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# A GOOD NON-PROLIFERATION COP? THE EU FACES THE IRANIAN NUCLEAR CHALLENGE

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Iran's past civilian nuclear development raises concerns about a nuclear weapons capacity and the specter of an emboldened Iran challenging the regional and international order. The Iranian nuclear saga also represents a disturbing breakdown of United States leadership in upholding the non-proliferation regime by diplomatic means. The EU-3 experience with Iran reveals that the Europeans have been learning fast about leadership in mediation, crisis management and coercive diplomacy. But given Iran's strong commitment to a civilian nuclear program — with a clear military application — the odds are that the learning curve has not been steep enough to stop Iran's nuclear drive. As a result, the EU must engage cooperatively with the United States and the United Nations Security Council (UNSC) in order to rethink coercive diplomacy and present a clear choice to the Iranian leadership.

The recent tendency to muddle through the Iran crisis – passing further UNSC resolutions during talks between the International Atomic Energy Agency (IAEA) and Iran, and combining cooperative and coercive measures – may in fact lead to military escalation. Tehran is slowly but surely advancing its technological nuclear capacity. In order to convince Iran's leaders to halt the most problematic aspects of their nuclear program (uranium enrichment and plutonium production) Europe and the United States must act in unison.

Iran's nuclear program has been the focus of international concern since 2003 when the IAEA discovered that Iran had been breaching its Comprehensive Safeguards Agreement (CSA) for over 18 years. In April 2003, the Bush administration rejected an Iranian proposal for a comprehensive settlement of the nuclear question. Therefore, and against the background of the Iraq experience the French, German, and British foreign ministers, known as the E3, in August 2003 took collective action by seeking to restore international confidence in the peaceful nature of the Iranian nuclear program. The key European players were later united by the EU's High Representative for foreign policy, Javier Solana, as the EU3 in autumn 2004. Yet the European

mediation encountered a serious setback one year later, in August 2005, when Tehran restarted its uranium enrichment activities after almost two years of postponements. The EU3 then shifted gears from mediation to coalition building in order to lay the foundation for a sanctions-based strategy. In January 2006 the EU3 was joined by the United States, China, and Russia to become the EU3+3.

So far this extended minilateralism has failed to stop Iran's pursuit of a full nuclear fuel cycle capacity, namely the ability to enrich uranium and reprocess plutonium. The sanctions imposed by Security Council resolutions 1737 and 1747 have not altered Tehran's course. Instead, hardline President Mahmoud Ahmadinejad has tried to inflame Iranian nationalism by making exaggerated claims about Iran's technical prowess. While this Iranian strategy may eventually backfire, it has already limited the maneuvering room for reaching a diplomatic settlement. While it is too early for a final verdict, important lessons can be drawn from the EU3+3 experience with Iran.

Originally the E3 and EU3 sought to resolve the conflict over Tehran's suspicious civilian program by restoring confidence in its peaceful nature. This included urging it to suspend sensitive activities and come clean on past transgressions. But the strategy was doomed to failure due to its inconsistency with basic assumptions about successful mediation in international conflict. Threats and benefits do not, as a rule, generate stable conflict resolution unless supported by all of the major powers concerned, in this case the United States as well as Russia and China<sup>2</sup>. The European diplomatic record shows that the EU3 indeed marshaled increasing support from the US administration for a negotiated solution, but it also suggests that this guarded support fell short of persuading the Iranian regime to seize sensitive nuclear activities. In addition, even the enlarged EU3+3 arrangement also paid insufficient attention to the Nuclear Non-proliferation Treaty's (NPT) Article IV namely the inalienable right to engage in full fuel cycle activities by nonnuclear weapon states. In particular, the EU3+3 proved unable to forge a legally binding consensus on how this norm should be interpreted in the case of an IAEA member state in non-compliance with its Comprehensive Safeguards Agreement.

While it is still possible that the EU3 can convince Iran to give up sensitive parts of its nuclear program, it is more probable that Tehran will forge ahead on the nuclear path. European negotiators may learn in the coming months how to overcome the diverging interests in the international community and to build a coalition for credible sanctions. But because the EU3 still lacks the capacity and the United States still lacks the credibility to facilitate a negotiated settlement with the Iranian regime, the odds are that the EU3+3 efforts will not thwart Tehran's creation of, at the very least, a nuclear weapons option.

