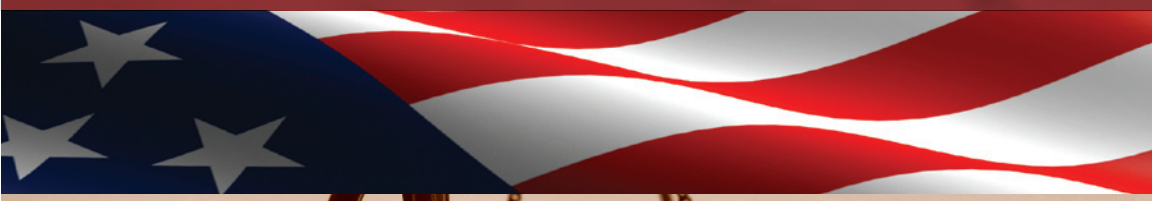
Strategic Options for Iran: Balancing Pressure with Diplomacy



This paper is the third in a series of papers published by The Iran Project that are designed to provide a basis for better understanding about the standoff between the United States and Iran. In this paper we examine the strategic options for moving forward and suggest ways in which the diplomatic track of America's dual-track Iran policy could be strengthened while maintaining the pressure track.

From the signers of this document

This document is published by The Iran Project; the content is the collective view of the signers.

Dear Fellow Citizens,

As a group of interested former officials of the United States Government and professionals in the field of U.S. national security, we support the publication of this report, Strategic Options for Iran: Balancing Pressure with Diplomacy. We applaud the drafters of this paper and their goal of contributing an objective, nonpartisan analysis to a complex and important policy discussion. While some of us made contributions to the paper, we do not necessarily agree with every word in this properly detailed and balanced report.

We associate ourselves with this paper in the belief that it will contribute to informed public debate on a critical challenge to American interests in the world. We also believe that it is consistent with President Obama's policy of reaching a political solution while continuing to pressure Iran, including maintaining the option of military force, to prevent Iran from building a nuclear weapon.

The paper takes a balanced approach, fact-based when possible, to its analysis of strategic options for U.S. policy toward Iran. It differs from the earlier two Iran Project papers on use of military force and international sanctions against Iran in that it considers policy alternatives and offers policy recommendations. The paper calls for greater U.S. commitment to the diplomatic track of America's longstanding dual-track Iran policy of pressure and diplomacy. It seeks to assess the successes, shortfalls, and risks for U.S. interests of the current reliance on the pressure track, and explores the likely implications for U.S. interests of pursuing an enhanced diplomatic effort to negotiate a nuclear deal with Iran, the achievement of which might lead to discussions on issues of importance to both nations. The paper also offers a survey of prior efforts to work with Iran, most of which were unsuccessful, and suggests new approaches that draw on lessons learned from those experiences.

We commend this report to the American public as a basis for open and informed discussion of this matter of crucial importance to America's national security. Abraham Lincoln once said, "I am a firm believer in the people. If given the truth they can be depended on to meet any national crisis. The great point is to bring them the real facts." This paper seeks to "bring facts" to the debate, in hopes of facilitating a productive conversation about the balance between pressure and diplomacy in pursuing national objectives with respect to Iran.

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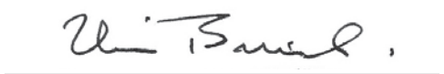

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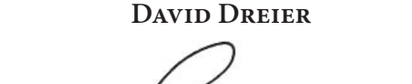

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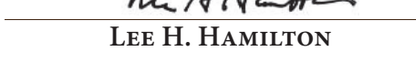

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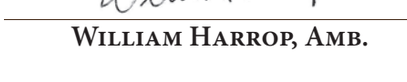

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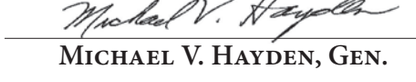

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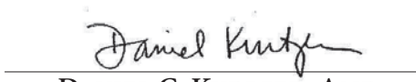

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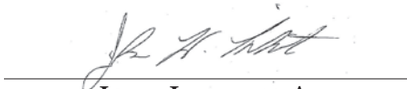

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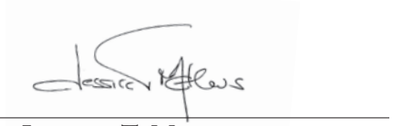

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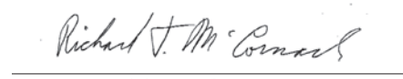

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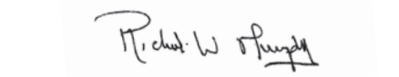

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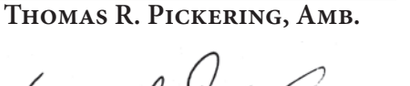

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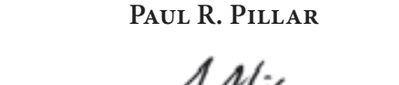

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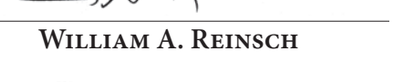

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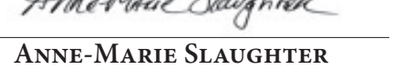

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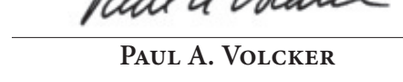

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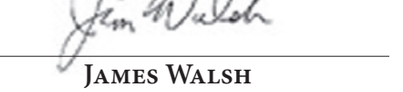

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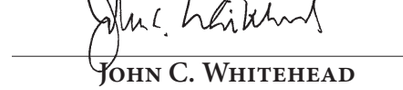

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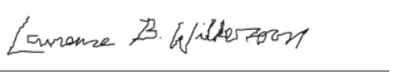

Frank G. Wisner, Amb.

“My administration is now committed to diplomacy and to pursuing constructive ties among the United States, Iran and the international community. This process will not be advanced by threats. We seek instead engagement that is honest and grounded in mutual respect.”

President Barack Obama, March 2009

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> “It’s because of Iran’s Strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries.”

Ronald Reagan, 1986

Strategic Options for Iran: Balancing Pressure With Diplomacy

A Paper from The Iran Project

It is time for Washigton to rebalance its dual-track policy toward Iran, strengthening the diplomatic track in order to seize the opportunity created by the pressure track. The United States should now dedicate as much energy and creativity to negotiating directly with Iran as it has to assembling a broad international coalition to pressure and isolate Iran. Only by taking such a rebalanced approach might the United States achieve its objectives with respect to Iran’s nuclear program. Progress on the nuclear issues could lead to a broader dialogue with Iran that advances other U.S. interests and goals in the Middle East.

In this third report from The Iran Project, we consider the successes, shortfalls, and risks of strategies designed to pressure the Iranian government into changing its policies. We explore some of the advantages and disadvantages for U.S. interests in the Middle East that might flow from bilateral negotiations with Iran to achieve a nuclear deal, and propose steps that the President might take to establish a framework for direct talks with Iran’s leadership that would build on the latest round of multilateral negotiations and proposals.

Iran’s actions—particularly with regard to its nuclear program—pose complex and dangerous challenges to U.S. interests and security, as well as to the security of Israel and possibly to stability in the Middle East. This paper sets out a response to these serious challenges. A strengthened U.S. diplomatic initiative would not replace the pressure track; rather, it would build on pressure already applied. Some measure of sanctions relief will have to be offered as part of a negotiated settlement; but pressure should not be eased without firm and verifiable Iranian commitments to greater transparency and agreed limits on Iran’s nuclear program. The proposed bilateral discussions between the U.S. and Iran would not replace the multilateral negotiations that are now underway. Bilateral talks would have to proceed on a basis understood and ideally supported by the P5+1 (the five permanent members of the UN Security Council, plus Germany) and U.S. allies.

This paper differs from earlier Iran Project publications[1] in that it takes policy positions and makes recommendations for government action. We have sought to base our suggestions on factual, objective, nonpartisan analyses, consulting with nearly 20 former government officials and experts and seeking advice from a larger group of signatories. In extensive endnotes, we cite much of the impressive work on this set of issues that has been done by other colleagues in the United States and elsewhere.

HIGHLIGHTS FROM THE PAPER

SUCCESSES, SHORTFALLS, AND RISKS OF RELYING ON THE PRESSURE TRACK

Much has been accomplished through pressure, but the results have fallen short of expectations in several ways, and unintended consequences may pose risks.

▶ **Successes.** U.S. policies have developed and preserved strong commitments from friends, allies, and partners; underscored the United States' commitment to non-proliferation of nuclear weapons; blocked Iran's efforts to modernize its military; weakened Iran's economy; possibly slowed the expansion of Iran's nuclear program; and possibly helped add some momentum within the existing framework for nuclear negotiations with Iran.

▶ **Shortfalls.** U.S. policies may have slowed but they have not stopped the advancement of Iran's nuclear program. They have not led to a breakthrough in nuclear talks (sanctions have weakened Iran's economy but not yet led to changed policies or actions); nor have they improved Iran's human rights practices (in fact, they may have empowered anti-reform factions). Efforts to isolate Iran have not markedly reduced its influence in the region.

▶ **Risks.** U.S. policies may have narrowed the options for dealing with Iran by hardening the regime's resistance to pressure; contributed to an increase in repression and corruption within Iran; distorted trade patterns and encouraged the expansion of illegal markets in the region; and possibly contributed to sectarian tensions in the region by pushing an isolated Iran further toward dependence on its Shia allies. Sanctions-related hardships may be sowing the seeds of long-term alienation between the Iranian people and the United States.

After 30 years of sanctioning and trying to isolate Iran, it seems doubtful that pressure alone will change the decisions of Iran's leaders. Meanwhile, there appear to be risks associated with reliance on this approach. A strengthened diplomatic track that includes the promise of sanctions relief in exchange for verifiable cooperation could help to end the standoff and produce a nuclear deal.

IMPACT OF NEGOTIATING A NUCLEAR DEAL WITH IRAN ON OTHER U.S. INTERESTS

Since Iran's policies and actions have or could have an impact on virtually every major strategic challenge and interest in the Middle East, we examine how negotiating a nuclear deal that might lead to a broader dialogue could affect other U.S. interests in the region.

▶ **Israel's security.** Any change in U.S. policy toward Iran would likely be seen negatively by Israel, at least initially—although the achievement of a nuclear deal that held firm over time might eventually be regarded by Israel as a positive step.

▶ **Impact on the Gulf states.** Saudi Arabia and the other Gulf States have supported the policy of pressuring and trying to isolate Iran. But anything the United States might do to ease tensions with Iran and reduce the possibility of conflict would probably be welcomed.

▶ **Impact on Gulf security.** A durable nuclear deal with Iran would contribute to improved Gulf security and might open the door to the eventual creation of a regional security pact that over time might even include Iran.

▶ **Impact on management of challenges in Afghanistan, Iraq, and Syria.** Negotiating a nuclear deal could make possible long-delayed bilateral discussions on Iraq and Afghanistan, two nations where the United States and Iran have some common interests. The possibility of finding common ground with Iran on Syria appears remote now, but in a post-Assad period, collaboration might be possible or even desirable.

▶ **Impact on U.S. strategic responsiveness to Arab Awakening.** America's efforts to isolate and pressure Iran have become one of the symbols of perceived U.S. hostility to Islam, at least in the eyes of Muslim publics. Should the negotiation of a nuclear deal lead to other discussions and a more constructive relationship with Iran, that indicator of perceived hostility might be removed.

▶ **Impact on counterterrorism efforts.** A nuclear deal with Iran could initiate a long process of identifying and pursuing common security interests that eventually (probably far in the future) might even enable U.S. and Iranian intelligence agencies to exchange information about Al Qaeda and other terrorist networks that have targeted both the United States and Iran.

▶ **Impact on the economic health of the Middle East.** A nuclear deal with Iran that leads to the lifting of some sanctions could produce a stronger sense of economic stability in the region, in addition to reducing the distortion of regional trade patterns and related problems of corruption. Such shifts could contribute to the long-term U.S. objective of strengthening the troubled economies of many Arab nations.

We recognize that making even minor changes in the current policy approach will be politically and psychologically difficult and will entail some (mainly short-term) costs for the United States. But an intensified diplomatic effort could produce long-term collateral benefits for U.S. objectives in the region.

STRENGTHENING THE DIPLOMATIC TRACK: STRATEGIC OPTIONS

A more assertive and sustained diplomatic initiative with Iran would need to focus first on achieving greater transparency and control over Iran's nuclear program, thereby inhibiting Iran's ability to make a rapid "breakout" toward the production of a nuclear weapon. Excluding other issues of concern to Iran could prove difficult, however, since Iran is not likely to agree to a comprehensive—or perhaps even a limited—nuclear agreement unless it is assured about the United States' long-term intentions.

No change in U.S. policy will be possible unless President Obama makes the negotiation of a nuclear deal with Iran one of his top priorities. To reiterate, strengthening the diplomatic track of U.S. policy toward Iran does not mean abandoning the pressure track, including maintaining the option of using military force should the Iranians move quickly to build a bomb. But if the President decides to try to work with Iran, he will have to take into account the political and strategic challenges of managing those different policy tracks and their respective goals, benefits, and costs.

▶ **Retaining credibility in the threat of military action.** Whether Iranian leadership has taken seriously President Obama's stated willingness to take military action to "prevent" Iran from getting a nuclear weapon has been called into question by critics. Their doubts would increase if the President decided to negotiate directly with Iran and put a serious offer on the table. Yet the more the President threatens the use of force, the more difficult it will be for Iran's defiant leadership to consider any offer, and the more the President will be under pressure to use military force.

▶ **Maintaining sanctions while using them as bargaining chips.** During negotiations, the United States will need to use the gradual lifting of sanctions as a bargaining chip; Iran will push for more and faster relief. Yet there are limits to what the President can deliver by Executive Order, without Congressional consent—and it will be critical to match the easing of pressure with verifiable Iranian cooperation on key nuclear issues.

▶ **Evaluating Iran's intentions.** The latest U.S. intelligence assessments conclude that Iran could not divert safeguarded materials and produce enough weapons-grade uranium for a bomb without those activities being detected. But as Iran continues to develop its enrichment program, the evaluation of Iranian intentions becomes more urgent and more problematic.

▶ **Weighing the future value of engagement against Iran's present antagonistic behavior.** Iran's continuing support for the Assad regime, to take one example, leads some experts to argue that talking with Iran would be unwise and fruitless. Yet some form of cooperation with Iran may be essential in post-Assad Syria. Near-term tactical issues will compete with and complicate long-term strategic opportunities on almost every issue in dealing with Iran.

Preparations for talking with Iran: The belief of Iran's Supreme Leader that the United States' underlying objective is regime change has become an obstacle to progress in any negotiations. Once the President has made a decision to strengthen the diplomatic track of America's Iran policy, the U.S. government will need to take active steps—rhetorical assurances will not suffice —to convince the Supreme Leader that the United States does not seek to overthrow his regime. Other early challenges for the President and his team, in addition to establishing a bilateral channel for regular talks, might be:

▶ **Understanding what the U.S. wants, what Iran wants, and what both countries want.** *Iran likely wants* respect, recognition of its role in the region, its full "rights" under international law and the Nuclear Non-proliferation Treaty, U.S. forces out of the Middle East, lifting of all sanctions, and a single-state solution to the Israel–Palestine conflict (some Iranian leaders have said they would support any solution that is acceptable to the Palestinians), among other objectives. *The United States likely wants* full transparency of Iran's nuclear program and constraints on Iran's enrichment of uranium, cessation of Iranian threats against Israel and support for Hezbollah and Hamas, improved human rights practices, and a two-state solution to the Israel–Palestine conflict, among other priorities. *Iran and the U.S. both want* a stable Iraq and Afghanistan, defeat of Al Qaeda and Taliban, no military conflict In the region, Gulf stability, and cooperation on drug trafficking.

▶ **Understanding problematic language and concepts. Iranians and Americans attach different interpretations to many words and phrases.** The differences are not trivial and can disrupt and confuse discourse. For example, Iran wants "talks" and the U.S. seeks "negotiations"; Iran wants to begin by focusing on past complaints, while the United States prefers to focus right away on "practical next steps."

Beginning of talks. The first bilateral meetings are likely to be seen as both momentous and perilous. It will be important to:

▶ **Set the tone.** The U.S. side should begin by inviting an exchange of views on broad strategic and global issues, and seek to establish a climate of mutual respect at the outset.

▶ **Preview objectives.** The idea of a comprehensive solution ("grand bargain") may be too complex and divisive to serve as a starting place, but the United States—with its preference for practical, step-by-step negotiations—will need to find a way to respond to Iran's preference for looking at the long-term agenda and big objectives, such as establishing mutual respect, agreeing to non-interference in internal affairs, and deciding how to manage bilateral relations.

Pursuing a nuclear deal. The nature of Iran's nuclear activities, together with its efforts to conceal some aspects of the program, strongly suggest that Iran seeks at least the capacity to build a nuclear weapon—although American and other intelligence services assert that Iran has not made the decision to become a nuclear-armed state. For its part, the Iranian government points to the fact that the Supreme Leader has issued a *fatwa* (religious decree) that forbids the building or use of nuclear weapons. Against this backdrop, a minimum nuclear deal with Iran should include:

▶ **Agreement on the exclusively peaceful scope and nature of Iran's nuclear program.**

▶ **Agreement that Iran would produce only low-enriched uranium** (3.5 to 5 %) and cease production of 20% enriched uranium; reduce its stockpiles of enriched uranium, not produce plutonium, and comply with a rigorous monitoring program designed by the International Atomic Energy Agency (IAEA).

▶ **In return the United States and its negotiating partners in the P5+1 would offer some sanctions relief** and a commitment to no new sanctions for a period of time, and acknowledge Iran's limited enrichment program. The scope and timeframe of sanctions relief could be a critical factor in getting agreement from Iran, although the President's flexibility is limited in this regard.

Moving into bilateral relations. In connection with progress on a limited nuclear deal, the United States and Iran could broaden their talks to explore opportunities for collaboration in areas of common interest, such as Afghanistan and Iraq, drug trafficking, and making arrangements to prevent accidental incidents from becoming armed conflicts. Iran's policy toward Israel and its activities in other arenas, such as Syria, will be harder to deal with. The goal should be building a pragmatic relationship that manages tensions and facilitates collaboration on issues of common concern.

COSTS AND BENEFITS OF TRYING TO WORK WITH IRAN

The paper presents a complex picture concerning whether and how the United States might enhance the diplomatic track of its Iran policy, focusing initially on the resolution of key nuclear issues, and then (assuming progress in that area) on a broader range of concerns.

▶ **Costs and risks.** A decision to work with Iran would be disruptive politically at home and internationally. It would risk rebuff or failure, and could turn out to be mis-timed, either because of external events or the intransigence of the current Iranian leadership.

▶ **Benefits and potential benefits.** By making a substantial offer to Iran in the context of more direct and intensive negotiations, the United States could achieve important limits and more controls on Iran's nuclear program, improve the prospects for eventual stability in Afghanistan and Iraq, and find a more balanced footing in the rapidly changing Middle East.

This Executive Summary cannot do justice to the extended debates and months of study that have gone into preparing the paper that follows, or to the rigor of the research and analysis that buttress its conclusions. We have tried to provide an accurate assessment of the United States' dual-track policy toward Iran, which currently relies heavily on the pressure track relative to the diplomatic track. We have asked what it would mean to rebalance these two tracks by undertaking a more assertive diplomatic initiative that seizes the opportunities created by the pressure track. Despite the challenges and difficulties entailed, we remain persuaded that the time is right for testing new diplomatic approaches, and that a strategy that more closely balances pressure with diplomacy is more likely to help the United States achieve its objectives than reliance on pressure alone. We believe the facts, professional judgments, and recommendations that we have assembled here will stimulate the informed debate and reflection necessary for successful decision making.

[1] *Weighing Benefits and Costs of Military Action Against Iran,* The Iran Project, Sept. 2012; and *Weighting Benefits and Costs of International Sanctions Against Iran,* The Iran Project, Dec. 2012, For full copies of The Iran Project's earlier reports, visit: **www.theiranproject.org/reports**.

Addressing Iran, President George H. W. Bush said, "Goodwill begets goodwill.

George H. W. Bush, 1989

I.

Introduction

For more than three decades, the United States has relied more heavily on the pressure track than on the diplomatic track of its "dual-track" Iran policy. While this strategy has been successful in some ways, a cycle of pressure and resistance to pressure has brought the United States and Iran to a standoff.

It is time to recalibrate. Washington should now dedicate as much energy and creativity to dealing directly with Iran as it has to assembling a broad international coalition to pressure and isolate Iran. Only by taking such a rebalanced approach might the U.S. achieve its objectives with respect to Iran's nuclear program. Progress on the nuclear issues could lead to a broader dialogue with Iran that advances other U.S. interests and goals in the Middle East.

A strengthened diplomatic track would not replace the pressure track; rather, it would build on pressure already applied. Some measure of sanctions relief would have to be offered as part of a negotiated nuclear settlement, but pressure should not be eased without firm and verifiable Iranian commitments to greater transparency and agreed limits on Iran's nuclear program. Bilateral discussions between the U.S. and Iran also would not replace the multilateral negotiations that are now under way. Bilateral talks about key nuclear issues would have to proceed on a basis understood and ideally supported by the P5+1 (members of the UN Security Council plus Germany) and U.S. allies.

In this third report from The Iran Project, we consider the successes, shortfalls, and risks of strategies designed to pressure the Iranian government into changing its policies. We explore some of the advantages and disadvantages for U.S. interests in the Middle East that might flow from negotiations with Iran to achieve a nuclear deal. These analyses paint a mixed and complex picture, but the findings convince us that keeping Iran at arms' length until a nuclear accord can be reached is not the most effective way to achieve important national goals. We propose steps that the President might take to establish a framework for direct talks with Iran's leadership that would build on the latest round of multilateral negotiations and proposals. We conclude with overall reflections on the costs and benefits of rebalancing the United States' two-track policy toward Iran.

Unlike our earlier publications,[1] this paper takes policy positions and makes recommendations for government action. We have sought to base our suggestions on factual, objective, nonpartisan analyses, consulting with nearly 20 former government officials and experts with experience in the region, and seeking advice from a larger group of signatories.

In extensive endnotes, we cite much of the impressive work on this set of issues that has been done by other colleagues in the United States and elsewhere.[2]

We hope that this paper will make a meaningful contribution to the national discussion during the second Obama administration about U.S. policy toward Iran.

SHARED UNDERSTANDINGS

The authors of this paper brought to their task some shared understandings that provided our diverse group with a common perspective.

▶ We recognize that many of Iran's policies and actions constitute a serious challenge to U.S. interests and security, as well as to the security of Israel, and possibly to stability in the Middle East. Even as international opposition to Tehran's policies has grown, the Iranian regime's own actions continue to reinforce the perception that Iran is a threat to regional and global security. Some aspects of Iran's nuclear program—including possible military dimensions and the production of low-enriched uranium in the absence of an active program to construct the nuclear reactors that would use such fuel—have raised concerns about the exclusively peaceful purposes of Iran's nuclear program. Iran bears substantial responsibility for the mutual suspicion and hostility that defines its relationships with the United States and with other nations, including in the Middle East. That state of mutual hostility has helped to perpetuate U.S. policies designed to pressure and isolate Iran and to restrict its role in the region.

