

Iran and the Great Sanctions Debate

The sanctions debate is, once again, in full bloom. Thanks to Iran's budding nuclear program and the intransigence of Tehran thus far, policymakers and pundits are again pondering the utility of sanctions. Amid a flurry of sanctions activity at the U.S. Department of Treasury, in Congress, at the UN, and overseas, the question persists: "Do sanctions work?"

This question is hardly new. In the 1990s, the end of the Cold War and the rise of U.S. dominance led to a sharp increase in the use of sanctions, as Congress felt less inhibited in encroaching on the president in foreign policy, and as the United States tried to use its economic might to advance international goals. State sponsors of terror, suspected proliferators, weapons traders, human rights abusers, coup enactors, human traffickers, civil war instigators—nearly every foreign policy challenge—seemed to call for sanctions. By the end of that decade, however, many foreign policy stalwarts lamented the poor record of these tools, calling them "chicken soup diplomacy" or "feel good" foreign policy.¹ Many concluded that imposing sanctions did little more than satisfy the U.S. desire to take action and inoculate the United States against accusations of indifference in the face of situations that were intolerable, but whose strategic import did not warrant a more robust response.

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Some Success Stories

Despite staunch criticism, the rich panoply of sanctions regimes in place throughout the 1990s and beyond yielded many more nuanced lessons. While it was difficult to attribute any major foreign policy victory exclusively to the use of sanctions, there were occasions where sanctions, or the threat of them, clearly contributed to a positive outcome such as in South Africa in the 1990s, Indonesia in 1999, and Serbia in 2000 to name a few. Careful analysis of the many sanctions regimes, the multitude of outcomes, and the varied circumstances under which sanctions were imposed seemed to suggest two broad lessons for policymakers still facing a horde of foreign policy problems, yet only equipped with a limited toolbox.²

First, sanctions are most likely to work when the sanctions regime is structured in accordance with the goals set out for it. This may seem obvious, but the reality is that very few sanctions strategies are crafted with both a

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clear sense of purpose and an appreciation that the structure of a sanctions regime can and should be customized depending on that desired outcome. A sanctions regime intended to bring about change in the behavior of a government needs to create a flexible framework for working through a set of issues and to acknowledge incremental progress by partially lifting sanctions. In contrast, a sanctions regime

geared toward containing a country needs to prioritize multilateral support for sanctions to maximize their economic impact. Alternatively, a sanctions regime most interested in promoting a wholesale change in the government in the country in question will require quite a distinct set of sanctions—one that both pressures the regime and nurtures the opposition.

Second, the likelihood of sanctions' success depends a great deal on the extent to which sanctions are appropriately accompanied by other tools. Only a foreign policy amateur would expect diplomacy to work without other tools, military force to bring satisfaction in the absence of other efforts, or economic engagement to reap strategic gains without complementary actions. Why so many expect sanctions to deliver complex results without the help of other tools is a mystery. Sanctions, like other foreign policy instruments, can only be one component of an overall strategy. So successful sanctions are likely to be those coupled intelligently with diplomacy, the threat of force, economic incentives, or other tools.

While these two exhortations may sound abstract, many of the successes and failures of past sanctions can be attributed to adherence or departure from them. In the case of Vietnam and the United States in the 1990s, rapprochement was successful because the structure of the sanctions regime turned out to be very well-suited to the goal of getting Hanoi to change its behavior. The multi-tiered sanctions allowed the Clinton administration to create a road map, promising to lift certain sanctions as Vietnam addressed specific concerns such as cooperation with the Cambodian peace process and the provision of information concerning those missing in action from the Vietnam War. The sanctions regime was flexible enough to allow the U.S. government to lift sanctions when Vietnamese actions were satisfactory, suspend lifting when they were not, and to credibly threaten to reimpose sanctions in the event of backsliding.

