

# The U.S. and Iran: Options for Cooperation

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Conflict resolution rarely occurs when any negotiating partner lives in the past. It occurs when each side agrees to live in the present and move on. This is not easy for either the Iran or the US. Both sides have a long list of indictments and complaints against the other, reinforced by internal political pressures and different mixes of friends and allies. Leaders and ideologues in both countries have found it convenient to "demonize" the opposing regime, and the situation has been made worse by the fact that US-Iranian relations have become tied to the Arab-Israeli crisis, the Iran-Iraq War, the Gulf War, regional proliferation, and a host of other issues.

## **If One Cannot Forget the Past, One Must Ignore It**

Iran has a long list of complaints against the US. Some are the product of guilt by association: The product of over 100 years of European and Russian efforts to seize control of Iranian territory or part of Iran's economy, and Iran's suffering under the Anglo-Russian occupation in World War II. More directly, Iran complains about the US role in bringing down Mohammed Mossadegh, the US use of Iran as a "pillar" in the Cold War, US support for the Shah's ambitions and authoritarianism, US participation in the corruption surrounding the Shah's arms purchases and ambitious civil projects, US status of forces agreements and their perceived infringement on Iranian sovereign rights, US efforts to keep the Shah in power or replace him with a friendly government during 1979-1980, US tolerance of Iraq's attack on Iran, US efforts to deny Iran arms imports, the mildness of US protests when Iraq began to use chemical weapons, US intelligence support of Iraq and encouragement of European arms sales to Iraq, the tanker war of 1987-1988, the shoot down of an Iranian airliner, "dual containment," the creation of a Southern Gulf security structure that excludes Iran, and economic sanctions,

The US has little interest in the history of Western colonialism in the Middle East, and neither accepts any collective guilt for Europe or recognizes its own actions as "neocolonial." It has little understanding of the details of Iran's history, and sees little correlation between its support of the Shah and "anti-Iranian" policies. US impressions of the current regime in Iran are shaped by Iran's attacks on the US after the fall of the Shah, and the 400-odd days of the Iranian hostage crisis. The initial US sympathy for Iran after Iraq's invasion disappeared as a result of both the hostage crisis and Iran's counter-invasion of Iraq after 1982, when Iran seemed to threaten to overrun the Gulf. US officials remember the coup attempt in Bahrain, constant references to the "Great Satan,

the US Embassy and Marine Corps barracks bombings, hostage taking in Lebanon, the Iran-Contra scandals, the mining of tanker routes and resulting naval clashes in 1987-1990, the problems of Abu Musa and the Tunbs, the Iranian military build-up in the Gulf, the Iranian support of "terrorism," and Iran's opposition to the peace process.

The problem with these two impressive historical litanies is that they include events that cannot be changed, different views of history and culture that cannot be resolved. They are filled with passion on both sides and the kind of hostility that can lead to endless arguments and litigation, but no amount of official discussion of these two sets of charges is going to lead to forgiveness and apologies. If anything, it is likely to lead to new demands by one nation upon the other and solidify the views of each nation's hard-liners.

More objective analysis may come with time, and do much to improve mutual understanding and sympathy, but such analysis will almost certainly follow conflict resolution and not precede it. The irony of US-Iranian relations is that as long as either nation remembers the past, both nations are likely to be condemned to repeat it.

### **Beyond Ideology and Rhetoric: Mutual Strategic Interests**

No one can forget the past, but there are good reasons to ignore it. If Iran and the US did not have their recent history of antagonism, they would almost certainly act upon the fact that they have significant common strategic interests. These mutual strategic interests include:

- **Energy:** The continued production and export of oil and gas from the Gulf region on a stable basis determined by market prices, increases in production through the exploitation of new reserves and enhanced recovery, and expansion of regional petrochemical and refinery activity for environmental reasons and to stabilize regional economies and development.

While the petroleum market may be saturated in short-term, increased demand is likely to rapidly stress surplus capacity in the mid-term and create a steady long-term increase in demand as long as prices and the flow of oil are stable and meet the needs of the global market. No nation or cartel can dictate prices in ways that offer Iran a more stable mid-to-long term stream of income than market forces, and no efforts by the US can hope to influence exporting nations to sell to the US at lower-than market prices -- something that is not in the US interest in any case because of its demand for low-priced, energy dependent, imports.

- **The Caspian, Turkey, Central Asia, and Energy Distribution:** Both Iran and the US have an obvious strategic interest in the stable development of the Caspian basin, Turkey, and Central Asia. Both nations share a common interest in avoiding any Caspian basin, Turkish, and Central Asian over-dependence on Russia. Iran represents a major potential pipeline and trade route, and can play a major role in ensuring that Turkey receives cost-effective sources of energy. The economics of such pipelines and trade routes are uncertain, but the current debate

over a single preferred route is also likely to be short-term. There is likely to be sufficient demand for multiple routes, and this will aid in avoiding the kind of dependence on a single major route that could make such dependence a hostage to regional quarrels.

