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EXERCISE NEW HORIZONS/EXERCICE NOUVEAUX HORIZONS

A new paradigm for Iran – Canadian engagement strategies for the Islamic Republic

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ABSTRACT

This paper will argue that Canada's interest in Iran, and in fact the entire Middle East, is predicated on our geostrategic location on the North American Continent. The region's rich oil reserves fuels the US economy which in turn drives Canadian industry and exports. Stability in the Middle East is therefore an interest of both the US and Canada. By supporting US interests, Canada clearly signals its commitment to continental security and serves to further Canadian influence in Washington. Unfortunately, Canada's past policy of containment has proven ineffective and it is time for a new paradigm that takes into consideration Iran's historical and cultural characteristics. Canada needs to position itself to capitalize on the potential advantages of renewed ties with Iran if it wants to play any meaningful role in the development of international policy in the region. The time is ripe for a renewed approach towards relations with Iran; Canada must seize this opportunity for engagement and act now.

The problems that exist in the world today cannot be solved by the level of thinking that created them - Albert Einstein

INTRODUCTION

For most Canadians Iran is seen as a distant Middle Eastern country with questionable aspirations to possess nuclear weapons and with links to terrorist groups. Often Iran only makes Canadian headlines when its actions impact the price of oil, or when its president, Mahmoud Ahmadinejad, makes inflammatory statements about Israel or the United States (US). Generally the affairs of the country remain below the radar screen of the average Canadian and even to political observers Iran's actions are perplexing at best.¹ It is time for Canadians to recognize that Iran is a significant player in Middle Eastern politics and has the ability to influence global affairs. If Canadian foreign policy should be a reflection of its interests and values, what are Canada's interests in Iran, and what other factors should influence the development of policy?

The aim of this paper is to determine Canada's interests when dealing with Iran and make recommendations on future engagement strategies. It will argue that past approaches have been ineffective and that in order to develop effective policies the Western paradigm towards Iran needs to change. Future Canadian engagement strategies must be developed considering both the complex history and culture of the Iranian people as well as Canada's close relationship with the US.

¹Ray Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic* (New York: Times Book, 2006), 82.

In order to analyze the issue, it is necessary to first examine the historical context for the Islamic Revolution that still defines Iranian culture and global outlook. Then, the foreign policies of contemporary Iran and the implications for future engagement strategies must be analyzed. Next, Canada's approach to foreign policy in the Middle East must be studied and its interests in the region identified. The paper will conclude with recommendations for future Canadian engagement strategies with Iran.

THE LEGACY OF THE PERSIAN EMPIRE

When constructing effective engagement strategies with Iran, the history of the region plays a significant role in the perception of Iranians towards the West. Iran draws its historical roots from the ancient empire of Persia that dominated the region over 2500 years ago. The ancient captains of antiquity such as Cyrus and Darius are a source of national pride for Iranians and rekindle aspirations for empire.² Most importantly descendants of this great civilization feel they have been deprived of their status as a powerful nation by foreign intervention and demand to be treated with respect.³ The decline of the Persian Empire led to a series of invasions by foreign powers. The invaders brought both cultural influences such as the introduction of Shia Islam by the Safavid dynasty in the fifteenth century⁴ as well as conflict, serving as a battleground to foreign powers due to its geostrategic location in the region.

²*Ibid.*, 11.

³Gawdat Bahgat, "Iran and the United States: The Emerging Security Paradigm in the Middle East," *Parameters*, (Summer 2007): 9.

⁴United States. Dept. of the Army, Glenn E. and Hooglund Curtis Eric and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 5th ed., Vol. 550-68 (Washington, DC: U.S. G.P.O., 2008), 18.

During the nineteenth century, driven by Britain's need to protect its trade routes to India, and Russia's desire to expand its territory, Iran increasingly came under the influence of these two colonial powers. Able to exploit Iran's military and technological inferiority these European powers dominated Iran's trade and meddled in the country's internal affairs.⁵ The experience of foreign interference and the exploitation of its economic resources, initially tobacco and then oil, has not surprisingly engendered distrust among Iranians about the motives of foreign powers. During the twentieth century the European powers continued to use Iran as their battleground, exploiting Iran's economic resources and inflicting great suffering upon the population.⁶

Following the end of the Second World War foreign powers once again intervened in Iranian internal affairs. Fears of communism led to the infamous Central Intelligence Agency (CIA) coup to overthrow the popular, but left-leaning, Prime Minister Mohammad Mosaddeq and reinstate the pro-western Mohammad Reza Shah in 1953.⁷ Ultimately the immoderation of the secular Pahlavi dynasty and brutal suppression of dissent fermented the seeds of revolution, leading to the radicalization of the clerics and the Islamic Revolution in 1979. Iranian relations with the US further deteriorated during the American Embassy hostage crisis that occurred in November of that same year. Ayatollah Khomeini, the spiritual leader of the Revolution, cemented his powerbase by demonizing the US calling it the 'Great Satan' and using it as reason to suppress opposition from Iranian moderates: "The foundations of the theocratic regime were thus born on the heels of anti-Americanism and the notion of resisting foreign

⁵*Ibid.*, 23.

