Short Term Policy Brief 41

China’s Turbulent Partnership with Iran

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Executive Summary
Despite widespread fears regarding its nuclear threat, Iran continues to enjoy support from China. China is keen to expand its energy, economic and trade links in Iran and has made several large investments in its oil and gas sectors. It is also aware of the implications for stability that regime change in Iran would have for the Central Asia region, including Xinjiang. China remains strongly opposed to unilateral sanctions against Iran and will only accept sanctions approved by the United Nations Security Council.

As a signatory of the nuclear non-proliferation treaty and a member of the International Atomic Energy Agency, Iran has the right to enrich uranium for nuclear energy and develop isotopes for nuclear medicine. The EU should distance itself from the US-Israeli rhetoric on Iran and take a less ideology and more fact-based approach, similar to Turkey. It should broaden the agenda from the Iranian nuclear issue towards multilateral regional security.

Main points
- Despite widespread fears regarding its nuclear threat, Iran continues to enjoy support from China.
- China is keen to uphold “normal” and “justified” support with Iran and sees little reason for the abuse of its ostensibly legitimate nuclear program – particularly as a pretext for military intervention.
- China is keen to expand its energy, economic and trade links in Iran and has made several large investments in its oil and gas sectors. It is also aware of the implications for stability that regime change in Iran would have for the Central Asia region, including Xinjiang.
- The Iranian regime has been subject to several rounds of UN sanctions to limited effect. Some Western calls for sanctions have also been directed at China’s energy interests in Iran.
- The EU should distance itself from the US-Israeli rhetoric on Iran and take a less ideology and more fact-based approach similar to Turkey. It should broaden the agenda on the Iranian nuclear issue towards multilateral regional security.
Introduction
There are several factors at work in the transformation of the low intensity multilateral conflict over Iran’s nuclear program into an acute threat to peace and stability in the Greater Middle East and beyond. These include:

• Exhaustion in the West over the lack of progress in stopping Iran’s uranium enrichment through escalating sanctions. Tehran reiterates the peaceful nature of its nuclear program and keeps the world guessing whether it will in the end secretly develop “nuclear capability”.
• American electioneering with some Republican contenders preemptively blaming President Obama for facilitating Iran becoming a nuclear power
• “Rising anxiety” in Israel regarding the alleged Iranian “existential threat”. According to Israeli intelligence, Iran is now less than a year away from nuclear breakthrough, i.e. having enough highly enriched uranium for an atomic bomb. Hardliners signal that there is a need to launch a military strike on Iran’s nuclear installations, dispersed all over the country, in response. Israel itself has had a fully fledged nuclear arsenal since 1969.

The United States and its European allies seem to be united in expanding their already crippling unilateral sanctions towards an oil-embargo and fully cutting off Iran from the global financial system. However, Iran is far from completely isolated and enjoys support from its neighbors Turkey, Pakistan, India and above all, from Russia and China (the twin targets of US containment). The latter two are strongly opposed to unilateral sanctions and only accept sanctions approved by a United Nations Security Council (UNSC) Resolution. Russia has stated that it will oppose any other regime-change by Western military intervention and China has sharply criticised the European Union stating that “to blindly pressure and impose sanctions on Iran are not constructive approaches”.1 The Russian and Chinese vetos against the UNSC Resolution on Syria is the first manifestation of the Russo-Chinese perception that “regime-change” in Syria is, in neo-conservative designs, the prelude to the bigger future regime-change: Iran.2 This paper will focus mainly on the comprehensive partnership that has developed between the People’s Republic of China and the Islamic Republic of Iran, its scale, its limitations and its risks.

