

Earlier this week, the Global Security Forum met in London to talk about Iran, and whether war was inevitable. (This of course if a covert war is not already under way) An international audience included members of the parliamentary Intelligence and Security Committee, past and present members of the Commons Foreign Affairs Committee, past Foreign secretaries, diplomats and former Ambassadors. Strategic interests and the basis for a regional security settlement were discussed. Some of the emerging themes are independently reflected in an article written by George Friedman of Stratfor which popped into the inbox shortly thereafter, and which is reproduced below.

Considering a U.S. - Iranian deal

Recently, I wrote on the strategic challenge Iran faces in its bid to shape a sphere of influence stretching from western Afghanistan to Beirut on the eastern Mediterranean coast. I also pointed out the limited options available to the United States and other Western powers to counter Iran. One was increased efforts to block Iranian influence in Syria. The other was to consider a strategy of negotiation with Iran. In the past few days, we have seen hints of both.

Rebel gains in Syria

The city of Zabadani in southwestern Syria reportedly fell into the hands of anti-regime forces. Though the city does not have much tactical value for the rebels, and the regime could well retake it, the event could have real significance. Up to this point, apart from media attention, the resistance to the regime of President Bashar al Assad has not proven particularly effective. It was certainly not able to take and hold territory, which is critical for any insurgency to have significance.

Now that the rebels have taken Zabadani amid much fanfare - even though it is not clear to what extent the city was ceded to their control, much less whether they will be able to hold it against Syrian military action - a small bit of Syria now appears to be under rebel control. The longer they can hold it, the weaker al Assad will look and the more likely it becomes that regime opponents can create a provisional government on Syrian soil to rally around.

Zabadani also gives outside powers something to help defend, should they choose to do so. Intervening in a civil war against weak and diffused rebels is one thing. Attacking Syrian tanks moving to retake Zabadani is quite another. There are no indications that this is under consideration, but for the first time, there is the potential for a militarily viable target set for outside players acting on behalf of the rebels. The existence of that possibility might change the dynamic in Syria. When we take into account the atmospherics of the Arab League demands for a provisional government, some meaningful pressure might actually emerge.

From the Iranian point of view, this raises the risk that the sphere of influence Tehran is pursuing will be blocked by the fall of the al Assad regime. This would not pose a fundamental challenge to Iran, so long as its influence in Iraq remains intact, but it would represent a potential high-water mark in Iranian ambitions. It could open the door to recalculations in Tehran as to the limits of Iranian influence and the threat to their national security. I must not overstate this: Events in Syria have not gone that far, and Iran is hardly backed into a corner. Still, it is a reminder to Tehran that all might not go the Iranians' way.

A possibility of negotiations

It is in this context that the possibility of negotiations has arisen.

The Iranians have claimed that the letter the U.S. administration sent to Iranian supreme leader Ayatollah Ali Khamenei that defined Iran's threats to Strait of Hormuz as a red line contained a second paragraph offering direct talks with Iran. After hesitation, the United States denied the offer of talks, but it did not deny it had sent a message to the Iranian leadership. The Iranians then claimed such an offer was made verbally to Tehran and not in the letter. Washington again was not categorical in its denial. On Friday 20th, U.S. Secretary of State Hillary Clinton said during a meeting with the German foreign minister, "We do not seek conflict. We strongly believe the people of Iran

deserve a better future. They can have that future, the country can be reintegrated into the global community ... when their government definitively turns away from pursuing nuclear weapons."

From our perspective, this is a critical idea. As we have said for several years, we do not see Iran as close to having a nuclear weapon. They may be close to being able to test a crude nuclear device under controlled circumstances (and we don't know this either), but the development of a deliverable nuclear weapon poses major challenges for Iran.

Moreover, while the Iranians may aspire to a deterrent via a viable nuclear weapons capability, we do not believe the Iranians see nuclear weapons as militarily useful. A few such weapons could devastate Israel, but Iran would be annihilated in retaliation. While the Iranians talk aggressively, historically they have acted cautiously. For Iran, nuclear weapons are far more valuable as a notional threat and bargaining chip than as something to be deployed. Indeed, the ideal situation is not quite having a weapon, and therefore not forcing anyone to act against them, but seeming close enough to be taken seriously. They certainly have achieved that.

The important question, therefore, is this: What would the United States offer if Iran made meaningful concessions on its nuclear program, and what would Iran want in return? In other words, forgetting the nuclear part of the equation, what did Hillary Clinton mean when she said that Iran can be reintegrated into the international community, and what would Iran actually want?

Recall that in our view, nuclear weapons never have been the issue. Instead, the issue has been the development of an Iranian sphere of influence following the withdrawal of the United States from Iraq, and the pressure Iran could place on oil-producing states on the Arabian Peninsula. Iran has long felt that its natural role as leader in the Persian Gulf has been thwarted, first by the Ottomans, then the British and now by the Americans, and they have wanted to create what they regard as the natural state of things.

The United States and its allies do not want Iran to get nuclear weapons. But more than that, they do not want to see Iran as the dominant conventional force in the area able to use its influence to undermine the Saudis. With or without nuclear weapons, the United States must contain the Iranians to protect their Saudi allies. But the problem is that Iran is not contained in Syria yet, and even were it contained in Syria, it is not contained in Iraq. Iran has broken out of its containment in a decisive fashion, and its ability to exert pressure in Arabia is substantial.

Assume for the moment that Iran was willing to abandon its nuclear program. What would the United States give in return? Obviously, Clinton would like to offer an end to the sanctions. But the sanctions on Iran are simply not that onerous with the Russians and Chinese not cooperating and the United States being forced to allow the Japanese and others not to participate fully. But it goes deeper.

