

Closed Session

The United States and Iran: Beating the Drums of War?

Dr Mehmet Akif Okur

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The TRT World Forum 2019, recognised as one of the most significant political events of the year, took place from October 21st- 22nd at the Istanbul Congress Center with over one thousand esteemed guests and panellists. Consisting of nine keynote speeches and exclusive talks, 12 public sessions, and 15 closed sessions this year's Forum succeeded in providing a platform for serious engagement with the most pressing challenges of our time. The themes of the sessions ranged from the rise of far-right terrorism, populism and nationalism, environmental issues, the future of the Middle East, trade wars, the future of the European Union and cooperation of emerging powers. Uniting all of these themes was a focus on the fragmented state of today's world and a sincere desire to offer meaningful solutions.

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Introduction

The Framework of the Recent Episode in the Long Conflict Between the US and Iran

On May 8, 2018, Donald Trump announced that the United States would unilaterally withdraw from the Joint Comprehensive Plan of Action (JCPOA) (Martellini and Zucchetti, 2016). Along with accusing Tehran of failing to live up to its part of the deal, the US re-imposed economic sanctions that had been previously lifted as part of the agreement. As a result, Iran's economic situation continues to deteriorate and the risk of conflict in the region has increased. Attacks against oil tankers in the Persian Gulf, blamed on Iran by the US, the downing of an American surveillance drone over the Strait of Hormuz in June 2019, and Tehran's decision to restart the uranium enrichment process have only served to increase the likelihood of conflict. On September 14, 2019, the last great steps were taken on the path toward escalation with the attacks on Saudi Aramco, Saudi Arabia's state-controlled oil company. In an effort to reduce rising tensions, Iran's trading partners, including Turkey, China, Japan, South Korea and India, are seeking to find a constructive way out of the impasse. Moreover, the EU has sought to establish alternative mechanisms meant to bypass sanctions imposed by the US. All of these efforts, however, have so far neither relieved the economic pressure on Tehran, nor have they reduced tensions in the region. So long as conflicts remain unresolved, the possibility of a confrontation between the US and Iran will continue to have ramifications beyond the Middle East.

During this closed session of the TRT World Forum 2019, three presenters and numerous discussants engaged in a vivid debate on the future course of the relations between the US and Iran. Multinational backgrounds and diverse perspectives of the attendees affected both the character of asked questions and defended arguments about the root causes of the problems which exist among those two countries. The questions below summarise the themes which were examined:

- What is the likelihood of war between the US and Iran, and what are the issues and mechanisms that could lead to direct confrontation?
- How would a confrontation between Iran and the US play out on the ground? Who would gain and who would lose?
- How would regional and international geopolitical alignments be affected by a direct confrontation between Iran and the US?
- Can China, along with Europe, play a constructive role in resolving the crisis?
- What is the global economic impact resulting from the isolation of Iran, and what are the potential effects on energy and trade in particular?

The Long Conflict Which Has Shaped the Minds and Feelings of Generations

International crises do not emerge in vacua. They usually have a history which reaches beyond the limited time frame of actual crises. The interpretations concerning the narrow context of a crisis and perceptions of the actors about the situation rise over this memory. Unpleasant personal experiences related to long conflicts feed the rigid mental images built on such memories. Some of the attendees' comments and questions were a confirmatory reflection of this phenomenon. Multiple times, presenters and discussants referred to the past three-quarters of a century in US - Iranian relations. The US influence over the Shah's

regime was recalled as a reference point. For Washington, this period was not just a past golden age, but inspired a desired future that motivated intervention scenarios in the region. From the viewpoint of the Tehran establishment, the Iranian people gained their independence by overthrowing the Shah through revolution. They paid a heavy price and in order not to return back to those "dark days" unimaginable sacrifices were made. They paid a heavy price; in order to avoid a return to the 'dark days', unimaginable sacrifices were made.