⁶*Ibid.*, 26-31.

⁷*Ibid.*, 34.

intervention.”⁸ Khomeini would continue to use Iranian distrust of foreign powers and, in particular, disdain for the US to unify the masses and gain popular support.

CONTEMPORARY IRAN - THE ISLAMIC REPUBLIC

Shortly after the revolution, in September 1980, Iraq invaded Iran. The recent hostage crisis, in clear violation of International Law, isolated the country from any support from the International Community and increased Iranian resentment of foreign powers.⁹ Iranian disillusionment reached a head when Iraq employed chemical weapons against Iranian forces and the International Community failed to act or condemn a blatant violation of the Geneva Convention.¹⁰ This led many Iranians to conclude that the nation would only be secure if it possessed its own Weapons of Mass Destruction (WMD) to act as a deterrent.¹¹ The war ended in a stalemate, not only had the conflict inflicted 213,000¹² casualties on Iran, it left the economy in crisis and much of the critical infrastructure, such as the Abadan port facility, in ruins.¹³ Following Khomeini’s death

⁸Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 25.

⁹*Ibid.*, 101.

¹⁰*Ibid.*, 176.

¹¹Joost R. Hiltermann, "Outsiders as Enablers: Consequences and Lessons from International Silence on Iraq's use of Chemical Weapons during the Iran-Iraq War" In *Iran, Iraq, and the Legacies of War*, eds. Lawrence G. Potter and Gary Sick (New York: Palgrave Macmillan, 2004), 158-159.

¹²Lawrence G. Potter and Gary Sick, "Introduction" In *Iran, Iraq, and the Legacies of War*, eds. Lawrence G. Potter and Gary Sick (New York: Palgrave Macmillan, 2004), 8.

¹³ Kamran Mofid, *The Economic Consequences of the Gulf War*. (London ; New York: Routledge, 1990), 124.

in June 1989, the realities of the situation caused Iran's leaders to subordinate ideological fervor to a more pragmatic approach to foreign policy.¹⁴

Throughout the early nineties, Iranian politicians attempted to thaw relations with the US and the International Community. President Rafsanjani was convinced that Iran's isolation during the war with Iraq had been disastrous for the economy and that Western capital and technical expertise were essential elements to rebuild crumbling and destroyed infrastructure.¹⁵ Iran's continued links to terrorism thwarted any attempt to reach out to the US and led in 1996 to the Iran-Libya Sanctions Act, which imposed harsh economic sanctions that significantly weakened Rafsanjani's political power.¹⁶ These sanctions were offset by the European Union's (EU) attempt to moderate Iran's overt hostility by creating a process called 'Critical Dialogue'.¹⁷ The process was designed to employ a 'carrot and stick' approach whereby economic ties would be established with Iran in hopes that financial incentives coupled with criticism of its support of terrorism and human right abuses would moderate Iran's behaviour. However the program proved to be a façade that allowed the EU (and Japan) to have economic ties with Iran, while overtly supporting US policy.¹⁸ Not only did this approach undermine the US attempts at containment, the Iranians used the divergent policies to drive a wedge

¹⁴ Bahgat, *Iran and the United States: The Emerging Security Paradigm in the Middle East*, 15 September 2008, 7.

¹⁵ Kenneth M. Pollack, "A Common Approach to Iran" In *Crescent of Crisis : U.S.-European Strategy for the Greater Middle East*, eds. Ivo H. Daalder, Nicole Gnesotto and Philip H. Gordon (Washington, D.C.: Brookings Institution Press, 2006), 14.

¹⁶ United States. Dept. of the Army, Curtis and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 72.

¹⁷ Daniel Byman, "Iran, Terrorism, and Weapons of Mass Destruction," *Studies in Conflict and Terrorism*, 177.

¹⁸ Pollack, *A Common Approach to Iran*, 15.

between the EU and the US.¹⁹ The key lesson from this period was the importance of multilateral action and a unified approach to Iran. Since without a common stance, economic sanctions were rendered less effective and the potential for rifts in alliances emerged.

