EUROPEAN UNION'S APPROACH TOWARDS THE IRANIAN NUCLEAR CRISIS: AN INTEREST-DRIVEN STRATEGY COMBINED WITH THE "APPROPRIATE" MEANS

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Abstract

The Iranian nuclear crisis began to draw the attention of the international community since 2003. Starting from that year the European Union became the leading negotiator of a compromise solution with the Iranian government. Though the Iranian nuclear programme and the actions undertaken by the European Union in its attempt to convince Iran to abandon some parts of its nuclear programme have gained a great attention from scholars, there has so far been no attempt to explain the European Union's approach towards the Iranian nuclear using European integration theories.

This thesis aims to illustrate how rational choice institutionalism and sociological institutionalism can be combined in order to explain the European Union's united approach towards the Iranian nuclear crisis and the means that member states decided to use in this particular case of foreign policy.

The main finding of this research project is that member states' decision to get involved with Iran was 'rational', in the sense that it was driven by the interests of the member states' and of the European Union, but they chose the means of intervention from a set of options that was already defined by institutions. This thesis highlights that the member states choose conditionality and negotiations due to the values incorporated in the EU's international identity, due to the socialization of member states in the CFSP realm and due to the social mobilization of non-state actors.

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Table of content

Introduction 1
Identifying the gap in the literature 1
Theoretical framework 2
Research question and hypotheses 4
Methodology 4
Structure of the thesis 5
Chapter 1 – The European Union and the Iranian nuclear programme: a chronology of main phases of EU action 7
1.1. Iran's nuclear programme 7
1.2. The European Union's approach towards the Iranian nuclear programme 10
Chapter 2 - Theoretical framework 15
2.1. *New Institutionalism and European integration* 15
2.2. Rational choice institutionalism 18
2.3. Sociological institutionalism 21
2.4. Bridging the gap? 25
Chapter 3 - A rational choice institutionalism explanation for the European Union's decision to get involved in the Iranian nuclear problem 27
3.1. The interests of the big member states 27
Germany 28
France 30
United Kingdom 30
3.2. The interests of the whole European Union 32
3.3. Iran- an opportunity to revive the CFSP 35
3.4. Can rational choice institutionalism explain the means used by the European Union? 38
Chapter 4 - A sociological institutionalist explanation for European Union's means in its approach towards Iran 42
4.1. European Union's international identity and its influence on the EU's approach towards Iran 42
4.2. The socialization of member states 46
4.3. Learning from similar experiences 48
4.4. Social mobilization 49
Conclusion 52
Appendices 56
Table 1 - Iran's nuclear infrastructure relevant to the IAEA safeguards, January 2005 56
Bibliography 57

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Introduction

Although European Union member states started to cooperate in the realm of foreign affairs in the 1970s, it took two decades for the Common Foreign and Security Policy (CFSP) to be included by the Treaty of Maastricht adopted in 1992 as the second pillar of the newly created European Union. Since 1992, many attempts to make the words of the second pillar reality have been undertaken, but, as the Iraq war showed, Europe was as divided as ever due to the different interests of the member states and their concerns over sovereignty in foreign policy decision-making.

The Iranian nuclear crisis began to draw a lot of attention from the international community in 2003, and the European Union became the leading negotiator of a compromise with the Iranian government. The European Union certainly must have noticed that a true CFSP was to be achieved only when the EU could show the world that the member states can reach an agreement among them and contribute to the maintenance of peace and security in the world. These concerns for the CFSP must have influenced considerably EU's member states' decision to act united in the Iranian nuclear crisis.

Identifying the gap in the literature

Reviewing the literature on the Iranian nuclear problem one can notice that scholars have provided good overviews of the issues at stake. Some of them, like for example Shannon Kile, have focused on Iran's nuclear programme in detail[1]. Others, like Gawdat Bahgat, have presented the different strategies undertaken by the EU and the US in dealing

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[1] See for example Shannon N. Kile, "The controversy over Iran's nuclear programme", in *Europe and Iran. Perspectives on Non-Proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005).

with the Iranian nuclear issue[2], while Jalil Roschandel enables one to see better the motives behind Iran's decision to accelerate its nuclear programme after the Iraq war[3]. Walter Posch, from the Institute for Security Studies, has focused its work on presenting the challenges that the Iranian nuclear programme presents for the EU as a whole[4].

All these works represent a good starting point but do not attempt to provide an answer to the question of what were the factors that shaped the European Union's approach towards the Iranian nuclear programme. This question is considered important for the CFSP due to the fact that will enable one to predict when the EU is likely to intervene in situations of great importance for the international community and through which means.

Theoretical framework

By looking at the literature on European integration theories, one can notice that new institutionalism is considered by numerous scholars as the most promising approach in terms of explaining the developments of European integration. New institutionalism comes from the comparative politics field, and its emergence can be considered a consequence of the fact that the European Union's political system came to resemble much the nation-state political system. Moreover, as a middle range theory, new institutionalism focuses on the day-to-day works of the European Union and does not intend to explain the European integration process in its integrity, as do the grand theories of European integration.

Although the term "new institutionalism", which characterizes a turn in the field of comparative politics towards examining the role of institutions, would suggest that one

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[2] See for example Gawdat Bahgat, "Iranian Nuclear Proliferation: the Trans-Atlantic Division", *Seton Hall Journal of Diplomacy and International Relations* (Summer/Fall 2004): 137-148.

[3] See for example Jalil Roschandel, "The nuclear controversy in the context of Iran's evolving defence strategy", in *Europe and Iran. Perspectives on non-proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 47-71.

[4] See for example Walter Posch (ed.), *Iranian challenges*, Chaillot Paper no. 89 (Paris: Institute for Security Studies, 2006).

unique approach was brought to the fore, this is not actually the reality. One can distinguish between three types of new institutionalism: rational choice institutionalism, historical institutionalism and sociological institutionalism. All these three approaches seek to elucidate the role that institutions play in determining social and political outcomes, but in so doing they paint quite different pictures of the political world[5].

The main debate between the rational choice institutionalism and sociological institutionalism is the extent to which institutions are internalized by the actors[6]. While rational choice institutionalism considers the actors' preferences as being fixed and actors as behaving strategically in interactions in order to maximize their gains, sociological institutionalism sees the preferences of the actors as being set during the interaction process. The debate between the two theoretical approaches can be summed up as being that between the logic of consequence, in which interests are considered to be the main drivers of actors' behaviour, and the logic of appropriateness, according to which actors act in a certain way because they consider it to be appropriate in that particular situation.

This thesis acknowledges the fact that an integration of the two approaches is not possible due to the different assumptions on which these theoretical frameworks rest, but considers that interchange between them is necessary as each has its own strengths and weaknesses. The European integration is a multi-faceted process, and if the aim is explaining European Union's actions at the international level the logic of consequentialism needs to be supplemented with the logic of appropriateness. In real life situations both interests and values are important factors that shape actors' behaviour. Only a combination of the two

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[5] Peter Hall and Rosemary Taylor, "Political Science and the Three New Institutionalisms", *Political Studies* 44, no. 5 (1996): 936.

[6] Kathleen Thelen and Sven Steinmo, "Historical institutionalism in comparative politics", in *Structuring politics. Historical institutionalism in comparative analysis*, edit. Sven Steinmo, Kathleen Thelen, and Frank Longstreth (Cambridge: Cambridge University Press, 1992), 9.

approaches is considered to offer the analyst the full picture of the EU's involvement in the Iranian nuclear problem.

Research question and hypotheses

The main research question that this thesis aims to respond is how rational choice institutionalism and sociological institutionalism can be combined in order to explain the European Union's united approach towards the Iranian nuclear crisis and the means that member states decided to use in this particular case of foreign policy. The main hypothesis that it is going to be tested is that member states chose rationally in their decision of getting engaged in Iran but they chose from a set of options already defined by institutions.

As far as rational choice institutionalism is concerned, the hypothesis that can be derived and which is going to be tested is that the EU acted united in the Iranian nuclear crisis because member states' interests converged and because the Iranian nuclear problem was perceived as being a chance for the EU to revive the CFSP. The main hypothesis derived from sociological institutionalism regarding the EU's approach towards the Iranian nuclear problem is that EU states chose to use conditionality, negotiations and to be concerned about international law and multilateral institutions because membership in the European Union matters and tells member states what the appropriate and expected behaviour in a certain situation is.

Methodology

In order to be able to respond to the research question, this thesis employs a methodology which comprises a review of secondary literature as well as that of primary documents of the European Union. The secondary literature will be used in order to obtain an overview of the main contacts between the European Union and Iran before and after the

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nuclear crisis, as well as for determining the motives for the European Union to intervene in the Iranian nuclear crisis and for an overview of the theories employed in this thesis.

In what regards primary documents, one should state here the importance of the conclusions of the European Council and the General Affairs and External Relations Council. Moreover, different press documents issued by the European Commission, from which the position of the European Union can be determined, as well as the main agreements signed between the EU and Iran since the beginning of the nuclear crisis will also be analyzed.

Foreign Affairs officials were interviewed via e-mail so as to determine the position of individual member states regarding the EU's approach towards Iran. Unfortunately, in spite of the great number of requests sent via e-mail very few replies have been received.

The wide diversity of sources enabled the triangulation technique to be used, meaning that the validity and accuracy of the information could be cross-checked.

Structure of the thesis

The first chapter of this thesis will provide the reader with an overview of the Iranian nuclear programme, and of the evolution of EU's approach towards the Iranian nuclear issue from 2003 until the present. The theoretical chapter that follows consists of an insight into the new institutionalism debate, aiming to present the main assumptions of both rational choice institutionalism and sociological institutionalism and whether reconciliation between the two approaches is possible and under which formula.

The following chapter explains the reasons why rational choice institutionalism is the most suitable approach when analyzing the EU's decision to act united in the Iranian nuclear crisis. As such, the interests of the member states, the interests of the EU as a whole and the perception of the EU member states that the Iranian case is an opportunity to revive the CFSP machinery are all considered relevant for explaining the EU's united stance. The chapter also

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intends to illustrate why rational choice institutionalism needs to be supplemented by sociological institutionalism if one is to explain the instruments used by the EU in its approach towards the Iranian nuclear programme.

The fact that sociological institutionalism is the most appropriate analytical tool for explaining the means used by the EU in its relations with Iran is demonstrated in chapter three. Factors such as the EU's international identity and the values it incorporates, socialization of member states, learning from similar experiences and social mobilization, are all considered pertinent in explaining why the EU chose conditionality, negotiations and in the end the appeal to UNSC as the main instruments in its approach towards the Iranian nuclear crisis.

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Chapter 1 – The European Union and the Iranian nuclear programme: a chronology of main phases of EU action

1.1. Iran's nuclear programme

The European Union has emerged as the main negotiator in the Iranian nuclear crisis in 2003. So as to understand the analysis of the EU's intervention in the Iranian nuclear crisis that follows in the next chapters, it is considered that a clear picture of the main phases of EU's action is needed in the first place. As such, this chapter will present the evolution of the Iranian nuclear programme and the reasons behind Iran's desire to have the full nuclear fuel cycle, as well as the actions undertaken by the European Union, which were aimed at putting a peaceful end to the Iranian nuclear crisis.

Iran made its first movements towards having a nuclear programme during the rule of Shah Reza Pahlavi. Ironically, the first country to assist Iran in developing its nuclear programme was the United States[7], the biggest threat to Iran's security nowadays. Until 1979, when the Iranian revolution took place, the US was not alone in offering it assistance, as countries like France and Germany also contributed through assets to the Iranian nuclear programme. The revolution marked a turning point in Iran's nuclear programme, as the new leader, Ayatollah Khomeini, considered nuclear weapons as being immoral and contrary to the values of Islam.

