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## **Time for a US/Iran Patch Up**

The current debacle over Iran's nuclear challenge continues as intensely today as at its revelation three and a half years ago, when the National Council of Resistance of Iran, an Iranian exiled opposition group disclosed Iran's secret nuclear fuel cycle program. European efforts – lead by the EU3 (UK, France and Germany) - to diplomatically engage with Iran were commendable, but were unsuccessful in preventing Iran from resuming its enrichment program. It appears as though the only choice for the international community is between giving in to Iran and allowing it to develop nuclear technology that could support a weapons program, or launch a military strike. Following either of these choices will have disastrous consequences. In fact, there is still a diplomatic opportunity that can resolve the nuclear crisis. The alternative is for the Iranians and the Americans to manage their differences and partake in a long and overdue patch-up. The Iranians need a package of incentives to relinquish their nuclear program and it is really only America, and not the Europeans, that can offer Iran what it wants and needs.

This paper explores Iranian logic in its nuclear ambitions. It also argues that a *rapprochement* between the Iranians and the Americans is possible, with a change of policy from both sides. Furthermore, this paper explains how an opportunity exists for the European Union (EU) to play an effective role as a catalyst in 'normalizing' US-Iran relations.

### **Iranian logic in its nuclear ambitions**

Given the current climate in the Middle East, Iran is certainly feeling pressure. Talks of military strikes from both the United States and Israel, coupled with the presence of US troops on Iran's

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borders as well as in the Persian Gulf, put Iran in an undoubtedly uncomfortable position. Feeling threatened and being under constant scrutiny can only add to Iran's insecurities.

Since the creation of the Islamic Republic of Iran in 1979, Iran's relations with both its neighbors and the West have been tumultuous. Faced with a WMD-capable Iraq, an unstable region, and a lack of international support, Iran has felt politically isolated, insecure and, above all, threatened. Twenty-seven years later, however, most conditions have changed in Iran's favor: Saddam's regime no longer stands, and there is no real threat from the new Iraqi government towards Iran. More recently, Iran has established good relations with most of the states within the region (with the obvious exception of Israel) and has established economic ties with Russia, China, India and the EU. In spite of these improvements, the region is still unstable and volatile.

A military response to Iran's nuclear challenge remains a possibility. Israeli Defense Minister Shaul Mofaz warned in late January 2006 that Israel could react against Iran's nuclear program.<sup>1</sup> Equally, Republican and Democrat senators in Washington recently reiterated that the United States might have to undertake a military strike to deter Iran from obtaining nuclear weapons.<sup>2</sup> Military strikes at one or all of Iran's nuclear facilities, would not only be devastating to Iran, but would also be regionally catastrophic. As such, the international community would be faced with a deterioration of the current situation, and a more intense race in nuclear proliferation. Perhaps it is precisely for this reason that Iran wishes to pursue its nuclear weapons program: an Iranian nuclear weapons capability would provide the best deterrent against a US and/or Israeli preemptive strike. As a means of security, the pursuit of a nuclear weapons capability could be in Iran's national security interests, but as a signatory to the NPT (Nuclear Nonproliferation Treaty), Iran has forsaken the right to seek or acquire such a capability.

The message emanating from Iran has been clear and consistent: Iran is not seeking nuclear weapons but wants the opportunity to generate civil nuclear energy. There are legitimate reasons for Iran to seek civilian energy as both an NPT signatory and as a country with a history of self-reliance. Iran wants to be treated equally as all other NPT members that are entitled to develop a full fuel nuclear cycle. The Iranian government says they are honoring the NPT and are within their rights under the NPT's Article IV to *'develop research, production and use of nuclear energy for peaceful purposes'*. Iran objects to being unfairly treated and openly criticized over the country's alleged nuclear ambitions. The debate within Iran itself is shaped by the fact that the international community does not object to the development of nuclear power and the subsequent acquisition of nuclear weapons by Pakistan, India and Israel. These actions did not create such international condemnation that Iran is faced with today. The international community's double-standards are often questioned in Iran over Pakistan, India and Israel, but what differentiates Iran from these three states is that Iran has signed the NPT, whereas Pakistan, India and Israel have not. Iran's nuclear program is legally obligated to be monitored by the International Atomic Energy Agency (IAEA) since it has voluntarily undertaken to comply in a legally binding treaty.

