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## PUSHING IRAN AGAINST THE WALL: More than Just a Regional Problem

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The recent EU, US and UN decisions to impose sanctions on Iran have met with varying degrees of response by key world players. Global experience with the effectiveness of sanctions in bringing about behavioural or regime change has not been a particularly happy one – the sanctions imposed by the West on Iraq, for instance, arguably worsened the lot of the Iraqi people, particularly children, without appearing to affect Saddam Hussein's rule; and their ineffectiveness ultimately led to the US-led invasion of Iraq. Sanctions against Myanmar, another regime distasteful to the West, also seem to have achieved little.

So what is the point, at this juncture, of new sanctions on Iran? What does the West really hope to gain?

The very real possibility of Iran developing effective nuclear weapons, and its strategic position in the region, makes this more than just a local issue. Strong signals have therefore to be sent.

Furthermore, two newly-arrived non-permanent members of the UN Security Council, Turkey and Brazil, now offer a new perspective on Iran's relationship with the rest of the world which could help unlock the stalled talks on nuclear weapons.

Another factor that could determine the effectiveness of the new round of sanctions is the relatively precarious state of Mr. Ahmadinejad's government, following the disputed elections in 2009. The less-than-ringing endorsement of his government by the people of Iran means that their President may well need to take heed of what his constituents are saying, in a way that has not been necessary before. If sanctions now begin to bite at the local level, then the street may come out vocally against the regime. Can Mr. Ahmadinejad afford this? Or will he change his position on the nuclear issue?

### May/June 2010

The latest review of the nuclear Non Proliferation Treaty (NPT) took place in Washington DC in May 2010, at UN headquarters.

The NPT is a landmark international treaty whose aim is to prevent the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy and to further the goal of achieving both nuclear and general complete disarmament. The NPT is the only binding commitment, under a multilateral treaty, to the aim of disarmament by the nuclear states. Conferences to review the

operation of the Treaty have been held every five years since it went into effect in 1970. Each conference has sought to find agreement on a final declaration that would assess the degree of implementation of the Treaty's provisions and make recommendations to strengthen them further.

A separate section of the Treaty focuses on the Middle East, specifically on the implementation of the 1995 resolution on the Middle East, whose purpose is to create a nuclear-weapon-free zone in that region. This resolution was added to the Treaty in 1995 without a vote. The 2010 Review Conference confirmed its relevance and stressed its validity.

It also recalled the 2000 Review Conference resolution on the importance of Israel's accession to the Treaty and the placement of all its nuclear facilities under comprehensive IAEA safeguards and encouraged all the States in the region to take the necessary steps and confidence-building measures to achieve the goals set by the 1995 resolution.

On 10 June, the Security Council endorsed a fourth round of UN sanctions on Iran, including tighter financial curbs and an expanded arms embargo (it should be recalled that since

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1979, when Iranian students stormed the American embassy in Tehran and took hostages, the US has banned most trade with Iran). Iranian President Mahmoud Ahmadinejad in a memorable, if inelegant, turn of phrase, dismissed the UN vote as "a used handkerchief".

### The New Sanctions

Following the 2010 NPT Conference, European leaders approved a new set of sanctions against Iran that go even further than the latest UN measures. Their decision to carry through a fourth round of sanctions is based on the suspicion that Iran is seeking nuclear weapons –despite Tehran's denials. Iran has rejected calls by the Security Council to halt uranium enrichment --which could have military as well as civilian uses—and insists its nuclear programme is solely designed to produce energy.

The fresh EU sanctions, which were approved in a summit meeting in Brussels in mid June, include a ban on investments, technical assistance and technology transfers to Iran's key oil and gas industry. In their statement, EU leaders expressed regret "that Iran has not taken the many opportunities which have been offered to remove the concerns of the international community over the nature of the Iranian nuclear programme". Iran's shipping and air cargo companies will also be banned from operating in the EU, and new visa bans and asset freezes will target the Iranian Revolutionary Guards Corps (which

controls Iran's nuclear programme). Correspondents say the move will put strong pressure on Iran, which is the world's fifth-largest oil exporter but has limited refining capacity.

