

## Iran Says “No”—Now What?

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## SUMMARY

- Neither Iran nor the United States can achieve all it wants in the current nuclear standoff.
- Iran has demonstrated its unwillingness to comply with IAEA and UN Security Council demands to cease its enrichment activities or to negotiate seriously toward that end.
- The United States and other interlocutors should offer Iran a last chance to negotiate a suspension of its enrichment program until the IAEA can resolve outstanding issues in return for substantial incentives.
- If that package were rejected, the P-5 plus Germany should withdraw the incentives and commit to maintaining sanctions as long as Iran does not comply with IAEA demands.
- Simultaneously, the U.S. should take force “off the table” as long as Iran is not newly found to be seeking nuclear weapons or committing aggression.

The United States has been trying since 1991 to stop Iran from acquiring nuclear weapon capabilities. The surest way to do that would be a permanent cessation of Iran’s uranium enrichment and plutonium separation activities, because acquisition of fissile material is the most crucial step in producing nuclear weapons.

After nearly three years of negotiations with France, Germany, and the United Kingdom, Iran declared in 2005 that it would never agree to abandon its uranium enrichment program, thus ending a negotiated voluntary suspension of enrichment and other fuel-cycle-related activities. The International Atomic Energy Agency (IAEA) then reported Iran to the UN Security Council, which subsequently passed four resolutions demanding that Iran

suspend all enrichment and reprocessing-related activities. The five permanent members of the Security Council, plus Germany, have offered economic, technological, and political incentives to comply. Iran has spurned these overtures.

The Bush administration, in particular, has sent mixed signals to Iran and the rest of the world. First it consigned Iran to the so-called axis of evil and cast threatening shadows of military attack or coercive regime change before and shortly after the 2003 invasion of Iraq, then it halfheartedly endorsed European negotiations with Tehran. In the second term, the administration became more supportive of diplomacy, although it refused to participate directly in nuclear talks with Iran until July 19, 2008. The president, Vice President



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Cheney, and other senior officials still sounded discordant threatening notes. Since the arrival of Robert Gates as secretary of defense in December 2006, the administration has tended to emphasize that it wants the nuclear issue to be resolved diplomatically, but top officials repeatedly say military force “remains on the table.” The United States suggests it is willing to deal constructively with Iran, yet at the same time it funds programs to support opponents of its theocratic government and, reportedly, covert action to undermine it.

Outside the White House, a new strategic mantra is heard. First hummed by *New York Times* columnist Thomas Friedman in June 2008, the mantra is: “When you have leverage, talk. When you don’t have leverage, get some. Then talk.” Gates and others echo this line, yet it is not clear how to get leverage with such high oil prices; U.S. objectives in Iraq and Afghanistan cannot be achieved without Iranian cooperation; Hizbollah is stronger than before in Lebanon; Arab states doubt the wisdom and durability of U.S. power in their region; and Russia and China prefer an Iranian government that will never be close with the United States over one that could make up with Washington and leave them worse off.

To be sure, Iran has big liabilities, too. Its annual oil production is falling; unable to produce more without a massive infusion of technology and capital, the country is exporting less than its OPEC quota. Given that oil comprises half of the state’s revenue, this declining productivity affects a range of government programs, which in turn affect public opinion and prospects for the future. Despite high oil prices, the government is spending more money than it takes in and is struggling to maintain inefficient subsidies to ameliorate inflation in commodity prices. Inflation and unemployment amplify the widespread political discontent and disillusion among Iranians. Non-Western sources can provide the capital that Iran needs to modernize its energy sector, but only the West possesses the necessary tech-

nology and know-how. Indeed, to the private consternation of Iranian enterprises and economists, European governments and investors have been withdrawing from Iran.

Furthermore, Iran’s nuclear leverage is more tenuous than it often appears. Iran is getting away with defying Security Council demands to suspend uranium enrichment, but it cannot end the standoff with the International Atomic Energy Agency that prompted the Security Council sanctions unless it provides information to disprove suspicions that it has violated its obligation not to pursue nuclear weapons. This has become increasingly difficult for Iran for two reasons: The IAEA has accumulated evidence that heightens doubt that Iran’s nuclear program is purely peaceful, and Tehran has been unable or unwilling to resolve those concerns. The Iranian regime looks and feels stronger when it’s contesting a threatening and unpopular United States, but when the focus is strictly on its own performance, the Iranian government looks troubled.

