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**IRAN AND IRAQ:  
SANCTIONS AND DUAL CONTAINMENT  
A VIEW FROM THE EUROPEAN UNION**

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# IRAN AND IRAQ: SANCTIONS AND DUAL CONTAINMENT A VIEW FROM THE EUROPEAN UNION

by Roberto Aliboni<sup>1</sup>

In recent years, many (non-American as well as American) analysts have put in question the wisdom and rationale of the US doctrine of the “dual containment” towards Iraq and Iran. Rather than being a strategic doctrine, the “dual containment” is a state of affairs reflecting the fact that the US was left without viable political options in the region by a set of mistakes whose cost it will be able to recover only in a more or less distant time: in particular, the full and blind support to the Shah’s regime against any nationalist, liberal and religious groups in the country and the support to Iraq in the war against Iran, which convinced the Iraqi ruling regime of being entitled to exercise in the region a kind of proconsular power and prepared the country politically and militarily to its unfortunate attempt at swallowing Kuwait.

This perspective is now recognised by the US leadership as well. In a recent statement referring to Iran, the US Secretary of State Madeleine Albright has recognised that “In 1953, the US played a significant role in orchestrating the overthrow of Iran’s popular Prime Minister Mohammed Mossadegh. ... Moreover, during the next quarter century the US and the West gave sustained backing to the Shah’s regime. Although it did much to develop the country economically, the Shah’s government also brutally repressed political dissent. ... Even in more recent years, aspects of US policy towards Iraq during its conflict with Iran appear now to have been regrettably short-sighted, especially in the light of our subsequent experience with Saddam Husayn”<sup>2</sup>.

This statement reflects the gradual erosion of the “dual containment” official posture, with its kit of tools of coercive diplomacy, like sanctions and military interventions. Although the statement may be interpreted as a harbinger of slow and cautious change towards Iran, a change of the overall US posture and a coherent Western policy towards the region look today still uncertain and difficult to achieve. This paper tries to outline present situations with respect to Iran and Iraq and sketch out prospects of Western and international coercive diplomacy towards the Gulf region with a focus on Iraq. It concludes by setting out some policy suggestions.

## **The situation with respect to Iran**

Changes in Western attitudes towards Iran began to emerge very cautiously with the election of Mr. Rafsanjani, after Ayatollah Khomeini passed over in 1989, and have been strengthened subsequently by Mr. Khatami’s election. The latter is widely recognised in the West as the genuine expression of most Iranians’ willingness to obtain

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<sup>2</sup> Reported by *Middle East Economic Survey*, 27 March 2000, p. C2. The speech has been delivered on March 17, 2000 at a public conference organised in Washington D.C. by the American-Iranian Council (AIC) in association with the Middle East Institute (see also *The Middle East Institute Newsletter*, Vol. 5, No. 3, May 2000, p. 2).

a more tolerant and secular Republic while retaining Islam as an essential component of their polity. By establishing a policy of “critical dialogue” with Iran at the 1992 European Council of Edinburgh, the Europeans proved to be more ready than the Americans to grasp the change dynamics in this country. The US administration has shown awareness of changes taking place in Iran, still normalisation has been hindered by US traumatic relationship with Teheran due to the hostage crisis and, more recently, by Congress actions geared to impose a more radical and unilateral foreign policy than that apparently wished for by the administration<sup>3</sup>.

The already quoted speech by the US Secretary of State marks a remarkable step forward in the US position. In fact, in the package of policy measures announced by the speech such policy is significantly mollified: beside lifting US unilateral commercial sanctions on a limited number of goods (carpets and food products) and easing contacts and exchanges between civil societies, the package includes efforts “aimed at eventually concluding a global settlement of outstanding legal claims” between the two countries<sup>4</sup>, a step that would be relevant in terms of normalising bilateral relations. All this, however, can hardly be regarded as a full-fledged change in the US policy of containment.

As a matter of fact, this move by the US administration has emerged in a fragile political context characterised by impending presidential elections in the US and persisting differences between the President and the Congress as well as between reformers and conservative hard-liners in Iran. Meanwhile, despite Albright’s package, the bulk of unilateral sanctions signed into law in August 1996, and amounting to a total ban on all trade and investment with Iran, are still there. Furthermore, one has not to overlook the fact that US sanctions legislation against Iran is reinforced by policies detrimental to Iran’s interest and economic development<sup>5</sup> like the *de facto* US administration’s denial of oil swaps in the north of Iran in order to encourage the unreasonable and costly pipeline from Baku to Ceyhan<sup>6</sup> and its opposition to World Bank’s loans and assistance to Teheran.

