

# BERLIN, THE AYATOLLAHS, AND THE BOMB

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When Chancellor Angela Merkel addressed both houses of the U.S. Congress on November 3, 2009, her remarks on Iran set off enthusiastic applause. “A nuclear bomb in the hands of an Iranian president who denies the Holocaust, threatens Israel and denies Israel the right to exist is not acceptable,” she explained. “Not only Israel but the entire free world is threatened. This is why the free world is meeting this threat head on, if necessary with tough economic sanctions.” In 2010, Iran and the topic of tough sanctions will be at the top of the international agenda. Will the German Chancellor this year follow through on what she said?

On the one hand, virtually no other country is in a position to exert more effective pressure on Tehran than Germany. In the 1920s Germany built Iran’s industrial infrastructure and since then Germany has remained by far Tehran’s most important high-tech partner. According to the German-Iranian Chamber of Industry and Commerce in Tehran, two thirds of Iranian industrial enterprises and three quarters of its small and medium-sized firms use machines and systems of German origin. As Berlin’s Federal Agency for Foreign Trade affirmed in 2007, Germany is still Iran’s No. 1 supplier of almost all types of machinery apart from power systems and construction, where Italian manufacturers dominate the market. Even in 2008, more than 7,150 Iranian companies visited trade fairs in Germany “in order to find out about new technologies and products,” as the Chamber’s home page boasted in January 2010. “The Irani-



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ans are totally dependent on German spare parts and suppliers,” confirms Michael Tockuss, the Chamber’s former president, “spare parts and suppliers that could not, without further ado, be replaced by Russia or China.”<sup>1</sup> This dependency means that a German-Italian unilateral economic embargo might be enough to paralyze the Iranian economy within a few months and make the theocratic regime seriously consider whether compliance with UN Security Council decisions requiring it to halt its nuclear program might not be the better alternative.

Berlin has consistently chosen another path, however. Over the past 15 years, it has done far more to oppose efforts to stop the mullahs’ nuclear program than to contribute to such efforts. The applause with which Congress greeted the chancellor was a snapshot. It may temporarily drown out the bitter German-American dispute over Iran taking place behind the diplomatic scenes, but it does not end it. As long as President Obama remained determined to confine himself to talking to Tehran, this dispute had seemed to be over. Now, however, at the start of what may turn out to be the decisive confrontation, it could well erupt anew. So let’s take a closer look at Germany’s past role in the nuclear dispute with Iran.

### **1993-1998: The Clinton-Kohl controversy**

The German-American conflict over Iran first broke into the open in November 1992 at a G-7 conference in Munich, when the German delegation’s refusal to support a U.S.-initiated resolution criticizing Iran led to strong verbal protests from Washington. Subsequent years saw

consistent intransigence from Berlin to the application of diplomatic pressure on Iran.

By the spring of 1995, it had become apparent that a common Western approach was impossible. Accordingly, Washington pressed ahead with unilateral measures: that spring, U.S. President Bill Clinton prohibited all American firms from trading with Iran. He justified this step with the observation that every diplomatic attempt in recent years to persuade Iran to moderate its policies had failed. “Iran’s appetite for the acquisition and the development of nuclear weapons has only grown greater,” explained the President, while the country continued to be the “instigator and paymaster” of terrorists.<sup>2</sup> Clinton, moreover, announced “that he would make further efforts to put pressure on America’s allies, above all Germany and Japan, to persuade them to follow the U.S. lead in cutting back their trade relations with Iran.”<sup>3</sup>

The German government, however, resisted the mounting American pressure. In fact, the American sanctions effort was systematically undermined by an intensified German export drive. In his recently published memoirs, Iran’s former ambassador to Germany, Hossein Mousavian, mischievously records the great delight this caused in Tehran: “Iranian decision-makers were well aware in the 1990s of Germany’s significant role in breaking the economic chains with which the United States had surrounded Iran... Iran viewed its dialogue and relations with Germany as an important means toward the circumvention of the anti-Iranian policies of the United States.”<sup>4</sup>

On August 5, 1996, Clinton further toughened his stance by sign-

ing the Iran-Libya Sanctions Act, or ILSA, into law. That piece of legislation allowed the U.S. to boycott firms based in foreign countries that did at least \$40 million worth of business a year with the Iranian or Libyan oil or gas industries. This threat of sanctions impacted Germany as well. In response, the German foreign minister, Klaus Kinkel, traveled to the United States, where he warned “that Europe would respond with sharp retaliatory measures” if the measure were applied.<sup>5</sup> Two weeks later, German Chancellor Helmut Kohl also flew to the U.S. in order to lend extra weight to this threat. They were successful. At the end of the Kohl-Clinton summit, the American President retreated, promising that “[he wished] to apply the laws in a way that does not harm our partners.”<sup>6</sup>