In sum, the next U.S. president will inherit a long-standing, portentous standoff in which neither the West nor Iran has enough leverage to achieve its preferred outcome. The policies pursued by both Democratic and Republican U.S. administrations for thirty years since the Iranian Revolution have clearly not worked, although the revolutionary government shares responsibility. The magnitude and urgency of the nuclear issue require the United States to develop a revised strategy now that might yield a better outcome. Time and bipartisanship are of the essence; the United States can ill afford to wait for a new administration and Congress to settle in or to allow political competition to muddle policy toward Tehran. Iran continues to advance its uranium enrichment program, and with the passage of time it will be perilously close to acquiring the nuclear weapon capability that both Barack Obama and John McCain have said is unacceptable. Thus the policy shift recommended here synthesizes elements associated with both Democratic and Republican thinking.

## Strategic Premises of a New Approach

To induce Iran’s fractious leadership to seriously consider heeding UN Security Council demands, the costs of defiance and the benefits of cooperation need to be significantly greater.

By expressing apocalyptic alarm over Iran’s nuclear activities and demonizing the country, the United States and its allies have unintentionally inflated the value of these capabilities. What was an obscure, secretive nuclear program pursued in violation of established international rules has been elevated to a nationalist project symbolizing modernity and defiance of neocolonial imperialism. It is unrealistic to expect the United States, Israel, and other states to have tempered their alarm over Iran’s nuclear intentions and capabilities as they did not know how else to prod the IAEA board of governors and the UN Security Council to exert strong pressure on Iran. But the intensity and hostility expressed during the first term of the Bush administration raised the price Iranians would demand to comply.

The slow, limited penalties of uncertain duration that have been imposed on Iran have not matched the value that militants in Tehran have found in defiantly advancing the enrichment program. Nor has the key “buyer” from Iran’s point of view—the United States—demonstrated willingness to come close to providing the beneficial price that would make Iranian Supreme Leader Ali Khamenei consider a deal. Khamenei revealed his outlook when he said in late July that “the idea that any retreat or backing down from righteous positions would change the policies of the arrogant world powers is completely wrong and baseless.” Ali Larijani, Iran’s former lead negotiator and current speaker of the parliament, once pooh-poohed the deal being offered for an end to Iran’s enrichment program as “bonbons for pearls.” President Mahmoud Ahmadinejad lambasted the West for offering “walnuts for gold.”

The United States alone cannot compel Iran to stop the buildup of its uranium enrichment and heavy-water reactor capabilities. To raise the costs for Iran, the United States needs close cooperation with Europe, Russia, China, Japan, and India.

The United States can unilaterally destroy many people and things in Iran, but it cannot on its own change the character or activities of the Iranian government, or the environment in which it calculates its interests. Nor can it physically negate all of Iran’s potential to make nuclear weapons because it cannot know that it has located and destroyed all relevant facilities, equipment, material, and knowledge. Even if the United States could

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locate and destroy all of Iran’s nuclear assets, it could not manage the repercussions without international support. U.S. military leaders, including Admiral Michael Mullen, the chairman of the Joint Chiefs of Staff, and Admiral William Fallon, former commander of the U.S. Central Command, have acknowledged as much in recent comments. And the long record of often unilateral sanctions has amply demonstrated that U.S. economic sanctions and political denunciations alone cannot ameliorate Iranian behavior.

Redirecting Iran’s nuclear program away from acutely threatening activities requires the cooperation of the five permanent members of the UN Security Council (P-5) and other major powers, particularly in Asia, as well as the IAEA.

Economic sanctions and coordinated withdrawal of economic cooperation, backed by international support for military action, are key to influencing Iranian calculations if Iran

takes new steps to be able to weaponize nuclear material. The greatest form of leverage comes, of course, from the Security Council, as its sanctions bind all entities. But if the Security Council is unable to act, coalitions of willing states can nevertheless impose significant costs.