In 1997, the reform minded Khatami won a surprise electoral victory over the traditional, conservative, ruling elite. Initial statements from Khatami were surprisingly pro-American, calling for closer ties with the West and condemning the use of terrorism.²⁰ Unfortunately his initiatives to create a dialogue with the US were stymied by the ability of the pro-conservative Guardian Council to veto parliamentary legislation and presidential determinations.²¹ The Leader of the Revolution, Khamenei, further undermined the President's efforts at rapprochement by calling the US an enemy of Iran for its arrogant acts.²² The ability of the appointed, 12-member, Guardian Council to declare a bill either unconstitutional or un-Islamic and send it back to the Majlis (the elected legislative branch) for review is the key to understanding Iran's political geography since:

...the fundamentals of economic reform, including decentralization, free competition, and the rule of law cannot be instituted without endangering the conservatives' lucrative power base.²³

¹⁹Bruno Tertrais, "The Iranian Nuclear Crisis" In *Crescent of Crisis : U.S.-European Strategy for the Greater Middle East*, eds. Ivo H. Daalder, Nicole Gnesotto and Philip H. Gordon (Washington, D.C.: Brookings Institution Press, 2006), 31.

²⁰United States. Dept. of the Army, Curtis and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 249.

²¹ Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 21.

²²United States. Dept. of the Army, Curtis and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 249.

²³Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 38-39.

Thus despite attempts at reform and illusions of a democratic system, the levers of power remained firmly in the hands of the Spiritual Leader and the Guardian Council.

In spite of Iran's oscillating foreign policy, relations with the US continued to thaw, with US Secretary of State, Madeleine Albright proposing a "road map" to slowly reduce sanctions and improve bilateral relations.²⁴ These concessions were closely linked together, specifically:

Tehran must cease its opposition to the peace process, renounce terrorism, and abandon its nuclear program before enjoying the benefits of routine ties with the United States.²⁵

The cautious US approach and limited concessions on sanctions to relieve economic hardship did not seem to justify the cost to Iran in terms of prestige and influence, causing Khatami to lose domestic support.

Following the events of September 11, Iranian officials expressed deep sympathy for America's loss, providing tacit support to the US to facilitate operations against the Taliban in Afghanistan.²⁶ Before the new Bush administration could decide on an appropriate response to Iran's gesture of support, Israeli forces intercepted a freighter, the *Karine A*, with 50 tons of Iranian weapons destined for the Palestine Authority. The heightened sensitivity to terrorism due the recent 9-11 attacks, influenced US perception, and President Bush linked Iran with Iraq and North Korea as members of the infamous "axis of evil". Any progress towards détente and mutual co-operation ended.²⁷ Bush's remarks caused a backlash against the reformists who had supported the West resulting in

²⁴United States. Dept. of the Army, Curtis and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 249.

²⁵Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 220.

²⁶Pollack, *A Common Approach to Iran*, 16.

²⁷Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 128.

widespread derision by Iranian conservatives, who mocked them for their naivety. This caused some reformers to become “willing recruits to the revitalized revolutionary ideology.”²⁸ In 2004, elections were held for the Majlis, and once again the Guardian Council flexed its muscle declaring that over 3000 reformist candidates were disqualified from running because they were ‘un-Islamic’. Not surprisingly the Majlis parliament changed from reform minded to neo-conservative practically overnight. The lack of popular protest was indicative of the public’s disenchantment with the reformist government.²⁹

The following year, in the presidential elections, the relatively unknown and unorthodox Mayor of Tehran, Mahmoud Ahmadinejad was elected to office. He campaigned as a champion of the poor and oppressed and promised to “put the country’s oil wealth on people’s dinner tables.”³⁰ He was seen as an alternative to the materialist Rajsanjani, who was seen as part of the corrupt institution, and many of the electorate who voted in protest of the establishment were shocked to discover the fundamentalist and confrontational Ahmadinejad was victorious.³¹ His speeches were remarkable for their confrontational and anti-American and anti-Zionist rhetoric. Infamously denouncing the holocaust and demanding that Israel should be “erased from the page of time”.³² As his policies became more erratic and his efforts to rejuvenate the economy through oil faltered, his support began to dwindle and both clerics, shocked at his

²⁸Ali M. Ansari and International Institute for Strategic Studies, *Iran Under Ahmadinejad : The Politics of Confrontation*, Vol. 393 (Abingdon: Routledge for the International Institute for Strategic Studies, 2007), 26.

²⁹*Ibid.*, 32.

³⁰*Ibid.*, 38.