China’s withdrawal from the Iranian Nuclear Program in 1997
China was the main partner in Iran’s (civilian) nuclear program from 1985 until 1997, when it pulled out under American pressure, leaving Russia to take over (see box). Chinese involvement in the Iranian programme remained off the agenda until 2003 when the “European Union Three” (EU-3) - France, Britain and Germany - took the lead in a new multilateral diplomatic effort to contain and/or roll back Iran’s suspected march towards nuclear weapons. China gave Iran a degree of support against Western pressure and sanctions while at the same time calling on Tehran to do more to convince the world of the

1 China says sanctions on Iran not constructive, Xinhua, China Daily, January 26, 2012
2 Aisling Byrne, A mistaken case for Syrian regime change, Asia Times, January 2, 2012
veracity of its claims that the program was only peaceful, aimed at producing nuclear energy to preserve its dwindling oil and gas reserves in the longer term. China publicly gave Iran the benefit of the doubt, but it privately expressed concern. If Iran’s claims of peaceful intent proved deceptive, China could suffer major damage to its credibility as an emerging superpower. Tehran has linked Chinese support to over one hundred energy and industrial projects.

Box 1
China and the Iranian Nuclear Program – The First Phase, 1985-1997

The Iranian nuclear program was initiated by Shah Mohammed Reza Pahlevi during the 1950s with American, European and South-African participation and continued until the 1979 Islamic revolution. By the mid-1970s, the Shah at the climax of his superpower megalomania vowed that Iran would undoubtedly have nuclear weapons and rather sooner than later. The revolutionary government suspended the program in 1980 as an atomic bomb was considered “un-Islamic”. However halfway the Iran-Iraq War (1980-1988) the program was reactivated, driven by the following factors:

- The widely held belief that Iraq under then US-supported Saddam Hussein had a nuclear weapons program;
- The emergence of neighbor Pakistan as an illegitimate nuclear state;
- The potential threat of the nuclear arsenal of Israel, including nuclear submarines, all “concealed” from international scrutiny with the active support of the United States;
- The presence of a multitude of nuclear arms on board the US “Fifth Fleet” (based in Bahrain), US nuclear submarines in the Indian Ocean and Mediterranean, as well as large naval and air force bases, with the Strategic Air Command, deploying B-52 Stratofortress bombers on the “leased” British Indian Ocean Territory of Diego Garcia, for missions in Iraq and Afghanistan and currently Iran.

In 1985, China and Iran signed a “Nuclear Cooperation Agreement”, supplying four small teaching and research reactors. Iranian engineers went to China for training in reactor design and, from 1985 until 1997, China was the leading nuclear partner of Iran. Non-proliferation was not yet a serious factor in China’s statecraft, but as China wanted simultaneous development of close relations with the United States on nuclear technology, the US was increasingly focusing on bringing China into the global non-proliferation regime. Washington did not dispute that China-Iran nuclear cooperation fell within the letter of the non-proliferation treaty and the International Atomic Energy Agency, but in line with its hegemonic mindset, the US felt that China had to halt all nuclear cooperation with Iran and it had to go beyond the letter of the law. As tensions between Washington and Beijing were already dangerously high over human rights and Taiwan President Lee Teng-hui’s politics of inching Taiwan closer to independence, both “core issues” for China, Beijing did not want to drift into a major confrontation with the US over Iran, which was not a core issue. Beijing opted for cooperation with Washington and during the visit of President Jiang Zemin to

3 Interviews by the author with Chinese thinktank specialists in 2009-2010. .
Washington in 1997 a “grand bargain” was struck. China withdrew support for the Iranian nuclear program and Russia took over. It cancelled the supply of major hardware, such as a heavy water reactor, a hexafluoride plant for uranium enrichment and other big items in exchange for access to US nuclear technology, held up by the long stalled 1985 US-China agreement. The US would also de-emphasize the prominence of human rights issues in overall relations and made a – token - concession on Taiwan: the so-called “three no’s”: no US support for Taiwan independence, no “one China – one Taiwan” and no membership for Taiwan in international organizations for which sovereign statehood is a requirement.

Excerpted from: Willem van Kemenade, Iran’s Relations with China and the West, Cooperation and Confrontation in Asia, 130 pp., Clingendael, The Hague 2009.

