

# Recalibrating American Grand Strategy: Softening US Policies Toward Iran In Order to Contain China

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Over the next decade, the United States will have to rethink its grand strategy as it addresses the challenge of maintaining its primacy as a global power in an increasingly multipolar world whose center of gravity has shifted to Asia. The task will be all the more daunting because significant fiscal and economic constraints imposed by a federal government debt that has mushroomed to nearly \$16 trillion or about 100 percent of GDP, and a continuing economic slowdown that has been the deepest and longest since the Great Depression will force difficult tradeoffs as the United States seeks to realign and streamline vital national interests with limited resources.<sup>1</sup> The overarching national security objective of the United States must be crystal clear: to counterbalance and contain a rising China determined to be the dominant economic, political, and military power in Asia.

While China's rise will not be a straight line, its trajectory to great power status is obvious.<sup>2</sup> A twenty-first century version of a Greater East Asia Co-Prosperty Sphere with China at the epicenter is emerging.<sup>3</sup> China is the biggest economy in Asia, having surpassed Japan in 2010.<sup>4</sup> China is the largest trading partner of Japan, South Korea, Taiwan, Australia, India, and the ten countries of the Association of Southeast Asian Nations (ASEAN). Unquestionably, China is the economic engine of Asia, displacing both Japan and the United States. According to US government projections, China is expected to be the world's largest economy by 2019 in terms of purchasing power parity (which adjusts for cost of living) with a forecasted gross domestic product (GDP) of \$17.2 trillion compared to an expected US GDP of \$17 trillion.<sup>5</sup>

From a strategic perspective, the "Achilles heel" of China is its overwhelming dependence on Persian Gulf energy imports to fuel its rapidly

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1 For total public debt outstanding, see US Department of the Treasury, *Daily Treasury Statement*, August 31, 2012, Table III-C, <https://fms.treas.gov/fmsweb/viewDTSFiles?dir=a&fname=12083100.pdf> For total GDP see Bureau of Economic Analysis (BEA), *National Income and Product Accounts*, August 29, 2012, <http://www.bea.gov>.

2 China is likely to face a pension and social security bomb by 2050. The combined impact of a low fertility rate (1.56) and skewed male to female ratio at birth (1.18 to 1) means that "Unlike the rest of the developed world, China will grow old before it gets rich." See "Demography: China's Achilles heel," *The Economist*, April 21, 2012, <http://www.economist.com> and "China's population: The most surprising demographic crisis," *The Economist*, May 5, 2011, <http://www.economist.com>.

3 Japan's original version of the Greater East-Asian Co-Prosperty Sphere was enunciated in August 1940 to serve as the rationale for the Japanese Empire being carved out by Japanese militarists. See Warren I. Cohen, *East Asia at the Center: Four Thousand Years of Engagement with the World* (New York: Columbia University Press, 2000), 352.

4 BBC News, "China overtakes Japan as world's second biggest economy," 14 February 2011, <http://www.bbc.co.uk>.

5 US Energy Information Administration (EIA), "World gross domestic product (GDP) by region expressed in purchasing power parity, Reference case," *International Energy Outlook 2011*, <http://www.eia.gov>.

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growing economy. The sea lines of communication (SLOCs) over which these vital oil and gas imports are transported by tanker—from the Strait of Hormuz in the Persian Gulf to the Arabian Sea and Indian Ocean, continuing on to the Bay of Bengal and through the Malacca Straits into the South China Sea—is China’s jugular vein. Virtually all Persian Gulf energy exports destined for China (as well as for Japan, South Korea, and Taiwan) flow through this route. Two important alternatives to the Malacca Straits are the Sunda and Lombok Straits in Indonesia linking the eastern Indian Ocean to the Java Sea which continues to the South China Sea. Another key energy route flows from Saudi ports on the Red Sea (principally the port of Yanbu) to the Bab el Mandab in the Gulf of Aden proceeding on to the Arabian Sea and the Indian Ocean and continuing to the Malacca Straits, or the Sunda and Lombok Straits. The five critical choke points—Hormuz, Bab el Mandab, Malacca, Sunda and Lombok—and the SLOCs linking them are controlled by the US Navy.

China’s economic and military security is inextricably intertwined with its energy security. Since 2000, China has been a net importer of oil and gas, primarily from the Persian Gulf. China became the world’s largest energy consumer in 2009, with 96.9 quadrillion British thermal units (BTU) of annual energy consumption compared to 94.8 quadrillion BTU for the United States.<sup>6</sup> By 2011, China surpassed the United States as the largest importer of Persian Gulf oil, importing 2.5 million barrels per day (bbls/d) from the region (representing about 26 percent of total Chinese oil consumption of 9.8 million bbls/d), overtaking the United States which imported 1.8 million bbls/d from the Persian Gulf (representing about 10 percent of total US oil consumption of 18.8 million bbls/d).<sup>7</sup> In fact, over half of US oil imports come from three countries in the Americas: Canada, Venezuela, and Mexico, with Canada being the single most important foreign supplier.<sup>8</sup>

The US Energy Information Administration (EIA) projects that by 2030 oil imports, mainly from the Persian Gulf, will represent 75 percent of total Chinese oil consumption. By contrast, US oil imports are expected to decline sharply and account for only 35 percent of total US oil consumption by 2030.<sup>9</sup> Clearly, Persian Gulf oil imports will be far more crucial to China than to the United States. Accordingly, for China, ensuring access to Persian Gulf oil and gas will loom large as a vital national interest. By contrast, for the United States, a key strategic priority will be denial of access to Persian Gulf energy resources to its adversaries.