³¹*Ibid.*, 41.

³²Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 189.

inferences of communicating with the 12th Inman, as well as moderate conservatives began to distance themselves from the president.³³

The election of US President Obama, in January 2009 has rekindled hopes of rapprochement with Iran, and on the 30th anniversary of the Revolution, Ahmadinejad welcomed bilateral talks with the US following remarks the previous day by Obama indicating the willingness for diplomatic dialogue.³⁴ Ahmadinejad's enthusiasm to talk may be driven by domestic criticism over his mismanagement of the economy, high inflation, and unemployment. There is a pervasive sentiment that he has not delivered on his election promises and that he has squandered the opportunity for economic reform that high oil prices offered.³⁵ The next presidential elections are scheduled for 12 June 2009, and many conservatives and reformists, including former Prime Minister Mousavi, have declared their candidacy.³⁶ Domestic pressure for change linked with Iran's economic and demographic realities present the necessary impetus for rapprochement with the West.

IMPLICATIONS FOR FUTURE ENGAGEMENT WITH IRAN

This overview of Iran's historical context, the background of the Islamic Revolution, and contemporary politics provides several key deductions for developing

³³Ansari, *Iran Under Ahmadinejad : The Politics of Confrontation*, 43.

³⁴"Ahmadinejad: Iran Welcomes Obama Overtures." *CNN*: 18 February 2009, <http://edition.cnn.com/2009/WORLD/meast/02/10/obama.iran/index.html>. (accessed 18 February 2009).

³⁵Matthieu Aikins, "Iran's Strongman shows Signs of Weakness," *The Globe and Mail*, sec. Focus, February 14, 2009., F3.

³⁶"Khatami won't run in Iran's election." *Washington Post*: 17 March 2009, <http://www.washingtontimes.com/news/2009/mar/17/khatami-backs-out-irans-presidential-race/> (accessed 24 March 2009)

effective engagement strategies with Iran. First, it is clear that the Iranians are a proud people with a long history dating to beginnings of civilization. In an interview with the New York Times in September 2008, President Ahmadinejad articulated this sentiment noting that Iran was willing to engage all countries, including the US, provided these relations were based upon “justice, fairness and mutual respect.”³⁷ This theme has been repeated continually over the President’s tenure and an engagement approach that stresses partnership of nations and respect for Iranian culture will likely be most effective.

Another deduction from the study of history is that Iranian’s are justifiably suspicious of foreign intervention. Due to Iran’s geostrategic location, linking the East to the West and Eurasia to Africa, it has been an international crossroads and battleground for conquering foreign powers. As recently as January 2009, Iran alleged that the US is behind another coup to topple the government which further demonstrates that there is significant distrust of the motives of any ‘colonial’ or hegemonic power.³⁸ This distrust is not just paranoia; in 1995 the US Congress proposed allocating \$20 million towards regime change in Iran.³⁹ The history of foreign powers meddling in Iran’s internal affairs is long standing, and distrust of foreign motives is well established within Iranian culture. A country such as Canada with no history as a colonial power may be well placed to initiate a dialogue with Iran on behalf of the International Community.

³⁷"An Interview with President Mahmoud Ahmadinejad," *The New York Times*, 26 September 2008, <http://www.nytimes.com/2008/09/26/world/middleeast/26iran-transcript.html?pagewanted=4&ref=middleeast> (accessed 23 February 2009).

³⁸*Ibid.*, 4.

³⁹Byman, *Iran, Terrorism, and Weapons of Mass Destruction*, 176.

Iran's historical experience as a battleground for foreign powers has solidified its belief that nuclear weapons are the only guarantee of territorial security. The country's experience in the Iran-Iraq War caused it to doubt the utility of relying on International Law to safeguard its territory.⁴⁰ Despite the historical justification for nuclear weapons, Iran's progress on the development of a nuclear bomb remains unclear. The International Atomic Energy Agency (IAEA) has noted some irregularities but has been unable to prove conclusively that Iran is currently developing nuclear weapons.⁴¹ Iran continues to claim that it seeks nuclear power for peaceful use such as power generation, however this assertion seems unlikely since there are many other, more economical, options available that Iran could pursue with less controversy.⁴² President Ahmadinejad has publically noted that: "the U.S. has good relations with countries that have the atomic bomb and bad relations with countries like us who are simply pursuing peaceful nuclear energy."⁴³ If this statement is an accurate reflection of Iranian sentiment, it is logical to conclude that Iran believes only those nations with nuclear weapons will be accorded international respect. Therefore, it seems likely that Iran is covertly pursuing nuclear capability, and if discovered it may generate a serious crisis that destabilizes the region. From Iran's perspective, surrounded on all sides by unfriendly forces, nuclear weapons are a logical solution to its problem of national insecurity. The only way to provide a long term solution is to address these security concerns and to provide demonstrative assurance that the International Community will respect Iran's territorial integrity.⁴⁴

⁴⁰Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 176.

