

# The Next Step on Iran: Negotiations through the Prism of Regional Dynamics

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## **Introduction**

Efforts by the international community to confront and contain Iran's nuclear ambitions over the past seven years have been marked by tension between two focal points. The first has been the tendency to deal solely with the nuclear activity itself, through the prism of NPT provisions, with the goal of bringing/forcing Iran back into the fold of this international non-proliferation treaty (which Iran is party to as a non-nuclear state). The second tendency has been to include a wider spectrum of regional realities and state interests, with the understanding that these factors are inextricably linked to the nuclear challenge that Iran poses. So far the first tendency has been dominant: although international actors facing Iran no doubt understand the significance of the nuclear challenge's wider context, concrete efforts have nevertheless focused almost exclusively on the nuclear issue as such.

This near-exclusive focus on NPT-inspired efforts has inhibited progress on closing the Iranian nuclear file. It has proven virtually impossible to build an iron-clad case against Iran solely on the basis of NPT criteria, and this has resulted in valuable time lost in the efforts carried out since 2002 – time that was used by Iran to push its program forward, especially since mid-2005. Moreover, while at the practical level it was clear from the start that the issue was influenced by a full range of political considerations,<sup>1</sup>

at the normative level it continued to be viewed and treated strictly as a nuclear proliferation challenge. Therefore, even when political tools were used by international actors as part of the effort to confront Iran, this effort did not lead to a broader political/security dialogue; rather, these political tools were introduced as additional means of leverage on Iran in the effort to convince/pressure it to return to its NPT commitments.

This article contends that exclusive focus on the nonproliferation challenge and Iran's noncompliance with NPT provisions has run its course. Furthermore, there is evidence of late that the Obama administration, as it formulates its strategy on Iran, is shifting its focus to the wider regional picture in the Middle East.

The prospect of a broader context of inter-state relations and regional politics becoming part and parcel of a diplomatic strategy for confronting Iran's nuclear activities is a significant development. However, it has yet to be seen if the new strategies being devised will defuse the nuclear challenge – whether and how they will both effectively address Iran's plans to use its prospective nuclear status in order to further its political hegemonic goals in the Gulf and the wider Middle East, and assuage the ensuing fears throughout the region.

One implication of emphasizing the regional sphere in the discussion on Iran is that there is room for new and creative initiatives; response to the nuclear crisis would broaden to include Iran's regional interests as well as the inherent challenge that Iran poses to other states in the regional and even global sphere. Another implication of this shift in focus is greater attention to the fact that due to Iran's hegemonic ambitions, the level of regional support that Iran enjoys is an important variable to take into account when the US devises its broader diplomatic initiative.

Recent developments indicate that Iran's regional position has lost important ground. While Iran's ties with Syria and with proxies Hizbollah and Hamas have strengthened, Gulf states have been seriously alienated by statements hinting at Iran's belief that historically Bahrain is part of Iran, and by the intensifying dispute with the UAE over the sovereignty of three small islands in the Persian Gulf. Egypt in particular has become quite vocal in opposing Iran's radical approach to the region, especially against the backdrop of Israel's Operation Cast Lead. Future US dealings

with Iran will likely involve a delicate balancing act between effectively utilizing the regional opposition to Iran's hegemonic tendencies in the context of negotiations, and the tendency to strike a bilateral deal with Iran that would result in enhancing its regional clout at the expense of moderate status quo states in the region.

### **US-Iran Negotiations**

Now that the nuclear crisis has attracted more intense US involvement, there is a greater possibility that the regional constellation will be the linchpin for negotiations. A broader agenda would most likely serve Iran's interests as well. Iran's preoccupation with its regional status suggests that it too would prefer to have a range of issues on the table. Among the issues that can be included are terms of the US withdrawal from Iraq and regional security in the Persian Gulf. At the same time, Iran's ties to Hamas and Hizbollah and Israel's security concerns must also gain a prominent place in such thinking.<sup>2</sup> In an interview shortly before his inauguration, perhaps in light of the war then underway in Gaza, Barack Obama said that he would confront Iran on its export of terrorism through Hamas and Hizbollah. Hints that Obama might be seeking to broaden the negotiations agenda beyond the nuclear issue – including discussion of “certain expectations in terms of how an international actor behaves” – underscore the new direction.<sup>3</sup>