Eager to expand large scale energy and other economic and trade links with Iran (for example, car manufacturing plants, construction of the Tehran subway and other large infrastructure), China initially cooperated with its fellow Western members of the UNSC to impose the first package of sanctions, although for China this was more an exercise in persuasion than coercion. China (and Russia) was only willing to refer Iran to the UN after the Bush Administration had abandoned its high risk plans for “regime change” by military force in 2006.\(^4\)

With the military option discredited, the EU-3 were now joined by the US on assembling a broad coalition. Tehran was stung that Brazil, India and Egypt joined China and Russia in backing the West. On July 31, 2006 Resolution 1696 gave Iran until August 31 to “suspend all uranium enrichment-related activities, including R&D or face economic and diplomatic sanctions”. What much of the world overlooked was that Iran, as a signatory of the Non-Proliferation Treaty (NPT) and a member of International Atomic Energy Agency (IAEA), had the right to enrich uranium for peaceful purposes as long as it was adequately inspected. On December 23, 2006, the Security Council concluded that Iran had failed to halt enrichment and adopted Resolution 1737, blocking the import/export of sensitive nuclear material and freezing the assets of persons or entities supporting proliferation-sensitive activities. Iran was found to be non-compliant again 60 days later and on March 24, 2007, Resolution 1747 widened the scope of the earlier sanctions, banning arms exports, freezing the assets and restricting the travel of additional individuals engaged in proliferation-sensitive activities. On March 3, 2008, the Security Council adopted another resolution (1803) due to Iran’s continued refusal to suspend enrichment, tightening restrictions on proliferation-sensitive activities, increasing vigilance over Iranian banks and imposing inspections by third states on cargo heading for Iran.\(^5\) When another report found conclusively that Iran was continuing along its path of non-compliance, the Council adopted a final resolution (1835) on September 27, reaffirming all previous resolutions. As before, Iran remained defiant, protesting that it would never give up its right to enrich uranium.

\(^4\) Seymour Hersh, The Iran Plans: Would President Bush go to War to stop Tehran from getting the Bomb, The New Yorker, April 17, 2006


IS45 China’s Turbulent Partnership with Iran

Willem van Kemenade
This marked the end of UN efforts to impose sanctions, followed closely by the end of the Bush presidency.

With three rounds of toothless UN sanctions out of the way, China felt confident enough to make a series of large investments in Iran’s oil and gas sectors in 2009. This indicated to the Americans and Europeans that they would have to consider Chinese interests regarding Iran. The total of China’s (intended) contracts was $14.5 billion, with another $42 billion “in the pipeline”. The West did not heed China’s interests and the clamour for a new sanctions campaign was soon directed not only at Iran’s nuclear program but also at China’s energy interests in Iran.

European officials and diplomats increasingly felt that UN sanctions would go nowhere. As the largest trading partner of Iran, China was in a position to sufficiently soften the sanctions to the extent that they became harmless. European diplomats concluded that they had to circumvent the UN and cooperate with like-minded countries: “What we are doing is what the Americans have done very effectively – going to banks and insurance companies to advise them not to do business with Iran because it is bad for their reputation.”

“Direct diplomacy without pre-conditions”
President Barack Obama was determined to end 30 years of institutionalised enmity and open a new era in US-Iran relations, but his room for maneuver was clearly constrained by Congress, the American Israel Public Affairs Committee (AIPAC) and Israel. His dual strategy was diplomacy with a deadline and unlimited sanctions. His first move was a conciliatory message on the occasion of Nowruz (Persian New Year) in which he spoke respectfully to the clerical hierarchy and the Iranian people. Hours after Obama’s message, Israeli president Shimon Peres sent his own inflammatory message to Tehran, calling on the people to overthrow the Islamic regime. His action was condemned inside and outside Israel as a “sabotage attempt” against Obama’s policy. Soon, Obama’s strategy was further frustrated by the controversial re-election of President Mahmoud Ahmadinejad in June 2009. He now faced a dilemma of what to prioritise: a nuclear deal with the unpopular regime or the democratic aspirations of the Iranian people. China’s response was a re-emphasis of the ideological divide between the Western trio on one side and Russia and China on the other: “Attempts by the West to push the so-called color revolution toward chaos will prove very dangerous. A destabilized Iran is in nobody’s interest if we want to maintain peace and stability in the Middle East and the world beyond.”