The purpose of going beyond the sanctions mandated by the UN Security Council is to build on the momentum of the UN resolution. This is why the focus is on trade, including goods that can be used for civilian and military purposes; new visa bans; additional restrictions on banking and insurance, and the Iranian transport sector (especially the state-owned shipping and air cargo lines).

The US announced fresh sanctions of its own shortly after the UN's announcement, banning Americans from trading with a number of firms and individuals, including Iran's Post Bank, Defence Ministry and the air force and missile command of the Revolutionary Guard Corps.

However, not all the actors on the international stage –including those who are key trading partners of Iran-- think alike on this issue.

Russia in particular has strongly criticised the EU sanctions.

*"We are extremely disappointed that neither the United States nor the European Union is heeding our calls to refrain from such steps,"* Deputy Foreign Minister Sergei Ryabkov is reported saying. Russia strongly objects to sanctions on the grounds that extra penalties will hurt talks over

Iran's nuclear programme –and dislikes very much the idea of the US and EU "going too far", thus placing themselves "above" the Security Council.

Other critical actors include Turkey, Brazil, Pakistan and China, each of whom sees the problem from a different point of view.

### Why Iran is a problem

Apart from the nuclear issue, the oil and gas trade, mixed with the potentially explosive ingredient of Sunni-Shi'a competing influences, make a combustible brew, particularly for those in the region.

Both Brazil and Turkey, two current non-permanent members of the UN Security Council, voted against the UN draft resolution on sanctions on Iran on June 10, 2010; and the two countries mediated a nuclear fuel swap with Iran in May 2010.

### The Turkish Factor

Economic relations between Turkey and Iran, which have grown rapidly in recent years, have particular implications for the latter's nuclear programme. From 2000, trade between the two countries has increased tenfold, to \$10 billion annu-

ally in 2008.<sup>1</sup> Building on old friendships established under the CENTO pact of 1955 (between Iran, Iraq, Turkey, and Pakistan), trade has also arguably influenced Turkey's attitude towards Iran's nuclear programme, which it has supported despite International Atomic Energy Agency (IAEA), UN and US concerns. Turkey believes ties with Iran help her in achieving her goal to become a regional superpower. Iran thinks cooperation with Turkey on economic matters not only strengthens the relation between the two countries, but provides a much needed boost for the Iranian economy.

The two countries share a geographical border, and Turkish Prime Minister Erdogan clearly wants to see his country more closely aligned with its Eastern neighbours – particularly in view of the continued (and strategically short-sighted, according to some) refusal by Europe to countenance Turkey's membership of the EU.

Economically, Turkey has growing energy needs. It has been purchasing Iranian oil and gas to fuel its growth at an increasing rate. Today, 12 percent of its energy supplies come from the Islamic Republic. In 2009 alone, Ankara imported 5.1 billion cubic meters of natural gas from Iran, a 35 percent increase from the previous year. This tendency is likely to continue. In February 2010, Turkey announced it was prepared to link, via pipeline, its northeastern port city of Trabzon with the Iranian port of Bandar Abbas. Even more recently, from 20 March to 5 May, the Islamic Republic increased its gas exports to Turkey by 98 percent compared to the same period last year.<sup>2</sup>

But this relationship, strengthened by energy issues, goes well beyond imports and exports. Both Iran and Turkey rely on one another for access to vital markets. Turkey is one of the major gateways to Europe for energy flows. Iran has recently announced that, in order to fulfill a large gas contract with Switzerland, it may use Turkish pipelines to reach the continent. And gas from Turkmenistan bound for Turkey flows through Iran – this is a vital link for Turkey in terms of energy security, allowing Ankara to distance itself from more expensive Russian suppliers. Pipeline transfers represent nearly \$2 billion a year in trade and are, therefore, another vital economic link between the two countries. As with non-energy trade, this relationship is increasing rapidly. In addition to Turkey's increased gas purchases, there have been reports in Iran that Turkey has been granted the rights to ship half the natural gas extracted from the Islamic Republic to European customers.

Unsurprisingly, Turkey has refused to join in with the sanctions and has refused to engage in actions devised to isolate Iran economically.