There are obstacles and uncertainties on the road to normalising US-Iran relations, albeit EU (including the UK) relations with Iran, amidst reservations and differences, are getting more and more normalised. Still, it would be a mistake to overlook the fact that, despite persisting sanctions, domestic lobbies and domestic politics, there is in the

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<sup>3</sup> On sanctions see in general: Phebe Marr, *U.S. Policy of Sanctions: Prospects for Revision*, working paper presented to the workshop of the Bertelsmann Foundation “Critical Dialogue and Sanctions”, Frankfurt, December 13-15, 1996; Geoffrey Kemp, *United States & European Cooperation on Iran Policy. Elements of a Common Approach*, prepared for the workshop of the Nixon Center for Peace and Freedom on “U.S.-European Relations and the Middle East”, Wye Plantation, May 8-10, 1997.

<sup>4</sup> After in 1981 the US government returned to Iran a considerable amount of what assets had been seized during the hostage crisis, nearly all private claims have been resolved before the Hague Tribunal. What is left corresponds to a few but important claims between the two governments, the most significant and substantive being the so-called B1 account, which regards Iran’s claim against the US for the disposition of its military account at the time of the revolution (see Gary Sick, “Iran’s Elections: Out of Chaos, Change”, *Middle East Economic Survey*, 28 February 2000, p. D4).

<sup>5</sup> See Sick, *cit.*

<sup>6</sup> See Amy Myers Jaffe, Robert A. Manning, “The Myth of the Caspian ‘Great Game’: The Real Geopolitics of Energy”, *Survival*, Vol. 40, No. 4, Winter, 1998-99, pp. 112-29; Heinz Kramer, Friedemann Müller, “Relations with Turkey and the Caspian Basin Countries”, in Robert D. Blackwill, Michael Stürmer (eds.), *Allies Divided. Transatlantic Policies for the Greater Middle East*, Cambridge (Ma), London, MIT Press, pp. 175-202.

US a broad trend towards normalisation with Teheran that is reinforced by regional factors, in particular normalisation between Iran and Saudi Arabia and US frustration with the regime in Baghdad.

### **Iraq; ten years of coercive diplomacy**

The current evolution suggests that, while there are domestic changes in Iran that might bring about a trend to normalisation in Teheran's international relations as a result of a more moderate and co-operative domestic stance, as far as Iraq is concerned it seems that there is stalemate with the risk of renewed international clashes and crises.

Where do we go from here with respect to Iraq? After ten years of coercive diplomacy the balance-sheet is not encouraging: the regime is still in control; it never regretted its behaviours and is heavily suspected of being willing of resuming them as soon as external control is relaxed; rather than the regime, sanctions affect Iraqi ordinary people to an unacceptable extent. Apparently, coercion didn't work neither to change the regime nor its behaviours.

It could be argued that coercive diplomacy has worked with Iran or Libya. Why shouldn't it do the same with Iraq, though in a more distant time? In both Iran and Libya, however, change came mostly and fundamentally from domestic factors and evolution. This is particularly true for Iran, where the drive towards a more Republican and less Islamic regime derives from internal demands of change having nothing to do with external pressures currently put on the country. On the other hand, sanctions on Libya may have acted as a proximate and auxiliary cause in convincing the regime to hand over the two suspects of the Lockerbie attack, but even in this case the path to moderation is basically due to internal pressures and related domestic adjustments (as well as to regional diplomacy by Egypt and Italy).

On the contrary, domestic conditions in Iraq seem less conducive to changes from inside, as in Libya and Iran. Furthermore, sanctions on Iraq are by far more stringent and extensive than those on Iran and Libya. Their effects on people are devastating, whereas effects on Libya's and Iran's populations have been marginal. Protracting sanctions on Iraq, so as to compel changes inside the country, would definitely accentuate the humanitarian catastrophe that for many respect is already in place.

In front of these developments and constraints, the international community faces a dilemma: either it considers the Baghdad regime responsible for the humanitarian catastrophe underway and intervenes militarily, as it did with the Belgrade regime by intervening in Kosovo, or it has to seriously revise its policy. As the first option has to be excluded because political and security conditions for it to be implemented are just not there, what is left is the need for a policy revision.

It must be added that, even from the point of view of Western countries, a policy revision towards Iraq is also desirable for at least two reasons: (a) in the case of Iraq, as we have just argued, the effectiveness of sanctions appears hardly sustainable both in economic and political terms: though the public opinion is convinced that Iraq is a "rogue" state, support to sanctions as an instrument of coercion is by now largely eroded; (b) the gap between Europe and the US with respect to Iraq may widen out so that some damage control is needed with respect to the Atlantic Alliance cohesion.

Does Resolution 1284 represents the beginning of a revision?