However, to succeed in these negotiations, it is crucial that the US enter them with a strong hand. As Obama consolidates his new approach, there are some emerging problematic tendencies that touch on the question of US resolve. The new US administration initially clarified that it is not only poised to negotiate with Iran, but that it will do so without regard to the precondition that has prevented negotiations over the past three years, namely, Iran's immediate cessation of all activities related to uranium enrichment. Subsequent reports, however, already indicate further erosion of previous US positions on the negotiations before they have even begun. Thus in early April it was reported that as part of Obama's policy review, diplomats were discussing whether the US will have to ultimately accept the continued existence of Iran's uranium enrichment activities.<sup>4</sup>

In the months before Obama took office, a dominant theme for prospective negotiations with Iran was “bigger carrots and bigger sticks.” The idea here is that negotiations would continue to focus on Iran’s nuclear program, but that greater incentives for Iran would be on the table; in turn the punishment would be much more severe if it became clear that Iran was not dealing seriously with the US. Obama underscored this tendency in the aforementioned interview when he noted his intention to adopt a new emphasis on respect and a new emphasis on a willingness to talk with Iran; at the same time, he would also evince greater clarity with regard to US bottom lines. In his inaugural speech Obama introduced a new theme when he spoke of an “outstretched US hand” in return for an “unclenching of Iran’s fist.” Yet rather than infusing the emerging strategy with greater clarity, Obama’s new slogan looked more like a diluted version of the “bigger carrots, bigger sticks” theme. It was even less clear what was to be demanded of Iran (i.e., what constitutes an unclenched Iranian fist).

In any case, both slogans are seriously lacking when it comes to the critical issue of *how* to negotiate with Iran. From what can be gathered so far, the lessons of past attempts to negotiate – especially between the EU-3 and Iran – have not been internalized. There is as yet no indication that the ideas that are crystallizing in Washington pay sufficient attention to the question of negotiations method and tactics.<sup>5</sup>

Whether Obama pursues the strategy of “bigger carrots and bigger sticks” or retains the image of an outstretched hand in return for Iran’s unclenched fist, clearly there is a demand that Iran negotiate in good faith with the US, and an at least implicit threat of consequences if it does not. As such, the strategies depend for their success on an effective move from carrots to sticks if Iran does not negotiate seriously.<sup>6</sup> While this may sound like a reasonable approach – first accommodation, then harsh measures – once the sides become engaged in dialogue, making the call that “Iran is not serious” is not as easy as it sounds. The problem is compounded when it is not even clear what exactly is demanded of Iran. As the parties invest more and more in the diplomatic track, the incentive to keep negotiations alive grows stronger as well, and it becomes very difficult to define and agree upon the precise point they are acknowledged a failure.

This was a major sore point in the 2003-2005 Iran/EU-3 negotiations. Although less invested observers could discern evidence of the failure of these negotiations well before the summer of 2005, it was only when Ahmadinejad was elected president of Iran that the EU-3 admitted this reality. Once the new president began making outrageous statements with regard to Israel and the Holocaust as well as his intention to resume uranium enrichment full force, the Europeans were finally sufficiently disillusioned to pronounce the negotiations over.

When states are strongly committed to diplomacy and have invested much time and energy in its success, the impulse to cling to any evidence that there is still hope can be very powerful. This is especially the case when there is no more attractive alternative readily apparent. A similar dynamic was evident in the case of the Bush administration's commitment to negotiations with North Korea from 2003 through to the end of the administration's term in office. Even though there were many serious setbacks, including a nuclear test by North Korea, the US was reluctant to declare these efforts a failure.

Iran is already aware of the strength of its own bargaining position vis-à-vis the US offer of engagement. Iran's response to Obama's conciliatory message on the occasion of Iran's New Year was to turn the tables on the US; rather than relating to its own positions, Iran deflected attention back on the US, insisting that it provide proof of its changed policies. Moreover, Iran knows that its bargaining position vis-à-vis the US on the nuclear and broader regional issues will increase significantly once it is perceived to have acquired – or is one small step away from acquiring – a military nuclear capability.

As such, Iran's rational tactic at present would be to *not* engage the US seriously, but rather to use these negotiations to play for time, no matter what is placed on the table. To succeed in this, it might be enough for Iran to inject some small indications of a cooperative attitude at various intervals and junctures. Any measure of hope that this engenders will significantly reduce the prospect of the US concluding that diplomacy has failed and that greater sticks are necessary. Ultimately this would allow Iran to buy the time it needs to push its nuclear program forward to the point it desires,

thereby improving multifold its bargaining position – and the dangers to the Middle East.