The recent Turkish and Brazilian-brokered nuclear swap deal is only the clearest example so far of how strong these ties are: in exchange for storing uranium for Iran, Turkey would have even greater access to Iranian markets and energy sources (thus becoming an energy hub for Europe and consequently feeding Ankara's aim to establish Turkey as a regional economic superpower).

On the other hand, by enlisting the aid of Turkey, Iran transforms its main economic rival in the region into an ally. In the past several years, Tehran has attempted to consolidate its position at the center of a region which stretches from Central Asia to Turkey. One way it seeks to achieve this is through the construction of a massive interconnected power grid that runs from Afghanistan to Lebanon, supplying much of the Middle East with electricity. By enlisting Turkey's aid on this project, Tehran reportedly seeks to make its neighbors "increasingly interdependent with Tehran and the Iranian economy."<sup>3</sup> By maintaining good relations with Iran, these border states of the Islamic Republic are to receive the energy they need. Furthermore, thanks to this alliance between Ankara and Tehran, Turkey can no longer be considered an alternate supplier. Because of this developing Iranian-Turk-

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ish cooperation in energy generation, the Islamic Republic's regional position is strengthened as top supplier of energy in the region, with competitors either turned into allies or lacking the necessary infrastructure.

### Reciprocal Investment

Turkey is not only Iran's client but an investor as well. Turkish involvement in projects in Iran, include a \$5.5 billion investment in the South Pars gas field and a \$2 billion project to build an oil refinery in northern Iran. These joint ventures seek to lay the foundations for a project that would deliver Iranian gas to Europe through Turkish energy companies. Turkey has also expressed interest in investing in "green" energy projects in Iran, including several wind farms, in cooperation with a number of Chinese firms.

Iran also invests reciprocally in Turkey: it is currently engaged in several power projects and relies on Ankara to provide access to advanced European fiber-optics networks through telecommunications cables that run through Turkey.

1. Source: International Monetary Fund Directory of Trade Statistics (DOTS) 2000-2009

2. See David Pupkin, in IranTracker June 24, 2010 [http://www.irantracker.org/analysis/iran-turkey-economic-relations-what-their-rapid-growth-means-iran%E2%80%99s-nuclear-program#\\_ftn35#\\_ftn35](http://www.irantracker.org/analysis/iran-turkey-economic-relations-what-their-rapid-growth-means-iran%E2%80%99s-nuclear-program#_ftn35#_ftn35)

3. Op. cit.

## CENTO Friends (i): Iraq

Trade between Iran and its longtime rival Iraq is also providing the latter with much-needed funds: billion-dollar pacts are being signed and Iranian banks blacklisted by the US are opening branches in Iraq.

In Karbala, one of the two holiest cities in Shi'a Islam along with the nearby shrine city of Najaf, the connection between the two countries remains strong. Centuries of religious and cultural ties are being used to secure leverage in the wake of the waning US influence in Iraq, despite the 8 year war (1980-88) between the two countries. Indeed, during this period, many Shi'a Iraqis sought refuge in Iran and returned only after the fall of Saddam Hussein. Recently, Iran has offered Iraq a \$1bn loan to buy Iranian goods and the Iranian Bank Mellī opened its second Iraqi branch --despite it being under US and EU sanctions over allegations of ties to Iran's nuclear programme.<sup>4</sup>

## Pakistan needs to consider not only the risk of compromising its relations with the US, but also that of facilitating the nuclearization of Iran and subsequently the entire Middle East

Naturally, this increasing closeness worries Iraq's mostly Sunni neighbours in the region. For years, Tehran has pushed for a pipeline to carry Iraqi crude oil to the Abadan refinery, from which refined fuel could be shipped back to Iraq --a move which Samuel Ciszuk, an analyst for HIS Global Insight, sees as making little economic sense and as being purely political.

## CENTO Friends (ii): Pakistan

The May 2009 decision by Pakistan and Iran to connect their economies via a 1,300-mile natural gas pipeline to export some 150 million cubic meters per day of Iran's South Pars field gas to Pakistan, was the result of a 25-year deal done on the sidelines of a regional summit that brought together Iranian President Mahmud Ahmadinejad and Pakistani President Asif Ali Zardari. Energy security commentator Gal Luft argues that this is far from being merely a standard energy project.<sup>5</sup> He sees it as a deal that could have profound implications for the geopolitics of energy in the 21<sup>st</sup> century and for the future of South Asia, as well as for America's ability to check Iran's hegemony in the Persian Gulf.