By 1985 Iran's spiritual leader changed his view on nuclear weapons. As noticed by Adam Tarock[8], one of the most important factors that led to a revitalization of the Iranian nuclear programme was the war with Iraq. The war not only lasted eight years and was lost by Iran but also made Iran feel isolated and betrayed by the western states, which supported

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[7] Gawdat Bahgat, "Iranian Nuclear Proliferation: the Trans-Atlantic Division", *Seton Hall Journal of Diplomacy and International Relations* (Summer/Fall 2004): 143.

[8] Adam Tarock, "Iran's Nuclear Programme and the West", *Third World Quarterly* 27, no. 4 (2006): 652-653.

Iraq at the time of the war. Iran turned this time for help outside the West, and it found desire for cooperation in Pakistan and China, with which it signed agreements before 1990. In spite of a prohibition on nuclear trade with Iran that has been imposed by the US since the 1980s, companies from Germany, Switzerland, UK and Austria are also mentioned in the literature as having supported the Iranian nuclear programme[9].

Despite the fact that Iran has been suspected by the Western states for many years of wanting to acquire nuclear weapons, the first rumors about a complex nuclear programme began to surface in 2002. The information came from an Iranian opposition movement, and most of the aspects mentioned by them regarding the Iranian nuclear programme were confirmed during the International Atomic Energy Agency (IAEA) inspection of February 2003. The investigations revealed that Iran has developed a uranium enrichment capability, and that it has attempted to produce plutonium, both of them being indispensable for a nuclear programme[10]. Although some of the Western states already believed that Iran has acquired nuclear weapons, from the international law point of view the crucial failure from Iran's part was that it had not reported its activities to the IAEA for fourteen months.

The official position of the Iranian government has always been that of denying the state's desire to have nuclear weapons and claiming that its programme is purely for civilian purposes. But scholars[11], as well as the Western states, had doubts about Iran's real intentions and had mentioned some reasons why Iran's claims are unconvincing. Not only has Iran admitted the existence of its nuclear research facilities only after the opposition group revealed them, but it has also changed the story regarding its nuclear programme every time the IAEA inspectors found more incriminating evidence.

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[9] Vladimir Sazhin, "Iran's Nuclear Programme. A Russian Perspective", in *Iran-The Moment of Truth*, European Security Forum Working Paper No. 20 (June 2005), 11.

[10] For a list of Iranian nuclear facilities of great concerns for the international community see table 1.

[11] Stevens Everts, *Engaging Iran. A test case for EU foreign policy*, Centre for European Reform Working Paper (March 2004), 10-11.

So as to appease the international community's concerns about its nuclear facilities, Iran has given some arguments that speak in its favour. Iran has stated that under the Nuclear Proliferation Treaty (NPT), the cornerstone of international law in nuclear non-proliferation, it has the right to pursue a civilian nuclear programme. Moreover, Iranian officials have often stated that nuclear weapons are not important for Iran's defence doctrine[12]. If Iran is developing a nuclear programme, this is only because of the need to secure the supplies of energy for future generations.

Despite this pacifist rhetoric one cannot underestimate Iran's security concerns, which could influence its leaders to desire nuclear weapons. The fact that Iran is living in an insecure regional environment and its past bad experience with its neighbors could be the first factors that could make the balance incline in favor of nuclear weapons. If in the past Iraq and Afghanistan might have been the main reasons for an Iranian nuclear programme, after September 11 2001 the picture has changed. Now, the main driver of Iran's nuclear programme is its sense of being encircled by US troops after the war in Iraq. From the Iraq war and from the Pakistani case Iran has learned something: if Iraq was attacked, this was precisely because it did not have nuclear weapons and that if there is something that can alter the US attitude towards a target country, that is the possession of nuclear weapons, like in the case of Pakistan[13]. To these one can add Iran's sense of being surrounded by nuclear weapons states[14]: from Israel and Pakistan to the US presence in Iraq and Afghanistan and to the American nuclear weapons stationed in Europe.

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[12] Wyn Q. Bowen and Joanna Kidd, "The Iranian nuclear challenge", *International Affairs* 80, no. 2 (March 2004): 258.

[13] Amin Tarzi, "The Role of WMD in Iranian Security Calculations: Dangers to Europe", *Middle East Review of International Affairs* 8, no. 3 (2004): 100-101.

[14] Sean P. Smeland, "Countering Iranian Nukes: A European Strategy", *The Nonproliferation Review* 11, no. 1 (Spring 2004): 46.

The security motives for Iran developing a nuclear programme are supplemented by domestic interests. The possession of nuclear weapons would enable Iran to acquire the status of a regional power in the Middle East, a position it has always dreamed of, and would allow Iran to be independent from outside pressure. Taking into account the high degree of support existing in Iran for the nuclear programme, the government could also use it in order to justify the lack of economic progress for which Iranians have long longed for.

1.2. The European Union's approach towards the Iranian nuclear programme

After the inspections of February 2003, the IAEA issued its first report regarding the Iranian nuclear programme in June 2003, in which it accused Iran of failing to meet its obligations under the NPT by not reporting to the IAEA its processing activities[15]. While in the past the EU used to react to this kind of problems by issuing non-binding documents or did not react at all because of the internal division[16], this time the member states showed willingness to act promptly and united.

The problem raised by Iran's nuclear programme was first discussed at the June 2003 General Affairs and External Relations Council. The EU asked Iran to answer to all questions raised by the IAEA regarding its nuclear programme and to conclude urgently an Additional Protocol with IAEA. These steps were considered by the EU important in order to demonstrate that the programme is solely for civilian purposes[17].

It was also in June 2003 that the European Council began to seriously address issues in the area of non-proliferation by adopting the Declaration on Non-proliferation, the

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[15] George Tzogopoulos, *The evolution of US and EU foreign policy towards Iran with emphasis on the period after 11 September 2001* (Centre International de Formation Europeene. Institute Europeen des Hautes Etudes Internationales, May, 2004), http://www.iehei.org/bibliotheque/TZOGOPOULOS.pdf., 33-34.

[16] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, Discussion Papers in Diplomacy, no. 106 (The Hague: Netherlands Institute of International Relations 'Clingendael', 2007), 7.

[17] General Affairs & External Relations Council (GAERC), *Extracts from successive General Affairs & External Relations Councils on Iran*,

http://ec.europa.eu/comm/external_relations/iran/intro/gac.htm#iran140604.

precursor of the EU Strategy against the Proliferation of Weapons of Mass Destruction, which was to be adopted in December 2003. Although adopted in the form of a non-binding document, the EU WMD strategy can be said to be a departure from the past weak attempts of the EU states to have a common stance in international security issues. The adoption of the EU WMD strategy has also influenced to a great extent the EU's decision to act united in the Iranian case and the actual evolution of the negotiations.

Starting from June 2003, the EU decided to stress conditionality as part of its approach towards the Iranian nuclear crisis. As stated by the EU member states, "more intense economic relations can be achieved only if progress is reached in four areas of concern, namely human rights, terrorism, non-proliferation and Middle East Peace Process"[18]. The EU's objective from now on in its negotiations with Iran was persuading Iran to abandon the parts of its nuclear programme that "are of greatest proliferation concern, in particular its plans to build a uranium enrichment facility and a heavy-water research reactor"[19]. These elements of Iran's nuclear programme are dual-use in nature and their elimination would guarantee to the EU that the programme has indeed only civilian purposes.

The EU emerged during 2003 as the main negotiator with Iran regarding its nuclear programme and, as Anoushiravan Ehteshami has noted, this was a position no one seemed to want or could enjoy[20]. During the first months of the negotiations, the EU was represented by the three big member states: Germany, France and the United Kingdom. Their first move was sending a letter to Iran in September 2003, in which they offered to help Iran in its nuclear programme if it would cooperate with the IAEA. The same states were the ones that signed

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[18] General Affairs & External Relations Council (GAERC), *Extracts from successive General Affairs & External Relations Councils on Iran.*

[19] Shannon N. Kile, "Final thoughts on Iran, the EU and the limits of conditionality", in *Europe and Iran. Perspectives on non-proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 125.

[20] Anoushiravan Ehteshami, "The future of Iran's defence and nuclear policy", in *Iranian challenges*, ed. Walter Posch, Chaillot Paper no. 89 (Paris: Institute for Security Studies, 2006), 81.

along with Iran the so-called Tehran declaration in October 2003, under which Iran agreed to sign the Additional Protocol (AP) with the IAEA and to suspend uranium enrichment, while the EU states promised to offer in return "easier access to modern technology and supplies in a range of areas"[21]. In order not to undermine the efforts done so far, the Big Three (or E3) resisted US attempts in November 2003 to send the file to the United Nations Security Council (UNSC) for sanctions to be adopted against Iran.

It was only in December 2003 that Javier Solana was added to the negotiation team as the main link between the E3 and the other member states. The E3/ EU format ensured cohesion and gave the EU the capacity to act and speak unanimously in the Iranian nuclear crisis[22]. Javier Solana's visit to Iran in January 2004 was the first move made by EU in 2004 in order to strengthen its relations with Iran. The EU continued to believe that dialogue, negotiations, trade incentives and security guarantees are the key for reaching an agreement with Iran, in spite of the fact that Iran's political landscape changed dramatically in 2004. Conservatives won the parliamentary elections in 2004, as reformers were banned from participating[23], and the IAEA discovered new suspicious parts of the Iranian nuclear programme.

Despite this unfavorable environment, the EU and Iran were able to reach a new deal in November 2004, labeled as the "Paris Agreement". Iran agreed to a verified suspension of its nuclear enrichment programme while the EU recognized Iran's right to have a civilian nuclear programme under the NPT. Considered as being a major breakthrough in the EU-Iran negotiations, the Paris agreement was the last deal to be reached between the two parties.

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[21] *Statement by the Iranian Government and visiting EU Foreign Ministers* (Tehran: 21 October 2003), http://www.iaea.org/NewsCenter/Focus/IaeaIran/statement_iran21102003.shtml.

[22] Walter Posch, "The EU and Iran: a tangled web of negotiations", in *Iranian challenges*, ed. Walter Posch, Chaillot Paper no. 89 (Paris: Institute for Security Studies, 2006), 104.

[23] Katajun Amirpur, "The future of Iran reform movement", in *Iranian challenges*, ed. Walter Posch, Chaillot Paper no. 89 (Paris: Institute for Security Studies, 2006), 29.

As promised by the EU in its agreements with Iran, the negotiations on the trade and Cooperation Agreement were resumed in January 2005. But this did not lead to an improvement in Iran's stance, as negotiations were going too slowly in 2005. The EU made a new proposal in August 2005 but was rejected by Iran because it failed to give it security incentives and brought nothing new on the negotiation table[24]. Although Iran began in August 2005 to threaten that it will restart enrichment activities, the EU was still reluctant to send the file to the UNSC, as the US would have wanted through the IAEA resolution of September 2005. The EU was still convinced that negotiations needed to be kept open as long as possible.

Iran's decision to restart enrichment activities in January 2006 could not be reversed by the US's collaborative stance in 2006 or by Russia's proposal to give enriched uranium to Iran. This proposal would not have allowed Iran to have an indigenous nuclear programme but would have still provided nuclear energy for its domestic needs. The EU 25 decided to send the file to the UNSC in October 2006, and limited economic sanctions were agreed on in December 2006. As the EU WMD strategy states, the next step after negotiations have failed was the involvement of the UNSC as the main arbiter in proliferation issues.