Iran's historic opportunity

This is a historic opportunity for Iran. It is the first moment in which no outside power is in a direct position to block Iran militarily or politically. Whatever the pain of sanctions, trading that moment for lifting the sanctions would not be rational. The threat of Iranian influence is the problem, and Iran would not trade that influence for an end to sanctions. So assuming the nuclear issue was to go away, what exactly is the United States prepared to offer?

The United States has assured access to oil from the Persian Gulf - not only for itself, but also for the global industrial world - since World War II. It does not want to face a potential interruption of oil for any reason, like the one that occurred in 1973. Certainly, as Iran expands its influence, the possibility of conflict increases, along with the possibility that the United States would intervene to protect its allies in Arabia from Iranian-sponsored subversion or even direct attack. The United States does not want to intervene in the region. It does not want an interruption of oil. It also does not want an extension of Iranian power. It is not clear that Washington can have all

three.
Iran wants three things, too.
First, it wants the United States to reduce its presence in the Persian Gulf dramatically. Having seen two U.S. interventions against Iraq and one against Afghanistan, Iran is aware of U.S. power and the way American political sentiment can shift. It experienced the shift from Jimmy Carter to Ronald Reagan, so it knows how fast things can change. Tehran sees the United States in the Persian Gulf coupled with U.S. and Israeli covert operations and destabilisation campaigns as an unpredictable danger to Iranian national security.
Second, the Iranians want to be recognised as the leading power in the region. This does not mean they intend to occupy any nation directly. It does mean that Iran doesn't want Saudi Arabia, for example, to pose a military threat against it.
Third, Iran wants a restructuring of oil revenue in the region. How this is formally achieved - whether by allowing Iranian investment in Arabian oil companies (possibly financed by the host country) or some other means - is unimportant. What does matter is that the Iranians want a bigger share of the region's vast financial resources.
The United States doesn't want a conflict with Iran. Iran doesn't want one with the United States. Neither can be sure how such a conflict would play out. The Iranians want to sell oil. The Americans want the West to be able to buy oil. The issue really comes down to whether the United States wants to guarantee the flow of oil militarily or via a political accommodation with the country that could disrupt the flow of oil - namely, Iran. That in turn raises two questions. First, could the United States trust Iran? And second, could it live with withdrawing the American protectorate on the Arabian Peninsula, casting old allies adrift?
When we listen to the rhetoric of American and Iranian politicians, it is difficult to imagine trust between them. But when we recall the U.S. alliance with Stalin and Mao or the Islamic republic's collaboration with the Soviet Union, we find rhetoric is a very poor guide. Nations pursue their national interest, and while those interests are never eternal, they can be substantial. From a purely rhetorical point of view it is not always easy to tell which sides' politicians are more colorful. It will be difficult to sell an alliance between the Great Satan and a founding member of the Axis of Evil to the respective public of each country, but harder things have been managed.
Iran's ultimate interest is security against the United States and the ability to sell oil at a more substantial profit. (This would entail an easing of sanctions and a redefinition of how oil revenues in the region are distributed.) The United States' ultimate interest is access to oil and manageable prices that do not require American military intervention. On that basis, Iranian and American interests are not that far apart.
The Arabian factor and a possible accommodation
The key point in this scenario is the future of U.S. relations with the countries of the Arabian Peninsula. Any deal between Iran and the United States affects them two ways. First, the reduction of U.S. forces in the Persian Gulf requires them to reach an accommodation with the Iranians, something difficult and potentially destabilising for them. Second, the shift in the financial flow will hurt them and probably will not be the final deal. Over time, the Iranians will use their strengthened position in the region to continue pushing for additional concessions from them.
There is always danger in abandoning allies. Other allies might be made uncomfortable, for example. But these things have happened before. Abandoning old allies for the national interest is not something the United States invented. The idea that the United States should find money flowing to the Saudis inherently more attractive than money flowing to the Iranians is not obvious.
The main question for the United States is how Iran might be contained. The flow of money will strengthen Iran, and it might seek to extend its power beyond what is tolerable to the United States. There are potential answers. First, the United States can always return to the region. The Iranians do not see the Americans as weak, but rather as unpredictable. Challenging the

United States after Iran has achieved its historic goal is not likely. Second, no matter how Iran grows, it is far behind Turkey by every measure. Turkey is not ready to play an active role balancing Iran now, but in the time it takes Iran to consolidate its position, Turkey will be a force that will balance and eventually contain Iran. In the end, a deal will come down to one that profits both sides and clearly defines the limits of Iranian power - limits that it is in Iran's interest to respect given that it is profiting mightily from the deal.

Geopolitics leads in one direction. Ideology leads in another direction. The ability to trust one another is yet a third. At the same time, the Iranians cannot be sure of what the United States is prepared to do. The Americans do not want to go to war with Iran. Both want oil flowing, and neither cares about nuclear weapons as much as they pretend. Finally, no one else really matters in this deal. The Israelis are not as hardline on Iran as they appear, nor will the United States listen to Israel on a matter fundamental to the global economy. In the end, absent nuclear weapons, Israel does not have that much of a problem with Iran.

It would not surprise me to find out that the United States offered direct talks, nor to discover that Clinton's comments could not be extended to a more extensive accommodation. Nor do I think that Iran would miss a chance for an historic transformation of its strategic and financial position in favor of ideology. They are much too cynical for that. The great losers would be the Saudis, but even they could come around to a deal that, while less satisfactory than they have now, is still quite satisfactory.

There are many blocks in the way of such a deal, from ideology to distrust to domestic politics. But given the knot that is being tied in the region, rumors that negotiations are being floated come as no surprise. Syria might not go the way Iran wants, and Iraq is certainly not going the way the United States wants. Marriages have been built on less.