Equally important, the sanctions regime was complemented by a range of other instruments, particularly regular and frank dialogue between the two countries which allowed them to smooth out misunderstandings and directly present expectations or explanations for action. Moreover, removing existing sanctions was not the only incentive used by the U.S. government to compel Hanoi in a certain direction. Pledges of additional humanitarian aid and assistance to integrate Vietnam into the international economy also came into play over the course of the multi-year normalization. By 1995, the United States and Vietnam had restored normal diplomatic relations; in 2001, the two countries signed a bilateral trade agreement; and in 2004, direct air links resumed.³ Today, the United States is Vietnam's largest export market.⁴

Sanctions against Iraq, however, failed to bring about notable changes in the behavior of Saddam Hussein's government. The complex set of sanctions, which included UN strictures and U.S. sanctions layered over them, and the varying objectives espoused by the many countries imposing sanctions made it exceptionally difficult to use sanctions as a nimble instrument to reward or penalize steps in a long, gradual process of rehabilitation. Yet, the sanctions *were* well structured for the goal of containing Saddam's government and, in retrospect, did a remarkable job of limiting the resources flowing to it and curbing its external territorial ambitions over the course of the thirteen years that sanctions were in place.⁵ The sanctions were well-matched to the goal of containment, which puts a premium on multilateralism and does not require the same flexibility as sanctions providing the backbone of behavior change strategy. Sanctions on Iraq were also accompanied by additional foreign policy tools, such as the use of military force to enforce no-fly zones and the most extensive (if in retrospect corrupt) humanitarian relief program ever undertaken by the UN to mitigate the human consequences of sanctions. These humanitarian efforts were not only necessary on moral grounds, but were also required to maintain the

international coalition imposing sanctions on Iraq and, therefore, the essential multilateral character of the sanctions.

The sanctions against South Africa in the 1990s are perhaps the best example of how a sanctions regime should be structured to help bring about regime change. Only small elements of the sanctions were multilateral, but they were sufficient to cast a pallor of international censure over the regime. Even U.S. sanctions were not comprehensive. Instead, they were structured in a way to put pressure on the regime and its supporters financially, but to allow economic interaction and encouragement to nodes of society that challenged the apartheid government. The demands associated with the sanctions and their lifting were clear and essentially tantamount to regime change: the release of Nelson Mandela and other political prisoners, legalizing banned political parties, repealing tough security measures, and entering into “good faith” unconditional negotiations with members of the black majority.⁶ Like other successful episodes of sanctions, the ones on South Africa were coupled with

other instruments, such as economic engagement of the private sector and the first-ever use of U.S. development assistance to support black civil society and opposition to the regime.

Even while these two golden rules for successful sanctions seem clear, constructing sanctions regimes suited to the goals at hand and well-complemented by other foreign policy tools is easier in theory than practice. Rarely do policymakers have the luxury of constructing a sanctions regime from scratch. Most often,

sanctions regimes are the result of numerous initiatives by multiple policymakers—from Congress to the executive branch to the UN—over the course of many months, if not years. These sanctions may be repetitive, overlapping, and even contradictory, which is particularly problematic when trying to craft a flexible framework against which to structure a strategy that would provide incentives to change behavior.

Equally important, the crafters of these sanctions often do not agree on the primary goal to be pursued. In the case of Libya, the UN clearly sought to compel Muammar al Qaddafi to turn the suspected Lockerbie bombers over to an international tribunal, while the U.S. government oscillated between regime change and containment of the Libyan regime. In Sudan, the international community again favored more limited aims, where U.S. policy under the Clinton administration was allegedly about containing Khartoum, although official rhetoric strongly suggested regime change ambitions.⁷ Too often, policymakers, not recognizing the need to carefully match sanctions strategies

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with their goals, have failed to prioritize those goals. Instead, they have simply piled on more sanctions as the number of objectives has grown.