In spite of the fact that the EU agreed to defer the problem to the UNSC, it did not lose its confidence in the appropriateness of using negotiations and incentives in order to convince Iran. In the last months the EU has shown a renew willingness to negotiate with Iran. As Lamberto Zanier, from the Italian Foreign Ministry has noted, the EU will continue to "explore Iran's availability to solve the nuclear issue through dialogue and concrete

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[24] *Statement by the United Kingdom on behalf of the European Union at the IAEA Board of Governors* (9 August 2005),
http://www.iaea.org/NewsCenter/Focus/IaeaIran/bog092005_statement-eu.pdf.

steps”[25]. As long as there is hope, one can state that the EU will be open to continuing diplomatic talks due to its belief that soft power can make miracles in international affairs.

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[25] Lamberto Zanier, CFSP/ESDP Coordinator, Italian Foreign Minister, interview via e-mail by author (4 May 2007).

Chapter 2 - Theoretical framework

2.1. New Institutionalism and European integration

New institutionalism has emerged in the last two decades as the mainstream approach in European studies. The fact that the European Union, through its institutions and its dense body of law, is one of the most institutionalized organizations that can be encountered at the international level makes it an ideal ground for testing the various types of institutional approaches[26].

New institutionalism is described in the literature as being a reaction to behaviouralism, which came to dominate political science in the 1960s and 1970s. Behaviouralism argued that the best way for explaining behaviour was not by looking at the rules of the institutions but rather through direct observation of individuals' behavior. In contrast to behaviouralism, which neglected the role that the institutions can play in politics, new institutionalism considers institutions as being more than neutral arenas and as being autonomous political actors. The main difference between behaviouralism and new institutionalism is that the attention paid to atomistic actors in the former is replaced by an emphasis on "institutionally situated actors" in the latter[27].

The focus on the role that institutions play in politics is not a novelty if one thinks of the so-called "old institutionalism", a political science theoretical framework which preceded the behaviouralist revolution. In contrast to old institutionalism, new institutionalism focuses not only on formal institutions but also pays attention to the role that informal institutions

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[26] Ben Rosamond, *Theories of European Integration* (New York: St. Martin's Press, 2000), 114.

[27] Stephen Bell, *Institutionalism: Old and New*, http://eprint.uq.edu.au/archive/00002108/01/Institutionalism.pdf., 5.

play in structuring politics[28]. The attention paid to informal institutions is more than evident if one notices that, for example, James March and Johan Olsen, two of the first institutionalist scholars, see institutions as comprising not only formal institutions but also "collections of standard operating procedures and structures that define and defend interests"[29].

Making a classification of the types of new institutionalism has not proven to be an easy task for scholars. While some authors talk about three types of new institutionalism, without making a clear distinction between them[30], others seem to distinguish as many as six variants of new institutionalism[31]. Despite of this controversy surrounding the types of new institutionalist approaches, a consensus seems to have emerged among most of the scholars on the existence of three main types of institutionalist thinking. Using the classification of the institutional camp from an economic end to a sociological end, as Mark Aspinwall and Gerald Schneider[32] have done, one would find at the economic end rational choice institutionalism, while at the sociological end sociological institutionalism is to be found. Historical institutionalism, the third type of new institutionalism, is considered to be a hybrid of the other two variants as it encompasses assumptions from both of them.

The three types of new institutionalism have different assumptions regarding what institutions should be taken into account and the role that these institutions play in politics. This should not come as a surprise if one considers that they have developed independent of

[28] Ian Bache and Stephen George, *Politics in the European Union*, 2nd edition (New York: Oxford University Press, 2006), 24.

[29] James G. March and Johan P. Olsen, "The New Institutionalism: Organizational Factors in Political Life", *The American Political Science Review* 78, no. 3 (1984): 738.

[30] See for example Junko Kato, "Institutions and Rationality in Politics- Three Varieties of Neo-Institutionalism", *British Journal of Political Science* 26, no. 4 (1996): 553-582, where a distinction is made between: one group which applies historical investigation, a second group which uses rational choice and a third group based on the idea of bounded rationality.

[31] See for example Guy Peters, *Institutional Theory in Political Science. The 'New Institutionalism'* (London and New York: Pinter), 1999, where the author distinguishes between: normative institutionalism, rational choice institutionalism, historical institutionalism, empirical institutionalism, international institutionalism and societal institutionalism.

[32] Mark Aspinwall and Gerald Schneider, "Institutional research on the European Union: mapping the field", in *The rules of integration. Institutional approaches to the study of Europe*, ed. Gerald Schneider and Mark Aspinwall (Manchester: Manchester University Press, 2001), 2.

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each other. The main point of contention between the types situated at the ends of the spectrum is the extent to which institutions are internalized by agents: rational choice institutionalists see institutions as external agents, while for sociological institutionalists institutions are internalized by actors.

Another important feature of new institutionalist approaches is that they are middle range theories, meaning that they reject general theories of social structure and individual behaviour[33]. Because new institutionalism only aims at explaining the effects that institutions have on EU politics, it differs from the grand theories which explain the European integration process as a whole. But, as Andrew Moravcsik and Jeffrey Checkel agree, "middle-range propositions are the way ahead, for both rationalists and constructivists"[34] and not the general theories of integration.

Comparing new institutionalism with the two main theories of European integration, neo-functionalism and intergovernmentalism, Mark Pollack points to the advantages presented by the former in contrast to the latter. Firstly, new institutionalism is not limited to the EU studies and as such can contribute to the development of general theories of politics. Secondly, new institutionalism blurred the distinction between international relations and comparative politics, as it can be applied with success not only to the international level of the EU but also to the level of member states. Thirdly, new institutionalism has advanced considerably over the last decades and has refined its theoretical tools and its empirical studies[35].

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[33] John L. Campbell and Ove K. Pedersen, "The Rise of Neoliberalism and Institutional Analysis", in *The Rise of Neoliberalism and Institutional Analysis*, ed. John L. Campbell and Ove K. Pedersen (Princeton: Princeton University Press, 2001), p. 13.

[34] Jeffrey T. Checkel and Andrew Moravcsik, "A Constructivist Research Program in EU Studies?", *European Union Politics* 2, no. 2 (2001): 241.

[35] Mark A. Pollack, "The New Institutionalism and European Integration", in *European Integration Theory*, ed. Antje Wiener and Thomas Diez (New York: Oxford University Press, 2004), 154.

Due to the advantages which new institutionalism offers when applied to the EU, this thesis will employ it as a theoretical framework in analyzing the European Union's approach towards the Iranian nuclear programme. The reasons are multiple. First of all, the EU's relations with Iran can be considered as an institution in itself and part of the broader institution of the Common Foreign and Security Policy. Secondly, there were many institutions having a saying in this relation (as for example the European Commission as a formal institution or non-proliferation as an informal institution and part of the EU international identity). Thirdly, the analysis will focus on the game that member states played among themselves in deciding to solve the Iranian nuclear issue, on the debate between the member states and on the institutions (formal or informal) that shaped their decision.

Therefore, new institutionalism, as part of the big family of comparative politics theories, is considered the most suitable theoretical tool in analyzing the EU's approach towards the Iranian nuclear problem. From the comparative politics point of view, the EU can be seen as a political system that shares some features of the nation-state political system. In every political system interests need to be aggregated, and how the interests of the member states aggregated in what regards the Iranian nuclear problem is exactly the focus of this thesis. As such, rational choice institutionalism and sociological institutionalism, the main components of the theoretical framework employed in this thesis, are the focus of the next sub-chapters.

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2.2. Rational choice institutionalism

In the last two decades, rational choice institutionalism has become the most influential branch of rational choice in EU studies[36]. Although some authors notice the

[36] Mark A. Pollack, *Rational Choice and EU Politics*, ARENA Working Paper, no. 12 (2006), http://www.arena.uio.no/publications/working-papers2006/papers/wp06_12.pdf., 2.

existence in practice of many varieties of rational choice institutionalism[37], they all have some common characteristics.

Rational choice theories are individualist or agency theories[38], as they stress the role of individuals in politics and downplay the influence that the environment or the structure can have on the individuals' behaviour and preferences. Rational choice institutionalism combines this vision of world politics with the idea that actors have fixed preferences and work in order to maximize them. Political actions are seen as a set of collective bargains in which actors do their best in order to maximize their gains. As such, the logic of action in rational choice institutionalism is the logic of consequentialism or the logic of optimization in a strategic context, as called by Kenneth Shepsle[39].

Moreover, actors have prior preferences which "they use to determine the attractiveness of expected consequences"[40]. As such preferences are fixed, transitive and exogenous and cannot be altered during the interaction process. The fact that preferences are exogenous does not mean that the theory does not explain them, that they are outside the theory. Rational choice institutionalism only ignores the role that socialization can play in altering those preferences.

For rational choice institutionalism the fulfillment of desires depends to a great extent not only on what those desires are but also on the resources that the actor has at its disposal

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[37] See for example Guy Peters, *Institutional Theory in Political Science. The 'New Institutionalism'*, 46-52.

[38] Frank Schimmelfenning, "Liberal Intergovernmentalism", in *European Integration Theory*, ed. Antje Wiener and Thomas Diez (New York: Oxford University Press, 2004), 76.

[39] Kenneth A. Shepsle, *Rational Choice Institutionalism* (2005), http://people.iq.harvard.edu/~kshepsle/papers/Rational%20Choice%20Institutionalism%20(4.5.05).doc., 8.

[40] James G. March and Johan P. Olsen, "Institutional Perspectives on Political Institutions", *Governance* 9, no. 3 (1996): 248.

and on the political rights it has[41]. In other words, outcomes reflect the relative bargaining power of actors that enter into negotiations.

Another characteristic of rational choice institutionalism is the emphasis on the role of strategic interaction on the determination of the political outcome. At each step actors calculate what is best for their desires to be accomplished and change their strategies according to the moves of the other participants in the strategic interaction. This happens because actors understand that "the outcome and their own welfare are determined by the interaction of behaviors"[42].

In what regards the institutions, rational choice institutionalism applies a functional approach to explain the emergence of institutions. From this perspective, institutions are set by rational actors because of the functions that they perform, namely they are a medium through which actors "may conduct their transaction with greater efficiency"[43]. Actors choose and design institutions to secure mutual gains, institutions being the means through which the preferences of different actors are being aggregated. As such, it can be said that rational choice institutionalism has a thin understanding of institutions and at best these can constrain the behaviour of self-interested actors[44] or influence the strategies through which actors choose to pursue their goals.

The European Union is seen through the eyes of rational choice institutionalism as being a bargaining arena, where institutions are set because the member states wish to do so due to the functions that institutions perform and the benefits they secure. Member states and not the European institutions are the main actors influencing the pace of integration. In other

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[41] Ibid.

[42] Mathew D. McCubbins and Michael F. Thies, "Rationality and the Foundations of Positive Political Theory", *Leviathan* no. 19 (1996):16.

[43] Rosamond, Ben, "New theories of European integration", in *European Union Politics*, ed. Michelle Cini (Oxford: Oxford University Press, 2003), 115.

[44] Jeffrey T. Checkel, "Social construction and integration", *Journal of European Public Policy* 6, no. 4 (1999): 546.

words, it is the agency and not the structure that counts. In the strategic interactions that take place at the European level, an important role is played by the relative power that member states have, with the major states being able to substantially influence the final outcome.

There are also a number of criticisms addressed to rational choice institutionalism. Some authors criticize it for not paying attention to informal institutions, to the socialization process through which the preferences of the actors are said to change during interaction, and because it has no explanation for the process of preference formation[45]. Moreover, there are instances in which one can notice that actors do not act rationally. All these drawbacks of rational choice institutionalism are more or less supplemented by the assumptions of sociological institutionalism, the theoretical framework which is the subject of the next subchapter.