China, of course, which has domestic oil reserves of about 20 billion barrels and domestic gas reserves of 107 trillion cubic feet (Tcf), is seeking oil and gas resources which it can effectively control in its own

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6 US Energy Information Administration, Table A1 “World total primary energy consumption by region, Reference case,” in *International Energy Outlook* 2011, <http://www.eia.gov>.

7 For total Chinese oil consumption and imports, see US Energy Information Administration (EIA), *China: Country Analysis Brief*, September 4, 2012, <http://www.eia.gov>; for total US oil consumption and imports see EIA, “Energy in Brief: How dependent are we on foreign oil?” July 13, 2012, <http://www.eia.gov>; and EIA, “Petroleum and Other Liquids: US Net Imports by Country,” August 30, 2012, <http://www.eia.gov>.

8 *Ibid.* In particular see “Energy in Brief: How dependent are we on foreign oil?”

9 *Ibid.* For further details regarding the forecasted dramatic drop in US oil imports, see figure 114 “US net imports of petroleum and other liquids fall in the Reference case” in EIA, *Annual Energy Outlook 2012*,” June 25, 2012, <http://www.eia.gov>.

backyard.<sup>10</sup> In the East China Sea, low-end estimated oil reserves are 60 billion barrels, and in the South China Sea, low-end estimated oil reserves are 11 billion barrels.<sup>11</sup> Not surprisingly, the potential energy resources of these areas have generated intense rival claims involving China, Japan, South Korea, Vietnam, and the Philippines. However, the East and South China Seas have yet to be explored systematically, and their oil and gas resources are a long way from being developed and produced. By comparison, the proved oil reserves of Saudi Arabia alone amount to 263 billion barrels, and the combined proved oil reserves of Iran and Iraq are about 252 billion barrels.<sup>12</sup> Thus, from the Chinese viewpoint, the strategic importance of access to Persian Gulf oil and gas resources is not significantly changed even with Chinese control over access to oil and gas resources in the East and South China Seas.

If the United States is to counterbalance China successfully, it must be able to threaten China's energy security. Ideally, the United States should be in a position in which it can persuade the Persian Gulf oil producers, if necessary, to turn off the tap and decline to supply China with oil and gas. Furthermore, the United States must be able to put in place anti-access, area denial strategies (a) in the eastern Indian Ocean and Bay of Bengal to blockade the Malacca, Sunda and Lombok Straits; and (b) in the western Indian Ocean and the Arabian Sea to blockade the arc between the Bab el Mandab to the Strait of Hormuz. Indonesia, India, and Iran will be critical to the success of a recalibrated American grand strategy to contain China.

### **The United States, India, and Indonesia**

Indonesia stretches across the eastern Indian Ocean gateways to east Asia. If US naval vessels are to travel the international waters in the eastern Indian Ocean and Bay of Bengal just outside Indonesia's 12-mile limit to monitor shipping bound to or from China passing through the Malacca, Sunda, and Lombok Straits, it will need the support of Indonesia. Forging a cooperative relationship with Indonesia will require a major effort on the part of the United States, given the checkered relations between the two countries.

Indonesia's strategic importance is based on three key factors. First, Indonesia's location dominating the Malacca, Sunda, and Lombok Straits gives it control over the eastern Indian Ocean link to east Asia. Second, Indonesia is the world's largest Muslim country, with a population of 250 million of which 86 percent are Muslims (overwhelmingly Sunni). Third, Indonesia is an emerging democracy. Indonesia has about 6,000 inhabited islands and 11,500 uninhabited islands.<sup>13</sup> Guarding this archipelago nation is a daunting challenge for Indonesia's armed forces. The United States can help by (a) expanding, modernizing, and training Indonesia's coast guard and navy; (b) installing a network of anti-ship and anti-aircraft batteries to help Indonesia defend the three

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10 US Energy Information Administration, *China: Country Analysis Brief*, September 4, 2012, <http://www.eia.gov>.

11 EIA, *East China Sea: Analysis Brief*, September 12, 2012, <http://www.eia.gov>; *South China Sea: Analysis Brief*, February 7, 2013, <http://www.eia.gov>.

12 "2011 World Proved Reserves," <http://www.eia.gov>.

13 For basic country data, see Central Intelligence Agency (CIA), "Indonesia," *The World Factbook*, <https://www.cia.gov>.

critical maritime chokepoints against Chinese attack; and (c) reorienting and refocusing Indonesian armed forces on asymmetric defense capabilities—the reality being that Indonesia could not hope to defeat an external invasion by China, but could mount an effective insurgency to defeat occupation. In addition to a robust military assistance program, which should be subsidized given Indonesia's weak finances, the United States should support a major economic development program targeted at three strategically important areas of Indonesia: Aceh (which overlooks the Malacca Straits), Bali (which overlooks the Lombok Straits), and a corridor (on Java and Sumatra) bordering the Sunda Straits. The United States should persuade Japan and Australia to share the costs of this targeted economic development program, which could be managed and administered by the World Bank to ensure it is properly designed and implemented.