▶ We believe, nonetheless, that the time is right for a reexamination of the United States' policy approach, even while Iran continues to expand its nuclear program and support Hezbollah, Hamas, and the Assad regime in Syria, among other deeply problematic behaviors. The re-election of President Obama, the pending election of a new Iranian President in the summer of 2013, and the toll that is being ta ken on Iran's leadership and people by escalating international sanctions, have opened up some space for testing new diplomatic approaches. There likely will continue to be mixed and defiant messages coming from Iran. Nonetheless, we see indications that the environment in 2013 may be conducive to trying a new approach.

▶ We acknowledge that lack of success in the past makes it difficult to be optimistic about any new efforts to work with Iran. Mindful of that reality, we have drawn on lessons from the past to craft a set of options for going forward that we believe could improve the chances of such an initiative getting serious attention in Tehran. Our recommendations do assume that Iran's Supreme Leader Khamenei might eventually be willing to negotiate a deal with the United States on core nuclear issues; some experts (including a few signatories to this paper) doubt the validity of that assumption.[3] All of the authors and signatories, however, hold that the United States should persist in its efforts to find a diplomatic or political solution as long as Iran does not decide to build a nuclear weapon.

▶ While we call for a significant recommitment of time and energy to the diplomatic side of the traditional two-track approach to Iran, we also recognize that the use of military force may well become more likely, should it become evident that Iran is building a nuclear weapon. In urging enhancement of the diplomatic track, we are not suggesting that the pressure track be abandoned. We are persuaded that pressure alone will not be sufficient to produce significant changes in Iran's nuclear policies; an active diplomatic track with real incentives for Iran to cooperate will be necessary to get results. But we fully acknowledge that in dealing with a dangerous and threatening adversary, the pressure track is essential to making the diplomatic track effective. We believe, additionally, that an active diplomatic track is necessary to keep the pressure track from being misunderstood in Tehran as an effort to force regime change.

▶ We acknowledge that no single, overarching term is adequate to convey the complex and layered set of policies that the United States has adopted toward Iran over the past three decades. Terms such as containment and deterrence tend to carry too much baggage from the past and from the United States' relationships with other nations. Today's narrow definition of containment—which has come to imply adopting a policy of permitting Iran to develop nuclear weapons while trying to deter their use—is also inadequate. We use the terms pressure track in combination with diplomatic track to describe the twin aspects of stated U.S. policy toward Iran. We also occasionally use the phrase, "trying to isolate Iran," because the intention of isolating Iran—from its neighbors, from the global economy, and from the international community—is a common feature of many U.S. and U.S.-led multilateral efforts to pressure the Iranian regime to adopt different foreign and domestic policies. We acknowledge that a core principle and bottom line of President Obama's policy is "preventing" Iran from developing a nuclear weapon.

▶ We note that the prolonged lack of contact between the United States and Iran is, in part, a reflection of America's historical reluctance to deal with foreign governments whose principles and practices are at odds with this country's values. Dealing with such regimes has been seen by some policymakers as "rewarding" them without justification. For years, the United States kept such undemocratic "enemies" as the Soviet Union and China at arm's length—a policy that was ultimately reversed, in both instances, with beneficial results for U.S. national interests and security. By withholding diplomatic contact from important countries whose behavior it deplores, the United States has sometimes lost opportunities

to learn about their leaders' priorities and motivations—which hurts us at least as much, if not more, than them. At important junctures, this policy has meant forfeiting the opportunity to resolve problems peacefully or to advance important American objectives that could be achieved only through the active cooperation of other states.[4] We have been mindful of this history, and its lessons, in writing this paper.

OVERVIEW

In Part II of this paper, we provide an objective and balanced estimate of the ways in which the pressure track of U.S. policy has succeeded; where it has fallen short of expectations; and the risks associated with it. Because earlier reports from The Iran Project provided an extensive analysis of the benefits and costs of both the threatened use of military force and the sanctions regime (which are the primary mechanisms, each in its own way, for pressuring Iran), this paper's discussion of those subjects is abbreviated. Readers interested in detailed analyses are urged to consult our reports.[5]

In Part III, we summarize briefly our understanding of the evolving objectives of U.S. policy in a rapidly changing Middle East, and explore the possible implications for U.S. interests of a decision to negotiate directly with Iran to achieve an initial nuclear deal, the accomplishment of which might open the door for discussions on a broader range of issues.

In Part IV, we offer some practical considerations and options for how to proceed to strengthen the diplomatic track of U.S. policy toward Iran. In our view, bilateral engagement with Iran on a core set of nuclear issues and even (assuming a nuclear deal is achieved) on other selected issues of common concern would not be inconsistent with the continuation of policies designed to restrict Iran's capacity to subvert other nations in the region or to promote its revolution beyond its borders. A broadened dialogue that follows the achievement of a limited nuclear deal could enhance the likelihood of reaching more comprehensive agreements with Iran on nuclear issues.

After some concluding observations on the costs and benefits of trying to work with Iran (Part V), we provide (in Part VI) a Primer that summarizes the history of U.S. engagement with Iran since 1979. The Primer includes judgments on the reasons for the failure or, on occasion, the success of those earlier efforts.

“Israel and the U.S. need to establish a broader strategic relationship with Iran.”

Israeli Prime Minister Shimon Peres to President Ronald Reagan, September 1986

II.

Relying on the Pressure Track: Successes, Shortfalls, and Risks

Policies designed to pressure, punish, and isolate Iran reflect the recognition that Iran represents a serious challenge to peace and stability in the Middle East—primarily because of the continued development of its nuclear program, which appears to aim not only at the development of civil nuclear projects, but also at potentially giving Iran at least the capability of producing nuclear weapons (U.S. and Israeli intelligence officials believe that Iran's leaders have not decided to seek such a capability and if they were to decide, it would be detected).[6] Iran's threats against Israel and its support for Hezbollah and Hamas are also of grave concern to the United States.[7] In addition, during the heaviest fighting in Iraq, Iran supplied America's opponents with IEDs (improvised explosive devices) and other weapons that were used to kill American soldiers and hinder the efforts of U.S. forces.[8] Most recently, Iran has been supplying arms, fighters, and trainers as well as moral support to President Assad of Syria, despite his assaults on the civilian population and the evolving view in the United States and among many Arab nations and the international community that he should step down.[9] The Iranian government's harsh treatment of domestic opposition groups and its violations of the human rights of its citizens have also spurred U.S. opposition to dealing with the regime.[10]

While the pressure track has been successful in a number of ways, especially in recent years, some of its core objectives have yet to be achieved. Moreover, reliance on this track to the detriment of the diplomatic track poses increasing risks, including the risk of failing to achieve Washington's primary objective with respect to Iran—assurance that Iran's nuclear intentions are and will remain peaceful.

1. SUCCESSES OF U.S. POLICIES

The commitment to isolating Iran economically, financially, and politically has been largely successful. The sanctions regime represents an almost unprecedented example of the international community working together effectively, under U.S. leadership (with UN Security Council support in important instances), to bring significant pressure to bear—short of military action—on a nation that is in violation of some of its international obligations. Cumulatively, these measures have communicated to Iran's leadership that the United States and many other nations remain opposed to many of the regime's policies and actions, both in the region and within Iran.

Among other impacts, the pressure track of U.S. policy has:

1.1 Underscored the United States' commitment to the non-proliferation of nuclear weapons. The Obama administration has brought intensified pressure to bear on Iran in order to force or persuade the regime in Tehran to reach a nuclear deal. That escalation reflects the high priority this administration places on strengthening non-proliferation policies in the Middle East. Efforts to get Iran to make its nuclear program more transparent and to comply fully with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), as well as with the mandates of the United Nations Security Council, are part of a broader strategy designed to show other potential proliferators the high costs of trying to develop or acquire nuclear weapons. to alter or repeal the terms of the sanctions at any time (for example, by removing Iran from the state sponsors of terrorism list, or lifting the trade ban on arms and oil).

1.2 Blocked Iran's efforts to modernize its military. Banning the sale of weapons systems and high-tech military equipment to Iran and imposing targeted sanctions against Iranian entities involved in such acquisition has reduced substantially Iran's ability to modernize its conventional forces.[11] At the same time, Iran's neighbors in the Persian Gulf are becoming better equipped militarily as they purchase large volumes of sophisticated weaponry. Although the regional balance in conventional weapons has not shifted significantly, Iran has been deprived of some modern military equipment that it will have to copy from models or design on its own. Iran is increasingly dependent on domestic production of conventional weapons.

1.3 Reduced the importation of dual-purpose materials. Although it is difficult to know with precision, constraints on trade with Iran appear to have limited Iran's ability to import equipment or dual-purpose equipment that could be used for building a missile delivery system or developing a nuclear-armed military force.[12]

1.4 Weakened Iran's economy. As explained at length in our earlier paper, *Weighing Benefits and Costs of International Sanctions Against Iran,* we conclude that the sanctions regime—particularly the more comprehensive sanctions in place since 2010—has weakened Iran's economy, resulted in a devalued currency, reduced by nearly half Iran's income from petroleum and gas exports, disrupted trade and foreign investment, and had a negative impact on the general public's sense of wellbeing. The economic downturn seems to have contributed to elite and popular discontent with Iran's current leadership. How much this discontent has loosened the grip of the Iranian regime, or whether it has had any impact on internal debates about the future of Iran's nuclear program, is not clear.[13]

1.5 Possibly helped to add momentum to negotiations. While the picture has not yet come into focus, a recent acceleration in the pace of technical discussions between the P5+1 and Iran may be related in part to the escalation of pressure.[14]

1.6 Preserved strong relations with other countries in the region. A primary success of these policies has been to strengthen U.S. relations with and commitment to the security of friendly and allied nations in the region, particularly Israel and the Gulf states. The continuity and dependability of Washington's efforts to pressure, isolate, and punish Iran for its threatening and disruptive actions has helped to maintain the stability of relationships that are vital to American interests. This positive impact may be waning, however, as some nations (notably Russia and China) seem disinclined to support further sanctions.

2. SHORTFALLS OF U.S. POLICIES TO DATE

Policies designed to pressure and isolate Iran are falling short of achieving some of their objectives, and could be proving counterproductive in some respects.

2.1 Debatable impact on the expansion of Iran's nuclear program. U.S. government officials have said that targeted sanctions on nuclear equipment and technology have slowed the expansion of Iran's nuclear program—for example, by making it more difficult for Iran to obtain centrifuge parts. But since 2002, Iran has built, installed, and operated more than 10,000 centrifuges; mastered the enrichment of uranium to the 20% level (which is relatively easy to enrich further into weapons-grade uranium); and announced the introduction of a new generation of more capable centrifuges. This trend raises doubts about whether sanctions have been a significant constraint on an aspect of Iran's nuclear program (enrichment) that is central to the creation of a nuclear weapon. Each increment of pressure may have begotten a new increment of defiant expansion (although Iran did receive a significant amount of enrichment equipment and technical assistance in the late 1990s through a deal with Dr. A. Q. Khan of Pakistan, the impact of which may have been felt for some time, helping to counterbalance the effects of sanctions). Overall, it seems likely that the sanctions plus cyber-attacks have slowed the expansion of the program; other actions by the United States and its allies have demonstrated to Iran that clandestine activities could be detected, which may have deterred Iran from crossing some lines.[15] The question remains whether the time possibly gained can and will be used to reach an agreement.

2.2 No breakthrough yet on a nuclear agreement. For the past decade, U.S. policies to isolate, pressure, sanction, and punish Iran have been aimed primarily at convincing the regime that it needs to change its nuclear policies. The specific demands made of Iran also have changed over the years. As pressure on Iran mounts, the logic goes, Iran's leaders will have to choose between reaching agreements on key demands being put forward by the P5+1 (the five permanent members of the UN Security Council, plus Germany), or enduring sustained and increasingly comprehensive sanctions and isolation from the international community. As sanctions have become more severe, the United States and its allies occasionally have noted what appeared to be indications of a greater willingness on the part of Iran's leaders to negotiate seriously. But the signals from Iran remain mixed. After 30 years of mounting sanctions, it seems doubtful that today's severe sanctions regime alone—or even in combination with the threatened use of military force—will significantly affect the willingness of Iran's leaders to agree to what is being asked of it, any more than past sanctions did.[16] As indicated later in this report, we believe that the United States and its allies would likely gain more advantage from the sanctions by recognizing that what the P5+1 have been asking from the Iranians up until now is more than the Iranians are prepared to concede (or more than they believe is necessary to ensure that their nuclear program is dedicated exclusively to peaceful purposes). The P5+1 also will probably need to adjust what is being offered to Iran, in order to demonstrate serious intention to reach a deal. Steps in this direction were taken by the P5+1 in meetings with Iran in Almaty, Kazakhstan, in February 2013. The meetings at Almaty and subsequent technical talks seemed to be more substantive than past sessions and appeared to reflect efforts on both sides to narrow the differences, although no major steps toward agreement were taken.

2.3 No improvement in human rights protections. From the earliest days of the Islamic Revolution, the President and the U.S. Congress have sought to ostracize Iran to protest and punish the regime's harsh suppression of domestic opposition and its restriction of freedoms of speech and religion. So far, this policy has not contributed to producing greater freedom and less repression in Iran. On the contrary, sanctions and other forms of pressure on Iran's leadership may have strengthened anti-reform factions in Iran, which claim that the real goal of the United States is regime change.[17] The escalation of pressure might also have reduced the already limited space within which civil society and opposition groups can operate. It is difficult, however, to estimate how the various internal and external factors have influenced the behavior of Iran's regime.

II. RELYING ON THE PRESSURE TRACK: SUCCESSES, SHORTFALLS, AND RISKS

2.4 Iran's regional influence not waning. Neither economic sanctions nor attempts to isolate Iran politically appear to have limited Iran's ability to support Hezbollah and Hamas and to provide weapons to groups opposing U.S. forces in Iraq and Afghanistan. So far, this has not happened; Iran continues to provide support, including money and weapons, to Lebanese Hezbollah, Shiite militias in Iraq, and militants in Afghanistan. Iran apparently has sent members of its Islamic Revolutionary Guard Corps (IRGC) to advise and even fight alongside the forces of Syrian president Bashar Al Assad as he attempts to prevail in that country's civil war. Iran's influence in the region and the allegiance Iran enjoys from some violent non-state groups depend not primarily on financial benefits, but rather on shared strategic interests and religious, historic, cultural, ethnic, and ideological ties. Iran continues to maintain diplomatic relations with nearly every nation in the region, with the exception of Jordan and (as of the writing of this paper) Egypt[18]; is an active member of OPEC (Organization of the Petroleum Exporting Countries) and the Organization of Islamic States; and this year holds the Presidency of the Non-Aligned Movement.

2.5 Ideological inroads still being made. The policy of trying to isolate Iran was also intended to help prevent the spread of Iran's Islamic Revolution. While most (Sunni) Arab states never were likely to adopt the Iranian Shia model of governance, some Shia communities, especially in South Lebanon, have embraced it. In addition to helping to strengthen Hezbollah in South Lebanon, Iran has made ideological inroads among the ruling Shia majority in Iraq and to a lesser extent among Shia communities in Bahrain, Yemen, and Eastern Saudi Arabia, where there is growing concern about Shia restiveness and where the Sunni majority has discriminated against and oppressed Shia groups.[19] Given the presence of Shia populations throughout the Middle East, it is difficult to predict how the new Islamist political forces in the region will be affected by Iran's experience—or whether a continued U.S. policy of trying to isolate Iran could reduce any such effect.

2.6 Iran's government not changing. For some in Washington, the effort to isolate, pressure, and punish Iran is seen as one means of reaching the far broader objective of producing regime change or a fundamental change in the Iranian government's policies and orientation. This objective has been disavowed formally by the U.S. Department of State.[20] But the combination of strenuous sanctions and other forms of pressure, expressions of support for Iranian opposition groups, ongoing covert operations, and the rhetoric of some U.S. elected officials reportedly has been interpreted by Iran's Supreme Leader as evidence of a de facto U.S. policy of regime change.[21] If the U.S. goal is regime change, not behavior change, then

altering Iran's "behavior" (including on nuclear issues) would not actually produce any easing of the pressure on Iran. With little incentive to compromise, given this perception, Iran's regime has asserted publicly that its interests are best served by digging in.

2.7 Opportunities missed to use pressure policies as bargaining chips in negotiations. Policies designed to pressure and isolate Iran can and probably must serve as bargaining chips to encourage Iran to come to the negotiating table and work seriously toward the resolution of key issues. Iran has indicated that relief of some sanctions would be expected as part of a successful nuclear negotiation—but has not supplied any specifics. Until recently, the United States and other members of the P5+1 have not been willing to use the relaxation of sanctions as a bargaining chip. As suggested above, there were signs of a move in that direction at the February 2013 meeting with Iran in Almaty, Kazakhstan, where the P5+1 offered to ease limitations on some sanctions, including trade in precious metals.

3. RISKS ASSOCIATED WITH U.S. POLICIES

While policies of sanctioning, trying to isolate, and punishing Iran have been a constant through the administrations of six American presidents, questions have been raised at times within those administrations about whether such policies might entail risks for the United States, particularly if they were not producing the desired results.[22] Among the risks associated with reliance on the pressure track are:

3.1 Narrowed options for dealing with Iran's nuclear program. Should the policy of trying to pressure and isolate Iran harden the regime's resistance, military action against Iran could become more likely. The closer the regime comes to believing it has reached a point of desperation, the more desirable the option of building a bomb may become. The use of armed force against Iran, as we discussed in our report on the *Benefits and Costs of Military Action Against Iran,* would set back Iran's nuclear program for several years, but the costs for the United States would be high. If the U.S. were able to obtain multilateral or international sanction for military action, the cost to the United States would be reduced.

3.2 More repression and corruption in Iran. Since the regime's primary objective is survival, increased pressure on Iran could produce an even more authoritarian state, as the leadership cracks down on dissent to prevent popular frustration from boiling over. Indirectly and even directly, U.S. policies probably already have enhanced the political power of repressive leaders and ultra-conservative factions, including the ever-more-powerful Islamic Revolutionary Guard Corps, which have been able to portray international sanctions as U.S.-led "economic warfare." Strenuous economic sanctions also have suppressed legitimate trade and fostered a growing black market within Iran and throughout the region.[23] Corruption is increasing within Iran's economic system and elites, including within the IRGC, are gaining control of Iran's limited financial resources and acquiring large stakes in key economic sectors.[24]

3.3 Long-term alienation between Iranians and the United States. As economic and commercial isolation takes its toll on daily life in Iran, the United States risks losing the admiration of many of Iran's people—including the younger generation, which is generally well educated and more sympathetic toward America than many populations in the region.[25] Sanctions are intended to exempt food and medicine to avoid harming the Iranian population. But today's constraints on all financial flows for any purpose are already causing shortages of food, drugs, and medical equipment, and could produce widespread human suffering that would be morally repugnant and contrary to past American policy.[26] This kind of suffering could not only undermine international support for sanctions and hurt the United States' global image and credibility (as occurred when U.S. sanctions caused extreme hardship in Saddam Hussein's Iraq, in the late 1990s), but also contribute further to alienation of the Iranian public. Public resentment in Iran over hardships produced by economic sanctions could reduce the prospects for improving or normalizing U.S. and Iranian relations over time, even if the current regime is replaced, and deprive the United States of an opportunity to play a positive role in the evolution of Iranian society.

3.4 Distortion of regional trade patterns. The sanctions now in place, including the partial oil embargo, create new patterns of trade that are potentially detrimental to the U.S., European, and regional economies, imposing direct costs as well as opportunity costs for trade foregone. U.S. and allied firms have been excluded from potentially lucrative business opportunities in Iran, which are being picked up by firms from China, Vietnam, Belarus, Malaysia, Ukraine, and other countries willing to ignore U.S. sanctions.[27] Iran has a purchasing power parity (PPP) gross domestic product (GDP) of about $1 trillion,[28] and the long-term loss or partial loss of access to this market would be detrimental. Iran's economy, even three decades after the Islamic Revolution, remains oriented to the West; but there are growing signs of a possible shift that will be difficult to reverse.

3.5 Exacerbation of the Shia-Sunni divide in the region. As Iran's isolation intensifies, Tehran seems to be becoming more dependent on its Shia allies in the region. Shia and Sunni antagonism in the region has been heightened by the civil war in Syria and Iraq; divisions in Bahrain, Kuwait, Yemen, Afghanistan, and Pakistan; and increased competition between Iran and Saudi Arabia, which take opposite sides in this struggle. The oppression of the Shia population in Saudi Arabia and Saudi support for the repression of the Shia majority opposition in Bahrain have helped to push Iran toward defending Shia interests in the region. The U.S. decision to exclude Iran from multilateral efforts to reach a political solution in Syria may have reinforced this trend.[29]

Based on this analysis of successes, shortfalls, and risks, it seems that reliance on even the most effective U.S. and international strategy for isolating, pressuring, and punishing Iran—economic sanctions—has not produced and is not likely to produce compliance with key international demands regarding Iran's nuclear program. At the same time, unintended consequences of this policy pose risks for the United States.

Sanctions have helped to bring Iran to the table. We believe that the United States and the international community can gain the greatest advantage from the sanctions regime by recognizing that a point of optimal pressure has been reached, when positive signals offered in response to cooperation can build momentum toward a negotiated settlement. It is time, we believe, for Washington to engage directly and more intensively with Tehran, and for the United States and the P5+1 to put on the table an offer that demonstrates their serious intention of reaching a deal—an offer that would include the promise of and a timetable for sanctions relief in exchange for Iran's compliance with key international demands. Indeed, modest steps in this direction were taken by American negotiators and their P5+1 counterparts in meetings with Iranian negotiators in Almaty, Kazakhstan, in February 2013. The bilateral talks we propose could begin as side meetings at P5+1 negotiations, or they could be brought about through third party assistance, or even direct arrangement. Bilateral talks would need to proceed on a basis understood and ideally supported by the P5+1 and U.S. allies. The U.S. would remain committed to multilateral discussions and to seeking a multilateral agreement on nuclear issues.

> “The question both countries [Iran and the US] now face is whether to allow the past to freeze the future or to find a way to plant the seeds of a new relationship that will enable us to harvest shared advantages in years to come, not more tragedies.”

Madeline Albright, March 2000

III.

