

Testimony before
The Senate Foreign Relations Committee
Hearings on
"Responding to Iran's Nuclear Ambitions: Next Steps"

by

Martin Indyk

Director

The Saban Center for Middle East Policy
at
The Brookings Institution

September 19, 2006

Mr. Chairman, distinguished members of the Senate Foreign Relations Committee, thank you for the opportunity to address you on what is probably the most vexing and complicated diplomatic challenge that the United States currently confronts. The stakes could hardly be higher. If the United States fails to achieve a diplomatic outcome that provides the international community with sufficient confidence that Iran is no longer pursuing a nuclear weapons capability, the results are likely to be dire. In the already volatile Middle East, the logical consequences of diplomatic failure are either an extended military conflict or a nuclear arms race, or both.

Secretary of State Rice's offer to engage in direct negotiations with the government of Iran, if it suspends uranium enrichment, and recent hints from chief negotiator Ali Larijani that Iran might be prepared to do so, create a faint ray of hope for diplomacy. But I fear that it is an illusion.

The reasons for pessimism are clear enough by now:

- Notwithstanding protestations to the contrary, the Iranian regime has a clear and intense interest in acquiring nuclear weapons. Nuclear powers are located to its North, East, and West, and the U.S. military is positioned on all its land and sea borders. The lesson of the Iraqi and North Korean experience is that countries that pursue antagonistic policies toward the U.S. are much less likely to face military intervention if they possess nuclear weapons.

Moreover, Iran's hegemonic ambitions in the Persian Gulf and wider Middle East fuel a desire to possess the ultimate weapon. At a minimum, this leads the Iranian regime to want to keep the door open to a nuclear capability and maintain ambiguity about its nuclear program.

- The Iranian regime is highly mistrustful of Western especially U.S. intentions, even though it has earned American antagonism by casting the United States as the "Great Satan" and by using hostage-taking, terrorism, and subversion as its stock-in-trade. The Bush Administration's declared policy of regime change and preventive war against state sponsors of terrorism that pursue WMD has exacerbated this mistrust. Reports of U.S. covert and overt programs to undermine the Iranian regime only heighten the paranoia of an already insecure Iranian leadership. Although this leadership has expressed a desire for negotiations with Washington, the abiding mistrust of the U.S. also breeds a schizophrenia: parts of the leadership view negotiations as a trap designed at best to rob them of their minimum objective of nuclear ambiguity, at worst to justify sanctions or a military strike on Iran.
- This concern adds to the dysfunctionality of the Iranian decision-making process. Advocates of negotiations with the U.S. within the highly fractionated Iranian power structure run the risk of being accused of jeopardizing the revolution or the national interest. President Ahmadinejad's confrontational approach has paid dividends both domestically and in the wider Arab and Muslim arenas,

marginalizing those who advocate a diplomatic compromise. In this environment, Larijani clearly feels capable only of inching forward. The confusing and rambling Iranian response to the P5+1 offer of a negotiating package underscores just how difficult it will be to achieve clarity or consistency in the Iranian position.

- Added to this is the danger of Iranian miscalculation borne of a cockiness that manifests itself in the outrageous behavior of President Ahmadinejad. After a decade of being on the defensive, the regime now feels that its moment has arrived -- a product of American success in toppling the Saddam Hussein and Taliban regimes in neighboring Iraq and Afghanistan while failing to consolidate its position in either country. Ahmadinejad in particular senses that the United States is out of breath in the Middle East while his message of defiance and "resistance" is met with growing support across a normally adversarial Arab world. This sense that the wind is at Iran's back in the region, coupled with the fact that the regime has paid no discernible price for proceeding with its nuclear program despite international criticism, reduces its need or interest in a compromise solution.
- Further complicating any negotiation will be the Iranian penchant for engaging in bazaar tactics, asking an astronomical price for faulty goods, and dragging out the negotiations to wear down the naïve Americans.
- In the final analysis, there is also good reason to doubt even the possibility of bridging the gap between

Iran's ambitions and American interests. For even if Iran were to forego its nuclear weapons ambitions for economic incentives and nuclear power guarantees, it would still demand U.S. recognition of its regional hegemony, which we cannot do without betraying our Israeli and Arab allies (and which they will not abide in any case).