Amid a wave of anti-Ahmadinejad protests and bloody repression, a new round of talks was

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6 James Blitz in London and Daniel Dombey in Washington, Britain and France step up pressure on Iran, Financial Times, November 24, 2008.
7 Trita Parsi, A Single Roll of the Dice, Obama’s Diplomacy with Iran, Yale 2012, p. 70.
8 China Daily (Beijing), For Peace in Iran, June 18, 2009. China Daily is the official English-language mouthpiece of the government, but there is a variety of views now in the Chinese media, who have freely reported on the disputed election.
held in Geneva in October 2009. At one stage, a tentative uranium swap deal was even on the cards, under which Iran would ship its uranium first to Russia for further enrichment of up to 20% (making it suitable for nuclear medicine), and then to France for re-packaging; however, optimism lasted only a few days. One week after the Geneva meeting, ten key US allies met at the Department of the Treasury, which policed the sanctions. The aim of the meeting was to build a consensus on targeting Iran’s financial links with the world economy. The main obstacle was that there was not one iota of trust. Iranian suspicion was particularly aimed at France.\(^9\) Mohammed ElBaradei, the outgoing director-general of IAEA intervened: “The Iranians are distrustful that if their material will go out of Iran, they might not get it back in the form of fuel.”\(^10\)

On November 27, the board of the IAEA voted 25 to 3 (with six abstentions) in favour of censuring Iran for its refusal to accept tighter scrutiny of its nuclear activities. All five permanent members of the UN Security Council voted in favour.

**Obama plays the “Israel-Bomb-Iran Card” with China**

Two weeks before his mid-November visit to China, President Obama sent two senior White House officials, Dennis Ross, a former Middle East negotiator and leading figure in AIPAC, and Jeffrey Bader, China Director at the National Security Council to Beijing, to persuade China to pressure Iran to give up its alleged nuclear weapons program or face potentially severe consequences. Ross and Bader told the Chinese that Israel regards Iran’s nuclear program as an “existential threat and that countries that have an existential issue don’t listen to other countries”. The implication was clear: Israel would bomb Iran, leading to a crisis in the Persian Gulf region and problems over the very oil that China needed to fuel its economic juggernaut.\(^11\) After his meeting with Chinese President Hu Jintao, President Obama said both had agreed that Iran “must provide assurances to the international community that its nuclear programme is peaceful and transparent”. He added that if Tehran “fails to take this opportunity, there will be consequences”. Mr Hu merely said: “To appropriately resolve the Iranian nuclear issue through dialogue and negotiations is very important to stability in the Middle East.” He did not mention sanctions at all.\(^12\) After the expiration of President Obama’s December 31 2009 deadline for progress, Iran failed to back down. On January 17, 2010, the Permanent Five of the UN Security Council plus Germany (P-5+1) convened a meeting in New York on how to proceed regarding a new package of sanctions.

During 2010, the Iran nuclear issue would remain prominent on the global diplomatic agenda

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\(^9\) Iran had very good reasons to at least distrust the French for reneging on substantial uranium supply agreements, concluded in 1974. Iran eventually won a lawsuit for reimbursement of $ 1.6 billion in 1991. For details see: Trita Parsi, op.cit., p. 136, 259

\(^10\) Parsi, p. 142.