## I – THE EU3's TRACK RECORD: THE ACHIEVEMENTS OF DIPLOMACY

The first and most important achievement of the E3 has been in the context of the Tehran Declaration. Although this was a non-binding E3 declaration, it successfully persuaded Iran to sign and implement an Additional Protocol, thereby committing itself to answer all outstanding questions with regard to its nuclear past and most importantly, to temporarily suspend sensitive full-fuel cycle activities. This was especially significant because the E3's backing by the European Union and the United States was limited at the time. In addition, when the Iranians started to backpedal on their suspension commitment in spring 2004, the E3 gained the necessary international backing to press Tehran further through a harshly worded IAEA Board of Governors' resolution. In the resulting Paris Agreement, the now EU3 tried to reinstate a more comprehensive suspension and effectively succeeded in persuading Iran to postpone enrichment activities for another year<sup>3</sup>.

Some critics of the EU3 mediation effort argue that suspension was a price the Iranians were happy to pay at the time since it persuaded the E3 to keep the Iranian case out of the Security Council and it enabled Tehran to complete its uranium conversion program. In a speech in the summer of 2005 interview, Iran's chief nuclear negotiator, Hassan Rohani, claimed that the Iranian strategy was to delay Security Council referral in order to win time to advance its technical capacity: "While we were talking with the Europeans in Tehran, we were installing equipment in parts of the facility in Isfahan... In fact by creating a calm environment, we were able to complete the work in Isfahan. Today, we can covert yellowcake into UF4 and UF6, and this is a very important matter".

But there are also valid objections to the assertion that the postponement strategy was mistaken. First, the Iranians most probably

<sup>&</sup>lt;sup>1</sup> S. HARNISCH, "Minilateral coalition building and transatlantic cooperation: the E3/EU-3 initiative", *European Security*, 2007, vol. 16, n°1, pp. 1-27.

<sup>&</sup>lt;sup>2</sup> C. MOORE, The Mediation Process. Practical Strategies for Resolving Conflict, San Francisco, CA., Jossey-Bass Publishers, 3<sup>rd</sup> ed., 2003, pp. 193-194.

<sup>&</sup>lt;sup>3</sup> S. HARNISCH, R. LINDEN, "Iran and Nuclear Proliferation – Europe's slow burning diplomatic crisis", *German Foreign Policy in Dialogue*, 2005, vol. 6, no 17, pp. 46-49.

<sup>&</sup>lt;sup>4</sup> H. ROHANI, "Beyond the Challenges Facing Iran and the IAEA Concerning the Nuclear Dossier", available at <a href="http://www.armscontrolwonk.com/file\_download/30">http://www.armscontrolwonk.com/file\_download/30</a>, p. 13

did not advance their enrichment effort in technical terms as fast as they would have otherwise. Secondly, suspension can also be seen as a European delaying tactic. After the transatlantic acrimony over the Iraq War, the E3 was neither willing nor able to refer Iran to the Security Council in late 2003. Thirdly, the claim made by Rohani in the interview<sup>5</sup> can also be read as an attempt to cover up the domestic struggle inside Iran between factions willing to take the Europeans and the Americans head-on and a more cautious faction that thought a negotiated settlement was still possible<sup>6</sup>. In sum, the E3 built an international coalition to prevent the conflict from escalating earlier<sup>7</sup>.

The second major achievement of the E3 initiative was to eventually build a more coherent international coalition under the heading of EU3 and subsequently EU3+3. In late summer 2003 neither the majority of EU member states nor the Bush administration as a whole supported the E3. While some European governments suspected another attempt to form a *directoire*, the Pentagon, the National Security Council, and the vice president's office were highly skeptical and even hostile to negotiations with the Iranian regime. Yet starting with the former US Secretary of State, Colin Powell, the "big three" persuaded most members of the IAEA Board of Governors to support the E3 mediation effort in 2004 and by that winter had finally got Secretary of State Condoleezza Rice and national security advisor Stephen Hadley on board. As a consequence, the EU3 tabled an enhanced negotiation proposal that contained some limited lifting of US sanctions in August 2005.

