



# Iran and the World: Issues and Perspectives

**CONFERENCE REPORT**

CIDOB, January 2016



The 14<sup>th</sup> War & Peace in the 21<sup>st</sup> Century seminar (W&P), held at the Palau de Pedralbes on January 16<sup>th</sup> 2016, organised by CIDOB and the Barcelona City Council in collaboration with ESADEgeo Center for Global Economy and Politics and supported by “la Caixa” Foundation assessed the current domestic context in Iran and the regional implications of the implementation of the nuclear deal reached with the international community.

**Carles A. Gasòliba**, Chairman of the Board of CIDOB, welcomed the participants and crowded audience. Mr Gasòliba explained that in February 2015 he asked Mr Solana, the Director of W&P, what topic he thought the 2016 seminar should explore, “Iran” was Mr Solana’s immediate answer. What a coincidence then that the W&P seminar was actually being held on the very same day the lifting of the international sanctions was announced. The Chairman of CIDOB summed up some of the questions to be addressed during the seminar: What are the chances of President Rouhani successfully implementing his programme of reforms? What is the scope of the reforms in Iran? What are the main challenges that Iran faces at regional and international levels? What are the main hindrances to the normalisation of relations with the US? What role can Iran play in the Middle East, particularly when it comes to the frightening threat embodied by ISIS, the future of Syria and Iraq and the balance of power with Saudi Arabia? To what extent could the European Union contribute to stabilising the region?

**Pablo Sánchez**, Barcelona City Council’s Director of International Relations opened the seminar by highlighting the relevance of the topic and expressing his confidence that the W&P seminar would make a positive contribution to the ongoing international debates aiming to ease tensions and reach a better mutual understanding between Iran and the West. Barcelona, as Mr Sánchez remarked, is twinned with Isfahan,



Iran's second largest city. In relation to the subject matter of the seminar, Mr Sánchez explained that one of the key goals for the city council is to establish Barcelona as a "refugee city" in order to help to those who are fleeing from war. But he emphasised that peace in the Middle East is the only durable solution to the refugee crisis. Hence, Mr Sánchez insisted on the importance of the deal with Iran, its direct link with issues of the utmost relevance on the municipal agenda, and the commitment of the Barcelona City Council to promoting peace in the Mediterranean region.

**Javier Solana**, Honorary Chairman of CIDOB and Chairman of ESADEGeo, expressed his pleasure at chairing the 14<sup>th</sup> edition of the War & Peace seminar, which he said was a highly remarkable achievement for CIDOB and the city of Barcelona. Mr Solana emphasised that the implementation of the nuclear agreement and subsequent lifting of the sanctions marks the beginning of a new era for Iran. Millions of US dollars will be added to Tehran's budget and Mr Solana hopes that the deal will contribute to better stabilisation of the region, though for the moment, unfortunately, we cannot say that it has had this effect.

The first panel, entitled "Iran and its neighbours, Iran and the World", was chaired by **Roberto Toscano**, former Ambassador of Italy to Iran and Associate Senior Researcher at CIDOB. Mr Toscano highlighted the relevance of the nuclear deal and what it entails both domestically and internationally. Iran, he said, is getting out of its box, which will have direct domestic implications. Iran's isolation is related to the nature of the Iranian regime and the end of its isolation could trigger its potential evolution, Mr Toscano pointed out.

**Mahmood Sariolghalam**, Professor of International Relations at the School of Economic and Political Sciences, Shahid Beheshti University (SBU), took the floor first, stressing the connection between Iran's domestic structure and its foreign policy behaviour. Two main theses were upheld by Mr Sariolghalam: the remarkable consistency of Iranian foreign policy in the post-revolutionary period – despite posturing, charm offensives, tactical manoeuvring and great adjustments; and Iran's pro-status quo behaviour. The need to understand the importance given in the last century and a half to the concept of sovereignty and why Iran has no strategic relations with any single other country were highlighted by Mr Sariolghalam. He also said that it will be the urgencies and emergencies of its economy that will determine the shape of the state and the re-entry of Iran into the international community. Some statistics were given during his presentation to sustain this point: there are \$90 billion of bad loans in Iran; 291 of the country's 601 plateaus are facing deep water shortages; 41% of educated people in Iran are unemployed; in the next five years Iran will need \$50 billion of foreign direct investment in order to satisfy the requirements of the upcoming new six-year plan; and, 89% of water in Iran is used in agriculture, a sector that only contributes 15% of GDP, which represents a fundamental deficiency for the economy. Therefore, as Mr Sariolghalam stated, it is not changes of vocabulary and diplomatic posturing that will change foreign policy behaviour, it is the country's economic emergencies. That is why President Rouhani, after presenting a realistic forecast of the economy to the public and other state institutions, was able to proceed with the nuclear agreement. Mr Sariolghalam believes that what will save Iran is non-oil income and that if Iran wants to shift to this, fundamental restructuring of its economic system is required.