Negotiating a Nuclear Deal With Iran: Impact on Other U.S. Ojectives in the Middle East

Iranian policies and actions are having, or could have, an impact on virtually every major strategic challenge that the United States now faces in the Middle East. In this section of our paper, we look at how negotiating directly with Iran to achieve a nuclear deal might affect other U.S. objectives and policies in the region—including by opening the door to discussion of a broader range of issue areas in which the United States and Iran might have some common interests. Our analysis suggests that while negotiating and reaching a nuclear deal would on balance work to support other U.S. objectives, such a shift from the traditional American policy of trying to pressure and isolate Iran would entail some risks for the United States and its alliances and interests. For example, Israel would likely react negatively, at least initially, to any U.S decision to ease pressure on Iran in exchange for compliance on key nuclear issues. The Gulf States would welcome the negotiation of a nuclear agreement, while feeling some uneasiness about what it portends by way of a future U.S.–Iranian relationship and what its impact might be on their own special relationships with the United States. And all of the states in the region would probably be suspicious and skeptical of Iran’s willingness to stick to a deal. Over time, in ways both foreseeable and unforeseeable, an agreement that produces greater assurance and transparency about Iran’s nuclear ambitions and that reduces tensions between Iran and the United States and the West would likely create a new reality and dynamic in the Middle East and among the nations active in the region, including Russia, China, India, and Pakistan.

The analysis that follows focuses on important American priorities in a rapidly transforming Middle East, where a decade of unprecedented political and social changes is prompting a reconfiguration of U.S. policy and objectives. The terrorist attacks of 9/11 called increased attention to the threat of violent Islamist extremism, the need for improved global and regional counterterrorism strategies, and the importance of winning hearts and minds in the Muslim world.[30] The war against Al Qaeda in Afghanistan brought a large U.S. military presence to the region; the Iraq war and the nine-year occupation that followed it placed American forces at the center of the Arab world. The Arab Awakening is transforming many states in the region. Turkey’s role is changing, and its orientation may be shifting toward the East. Egypt, a pivotal nation, is unstable and its future is uncertain. The Israeli–Palestinian peace process is moribund; the bloody civil war in Syria, which is becoming more radicalized on both sides, threatens to spill into neighboring Lebanon and Jordan and is already producing collateral damage in Iraq and Turkey. Perhaps as important as any of these political and geostrategic developments has

been the economic decline of many Arab states, just at a time when their transforming societies require economic and financial stability and growth.

Iran is an important presence in the changing Middle East, with the ability and the desire to influence events in Iraq, Afghanistan, Syria, Lebanon, Bahrain, the Palestinian territories, and beyond—places where some of the most challenging dynamics in the region are at work. Paradoxically, U.S military actions in Afghanistan and Iraq have enhanced Iran's influence by removing from power two potent enemies of Iran, the Taliban and Saddam Hussein, and facilitating Iraq's emergence as the first Arab Shia-majority-run state. At the same time, U.S. influence and leverage in other parts of the region have been diffused. Even if the United States is able to strike an initial nuclear deal with Iran, the United States will need to continue asking what combination of pressure and enhanced diplomatic engagement would enable the United States to challenge and confront Iran's role in the region when necessary, while seeking common cause with Iran when doing so might advance American interests. However constructive a nuclear deal might be, Iran is not likely to be willing to collaborate with the United States in other areas of common concern, unless and until the United States recognizes that Iran is and will remain a pivotal state in the region.

We now briefly explore the impacts that negotiating a nuclear deal with Iran might have on seven American objectives in the changing Middle East.

1. ISRAEL'S SECURITY AND THE MIDDLE EAST PEACE PROCESS

The combination of Iran's near-capability of producing a nuclear weapon, its open opposition to a Jewish state, and its support of Hezbollah and Hamas has made U.S. efforts to pressure and isolate Iran synonymous in the minds of many Americans and Israelis with supporting Israel. Any changes in that policy orientation would be seen negatively by Israel, at least initially. If the United States were to negotiate a limited nuclear deal with Iran that held firm over a long period of time, Israel might eventually come to view that result as a positive step, although mistrust and suspicion of Iran would likely persist. Should it become evident that Iran was violating its agreements with the United States and the P5+1, the possibility of armed conflict would likely increase. It is unclear whether the achievement of a limited nuclear deal with Iran would have any direct impact on the prospects for Israeli–Palestinian agreement on a two-state solution. But Israel will continue to see Iran as its major enemy in the region as long as Iran maintains its support for Hezbollah and Hamas and the Israel–Palestine conflict remains unresolved.[31]

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The United States is already challenged to reconcile its role as Israel's chief ally with its efforts to forge ties with new Arab governments—like that of Egypt—that are becoming more hostile toward Israel. Israeli concerns about the formation of such ties could amplify the concerns that would be raised by U.S. engagement with Iran, requiring the United States to provide additional assurances of its commitment to protecting Israel's security. If an improved relationship between Washington and Tehran were eventually to result in reduced Iranian hostility to Israel, the Israeli leadership might become less critical of U.S. engagement with Iran; but such a reduction in hostility is unlikely absent a resolution of the Israel–Palestine conflict, since Iran has cast itself as a champion of the Palestinian cause.[32]

2. THE GULF STATES AND OIL

There is an intimate relationship between U.S. policy toward Iran and U.S. policy toward Saudi Arabia and the Gulf States—which are Sunni-led and historically suspicious of Shiite Iran.[33] American military, commercial, and energy-related ties with the Gulf States have multiplied since the United States increased its military presence in the region during the wars in Iraq and Afghanistan.[34] At the same time, these ties have been strained by the perception of Gulf State governments that the United States has failed to adopt policy approaches that produce outcomes fully congruent with their interests. Gulf State leaders also may be worried that U.S. progress toward greater energy independence will weaken U.S. support for them. Saudi and other Gulf States' concerns about Iran are fed by proximity, by the example of Iran's Islamic Revolution, by Iran's apparently increased regional influence and ambitions, by the intensifying Sunni–Shia competition for dominance in the region[35], and by the implications of Iran possibly becoming a nuclear-armed state.[36]

Saudi and other Gulf leaders have supported the U.S. policy of pressuring and trying to isolate Iran. There is sharp disagreement among experts regarding the likely response of Gulf leaders to U.S. negotiations with Iran. Some feel that the overriding interest of Gulf leaders is in ensuring their own security and avoiding another war in the region.[37] Anything the United States might do that eases tensions with Iran and reduces the possibility of violence therefore would probably be greeted with some relief. Other experts believe that fears of rising Iranian (Shia) influence and political evangelism would outweigh relief over a nuclear deal.[38]

Should the process of negotiating a deal imply a significantly more trusting or friendly U.S. orientation toward Iran, however, the Gulf States might become suspicious and skeptical about the real extent of America's support for them. Gulf leaders would probably oppose a U.S. effort to build a more direct and constructive working relationship

with Iran on non-nuclear issues, even if the effort were limited to a few specific issue areas, such as Afghanistan and Iraq. Over the long term, however, a more balanced U.S. policy approach that sought to build relationships on both sides of the Sunni–Shia divide could enhance America's ability to deal with and to be understood by Muslim-majority states and societies in the region. At least it could help the United States avoid becoming aligned by default or inertia with the Sunnis against the Shia, which would be problematic given the tensions between the two sects and how those tensions are likely to play out in Iraq, Syria, and Bahrain.

The impact of a nuclear deal with Iran on the petroleum markets is less clear. While the United States. may be becoming less dependent on oil from the Gulf, neither world dependence (especially China's dependence) on the region's oil nor oil's global fungibility are likely to diminish in the foreseeable future.[39] Ensuring regional stability and preventing significant fluctuations in the supply or price of oil will remain important objectives for the United States and other major powers. Iran holds the world's fourth-largest proven oil reserves and the market would react negatively to further reductions in the amount of oil Iran is able to supply, if the loss was not quickly offset by decreased global demand or increased production by the Saudis or others.[40] Real progress toward a limited nuclear deal with Iran would therefore be welcomed by the world's oil markets. While a U.S.–Iranian effort to broaden the dialogue could initially create new uncertainties, over time it would likely lead to greater stability in the oil markets, particularly if more Iranian oil were to become available. Major importers, including China, would be pleased by the resulting (probably slight) decline in the price of oil; oil producers such as the Gulf States and Russia would likely be less so.

3. GULF SECURITY

By definition, any agreement with Iran that lowers the risk of war would contribute to Gulf security. But it is not so clear how a stronger U.S. commitment to diplomacy with Iran on nuclear issues might affect the possibility of a collective security agreement in the Gulf.

Ever since the Gulf Cooperation Council (GCC) was formed in 1981, the six member states (Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman) have expressed a shared interest in one another's security and pledged to work together to confront threats, both internal[41] and external. Some form of broader Gulf security agreement would be in the interest of the United States. A nuclear agreement with Iran that would eventually lead to lowering the hostility in the Gulf would over the long term permit thinking of a regional security pact that might eventually include Iran. Such a regional pact would provide greater

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long-term stability than one that was directed against Iran. Encouraging such a pact might be a valid long-range strategy for the United States.[42]

Both Saudi Arabia and Israel would be deeply opposed to the United States embracing such an objective over the near term. The inclusion of Iran as a possible participant in any Gulf security pact is likely to remain an unfulfilled objective for the foreseeable future. Even the achievement of a nuclear deal with Iran probably would not have an immediate impact on the prospects for a collective security agreement that includes Iran, given the long history of distrust and the cultural differences between Iranians and Arabs. But a nuclear deal would add to regional security and could help to keep open that possibility. Continued reliance on a U.S. policy of pressuring and isolating Iran, on the other hand, might add to the momentum toward creating a regional military pact that is aligned against Iran and backed to some extent by the United States—an outcome that would reflect the current dynamics of the region but probably exacerbate tensions there.

4. AFGHANISTAN, IRAQ, AND SYRIA

At times in the past, when the Islamic Republic and the United States found that they shared core interests, they were able to overcome their mutual hostility, at least for a brief period, in order to work in tandem—as they did in Afghanistan in 2001.[43] The negotiation of even a limited nuclear agreement with Iran could open the door to long delayed and desired bilateral discussions on two problems of great security and political interest to both Iran and the United States: the futures of Iraq and Afghanistan. Despite serious differences, Iran and the United States have some common interests in Iraq and Afghanistan that are not being taken adequately into account by either side. Iran's role in Iraq has often been antagonistic to U.S. interests and has even resulted in the deaths of American troops. Yet both nations have a stake in the stability and growth of Iraq and Afghanistan, which share long borders with Iran and where the United States has made enormous commitments of blood and treasure over the past decade.[44] The possibility of finding common ground on Syria, another major regional challenge, now appears remote, but the dynamics may change in the future, should the Assad regime fall or be brought down.

4.1 In Afghanistan, both Iran and the United States have been supporting the Karzai government; both want to see a new, effective central government in place when Karzai departs, in 2014. Both are investing substantial assets in Afghanistan's economic and political development. Both oppose the Taliban returning to power, are strongly

hostile toward Al Qaeda, want better control of drug trafficking, and seek improved Afghan capacity to provide security as U.S. military forces are withdrawn. Some experts believe that without Iran's cooperation, stability in Afghanistan post-2014 will be difficult to achieve.[45] Washington and Tehran each have shown a willingness at times to talk about Afghanistan, only to back away at the last minute. We believe that Iran's resistance to bilateral talks is a reaction to the U.S. policy of trying to isolate Iran politically. This dynamic, which is blocking a potentially advantageous discourse, could change following the successful negotiation of a nuclear deal.[46]

4.2 Iraq. While the United States had combat forces in Iraq, American hostility toward Iran increased markedly, as evidence accumulated of Iranian efforts to undermine American objectives there, including by supplying insurgents with explosive devices that killed American soldiers.[47] Yet even during those years, the United States and Iran made occasional efforts to hold mid-level discussions about what seemed to be common interests in Iraq. Tehran and Washington both supported majority (Shia) rule and the Maliki government, and both have an interest in encouraging economic development in Iraq (in fact, Iran was one of the largest suppliers of economic assistance to Iraq, after the United States).[48] Iran and the United States both also oppose "Al Qaeda in Mesopotamia" and other Sunni terrorist groups operating in Iraq. There is even some evidence that the Islamic Republic might have played a role in damping down the disruptive (and anti-American) activities of Moqtada al Sadr's Shia army at a critical moment in the Iraq war, out of concern that the violence might weaken the Maliki government. Now, with ethnic and secular violence in Syria moving into the border region of Iraq, there may be an opportunity to explore whether Iran and the United States might find grounds for cooperation in promoting stability in Iraq Such cooperation is probably unlikely in the near term (among other challenges, Iraq's decision to permit Iranian over-flights to supply the Assad regime with military assistance has become a source of tension between Washington and Baghdad). But again, some experts argue that eventually, cooperation with Iran will be essential to achieving stability in Iraq.

Continued reliance on policies designed to isolate Iran politically would inhibit any exploration of opportunities for cooperation in Iraq. A U.S. initiative to achieve a limited nuclear agreement with Iran could help to open the door to bilateral talks about Iraq as well as Afghanistan. We are not suggesting that such discussions would be easy or always fruitful; but some level of collaboration with Iran on Iraq seems possible and would likely serve to advance U.S. interests.

4.3 Syria. Iran today is a major contributor to Assad's ability to stay in power in Syria.[49] Iran is therefore regarded as a formidable obstacle to the resolution of the

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conflict there. Iran's role in Syria may be an argument against bilateral talks with Iran on any subject, including nuclear issues. But this is not the position of the Obama administration, which has signaled its interest in negotiating seriously with Iran on the nuclear question.[50] Washington's decision to exclude Iran from all regional efforts to seek a political solution in Syria reflects concerns that Iran would play a role that is contrary to American interests and values. But as the deteriorating situation in Syria leads, presumably, to the end of the Assad regime (the current U.S. prediction), Iran's interests and objectives likely will change significantly. Sunni radicals appear to be gaining greater influence and control in parts of Syria. Iran's Revolutionary Guard Corps has been training large numbers of soldiers from the Alawite (Shia-related) minority—the religious group that supports Bashar Assad—which is radicalizing that group. But after Assad's fall, the Alawite community would likely face severe persecution. In post-Assad Syria, it is not impossible that Iran and the United States might find that they have a mutual interest in ensuring the protection of the Alawites and combating radical Sunni dominance (although U.S. and Iranian interests in Syria likely will continue to conflict in other respects, even after Assad's fall).

5. ARAB AWAKENING

Designing a long-term strategic plan and coherent tactics to respond to the Arab nations' desire to reform their political and economic structures is perhaps the most challenging and complex policy problem the Obama administration faces in the Middle East. This is particularly true as America's influence in the region has declined and the United States ability to affect the course of events has become more limited. Coping with this challenge will require flexibility and adaptability, but also adherence to long-standing American values. Some new U.S. policy approaches have begun to emerge, including a reluctance to deploy ground combat forces and a willingness to talk with Islamist political leaders not associated with al Qaeda.[51]

The policy of trying to isolate Iran politically was designed in part to insulate the rest of the region from Shiite radical ideas and leadership. Yet Arab nations in transition, while rejecting the Iranian "model," are embracing some of the fundamentalist Islamic political and social concepts that the United States had hoped to contain. Meanwhile, America's efforts to isolate and pressure Iran have become one of the symbols of the United States' perceived hostility toward Islam, at least in the eyes of a broader Muslim audience. Should the negotiation of a nuclear deal lead to other direct discussions and a more constructive U.S. relationship with Iran, the United States might remove at least one perceived indicator of its hostility toward the Muslim world.

6. TERRORISM

Since 9/11, the most significant change in American national security policy has been the need for American Presidents to focus on the terrorist threat to the U.S. homeland and on terrorist activities around the world that endanger U.S. citizens and interests. Much of the national security agenda is shaped by concerns about the possibility of another major terrorist attack on the United States and reports of loose oversight of some stockpiles of fissile material. These concerns extend to the possibility that Iran might become a source for a terrorist nuclear weapon, however unlikely that might seem to many experts. Iran opposes anti-Shia groups such as Al Qaeda (and its franchisees), the Taliban, and other selected terrorism organizations (mostly Sunni) around the world. Collaboration with Iran to combat these groups is possible.[52]

U.S. intelligence agencies have often collaborated with the intelligence organizations of hostile states for a common purpose. President Nixon and Secretary of State Henry Kissinger shared highly classified information with Chairman Mao and Premier Zhou En-lai about Soviet military positions along the Chinese border and military preparedness.[53] Steps taken now to strengthen the diplomatic track of U.S. policy toward Iran might initiate a long process of trust-building—starting with Iranian agreement and adherence to the terms of a nuclear deal—that could lead, at some point in the distant future, to an exchange of information with Iran about individual Al Qaeda leaders and activities. At a minimum, the United States and Iran might in the future recognize that they have common enemies. Continued Iranian support of Hezbollah and Hamas, which the United States has designated as terrorist groups, severely complicates the prospects for cooperation in this area, given the realities of domestic U.S. politics and the importance of the U.S. relationship with Israel. The Saudis would oppose U.S. support for Iranian activities against any Sunni group.[54] The Israelis likewise would be troubled by any exchange of intelligence with Iran. Yet Israeli intelligence work is agile and understandably far reaching when it comes to protecting Israel's security—for example, Israel exchanged intelligence with and collaborated in the sale of weapons to the Islamic Republic during the Iran–Iraq war in the 1980's (as described in the Primer at the end of this paper).

7. ECONOMIC AND FINANCIAL HEALTH OF NATIONS IN THE REGION

A number of Arab states, particularly Egypt and Tunisia, are experiencing economic stagnation, high unemployment, and lack of foreign investment (in fact, dissatisfaction with economic conditions was one source of the public protests that led to the Arab Awakening). Lebanon and Jordan also have become weaker economically over the past several years; Syria's economy, of course, is now crippled by civil war.[55]

One unintended consequence of the escalating sanctions against Iran has been the decline of regional trade with Iran, one of the wealthiest and largest economies in the Middle East. As we pointed out in our paper on *Weighing Benefits and Costs of International Sanctions against Iran,* the loss of Iran as a commercial partner may hurt the economies of the Gulf Cooperation Council countries, which had enjoyed a blossoming of trade with Iran before the tightened sanctions came into effect.[56] Another unintended consequence of sanctions has been the rapid expansion of corruption and unofficial, black-market trade between Iran and Iraq, Pakistan, and Turkey, and some of the Gulf States. This illicit trading undermines open commerce and concentrates income in the hands of a few criminal or favored traders in each of the countries—including the Islamic Revolutionary Guard Corps, in Iran.[57] A limited nuclear deal that leads to the lifting of some of the most severe sanctions (especially those that distort regional trading patterns) in return for Iranian compliance with key international demands would not only advance U.S. and regional security objectives, but also promote America's long-term interest in strengthening the economies of Middle East nations.

Making even minor changes in a well-established policy approach will be politically and psychologically difficult and will entail some short-term costs for the United States. But it appears that an intensified diplomatic effort that produced an initial nuclear deal also would produce some significant long-term collateral benefits for U.S. objectives in the region. We do not underestimate the difficulties or risks associated with an enhanced diplomatic initiative, even if it is successful. Despite the challenges, however, we believe it is time for a reevaluation and modification of America's reliance on policies designed only to pressure and isolate Iran.

While we advocate strengthening the diplomatic track, we also hold that the sanctions and other forms of pressure imposed on Iran are essential bargaining chips that make the achievement of a nuclear deal more possible. The way to move forward in negotiations is not to ease sanctions in advance (with the possible exception of removing those strictures on financial transactions that have interrupted the export of food and medicine to Iran, as described below), but to put sanctions relief on the table as a part of a negotiated nuclear settlement, so that the United States and the international community can get what they want and need out of dealing with Iran.

In Part IV of this paper, we explore how such an initiative to work with Iran might be undertaken.

“Peace is a daily, a weekly, a monthly process, gradually changing opinions, slowly eroding old barriers, quietly building new structures.”

John F. Kennedy, 1963

IV.

Strenghthening The Diplomatic Track: Practical Considerations and Strategic Options

Virtually every American administration since 1979 has tried to find a way to work with Iran, only to be faced with the same core questions. Whether, when, and how to start talks with Iran's inaccessible—and often resistant—leaders? Once talks have begun, what, if anything, to offer Iran in order to get what the United States wants, including on nuclear issues? How to bridge the growing cultural and psychological divide and the deep-seated distrust that makes even indirect negotiation so uncomfortable, if not disagreeable, for both parties? As summarized in Part VI of this paper (the Primer on Prior Initiatives to Improve U.S.–Iran Relations), the long, frustrating history of presidential efforts to reverse the downward spiral of relations with Iran demonstrates the profound mutual distrust and misunderstanding that shape the words and actions of both governments. Iranians with whom we have spoken tell us that similar questions arise when Iran contemplates working with the United States.

Of course, the tensions between the United States and Iran are not just the result of bad attitudes and difficult processes. The enmity between the United States and Iran reflects real differences, threats, conflicts, and offenses, which we have discussed in earlier sections of this paper and in our two previous reports. These problems, if not resolved or managed more effectively, could lead to armed conflict with Iran or even a war in the Middle East and beyond. We focus here on strategies for working directly with Iran because our analysis suggests that the effective management of the problems between the two countries—as well as some problems in the region—will require such an approach. The goal would be to build a practical relationship that could over time help the United States achieve its principal objectives without resort to force. Reaching this goal would necessarily be a gradual process, with one step back for every two steps forward.

As we have noted, strengthening the diplomatic track of U.S. policy toward Iran does not mean abandoning the pressure track, including maintaining the option of using military force should the Iranians move quickly to build a bomb. Nor does it mean reducing the use of surveillance and intelligence gathering to detect any changes in the status of Iran's nuclear program. But if the President decides to try to work with Iran, he will have to take into account the political and strategic difficulty of managing those policy tracks and their respective goals, benefits, and costs. The challenges would include:

▶ **Retaining the credibility of threatened military action.** Whether Iranian leadership has taken seriously President Obama's stated willingness to take military action to “prevent” Iran from getting a nuclear weapon, it has been called into

question by critics. Their doubts would increase if the President decided to negotiate directly with Iran and put a serious offer on the table. Yet the more the President threatens the use of force, the more difficult it will be for Iran's defiant leadership to consider any offer, and the more the President will be under pressure to use military force.

▶ **Keeping up the pressure with sanctions while using them as bargaining chips in negotiations.** Reaching a nuclear agreement with Iran will require the United States and other members of the P5+1 to provide some sanctions reductions as part of a quid pro quo with Iran. Meanwhile, the Iranians will push for a plan, a timetable, and a commitment to lift all sanctions. Given the complexity of the sanctions regime—including its multiple objectives—and the limits on the President's power to lift sanctions that are embodied in legislation (some other sanctions can be lifted by Executive Order), it will be difficult to draw up a rational, calibrated program for maintaining some and lifting other sanctions as part of negotiations with Iran.[59]

▶ **Evaluating Iranian intentions given continued progress in Iran's enrichment program.** Finding the right balance among U.S. policy tracks depends on being able to assess the Iranian regime's intentions and willingness to consider a deal that limits and ensures greater transparency in Iran's nuclear program. During the past year, Iran has virtually completed its deeply buried Fordow facility (which is producing 20% enriched uranium), brought more efficient centrifuges on line, and moved forward on its heavy water production facility and its Arak reactor, which may be able to produce plutonium, another source of fissile material for a bomb. At the same time, however, Iran has converted some of its stock of 20% enriched uranium into fuel plates for its Tehran Research Reactor, thus keeping the stockpile below the level that would constitute a basis for creating a single nuclear bomb. Evaluating Iran's intentions is becoming both more urgent and more difficult, although the latest Worldwide Threat Assessment from the U.S. Director of National Intelligence concludes that Iran could not divert safeguarded materials and produce enough weapons-grade uranium for a bomb without those activities being detected.[60]

▶ **Weighing the future value of engagement against Iran's antagonistic behavior in the present.** In direct opposition to the United States and much of the international community, Iran seems committed to continued support for the Assad regime in Syria, despite the devastating impact of Syria's civil war on civilian populations and the mounting casualties on all sides of the conflict. Iran's role in Syria is a serious obstacle to any U.S. effort to work directly with Iran. But with sectarian violence intensifying

in the region—and the conflict in Syria threatening to exacerbate those tensions—the United States may find that working with Iran is essential to managing post-Assad challenges. While this probably means starting now to build a more constructive U.S.–Iran relationship, it is difficult to make that case given deep concerns over Iran's actions in Syria today.