This thesis will test whether the EU member states and the European Union were influenced by their interests in Iran and in the Middle East in their decision to adopt a common stance in the Iranian nuclear problem, and whether the member states perceived Iran as being an opportunity for reviving the CFSP and an opportunity for presenting the EU as an important actor in global security issues.

2.3. Sociological institutionalism

In contrast to rational choice institutionalism, sociological institutionalism considers that the main question to which actors have to respond is not how they can best maximize their interests but rather what the appropriate behavior in a certain situation is. Sociological institutionalism challenges the individualism of rational choice institutionalism, as it stresses the importance of structure in explaining the behaviour of actors.

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[45] Joseph Jupille, James A. Caporaso, and Jeffrey T. Checkel, "Integrating Institutions: Rationalism, Constructivism and the Study of the European Union", *Comparative Political Studies* 36, nos. 1-2 (2003): 8.

As with rational choice institutionalism, a number of features characterize the sociological institutionalist camp. Firstly, sociological institutionalism gives a broad definition to institutions so as to encompass not only "formal rules, procedures or norms, but the symbol systems, cognitive, and moral templates that provide the frames of meaning guiding human action"[46]. Furthermore, sociological institutionalism, in contrast to rational choice institutionalism, emphasizes the social and cognitive features of institutions rather than their constraining features[47].

As mentioned by Hall and Taylor, sociological institutionalism seeks to explain why organizations adopt a specific set of norms, procedures, values, and emphasizes how such practices are diffused across institutions or countries[48]. The institutional environment is seen from this perspective as being a promoter of homogeneity among the actors. Practices are diffused over time across actors due to the process of the so-called "institutional isomorphism", through which norms are accepted by the actors as they want their behaviour to be perceived as being legitimate and appropriate[49].

Norm diffusion or isomorphism is considered by Jeffrey Checkel as being a consequence of two processes: social learning and social mobilization[50]. While social mobilization highlights the importance of non-state actors and interests groups in the process of diffusion, social learning stresses the importance of elites. Social learning is defined as being the process whereby "actors alter not only how they deal with particular policy

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[46] Peter Hall and Rosemary Taylor, "Political Science and the three New Institutionalisms", *Political Studies* 44, no. 5 (1996): 947.

[47] Martha Finnemore, "Review: Norms, Culture, and World politics: Insights from Sociology's Institutionalism", *International Organizations* 50, no. 2 (1996): 326.

[48] Peter Hall and Rosemary Taylor, *Political Science and the three New Institutionalisms*, 947.

[49] Allan Edward Miller and Jane Banaszak-Holl, "Cognitive and Normative Determinants of State Policymaking Behavior: Lessons from the Sociological Institutionalism", *Publius* (Spring 2005): 198.

[50] Jeffrey T. Checkel "Why Comply? Social Learning and European Identity Change", *International Organizations* 55, no. 3 (2001): 557.

problems but also their prevailing concept of problem solving"[51]. Sociological institutionalism also emphasizes the role that communication and discursive practices play in the process of diffusion, with discursive agents helping actors make sense of the world.

Another distinctive feature of sociological institutionalism is the special way of conceiving the relation between institutions and actors. The individual is a product of the institutional environment in which it is deeply embedded. Institutions tend to have "constitutive effects on corporate actors such as national governments, interests groups, but also individuals"[52]. Institutions alter in time not only the actors' preferences but also their identities. There is a constant interaction between agency and structure, interaction during which they alter one another: institutions can alter actors but at the same time actors can alter the institutional environment in which they act. Thus, one can say that sociological institutionalism has a thick understanding of the role that institutions play in political life, institutions being the ones responsible for organizing "hopes, dreams, and fears as well as purposeful actions"[53].

The last important feature of sociological institutionalism is the way it perceives the actors' logic of action. In contrast to rational choice institutionalism's logic of instrumentality, sociological institutionalism considers that actors behave according to the logic of appropriateness. This logic means in practice that members of a certain institution are committed to acting in a particular way in a certain situation, as institutions are systems of meaning which tell actors who they are and how they should behave.

Sociological institutionalism contributes substantially to our understanding of the European Union. As mentioned by Joseph Jupille and James A. Caporaso, European

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[51] John Gerard Ruggie, "What Makes the World Hang Together? Neo-Utilitarianism and the Social Constructivist Challenge", *International Organizations* 52, no. 4 (1998): 868.
[52] Thomas Risse, "European Institutions and Identity Change: What Have We Learned?", in *Identities in Europe and the Institutions of the European Union*, ed. Richard Herrmann, Marilynn Brewer, and Thomas Risse (Lanham MD: Rowman & Littlefield, 2004), 17.
[53] James G. March and Johan P. Olsen, *Institutional Perspectives on Political Institutions*, 249.

institutions help member states define their preferences and options and define what constitutes the appropriate behaviour for a member state in a certain situation. Sociological institutionalism can also explain the diffusion of norms from the European to the domestic level through the process of so-called Europeanization[54]. In other words, being one of the members of the European Union matters.

Some authors have used the sociological camp to explore the formation of an international identity of the EU and to explain the Europeanization of national foreign policies[55]. Others have used the same theoretical approach to explain the process of socialization of member states in what is now known as the Common Foreign and Security Policy[56], or to explain the way in which the European Commission used its discourse practice in order to contribute to the building of an EU identity[57].

At the same time, one cannot deny that sociological institutionalism has drawbacks. As Aspinwall and Gerald recognize, individuals are not helpless and as such they can escape institutions. Furthermore, it is very difficult to measure the extent to which values and norms influence behaviour.

This thesis will explore whether the values, norms and the EU international identity influenced to some extent the European Union's approach towards the Iranian nuclear problem.

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[54] J. Jupille and J. A. Caporaso, "Institutionalism and European Union: Beyond International Relations and Comparative Politics", *Annual Review of Political Science* 2 (1999): 435-436.

[55] See for example Thomas Risse, "Neofunctionalism, European identity, and the puzzles of European integration", *Journal of European Public Policy* 12, no. 2 (2005): 291-309.

[56] See for example Ben Tonra, "Constructing the Common Foreign and Security Policy: The Utility of a Cognitive Approach", *Journal of Common Market Studies* 41, no. 4 (2003): 731- 756.

[57] See for example Ole Wœver, "Discursive Approaches", in *European Integration Theory*, ed. Antje Wiener and Thomas Diez, 197-215, (New York: Oxford University Press, 2004).

2.4. Bridging the gap?

The most fundamental question that remains to be answered is whether a combination of the two approaches possible. As the above discussion has suggested, each of the two theoretical frameworks has its own strengths and weaknesses, and as such they can supplement each other. Hall and Taylor even mention that while an integration of the types of new institutionalism is not possible due to their different assumptions, interchange among them in not only possible but also necessary[58].

There are some points of contention between rational choice institutionalism and sociological institutionalism. Firstly, one can notice that while rational choice institutionalism is an individualistic theory, the sociological variant emphasizes the mutual constitutions of agents and structure. Secondly, while rationalists base their theory on the logic of consequentialism, sociologists prefer the logic of appropriateness. But if one thinks, like Markus Jachtenfuchs, that the controversy between the two approaches can be reduced to that between interests and ideas[59], then one can surely notice that in practice both interests and ideas matter.

The idea that the two approaches can be combined is also employed in this thesis. Only a combination of the two approaches is considered to offer the analyst the full picture of the EU's approach Iranian nuclear problem. The two hypotheses need to be refined and the combined hypothesis which is going to be tested in this thesis is that member states chose rationally in their decision of getting engaged in Iran but they chose from a set of options already defined by institutions. As such, while rational choice institutionalism is considered the most suitable theoretical approach in explaining why the member states decided to engage

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[58] Peter Hall and Rosemary Taylor, *Political Science and the three New Institutionalisms*, 955.
[59] Markus Jachtenfuchs, "Deepening and widening integration theory", *Journal of European Public Policy* 9, no. 4 (2002): 653.

with Iran in a collective manner, this framework needs to be supplemented by sociological institutionalism if the means employed by the EU are to be explained as well.

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Chapter 3 - A rational choice institutionalism explanation for the European Union's decision to get involved in the Iranian nuclear problem

3.1. The interests of the big member states

Despite the fact that more than 15 years have passed since the inclusion of the Common Foreign and Security Policy as the third pillar of the European Union, the CFSP has not changed its intergovernmental character much. In fact, one can state that the CFSP is exactly the kind of game that rational choice institutionalism predicts that member states are likely to play among them. One can find many examples, the Iraq war being the most recent and dramatic one, in which member states still chose to play the national card when national interests prevailed.

In spite of the intergovernmental character of the CFSP and the unanimity requirement, one cannot but notice that, as rational choice institutionalism predicts, the actors' capacity to influence the process depends on their relative power. As such, it is "impossible to imagine an effective EU external policy that was not backed by- and essentially the responsibility of- France, Britain and Germany"[60]. The "Big Three" or E3, as the three members states have come to be denominated in the last years, cannot impose their will on the other member states, but when acting together they can set the direction for the whole EU[61].

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[60] Mark Leonard and Richard Gowan, *Global Europe. Implementing the European Security Strategy* (February 2004), http://www.britishcouncil.org/brussels.globaleurope.implementing_the_european_security_strategy.pdf., 3.

[61] Geoffrey Edwards, "The New Member States and the Making of EU Foreign Policy", *European Foreign Affairs Review* 11 (2006):161.

It is no surprise then that Iran considers its relations with Germany, France and the United Kingdom as being the most important ones due to their capacity to alter other member states' policies towards it[62]. The Iranian nuclear problem was exactly a case of foreign policy in which an alignment of the national interests of the big three shaped the content of the European approach towards Iran[63], and it was the first instance after the Iraq war which gave the E3 the chance to assert effective leadership inside the European Union. At their initiative, the European Council issued the "October warning", which called on Iran to clarify its status with the International Atomic Energy Agency, and which led to the signing of the Tehran declaration between them and Iran in October 2003. The fact that it was only after these actions of the E3 that the EU as a whole began to be more involved shows the importance of these member states in setting the agenda of the CFSP. As such, we consider that the interests of Germany, France and UK in Iran must have played an important role in shaping their decision to intervene and need to be analyzed more in depth.

Germany

Due to its historically rooted geopolitical interests in southwest Asia[64], Germany has maintained friendly relations with Iran even after the Islamic revolution of 1979. Germany has generally seen Iran as a regional power essentially for the stability of the Gulf region[65]. Therefore, Germany has tried after 1979 to have good relations with Iran because it believed that trade engagement would give it the opportunity to change the political landscape of the

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[62] Adam Tarock, "Iran-Western Europe Relations on the Mend", *British Journal of Middle Eastern Studies* 26, no. 1 (1999): 42.

[63] John Calabrese, *Finding the Fulcrum? Euro-Atlantic Relations and Iran*, Middle East Institute (2004), http://www.iranwatch.org/privateviews/MEI/perspex-mei-calabrese-eu-us-iran-072104.pdf., 2.

[64] Charles Lane, "Changing Iran. Germany's New Ostpolitik", *Foreign Affairs* 74, no. 6 (1995): 85.

[65] Peter Rudolf and Geoffrey Camp, *The Iranian Dilemma. Challenges for German and American Foreign Policy*, Conference Report (Washington D.C.: American Institute for Contemporary German Studies, 1997), http://webdoc.sub.gwdg.de/ebook/lf/2003/aicgs/publications/PDF/iran.pdf, 2.

target country[66]. Even when all other European countries diminished their relations with Iran or isolated this country, as was the case in the first decade after the Iranian revolution and during the Iran-Iraq war, Germany did not alter its favorable position towards Iran.