After Iran restarted uranium enrichment in January 2006, the EU3 was joined by Russia, China, and the United States. Facing considerable policy differences among the major powers, the EU3 once again proved able to extract three important compromises. First, after the Iranians had successfully tested the enrichment of uranium up to 3.5 percent in April 2006, the EU3 was able to persuade the Bush administration to join the multilateral talks with Iran at the end of May. Washington, however, insisted that Iran first had to suspend its uranium enrichment program completely (zero enrichment) before the talks could begin. Second, the EU3 also succeeded in convincing Russia, China, and

<sup>5</sup> P. CLAWSON, M. EISENSTADT, "Forcing hard choices on Tehran. Raising the costs of Iran's Nuclear Program", *Policy Focus*, 2006, n° 62, p. 4.

7 M. FITZPATRICK: "Can Iran's Nuclear Capability be kept latent?", Survival, 2007, vol. 49, n° 1, p. 35.

the United States to agree on a comprehensive and common package to be presented by Solana. After Iran rejected the comprehensive proposal, the EU extracted a third major compromise by convincing Russia, despite earlier opposition, to support UNSC resolutions 1737 and 1747 that banned, among other things, technical and financial assistance to Iran's enrichment, reprocessing, heavy water, and ballistic missile programs. In addition, while the resolution did not address Russian-Iranian cooperation in finalizing the light water reactor (LWR) plant in Busher, Moscow did subsequently suspend its support for the project. Ultimately, the E3 proved itself as a coalition builder while maintaining credibility as a mediator between the coalition and Iran.

The last major achievement of the EU3 and the EU3+3 diplomacy was to secure the continued restraint of third parties, most importantly Israel, but also Saudi Arabia and Egypt. While some policymakers and pundits argue that a nuclear Iran can be deterred from attacking its neighbors9, it is hard to imagine any Israeli government agreeing<sup>10</sup> with them. As a consequence, one conclusion is that past and current Israeli governments have not used preemption, as in the case of the Osirak reactor, at least in part because they hope that the EU3 (and +3) might ultimately succeed in resolving the conflict peacefully. Of course, several considerations factor in the Israeli decision-making process: private US security assurances, the technical status of the Iranian program, the ongoing asymmetrical conflict with Iran's proxy Hezbollah in Lebanon, and the stability of the governing coalition in Israel itself. However, it is reasonable to conclude that Israel as well as many other countries were pleased that the E3 prevented a rapid escalation of the crisis from 2003 to 2005. The same "buying time" argument also applies to Saudi Arabia and Egypt, both with ambitions for regional leadership and a troubled history with the Shiite regime in Tehran. In the event of Iranian nuclear weapons capacity, these states would face a very difficult choice. Either they would have to acquiesce to a nuclear Iran or they would counterbalance by going nuclear themselves or by acquiring security assurances from a nuclear weapons

<sup>&</sup>lt;sup>6</sup> G. SMYTH, "Fundamentalists, Pragmatists, and the rights of Nations: Iranian Politics and Nuclear Confrontation", The Century Foundation, 2006, available at <a href="http://www.tcf.org/publications/internationalaffairs/smyth\_iran.pdf">http://www.tcf.org/publications/internationalaffairs/smyth\_iran.pdf</a>. S. CHUBIN, Iran's Nuclear Ambitions, Washington D.C., 2006, Carnegie Endowment for International Peace, p. 73.

<sup>8</sup> T. SAUER, "Coercive Diplomacy by the EU: The Iranian nuclear weapons crisis", Third World Quarterly, 2007, vol. 28, n° 3, p. 621

<sup>&</sup>lt;sup>9</sup> B. POSEN, "We can live with a nuclear Iran", *New York Times*, February 27, 2006; "Retired General: U.S. can live with nuclear Iran", available at <a href="http://www.cnn.com/2007/WORLD/europe/09/18/france.iran">http://www.cnn.com/2007/WORLD/europe/09/18/france.iran</a>

<sup>&</sup>lt;sup>10</sup> For a description of the Israeli debate: E. ASCULAI, "Iran at the Nuclear Crossroads", *Tel Aviv Notes*, Jaffe Center for Strategic Studies at Tel Aviv University, 2006, n° 183; E. ASCULAI, "Intelligence Assessment and the Point of No return: Iran's Nuclear Program", *Tel Aviv Notes*, Jaffe Center for Strategic Studies at Tel Aviv University. 2005, n° 143; E. LANDAU, "US Engagement with Iran: The Moment of Truth in the Nuclear Crisis?", *Tel Aviv Notes*, Jaffe Center for Strategic Studies at Tel Aviv University. 2006, n° 173.

state, such as the United States. Since both options would involve substantial domestic or foreign costs, the governments in Cairo and Riyadh supported the suspension negotiated and extended by the EU3<sup>11</sup>.