- **Trade flows and Investment:** Both nations have always benefited from trade and investment as long as this has been on market terms. Iran badly needs foreign investment and technology and can offer good opportunities on terms that do not threaten over-dependence on the US or any other foreign power. This is particularly true of energy-related investments in the short-term, but might well be expanded to much more diverse opportunities in the future.
- **Minimizing the "Great Game":** A stable, developing Iran -- acting intelligently on the basis of its own national interests -- would minimize the risk of friction between the US and Russia over the development of the Caspian basin and Central Asia, as well as any jockeying for influence in the Gulf. If there is any real lesson from the "great game" of the 19th Century, it is that the only way to win is not to play. Anglo-Russian competition never recouped its cost and led to pointless rivalry, while no regional power ever benefited from playing one nation off against the other.
- **Dealing with Iraq and "Living with Saddam":** The US and Iran share a common interest in the military containment of Iraq, and the prevention of Iraqi proliferation. They share an equal interest in encouraging the development of a less authoritarian and aggressive regime, and the kind of Iraqi economic development that will allow Iraq's people to recover from sanctions and lay the ground work for the integration of Iraq into a stable Gulf political-economic structure.
- **Regional Security:** Neither Iran or the US can "dominate" Gulf security in the sense of dictating policy to other states, or achieving political and economic benefits from trying to do so that can hope to exceed the costs and risks involved. Iran has a no national interest in unnecessary military expenditures. The US has no interest in keeping its presence any larger than is need to ensure regional stability and the flow of energy exports. The military activities of both nations complement each other the extent they serve each nation's respective vital national interests *and* do not threaten the other state. This is particularly true as long as Iraq remains as strong as it is today, and the Southern Gulf as weak.
- **Iranian Security:** The US has every interest in keeping Iran strong enough to avoid any risk of a rebirth of the Iran-Iraq conflict, making Iran vulnerable to Russian pressure, and creating the kind of Iranian vulnerability that would make it dependent on weapons of mass destruction.
- **Gulf Security:** Rivalry is one thing, but any military action that limits the flow of Gulf shipping threatens the vital strategic interests of both Iran and the US. The issue of who can "win" any given clash is largely irrelevant, since the end result is almost certain to be a new arms race, more tension, and the risk of more intensive conflicts in the future.
- **Arms Control and Proliferation:** Neither Iran or the US has anything to gain in the long-run from the slow emergence of a security structure in the Gulf and Middle East that is steadily more dependent on regional powers with long-range

missiles and weapons of mass destruction, and US capability to develop costly counterproliferation systems, advanced conventional strike systems, extended deterrence using nuclear weapons, and theater missile defenses. The growing "linkage" of proliferation that ties Gulf conflicts to the Arab-Israeli conflict, and Indian-Pakistani rivalry to perceptions of regional power, offers no nation any real chance of being the "winner." Efforts to prevent or reduce proliferation, replace competition with arms control, and develop ways to prevent and limit crises involving weapons of mass destruction are to everyone's strategic interest.

- **The Afghan Issue:** Both Iran and the US share a mutual interest in the development of a stable, non-extremist Afghanistan that respects the interest of its different sects and ethnic groups.
- **The Kurdish Issue:** Both Iran and the US share a similar interest in finding some way to resolve the Kurdish issues in Turkey and Iraq that protect Kurdish interests without creating unstable mini-states and enclaves. The same is true of finding ways to ensure that new Azeri tensions do not emerge.
- **Southern Gulf Stability, Abu Musa and the Tunbs:** The US has no national interest in taking sides in low-level regional quarrels. At the same time, the US has a strong interest in minimizing any tensions between Iran and the Southern Gulf states and the risk of any military clash or mutual attacks on regimes. Iran has a strategic interest in good relations with the Southern Gulf states, and minimizing the need for a forward US military presence.
- **Lebanon:** The US and Iran may back different sides in Lebanon, but both have a clear interest in a free and independent Lebanon without Israeli or Syrian occupation, and in which ethnic fighting is replaced by equal rights for all and in which Lebanon's Shi'ites play a political role in proportion to their percentage of Lebanon's population and can develop their economy and region of the country without an Israeli military threat or acting as the pawn of Syria.
- **Arab-Israeli Peace:** Where neither side can ever win, the only answer is a just peace. The US and Iran may continue to debate every aspect of what kind of peace is "just," but further violence can only become an end in itself. Peaceful Iranian pressure and suggestions could contribute to the peace process.
- **"Terrorism" versus "Freedom Fighting;" Subversion versus Covert Operations:** Rhetoric and ideology aside, the US and Iran have much more to gain from peaceful political competition and cooperation, than threats and violence. There may be a need for dialectic, and both nations may often strongly oppose the views of the other, but two decades of low-level violence have served no national interest, and have killed the innocent.

### **The Way Ahead: Patience, Tolerance, and Small Steps Forward**

Iran and the US have already begun an informal official dialog in spite of hard-line resistance within Iran and pressure from the US Congress. Rhetoric is softening, the presidents of both states have made important statements that hint at improved relations, some informal exchanges are taking place, and both sides are taking steps that act as more tangible evidence that relations can improve.