As a signatory to the NPT, Iran is within its rights to want to produce and use nuclear energy for peaceful purposes in order to produce civilian nuclear power. The United States and the EU do not understand why Iran would need civilian nuclear power, given its huge hydrocarbon energy reserves in oil and gas. Iran has the world's second largest oil and natural gas reserves and is now hoping to generate nuclear energy. Civilian nuclear power is essential for Iran's future energy needs, as nuclear energy will serve as a substitute for the oil that is predicted to run out in the next 20-30 years. Iran's reasoning for wanting to generate civilian power is theoretically credible, yet recent Iranian actions have suggested otherwise. Iran's lack of cooperation and transparency with the IAEA coupled with Iran reneging on its agreement with the EU3 resulting in a breakdown of talks suggests that its desire for producing nuclear energy is just a front to produce a nuclear weapons capability.

What Iran wants is the world to believe that it does not want to build a nuclear weapon, yet its current behavior begs to differ. The current impasse in resolving the crisis is due to three important factors. Firstly, the IAEA reports show that Iran has not fulfilled all its NPT obligations.<sup>3</sup> Iran was not honest or transparent with the IAEA and successfully managed to hide its secret nuclear program for twenty years. If Iran had nothing to hide, then why did it conceal its activities from the IAEA? Secondly, Iran's recent behavior with the EU3 has escalated tensions. Breaking its agreement with the Europeans and subsequently resuming its enrichment program did not help to instill confidence that Iran's intentions were peaceful. Thirdly, Iran's perceived association with terrorism raises questions regarding its behavior. Moreover, calls by the country's president for Israel's destruction lead many states to the conclusion that Iran cannot be permitted to acquire nuclear arms.

The United States requires confidence that the Iranians are not acquiring nuclear technology for military purposes as Iran's acquisition of nuclear weapons program would present unacceptable threats to US security: Israel's security would be directly threatened and other countries in the region might aspire to proliferate. US efforts to foster democracy in the region will be hampered and a nuclear-armed Iran could threaten to close access to the Persian Gulf.

### **No to Iranian nuclear technology development and no to a military strike**

It is clear that allowing the unimpeded development of Iranian nuclear technology or launching a military strike against Iran would both have unacceptable consequences. Iran needs to instill confidence amongst the international community because if it continues with its present behavior, it risks suffering further isolation. There are a few confidence-building measures that Iran can embark on. Firstly, Iran must prove to the international community that its nuclear activities are truly peaceful. One way Iran could do this is by agreeing to impose a verifiable moratorium on its enrichment and reprocessing processes for a period of at least ten years. If Iran is guaranteed

realistic and attainable incentives, including guaranteed access to fuel for its civil power reactors, as well as a re-admission into international politics, then Iran might accept a long-term moratorium on enrichment and reprocessing efforts. Ten years is not such a long time especially given Iran's large reserves of oil and gas. Nuclear energy maybe necessary for the country in the long term, but is clearly not needed on a scale greater than that provided by Iran's single reactor complex over the next decade. Iran has enough oil and natural gas for both domestic consumption and international needs for many years to come, and a ten year cap on producing nuclear energy is not going to damage the country's energy resources. A further confidence-building measure includes the allowing of the complete and continuous inspection of other suspect Iranian sites. The more open and transparent Iran can be to the IAEA, the easier the case will be for Iran to prove that its nuclear energy intentions are peaceful.

Equally, a military strike should be taken off the table because it offers little prospect of success and carries tremendous risk. The Iranian nuclear facilities are spread out throughout the country: Iran witnessed the 1981 Israeli destruction of Iraq's Osirak nuclear reactor and accordingly built a dispersed nuclear infrastructure. A military strike on some or all of Iran's scattered nuclear facilities would therefore not be a 'surgical' strike with little collateral damage. Even if the US military planned on striking the nuclear fuel production plant and research laboratory in Natanz in conjunction with the heavy water production plant in Arak, the damage would be extensive and could include many civilian casualties. Natanz is north of Esfahan in central Iran and Arak is southwest of Tehran, in the north of Iran. Targeting these sites will be counter-productive as both Esfahan and Tehran are very symbolic to the Iranian nation. Esfahan is one of the oldest cities in Iran and was the former capital city during the latter part of the Safavid period (1597-1736) and Tehran has been the nation's capital city since c.1795. On a practical level, it seems inconceivable for the Iranians to believe that the United States would attack them. To them, the US military might not risk such an attack: Iran can see civil unrest in both Iraq and Afghanistan taxing the US military tied

up there. Military strikes would not be an effective preemptive measure; although Iranian nuclear facilities may be destroyed, anti-US sentiments would resonate heavily within the region and Iranian forces would retaliate in both Iran and in Iraq, a combination unleashing more damage than a strike would be worth in practical terms.