As a consequence, the EU3+3 mediation effort prevented a nuclear domino effect. Notably, starting with the E3, the European Union has proven its mediation and crisis prevention capacity in the nonproliferation field where its formal competencies have been very limited and divisions between non-nuclear weapon states and nuclear weapon states have prevented joint actions and policies in the past<sup>12</sup>.

#### II – THE EU-3's TRACK RECORD: FAILURES AND LESSONS

Despite these important successes, the EU3+3 initiative has obviously failed to stop the evolving Iranian capacity to enrich uranium, which may be used for military purposes in the medium-term<sup>13</sup>. The most important deficit of the EU3+3 initiative has been the lack of consistent negotiating positions. It is worth noting that the E3 got off the ground only after Washington rejected an Iranian offer (through the Swiss government) for a comprehensive settlement. The E3 filled a vacuum created by the Bush administration, which was split in early 2003 between a faction willing to consider bilateral talks and a majority faction opposed to them. Since then, the EU3 has been able to shift that balance, albeit slightly, in Washington's Iran policy<sup>14</sup>.

And yet, several actions taken by the Bush administration have compromised the EU3's ability to formulate a consistent negotiating position. First, despite repeated Iranian calls, the Bush administration could not agree upon security assurances for Tehran, even on a contingent basis. Second, by negotiating a nuclear cooperation agreement with India, which legitimizes a non-NPT member state to pursue nuclear weapons production with active US support and to hold considerable fissile material outside international safeguards, Washington made it much harder for the EU3 to argue that Iran, as an NPT member state without nuclear weapons, must suspend or even

11 D. D. KAYE, F. WEHREY, "A Nuclear Iran: The reactions of the neighbours",

13 D. ALBRIGHT et al., "IAEA Safeguards Report on Iran: Iran Making Progress but Not Yet Reliably Operating an Enrichment Plant", ISIS Report, May 25, 2007, <a href="http://www.isis-online.org/publications/iran/IranSafeguards25May2007.pdf">http://www.isis-online.org/publications/iran/IranSafeguards25May2007.pdf</a>.

forego uranium enrichment and plutonium reprocessing that it had long ago agreed to place under IAEA safeguards. Third, while supporting the EU3 negotiations in general, the Bush administration stepped up its diplomatic, financial, and military efforts to isolate Iran in the Gulf region and beyond. Trying to form an alliance of moderate Arab countries (Egypt, Jordan, Saudi-Arabia and the Gulf monarchies), arming them with modern weapons systems, ratcheting up the economic pressure on Iran, funding Iranian opposition groups in exile, and deploying additional military capacities to the region might prove to be a rational and appropriate course of action considering Iran's involvement in Iraq and Lebanon<sup>15</sup>.

However, it is also plausible that these measures, when taken together with the rejection of security assurances for Tehran, did not improve the chances of a negotiated settlement. In light of states' main motivations for nuclear armament – security, prestige, and the garnering of domestic support - Tehran appears highly motivated to pursue a nuclear weapons program. In terms of security, Iran's past experience with Iraqi chemical warfare in the 1980s and the recent toppling of the Iraqi regime (while nuclear-armed North Korea was spared) suggest that non-nuclear weapon states can be blackmailed and attacked while nuclear weapon states enjoy greater immunity. The demise of two key threats, the Taliban and Saddam Hussein, proved at least partially beneficial to Iranian security perceptions. But the replacement of Iraqi forces with those of the United States is perhaps seen as a greater danger to Iranian sovereignty and prestige. The enormous presence of US armed forces just across the border threatens Iran's historically claimed role as a leading regional power, both in terms of local conflicts (Gulf states, Israel) and more distant threats (the West). Finally, regarding the domestic situation, no major Iranian party has questioned the need (and inherent right under the NPT) to acquire all of the civilian elements of nuclear production since the 2005 presidential campaign. Notably, many aspects of the civilian technology are dual-use, meaning they can be converted to military purposes. Evidence suggests that groups within the military and the Revolutionary Guards hold special parochial interests in WMD acquisition<sup>16</sup>.