Notwithstanding this, the pipeline deal is definitely highly beneficial for both Iran and Pakistan. For Iran, it is a lifeline in the face of economic sanctions. It is also a geopolitical opportunity --should the pipeline eventually be further extend-

ed to China and India-- to create a long-term dependence on its gas by billions of customers in China and India.

Pakistan, for its part, views the pipeline as the solution to its severe energy crisis and energy security challenge. Pakistan's domestic gas production is falling and its import dependence is growing by leaps and bounds. By connecting itself with the world's second largest gas reserve, Pakistan guarantees reliable supply for decades to come. If the pipeline were to be extended to India it could also be an instrument for stability in the tense Pakistan-India relations. Under any scenario of pipeline expansion, Islamabad stands to gain hundreds of millions of dollars every year from transit fees, which the impoverished Zardari regime would certainly welcome.

Luft argues that the signing of the pipeline deal is a diplomatic setback for the US, undermining its policy of weakening Iran economically. At a time when --despite some military gains against the "Pakistani Taliban" in the tribal areas and the North West Frontier Province-- Pakistan remains at a critical juncture, should the worst happen and a Taliban-style regime take over in Islamabad, *"the economies of the world's most radical Shi'ite state and that of what could be the world's most radical Sunni state would be connected to each other for decades to come like conjoined twins"*. (Luft, June 2009). Twins indeed, each with nuclear weapons.

But whilst for the US the pipeline is an anathema, for Russia it is seen as an opportunity.



Moscow has been concerned for some time with competition from Iranian gas, which might undermine Russian exports to the European market. A constituency within the European Union that seeks to lessen its dependence on Russia has been advocating the construction of the Nabucco pipeline to pump Caspian Sea gas to Europe bypassing Russia. It is therefore in Russia's interest to derail the Nabucco project by diverting Iran's gas away from Europe and locking it into the Asian market --which for Russia is secondary (80% of Gazprom's export profits come from the European market). To this end, Gazprom is keen to participate in the construction of the Iran-Pakistan pipeline, due to start in 2011.

4. International Herald Tribune, Friday June 18 2010  
5. Journal of Energy Security, June 18, 2009



So, while for the US the pipeline is a net geopolitical loss, for Russia it is another way to perpetuate its stranglehold on Europe. China too stands to gain from the pipeline, for Iranian gas will flow to Pakistan's Balochistan province port of Gwadar (built with Chinese financing), from where it could either be shipped to China, or run through a proposed pipeline going north, also financed by China, along the Karakoram Highway, on the old Silk Road, which connects China's Xinjiang region with Pakistan's northern areas.

The other country in the region for which the Iran-Pakistan pipeline could have the greatest impact is India –if (and this is a big if)-- Pakistan-India relations are ever normalised. It would take an extension of only 376 miles to bring Iranian gas to India. Should this happen, it would be a game-changing move, as it would create a high degree of Indian energy dependence on Iran.

Pakistan, regarded by journalist Irfan Husain as a potential “missing link” for sanctions and military action against Iran<sup>6</sup> while being the recipient of \$1billion-plus yearly of US aid, needs to consider not only the risk of compromising its relations with the US, but also that of facilitating the nuclearization of Iran and subsequently the entire Middle East. It also needs to consider its own situation. Husain argued late in 2009 that any new sanctions would “*place an intolerable burden*” on already tense Iran-Pakistan relations<sup>7</sup> and that sanctions would require Islamabad, already concerned with threats from Afghanistan and India, to secure its long and porous Iranian border to stop illegal sanctions-busting trade –a move that would trigger domestic opposition from both smugglers and supporters of Iran. Noting that Islamabad relies on Iranian support in confronting India, Husain argues that the US should not expect to be able to use Pakistani territory in the event of a military campaign against Iran.

