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Transcript

CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Karim Sadjadpour**

Episode 2: China's Perspective on Iran

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Haenle: You're listening to the Carnegie–Tsinghua China in the World Podcast, a series of conversations with Chinese and international experts on China's foreign policy, international role, and China's relations with the world, brought to you from the Carnegie–Tsinghua Center for Global Policy, located in Beijing, China. I'm Paul Haenle, the Director of the Carnegie–Tsinghua Center, and I'll be your host.

Today we'll be examining Iran and China's perspectives on the Iranian nuclear issue, and as such, we're very privileged to have with us today, as our special guest, leading Iran expert Karim Sadjadpour. Karim is a colleague of mine at the Carnegie Endowment for International Peace where he is a Senior Associate in the Middle East program focusing on Iran. Karim joined Carnegie after four years as the chief Iran analyst at the International Crisis Group, based in Washington, but also based in Tehran. Karim has conducted dozens of interviews with senior Iranian officials and hundreds of interviews with Iranian intellectuals, clerics, dissidents, and many others from within Iran. Karim, thank you for joining us today.

Sadjadpour: Thank you for having me, Paul. It's an honor to be here.

Haenle: In Geneva we saw the conclusion of talks between the P5+1 (Britain, China, France, Russia, and the United States, plus Germany) and Iran, on the issue of Iran's nuclear program. Parties have agreed to reconvene to continue these discussions. Before I ask about the details of these talks and what comes next, I'd like to ask you to help give us a better understanding of Iran's internal dynamics. In China, we recognize the importance of understanding the domestic context to understand a country's external relations.

In August, we witnessed the election of a new Iranian President, Hassan Rouhani. Can you help us, Karim, understand the rise of President Rouhani from a historical context? Many say he is a moderate, and that he may be willing to negotiate an agreement on Iran's nuclear program, while others are more skeptical, including Israeli Prime Minister Netanyahu, who in his speech at the UN last month described Mr. Rouhani as a "wolf in sheep's clothing." How, Karim, do you view Rouhani and why?

Sadjadpour: Well, that's a great question, Paul. Rouhani is really a consummate regime insider. Since the 1979 [Iranian] Revolution he's had very important security posts within the Islamic Republic. But he's always been someone who's been perceived to be more pragmatic and less ideological.

After the death of the father of the revolution, Ayatollah Khomeini, there were kind of two broad schools of thought within Iran. The first school was the more pragmatic, moderate school, which [was] dedicated to the revolution but they said, "In order to sustain the system, in order to preserve the revolution, we need to start to put our economic interests before ideological interests." And the second school of thought are the so-called Principalists, whom we sometimes refer to as the "hard liners." And their belief was that if we compromise on our ideological principles, on our values, that's when the entire system could collapse, just like how *Perestroika* did in the Soviet Union.

So, the debate was between those more pragmatic, moderate forces who hoped Iran could become like China, those more hard line, Principalist forces who feared Iran could become like the Soviet Union. So, Rouhani belongs to the first group, which is the more pragmatic, moderate school, but I think we should be clear that he is someone who is committed to the regime, he's

committed to the Revolution. His goal isn't to reform the system out of existence, but to strengthen the system by putting its economic interests ahead of ideological interests.

Haenle: I find it interesting to hear you talk about the way that President Rouhani looks to China as a model for economic development, and that Rouhani's dilemma, as you described, is wanting to be a Deng Xiaoping figure—open up the economy and spur economic development, while at the same time not becoming a Gorbachev figure and avoiding the mistakes of the Soviet Union. It sounds very familiar to anyone watching China closely today. China's new President, Xi Jinping, is seen as a pragmatist—he's interested in pursuing economic reforms; it does not appear as though, at this time, he is interested in pursuing political reform. President Xi also seems to believe that compromising on the key aspects of China's political system could lead to the collapse of the Party.

So, Karim, what exactly do you think is motivating this charm offensive by President Rouhani? What is Iran's goal here? Is Iran simply interested in an easing of strained relations with the United States? Or is Iran interested in finding a way to normalize relations with the U.S.? What is your sense?