So then, if the international community does not give in to Iran, thereby allowing it to develop nuclear technology, and absent a military strike, how will the Iranian nuclear crisis be averted? There are a few diplomatic and policy options that remain beyond appeasement and military action and the answer involves future Iranian and American cooperation. Both countries must repair their damaged relationship before diplomacy is allowed to fail. Iran and the United States have a fair bit of history between them, and playing one off against the other does not bode well for the future. The time has come for a US-Iran *rapprochement*.

### **US-Iran rapprochement**

The US-Iran relationship is characterized by deep political hostility. Publicly neither country wishes to acknowledge each other's legitimacy, and instead, hateful rhetoric is exchanged. Privately, there is evidence that both governments hope to restore diplomatic ties and normalize relations. A change of policy is needed from both sides which will ultimately lead to a *rapprochement*. First though, the threats from both sides must stop. The United States' current policy towards Iran of isolation, containment and threats (both economic and military) should be replaced with a sustained policy of engagement regardless of the public reception it receives from both countries. Equally, Iran should cease its anti-US rhetoric and concentrate on restoring diplomatic ties with the United States. Just as Iranian prejudices were, to some extent, cast aside vis-à-vis the British, the same can be done with the Americans. Equally, just as the United States was able to establish relations with China, the same can be done with Iran. Both Iran and the United States need each other more than they think: the United States needs Iran's regional expertise and access to its vast oil and gas reserves, whilst Iran

needs US investment to help its fledging economy and official recognition of its legitimacy. The United States has the real incentives to offer Iran, and as it is the more powerful nation, it should be expected to be the first to wave the olive branch. 1979 was a long time ago and there have been too many missed opportunities since then. The two nations and the world are likely to suffer unnecessarily if the present opportunity is missed.

### **Missed opportunities**

Since the late 1990s, under the Clinton administration and under Khatami's presidency, both countries have attempted to normalize their relations but neither country seemed willing enough to go that extra step. When Khatami was elected in 1997, he appeared on CNN in January 1998 and called for a 'dialogue of civilizations' between Iran and the United States.<sup>4</sup> His appeal fell on deaf ears in the United States as there was no sustained US response given to his call.

In April 1999, President Clinton offered a near apology for perceived American wrongs which the Iranians were quick to reject because to them it was hardly an apology. Clinton said, "Iran, because of its enormous geopolitical importance over time, has been the subject of quite a lot of abuse from various Western nations".<sup>5</sup> This statement failed to address the issues of the 1953 coup which weighs so heavily in the Iranian national psyche. A year after that, Madeleine Albright, US Secretary of State gave a speech admitting US interference in the 1953 coup that led to the overthrow of Iranian Prime Minister Mossadegh,<sup>6</sup> and this time, the Iranian foreign ministry welcomed the gesture, but the Iranian Supreme Leader Ayatollah Ali Khamenei later described it as deceitful and belated.<sup>7</sup> In late 2001, when the United States launched their 'War on Terror' campaign after the World Trade Center attacks, there were many meetings between the Iranians and the Americans. Iran provided regional and tactical advice to the Americans on the tumultuous terrain of Afghanistan, which the Americans heeded. At this point, the Iranians hoped that this was the breakthrough both countries finally needed. However, soon after in January 2002, President Bush

