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US-IRANIAN RAPPROCHEMENT -MOTIVES AND IMPLICATIONS**Abstract:**

Since Iran's 1979 Islamic Revolution, several attempts to improve Iranian-American relations have been made, but failed. However, the present efforts such relations, since Hassan Rouhani assumed office on August 3, 2013, appear to be far more serious. Accordingly, the aim of this paper is threefold. First, it explains the elements of rapprochement in the US-Iranian relations since Rouhani came to power in 2013. Second, it clarifies the internal, regional and international developments that have influenced and shaped the relations between the two countries. Third, it aims at discussing the implications of a U.S.-Iran rapprochement for the Middle East.

The study reveals that US-Iran relations are experiencing fundamental and dramatic changes started by rounds of negotiations about the Iran's nuclear programme. As it is known in politics, there are no permanent friends or foes, only permanent interests. Accordingly, Iranian and US foreign policy has been and will continue to be based on permanent interests rather than permanent friends or foes. As a result, the study shows that there are three major factors that have shaped the course of relations between Iran and USA. The first factor is the new approach of the Iranian and US leaders which called to dialogue and openness to settle outstanding issues, ending hostilities and restoring relations on an equitable basis for mutual benefits.

The second issue is geopolitics that represented by the Iraq crisis. The one common interest of the regimes in US and Iran is their need for clearing up the shambles in Iraq and to quell the al Qaeda-inspired Islamic State of Iraq and Syria sweeping northern Iraq. The last major factor related to the convergence of the American and Iranian project in managing the area and their ambitions in the Arab region, particularly after the Arab spring results. US and Iran found that Arab spring in different countries in the Middle East (such as Egypt, Tunisia, Libya and Syria) has led to rise (anti Iranian and anti-American Islamists). Moreover, Arab spring has shown the limits of American and Iranian power in the Middle East, which pushed both sides to adopt a new policy toward each other to get as much of the pie as possible.

Based on this study, it can be concluded that, although US and Iran are making approaches towards each other by slow steps, but their rapprochement might change the political map in the Middle East as a whole

Keywords:

Rapprochement, US-Iranian relations, mutual benefits, Middle East.

JEL Classification: H73

1.0 Research Aims and Questions

This paper aims to present an overview of U.S-Iranian relations and propose future scenarios for these relations. In addition, it aims to analyze the motives of both countries for rapprochement and examine its implications for the Gulf region and the Arab world in general. These aims relate to the following core research objectives:

- To identify and discuss points of convergence and divergence between U.S and Iran.
- To understand the motivations and strategies underpinning U.S-Iranian rapprochement.

2.0 (Points of convergence and divergence in the History of U.S.-Iran relations)

Understanding the U.S-Iranian rapprochement and its chances of success requires a close reading and critical analysis of past relations between the two countries. The roots of the contemporary US-Iranian relationship date back to 1945. That year, the United States had extensive oil interests in the Middle East as a result of an urgent need for oil to help supply forces fighting in the Second World War. On 14th February 1945, President Franklin D.Roosevelt met with Saudi King Abd al-Aziz Ibn Saud to create the Arab-American Oil Company (Blanchard, 2009). The Saudi- American relationship was key to the US strategy to control Middle Eastern oil. Gordon Merriam (the chief of the Division of Near Eastern Affairs in the U.S. State Department) described Saudi Arabia as "**... a stupendous source of strategic power, and one of the greatest material prizes in world history**"¹

Moreover, US interest in the region was reflected in its policy when they stood up against Soviet troops remaining in Iran in March 1946. In January, 1942, the new Shah of Iran had signed a Treaty of Alliance with Britain and the Soviet Union to secure Iranian oil fields, and according to the treaty, allied forces agreed to withdraw from Iran territory within six months after the end of hostilities. However, in early 1946 the Soviet Union not only violated the March withdrawal deadline, but they had taken steps to expand their military presence southward. Subsequently, the American administration decided to stand firm on the withdrawal of Soviet troops (McCormick, 2014).