Sanctions on Iran: Easier in Theory than Practice

Nowhere has this lack of strategic direction regarding sanctions been more evident than it has with Iran in the 1990s and 2000s. Over this period, according to official pronouncements, the United States sought to use sanctions to compel Iran to cease its pursuit of weapons of mass destruction, terminate its support for terrorism and terrorist groups, end its opposition to Israel, and stop human rights violations. In these pursuits, the United States enacted a sanctions regime that essentially curtailed all political, economic, and diplomatic interactions, making it one of the most rigid sanctions regimes in the world, with little hope to be used as a framework for gradual rapprochement. Yet sanctions, being largely unilateral in nature, were also not suited to containing Iran, as other countries and companies largely assumed the commercial positions which the United States relinquished.

Besides not being well-structured to advance the goals at hand, sanctions on Iran during this period amounted to the entirety of U.S. policy. With the exception of the final year of the Clinton administration, when an attempt was made to initiate dialogue, virtually no other tools accompanied sanctions to round out a larger strategy.⁸ To make matters worse, statements by numerous administrations suggested that the real U.S. policy goal was a change in government in Iran, undercutting any impetus Tehran might have had to change its problematic behaviors.⁹

Looking Better in 2010

Ideally, the new Obama administration could have used the pre-existing sanctions regime as a framework for exacting behavior changes in a multi-staged normalization process, much like the one that unfolded between the United States and Vietnam. President Barack Obama's early calls for direct dialogue between the United States and Iran were steps in that direction. Unfortunately, Tehran's refusal to engage in a dialogue with the United States—the most important companion tool to a sanctions regime for behavior change—essentially stymied any hopes of using sanctions for this purpose in the immediate term.

Since these hopes were dashed, the Obama administration deserves credit for fashioning a sanctions regime much more attune to the objective at hand than has been the case in past years. The vital first step was narrowing and better defining that objective. Obama's early recognition of the "Islamic Republic of Iran" removed doubts that the United States was still seeking regime change in Tehran. Since that time, the U.S. administration has been clear and consistent

that the goal of sanctions is to compel Iran to participate in meaningful negotiations about its nuclear program—nothing more, nothing less.

The strategy to coerce Iran back to negotiations is a more complicated one than a “sanctions for containment” strategy, as behavior change requires the sheer impact of sanctions to be translated into political change. Once this more modest goal had been identified and publicized by the Obama administration, the next step was to garner enough multilateral support for the sanctions that they would create sufficient pressure on Tehran. Getting this multilateral support required considerable diplomatic effort as well as executive and congressional constraint, as the Obama administration worked with others to build an international consensus for a fourth round of UN sanctions, primarily targeting military sales to Iran as well as trade and financial transactions carried out by the Iran’s Islamic Revolutionary Guard Corps (IRGC).¹⁰

These UN sanctions were seen—at least by the EU, the United States, and others—as an international imprimatur for additional sanctions to be enacted by regional bodies or individual countries after UN action. In an impressive display of coordination and timeliness, a week after the UN vote, the EU announced its own sanctions: restrictions on banking, insurance, and shipping; visa bans and asset freezes on the Islamic Revolutionary Guard; and measures to ban investment in the oil and gas sector as well as transfers of related technologies. The U.S. Department of Treasury was in lockstep, announcing

Other policy tools are not currently reinforcing the drive to get Tehran to the negotiating table.

additional sanctions on Iranian companies, individuals, and other entities involved in Iran’s nuclear and missile programs as well as their energy sector. Australia announced additional sanctions on an Iranian bank, shipping line, and construction company. Canada too banned new investment in Iran’s oil and gas sectors. Congress, long chomping at the bit to impose more draconian measures on Iran and its energy sector, passed the Comprehensive Iran

Sanctions, Accountability, and Divestment Act of 2010, which Obama signed into law in July.¹¹

In constructing its Iran strategy, the Obama administration has also not made the common mistake of looking to sanctions to achieve results on their own. The imposition of the June 2010 round of sanctions have been coupled with additional policy tools. The problem with these tools, however, is that they are not necessarily reinforcing the drive to get Tehran to the negotiating table to make real concessions—and may in fact be doing the opposite by increasing

insecurity and doubts over the intentions of the United States and international community.