Sadjadpour: Well, Iran at the moment is in a state of economic crisis because of these incredibly draconian sanctions which I think have proven far more effective than anyone anticipated, even officials at the White House. And so, on the one hand Iran's oil revenue, which constitutes 80% of its export revenue, has been cut in half. Their oil production has been cut in half. And because of the financial sanctions, it's become much more difficult for Iran to receive payment for the oil which they are exporting. So, they're hurting financially at home.

Simultaneously, given the turmoil in Syria, and Iran's greatest friend in the world—the Assad regime in Syria—facing an existential crisis, Iran has been spending between six and seven hundred million dollars a month to finance Assad to keep him in power. So, the candle is burning at both ends in Iran. They're sustaining a tremendous financial crisis. So, I don't doubt Rouhani's desire to pursue a nuclear détente, which would offer Iran meaningful sanctions relief in exchange for meaningful nuclear compromises. I don't doubt that Rouhani has a sincere interest in carrying it out.

I think what's in question are a couple things. One, is whether Rouhani has the authority to deliver any deal. Does he have the support of the real power in Iran—the Supreme Leader—to deliver on any nuclear deal? And second, is Iran merely interested in a tactical nuclear compromise in order to stave off economic pressure, or are we really on the verge of a fundamental shift in Iranian attitudes to the outside world? Is this a Nixon in China moment, whereby Iran decides to fundamentally reorient its foreign policy, which, for the last three decades, has been premised on resistance against American hegemony and the objection to Israel's existence? Is Iran ready to abandon what really constituted the strategic and ideological pillars of the Islamic Republic? I think there are many signs that Iran is seriously interested in nuclear compromise, but I don't think there are any concrete signs yet that Iran is prepared to abandon those ideological principles of the Islamic revolution.

Haenle: That's very helpful, thank you.

And you're with us here in Beijing, of course, but you're usually based in D.C. Can you help us understand the view from Washington? How does the Obama administration view these

issues? How should we understand the U.S. approach to Iran, and the possibility for nuclear détente?

Sadjadpour: Well Paul, this current national security team in Washington, between President Obama himself, Vice President Biden, Secretary of State Kerry, and Secretary of Defense Chuck Hagel, I would argue is the most pro-‘Iran engagement’ national security team since the 1979 Iranian Revolution. Hagel, Biden, and Kerry, when they were members of the Senate, were outspoken advocates of dialogue and engagement and diplomacy with Iran, and I think they’re very much committed to trying to resolve this issue diplomatically, if not establish a much better working relationship with Iran. So, I don’t doubt the Obama administration’s desire to pursue this détente.

And frankly, [if] you look at the world from President Obama’s eyes, especially the Middle East from President Obama’s eyes, almost every other country in the region is in a state of tumult and chaos. Syria is becoming a failed state, Egypt is unraveling, Iraq is unraveling, there are a lot of terrible options to choose from in the Middle East. Ironically, Iran provides Obama one of the very few, if only, opportunities to leave a positive diplomatic legacy in the region. So, I think that for Obama’s own legacy, Iran provides a very interesting opportunity, which could go down in the history books.

Now, I think the challenge when you look at the view from Washington is the fact that it’s not only President Obama who has the cards here. And the last four years the U.S. policy towards Iran has been heavily reliant on financial coercion, on sanctions to try to subject Iran to enough economic pressure to bring them back to the negotiating table. And the sanctions legislation has been passed by Congress, and in order for Iran to get meaningful sanctions relief, it’s going to require greater flexibility and cooperation from Congress.

We see now that we’re in a tremendous period of dysfunction in Washington, both in Congress and between the Congress and the executive branch. So, I don’t doubt Obama’s desire for diplomacy and a diplomatic resolution, but there are few signs that Congress is prepared to make the kinds of sanctions compromises which will allow for a diplomatic deal.

