

UNITED INSTEAD OF DIVIDED? WHAT EFFECTS ARE WESTERN SANCTIONS HAVING ON IRAN?

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Since the Iranian nuclear program was revealed in 2002/3, the international community, in the form of the 5+1 countries (veto powers of the U.N. Security Council plus Germany) along with the International Atomic Energy Agency (IAEA), has been struggling with the Islamic Republic of Iran as regards the Iranian nuclear program. The lengthy negotiations have now reached a threatening phase, which could entail economic sanctions and, in the worst case, a military confrontation. Despite Iran's constant declarations that its nuclear program is of a peaceful nature, there are alarming indications that contradict this. The following essay aims to look into the questions of the extent to which the Iranian nuclear program is endangering regional and international security and the courses of action that are available to negotiating parties to bring about a generally accepted solution to this. This study focuses on the possible sanctions and their effects on Iran.

The Nuclear Non-Proliferation Treaty grants all IAEA contracting states the right to research, production and use nuclear energy for "peaceful purposes" (Art. IV, para. 2). The country now has only one reactor in the final stage of construction (in Bushehr), which is intended for a 1000 megawatt supply of electrical power and whose fuel is to be supplied by Russia. This leads to the question of why Iran is so strongly investing in its uranium enrichment program. Why is it striving for the production of highly enriched uranium, which cannot serve the purpose of electrical power supply? The clear over-capacity for uranium enrichment and the facilities that are underground and/or placed in the mountains give rise to the suspicion of possible plans for the production of nuclear weapons.

The Iranian nuclear program can be dealt with in two different ways. Either the international community prepares for a possible Iranian nuclear power or it takes precautionary measures to prevent the nuclear armament of Iran. The latter can be effected through two methods: comprehensive sanctions or military attack. Sanctions are generally considered to be important resources for securing peace. Today, "smart sanctions" and/or "targeted sanctions" are regarded as effective means for minimizing the suffering of the population of the target country. Targeted sanctions are directed at specific groups/individuals in the target country with the goal of applying pressure to this country on a military, political or economic level. In the case of the Islamic Republic of Iran, the U.N. Security Council has been engaging in "smart sanctions" since 2006. The U.S. has gradually intensified unilateral sanctions and its unilateral embargo. However, U.S. sanctions against Iran may hardly be regarded as unilateral, since the United States has caused enormous diffi-

culties for foreign firms and companies who engage in transactions of large volume with Iran.

Since President Ahmadinejad has taken office, a total of five resolutions have been adopted against Iran as a result of its nuclear program. Resolutions 1737, 1747 and 1803 contain a comprehensive catalog of sanctions that concern Iranian institutions, assets and persons that are directly and indirectly connected to the Iranian nuclear program.--There were unilateral embargoes against Iran by the U.S. as early as 1980. The Carter administration had Iranian funds in U.S. banks frozen and had a weapons embargo imposed against Tehran. With the Iran-Libya Sanctions Act (ILSA), the Clinton administration imposed the most sensitive sanctions, prohibiting foreign companies and persons from investing in the Iranian energy sector by more than 20 million U.S. dollars annually or selling weapons of mass destruction / technology for their production or destabilizing modern conventional weapons. The U.S. has permanently blocked Iran's membership of the World Trade Organization (WTO).The U.S. State Department and Treasury Department imposed sensitive sanctions against Iran on October 25, 2007. The foreign branches of the five most important Iranian banks were affected: Bank-e Meli (central bank), Bank-e Sepah, Bank-e Saderat and Bank-e Melat. Bank-e Sepah was particularly responsible for the handling of the transactions of the Iranian Revolutionary Guards and their numerous institutions. The pressure the United States of America has put on other countries not to engage in any large-volume investments in or sales to Iran has eminently damaged Iran's economy.