Although the new sanctions law thereby lost its teeth, Washington persisted. As former Secretary of State Warren Christopher detailed in his memoirs, “We constantly prodded them to distance themselves from Iran and to suspend trade, as we had done... Unfortunately, the struggle to stop our allies from doing business with Iran has not yet succeeded.”<sup>7</sup>

The U.S. focus was not confined to technologies specifically related to weapons production, but was aimed at the Iranian nuclear program as a whole. The assumption was that the regime would sooner or later divert any “civilian” assistance for its nuclear program to military uses. Germany, however, had other ideas. Because the Islamic Republic was a party to the 1968 Non-Proliferation Treaty (NPT), Berlin supported the Iranian nuclear program since, in a legalistic sense, it did not contradict the NPT.

That analysis, of course, was a mistake. While the NPT was aimed at

stabilizing the international system, the Iranian regime clearly desires the opposite, namely to abolish this “Satanic” secular world order and replace it with a *sharia*-based system of Islamic rule. “The struggle will continue,” the Ayatollah Ruhollah Khomeini promised in his day, “until the calls ‘There Is No God but God’ and ‘Muhammad Is the Messenger of God’ are echoed all over the world.”<sup>8</sup> The nuclear program is part of this revolutionary quest. “Iran’s nuclearization,” President Mahmoud Ahmadijad told his supporters not long ago, “is the beginning of a very great change in the world.” It would “be placed at the service of those who are determined to confront the bullying powers and aggressors.”<sup>9</sup>

### **2003-2006: Europe as a “protective shield”**

In 2003, it became publicly known that Tehran had been operating a clandestine nuclear program for some 18 years in violation of the terms of the Nuclear Non-Proliferation Treaty. The United States pressed for the matter to be referred to the Security Council. Under IAEA statute, the Iranian violation ought to have been taken up by the UN Security Council by November 2003 at the latest.

But on October 21, 2003, the foreign ministers of Great Britain, France and Germany—Jack Straw, Dominique de Villepin and Joschka Fischer—traveled to Tehran, despite major reservations on the part of the Bush Administration, to “recognize the right of Iran to enjoy peaceful use of nuclear energy in accordance with the Nuclear Non-Proliferation Treaty,” as the text of a declaration agreed to by Iran and the three foreign ministers put it. In return, the Iranian regime agreed to make two

pseudo-concessions: it signed a new oversight treaty with the IAEA—without, however, ever ratifying it—and voluntarily suspended uranium enrichment for a few weeks.

These diplomatic niceties were matched by economic ones. Instead of immediately cutting technology transfers to Iran following the discovery of Iran's secret nuclear facilities, European exports to Iran rose 29 percent, to €12.9 billion, between 2003 and 2005. German exports to Iran, meanwhile, increased by 20 percent in 2003 and another 33 percent in 2004.

Germany and other European states also increased their export guarantees for enterprises doing business with Iran. "The volume of coverage in relation to Iranian orders increased by nearly three and a half times to around €2.3 billion," stated the 2004 annual report on Germany's program of so-called Hermes export credits [*Hermes-Bürgschaften*]. "Thus the Federal Government guaranteed 65% of all German exports to the country. Iran enjoyed the second-highest level of coverage for 2004, only slightly behind China."<sup>10</sup>

Between November 2003 and March 2006, the EU succeeded in preventing the Iranian nuclear question from being referred to the UN Security Council: 28 months that the Iranian regime used to rapidly develop its nuclear facilities. Germany's foreign minister at the time, Joschka Fischer, found the most fitting expression to describe the parallel activism of Iran and the Europeans. "We Europeans," he said, "have always advised our Iranian partners that it is in their considered self-interest to regard us as a protective shield."<sup>11</sup>

## **2006-2007: How Germany "ran from the flag"**

Nonetheless, on December 23, 2006, American diplomacy achieved an important success with the unanimous passage of UN Security Council Resolution 1737. This resolution called on the mullahs to cease all uranium enrichment and plutonium projects without delay, and classified Iran's nuclear program as a threat to international peace. At the same time, the resolution levied sanctions on the Iranian regime. In the event that Tehran failed to comply with international demands, the resolution for the first time threatened additional pressure under Article 41 of Chapter VII of the UN Charter.