At the same time, it is clear that both the US and Iran has a long way to go. Many informal dialogues begin with the kind of history lesson and list of charges that does little to make either nation forget the past. There is a strong tendency to measure progress in terms of how much one side has down relative to the other, and to blame the other side for insisting on its own viewpoints and ignoring the legitimate concerns of the other. Hard-liners in both nations present major problems for each regime, and serious differences do exist over virtually every issue listed above.

While Iran and the US have common strategic interests, the two governments are only beginning to discuss them officially, and there still are strong vestiges on both sides of demands for concessions by the opposing side. Both the US and Iran share a common tendency to preach tolerance and patience, rather than practice it. Both nations tend to moralize legitimate differences in national interest and strategic perspective into conflicts between "good" and "evil."

### **The Need for Quiet and Official Diplomacy**

Informal diplomacy can help under these circumstances, at least in terms of clarifying each side's respective positions, and finding areas of potential compromise and mutual benefit and understanding. At the same time, informal diplomacy has severe dangers. It is usually unfocused, and is often unrealistic. A dialog between the apologists and sympathizers of each side may not be a dialog of the deaf, but it is likely to be a dialog of the ignored. Governments take national interests seriously and do not take those who ignore them seriously.

Informal diplomacy, however, presents problems. It has a long history of self-appointed spokespersons that pursue their own agendas and advancement, and who fail to communicate accurately and in ways that government can trust. Too many voices are raised with no ability to distinguish which voice has credibility.

Ironically, the well intentioned often do more damage than the selfish. They apologize where they should explain. They deny the existence of real problems and differences. They recast arguments and discussions to reflect their hopes, they ignore the details that are the substance of diplomacy, and they promise too much too soon. Similarly, using the self-interested sends confusing messages without obligating either side to negotiate. The informal diplomacy surrounding Oil deals and commercial offers can create as many problems as they solve.

One way to deal with this situation is for the US and Iranian governments to designate informal diplomats to each other on given issues, briefing them appropriately and ensuring that they have enough background and experience to be reasonably reliable. This will be an urgent step if diplomacy cannot be made more official.

A more desirable approach would be to begin official direct diplomacy as a low level, or use a third-country proxy like Switzerland to act as an official go-between. This, however, will only be successful if both sides are prepared to abandon past preconditions and demands for concessions, and the idea that official talks should lead to rapid progress

or agreement. It means minimizing official rhetoric, media opportunities, and the use of talks as propaganda.

Success also means ignoring one aspect of the past. US and Iranian diplomats seem to have learned the wrong lessons from the Iran-Contra negotiations and the mess that followed. The proper lessons are not that diplomacy has to be formal and open. They are rather that diplomacy can be quiet, but it cannot be kept secret. High-risk deals are the worst way to begin, and honest dialogue must precede efforts to make deals of any kind. The real lesson of Iran-Contra is that stupid and/or half-informed adventurers are not a substitute for professional diplomats. Third parties must be professional diplomats and not amateurs, particularly self-interested amateurs.

### **Helping to Ignore the Past**

The way in which governments talk about each other is also of critical importance in moving forward. Iran and the US have already made important process in reducing hostile official rhetoric, in making diplomatic gestures, and in taking steps which indirectly communicate a more friendly attitude. This is a case where words count as do perceptions.

The problem is complicated, however, by the fact that both nations have their hard-liners and opportunists, while those in favor of dialog expect too much, too soon. One way to make progress is conceptual: The US and Iran are not poised on the edge of war or confrontation; they have time. Accordingly, one solution is to simply triple each side's present estimate of the time-scale for serious progress. Patience, tolerance, and observation of the other side's actions are keys to success.

Another important step is to make it clear when process and moderation are deliberate. Each nation needs some way to know that the other is taking deliberate steps forward, preferably far enough in the future for the other side to reciprocate without delays or confusion. Signaling a third party diplomat that both sides understand is the proper point of communication might help. Such a point(s) of contact would also allow each side to communicate what changes in rhetoric or posture would be most desirable and make informal suggestions to the other without embarrassment if the other side cannot react. This kind of arrangement would also provide a way in which each side could signal that acts by hard-liners on the other side were no official policy. There is no practical way that Iran can avoid problems from its anti-US extremists, any more than the US can avoid words and actions by the extremist opponents of Iran. The issue of which will be worse, the extremists in the Iranian clergy and IRGC, or those in the Congress and supporters of bodies like the MEK is irrelevant. Both need to be ignored.