To counteract this dynamic, a more effective strategy would be for negotiations to begin when Iran has already altered its assessment of its internal and regional strength, namely, when it has become convinced that it is weakened and that a negotiated settlement is preferable to the status quo. This would increase the chances that Iran would become a serious partner to negotiations. Because of the “negotiations pull” that will affect the US, this would require immediate pressure on Iran to bring about this change, rather than a direct plunge into negotiations and then a “wait and see” approach.

Assuming the US accepts the conceptual logic of “pressure before negotiations,” it must take swift and concrete steps to increase such pressure, first and foremost to secure support from the permanent members of the Security Council for enhanced sanctions. A major effort would have to be made to improve the atmosphere with Russia, and to cut a deal that would result in Russian support for such sanctions.<sup>7</sup> Europe would also have to be brought on board for enhanced sanctions outside the framework of the UN Security Council.<sup>8</sup>

### **Regional Shifts?**

The logic of this approach may be clear, but time is extremely short, and every day brings Iran closer to its goal and makes it less probable that additional pressure can realistically be applied in time. It is indeed highly unlikely that the US will take the necessary steps to significantly increase the impact of sanctions before initiating negotiations. At the same time, regional considerations are coming more and more to the fore, and there is a possibility that increased pressure on Iran will emerge from the regional context itself; this, due to shifts in regional politics over the past few years that Thomas Friedman calls the “new strategic ballgame in the Arab-Israel arena.”<sup>9</sup>

Moderate Arab states began expressing initial concern with Iran’s nuclear program in late 2005, but until recently they adopted a noncommittal approach. In late 2008, however, there were indications that they were distancing themselves from Iran in a more serious and public manner.

Two instances in particular underscored the growing impatience of these states with the pace of efforts to confront and contain Iran, including their fear that the US might negotiate a deal with Iran at their expense. In early November, five Arab states took a clear and open stand against Iran at the official level for the first time. On the sidelines of a meeting of the Quartet that took place in Sharm el-Sheikh, US and European officials met with the foreign ministers of Bahrain, Jordan, Egypt, Morocco, and the UAE. The Arab foreign ministers expressed their concern about growing Iranian influence in the Middle East and their desire to be better informed about the state of negotiations between the P5+1 and Iran.<sup>10</sup>

The following month this position was significantly enhanced when Arab diplomats from eight countries met with members of the P5+1. This large formal meeting took place at the UN on December 16. Again it was reported that the Arab diplomats expressed their concern about Iran's nuclear policies and regional ambitions, and their desire to meet regularly with the P5+1.<sup>11</sup> This time Iran reacted harshly to the reports, which underscored the significance it attaches to this very public Arab position. Iran's Parliament speaker, Ali Larijani, called on Arab states not to interfere in Iran's nuclear affairs, and the Foreign Ministry spokesman called the meeting a Trojan horse plot by the West in order to convince Arab states to side with them against Iran on the nuclear issue.<sup>12</sup>

The outcome of Operation Cast Lead exposed new and increased pressures on Iran. While the Israel-Hamas confrontation in Gaza temporarily deflected international attention away from the nuclear issue, this (at best) short term advantage for Iran paled in significance when compared with longer term implications of the actual outcome of fighting. If Iran was hoping to use its proxy Hamas to demonstrate its regional strength through its ability to incite violence in the Middle East, this ability was delivered a severe blow in the war in Gaza.

Not only did Hamas' poor performance fail to enhance Iran's strength; in fact, events served to expose Iran as a force of instability in the region that used its proxy to encourage violence with Israel and increase tension in the broader Middle East. The conclusion that could be drawn from this exposure – both in a Washington set to negotiate with Iran, as well as in the Arab world that has been hedging its bets – is that not only does Iran

have sinister plans in the regional sphere that should be opposed, but that its lack of success in pursuing them this time means that it can realistically be opposed in a more determined fashion.<sup>13</sup>

However, the effect on the US has not yet been felt, and Obama seems as determined as ever to engage Iran unconditionally. Conversely, the impact in the Middle East has been very noticeable. The increase in opposition to Iran among the moderate states in the region touches directly on the foundation that Iran is trying to establish for the enhancement of its hegemonic plans: bringing these states under its sphere of influence.<sup>14</sup> Egypt, and to a lesser degree Saudi Arabia, adopted a very strong position against Hamas in the winter 2008-2009 Israeli-Palestinian military confrontation. The criticism of Hamas was clearly in accordance with Egypt's interest, but at the same time was very unpopular with the so-called Arab street. In the weeks following Operation Cast Lead, Egypt's willingness to follow its interests in rejecting radicalism, rather than adhering to popular opinion that opposes Israel no matter what, targeted Iran. Mubarak declared that he would not allow Iran to rehabilitate Gaza, and Egypt's foreign minister referred to Iran's attempts during the war to push it to actively confront Israel. In a strongly worded message, Aboul Gheit reconfirmed Egypt's rejection of Iran's embrace of radicalism, and underscored Egypt's strategic choice to follow the path of peace.