In addition to managing different policy tracks, the Administration also would have to manage the coordination of bilateral talks between the U.S. and Iran with the ongoing P5+1 multilateral process and the concerns of other allies.

In the outline that follows, we draw on the history of U.S. relations with Iran and on our own experience as senior policy makers to lay out some practical considerations and strategic options for strengthening the diplomatic track of U.S. policy toward Iran. We explore what such an effort might look like and how the United States. should prepare for it. We also examine some of the obstacles that the administration should expect to encounter in trying to engage constructively with Iran's leaders. We have tried to suggest how the United States might avoid or overcome those obstacles, including several roadblocks that may have helped to derail past efforts.

We assume that the Obama administration has already done a great deal of thinking and planning along these lines. We believe, however, that an outline of this sort can contribute to informed public debate.

1. GETTING READY TO DEAL WITH IRAN

1.1 Reaching a presidential decision. Unless the President makes it clear to his closest advisers that he has decided the United States must seek some form of engagement with Iran, nothing will move forward. Any such decision obviously will have to weigh the potential for success or failure and the consequences. While the entry point for this effort would be the negotiation of an initial nuclear deal (through a mix of bilateral and multilateral discussions), in practice it may prove difficult to exclude other issues from consideration. In fact, the Iranians may not be willing to agree to any nuclear deal unless they are reassured about the long-term intentions of the United States. The President will want to inform his advisors that an early task of any negotiations must be the development of a mutual recognition that each nation has interests and rights in the region and that both nations will work to find common ground on those interests wherever possible. Both nations must find a way to deal practically with the other as a government with responsibilities and interests, not as an idea (e.g., Islamic theocracy, or "an imminent nuclear bomb").

1.2 Convincing Iran's Supreme Leader that the United States does not seek regime change. As noted earlier in this paper, Iran's Supreme Leader, Ayatollah Ali Khamenei, reportedly believes that the underlying objective of all U.S. policies toward Iran is regime change.[61] This belief is based on Iran's (hardly unique) propensity to interpret U.S. actions in ways that fit its expectations—an outlook that will continue to shape thinking within the Iranian leadership. Unfortunately, this interpretation of U.S. intentions sometimes has been reinforced by American policies, rhetoric, and actions, as noted earlier. It has become an enormous obstacle to progress in any negotiations. Verbal or written assurances on this score from the President unfortunately are likely to be seen as efforts at deception. They will not be sufficient to change the Leader's beliefs, given the regime's near-certainty about what history has shown to be the "real" goal of U.S. policies toward Iran. (Of course, the Iranian leadership's distrust of U.S. intentions regarding their regime is paralleled by U.S. distrust of Iran's intentions regarding nuclear weapons.)

Practical steps—actions—that demonstrate the United States' willingness to work with the existing government of Iran will be more persuasive. Possibilities might include making a special and public effort to ensure that essential medicines and medical supplies reach Iran (inadvertently, restrictions on financial transfers to and from Iran have limited Iran's ability to import such goods); the cessation of some covert activities (which are seen by the regime as efforts to destabilize Iran) that would be evident to Iran's leaders; the establishment of a "hotline" or some other dedicated, confidential channel of communication that could be used by both sides to seek clarification on events, statements, or actions whose meaning is unclear or apparently antagonistic; a public statement of America's interest in working with Iran that includes no quid pro quo except for the demonstration of an equal willingness on Iran's part to meet on similar terms at a time and place of their choosing (such a statement could be previewed to the Iranians, so its contents do not come as a surprise); a presidential acknowledgment and welcoming of the Supreme Leader's *fatwa* against producing or using nuclear weapons, as one of the bases for nuclear negotiations (Secretary of State Hilary Clinton stated several times that the United States and Iran both were engaged in working to make the *fatwa* a reality)[62]; opening up opportunities for American diplomats around the world to speak to their Iranian counterparts, directly or through a trusted channel; or some other action or combination of actions that would clearly signal an intention to change the dynamics of the relationship through negotiations based on mutual respect. Ideally, signals would be sent in advance of discussions. The period immediately following Iran's presidential

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elections in June 2013 (if the elections themselves are not a source of serious controversy) might be an appropriate time for this kind of signal, although some experts argue for an immediate move by the United States.[63] Steps taken before the election could run afoul of tensions between the Supreme Leader—who likely wants to stay in full control of the U.S. rapprochement issue—and President Ahmadinejad's faction, which is espousing an approach to rapprochement that the President would manage, as a way of ensuring continued influence for Ahmadinejad in Iran's political life.[64]

1.3 Outlining the U.S. end game. If the United States should decide to undertake a long-term effort to change the relationship with Iran, planners and diplomats from both countries will want to know where the United States would like the relationship to stand in (for example) five years. In private meetings, many Iranians have stressed that Iran would reject a U.S. negotiating strategy made up only of step-by-step confidence building measures, without a vision of the long-range U.S. agenda. U.S. diplomats will need to convey Washington's vision to Iran's leadership at some early point, along with ideas about how the United States and Iran might consider phasing in their efforts to create a new relationship.

A vision for the five-year endgame might include, for example:

1.3.1 Mutual international obligations. The United States and Iran will have agreed that they both will play a positive role especially in regional relations but also in broader international relations; collaborate in international organizations; accept and observe treaty obligations; and remain committed to the UN Charter and to non-interference in the internal affairs of other states.

1.3.2 Bilateral agreements. The United States and Iran will agree to work toward normalization of their relations; recognize that both nations have important and legitimate interests in the region (which they will try to define); seek resolution of the nuclear issues to the fullest extent possible; open up a process for increasing bilateral trade; work toward the resolution of bilateral disputes based on, the understandings in the Algiers Accords, among other principles; make it possible for the people of each nation to enjoy visiting the other; and initiate official exchanges as well as academic, scientific, cultural, and other citizen exchanges.

1.4 Establishing a bilateral channel for regular communication and appointing a trusted chief negotiator. Multilateral negotiations with Iran are limited to issues of common interest to the P5+1. It has proven difficult to accomplish much in such large gatherings where confidentiality and opportunities for personal contact are hard to come

by and where Iran faces six nations, at least four of which are seen by Iran as hostile. We believe that bilateral discussions between the United States and Iran will be essential. Iranian officials and the Supreme Leader have resisted bilateral discussions for a number of reasons, including their suspicion that the United States seeks the regime's downfall and will use discussions to find a way to increase pressure on Iran. Before agreeing to bilateral meetings, Iran's leaders are likely to want and need the kinds of assurances and positive actions that are suggested above.[65] Because any effort to begin to work with Iran will be highly charged and unpredictable, as well as very sensitive politically, the President should have as his chief negotiator a trusted confidant, with a team of experts who also are patient and sensitive to the complexities of U.S.-Iran relations.

In the initial period of the bilateral discussions, the United States and Iran would need to agree to establish a regular channel for official written and oral communications (while discouraging potentially confusing back channel efforts, especially in the sensitive first phase of contact). Such a channel could be initiated through official contacts already available to the Swiss as the "protecting power" for U.S. interests in Iran, or through a third party that has the trust of both governments.

1.5 Understanding what the United States wants, what Iran wants, and what both want to get out of working together. The U.S. team should be equipped with an approved outline of what the United States wants from negotiations and what we gauge that Iran wants—and where those wants intersect. It goes without saying that understanding what the other side wants does not mean accepting or endorsing those priorities.[66] Nor is what each side *wants* to get necessarily the same as what each side *needs* to get in order to agree to a deal. Distinguishing between the two is critical for effective negotiation, and during the negotiation process, both sides will almost certainly have to adjust their thinking about which of their wants are really needs. But starting with an outline of wants is helpful because it will enable negotiators to identify potential common ground. We estimate that, in brief, the wants might look something like this:

1.5.1 Iran wants: Respect for Iran as a sovereign nation and its dignity; U.S. recognition of Iran's major and prominent role in the region; U.S. recognition of Iran's full "rights" under international law, particularly as a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons[67]; U.S. forces out of the Middle East; the lifting of all sanctions; full Iranian participation in international bodies; Israel/Palestine eventually to become a single state between the Mediterranean and the Jordan River with an Arab majority[68]; resolution of the outstanding residual claims of Iran against the United States on a basis satisfactory to Iran.[69]

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1.5.2 U.S. wants: Full transparency of Iran's nuclear program plus other controls, in particular to constrain any possibility of an Iranian "breakout" to weaponization; no enrichment of uranium (highly unlikely) or (more likely) strict limits on enrichment based on the requirements of an acceptable (to the United States) civil nuclear program; no plutonium reprocessing or acquisition of plutonium by other means; cessation of threats against Israel; end of Iranian support for Hezbollah and Hamas; domestic human rights practices by Iran's regime that are acceptable by international standards, including as regards religious tolerance and the treatment of women; recognition of the legitimate U.S. role in the region; maintenance of acceptable relationships with Arab friends in the region; a separate state of Palestine established alongside the state of Israel; resolution of all outstanding residual claims against Iran on a satisfactory basis.

1.5.3 United States and Iran both want: The peaceful and stable development of Iraq and Afghanistan; a ceasefire and stable, friendly government in Syria; no military conflict in the region; greater stability throughout the Gulf; better cooperation on commerce and open flow of trade, including oil shipments; cooperation on drug trafficking; defeat of al Qaeda and the Taliban; reduced Sunni-led terrorism throughout the region; open and unrestricted trading in petroleum.

1.6 Developing a full appreciation of problematic language and concepts. Iranians and Americans attach different interpretations to certain buzzwords and concepts. For example, Iran prefers "discussions," while the United States is more comfortable with "negotiations." The United States might refer to "principles for talks," while Iran prefers the more integrative concept of "modalities" for "discussion." Iran is prepared to plan "meetings," while the United States focuses on "our relationship." Americans refer to "Iran"; Iran prefers to be referred to as "The Islamic Republic of Iran." The United States uses "regime," Iran prefers "government" or "state." Iran evokes a litany of "past American offenses against Iran," while the United States wants to move on to "practical next steps.." Iran has called the United States the "Great Satan"; the United States has referred to the "illegitimacy" of Iran's unelected "mullahs" or regime. These differences, and many others, are not trivial and could become obstacles to progress in a charged interaction. Some of the differences reflect important substantive disagreement: Iran claims the "right to enrich uranium"; U.S. experts argue that there is no such right enshrined in the Nonproliferation Treaty. At most, they suggest, the United States might "recognize" an Iranian program that is verifiably "in support of peaceful purposes." (Neither party seems ready yet to talk of "diplomatic relations"; it took six years for the United States and China to reach that point.)

2. BEGINNING TALKS WITH IRAN

The opening of bilateral talks with Iran would be seen by both sides as a momentous and perilous event. Talks between these highly neuralgic counterparts could break down quickly if the atmosphere is not right.

2.1 Setting the tone. The U.S. side should begin by inviting an exchange of views with Iran on how each side sees the region and the world, what threats each side perceives to its security, etc.—underscoring throughout the respect the United States accords to Iran and its historic role. The United States should be prepared to review examples of cooperation between Iran and the United States in the decades since the Islamic Revolution. These initial exchanges should deal with high principles and objectives. Americans should expect that the Iranian side will have an extended list of historical grievances against the United States, and should be prepared to listen patiently. If these early meetings are held at a high political level, difficult issues might best be left to subordinates, at least initially. The approach that President Nixon and Henry Kissinger took to their opening conversations with Premier Zhou En Lai and Chairman Mao could provide a solid model of how to start such talks.

2.2 Previewing objectives. Neither side will want to reach for a comprehensive solution ("grand bargain") at the outset. But while the United States might prefer to focus first on practical, confidence building steps, the Iranians (as suggested above) are likely to want some idea of America's long-range agenda and might be attracted by the identification of a bigger, more demanding set of issues to be dealt with, as a way of testing U.S. sincerity about not seeking regime change. Taking the time to develop an outline of big objectives would contribute to a positive atmosphere. Among the overall objectives of talks might be:

2.2.1 Relations based on mutual respect. Iran's leaders and negotiators have come to believe that Americans simply do not respect Iranians as a people, Iran as a nation, or Persian culture. This perception derives, historically, from the United States' instigation and financing (with Britain) of the 1953 coup d'ětat that overthrew Iran's first democratically elected Prime Minister, Mohammad Mossadeq, and its support for the tyrannical Reza Shah Pahlavi. The perception also reflects observations about how Iran is represented in contemporary U.S. media and popular culture.[70] The style of America's diplomats, Iran believes, is to patronize and demand, which runs counter to Iranian rules of etiquette and hospitality (*ta'arof*). The formalities used by Iranian diplomats are disorienting to many Americans who are used to a more direct communication style.[71] The other side of this coin is that many Iranians have only a very rudimentary conception of the United States, its society, and its motives. Iranian diplomats who know the United States well have been marginalized and many of the U.S. diplomats who know Iran well are retired. Many more Iranians speak English than Americans speak Persian (Farsi). Iran's diplomats are seen by Americans as too abstract and allusive. Overcoming or at least neutralizing these unhelpful perceptions should be defined as a goal for talks, since the lack of mutual respect, if it continues, could doom negotiations.[72]

2.2.2 An end to decades of distrust and misunderstanding. To achieve this objective, each side will need to develop a cadre of specialists who become knowledgeable about the other side, including its language, culture, negotiating style, and "personality." Even with sympathetic negotiators, working together for long hours and days, there will be times when relationships will seem to worsen rather than improve. But over time, such efforts can reduce misunderstanding and chip away at distrust.

2.2.3 Relations based on non-interference in internal affairs. As noted earlier, Iran's leadership is persuaded that the American political system, as they put it, is committed to the overthrow of Iran's regime. They will need some solid indication that this is not the ultimate objective of U.S. policy. This does not mean that the United States would not advocate for greater democracy in Iran or criticize Iran when it violates international standards of human rights—just as Iran would continue to criticize the United States.

2.2.4 Agreement on an approach to managing the relationship. Any effort by Iran and the United States to work together would likely be characterized by profound differences, tensions, and even the danger of conflict. Therefore the two governments should try to establish mechanisms that reduce the threat of conflict, and should establish a phased approach that includes reciprocal actions, to be communicated in advance, across a range of issues. Focusing on relationship management is unlikely to be productive as a first negotiating step; rather, these arrangements could be worked out between negotiators over the course of discussions. A key element here is avoiding the use of force by accident or as a result of miscalculation or misperception.

2.2.5 Agreement on nuclear cooperation. The major U.S. objective with respect to nuclear issues would be to negotiate an arrangement that prevents the conversion of Iran's civil nuclear program into a military program and denies Iran the ability to make a rapid or easy "breakout" to create a nuclear weapon. The overall framework of such an arrangement would "secularize the *fatwa,*" in Foreign Minister Ali Akbar Salehi's terms, by delineating what a purely peaceful nuclear program would entail and what types of activities and behaviors would be inconsistent with a purely peaceful program. To rebuild international

confidence and to provide the transparency required to verify that Iran's nuclear program is exclusively peaceful, Iran would need to accept enhanced monitoring and inspection of its nuclear facilities to affirm that Iran was upholding its commitment not to seek to acquire nuclear weapons. In return for Iranian agreement on these steps, the United States (and the P5+1) would agree to reduce and gradually eliminate sanctions; recognize Iran's enrichment program, but only in support of peaceful purposes as outlined by Iran and consistent with the Non-Proliferation Treaty; and commit to cooperating in the development of some peaceful applications of nuclear technology, such as for medical purposes. The outlines of such an agreement, which are discussed in more detail below, would need to be shared early in the negotiating process.

3. PURSUING A NUCLEAR DEAL

Negotiations on a nuclear deal (and on a broader set of issues, if appropriate) should be undertaken without preconditions, and the parties should agree to consider all questions that each side may feel it necessary to raise in the process. In addition, Iran and the United States would probably need to reach other bilateral understandings along the way (some of which are described below), in order to facilitate dealing with the nuclear issues. As indicated earlier in this paper, discussions between the U.S. and Iran on nuclear issues should proceed on a basis that is understood and ideally supported by the P5+1 and relevant multilateral bodies (including the UN Security Council and the International Atomic Energy Agency).

Another significant complication is that Iran and the United States define the nuclear "problem" differently. Iran's nuclear policies and programs remain America's paramount concern; Iran, however, sees this as a U.S.-created problem. For Iran, its nuclear program has become an expression of Iranian nationalism and scientific prowess, and developing that program (which Iran claims is exclusively dedicated to peaceful purposes) is seen as a right that Iran enjoys as a signatory to the Non-Proliferation Treaty. U.S. policies and the UN Security Council resolutions that stipulate "zero enrichment" for Iran are viewed as discriminatory. Iran points to the *fatwa* of the Supreme Leader that outlaws the building or use of nuclear weapons, and argues that this should be taken as an assurance that Iran has no intention of building such a weapon.

To the United States and many other nations, the nature of Iran's nuclear activities, together with Iran's efforts to conceal some aspects of the program, strongly suggest that Iran may have had the intention to build a nuclear weapon. It may still have such a secret intention, or at least the intention of keeping its options open. Iran continues to seek the technology, material, and skills that would give it the ability to produce a weapon should a decision be made to do so. There is some evidence that before 2003, Iran's nuclear program had both a military and a civil purpose. If so, Iran would have breached the Non-Proliferation Treaty; this is something that the International Atomic Energy Agency (IAEA) is still investigating under the rubric of "Possible Military Dimensions" (PMD). Current assessments by American and other governments' intelligence services indicate that at this time, Iran has not made a decision to build a nuclear weapon.[73]

3.1 Reaching agreement on the scope of Iran's nuclear program. An important U.S. goal would be to reach agreement with Iran on the exclusively peaceful nature of its nuclear program. As a basis for such a negotiated settlement, Iran would be expected to implement the Additional Protocol and abide by the "modified Code 3.1 of the Subsidiary Arrangements" to its safeguards agreements, requiring among other things, that Iran provide, early on, a description of the scope and parameters of its civil nuclear programs. Iran and the P-5 +1 could delineate activities and materials that would not be included in the Iranian programs because such activities—certain experiments, manufacturing of uranium metal, expelling inspectors, etc.—are neither necessary for nor consistent with purely peaceful nuclear programs.[74] In negotiating these and other terms of a nuclear deal, Iran will press for provisions that are applicable to all NPT signatories and do not single out Iran for special treatment. Agreement by Iran to share plans for its civil nuclear program could become one of the confidence-building steps that would be part of a settlement between Iran and the P5+1. Iran has already publicized the Supreme Leader's *fatwa* at the United Nations.[75]

3.2 Limiting enrichment and acquisition of separated plutonium. Iran's enrichment of uranium is the main source of the international community's anxiety about Iran's nuclear program, since a nuclear weapon cannot be built without either uranium enriched to weapons grade or plutonium.[76] An initial agreement with Iran should include limitations on the level to which Iran could continue to enrich uranium—no higher than 3.5% to 5%, the level required to provide fuel for nuclear power reactors—and on the quantity of enriched uranium that Iran could stockpile. Iran would be expected to cease production of 20% enriched uranium (with the parallel assumption that fuel required to produce medical isotopes would be reliably supplied to Iran). Uranium enriched to 20% can be upgraded for weapons use relatively quickly and easily, so a first-phase nuclear agreement with Iran will have to address this issue. The Iranians claim that this 20% enriched uranium is needed for their Tehran Research Reactor (the TRR, supplied to Iran by the

United States during the Shah's reign), which produces isotopes for research and cancer treatment; the United States has offered to provide the 20% fuel as needed and to assist Iran in improving the efficiency of the reactor to obviate Iran's having to build several other reactors to meet their needs for isotopes to treat cancer.

In addition to the 20% issue, there are a number of related enrichment and fuel cycle concerns that will have to be addressed, including the status of the underground Fordow enrichment facility; the development of more advanced centrifuges; and the future of the Arak reactor program. In the case of Fordow and the new centrifuges, the focus will be on assuring the international community that neither would be used for rapid breakout from Iran's NPT obligations. Providing such assurance would acknowledge Iran's enrichment with limits and enhanced monitoring. A nuclear deal should also include a suspension of work on the Arak reactor that could produce plutonium.

The limitation on the amount of low-enriched uranium that Iran could produce and stockpile should reflect Iran's current and future needs, as those needs fit within a plausible civil nuclear program. Enrichment levels and stockpiles would be monitored and verified by the IAEA. Reprocessing would not be permitted; nor would the importation of separated plutonium be allowed. While Iranian interest in selling fuel internationally would represent an additional complication, reasonable estimates could be made of the potential market and pricing and the issue most likely could be accommodated.

Once such a deal is reached between the United States and Iran, and with full agreement from the P5+1, the UN Security Council could be asked to endorse it, since several existing Security Council Resolutions—which have independent legal standing—prohibit enrichment. Both Iran and the United States will have achieved a major objective.

3.3 Ensuring transparency. The IAEA is best equipped to design and describe a program for monitoring any agreement reached with Iran (the IAEA will also want to clear up its concerns about Iran's past PMD activities, as mentioned above). Any such arrangement should include provisions that allow for the continued modernization and improvement of monitoring techniques.

3.4 Offering partial sanctions relief. Important as sanctions are as bargaining chips, the easing of sanctions would present serious challenges for the President, whose ability to modify many key sanctions without Congressional approval is limited. Certainly, a U.S. commitment to "no new sanctions" should be considered as part of any early deal. The European Union may be able to lift some of its sanctions on petroleum product exports to Iran and Central Bank financial controls more easily and rapidly than the United States. For a robust first phase agreement, consideration should be given to allowing the construction of pipelines for oil and gas between Iran and Pakistan and India, a move that would have benefits for us and our friends as well.

3.5 Longer-term possibilities. Over the long run, more creative approaches to Iran's nuclear program might be worked out, such as an agreement to multi-lateralize or internationalize the enrichment program, enabling Iran to enter into partnerships with other governments. Iran itself has made such proposals in the past.

4. MOVING INTO BILATERAL RELATIONS

Assuming progress is being made toward a satisfactory nuclear deal, Iran and the United States could focus on the broader question of their bilateral relationship.

