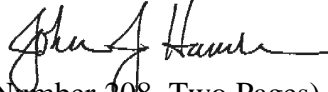


CSIS MEMORANDUM

To: CSIS Board of Trustees, Advisers, and Friends

From: John J. Hamre



Date: June 21, 2006 (Number 108. Two Pages)

Re: **The Complexity of Confronting Iran**

America is the only global superpower. Obviously that gives us a lot of flexibility and much capacity for influence. But it also presents its own significant constraints. When we confront a difficult problem—like the current standoff with Iran—we face an opponent who can concentrate its full energy and imagination on only one problem—the standoff with us. But America confronts a far more complex policy landscape. We have to integrate a range of policy concerns because we are a global power.

This came home sharply to me earlier this week during a discussion with government friends. The question in point was an interesting fact. Our close ally Japan has been investing for years in oil fields in Iran. It has spent considerable funds buying concession rights and planning for exploitation of fields. It turns out that Japan has to exercise those concession rights by September or potentially lose them. (There are legitimate contract issues in dispute which may buy time, but Iran is playing hardball here.)

What a conundrum. Here we are trying to isolate Iran to make clear that its efforts to develop nuclear weapons violate international norms and expectations. We are seeking any leverage to send a message to Iran's leadership that they face painful consequences. At the same time, our close Japanese allies risk losing oil exploration rights they spent a fortune to obtain unless they go ahead by September.

If we force Japan to back down, demanding that they forgo their contract options, the Iranians can turn to the Chinese and try to sell the drilling rights again. China has been on a world-wide search for energy sources, and has a different attitude about working with the regime in Tehran.

If we try to choke off Iran's energy supplies from the world energy market—blocking both Japan and China from exploiting the Iranian fields—we will likely cause a spike in energy prices and reinforce the choke-hold that Russia now has over Europe and much of the rest of the world. A nasty set of unpalatable alternatives.

This vividly illustrates the challenges facing a sole global superpower. Which crisis is the most important at any point in time? Iran's nuclear program? Russia's energy extortion of Ukraine and Europe? China's global search for energy and our need for their help on North Korea? They are all important. And as the only global superpower, we can't ignore any of them, even if they are complicated by a daunting array of interlocking interests and constraints. Yet we are confronted by regional superpowers that have a relatively limited set of bilateral issues on the table with America. We have to play three-dimensional chess where our opponents play checkers.

The dilemma, of course, is how to integrate potentially conflicting policy objectives without neutralizing our own interests. We have to find a solution to Iran, but we can't afford to alienate Japan, or give an opportunity to China and Russia to improve their situation at our expense. A complex problem.

This is an especially difficult challenge because it requires that we balance our competing priorities with sophistication. We need to be experts in shades of gray, when our domestic politics paints pictures in stark black and white.

I always welcome your insights and perspectives on my little memos. Please drop me a note at JHamre@csis.org.

END