Haenle: I think it will be very helpful to hear from you what you think a possible nuclear deal would look like?

Sadjadpour: Well, I think the U.S. negotiating team, led by Wendy Sherman, was very encouraged by this last round of negotiations in Geneva. And the last few years, during the Ahmadinejad era, they would argue that the Iranian team never came and negotiated; they came and repeated talking points but they were never there to compromise or negotiate. This time around, Iran’s team is led by the new Foreign Minister, Javad Zarif, who is an incredibly effective diplomat, who studied at the same university as Condoleezza Rice, University of Denver—he has a PhD from there, decades living in the United States, perfect English, and is a very effective diplomat. And so there was a totally different tone and dynamic between the U.S. and Iranian teams this time around, but the two sides remain pretty far apart. So, I think on one hand, the U.S. team was encouraged that finally there is a partner for peace, so to speak, there’s a partner for negotiations. But these negotiations aren’t going to be easy, there are fundamental issues, which, at the moment, appear to be not intractable, but are going to be very difficult to resolve. And, frankly, the newfound pragmatism and moderation and effectiveness of the Iranian team presents a

double-edged sword for the U.S. government because, on the one hand, the Iranians are now easier to engage, but on the other hand they're going to be more difficult to isolate.

And the person who deserves the most credit for the international unity of the last four years is Mahmoud Ahmadinejad. He gratuitously alienated much of the international community and he created unity within the P5+1. And I think what this new Iranian team is going to be doing is creating fissures and splinters within the international community, typically within the P5+1, and is going to make it much more difficult to isolate Iran.

Haenle: So, we've talked about the U.S.-Iran relationship. Let's turn to the regional perspective, and the perspectives of other key players like China and Russia. Who do you think would welcome détente between the United States and Iran, and who do you think would be worried about improving U.S.-Iran relations?

Sadjadpour: Well, let me start first with who would be worried because there's probably, arguably, more countries that would be worried about the prospects of détente or rapprochement.

Certainly, Israel is terrified by the prospect of a U.S.-Iran nuclear deal. What they're worried about—what Prime Minister Netanyahu of Israel is worried about—[is] that America will be tricked into making a bad deal, meaning America will give up the sanctions pressure and Iran will not have given up that much of its nuclear program. So, they're desperately worried about the U.S. getting tricked into a bad deal, just like American tourists walking into the Persian carpet bazaar. This is an analogy that Israeli officials have made.

Now, another country which is worried about a possible U.S.-Iran détente or rapprochement, but for different reasons, [is] Saudi Arabia. Saudi Arabia is one of America's chief allies in the region, and Saudi Arabia and many smaller Persian Gulf nations have premised their alliance with America on mutual concerns about Iran. So, the concern that a country like Saudi Arabia has is that, if the U.S. and Iran make friends/make peace, then their value diminishes in the eyes of the United States. They're no longer as useful to the United States, and maybe America decides after a U.S.-Iran détente that a U.S. security presence is no longer required in the Persian Gulf, and maybe America decides to pivot to Asia. And that leads some of these countries in the Persian Gulf region—Saudi Arabia, Bahrain, the United Arab Emirates—extremely concerned that they will be left to fend for themselves, that they will be vulnerable to Iranian machinations. The Gulf countries and Israel are deeply concerned.

I would argue for a variety of reasons Russia is also concerned about U.S.-Iran rapprochement. At the moment, Iran is under Russia's sphere of influence; they want to keep it that way. They don't want Iran and America to make friends.

But if there's one country I would argue would really stand to benefit from a U.S.-Iran rapprochement, it's China. China is interested in Iran emerging from economic isolation and exploiting its oil and gas reserves so they can export more of it to China. So, I think China has a real interest in more cooperation between the U.S. and Iran. But there are a lot of spoilers, and I didn't even mention groups like Hezbollah and Hamas—paramilitary groups which are aligned with the Islamic Republic of Iran, and could potentially stand to lose big-time if the U.S. and Iran make peace.

