

# USA loses face

Thanks to the badly configured and unfinished war in Afghanistan, the misadventure in Iraq, and the inability to control Pakistan in the so-called Global War on Terror, the mighty US has been reduced to fending off a regional power, Iran, from becoming strong enough to challenge its interests, comments *Vikram Sood*



**President Mahmoud Ahmadinejad (3rd L) looks on as military jeeps of the Iranian Revolutionary Guards carrying placards bearing anti-US and anti-Israel slogans pass by during an annual military parade to mark Iran's eight-year war with Iraq in Tehran, 22 September 2007**

The world has watched for two years the Iran-US confrontation, at times with bated breath, as the two seemed to be on hair-trigger alert. The battle of nerves has ebbed and flowed, mostly away from the US. Thanks to the badly configured and unfinished war in Afghanistan, the misadventure in Iraq, and the inability to control Pakistan in the so-called Global War on Terror, the mighty US has been reduced to fending off a regional power, Iran, from becoming strong enough to challenge its interests. As a result of the ill-advised and ill-planned interventionism that has been the singular feature of George W. Bush's foreign policy, other players like Russia and China today have a role in the region.

Both the Iraq and Afghanistan projects of deconstructing first and then

reconstructing, have floundered. A secular Iraq has been replaced with Shia militants, Sunni Salafist fundamentalists and Kurdish separatists. Some may argue that in Iraq this may have been partly mitigated if future US oil interests had been safeguarded, regardless of the cost (\$500 billion) to its exchequer. There is no such perceived countervailing benefit from the Afghan imbroglio. In fact, the spectacular growth of heroin trade is an alarming consequence.

For an American President battling desperately for at least one foreign policy success in the winter of his political career, the Iranian refusal to blink in the midst of all threats that were held out to them, including nuclear attacks, must have been most exasperating. The neo-con belief that

extraordinary military prowess could deliver results did not take into account that after the dismal display of limitations of military power in neighbouring Iraq, no country was going to take these threats seriously. Even the combined pressure of the British, the French and the Germans has not helped. The Arab street was not going to buy the new line, there was something of a regional pride in this defiant anti-Americanism; and for Iran it was also civilisational. It was a case of national pride with strong Islamic overtones, a quest for regional security if not dominance in an area traditionally known to be hostile to them. A defiant Iran finally decided to go ahead with its oil bourse in Euros and not deal in the dollars that Ahmadinejad described as a scrap of paper. Besides China and Russia, the emerging players in West Asia are on Iran's side. The Iranian defiance has led to the most important development of the twenty-first century, that the US has reduced itself to losing a war of nerves with Iran, which until recently was an extremely weak power in the region, surrounded by hostile or suspicious Arabs, American armoury in all its might, and a hostile Israel.

The battle Washington has waged is not just about regime change in a 'rogue' state, but ultimately to ensure energy security for itself and its European allies, regional security for Israel, and maintaining global dominance in a world where there are new and aggressive players challenging America's writ. The new players are the resurgent Russians under Putin, challenging American interpretation of the scene in West Asia, and the Chinese seeking a role for themselves as they search for energy security to sustain their double-digit growth.

The drumbeats were louder in September and October last year and were accompanied by loud rhetoric, but the march was mostly out of step by then. Condoleezza Rice had threatened to cut off Iran's 'malignant activities' in Iraq, informing the House of Representatives Foreign Affairs Committee in October that Iran would not be allowed to use 'the international financial system to move its ill-gotten gains from proliferation of terrorism around the world'. The Secretary of State dutifully described Iran's policies as constituting 'perhaps



**Iranian men perform a dance in front of Iran's map surrounded by an atom symbol during a ceremony marking the national anniversary of Iran's nuclear technology in Tehran**

