

Iran's Response to Sanctions

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ZACHARY KECK, JUL 10 2012

Iran's lackluster response to Western sanctions against its oil exports going into effect demonstrates its growing desperation and dwindling array of options. Although this was the U.S. and EU's intent in passing the sanctions, they may soon come to have buyer's remorse. Unless the West formulates a plan for using its current advantage over Iran to reach a deal, the most likely outcome of Tehran's growing desperation is for it to make advances on the nuclear front.

Iran's diplomatic and military responses to the sanctions have been confused and incoherent. Days before the EU's sanctions were slated to take hold, for instance, the Iranian government made a desperate appeal to Europe expressing its desire for positive relations and asking it to resume negotiations while delaying the start date of the sanctions. Brussels predictably rebuked Iran's proposal, and the latter has since reverted back to its defiant tone towards Europe albeit while continuing to hold lower-level discussions with the P5+1.

As it did so, Iran next reached out to the Organization of Petroleum Exporting Countries (OPEC) for help. Specifically, earlier this month Iran's oil minister, Rostam Qasemi, called upon OPEC to hold an emergency meeting to address oil prices dropping below \$100 a barrel. According to Qasemi, OPEC members said \$100 was a critical benchmark during a meeting last month, and agreed to hold an emergency session if prices went below it. The Iranian minister went on to accuse OPEC nations of exceeding the agreed upon quota of 30 million barrels a day by producing 33 million.

As it reached out to Europe and OPEC Iran has also ratcheted up its belligerence towards Israel and the United States. One instance of this was Iran's Vice President Mohammad Reza Rahimi's remarks at a recent U.N. counternarcotics meeting, an issue near and dear to Tehran. Instead of constructively engaging the issue, however, Rahimi used the occasion to launch a tirade against the Jewish people. Notably, Rahimi broke protocol by directing his attack not at Zionists, the term Iran reserves for the state of Israel, but rather at the teachings of the Talmud, a Jewish religious text. Among other slanders Rahimi rendered against Judaism was his outrageous claim that the Talmud called on Jews to peddle drugs to non-believers as a means of destroying them.

As the EU sanctions were about to go into effect two weekends ago, Iran began announcing a number of provocative military maneuvers. That Friday, Iran's state-run media quoted an IRGC Naval Commander as saying that Iranian warships in the Strait of Hormuz were currently equipped with missiles with a range of 220 km, but would soon have missiles able to travel 300 km attached to them. At this latter range they would theoretically be able to reach the U.S. Navy's regional headquarters in Bahrain. This was soon followed by Iranian government officials renewing threats against oil shipments in the Strait of Hormuz. Approximately 20% of global oil supplies travel through the Strait on their way to markets.

That Saturday another Iranian admiral announced that Tehran would soon deploy "light submarines" in the Caspian Sea, another energy rich region that borders on Azerbaijan, which reportedly secretly granted Israel access to airstrips on its territory that could be used in an Israeli attack on Iran's nuclear facilities.

The following day Tehran announced it would hold three-days of war games beginning the following Monday and lasting through Wednesday. That Tuesday a Revolutionary Guards Commander told Iranian media outlets that the

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exercises had included the test-firing of a Shabab-3 medium-range ballistic missile and its shorter-range variants, the Shabab-1 and the Shabab-2. The Shabab-3 is a derivative of North Korea's No-dong missile and is estimated to have a range of between 1,300 km and 1,600 km, making it capable of reaching most of Israel which is approximately 1,000 km away from Iran at its closest point.

Iran's haphazard response to the sanctions illustrates the Islamic Republic's dwindling array of options. To begin with, Iran has few places to turn diplomatically. The major European powers have proved unwilling to relent on the sanctions against Tehran's oil exports despite the EU's mounting economic woes. With economic slowdowns in India and China pushing energy prices downward, Brussels will have little incentive to revise its stance in the weeks and months and months ahead.