For instance, in its rhetoric, the Obama administration has painfully sought to strike the right tone vis-à-vis the surprisingly robust political opposition movement which arose in the wake of the controversial June 2009 presidential elections. After a prolonged silence, Obama has taken to condemning the human rights abuses and supporting the opposition, although in a tepid rhetorical manner.¹² This rhetoric is probably not sufficiently strong to undermine Obama's much more earnest appeal for dialogue and negotiation, but it certainly does not reinforce it.

Much more marked are the U.S. government's efforts to build up the military capacities of Iran's immediate Gulf neighbors through the sale of billions of dollars of offensive and defensive weaponry, as well as the expansion of coordination and joint exercises between Gulf forces and the U.S. military. Iraq's increasingly capable security forces, now numbering over 600,000 and equipped by the United States, could develop into a headache for Tehran if Baghdad charts an increasingly independent course. These developments—as well as the movement of U.S. aircraft carriers into the Gulf—will help at least keep open the option of containing a nuclear Iran if all other options look less attractive down the road. But these blatant efforts to change the conventional balance of power in the region—especially when coupled with the new UN sanctions prohibiting the sale of conventional heavy weaponry to Iran—are likely to exacerbate the insecurities that feed the Iranian desire to get a nuclear weapon, not diminish them.

Multilateral Challenges Ahead

While efforts to create the sanctions regime most-likely-to-succeed get high marks thus far, there are other challenges looming on the horizon. The most serious one is to the international consensus on sanctions against Iran. The international community has demonstrated a remarkable level of unity in imposing sanctions on Iran, in part due to the efforts of the Obama administration and in part aided by Iran's own doings, which have made most reasonable countries nervous about Tehran's ambitions.

The impact of the 2010 sanctions depends to a large extent on this international cohesion, as the effects of the sanctions go beyond what is specifically prohibited as more and more companies and countries curtail business with Iran even in the absence of a legal requirement to do so. Fearful of a progressive slew of restrictions, or convinced that business in Iran is likely to be more a headache than a boon, many companies are opting to either suspend operations or to hold off on possible investments or business ventures. These decisions have often been influenced by the relentless efforts of U.S. officials,

most notably U.S. Treasury Undersecretary Stuart Levey, who has convinced international companies like Caterpillar, KPMG, and Daimler that their efforts are best directed elsewhere even if the law does not (yet) demand they curtail operations in Iran. By mid-2010, energy giants including Total, Royal Dutch Shell, BP, and Reliance Industries had all decided to stop or suspend refined fuel sales to Iran.¹³ A breakdown in international unity over sanctioning Iran would signal to many that constraints on business have reached their pinnacle and, in doing so, would pinch the “magnifying effect” of the sanctions on the books.

Perhaps paradoxically, the greatest threat to the international consensus about sanctions on Iran may come from the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010. Congress patiently waited until the administration had midwived every possible sanction from the UN and the EU before acting on its own. The new law mandates secondary or extraterritorial sanctions on companies that do a variety of business with Iran and its banks, including investing in the energy sector, providing support to its military programs, selling refined products to Iran, or providing any other assistance to the country in its efforts to become self-sufficient in refined products. Moreover, because of Iran’s growing attempts to invest overseas in order to broaden its energy base, the law calls for sanctions on any company which partners with Iranian energy companies *outside* of Iran. To be clear, these sanctions are not on Iranian companies, but on third-party entities that engage in activity in or with Iran which the U.S. government perceives as strengthening the Iranian state.

These measures are not new, and if the past is any indication, they are likely to evoke a torrent of protest from the very countries the United States has carefully courted in its efforts to pressure Iran. Under the original 1996 Iran–Libya Sanctions Act (ILSA), Congress gave the president the authority to apply secondary sanctions on third-party countries investing in the energy sectors of Iran and Libya. An international fracas ensued, with foreign countries resenting U.S. efforts to use American economic power to compel European and other companies to do what the United States had been unable to convince them to do through its diplomacy. The intensity of the outrage, and its potential to affect U.S.–European cooperation on other fronts, led President Bill Clinton, and then every subsequent president, to issue a waiver to every violating foreign company, rather than imposing sanctions as required by law. For all the hoopla, no sanctions were applied under ILSA from its passage until the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 superseded it.