The lesson to be drawn here is that the E3 was able start a mediation effort and form an impressive consensus, but the EU3 will probably fail to create an international coalition that can redirect Iran's dedication to achieving nuclear capabilities. The chances of a negotiated

Survival, 2007, vol.49, n° 2, pp. 111-128.

12 H. MÜLLER "Peaceful Uses of Nuclear Energy and the stability of the nonproliferation regime", Chaillot Paper, nº 77, April 2005, p. 45; A. BAILES, "Europeans Fighting Proliferation: The test-case of Iran", S+F (Sicherheit und Frieden/Security and Peace), 2006, vol. 23, n° 4, p. 133

<sup>14</sup> F. LEVERETT, "Dealing with Tehran: Assessing U.S. Diplomatic Options toward Iran", The Century Foundation, 2006, available at <a href="http://www.tcf.org/publications">http://www.tcf.org/publications</a> /internationalaffairs/leverett diplomatic.pdf>.

<sup>15</sup> P. CLAWSON, M. EISENSTADT, Forcing hard choices on Tehran..., op. cit.

<sup>&</sup>lt;sup>16</sup> S. CHUBIN, Iran's nuclear ambitions, op. cit.; T. SAUER, Coercive Diplomacy by the EU..., op. cit., p. 628.

settlement in the future are diminished by the EU3's lack of central capacities and credibility; the key European negotiators simply cannot guarantee that the United States will not take advantage of Iran's disarmament, if it were to happen, in order to pursue regime change by force or subversion<sup>17</sup>.

The second major deficit of the EU3+3 effort has been the ambiguous nature of the NPT's Article IV. To begin with, in both the Tehran statement and the Paris Agreement the EU3 agreed that the Iranian suspension of enrichment and reprocessing were voluntary and non-legally binding. Yet during the negotiations the EU3 also stressed that uranium enrichment and conversion as well as plutonium reprocessing activities were not "normal activities" in the case of Iran. because it had concealed a lot of activities from the IAEA that could be used to produce nuclear weapons<sup>18</sup>. With an emphasis on "normal activities" the EU3 suggested that the inalienable right of all NPT parties to carry out peaceful nuclear activities contained in Article IV must be curtailed in cases of non-compliance. The deficit of the EU3's approach lies in the inability or unwillingness to specify the concrete terms of the 2003-2006 curtailment. In November 2004 Tehran requested the exemption of 20 centrifuges from the voluntary suspension, while reportedly offering to postpone uranium hexafluoride (UF6) production. In spring 2005 Tehran requested permission to run a 64-centrifuge cascade in exchange for putting off industrial scale enrichment for 10 years. And one year later Iran may have settled for an extended freeze of uranium enrichment with only a 164-centrifuge cascade running<sup>19</sup>. It is clear that between 2003 and 2006 there were various opportunities to limit Iran's enrichment effort. While this was certainly a less desirable outcome than zero enrichment, the most preferable option has now been overtaken by the technical progress Iran has made<sup>20</sup>.

As a consequence, the EU3+3 have raised the legal bar above which Iran may restart its proliferation sensitive activities at some point in the future. Security Council resolutions 1696 (July 2006), 1737 (December 2006), and 1747 (March 2007) require Iran to suspend all "enrichment-related and reprocessing activities, including research and development and work on all heavy water related projects, including the construction of a research reactor moderated by heavy water"<sup>21</sup>. A

<a href="http://www.vertic.org/publications/VM7.pdf">http://www.vertic.org/publications/VM7.pdf</a>>.

negotiated settlement in the future has thus become much harder because, among other things, these legally binding Security Council demands require another resolution permitting Iran to restart enrichment and reprocessing. Iran has voiced deep skepticism that the Security Council would ever permit it to recommence these activities<sup>22</sup>.