It will take time for the full impact of the Gaza war on regional dynamics to become clear. For one, the radical/moderate lines in the Middle East have been somewhat blurred by divisions that were exposed among the moderates themselves, for example, the different positions expressed by Egypt, Jordan, Turkey, and Qatar.<sup>15</sup> At the same time, the Egyptian-brokered ceasefire did much to enhance Egypt's regional stature. What is clear, however, is that those states that began to oppose Iran more vocally before the war have continued and accelerated this trend in the ensuing months. Increased concern has been voiced among Persian Gulf states, and the Saudi foreign minister went so far as to call on Arab allies to unite against Iran, which, he claimed, would seek to dominate the Middle East once armed with nuclear weapons.<sup>16</sup> Significantly, Secretary of State Clinton reassured the Gulf states in early March that the US will consult with them with regard to its prospective dialogue with Iran.

The Gulf states harbor two related concerns: first, that advancing a US initiative will in itself lift pressure from Iran's nuclear program and embolden it to expand its influence in the region. The fact that the US is dependent on Iran's help in Iraq and Afghanistan contributes to its confidence and boldness.<sup>17</sup> The second concern – in light of what is perceived as Obama favoring Iran and Syria over the US' traditional Arab allies – is that a deal will be reached between the US and Iran that sets out the terms for sharing influence in the Gulf, leaving the Arab Gulf states outside the fold. According to one source, the Persian Gulf states lose no matter what, whether there is a US brokered deal with Iran, or whether military action is taken: "Following the loss of their investments and revenues in the recent financial crisis, their territories will be the battlefield for any war or their resources will be looted in case influence is shared."<sup>18</sup>

## **Conclusion**

The Obama administration will almost certainly seek negotiations with Iran; this is likely one of the top items on its foreign policy agenda. While it would be most logical to begin with strong pressure on Iran in the form of sanctions, there is probably not enough time for this, and new and harsh sanctions could also be regarded by the US as contradicting its stated intent to pursue diplomacy.

The new administration should at the very least be aware of what Iran will almost certainly be trying to achieve in these negotiations – namely, buying more time to improve its bargaining position – and expose Iran's expected foot-dragging as soon as possible. On the positive side, due to pressures that originate from the region itself and especially due to the ramifications of the latest war in Gaza, the US could still find itself in a better position to pressure Iran, as Iran's interest in concluding a deal that improves its regional image and standing has increased. This opportunity, however, needs to be skillfully played by the US and otherwise will be easily squandered. Initial indications of Obama's emerging strategy on Iran do not bode well in this regard.

Finally, assuming Iran does have some incentive to negotiate more seriously, a broader agenda for talks with Iran would open up more opportunities for bargaining and could create the space for a deal that

would not only contain the nuclear issue, but create the basis for an Iranian interest in upholding the deal over the long term. This will not be an easy negotiation, and fears of the Arab Gulf states in particular that the US will go too far in responding to Iran's regional demands are not without basis. Israel too needs to prepare itself for the broadening of the agenda to ensure that its core security concerns are taken into account by the US.

## Notes

This essay went to press before the June 2009 presidential elections in Iran.