On the U.S. side of this putative negotiation, reasons for pessimism also abound:

- Within the Bush Administration and among its more strident supporters, negotiations tend to be viewed with deep suspicion too. Many fear that the Iranians are engaged in a game of "rope-a-dope," absorbing our best efforts to stop their nuclear program while buying time to get themselves over the nuclear know-how threshold. For these people, many of them in influential positions, the offer of negotiations is a necessary evil to demonstrate that the U.S. has exhausted diplomacy before it resorts to a military strike on Iran's nuclear facilities.
- The U.S. hand in these negotiations is weak. Sanctions leverage is reduced by the lack of unity and resolve on the part of our allies in the endeavor. Russia and China have made it clear that they are reluctant to impose any kind of sanctions, let alone meaningful ones. Even the minimal sanctions on nuclear trade and travel that U.S. diplomats are now promoting are unlikely to be supported by Moscow and Beijing. (There is a suspicion that China may have already told Iran that it will block these sanctions

and Russia has made clear it will insist on an exception for its completion of Iran's Bushehr nuclear reactor.)

- Although the Europeans talk a good game about applying sanctions even without a UNSC resolution, their behavior raises serious doubts. UNSC resolution 1696 specified that if Iran did not suspend uranium enrichment by August 31, sanctions would be imposed. Yet our allies are now clinging to a confusing and ambiguous Iranian response to avoid living up to the commitment they made. What was supposed to be a clear choice for Iran between suspending enrichment by a date certain and sanctions has now morphed into negotiations about suspending enrichment *instead* of sanctions. The Iranians have surely concluded that if they play the game right, they can divide the U.S. from its partners. By holding out the prospect of negotiations while never actually seriously engaging in them, it looks likely that Iran may both continue enrichment while avoiding sanctions. This will strain U.S. diplomacy, leaving the Bush Administration with the invidious choice of wielding the bigger stick of a military threat or offering bigger carrots that will not be domestically sustainable.
- European solidarity with the U.S. has also been weakened by developments in Lebanon. Ironically, the insertion of French and Italian troops in a revamped UNIFIL force has rendered them vulnerable to attacks by Iran's Hezbollah proxy. This will make the Europeans hesitant to press Iran either through imposing sanctions or in the negotiations that EU High

Representative Javier Solana is conducting with Iran's Larijani, for fear that Iran will retaliate by unleashing Hezbollah in southern Lebanon.

- Beyond all that, almost thirty years have passed since the U.S. had official contact with the government of Iran. Consequently, the U.S. has very limited understanding of Iran and apparently even less knowledge of what is actually going on in its nuclear program or its decision-making processes. Without a direct feel for the dynamics in Teheran, it becomes extremely difficult to calibrate U.S. diplomatic initiatives or responses. And with the accumulated mutual mistrust, it will be difficult to build confidence between the negotiators should direct talks ever get under way.

Nevertheless, because sanctions are likely to be ineffective, and military strikes are likely to generate costly retaliation, it is still essential to try for a diplomatic way out of the current crisis.¹ Moreover, there is still time to give diplomacy a chance: the Israeli official estimate is that it will take a year for Iran to cross the nuclear know-how threshold. Now that the Iranians appear to be experiencing difficulty running their enrichment cascades that deadline will likely be extended

¹ Iran has a number of options that it can implement to retaliate for U.S. or Israeli military strikes on its nuclear facilities: strike shipping in the Straits of Hormus, forcing the price of oil to skyrocket; unleash attacks on U.S. forces by its surrogates in Iraq; use Hezbollah to topple the Lebanese government or launch strikes on Israel; encourage its Palestinian proxies (Palestine Islamic Jihad, the Hezbollah-financed *al-Aqsa* brigades and the Damascus-controlled Hamas militants) to destroy the nascent Palestinian national unity government and attack Israel; and trigger terror attacks on U.S. and Jewish civilian targets across the globe.

again. The intelligence communities seem to agree that Iran is still five years from actually developing a nuclear weapon.

Secretary of State Rice and her team of diplomats deserve praise for their patience in herding the international community's sheep and their perseverance in overcoming Administration opponents of diplomatic engagement with Iran. If Iran indeed agrees to suspend its enrichment program, then the first step of direct engagement can be achieved. It will be important for the American negotiators then to find discrete ways to engage bilaterally with their Iranian counterparts. In this way, it will be possible to begin to explore the outlines of a package deal. The Iranians will clearly insist on acknowledgement of their right to enrich uranium. It would be preferable for this to be handled through access to internationally controlled facilities outside Iran. But it may be necessary to explore international monitoring of Iran's enrichment facilities inside Iran to ensure that the process produces only limited quantities of nuclear fuel rather than larger quantities of nuclear weapons-grade material.