⁴¹Bahgat, *Iran and the United States: The Emerging Security Paradigm in the Middle East*, 8-9.

⁴²Pollack, *A Common Approach to Iran*, 8.

⁴³*An Interview with President Mahmoud Ahmadinejad*, 4.

⁴⁴Takeyh, *Hidden Iran : Paradox and Power in the Islamic Republic*, 223.

Another key lesson to be learned from history is the necessity to have a coordinated, multilateral approach to economic sanctions. Experience in the nineties demonstrated that unless the International Community adopts a common approach, market forces will expand to fill the vacuum created by sanctions. Despite the Iran-Libya Sanctions Act, which imposed strict penalties on US companies that invested in Iran, the EU program of 'Critical Dialogue' undermined the effectiveness of US sanctions. Given Iran's rapidly rising inflation and bulging youth population that is entering into the ranks of the unemployed, the economy is essential to the longevity of the Islamic Republic. In 2006, Iranian technocrats estimated that Iran's crumbling infrastructure would require foreign investment of \$20 billion a year, for the next five years just to maintain the status quo.⁴⁵ This need for economic investment may be the center of gravity for the Iranian Government and prove to be a useful lever to influence Iranian compliance. However as the demand for oil continues to rise in rapidly expanding nations such as China and India, it will require international commitment and multilateral adherence before any sanctions are effective.

Finally, understanding Iran's system of democracy is the key to determining which institutions control the levers of power. Although a plural system that allows multiple parties, bills passed by the Majlis and the President are subject to review by the Guardian Council. History has shown that despite President Khatami's desire to rapidly reform the Iranian government and a clear mandate from the electorate to do so, the institution established by Ayatollah Khomeini has vested interest in preventing rapid change. This system of government helps to explain the apparently schizophrenic and

⁴⁵Pollack, *A Common Approach to Iran*, 18.

contradictory policy statements that are issued, on occasion, from the President and the Spiritual Leader.

CANADIAN FOREIGN POLICY AND IRAN

In order to determine an effective engagement strategy with Iran, it is first necessary to examine Canada's historical involvement in the region, Canadian national interests and values, and finally Canada's current approach to Iran. Canada has been actively involved in the Middle East since the end of the Second World War. As a member of the newly formed UN it played a role in the creation of Israel, developed the concept of peace-keeping to address the Suez conflict in 1956,⁴⁶ and has been a proponent of the Palestinian right to self determination.⁴⁷ Over time Canada's role has matured and, when required, Canada has dramatically altered its foreign policy to reflect current political realities. For instance, in 1982 Trudeau opposed Israel's invasion of Lebanon, yet in 2006 Harper was an advocate of Israel's strike into Lebanon against Hezbollah. Generally speaking, Canadian foreign policy is a product of both national interests and values and as the global environment changes foreign policy must evolve to reflect the current reality.⁴⁸

⁴⁶Nathan C. Funk, "Applying Canadian Principles to Peace and Conflict Resolution in the Middle East" In *Canada and the Middle East : In Theory and Practice*, eds. Paul Heinbecker and Bessma Momani (Waterloo, Ont.: Wilfrid Laurier University Press, 2007), 28.

⁴⁷Paul Heinbecker and Bessma Momani, "Canada and the Middle East : Ambivalence Or Engagement?" In *Canada and the Middle East : In Theory and Practice*, eds. Paul Heinbecker and Bessma Momani (Waterloo, Ont.: Wilfrid Laurier University Press, 2007), 20.

⁴⁸Funk, *Applying Canadian Principles to Peace and Conflict Resolution in the Middle East*, 28-29.