Iran needs Western technology, know-how, and investment for its energy sector, and its elite know that Russia and Asian states and businesses are unable to provide adequate substitutes. To raise the costs of Iran's defiance, the United States therefore needs European

the United States and the European Union (EU). Moscow, Beijing, and Tehran seek greater multipolarity in the international system to balance U.S. power. Russia, especially, would prefer an Iranian regime that is estranged from the United States rather than reconciled with it. An Iranian-U.S. rapprochement could undermine Russian economic and geostrategic interests in Iran. An Iran reintegrated in the global economy could rival Russia as a major gas supplier to Europe.

While a U.S. attack on Iran without international authorization could benefit Russia, Moscow nonetheless views with alarm the potential of war in Iran. Protracted conflict, terrorism, and regional insecurity could embroil the Russian periphery, complicate its international affairs, and potentially destabilize its southern, Muslim border. If the United States were to "win" a war with Iran, it could gain advantage there relative to Russia.

China emphatically opposes military conflict with Iran because it would inflate energy prices and insecurity at a time when Chinese leaders already face massive economic challenges with attendant political risks. India opposes military action for all of those reasons and also because a U.S.-led conflict with Iran could inflame Shi'i discord within India, harm Indian interests in Afghanistan, and spill over to the Arab Gulf states, where 4 million Indians work. Japan, too, has intently maintained good political relations with Iran and would fear the economic effects of war.

Russia, China, and India generally reject U.S. efforts to bring about regime change in Iran. While they have no fondness for the revolutionary Iranian regime, they are alarmed by Washington's proclivity to project power into other states. Russia and China do not share the values (or mercantile interests) behind American interventions, while India joins Moscow and Beijing in stoutly rejecting interference in other states' internal affairs.

The risks of Russian and Chinese frustra-

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governments and businesses to be more willing to withhold investment and technological assistance and to express determination to sustain sanctions, both formal and informal, until Iran complies with IAEA and UN Security Council demands.

The involvement of Asian states is critical for a further reason. As an Asian civilization, Iran expects sympathy from other Asian powers. The more that Asian states are willing to lend their weight to sanctions, the greater the political and economic impact on Iran. When sympathy turns to opprobrium, the sense of isolation and discomfort grows.

**Russia, China, and India will not support U.S. military strikes or efforts to overthrow the Iranian regime, which renders these policy options inimical to U.S. interests.**

Major Eastern powers, particularly Russia and China with their vetoes in the UN Security Council, ameliorate the risk Iran might otherwise fear of U.S. military strikes or coercive regime change. Russia and China genuinely do not want Iran to acquire nuclear weapons, but both also share Iran's interest in resisting U.S. hegemony and the combined power of

tion could be worthwhile if, somehow, the United States could cause a change of regime in Iran that produced a government friendly to the United States. Yet, the chances of such an outcome in the time before Iran could acquire nuclear weapons cannot be predicted with any confidence, and history suggests great caution.

Most experts believe that military action short of an infeasible, long-term occupation would not end Iran’s nuclear activities. As a result, the United States would still need international cooperation to prevent Iran from posing an even more acute nuclear threat in succeeding years. Such cooperation would be even harder to obtain if it followed military attacks that were opposed by other major powers.

**To make the benefits of cooperation sufficient to engender real debate in Iran, the United States must commit to respect Iran’s territorial integrity and the legitimacy of Iran’s Islamic Republic.**

The EU and the UN Security Council already have offered exceptional incentives, but for the past three years Iran has not even tried to improve these offers. The most important element that could be added would be a pledge by the United States to respect Iran’s territorial integrity and to deal peacefully with whatever government is empowered by the Iranian constitution, absent overt aggression by the Iranian state. Such a guarantee would, in effect, take off the table the threat of U.S. military strikes and efforts to overthrow the regime. It would serve the additional purpose of undermining those in the Iranian leadership who privately insist that the country needs the capability to produce a nuclear deterrent to withstand the U.S. menace. Similarly, it would attenuate the sympathy other states might have for Iran’s refusal to suspend its enrichment activities while appearing to be under U.S. threat. The Bush administration now appears willing to move in this direction. In a proposal reportedly signed by Secretary of

State Condoleezza Rice and conveyed to Iran in June by EU representative Javier Solana, the United States, Britain, France, Germany, Russia, and China promised, among other things, to respect Iran’s “territorial integrity” and to undertake “direct contact and dialogue” with Iran.