- 1 Political considerations include the interests and motivations of Iran, and the varied interests of the strong states that intervened in the process of confronting Iran's ambitions (EU-3, US, and the five permanent members of the UN Security Council). Perhaps the starkest manifestation of the political nature of the process of dealing with Iran are the many political statements on Iran that have been issued over the past seven years by IAEA director-general ElBaradei, even though this organization is specifically mandated to deal solely with technical issues related to compliance with safeguard agreements.
- 2 Emily B. Landau, "Now is the Time to Talk," *Haaretz*, July 11, 2008; and Oded Eran, Giora Eiland, and Emily B. Landau, "Let Russia Stop Iran," *New York Times*, December 21, 2008.
- 3 See "Obama Vows Swift Engagement with Iran," AFP, January 11, 2009.
- 4 Daniel Dombey, "US May Cede to Iran's Nuclear Ambition," *Financial Times*, April 4, 2009. See also David Sanger, "US May Drop Key Condition for Talks with Iran," *New York Times*, April 14, 2009: "The Obama administration and its European allies are preparing proposals that would shift strategy toward Iran by dropping a longstanding American insistence that Tehran rapidly shut down nuclear facilities during the early phases of negotiations over its atomic program."
- 5 See joint Brookings and Council on Foreign Relations report with recommendations for the new Obama administration: *Restoring the Balance: A Middle East Strategy for the Next President*, 2008.
- 6 For example, see Richard Haass: "What would also help would be to make clear that Iran would face additional sanctions, including constraints on its ability to import refined petroleum, *if it refused to accept a fair and reasonable compromise*" (emphasis added), in "We Must Talk Iran Out of the Bomb," *New York Times*, December 23, 2008.
- 7 For a succinct formulation of the contours of a possible deal, see Amitai Etzioni, "The Mother of all Deals," *Huffington Post*, December 16, 2008.

- 8 In fact, what would be needed is for the US and other Western powers to reassess the prevailing wisdom regarding the role of sanctions and other forms of pressure on Iran in context of the overall effort to contain its nuclear ambitions. The common tendency is to view sanctions and negotiations as alternative routes for stopping Iran's nuclear program, meaning that those seeking to confront Iran make a choice either to apply pressure or turn to diplomacy. This, however, is a false dichotomy. Not only are these not alternative routes, but they are actually complementary. The role of sanctions and credible threats of military force is to *facilitate* negotiations. Pressure needs to be put in place before dialogue begins in order to shape Iran's rational assessment of the current situation and alter it in a way that Iran comes to prefer negotiating seriously now, before it reaches its goals in the nuclear realm.
- 9 Thomas L. Friedman, "Israel's Goals in Gaza?" *New York Times*, January 14, 2009.
- 10 The Jordanian foreign minister was quoted as saying that the nuclear crisis became a crisis for the West, but for many Arab states the Iranian surge for hegemony has become a crisis. See: "US, EU Officials Meet with Arabs on Iran," AP, November 9, 2008, and "Arabs Lament Lack of Dialogue on Iran Nuclear Crisis," AFP, November 9, 2008.
- 11 "Arabs Want Meetings on Iran's Nuclear Program," *New York Times*, December 16, 2008.
- 12 "Larijani Cautions Arabs of Interfering in Iran's Nuclear Case," Fars News Agency, December 26, 2008, and "West Unable to Form Regional Front Against Iran," Fars News Agency, December 23, 2008. See also "Iran Not to Change Strategies Towards Persian Gulf States," *Iranian Students News Agency*, where a senior advisor to Ahmadinejad said that despite "what strangers do" there will be no change in relations with the Persian Gulf states.
- 13 A *Wall Street Journal* editorial from January 5, 2009 ("Obama's Iran Diplomacy Needs a Hamas Defeat") explained that "the President-elect says he intends to pursue a grand bargain with Iran, and the mullahs are going to be more interested in diplomacy if their military proxies have been defeated."
- 14 There are indications that Iran was aware of this delicate regional political dynamic: two weeks into the Gaza operation and fearing an Israeli victory, Iran tempered its support for Hamas. According to a report in the *New York Times*, Iran understood that "a Hamas defeat by Israel would deprive [it] not only of a valuable proxy force on the border of Israel but of a trump card to play with Washington, and it would further alienate it from the leadership of Egypt, Jordan and Saudi Arabia." See "Iran Gives Hamas Enthusiastic Support, but Discreetly, Just in Case," *New York Times*, January 13, 2009.

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- 15 This point is raised and discussed by Zvi Barel, *Haaretz*, January 16, 2009.
- 16 See “GCC Worried over Change in US Policy,” *Middle East Newslite*, 11:87, March 4, 2009; and Nicole Stracke, “GCC and the Challenge of US-Iran Negotiations,” Gulf Research Center, March 5, 2009.
- 17 Abdullah al-Shayji, “Iran Strikes While the Iron is Hot,” *Gulf News*, March 2, 2009.
- 18 Abd-al-Bari Atwan, “Israeli Hysteria and Iran is the Cause,” *Al-Quds al-Arabi Online*, February 27, 2009.