4.1 Establish a formal bilateral channel. A designated set of representatives in a third country could carry out this function, or an American-staffed U.S. Interest Section in Tehran could be created, with regular diplomatic and consular access on bilateral issues. Indeed, such a Section might be set up sooner for the exclusive interim purpose of issuing visas, beginning with visas for Iranian officials. On a reciprocal basis, the Iranian Interests Section in Washington might be staffed with Iranian diplomatic officers (it is currently manned by dual nationals) and permitted the same range and level of contacts.

4.2 Encourage diplomatic and official contacts. U.S. and Iranian diplomats and other officials should be authorized to maintain informal as well as formal contacts with each other throughout the world. Iranian diplomats at the United Nations should have greater freedom to travel to Washington and, on occasion, to other U.S. cities. Visits of American officials to Iran and Iranian officials to the United States should be encouraged and facilitated by both sides.

4.3 Facilitate exchanges. Each side should agree to facilitate the granting of visas in order to expand scientific, technical, academic, sports, cultural, and other citizen-to-citizen exchanges. Tourism from both sides should be encouraged. Direct flights between Iran and the United States should be established, initially by third-country carriers.

4.4 Manage hostile rhetoric. While neither side is likely to stop criticizing the other, sometimes harshly, the leaders of both countries, particularly the President and the Supreme Leader, should agree to avoid (and instruct other officials to avoid) hostile and inflammatory rhetoric, in order to build a better environment for talks.

5. EXPLORING OPPORTUNITIES FOR COLLABORATION AND MANAGING SOURCES OF CONFLICT

Once the groundwork has been laid for bilateral discussions (perhaps by the end of 2013), Iran and the United States would be able to explore opportunities for collaboration in areas of mutual interest. To be sure, these explorations will be drawn out, often frustrating, and on occasion unproductive or even counter-productive. Some issues will continue to loom as troubling obstacles to a more normal relationship.

5.1 Discussions on Afghanistan and Iraq. As suggested earlier, the area that is most ripe for collaboration would be challenges in Afghanistan. Discussions aimed at producing bilateral and regional commitments not to interfere with Iraq's development could be more difficult to carry off soon—but the achievement of such an understanding between the United States and Iran and other nations could prove to be consequential for U.S. interests.

5.2 Drug trafficking. For years, the Americans and Iranians have been talking indirectly about collaborating on the control of drug trafficking, especially across Iran's border with Afghanistan, where heroin trafficking is widespread and many Iranian border guards have been killed.[77] Given the regime's concerns about the growing problem of drug addiction in Iran, this issue too seems ripe for some kind of joint problem solving.

5.3 Agreement to avoid accidental conflicts, particularly in the Persian Gulf. Bilateral talks could build on informal discussions that have already taken place between some Iranians and Americans about the need to enhance established communications channels and procedures between the countries' respective naval and other military forces, in order to prevent incidents from escalating into conflicts. While some helpful radio communications already occur between elements of the two regular naval forces, more contact is needed. Both sides might note that Soviet and American negotiators developed an agreement in 1972 for similar purposes, called the "Incidents at Sea" agreement.

5.4 A plan to wind down the sanctions and begin trade relations. One obstacle to sustained improvement in U.S.–Iran relations is likely to be Iran's impatience with the pace at which the sanctions regime can be unwound. While the President may be able to reduce or lift some sanctions by Executive Order, their complete elimination could take years or even decades, given the broad range of behaviors for which Iran has been sanctioned, the participation of other nations in the sanctions regime, and the continuing hostility of many members of the U.S. Congress toward Iran. In early discussions with Iran, the United States will need to explain this challenge carefully—including the practical aspects of the concept of separation of powers, which is not familiar to most Iranians—and work out a clearly understood plan that involves not only the United States and Iran, but also the UN Security Council, the European Union, and other sanctioning nations.

5.5 Arab–Israeli conflict. Iran's threats against Israel, its support for Hezbollah and Hamas, and its opposition to a two-state solution are among the most troubling obstacles to developing a new relationship with Iran. Over time, there may be ways to reduce and better manage this source of constant tension. This is a vexing problem and it is unlikely that early progress can be made.

5.6 Cooperation on dealing with al Qaeda, its franchise elements, and the Taliban. The United States is a very long way from trusting Iran enough to discuss strategies for dealing with al Qaeda and its offshoots throughout the Arab and Muslim world. Yet Iran has almost as strong a motivation as the United States to oppose these Sunni terrorist groups. Iran also has no love for the Taliban, although Iran apparently has found opportunities to work with some Taliban groups, perhaps to spite the United States. Iranian intelligence and IRGC agents are well informed on the activities of Sunni terrorists; if sufficient progress has been made toward resolving other critical tensions between the United States and Iran, the two might eventually be prepared to exchange helpful information.

IV. STRENGHTHENING THE DIPLOMATIC TRACK: PRACTICAL CONSIDERATIONS AND STRATEGIC OPTIONS

“Leadership is the art of getting someone else to do something you want done because he wants to do it.”

Dwight D. Eisenhower, 1951

V.

Concluding Observations: Costs and Benefits of Trying To Work with Iran.

We have presented a mixed and complex picture concerning whether and how the United States might strengthen the diplomatic track of its Iran policy and seek a more direct, constructive engagement with Iran—initially focused on resolving nuclear-related issues, and then (assuming progress toward a nuclear deal) on a broader range of concerns. In this concluding section, we offer a summary of the major costs and benefits of such an effort.

COSTS AND RISKS

▶ **Negative public reactions.** Any decision by the U.S. President to work with Iran would be disruptive politically and psychologically for the entire region, since it would break with a traditional and dependable constant of opposing Iran in U.S. foreign policy. Public reactions to any new initiative with Iran could become an insurmountable obstacle. Strong negative reactions from Israel and perhaps Saudi Arabia could result in intense Congressional and international hostility.

▶ **Risk of rebuff or failure.** There is the risk that Iran may rebuff U.S. approaches, either because Iran's Supreme Leader remains convinced that U.S. policy really amounts to "regime change" or because domestic Iranian politics make it too difficult for Iran's leadership to risk working with the United States (or because Iran actually wants nuclear weapons). It may be that no nuclear deal can be reached, even if direct negotiations with the United States get under way—either because the United States (and ultimately the P5+1) is not able or willing to present a sufficiently attractive nuclear package to Iran, or because Iran's leadership ultimately decides that it cannot accede to international demands for the limitation and greater transparency of Iran's nuclear program. Should rebuff or failure be the outcome of a U.S. effort to work with Iran, the image of the United States could be weakened in the Arab world. This could cause the United States to align itself even more closely with its traditional allies and friends in the region, which in turn could exacerbate polarization.

▶ **Risk that the timing is wrong.** Some argue that the timing is not right for an effort to work with Iran. They argue that it would be better and less risky to put off such a decision until circumstances change in some way that forces or makes possible a "new relationship" with Iran. Such changes might include—for example—a crisis in the regime or military action taken against Iran. In the meantime, some observers and experts note, Iran is under such close scrutiny that it might choose not to develop a nuclear weapon, even if it wanted to, so there is no urgent need to try out a new policy approach.

BENEFITS AND POTENTIAL BENEFITS

▶ Limits to Iran's nuclear activities and reduced proliferation risk. Neither increased sanctions nor sanctions plus the threatened use of military force is likely, on its own, to motivate Iran's leaders to reach a nuclear deal.[78] Only by working together directly to address core concerns will it be possible to change the Iranian regime's calculus about complying with key international demands.

▶ Improved ability to manage challenges in Afghanistan and Iraq. Iran is a major player and has a major stake in the future of these two countries. Their eventual stability and growth cannot be assured without the engagement and even cooperation of Iran.[79] In Iraq and in Afghanistan, U.S. and Iranian interests and objectives are reasonably aligned, despite disagreement on strategies and tactics.

▶ A more balanced and coherent U.S. strategy in the changing Middle East. In today's Middle East, the most violent and disruptive forces are non-state actors and opposition groups within nations. Simmering religious and ethnic tensions between Sunni and Shia, Christian, Jew, and Muslim, Persian and Arab, and Arab and Kurd are another source of instability that ignores national borders. In this context, the United States will want to have access to and contact with all of the governments in the region; the United States also will want to avoid playing a polarizing role between religious or ethnic communities. By working to reverse the downward spiral of U.S.–Iran relations, the United States could put itself on a more balanced footing and enhance its own ability to understand and manage growing challenges in the region.

> "If Iran acts as a nation and not as a revolutionary cause, there is no reason for America or other permanent members of the UNSC to be in conflict with it. On that basis I would hope that a negotiated solution would be found in a measurable time."

Henry Kissinger, 2013

VI.

Primer on Prior Initiatives to Improve U.S.–Iran Relations.

The history of the relationship between the United States and the Islamic Republic of Iran has been characterized by unaddressed grievances and missed opportunities on both sides. In this Primer, we focus on some of the most important attempts made during the past three decades to improve U.S.–Iran relations. In each case, we describe the context in which the overture was made and the nature of the overture, followed by an analysis of the reasons for its lack of success or (in a few rare cases) its success. This is a summary document. We have not attempted to provide a comprehensive account of each scenario here, but have, however, tried to convey the essential features of the interaction in each instance.

1. BACKGROUND: STRONG OFFICIAL RELATIONS DURING THE COLD WAR, BREAK DOWN IN 1979

The United States and Iran developed a strong political and economic strategic relationship at the beginning of the Cold War. Until then, relations had been limited, but the United States usually aligned itself with pro-constitutional and nationalist forces within Iran, and Iran viewed the United States as a valuable counterweight to traditional Russian and British influence. By the late 1940s, the United States was advising the Iranian government on economic management, helping to organize Iran's police and military forces, and providing military assistance as a bulwark against Soviet expansion. By the mid-1950s, the United States and Iran had established strong trade agreements and fortified their political and economic ties.

The United States and Iran signed a civil nuclear cooperation agreement in 1957 as part of the U.S.-led Atoms for Peace Program, although it was not until 1965 that Iran showed any interest in nuclear technology.[80] The 1957 agreement provided Iran with technical assistance and research cooperation on peaceful nuclear energy projects[81]; the agreement also allowed Iran to lease enriched uranium from the United States. In 1967, the United States supplied Iran with the Tehran Nuclear Research Center, which included the Tehran Research Reactor (TRR). The TRR is a 5 megawatt-thermal pool-type light water research reactor that was originally fueled by highly enriched uranium, or HEU (it has since been modified and is now fueled by moderately-enriched uranium at 19.75%). The following year, Iran signed the Nuclear Non-Proliferation Treaty (NPT), which regulates member states' nuclear activities. In the mid-1970s, when Iran's leader, Reza Shah Pahlavi, announced that Iran would have 23 nuclear power plants by 1994, the United States voiced support for his ambitious goal.[82] In 1976, President Gerald R. Ford signed a directive that granted Iran the opportunity to purchase U.S.-built reprocessing equipment and facilities that would enable Iran to extract plutonium from nuclear reactor fuel, providing another potential pathway to a nuclear weapon.[83]

Despite the strong *official* relations between the United States and Iran during these decades, segments of the Iranian public had come to hold two major grievances against the United States. One source of resentment was America's instigation and financing (with Britain) for the 1953 coup d'état that overthrew Iran's first democratically elected Prime Minister, Mohammad Mossadeq, who had nationalized Iran's oil industry. The second source of resentment was the United States' longstanding support for Iran's tyrannical and corrupt leader, Reza Shah Pahlavi. These popular discontents contributed to the Iranian Revolution of 1979 that overthrew the Shah.

The United States broke off all ties with Tehran in 1980, five months after Iranian militants stormed the U.S. embassy and took more than 50 American citizens hostage for what would ultimately be 444 days. Immediately following the Revolution, the United States cut off the supply of HEU for the TRR, causing it to shut down for several years and leaving Iran with billions of dollars' worth of unfinished nuclear projects. By the 1980s, Iran was finding other means to finish these projects, first through an agreement with Argentina that gave Iran moderately enriched uranium (19.75%) to fuel the TRR. The TRR has been fueled at this level since 1987.[84]

In January, 1981, the U.S. and Iran signed an agreement known as the Algiers Accords, which addressed disputes and increased tensions that emerged following the Iranian Revolution. Signed by U.S. Deputy Secretary of State Warren Christopher and Iran's Deputy Prime Minister, Behzad Nabavi, with Algeria acting the intermediary, the accords principally sought to resolve the hostage crisis. The accords also marked a mutually agreed severance of official diplomatic relations between the United States and Iran.[85] The first point of the four-point agreement committed the United States to non-intervention in Iran's internal affairs, a pledge that has since become a point of contention, given Iranian suspicions that the real goal of U.S. policy toward Iran is regime change.[86]

Since 1979, U.S. interests in Iran have are represented by the U.S. Interests Section of the Swiss Embassy in Tehran. Iranians interests are represented by the Iranian Interests Section of the Pakistani Embassy[87] in Washington.

2. 1980 –1989: THE IRAN-IRAQ WAR; IRAN AND ISRAEL MAINTAIN TIES; THE IRAN CONTRA AFFAIR

Opportunity for improved relations:

▶ While the Islamic Revolution and the hostage situation created a crisis in U.S.–Iranian relations, Israel's precarious security was best protected by continued collaboration with Iran (which Israel viewed as a potential check on Arab power), in spite of the new regime's anti-Israeli ideology. This collaboration became even more pronounced after Iraq's invasion of Iran in September 1980, since an Iraqi victory could spell disaster for Israel's security. Only three days after Iraq crossed Iran's borders, Israeli Foreign Minister Moshe Dayan held a press conference to urge the United States to forget about past differences (even as Iran still held U.S. citizens hostages) and to "help Iran keep up its defenses" against Iraq.[88] Despite the Carter administration's embargo on arms sales to Iran, Israel continued to supply Iran with arms and spare parts for Iran's American made weapons. While President Carter objected to the sales, the Reagan administration later chose to turn a blind eye to them.[89] In all, Iran purchased over $500 million worth of arms from Israel between 1980 and 1983, most of it paid through Iranian oil sales to Israel.[90] Israeli Prime Minister Ariel Sharon defended these transactions at the time, because Israel felt it was important "to leave a small window open" to possibly improving relations with Iran over time and because Iraq represented a much greater threat to Israel at that time.[91]

▶ Throughout the 1980s, Israeli and American perspectives on Iran continued to diverge. Washington was increasing its support for Iraq in the war, while Israel assisted Iran due to the fear that an Iraqi victory would significantly boost Arab power in the Middle East. In 1985, Hezbollah (the pro-Iranian militant group in Lebanon) hijacked a TWA passenger plane, demanding the release of prisoners in Kuwait, Israel, and Spain. Hoping to win favor and a large arms sale from the United States, Iran offered to help negotiate the release of the hostages. Meanwhile, the Reagan administration was becoming increasingly concerned about a perceived Iranian tilt towards the Soviet Union. Israel urged the Reagan administration to make contact with Iranian officials in order to support purported anti-Communist forces in Iran and to establish—in the words of then Prime Minister Shimon Peres —"a broader strategic relationship."

▶ So there emerged a convergence of interest among the three parties: The United States wanted the release of the TWA hostages held in Lebanon, Israel wanted to rekindle ties with Iran and push the United States away from Iraq, and Iran was in need of weapons to win the war.[93] With Israel serving as the conduit, representatives of the three states met several times, including a high-level meeting in Tehran in May 1986, involving top aides from the Reagan administration, among them National Security Advisor Robert McFarlane; Iranian arms dealer Manuchehr Ghorbanifar and Albert Hakim, an Iranian businessman; and Ali Hashemi Rafsanjani (nephew of later President Rafsanjani), who had received direct permission from the Supreme Leader to carry out the deal. Though the immediate topic of discussions was the arms-for-hostages proposal (Israel would supply arms to Iran in exchange for Iran's help in getting the release of American hostages), some experts believe the United States intended to use these contacts to explore a new relationship with Iran. It certainly was the Americans' hope that their Iranian interlocutors would help to strengthen moderate factions within Iran's government—although the anti-Communist Iranians ultimately proved to have nearly no influence. In spite of frustrations and initial failures, McFarlane found the talks encouraging. He was left with the impression that there were "sensible people in Tehran" who were interested in "relieving their isolation, and restoring a measure of normalcy to relations with the West."[94]

▶ Due to internal rivalries within the Iranian government and alleged Iranian unhappiness about Israel's direct involvement in the discussions, the secret negotiations and arms deals

were eventually leaked to the press by Iranians.[95] With the revelation that profits were being channeled illegally to the Nicaraguan Contras, who were being armed by the United States to fight the Sandinistas for control of Nicaragua, the affair created one of the biggest scandals of the Cold War era.[96] Even so, in a televised address to the American people, President Reagan defended the operation by stating that "it's because of Iran's strategic importance and its influence in the Islamic world that we chose to probe for a better relationship between our countries."[97]

Why the opportunity was missed:

▶ In addition to being concerned about Iran's ambitions to export its Islamic Revolution to neighboring countries, the United States was concerned about Iran's potentially warming relations with the Soviet Union. The Cold War struggle for influence in the Persian Gulf was a driving factor in U.S. policy toward support of Iraq during the Iran-Iraq war, and trumped any warming of relations with Iran. Given the high price paid by Iran in that war (more than 1 million Iranians injured and killed, 2 million displaced, and more than $600 million worth of damages[98]), the United States' support for Iraq was a severe blow to the possibility of improved relations. U.S. alignment with Iraq not only emboldened hardline Iranian factions that were adamantly anti-American, but also weakened the more moderate factions that had been trying to rekindle ties with the United States.[99]

▶ In 1988, the United States Navy guided missile cruiser *USS Vincennes* accidentally shot down an Iranian passenger plane over the Persian Gulf, mistaking it for a fighter jet, killing all 290 passengers on board. This incident casts a shadow on U.S.–Iran relations to this day.

▶ In retaliation for Iran's mining of the Persian Gulf during the Iran–Iraq War, which resulted in damage to an American warship, the United States launched its largest American Naval operation since WWII—operation "Praying Mantis." This U.S. attack took place within Iranian territorial waters and hit some of Iran's oil platforms in the Persian Gulf. Iran's leaders believed that these actions were in direct violation of the Algiers Accords and eventually took their objections to the International Court of Justice, which ruled that "the actions of the United States of America against Iranian oil platforms... cannot be justified as measures necessary to protect the essential security interests of the United States."

▶ The Iran–Contra scandal proved politically damaging and distracting to the leaderships of both countries, on a domestic level.

3. 1989–1992: RAFSANJANI'S OUTREACH AND THE FIRST PERSIAN GULF WAR

Opportunity for improved relations:

▶ The death of Ayatollah Khomeini, in 1989, led to a complex factional struggle among members of the ruling elite. Some pragmatic elements in the Iranian government became more influential and worked on loosening strict social controls. Led by President Hashemi Rafsanjani, a group within Iran's leadership came to the realization that the war had exhausted the country, leaving Iran politically isolated from its Arab neighbors and weakened economically. These pragmatists began to shift the emphasis toward spreading the revolution by making Iran a model Islamic country that others would desire to emulate. To achieve that objective, Iran needed to modernize and focus on economic recovery—a task rendered next to impossible by Iran's lack of access to Western technology and investments. This new orientation on the part of Iran's leaders necessitated improved relations with the United States.

▶ In his 1989 inaugural address, U.S. President George H. W. Bush—eager to secure the release of American hostages in Lebanon—signaled to Iran that America would reciprocate positive Iranian gestures. As he put it, "goodwill begets goodwill." When Tehran succeeded in securing the release of the remaining U.S. hostages, Iran's leaders expressed the hope that "the Americans would halt their unreasonable animosity toward [Iran]."[100]

▶ Iraq's invasion of Kuwait offered Tehran further opportunities to demonstrate its strategic utility to Washington. A channel of direct communication was set up between Iran and the United States through the Swiss Embassy in Tehran. Iran permitted the U.S. Air Force to use Iranian air space; denied Iraqi requests for support; opened its borders to nearly 1 million Iraqi refugees.[101] These steps were praised by U.S. Secretary of State James Baker, but they were not reciprocated in any practical way by the Americans.[102]

Why the opportunity was missed:

▶ By the time Iran secured the release of the hostages in Lebanon, George H. W. Bush was engaged in an electoral campaign, and political pressures made it difficult for him to respond to this achievement or to Iran's help in the war against Saddam Hussein with increased goodwill toward Tehran. Disappointed and heavily burdened economically by an influx of Iraqi refugees, Iran's leadership became more distrustful of the United States' willingness to align its actions with its promises.

▶ The defeat of Iraq in 1991 coincided roughly with the collapse of the Soviet Union. The United States was now becoming the undisputed world superpower, and rapprochement with an estranged Iran no longer held the strategic value that it once had.

4. 1995: OLIVE BRANCH AND THE CONOCO DEAL

Opportunity for improved relations:

▶ The government of President Rafsanjani made another effort to reach out to the United States in 1994. Recognizing that a political opening was difficult to engineer, Rafsanjani calculated that if an area of common economic interest could be created, a political breakthrough might follow. For the first time since 1979, Iran allowed international companies to bid on the oil production contracts—worth more than $1 billion—on two of its oil fields. Tehran conducted extensive negotiations with the American oil company Conoco. Conoco's top officials kept the State Department and President Clinton abreast of the negotiations.[103]

Why the opportunity was missed:

▶ The United States was heavily invested in the Middle East peace process at this time and the Clinton administration came to believe that the isolation of Iran was essential to achieving peace between the Israelis and Palestinians, mainly because of Iran's support of Hezbollah and Hamas. "The more we succeeded in containing [Iran], the more possible it would be to make peace," then-Assistant Secretary of State Martin Indyk explained.[104] Though the Conoco deal had been approved by the State Department, groups such as the American Israel Public Affairs Committee (AIPAC) lobbied heavily against it, prompting President Clinton to scuttle the deal through an Executive Order.[105]

5. REFORMIST WINS IRANIAN GENERAL ELECTION: KHATAMI AND ALBRIGHT MAKE OVERTURES BUT POLICY FAILS TO FOLLOW SUIT

Opportunity for improved relations:

▶ In 1997, Muhammad Khatami surprised the Iranian elite—and the world—by winning a landslide victory (70% of the electorate) in the presidential elections. A new, more liberal era seemed to have begun in Iran.[106] Soon after taking office, in January of 1998, Khatami reached out to the United States in an interview with CNN, in which he called on both countries to move past their difficult past and into a dialogue of mutual respect and understanding.[107]

▶ The Clinton administration was intrigued by this shift in Iran. Secretary of State Madeleine Albright responded, in June of 1998, by welcoming Khatami's call for a dialogue, calling for a new start in U.S.–Iranian relations, emphasizing areas of common interest, and announcing the lifting of sanctions on some Iranian exports to the United States.[108] She expressed regret for the United States' involvement in the overthrow of Iran's democratically elected Prime Minister Mohammad Mossadegh in 1953, and stated that although "the gap between us is wide…it is time to test the possibilities for bridging this gap."[109]

Why the opportunity was missed:

▶ Even as Albright responded to Khatami's overture, President Clinton sent a letter to President Khatami that had a very different tone. It stated that the United States had evidence that Iran's Revolutionary Guard Corps was responsible for the terrorist bombing in Saudi Arabia of the Khobar Towers, in which 19 American citizens were killed.[110] As a precondition for talks, Washington asked Tehran not to support any terrorist activity, to admit responsibility of the Khobar incident, and to extradite those responsible to Saudi Arabia for justice. The Iranians denied responsibility for the bombing, although Khatami responded by condemning terrorism and regretting the tragedy of Khobar. This disagreement became a major obstacle to talks. Later, inconclusive evidence from Saudi Arabia showed that Al Qaeda, not Iran, might have been responsible for the attacks,[111] although FBI head Louis Freeh continued to maintain that Iran was in fact responsible.