Miscalculations of the US Policy Towards Iran

One of the presenters argued that the US policy on Iran was build upon miscalculations. Because Washington has not understood the real vision of the Islamic Republic of Iran, the strategy aimed at overthrowing the current regime is still operational. No new at-

tempts have been made toward a new style of relationship. The designers of the US hegemonic strategies look upon Iran as a rebellious country located in an important region, and all of their strategies have been designed under the shadow of the Zionist lobby. Because of its Zionist character, Iran cut its ties with Israel after the revolution.

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This presenter claimed that there were similarities between the Iranian Revolution and the Arab Spring protests (Curzman, 2012), although it is not easy to understand Iran's current policies in Syria in the light of this interpretation. It was mentioned that the US invasion of Iraq and the deposal of Saddam Hussain cost the lives of 250,000 Iraqis. However, this type of policy has been unsustainable. Because Obama understood this reality, he tried to change the direction of the US policy in the Middle East. JOAC was the result of this new approach (Okur, 2014). However, Trump has decided to reverse the course of US policy, thus gratifying hardline Zionists while disturbing regional peace.

Is There a Possibility for a New Wave of Negotiations Under the Trump Administration?

One of the presenters underlined that in the eyes of Iran, US President Donald Trump is an unreliable actor. He is both untrustworthy and unpredictable. Therefore, the US cannot be trusted anymore, especially when Trump has ignored the agreement between the P5+1 and Iran. Trump has tried to build a system of regional alliances that may be able to increase pressure upon Iran. He has tried to use regional cleavages and tensions. Saudi Arabia has been a key actor in this strategy. Although Iran has been fruitfully communicating with Saudi Arabia behind the scenes for the past seven years, this has not been enough to bring both countries closer. To solve the crisis, the EU might play a role. Iran's approach to the EU differs from their relations with the US, and they have not yet made a decision whether or not to trust the EU.

The presenter also shared his prediction for the near future as related to the current crisis. He expects the continuation of pressure upon Iran. Despite this pressure, however, Tehran will not agree to negotiate about what Iran considers as fundamental to its national security. Chief among these concerns is Iran's missile program, which was the result of Iran's hard-learned lesson during the war against Saddam. The presenter believes that there will be no war. Neither Iran nor the US wants war. However, this crisis might produce other results. For example, if the EU cannot endure harsh US sanctions, and if members of the P5+1 do not keep their promises, Iran will eventually leave the JCPOA, and even the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

Other presenters also made similar comments about the core theme of the session, the possibility of war between the US and Iran. One of the presenters directed the attendees' attention to the general charac-

teristics of Trump's way of handling diplomatic negotiations. There are two simple phases: Firstly, the US president bluffs by proposing threats, then softens the rhetoric to make some concessions through give-and-take bargaining. Trump's relationship with the North Korean leader Kim Jong-un is just one example. In many instances, the American president's strong words simply mean less than they would appear to say. Therefore, Trump's real aim is not to attack Iran or begin a new regional war in the Gulf.

It seems that in the eyes of Donald Trump, the effects of Middle Eastern matters on US politics have primacy over the real nature and characteristics of the issues. As a result, the Israel lobby has significant leverage over Trump. He wants to use the power of the lobby in the personal fight against his adversaries. The lobby's well-known ability to influence the general framework of foreign policy debates inside the US should be taken into account. In addition, Trump's personal relationship with Netanyahu is sometimes cited among the reasons for his Iran policy. The role of Gulf monarchies' financial importance in terms of Trump's election campaign promises for more manufacturing jobs should also be considered. The bottom line is that Washington's harsh rhetoric does not imply an immediate military campaign against Iran. Donald Trump is a businessman, and he is aware of the fact that a war of choice would incur many costs and burdens. Rather, his purpose is to force Iran to accept a new deal, one more favourable to the demands of the US and Israel.

Petro-Politics and the United States

Petro-politics was one of the main discussions which articulated by first speaker. The perspective was that to understand the root causes of the conflict, which is gradually becoming more tense in the Gulf, one needs to analyse the US perspective on oil, during the past and at present. The last cycle of US elections must also be taken into account in examining the current context.

Since his election campaign, President Trump has talked about 'America First', has imposed tariffs on imports, has taken the US out of international agreements and has initiated other policies described as unilateral, isolationist and protectionist. This stance stands in stark contrast to the multilateralism, free trade and open markets of recent decades.