\(^11\) John Pomfret and Joby Warrick, China’s backing on Iran followed dire predictions; Before Obama’s visit, NSC warned leaders of Mideast turmoil, Washington Post, November 26, 2009.

with two lobbying squads sparring with each other: on the one side the United States, the European Union and Israel, unified in their determination that hardline action would bring Iran to its knees and, on the other, Brazil, China, Turkey and Russia. The latter group fiercely opposed pushing Iran against the wall and insisted that its legitimate security interests should be taken seriously. The strategic common interest of China and Russia in supporting the Iranian regime is that, should the US design of ultimate regime-change succeed, a new US-compliant regime would have ominous implications for stability in Central Asia, both for the former Soviet republics as well as Xinjiang.

After a diplomatic marathon of several months, China agreed on June 9, 2010 at the P-5+1 to a new round of UN sanctions. But this agreement came under the condition that China’s extensive interests in Iran’s oil and gas sectors would remain untouched. Then, within a month, President Obama signed the “Comprehensive Iran Sanctions, Accountability, and Divestment Act” (CISADA), with new and more rigorous unilateral and extra-territorial sanctions. China strongly criticised the move as excessive and stated that “China believes that the Security Council resolution should be fully, seriously and correctly enforced and cannot be willfully expanded.” China worried that its companies and banks with exposure in Iran could be banned from doing business in the US and had to make pre-emptive moves, such as transferring Iranian assets away from companies that wanted to keep options open for the US market. By early August, Washington warned China not to take advantage of the UN sanctions regime, by “backfilling,” or scooping up opportunities left by departing EU-companies that complied with Obama’s extraterritorial sanctions bill. Chinese editorials condemned US policy: “The US is building its case against Iran by overstating the threat Iran poses to regional peace and stability,” one editorial wrote. “The US policy of antagonizing the existing government, labelling it as part of the axis of evil, and threatening to use force, is dragging the entire region into dangerous uncertainty.”

Yin Gang, a senior research fellow in Middle East Studies at the Chinese Academy of Social Sciences (CASS), said: “Iran wants gasoline from us and wants us to build seven refineries. These are not on the list of UN sanctions, but they are on the list of US and EU sanctions [...] China’s major state oil companies are jumping to take over the projects that Europeans abandoned, but the government is reining them in. These business people have no sense of the damage that indiscriminate expansion in Iran will do to China’s interests in the Arab world, particularly in Saudi Arabia. We need US-EU-China dialogue to coordinate Middle East policy to promote diplomatic and peaceful solutions.” That dialogue had been held intermittently at the UN, during the tug-of-war over the sanctions, but the outcome was another round of Chinese “sweet-and-sour” sanctions, rather than the “crippling, biting and massive ones” that the Western quartet wanted. This marked the beginning of China backing off somehow. Iranian officials boasted that China had invested $40 billion in the Iranian gas sector, yet Yin Gang said that it may reach that amount only when all letters of

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13 Cracked Front on Sanctions over Iran, Global Times, August 13, 2010.
14 Interview with the author in Beijing, September 2010.
15 These were the terms favoured by US Secretary of State Hillary Clinton, Israeli Prime Minister Benjamin Netanyahu and French President Nicolas Sarkozy, respectively.
intent and intergovernmental plans are included. In addition, no new investment projects were undertaken in 2011.\textsuperscript{16} It is unclear whether Chinese companies shrunk their investments in Iran under government pressure, or at their own accord due to fear of US sanctions.

Following another failed effort to reactivate the diplomatic channel with a session of the P-5+1 and Iran in late January 2011, the Iran nuclear issue went into hibernation for most of 2011, driven from the front pages by the multiple turmoil of the “Arab Spring”. The decisive move that has brought Iran back to global centre stage was the publication in November of a new IAEA report on Iran’s “progress” toward a nuclear device, including computer modelling of a nuclear warhead, testing explosives in a large metal chamber and studying how to arm a Shahab 3 medium-range missile with an atomic warhead. However, the report was considered too weak by Russia and China to warrant more sanctions. International analysts agreed that the report lacked a “smoking gun” that conclusively proved Iran was on the verge of making a nuclear weapon. The IAEA board therefore adopted only a watered down resolution, which Tehran ignored.

