran.

Finally, any US use of force must either be a last resort when Iran is unambiguously on the edge of acquiring nuclear weapons and carried out only after serious consultation with its key European allies, or an act forced by Iran's aggression against a Gulf state or an attack on shipping and oil exports in the Gulf. As is the case with the Arab Gulf states and other regional powers, the US must act as a partner and not simply expect even its closest European allies to follow blindly. These are positions the US has clearly taken in theory, but the recent history of its actions in Iraq illustrate just how important it is for the US to now take these positions in actual practice.