The 1953 coup

The 1953 Iranian coup d'état, known in Iran as *the 28 Mordad coup*, was another major political intervention by Americans in Iranian internal national affairs. As a consequence of the growing Soviet influence in Iran during the Cold War, the U.S. and British intelligence agencies supported and funded a coup (under the name TPAJAX Project) against the democratically elected Iranian Prime Minister Mohammed Mossadeq. He was seen as having become a serious threat to their strategic and economic interests as he intended to nationalize the Iranian oil industry which was owned and run by Britain's Anglo-Iranian Oil Company. Although, the US denied its involvement in the 1953 coup, the CIA has publicly admitted for the first time after 60 years that it was behind the notorious 1953 coup against Mohammad

¹Draft memorandum to Truman. See Aaron David Miller, *Search for Security* (Chapel Hill, NC: University of North Carolina, 1980), p. 144.

Mosaddeq (Dehghan and Taylor, 2013). Mossadeq was arrested and convicted of treason, serving three years in jail, and then put under house arrest until his death in 1967 (Lowe, 2013). On the economic front, one of the earliest economic impacts of the coup was the transferring of 40% of Iranian oil to American oil companies (as thanks to American help) where they had had no prior stake (Chomsky, 1999).

Following the coup the US provided financial and military support to establish a government under General Fazlollah Zahedi which allowed Mohammad-Rezā Shāh Pahlavi, the Shah of Iran to retain his throne and expand his power. The reign of Shah was intended to ensure the Iranian monarchy would safeguard US oil interests in the country. Moreover, he became one of America's most trusted Cold War allies, and U.S. economic and military aid poured into Iran during the 1950s, 60s, and 70s. The Shah led 25 years of autocratic rule (relying heavily on United States support to hold on to power). However, in 1978, general strikes and large-scale anti-Shah and anti-American demonstrations swept the country, resulting in the deaths of thousands of Iranians. As a result, one year later, on 16th January 1979, the megalomaniac monarch who had ruled Iran with an iron fist for nearly three decades was toppled from power and forced to leave Iran.

1979-1980: Hostage Crisis

The most dramatic change in U.S-Iranian relations after Iran's Islamic revolution was the Iran Hostage Crisis, which lasted for 444 days (from 4th November 1979, to 20th January 1981). The event organized by Iranian opposition students "who called themselves "Imam's Disciples," stormed the US embassy in Tehran and fifty-two American diplomats and citizens were held hostage (Farber, 2005). President Carter immediately responded by imposing a trade embargo against Iranian oil and freezing billions of dollars in Iranian assets in the United States. The main consequence of this has been that the United States and Iran have had no political or diplomatic relations for three decades.

Since Ayatollah Khomeini denounced the United States as the "Great Satan" and "Iblis" (the primary devil in Islam), and approved the seizure of the American embassy in Tehran in November 1979, the US has treated the Islamic Republic of Iran as one of the most dangerous governments in the world and included it in the axis of evil along with Iraq and North Korea. Anthony Lake, Assistant to President Clinton for National Security characterized Iran as a "backlash" state and concluded that Iran's revolutionary and militant messages are openly hostile to the United States and its core interests². This fundamental political position has shaped relations between the two countries for nearly three decades.

Secret Talks

Since the 1979 Iranian Revolution, several attempts have been made aimed at improving and restoring Iranian-American relations, which have failed. However, there have nevertheless been many signs of ongoing cooperation between Washington and Tehran, in addition to a series of secret and informal bilateral meetings and talks. In other words, tensions between US and Iran have not prevented cooperation in certain areas such as the oil trade, counternarcotics, Afghanistan, and

²ND. Jordet, N., Explaining the Long-term Hostility between the United States and Iran: A Historical, Theoretical and Methodological Framework, The Fletcher School of Law and Diplomacy, Tufts University, <http://www.nato.int/acad/fellow/98-00/jordet.pdf> (accessed September 6, 2014)

Sunni extremism. This kind of cooperation between the two countries confirmed by Rafsangani in a 1994 interview when he stated that "I have always been opposed to completely breaking our ties with the United states, they provide us with much needed spare parts and we sell them petrol. Therefore, our economic ties have never been completely halted and some kind of dialogue must always exist" (Rieffer-Flanagan, 2009).

For example, in 1985, there was a secret deal (not approved of by the United States Congress) that became known the Iran–Contra affair or the Iran–Contra scandal, in which 3000 American-made BGM-71 TOW antitank missiles delivered to Iran via Israel (in spite of a US embargo against selling arms to Iran). In return, Iran was to use its influence to secure the release of American hostages held by pro-Iranian Hezbollah guerillas in Lebanon. The US took millions of dollars from the weapons sale to fund the right-wing "Contra guerrillas" in Nicaragua³.

