

## *Summary of Discussions*

SWP / Nixon Center Working Group

### **"Iran and its Neighbors: Diverging Views on a Strategic Region"**

1<sup>st</sup> Colloquium, Washington DC, January 8, 2004  
at The Nixon Center

Since the fall of the Shah, the United States and the European view have adopted diverging attitudes and approaches towards Iran: the United States has been more focused on isolating the regime whereas the European Union has pursued a policy of engagement. In spite of the recent cooperation with Iran on Afghanistan, the attitude of the United States remains largely shaped by the hostage crisis of the early 1980s and Iran's continued financial and operational support of terrorist groups that are intent on destroying Israel and, in the case of Hezbollah, have directly attacked U.S. interests and citizens. Furthermore, the United States suspects that Iran is (or will be) an agent for the spread of weapons of mass destruction. In an attempt to limit Iran's capabilities and influence in the region, the U.S. has maintained—with questionable effect-- a scheme of sanctions aimed at deterring economic investment in and cooperation with Iran.

The EU, in contrast, sees Iran as a potential partner and an important player, or even a leader, in the region – a natural hub between Central Asia and the Middle East. Perhaps due to the fact that the EU is not so closely allied with Israel, and the lack of a negative history with Iran, the general EU preference for integration rather than isolation as means for "changing" Iran, the EU is not fearful of an increase of Iran's activities and influence in the region. For example, official policy in Germany, which reflects popular opinion, does not even perceive Iran as a proliferation threat. Viewed more cynically, however, the policy could be the product of political expedience given the EU's future energy needs, particularly for natural gas: Russia's supply will not be able to meet EU demand over the next 20 – 30 years and Iran's gas reserves, 15% of the world total, will need to be sent by pipeline to the EU to meet requirements.

Iran's position between the Middle East and Central Asia, surrounded by several volatile neighbors such as Iraq, has made some believe that Iran needs to exercise its "right" to have nuclear and other weapons of mass destruction as matter of self-defense. Although Iran's past experience with Iraq gives legitimacy to this claim, the U.S. presence in the region (and likely installment of a less aggressive regime post-Saddam Hussein) has reduced the most significant threat to stability. Iran, however, is not fully comforted by the U.S. presence given the U.S.'s overt hostility towards Iran, i.e. Iran's inclusion in the Axis of Evil. While the EU may view a nuclear Iran as tolerable, the U.S. would be opposed due to its belief that Iran is a proliferator and its distrust of the regime's intentions. The coming online of the Russian built nuclear power plant in Bushehr in 2003-4, which will produce some plutonium that can be converted for weapons use, will be a true test of the U.S. tolerance for a nuclear Iran.

While there are no clear indications of a change in the Iranian regime, either due to outside pressure such as U.S. sanctions (which have had limited effect) or the EU trade agreement (which will not be signed unless Iran changes/improves its position towards Israel, terrorism, WMD and human rights), internal pressure and rising Iranian

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nationalism may force the government to change some of its policies which extend support to Muslims broadly speaking but which do not seem to directly benefit Iran. Since the end of the war with Iraq, Iranian nationalism has played a bigger role and today, national interest is a key criterion in political discourse and decision making. Iran will continue to be more pragmatic in its approach to foreign policy and continue to shift its focus to what is best for Iran and is likely to spend less time and money supporting foreign Muslim groups, including groups such as Hamas, Hezbollah and Islamic Jihad. Both the European Union and the United States must be aware of these domestic developments as they formulate new policy objectives for Iran and the region.

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*Agenda:*

**Session I:** Iran's relationship to Iraq and its other neighbors in the Gulf and Middle East

**Session II:** The role of sanctions and incentives

**Session III:** The role of Iran and the region for global energy supply security

**Session IV:** Iran and the problem of proliferation

**Session V:** Iran's relationship to its neighbors in Central Asia and the Caucasus