Now that Iran has at least partially mastered the process of uranium enrichment<sup>23</sup>, it is implausible that Tehran will agree to a zero enrichment position, even on a temporary basis. First, there is a broad domestic consensus in Iran that enrichment (and reprocessing) is an inalienable right. Second, while some policymakers, such as Rohani and Rafsanjani, have suggested that they may agree to another temporary curtailment of proliferation activities, the conservative faction around Ahmadinejad has ruled this out<sup>24</sup>. Finally, because the conservative forces lost considerable domestic support in the last elections due to poor economic performance, they are even more inclined to use external conflicts to improve their domestic political standing. The March 2007 seizure of British soldiers in the Gulf is a case in point here. Concerning the latest proposal in the Larijani-Solana talks in February and April 2007, this reading of the domestic dynamics in Tehran suggests that a moratorium on additional centrifuge installments seems plausible but a "double suspension" - suspension of all enrichment activities in exchange for the suspension of sanctions<sup>25</sup> – during multilateral talks over an extended period will be very difficult to implement.

#### III - CONCLUSIONS AND THE WAY AHEAD

What does this analysis suggest for the future course of action? To begin with it is important to keep in mind that the crucial moment in the unfolding crisis will not occur when Iran explodes a nuclear device, but when the international community believes that Iran has the capacity to build one. Further diplomatic action, however, must also take into account the security concerns of neighboring states, especially Israel,

25 G. SAMORE, "Iran's Nuclear Programme. Can diplomacy succeed?", Strategic Comments, 2007, vol. 13, n° 3, p. 2

 <sup>&</sup>lt;sup>17</sup> C. H. MARTIN, "Good Cop/Bad Cop" as a model for non-proliferation Diplomacy towards North Korea and Iran", *Non-proliferation Review*, 2007, vol. 14, n° 1, p. 82.
 <sup>18</sup> S. HARNISCH, R. LINDEN, *op cit*.

<sup>19</sup> M. FITZPATRICK, Can Iran's Nuclear Capability be kept latent?, op. cit., p. 50

D. ALBRIGHT et al., *IAEA Safeguards Report on Iran..., op. cit.* A. PERSBO, "Thinking inside the box: exploring legal approaches to build confidence in Iran's nuclear programme", *VERTIC Research Reports*, 8 May 2007 available at

<sup>&</sup>lt;sup>22</sup> J. ACTON/J. LITTLE, "The Use of Voluntary safeguards to build trust in states" nuclear programmes: the case of Iran", VERTIC Research reports, May 8 2007, available at <a href="http://www.vertic.org/publications/VM8.pdf">http://www.vertic.org/publications/VM8.pdf</a>, p. 11

<sup>&</sup>lt;sup>23</sup> For a current critical assessment: A. PERSBO, "Iranian Centrifuge construction", <a href="http://verificationthoughts.blogspot.com/2007/06/iranian-centrifuge">http://verificationthoughts.blogspot.com/2007/06/iranian-centrifuge</a>

construction.html>; D. ALBRIGHT et al., IAEA Safeguards Report on Iran...., op. cit.

24 INTERNATIONAL CRISIS GROUP, Iran: Is there a Way out of the Nuclear Impasse?, Middle East Report n° 51, 23 February 2006, available at <a href="http://www.crisisgroup.org/library/documents/middle\_east\_north\_africa/iraq\_iran\_gulf/51\_iran\_is\_there\_a\_way\_out\_of\_the\_nuclear\_impasse.pdf">http://www.crisisgroup.org/library/documents/middle\_east\_north\_africa/iraq\_iran\_gulf/51\_iran\_is\_there\_a\_way\_out\_of\_the\_nuclear\_impasse.pdf</a>>, p. 8-10; C. KANE, "Nuclear Decision Making in Iran: A rare Glimpse", Middle East Brief, 2006, n° 5, <a href="http://www.brandeis.edu/centers/crown/publications/MEB/MEB5.pdf">http://www.brandeis.edu/centers/crown/publications/MEB/MEB5.pdf</a>>.

which understandably define a crisis situation on the basis of a much lower threshold. Based on this premise, the following lessons should be drawn from recent EU3 experience with Iran.