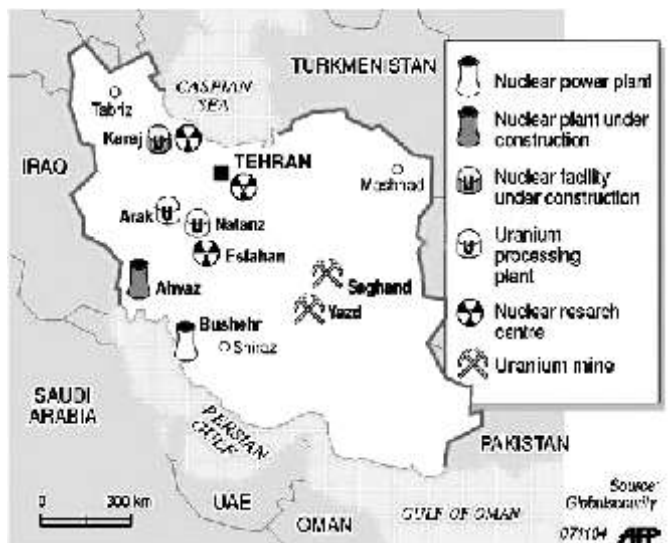
the single greatest challenge to American security interests in the Middle East around the world', and adding that the IAEA (International Atomic Energy Agency) Director General, Mohammed El Baradei, was wrong on Iran. This is despite 2700 person-hours of inspections, including numerous snap and intrusive visits by the IAEA inspectors. It is true that Iran is not entirely innocent in all its dealings, especially the A.Q. Khan connection, but neither is it as guilty as the West makes it out to be. It was when the French-British-Germans reneged under US pressure after first agreeing with Iran in 2005 that forced Iran to resume enrichment the next year.

In autumn last year, however, Seymour Hersh wrote in the *New Yorker* that the war in Iraq was being redefined as a strategic war between Iran and the US. The summer hysteria about Iran possessing a nuclear bomb had changed to Iran wanting to possess one, and finally to allegation that it had the knowledge to make a bomb. Iran was now threatening to destabilise Iraq by aiding the Shias there, and its Revolutionary Guard Corps were declared as a terrorist organisation. Iran was at that time threatened with surgical strikes instead of the earlier bombing blitzkriegs that were openly talked about. There were unsubstantiated

some action that would require an immediate US response. The Iranians did not bite.

Nevertheless, towards the end of October neo-con gurus like Norman Podhoretz were urging shock and awe from the outside, while Vice President Dick Cheney echoed this recommendation from within. Recipient of America's highest honour, the Presidential Medal of Freedom in 2004, and author of the book *World War III: The Long Struggle Against Islamofascism*, Podhoretz had met Bush in New York last October where he outlined his case for air strikes against Iran. Republican presidential hopeful Rudy Giuliani also joined this chorus, where the refrain was, 'bomb Iran using cruise missiles and bunker busters'.

Bush himself said, 'I've told people that if you're interested in avoiding World War III, it seems you ought to be interested in preventing them (the Iranians) from having the knowledge necessary to make a nuclear weapon.' It seems that there is cause enough for shock and awe if the Iranians have the knowledge to make a bomb, later redefined to even thinking about making one. This has led to a change of strategy. Iran remained the rogue because it was now abetting terrorism and smuggling IEDs (improvised explosive devices)



**Iran's nuclear sites**

allegations that Iran was helping build a Hezbollah type of insurgent organisation in Iraq. An element of the plan was to provoke Iran into

into Iraq for use against US forces. This claim was designed to get approval from a sympathetic Congress for intervention in Iran. Apparently, they were also preempting the uncomfortable findings in the yet to be released National Intelligence Estimates (NIE) report.

It was fairly clear by late summer 2007 that the strategy to deal with Iran would have to change as the nuclear story was no longer selling. At the same time, it was not easy to give up the rhetoric – only the stress had to change. Condi Rice's statements need to be viewed in this changed context, for she was no longer talking about mushroom clouds but about impediments to US policy in West Asia. US Congressional sources have said that the 16-agency NIE report of 2007, made public on 3 December, was delayed thrice; Seymour Hersh says that Dick Cheney ensured the delay. The report essentially made the following observations couched in elliptical verbiage at times: (a) Iran had suspended its nuclear arms programme in 2003; (b) if it does resume this it will be based on uranium enriched after it had resumed its operation of enrichment in 2006; (c) Iran would have major technical problems in operating these facilities, most of which are in Natanz; (d) the earliest possible date by when Iran could have a bomb is 2009 – but, more realistically, 2015; and (e) the Iranians lack the capability to take the plutonium route.