### **Brazil, the “Honest Broker”**

While Brazil is not a permanent member of the UN Security Council and therefore cannot veto resolutions, as a holder of a temporary seat it can nonetheless facilitate or impair consensus. Equally important, Brazil will play a role in ensuring that sanctions are actually implemented, through its role in the UN, the International Atomic Energy Agency (IAEA), and several informal groups.

During US Secretary of State Hillary Clinton's March 2010 visit to Brasilia, Brazil's President Luiz Inacio Lula da Silva said, “It

*is not prudent to push Iran against the wall*” and Foreign Minister Celso Amorim called sanctions potentially “*counter-productive*.” It is important to see these statements, and Brazil's position in the Security Council, in the light of Brazil's new diplomatic assertiveness. In the past few years, Brazil has opened more than thirty new embassies in Africa and has launched a Middle East policy that includes growing trade and political consultations with Iran, the Arab world, and Israel. The received perception in Brasilia today is that problems diplomats could afford to ignore only a few years ago now require a response. As is normally the case with rising powers, Brazil is currently redefining its own national interests in ever-expanding terms.

As argued by Matias Spektor in an article for the US Council for Foreign Relations (March 4, 2010), there are three major factors behind Brazil's stance on Iran today.

First, in the eyes of Brazilians, sanctions may well be a prelude to illegitimate, armed intervention. Its Foreign Minister has

## **From a Brazilian perspective, existing models of governance have failed to produce a fair and stable international system**

warned that the last time the Security Council voted on the basis of inconclusive evidence, the world ended up with a major illegitimate intervention in Iraq that undermined the principle of collective security.

Second, Brazil believes sanctions will only toughen Iran's stance. Pressure and isolation will create a major incentive for Tehran to seek a deterrent. Brazil is well acquainted with the rationale --in the face of U.S. opposition to its own civilian nuclear program back in the 1970s, Brazil set up secret nuclear activities that eventually succeeded in developing indigenous enrichment capacity. It took Brazil over a decade after that to sign up to the NPT. As a high-ranking official in Brasilia said early in 2010, “*When Brazil looks at Iran it doesn't only see Iran, it sees Brazil too.*”

Third, Brazil sees debates over Iran's nuclear programme as an opportunity to make a broader argument about nonproliferation. Brazil's point of view here is that nonproliferation has become a politically-driven tool in the hands of the United States to selectively “lay down the law” on weaker states. Why the fuss over Iran when Israel remains in a state of nuclear denial? And why does a member of the NPT like Iran get punished for allegedly seeking civilian enrichment technology, when India, which has chosen to remain outside the NPT and challenge it openly, gets a big reward from Washington instead? Furthermore, why expect compliance with Western preferences in the NPT if the major nuclear powers have been unable to honour their part of the deal and move decisively towards disarmament?

Brazil's attitude is to wait for hard proof of a nuclear weapons programme underway in Iran. From a Brazilian perspective, existing evidence is not sufficient. Should such fears be confirmed, though, there is no doubt that Brazil would move

6. December 15, 2009, in The Daily Star, [www.alarabiya.net/views/2009/12/15/94199.html](http://www.alarabiya.net/views/2009/12/15/94199.html)

7. These ties were recently strained by the Jundullah attack in October 2009 that killed over 40 Iranians, including several high-ranking Revolutionary Guard officers. In the wake of the terrorist atrocity by the extremist Sunni group, Iran accused Pakistan of sheltering the killers at America's behest and threatened it would exercise its right of hot pursuit. Pakistan's consistent support of the Sunni Taliban has been a major irritant between Islamabad and Tehran for years.

fast to condemn Iran. Significantly, officials in Brasilia already signaled on March 3 that their voting behaviour in the Security Council is far from preordained. Indeed, Brazil has already voted now against sanctions.

In any case, it is clear that Brazil's voice will carry increasing weight in the international arena.