Indonesian government leaders and politicians have to be sensitive to popular sentiment in an increasingly democratic environment. Any cooperation with the United States would have to win broad public support. As the world's largest Muslim country, Indonesia is unlikely to be supportive of any US policies perceived to be adversely aimed at or targeting Muslim countries. It is unrealistic to expect Indonesia would tilt towards the United States; rather, at best, Indonesia would be neutral in any conflict between the US and China. From the Indonesian perspective, the failed US attempt in the 1950s to overthrow Sukarno, independent Indonesia's widely revered first leader; US support for the authoritarian and corrupt Suharto regime; and US acquiescence of Israel's continued occupation of the Palestinian Territories, are three key elements that are obstacles to a pro-US orientation.<sup>14</sup> Indonesia supports the Arab Peace Initiative of 2002 (also known as the Saudi Peace Plan of 2002), which has the unanimous support of all Muslim majority nations.<sup>15</sup>

Indonesia, so far, has managed to contain Sunni Islamic fundamentalist pressures, which can erupt unexpectedly and violently as demonstrated in the Bali bombings of 12 October 2002.<sup>16</sup> Also, Aceh province, which dominates the Indonesian side of the Malacca Straits, has been a Sunni Islamic fundamentalist stronghold for over 150 years and has hosted a separatist movement since the 1950s until 2000.<sup>17</sup> On the other hand, Indonesia also has a strong undercurrent of anti-Chinese

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14 For a concise summary of the failed CIA attempt to promote an army coup against Sukarno in 1958, see Christopher Andrew, *For the President's Eyes Only: Secret Intelligence and the American Presidency from Washington to Bush* (New York: HarperCollins, 1996), 250-251. For a review of the anticommunist, authoritarian regime of Suharto, see Norman G. Owen, ed., *The Emergence of Modern Southeast Asia* (Honolulu: University of Hawaii Press, 2005), 433-439.

15 The Saudi peace plan, unanimously adopted by the Arab League (representing all Arab states) on March 28, 2002, calls for the normalization of relations with Israel in return for Israeli withdrawal to its June 4, 1967 borders, the establishment of an independent Palestinian state comprising the West Bank and Gaza with East Jerusalem as its capital, and a negotiated resolution of the Palestinian refugee right of return issue. For official text, see "Text: Arab peace plan of 2002," *BBC News*, March 22, 2005, <http://news.bbc.co.uk>. The Organization of Islamic Cooperation (then called the Organization of the Islamic Conference), representing all Muslim majority countries, unanimously endorsed the Arab Peace Initiative at its summit of foreign ministers in Tehran on May 30, 2003. See "Final Communique of the Thirtieth Session of the Islamic Conference of Foreign Ministers, Organization of Islamic Cooperation," <http://www.oic-oci.org>.

16 Raymond Bonner, "Bombing at Resort in Indonesia Kills 150 and Hurts Scores More," *The New York Times*, October 13, 2002, <http://www.nytimes.com>.

17 Aceh is a tinderbox that presents a continuing challenge to Indonesian stability. International Crisis Group Update Briefing, *Indonesia: Averting Election Violence in Aceh*, 29 February 2012, <http://www.crisisgroup.org>. For historical background, see Owen (ed.), *Emergence of Modern Southeast Asia*, 441-442.

ethnic tension, which exploded in violent anti-Chinese riots at the beginning and end of Suharto's regime (as ethnic Chinese were blamed for Indonesia's problems).<sup>18</sup> This ethnic tension is likely to serve as an obstacle to a China-Indonesia alliance. From the US perspective, Indonesian neutrality should be quite satisfactory since it would mean that Indonesia would acquiesce to a major US naval presence just outside its maritime borders in the east Indian Ocean.

As the centerpiece to its Indian Ocean strategy, the US objective should be to encourage and support the peaceful rise of India to serve as a counterweight to China. India sits astride the strategic SLOCs connecting the Persian Gulf to Asia, and is the key to controlling the Indian Ocean, with Indonesia the eastern anchor and Iran the western anchor. The SLOCs stretch from the Strait of Hormuz and the Bab el Mandab in the west to the Malacca, Sunda, and Lombok Straits in the east. The United States should acknowledge South Asia as India's sphere of influence: Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka, and the Maldives. In maritime terms, India's sphere of influence would encompass the Arabian Sea to the Gulf of Oman down to the Gulf of Aden and south to the Indian Ocean to the Seychelles, Mauritius, and the Maldives, then across to Sri Lanka and on to the eastern Indian Ocean and Bay of Bengal to the Malacca, Sunda, and Lombok Straits. This Indian sphere of influence, which is comparable in scope to the British Raj, would serve as a counterbalance to China and block the expansion of Chinese influence to the Indian subcontinent. India shares its northeastern (Arunachal Pradesh) and northwestern (Kashmir) borders with China. In 1962, India fought and lost a land war with China over disputed borders in both regions. Since then, pending a negotiated resolution, the line of control serves as the de facto border.<sup>19</sup> Clearly, in any future conflict with China, India would seek to choke off China's access to oil imports from the Persian Gulf and Africa.