The secondary sanctions in the 2010 law are likely to cause even more heartburn than the ILSA ones, beginning with trouble for Obama. While Europe and other traditional U.S. allies have largely complemented U.S. sanctions with measures of their own, the administration will soon confront hard decisions on whether to apply sanctions to foreign companies residing in countries whose

cooperation is important to Washington, over Iran and beyond. For instance, Pakistani and Iranian companies are said to be finalizing a deal to build a \$7 billion pipeline delivering more than 750 million cubic feet of Iranian natural gas a day to Pakistan. Such a deal would create real pressure for Obama to respond with sanctions. But, particularly given the tormented history of sanctions between the United States and Pakistan, such action could seriously damage the already fragile confidence between the two countries, jeopardizing U.S. and NATO efforts to help stabilize Afghanistan. Moreover, Washington, like Islamabad, is worried that the energy deficit in Pakistan is threatening the country's internal stability, as the 2009 riots over electricity shortages suggested.¹⁴ Yet, for all the good reasons Obama may have for granting Pakistan a national security waiver from the sanctions, it will be hard to avoid the perception that there are limits to U.S. toughness on Iran if he does issue such a waiver.

Similarly, while U.S. and EU companies have been curbing their involvement in Iran's energy sector in anticipation of, and now accordance with, the new laws, other foreign companies are predictably exploring opportunities to fill the void. These companies—many of them Indian, Chinese, Turkish, and Russian—have the support of their governments, who have spoken publicly against the secondary sanctions mandated by Congress.¹⁵ Obama may soon need to determine whether to sanction companies from these countries, which would involve complications with respect to Washington's efforts to get Turkish help in stabilizing Iraq, cultivating an Indian regional counterweight to China, and “resetting” broad U.S.–Russian relations.

Whether or not Obama opts to apply the sanctions, Iran will seek to deepen the divisions that are already beginning to show among international actors. It will court companies from other countries with more enticing energy deals in the hopes of generating frustration—and political pressure—among U.S. and European businesses watching Chinese and Indian companies taking up opportunities they were forced to relinquish. Iran may also once again agree to return to the negotiating table, if only to divide the United States from Europe with proposals of questionable value.

Finally, the recent law passed by Congress has the potential to complicate sanctions and the international consensus in another way: by calling into question the very purpose of the sanctions. Part of the success of the Obama administration in getting broad—if not deep—international support was its ability to credibly argue that the goal of the sanctions is to bring Tehran back to the negotiating table in a serious way. There was no undercurrent about these

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sanctions actually being a disguised effort to unseat the government in Tehran, as has been the perception in the past.

The opening provisions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 do declare that it is the sense of Congress that strong sanctions can support international diplomatic efforts to address Iran's support for terrorism and nuclear pursuits. But a part of the law, which is certain to garner more attention, requires the executive branch to identify and sanction individuals involved in the violation of human rights in Iran. (Put aside the vexing question of what information the United States is going to use to make these determinations in a country where it has no diplomatic representation.) Depending on how aggressively the Obama administration interprets this requirement, this provision could have a host of consequences, from the positive of bolstering the opposition to the negative of complicating future negotiations if Iran names a sanctioned person to play a lead role in international talks. But one consequence is almost certain: this provision will muddy the clear message about the intent of sanctions. It will create the perception that U.S. sanctions are focused more on regime change than on restarting negotiations. This view could confuse Tehran, make it more intransigent, and lessen international support for the more modest aims pursued thus far.