rewarded Iran with the 'Axis of Evil' label in his State of Union address, angering the Iranians. Yet, the Iranian initiative continued and in October 2003, Iran provided the UN with a list of captured Al-Qaeda suspects in Iran,<sup>8</sup> and again, the US response was not what the Iranians expected: the United States blamed Iran for the Riyadh May 2003 bombings.<sup>9</sup> (Washington suggested that a small cell of al-Qaeda leaders in Iran directed the attack).<sup>10</sup> The final Iranian offer came in February 2005, when President-hopeful Rafsanjani was interviewed by *USA Today*, where he called for dialogue with Washington.<sup>11</sup> This dialogue may have happened had Rafsanjani been elected in the Iranian Presidential elections of June 2005. But, the Iranian nation chose the hardline Ahmadi-Nejad as the country's President, who has further exacerbated tensions between Tehran and Washington through his rhetoric. It is highly unlikely that Ahmadi-Nejad will extend the same goodwill gesture to the Bush administration that Khatami offered the Clinton administration. His recent inflammatory remarks about the state of Israel have increased tension dramatically and made it politically difficult for the United States to initiate engagement. Equally, the Bush administration is not likely to stop labeling Iran the 'most active state sponsor of terrorism'.<sup>12</sup> In spite of such tough rhetoric directed against Iran, many of the Iranian population want to improve relations with the United States,<sup>13</sup> as they are pro-American and they mostly oppose the current regime in Iran.<sup>14</sup> Unfortunately, recent statements indicate that the United States believes that 'normal relations are impossible until Iran's policies change',<sup>15</sup> which is a fair assessment, but US policies towards Iran also need revision. Added to this, recent statements from US Secretary of State Condoleezza Rice accusing Iran of fueling the current protests over the publication of cartoons of the Prophet Mohammed<sup>16</sup> should stop as they hinder any attempt of normalization.

### **How to normalize relations between the United States and Iran**

Iran and the United States have both done regrettable deeds and where they converge is their difficulty in admitting and apologizing for past historical events, and above all, in putting the past behind them. The Iranians have trouble in forgetting the US-led 1953 coup of deposing the popular



nationalist Prime Minister Mohammad Mossadegh and imposing the Shah's regime on them for twenty-five years, whilst the Americans cannot forgive the Iranians for the 1979 US embassy hostage siege.

Although these events have had a tremendous impact, Iranians feel that the time has come for them to be recognized as the main player in the region. This strong national sentiment is based on twin perception of the country's geopolitical importance and its socio-economic influence in that area. The regional and social expertise that Iran can offer are too good to be ignored and neither can its enormous natural hydrocarbon resources, namely oil and natural gas, nor Iran's relatively huge yet unexplored commercial market. With civil unrest in two of its neighboring countries and the socio-political experience gained from its long and often turbulent history, Iran is in a very good position to offer advice on how to overcome these regional difficulties.

Joint action is what is needed and both Iran and the United States must be seen to making changes. If Iran wants to be a key strategic actor in the Middle East, then it must alter its current behavior in three areas because with recognition comes responsibility. Firstly, Iran should announce a moratorium on its enrichment and reprocessing activities for a period of at least ten years. This will provide the international community with the assurance and the confidence that Iran is indeed pursuing an entirely peaceful nuclear program. Iran might be reluctant to accept this as it wants to be treated equally to that of other NPT states, but if the United States can provide Iran with genuine security assurances, guaranteed fuel supply for its civilian reactor, and cease its rhetoric on threatening Iran along the way then it is certainly possible. Secondly, Iran should end its links to terrorist organizations and stop its anti-Israel rhetoric. This can be done if Iran publicly recognizes the state of Israel. It is not anti-Islamic to accept Israel as a country as it has already been done by Egypt and other Muslim countries. Finally, Iran should try and improve its human rights record by encouraging a freer press, promoting democracy and protecting its relatively large ethnic minorities. Iran is made up of the most diverse population in the world.<sup>17</sup> By demonstrating to the rest of the

world its commitment in containing and containing the rights of such a diverse population, Iran can set a precedent in the promotion and protection of minority rights.

Iran and the United States should become actively involved in normalizing their relations. The United States has the carrots to entice the Iranians and the Iranians can also dangle their carrots in front of the United States. The United States can offer the Iranians a security guarantee thereby recognizing and accepting the Islamic Republic, and present the Iranians with economic incentives. A US security guarantee will not only brush aside the recent talks of military strikes from both Israel and the United States but will also serve as an eventual recognition of the Islamic Republic of Iran in the eyes of the US government, who have for the past twenty-seven years refused to recognize the legitimacy of the Islamic Republic's government. The latter point might be over-optimistic, but it will provide the Iranians with the ultimate guarantee that the Americans will not have any further intention of instilling regime change. The Iranians have seen what the Americans are capable of and only have to look at either side of their country to see that the United States is serious about carrying out regime change and installing democracies in the region. The United States can recognize the legitimacy of the Islamic Republic of Iran by encouraging dialogue through its Iraq channel. Zalmay Khalilzad, the US Ambassador in Baghdad is keen to meet with the Iranians to talk about Iraq.<sup>18</sup> The Iranians should seize this opportunity as talks on Iraq will be extensive and could well lead into talks on further areas, such as US/Iran relations. The more interaction the Iranians and the Americans have through indirect channels, such as that of Iraq, the more likely a normalization of relations can take place.