Historically, as K. M. Panikkar, a renowned Indian diplomat and strategist, has articulated in his seminal 1945 book, *India and the Indian Ocean: The Influence of Sea Power on Indian History*, control of the Indian Ocean has been the key to India's power and influence over South Asia.<sup>20</sup> Today, India is in the midst of a major naval expansion designed to establish the country as the South Asia regional hegemon.<sup>21</sup> India (like China) is overwhelmingly dependent upon oil imports, primarily from the Persian Gulf. In 2010, oil imports of 2.2 million bbls/d accounted for 70 percent of total Indian oil consumption. Persian Gulf imports, mainly from Saudi Arabia and Iran, of 1.4 million bbls/d represented nearly 45 percent of Indian oil consumption.<sup>22</sup> Moreover, as Iraqi oil production is restored, Iran and Iraq, which together have oil reserves

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18 Owen (ed.), *Emergence of Modern Southeast Asia*, 434-435; John M. Glionna, "In Indonesia, 1998 violence against ethnic Chinese remains unaddressed," *Los Angeles Times*, July 4, 2010, <http://articles.latimes.com>.

19 Francis Watson, *India: A Concise History* (New York: Thames & Hudson, 1979), 172-173.

20 K. M. Panikkar, *India and the Indian Ocean: An Essay on the Influence of Sea Power on Indian History* (New York: Macmillan, 1945).

21 For a good summary of current Indian maritime strategy, see Admiral Nirmal Kumar Verma, "Key Address – Metamorphosis of Matters Maritime: An Indian Perspective," *The International Institute for Strategic Studies*, June 25, 2012, <http://www.iiss.org>; for a recent news article highlighting Indian naval expansion plans, see Ajai Shukla, "The great game in the Indian Ocean," *Business Standard* (India), September 1, 2012, <http://www.business-standard.com>.

22 EIA, *India: Country Analysis Brief*, November 21, 2011, <http://www.eia.gov>.

nearly equal to the oil reserves of Saudi Arabia, will make the Strait of Hormuz an even more vital choke point from India's perspective.<sup>23</sup> For India, there are no alternative land pipelines for oil and gas imports from the Persian Gulf—it is completely dependent upon the Arabian Sea SLOCs. A possible pipeline linking Iran to India via Pakistan would be hostage to India-Pakistan tensions and is unlikely to materialize until there is Pakistan-India détente and normalization.<sup>24</sup>

From India's energy security perspective, oil imports from Iran are more reliable (in the sense that Iran is unlikely to be influenced by pressure from the United States, Saudi Arabia, China, or Pakistan to curtail oil exports to India). Shia Iran and Iraq are considered more independent suppliers of oil and gas to India than Sunni Saudi Arabia. Oil imports from Saudi Arabia are vulnerable to India-Pakistan tensions, given the close security and religious ties between Pakistan and Saudi Arabia (in extremis, the Saudis could suspend oil exports to India). Likewise, in view of Saudi dependence on the United States for its national security, India is highly sensitive to the possibility that the United States could pressure Saudi Arabia to cut off oil exports to India in order to coerce India to follow US policies.

Given the centrality of the Indian Ocean SLOCs to both US and Indian grand strategy, the navies of both countries will need to develop cooperative mechanisms to share dominance over the Indian Ocean. US-India strategic cooperation in five key areas can be particularly attractive.

First, the 2008 US-India Nuclear Agreement, which lays the foundation for nuclear cooperation in the energy field, should be actively pursued to help India expand its civilian nuclear energy program. Developing nuclear energy as an alternative to oil and gas imports is an important objective for India as nuclear power currently provides only one percent of India's energy requirements.<sup>25</sup>

Second, to help India's energy diversification objectives, the US should increase its cooperation in providing clean coal technology to take advantage of India's abundant, but low quality, coal resources.<sup>26</sup>

Third, the United States should aggressively expand its support for the modernization and expansion of India's military, particularly the Indian navy, through competitive supply arrangements, including by facilitating domestic production agreements that would assure technology sharing as well as an uninterrupted supply of military equipment. India is particularly sensitive to limitations on its strategic autonomy and, therefore, prefers arrangements that include technology transfer

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23 Saudi Arabia has estimated oil reserves of 263 billion barrels while Iran and Iraq together have oil reserves of 252 billion barrels. See EIA, "2011 World Proved Reserves," <http://www.eia.gov>.

24 A possible Iran-Pakistan-India pipeline has been discussed since 1994. EIA, *India: Country Analysis Brief*.

25 EIA, *India: Country Analysis Brief*. For a discussion of the US-India nuclear agreement see Paul K. Kerr, "US Nuclear Cooperation with India: Issues for Congress," February 14, 2011, *Open CRS Congressional Research Service Reports for the People*, <https://openrcs.com>.

26 About 70 percent of India's electricity is provided by coal-powered generating facilities. Despite having the world's third largest coal reserves, India's indigenous coal is of such low quality the country must import high-quality coal for 10 percent of its total coal consumption. See EIA, *India: Country Analysis Brief*.

and domestic production as a hedge against a suspension of arms deliveries.<sup>27</sup> India must have the capability of independently denying China access to the Indian Ocean SLOCs and repelling any Chinese military attack against India's northern border.