▶ Presumed infighting in Iran between moderate and conservative factions prevented Khatami from responding to what the Clinton administration saw as concrete and unprecedented U.S. steps toward engagement. Some in Iran objected to Albright's distinction in her speech between the "elected" President Khatami, and the "unelected" Supreme Leader. Hardliners in Tehran saw engagement with the United States as a threat to their power within Iran's elite and a boon to Khatami's reformist faction.

6. COOPERATION IN AFGHANISTAN AND BONN CONFERENCE

Opportunity for improved relations:

▶ After the terrorist attacks on September 11, 2001, Washington enlisted Iran's help to defeat the Taliban and install a new government in Afghanistan. Although there is no agreement among experts on how helpful the Iranian guards in Afghanistan actually were, the United States did join a broader coalition with the Northern Alliance in 2001, which had been supported by Iran to topple the Taliban for nearly a decade.[112] Direct collaboration was coordinated in quiet meetings that took place in Geneva, led by Ambassadors James Dobbins, Ryan Crocker, and later Zalmay Khalilzad, together with Iranian Ambassador to the UN Javad Zarif as well as the Northern Alliance representative Younnis Qanooni. For the Khatami government in Iran, this was an opportunity to demonstrate Iran's strategic utility to the United States. The apex U.S.–Iran collaboration in Afghanistan was the Bonn Conference in December 2001, after Iran had helped U.S. forces successfully enter Kabul and defeat of the Taliban in Afghanistan. Iran's role in the defeat of the Taliban was crucial, according to Dobbins.[113] In addition, Iran also used its political influence in Afghanistan to help build consensus on a new post-Taliban constitution and government.

▶ This collaborative effort between Iran and the United States proved to be one of the few joint successes over three decades of hostilities. In 2001, President Khatami also called for a

"Dialogue of Civilizations" at the UN General Assembly, and asked that 2001 be a year for creating an environment of mutual respect among all nations.[114] This was an important part of his presidential platform, to attempt to transform the nature of political dialogue among all countries.

How a brief period of collaboration became a missed opportunity:

▶ Iran's assistance in removing the Taliban government from Kabul was not publicly acknowledged by the Bush administration. Instead, in his State of the Union address in 2002, six weeks after the Bonn conference, President George W. Bush described Iran as part of the "axis of evil," along with Iraq and North Korea.[115] President Bush went on to say that Iran, along with the other members of the axis, were seeking weapons of mass destruction and warned against the dangers of the proliferation of long range missiles. The speech caused shock and outrage in Iran, among reformists and conservatives alike. It undermined Khatami's credibility within Iran and emboldened the hardline factions, which argued that Iran should not have helped the United States in Afghanistan without putting a price on its cooperation ahead of time.[116] Additionally, Ambassador Dobbins noted that an Iranian general had approached him in meetings two months later in Geneva, stating that Iran was prepared to contribute to an American-led program to build a new Afghan Army. After consulting the highest level decision makers in the White House and State Department, Washington did not provide a response.[117] Some Iranian diplomats who had been involved in the Afghan talks were later punished by losing their jobs, and other government officials became cautious about proposing any type of collaboration with the United States. The Supreme Leader and some others in the Iranian leadership became increasingly convinced that there was no area in which the United States and Iran could work together to seek an improved relationship.

7. TERMINATION OF THE U.S. TRADE BAN

Opportunity for improved relations:

▶ Just weeks after the fall of Baghdad in 2003, Tim Guldimann, former Swiss Ambassador to Tehran, hand delivered a document to Washington that offered comprehensive negotiations between the United States and Iran. In less than two years, Iran had found itself surrounded by hundreds of thousands of U.S. troops in Afghanistan and Iraq. Perhaps fearing that Iran might be next on the Bush administration's list, Iran seemed to be suggesting a renewed dialogue on the U.S.–Iran relationship. According to some sources, the offer was prepared by Sadegh Kharrazi, Iran's ambassador to Paris, and might have been approved by the Supreme Leader Khamenei.[118] But this contention is disputed by others and the exact origin of this proposal remains obscure. The proposal suggested a framework for a new relationship between the United States and Iran, based on resolving the main points of contention. In this informal proposal, Tehran agreed to consider pressing Hamas and Islamic Jihad to stop violence against Israel; making Iran's nuclear program fully transparent (i.e., signing the Additional Protocol to the NPT); helping to transform Hezbollah into a political organization; cooperating against all terrorist organizations (above all Al Qaeda); assisting in securing a non-sectarian government in Iraq (as Iran had helped to do in Afghanistan); and perhaps most surprisingly, accepting the Beirut Declaration, the Saudi Peace plan from 2002, which would symbolize Iran's formal recognition of a two-state solution to the Israel–Palestine conflict and Iran's willingness to consider itself at peace with Israel should such an agreement be reached by Israel and Palestine.

▶ In return, the Iranians asked the United States to exchange members of Mujahedin-e-Khalq (MEK), an Iranian terrorist organization based in Iraq, for al-Qaeda operatives captured by Tehran. On a strategic level, the Iranians asked for the lifting of sanctions and for recognition of Iran's right to chemical, biological, and nuclear technology programs for peaceful purposes. In addition, the Iranians asked for recognition of Iran's security interests in the region. The proposal was presented as a step-by-step plan toward a mutually beneficial endpoint.[119]

▶ This informal outline of a "grand bargain" represented the most forthcoming offer of dialogue from Iran since the revolution.

Why the opportunity was missed:

▶ The United States did not respond to Iran's apparently informal but bold overture. Vice President Dick Cheney is said to have dismissed the initiative, reportedly asserting, "we don't talk to evil."[120] It remains unclear what action, if any, was taken on this memorandum within the U.S. government.

8. 2003–2005: EU3 LEADS THE TALKS

Opportunity for improved relations:

▶ After the Iraq war, the EU3 (France, Germany, and the United Kingdom) engaged diplomatically with Iran to discuss the UN Security Council (UNSC) Resolutions against Iran's nuclear program. The EU3's aim was both to further the UNSC efforts to persuade Iran not to begin enriching uranium and to head off the possibility that the United States might use military force against Iran. The overall objective was to ensure that Iran's nuclear program did not lead to Iran's capacity to build a nuclear weapon. Iran agreed to suspend enrichment in 2004 for nearly 20 months and to implement the Additional Protocol to the NPT, in hopes of obtaining European (and American) acceptance of an Iranian nuclear program that would include some enrichment.

Why the opportunity was missed:

▶ The talks eventually failed to produce an agreement that would satisfy Iran's insistence on recognition of its "right to enrich" uranium as a signatory of the Nuclear Non-Proliferation Treaty. An EU3 proposal in August 2005 asking for *indefinite suspension* was rejected by the Iranian leadership, which believed that the Europeans and Americans were assuming that enrichment would remain suspended indefinitely without resulting in an agreement.[121]

▶ After the EU3 talks broke down, Tehran began preparations for initiating its enrichment program in August 2005. Iran had presented the EU3 with four different proposals—all of which had been rejected or ignored. From Tehran's perspective, the utility of the talks dropped significantly once it became clear that the EU3, with the United States behind it, would not recognize Iran's "right to enrich" under the NPT.

▶ A few months later, the P5+1 offered Iran comprehensive talks, with the precondition that Iran reinstate the *suspension of enrichment for an indefinite period.* Iran rejected the proposal due to the precondition and the failure of the package to recognize Iran's right to enrich.

▶ At this time, Iran's newly elected President Ahmadinejad also began taking a more hostile tone toward Israel and the United States, and removed many of the key Iranian negotiators who had been involved in the earlier decision to suspend enrichment. Iran began to enrich uranium again in 2005.

▶ In 2005, the tables turned once more. The Bush administration reached out to Tehran, through Mohammed ElBaradei, the Director General of the International Atomic Energy Agency (IAEA), seeking negotiations. Tehran dismissed the offer of direct high-level talks with the Americans as insincere. This dismissal may have been due in part to the fact that the United States was simultaneously working at the UN to increase sanctions on Iran, in concert with the international community.

9. 2007: OFFICIAL NEGOTIATIONS ON IRAQ'S SECURITY

A modest accomplishment:

▶ In 2007, the United States was facing mounting violence in Iraq, which was believed to have been backed by Iran. That same year, the U.S. Ambassador to Iraq, Ryan Crocker, met several times in Baghdad with Iranian Ambassador to Iraq, Hassan Kazemi-Qomi, to discuss security and stability in Iraq. Although the talks were confrontational and consisted mainly of an exchange of mutual complaints, Ambassador James Dobbins said that "Iranian behavior in Iraq did moderate somewhat thereafter."[122] Although there were no concrete results of the Baghdad talks, there was a decline in Iran's support of extremist Shiite militia groups within Iraq.[123]

10. 2009: OBAMA'S OUTREACH

Opportunity for improved relations:

▶ Senator Barack Obama ran on a platform of reconstituting diplomacy as the preferred tool of American statecraft. In 2007, he stated that if he was elected president, he would "engage in aggressive personal diplomacy" with Iran and would offer economic inducements and a possible promise not to seek "regime change" if Iran cooperated on Iraq, terrorism, and nuclear issues.[124] Talking to Iran became the symbolic example of his commitment to diplomacy. In his inaugural address, on January 20, 2009, Obama implicitly offered America's hand of friendship if Iran would unclench its fist.[125] In response, President Ahmadinejad sent President Obama a letter

of congratulations on his election. Shortly thereafter, the Obama administration sent a letter directly to the Supreme Leader Khamenei, which Khamenei responded to immediately. This exchange was carried out through the Iranian and U.S. ambassadors to the UN, Ambassador Mohammad Khazaee and Ambassador Susan Rice, respectively.

▶ In the spring of 2009, President Obama took a step to improve the tone of U.S.–Iran relations with his unprecedented greetings to both the Iranian people and the government of the Islamic Republic of Iran (a rare mention of Iran's official title by a U.S president), on the occasion of the Persian New Year.

▶ The Obama administration's first objective was to secure a nuclear deal that reduced Iran's stockpile of enriched uranium and achieved better international control over its nuclear program. Though the United States preferred to begin negotiations with Tehran sooner rather than later, Washington put off a formal initiative until after the Iranian presidential elections in June 2009. Due to alleged fraud in those elections and the ensuing political protests, which were harshly suppressed by the Iranian government, diplomacy with Iran was put on hold.

▶ In October 2009, at a scheduled meeting of the P5+1 with Iran to discuss Iran's compliance with the UN Security Council Resolutions, including the renewed suspension of Iran's enrichment program, the U.S. delegation had direct, bilateral talks with the Iranian delegation for the first time. Under Secretary for Political Affairs Bill Burns, and the Secretary of Iran's Supreme National Security Council, Saeed Jalili, managed this initiative. Together with its allies and with the cooperation of the head of the International Atomic Energy Agency, the United States proposed a fuel swap by means of which the West would provide Iran with fuel plates of 20% enriched uranium, needed for its Tehran Research Reactor, in return for Iran surrendering a large portion of its low-enriched uranium to a third country, under the supervision of the IAEA. The deal was conceived as a win–win, confidence-building measure. It promised to be the first such deal to emerge from the P5+1 talks, and it would have created some space and a better environment for a more detailed nuclear agreement and possibly even a broader diplomatic initiative with Iran.

Why the opportunity was missed:

▶ After some initial progress, and despite the fact that the deal had President Ahmadinejad's backing, the fuel swap fell through, primarily because the Supreme Leader and several other high-level Iranian officials felt that it was not fair to Iran. Iran would give up much of its strategic asset (enriched uranium), but would not get the fuel plates until nine months later; also, there was no guarantee that the United States and its allies would not renege on the deal. Iran asked for a simultaneous exchange of uranium and fuel plates, which was rejected by the United States. Disagreement within the Iranian leadership made immediate acceptance of a deal impossible.

▶ The United States was confused by Iranian rejection of what Washington saw as a negotiated deal, and viewed it as another example of Iran's delaying tactics and false intentions. Even though there were subsequent Iranian efforts to renegotiate the deal, there was not sufficient political will on the part of the U.S. government to revisit it.

11. 2010: BRAZIL AND TURKEY TRY TO REVIVE THE TRR DEAL

Opportunity for improved relations:

▶ After Tehran's failure to accept the fuel swap deal in 2009, the Obama administration sought a UN Security Council resolution to increase the sanctions against Iran. But two non-permanent members of the Security Council, Brazil and Turkey, sought to revive the fuel-swap proposal instead of increasing sanctions.

▶ While the United States was building consensus within the Security Council for a new round of more comprehensive sanctions, the Brazilians and Turks began negotiations in Tehran to secure Iran's agreement to a variation of the fuel swap deal. After an 18-hour marathon of negotiations, the Turks and Brazilians, believing that they had the backing of the U.S. government (as described below), reached an agreement with the Iranians on a variation of the original deal struck the previous October. Within hours after the announcement of the "Tehran Declaration," the United States rejected the proposed agreement and pressed for a vote on the new round of sanctions in the UN Security Council. The sanctions were approved.

Why the opportunity was missed:

▶ This diplomatic initiative brokered by Brazil and Turkey was racing against the UNSC sanctions package, which was ready to be passed. Unbeknownst to Turkey and Brazil, by the time they had arrived in Tehran to begin negotiations, Washington had already secured Chinese and Russian approval for a sanctions resolution.

▶ While the Turks and Brazilians described the Tehran Declaration as "a major breakthrough," the U.S. State Department was "skeptical" and did not believe that it represented "anything fundamentally new." The Obama administration rejected the proposal on the grounds that Brazil and Turkey had missed the "sell-by" date—facts on the ground had changed, due to the growth of Iran's stockpile of enriched uranium, rendering the value of the deal questionable. But in a letter to the President and Prime Minister of Brazil and Turkey only a few weeks earlier, President Obama had made no mention of the changing facts on the ground and seemed to have been encouraging Turkey and Brazil to secure Iran's approval for the fuel swap, referring to it as a "significant contribution to U.S. national security." Once again, domestic politics was a key factor—President Obama's political opposition was demanding new sanctions, and the 2010 mid-term elections were only months away. The President chose not to disagree with Congress or Israel over the unpopular issue of negotiating with Iran.[126] The administration had also worked hard to get the permanent members of the UNSC to approve the more comprehensive sanctions and did not want to miss the opportunity for an early vote in the Security Council.

VI. PRIMER ON PRIOR INITIATIVES TO IMPROVE U.S.–IRAN RELATIONS.

12. 2011: RUSSIAN STEP-BY-STEP PLAN

Opportunity for improved relations:

▶ In July 2011, Russia proposed a step-by-step, four-point plan in which Iran would agree to cap its uranium enrichment level and allow transparency of its nuclear program in exchange for gradual lifting of international sanctions.[127] Every step taken by Iran would be verified by the IAEA before reciprocation would be made. Russia relayed the plan to Iran, and, according to some sources President Ahmadinejad accepted a formulation of the Russian plan in August 2011.[128] What made this plan more appealing to Iran was that it defined a clear endgame and steps that must be taken by both sides in order for them to get there. It also would have resulted in early lifting of sanctions on Iran. The United States did not accept the Russian plan since it appeared to provide major concessions upfront to the Iranians.

Why the opportunity was missed:

▶ The P5+1 rejected the Russian plan, but seemed to agree on its general framework. U.S. officials have said that they have continued to consider the proposal's framework, and held meetings with Moscow regarding the plan. Similarly, Iran had publicly welcomed the proposal but never officially committed to its terms.[129]

13. 2012: ISTANBUL, BAGHDAD, AND MOSCOW: P5+1 AND TECHNICAL TALKS

Opportunity for improved relations:

▶ In April 2012, the P5+1 and Iran renewed diplomatic negotiations in Istanbul. Two more rounds of meetings were held in May (Baghdad) and June (Moscow). In Istanbul, a step-by-step process based on reciprocity and proportional offers within the framework of the Non-Proliferation Treaty was agreed upon as the basis for the talks. This was an important breakthrough stimulated in part by the Russian initiative with Iran. The atmosphere in the Istanbul talks was more positive than in any discussions since October 2009. The new climate between the United States and Iran in Istanbul was encouraged, reportedly, by a constructive verbal message from the White House that was conveyed through several different diplomatic channels.

▶ The Istanbul meetings led to an agreement for subsequent technical talks. But following the Istanbul meeting, which ended on this relatively constructive note, the two sides began discussing the substance of the issues and the difficulties re-emerged.

Why the opportunity may yet be missed:

▶ In Baghdad and Moscow, the two sides made offers and counter-offers. Tehran sought two key concessions from the United States and its allies: recognition of its right to enrich and easing of sanctions. The United States and the P5+1, on the other hand, articulated three major demands of Iran based on the NPT: 1) implement the Additional Protocol and beyond which enables further inspections by the IAEA, including visits to military sites such as Parchin to address concerns about potential military dimensions of the country's nuclear activities; 2) cap enrichment at 3.5%; and 3) close the underground enrichment plant at Fordo, cease enrichment to 20%, and convert to fuel rods or export all enriched uranium stockpiles that are not immediately used for domestic consumption.[130]

▶ Tehran ruled out the closing of Fordo and remained skeptical about shipping out any of its enriched uranium. The United States and the EU, on the other hand, refused to discuss sanctions relief, while agreeing to provide spare parts for civil aircraft and a few other minor concession. The P5+1 rejected a formal recognition of Iran's "right to enrich" and was not prepared to address that issue directly until some later phase of the negotiation process.

▶ With U.S. presidential elections upcoming, the White House viewed any concessions to Iran in an election year as risky. Iran, in turn, was disinclined to give concessions to a U.S. administration that might lose the elections and be replaced by an administration with very different priorities.

14. 2013: ALMATY AND ISTANBUL: A NEW ROUND OF DISCUSSIONS

▶ On February 26, 2013, senior representatives of Iran and the P5+1 met in Almaty, Kazakhstan. The discussions were more substantive than at times in the past, and each side was reported to have presented proposals that began to close the gap. The parties agreed to meet at the technical level just before the Iranian New Year, which was a sign of seriousness on the part of Iran. The "technical" representatives met in Istanbul in March and subsequently in Almaty again on April 5-6, where the sides seemed to move closer together. The talks reportedly centered on the reduction and cessation of 20% enrichment by Iran in exchange for some sanctions relief. No significant agreement has been reached. ■

Endnotes

[1] *Weighing Benefits and Costs of Military Action Against Iran,* The Iran Project, Sept. 2012; and *Weighing Benefits and Costs of International Sanctions Against Iran,* The Iran Project, Dec. 2012. For full copies of The Iran Project's earlier reports, visit www.theiranproject.org/reports

[2] Some recent reports worth noting here are: "Time to Move from Tactics to Strategy on Iran," The Iran Task Force of The Atlantic Council, April 2013; "Solving the Iranian Nuclear Puzzle," Arms Control Association, Feb. 2013, http://www.armscontrol.org/files/ACA_Iran_Briefing_Book_2013.pdf; "Spider Web; The Making and Unmaking of Iran Sanctions," International Crisis Group, Middle East Report No. 138, Feb. 2013, http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/iran/138-spider-web-the-making-and-unmaking-of-iran-sanctions.aspx; and Bijan Khajehpour, Reza Marashi, and Trita Parsi, "Never Give in and Never Give up," National Iranian American Council, March 2013, http://www.niacouncil.org/site/DocServer/Never_give_in__never_give_up.pdf?docID=1941

[3] For more on Ayatollah Khamenei's leadership and power in Iran, see Karim Sadjadpour, "Reading Khamenei: The World View of Iran's Most Powerful Leader," Carnegie Endowment for International Peace, 2009, http://www.carnegieendowment.org/files/sadjadpour_iran_final2.pdf

[4] For many years the United States was unable to have direct talks with China, until President Richard Nixon's diplomatic breakthrough efforts. Despite talks with North Korea in 1994, U.S.–North Korea ties quickly deteriorated after George W. Bush called the North part of an "axis of evil" in 2001. Again the six parties agreement worked out between North Korea, Japan, the United States, South Korea, Russia, and China between 2003 and 2005, fell through due to excessive economic pressure from the United States, issues on verification measures, as well as the perception that the parties were not on equal footing, causing North Korea to abandon the deal. If the United States had pursued direct and swift talks earlier in the process, the current state of nuclear-capable North Korea might have been avoided. Another example was a major missed opportunity to open peace talks with North Vietnam in late 1966, more than a year and a half before the opening of the Paris peace talks and more than six years before the end of direct U.S. involvement in the war. According to Polish and Italian officials who helped broker the secret diplomatic deal, the Vietnamese abandoned the almost-signed agreement due to U.S. bombing in Hanoi. For more on these cases, see Evelyn Goh, *Constructing the U.S. Rapprochement with China 1961-1974: From Red Menace to Tacit Ally,* Cambridge University Press: UK, 2005. Also, "Factbox: History of failed nuclear agreements with North Korea," Reuters, Feb. 29, 2012, http://www.reuters.com/article/2012/02/29/us-korea-north-talks-idUSTRE81S1PG20120229. See also James G. Hershberg, *Marigold: The Lost Chance for Peace in Vietnam,* Stanford University Press/Wilson Center Press, Jan. 2012.

[5] For full copies of The Iran Project's earlier reports, visit: www.theiranproject.org/reports

[6] U.S. Director of National Intelligence James Clapper stated on March 2013 in the most recent Worldwide Threat Assessment: "we assess Iran could not divert safeguarded material and produce a weapon-worth of WGU [weapons-grade uranium] before this activity is discovered." Iran's enrichment capabilities are described on p. 7 of the March 12, 2013, report "Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence," http://intelligence.senate.gov/130312/clapper.pdf. Iran has made technical progress in the last year which could allow it to produce WGU, if its leaders chose to do so. The international community would detect such efforts before completion, Clapper reports. See also, James R. Clapper, Director of National Intelligence, testified with high confidence that Iran has not decided to develop nuclear weapons, in a hearing before the U.S. Senate Committee on Armed Services, March 10, 2011, http://www.armed-services.senate.gov/statemnt/2011/03%20March/Clapper%2003-10-11.pdf.