In some decades the favorable German stance also began to pay off. As mentioned by the German Federal Ministry of Foreign Affairs, Iran is the most important market for Germany in the Middle East[67], while Germany is the biggest trade partner for Iran and most important supplier of technology from the West. Germany's exports in Iran have doubled between 2000 and 2005. These figures point to the importance of the Iranian market for the German economic interests group. The increasing trade relations between the two countries also determined Germany to continue its engaging policy towards Iran.

Surely, the German interest groups could not let the Iranian nuclear issue affect their businesses, while the government could not stand by and see how the Iranian nuclear programme undermines all its efforts to open the Iranian society. Although economic interests may have played an important role in Germany's decision to get involved in the Iranian nuclear problem, one cannot underestimate the importance of preserving the NPT regime for Germany. Since the 1990s, Germany began to emerge as a vocal promoter of the NPT regime[68], the existence of which was threatened by the Iranian nuclear programme.

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[66] The Critical dialogue approved at the Edinburgh European Council in 1992 had as its main aim improving the situation of human rights in Iran and was an initiative of Germany.

[67] Germany's Federal Ministry of Foreign Affairs, *Germany-Iran relations*,

http://www.auswaertiges-amt.de/diplo/en/Laender/Iran.html.

[68] Marco Overhaus, "The EU's Emerging Role in Nuclear Non-Proliferation Policy-Trends and Prospects in the Context of the NPT-Review Conference 2005", in *The EU's Emerging Role in Nuclear Non-Proliferation Policy. Trends and Prospects in the Context of the NPT-Review Conference 2005*, ed. Marco Overhaus, Hanns W. Maull, and Sebastian Harnisch, German Foreign Policy in Dialogue, Newsletter 6, issue 17 (Trier, Germany, 2005), http://www.deutsche-aussenpolitik.de/newsletter/issue17.pdf., 5.

France

Although France expected good relations with Iran after the Islamic revolution, the promising start was short lived[69]. The 1980s were characterized by difficulties in the French-Iranian relations, which were overcome only in the mid-1990s, when French companies began to make big investments in the Iranian gas and oil sectors. It was mainly due to economic interests that France, followed by other EU member states, was the first country to oppose the Iran-Libya Sanctions Act (ILSA) issued by President Clinton in 1995. France began to realize the importance of Iran as a regional power and also the opportunities offered by the Iranian market. The French Foreign Minister lists France as the third largest supplier of Iran, while 3% of French hydrocarbon imports come from Iran[70].

As nuclear states, France and United Kingdom had to behave as exemplary nuclear states if the NPT regime was hoped to survive[71]. Since the Iranian nuclear programme represented a threat for the non-proliferation regime, France had to react. To the worries about the NPT regime, one can also add the French concerns for the credibility of the EU as an international actor. Always defining itself in opposition to the United States, the French dream is that of seeing the EU acting together and as a counterweight to the US. While France knew better than anyone how the opportunity was lost in Iraq, it was not prepared to let the chance represented by the Iranian problem be lost for the CFSP.

United Kingdom

Britain has always viewed Iran as a source of destabilization in the Middle East. At the same time, Iran never entirely trusted Britain due to its policy, which much resembled

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[69] Adam Tarock, *Iran-Western Europe Relations on the Mend*, 45.

[70] French Ministry of Foreign Affairs, *France-Iran relations*, http://www.diplomatie.gouv.fr/en/country-files_156/iran_301/france-and-iran_2788/economic-relations_3366.html.

[71] Bruno Tertrais, "Europe and nuclear proliferation", in *Fighting proliferation- European perspectives*, ed. Gustav Lindstrom and Burkard Schmitt, Chaillot Paper no. 66 (Paris: Institute for Security Studies, 2003), 57.

that of the US and due to Britain's past involvement in the Iranian internal affairs[72]. Before the 1990s the UK was the most problematic European country for Iran. The Rushdie affair prevented the UK and Iran from having good relations until 1998, when the British firms began investing in Iran. Although their reciprocal economic exchanges are not that big in amount, Britain sees Iran as a "difficult market for the UK to penetrate, although if done successfully it can be rewarding"[73].

In spite of the limited economic interests, this time, unlike in Iraq, the UK was on Europe's side. The Iranian nuclear problem shows that there are instances when Britain puts aside its vision of Europe as "the friendly other"[74]. This change of attitude is of course not altruistic. After the Iraq experience, the UK wanted to avoid having to choose between the EU and the US. Maintaining good relations with Iran was also important for the future stabilization of Iraq, a country where Iran has a great power of influence and where Britain has risked a lot.

Furthermore, as the US and the EU had divergent opinions in what regards the means for tackling the Iranian problem, the UK thought that it can play its traditional role of standing as a bridge between the EU and the US[75]. This position would also have allowed the UK to reassess itself as a leading European state. Maintaining the link between the EU and US meant in practice that UK also had to make sure that by participating in the negotiations with Iran it could prevent France and Germany from making concessions to Iran that were

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[72] Adam Tarock, *Iran-Western Europe Relations on the Mend*, 58.

[73] British Ministry of Foreign Affairs and Commonwealth, *The UK-Iran relations*, http://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/countries?_nfls=false&_nfpb=true&_pageLabel=CountryType1&navigationPageId=/iran.

[74] Martin Marcussen et al., "Constructing Europe? The Evolution of French, British and German nation state identities", *Journal of European Public Policy* 6, no. 4 (1999): 615.

[75] Rebecca, Johnson "Keeping the Lid On: Britain's Role and Objectives in the 2005 NPT Review Conference", in *The EU's Emerging Role in Nuclear Non-Proliferation Policy. Trends and Prospects in the Context of the NPT-Review Conference 2005*, ed. Marco Overhaus, Hanns W. Maull, and Sebastian Harnisch, German Foreign Policy in Dialogue, Newsletter 6, issue 17 (Trier, Germany, 2005), http://www.deutsche-aussenpolitik.de/newsletter/issue17.pdf., 28.

unacceptable for the UK and the US. This strong British stance could be observed in all the proposals made by the E3 to Iran: from the Paris agreement to the Russian proposal. In the case of Russia's proposal, which would have allowed Iran to enrich uranium under the IAEA supervision, Tom Sauer mentions that while Germany was willing to at least discuss it, France and the UK dismissed it from the beginning[76].

3.2. The interests of the whole European Union

No matter how important the interests of the big member states were in determining a common stance on the Iranian nuclear issue, one need to remember that in CFSP the size of the country is not important because decision-making still rests on consensus even if the unanimity rule is not invoked[77]. If not all the member states had interests in intervening in Iran, the problem would have remained to be solved by the E3, as was the case in the first year after the Iranian nuclear programme was made public. But the reality is that since 2004 the whole EU began to be involved in the issue, with Javier Solana, as High Representative for CFSP, playing the role of a bridge between the E3 and the other member states. This E3/EU formula would not have been possible from the rational choice institutionalist point of view, without important interests of the EU as a whole.

The first reason for the EU to intervene as the main negotiator in the Iranian nuclear programme is directly linked with the proliferation of weapons of mass destruction. As stated in the EU's Strategy against the Proliferation of Weapons of Mass Destruction adopted by the EU in December 2003, proliferation, whether for civilian or military purposes, represents a "security threat for European states, peoples and interests around the world" [78], a threat that cannot be ignored by the EU. After the example of Korea, who withdrew from the NPT in

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[76] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, Discussion Papers in Diplomacy, no. 106 (The Hague: Netherlands Institute of International Relations 'Clingendael', 2007), 13.
[77] Geoffrey Edwards, *The New Member States and the Making of EU Foreign Policy*, 152.
[78] The European Council, *EU Strategy against the Proliferation of the Weapons of Mass Destruction* (Brussels, December 2003), http://ue.eu.int/uedocs/cmsUpload/st15708.en03.pdf., 1.

2003, the EU feared that Iran was going to follow the same path[79]. Iran was perceived by EU states as being the ultimate test for the survival of the NPT regime, a regime for the preservation of which the EU has always fought. As one official from the Swedish Ministry for Foreign Affair declared, the EU acted together because of "a shared concern that the international non-proliferation regime must not be weakened" and because of its member states' determination to "support the international institutions, which have the task of verifying compliance with international rules and agreements"[80].

There were also more practical reasons for the EU to stand united in front of the Iranian nuclear programme. First of all, the only missiles capable of reaching Europe are in the hands of the nuclear states, which meant that the EU had to intervene and impede this frightening scenario[81]. Then there is also the problem of the proximity of Iran to the EU. In case Iran acquires nuclear capacity, the accession of Turkey to the European Union would make Iran the EU's neighbor. In this respect, the EU's approach could be seen as one wanting to address the sources of instability which might spill over into Europe[82].

There is also the issue of the Middle East peace process, which could be threatened by a nuclear Iran. Having a nuclear Iran means that a nuclear arms race could begin in the Middle East, an area where the EU is most concerned about proliferation. The EU also has other interests concerning the Middle East which could be affected if Iran becomes nuclear:

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[79] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, 20.

[80] Ulf Linden, Department for disarmament and Non-Proliferation, Swedish Ministry for Foreign Affairs, interview via e-mail by author (22 May 2007).

[81] Mark Smith, "Assessing missile proliferation", in *Fighting proliferation- European perspectives*, ed. Gustav Lindstrom and Burkard Schmitt, Chaillot Paper no. 66 (Paris: Institute for Security Studies, 2003), 18.

[82] Shannon N. Kile, "Final thoughts on Iran, the EU and the limits of conditionality", in *Europe and Iran. Perspectives on non-proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 124.

after the Iraq war Iran has a great potential of influencing the stabilization process in Iraq and in Afghanistan[83].

For the EU, Iran is more important than ever from a geo-strategic and economic point of view. As mentioned by one author, "economic relations and in particular European energy security will always be the priority of EU interests in Iran"[84]. Energy dependence has been identified in the EU Security Strategy, adopted by the EU in December 2003, as a concern for Europe[85]. Moreover, the European Commission states that imports from Iran are "negligible in all sectors except energy"[86], and this should not come as a surprise, as Iran has 11.1% of world oil reserves and 15.3% of world gas reserves. The EU's dependence on oil and gas from Iran is even more relevant if one thinks that it is the only country with large reserves where the US has no influence and which could allow the EU to reduce its dependence on energy from Russia.

Since the "axis of evil speech" of President Bush in January 2002, Europe has become more and more skeptical of the US plans to transform the Middle East[87] and to establish itself as a strategic economic and military power in Central Asia. If the EU is determined to preserve the status-quo in the Middle East, the last chance for it to act is Iran. While the EU agrees with the US that Iran need not become a nuclear power state, the EU was afraid that the US could use its military power again. The EU and Iran decided to enter into negotiations so as to deter the US from acting unilaterally.

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[83] George Tzogopoulos, "The evolution of US and EU foreign policy towards Iran with emphasis on the period after 11 September 2001" (Centre International de Formation Europeene. Institute Europeen des Hautes Etudes Internationales, May, 2004), http://www.iehei.org/bibliotheque/TZOGOPOULOS.pdf., 39.

[84] Johannes Reissner, "EU-Iran relations: options for future dialogue", in *Iranian challenges*, ed. Walter Posch, *Chaillot Paper* no. 89 (Paris: Institute for Security Studies, 2006), 124.

[85] Asle Toje, "The 2003 European Union Security Strategy: A Critical Appraisal", *European Foreign Affairs Review* 10 (2005): 126.

