

Time to weigh our role in Iran threat

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Amid renewed talk of war in the Persian Gulf, it seems odd to suggest one outcome of current tensions will be a negotiated settlement between Iran and the US.

Yet this is probably what the Obama administration is aiming for, even as it piles pressure on Tehran.

Yet squeezing Tehran could just as easily result in a military confrontation -- and one that will draw in Australia as well.

Inspired by an International Atomic Energy Agency report last year that reiterated questions about the true intent of Iran's nuclear program, the US and its allies are trying to cut Tehran's oil revenues.

In July, an EU ban on oil imports will take effect, as will US sanctions on international dealings with Iran's Central Bank, which clears much of Iran's oil export earnings.

The Obama administration understands that these sanctions will not, on their own, force Iran to comply with US demands over its nuclear program, but it probably hopes these measures will be enough to convince Iran to negotiate more obligingly.

For a negotiated settlement to be reached, however, at least three obstacles will need to be overcome.

First, both sides would need to be convinced the other was genuinely interested in a deal. In the past, Tehran has used negotiations to stall for time and sow divisions between the US and its allies.

Meanwhile, Iran has long been suspicious that the US's efforts to negotiate a change to its nuclear policy hide its real aim of regime change.

Second, to reach a settlement, both sides would need to give some ground on key issues. The US has long demanded Iran abandon its domestic uranium enrichment program, but Tehran will never do so.

For the US to accept this, Tehran would have to agree to an enhanced monitoring and inspection regime sufficient to reassure Washington that Iran was not enriching uranium to levels necessary for bomb-making.

This will be extremely difficult for a regime as secretive and suspicious as the one in Tehran.

Third, the Obama administration's ability to reach any settlement with Iran is limited in an election year.

This means Barack Obama will have to, simultaneously, encourage Iran to start negotiations and stick with them, while slowing down Iran's nuclear activities sufficiently ahead of any final negotiated settlement to discourage Israel from taking unilateral military action.

Even as it considers the option of negotiations, Tehran will probe and pick at the apparent consensus behind these new sanctions.

A recent example of this was Iran's threat to end oil shipments to the EU immediately, before Europe has had time to find alternative oil suppliers -- the main reason the ban comes into effect only in July.

If these new measures really do squeeze Iran's oil income to the point where the regime becomes worried about domestic stability -- and if negotiations with the US fail to eventuate or stall -- then the regime will take more provocative steps.

Iran has already threatened to close the Strait of Hormuz and choke off much of the world's oil supply.

Many observers are justifiably sceptical of this threat, not least given the US navy's ability to re-open the strait relatively quickly. But Iran has plenty of other provocative cards it could play.

It might, for example, use proxies to launch terrorist attacks against oil facilities in the Gulf -- attacks that would be deniable but still undermine sanctions by driving up oil prices and weakening global supply. Should there be a military confrontation, Australia would find itself near, if not quite at, the frontline.

Australia has troops based in the United Arab Emirates, supporting operations in Afghanistan, and a Royal Australian Navy frigate patrols the Gulf and surrounding waters.

What role that these, and any other forces that could quickly be despatched to the Gulf, might play in a regional conflict would immediately be called into question. There would be expectations of military support from the US -- but not just from them.

Australia's Asian trading partners are reliant on Gulf oil.

Helping to limit the impact of any confrontation on the flow of oil from the region would, therefore, not

just be a matter of good international citizenship for Australia, it would also be a matter of significant national interest.

In the Gulf, too, there would be expectations of Australian support. Over the past decade, Australia has built strong ties with Gulf countries, in particular the UAE. As a rich but small and sparsely populated country, the UAE would be looking for a strong -- if symbolic -- signal from Australia that it was committed to its security. The fact that roughly 15,000 Australians live and work in the UAE, and a few thousand more elsewhere in the Gulf, is just one reason to provide some form of support.

If they are not already doing so, our policymakers need, therefore, to start thinking about what kind of contribution Australia could or should make in these circumstances.

At risk are not just useful political and defence ties with Gulf friends, but also economic relationships that have expanded even more rapidly.

The ruling families of the Gulf tend to view their defence, political and economic relations with other countries as indivisible. Any military confrontation with Iran in the Gulf would quickly underline the need for Australia to view its ties in the region in a similar way.

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