[7] The United States Department of State consistently designates Iran as a state sponsor of terrorism for its rhetorical, financial, and material support for Hezbollah, Hamas, and others. See State Sponsors of Terrorism Overview, April 30, 2008, for implications. http://www.state.gov/j/ct/rls/crt/2007/103711.htm

[8] The U.S. Department of State asserts that Iranian authorities provided weapons, training, funding, and guidance to some Iraqi militant groups that target Coalition and Iraqi security forces. op. cit. http://www.state.gov/j/ct/rls/crt/2007/103711.htm

[9] Indira A.R. Lakshmanan and Nicole Gaouette, "Departing Clinton Warns Iran is Expanding Aid to Assad," Businessweek, Feb. 01, 2013, http://www.businessweek.com/news/2013-01-31/clinton-says-iran-russia-help-syrian-regime-fight-rebels

[10] "Human rights situation in Iran warrants serious concern, UN expert reports," The UN News Center, March 11, 2013, http://www.un.org/apps/news/story.asp?NewsID=44344&Cr=iran&Cr1=#.UT9W29E__Ug

[11] For more on Iran's military capabilities and inability to modernize, see Anthony Cordesman, "The Conventional Military," *The Iran Primer,* United States Institute of Peace http://iranprimer.usip.org/resource/conventional-military

[12] Black market trade networks may allow Iran to access dual-purpose technologies regardless of sanctions. Public Law 111-95, "Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010," July 1, 2010, http://www.treasury.gov/resource-center/sanctions/Documents/hr2194.pdf. Iran also uses "deceptive financial and commercial conduct" to purchase dual-purchase materials via intermediaries and front companies. For a description of these practices, see: "Under Secretary for Terrorism and

Financial Intelligence, Stuart Levey, Written Testimony, Senate Committee on Banking, Housing, and Urban Affairs," Oct. 6, 2009, http://www.treasury.gov/press-center/press-releases/Pages/tg314.aspx

Some effect has been reported, for example: in 2007, U.S. pressure on the UAE directly decreased Iran's ability to import dual-purpose materials. 40 Iranians companies were closed in that year as a result. Shayerah Ilias, Congressional Research Service, Iran's Economic Conditions: U.S. Policy Issues, April 22, 2010, http://www.fas.org/sgp/crs/mideast/RL34525.pdf

Some dual-use Iranian property has remained blocked in the United States under sanctions imposed in November 1979, "Overview of OFAC Regulations Involving Sanctions Against Iran," http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran.pdf

[13] In a recent report, the National Iranian American Council (NIAC) argues that sanctions have not translated into pressure on the Iranian regime to shift its nuclear stance. NIAC argues that this is largely because of the absence of meaningful sanctions relief on the negotiating table and United States over commitment to sanctions/pressure have made a counter narrative to the Supreme Leader's tough stance difficult. His position is that the United States is out to destroy Iran and any Iranian concessions will only intensify U.S. hostility. Bijan Khajehpour, Reza Marashi, and Trita Parsi, "Never Give in and Never Give up," National Iranian American Council, March 2013, http://www.niacouncil.org/site/DocServer/Never_give_in__never_give_up.pdf?docID=1941

[14] In a recent article, the President of the National Iranian American Council states, "for the first time, United States and Iran appear to have begun real negotiations." See, Trita Parsi, "The Ball is in Iran's Court," *Diplomat,* March 1, 2013, http://thediplomat.com/2013/03/01/the-ball-is-in-irans-court/?all=true See also: Iran Nuke Talks Reach Positive Turning Point," CBS News, Feb. 27, 2013, http://www.cbsnews.com/8301-202_162-57571507/iran-nuke-talks-reach-positive-turning-point/

[15] William J. Broad, John Markoff, and David Sanger, "Israeli Test on Worm Called Crucial in Iran Nuclear Delay," *New York Times,* Jan. 15, 2011, http://www.nytimes.com/2011/01/16/world/middleeast/16stuxnet.html?pagewanted=all&_r=0

[16] At a news conference in 2004, President Bush admitted, "We've sanctioned ourselves out of influence with Iran," Elaine Sciolino, "The United States and Europe Differ Over Strategy on Iran," *New York Times,* Jan. 25, 2005, http://www.nytimes.com/2005/01/29/international/europe/29iran.html?pagewanted=print&position=. In addition, while increased adverse economic impacts may have persuaded Iranian leaders to meet with the P5+1 throughout 2012, the absence of a direct U.S.–Iran channel may have prevented the talks from achieving any U.S. initiatives, as explained in an interview with Gary Sick. "Crisis-Managing U.S.–Iran Relations," Council on Foreign Relations, March 6, 2012, http://www.cfr.org/iran/crisis-managing-us-iran-relations/p27558.

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[18] President' Ahmadinejad's latest trip to Cairo may have initiated a change in relations between Egypt and Iran. See Kareem Fahim and Mayy El Sheikh, "Ahmadinejad Visits Egypt, Signaling Realignment," *New York Times,* Feb. 5, 2013, http://www.nytimes.com/2013/02/06/world/middleeast/irans-president-visits-egypt-in-sign-of-thaw.html

[19] Jeremy Bowen, "Bahrain Tensions a Trigger for Gulf Turmoil," BBC News, Dec. 13, 2012, http://www.bbc.co.uk/news/world-middle-east-20606069, See also Bruce Ridel, "Iran Seeks to Exploit Grievances of Easter Saudi Arabians," Al-Monitor, Nov. 9, 2012, http://www.al-monitor.com/pulse/originals/2012/al-monitor/iran-shia-saudi.html

[20] Deputy National Security Adviser Ben Rhodes told Reuters in 2012: "It's very much the policy of the United States to change Iran's behavior through our sanctions and through isolation, not to change the Iranian regime." Tabassum Zakaria and Caren Bohan, "Obama's olive branch to Iran turned into sanctions hammer," Reuters, Jan. 2012, http://www.reuters.com/article/2012/01/13/us-obama-iran-idUSTRE80C26V20120113

[21] For more on the U.S. covert operations against Iran, see Muhammad Sahimi, "Timeline: The Decade-Long Covert War Against Iran," PBS Tehran Bureau, Jan. 15, 2012, http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2012/01/timeline-a-long-covert-conflict.html For more on the United States supporting Iranian opposition groups such as the Mujahideen-e-Khalq (MEK), see Seymour Hersh, "Our Men in Iran?" *New Yorker,* April 2012, http://www.newyorker.com/online/blogs/newsdesk/2012/04/mek.html

[22] See Kenneth Pollack, The Persian Puzzle (New York: Random House, 2005), for discussion on internal debate over sanctions policy from the Carter administration up to the Bush administration.

[23] The rapidly plummeting value Iranian rial has contributed to a rapid expansion of unofficial, black-market trade between Iran and Afghanistan, Iraq, Pakistan, and Turkey. The Obama administration attempted to combat this trend by passing an Executive Order that gave the Treasury Department "capacity to punish any person who buys dollars or precious metals, like gold, on behalf of the Iranian government." Executive Order 13622, July 30, 2012, http://www.gpo.gov/fdsys/pkg/DCPD-201200607/pdf/DCPD-201200607.pdf.

[24] For information on the IRGC role in the economy, see Ali Alfoneh, "How Intertwined Are the Revolutionary Guards in Iran's Economy," http://aei.org/article/foreign-and-defense-policy/regional/middle-east-and-north-africa/how-intertwined-are-the-revolutionary-guards-in-irans-economy/. American Enterprise Institute, Oct. 22, 2007. On "economic warfare," the head of the Iranian Central Bank, Mahmood Bahmani, stated that the bank has formed a committee to combat economic warfare, see Sadeghi-Boroujerdi, op. cit., p. 14.

[25] The hardships borne by Iranian citizenry has had a changing effect on Iran's largely pro-American youth population. See Soraya Lennie, "Iran Sanctions Stoke Anti-Us Sentiment," Aljazeera, Nov. 5, 2012, http://blogs.aljazeera.com/blog/middle-east/iran-sanctions-stoke-anti-us-sentiment

[26] Although the United States and European Union have exempted the export of medical goods, spare parts for passenger aircraft, and humanitarian relief donations, it has been reported that the increasing number and complexity of sanctions have prevented this goods from reaching Iran. See Thomas Erdbrink, "Iran Sanctions Take Unexpected Toll on Medical Imports," *New York Times,* Nov. 2, 2012, http://www.nytimes.com/2012/11/03/world/middleeast/iran-sanctions-take-toll-on-medical-imports.html?pagewanted=all&_r=0, and Erdbrink, "Iran's Aging Airliner Fleet Seen as Faltering Under U.S. Sanctions," *New York Times,* Jul. 13, 2012.

[27] Although China, Japan, India, South Korea, and other Asian countries have somewhat complied with U.S. sanctions by cutting oil purchased from Iran to qualify for exemptions from U.S. sanctions, China now is the single largest purchaser of Iran oil, and accounts for approximately 20% of the country's oil exports. Additional payments for oil are reportedly settled in gold, signifying Asia's willingness to trade with Iran to meet their growing needs. Kenneth Katzman, "Iran Sanctions Act, Congressional Research Service Report for Congress RS20871, Jan. 10, 2013, http://www.fas.org/sgp/crs/mideast/RS20871.pdf

[28] Estimates of Iran's GDP vary. For the $1 trillion dollar estimate, see "Iran Country Report," *Global Finance Magazine,* http://www.gfmag.com/gdp-data-country-reports/253-iran-gdp-country-report.html#axzz2LlAefV5c

[29] Iran has stated its readiness to "co-operate and help in order for the Syrian people to live in calmness and security," the President's website reported. Iranian Foreign Minister Ali Akbar Salehi gave visiting UN–Arab League envoy Lakhdar Brahimi a proposal aimed at ending the 19-month-long conflict in Syria. Iran proposed that Egypt, Saudi Arabia, Turkey, and the Arab League form a special envoy and send observers to Syria to stop violence, while simultaneously supporting talks between the Assad government and opposition leaders. Iran is also prepared to facilitate and host the next round of talks. See "U.S. Envoy Welcomes Iran Proposal on Syria," Al Jazeera, Oct. 2012, http://www.aljazeera.com/news/middleeast/2012/10/201210142342453736 03.html

[30] The Obama administration's recognition for the need to win over the hearts and minds within the Muslim world, was largely reflect in the President's speech delivered in Cairo in 2009. For the full transcript, see, "Text: Obama's Speech in Cairo," *New York Times,* June 4, 2009, http://www.nytimes.com/2009/06/04/us/politics/04obama.text.html?pagewanted=all

[31] For more on Iran's influence in the Levant, see Aram Nerguizian, Anthony Cordesman, and Nori Kasting, "U.S.–Iranian Competition in the Levant Parts I & II," Center for Strategic and International Studies, Jan. 2013, http://csis.org/publication/us-iranian-competition-levant-parts-i-ii

[32] Some experts are not optimistic about any Israeli accommodation to the idea of the United States working with Iran, no matter the results, as long as the current Israeli government is in place.

[33] Iranian leaders failed to negotiate with Gulf Cooperation Council states about the ownership of disputed islands in the Persian Gulf for decades, leading to occasional military maneuvers, an issue that Arab Gulf leaders interpret as indication that Iran has no interest in normalizing relations across the Gulf. Ray Takeyh, Guardians of the Revolution: *Iran and the World in the Age of Ayatollahs,* Oxford University Press, 2009, p. 133.

[34] Gregory Gause, "From 'Over the Horizon' to 'Into the Backyard: U.S.–Saudi Relationship in the Gulf," in *The Middle East and the United States: History, Politics, and Ideologies,* edited by David W. Lesch and Mark L. Haas, Westview Press, 2012, pp. 355–356.

[35] We recognize that the Sunni-Shia conflict is often overstated and oversimplified, particularly by Western observers. Due to the defined scope of this paper, we do not go further into the various dynamics of this relationship; but we do recognize its rich complexity.

[36] According to leaked cables released by Wikileaks, the Saudi ambassador to Washington, Adel al-Jubeir, quoted the king as saying the United States should, "Cut off the head of the snake," during a meeting with General David Petraeus in April 2008, widely interpreted as pressing the United States to strike Iran and dissatisfaction with the status quo of isolation. "'Cut off head of snake' Saudis told U.S. on Iran," Reuters, Nov. 29, 2010, http://www.reuters.com/article/2010/11/29/us-wikileaks-iran-saudis-idUSTRE6AS02B20101129

[37] Saudi Arabia and the Gulf Cooperation Council (GCC) states both support a peaceful negotiated resolution to the dispute over Iran's nuclear program. All fear that any military action against Iran could spur increased violence in the region. See Layelle Saad, "UAE wants sanctions on Iran to end," Gulf News, Dec. 2010 http://gulfnews.com/news/gulf/uae/general/uae-wants-sanctions-on-iran-to-end-1.724970

In a summit in Abu Dhab in 2010, the GCC states have "welcome[d] international efforts, including those made by the P5+1, to peacefully resolve Iran's nuclear crisis and hope it will respond positively to these efforts," read the final statement of the Abu Dhabi summit, Taieb Mahjoub, "Iran must be 'positive' on nuclear talks—GCC," The Daily Star, Dec. 2010, http://www.dailystar.com.lb/News/Middle-East/Dec/09/Iran-must-be-positive-on-nuclear-talks---GCC.ashx#axzz2OxTXxlxf. For more discussion, see also George Perkovich, Brian Radzinsky, and Jaclyn Tandler, "The Iranian Nuclear Challenge and the GCC," Carnegie Endowment, May 2012, http://carnegieendowment.org/2012/05/31/iranian-nuclear-challenge-and-gcc/b67p#

[38] Toby C. Jones, "Embracing Crisis in the Gulf," MER 235, Middle East Research and Information Project, Winter 2012, http://www.merip.org/mer/mer264/embracing-crisis-gulf

[39] 54% of the world's oil is found in the Gulf States, by comparison, North America holds 5.3%. Gulf oil accounts for about 17% of U.S. imports and 16% of Europe's. See Lawrence G. Potter, *The Persian Gulf: Tradition and Transformation,* Headline Series: Foreign Policy Association Nos. 333–334, 2011.

[40] The oil market has not been affected that much by European embargo, but does spike with increased tensions, prospects of military action. Laura El-Katiri and Bassam Fattouh, *On Oil Embargoes and the Myth of the Iranian Oil Weapon,* Oxford Institute for Energy Studies, Feb. 10, 2012, http://www.oxfordenergy.org/2012/02/on-oil-embargos-and-the-myth-of-the-iranian-oil-weapon/

According to the U.S. Energy Information Administration, Iran holds the world's fourth-largest proven oil reserves, and the second largest of natural gas. Iran is OPEC's second-largest oil producer and the third-largest crude oil exporter in the world. U.S. Energy Information Administration, "Iran: Country Analysis," Nov. 2011, http://www.eia.gov/countries/country-data.cfm?fips=ir

In 2012, the United States has increased oil imports from Saudi Arabia by 20%. This is said to be due, in part, by United States increased sanctions against Iran. In order to keep oil prices stable, Saudi Arabia has increased production. See Clifford Krauss, "U.S. Reliance on Oil From Saudi Arabia Is Growing Again," *New York Times,* Aug. 16, 2012, http://www.nytimes.com/2012/08/17/business/energy-environment/us-reliance-on-saudi-oil-is-growing-again.html?pagewanted=all

[41] Domestic conflict has been most pronounced in Bahrain, but also has surged in Eastern Saudi Arabia including sectarian grievances of longstanding class resentment, as well as labor strikes in Kuwait and in Oman.

[42] Two main concepts for an improved Gulf security strategy have emerged over time. 1) A regional alliance that would include Iran and 2) an alliance against Iran, along the lines of NATO and possibly involving guidance from U.S. Central Command (CENTCOM). The Gulf Cooperation Council (GCC) has long espoused enmity with Iranian leadership and fearful of its influence in the region, but its coordinated military weight is negligible. The United States has bilateral defense agreements with most of the GCC states, and maintains active military bases in all of them, with the exception of Saudi Arabia, where the United States has strong advisory presence and air/port facilities that could be utilized at a moment's notice in the event of a crisis. The United States has over time urged the GCC to develop a more effective military collaboration with the CENTCOM structure for air defense for example, but the GCC states express little trust in putting their security in the hands of other countries. In some ways, the United States is already serving as the glue in GCC military cooperation, providing the use of U.S. equipment, joint training with regional militaries, as well as the U.S. presence providing an early-warning capacity. Although the elements for a formal military alliance in the Gulf are there, it has not yet taken shape. The question to include or exclude Iran remains in disagreement. Qatar for example, recently proposed a GCC security pact involving Iran in order to address a range of regional security issues. The situation between GCC states and Iran represents a classic security dilemma, in which security measures taken by one party might jeopardize the interests of the other, giving the other party a strong incentive to adopt countermeasures that leave both sides markedly less secure and more mistrustful than they had been at the outset. See "Qatar Offers 'GCC+1' to include Iran," Al Monitor, Feb. 2012, http://www.al-monitor.com/pulse/iw/contents/articles/opinion/2013/02/qatar-proposal-gcc-iran.html

See also, "Saudis Urge Persian Gulf Security Pact with Iran," Global Research, Nov. 2008, http://www.globalresearch.ca/saudis-urge-persian-gulf-security-pact-with-iran/11158

See also, United States Senate Committee on Foreign Relations, "The Gulf Security Architecture: Partnership with the Gulf Cooperation Council," 112 Congress second session, 112–35, U.S. Government Printing Office, June 9, 2012.

[43] For more detail on this instance, see the Primer of this paper. The opportunity for the United States and Iran to work together in Afghanistan was somewhat successful until George W. Bush's State of the Union Address in January 2002 that labeled Iran as part of the "Axis of Evil." See "Bush State of the Union Address," CNN, Jan. 29, 2002, http://edition.cnn.com/2002/ALLPOLITICS/01/29/bush.speech.txt/

[44] The United States and Iran have had, and will continue to have, some convergent interests in Afghanistan. For example, both have a stake in a stable country that is not under Taliban control; both want to prevent the flow of drugs and refugees across Afghanistan's borders; and both would like to see Afghanistan stabilize after decades of conflict and become a more reliable trading partner, transit route, and competent state that can prevent terrorist organizations from operating within its borders. The past decade however, has reinforced Iran's thinking and fears about American engagement in the region, and how a long-term U.S. role in Afghanistan might

pose an "existential threat" to the Islamic Republic, based on worries that the United States plans to use Afghanistan as a base from which to attack Iran, and to work for regime change in Tehran. See Ellen Laipson, "Engaging Iran on Afghanistan," Stimson Center, March 2012.

[45] Omar Samad, "Iran's Influence in Afghanistan After U.S. Pullout," The Iranian Primer, Jan. 17, 2013, http://iranprimer.usip.org/discussion/2013/jan/17/iran's-influence-afghanistan-after-us-pullout

[46] There is some disagreement among experts as to what the level of commitment the United States will have after its troop withdrawal in 2014. While some believe that the stability of Afghanistan will remain high on U.S. interests, others think commitments to Afghanistan will significantly diminish.

[47] The U.S. Department of State asserts that the IRGC Qods Force, in concert with Hezbollah, provided training outside of Iraq, as well as advisors inside the country, to assist Shia militants in constructing improvised explosive device technology and advanced weaponry http://www.state.gov/j/ct/rls/crt/2011/195547.htm. For more, see 2007 interview with Admiral Michael McConnell, U.S. Director of National Intelligence: Eben Kaplan, "McConnell Cites 'Overwhelming Evidence on Iran's Support for Iraqi Insurgents, Council on Foreign Relations, June 28, 2007, http://www.cfr.org/intelligence/mcconnell-cites-overwhelming-evidence-irans-support-iraqi-insurgents/p13692

[48] The United States and Iran held talks from 2006 to 2009 concerning security in Iraq. In 2009, U.S. Ambassador to Iraq Ryan Crocker said that "It is not about U.S.–Iranian relations. It's about how direct contact between us can help the situation inside Iraq." See "Envoy: U.S.–Iran Talks Will Stick to Iraq," CBS, Feb. 11, 2009, http://www.cbsnews.com/2100-500257_162-2823414.html

For more on Iran's involvement and economic trade and assistance in Iraq, see Lionel Beehner and Greg Bruno, "Iran's Involvement in Iraq," Council on Foreign Relations, March 3, 2008, http://www.cfr.org/iran/irans-involvement-iraq/p12521

[49] Louis Charbonneau, "Exclusive: Western Report—Iran ships arms, personnel to Syria, Reuters, Sep. 19, 2012, http://www.reuters.com/article/2012/09/19/us-syria-crisis-iran-iraq-idUSBRE88I17B20120919

[50] President Obama's June 2009 speech in Cairo included what was widely understood as an overture to the Iranian leadership for engagement, which came soon after a videotaped greeting to Iranian people for the Iranian New Year in March 2009. Both signified a markedly different approach to Iran at the beginning of his first term, http://www.carnegieendowment.org/globalten/?fa=50140

[51] Joseph S. Nye, "The Intervention Dilemma," *Namibian,* June 12, 2012, http://belfercenter.ksg.harvard.edu/publication/22125/intervention_dilemma.html?breadcrumb=%2F

[52] For more on potential U.S. collaboration with Iran to combat groups such as Al Qaeda and its offshoots, see, Karim Sadjadpour, "Is Productive Engagement With Iran Possible?" Carnegie Endowment for International Peace, Oct. 2008, p.7, http://carnegieendowment.org/files/us_iran_policy.pdf

[53] See William Burr, "The Sino–Soviet Border Conflict, 1969: U.S. Reactions and Diplomatic Maneuvers," George Washington University National Security Archive, Book No. 49, June 2001, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB49/

[54] This may exclude violent non-state actors that cause disruption within Saudi Arabia and operate outside of its borders.