1998: Hopes for New Ties (change relations from secret to public)

In the era of Iran's new reformist president (Mohammad Khatami), there was a great openness, with relations between the two countries shifting from being secret to becoming public for the first time since the Khomeini revolution. Joseph Ghougassian, former U.S. Ambassador to the State of Qatar stated that "The American president would cancel the decision to ban American companies dealing with Iran before the end of next year 1999. He pointed out that President Clinton shelved a decision was issued by Congress preventing Western companies dealing with Iran. He added that American companies would soon return to work in Iran" (Al-maki, 1998). This was followed by full apology for America's role in the 1953 coup which overthrew Mohammed Mossadeq.

3.0 Motives of Rapprochement

Hassan Rouhani replaced Ahmadinejad as president of Iran in August 2013, announcing that "international relations are no longer a zero-sum game, but rather a multi-dimensional space in which competition and cooperation coincide," (Arshin and others, 2014). Since then the pace of rapprochement between the two countries accelerated.

The current rapprochement between US and Iran stems from various changes in regional and local landscapes. However, the most obvious reason for this change is geography and common interests (or common enemies). These two factors have bound Iran and the United States together to bring about closer relations, bypass differences and move forward. Nonetheless, there are other factors that make the current U.S-Iranian rapprochement logical, and even inevitable. Within this context, it can be observed that U.S-Iranian relations are based largely on a combination of common interests and each nation own self-interest and ambitions.

³ See more "Iran-Contra Report: Arms, Hostages and Contras: How a Secret Foreign Policy Unraveled," The New York Times, 19 November 1987. And National Security Archives, "White House, John M. Poindexter Memorandum to President Reagan, Covert Action Finding Regarding Iran, 17 January 1986, available from George Washington University. [http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB210/15-Reagan%20Finding%201-17-86%20\(IC%2002181\).pdf](http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB210/15-Reagan%20Finding%201-17-86%20(IC%2002181).pdf). and National Security Archives, "The Iran Contra Affair 20 Years On," George Washington University, available from <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB210/index.htm>. (Accessed August 27, 2014).

3.1 Common Interest (Common enemy)

Coordination and cooperation between the two countries reached its peak after the events of 11th September 2011. It has been argued that the US could not have succeeded without help from Iran when it attacked Afghanistan and routed the Taliban. Later in 2003 the United States invaded Iraq to remove Saddam Hussein⁴. Khatami, when he was president at the end of 2004, and Hashemi Rafsanjani during his election campaign in 2005 admitted that Iran provided a lot of help to the Americans in their wars against Afghanistan and in Iraq. Moreover, former Vice President Mohammad Ali Abtahi confirmed at an international seminar in Dubai that "Were it not for Iran, Baghdad and Kabul would not have fallen" (Al-shatti, Ismael, 2014).

As a consequence, Iraq has been divided between the US and Iran, where Iran won influence inside Iraq by establishing a Shiite regime in Baghdad through forming pro-Iran Shiite Iraqi government that would be under Tehran's influence. That there are strategic benefits for Iran from the occupation of Iraq is reflected in a statement from Ahmadinejad in 2006 when he said "God has put the fruits of the occupation of the two neighboring countries (Iraq and Afghanistan) in the Iran's basket". And in August 2008, Ali Larijani (chairman of the Iranian Parliament) declared that all those who rule Iraq "listen to us and are our friends" (Al-shatti, Ismael, 2014).

In return, the US took control of Iraqi and Gulf oil and therefore dominated world energy markets, which had been the primary strategic objective of the US for over 60 years. This was achieved when the Iraqi government signed an agreement with three major US oil companies: ExxonMobil, Shell, Total, and British Petroleum, the original partners decades ago in the Iraq Petroleum Company-, later joined by the Chevron and other smaller US oil companies. Overall, American oil companies gain direct access to Iraq's oil reserves, while more than 40 companies from other countries such as China, India and Russian were excluded. Furthermore, it was stipulated in the "Declaration of Principles" signed between the two countries that the economy of Iraq understood to mean its oil resources -- must be open to foreign investment, "especially American investments"⁵.