Brazil believes it has the moral authority to speak up because it is the only non-nuclear member of the BRIC group and because it has willingly relinquished any ambitions to acquire a nuclear weapon. In Spektor's view, this policy trend is unlikely to change no matter who succeeds Lula after the October presidential elections. There might be a partial pullback from current diplomatic exposure in places like Africa or the Middle

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East, and even a change in rhetoric. But the quest for upward mobility will remain, and so will the fundamental belief that the winds are blowing in Brazil's way. As Tom Shannon, US Ambassador to Brasilia recently commented: *"As Brazil becomes more assertive globally and begins to assert its influence, we are going to bump into Brazil on new issues and in new places."* This is because from a Brazilian perspective, existing models of governance have failed to produce a fair and stable international system.

### China's deal

China, along with Russia, takes the view that a nuclear Iran is a potential strategic asset for constraining US power in the Middle East. It has also been noticeably silent in public about the sanctions issue. Before the sanctions announcement, however, Chinese Foreign Ministry spokesmen have said that China continues to support both tracks of the "dual-track" approach to Iran; that working a new sanctions resolution does not mean that the door to further negotiations is closed, and that any new sanctions approved by the Security Council *"should not punish Iranian people nor affect their normal life."* China's reluctance is a powerful indicator of how complex Beijing's calculations about the Iranian nuclear issue and multilateral sanctions have become. As noted by analysts Flynt Leverett and Hillary Mann Leverett in their recent article on Iran sanctions,<sup>8</sup> four points are noteworthy in this regard.

First, China has succeeded in extracting extensive concessions from the Obama Administration regarding the content of the specific measures contained in the draft sanctions resolution. Since 2006, Beijing's approach to the Iranian nuclear is-

sue has been to give Washington just enough on sanctions in the Security Council to keep the United States going with the issue, while watering down the actual sanctions approved so that they would not impair the development of Sino-Iranian relations. China is basically following this approach at present.

### What is behind this stance?

Not only does China buy a significant portion of its oil imports from Iran, but also Chinese energy companies have concluded a growing number of investment contracts for Iranian projects since the end of 2007. Beijing was determined to make sure that a new sanctions resolution should not jeopardize these contracts nor the conclusion of new contracts by Chinese companies --and the US gave way on this. Moreover, Beijing appears to have extracted a commitment that U.S. secondary sanctions will not be imposed on Chinese energy companies or other Chinese entities doing business with Iran.

Chinese diplomats also negotiated with the US to play down the list of specific Iranian individuals and entities enclosed in the "annexes" to the new sanctions resolution, to ensure that no individual or entity that Chinese companies might need to deal with in pursuing their activities in the Islamic Republic is included.

Second, while in the Leveretts' view China would prefer to delay adoption of a new sanctions resolution in the light of the Iran-Turkey-Brazil Joint Declaration, Beijing is nonetheless unwilling to confront the United States on the matter in order not to put at risk the US-China bilateral relationship.

Third, in anticipation of the passage of the new sanctions resolution China has been active managing its relationship with Iran and minimizing any negative fallout on Sino-Iranian relations. Beyond longstanding and expanding energy ties, Sino-Iranian trade relations have been expanding, and China has now replaced Germany as the leading supplier of manufactured exports to Iran. Against this backdrop, China has been working since mid May 2010 to warn the Iranians that the passage of a new sanctions resolution should not impair further development of Sino-Iranian relations. Indeed, in late May, China offered a one billion Euro (\$1.2 billion) loan to finance infrastructure projects in Tehran. In early June, it was announced that China is negotiating to extend another \$1.2 billion in credit to Iran for the construction of six liquefied natural gas (LNG) tankers. In this respect, it is interesting to note that President Mahmoud Ahmadinejad and other Iranian officials have been fairly outspoken in criticizing Russia's public expressions of support for moving ahead with new sanctions against the Islamic Republic, but have been comparatively quiet on the subject of China's position regarding the draft resolution.

Fourth, Beijing will face new challenges in managing its relations with Brazil and other prominent members of the "global South". In view of these analysts, Chinese leaders have wanted for some time *"to have their cake and eat it too"* --that is, for China

8. China's Evolving Calculus on Iran Sanctions, Flynt Leverett and Hillary Mann Leverett, June 8, 2010, and *The Race for Iran*, June 7 2010.

to be one of the international system's "big boys," as a permanent member of the Security Council and a nuclear weapons state, while simultaneously preserving its "street creed" with non-aligned countries. This balancing act will become increasingly difficult to keep in the future, with Brazil as a new member of the Security Council.