Canada's geography defines much of its interaction with the world outside of North America. Canada's proximity to the US and its economic reliance on bilateral trade dictate that Canada's international actions must be supportive of American foreign policy. Louis St. Laurent eloquently summarized this relationship in 1947 stating:

... peoples who live side by side on the same continent cannot disregard each other's interests, and we have always been willing to consider the possibility of common action for constructive ends.⁴⁹

The events of 9/11 highlighted the global reach of terrorist organizations and their potential to impact North American security. Stabilizing failed and failing states has become a policy objective to prevent the incubation of terror groups and their export of violence against the West. In order to remain a respected trade partner, Canada must clearly demonstrate its commitment to the defence of North America and act internationally to prevent threats from reaching the continent. These priorities are clearly articulated in Canada's National Security Policy as: "protecting Canada and Canadians at home and abroad; ensuring Canada is not a base for threats to our allies; and contributing to international security."⁵⁰

Despite the firm commitment of the Canadian government to protect its relationship with the US, it has always sought to counter-balance American influence through its participation in multilateral organizations such as the UN and the North Atlantic Treaty Organization (NATO). Membership in these groups provides Canada with a voice in the decision making process and an opportunity to influence the

⁴⁹Louis S. St. Laurent, "The Foundations of Canadian Policy in World Affairs" (Toronto: University of Toronto Press, 1947), 33.

⁵⁰Canada. Privy Council Office, *Securing an Open Society : Canada's National Security Policy* (Ottawa: Privy Council Office, 2004), vii.

development of international policy.⁵¹ Canada's recent involvement in the Middle East has greatly enhanced its reputation in the region, by not participating with the 'coalition of the willing' and unilaterally invading Iraq, Canada demonstrated its commitment to International Law and its distinctiveness from the US.⁵² Recently, the Manley report recognized the value of multilateral action, and how Canada's support of UN Security Council (UNSC) resolutions in Afghanistan has directly contributed to the country's international standing.⁵³ The fact that Canada has no history as a colonial power nor any imperial aspirations has further enhanced Canada's reputation as a peace loving nation with a foreign policy based upon objectivity.⁵⁴ This reputation based on the Canadian values of democracy, rule of law, and cultural tolerance have attracted many Middle Eastern immigrants to Canada and it is essential that Canada's approach to the region embody these values to secure domestic harmony.⁵⁵ Canada's good name, commitment to multilateral organizations, and support for International Law gives Canada credibility when dealing with Middle Eastern countries such as Iran.

Canada's interest in Iran is closely linked to the US desire for stability in the region due to its dependency on Middle Eastern oil to fuel its economy.⁵⁶ Iran poses a threat to the steady flow of cheap oil since it is situated on 11.4% of the world's proven

⁵¹Duane Bratt, "Warriors Or Boy Scouts? Canada and Peace Support Operations" In *Readings in Canadian Foreign Policy : Classic Debates and New Ideas* (Don Mills, Ont.: Oxford University Press, 2007), 239.

⁵²Heinbecker and Momani, *Canada and the Middle East : Ambivalence Or Engagement?*, 13.

⁵³Independent Panel on Canada's Future Role in Afghanistan and John Manley, *Independent Panel on Canada's Future Role in Afghanistan : [Final Report]* (Ottawa: Independent Panel on Canada's Future Role in Afghanistan, 2008), 18.

⁵⁴Heinbecker and Momani, *Canada and the Middle East : Ambivalence Or Engagement?*, 20-21.

⁵⁵*Ibid.*, 13.

⁵⁶Kenneth M. Pollack, *A Path Out of the Desert : A Grand Strategy for America in the Middle East* (New York, NY: Random House Publishing Group, 2008), 57-58.

oil reserves.⁵⁷ Furthermore Iran can directly influence the world's oil supply by inhibiting the passage of oil tankers through the Straits of Hormuz as it demonstrated during the Iran-Iraq war.⁵⁸ Although Iran desperately needs the revenue that oil provides, if pushed into a corner, Iran might consider using access to oil as weapon to deter US interference.⁵⁹ Another key factor that impacts stability in the region is Iran's use of terrorist groups such as Hezbollah and Hamas to increase its prestige with its Arab neighbours. Its bellicose stance on the Arab-Israeli conflict and military support of Lebanon and Gaza is a key stumbling block to relations with the West. Finally, Iran's alleged pursuit of nuclear weapons threatens to disrupt the balance of power in the region and may force other nations such as Egypt and Saudi Arabia to pursue similar goals.⁶⁰ All these factors impact regional stability and further highlight the importance of an effective engagement strategy.

In 1988 Canada re-established diplomatic ties with Iran after closing the Canadian Embassy following the 1979 Islamic revolution. Bilateral relations continued to improve and ambassadors were exchanged in 1996, however due to Canada's concerns over Iran's domestic and foreign policies, it adopted a controlled engagement policy. However in 2003, following the death of Mrs. Zahra Kazemi a Canadian journalist of Iranian descent, tensions rose between the two nations leading, in 2005, to a further restriction of diplomatic dialogue. In 2007, relations further deteriorated such that diplomatic

⁵⁷United States. Dept. of the Army, Curtis and 20 Library of Congress. Federal Research Division, *Iran, a Country Study*, 162.

