Iran: What Will Germany Do Now?

A turning-point has been reached that challenges the reigning paradigm of German-Iranian relations

by Matthias Küntzel

There are sentences that can trigger wars. Among them is this sentence from the International Atomic Energy Agency's report on Iran of 8 November 2011: "The information indicates that Iran has carried out activities relevant to the development of a nuclear explosive device."

Contrary to prior assumptions, Iran continued pursuing its nuclear weapons program after 2003. The regime has been conducting research into the conversion of uranium metal into a form usable in warheads, working on the complex detonating mechanisms for nuclear bombs and making preparations for a nuclear test.

Admittedly, since 1945 the world has got used to living with the idea of nuclear weapons in the hands of secular or semi-secular states. But why is Iran determined to push forward with its nuclear program at absolutely any price?

Iranian President Mahmud Ahmadinejad answered this question in August 2007: "The nuclearization of Iran is the beginning of a fundamental change in the world". Iran's nuclear technology, he went on to promise, would "be used in the service of those who are determined to resist the brutal powers and aggressors."

These remarks show that the Iranian President does not consider Iran's nuclear weapons program to be defensive in intent. It is also clear that Iran is ready to pass on its nuclear capabilities to other regimes and movements. There is, moreover, absolutely no doubt about where the "fundamental change" is to begin: "The Zionist regime will be erased and humanity will be liberated", Ahmadinejad promised the audience at the 2006 Holocaust denial conference in Teheran.

Furthermore, once Iran's revolutionary leader has the bomb, it will be difficult to disarm him and deprive him of his power without this bomb being used. The world would then have to decide whether to make further concessions to a fanatical regime or defeat it – now at an inconceivably high price.

The small disaster is approaching

So there are sentences that can trigger wars. The above-quoted sentence has brought the moment when American and/or Israeli jets take off to destroy Iran's nuclear sites menacingly close. The small disaster intended to ward off the great one is approaching.

Is it going to happen or will the international community summon up the will to use all the non-military instruments envisaged by the UN Charter to bring regimes such as the one in power in Iran to see reason? According to Article 41 of the Charter, such measures include "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".

At the moment, apparently not. On the contrary, the sextet of the five permanent Security Council members plus Germany initially entrusted with tackling the Iran issue is less united than ever.

On the one side are China and Russia. They seem reconciled to the Iranian bomb and reject increased pressure on Iran. According to a recent study from the Washington-based *Atlantic Council*, "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." Similar considerations may also be at work in the Kremlin.

On the other side are the UK, France and the USA. Last Monday they sharply stepped up their pressure on Teheran. On 21 November the USA reinforced its sanctions against the Iranian oil and petrochemical industries. On the same day France called for an end to purchases of Iranian oil and a freeze on all Iranian Central Bank assets and the UK suspended all financial cooperation with Iran with immediate effect.

That leaves Germany, which seems to be treading water midway between these two positions. In Germany's Foreign Office, it is being said that the Western proposals "are heading in the right direction", but must first be "intensively studied".

The spokesperson for the Social Democrats' Bundestag group, Rolf Mützenich, even sounded a note of disappointment, finding it "regrettable that individual governments are going ahead with further sanctions on Iran." We have heard no specific proposals responding to the deepening of the crisis.

The German government, however, has the power to tip the scales. Will it come down on the side of Israel or Iran? And why does it have this power?

Germany as the founder of Persian industry

Back in the 1920s, Persia was ruled by a man who adored the Germans: Reza Shah. He arranged for 70 German officials to run the Iranian State Bank. He ensured that all the machinery for Iran's mining, cement, paper, textile and other industries came from Germany. This process reached its climax at the beginning of the 1940s, when 43% of all Iranian imports came from Germany and 47% of all Iranian exports went in the opposite direction.

The bilateral relationship continued uninterrupted after 1945. By 1952 West Germany was the leading trade partner of Mohammed Reza Shah's Iran, a position maintained almost every year until 1979.

Despite the fact that West Germany's position as the Shah's leading supplier had discredited it in the eyes of his opponents, German technology and industry remained much sought-after under Khomeini's regime.

"Goods from Germany traditionally enjoy great popularity in Iran and are preferred to products from other countries", declared Dr Ranjbaran, a member of the Board of Directors of the German-Iranian Chamber of Trade and Commerce in November 2010. "This relationship of trust has been built up over decades of long and close cooperation between German and Iranian participants."