## **The debate in Resolution 1284**

Something that contributes to strengthen the noted broad trend towards US-Iran normalisation is also the fact that internationally Iran has managed to attract a certain degree of credibility and trust, with regard to the EU as well as other important international actors. Something that is not true with respect to Iraq. There are differences among the US, the EU and other members of the UN Security Council about what to do with Iraq. Still, there is a fundamental distrust with regard to the regime and consensus on the need to monitor the country. Differences are more in ways and means to deal with this country than about the necessity to control it. This situation is reflected in the difficult UN Security Council debate which has generated Resolution 1284 and is presiding over its as much difficult implementation.

What Resolution 1284 puts forward is a suspension of the sanctions versus the acceptance by Iraq of the new monitoring regime introduced with UNMOVIC, the UN Monitoring Verification and Inspection Commission which replaces UNSCOM. Furthermore, accepting the Resolution would also allow Iraq to sell unlimited quantities of oil, instead of the ca. 11 billion dollar per year it can sell today within the framework of the “oil for food” programme. As yet, this agenda has not been accepted by Baghdad, nor has it been rejected, though.

As already pointed out, sanctions on Iraq have been so stringent and, despite the “oil for food” programme, are having effects so devastating on Iraqi people that the question has been more and more raised whether sanctions are not amounting to a human rights abuse so that limits have to be put on them or the latter be lifted in favour of different kinds of coercive policies. All the permanent members of the UN Security Council share humanitarian as well as broader regional political concerns relating to Iraq’s situation. They also share concerns about Iraqi rearmament and the regime’s uninterrupted attitude to assertiveness and aggressiveness. Where they disagree is about the mechanism to continue to control Iraq.

France, Russia and China believe that control can be exercised while lifting sanctions, whereas the US and the UK believe that in order to make control feasible and effective the UN has to uphold a stick. This is the reason why, in putting forward Resolution 1284, the US and UK wanted to secure the operability of UNMOVIC by suspending - rather than lifting - sanctions, so as to restore the latter in case Iraq would not comply with UNMOVIC’s tasks of controlling, verifying and inspecting. Despite divergence on how to do it, it remains that there is a fundamental agreement in the UN Security Council on the need for control, as it is shown by the fact that the France, Russia and China didn’t veto the Resolution and after the vote on it promised to support its implementation.

Implementation, however, is not easy. As far as the humanitarian dimension is concerned, it has been pointed out that Iraq should be given the possibility of selling unlimited quantities of oil irrespective of its acceptance of UNMOVIC, though incomes would continue to go into the existing escrow account. Others are objecting that the question is not about exporting limited or unlimited quantities of oil, but about Iraq’s ability of producing oil. As eased as they may be, present controls on spare parts import prevent the oil industry to work effectively. In any case, the very existence of sanctions keeps foreign investors aloof and prevent new technologies from being acquired. These factors make many people sceptical about the possibility of making the oil industry work within the framework of the sanctions system, let alone within the limits of a

humanitarian programme. The oil industry has to work economically lest risking destructuring and losses of reserves. To that purposes sanctions have just to be lifted<sup>7</sup>. In this sense, Resolution 1284 is not enough. Nor is it as a means of improving the management of the humanitarian dimension through “oil for food” programme. Strong criticisms have been raised about the actual possibility of implementing the humanitarian dimension of Resolution 1284<sup>8</sup>.

Implementation is also difficult from the point of view of arms control. Albeit the UN is emphasising the task of monitoring over inspecting and is trying to assure Iraq about the non intrusive character of UNMOVIC with respect to UNSCOM<sup>9</sup>, the stumbling block is that, unless Iraq accept Resolution 1284, UNMOVIC simply cannot be put in place.

In fact, Iraq’s government is not negotiating on UNMOVIC terms of reference nor on oil export. Iraq’s position is that sanctions must be lifted first and, then, the government would be ready to negotiate on whatever else. This position is clearly pointed out, among other Iraqi statements, in what the Deputy Foreign Minister Nizar Hamdoon said at the end of January 2000: “... unless Iraq is given something major, why should Iraq provide free co-operation that was not linked to a guarantee to end the embargo? We simply want the sanctions to be lifted. Then we will be prepared to sit down with the Security Council to work out any details and follow-ups”<sup>10</sup>.

What Iraq wants is its sovereignty restored. There is no doubt that with Resolution 1284 its sovereignty remains strongly affected: beside arms control, there are the “no-fly” zones on its Northern and Southern regions<sup>11</sup>; the limitation on oil income and its use (the escrow account); the diminished control on Kurdistan. In this perspective, it is unwilling to negotiate and accept, with the application of Resolution 1284, the suspension of sanctions.

As always, Iraq is betting. This time, it is so on its return to full sovereignty, on the basis of the belief that the US and the UK will yield to international pressures. If Iraq is wrong, not only its long-standing crisis risks remaining unsolved, but a new, worst one could emerge.

