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Making the Difficult Decisions: Europe's Role and Challenge in Averting a Nuclear Iran

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The Iranian nuclear program is sometimes portrayed as the one foreign policy issue on which Americans and Europeans have come to the same conclusion and taken concerted action – an example of close transatlantic partnership and rapprochement. Nonetheless, while sharing a common threat assessment, U.S. and European policy-makers disagree on tactics to confront that threat. Whether in public statements or private meetings, Europeans emphasize the need to reach a “negotiated solution” to resolve Iran’s nuclear challenge, while Americans stress the urgency of preventing it and employ language suggesting other options may have to be considered. While Americans resist ruling out “coalition of the willing” approaches, beyond the scope of the UN Security Council, Europeans rely first and foremost on the UN process and multilateral institutions to address this and other rising threats.

That Americans and Europeans approach this issue differently is no news. The more interesting question, though, is whether the factors behind this difference will prove an obstacle to solidarity as the Iranian threat grows. What essentially drives EU policy toward Iran, and why is it that Europeans approach this issue with less perceived urgency? The answers lie in a variety of factors, ranging from cultural to economic. Yet what is clear is that, because of this different approach, European policy-makers will be forced to confront difficult political and economic challenges if circumstances require decisive action against Iran.

Is a Nuclear Iran a Real Threat to Europeans?

Even though many EU officials and policy-makers share Washington’s view on the seriousness of the danger a nuclear Iran poses to international peace and security, European public opinion has traditionally not regarded this threat as the most imminent source of concern, especially in comparison to other global perils. In October 2003, a European Commission poll found that 59% of the interviewees pointed to Israel, even more than the U.S., as the biggest threat to world peace, ahead of North Korea, Afghanistan and Iran. A survey conducted by the Pew Research Group between March and May 2006 showed that people in European countries saw U.S. policy in Iraq as a comparable threat to world peace to that of Iran’s nuclear program.

At the same time, the Pew survey also concluded that in countries such as Germany, Spain, France and the UK, the percentage of people who regarded Iran as a grave danger was three times greater than in a similar poll three years before. A BBC poll of Western European attitudes conducted in March 2007 found Iran's nuclear program to be a greater threat (although by a small margin) than Israel's occupation of Palestinian territories and North Korea's nuclear development.

While the polling data indicate an increasing awareness of the Iranian threat, the surveys also show that Europeans appear to perceive Israel’s policies in the Palestinian territories almost as menacing to world peace as are two emerging nuclear powers. These European public opinion trends (which are obviously affected by particular events and when specific crises erupt) raise the question

about the degree to which Europeans would be willing to act upon such a threat, through military action, economic measures, sanctions or other steps.

The Military Option: a Viable Approach?

A significant constant in EU policy-making is a strong reluctance to consider the military option. Europeans consistently gravitate toward diplomatic and economic incentives over the threat or actual use of force - a cultural antipathy toward war, evident during Europe's tolerance for Bosnian and Kosovar brutality. Nonetheless, it is relevant to note that a poll released at the beginning of April 2007 by Open Europe, a London-based think tank, found that a majority of those surveyed in EU countries would support military action to prevent Iran from going nuclear, even if few approved of increased military expenditures and defense budgets.

However, one could argue that the results indicated in the Open Europe poll are not a fair representation of what European decision-makers really think. Even if, theoretically, the use of force could be used as a last resort should diplomacy fail, EU officials do not appear to seriously consider this as a feasible option. This is largely due to continuing distrust of Washington's handling of major foreign policy crises, in particular the war in Iraq. The U.S. and the international community jeopardized the chance of effective military action in Iran by invading and engaging in nation-building in Iraq, European policy-makers assert; with roughly 150,000 troops in Iraq, and regional sensibilities and relations already strained, the U.S. is in an unlikely position to launch military action against Iran anytime soon, in the prevailing EU view.

The episode of the recent crisis of the 15 British sailors and marines arrested by the Iranian revolutionary guard, and the way it was resolved, further reinforces the European notion that skilful diplomacy is the most effective means to confront Iran. While the U.S. responded to the kidnapping of the sailors with strongly worded warnings, and a new round of military exercises in the Persian Gulf, the British government, and Europe as whole, opted for a more restrained approach. This latest incident reflected once again the different tendencies in managing disputes with the Islamic Republic.

Europe's Economic Carrot

On February 8, 2007, Gregory Schulte, the U.S. Ambassador to the International Atomic Energy Agency, publicly reprimanded European governments for failing to enforce the economic sanctions against Iran mandated by UNSC 1737: "Faced by the defiance of Iran's leadership, the European Union and European countries can do more – and should do more – to bolster our common diplomacy." Rather, as Ambassador Schulte pointed out, many European governments were continuing to subsidize exports to Iran with export credits, and were seemingly unwilling to take extraordinary measures to discourage investment in the Islamic Republic. By contrast, the United States Congress has passed a number of sanctions packages, while the Treasury

Department, under the guidance of Under Secretary Stuart Levey, has designated Bank Saderat and Bank Sepah for their roles in facilitating Iran's global terror network and nuclear program. Whereas America has gone above and beyond the call in challenging Iran economically, "The European response on the economic side," said one senior administration official, "has been pretty weak." It should be noted, however, that since this statement was made, there have signs of increased cooperation among the U.S. and France, the UK and Germany on this score.