OPEC is unlikely to offer Iran much relief either, given that the bloc is dominated by Iran's Arab Sunni neighbors, which are among the most concerned about the Islamic Republic's nuclear ambitions. In fact, as the Saudi-Iranian rivalry has intensified over the last year in a half, Riyadh has actively sought to empower an expanded Gulf Cooperation Council (GCC) at OPEC's expense.

While Russia and China might offer rhetorical support to the Islamic Republic, Moscow ultimately benefits from high energy prices and Beijing is mostly interested in exploiting Iran's desperation to win concessions on pricing. China is also notoriously reluctant to act unilaterally on important global issues and will be further disinclined from doing so in this case by its fear of losing access to U.S. financial markets at a time when its economy is increasingly shaky.

Iran's existing military options are no better. For decades Iran has pursued a deterrent-based military doctrine that relies primarily on three capabilities to achieve that end. The first is its ability to carry unconventional attacks against enemy targets usually acting through proxy groups like Hezbollah in Lebanon. Iran's unconventional capabilities, however, have been severely degraded by the ongoing unrest in Syria, which serves as the main conduit through which Iran ferries arms and assistance to Hezbollah. Meanwhile, Hezbollah's decision to divert its attention and resources to shoring up Bashar al-Assad's regime in Syria has forced Tehran to increasingly employ Iranian nationalities to carry out attacks on Saudi and Israeli diplomats in third countries. These operatives have often practiced sloppy tradecraft, at times proven incompetent, and they have been hampered by increased vigilance on the part of the United States and its allies, which has repeatedly broken up these plots during their planning stages.

The second component of Iran's military doctrine is its ability to threaten oil shipping in the Strait of Hormuz through short-range missiles, mines, and swarms of small motor boats among other capabilities. Although Iran's ability to close-off shipping in the Strait was always greatly exaggerated, a number of recent developments have further diminished it. The first was Iran's failure to carry through on its earlier threats against the Strait of Hormuz last winter, which weakened Tehran's credibility. The threats did succeed, however, in convincing the U.S. military to dispatch additional resources like to region like doubling the number of minesweepers in the Persian Gulf in order to better counter Iranian attacks in the Strait. Furthermore, a couple of overland pipelines have come online in recent weeks, allowing a significant amount of Gulf oil to bypass the Strait of Hormuz altogether in necessary.

Thus, only the third part of Iran's military doctrine, its ballistic missile arsenal, is much intact. As alluded to above, Iran's posturing over the last few days has focused heavily on its missile arsenal. Unfortunately for Tehran, these missiles are of limited utility for coercion purposes because other countries know Iran is extremely unlikely to bomb U.S. military installations or oil fields in the region unless it is first attacked.

Thus, the Western sanctions have had their intended effect of effectively boxing Iran in. This desperation explains, at least in part, Iran's willingness to offer to stop enriching uranium to 20% levels during the recent talks with the P5+1. The international community rejected this offer as insufficient however, and instead demanded that Iran also relinquish its existing stockpiles of 20% enriched uranium, and close its highly fortified Fordo enrichment plant before any sanctions relief would be forthcoming. These terms are too harsh for any Iranian leader to accept. Instead, Tehran will most likely announce new further progress in its nuclear program, with the most likely first step being an expansion of uranium enrichment at the Fordo plant.

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This demonstrates the major flaw in the West's current approach to the Iranian nuclear issue. Although it has seized the upper-hand, there are no indications that the West has any concrete plan for using its current advantages to help achieve its desired outcome of a non-nuclear Iran. Indeed, Iran's growing desperation and lack of good options are likely to produce further advances in its nuclear program, which Iran can use later as bargaining chips in negotiations, along with other concessions on Syria.

If the dispute is left unresolved, the major danger over the long-run is that Iran's desperation and nuclear know-how will become so advanced that Iranian leaders will calculate that their best option for breaking the impasse is simply to build a nuclear weapon and force the international community to accept this reality. Iran would hardly be the first nation to reach this conclusion.

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