**Jean-Marie Guéhenno**, President of the International Crisis Group (ICG), started his intervention by explaining that the ICG has been supporting the nuclear deal with Iran since its outset. However, in the short term he sees it more in terms of non-proliferation efforts than an improvement in the situation in the Middle East. The enormous imbalance in mutual perceptions between Iran and its Arab neighbours was pointed out by Mr Guéhenno as a key factor. Both sides feel insecure and threatened by the other, which is not a good start for developing a good relationship. The emerging threat posed to Saudi Arabia by some Wahhabi-inspired groups like Al-Qaeda should be followed carefully. However, Mr Guéhenno ruled out a potential united Saudi-Iranian front. In his understanding, the execution of the Shia cleric Sheikh Nimr al-Nimr may be understood as some sort of balancing act undertaken by Riyadh, given that a number of members of Al-Qaeda were executed at the same time. According to Mr Guéhenno, if the nuclear deal is to become the foundation of improved relations in the region there has to be external help. It will not emerge spontaneously from the relationship between Iran and the Gulf countries, as there are too many imbalances and perceptions of insecurity for that to happen. And, unlike Syria, the Yemen war might be more suitable for regional accommodation; it would not be an easy task, but it would be less difficult, he concluded.

**Shireen Hunter**, Research Professor at Georgetown University, focused on more cultural and civilisational aspects during her intervention. Ms Hunter referred to what she termed “Islamic cosmopolitanism”. According to her, Iran is a lonely country due to the fact that Arabs and Turks “don’t like Iran, [which] is a civilisation, while others simply are not”. At the regional level, these countries don’t accept a role for Iran and this implies that any gesture undertaken by Iran should be reciprocated by its neighbours in order to achieve positive results.



**Bijan Khajehpour**, Managing Partner at Atieh International, touched upon the socioeconomic developments inside Iran and the subject of energy during his intervention in order to explain why Iran has changed its strategy on the nuclear deal. According to Mr Khajehpour, this can be understood as a response to two failures. The first was Iran's regional positioning based on a confrontational approach under President Ahmadinejad which was partly designed to attract certain powers and certain societies. With the outbreak of the Arab Spring many in the Iranian government were expecting to receive delegations from Arab countries seeking advice in Tehran. But, in reality, none of the revolutionary governments went to Tehran, as Iran's was not considered an attractive model, he said. In fact they went to Ankara, Turkey. The second failure was related to the socioeconomic indicators inside Iran on which Mr Khajehpour gave some figures to illustrate the situation. With two million unmarried people of marriage age deciding not to have children, as they don't want their children to grow up under current conditions, Iran is becoming an ageing society. Corruption is so bad that President Rouhani has declared it a "national security threat". According to Mr Khajehpour, the Islamic Republic of Iran is facing a legitimacy crisis with multiple layers. He followed his intervention by stressing the potential implications and impact of the lifting of sanctions not only for Iran but also for the region and the world. Firstly, he said, the growth of the middle class that is educated and technologically-connected will help develop a more democratic and plural society. Secondly, he pointed out that Iran has the largest gas reserves in the world, according to the BP Statistical Review. Mr Khajehpour thinks that developing Iran's economy and energy sector is important not just for Iran's sake, but for the sake of the region and Europe as well. Indeed, Iran can help to solve the top three issues on the EU's agenda: the financial crisis, the refugee crisis and tense relations with Russia. Iran offers a big market, some support to address the root problems of the refugee crisis and an alternative source of natural gas for the EU.

The second panel, entitled "Assessing the Iranian Nuclear File", was chaired by **Pere Vilanova**, Associate Senior Researcher at CIDOB and Professor of Political Science at the University of Barcelona. Mr Vilanova emphasised the relevance of Iran's role at regional level. Iran, he said, is a decisive factor to be taken into account when addressing the most challenging regional issues like Syria and Afghanistan.