In Iran, xenophobia has been surging, particularly against the British, its main historical tormentor. Following the storming of the British Embassy in Tehran (prompted by high-level hardliners) in November 2011, the strongly nationalist Chinese English-language newspaper, \textit{Global Times}, warned that “retaliatory revenge from the West [...] [was] likely to plunge Iran into a bottomless abyss of war.” \textit{Global Times} also took aim at the latest US Senate bill vowing to penalise all foreign financial institutions that do business with Iran’s Central Bank. While condemning the violence at the British Embassy, the paper wondered whether this would justify the full-scale subversion of Iran by the West. Following weeks of psychological warfare over the US-led campaign for an oil-embargo and the cut-off of Iran from the global financial system in January, Iran threatened closure of the Strait of Hormuz, the world’s most critical choking point for oil-shipments between the Persian Gulf and the Indian Ocean. 20 percent of global oil and gas shipments pass through this narrow passageway, not only from Iran, but also Iraq, Kuwait, Qatar and Saudi Arabia. One third of that goes to China. An embargo that solely effects Iranian oil shipments is nearly impossible. Mamdouh Salameh, a London-based oil-expert doesn’t take the Iranian threat too seriously. “It will only venture to close the Strait after its exports have been blocked. Iran has the capacity to close the Strait, but the US Fifth Fleet, based in Bahrain can reopen it, but it could take a week to one month or so.” He continues, “if the US really persists in blocking Iranian oil, Iran can mine the Straits again [...] [and] can take all kinds of other measures, such as sabotage of Saudi installations at Ras Tanura, where most exports come from. Iran will only do [this] if its exports continue to be blocked”.\textsuperscript{17}

China firmly rejected US pressures to stop or reduce its crude imports from Iran, of which it is the biggest buyer, accounting for 22%. India (whose imports account for 13%) and Turkey

\textsuperscript{16} Meir Javedanfar, Iran’s China Setback – Analysis, Eurasia Review, September 9, 2011
\textsuperscript{17} Al Jazeera ‘Inside Story’, The price of Iranian oil, January 17, 2012.
(5%) have also rejected US pressures, while Japan (14%) and South-Korea (10%), although unenthusiastic, have been more circumspect in handling US pressure.\textsuperscript{18} The EU’s oil embargo would enter into force on July 1, but Greece, Spain and Italy have long-term contracts that cover all of 2012 and beyond. Moreover, Italy pays for 13% of Iranian exports by amortization of debts that Iran owes to oil company Eni.\textsuperscript{19}

As the jitters in the Gulf drove up the price of oil and made the drums of war reverberate, premier Wen Jiabao made a long-scheduled visit to Saudi-Arabia and the United Arab Emirates. At the outset of his trip Wen called for restraint on all sides. He said that China has kept “normal” and “justified” trade with Iran, which should be protected. He added that the Strait of Hormuz should be kept open under all circumstances. “Any extreme actions across the Strait under whatever circumstances, are against the common interests and aspirations of the people across the world”. During the trip, a currency swap agreement was signed, worth RMB 35 billion, signaling one step away from the US dollar becoming the dominant trading currency. Also, noteworthy was the signing of an agreement to build an $8.5 billion refinery by Sinopec in Yanbu-al Bahr on the Red Sea coast, more than 1,200 km west of the Persian Gulf, plus a number of oil and gas deals with the Sunni-monarchies, feeding US rightwing speculation that China’s “alliance” with Iran was heading for divorce.\textsuperscript{20} Saudi Arabia was working at Washington’s behest, to wean China away from Iran by boosting spare capacity to replace Iran’s exports to China.