The EU's reluctance to employ harsh economic sanctions as a counter-measure to Iran's nuclear program is rooted in its economic ties with the Islamic Republic. According to recent reports, the EU accounts for approximately 42% of Iran's imports; with Germany comprising 13.9%, Italy 7.1%, and France 6.3%. Moreover, a study conducted by the Conflict Securities Advisory Group, a Washington-based consultancy, suggests that some 124 publicly traded European businesses have financial interests in Iran – the majority of which are involved in the IRI's energy sector. Indeed, four European oil and gas promoters are listed by the U.S. Department of Energy as doing more than \$20 billion of energy business with Iran.¹ Thus, in contrast to the U.S., which has effectively outlawed direct investment in Iran, individual European economies, and the EU economy as a whole, stand to suffer fiscal consequences from harsh sanctions – including the prospects of job losses. Anton F. Boerner, president of the Federation of German Wholesale and Foreign Trade (BGA), has warned, "We should avoid everything which might aggravate the crisis."

Yet despite these clear reservations, there are some indications that in the absence of governmental pressure, European companies are reconsidering their investment strategies on account of the deteriorating geo-political climate surrounding Iran. A number of European banks have begun to reduce their transactions with Iran – an act likely precipitated by the U.S. Treasury Department's ban on the use of U.S. dollars in transactions with two of Iran's leading banks. Moreover, an April 18, 2007, article released by the *Fars News Agency*, the French energy giant Total is delaying its Final Investment Decision over the Pars Liquid Nitrogen Gas plant (to be located in the South Pars Gas fields) by three to four months. At the same time, however, OMV, the leading oil and gas group in Central Europe, announced on April 21, 2007, that it was going forward with a \$30 billion deal that includes the development of some sectors of Iran's gas fields, a gas liquefaction plant and purchasing contracts for liquefied natural gas.

To date, Europe has been reluctant to incur the negative consequences of an economic hard-line against Iran; a position that may have greater ramifications down the road. In December 2006, *Fars News Agency* reported that Iran was planning to open a commodity exchange, which would serve as a bourse for crude oil, gas, petrochemicals, and gasoline in non-dollar currencies – specifically the Euro. As a direct consequence, some economic experts foresee a shift to a Euro-based oil system. Outside of the obvious economic ramifications

¹ They include Total (France), Royal Dutch Shell (Netherlands), Repsol (Spain), and ENI (Italy).

for the U.S., such a currency realignment would limit America's financial leverage on Iran – and place the onus for stopping that country's nuclear ambitions squarely on Europe's shoulders.

So, What Can Europe Do?

Given Europe's reluctance to consider the military option as a means of curbing the Iranian nuclear threat, it is imperative that European nations take strong, however difficult measures, to prevent a nuclear Iran:

- ❖ ***Strong Economic Sanctions*** – Iran's greatest vulnerability is its economy, which has been ill-managed by the Islamist regime at some cost in popular support. (Political impact may increase if the plans recently announced by Tehran to raise gasoline prices and possibly impose rationing take effect). As Iran's largest trading partner, Europe may have the ability to sustain – or to cripple – the nation's economy. To date, UN Security Council sanctions have targeted Iran's military and nuclear operations, primarily those under the auspices of the Islamic Revolutionary Guard Corps. While these sanctions have clearly been effective in slowing Iran's nuclear progress, they have failed to deter Iran from its nuclear aspirations as a whole. Thus, it is necessary to broaden the scope of the UNSC sanctions to more effectively press Iran's economy –such as prohibiting export credit guarantees and foreign investment in Iran's energy industry, a sector that serves as the main support for Iran's economy and relies heavily on foreign cash infusion. This, in turn, would severely hinder Iran's ability to fund its nuclear program.
- ❖ ***Maintain a Common Voice with the U.S.*** – The absence of diplomatic relations between the U.S. and Iran has, by default, forced Europe to the forefront of negotiations. As a result of the U.S.'s struggles in Iraq, it is thought that Iran does not now fear unilateral action. Therefore, it is imperative to maintain an unequivocal common transatlantic voice so that Iran will perceive international efforts as an unshakable threat to its nuclear aspirations.
- ❖ ***Go Beyond the Scope of the Security Council*** – As a general consequence of Security Council decision-making, resolutions may reflect the lowest common denominator. While the Security Council is both symbolically and practically an important institution for addressing pressing international issues, it cannot be viewed as the lone vehicle for resolving urgent crises. Therefore the EU, or key member states, should explore measures outside the framework of the Security Council to further isolate Iran. To date, the EU has taken some measures such as a travel ban against Iranian officials. While this is a positive step, more action is needed along the lines of those undertaken by the U.S. Treasury Department.

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❖ ***Keep the Military Option Alive Rhetorically*** – Dismissing out of hand the military option reduces leverage in dealing with Iran. Threatening the use of force, however unlikely it may be, should be used as a necessary deterrent in combating the Iranian threat. If Iran does not fear a military end game, it may have little incentive to resolve the crisis diplomatically. Currently Iran views the military threats coming from the U.S. as a gun without any ammunition. By not ruling out the use of force, at least publicly, Europe would provide the necessary ammunition.

Conclusion

The policies outlined above represent steps that, if taken, may have real economic consequences for Europe. Further complicating the matter is the fact that the European public's assessment of the urgency of the Iranian threat is not acute – certainly well short of the level of concern expressed by the U.S. and European non-proliferation experts. Nevertheless, as the deadline for compliance with United Nations Security Council resolution 1747 quickly approaches, Europe must strongly consider stepping up its efforts, both practically and rhetorically, to ensure that Iran receives a message that it simply cannot ignore.