Fourth, the United States should make an effort to encourage coordinated approaches among the US, India, Japan, and Australia with respect to economic development programs aimed at Bangladesh and Myanmar, since the stability of these two countries is important for peace in the northeastern part of the Indian subcontinent and in the Bay of Bengal, the gateway to the Malacca Straits.

Fifth, as the United States completes its withdrawal from Afghanistan and Pakistan by 2014, it will be particularly important for the United States to coordinate closely with India as a stable Afghanistan and Pakistan would be a vital national interest of India. Both India and Iran have a shared geopolitical interest in seeing that any future government in Afghanistan is not dominated by Taliban and other Pakistan-affiliated Islamic extremists. Likewise, India and Iran, both of which border Pakistan, have a shared interest in seeing that Pakistan, a nuclear-armed state, does not fall under the influence of Sunni Islamic extremists. Accordingly, the United States should be sensitive to the fact that, in addition to cooperating on energy issues, India and Iran are likely to cooperate closely on Afghanistan and Pakistan issues, including opening up their markets for trade.

Ultimately, Indonesia and India provide break-walls that, in case of US-China conflict, would facilitate (or at least not impede) a US blockade against Chinese oil and gas imports from the Persian Gulf and Africa. While having the ability to deny China access to these SLOCs is necessary, it is unlikely to be sufficient. The United States also must be able to prevent China from obtaining Persian Gulf oil and gas via alternative land-based pipelines.<sup>28</sup> For the blockade to be successful, therefore, the United States must be able to convince Iran, through persuasion or coercion, to suspend energy exports to China. Iranian cooperation, or at least acquiescence, will be critical to credibly threaten China with denial of access to Persian Gulf oil and gas at the very source. Accordingly, the United States should push the reset button, make a fundamental course correction, and pursue a path of cooperation and détente with Iran.

## The United States and Iran

The United States should take the following six steps to a new and mutually beneficial relationship with Iran. First, the United States should sponsor a United Nations Security Council resolution that would terminate all United Nations (UN) sanctions against Iran in return for Iran's agreement to cap voluntarily its uranium enrichment at the current 20 percent level of purity, and allow International Atomic Energy Agency (IAEA) monitoring of Iran's enrichment activities under the provisions of the existing Safeguards Agreement in force and the Additional

27 The recent US failure to win a contract to supply India with fighter jets illustrates the fiercely competitive nature of military sales to India. See Rama Lakshmi, "US firms lose out on India's fighter jet contract," *The Washington Post*, April 28, 2011, <http://www.washingtonpost.com>.

28 The United States must also be in a position to shut down future Iranian pipelines that would connect to Turkmenistan for onward connection to the existing Turkmenistan-China and Turkmenistan-Kazakhstan-China pipeline network.

Protocols agreement (signed by Iran in 2003 but not approved by Iran's Majlis or parliament).<sup>29</sup> The termination would not be effective until the Additional Protocols agreement is declared to be in force by Iran upon approval by the Majlis.

Second, following passage of the foregoing UN Security Council resolution, the US president, through an executive order, should suspend all US sanctions against Iran, provided he issues a finding that Iran is in compliance with its agreement to cap uranium enrichment at the 20 percent level and is subject to monitoring by the IAEA under the Safeguards and Additional Protocols Agreements. The Supreme Leader would also issue a further declaration (perhaps in the form of an additional religious proclamation or *fatwa*) reaffirming that the use of nuclear weapons is contrary to the tenets of Islam and that Iran does not seek nuclear weapons.<sup>30</sup>

Third, the United States should propose the mutual restoration of full diplomatic relations between the two countries, with an Iranian embassy in Washington, D.C. and a US embassy in Tehran.

Fourth, the United States should declare its willingness, in the interests of safety, to replace at cost the Tehran Research Reactor (which is currently used to produce medical isotopes) originally provided by the United States to Iran in 1967 with a new, safer reactor for medical purposes.<sup>31</sup> The United States would also indicate its willingness, on a commercial basis, to sell to Iran a nuclear reactor for producing electricity, the fuel rods for which would be provided by an enrichment facility in Iran to be operated jointly by the United States and Iran.

Fifth, the United States should invite Iran (along with the various Afghan factions, Pakistan, and India) to participate in discussions relating to the stabilization of Afghanistan. A similar invitation would be extended to Iran (and the various Syrian factions, Turkey, and Saudi Arabia), if there are discussions with respect to the stabilization of Syria (and, possibly, Lebanon). Separately, the United States should also invite Israel to the talks on Syria and Lebanon.<sup>32</sup>

Sixth, taking a leaf from President Nixon's path-breaking visit to China in 1972, the US president should visit Iran. At that time, the president and the Supreme Leader would jointly declare the mutual interest of each nation in peaceful relations, and, in accordance with the provisions of the UN Charter and international law, neither nation

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29 The fuel plates required to operate the Tehran Research Reactor (which produces medical isotopes) contain uranium enriched to a 20 percent level of purity. Weapons grade uranium requires enrichment to a 90 percent level of purity. Nuclear power plants to produce electricity require 5 percent enriched uranium. For the texts of the model safeguards and additional protocols agreements, see International Atomic Energy Agency, "Safeguards Legal Framework," <http://www.iaea.org>.