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One of the premises of this new approach can be summarised as such: the US is projected to become a net oil exporter. The implication of this in terms of foreign policy is that there is a perception that America is becoming self-sufficient in oil and will no longer be dependent upon the Middle East. To verify this perception, which is significant toward the fate of tensions in the Gulf, one must look briefly at the history and the significance of oil in the US.

The beginning of the 'Oil Era' in the US (Painter, 2012) is popularly considered August 27, 1859, when Colonel Drake drilled the first US oil well in Titusville, Pennsylvania. US oil production increased in the years and decades after that. It reached its maximum rate of about 10 million barrels per day (mbpd) in 1970, when it was realised that oil production could not be increased and further. This was in spite of all the efforts by investors in an open market with welcoming regulatory terms, and the availability of the latest innovative technologies for oil exploration and field development.

After 1970, US oil production began to decline, and four decades later, it had fallen to half of its maximum rate. In 2008 it was 5 mbpd. The conventional wisdom at the time was that after 100 years of oil industry activity, all US oil resources had been discovered, and that further exploration would result in the discovery of small fields. The country as a whole would experience a slow production decline, though 'tail end' production would last a few more decades.

However, contrary to such expectations, US crude oil production began to increase after 2008. It reached 11 mbpd in 2018 and was more than 12 mbpd mid-2019. This rapid production increase was unprecedented. Based on technology, it has been described as a revolution in exploration/production operations. It is interesting to note that this breakthrough was by entrepreneurs. Since the early- to mid-2000s, they took risks, provided capital and applied new technology, resulting in the now-famous 'fracking'. They found a

way to obtain natural gas and oil from shale and tight rocks in the subsurface. The major oil companies, on the other hand, were late to this technological revolution. As an anecdote, it is said that the ExxonMobil CEO, sitting on the top floor of his company's Houston head office, could see from his window, yet ignored, the activities of shale fracking and the oil installations by those 'minions' working not far from the Exxon building. Later, ExxonMobil paid \$41 bn to purchase one shale company, TXO Energy.

The production figures above were for crude oil only. According to the US Department of Energy (EIA, 2019), the consumption of total petroleum and other liquids in the United States is projected to be 20.9 mbpd in 2020, while the production of petroleum and other liquids is estimated to be 21.3 mbpd. In other words, the United States will become a net oil exporter in 2020, and it is projected to remain so for a number of years. In fact, the US began to export crude oil in 2016, the first time since crude oil export was banned in 1975. According to Rystad Energy, with improvements in export pipelines and loading facilities, US crude exports could double, from the recent volume of nearly 3 mbpd to 6 mbpd by 2022. Becoming a net oil exporter is a major achievement for the United States oil industry, but one might argue that this triumphant feeling could be short-lived.

Becoming net-oil exporter is a major achievement for the United States oil industry, but one could argue that such triumphant feeling could be short-lived. In examination of the United States, the country would not actually become self-sufficient in oil, and it could not close its borders to oil imports. As part of normal oil operations, any oil-exporting country continues to import oil, although of different qualities, depending upon the pattern of its domestic petroleum product consumption, the configuration of its refineries, the characteristics of its own crude, and many other factors.

More importantly, the oil market in the US is closely integrated with the global oil market; it will be closely impacted by the up and down movements in the

price of oil in the world. A recent example was the disruption of operations in Saudi Arabia on September 14, 2019. It caused an immediate increase in the price from about \$60 to about \$70 for Brent, an international evaluation of crude oil prices. The price rise happened before any actual reduction of Saudi oil export, and before any reduction of loading from Saudi oil terminals would have been noticed in the physical market four to six weeks later, the steaming time for oil tankers from the Persian Gulf to East Asia, Western Europe and to the Americas. Yet there was an immediate increase in the price by the Brent as internationally pricing the crude oil, as well as a jump in the price of petroleum products in the Western US. The United States, therefore, would not be shielded from the rise and fall of prices or other vagaries of the international oil market.