[86] The European Commission, *The EU's relations with Iran*, http://ec.europa.eu/comm/external_relations/iran/intro/index.htm.

[87] Steven Everts, *Engaging Iran. A test case for EU foreign policy*, Centre for European Reform Working Paper (March 2004), 16.

A war in Iran would not only have disastrous consequences for the entire Middle East, but it also could have led to a new split inside the EU. Moreover, an attack on Iran would also undermine all the efforts undertaken so far by the EU to promote democracy and respect for human rights in the region, as it would lead to a radicalization of the Middle East population. From the EU's point of view, democracy and human rights are too important to be left to neoconservatives[88].

For all the reasons mentioned above, one cannot but see that rational choice institutionalism rightly predicts that if an institution is to be settled, this is because of the functions it performs and the benefits it brings to its participants. Economic and geo-strategic interests, as well as security concerns, all motivated the European states to the same extent and determined them to have a unique voice in the Iranian nuclear programme. Another important reason for the EU to act was its perception that the Iranian nuclear problem represents a good chance for the EU to revive its Common Foreign and Security Policy after the disaster of the Iraq war. Iran as an opportunity for the CFSP is the subject of the next sub-chapter.

3.3. Iran- an opportunity to revive the CFSP

The war in Iraq showed Europe that it needs to find opportunities for Germany, France and the UK to speak with one voice in what regards important security issues and to make the EU's voice heard loud and clear in the US. From the Iraq war Europe had learned its lesson: when the EU is divided, the US rules the world. As mentioned by one official from the Austrian Ministry for European and International Affairs, EU member states saw in the Iraq crisis just how harmful it is to have different voices[89]. The capability-expectations gap that scholars always speak about when referring to the CFSP needed to be eliminated. From

[88] Mark Leonard and Richard Gowan, *Global Europe. Implementing the European Security Strategy*, 12.
[89] Official from the Austrian Ministry for European and International Affairs, Disarmament Department, interview over phone by author (9 May 2007).

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this perspective, the EU's intervention in the Iranian nuclear problem could be seen as having been determined not by the nuclear controversy but because of the concern for a true CFSP[90]. The EU had three major reasons to believe in a success for the CFSP in Iran: the internal situation of the EU, the carrots it had in comparison to the US to intervene in Iran, and the Iranian domestic context at that time.

The internal situation of the EU in 2003 must have played an important role in what regards the EU's calculations. It was a moment of euphoria regarding the capacity of the EU to play a role in global security issues. Not only did the European states adopt an EU Security Strategy in December 2003, but they also supplemented it with a strategy against WMD. The joint E3/EU effort in the Iranian nuclear crisis was to a large extent influenced by the adoption of the WMD strategy, as Thomas Mutzelburg from the German Foreign Office mentioned[91].

Even in the absence of the WMD strategy, EU member states knew that they could have a common stance on non-proliferation issues, as they had a twenty years' experience of collaboration in this field. Iran was exactly a case where the EU considered that it can act successfully, especially now that it also had the UK on its side. The EU was also encouraged by the success it had in December 2003 in persuading Libya to drop its nuclear programme[92].

The European Union could also notice the advantages it had in this case in comparison to the US and the carrots it had to offer to Iran in order to convince it to abandon its nuclear ambitions. This implies that the European Union acted strategically and according to the calculus approach, as it wanted to make sure before getting involved that it could count on a success in solving the Iranian nuclear crisis.

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[90] Gerrard Quille and Rory Keane, "The EU and Iran: towards a new political and security dialogue", in *Europe and Iran. Perspectives on non-proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 98.

[91] Thomas Mutzelburg, Division 20, Nuclear Disarmament and Non-Proliferation, German Foreign Office, interview via e-mail by author (3 May 2007).

[92] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, 27.

Since the Islamic revolution, the US relations with Iran have deteriorated continuously and one can even state that the US ambitions in the Middle East were the main drivers behind the Iranian nuclear programme. The US desire to remove the regime from Tehran has become even more obvious after the "axis of evil speech" and the Iraq war. Not only was the US a major ally of Israel, a country much disliked by Iran, but it was also opposed to everything that could enhance Iran's power: from the construction of oil pipelines that would pass through Iran on their way to Europe to the accession to the World Trade Organization.

In contrast to the US's policy of isolation, the EU always kept the lines of communication with Tehran open. The EU's policy of engagement made Iran perceive the EU as being the most suited ally and a shield for its sovereignty in front of the US aggressive stance[93]. The EU also had a good image in the eyes of the Iranian rules: it supported Iran in its application to the WTO, it had always regarded Iran as a regional power that needed to be engaged and not as a rogue power that needs to be contained, the EU proved that it does not receive orders from US when it opposed the ILSA bill of president Clinton, and the EU had, like Iran, a more pro-Palestinian stance in what regards the Middle East conflict.

The European Union also thought that it has many incentives to offer to Iran if it would accept a negotiation of its nuclear programme. After all, the EU was a major economic partner of Iran, with its exports accounting for as much as 35.1% of Iran's imports in 2004[94]. At the same time, Iran needed investments from the West in order to reform its economy. If one adds to this the fact that the EU began to negotiate with Tehran a Trade and Cooperation Agreement (TCA) in 2002, then one can surely understand how important the EU was for the economic security of Iran.

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[93] Adam Tarock, *Iran-Western Europe Relations on the Mend*, 41.
[94] Johannes Reissner, *EU-Iran relations: options for future dialogue*, 121.

When getting involved in the Iranian nuclear issue, the EU must also have taken into account the favorable domestic context existing in Iran at that time. The election of president Khatami in 1997 and his reelection in 2001 was seen by the EU as a sign of the success of its past policies and as a factor of moderation in Iran's political landscape, which would allow an agreement to be reached between the EU and Iran on the nuclear programme. There was also a split between Iranian politicians in what regards the necessity of having a nuclear programme, and the EU may have thought that it can exploit this division in order to push for a deal[95].

All of the above mentioned factors might have determined the EU to believe that the fear of isolation and of losing Europe will make and EU-Iran agreement on the nuclear issue possible. The European member states acted rationally in what regards their decision to become the main negotiators with the Iranian government, but the instruments that they chose were not that rational, as the next sub-chapter aims to explain.

3.4. Can rational choice institutionalism explain the means used by the European Union?

As Gerrard Quille and Rory Keane have noticed, the EU's approach towards the Iranian nuclear problem can be characterized as being one of "caution, conditionality and common sense"[96]. This is so because the EU was not only acting slowly during the negotiation process but it was also very precautious in the promises that it made to Iran during the negotiations. Furthermore, the EU was very attentive to the stance of the IAEA and that of the international community. The EU used, as in the case of the Eastern enlargement and in its relations with third countries, a policy of conditionality. This meant

[95] For more details on the national division on the nuclear programme see International Crisis Group. *Iran: is there a way out of the nuclear impasse?*, Middle East Report No. 51 (23 February 2006), http://www.crisisgroup.org/library/documents/middle_east___north_africa/iraq_iran_gulf/51_iran_is_there_a_way_out_of_the_nuclear_impasse.pdf., 8-9.

[96] Gerrard Quille and Rory Keane, *The EU and Iran: towards a new political and security dialogue*, 119.

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linking economic and security incentives with progresses made by Iran in making its nuclear programme more transparent. The question is: was the EU's approach rational?

A rational explanation for EU's approach is given by Sven Bishop who states that "as force is not an option for the EU, it has recourse to diplomacy"[97]. Patrick Clawson mentions that economic sanctions "would be ineffective and inflict damage on Western economies if imposed while oil markets are so tight"[98]. These citations would make one believe that the only rational option for the EU were negotiations and conditionality. But this is not the case, since conditionality was as irrational as the other choices the EU had at its disposal.

First of all, one cannot but notice that, in spite of what the EU believed, in reality it did not really have many carrots to give to Iran. Except for the TCA, the EU had no concrete incentives to give to Iran, and the TCA was not very credible either because, as one scholar notices, the EU's trade with Iran is going to increase with or without the TCA[99]. In fact all the carrots that Iran wanted were in the hands of the US (security, economic relations, acceptance into the international community, and the recognition of its regional power), and as long as the US was not willing to give much, the EU's approach was condemned to fail. Furthermore, if the degree of support for the nuclear programme is very high in Iran[100], how could the EU believe that some small promises are going to convince them? And how could its threats to punish ever convince Iran, when Iranian officials knew that the EU is dependent on its natural resources?

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[97] Sven Biscop, *For a 'More Active' EU in the Middle East. Transatlantic Relations and the Strategic Implications of Europe's Engagement with Iran, Lebanon and Israel-Palestine*, Egmont paper 13 (Brussels, March 2007),

http://www.irri-kiib.be/paperegm/ep13.pdf.,10.

[98] Patrick Clawson, "Influence, Deter and Contain. The Middle Path for Responding to Iran's Nuclear Programme. An American Perspective", in *Iran-The Moment of Truth*, European Security Forum Working Paper No. 20 (June 2005), 7.

[99] Adam Tarock, "Iran's Nuclear Programme and the West", *Third World Quarterly* 27, no. 4 (2006): 657.

[100] Kaveh Afrasiabi and Mustafa Kibaroglu, "Negotiating Iran's Nuclear Populism", *Brown Journal of World Affairs* 12, issue 1 (2005): 257.

Moreover, the lack of trust between the EU and Iran is also mentioned in the literature[101]. How can negotiations take place if there is no trust between the future partners? Some in the US and Iran even saw the EU's approach as being naïve and ineffective from the beginning, pointing to the fact that the EU used in the past the same approach towards Iran and that nothing had changed in Iran's behaviour. The member states did not take into account that Iran's improved behaviour in the past could have been caused not by EU's engagement policy but by factors such as: favorable international environment or a moderate domestic leadership.

The EU's vision can be characterized as being very Eurocentric: it thought that good arguments are all that is needed in order to convince Iran[102]. Another irrational characteristic of the EU's approach was its slowness in the negotiation process when it knew that Iran wanted to solve the problem of its relations with the West as soon as possible.

All these drawbacks of the EU's approach point to the lack of rationality in the EU's decision to use means such as negotiations and conditionality. Therefore, rational choice institutionalism cannot accommodate the EU's approach towards the Iranian nuclear problem as far as the instruments of this approach are concerned. If EU member states acted according to the logic of consequentialism, they should have seen the drawbacks of their approach and tried to eliminate them.

But the reality is that the EU member states acted according to a logic of appropriateness. They were convinced that they had to act like this in cases related to nuclear proliferation due to the values encompassed in EU's international identity, values which in time became so embedded that the member states did not even question them anymore. Although it cannot be denied that some may consider that the EU used conditionality and

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[101] Steven Everts, *Engaging Iran. A test case for EU foreign policy*, 1.
[102] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, 27.

negotiations because it did not have the capacity to intervene more forcefully due to the nature of the EU, the aim of this thesis is to show that if the EU made use of these instruments it was because values influenced to a great extent member states' decision in this respect. The role of the next chapter is to explain in detail how the logic of appropriateness functioned in the case of the EU's stance towards the Iranian nuclear programme.

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Chapter 4 - A sociological institutionalist explanation for European Union's means in its approach towards Iran

4.1. European Union's international identity and its influence on the EU's approach towards Iran

Sociological institutionalism points to the importance that values play in shaping actors' behavior. The fact that states are members of the European Union implies that they are expected to act in a certain way, as membership defines what the appropriate behavior in a certain situation is. In their reaction to the Iranian nuclear crisis, EU member states believed that "trade relations, dialogue and negotiations might be the way to reach an understanding"[103]. Moreover, the EU always paid attention to the position of the International Atomic Energy Agency, to the international community and to the NPT provisions. As mentioned in the last chapter, these means cannot be seen as being rational, and, as this sub-chapter argues, they are a consequence of the EU's international identity.