There is a controversial debate regarding the correlation between the degree of effectiveness of the imposed sanctions and the objectives to be reached. Of a total of 204 sanctions imposed by the U.N. Security Council and unilaterally by the permanent members, only a third have been crowned with success so far. Experiences with the international community's sanction process, but particularly with the U.S., allow three steps to be identified. Diplomatic efforts are followed by immobilizing economic sanctions and ultimately by a military employment. In the case of Iran, this three-step process requires a revision. There have already been negotiations with the Islamic Republic since 2003. The first U.N. security resolution with sanctions was concluded in 2006, which amounted to a relatively mild handling of Iran. A possible military strike against Iran would in all probability not be applied as a comprehensive war; rather, attacks would only target selected nuclear and military bases. That is the great difference with Afghanistan and Iraq, which were completely occupied.

However, the high petroleum prices of recent years were able to protect Ahmadinejad's weak and extremely incompetent government from the disastrous effects of the sanctions. In the short to medium term, Tehran was able

to further maintain its foreign policy with the assistance of "petrodollars.". Vastly stronger pressure on Iran, in the form of intelligent and targeted sanctions, is required if it is to be forced into a change of course. In the meantime, both American houses of Congress have approved a law on a gasoline export boycott against Iran. However, implementation still requires the signature of President Obama. Since Iran imports 40% of its gasoline needs (mostly from western oil companies such as Total and British Petroleum), sanctions here would have distinct consequences and would cause a substantial disturbance in the traffic of goods and persons. An additional target of sanctions exists in targeted financial sanctions and the freezing of foreign assets of key figures of Iran. In all probability, the Revolutionary Guards and their disguised companies would be far more strongly affected by new sanction resolutions than has so far been the case.

So far, Russia and China in the U.N. Security Council have significantly prevented Iran from having to suffer any short-term or medium-term sanctions. Through their close economic relations with Iran, both states are major intentional allies. Iran is the second largest trading partner of China in the Middle East. The success of U.N. Security Council sanctions requires the consent of both powers. However, Moscow has been very irritated with Iran's lack of flexibility in recent time. In addition, Russia is being intensely pressured by Hillary Clinton to consent to the imposition of sanctions against Iran. However, there is no guarantee of Chinese assistance. China needs the U.S. and European markets, however. Incentives in this connection could change China's mind. After a conversation with U.S. Secretary of State Hillary Clinton in February, Faisal unexpectedly stated that sanctions would work on a long-term basis, but that the Iranian threat would require rapid solutions. Thus, Iran seems to have been pushed into a diplomatic defensive. The German Chancellor Angela Merkel has made it clearly understood that the West would controvert the path of sanctions, even without Russia and China.

The Islamic Republic has so far already invested several billion U.S. dollars in the production of 1500 kg of uranium. In exchange, other important sectors (gas and oil) have had to take a back seat. Therefore Hassan Rowhani, chief negotiator for nuclear affairs under Khatami, advises only consenting to the transfer of the slightly enriched uranium if Iran's nuclear file were submitted to the IAEA by the U.N. Security Council in response. However, it is also the case that the new Director General of the IAEA, Yukiya Amano, has designated the information that Iran is already working on a nuclear warhead as thoroughly "conclusive and believable in itself.". In addition, the IAEA inspectors have confirmed that Iran enriched the first batch of uranium to 20 percent as announced. These are alarming signals. At the same time, tremendous internal political pressure is weighing on the Iranian regime under Ahmadinejad, which has continued since the disputed presidential elections of the previous June. Due to its dependence on imported goods, Iran can

hardly bear severe economic sanctions. As a consequence, experts expect inflation to constantly increase (currently at around 25%). Comprehensive U.N. sanctions would allow fewer sources of foreign currency to flow to the Iranian government. That would cause import problems for Iran in important industrial goods and basic food goods, but would only weaken it on a limited basis in the short and medium term. A satisfying strategic exit of the crisis requires a solution for all regions that takes the security policy concerns of all participants into account. Sanctions are therefore only one path out of the crisis. Nevertheless, this path must be taken swiftly and with the necessary circumspection and care.

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