**The United States needs European governments and businesses to be more willing to withhold investment and technological assistance and to express determination to sustain sanctions until Iran complies with IAEA and UN Security Council demands.**

### The Choices Now Available

While speculation continues over possible Israeli or U.S. military strikes against Iran, discussions of diplomatic strategy center on three broad alternatives.

The first would continue on the present course, only more intensely. That is, to deepen and, if possible, expand sanctions while simultaneously increasing positive incentives for Iran to halt its efforts to acquire nuclear weapon capabilities. Yet, it is easier to raise the price of incentives being offered than it is to persuade Russia, China, and other Asian states to join in adopting tougher sanctions. In any event, Iran hardly bothers to disguise its disdain for the “carrot and stick” approach, preferring to use the time to progress toward its enrichment goal. Nor does Iran temper its hostility toward Israel or its arming and encouragement of violent actors in Palestine, Lebanon, Iraq, and Afghanistan. The European Union’s adoption of stronger sanctions, combined with the possible election of a more temperate leadership in Tehran, could gradually improve the dynamic, but such hopes have been repeatedly dashed in the recent past.

A second approach would offer to accept reluctantly (and formally) some ongoing enrichment activity in Iran and to negotiate terms

to limit and monitor it, with inducements in such matters as nuclear cooperation, trade normalization, and security guarantees. This option in effect drops the Security Council's legally binding requirement that Iran suspend its fuel-cycle activities and satisfy the IAEA's concerns about suspected violations of its non-proliferation provisions. In return, Iran would be obligated to rebuild international confidence that its nuclear activities are exclusively for peaceful purposes. This approach would undermine efforts to dissuade any other states from acquiring fuel-cycle capabilities before they are economically sensible. Most advocates of this approach would increase the posi-

domestic justice. Either party could express how progress on the nuclear issue (however defined) would help build confidence, but in this forum the United States would not negotiate on these matters. This approach would not foster unrealistic expectations of a "grand bargain," but would aim simply to open all possible channels for constructive give-and-take. The premise would be that any progress on the nuclear issue is more likely to come after, rather than before, the United States and Iran build confidence in their basic intentions toward each other. The realities of diplomatic and technological progress mean, however, that Iran probably would have achieved its nuclear ambitions before confidence-building had produced a breakthrough.

A clear-eyed view of reality should suggest to the incoming administration a different approach. It offers by no means all that the United States would wish for or what it might have achieved had past policy been wiser. This three-step approach does offer, however, better chances for a favorable outcome than do any of the other policy options being discussed.

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tive incentives offered to Iran while rallying Security Council members to toughen sanctions and political pressure if Iran still refuses to negotiate.

However, for this approach to be remotely beneficial and politically palatable (especially in the United States and Israel), Iran would have to alleviate other countries' perceptions that it poses broader security threats to its neighbors. Specifically, Iran would have to reassure Israel, disavow the use of violence by radical groups it now supports, and take steps to build confidence among its Arab neighbors. These requirements tend not to be expressed by those who advocate accommodating Iran's ongoing, albeit limited, enrichment-related activities.

Near the opposite end of the spectrum of options, a third approach would be for the United States to invite Iran to engage directly on issues independent of its nuclear program, such as mutual security guarantees, Iraq, Afghanistan, terrorism, the Israeli–Palestinian–Arab diplomatic process, and models of international and

#### **STEP 1 GIVE IRAN ONE LAST, TIME-LIMITED CHANCE TO NEGOTIATE SUSPENSION OF ITS FUEL-CYCLE-RELATED ACTIVITIES.**

As noted above, the United States and its allies have appeared desperate to buy a cessation of Iran's enrichment activities. Like smart merchants anywhere, Iranian leaders have said the program is not for sale. The European Union, Russia, China, and, reluctantly, the United States have responded by raising their offers, sometimes arguing among themselves that still more should be bid. No wonder Iranian leaders have not really negotiated since 2005: The longer they hold out, the better the offers. Indeed, the proposal Iran made at the July 19 meetings with U.S., European, Russian, and Chinese diplomats was so cynical that the Russian negotiator reportedly laughed. That does not mean that a fair price has yet been offered, given Iranian interests, but it does

mean that Iran’s interlocutors must break out of this self-defeating bargaining pattern. They should state that the bidding will stop by a specified date unless Iran’s Supreme Leader definitively indicates that there is in fact a price Iran is willing to negotiate. To make this position credible, U.S. Republican and Democratic leaders would have to endorse it.