Yang Guang, an energy expert and head of the West Asia Department at the Chinese Academy of Social Sciences says that China is diversifying to other suppliers but as part of a long-term approach. “The situation has become much more complicated in the Greater Middle East since the Arab Spring, the Syria conflict, the siege of Iran by the West etc. There are so many unpredictable factors” Yang says. He is reasonably optimistic that war can be avoided. “The US and the EU don’t want any major turmoil in the oil market, with price hikes, shortages etc. Everybody will suffer and there will be no winners.” The exchange of threats has produced some result in the form of renewed dialogue with the IAEA and Obama has stopped the war-cabal somehow. “Iran is not going to surrender but I guess there is direct interaction between Tehran and Washington now. I don’t see any further tightening of the sanctions. There is a certain amount of de-escalation, in which Chinese diplomacy has certainly played a role. Enough is enough,” Yang concludes.\textsuperscript{21}

\textsuperscript{18} China had an oil-dispute with Iran in January, but that appeared to be commercial rather than political. A new agreement, reached by mid-February dashed any hopes in the US that China plans to obey tighter US sanctions.
\textsuperscript{19} Ardeshir Ommani, US meets resistance to Iranian sanctions, Asia Times, January 20, 2012
\textsuperscript{20} Ilan Berman, Beijing and Tehran’s Coming Divorce, The Wall Street Journal, January 11, 2012
\textsuperscript{21} Interview with the author, February 2012.
Conclusions and Recommendations

The Islamic Republic of Iran with its multilayered hierarchy of theocratic and secular layers is undoubtedly an unpopular regime, at least among the educated urban middle classes. However, there is ample evidence that the regime still enjoys strong support among the rural poor and the pious faithful in Iran. The fact that the regime is anti-Western consequently forms no sound reason for the abuse of its ostensibly legitimate nuclear program as a pretext for air-strikes and/or “regime-change” by military force. As a signatory of the nuclear NPT and a member of the IAEA, Iran has the right to enrich uranium for nuclear energy and develop isotopes for nuclear medicine, etc. However, under the logic of the former Bush Administration, Iran belonged to the “Axis-of-Evil” and such countries should have no rights under international law and should be totally isolated.

The European Union has so far largely acquiesced with this Bush “zealotry”; however, it should distance itself from the strident US-Israeli rhetoric on Iran and take a less ideology and more fact-based middle of the road approach, similar to Turkey. After two sessions of the P-5+1 vs. Iran ended in failure in October 2009, Turkey and Brazil, two rising medium powers took the lead and started – in consultation with Western powers - seven months of shuttle negotiations between Iran and world capitals. Brazilian Foreign Minister Celso Amorim and his Turkish counterpart Ahmed Davutoglu acted as mediators setting building trust in Tehran as their primary aim. They spent more time there in a few months than all P-5+1 officials together in four years and talked at great length with all the multiple players in the complex Iranian hierarchy. This resulted in a nuclear swap-deal in May 2010 that Tehran accepted. However, the Obama Administration rejected it because the prospect of harsh sanctions seemed more suitable to the West. Humiliated and angry, the Brazilians bowed out, but Davutoglu has recently (early 2012) restated his willingness to act as a mediator again.

The EU has four months left before its oil-embargo enters into force. The embargo could cause as much pain for Europe as for Iran and may strategically reshape the global oil trade in China’s favor. Brussels should therefore abandon this project and return to diplomacy. The EU should fully support Ankara, since it represents the best possible mediator between the West and the Islamic world. One option to contemplate is the expansion of P-5+1 to include Turkey in a P-5+2.

The EU should broaden the agenda from the Iranian nuclear issue towards multilateral regional security. Obama came into office with the goal of “a world without nuclear weapons,” including the much vaunted concept of a regional nuclear-free zone in the Middle East. Obama and senior (former) US officials have during their first year in office issued calls to bring the Israeli nuclear arsenal out of the closet and end the outdated double standards. There is little the European Union can do to change US and Israeli hardline policies in the

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22 Gabe Collins and Andrew Erickson, Chinese Traders Poised to Profit from Iran Oil Embargo, The Wall Street Journal, January 26, 2012.
short-term, but it can at least take a principled stand to distance itself from these deadlocks that are destroying the Iranian economy, destabilising the region and may ultimately lead to war and chaos in the region and beyond.