Possible Outcomes

Even if the sanctions regime is structured for the goals at hand and sanctions are combined intelligently with other policy tools, one cannot be guaranteed that sanctions will work. The 2010 sanctions on Iran, particularly in their "magnifying" effects through accompanying unilateral and regional measures, *will* have an economic impact. Collectively, the additional sanctions imposed by the United States, EU, and other countries are significant. They go far beyond the UN measures and will create real uncertainty in Iran's economy and, most importantly, will curtail Iran's ability to develop its oil and gas fields as the country desires. But what matters most is whether this impact will translate into behavioral change among the decisionmakers in Tehran. Whether this occurs depends on the internal dynamics of the government (with division making success less likely, not more), the government's ability to unify the Iranian people in the face of sanctions, and how central to its core interests the government sees the demands of the international community.

In truth, few outside Iran know much about any of these three factors, and therefore the mechanism through which sanctions might be translated into behavioral change in Iran. China and Russia insist sanctions should not harm Iranian society or disrupt day-to-day commercial relations. Yet, in all likelihood,

sanctions will only compel Tehran back to negotiations, prepared to make *meaningful* concessions, if the continuation of sanctions is seen as a threat to regime survival. In order for this outcome to materialize—as opposed to spurring a tactical decision to reengage in talks, but make no concessions—the Iranian people will need to endure some difficulty if the regime is to believe that the status quo is unsustainable. This hardship need not be of dire humanitarian consequence, but it will need to be sufficient to make the average Iranian feel that the present economic situation is intolerable and the future holds no real promise of improvement. Inflation, unemployment, and the termination of benefits (due to budgetary pressures) are all things that can create this sense.

Sanctions of the kind imposed by the EU, UN, and the United States can contribute to these hardships, but are unlikely to be their sole cause. If given enough time, it is conceivable that sanctions could further exacerbate already existing problems in Iran's economy, and have the desired effect of bringing Tehran to negotiate with a willingness to make concessions. This is essentially what happened to Libya in the late 1990s: The wear of relatively mild international sanctions over years, along with Libya's own failures in reforming its economy, combined to foment a political and economic crisis that Qaddafi sought to ameliorate by having sanctions lifted. It was this situation—attributable to a *mélange* of factors—that was the backdrop to the eventual handover and trial of the Lockerbie bombers. Also important in the Libyan case were shifting domestic politics that made relinquishing these men to the international community much less of a political risk to Qaddafi in 1999 than it had been earlier in the decade.

As the Libyan case shows, it will likely take a range of factors—most of which are outside the control of foreign policymakers—if sanctions are to contribute to a positive outcome with Iran. Although outsiders can only speculate, such factors might include a significant decrease in the global price of oil over a sustained period and the elimination of any real threat posed by the political opposition. In short, while not impossible, U.S. and international policymakers would be naïve to place too much hope in resolving the situation through a sanctions-led strategy, particularly in the limited period before Iran has a bomb or the capability to make one imminently.

A more likely outcome is one where Iran muddles through, resisting international entreaties while using the sanctions to discipline its society and get its economic house in order. This is more or less what happened in the 1990s. Weak oil prices and burgeoning import bills pushed Iran to a financial cliff, a

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place where most countries would have turned to the International Monetary Fund for borrowing when experiencing external shocks. But U.S. sanctions prevented Iran from borrowing money from international financial institutions. As a result, Iran embarked on a dramatic austerity program to meet its debt programs, cutting imports, and over several years, restoring the health of its economy. Although it went through a period of social and economic vulnerability during the austerity years, Iran emerged financially stronger than if the sanctions had not existed.

Today, rather than cumulatively adding to the pressure created by Iran's own economic ineptitudes, sanctions could create the same impetus to address tough problems that Tehran has thus far skirted. Already, Iran has made a concerted effort to address the refining shortages that have made it vulnerable to sanctions, diminishing its import dependence by a quarter in the past year or more.¹⁶ Perhaps more significantly, Iran has announced that in the autumn of 2010, it will begin implementing reforms to gradually phase out the tens of billions of dollars worth of energy subsidies which Tehran provides to its citizens. The motivation for a reform that will inevitably be politically difficult to enact is twofold: to minimize the call on Iranian resources when they no longer appear infinite and to encourage Iranians to conserve energy. Iran's leaders know both will make the country less vulnerable to sanctions, and hence, more economically solid over time. In these circumstances, the Iranian regime may return to the negotiating table as a tactic to buy more time or to sow discord among the international community, but it will resist serious negotiations or granting meaningful concessions.