To rally Iranian and international support for this approach, the United States should explicitly state that it will not use force against Iran except as a response to an Iranian act of aggression, which would include any new moves to acquire nuclear weapons. Public threats of force are counterproductive against Tehran today anyway; they inspire not accommodation but belligerence and resistance. Nor do threats of force pull international powers to Washington’s side when energy prices are already painfully high and when Iraq, Lebanon, Afghanistan, and global terrorism are already overwhelming U.S. and NATO military and diplomatic resources.

**STEP 2 BREAK OFF NEGOTIATIONS WITH IRAN. FOCUS ON DEVELOPING A CONSENSUS APPROACH THAT INCLUDES RUSSIA AND CHINA.**

If, as seems likely, Tehran rejects a clearly stated last opportunity to negotiate, the five permanent members of the UN Security Council and Germany (the P-5 plus 1) should cease negotiating with themselves, stop chasing after Iran with more incentives, and instead conclude that Iran has no intention of complying. Iran’s leaders and public should be told calmly and graciously that the more Iran advances its enrichment capability, the *less* valuable—not more valuable—a freeze or cessation of those activities becomes, especially as Iran does not demonstrate willingness to cooperate in reducing threats related to Israel, Lebanon, Iraq, and Afghanistan. Therefore, any continuation of enrichment would cause all offers of nuclear cooperation, trade, and other special economic incentives to be with-

drawn. Iran would be informed to “call us if you ever change your mind and want to negotiate.”

This option would not drop the Security Council’s demands but would recognize that Iran has already achieved the capability the original inducements were meant to forestall.

**Moscow, Beijing, and Tehran seek greater multipolarity in the international system to balance U.S. power.**

The P-5 plus 1 would say instead that if Iran wished to continue defying Security Council demands and to persist in its enrichment activities, that is Iran’s choice, but that the rest of the world would no longer offer bribes to induce Iran to stop doing it. Rather than negotiating with themselves and raising the benefits to Iran—defending a redline that Iran has already crossed—the P-5 plus 1 would focus on maintaining and, where possible, strengthening sanctions for as long as Iran does not meet IAEA and UN Security Council demands. The United States, France, Germany, and the United Kingdom would seek to build resolve in the Security Council to warn Iran that more robust consequences would ensue if evidence emerged of new Iranian weaponization activities, or if Iran sought to withdraw from the Non-Proliferation Treaty (NPT) while in violation of IAEA and Security Council resolutions.

**STEP 3 CLARIFY THE INTERNATIONAL REDLINE.**

Iranian leaders have insisted that retaining the right to enrich uranium for peaceful purposes is their redline. This is highly problematic for international security, because a well-developed Iranian enrichment capability would bring the country frightfully close to being able to produce nuclear weapons and could tempt others to pursue similar options. Yet, even if Iran is willing to bear the costs that the United States and the international

community are able to impose, it could still be persuaded not to build nuclear weapons and to accept stringent safeguards and verification inspections. The United States and the Security Council could define their redline for Iran as weaponization, further violation of

of crossing this redline and recognize that it is morally- and treaty-bound not to produce nuclear weapons. By its own reasoning, Tehran should not have to be offered special incentives not to conduct activities related to nuclear weaponization. States in good standing with their NPT obligations are widely believed to have the “right” to fuel-cycle technology, which is why special incentives were offered to Iran for not exercising that right while it cooperated with the IAEA to resolve concerns over whether its nuclear activities have been exclusively for peaceful purposes. Given that Iran has refused to take the action that the special incentives were intended to encourage, it is fair to withdraw the incentives and hold Iran to its insistence that it does not seek nuclear weapons.

nonproliferation obligations, or withdrawal from the NPT. (States may withdraw when they are in good standing with the NPT’s terms, but not when they are in breach of its terms, as Iran currently is.)

Supreme Leader Ali Khamenei and all other leaders swear that Iran has no intention

In return for accepting the suboptimal, but still meaningful, redline of no weaponization,

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### BOX 1 Clarify the Consequences of Iran’s Coming Clean

An underappreciated factor in Tehran’s unwillingness or inability to answer the IAEA’s questions is that Iranian leaders must wonder what would happen if they did “come clean,” perhaps acknowledging that past nuclear activities were conducted by military-affiliated bodies and were related to acquiring at least the option to produce nuclear weapons.