Recently, the predominant interests to increased cooperation between the US and Iran has been the rise of radical Sunni jihadi groups such as ISIS across region. Tehran and Washington helped prop up the government of their mutual ally Nuri al-Maliki, Iraq's Shi'ite prime minister enabling him to stay in power. However, Maliki's sectarian and authoritarian policies have pushed Iraq's Sunni minority into the hands of ISIS. Consequently, ISIS and other such movements have become enemies of the Iraqi government, Iran and the US.

Accordingly, talks have begun between the United States and Iran about working together to quell Islamic State in Iraq and Syria (ISIS) and its al Qaeda backer sweeping northern Iraq, and Syria. Iran looks at protecting Shia interests and power in Iraq, while the United States wants to weaken and ultimately destroy the Islamic State in Iraq and Syria and to protect its interests in the region by destroying ISIS's ability to control territory in Syria and Iraq.

⁴ Saddam Hussein's Iraq and the Taliban's Afghanistan were common enemies for U.S and Iran.

⁵ The declaration signed ignored the U.S. Congress, the Iraqi parliament and the populations of the two countries.

3.2 US Motives

There are many reasons pushing the US to change its political discourse and open up to the possibility of reaching settlement agreements with Iran. Generally-speaking, these motives can be split into internal and external motives.

3.2.1 Internal Motives

The strategic importance of Iran for the United States stems from the fact that it is a large oil country that has the second largest reserves of natural gas in the world. Moreover, Iran's importance is also growing from the perspective of increasing needs for oil from the Caspian Sea region⁶ in light of the official American estimates of the world's oil demands which is expected to reach average of 105 million barrels per day in 2015, of which United States consumption of oil is expected to reach (18) million barrels per day. Moreover, Iran has comprehensive control over the Strait of Hormuz, the strategic waterway which connects the Persian Gulf with the Arabian Sea. The Strait of Hormuz has a great strategic importance for the US as it is the only sea route through which oil from Gulf countries (such as Kuwait, Iraq, Iran, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates) can be transported to Western Europe, and the United States have a vital interest in securing free passage through this strait.

The U.S-Iranian convergence came as a result of a new American strategic policy to abstain from involvement in external armed conflicts, which had become a heavy burden on the US economy, and which are no longer acceptable to American citizens unless US interests are directly threatened. Consequently, since President Obama came to power he has focused policy on domestic issues, such as the deep-seated domestic economic challenges and the debt ceiling which were the result of many years of involvement in external conflicts particularly in the Middle East (Iraq, Afghanistan, and Libya); health care, immigration reform, and protecting social security. All of this has affected US diplomacy, for instance, President Obama declared in an exclusive interview with a local NBC radio station in San Diego that "We are not going to be getting into a military excursion in Ukraine....what we are going to do is mobilize all of our diplomatic resources" (Shishkin, 2014).

3.2.2 External Motives

Since President Obama came to power, his strategy shifted its focus away from the Middle East and Europe towards the Far East in order to address the strategic challenges facing the United States, particularly those emanating from China, Russia and India. The American foreign policy shift is manifested clearly in the Syrian crisis, in which the US administration has aligned with the political option rather than the military option, and pulled back at the last minute from US military strikes against Syria in response to the US-Russian and US-Iranian understandings.

3.3 Iranian Motives

Domestic and external motives have also pushed Tehran towards a settlement with Washington.

⁶The Caspian Sea region is one of the oldest oil-producing areas in the world and is quickly growing as a natural gas production hub.

3.3.1 Internal Motives

Iranians have recognized that the United States is currently the world's sole superpower, and therefore they are aware that the United States controls the technology transfer ways needed for development projects and national plans of armament. This fact was confirmed when US pressure succeeded in persuading Russia and China to reduce their technological and nuclear cooperation with Iran.

For these reasons, Iran started to seek a rapprochement with the United States as a means to overcome the crisis arising from economic sanctions imposed by the West several years ago. These sanctions include a ban on the importation of Iranian oil, and a boycott of Iranian banks and financial sectors. These sanctions significantly affected the living standards of the Iranian people, the unemployment rate, inflation rate, and the country's general economic situation. In addition, Iranian currency declined rapidly against the dollar from 13,000 Rials to the US dollar in 2011, to 34,000 Rials to the US dollar in 2012, which means that the value of the Iranian currency lost more than 75 percent of its value against the US dollar in a single year (Bryan et al). Iranian leaders have therefore defined an objective to achieve the lifting of economic sanctions, improve domestic conditions, and raise the living standards of Iranian citizens.