Planning for the Future

The Obama administration would no doubt like some time to savor its success in getting sanctions as far as it has. It should, however, be thinking about the foreseeable challenges to the multilateral sanctions coalition, and look for ways to head them off or mitigate them. Humanitarian concerns, for example, will inevitably come into play, as different countries and constituencies in the coalition are comfortable with varying levels of deprivation.

The Obama administration should also be thinking about how it will transform the sanctions regime in the face of failure or success. If sanctions do deliver a more compliant Tehran to the negotiating table, the international community and the Obama administration in particular will need to quickly refashion the sanctions regime to be the sort most conducive to delivering behavior changes. This conversion will require some creative thinking and some intense diplomacy, for in order for sanctions to function as a framework for step-by-step negotiations, they need to be flexible and easily lifted to build

confidence or recognize positive actions quickly. With the web of sanctions currently in place, negotiators may have difficulty in responding with the alacrity required in a bargaining dynamic.

In the comparatively simple negotiations between the United States and North Korea in the mid-1990s, executive branch negotiators were hindered by congressional opposition to lifting sanctions when trying to reward North Korean actions in the right direction. Similarly, U.S. efforts to normalize relations with Libya in 2000 in a series of confidence-building moves were complicated by congressional claims that Congress would legislate certain sanctions if the executive branch were to lift them.¹⁷ In the case of Iran, negotiators will need to make sure that, when they pledge sanctions relief to Iran for a specific action, they are not stymied in their efforts to simultaneously lift UN, regional, and bilateral sanctions, each of which will involve its own political dance. The track record shows that it is far easier to impose sanctions than it is to remove them.

In contrast, if the current sanctions do not compel Iran back to the negotiating table, the Obama administration and the international community will need to consider its alternatives, and adjust the sanctions regime to be well-suited to the new goals at hand. If containment is chosen as the best of the alternative options, the administration will need to find ways to deal with a host of new issues. Most obviously, it should look for ways to gain greater international support for more aggressive measures to limit the resources flowing to the Iranian regime.

One obvious outcome of a successful containment strategy toward Iran, however, will be greater global energy insecurity. As the international economy recovers from the great recession, global demand for oil and gas will grow and eat up the existing spare capacity in the system over time. Even with expected improvements in energy efficiency and the development of alternative energy sources, the world will be hungrier and hungrier for oil and gas in the coming decade. At least given what is known today, a comparatively small number of countries are geologically capable of bringing large volumes of oil and gas on line quickly, and Iran is one of them. An active campaign to prevent Iran's development of these resources will, over time, be seen as less and less sustainable. One way to mitigate such pressure would be to take the myriad steps needed to ensure that neighboring Iraq—also a country with the potential to bring large volumes of oil and gas to market—is able to develop its resources in line with national ambitions and global needs. Others surely exist.

In contrast, the Obama administration might ultimately conclude that the only way the world will have a nonnuclear Iran is if a different regime is in place in

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Tehran. If the United States decides to shift its policy focus toward encouraging such political change, the administration would need to recalibrate the sanctions so they are part of a larger effort to discredit the regime and bolster the opposition. In this instance, U.S. rhetorical policy would need to be reconsidered, as well as covert aid to the opposition, and other creative ways of putting pressure on the regime, including steps to increase the transparency of oil revenues it collects.

Given the high stakes associated with how the impasse with Iran is resolved, it is too simplistic to dismiss sanctions as doomed to irrelevance. Yet, at the same time, it is too idealistic to hope that the 2010 sanctions-based strategy, for all its virtues, will be able to deliver strategic results with Iran. As policymakers around the world wrestle with such challenges, they will be well-served by a subtle understanding of what increases the chances of sanctions contributing to a positive outcome—and when they will need to adjust the sanctions strategy to be compatible with new realities and objectives.