In addition, remaining a net oil exporter is a 'projection' based on modeling computations by the US Department of Energy (Energy Information Administration, 2019). The actuals could be very different from the projections or forecasts. The figures quoted above were from the Reference Case. The other cases from the modelling projections indicate a wide range of uncertainty: 5-8 mbpd for production and 3-4 mbpd for consumption. One could argue that future US oil production might actually be less, and that oil consumption could be greater than the projections. For example, banks and equity investors are reducing

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their exposure to fracking companies, and also to oil in general. Future oil production would then be less. As another example of the possible factors adversely influencing future US oil production, a new administration under Senator Elizabeth Warren, the leading Democratic candidate, would ban fracking completely and end the issuing of oil exploration licenses (Egan, 2019). US oil production would then be lower. Warren also plans to encourage oil conservation. However, one should note that governments can order oil companies about in various ways, but the general consumer is not that obedient! For example, the less efficient sport utility vehicles (SUVs) still constitute 45% of new US car sales.

Examining the global oil market, the current excess supply might not last and the price of oil could rise. Unforeseen events anywhere in the world could at any time cause disruption in the flow of the oil supply into world markets.

Oil demand will increase when the global economy improves, and in the medium- and long-term, demand will continue to increase. With world population increase, there will be continued growth in consumption of energy and oil will be its main component. As with the US, consumers in other countries still prefer oil. SUVs constitute about 42% of new car sales in Chi-

The 'Coal Era' is not yet over and the 'Oil Era' will not be over soon. The world demand for oil will grow, but the supply may not

na, 23% in India and 34% in Europe. The European car industry is moving towards increase manufacturing of 'crossovers' and SUVs. Furthermore, the actual impact of electric cars is not very significant, as indicated by exciting news headlines. Electric vehicles in world are currently below 8 million (0.7%) of the 1.1 billion vehicles with internal combustion engines. It is also widely stated that world oil demand could reach a peak in the coming decades. However, reaching the peak does not mean 'the end'. World oil consumption might remain flat or decrease, but oil demand will continue for decades into the future. It is also often said that oil will have the same fate as coal, no longer needed and left behind in abandoned mines. Some say the 'Oil Era' will end as did the 'Coal Era'. This, however, is too simplistic. Although the end will ultimately come, the time horizon will be much longer.

The 'Coal Era' dates back many centuries. Coal was the backbone of the industrial revolution in the Western World. It is commonly believed that the beginning of the end of coals was before World War I, when Sir Winston Churchill decided to change the fuel of the British Navy to oil rather than coal. Since then, for more than a century, all countries have been replacing coals with oil, natural gas, nuclear energy and 'renewables' for production of electricity, bulk heat generation and for other uses. In spite of all this, in 2018 coal was the second largest fuel consumed in the world. The 'Coal Era' is not yet over and the 'Oil Era' will not be over soon. The world demand for oil will grow, but the supply may not.

Looking at supply prospects again, international oil companies are being forced to move away from oil and fossil fuels due to pressure from public opinion, environmentalists, and even from their own shareholders - institutions and individuals. The public debates around the recent court case against ExxonMobil in New York is one example (Schwartz 2019). As another example of anti-oil sentiments, the Norwegian sovereign wealth fund will no longer invest in oil, although the money that built up the fund in the first place was derived from oil! Many endowment funds are also

divesting from oil in their investment portfolios. The future world supply will be produced less by international oil companies and more by national oil companies that have large resources of relatively low-cost oil. However, those resources might remain undeveloped or under-developed due to budget constraints, domestic and global politics, conflicts, wars and most importantly sanctions. In particular, the United States have been using sanctions as foreign policy tools and imposing them on many countries, most recently on Turkey in mid-October 2019. President Trump threatened to destroy the economy of Turkey in the wake of the Turkish military entering Northern Syria. US sanctions have curbed the activities of the national or

semi-national oil companies in a number of countries, such as Venezuela, Iran and Russia. Such policies may reduce oil production through upcoming developments in the future. Finally, whether we like it or not, globalisation cannot be reversed, particularly for oil. The world oil market is interconnected, and market response is immediate across the world. Lastly, when examining data from 2018, the Middle East contributed 34% to world oil production and held 48% of world oil reserves. Iran contributed 5% to world oil production and held 9% of world oil reserves. The Middle East and Iran will play vital roles in the world for decades to come.