Would the United States and other major powers use such admissions to justify further penalties, whether sanctions or military strikes? Indeed, would the information necessary to disprove or admit past activities provide better intelligence for the United States or Israel to target military strikes on Iran’s nuclear assets? The fact that neither the United States nor the Security Council has told Iran how it would react if Iran admitted to past nuclear weaponization violations may pose a genuine quandary in Iran.

This set of issues could offer a pathway to a compromise. The UN Security Council could clarify that Iranian admission of past weaponization activities, coupled with willingness to accept that the NPT violation required “restitution,” would not necessarily lead to further sanctions or punitive action. One probable demand would be that Iran suspend uranium enrichment while taking agreed steps to build international confidence that it would not threaten regional peace and security. In return, after the defined period transpired, the IAEA and Security Council nuclear dossiers would be closed and Iran would be restored to good standing and allowed to resume peaceful development of its fuel-cycle capabilities under agreed safeguards. Given understandable Iranian concerns that providing information to resolve outstanding suspicions could make the country more vulnerable to attack, this step probably would have to come at the end of a negotiated process for resolving the nuclear standoff.

the United States and the Security Council should insist on an understanding that the use of military force would be authorized if evidence emerged of new or previously undisclosed Iranian nuclear weaponization activities, or other violations. Similarly, Iran would be subject to reprisal if it sought to withdraw from the NPT while it remained noncompliant with IAEA and UN Security Council resolutions. Military force would be limited to enforcement of nonproliferation obligations and would not encompass a wider campaign to weaken or destroy the Iranian government. Specifically, the United States would urge the P-5 plus 1 to commit in advance to embargo arms transfers to Iran and to authorize limited military reprisals against facilities directly related to nuclear weaponization.

### Conclusion

Neither Iran nor the United States has sufficient leverage to achieve all it wants in the current nuclear standoff. Military attacks or coercive regime change against Iran are unlikely to succeed, but even if they did, the United States and the broader international community would suffer as well. As for the Iranian people, they might see an uncompromising continuation of their country's uranium enrichment activities as an American loss, but their economic welfare and future would also be deeply harmed.

There are several possible outcomes that combine gains and losses short of total victory and total defeat for all concerned. Leaders of Europe, Russia, China, Japan, and India have favored such outcomes for years. If they were joined by the United States, pressure on Iran to compromise would grow.

To achieve an acceptable outcome, the United States and its allies should offer Iran a time-limited last chance to negotiate an end to its enrichment program in exchange for substantial incentives. Iran should know in advance that if it rejects that offer and does not resolve its outstanding noncompliance with

IAEA and UN Security Council demands, the P-5 plus 1 would withdraw the incentives and commit to maintain sanctions. At the same time, the permanent members of the Security Council should clarify among themselves and convey to Iran that if it were newly found to be seeking nuclear weapons, investment and trade going into Iran would be cut and limited military force would be authorized against noncompliant nuclear facilities.

**Iran's leaders and public should be told calmly and graciously that the more Iran advances its enrichment capability, the *less* valuable—not more valuable—a freeze or cessation of those activities becomes.... Therefore, any continuation of enrichment would cause all offers of nuclear cooperation, trade, and other special economic incentives to be withdrawn.**

If Iran were to suspend enrichment before it has mastered the process and accumulated strategically significant stocks of enriched uranium, incentives should be reintroduced. Those incentives would be negotiated as part of terms under which the international community could be confident that Iran's resumed enrichment and other fuel-cycle activities were solely and reliably for peaceful purposes. Among these terms should be actions to redress threats of violence against Israel, Lebanon, Iraq, and Afghanistan.

The P-5 plus 1, and explicitly the United States, should declare that force is off the table as long as Iran cooperates with the IAEA, does not revive weaponization activities (such as those the United States concluded were suspended in 2003), and does not commit aggression against other states. Finally, the United States and other Security Council members need to clarify that in responding to IAEA questions, any admissions made by Iran that military actors or purposes were involved in past nuclear activities would not be used to seek new sanctions. ■

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**BOX 2 Develop Strategies for U.S.–Iran Engagement**

Whatever option the U.S. government chooses to pursue directly with Iran should be complemented by a broader strategy to enhance the security of Iran's neighbors, thereby also enhancing the security of the United States and the larger international community. Two basic alternative approaches suggest themselves.