Notes

1. See “Chicken Soup Diplomacy,” *National Journal*, January 4, 1997, pp. 13–17 and David L. Boren and Edward J. Perkins, *Preparing America’s Foreign Policy for the 21st Century* (Norman, OK: University of Oklahoma Press, 1999), p. 219.
2. See Meghan L. O’Sullivan, *Shrewd Sanctions: Statecraft and State Sponsors of Terrorism* (Washington, D.C.: Brookings Institution, 2003).
3. For more on the normalization of U.S.–Vietnam relations, see Raymond F. Burghardt, “Old Enemies Become Friends: U.S. and Vietnam,” *Brookings Northeast Asia Commentary*, no. 3, November 2006, http://www.brookings.edu/opinions/2006/11/southeastasia_burghardt.aspx.
4. International Monetary Fund, “Direction of Trade Statistics,” Web site, 2009, <http://www2.imfstatistics.org/DOT/>.
5. See George Lopez and David Cortright, “Containing Iraq: Sanctions Worked,” *Foreign Affairs* 83, no. 4 (July/August 2004):1–14.
6. *Comprehensive Anti-Apartheid Act of 1986*, Public Law 99–440, 99th Cong., 2nd sess. (October 2, 1986), <http://actrav.iticilo.org/actrav-english/telearn/global/ilo/guide/antia.htm>.
7. See O’Sullivan, *Shrewd Sanctions*, p. 392 and Tim Niblock, *Pariah States and Sanctions in the Middle East: Iraq, Libya, Sudan* (Boulder, CO: Lynne Rienner, 2001), p. 208.
8. In 1998, after the election of President Mohammad Khatami, the Clinton administration sought to extend an opening for dialogue with Tehran through a speech by Secretary of State Madeleine Albright. See Madeleine Albright, “Remarks at 1998 Asia Society Dinner,” Waldorf-Astoria Hotel, New York, June 17, 1998, <http://www.aghayan.com/alb061798.htm>.
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10. UN Security Council Resolution 1929, SS/9948, June 9, 2010, <http://www.un.org/News/Press/docs/2010/sc9948.doc.htm>.

11. See U.S. Treasury, Office of Foreign Assets Control, "Iran Sanctions Summary," Web site, <http://www.treas.gov/offices/enforcement/ofac/programs/iran/iran.shtml>; Prime Minister Stephen Harper of Canada, press release, Ottawa, Canada, July 26, 2010, <http://pm.gc.ca/eng/media.asp?id=3553>; Prime Minister Stephen Smith of Australia, "Australia Imposes New Broad-Ranging Sanctions Against Iran," media release, July 29, 2010, <http://www.foreignminister.gov.au/releases/2010/fa-s100729.html>; and, *Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010*, Public Law 111-195, 111th Cong., 1st sess. (July 1, 2010).
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13. See Carola Hoyos and Javier Blas, "Total Joins Petrol Embargo of Iran as Sanctions Loom," *Financial Times*, June 28, 2010.
14. See "Pakistan's PM Announces Energy Policy to Tackle Crisis," April 22, 2010, http://news.bbc.co.uk/2/hi/south_asia/8637454.stm.
15. Foreign Secretary Nirupama Rao of India expressed concern that the U.S. unilateral sanctions might "have a direct and adverse impact on Indian companies and more importantly on our energy security." See Amol Sharma, "US Sanctions Could India-Iran Projects," *Wall Street Journal*, July 19, 2010.
16. According to analysts, Iran has decreased its dependence on imports for refined products from 40 percent to 30 percent in the last four years. See Thomas Erdbrink and Colum Lynch, "Iran is Ready for Planned US Sanctions Targeting Fuel Imports, Analysts Say," *Washington Post*, June 24, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/06/23/AR2010062303770.html>.
17. See "Under Congressional Pressure, Albright Extends Ban on U.S. Travel to Libya," *Middle East Economic Survey* XLIII, no. 49, December 3, 2000.