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28.04.2015

US Strategic Impotence Driving Iran Détente

✘ The deal reached in early April between Iran and major world powers represents a high point in negotiations aimed at outlining the future of Iran's nuclear programme. Both sides have made considerable concessions, while Hassan Rouhani's government in Tehran has moved a step closer to freeing Iran from almost all economic and financial sanctions, a key goal of his administration.

Though the full details of a comprehensive deal will not be finalized until late June and differences remain on various technical and legal dimensions of the programme, a successful settlement of the nuclear issue could open the door to a new stage in the US-Iran relationship, the effects of which have already begun to slowly reshape the region's existing strategic order.

Considering the Obama administration's position toward Iran throughout most of his presidency - characterized by non-engagement and a preference for regime change - the reversal of US policy since the election of Hassan Rouhani begs the question of whether Washington's moves signal a genuine desire to overcome historical animosities and forge a new kind of relationship.

A Race To Enter Iranian Markets

Economic considerations are undoubtedly one of the key factors motivating a change in US policy toward Iran. The removal of economic sanctions will be a huge boost to the Iranian economy and mutually advantageous for western business interests that view Iran as a largely untapped market with a vast potential for development.

Swiss banks have begun **positioning** themselves to prospective investors as an alternative to European banks that cannot conduct business with Tehran until sanctions are formally withdrawn. Oil and gas companies, automakers, industrial manufacturers, and global aviation giants such as Airbus and Boeing have the potential to profit enormously.

Iran possesses large oilfields along its border with Iraq, as well as the South Pars offshore gasfield in the Gulf along the maritime border with Qatar, one of the largest gasfields in the world. The Rouhani administration's business-friendly **approach**, along with Iran's potential for large oil and gas discoveries and low cost of production, are indications that Iran will resume its position as one of the world's biggest crude exporters once sanctions are dismantled.

Sanctions have **reduced** Iranian oil exports by half, from 2.5m barrels a day in 2012 to 1.1m a day. Ordinary Iranians will not immediately feel the benefits of sharp inflows of western money and investment, though a strengthened Iranian economy will lift the national mood and solidify the victory of Iran's pragmatists, who have **secured** support from political forces that cautiously endorsed the negotiations, such as the Islamic Revolutionary Guard Corps (IRGC).

While American companies stand to gain from access to Iranian markets, there are clearly more strategic considerations that have motivated the Obama administration's policy shift toward Tehran to favor diplomacy on the nuclear issue, when previously the position was narrowly reliant on sanctions, non-engagement and the threat of use of force.

Offsetting US Strategic Decline

Washington's web of contradictory alliances, overt and covert interventions, and attempts to consolidate a pro-American regional order throughout the Middle East have resulted in that region becoming more sectarian and violently unstable than at any point in modern history, while the strategic position of the United States more

generally is in decline.

It is in this context that strategic rapprochement between Washington and Tehran has become more advantageous to American interests than a policy of non-engagement and open support for regime change. While there are several areas where the interests of Washington and Tehran align in the present scenario, this strategic confluence does not imply that any US-Iran cooperation on issues outside the nuclear deal would be direct or even coordinated.

The Obama administration sees Iran as a potential tool that it can leverage to protect American interests and investments in Iraq, force Israel into greater restraint and compliance, and reduce dependence on its traditional Gulf ally, Saudi Arabia. However, this would not imply that Washington would scale back its attempts to curtail Iranian influence in areas where it suits US strategic interests, such as through support for anti-Assad militias in Syria and Saudi intervention in Yemen to reinstall a pro-American regime.

The Saudi monarchy feels deeply insecure about US-Iran rapprochement after being kept in the dark about the establishment of diplomatic backchannels between Washington and Tehran, while being subsequently excluded from the nuclear negotiations. Riyadh's opposition to a Western détente with Tehran is grounded in the fear of competing with an economically dynamic, energy-rich rival, which would reduce its own strategic importance and increase regime vulnerability.

Increased US shale production and Iran's reentry into global energy markets weakens Riyadh's leverage with Washington, which is likely beginning to harbor doubts about the long-term durability of the Saudi gerontocracy's control over the reigns of state power. The Obama administration undertook its policy reversal on Iran because it almost certainly sees the potential for the Saudi monarchy to become a growing liability, an impression that has been spurred on by policy differences with regard to intervention in Syria.

While the United States aided and abetted Saudi Arabia's export of weapons and radical Salafism to fuel the insurgency against Syrian President Bashar al-Assad, the autonomy of the Islamic State (ISIS) group and its expansion into Iraq threatens US interests and energy investments in the semi-autonomous Kurdish region, as well as Saudi national security. Moreover, Iran believes that the US is insincere about fighting terrorist groups like ISIS because it has enabled the rise and condoned the conduct of similar groups in Syria - with the goal of containing Iranian influence - before they turned their guns against US and Saudi interests.

Iran is **widely seen** as the only force capable of defending Iraq from ISIS through its ability to bring together Kurdish troops, the Iraqi Army and the Shiite militias into a coherent force. Iran's military involvement in Iraq has indirectly protected American interests in Baghdad and Erbil without the US having to deploy troops to engage ISIS in direct combat. In other words, Washington stands to gain by letting Iran clean up the mess created by US-Saudi policies that intended to constrain Iranian influence.

Using Iran To Keep Russia Down

Israel, like Saudi Arabia, is principally opposed to Iran normalizing diplomatic and business relations with the Western world - not over any fantastic existential threat posed by Iran against the Jewish people - because doing so would shift the regional balance of power and constrain Israeli impunity. Tel Aviv is well aware that a nuclear deal that verifies Tehran's peaceful compliance serves to erode any justification it could have to launch a military operation against Iran's nuclear facilities.

The Obama administration is clearly aware that Iran poses no substantial threat to Israel, which maintains an undeclared nuclear arsenal that is entirely unmonitored by the international community. Therefore, the strategic basis of the nuclear deal has more to do with constraining the actions of Benjamin Netanyahu's government in Tel Aviv, which has notoriously strained relations with the White House, thus allowing Washington to reap the aforementioned benefits of a strategic rapprochement with Iran.

Furthermore, the US administration was inclined to reverse its policy on Iran to avoid Russia and China displacing American business interests as they increasingly deepen both economic and security relations with Tehran, symbolized by Moscow's recent decision to lift a ban on the sales of S-300 air defense systems to the country. In truth, the idea that American investments and the kind of restrained pragmatism on offer from Washington would deter Iran from integrating into a parallel Russian and Chinese-led trade and security architecture is an ambitious sort of wishful thinking.

Washington primarily sees the utility of an Iranian re-entry into energy markets as a factor that will place further downward pressure on global energy prices, driving down Russian energy exports. Moreover, the US sees the

pragmatism of the Rouhani government and its desire to open to the global economy as the most expedient way of keeping Russia down while ensuring the unimpeded flow of oil through the Strait of Hormuz, at a time when the US is reducing its military presence in the region.

As long as the strategic utility of cooperation with Iran remains greater than the strategic utility of hostility, the United States can be expected to cautiously continue on its current trajectory vis-à-vis Tehran.

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