Israel was livid with rage at the report. In the US, the extreme right wing denounced it and the spin doctors in Washington became active. Hardliners like former US Ambassador to the UN, John Bolton, led the charge against the

NIE saying that the report could be misread, it was internally contradictory and insufficiently supported by facts, and that Iran could use the report for disinformation. Some Iranians sounded smug, feeling vindicated, while a section suspected that there was a hidden agenda in this and that the US could still use the report to create an international consensus on the need to impose unilateral sanctions on Iran. The French tried to help the situation by saying that war between Iran and Israel could break out. Speaking to *Le Nouvel Observateur*, President Nicolas Sarkozy said that 'The problem for us is not so much the risk that the Americans launch a military intervention, but that the Israelis consider their security to be truly threatened.... The only debate is about whether they will develop a military capacity in one or five years.'

Mossad aims to prove that despite having discontinued its nuclear arms programme in 2003, Iran is still developing a third secret programme. Mossad's intelligence assessment is that Iran could have the bomb by 2009 or 2010. Meanwhile, analysts have pointed out that since the Israeli invasion of Sinai in 1956 without US approval, when President Eisenhower rapped Israel hard on the knuckles, it is doubtful if Israel would today launch a military offensive in the region without unequivocal backing from the US. Not much heed has been paid to the suggestion of Efraim Halevy, former Mossad chief, that Israel should enter into a dialogue with Iran.

Whichever way one looks at it, the credibility of the Bush administration has taken another knock. The NIE report has become a major obstacle to those advocating the military option. Sensing this and the direction the Annapolis conference had taken in its attempts to isolate Iran, Arabs in the region have begun to make overtures to Iran. Qatar invited Ahmadinejad to speak at the GCC (Gulf Cooperation Council). The Egyptians, who had broken off relations with Iran in 1979, sent a high-level delegation to Tehran. Ahmadinejad was in Saudi Arabia in March 2007 and the two held cordial discussions. It is possible that all these three US allies had prior US approval for these overtures but they are worried that should the military option gain approval in Washington, the consequences for them could be grave. The GCC states would want to stay on Iran's right side following a decline of



**Saudi King Abdullah bin Abdul Aziz al-Saud, Iranian President Mahmoud Ahmadinejad, Venezuelan President Hugo Chavez and Nigerian President-elect Umaru Yar'Adua in Riyadh, before an OPEC summit in November 2007**

US policy in the region.

With crude selling at above US\$100 a barrel, energy-dependent Italy and Austria have signed deals with Iran for supply of gas. Iranian gas would transmit to Italy through Turkey and Greece. The Khomeini Petrochemical Complex and Basell of Italy also signed a 20 million euro contract for transfer of technology. The Iranians and the Austrian Oil and Gas Group were discussing a project for transfer of oil and gas to Austria. The French giant Total was ready to invest in an LNG (liquefied natural gas) project. Royal Dutch Shell and the Spanish Repsol also have interests in Iran's two main LNG projects; ENI of Italy has no intention of pulling out of Iran. Fenosa of Spain, along with its subsidiary Socoin was awarded a 32.5 million euro engineering contract for the Iranian LNG project. Austria's OMV was negotiating a similar contract; a contract was separately signed for the import of liquid gas from Iran. The last round of discussions between Pakistan and Iran on energy supplies ended on 21 December. According to the Iranians, Indian companies have shown interest in exploring 17 oil blocks. But India is a small and doubtful player. Apart from India voting at the IAEA twice against Iran, the Iran-Pakistan-India gas pipeline is in the doldrums. The State Bank of India has disallowed letters of credit on Iranian banks and Essar pulled out of a steel project in favour of installing one in the USA. These decisions may be justified in strict economic terms, but coming as they do in the present circumstances, it does not look good.