No sooner had Resolution 1737 been passed than a dispute about its meaning erupted between Washington and Berlin. The Americans attempted to derive the maximum possible pressure from the resolution, and therefore dispatched envoys to China and the industrialized world to attempt to convince banks and major companies to stop doing business with Iran. Moreover, they also called on European governments to cease underwriting exports to Iran. "Britain is also backing the new push, as is France, although to a lesser extent. Germany, with far more business interests in Iran, is not quite as eager," reported the *New York Times*.<sup>12</sup>

Berlin, however, opposed American attempts to win over the major European banks. "A direct attack by U.S. officials on European firms and banks is not acceptable," insisted a policy paper from the Chancellor's Office.<sup>13</sup> On the Hermes issue, Washington also ran into a brick wall: Berlin was not ready "unilaterally and without UN sanction fully to stop

underwriting business with Iran,” wrote the influential *Frankfurter Allgemeine Zeitung* newspaper. “That would mean surrendering the field to the competition.”<sup>14</sup>

The 60-day period set by the Security Council for the mullahs to meet the demands of UNSCR 1737 ran out at the end of February 2007. Iran didn’t budge. Everything now depended on how the “5+1”—the five permanent members of the Security Council plus Germany—would react to its intransigence. Would they back off, thus undermining the credibility of the UN? Or would they do what Resolution 1737 required, and “adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with this resolution and the requirements of the IAEA”?

The answer was not long in coming. The United States, France and Britain advocated far stronger sanctions against Iran. Russia, China and Germany, on the other hand, rejected a punitive response.

A “5+1” meeting in London ended without agreement. On March 6, 2007, discussions resumed in New York, but again without success. Three videoconferences followed, but again failed to produce agreement. After another two weeks of negotiations a new resolution was agreed, which the Security Council passed unanimously on March 24, 2007. But the new measure, UNSCR 1747, added hardly anything of substance.

At this moment, however, a new player exploded onto the political scene: newly elected French President Nicolas Sarkozy. The conflict with Tehran is the “most dangerous in international politics,” warned Sarkozy on August 27, 2007. Sarkozy spoke of a “catastrophic alternative”—either “the Iranian bomb”

or “the bombing of Iran”—unless Iran were forced to change course in time by non-violent means.<sup>15</sup> Paris instructed major French firms such as Total and Gaz de France to freeze their investments in Iran. At the same time, the French leader advocated “tougher” European sanctions that “should be adopted outside the UN Security Council.”<sup>16</sup>

European sanctions could indeed exert effective pressure. In 2005, 40 percent of all Iranian goods imports came from the EU, with the United Arab Emirates in second place with a mere eight percent. In addition, community-wide sanctions would remove the possibility of European exporters deriving competitive advantage from the situation. However, here too, everything hinged on Germany, the traditional and by far the largest exporter to Iran. “For this reason, French diplomats made special efforts in Berlin to win over the Federal Government to the cause of unilateral sanctions,” reported the *Frankfurter Allgemeine Zeitung* in mid-September. “The Chancellor, however, reacted hesitantly.”<sup>17</sup>

While Britain and the Netherlands, among others, supported the French initiative, Germany, Austria and Italy opposed independent EU sanctions. When the EU Foreign Ministers met in Brussels in mid-October 2007, the French effort had already failed: sanctions continued to be considered exclusively within the UN framework.

Their effectiveness, however, depended upon agreement among the “5+1” countries, and there was none in sight. America’s German ally again “ran from the flag.”<sup>18</sup> In fact, a new lineup was taking shape. On one side were the Western powers: the U.S., France and Britain. On the other, Russia, China and Germany.

This became abundantly clear on September 28, 2007, when the divergent interests of the six powers clashed in a meeting. While “the USA, Britain and France pushed for a third [Security Council] resolution imposing tougher sanctions, Germany rejected this proposal.”<sup>19</sup> According to the *New York Times*, the three Western powers—the United States, France and Britain—only reluctantly agreed to a further postponement of the UN sanctions issue until November 2007. “The delay, a concession to Russia, China and Germany... came after a week of haggling on the outskirts of the General Assembly.”<sup>20</sup> Germany had now not only prevented EU sanctions, but had also, in cahoots with Russia and China, hindered agreement in the “5+1” framework.

The international sanctions cooled down from there. The sanctions came to a halt when U.S. presidential candidate Barack Obama announced that if he won he would enter into negotiations with Iran without preconditions. On September 27, 2008, the Security Council adopted its third and—at least at the time of this writing—most recent sanctions resolution (1835), an expression of impotence which confined itself to reiterating the previous decisions that Tehran had ignored.

### **How Obama has affected Berlin**

In Berlin, the Obama Administration’s new Iranian policy was greeted with relief. His readiness to talk with Tehran made it easier for Germany to “defend itself against the charge of appeasement and maintain its basic position of the non-exclusion of Iran,” Johannes Reissner of the leading German thinktank *Stiftung Wissenschaft und Politik* observed.<sup>21</sup>

A burst of activity followed, beginning with a four-day visit to Iran by former Chancellor Gerhard Schröder on February 19, 2009.