As for economic incentives, the United States could start by lifting its sanctions against Iran and by paying back Iran's frozen assets. The US government prohibits most trade with Iran. Originally, the sanctions were imposed to punish Tehran for the US embassy siege in 1979. More recently, these sanctions have been introduced to prevent Iran from supporting international terrorist organizations,

obstructing the Middle East peace process, and pursuing WMDs. Since the Bush administration took office, the United States has imposed economic sanctions involving WMD-related transfers to Iran more than fifty times.<sup>19</sup> Imposing more sanctions on Iran will not solve the Iranian nuclear crisis. As a goodwill gesture and as a way to start a dialogue, the United States can offer to pay Iran the \$61.8 million it promised in compensation for the 248 Iranians killed in the accidental 1988 downing of Iran Air Flight 655.<sup>20</sup> The \$61.8 million is much less than what has been taken from Iran's frozen assets in the United States as a result of the 1979 US embassy hostage crisis in Tehran.<sup>21</sup> Offering to pay at least part of the money and lifting sanctions could be important elements in a phased package of economic incentives offered to Iran in exchange to maintaining a moratorium on the development of its fuel cycle. For example, in the ten year moratorium, for every two years that Iran has stopped its nuclear activities, the United States can reward Iran with part of the money it owes.

Equally, the Iranians can be helpful to the Americans: they can be a stabilizing presence in the Middle East, they can offer the United States its unrivalled regional and socio-political expertise in trying to overcome the regional difficulties (which they did after 9/11 on what to do in and with Afghanistan), and their enormous natural hydrocarbon resources (oil and gas) are a necessity for the US's diminishing domestic hydrocarbon resources (except coal) and its insatiable appetite for such energy. Iran has the world's second largest oil and natural gas reserves<sup>22</sup> and is also the world's fourth largest oil producer after Saudi Arabia, Russia and the USA.<sup>23</sup> Its massive potential for foreign trade and investment coupled with its unique historical and political stature within the region strongly indicates how much Iran has to offer the United States and why Iran cannot be neglected that much longer. Iran is made up of a youthful population with 15-64 year olds making up 68% of the population and the literacy level stands at 79.4%.<sup>24</sup> Iran already trades with the EU (the EU is Iran's biggest trading partner), China, India and Russia – countries that have secure relations with the United States.

Similarly, the United States has plenty to offer Iran. But how can such change in both US and Iran policy be made? It is here where the EU's engagement with Iran can be useful to create a normalization of US/Iran relations.

### **Key role for the EU in a US-Iran Rapprochement**

The EU can play an important role as a mediator between the United States and Iran as it has a relationship with both sides. The EU's negotiating history with Iran can play a role in normalizing relations between the United States and Iran. Although Iran reneged on its agreement with the Europeans, resulting in a breakdown of talks and a joint EU/US approach, the EU can still be instrumental in restoring US/Iran ties. The Europeans have the experience in dealing with the Iranians and this can be taken into account in supporting a US/Iran *rapprochement*. As it is the only external broker with vested interests in both nations, the EU can encourage engagement and dialogue from both sides. Even though the EU and the United States have reached a consensus on Iran's nuclear ambitions, EU-Iranian nuclear negotiations will still continue and so getting the three behind a negotiating table is still a possibility.

### **EU/Iran relations**

The EU's relationship with Iran is relatively new compared to its relationship with the United States. The relationship between the EU and Iran goes back to 1993 where sporadic exchanges took place. From March 1998, the dialogue increased and the conditions stipulated that the EU would administer trade ties with Iran through the EC-Iran Trade and Cooperation Agreement (TCA) if Iran would begin a dialogue on improving four major areas of concern the EU highlighted. These four areas of concern are equally shared by the United States. Iran would have to be seen to be:

- i) promoting democracy,
- ii) improving its human rights record,
- iii) suspending its ties with terrorist organizations,

iv) and abandoning its intention of developing WMDs.

TCA negotiations actively began in Brussels in December 2002 and the focus was on a trade and cooperation agreement, political dialogue, and cooperation against terrorism. The TCA will be a political agreement between the EU and Iran, and can only materialize if Iran improves, by Western standards,<sup>25</sup> on its four areas of concerns. Negotiations are continuing but not to the same extent as before due to the current Iranian nuclear crisis.