There are also some tangible steps that might help both sides ignore the past:

- The US could indirectly deal with the legacy of the Iran-Iraq War by stating that such a tragedy should never happen again, by mentioning the missile attacks on

- Iran, and by producing detailed reporting on the damage done by Iraqi chemical attacks on Iran in its reporting on proliferation.
- Iran could reduce the impact of the hostage crisis by inviting former hostages to Iran for dialogue or a visit. Similar visits worked very well in the case of visits by Senator McCain and General Vessey to Vietnam.
  - The US could find some way to indirectly mention its regret over the fall of Mossadegh.
  - Iran could extend its attacks on terrorism to include all attacks on civilians, clearly limiting any support of "freedom fighters" to military or government targets and rejecting hostage-taking, etc.
  - Both sides could mention their respective regrets over the Iran Air shoot down and US Embassy hostage incidents during some negotiation or discussion on crisis prevention and notification.
  - Iran could focus its rhetoric on "regional enemies," rather than attacks on the US or Israel.
  - The US could state that terms like "rogue" and "dual containment" are outdated, without implying any concessions.
  - Both sides need to learn to be repetitive and more patient. Repetition will often be the key to success.

### **Crisis Management: The Iran Air Airliner Shoot Down/Al Khobar II Problem**

One of the lessons of the Arab-Israeli peace process is that a single major incident -- rather deliberate or not -- can block or reverse progress towards cooperation. Iran and the US have had enough such incidents in the past. Fortunately, there is much both sides can do to limit or prevent future crises:

- Adapt some version of the incidents at sea agreement reached by the US and FSU. Develop a similar procedure for notification and free clearance for limited and accidental over-flights.
- Announce and describe new deployments in the Gulf area to the media in advance in sufficient detail to reassure the opposing side, or at least avoid surprises and misunderstandings.
- Provide similar data to the media on exercises with sufficient detail on boundaries, duration, and activities to avoid misunderstandings. Clearly define all exercises as defensive.
- Use a third party like Saudi Arabia to call for a Gulf-wide formal agreement on such arrangements – with the potential to put united pressure on Iraq to do the same.
- Create an informal "hotline" where the leaders of both states can call a designated Third Party diplomat in the event of some accident, incident, etc.
  - Find a way to use such a party to rapidly communicate secure data where there may be uncertainties as to intentions, evidence, nature of events, etc.
  - Agree to keep this line open even in the event of a crisis or military incident.

- Agree to provide the other side with an immediate response, and with follow-on supporting data, in the event of some unattributable terrorist attack or military incident.
- Find a way to trade a US declaration that the US will never initiate any offensive action against Iran unless its nationals or those of a friendly Gulf state are attacked by Iran against an Iranian rejection of any terrorist act like Al Khobar and initiation of military force against the US or a Southern Gulf state.
- Use a designated Third Party diplomat to broadly distinguish intelligence-gathering activities from covert action in broad terms where this will help achieve stability. Iranian intelligence gathering in the Southern Gulf states, and US forward collection efforts should be clearly separated from anything that might appear to be deliberate hostile action. Broad generic statements would avoid issues relating to sources and methods.
- Seek upgrades in the command and control systems used for air traffic management and routing shipping traffic through the Gulf that reduce the risk of attacks on civilian targets in a crisis.

### **Moving Towards a Strategic Modus Vivendi**

Iran and the US are unlikely to become "friends" in the near future, and the fact they have common strategic interests does not mean they will ever have identical strategic interests. One of the most important aspects of official dialog will be to explore the areas where cooperation is possible, but it will be equally important to understand where competition will continue and minimize the risk it will lead to confrontation or violence. Both sides need to understand that the goal is a strategic modus vivendi in which each nation recognizes the other's strategic interests and goals, rather than trying to seek unrealistic concession or some form of strategic consensus. Agreement is important. Finding better ways to agree on how to disagree may be even more important. There is no way to predict how far and how rapidly the US and Iran can move on these issues, but it may be possible to take some steps in the areas where the two countries have mutual strategic interests long before Iran and the US formally establish correct relations.

### **Energy and Economic Sanctions**

There is little near-term prospect of any repeal of the Iran-Libya Sanctions Act (ILSA), and the Clinton Administration may find it difficult to resist further Congressional sanctions legislation, particularly after criticizing the Netanyahu position on the Arab-Israeli peace process. The American "majlis" is no more progressive and indifferent to domestic political opportunism than the Iranian majlis.

The US can, however, grant case by case waivers, and carry out a detailed study of the impact of economic sanctions, in ways that lay the ground work for repeal and a lifting on sanctions on trade and investment. It also can signal Iran that waivers would be granted to projects where Iran clearly is making a counterpart investment or the structure of the project is such that payments are made as progress takes place in the project, and

where it is clear that the project will not provide any windfall that Iran might use to buy arms for periods of five to 15 years.

This would allow the US to focus on security issues without participating in sanctions that hurt Iran without advancing US interests. One of the fundamental problems in ILSA is that it assumes that energy investments give Iran lots of free hard currency early in major projects costing billions of dollars. In fact, they often provide no major increases in hard currency for many years and require substantial investment by Iran. More broadly the US can signal that it is its long-term policy to encourage Iran's energy and economic development and US commercial investment once it is clear than Iran does not support "terrorist" activity.