⁵⁸Amir Taheri, "The United States and the Reshaping of the Greater Middle East" In *American Foreign Policy Interests*, (August 2005): 297.

⁵⁹Bahgat, *Iran and the United States: The Emerging Security Paradigm in the Middle East*, 15 September 2008, 16.

⁶⁰ Pollack, *A Common Approach to Iran*, 23.

representation in each capital was reduced to the Charge level.⁶¹ Iran's failure to respect its obligations under the Nuclear Proliferation Treaty (NPT) led to UNSC resolutions 1737 (2006), 1747 (2007) and 1803 (2008) that prohibit the transfer of any material or expertise to support uranium enrichment and have been supported by Canada.⁶² Most recently, in March 2009, Prime Minister Harper further strained relations by characterizing the Iranian regime as "evil."⁶³ Although multilateral sanctions are appropriate, by antagonizing Iran and limiting discussion of issues, Canada is severely restricting the effectiveness of its foreign policy towards Iran and the region. A more harmonized approach with the current US government would likely prove more effective, allowing Canada to leverage its reputation as an impartial mediator and objective policy maker.

RECOMMENDED APPROACH

A review of Iran's historical context and contemporary politics, as well as Canada's stance on the Middle East highlights some key factors for engagement strategies with Iran. First, Canada's geostrategic location dictates that any interaction with Iran must also be supportive of US interests in the region. Next, Canada has a positive reputation in the Middle East as an objective policy maker, which is further

⁶¹Department of Foreign Affairs and International Trade, "Canada-Islamic Republic of Iran relations," http://www.international.gc.ca/middle_east/iran_relations-en.asp: Internet; accessed 9 March 2009.

⁶²Department of Foreign Affairs and International Trade, "Current Sanction Regimes - Iran," <http://www.international.gc.ca/sanctions/iran.aspx?lang=eng>: Internet; accessed 9 March 2009.

⁶³Reuters, "Iran's Ideology 'Evil,' Harper Tells U.S. Paper," *The Toronto Star* (2009), <http://www.thestar.com/article/594798> (accessed 1 March 2009).

enhanced by its liberal acceptance of numerous immigrants from the region and its religious tolerance. Finally, for pragmatic reasons, any sort of engagement strategy must be part of a larger multilateral effort to encourage Iran to stop destabilizing activities within the region. The International Community's approach to Libya may prove to be instructive as a model for future engagement strategies with Iran.

There are many similarities between Iran and Libya, such as each regime's use of terrorism to gain influence in the region, and pursuit of nuclear weapons to discourage foreign intervention. During the latter part of the twentieth century, Libya actively supported terrorist activities such as assassinations and bombings to increase its prestige as "a defender of Islamic ideals against Western imperialism."⁶⁴ The most notorious occurred in 1988 when Pan Am flight 103 exploded over Lockerbie, Scotland. Libya was quickly implicated, resulting in international condemnation and UN sanctions.⁶⁵ As international pressure increased, Libya realized it had miscalculated Western resolve and began to distance itself from terrorist organizations, handing over the bombing suspects to an international court in 1999. This action was rewarded with the suspension of the UN sanctions.⁶⁶ Although renouncing terrorism was a positive first step, the US was not prepared to remove its sanctions until Libya agreed to cease its pursuit of nuclear weapons. Similar to Iran, the regime pursued nuclear weapons as a form of security to protect it from foreign intervention.⁶⁷ However over time, the Iran-Libya Sanctions Act had the effect of strangling the petroleum based Libyan economy, causing domestic

⁶⁴Wyn Q. Bowen and International Institute for Strategic Studies, *Libya and Nuclear Proliferation : Stepping Back from the Brink*, Vol. 380 (Abingdon ; New York: Routledge for the International Institute for Strategic Studies, 2006), 12.

⁶⁵*Ibid.*, 17.

⁶⁶*Ibid.*, 56-57.

⁶⁷*Ibid.*, 11.

unrest and putting pressure on its leader Muammar Gadhafi to initiate dialogue with the International Community. Behind the scenes, the UK and US governments had secretly initiated diplomatic dialogue with Libya and were using a 'carrot and stick' approach to provide incentives to discontinue their pursuit of nuclear capability. The invasion and rapid occupation of Iraq also demonstrated US resolve for military options in the Middle East and on 19 December 2003, Libya formally announced its decision to dismantle its nuclear program under international supervision. International isolation and sanctions had caused Gadhafi to view nuclear weapons as more of a liability than a deterrent.