**1. Security Through Regional Cooperation**

Under this alternative, the United States would seek to develop a regional security framework and diplomatic process through which states would negotiate, in the words of Vali Nasr and Ray Takeyh, a "treaty pledging the inviolability of the region's borders, arms control pacts proscribing certain categories of weapons, a common market with free-trade zones, and a mechanism for adjudicating disputes." Under this cooperative security approach, the United States would express the aim of ameliorating Sunni–Shi'i and Arab–Persian tensions by trying to foster diplomacy to establish regional cooperation and confidence building.

In today's environment, this strategy is more idealistic than realistic. Key states do not agree on who is or should be in the region, whether it should be limited to the Gulf, including or excluding Yemen, or extended farther. Would a regional dialogue address Kurdish issues and therefore need to involve Turkey as well as Iraq and Iran? Given Iran's involvement in Lebanon, Syria, and Palestinian rejectionist groups, a wider regional framework could be desirable. But what if key states refused to participate in dialogue with Israel? Should Israel be included and those states noted as absent? Would outside powers be invited to participate? If so, which ones should be included and by which criteria?

The logic of cooperative security could be pursued in a more modest way by encouraging Iran and its neighbors not to interfere in each other's domestic affairs. Offering such reassurance could come through bilateral negotiations or discussions among the member states of the Gulf Cooperation Council. The objective and tone of such a strategy would diverge sharply from an aggressive containment approach in which the United States would rally Iran's neighbors to build and flex their muscles and refuse Iranian entreaties. Instead of trying to shape Iran's behavior by firm pushing, under this strategy the United States would try to guide it by embracing Iran.

**2. Deterrence Through Containment**

Under this alternative, the United States would deter Iran from building or threatening to use nuclear weapons and contain its power projection—military and political—through aggressively mobilizing U.S. resources and those of countries neighboring Iran. A "hard" containment strategy would aim to convince Iranian leaders that they cannot bully their neighbors regarding such issues as the United Arab Emirates island dispute, oil transit through the Strait of Hormuz, relations with Shi'i populations, or defense ties with the United States. One variant could be to mobilize Arab and perhaps Turkish fears of Iranian power, including its Shi'i character, in a more or less sectarian balance-of-power campaign. Another, more advisable, variant would downplay sectarian sensibilities while still emphasizing traditional interstate competition that Iran's neighbors feel toward it. In either case, arms sales, ballistic missile defense cooperation, and increased defense and intelligence cooperation would figure prominently.

**BOX 3 Iran’s Latest Offer** THE MODALITY FOR COMPREHENSIVE NEGOTIATIONS**STAGE ONE: PRELIMINARY TALKS,**

- 1) In this stage, a maximum 3 rounds of talks will take place between Dr. Jalili, representing the Islamic Republic of Iran and Dr. Solana, representing the 3+3.
- 2) By the end of the above stage, the parties will have agreed on a modality to govern the negotiations. They will have further agreed on the subsequent stages of negotiations, which will include the following:
  - A) Determination of the timetable and the agenda of negotiations that will take place in the next stage—which will be based on the commonalities of the two packages. Subsequently the committees will be organized and their agendas will also be determined.
  - B) Requirements, manner, and time of entry into the next stage.

**STAGE TWO: START OF TALKS,**

- 1) With completion of stage one and implementation of the agreed requirements, talks will start at the level of ministers.
- 2) At the beginning of the above stage, the 7 states will meet the following requirements:
  - A) The 3+3 will refrain from taking any unilateral or multilateral action—or sanctions—against Iran, both inside and outside the UNSC. The group will further discontinue certain unilateral measures taken by one or some of its members.
  - B) The Islamic Republic of Iran will continue to cooperate with the Agency.
- 3) In this stage a minimum of 4 meetings will take place between Mr. Solana, the foreign ministers of the 3+3, and Dr. Jalili, the Minister for Foreign Affairs and the head of the Atomic Energy Organization, representing the Islamic Republic of Iran.
- 4) The guiding principles of the meetings that will be attended by the 3+3 foreign ministers, plus Mr. Solana, in which the Islamic Republic of Iran will be represented by Dr. Jalili and the relevant ministers will be as follows:
  - A) The parties will abstain from referring to, or discussing, divergent issues that can potentially hinder the progress of negotiations.
  - B) The parties will start by discussing issues that are considered as common ground.
  - C) The parties will agree on a timetable, list of issues to be discussed, and priorities of the negotiations.
- 5) The talks will end by issuing an official joint statement on the agreements reached at the above stage.
- 6) Following the statement on the completion of the talks, the 3 specialized committees will produce and finalize agreements on comprehensive cooperation.