30 Iran conveyed the Supreme Leader's fatwa in an official statement to the IAEA in August 2005: "The Leader of the Islamic Republic of Iran, Ayatollah Ali Khamenei, has issued the fatwa that the production, stockpiling, and use of nuclear weapons are forbidden under Islam and that the Islamic Republic of Iran shall never acquire these weapons." See "Iran's statement at IAEA Emergency Meeting," *Mehr News Agency*, August 10, 2005, <http://www.fas.org>.

31 The United States-supplied Tehran Research Reactor (TRR) was designed to operate with 93 percent enriched uranium (weapons-grade) fuel plates. In 1987, Iran, which was unable to obtain the required weapons grade fuel plates after the 1979 revolution, reconfigured the TRR to operate with 20 percent enriched uranium fuel plates. See "Nuclear Iran – Tehran Nuclear Research Center, Tehran Research Reactor (TRR)," *The Institute for Science and International Security (ISIS)*, <http://www.isisnucleariran.org>.

32 Israel is an interested party since it occupies the Golan Heights (Syria) and Sheba Farms (Lebanon) as a result of the June 1967 Arab-Israeli war.

would initiate an armed attack against the other.<sup>33</sup> Concurrently, the US president would acknowledge Iran's right as a signatory of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) to pursue a peaceful nuclear energy program, and announce that he would submit a recommendation to Congress to repeal US sanctions against Iran.<sup>34</sup> Separately, Iran's Majlis would pass a resolution declaring Iran's nuclear program would be guided by the Supreme Leader's *fatma* against nuclear weapons. The Majlis would also pass a resolution reaffirming Iran's support of the Arab Peace Initiative of 2002 with respect to the Israel-Palestine (and the broader Israel-Arab) dispute.<sup>35</sup>

The United States does not want Iran to possess nuclear weapons because such weapons are Iran's only effective deterrent against a devastating attack. Ultimately, a nuclear-armed Iran limits US options to deny China access to Persian Gulf energy resources since the United States will be unable to compel Iran to suspend oil and gas exports to China. It is for this reason the current path of coercion involving crippling sanctions, covert operations including subversion and targeted killings, and public threats of an Israeli attack on Iran's nuclear enrichment facilities, has been pursued so aggressively. The inexorable logic of coercive brinkmanship, however, is if neither side blinks, war is quite likely the unintended end result.<sup>36</sup> Yet, an armed attack on Iran short of occupation will only mean Iran will accelerate its effort to enrich nuclear material to weapons-grade level so it can develop nuclear weapons as a deterrent. Moreover, an Iran for whom the United States has become a mortal enemy will not agree to refrain from supplying China with oil and gas in any future US-China conflict.

The harsh reality is that attacking Iran is not a viable option.<sup>37</sup> If the United States cannot intimidate Iran to leave itself open to attack, the only realistic alternative is to persuade Iran to cooperate with the United States through a policy of *détente* so Iran is convinced that cooperation with the United States (or at least neutrality) does not adversely affect

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33 Linking a verifiable pledge against the possession of nuclear weapons with a pledge against armed attack was a key element in the ultimate resolution of the 1962 Cuban missile crisis. President Kennedy's October 27 message to Chairman Khrushchev proposed that in return for the verifiable removal of nuclear weapons from Cuba, the United States would pledge not to invade Cuba: "We, on our part, would agree . . . to give assurances against an invasion of Cuba." See, Ernest R. May and Philip D. Zelikow, eds., *The Kennedy Tapes: Inside the White House During the Cuban Missile Crisis* (New York: W.W. Norton, 2002), 387. Under the UN Charter, members must refrain from the threat or use of force in settling disputes (Article 2), but also retain the inherent right of self-defense against an armed attack (Article 51). See Charter of the United Nations, <http://www.un.org>.

34 Article IV of the Treaty states that: "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination." For text of NPT, see *IAEA Information Circular*, April 22, 1970, <http://www.iaea.org>.

35 Iran, along with all other members of the Organization of the Islamic Conference, originally endorsed the Arab Peace Initiative in May 2003 at the OIC foreign ministers summit in Tehran. See footnote 15 above.

36 For a recent war game simulation demonstrating the risks of brinkmanship, see David Ignatius, "Lessons from an Iranian war game," *The Washington Post*, September 21, 2012, <http://www.washingtonpost.com>.

37 In a sober assessment of the military attack option, a group of leading national security experts pointed out: "Even in order to fulfill the stated objective of ensuring that Iran never acquires a nuclear bomb, the US would need to conduct a significantly expanded air and sea war over a prolonged period of time, like several years. If the US decided to seek a more ambitious objective, such as regime change or undermining Iran's influence . . . then an even greater commitment of force would be required to occupy all or part of the country." See *Iran Project Report: Weighing Benefits and Costs of Military Action Against Iran*, September 1, 2012, Woodrow Wilson International Center for Scholars, <http://www.wilsoncenter.org>.