3.3.2 External Motives

In light of the US withdrawal from the most critical recent Middle Eastern issues (in Egypt, Iraq, Tunisia and Syria) balanced and insightful understandings between the United States and Iran have created a good opportunity for Iran to emerge as a major player in the Middle East, particularly after the overthrow of the Taliban which poses a serious challenge to Iran from its eastern side in 2001 and the Saddam regime (in Iran's west) in 2003. In return, Iran will respect and protect US energy interests in the Middle East as part of its national security strategy. This becomes clear when Iran has filled the power vacuum created by the withdrawal of US forces from Iraq. In addition, if the US puts into action a plan to reduce its military role overseas and its permanent military presence in the Gulf area, the most likely candidate to fill this vacuum will again be Iran. In other words, Iran is likely to become the US's partner in the Middle East.

4.0 Implications of Rapprochement (future scenarios)

Although there is no unified GCC foreign policy endorsing an agreement between Iran and the P5+1, Gulf States particularly Saudi Arabia, have been concerned about the potential for a comprehensive nuclear agreement between Washington and Iran and have felt that it came at a particularly bad time. These concerns about American intentions towards the Arab World in general and Gulf states in particular were made clear in Abdullah al-Askar's⁷ statement in October 2013, when he said "I am afraid there is something hidden...If America and Iran reach an understanding, it may be at the cost of the Arab world and the Gulf states, particularly Saudi Arabia." (Mcdowall, Reuters, 2013). Moreover, the GCC Secretary General Abdul-Rahman Al-Atia in the 11th GCC consultative summit meeting, made the following statement in response to a question about the position of the Gulf States in relation to Iranian-American rapprochement "we hope that any dialogue between the two countries should not be at the expense of the Arab World interests, especially Gulf Cooperation Council

⁷ The chairman of the foreign affairs committee of the Saudi Consultative Council (the Shoura Council).

(GCC)..... There are a strategic and a military threat to the Gulf states". He further stressed that the GCC oppose any nuclear program outside the scope of the criteria highlighted by the International Atomic Energy Agency" (Al-zubi, 2013).

Moreover, the so-called Arab Spring which has plunged many Middle Eastern countries (such as Egypt, Tunisia, Libya and Syria) into chaos had a significant negative impact on all players in the region. From one side, the US and Iran have found that the Arab Spring has led to the rise of anti-Iranian and anti-American Islamists. For the US, the Arab spring has shown the limits of American power in the Middle East, and Tehran in turn, has found that the Arab Spring Islamists who have gained influence in the Middle East have largely shown allegiance to their financial benefactors in Saudi Arabia and the Persian Gulf sheikhdoms rather than to their supposed ideological allies in Tehran. This has pushed both sides to adopt new policies towards each other to get as much of the pie as possible. On the other hand, as a result of the negative US' role in the region, US-Arab relations have plunged into a state of uncertainty due to the rise in radical Sunni Islamist forces and the fact that autocratic regimes are becoming unreliable partners. As a result, the counterproductive policies that the United States has followed in the region is implementing a comprehensive project placing the Arab and Sunni Islamic worlds by supporting of Iranian meddling in the region, with all its Shia agenda, to be a counter balance to those forces.

Therefore, it can be argued that rapprochement between Iran and the United States could bring about a fundamental change in the geo-political dynamics of the Middle East. The United States, following its experience in Iraq and Afghanistan, is aware of Iran's importance and strategic dimension in any of the region's future affairs. Furthermore, the United States has become aware that its strategy to control the energy regions in the Gulf and Central Asia will remain unstable in the absence of an understanding with Iran.

This rapprochement could lead to the weakening or collapse of Saudi Arabia's role in the region, as the traditional regional ally of the United States. In other words, this rapprochement makes the Saudi regime a 'loser' in a balance-of-power game in the Middle East. Moreover, the events taking place in the region point to the weakness of the Saudi regime's political performance in confronting the spread of Iranian role and influence in the region which could lead to the emergence of another big oil supplier that might be more harmful than beneficial.

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