**STAGE THREE: NEGOTIATIONS,**

- 1) Upon the completion of the second stage of the talks, the 6 states will discontinue the sanctions and existing UNSC resolution. Iran, in turn, will implement the agreed action.
- 2) With the start of the third stage, the 7 states will start to negotiate to produce and sign a comprehensive agreement relating to their “collective obligations” on economic, political, regional, international, nuclear, energy, security and defense cooperation—whose proposals will be presented to them by the specialized committees.
- 3) The negotiations will be conducted within a 2 month period. However, the period can be extended by mutual agreement.
- 4) Following the conclusion of the comprehensive and long-term agreement on “collective obligations” Iran’s nuclear issue must be concluded in the UNSC and fully and completely returned to the Agency. Moreover, the issue must be taken out of the Board of Governor’s agenda and the implementation of the safeguards must be returned to normal in Iran.

*After years of refusal, the Bush administration finally agreed to participate directly in nuclear talks with Iran, dispatching Undersecretary of State William Burns to Geneva for a July 19 meeting with counterparts from France, Germany, the United Kingdom, the European Union, China, Russia, and Iran. EU High Representative for the Common Foreign and Security Policy, Javier Solana, had earlier presented Iran with new offers from the other states, including a mutually face-saving proposal for the international community to stop adding sanctions for Iran’s refusal to comply with UN Security Council demands, in return for Iran’s not adding any new activity to its uranium enrichment program. The proposed “freeze-for-a-freeze” would last six weeks and allow Iran to continue enrichment activity at current levels. In effect this would concede that Iran would not suspend enrichment as a condition of entering talks. During this period, the parties, including the United States, would try to develop enough common ground to allow negotiations to begin on resolving Iran’s stand-off with the UN Security Council and the IAEA. At the Geneva meeting, Iran’s representative did not address the new offers. Instead he presented the following non-paper, diplomatic parlance for a quasi-official-but-deniable exploration of ways forward. (The Iranian English translation of the paper called it a “none-paper,” which many commentators found to be a revealing slip.) The Iranian paper is worth reading in order to get a sense of Iran’s negotiating style and objectives. The paper calls specifically for ending sanctions and removing the Iranian “file” from the Security Council, and for multiple rounds of high-level meetings, but with no hint to any concessions Iran would consider in order to resolve the many outstanding issues and questions related to the IAEA and the Security Council.*

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## RESOURCES

Visit [www.CarnegieEndowment.org/pubs](http://www.CarnegieEndowment.org/pubs) for these and other publications.

**Reading Khamenei: The Word View of Iran's Most Powerful Leader**, Karim Sadjadpour (Carnegie Endowment for International Peace, 2008).

**Nuclear Programmes in the Middle East: In the Shadow of Iran** (International Institute for Strategic Studies, 2008).

**The Last Resort: Consequences of Preventive Military Action Against Iran**, Patrick Clawson and Michael Eisenstadt (Washington Institute for Near East Policy, June 2008), <<http://www.washingtoninstitute.org/siteImages/global/download.gif>>.

**Iran: Assessing U.S. Strategic Options** (Center for New American Security, June 2008), <<http://se1.isn.ch/serviceengine/FileContent?serviceID=PublishingHouse&fileid=5C5C6F73-8191-29B1-C082-B907AFF8947F&lng=en>>.

**Changing Iran's Nuclear Interests**, George Perkovich (Policy Outlook, Carnegie Endowment for International Peace, May 2005), <<http://www.carnegieendowment.org/files/PO16.perkovich.FINAL2.pdf>>.

**Iran's Nuclear Ambitions**, Shahram Chubin (Carnegie Endowment for International Peace, 2006).

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