**Hossein Moussavian**, Associate Research Scholar at Princeton University's Woodrow Wilson School of Public and International Affairs and former spokesman of the Iranian Nuclear Negotiation Team, 2003-2005, focused on the negotiation process between Iran and the international community. Mr Moussavian welcomed the lifting of the three levels of sanctions (UN, US, EU) and the cancellation of all previous resolutions on the nuclear issue in Iran. He expressed his confidence in the benefits of the implementation of the deal, although he is concerned about the political will and positioning of the US administration that will replace Obama's at the end of this year. His fear is that a less committed administration may completely undermine the deal without actually calling it off. Mr Moussavian highlighted that this deal is actually the most comprehensive and technically-detailed one developed since the start of the nuclear era. That is why Mr Moussavian thinks the agreement could lay the basis for future interventions by the international community on

non-proliferation issues. Indeed he argued in favour of the regionalisation of the principles of Iran's deal across the Middle East. With this deal proliferation is impossible, he stated. The deal will allow the European Union to reengage with Iran in economic terms, but for him engagement between Iran and the EU on security matters is more important, as the Middle East is on the verge of collapse. According to Mr Moussavian the EU could fill the big gap that Iran has in terms of security engagement with the West which, by contrast, is unlikely to be filled by the US in the short term. Issues like fighting drug trafficking and organised crime could be the basis for this cooperation. The threat posed by terrorism was also mentioned by Mr Moussavian, who pointed out that countries like Jordan and even Saudi Arabia and Turkey may find themselves in very serious situations. He concluded by insisting that as long as regional powers like Iran, Saudi Arabia and Turkey refuse to collaborate nothing will be achieved.

**Trita Parsi**, Founder and President of the National Iranian American Council, focused on the negotiation process of the nuclear deal. It should be borne in mind, Mr Parsi pointed out, that this was not just a border dispute between two countries but a major conflict with global dimensions. Therefore, he considers this to be a tremendous achievement and a milestone for future non-proliferation efforts. That is why it is so important to understand why this process ultimately succeeded. The stand-off brought Iran and the US to the verge of war on numerous occasions and yet it was resolved through diplomacy before any armed conflict began. In addition, it was a genuine compromise based on a balanced formula (with all sides getting something) which, in Mr Parsi's opinion, will make it all the more durable. To explain why the negotiation actually succeeded, he referred to the narrative that stresses the role played by the sanctions which, as he mentioned, is quite popular in the US, particularly in Congress. That sanctions put a great deal of pressure on the Iranians can hardly be denied or underestimated. However, Mr Parsi thinks that their direct causal link with the success of the negotiations is something that deserves deeper analysis. The sanctions, particularly those imposed by the EU, gave the Europeans significant leverage in the negotiations. But Iranians also gained a lot of leverage by aggressively expanding their nuclear programme. As a result, when President Obama came into office he faced the tough reality that Iran's de facto nuclear capability was likely to be reached long before the sanctions were able to cripple the Iranian economy. Therefore, Mr Parsi said, the Obama administration admitted that the Iranian capitulation scenario was not a realistic one and if no exit could be found, the US would find itself in the worst-case scenario: either accepting the bomb or going to war. That is why Washington decided to undertake negotiations in July 2012. At that time, the US was not ready to accept the enrichment of uranium, but it had become no longer a matter of whether, but when, as Mr Parsi pointed out.

**Jordi Bacaria**, Director of CIDOB, thanked all the participants for their contributions and offered some concluding remarks to the W&P seminar. Mr Bacaria highlighted the high complexity of the issues at stake: the domestic political and economic situation in Iran; its relations with its neighbours and the world; and the level of technical sophistication of its nuclear production (centrifuges, enrichment of uranium, and the levels of enrichment to produce a nuclear bomb). Mr Bacaria welcomed that the fact that, despite criticism from both sides, the agreement has

entered into force. However, he warned of some uncertainties on the horizon relating to implementation due to the lack of confidence on both sides and respective domestic implications. On the Iranian side, Mr Bacaria drew attention to the roles played by the supreme leader and President Rouhani and the expected changes in the next elections in the parliament and the Assembly of Experts. At a regional level, the open question is whether or not the nuclear deal will increase stability in the Middle East. The relevance of the role played by the international community and the EU in particular was highlighted by Mr Bacaria. He also stressed the importance of the technical terms and conditions of the Iranian nuclear deal, which will be useful to prevent further nuclear proliferation. Mr Bacaria concluded with a Persian saying, “Kuh be kuh nemi-rasad; âdam be âdam mi-rasad”, which can be translated as follows: there are some events that are impossible, like a meeting of mountains, but there is always a chance for people to meet.



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