Despite differences in their systems of government and geostrategic locations, the similarities between Libya and Iran make Libya's recent history instructive to the formulation of a future Canadian approach to Iran. Diplomatic dialogue is the key to creating stability within the region, allowing Canada, as part of the International Community, to articulate rewards and penalties for certain acts. Canada's current policy of controlled engagement has severely restricted its diplomatic ties with Iran, thereby significantly limiting Canada's influence in the region. Similar to Libya, Iran's economy is driven by the export of oil, any sanctions or rewards associated with oil will have an impact upon the governing regime's approach to international affairs. From a pragmatic perspective as a middle power that has modest trade with Iran⁶⁸ Canada must leverage its membership in multilateral organizations to develop suitable incentives and penalties to encourage Iran to pursue a less antagonistic approach to its foreign affairs.

Canada also needs to harmonize its approach with the new administration in Washington. Harper's recent rhetoric seems more in line with the neo-conservative

⁶⁸Bessma Momani and Agata Antkiewicz, "Canada's Economic Interests in the Middle East" In *Canada and the Middle East : In Theory and Practice*, eds. Paul Heinbecker and Bessma Momani (Waterloo, Ont.: Wilfrid Laurier University Press, 2007), 162.

views of the Bush administration. Calling the Iranian regime 'evil' adds nothing meaningful to the search for regional stability solutions and detracts from Canada's reputation as an objective policy maker. Canada should capitalize on its enviable position of influence on the continent and offer to assist the US in establishing diplomatic dialogue with the Iranian government. By participating as a partner, Canada's involvement would provide the US will greater credibility in the region, while demonstrating to the US its commitment to promote international, and thereby continental, security.

Finally on the topic of military intervention, Canada should be wary of participating in any military adventures in the region. As the experience of Iraq and Afghanistan have demonstrated, regime change in the Middle East can quickly result in protracted insurgencies that are extremely costly in blood and treasure. Iranians are an extremely proud nation and have experienced many invasions throughout their turbulent history. It is reasonable to assume, that despite dissatisfaction with the current regime, the Iranian people would rally to repel a foreign invader.⁶⁹ Even targeted, surgical strikes, against suspected nuclear facilities by Special Forces may have limited utility since Iran has constantly demonstrated its ability to conceal the scope of its program. Even if the complete program was destroyed, given that the necessary technical knowledge to enrich uranium is already resident in Iran, it is likely that strikes would only delay and not prevent the development of nuclear weapons.⁷⁰ Not only would an attack fuel anti-Western feelings within the country, it would likely spur Iran to resort to

⁶⁹Pollack, *A Common Approach to Iran*, 7.

⁷⁰Pollack, *A Path Out of the Desert : A Grand Strategy for America in the Middle East*, 371.

retaliation in the form of terrorism.⁷¹ Conversely, diplomatic and economic, rather than military, engagement may provide Canada with further support to its military forces already committed to Afghanistan due to the Iranian networks that are currently active in the region.

CONCLUSION

Canada's interest in Iran, and in fact the entire Middle East, is predicated on our geostrategic location on the North American Continent. The region's rich oil reserves fuel the US economy which in turn drives Canadian industry and exports. Stability in the Middle East is therefore an interest of both the US and Canada. By supporting US interests, Canada clearly signals its commitment to continental security and serves to further Canadian influence in Washington. For these key reasons it is essential that Canada have an effective foreign policy towards Iran.

Unfortunately, Canada's current policy of containment has proven ineffective and a new paradigm must be developed that considers the complexity of Iranian history and contemporary politics. The Libyan model may prove instructive in this regard, using quiet diplomacy to engage Iran, while leveraging Canada's good reputation with both the US and the Middle East. It is clear that the Islamic Republic's critical weakness is its oil based economy. If the current regime wants to survive the post-revolutionary generation, it will have to seek ways to encourage foreign investment to rebuild crumbling infrastructure and improve oil production. Canada should exploit this weakness and

⁷¹Tertrais, *The Iranian Nuclear Crisis*, 38.

pursue multilateral economic sanctions that provide a 'carrot and stick' approach to address Iran's support for terrorism, pursuit of nuclear weapons and human rights abuses.

The more conciliatory stance by the Obama administration may signal the thaw of the icy relations of the past. Should a reform minded or moderate Iranian President be elected in June 2009, the process of engagement may be able to accelerate. Canada needs to position itself to capitalize on the potential advantages of renewed ties with Iran if it wants to play any meaningful role in the development of international policy in the region. The time is ripe for a renewed approach to Iran; Canada must seize this opportunity for engagement and act now.

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