There has been much talk in the literature about the European Union's international identity[104] and a consensus seems to have emerged that this identity can be located in a set of principles which influence the EU's relations with the rest of the world. Moreover, if one sees the EU as an imagined community, which defines itself in terms of values that distinguish it from other communities[105], then one can see that the EU has always tried to portrait itself as being the opposite of the United States. Starting with the axis of evil speech the differences

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[103] Unver Aylin Noi, "Iran's Nuclear Programme: The EU Approach to Iran in Comparison to the US' Approach", *Perceptions* (Spring 2005): 93.

[104] See for example Frank Schimmelfenning, "The Community Trap: Liberal Norms, Rhetorical Action, and the Eastern Enlargement of the European Union", *International Organization* 55, no. 1 (2001): 47-80, where the author presents the European Union as being the organization of the European liberal community of states.

[105] Martin Marcussen et al., "Constructing Europe? The Evolution of French, British and German nation state identities", *Journal of European Public Policy* 6, no. 4 (1999): 616.

between the two world powers have become more obvious, pointing to the fact that the EU and the US have the same objectives but different means of achieving them.

The security strategies adopted by the two entities reflect the different perceptions of the international affairs that the two powers hold. As mentioned, by Thomas Risse[106], the US sees itself as the world policeman, while the EU sees the world as being one of peace and multilateralism. Furthermore, while the Bush administration is willing to use power unilaterally in order to spread liberal ideas around the world, the EU prefers a multilateral and cooperative strategy due to its belief that change has to come from within. The EU's approach towards Iran has clearly been shaped by the values incorporated in the EU's international identity.

From the beginning of the nuclear crisis, the EU has rejected the US preference for using force in convincing Iran to drop its nuclear programme. This is a consequence of the fact that EU member states have a preference for employing non-military means and its soft power when dealing with problem states. While some of the members have demonstrated in the Iraq war that they are not reluctant to use force, the collectivity is[107]. The EU has learned from its bloody past that using military force does not solve the problems of the world and, as the European Security strategy states, "none of the new threats is purely military; nor can any be tackled by purely military means"[108].

Furthermore, the respect for international law and the primary role given to international organization are part of the EU's effective multilateralism, which it tries to promote in international affairs. Although the US has tried to persuade the EU to impose

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[106] Thomas Risse, *Beyond Iraq: Challenges to the Transatlantic Security Community* (2003), http://userpage.fu-berlin.de/~atasp/texte/030113_beyondiraq.pdf., 4.

[107] Karen E. Smith, "The European Union: A Distinctive Actor in International Relations", *The Brown Journal of World Affairs* 9, issue 2 (2003): 109.

[108] The European Council, *European Security Strategy* (Brussels, December 2003), http://ec.europa.eu/external_relations/us/sum06_04/fact/wmd.pdf., 7.

sanctions against Iran due to its nuclear programme, the EU has refused considering that coercive measures can only be applied collectively after a resolution of the UN Security Council has been adopted, as it was the case in December 2006. This stance reflects the fact that for the EU effective multilateralism implies that the UNSC should be the final arbiter in cases of non-compliance with the NPT regime[109].

From the EU's point of view, economic and political instruments as well as long-term engagement are considered to be the best solution when it comes to dealing with cases of nuclear proliferation. In contrast to the US policy of isolation, preference for engagement is part of the EU's identity. As Karen Smith puts it, the difference between the two approaches can be characterized as being that between the strategy of asphyxiation and that of oxygen[110]. EU does not threaten its partners but rather tries to attract them. In Iran's case, change from the outside is impossible and the only thing that the international community can do is creating a positive context[111]. This is even more important if one notices that the Iranian nuclear programme has been kept secret exactly because of the hostile international environment in which Iran has lived since the Iranian revolution.

In this context, the European Union has tried to give as much oxygen to Iran as it could in order to persuade it to abandon some parts of its nuclear programme. The EU kept negotiations open for as long as Iran did not restart enriching uranium and also refused to send Iran's case to be solved by the UNSC because it considered that it is not productive[112]

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[109] The European Council, *Basic Principles for an EU Strategy against Proliferation of Weapons of Mass Destruction*, http://www.nti.org/e_research/official_docs/eu/eu0603.pdf., 2.

[110] Karen E. Smith, *The European Union: A Distinctive Actor in International Relations*, 107.

[111] Bernard Hourcade, "Iran's internal security challenges", in *Iranian challenges*, ed. Walter Posch, Chaillot Paper no. 89 (Paris: Institute for Security Studies, 2006), 41.

[112] Shannon N. Kile, "The controversy over Iran's nuclear programme", in *Europe and Iran. Perspectives on Non-Proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 13.

and that it would only further isolate Iran. Isolation of Iran would impede the EU's objective of "facilitating the country's full re-integration within the international community"[113].

Moreover, the EU considers that if states show a desire to acquire WMD, this is because of their sense of insecurity, and isolation will only exacerbate their insecurity feelings. As stressed in the EU strategy against WMD, "the more secure countries feel, the more likely they are to abandon programmes"[114]. This determined the EU to promise in all its agreements with Iran concerning the nuclear problem that it will promote security and stability in the region[115], a factor which has influenced considerably Iran's preference for a nuclear programme.

The European Union also stressed in its approach towards Iran that progress in TCA is closely linked with progress in the nuclear discussion. As such, conditionality can be said to have been the main characteristic of the EU's stance in the Iranian nuclear crisis. The EU's preference to use conditionality in cases of WMD is emphasized in its WMD strategy and cannot but be seen as being a consequence of the success that conditionality had in transforming the candidate countries. During its history, the EU opted as much as possible to promote reform through constructive interaction and to export the values that have made it a peaceful and prosperous organization.

All these values encompassed in EU's international identity have become so embedded in member states' foreign policy collective actions that they are not even questioned anymore. As they influence all EU's interactions with third states and

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[113] Louis Michel (on behalf of Commissioner Benita Ferrero-Waldner), *The Non Proliferation Treaty must be preserved by all means*, speech at the European Parliament Plenary Session (Strasbourg, March 8, 2005), http://ec.europa.eu/comm/external_relations/cfsp/news/ip05_147.htm.

[114] The Council of the European Union, *EU Strategy against Proliferation of Weapons of Mass Destruction*, (Brussels, December 2003), http://ue.eu.int/uedocs/cmsUpload/st15708.en03.pdf., 7.

[115] See for example *Statement by the Iranian Government and visiting EU Foreign Ministers* (Tehran: October 21, 2003), http://www.iaea.org/NewsCenter/Focus/IaeaIran/statement_iran21102003.shtml.

international organization, they could not but also influence the EU's approach towards the Iranian nuclear crisis.

4.2. The socialization of member states

Socialization can be defined as being the process by which actors construct their understanding of the world through experiences. If this is the case, anyone can agree that a socialization of the EU's member states has appeared during their more than thirty years of considerable experience in CFSP. Membership in the European club can be said to matter as it has alter the perception of member states on world affairs and their way of dealing with crisis when acting together. Regarding the EU's approach to the Iranian nuclear crisis, the socialization of member states due to their past relations with Iran and in non-proliferation issues must have had an impact on the means that EU decided to use.

The EU and the US policies towards Iran are different since 1993, when President Clinton launched the so-called policy of dual containment aiming at changing Iran and Iraq by applying unilateral sanctions. It was also at the beginning of the 1990s when the European states began to have a more united stance towards Iran. Ever since then the European states have considered that political dialogue rather than pressures and sanctions are going to lead to changes in Iran. Moreover, in spite of the differences between their views, member states committed themselves to keeping the doors open for Iran.

In practice, the EU policy of engaging Iran has been based on a critical dialogue which was launched in 1992 and was characterized by five principles[116]: multilateralism, strengthening the moderates, no issue of nuclear proliferation was going to be discussed, a commitment to improve human rights situation in Iran, and the importance of communication

[116] For more details on the critical dialogue see Mathias V. Struwe, *The Policy of "Critical Dialogue". An Analysis of European Human Rights Policy towards Iran from 1992 to 1997* (July 1998), http://eprints.dur.ac.uk/archive/00000142/01/60DMEP.pdf.

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in dealing with Iran. A comprehensive dialogue replaced the critical one in 1998, and in 2001 discussions on concluding a TCA started in parallel with the political dialogue. One can notice that it is since the 1990s that EU-Iran relations were based on critical engagement. As for conditionality, this became obvious only when the EU linked the signing of the TCA to improved behaviour of Iran in issues such as: human rights and the Middle East peace process. What the EU member states have learned from these dialogues is that Iran responds to concerted EU pressures, and that conditionality is the best way in dealing with Iran.

Moreover, the EU has learned from its past attempts to impose sanctions on Iran that these measures are not effective not only because they harm the Western states as well, but also because they do not influence Iran's behavior in any way. All their disagreements from the past have been solved diplomatically and through negotiations.

As for the EU involvement in non-proliferation issues, the member states can be said to have worked together in this field for more than twenty years. Not only have member states tried to have a common position since 1995 in the NPT Review Conferences, which are held every five years, but they have also established other ways of strengthening the NPT and of fighting proliferation. The EU's efforts in strengthening the NPT regime intensified after 1989 due to the collapse of the Soviet Union. The EU has had many projects and actions in the former Soviet Union states aimed at dismantling their nuclear programmes or at making them more secure[117]. From these experiences the EU has learned that the best way of tackling nuclear issues is through negotiations and dialogue.

The year 2003 saw even more actions of the EU in the field of non-proliferation, as the EU adopted as many as four documents related to WMD. The first ones were the Declaration on non-proliferation, adopted at the Thessalonica European Council in June

[117] For more details on the EU's efforts in the area of non-proliferation see Eileen Denza, "Non-proliferation of Nuclear Weapons: The European Union and Iran", *European Foreign Affairs Review* 10 (2005): 289-311.

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2003, the Basic Principles for an EU Strategy against the Proliferation of WMD and an Action Plan for the Implementation of the Principles. These were followed in December 2003 by the EU Strategy against WMD, a document that emphasizes the principles of EU's international identity in fighting proliferation: multilateralism, multilateral organization, cooperation with the international community and the importance of political and diplomatic means.

While the socialization of the member states in dealing with Iran and with the WMD can be said to have been an important factor in shaping the EU's approach towards the Iranian nuclear crisis, this is not all that sociological institutionalism tells us. As mentioned in the theoretical chapter, socialization is not only a consequence of past experience with the target country but also a consequence of learning from similar cases with which actors have dealt in the past and of mobilization of non-state actors. The role that the two processes played in the EU's approach towards Iran is analyzed in the following two sub-chapters.

4.3. Learning from similar experiences

There were more lessons for the EU to be learned from the Iraq crisis and the war that followed it. The Iraq war not only pointed to the EU that they cannot find agreement with the US in what regards challenging the proliferation of WMD[118] but also that EU member states cannot find agreement even among themselves when it comes to using force in dealing with international crises.

After Iraq the problem of how to judge a real threat was also posed, since Iraq proved after all to have no nuclear capacity, as the US had maintained before the war[119]. This fact strongly influenced the EU to apply a more cautious stance in the Iranian case and to remain

[118] John Calabrese, *Finding the Fulcrum? Euro-Atlantic Relations and Iran*, Middle East Institute (2004), http://www.iranwatch.org/privateviews/MEI/perspex-mei-calabrese-eu-us-iran-072104.pdf., 8.
[119] Gustav Lindstrom, introduction to *Fighting proliferation- European perspectives*, ed. Gustav Lindstrom and Burkard Schmitt, *Chaillot Paper* no. 66 (Paris: Institute for Security Studies, 2003), 5.