The EU3's efforts were admirable in containing the Iranian nuclear threat as Iran suspended some aspects of its enrichment activities for eighteen months. In August 2005 however, Iran reneged on its agreement with the Europeans by restarting its nuclear fuel cycle program as it grew tired of waiting for tangible results from the Europeans. The Europeans agreed through the Paris Agreement of November 2004 that if Iran suspended its uranium enrichment activities and stop its program to convert raw uranium into uranium tetrafluoride,<sup>26</sup> then a trade deal would materialize (separate from the TCA) and Iran would get access to civilian nuclear technology. Even though Iran suspended the agreed portions of its nuclear program, it never saw any rewards from the Europeans. The Europeans never provided the promised access to nuclear technology for medical and energy purposes. Furthermore Ahmadi-Nejad's win intensified Iran's lack of patience and escalated the nuclear crisis: since becoming President, he has changed the Iranian nuclear negotiating team and has undergone a complete sweep in almost every branch of government and the public sector.<sup>27</sup>

However, like Khatami, he is completely powerless to make any authoritative decision without gaining approval from higher authority, and that any U-turn in Iranian national policy cannot be administered by the President himself. The EU's incentives were no longer appealing to the new Iranian nuclear negotiating team nor were they as rewarding or as enticing as originally hoped. Most importantly, the EU's incentives could not be matched to what the United States has to potentially offer Iran.

Added to this, in its dealings with Iran, the EU has recently made the nuclear question its priority. The Iranians might have objected to this because as the nuclear negotiations were taking place, TCA agreement talks were stalled. As already noted, when the EU began its dialogue with Iran in the early 1990s, it highlighted four areas of concern relating to Iran. These areas have not changed since the Salman Rushdie affair<sup>28</sup> nor were they given any order of importance, but it seems that there is currently an imbalance between the WMD and proliferation concerns and the human rights and democracy priorities. Not enough emphasis has been exerted on the human rights or democracy concerns and these particular areas of concern have been downgraded while the nuclear issue has taken priority. EU officials insist that the human rights and democracy issues are still important for the EU, but most argue that the nuclear issue needs to be solved first.<sup>29</sup> They deny that the nuclear issue is a more important issue but insist that it is a more pressing and urgent issue that needs to be dealt with earliest. The reasons for the prominence of the nuclear issue is threefold: firstly, and most importantly, because of the international security implications; secondly, because the EU wants to have a strategic role in the Middle East; and thirdly, because the EU wants to be a stronger player in nonproliferation, and making this issue their priority shows the international community that they are serious about combating the global proliferation of nuclear weapons. The areas of concern are not disconnected, but if the nuclear issue can be solved first, then it is more likely that the other areas of concern will follow. All EU officials seem to agree that if the emphasis were on the other areas, then the EU and Iran would not arrive anywhere.<sup>30</sup> The emphasis is now on security as the EU dialogue with Iran on human rights and democracy stalled in earlier venues.

As part of its long-term engagement policy with Iran the EU has attempted to address the Iranian human rights and democracy issues through the EU-Iran bilateral dialogue on human rights and democracy that started in 2002, but it has proved to be difficult. European experiences in such an exercise can be effective in changing the US's policy to engage with Iran. Instead of promoting regime change in Iran, the United States should instead promote the idea of human rights and

democracy, and the EU's past experiences can help. Human rights promotion in Iran would be a very difficult process for the EU and the United States because any attempt of external governments trying to get involved in Iran's domestic policy is automatically viewed by the Iranians as outside meddling, given the strong sense of Iranian distrust towards any sort of foreign interference in their country. The EU cannot do much more than it is already doing: it supports the reformist movement in Iran and would prefer to deal with a democratic Iran, but a democratic Iran is for the Iranians themselves to decide upon, and not what the EU or the United States can enforce. It is up to the Iranians to address these issues, as these directly affect the Iranian people. The nuclear issue, on the other hand, has a destabilizing potential and affects the EU, the United States and the rest of the international community directly, and so it is precisely for these reasons why the nuclear issue has been addressed as a matter of priority.