Haenle: During your week in Beijing with the Carnegie-Tsinghua Center, you had discussions with Chinese experts and government officials. You even had the opportunity to be a guest lecturer at my class at Tsinghua University, where you spoke with Chinese students.

Did the things that you heard in Beijing confirm your own views on where China's interests lie and, perhaps more importantly, given what you heard, what opportunities do you see for China to play a more useful and constructive role on the Iranian nuclear issue?

Sadjadpour: Well, I always come to China to learn, because the expertise of Chinese scholars and officials on the Middle East is incredibly impressive.

You know, in many ways the China-Middle East or China-Iran relationship goes thousands of years back to the time of the Silk Route [sic]. I think in many ways Chinese officials don't only look at a country like Iran in the context of a national security threat, but it's two ancient civilizations which have been talking to each other for centuries and will continue to talk to one another.

So, if you look at the contemporary relationship between China and the Middle East, China and Iran, it is a very complementary relationship. China needs energy, and the Middle East has a lot of energy. So, China's interest in the region is pretty clear—they want stability, they want the free flow of oil, and it doesn't behoove China to see the continued conflict between the U.S. and Iran, and it certainly doesn't behoove China to see military action against Iran. But I think there's a real concern here for the United States in that, for the last several years, countries like China have agreed to sign up to the economic sanctions in order to pressure Iran to come back to the negotiating table and make nuclear compromises.

Now that's happening; the sanctions have been pretty effective and very painful for the Iranian economy, they've now come back to the negotiating table and they're showing an interest in nuclear compromises. And if the U.S. Congress now shows an inability or an inflexibility to reciprocate with meaningful sanctions relief, countries like China and Russia will argue, "Listen, we're no longer going to forsake our own strategic and commercial interests simply to placate the U.S. Congress. We have real interests at stake here. The goal of sanctions was to bring them to the table, they're now at the table." So, pretty soon, several months from now, the danger [is] that the unity of the last four years will unravel if it now appears that America is the intransigent actor in the situation, not Iran.

But I would argue that increasingly in the coming years and decades, China is going to play a larger and larger role in the Middle East, and [in] the stability and security of the Middle East. Given that America's increasing energy self-sufficiency with shale oil, and the fatigue of the American public to maintain a large presence in the Middle East, that's likely going to require a greater Chinese presence in the Middle East because oil going through the Persian Gulf is no longer bound for the United States primarily, it's bound primarily for China. So, in time, people will say, "If China's importing oil from the region, then they should play a greater role in maintaining the stability and security of that region."

Haenle: It's interesting that you say that. There's a lot of discussions that you and I have talked about this week in China about this Chinese proposal from Xi Jinping to build a new type of Great Power relations between the U.S. and China, or in Chinese what they'd call *xinxin daguo guanxi*. A lot of people are thinking about this—researchers and experts and government officials—how to put meat on the bones of this and how to flesh this concept out.

It appears to me as you described the interests that China has in the region, that they have real interest in resolving this issue in a way that could benefit China, and in fact would benefit the international community. We have a lot of shared interests here, including our desire to maintain stability in a region where China is increasingly dependent on energy and investment. We also

have the shared interest of avoiding the potential catastrophic consequences of nuclear proliferation, and the implications for other nuclear programs—nuclear problems like that of North Korea. So, it appears to me that Iran is one area where mutual interests between China and the international community can and should provide opportunity to enhance cooperation in a way that advances China's own interests but also contributes to the goals of the overall international community.

Karim, I want to thank you so much for spending time with us today.

That is it for this edition of the Carnegie–Tsinghua Center's China in the World podcast. If you'd like to get some insight into Karim's discussions with Chinese scholars on Iran at the Carnegie–Tsinghua Center this week, a summary of that roundtable is posted on the Carnegie–Tsinghua Center website at www.carnegietsinghua.org. I encourage you to explore our site and see the work of all of our scholars at the Carnegie–Tsinghua Center. Thanks for listening, and be sure to tune in next time.