Beyond the structure of the nuclear deal, however, there are two components that should now be added to Rice's diplomatic strategy, one that might improve her leverage with Iran, the other that will help to provide a safety net should the diplomatic option fail.

We found during the Clinton Administration that when the United States was promoting effective policies in dealing

with other regional challenges -- in particular Iraq and the Arab-Israeli conflict -- it was easier to contain and pressure Iran. Indeed, it is no coincidence that Teheran sought to negotiate a "grand bargain" with the Bush Administration in the immediate aftermath of the toppling of Saddam Hussein's regime (an offer that the Bush Administration spurned at the time).

Although the Bush Administration's inability to make progress in Iraq makes this approach more difficult now, the recent Israeli-Lebanese conflict may have opened up an opportunity to improve our leverage on Iran in the Arab-Israeli arena. That conflict highlighted a concern that Sunni Arab leaders across the region were already expressing about Iranian interference in Arab affairs. Egypt's President Mubarak, Saudi Arabia's King Abdullah, Jordan's King Abdullah, Palestinian President Mahmoud Abbas, and Lebanese Prime Minister Fouad Siniora all feel threatened by an Iranian-Syrian-Hezbollah axis that is challenging their efforts to stabilize the Arab-Israeli conflict. This common concern may even extend to Hamas Prime Minister Ismail Haniyah who finds his efforts to establish a viable government undermined by Palestinian militants under the influence of Teheran, Damascus and Hezbollah.²

If American diplomacy can turn this Arab fear of Iran into a common interest with Israel in developing sustainable

² Although Haniyah has promoted the idea of an informal ceasefire with Israel (the *tahdiyeh*), Hamas militants under the direction of Damascus-based Khaled Mashal, Al-Aqsa militants in the pay of Hezbollah, and Palestine Islamic Jihad militants who take their instructions from Teheran, continue to attack Israel.

ceasefires and interim agreements on the Lebanese and Palestinian fronts, the Iranian "moment" in the Middle East may prove to be short-lived. But this will require the kind of sustained American diplomatic engagement in the Arab-Israeli arena that members of this distinguished Committee have long called for. With it, the problems that Iran is exploiting in the Arab-Israeli arena will diminish and the Arabs and Europeans will feel more confident about standing up to Teheran in any diplomatic engagement. Without it, the U.S. will likely find itself more isolated in its efforts to deal with Teheran's nuclear ambitions and Iran's hegemonic ambitions may grow.

The second approach goes hand-in-hand with a more active and effective Arab-Israeli diplomacy. It would focus on laying the foundations for a security structure that would help Israel and the Sunni Arab leaders of Egypt, Jordan, and the GCC prepare for the potential emergence of Iranian nuclear weapons, or cope with the ambiguity of Iran's nuclear intentions. Indeed, the common threat that Israel and these Arab states face from a nuclear Iran creates a potential tacit alliance (whose glue could be progress on resolving Arab-Israeli issues).

The United States should actively consider the idea of extending a "nuclear umbrella" to these states should diplomacy fail to divert Iran's nuclear ambitions. At the appropriate time, such an American nuclear guarantee would go a long way toward bolstering their ability to deter an emerging Iranian nuclear threat. Whether, in the end, an Iranian regime with nuclear weapons is actually deterrable will be hotly debated. But an American nuclear guarantee

cannot hurt. At a minimum, it would reduce the need for these Arab states to seek their own nuclear weapons, reducing the potential for a Middle East nuclear arms race. It might also reduce Israel's need to take its bomb out of the basement or pursue a preemptive military strategy that could short-circuit American diplomatic efforts to end Iran's nuclear program.³

Mr. Chairman, as you and members of the Senate Foreign Relations Committee know very well, in the Middle East everything is connected. For U.S. diplomacy to succeed in attenuating Iran's nuclear ambitions, a comprehensive strategy is needed, one that weds patience and creativity in the effort to secure a freeze on Iran's enrichment program with a sustained effort to build the case for sanctions if the freeze does not eventuate. But the effort will surely fall short if it is not also combined with a broader effort to encourage a community of interests between Israel, the Arab states and the EU in a more stable, peaceful and secure Middle East.

Thank you.

³ Israel's Prime Minister Ehud Barak sought such a nuclear guarantee from President Clinton during the Camp David negotiations. See Bruce Riedel