Iran is not as isolated as the US would

have it. The biggest buyer of energy is China. SINOPEC, the largest refiner in China, will increase its purchases of crude from 60,000 b/d (barrels per day) in 2007 to 160,000 b/d in 2008. Zhuhai Zhenrong Corp. will buy 400,000 b/d in 2008, which will account for 6 per cent of China's crude demand. After three years of negotiations, China also signed a \$2 billion deal to develop the Yadavaran oil field. The world's second-largest consumer of oil, China is not going to allow the US to have a free run of the place; nor will Russia.

Even though the Russians are gas rich, they have been moving aggressively into the region under Putin, who has countered American moves on Russia's periphery and in Europe by carrying the battle to West and Central Asia. Having been beguiled into winding down the Warsaw Pact in the 1990s, to be replaced by an eastward expansion of NATO (North Atlantic Treaty Organisation), the Russians under Putin have aggressively moved closer to China, reacted by abrogating missile treaties with the US and strengthening the Shanghai Cooperation Organisation (SCO) and the Collective Security Treaty Organisation (CSTO). The Iran theatre is in some ways an extension of the US-Russia rivalry in Europe. Russia withdrew from the Conventional Forces in Europe (CFE) treaty in retaliation to American insistence on going ahead with setting up radar and missile defences in Poland and Czech Republic. In the decade ahead, both China and Russia, in competition with each other or jointly in asymmetric opposition to the US, will seek geo-strategic space in Central Asia, West Asia and the Caspian. The US is attempting to wean away the energy-rich Central Asian states by having pipelines from these countries bypass Russia en route Europe. The Americans are worried that the Russians could translate their energy monopoly into untenable foreign and security influence that could hurt US-Europe relations. An example of this was the Russian deal with Austria to allow Gazprom of Russia to have a base in Austria.

Given the EU dependence on Russian energy sources, the West would need to tap into Iran's vast hydrocarbon reserves – the world's second-largest gas reserves after Russia and the second-largest oil reserves after Saudi Arabia. Added to

this is Iran's geo-strategic location atop the Persian Gulf and the Caspian Sea. Having successfully checkmated US approaches into Turkmenistan and Kazakhstan, Putin has begun to move into traditional American territory in West Asia. The Russian naval flotilla led by the aircraft carrier Admiral Kuznetsov was recently in the Mediterranean off the Syrian port of Tartous. The Russian presence is minuscule compared to what the Americans have put together in the Persian Gulf and the Mediterranean, but it is a beginning. The Russian support for Iran against unilateral sanctions, and the decision to supply fuel to Bushehr nuclear power plant indicate a coming together of the two countries. Russian experts arrived in Iran in December to install TOR-M1 air defence batteries at Iran's nuclear facilities. Putin visited Saudi Arabia (another first for a Russian President), Jordan and Qatar in February 2007 and later Iran in October that year. He would rather have the Chinese access West Asian, including Iranian, gas and oil rather than from Central Asia, which would increase China's influence far too close to Russia. Both Iran and Russia are opposed to US-led trans-Caspian pipeline schemes. Iran needs Russia for development of the massive South Pars gas fields and the Russians would want Gazprom to move into Iran.

Vladimir Putin's moves in election year in the US, as he moves into the space being vacated, will be interesting to watch. The Russians will continue to oppose the invasion of Iran, which the Arabs also do not want, but Russia will be careful not to alarm the Arabs by being too supportive of Iran. India's geo-strategic, economic and political interests, especially its energy requirements in the next few decades, demand that India remains friendly with both Russia and Iran while managing its relations with the US.

The struggle in Iran is not about its nuclear weapon programme. The struggle is for its oil and gas, and for dominance. Unless the Americans agree to have a dialogue with the Iranians fairly soon, the game could well slip away from them.

Source: Indian Defence Review 23(1) (Jan-Mar 2008).