This visit had been organized in close coordination with the German Foreign Office. And the economic actors who accompanied Schröder had reason to feel satisfied with the results of this visit. “Schröder was serving in Tehran as the emissary of exporters keen to invest,” reported the *Frankfurter Allgemeine Zeitung*. “Particularly in the gas sector” his visit “opened a new chapter in German-Iranian relations,” added the *Tehran Times*.<sup>22</sup>

Just two months later, energy-sector cooperation between the two countries assumed a new dimension. On April 16th, it became known that *Bayerngas* would take part in the conversion of the Iranian petrol station network from gasoline to natural gas. On April 27th, a major German-Iranian economic meeting was hosted by the Near and Middle-Eastern Association (*Numov*) in Düsseldorf, on which Gerhard Schröder serves as chairman. Here, according to Iranian sources, “representatives of over 200 German firms and many Iranian industrial managers” discussed “how bilateral industrial ties could be further developed.”<sup>23</sup>

In May 2009, *Numov* continued its Iranian offensive with an investors’ conference in Berlin presided over by Schröder and the Iranian oil minister, Gholam-Hossein Nozari. At the meeting, Nozari advocated a strategic German-Iranian alliance, with Iran supplying the natural gas and Germany the technology.<sup>24</sup>

In June 2009, the Berlin chapter of the Europe-based campaign “Stop the Bomb” revealed that five days before the Iranian presidential elections the German firm *Basell Poly-*

olefine had signed a record-breaking €825 million (approximately \$1.18 billion) deal on high-tech goods with Iran's state-owned *National Petrochemical Company* (NPC). They were egged on by Gerhard Schröder's call to "be somewhat bolder in seizing and not missing their opportunities" in doing business in Iran.<sup>25</sup> The new economic activism reflected Berlin's true stance on sanctions and Iran's nuclear program. As *Der Spiegel* put it: "Berlin doubts that Tehran can be forced to make concessions by tougher sanctions. They are just the price that has to be paid so that the Americans at least stay peaceful."<sup>26</sup>

### Accepting the bomb?

An Iranian nuclear bomb "is not acceptable," Chancellor Angela Merkel assured the U.S. Congress in November 2009. In Germany, however, a majority of the foreign policy establishment has already come to terms with the Iranian bomb.

Why German elites prefer to accept a nuclear Iran over a rupture in German-Iranian relations is unclear. The economic explanation is unconvincing. The value of German exports to Iran reached a historic high (€4.4 billion) in 2005. For that year, the total value for all German exports was €720 billion. The Iranian share of the total, therefore, was just 0.6 percent. "Economic interests cannot fully account for why Germany has adhered to a policy so much criticised in the United States," confirmed Peter Rudolf, a member of the *Stiftung Wissenschaft und Politik*, as early as 1997.<sup>27</sup>

Two other explanations come to mind. The first is the mistaken belief that it is in Germany's interest to ally itself with a nuclear Iran. University of Bonn political science professor Kinan Jaeger spelled out the rationale

behind this approach in *Der Mittler-Brief*, a quarterly newsletter widely read in the German foreign policy community: "Anyone who is capable of bringing Iran to its side is not only 'set up for life' as far as energy logistics are concerned, but could also face the U.S. in a different way." Iran would through the "attainment of an atom bomb... become a hegemonic power in the Gulf and would be capable of confronting the U.S. in the Gulf region more or less 'as an equal.'"<sup>28</sup>

The second interpretation assumes a stubborn adherence to what is apparently tried and tested. Under this view, Germany continues to do what it has gotten used to doing without deviating from the parameters previously established during the Iran dispute between Chancellor Kohl and President Clinton. Among these parameters is the readiness to view Iranian nuclear policy through rose-colored glasses, and to impute good will to the mullahs. Thus, Iranian infringements of the NPT are treated as minor offenses, clear evidence of a weapons program trivialized and the conclusions of IAEA inspectors downplayed.

Today, however, the June 2009 uprising in Tehran and many other Iranian cities has thrown not only the Islamic Republic, but also the friendship between Germany and Iran, into crisis. While the face of the Iranian president has remained the same, the country at large has not. Iran is divided into two hostile camps, and every foreign government and company has to decide which one it intends to support. At the same time, the danger of nuclear adventurism on the part of the Iranian regime has risen. What has been apparent since at least 2005 is now clearer than ever: the prevention of the Iranian nuclear option is a categorical imperative of our time.

Yet, even as the necessity of stopping the nuclear program has dramatically increased, the potential of success through dialogue is blocked. This leaves just two ways to stop the Iranian bomb. A military strike, and with it the risk of a long war, or the use of tools designed to pressure and isolate the Iranian regime. What Germany does, or refrains from doing, carries particular weight. The many ties between Tehran and Berlin can either serve as a safety net for the Iranian regime, or as a means for exerting pressure on Tehran to change course.



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