First, the European initiative has bought some time for negotiations, but it was ill prepared to facilitate a diplomatic settlement. The EU3 simply did not have the negotiation power with essential incentives at its disposal. The lesson for transatlantic cooperation: Either the EU3 and Washington will confront Tehran together or they will perish separately when diplomacy fails. If further talks fail to stop Iran's enrichment effort, a plausible scenario at this stage, it is likely that some Europeans will try to blame the Bush administration. To put up a credible last ditch diplomatic initiative and to address the risk of future transatlantic divergence on the issue, the EU3 and the United States need to define the essential elements of a "comprehensive settlement", the rejection of which would close the ranks in the international community. Washington's approval of security assurances for Iran must be a central component of a credible comprehensive settlement.

Secondly, since the zero enrichment option has been overtaken by Iran's technical progress, the comprehensive package must include a balanced, verified, and phased approach to uranium enrichment on Iranian territory in the foreseeable future under strict international safeguards. If, as the analysis above suggests, Tehran's drive for advanced nuclear technology is partially motivated by prestige and domestic political concerns, a comprehensive settlement must address these motives. This can be done most effectively, if the parties concerned use the IAEA as an "impartial broker", because the agency still holds considerable credibility with Iran and other non-aligned countries.

Thirdly, in order to limit Iran's ability to manipulate public opinion and the policies of the non-aligned movement, the Bush administration must overcome its internal differences and forge a consistent course on Iran. Diplomatic negotiations combined with US bilateral measures, such as thinly veiled threats of regime change or prepositioning of military capacities in the Gulf, will not provide the Iranian regime with viable diplomatic options. So far these approaches have effectively undermined Washington's effort to build a great power consensus that is essential for a last ditch diplomatic effort.

Finally, while coercive diplomacy in the UNSC is still possible and somewhat probable, including sanctions on Iranian oil exports and imports of various other goods, the concentration of power among Iran's political and religious elite indicates that Iranian society may have to endure considerable hardship under economic sanctions before any

political effect occurs<sup>26</sup>. Therefore, Iran will likely reach the critical nuclear weapons threshold before serious sanctions by the Security Council are able to change Iran's priorities. As a result, prolonged restraint by Israel and the United States in particular is a diminishing resource for the EU3+3 effort. The recent Israeli bombing of a Syrian (nuclear) installation should be read as a clear signal that Israel will not allow its neighbors to import sensitive nuclear technology, let alone assemble a nuclear weapons capable infrastructure. Thus, to succeed, the EU3+3 will have to work very hard in the near future to maintain the current level of restraint.

#### IV - THE COST OF FAILURE

The fallout of failure – should it come to that – may be less dramatic for the European Union as an "international actor" than for the United States. The early leadership by Germany, France, and Great Britain has been successfully substituted by the institutional resources of the EU High Representative and another split in the Union was therefore avoided. This analysis also suggests that the European Union did not have all of the necessary instruments at its disposal to forge a negotiated solution. Taking the indispensable role of the United States into account, the EU3 did a remarkable job in bringing Washington, as well as Russia and China, together for a concerted diplomatic effort in 2006. In a nutshell, as the EU3 gains in status were limited their loss will be manageable.

However, failing to reach a diplomatic solution with Iran could turn out to be more dramatic than in Iraq for both, the EU and the US. The EU3's problems in agreeing upon a common interpretation of Article IV of the NPT indicate that the non-proliferation regime is seriously at risk. An Iranian withdrawal from the treaty would strike another severe, if not fatal, blow to the current nuclear order. The European Union's common experience with Iran might prevent another intra-European split, but that does not guarantee transatlantic cooperation especially, for example, if the Bush administration unilaterally imposes economic sanctions with military consequences on Iran. A final issue to keep in mind in the upcoming rounds of negotiations is that constraint by third parties was more or less secured in the Iraqi case – this will not be the situation with Iran. Recent experience in the conflict suggests that intervention by states, most probably Israel, and non-state actors, such as terrorist groups, will become ever more likely as Iran closes in on a nuclear weapons option.

<sup>&</sup>lt;sup>26</sup> B. KUBBIG, S. E. FIKENSCHER, Internationale Sanktionen gegen den Iran: Erfolgsbedingen und Effektivität, Frankfurt/Main, HSFK-Report, 2007, n° 4.