Iran might reciprocate by making its energy projects transparent enough in terms of cost, cash flow, and scheduling to make it clear they will not lead to funding increased military efforts.

### **The Caspian, Turkey, Central Asia, and Energy Distribution**

The US does not have to abandon its short term efforts to by-pass pipelines through Iran to declare its mid-to-long term interest in encouraging a wide range of energy export routes once US and Iranian relations have improved. This could be done in the form of a Department of Energy (DOE) policy paper or "study" to avoid sending too high profile a signal. Given US investment, technology, and construction capabilities, this would at least add a carrot to the stick from the US perspective and allow Iran to look beyond sanctions in considering its policy.

Iran might reciprocate by describing its policy of encouraging Caspian and Central Asian development in more detail, and perhaps by issuing some form of annual report on its activities in the region – making it clear where Iran has taken steps to encourage the overall stability of the area.

### **Trade flows and Investment**

The US could add carefully tailored waiver provisions to the sanction President Clinton has imposed on trade and investment that allow US industry to support Iran's energy and economic development where this is clear that it will not give Iran resources that might be used for investment in arms purchases and/or proliferation. This would lay the groundwork for broader economic cooperation as US-Iranian relations improve. Iran might reciprocate by making its energy projects transparent enough in terms of cost, cash flow, and scheduling to make it clear they will not lead to funding increased military efforts. One key action would be to publish a more open and detailed defense budget including all capital expenditures. The US could use this in its own reporting to make it clear that Iran was not increasing its military investments in destabilizing ways.

### **Minimizing the "Great Game"**

Iranian policy declarations about the importance of regional stability, avoiding competition, and avoiding efforts to play the US and Russia off against each other would help. So would US policy declarations about the potential importance of a stable Iran and positive role in the region. Neither nation would have to complement the other or agree to its policy view, and such words might well be followed by actions.

Both Iran and the US have a great deal to gain from avoiding any overt renewal of the great game. This is an area where informal official dialog might accomplish a great deal, particularly if some solution can be found that avoids destabilizing Iranian arms imports from Russia, and which reduces tensions over proliferation.

### **Dealing with Iraq and "Living with Saddam"**

The US and Iran do not have to agree on security policy to recognize that the other sometimes plays an important role in the military containment of Iraq. Some words of recognition regarding the positive role of the other state would help. For example, the US might acknowledge Iran's support of the UN Coalition; Iran might take an active role in limiting any smuggling that was a violation of "oil for food."

Some kind of common policy endorsing the continued operations of UNSCOM might be possible even if broad cooperation on Iraqi policy is impossible.

### **Regional Security**

A number of steps have already been suggested to reduce short term tensions over security policy. There are, however, a number of further steps that can be taken that do not require a common policy or that either nation cease criticizing those aspects of the other country's policy that they find destabilizing:

- Both nations could acknowledge that the other has legitimate regional security interests in various speeches or papers without in any way endorsing the actions of the other state.
- Iran could produce an annual defense white paper adding transparency to its defense policy and budget, and explaining its actions in detail without compromising its policies or security.
- The US could issue an unclassified annual report on Iranian military activities stating what it does and does not find threatening or destabilizing. If this report included Iraq, it would avoid targeting Iran – if anything Iran would benefit from the comparison. If it was put in the context of a broader annual report on Gulf security, it would avoid dividing the Gulf into friend and foe and could make it clear that the US is not seeking to threaten Iran or its legitimate security interests.
- Both countries could agree to participate in a Gulf security conference held on a semi-official basis by a country like Oman, Qatar, or the UAE. This would allow the beginnings of a security dialog.

- The US and Iran might be able to agree to establish small informal panels discussing security issues to support the kind of quiet, official diplomacy discussed earlier.

### **Iranian Security:**

The US and Iran are unlikely to agree on what defines legitimate Iranian security interests and what is a potential threat to Gulf shipping, US forces, or the Southern Gulf states. The key may be dialog and transparency. The US and Iran do not have to agree as long as they share a common perception Iran's actions and intentions, and these are not threatening. The previous suggestions regarding crisis avoidance are one possible step in this process that would benefit Iran as much as the US. A detailed Iranian defense white paper would add transparency regarding Iranian force plans without compromising Iranian freedom of action or security. A US annual report on Gulf security would allow it to characterize US perceptions of Iranian and Iraqi military strength in a way that could serve as the basis for a mutual dialog. Overt recognition by both the US and Iran that the other state has legitimate security interests in the region would be another such step. At some point, Iran and US security experts need to talk. It has already been suggested that both countries might agree to participate in a Gulf security conference held on a semi-official basis by a country like Oman, Qatar, or the UAE, and/or that the US and Iran might be able to agree on setting up small informal panels discussing security issues to support the kind of quiet, official diplomacy discussed earlier.

