The Iran Deal: A Template for Russia?

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On July 14 Iran and its P5+1 negotiating partners agreed a "Joint Comprehensive Plan of Action" to resolve western concerns over the goals of Iran's nuclear programs. The deal marks the end of 36 years of western sanctions on Iran. Upon affirmation of the JCPOA by the full United Nations Security Council, most sanctions in force against Iran will be terminated.

The P5+1 consists of the five permanent members of the Security Council plus Germany, which has supplied technology to Iran's nuclear programs since before Iran's 1979 Islamic revolution. It is also known as the E3+3, for its three European Union plus three non-EU members.

The JCPOA will not result in the immediate end of all western sanctions on Iran. Some American sanctions are written directly into US law and cannot be overturned without US Congressional approval. Due to sunset clauses many of these sanctions will automatically expire on December 31, 2016 unless they are renewed by Congress. It is expected that President Obama will simply allow these sanctions to expire.

The President also has the authority to waive, cease enforcing, or create exceptions to most other US sanctions on Iran. Of course, a future US President could in theory resume enforcing these sanctions. But in American political culture it is very rare for a President to reverse these kinds of commitments. Barring a new flare-up of tensions between the US and Iran, it is likely that the next President will respect Barack Obama's commitments.

All this is good news, for the people of Iran and for the rest of the world. Russia's President Vladimir Putin has welcomed the deal, which Russia helped negotiate. Increased Iranian oil output resulting from the lifting of sanctions may further depress oil prices, putting strain on Russia's finances, but most analysts agree that overall Russia stands to benefit from the lifting of sanctions.

Not everyone is happy about Iran deal. Some western analysts argue that Russia's support for a global deal to lift sanctions on Iran is part of a Russian-Iranian conspiracy to proliferate nuclear technology and suppress democracy in the Middle East. And of course the Israeli government is staunchly opposed to the deal, with one of its ministers labelling July 14 "one of the darkest days in world history." But all in all the story has received remarkably positive news coverage all over the world.

Follow the money

The Iran deal also sets a negative precedent: that it is acceptable for stronger countries to bully weaker countries into unilaterally yielding on important policy issues.

With his term as President coming to an end in January, 2017 it is clear that US President Barack Obama is seeking foreign policy successes "to secure his place in history" (as they say in Washington). In 2015 he has acted decisively to resolve long-festering disputes with Cuba and Iran, both of which have faced US sanctions for decades. This has taken almost everyone by surprise.

I myself wrote for RIAC less than one year ago that "America's sanctions regimes on Iran and Cuba attest [that] once firmly in place American sanctions are almost impossible to remove." Now it looks
like both Cuba and Iran are moving toward accommodation (if not outright friendship) with the
United States. This is real change, not mere cosmetic posturing.

And yet the basic logic of my argument remains valid. I argued in 2014 that US sanctions on Russia
were very dangerous because the relative lack of US economic interests in Russia meant that there
would be no internal lobby in the United States for the removal of sanctions. Thus I wrote that the
sanctions war with Russia was "easier to start than to finish."

Now the US sanctions wars on Cuba and Iran are ending after 55 and 36 years, respectively. They
seem to be ending because members of the second generation of expatriate Cuban-Americans are
desperate to invest in Cuba and big US oilfield services companies and airplane manufacturers are
desperate to sell to Iran. Both deals are widely expected to yield massive economic benefits for US
companies.

Money was probably the key to unlocking both sanctions deals. President Obama had the political
courage and end-of-term resolve to turn that key, but without the promise of massive windfall
profits for American companies it is unlikely that either deal would ever have been reached. Money,
after all, is what led to the sanctions in the first place.

It is easy to forget now, but the original US sanctions on Cuba had nothing to do with human rights
or trumped-up charges of support for terrorism. The US embargo was originally imposed on Cuba in
1960 in response to Cuba's nationalization of American-owned sugar plantations, and later oil
refineries and banks.

Similarly, the original US sanctions on Iran had nothing to do with nuclear proliferation. They were
imposed in 1979 in response to the seizure of the US embassy by Iranian students and the ensuing
Iran hostage crisis. The 52 American hostages were released unharmed in 1981 after spending 444
days in captivity. The retaliatory sanctions lasted 36 years (and counting).

Long after setting out on their sanctions journeys, both Cuba and Iran faced renewed, extended, or
additional sanctions that were nominally imposed to punish them for human rights violations or
support for terrorism. But other countries with much worse human rights records are firm US allies
and even major recipients of US foreign aid. And there is little or no evidence that either Cuba or
Iran supports terrorism.