The Future Route toward Management of the Conflict: Obama's Way or Trump's Way?

Therefore, the last present, whose analysis was summarised above, opened up another area for discussion: Despite the rhetoric about a general withdrawal from the Middle East, Israel's security and its ability to control the oil flow of the region will continue to be one of the top priorities for the US. In light of this assumption, the manner of the relationship with Iran certainly gains more significance. However, the way to best manage the geopolitics of oil in the Gulf is still open to debate. More cooperation or more sanctions? Obama's way or Trump's?

Discussants asked multiple questions related to this dilemma. According to the debates during the closed session, the US perspective has been built upon the belief that the sanctions are working and weakening Iran. Washington's expectation is that once Iran is weak it will be easier to renegotiate the nuclear deal. However, some of the attendees did not share this assumption. For them, Iran is not Saudi Arabia; it has

a diverse economy, and therefore it can survive. Additionally, since the Iranian people have been living under 40 years of sanctions, they are accustomed to hardship – it is not a shock for them. However, sanctions create different kinds of problems, like corruption. In addition to sanctions, the possibility of the indirect conflict between parties, the proxy side of the probable asymmetrical warfare was also discussed. The questions were numbered. Are Iran's ties with Hezbollah essential or instrumental? (Akbarzadeh, 2016). Could Iran terminate this association for the sake of dialogue with the US? The answers indicated that from the perspective of Iran, Hezbollah forms part of its deterrent against the United States and Israel. Hezbollah has been supporting Iran regarding Palestinian affairs. As a result, it seems that Iran will not let Hezbollah down. Iran's ties with Hezbollah are not on the negotiation table with the US.

Conclusive Remarks: Iran's Policies in the Middle East

Some of the other issues that the attendees discussed were Iran's policies toward Iraq and Syria. One participant expressed his critical comments on Iran's regional politics in the form of a question: 'What [if] Syrians and Iraqis ask for revolution? Is Iran taking revenge against [the] Iraqi people?' The same types of questions were raised by other attendees. Khamenei's fatwa regarding the prohibition of nuclear weapons was among them: 'Is it forbidden for [production] or for [use]?'

In addition to Iran's disputed relation with Iraq and Syria, some of the participants criticised the reaction of Iran toward Turkey's Peace Spring operation. Iran has always tried to legitimise its military expansionism in the Middle East as a defensive step against the imperialistic plans of the US-Israel axis. PYD/YPG is the Syrian arm of the PKK terrorist organisation which has openly declared its position in the region as a US proxy. The target of Turkey's Peace Spring operation

was this proxy force. It is ironic that both Iran and Israel were among the regional powers which showed strong reactions against Turkey's incursion. Why? Iranian and pro-Iranian attendees could not offer satisfactory explanations for this question.

Turkey's role was on the agenda of the debate from another angle. Can Turkey play a facilitatory role to ease tensions in the triangle of the US, Iran and the Gulf? Although the presenter who answered this question was not very optimistic, he still referred to Turkey's past initiative in the UN Security Council. In 2010, Turkey and Brazil, then non-permanent members of the UN Security Council, opposed the sanctions upon Iran.

At the same time, the role and rationale of decision-makers in the current crisis were also part of the discussion: Who has the real authority in Tehran? Unelected Supreme Leader or elected President? On the other side of the coin, the rationale of the Trump administration was questioned. One of the comments described Trump as a poker player rather than a chess player, indicating that inconsistencies are not the exception but rather the new normal of existing American leadership.

At the end of the session, a sort of convergence upon the central theme of the meeting could be observed. None of the attendees expressed an opinion or shared any analysis giving credit to the possibility of a direct war between Iran and the US in the near future. Aside from this point, however, there was little consensus about the causes, core dynamics, or future trajectories of the crisis between the US and Iran. The attendees held different actors and power networks responsible for the current rise of tensions in this decades-long conflict, with the share of responsibility for the conflict varying from time to time.

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