[55] Expected growth rate for all five of these countries (Syria, Lebanon, Jordan, Tunisia, and Egypt) is at 3% or lower. For more see Ibrahim Saif, "Insight: Arab Economies in Transition—Limited Room for Optimism," Middle East Voices, Jan. 4, 2013, http://middleeastvoices.voanews.com/2013/01/insight-arab-economies-in-transition-limited-room-for-optimism-87341/

[56] Trade between the Gulf Cooperation Council (GCC) states and Iran had grown rapidly between the years 2000 and 2008, but then severely dropped in 2009 and 2010 when harsher sanctions came into effect. For detailed information on Iran–GCC trade and the effects of sanctions, see Nader Habibi, "The Impact of Sanctions on Iran-GCC Economic Relations," Middle East Brief, Brandeis University, No. 45, Nov. 2010, http://www.brandeis.edu/crown/publications/meb/MEB45.pdf

[57] See *Weighing Benefits and Costs of International Sanctions Against Iran,* The Iran Project, Dec. 2012, pp. 52–54. www.theiranproject.org/repports

[58] "Obama not bluffing over Iran military threat, Biden tells AIPAC," Guardian, UK, March 4, 2013, http://www.guardian.co.uk/world/2013/mar/04/biden-aipac-speech-iran-threat

[59] For some discussion on how to lift some sanctions, and which sanctions bills might be considered, see: "Spider Web: The Making and Unmaking of Iran Sanctions," International Crisis Group, Middle East Report #138, Feb. 25, 2013, http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/iran/138-spider-web-the-making-and-unmaking-of-iran-sanctions.aspx

[60] James A. Clapper, "Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence," March 12, 2013, http://intelligence.senate.gov/130312/clapper.pdf

[61] Karim Sadjadpour and George Perkovich, "The Iranian Nuclear Threat," Nov. 29, 2012, http://www.carnegieendowment.org/globalten/?fa=50140. Also, in early-2012, at least twice, Hillary Clinton and Maria Otero were quoted as saying the goal of U.S.

sanctions against Iran were to "tighten the noose" around the Iranian government, see Barbara Slavin, "Obama Administration Edges Toward Iran Regime Change," Jan. 11, 2012, http://ipsnews2.wpengine.com/2012/01/obama-administration-edges-toward-iran-regime-change/

[62] In June 2012, Former Secretary of State Hillary Clinton said, "most recently in the *fatwa* that was issued by the Supreme Leader that they don't seek nuclear weapons, that they have no such program." Our emphasis on using the *fatwa* as a building block for negotiations is extremely important since for so long we have distrusted their intension of making a nuclear weapon (similar to the Iranian distrust of the United States seeking regime change). Perhaps reinforcing this *fatwa* could help dismantle some of this mistrust. See Mike Shuster, "Iran's Nuclear Fatwa: A Policy or Ploy?," National Public Radio, June 14, 2012, http://www.npr.org/2012/06/14/154915222/irans-nuclear-*fatwa*-a-policy-or-a-ploy

[63] here is a strong disagreement among U.S. strategists, analysts, and policymakers on timing. Some argue that the United States should not wait for the Iranian election, but rather move forward as much as possible now. Many on this side of the debate feel as though little will change from the Iranian elections, since the primary decision maker on Iranian foreign affairs and nuclear program, Ayatollah Khamenei, will remain the same. Others argue that while this might be the case, Iranians will likely stall talks until a new president, with a different reputation worldwide as well as in Iran, can credibly uphold talks. Additionally, some worry that a new Iranian president might reject certain terms of the negotiations that were established before his term.

[64] "Ahmadinejad faces threat to presidency in clash with Khamenei," Persian Heritage, May 8, 2011, http://persian-heritage.com/?p=15885

[65] There are several reasons why there has been considerable resistance from Iran to engage directly with the United States in bilateral agreements. Ayatollah Khamenei has said that he refuses to negotiate under pressure. Noting the international sanctions against Iran, which were bolstered recently ,essentially reducing Iran to using its oil for barter trade. Khamenei stated: "The U.S. is pointing a gun at Iran and wants us to talk to them. The Iranian nation will not be intimidated by these actions." And concluded that "Direct talks will not solve any problems." This has also confirmed the belief by several in the Obama administration that Khamenei is in control of the entire nuclear file. The United States has admitted that it has been awkward to negotiate on a multilateral platform, often involving disagreements between United States, Russia, and China, for example, which is why Vice President Biden reiterated the Obama administration's desire for direct talks at the Munich Security Conference. It is evident that Iran will likely need some assurances and several confidence building actions from the United States before Iran will agree to bilateral talks. For more, see David Sanger, "Supreme Leader of Iran Rejects Direct Talks With U.S.," *New York Times,* Feb. 7, 2013, http://www.nytimes.com/2013/02/08/world/middleeast/irans-supreme-leader-ayatollah-ali-khameini-rejects-direct-talks-with-us.html

[66] For additional detail on U.S. and Iranian goals for negotiation, see John Limbert, "U.S. and Iran Should Adopt Nixon's Yellow-Pad Method," Al Monitor, April 18, 2012, http://www.al-monitor.com/pulse/originals/2012/al-monitor/us-and-iran-after-istanbul-time.html

[67] Because it is still contested whether or not the Nuclear Non-Proliferation Treaty contains the "right to enrichment," we include the sections of Article IV that has been the subject of such debates: "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II of this Treaty… 2. All the Parties to the Treaty undertake to facilitate, and have the right to participate in the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy." For full text see International Atomic Energy Agency, "Treaty on the Non-proliferation of Nuclear Weapons," April 22, 1970, http://www.iaea.org/Publications/Documents/Infcircs/Others/infcirc140.pdf

[68] Iran has long been a spoiler in the Israel–Palestine peace process with its support for militant Palestinian groups such as Hezbollah, Islamic Jihad, and Hamas. While all Iranian presidents have condemned Israel's "occupation" of Palestine, their support for a one- or two-state solution has varied. President Khatami, for example, had vowed to not interfere with a peace agreement made between Israel and Palestine. In 2009, President Ahmadinejad also said that they would support any solution that Israel and Palestine might agree on directly. For more, see Rachel Brandenburg, "Iran and the Palestinians," *The Iran Primer,* United States Institute of Peace, http://iranprimer.usip.org/resource/iran-and-palestinians. The Supreme Leader Ayatollah Khamenei states in 2011 however that: "Our claim is freedom of Palestine, not part of Palestine. Any plan that partitions Palestine is totally rejected… Palestine spans from the river [Jordan] to the [Mediterranean] sea, nothing less." See, "Iran Reject Two State Solution for Palestine," *AlJazeera,* Oct. 2011, http://www.aljazeera.com/news/middleeast/2011/10/201110222010936488.html

See also Alex Spillius, "Iran's President Would Support Two State Solution with Israel," Telegraph, April 2009, http://www.telegraph.co.uk/news/worldnews/middleeast/iran/5225705/Irans-President-would-support-two-state-solution-for-Israel.html

[69] Some of these residual claims are described in the Algiers Accords of 1981, but may now include additions. For full text of the Algiers Accords see, http://www.parstimes.com/history/algiers_accords.pdf

[70] After what Iranians consider 200 to 300 years of foreign domination, Hooman Majd writes, many take pride in showing defiance against any greater power. Some consider such defiance a defining characteristic of Iranian national identity, and will note frequent references to American meddling in political speech, In addition to the 1953 coup d'état which overthrew Mohammad Mosaddeq,

American actions ranging from funding Iraq during the Iran–Iraq war to funding Voice of America are seen as continued signs of disrespect toward the Islamic Republic. *The Ayatollah Begs to Differ: The Paradox of Modern Iran* (New York: Double day, 2008). Also see Kahenei's characterization of sanctions: Mohamad Davari, "Iran can defeat 'barbaric' sanctions, vows Khamenei," Agence France Presse, Oct. 10, 2012, http://www.google.com/hostednews/afp/article/ALeqM5j8znZ2yzV0VQnb8xQzK4x385eGjQ?docId=CNG.193bd973fc839385e5b1011924952f86.431

[71] For more on Ta'arof, and clashes with the dominant American communication style, see Christopher De Bellaigue, "Talk Like and Iranian," *Atlantic,* Sep. 2012 http://www.theatlantic.com/magazine/archive/2012/09/talk-like-an-iranian/309056/

[72] English-language transcript of Voice of America Persian interview with Gary Sick, Dec. 12, 2012, http://arashkarami.wordpress.com/2012/12/01/transcript-of-ofogh-interview-with-gary-sick-on-iran-us-relations-and-negotiations/

[73] Director of National Intelligence James R. Clapper said in March 2013: "we assess Iran could not divert safeguarded material and produce a weapon-worth of WGU [weapons-grade uranium] before this activity is discovered." See "Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence," March 12, 2013, http://intelligence.senate.gov/130312/clapper.pdf. He stated explicitly that American officials believe that Iran is preserving its options for a nuclear weapon, but said there was no evidence that it had made a decision on making a concerted push to build a weapon. C.I.A. Director David H. Petraeus concurred with that view at the same hearing. Other senior United States officials, including former Defense Secretary Leon E. Panetta and Gen. Martin E. Dempsey, the chairman of the Joint Chiefs of Staff. See James Risen and Mark Mazzetti, "U.S. Agencies See No Move by Iran to Build a Bomb," *New York Times,* Feb. 24, 2012, http://www.nytimes.com/2012/02/25/world/middleeast/us-agencies-see-no-move-by-iran-to-build-a-bomb.html

[74] Some experts suggest that this kind of delineation might be part of a "secularized" fatwa, as mentioned earlier. It would be important to clarify that the prohibited activities and materials would also be considered illegitimate in other non-nuclear-weapon states, and the P-5+1 should convey that they would uphold this standard in all cases, not only in Iran.

[75] For full text, see United Nations General Assembly Security Council, "Identical letters dated 20 April 2010 from the Permanent Representative of the Islamic Republic of Iran—the United Nations addressed to the Secretary-General and the President of the Security Council," 96 Agenda Item, April 22, 2010.

[76] Reprocessed means chemically separated from whatever salt appears in burnt fuel and is not a process parallel to enrichment. This process was originally to recover fissionable plutonium, but can also be used as fuel .For more see Steve Fetter and Frank N. von Hippel, "U.S. Reprocessing Worth the Risk?" Arms Control Association, Sept. 2005, http://www.armscontrol.org/act/2005_09/fetter-vonhippel

[77] Thomas Erdbrink, "The West's Stalwart Ally in the War on Drugs: Iran (Yes, That Iran)," *New York Times,* Oct. 11, 2012, http://www.nytimes.com/2012/10/12/world/middleeast/iran-fights-drug-smuggling-at-borders.html?pagewanted=all

[78] As Paul Pillar noted, Iranian leaders show increasing disinterest in a new relationship with the United States in the face of sanctions and pressure only, which they regard as economic warfare. Barbara Slavin, "Iran's Growing Isolation a Dubious Win for the West," Inter Press Service, Nov. 11, 2011, http://ipsnews2.wpengine.com/2011/11/irans-growing-isolation-a-dubious-win-for-the-west/

[79] James A. Baker and Lee Hamilton, The Iraq Study Group Report, http://www.bakerinstitute.org/publications/iraqstudygroup_findings.pdf

[80] Greg Bruno, "Iran's Nuclear Program," Council on Foreign Relations, March 10, 2010, http://www.cfr.org/iran/irans-nuclear-program/p16811

[81] Semira N. Nikou, "Timeline of Iran's Nuclear Activities," *The Iran Primer,* United States Institute of Peace, http://iranprimer.usip.org/resource/timeline-irans-nuclear-activities

[82] Seyed Hossein Mousavian, "The Iranian Nuclear Dispute: Origins and Current Options," Arms Control Association, July/Aug. 2012, http://www.armscontrol.org/2012_07-08/The_Iranian_Nuclear_Dispute_Origins_and_Current_Options

[83] Ed Haas, "U.S. Endorsed Iranian Plans to Build Massive Nuclear Energy Industry," Global Research, March 2006, http://www.globalresearch.ca/u-s-endorsed-iranian-plans-to-build-massive-nuclear-energy-industry/2067

[84] The United States supplied Iran highly enriched uranium and even weapons-grade uranium between 1967 and 1979. Although the Tehran Research Reactor still holds 7 kilograms of HEU, it operated on moderately-enriched uranium (around 19.75 percent) by an agreement with Argentina from 1987 until 1993. In 2010, Iran began enriching fuel for TRR at 19.75 percent, the upper end of the required level for research reactors like its Tehran-based medical research facility. For more see, Patrick Goodenough, "A Pretext for Breakout-Experts Warn about Potential Iranian Plans for Highly Enriched Uranium," CNS News, Oct. 30 2012, http://cnsnews.com/news/article/pretext-breakout-experts-warn-about-potential-iranian-plans-highly-enriched-uranium. See also "Tehran Research Reactor," Institute for Science and International Security,

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[85] Evan Usher, "A Series of Missed Opportunities—The Algiers Accords," American Iranian Council, Aug. 2012, http://american-iranian.org/content/series-missed-opportunities-algiers-accords

[86] The first point of the plan states: "The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs" Its four point plan involved: 1) non-intervention in Iranian internal affairs 2) return of Iranian assets 3) settlement of U.S. and Iranian claims 4) return of the assets of the family of the former shah (which never happened). See "Text of Agreement Between Iran and the U.S. to Resolve the Hostage Situation," *New York Times,* Jan. 20, 1980, http://www.nytimes.com/1981/01/20/world/text-of-agreement-between-iran-and-the-us-to-resolve-the-hostage-situation.html

[87] The Iranian Interests Section was originally in the Algerian Embassy.

[88] Gary Sick, *October Surprise,* New York: Random House, 1991, p.114.

[89] Ibid., p. 167–179.

[90] Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran and the U.S.,* Yale University Press, New Haven, 2007, p. 107.

[91] "Israel Sends Military Equipment to Iran," Associated Press, May 28, 1982.

[92] Parsi, *Treacherous Alliance,* p. 1, 116.

[93] Ibid., p. 115.

[94] Robert C. McFarlane, *Special Trust,* New York: Cadell and Davis, 1994, p. 59.

[95] Although some factions within the Iranian government expressed interest in trying again with the deal, there were repercussions for those who were involved, including the execution of the son-in-law of Ayatollah Ruhollah Khomeini's designated successor, Ayatollah Hossein Ali Montazeri.

[96] "Timeline: U.S.–Iran ties" BBC News, Jan. 16, 2009, http://news.bbc.co.uk/2/hi/middle_east/3362443.stm

[97] Malcolm Byrne, The Chronology, New York: Warner Books, 1987, p. 555.

[98] "The Iran-Iraq War: 1980–1988," Global Security, http://www.globalsecurity.org/military/world/war/iran-iraq.htm

[99] John Cushman, "U.S. Strikes 2 Iranian Oil Rigs and Hits 6 Warships in Battles Over Mining Sea Lanes in Gulf," *New York Times,* April 19, 1988, http://www.nytimes.com/1988/04/19/world/us-strikes-2-iranian-oil-rigs-hits-6-warships-battles-over-mining-sea-lanes-gulf.html?pagewanted=all&src=pm

[100] This transaction was overseen by Giandomenico Picco on behalf of the United Nations Secretary General, who worked with by Mahmud Vaezi, Iran's Deputy Foreign Minister at the time. Quote is drawn from Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran and the U.S.,* New Haven: Yale University Press, 2007, p. 133.

[101] Peter W. Galbraith, "Refugees from War in Iraq," Migration Policy Institute, Vol. 2, Feb. 2003.

[102] For a discussion on the significance of Secretary Baker's statement, see R. K. Ramazani, "Move Iran Outside the 'Axis,'" *Christian Science Monitor,* August 19, 2002.

[103] Parsi, *Treacherous Alliance,* p. 186.

[104] Ibid., p. 191.

[105] John Greenwald, "Down Goes the Deal," *Time,* March 27, 1995. "Clinton's Anti-Iran Move," Christian Science Monitor, May 2, 1995. Statement by Secretary of State Christopher at the White House, May 1, 1995.

[106] "The Struggle for Democracy," PBS Frontline, Jan. 2004, http://www.pbs.org/frontlineworld/stories/iran/tl02.html

[107] Transcript of interview with Iranian President Mohammad Khatami. Jan. 7, 1998, CNN Web posted at: 7:06 p.m. EST.

[108] "U.S.–Iran relations since 1979: timeline," *Guardian,* July 16, 2008, http://www.guardian.co.uk/world/2008/jul/16/iran.usa2

[109] Secretary of State Madeleine K. Albright remarks at 2000 Asia Society Dinner, Waldorf-Astoria Hotel, New York, June 17, 1998, as released by the Office of the Spokesman, June 18, 1998, U.S. Department of State.

[110] Malcome Byrne, "Secret U.S. Overture to Iran in 1999 Broke Down Over Terrorism Allegations," National Security Archive, George Washington University, May 30, 2010, http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB318/index.htm

[111] The view was not unanimous. Clinton's defense secretary, William Perry, later concluded that al-Qaeda was the guilty party. ("Perry: U.S. Eyed Iran Attack after Bombing," UPI, June 6, 2007.)

Endnotes

[112] The coalition consisted of India, Russia, Iran, and the Northern Alliance (a loose coalition of militias from the Tajik, Uzbek, and Hazara minorities). "Former CIA Afghan team leader Gary Schroen says there were two Iranian guard colonels attached to a Northern Alliance commander, Bismullah Khan, outside Kabul when U.S. Special Forces arrived in September 2001." For more see Barbara Slavin, "Iran Helped to Overthrow the Taliban, Candidate Says," USA Today, June 9, 2005, http://usatoday30.usatoday.com/news/world/2005-06-09-iran-taliban_x.htm. See also James Dobbins, "Testimony: Negotiating with Iran," RAND Corp., Nov. 2007.

[113] In 2001, in Bonn, Germany, the United Nations envoy to Afghanistan, Ambassador Lakhdar Brahimi, and U.S. envoy to the Afghan Opposition, Ambassador James Dobbins, led a diverse group of international diplomats and warriors to consensus and charted the political course for Afghanistan well into the decade. For more on the conference see Mark Fields and Ramsha Ahmed, "A Review of the 2001 Bonn Conference and Application to the Road Ahead in Afghanistan," Institute for National Strategic Studies Strategic Perspectives, No. 8, National Defense University Press, Nov. 2011, http://www.ndu.edu/inss/docuploaded/Strategic%20Perspectives%208_Fields-Ahmed.pdf

Jim Dobbins stated that "Zarif had achieved the final breakthrough without which the Karzai government might never have been formed." He also emphasized that "Neighboring states, Western governments and the UN worked in tandem to be helpful at this meeting. Their combined weight, operating for the first time in a cohesive effort, succeeded in pushing the Afghans together." And the Iranians continued to support stability within the Afghan government after the Bonn conference. See James Dobbins, "Testimony: Negotiating with Iran," RAND Corp., Nov. 2007.

[114] At UNESCO, the presidents of Iran and Algeria urge continued dialogue among civilizations. President Khatami said that "The political translation of dialogue among civilizations would consist in arguing that culture, morality and art must prevail on politics," 2010, http://portal.unesco.org/en/ev.php-URL_ID=26761&URL_DO=DO_TOPIC&URL_SECTION=201.html

[115] The full context of the quote reads: "States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. They could provide these arms to terrorists, giving them the means to match their hatred. They could attack our allies or attempt to blackmail the United States. In any of these cases, the price of indifference would be catastrophic." Text of President Bush's 2002 State of the Union Address," *Washington Post,* Jan. 29, 2002, http://www.washingtonpost.com/wp-srv/onpolitics/transcripts/sou012902.htm

[116] Parsi, *A Single Roll of the Dice: Obama's Diplomacy with Iran,* New Haven: Yale University Press, 2012, p. 41.

[117] James Dobbins, "Testimony: Negotiating with Iran," RAND Corp., Nov. 2007.

[118] Ibid., p. 1.

[119] On Iran's side called specifically for: "halt in U.S. hostile behavior and rectification of status of Iran in the U.S.… [including] axis of evil [reference]." Additionally, "abolishment of all sanctions…[and] full access to peaceful nuclear technology." On the United States' side, the memo noted, "full cooperation with IAEA [including full transparency]…decisive action against any terrorists…stop of any material support for Palestinian Opposition groups [and] … acceptance of Arab League Beirut Declaration." For full text of this memo see "The Grand Bargain Fax: A Missed Opportunity?" PBS Frontline, http://www.pbs.org/wgbh/pages/frontline/showdown/themes/grandbargain.html, See also: Trita Parsi, Treacherous Alliance, p. 245.

[120] See, Tom Regan, "Report: Cheney rejected Iran's offer of concessions in 2003," *Christian Science Monitor,* Jan. 18, 2007, http://www.csmonitor.com/2007/0118/p99s01-duts.html

[121] Iranians felt that they had put everything on the table including total transparency beyond the additional protocol, all confidence building measures, guarantees on non-diversion, in exchange for the recognition for their right to enrich—which was not acceptable for what seemed to be a zero-enrichment policy—call for indefinite suspension, from the United States. Because Iran had already suspended all nuclear related activities for two years in order to support talks, the indefinite suspension was beyond what Iran felt they could agree to.

[122] This may also be due to Iran's support of moderate Shia leaders, such as Abdul Aziz Hakim, to travel to Washington and work with the United States. Iran also encouraged Muqtada al Sadr to leave Iraq, thereby removing one of the biggest U.S. insurgency challenges. In 2006, President Ahmadinejad also sent a letter to President Bush outlining areas of mutual concern and opportunities for greater collaboration, but the United States did not respond. See "Ahmadinejad's Letter to Bush," *Washington Post,* May 9, 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/05/09/AR2006050900878.html

[123] Michael Gordon and Jeff Zeleny, "Obama Envisions New Iran Approach," *New York Times,* Nov. 2, 2007, http://www.nytimes.com/2007/11/02/us/politics/02obama.html?pagewanted=all

[124] President Obama did not say Iran directly but to "the Muslim World" and "to those leaders around the globe who seek to sow conflict, or blame their society's ills on the West." For more see the inaugural address, available on the White House website, http://www.whitehouse.gov/blog/inaugural-address

Endnotes

[125] A copy of President Obama's letter can be found at http://www.politicaexterna.com/11023/brazil-iran-turkey-nuclear-negotiations-obamas-letter-to-lula. Parsi, *A Single Roll of the Dice,* ch. 10.

[126] Seyed Hossein Mousavian, "Real Solutions No Nuclear Deadlock With Iran." *Boston Globe,* March 31, 2012, http://m100group.wordpress.com/2012/04/01/real-solutions-to-nuclear-deadlock-with-iran-by-hossein-mousavian/

[127] Seyed Hossein Mousavian, "The Iranian Nuclear Crisis: A Memoir," Carnegie Endowment for International Peace, 2012, p. 408.

[128] Kelsey Davenport, "History of Official Proposals on the Iranian Nuclear Issue," Arms Control Association, Jan. 2013, http://www.armscontrol.org/factsheets/Iran_Nuclear_Proposals

[129] "Suspension of enrichment" or "reduce the readiness" through more intrusive IAEA monitoring at Fordow was on the table at Almaty. "The Iranians were asked only to "reduce the readiness" of Fordow while accepting more intrusive monitoring of the facility by the IAEA and demonstrable steps taken to ensure it could not be quickly restarted. See Julian Borger, "Iran Hails Turning Point in Nuclear Talks," Guardian, Feb. 2013, http://www.guardian.co.uk/world/2013/feb/27/iran-turning-point-nuclear-talks

[130] See Afterword in second edition of Parsi, *A Single Roll of the Dice,* pp. 241–246.

This paper was drafted by William Luers, Director of The Iran Project; Iris Bieri, The Iran Project Coordinator; and Priscilla Lewis, editor for The Iran Project. The paper also received important contributions from Thomas R. Pickering, Jim Walsh of MIT and Stephen Heintz of Rockefeller Brothers Fund. Many of the signers made valuable comments and suggestions. Because of them the paper has become more complete and balanced. Additional research was provided by Roxanne Emadi. Our copy editor, Trish Leader, and design team from On Design, Inc., led by Okey Nestor, contributed their invaluable talents and time to make this publication possible.

The Iran Project is a non-governmental organization that seeks to improve official contacts between the United States and Iranian governments. Founded in 2002 by the United Nations Association of the USA and Rockefeller Brother's Fund, The Iran Project became independent in 2009. The core members of The Iran Project for over a decade have been: Stephen Heintz, William Luers, William Miller, Thomas Pickering, Jim Walsh, and Frank Wisner.

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