Iran's vital national interests. Indeed, an attack on Iran, short of an occupation of the country, will not achieve its objective of termination of Iran's nuclear enrichment activities.<sup>38</sup> The very public and repeated assessment of senior US defense officials is that an attack on Iran will not lead to either behavior change or regime change, but just the opposite, with the opposition rallying around the current regime.<sup>39</sup> There is no reason to believe any of the current leaders of the Iranian opposition have a fundamental disagreement with Iran's nuclear program.<sup>40</sup> Indeed, opposition leaders such as Ali Akbar Hashemi Rafsanjani and Mohammad Khatami, both former presidents, and Mir Hossein Mousavi, a former prime minister, supported Iran's nuclear program when they were previously in government and continue to do so now. In fact, when President Ahmadinejad tentatively agreed in October 2009 to a deal for shipping 5 percent enriched uranium for future delivery of fuel plates enriched to the 20 percent level for the Tehran Research Reactor, the deal was denounced by the opposition.<sup>41</sup>

Iranian leaders are rational actors and can be expected to behave accordingly.<sup>42</sup> Certainly, US policy with respect to Iran is based on an assessment that Iranian decisionmakers are rational actors.<sup>43</sup> A nuclear-armed Iran could be deterred just as other nuclear-armed adversaries are deterred—by the threat of mutual destruction. The effectiveness and applicability of nuclear deterrence with respect to a nuclear-armed Iran is occasionally acknowledged by leaders in Europe, the United States, and Israel. For example, then President Jacques Chirac of France observed in a 1 February 2007 interview: “I would say that what is dangerous about this situation is not the fact of having a nuclear bomb . . . . It [Iranian bomb] would not have gone 200 meters into the atmosphere before Tehran would be razed.”<sup>44</sup> Former Secretary of State Hillary Clinton also asserted in a 21 July 2009 interview that: “[I]f the United States extends a defense umbrella over the [Gulf] region . . . it's unlikely that Iran will be any stronger or safer . . . once they have a nuclear

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38 Five former national security officials have warned in an op-ed: “[W]ithout large numbers of troops on the ground, we doubt that US military attacks from the air—even if supplemented by other means such as drones, covert operations and cyberattacks—could eliminate Iran's capability to build a nuclear weapon, unseat the regime or force it to capitulate to US demands.” See William J. Fallon et al., “Iran talk: What's in a war?” *The Washington Post*, September 30, 2012, <http://www.washingtonpost.com>.

39 Phil Stewart, “Gates sees Iran rift, says strike would unite country,” *Reuters*, November 16, 2010, <http://www.reuters.com>.

40 At least as far back as February 11, 2003, then CIA Director George Tenet, in testimony before Congress, advised that: “No Iranian government, regardless of its ideological leanings, is likely to willingly abandon WMD programs that are seen as guaranteeing Iran's security.” See George Tenet, “The Worldwide Threat in 2003: Evolving Dangers in a Complex World,” February 11, 2003, *Testimony Before Senate Select Committee on Intelligence, Central Intelligence Agency*, <https://www.cia.gov>.

41 See Reza Derakhshi, Fredrik Dahl, and Robin Pomeroy, “Iran's Mousavi criticizes nuclear fuel plan: report,” *Reuters*, October 29, 2009, <http://www.reuters.com>.

42 Gen. Martin Dempsey, Chairman of the Joint Chiefs of Staff, has stated that; “[W]e are of the opinion that the Iranian regime is a rational actor.” See “CJCS Interview with Fareed Zakaria for ‘GPS’ (CNN),” February 14, 2012, <http://www.jcs.mil>. Gen. James R. Clapper, Director of National Intelligence, has reiterated the intelligence community assessment that Iran is a rational actor: “We judge Iran's nuclear decisionmaking is guided by a cost-benefit approach.” See James R. Clapper, “Unclassified Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community for the Senate Committee on Armed Services,” February 16, 2012, Office of the Director of National Intelligence, <http://www.dni.gov>.

43 Office of the Director of National Intelligence, *National Intelligence Estimate - Iran: Nuclear Intentions and Capabilities*, November 2007, <http://www.dni.gov>.

44 Elaine Sciolino and Katrin Bennhold, “Chirac Strays from Assailing a Nuclear Iran,” *The New York Times*, February 1, 2007, <http://www.nytimes.com>.

weapon.<sup>45</sup> Similarly, Ehud Barak, a former prime minister and defense minister of Israel, in a 16 September 2009 interview declared that: “I am not among those who believe Iran is an existential issue for Israel . . . . Israel is strong.”<sup>46</sup> Accordingly, a nuclear-armed Iran would not necessarily pose an existential threat to the United States or Israel.

This does not indicate the absence of armed conflict between nuclear-armed nations. Such conflicts, however, will not involve vital national interests and thus will be limited. In the 1999 confrontation between India and Pakistan in the Kargil area of Indian-held Kashmir, both countries were on a trajectory leading to possible nuclear war.<sup>47</sup> India and Pakistan quickly reconsidered their vital interests, recalculated their risk estimates, and drew back from the nuclear precipice. Moreover, the specter of a nuclear-armed Iran precipitating nuclear proliferation in the region is not credible. Turkey, a member of NATO, has the explicit US nuclear shield protecting all NATO members.<sup>48</sup> Saudi Arabia, which does not have the technical capability or infrastructure, has relied on an implicit US nuclear umbrella (and, perhaps, ambiguity as to whether it may have access to nuclear weapons provided by Pakistan). A weakened Iraq is now closely allied with Iran, and Syria is in the throes of an incipient civil war. Egypt has no economic capacity to sustain a nuclear weapons program and is, for all practical purposes, bankrupt—it relies on generous US aid to the tune of \$1.5 billion a year to keep the Egyptian economy afloat.

