

What about the European Union?

A “financial war” against Teheran would be the most humane way of avoiding a nuclear one

by Matthias Küntzel

This Monday was a good day for the Iranian people and a bad one for the Iranian regime: on 21 November 2011 the UN General Assembly condemned human rights violations in Iran, the USA reinforced its sanctions on the Iranian oil and petrochemical industries, Canada banned transactions with the Iranian Central Bank, France called for an end to purchases of Iranian oil and the UK suspended all financial cooperation with Iran with immediate effect.

Missing from this list, however, are Germany and the EU.

On 8 November the body empowered by the UN to deal with such matters, the IAEA, brought forward unambiguous evidence that Iran is developing nuclear weapons. On 14 November the EU Foreign Ministers met to discuss their response to the IAEA report and decided ... nothing, apart from to postpone a decision until 1 December. This failure and the subsequent unilateral steps and statements by London and Paris show the divisions within and the impotence of EU foreign policy in this area.

In a communiqué of 21 November, France's President Sarkozy described the actions of the Iranian regime as “a grave and urgent threat to peace”. “In addition to the unacceptable risk of nuclear proliferation, they could spark a military escalation in the region with catastrophic consequences for Iran and for the world.”

A threat of this magnitude calls not for prevarication, but swift and strong action: every day that passes without massive Western pressure increases the likelihood of a military strike against Iran. So what can be done? There are three possible courses

of action. *Firstly*, the world can take non-military measures similar to those adopted by the UK: sanctions on the Iranian state bank and a severing of all financial ties with Iran. While this would not halt Iranian oil exports, which provide the bulk of the funding for the nuclear program, the lack of financial means would have a devastating impact.

Such a step would, of course, entail certain risks such as a possible rise in oil prices and a deepening of the Iranian economic crisis. It would, however, correspond to Chapter VII, Article 41 of the UN Charter which lists various non-military means that the Security Council can use against countries in breach of its resolutions, including "complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations".

Secondly, the world can await the predictable preventive attack by United States and/or Israeli forces on the Iranian nuclear installations. The risks attendant on a military intervention are, however, far higher than those of an embargo on Iranian financial transactions.

Thirdly, the world can allow the Iranian bomb to be built. This, however, means accepting not only risks, but catastrophes and would sharply increase the threat of a future nuclear conflict, not only because it would spur a regional nuclear arms race, but also because the nuclear-armed regime would be unlikely to allow itself to be disarmed or deprived of power without using its nuclear capabilities. The world would then have to decide whether to make further concessions to the expansionist fanatics in Teheran or confront them, but now at an immensely higher price. Just as the shots in Sarajevo in 1914 ushered in the catastrophes of the 20th century, the Iranian bomb would be the herald of the coming disasters of the 21st.

A number of states, notably Russia, China and some EU states including Sweden, Finland and Germany may seem to have embarked on a "fourth way". They oppose not only the Iranian bomb, but also the "new sanctions of unprecedented magnitude" advocated by France. They reject any thought of a military strike even more vehemently. However, to block both an Israeli-American military strike and

stronger sanctions amounts to nothing more than an acceptance of the Iranian bomb.

As regards the Chinese attitude, according to the *Atlantic Council*, "While China would prefer Iran not to develop nuclear weapons ... China does not feel threatened by the prospect of a nuclear weapons-capable Iran. ... Some elements in the Chinese defense establishment would actually prefer a nuclear Iran ... if that compels the United States to retain substantial military forces in the Gulf rather than East Asia." (Barbara Slavin, *Iran Turns to China, Barter to Survive Sanctions*, November 2011). Similar considerations may be in work in the Kremlin.

Germany, meanwhile, is finding it difficult to break free from its traditional friendship with Teheran. As the German ambassador to Iran recently put it, "There are not many peoples who have for centuries maintained such lively relations as the Germans and Iranians, in the process developing friendship, trust and close ties. This is a historical treasure that should be preserved." (Bernd Erbel, *Ansprache zum Tag der Deutschen Einheit in Teheran*, 3. 10. 2011) Along the same lines, a study by the respected *German Council on Foreign Relations* from October 2011 called on the German government to strive to ensure, "that the USA and its allies do not further step up the pressure [on Iran], but instead reduce it." (Simon Koschut, *Engagement ohne Illusionen?*, DGAP-Analyse 3, Oktober 2011). The gulf between these opinions and the French and British position is huge.

Chancellor Angela Merkel is said to disagree with such views from within the German foreign policy establishment. However, there is little sign of her exerting her influence on German policy in this area.

In this context, the issue of what the German and European foreign ministers intend to do at the next meeting of the EU Council of Foreign Ministers on 1 December ought to be a hot topic in the continent's parliaments and media. The Iranian regime is dependent on Germany and Europe and not vice versa. In 2010 almost a quarter of Iranian imports came from the EU, while a mere 1% of EU imports came from Iran. The most important EU exporter to Iran is Germany, which in first eight months of this year delivered high-tech goods to Iran worth €2.055bn (\$2.75bn). If the

German government were to back the British boycott, this step alone might increase the pressure on Iran enough to force it to call a halt to its nuclear program.

However, should the meeting on 1 December meeting again fail to take strong action, thus demonstrating that the West is unable to summon up the will to organize a serious sanctions offensive despite the alarm sounded by the IAEA, then that day will be a day of rejoicing for the Iranian regime and a dark one for the Iranian people and the rest of the world.

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