Geopolitically, it will be interesting to see if China and the US broker matters on the side, by doing a quiet deal on Taiwan that would see the US backing off from sending weapons to the island, in return for the Chinese backing off on Iran—as suggested by Martin Jacques in his groundbreaking investigation of China's rise as an economic superpower, *When China Rules the World* (2009). Should this happen, Jacques argues that it would mean a tacit recognition that East Asia is China's sphere of influence, and the Middle East, the US's. Iran may thus become further isolated.

### Iran's Regional Ambitions: The Sunni-Shi'a Divide

Iran's neighbours in the Gulf have often expressed concerns about the country's regional ambitions, the implications of which transcend the purely domestic or the immediately regional, because of the impact of unresolved issues on global politics.

Some analysts see Iran's actions in the light of a power struggle between *Sunni*-ruled Arab states, led by Saudi Arabia and Egypt, and Iran and its allies and proxies (Syria, Hamas, Hezbollah – and some would add, Qatar to this list). Bahrain and Kuwait, both of which are Gulf states with significant *Shi'a* populations (particularly Bahrain), have often expressed concerns that Iran is stirring up unrest among the *Shi'a* in these countries, highlighting fears about their own internal stability. In recent years, Morocco, Egypt and Yemen have all expressed similar concerns.<sup>9</sup>

Countries such as Saudi Arabia criticise Iran's interference in what it sees as "an Arab cause" – the Palestinian issue, but also the interference in Lebanese politics. Furthermore, some argue that attention given by Israel to the perceived threat from Iran serves to lower the priority it gives to the Palestinian peace process. Israel's security concerns (Iran's support for Hamas, Hezbollah, the reported smuggling of Iranian arms into both Gaza and Lebanon) and above all its fear of an Iran possessing nuclear weapons as a threat to its security and existence, mean that Israel has for some time urged the UN Security Council to endorse higher sanctions (eg in January 2010).

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9. See Casey Addis, Iran: Regional Perspectives and US Policy, Congressional Research Seminar, January 2010.

### What Outcome?

It is as yet too early to say what effect the new, tougher sanctions will have. A strong stance on the nuclear issue is clearly necessary, for planetary security reasons. Further proliferation would be a turning point in the worst possible direction. But what is also obvious is that new, innovative ways of dealing with Iran will emerge, whether the North likes it or not, thanks to different perspectives in the Security Council.

This means that issues such as the outstanding failures by the international community to seriously come to terms with the Palestine question and to deal with Israel's continuing unwillingness to address it in a constructive way, combined with its increasing restiveness on Iran, have now become global problems that transcend purely national interests. How they may be resolved is therefore bound to have a profound impact on both regional and international relations with Iran, because Iran is

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more than just a regional problem.

The key questions to be answered are first, whether Turkey and Brazil, with their close triangular relationship with Iran, and Brazil's fresh perspectives on the international order, can help resolve the issue. Or, will narrower national interests trump broader international ones? Or indeed, will the US exert such pressure that the two countries will back down from their independent stance? The signs are that pressure from the US are already beginning to make both countries back away from the "special relationship". If they do back off, Iran will lose two important "cards" in their hand, in this critical game.

The domestic fuel issue within Iran represents another "wild card". The country is facing serious problems over the (lack of) capacity of its refineries and fuel supply, resulting in massive shortages. It remains to be seen how this situation develops, but it could be a negotiating point for Iran with the US. Or, conversely, the situation could develop into one where the people turn against their current ruler, Mr. Ahmadinejad

The final "wild card" here therefore remains the Iranian people. Will they accept further penalisation as a result of the new sanctions, or will they prompt a regime change that may –or may not– take a different stance on the nuclear issue?

Or, as a diversion from the chaos and economic insecurity of his own regime, will the tables be turned by Mr Ahmadinejad, by drawing from the lessons of his predecessor, Imam Khomeini, who used the well-known and longstanding nationalist fervour of the Iranian people to start the Iraq war in 1980, in order to save himself and the Revolution? Only time will tell.