### **Gulf Security**

Much will depend on US willingness to understand Iran's security concerns regarding Iraq, and political inability to articulate them in any detail. The same will depend on Iranian willingness to understand that current US deployments in the Gulf are driven largely by Iraq, and that the permanent US presence will be much smaller once this situation can be stabilized. Another key measure will be the extent to which Iran's present force posture in the lower Gulf represents the limit of its military build-up, barring the need for modernization. If Iran's presence remains relatively stable, this will argue that Iran's forces and force posture are largely defensive, as will stability in arms imports and defense spending.

At the same time, the US needs to be sensitive to Iranian concerns, and to those of other Gulf states. It needs to make it clear that it has every reason to stay as far over the horizon as the situation permits, that its forward presence will be limited, and that it is actively seeking to build-up the defensive military capabilities of Southern Gulf states in ways that will reduce the need for a forward US presence.

There may also be considerable advantage in bringing Southern Gulf states like Kuwait, Oman or Saudi Arabia into a security dialog. There are few practical prospects that the Gulf can evolve any meaningful regional security structure in the next few years. Tensions are too great, and Iraq is too much of a wild card. There is, however, good reason to try to move towards a broader dialog and one that looks beyond US-Iranian

issues. In the mid to long-term, Gulf security must be a Gulf issue, guaranteed by the US but not shaped by the US. If the region can evolve towards moderation, this will be a mid-term and not a long-term possibility.

### **Arms Control and Proliferation**

The US firmly believes Iran is acquiring long-range missiles that can only be effective if armed with weapons of mass destruction, has chemical weapons, and is seeking biological and nuclear weapons. Iran has denied that it is acquiring weapons of mass destruction and has signed the Chemical Weapons Convention (CWC), Biological Weapons Convention (BWC), and Nuclear Non-Proliferation Treaty (NNPT).

It may be impossible to resolve all of the issues involved, particularly as long as Iraq continues to try to rebuild its capabilities and Iran sees a potential threat from Israel and the US. At the same time, there are some possibilities:

- The Arms Control and Regional Security (ACRS) talks are now paralyzed by Egyptian-Jordanian and Egyptian-Israeli differences, and do not include Iran, Iraq, Syria, and Libya. The US might work with Saudi Arabia to invite Iran to participate fully in revived talks, with a sub-group whose function would be regional arms control in the Gulf and the possible creation of nuclear-free and biological weapons-free zones. This would allow a focus on Gulf issues without denying the linkage between proliferation in the Gulf and proliferation by Egypt, Israel, Libya, and Syria. The sub-group might meet separately in the Gulf to allow Gulf states to focus on their own affairs and avoid having their talks tied to Arab-Israeli issues affecting ACRS as a whole. The US might encourage the ex-officio exchange on data on regional programs by experts outside governments, including coverage of Israeli programs.
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- There is no international regime relating to missiles that involves user, as distinguished from supplier countries. There are, however, potential confidence building measures that Iran could take that would avoid any US role or interference and which would not threaten Iranian security. One is to offer enough transparency on Iranian intentions so that programs do not come as a surprise, and their purpose is sufficiently clear so that the appearance of new missiles do not lead to worst case speculation. Iran can also structure its test programs, and use of open telemetry, to limit fears that its missile programs may be directed at targets outside the Gulf.
- Iraq's submission of data on its chemical programs and chemical weapons could be used to resolve many of the uncertainties relating to Iran's programs. Inspections might deal with the potential threat of chemically armed missile warheads. At the same time, Iran might use cooperation with the terms of the CWC to act as a model that other nations might insist be used in Iraq and other states that pose potential threats to Iran.
- The US could hold informal talks with Iran on how the Biological Weapons Convention might be strengthened to assure all nations in the region that no nation was a violator, and to prevent any uncertainties because of terrorist or

proxy use. Rather than simply seek to limit potential Iranian biological warfare activity, it could seek to assure Iran that other nations will not develop the ability to threaten Iran.

- The US could express its concern with the Iraqi chemical and biological threat to Iran by strongly supporting any Iranian requests for UNSCOM inspection activity. It could publish studies that focus on the history of Iraq's chemical attacks on Iran, and make it clear that US policy strongly opposes any future use of weapons of mass destruction in a conflict.
- The US might make it unambiguously clear that it will not support any nation that uses such weapons, will urge a full and immediate UN investigation of any charges that such weapons are used, and will support sanctions wherever such weapons are used in offensive combat.
- Considerable progress has already been made in the Strengthened Review Process for the NNPT. The Preparatory Committee for the 2000 Review Conference of the Treaty on Non-Proliferation of Nuclear Weapons has already begun to meet, and has discussed some aspects of regional arms control. This group is led by neutral states, and clearly is not under the domination of the US. The practical question is whether Iran would consider a sub-group dealing with the Gulf, and strengthening International Atomic Energy Agency (IAEA) safeguards in ways that would enhance Iran's interests by limiting Iraqi capability to proliferate while helping to assure other nations that it was not actively seeking nuclear weapons.
- It may be possible to decouple the issue of Iran's search for nuclear power from the issue of nuclear weapons proliferation. An informal dialog of experts might establish procedures for ensuring that Iran's light water reactors -- which are not efficient ways to acquire nuclear weapons in any case -- are designed and operated in ways which minimize the risk they are used to support a nuclear weapons effort. Alternatively, Iran could unilaterally develop such arrangements with the IAEA. The US quid pro quo might be to reduce or end its efforts to limit imports and foreign support for this part of Iran's nuclear efforts.
- Iran might expand on its past invitations to the IAEA to offer the opportunity for true inspections, including soil and water samples, use of test gear, etc. This would eliminate the major uncertainties resulting from the past IAEA "visits" which had little or no technical content.
- The US might issue a report explaining its intentions relating to counterproliferation programs affecting the Gulf, and make it clear that these are defensive in character.