The EU has had much more recent experience in engaging with the Iranians than the Americans have, and so it is therefore in a position to act as a mediator between the two states. Equally, there have not been any diplomatic exchanges between the Americans and the Iranians since 1979 and so the EU can advise both nations on what to expect from one another and on how best to channel their individual policy changes. In the current climate, it is difficult to foresee whether Iran or the United States will be the first to wave the olive branch. An external mediator is probably the most likely and better solution. European diplomacy can prove to set a precedent should the EU act as a mediator between the United States and Iran. The EU's past experiences with Iran has certainly not been a waste of time, even though the European incentives can never match the economic benefits and security assurances the Iranians need from the Americans. Instead, the lessons learnt from the EU's experiences can help the Americans to facilitate the beginnings of a normalization of US/Iranian relations.

## **Conclusion**

The Middle East is already a troubled and conflict-ridden region. The Iranian nuclear crisis can only add to the insecurities felt there. Neither allowing Iran to develop nuclear fuel technology for military purposes nor launching a military strike will make the Middle East any safer or stable. The only way to improve these conditions is for the United States and Iran to normalize their relations. It is unlikely that either President Ahmadi-Nejad or President Bush will initiate a peace-offering, but the EU can be effective in bringing the two nations behind a negotiating table. Once there, a determined effort to craft a compromise on the nuclear issue can succeed if both sides work creatively. The effort must be protected from the inevitable political pressures arising from the strained relationship. All possible diplomatic gestures, economic incentives and formal political commitments need to be considered in a far-reaching search for resolving the nuclear crisis.

The United States and Iran cannot ignore each other any more as both nations need each other in order to stabilize the volatile Middle East. Once at the negotiating table, the onus will be on both Iran and the United States to finally put aside their past grievances and secure a new and normalized relationship. There is too much to lose in dwelling in the past and so much to gain from looking to the future: Iranian and American differences can be resolved and a new beginning to the US/Iran relationship will be instrumental in stabilizing the Middle East.

## **Notes**

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3. "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran", IAEA Board of Governors Report by the Director General, 18 November 2005, <http://www.iaea.org/Publications/Documents/Board/2005/gov2005-87.pdf>



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15. US Department of State, Bureau of Near Eastern Affairs, Notes on Iran, August 2005, <http://www.state.gov/r/pa/ei/bgn/5314.htm>
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Taken from the Iran chapter in the CIA's World Factbook, 10 January 2006,

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18. Roger Cohen, "Can the US use Iraq to get through to Iran?", *New York Times*, 8 February 2006.

19. Jackie Wolcott Sanders, "Report by the Director General on the Implementation of Safeguards in the Islamic Republic of Iran", 29 November 2004, p.6.

20. On 3 July 1988, the USS Vincennes shot down an Iran Air plane resulting in 290 civilian fatalities from six nations. In February 1996, the US agreed to pay Iran \$61.8 million in compensation for the 248 Iranians killed in the shootdown. The aircraft was worth more than \$30 million. Source: "US-Iran Relations", *Wikipedia*, 2 February 2006, [http://en.wikipedia.org/wiki/U.S.-Iran\\_relations](http://en.wikipedia.org/wiki/U.S.-Iran_relations)

21. *Ibid.* The US took \$65 million from Iran's frozen assets to compensate for three Americans held hostage by Lebanese groups, claiming that Iran supported the groups.

22. BP Statistical Review of World Energy 2005, published 14 June 2005: Saudi Arabia has the world's largest oil reserves (22.1% to Iran's 11.1%), Russian Federation has the world's largest natural gas reserves (26.7% to Iran's 15.3%).

23. BP Statistical Review of World Energy 2005, published 14 June 2005: Oil production figures in million tones: Saudi Arabia: 13.1%, Russian Federation: 11.9%, USA: 8.5%, Iran: 5.2%.

24. Taken from the Iran chapter in the CIA's World Factbook, 10 January 2006,

<http://cia.gov/cia/publications/factbook/geos/ir.html>

25. These would for example include free press, free speech, less persecution etc.

26. Uranium tetrafluoride is a precursor to the form of uranium that is fed into centrifuges to enrich it for use as a fuel that can be used for either peaceful purposes or to develop nuclear weapons.

27. Deputy ministers, foreign ambassadors (including those to the UK, France and Germany), heads of the state insurance and privatization organizations and state bank presidents have all been dismissed.

28. After the publication of Rushdie's "The Satanic Verses" in 1989, the then Ayatollah of Iran (Khomeini) issues a *fatwa* against the author calling for his assassination. This affair launched the EU's dialogue with Iran in 1993.

29. Based on numerous interviews with EU officials in Paris in May 2005.

30. *Ibid.*