As a result, today two thirds of Iranian industrial firms and three quarters of the country's small and medium enterprises use machinery and equipment of German origin. "The Iranians are totally dependent on German spare parts and suppliers", states Michael Tockuss, the former President of the German-Iranian Chamber of Industry and Commerce in Teheran. Germany can choose whether to continue to meet this demand or cease to do so until further notice.

At loggerheads over the Iranian nuclear program

In 1984 Hans-Dietrich Genscher became the first Western foreign minister to visit the Mullahs. In the 1990s, relations were further stepped up. According to Hossein Mousavian, a former Iranian ambassador to Germany, bilateral contacts had developed to the point where "between October 1990 and 1996 over 300 delegations… made reciprocal visits - delegations from the spheres of politics, the economy, culture and parliament."

At that time US President Bill Clinton and German Chancellor Helmut Kohl were already at loggerheads over the Iranian nuclear program. Germany wanted to thwart American efforts to use economic pressure to get Iran to abandon further pursuit of its nuclear plans. Teheran was "aware of Germany's significant role in breaking the economic chains with which the USA had bound Iran", writes Mousavian.

The penultimate episode in this controversy started with Obama's election victory. Obama aimed for a rapprochement between Washington and Teheran and this approach made it easier for Germany, to "hold fast to its basic position of non-exclusion of Iran", according to a study by the Stiftung Wissenschaft und Politik think-tank in May 2009. Now, it argued, fresh heart must be taken and cooperation with Iran "established and positively evaluated" wherever possible.

As we know, however, Khamenei brusquely rejected Obama's outstretched hand. "Iran has chosen the path of international isolation", lamented the American President a few days ago.

The German government, on the other hand, has stuck to its position of "non-exclusion", as we can see from a glance at the activities of the aforementioned German-Iranian Chamber of Trade and Commerce, which is co-funded by the German Ministry of Economics.

The German-Iranian Chamber of Trade and Commerce

The purpose of this body is "to establish new trade links between the two countries or expand existing cooperation" and "actively to contribute to the preservation and improvement of relations between Iran and Germany." It boasts of being the second largest of Germany's international network of foreign trade chambers. Indeed, in 2010 it had to expand its office space by 100 square meters.

In 2010, with the active support of the visa section of the German Embassy, it shepherded 7,000 representatives of Iranian firms to Germany, so that they could "learn about the latest technologies, innovations and achievements" at German trade fairs and keep business appointments. At the same time German businessmen who wanted to "meet the largest possible number of potential business partners" in Iran were looked after by the Chamber's in-house Events Department.

In addition, every year the Chamber publishes a catalogue in which German firms offer their services in English and Persian. The 2010 catalogue lists not only major German firms such as Babcock Borsig, Bosch, Carl Zeiss, Deutz, Degussa, Herrenknecht, Kraussmaffei, Linde, Merck and Miele, but also smaller enterprises such as Aker Wirth GmbH from Erkelenz, which advertises its tunnel-boring equipment "with special emphasis on its application to hard rock" and Firma Atlas

Terex from Delmenhorst, which, under the slogan "the right equipment for every job", offers cranes, i.e. machines which the regimes uses for, among other things, public hangings.

According to statistics provided by the Federal Agency for External Trade in September 2007, German firms were the market leaders in seven out of nine mechanical engineering sectors in Iran. Italian firms head the list for the other two sectors.

Admittedly, German exports to Iran fell by an annual rate of 19% in the first eight months of this year, but they remain at a high level: according to official figures for January to September 2011 Germany exported high-tech goods to a value of €2.285bn to Iran – 30% of total EU exports to Iran. These figures show that Western efforts to resolve the Iranian conflict by non-military means are doomed to failure if Germany undermines them.

While Iran is dependent on German and European imports, the level of dependence of German industry on Iran is negligible: Iran absorbs 0.5% of Germany's exports, making it the 43rd largest export market in 2010. These proportions are reflected at European level. In 2010 almost a quarter of Iranian imports came from the EU, with only 1% of EU imports going the other way.

To date the watchword of Berlin's Iranian policy has been: as few sanctions as possible, in order to protect German industrial interests; as many sanctions as necessary, in order to avoid negative headlines. It has been easy to advocate "a united approach" and hide behind the obstruction of Moscow and Beijing.

But those days are gone now. A turning-point has been reached that challenges the reigning paradigm of German-Iranian relations. Is the German government going to consider 0.5% of Germany's exports more important than solidarity with the West and the special relationship with Israel? Or will it throw Germany's special relationship with Iran into the scales to prevent it from getting nuclear weapons?

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