It is instructive to compare the Cuba and Iran sanctions with the imposition of US sanctions on Chi
in the aftermath of the 1989 Tiananmen Square massacre. Most of these sanctions lasted less than
two years. By 2014 two-way trade between the United States and China was worth more than $590
billion a year. The Chinese regime remains as repressive as ever.

By way of comparison, US two-way trade with Russia in 2014 was worth less than $35 billion and
already in decline from a historical high of $43 billion in 2011. Western sanctions were imposed in
March, 2014 in response to Russia's annexation of Crimea. American trade with Russia has since
declined a further 25% year-on-year. Prospects for the quick reversal of US sanctions on Russia are
perhaps not very good.

An 'historic' agreement

The unsettling implication is that future western sanctions on Russia may fall into the Iran pattern.

News articles covering the Iran nuclear deal have inevitably labelled it an 'historic' agreement. More
than a decade in the making, it certainly is historic -- as was the earlier US agreement to normalize
relations with Cuba. Any time international disputes are settled by diplomacy instead of bombs,
good people have reason to cheer. And every country that gives up nuclear weapons capabilities makes the world a safer place.

But the Iran deal also sets a negative precedent: that it is acceptable for stronger countries to bully weaker countries into unilaterally yielding on important policy issues. Iran does not have nuclear weapons. Its neighbors India, Israel, and Pakistan do. But Iran is the one at the negotiating table making concessions merely to be allowed to operate as a normal country in the interstate system. India, Israel, and Pakistan developed nuclear weapons and got off scot-free.

The principle that "might makes right" is a dangerous and immoral basis for international law. The United States is not the only country to make implicit use of this principle -- China, Russia, and many other countries are guilty as well -- but as the mightiest country in the world the United States has a special responsibility to practice restraint. America's behavior is especially important because the United States is likely to remain the world's dominant power for decades (if not centuries) to come, setting the norms that other countries will follow.

What interstate norms will emerge in the Middle East is anyone's guess. Hopefully ordinary Iranians will have the opportunity to enjoy newfound freedoms and prosperity. But they may have little time available in which to do so. Iran is currently at peace but it is surrounded by (and deeply involved in) wars in Syria, Iraq, and Yemen. And its eastern neighbors Pakistan and Afghanistan are never free from turmoil.

The sanctions carnival will now move on to Russia. Sixteen months into its own sanctions war with the west, Russia is certainly in much better shape than Iran. But in the blink of an eye sixteen months can turn into sixteen years (or thirty-two, or sixty-four). Will western sanctions on Russia (and Russian counter-sanctions) fizzle out like those on China after Tiananmen? Or does Russia face a long war of sanctions attrition?

There is little logic to a long-term campaign of western sanctions on Russia. Like Cuba and Iran, Russia is far from the worst country in the world. It is much more democratic than China and much more free than Saudi Arabia. For that matter, it is much more free and democratic than either Cuba or Iran. Russia is no rogue state.

Yet economically Russia is not well-integrated into global value chains and like Iran it relies overwhelmingly on commodity energy exports. One legacy of the Soviet planned economy is that Russian industrial clusters tend to be concentrated inside Russia and the Commonwealth of Independent States. Few outside players have a strong economic interest in maintaining the unimpeded exchange of goods and services across Russia's borders.

Western sanctions may not succeed in Russia as they have succeeded in Iran. But Russians should be prepared to face a similar pattern of sanctions, if nothing else then as a worst-case scenario.

To be sure, Europe depends on Russian energy supplies. But this kind of state-to-state economic dependence is very different in character from the highly articulated commodity chains that bind the countries of central Europe or northeast Asia. Northeast Asia remains peaceful despite massive state-to-state provocation in large part because businesses in every country in the region depend so heavily on seamless cross-border integration.

The unsettling implication is that future western sanctions on Russia may fall into the Iran pattern. Imposed to punish Russia for its annexation of Crimea, they may be expanded on the basis of human rights, then expanded again for some other reason, until someday (who knows?) Russia may be accused of nuclear proliferation or the sponsorship of terrorism.
Of course, Russia is not Iran. It has twice the population, more than four times the economy, overwhelmingly greater military capacity, and a permanent seat on the UN Security Council. For at least the near future it is also central to the European Union's energy security. Western sanctions may not succeed in Russia as they have succeeded in Iran. But Russians should be prepared to face a similar pattern of sanctions, if nothing else then as a worst-case scenario.

To reiterate: the principle that "might makes right" is a dangerous and immoral basis for international law. Many in Ukraine, the European Union, and the United States would argue that Russia itself embraced this principle when it annexed Crimea. But folk wisdom tells us that two wrongs do not make a right. The right path out of the Ukraine crisis may be hard to see, but it is clear that a new sanctions war is the wrong way to go.