Also unlikely is the prospect of Iran transferring nuclear weapons to nonstate actors, particularly terrorist groups. Such transfers of weapons of mass destruction (WMD) have never occurred for the simple reason that no state possessing WMD is willing to lose control over their use (out of fear the WMD could be used against the transferring state by such uncontrollable terrorist groups). Nuclear blackmail against a nonnuclear adversary is also an unlikely scenario. None of the existing nuclear states have successfully intimidated a nonnuclear adversary with threats (implied or explicit) of a nuclear attack. Nuclear blackmail cannot succeed because the threat of a nuclear attack is not credible with respect to furthering the blackmailer’s nonvital national interests. Indeed, nuclear powers that seek to achieve objectives that do not rise to the level of vital national interests do so through conventional military means if all other nonnuclear options fail. The case of a nuclear-armed Iran would be no different.

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45 Voice of America, “Clinton Says US Considers ‘Defense Umbrella’ to Deter a Nuclear Iran,” November 2, 2009, <http://www.voanews.com>.

46 Reuters, “Report: Barak says Iran is not existential threat to Israel,” *Haaretz*, September 17, 2009, <http://www.haaretz.com>.

47 For a discussion of the Kargil episode in the context of nuclear deterrence, see Scott D. Sagan and Kenneth N. Waltz, *The Spread of Nuclear Weapons: A Debate Renewed* (New York: W.W. Norton, 2003), 88-124.

48 Turkey reaffirmed its confidence in the US nuclear umbrella when it agreed to the withdrawal of nuclear-armed Jupiter missiles based in Turkey as part of the resolution of the Cuban missile crisis of 1962. For further background on this decision, see US Department of State Office of the Historian, State Department documents 358-397, contained in *The Foreign Relations of the United States 1961-1963, vol. XVI*, <http://history.state.gov/historicaldocuments/frus1961-63v16/ch8>. Turkey has given no indication that it has lost confidence in the US nuclear umbrella. In fact, in an effort to help resolve the Iranian nuclear issue, Turkey and Brazil jointly brokered a deal with Iran involving the swap of Iranian uranium enriched to the 5 percent level of purity for 20 percent enriched uranium fuel plates for use in the Tehran Research Reactor, which was rejected by the United States. See “Iran’s letter on fuel swap submitted to IAEA chief,” *IRNA*, May 24, 2010, <http://www.globalsecurity.org>.

Détente with Iran will be opposed by Israel and Saudi Arabia since both consider Iran to be a strategic rival. In the case of Israel, the United States should offer to enter into a defense treaty pursuant to which an armed attack on Israel within its 4 June 1967 borders by any state (other than a NATO member state, Japan, and Australia—all formal US allies who are unlikely to engage in an armed conflict with Israel) would be considered an armed attack on the United States, provided that the attack on Israel was not in response to an Israeli preemptive or preventive attack on such state launched by Israel without prior approval of the president of the United States.<sup>49</sup> Israel's 4 June 1967 borders are its internationally recognized borders. If Israel's borders are subsequently adjusted as a result of agreements reached with Syria, Lebanon, or the Palestinian Liberation Organization (PLO), as appropriate, the US-Israel defense treaty would be automatically amended to reflect Israel's revised borders. Ever since its founding in 1932, the Kingdom of Saudi Arabia has relied on a de facto alliance with the United States for its national security. The Saudi regime must be responsible for its own security with respect to conventional military threats. Accordingly, the United States should offer a formal defense treaty with Saudi Arabia pursuant to which a nuclear attack on Saudi Arabia by Iran, Russia, or China would be considered to be a nuclear attack on the United States.

The United States must also encourage Saudi Arabia to reorient its oil exports from port facilities on the Persian Gulf to port facilities on the Red Sea to eliminate Saudi vulnerability to the threat of Iranian closure of the Strait of Hormuz. The existing East-West pipeline currently carries oil from the Kingdom's Eastern Province (the primary oil producing area) to the port of Yanbu on the Red Sea.<sup>50</sup> Only about a quarter of Saudi exports flow through this pipeline, mainly for Europe.<sup>51</sup> The East-West pipeline should be expanded and additional parallel pipelines constructed together with additional Red Sea port facilities so virtually all Saudi exports are loaded on tankers at these ports. Thus, Saudi oil destined for Asia would exit the Red Sea through the Bab el Mandab to the Gulf of Aden, and then to the Arabian Sea and the Indian Ocean.

The United States can continue to be the preeminent global power in the twenty-first century. The proposed recalibration of American grand strategy to contain a rising China will help achieve this goal.

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49 In the unlikely event of an armed conflict between Israel and Turkey, the United States would intervene to separate them and resolve the conflict through diplomacy. Certainly tensions over the Israel-Palestine dispute exist between Israel and Turkey, such as the Israeli boarding of *Mavi Marmara*, a Turkish registered vessel attempting to breach the Gaza blockade. See "Q&A: Israeli deadly raid on aid flotilla," *BBC News*, 2 September 2011, <http://www.bbc.co.uk>.

50 EIA, Saudi Arabia: Country Analysis Brief, February 11, 2013, <http://www.eia.gov>.

51 EIA, Analysis Brief: World Oil Transit Chokepoints, August 22, 2012, <http://www.eia.gov>.