### **Where do we go from here?**

Though keeping strong limitations in Iraq’s sovereignty, Resolution 1284 brings about a significant shift in the US Security Council anti-Iraq party’s attitude, a shift Iraq should not overlook. Provided that the US and the UK bottom position is that Iraq’s

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<sup>7</sup> In a conference organised on February 29, 2000 by the Middle East Institute on “Iraqi Oil after Sanctions”, the Executive Director of the London-based Centre for Global Energy Studies, Fadhil Chalabi, said that “Since the sanctions were put into place ... the industry has deteriorated severely. The deterioration of equipment and fields has accelerated thru the unavailability of necessary spare parts and by overproduction that threatens proper stewardship of Iraq’s oil reserves” (from the summary of the proceedings published by *The Middle East Institute Newsletter*, cit., p.1 & 3).

<sup>8</sup> To protest against humanitarian deficiencies of Resolution 1284, the UN aid co-ordinator for Iraq, Hans von Sponeck, and the head of the UN World Food Programme in Baghdad, Jutta Burghardt, have resigned from their positions (*Middle East Economic Survey*, 21 February 2000, p. C1).

<sup>9</sup> See the interview to Amb. Rolf Eckeus, head of former UNSCOM: “Shifting Priorities: UNMOVIC and the Future of Inspections in Iraq”, *Arms Control Today*, March 2000, pp. 3-6.

<sup>10</sup> Interview to *Middle East Economic Survey*, 31 January 2000, p. A2.

<sup>11</sup> On the state of “no-fly” zones see B. Bender, A. Koch, “Poisoned Cigars, Perhaps”, *Jane’s Defence Weekly*, 12 April 2000, pp. 21-25.

reintegration should follow, not precede, serious evidence of change in behaviours, the suspension of sanctions is definitely a step forward.

On the other hand, it is true that there is a basic difference between the US and the UK, on one side, and other great powers, on the other, in the sense that the former want to maintain the mechanism of sanctions alive whereas the latter would prefer sanctions to be lifted now (together perhaps with the two “no-fly” zones). What Iraq may overlook, however, is that France, Russia and China basically agree with the necessity of continuing arms control on Iraq and are keen to compromise with the suspension of sanctions and the liberalisation of oil export. If Iraq is steady in rejecting Resolution 1284, will France, Russia and China support Iraq of the UN Security Council cohesion? This author believes that Iraq should accept Resolution 1284 and put off its return to full sovereignty to a more appropriate time. The acceptance of Resolution is the premise for beginning to look for a way out of the Iraqi crisis. If there are prospects that Resolution 1284 is accepted, sanctions suspended and control on arms continued, the following measures and orientations can be suggested:

- even if sanctions will be suspended and Iraq will be able to export unlimited quantities of oil, the income coming from this oil will remain under control (it will continue to flow in the existing escrow account) and tied to “oil for food programme”, allowing to that purpose for expanded acquisitions of spare part (always in a humanitarian rather than economic perspective); as already said, there are strong doubts on whether “oil for food programme” can be really implemented under Resolution 1284; the best solution would be, however, to lift control on oil revenues trusting on UNMOVIC only for controls over arms acquisitions rather than relying on controlling revenues to prevent acquisitions; more in general, Resolution 1284 should be corrected so as to put Iraq’s economy on track and responsibility for Iraqi people welfare again in the hands of the Baghdad regime rather than the international community;
- the EU countries believe that what the international community has to change in respect to Iraq regards its behaviours rather than its leadership; this is the basic difference between the European and the American/British approach towards Iraq (and Serbia, while everybody agrees that this is not the case with respect to Iran and Libya); the notion of “rogue” state is also connected to the US idea of using coercive diplomacy to change the regime; both notions (the change of regime in a “rogue” state) reflect an ideological approach to justify, just in case, intervention even beyond limits permitted by international law and rally domestic consensus; this ideological approach prevent the Western countries from looking at Iraq or Serbia for what they are, i.e. traditional “enemies” and using against them a traditional multidimensional policy approach, that is not only containment or compellence but all the policies it fits to use, including détente or co-operation (as it was the case with the Soviet Union); this means that in the framework of its preferential relations with the US, the EU should continue to deploy every effort and, where it need to be, take on responsibilities to try to change the intimate US attitude towards Iraq and come to a more realistic common approach;
- in the longer term, the EU and the US should use their experience with co-operative security and regional co-operation to promote a more structured regional framework in the Gulf; unless this framework is set up, Iraq will remain a divisive issue and it will be hardly reintegrated; in particular, the EU should try to link its Barcelona framework to the Upper Gulf (Iraq and Iran); such link would not only foster regional co-operation on the Upper Gulf and improve relations with the Gulf Co-operation Council, but would

also provide the Barcelona framework with the proper strategic format it is lacking presently;

- finally, the implementation of Resolution 1284 should also be the occasion for a concrete collective engagement to abide the UN legal framework, something that both Iraq and its enemies have sometime neglected.