The greatest difficulty surrounding the issue of missiles and weapons of mass destruction is likely to be communication and the building of trust where (a) Iran is not proliferating and can prove it, or (b) the US and Iran have a mutual interest in preventing or limiting the proliferation of other states like Iraq. This will depend, in part, on the tacit understanding of both sides that this is an adversary relationship where some degree of cooperation and improved understanding is possible and where the goal is coexistence.

## **The Afghan Issue**

Iran and the US already had a low level dialogue over Afghanistan. It is unclear that any outside peace making efforts can change the present situation or that the factions in the country are capable of reaching a stable peace. There is, however, an obvious need to maintain a dialogue on this issue, and potentially to cooperate in efforts to create the kind of peace that would protect the rights of all Afghans.

### **The Kurdish Issue**

The US and Iran have largely avoided confrontation in dealing with the Kurdish issue. The US office in the Kurdish enclave coexisted with the similar Iranian office in spite of different policies, and support for different groups. An informal dialog on the Kurdish issue might accomplish more. It would allow the US to understand Iranian feelings towards the Kurdish Democratic Party of Iran (KDPI), and explore the possibility of cooperating in dealing with the Kurdish enclave in Iraq.

More broadly, it might prove possible to include Turkey and key Iraqi Kurdish factions like the KDP and PUK in such discussions. It is unlikely that even the Kurds will ever pursue a common policy towards the Kurdish issue, but some level of cooperation may be possible and dialogue might prevent incidents and misunderstandings.

### **Southern Gulf Stability, Abu Musa and the Tunbs**

Iran seems to have formally rejected any effort to export its revolution to the Gulf and interfere in Southern Gulf affairs. US concerns with issues like Abu Musa and the Tunbs, and various potential disputes over the demarcation lines and energy rights in the Gulf are limited to the need to ensure that these issues are resolved peacefully and without confrontation and conflict. The US has long expressed its concern for Shi'ite religious rights in its Human Rights report, but this again is an issue that should be resolved locally by the nations involved.

The key step here is to establish the kind of dialogue that allows Iran and the US to discuss these issues, avoid misunderstandings, and determine if there are cases where the US might be able to encourage the peaceful solution of various disputes by local or international bodies. At the same time, the public announcement of exercises and deployments suggested earlier would aid in avoiding misunderstandings of each side's military actions.

### **Lebanon**

The key issue for US and Iranian cooperation is whether Israel can withdraw from Lebanon without having to fear Hezbollah attacks across the Israeli border and the use of Southern Lebanon as a base for terrorism. It is also whether Iran will support the arming and training of extremist groups on Lebanese soil. Iran has recently indicated that a quid pro quo may be possible where the Hezbollah will become political, and end its military activities, if Israel withdraws. The Israeli government has made it clear it would like to do on such terms, provided that suitable security guarantees are provided.

Syria is a "wild card" in this situation, and the Lebanese Hezbollah must ultimately decide on whether they are willing to end military activity after Israeli withdrawal. This is, however, an area where a US-Iranian dialogue might accomplish a great deal. The potential mutual goal is a stable and secure Southern Lebanon, where Lebanon's Shi'ites can live in peace, develop their region economy, and have full political equality within Lebanon's political system.

### **Arab-Israeli Peace**

The US and Iran do not need to share a common view of the end result of the peace process as long as (a) neither side endorses or supports the use of force by any nation or extremist groups, and (b) both Iran and the US are willing to leave the ultimate decisions regarding peace to Syria, the Palestinians, and Israel. President Khatami and other Iranian leaders have indicated that such an agreement on how to disagree may be possible.

Such an adversary relationship could also have a constructive side. An Iran that made it clear that it would accept a peace acceptable to Syria and the Palestinians would offer Israel a further incentive to reach a peace since this would defuse any threat from Iran and open up the prospect of future cooperation between Iran and Israel. Iran would benefit by ceasing to be a major target of Israeli contingency planning.

It would also be much easier for the US to press for Palestinian rights, and for the reform of the Palestinian authority, if it was clear that Palestinian extremists did not have strong outside support, and US and Iranian relations would be greatly improved if the US was confident that Iran was not supporting violent activity by Hamas and the Palestinian Islamic Jihad.

There will never be a truly "just" peace; there has never been one in human history. The right kind of US and Iranian dialectic, however, might help make peace more just for all sides.

### **"Terrorism" versus "Freedom Fighting;" Subversion versus Covert Operations**

The US and Iran have very different views regarding terrorism and freedom fighting. At the same time, the previous analysis has described a wide range of areas where progress may be possible. One of the key steps that both sides need to take is to separate out different kinds of activity, discuss them, and judge them individually. To be specific, the following different issues are involved:

- Iran's recent statements indicate that it will not support attacks on non-violent members of opposition groups, and it has signaled that it will not enforce the fatwa on Rushdie. This is an area where dialogue is needed to improve mutual understanding
- The US has already condemned the Mujahedin-e Khalq as a terrorist group. The reports on Global Terrorism which the State Department issued in April, 1998, states:

"Mujahedin-e Khalq Organization (MEK or MKO)\* a.k.a. The National Liberation Army of Iran (NLA, the militant wing of the MEK), the People's Mujahedin of Iran (PMOI), Muslim Iranian Student's Society (front organization used to garner financial support)

"Formed in the 1960s by the college-educated children of Iranian merchants, the MEK sought to counter what is perceived as excessive Western influence in the Shah's regime. In the 1970s, the MEK concluded that violence was the only way to bring about change in Iran. Since then, the MEK—following a philosophy that mixes Marxism and Islam—has developed into the largest and most active armed Iranian dissident group. Its history is studded with anti-Western activity and, most recently, attacks on the interests of the clerical regime in Iran and abroad.

"The MEK directs a worldwide campaign against the Iranian Government that stresses propaganda and occasionally uses terrorist violence. During the 1970s, the MEK staged terrorist attacks inside Iran to destabilize and embarrass the Shah's regime; the group killed several US military personnel and civilians working on defense projects in Tehran. The group also supported the takeover in 1979 of the US Embassy in Tehran. In April 1992 the MEK carried out attacks on Iranian embassies in 13 different countries, demonstrating the group's ability to mount large-scale operations overseas.

"Several thousand fighters based in Iraq with an extensive overseas support structure. Most of the fighters are organized in the MEK's National Liberation Army (NLA).

In the 1980s the MEK's leaders were forced by Iranian security forces to flee to France. Most resettled in Iraq by 1987. Since the mid-1980s, the MEK has not mounted terrorist operations in Iran at a level similar to its activities in the 1970s. Aside from the National Liberation Army's attacks into Iran toward the end of the Iran-Iraq war, and occasional NLA cross-border incursions since, the MEK's attacks on Iran have amounted to little more than harassment. The MEK has had more success in confronting Iranian representatives overseas through propaganda and street demonstrations.

"Beyond support from Iraq, the MEK uses front organizations to solicit contributions from expatriate Iranian communities."

The US cannot condone Iranian attacks on MEK forces and operatives outside Iran, but attacks on the MEK come close enough to legitimate self-defense so should clearly separate them from other activities the US calls "terrorism."

- The US and Iran need to find a way to discuss the reasons for what the US perceives as Iranian attacks on the Kurdish Democratic Party of Iran (KDPI), and the extent to which these are acts of self-defense. This is part of the broader Kurdish issue discussed earlier.

- Iran may already have halted efforts to subvert Southern Gulf governments and support groups that might attack US citizens and forces. Discussions are needed of possible confidence building measures to determine this, and avoid cases where an unauthorized operation by an Iranian might trigger a crisis.
- The issue of Iranian sponsorship of the Hezbollah has been discussed earlier. The US needs to show better understanding of the legitimate concerns Iran regarding Lebanon and the needs of the Hezbollah. Iran needs to understand that the US cannot establish correct or good relations with Iran as long as Iranian-armed Hezbollah attack targets in Israel.
- Iranian sponsorship of Hamas and the Palestinian Islamic Jihad present similar problems. Iran needs to understand that the US cannot establish correct or good relations with Iran as long as Iranian is perceived as supporting violent attacks by these organization, but the US needs to listen to Iran's views and show suitable concern for the peaceful and legitimate rights of the Palestinians.
- Iran and the US also need to hold discussions regarding US perceptions of broader-ranging Iranian activities, such as paramilitary training for extremist groups in Iran, training camps in the Sudan, and activities in Argentina. It may be impossible to resolve all of these issues, but communication might lead to a considerable easing of tensions.

### **Taking the Next Steps**

This paper is not an argument that improvements in US and Iranian relations will be easy, nor is it a master plan with clearly defined options. It is rather a "think piece" designed to show that the US and Iran cannot afford to dwell in the past, that they do have mutual strategic interests, and there are some steps that might be taken even in the most divisive areas.

It is also important to recognize that the most important next steps are patience and tolerance, that neither nation can move quickly, and that there may often be long pauses in moving forward. It is particularly important not to demand a quid pro quo for every positive action by one side. There is, however, much that can be done and once an official or semi-official dialogue begins, there are many ways each government can serve its own interests in ways which either advance or do not injure the other state.