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prudent until everything is clear about the nuclear programme of the target country. Moreover, there is the problem of distinguishing between peaceful and non-peaceful nuclear capabilities of a state[120], and deciding on where is the point when collective sanctions should be applied. This is all the way more important if one thinks that the NPT allows states to have civilian nuclear programmes. If not even the IAEA was sure in its reports and resolutions about the extent of Iran's nuclear programme, how could the EU adopt a strategy that is not cautious and slowly evolving? The German and French policy from Iraq of 'wait and see' seems to have been preferred this time by all EU member states.

Threatening to use force in order to determine states to drop their nuclear programmes has proved to be inefficient in the past in three cases: Iraq, Korea and Libya. From the Korean case the EU has learned that too much criticism and isolation can lead to a radicalization of the regime and withdrawal from the NPT. Considering the fact that conservatives in Iran favored a withdrawal from the NPT[121], the EU had to be cautious in order to avoid the Korean scenario. From the Libyan case, the EU has learned that incentives and negotiations can solve problems related to nuclear proliferation.

4.4. Social mobilization

Social mobilization, one of the mechanisms through which actors comply with social norms, considers that domestic actors and transnational organizations make pressures decision-makers to act in a certain manner[122]. In the case of Iran one can notice that there were many non-state actors that favored a mild EU stance. Here one can talk not only about the role of the European Commission but also about that of the interest groups, public opinion

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[120] Milagros Alvarez-Verdugo, "Mixing Tools Against Proliferation: The EU's Strategy for Dealing with Weapons of Mass Destruction", *European Foreign Affairs Review* 11 (2006): 437.

[121] Jalil Roschandel, "The nuclear controversy in the context of Iran's evolving defence strategy", in *Europe and Iran. Perspectives on non-proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 68.

[122] Jeffrey T. Checkel "Why Comply? Social Learning and European Identity Change", *International Organizations* 55, no. 3 (2001): 557.

and international organizations. Their voices must have been heard loudly in Brussels, as the EU stance in the Iranian case reflected their preferences.

As far as the European Commission is concerned, one can observe that it has always had a positive stance towards Iran. From the Commission's communication to the Parliament on the EU relations to Iran, where conditionality is seen as being the most suitable means[123] to its protests in the face of European Union's Council decision to suspend the TCA negotiations until the nuclear issue is solved[124], the European Commission can be said to have always favored engagement with Iran. This preference for engagement and negotiation is even clearer in the words of the then-Commissioner for external relations, Chris Patten, who affirmed that problems like Iraq, North Korea and Iran should be dealt through cooperation[125] and that engagement with Iran is much better than isolation[126].

As interests groups have been opposed to imposing harsh sanctions on Iran since the ILSA act of President Clinton, one could deduct that EU member states had to take into account their wishes when drawing the EU's approach towards the Iranian nuclear issue. While interest groups' mobilization points to the economic interests, not the same can be said about public opinion. If some of the European member states have been able to bypass the opposition of the public opinion to the Iraq war, in the Iran case they could not apply the same strategy. By the time the EU began to get involved seriously in solving the Iran case, citizens as well as politicians had learned from Iraq the drawbacks of using force when

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[123] The European Commission, *Communication from the Commission to the European Parliament and the Council. EU Relations with the IslamicRepublic of Iran* (Brussels, 7 February 2001),

http://ec.europa.eu/external_relations/iran/doc/com_2001_71en.pdf.

[124] Tom Sauer, *Coercive Diplomacy by the EU: The case of Iran*, Discussion Papers in Diplomacy, no. 106 (The Hague: Netherlands Institute of International Relations 'Clingendael', 2007), 9.

[125] BBC, Radio 4, *Interview with Chris Patten* (9 February 2003), http://ec.europa.eu/external_relations/news/patten/bbc4_090203.htm.

[126] Channel 4 News, *Interview with Chris Patten* (6 February 2003),

http://ec.europa.eu/external_relations/news/patten/ch4_0203.htm.

dealing with a rogue states. To these many voices speaking in favor of engagement, it can also be added that of the IAEA which considered there are no good alternatives to negotiations[127].

To conclude, one can say that sociological institutionalism rightly predicts that values are important factors in shaping actors' behaviour, and that institutions tell actors who they are and how they should behave. Membership in the European Union matters, as one can notice that values incorporated in EU's international identity had a strong impact on the member states' decision to use conditionality and engagement when dealing with the Iranian nuclear crisis.

Moreover, a socialization of EU's member states in what regards their relations with Iran and their approach to WMD issues can be said to have taken place and to have influenced to a great extent the means used by the EU in its attempt to put an end to the Iranian nuclear problem. Past cases of nuclear proliferation proved the EU that a cautious approach is needed when the case is unclear and that the threat to use force does not reverse target states' choice for a nuclear programme. The preference for engaging Iran shown by the EU Commission, interest groups, public opinion and by the IAEA can also be said to have convinced EU member states that promoting reform through constructive interaction is the appropriate way of dealing with the Iranian nuclear crisis.

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[127] International Crisis Group, *Iran: is there a way out of the nuclear impasse?*, Middle East Report No. 51 (23 February 2006), http://www.crisisgroup.org/library/documents/middle_east___north_africa/iraq_iran_gulf/51_iran_is_there_a_way_out_of_the_nuclear_impasse.pdf., 13.

Conclusion

The aim of this research project was to demonstrate that only if one combines the logic of consequentialism, employed in rational choice institutionalist literature, with the logic of appropriateness, preferred by scholars writing from the sociological institutionalist perspective, can one fully explain the European Union's approach towards the Iranian nuclear crisis. As such, the central idea developed throughout this thesis was that while the EU's member states' decision to act united in what regards the Iranian nuclear problem can best be explained by rational choice institutionalism, it is sociological institutionalism that can give an explanation for the actual means that the EU decided to use in its attempt to convince Iran to abandon some of the parts of its nuclear programme.

Rational choice institutionalism points to the importance of interests in determining actors, in our case the EU member states, to set institutions. From this point of view, if the EU acts united in an international crisis, this is because the interests of its member states converged. Moreover, the relative power of actors is also a factor that one has to take into account, as big member states can alter the preference of the other members of the European Union.

The Iranian nuclear crisis can be said to be exactly a case of foreign policy in which the interests of the big member states converged and enabled the EU to speak with one voice. If in the case of Germany one can notice its concern in maintaining the friendly relations it has always had with Iran and its economic interests, in the case of France the economic interests and concerns for the credibility of the EU as an international actor can be said to have been the most important. As for the UK, it was mainly its interest in stabilizing the Middle East that shaped its preference for a common EU stance.

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In spite of the power of the big member states, the E3/EU formula adopted in the Iranian nuclear crisis would not have been possible if the whole EU had not had interests in solving the Iranian case. The European Union's common approach was driven by economic, geo-strategic and security interests. But probably the most crucial aspect which one needs to take into account is the opportunity that the Iranian case provided for a revitalization of the Common Foreign and Security Policy after the disastrous split of EU member states during the Iraq war.

If rational choice institutionalism is the most suitable approach that can explain why the EU acted united in the Iranian nuclear crisis, not the same can be said about the means that the EU decided to employ in this case. The EU's approach towards Iran had the following main characteristics: conditionality, negotiations and prudence. Conditionality cannot be said to be the most rational means that the EU states could have opted for. This is so because the EU did not have many incentives to give to Iran in order to persuade it to change its behaviour, and conditionality has proved in the past not to give the best results in the case of Iran. Moreover, one cannot explain rationally why the EU has decided to be prudent in the case of Iran and act slowly, if it knew that Iranian officials wanted the problem to be solved as soon as possible.

Only by adding to the picture the logic of appropriateness that sociological institutionalism speaks about can one understand the means used by the EU in its approach towards Iran. If the EU states chose to use conditionality, negotiations and to be concerned about international law and multilateral institutions, this is because membership in the European Union matters and tells member states what the appropriate and expected behaviour in a certain situation is. As sociological institutionalism points out, the member states are in part a product of the institutional environment in which they act, an environment they have become deeply embedded in.

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First of all one could notice that the EU's international identity based on values such as multilateralism, use of cooperative strategy, preference for dealing non-military with problem states, preference for long-term engagement and conditionality, influence to a great extent the EU's approach towards the Iranian nuclear programme. Member states have also passed through a socialization process in dealing with foreign policy issues. Their history in dealing with Iran and their twenty years of experience in the area of non-proliferation of weapons of mass destruction have made member states believe that engagement is the appropriate mean to be used in the Iranian nuclear crisis.

Furthermore, member states have learned from cases like Iraq, North Korea and Libya that a cautious stance is needed when dealing with nuclear proliferation, that too much criticism and isolation do not change the behaviour of the target state and that negotiations are the best way to determine states to alter their desire for a nuclear programme. Mobilization of the EU Commission, of the public opinion and of the international organization also influenced EU's preference for a mild stance.

The EU's approach towards the Iranian nuclear crisis has proved to be a good case for studying how the logic of consequentialism, favored by rational choice institutionalists, can be combined with the logic of appropriateness, which prevails in sociological institutionalist analyses. One can conclude that European Union's attempt to solve the Iranian nuclear problem points to the fact that EU's member states did choose rationally but from a set of options already defined by institutions. The best way to characterize the European Union approach towards Iran is that of an interest-driven strategy combined with the "appropriate" means.

The implications for the future of the CFSP are multiple. The EU member states are expected to act together in future international crises only when member states interests converge. Furthermore, the member states are likely to maintain their preference for non-

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military instruments and for soft power due to their belief that political and diplomatic means can make miracles in solving the problems which the international community has to confront nowadays.

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Appendices

Table 1 - Iran's nuclear infrastructure relevant to the IAEA safeguards, January 2005

Location	Facility	Status
Arak	IR-40 research reactor	40-MWth heavy reactor; construction began in 2004
Busher	Busher Nuclear Power Plant	Russian-designed 1000-MWe light water reactor (work started in 2006)
Estafan Nuclear Technology Centre	Research reactors/critical assembles	Operating, acquired from China
	Fuel Fabrication Laboratory	Operating since 1985, declared to the IAEA in 1993
	Fuel Manufacturing Plant	Commercial-scale plant: construction began in 2004
	Uranium Conversion Facility	Plant for converting uranium ore into UF_6 for use in domestic enrichment programme. First process units operational 2004
Karaj	Radioactive waste storage facility	Under construction, partially operating
Lashkar Ab'ad	Laser isotope separation facility	Dismantled in May 2003. Site of uranium laser enrichment experiments using undeclared uranium metal; being converted to centrifuge enrichment R&D facility
Natanz	Pilot Fuel Enrichment Plant	Operational. Pilot-scale uranium enrichment plant housing cca. 1000 centrifuges, activities suspended in November 2004
	Fuel Enrichment plant	Commercial-scale plant designed to house cca. 50000 centrifuges; construction suspended in November 2004
Tehran Nuclear Research Centre	Tehran Research Reactor	5-MWth research reactor; operating, acquired from the USA in 1967
	Jabr Ibn Hayan Multipurpose Laboratories	Operating. Site of undeclared experiments using nuclear material, including production of uranium metal
Tehran	Kalaye Electric Company	Dismantled in mid-2003. housed undeclared workshop for production and testing of centrifuge parts

Source: Shannon N. Kile, "The controversy over Iran's nuclear programme", in *Europe and Iran. Perspectives on Non-Proliferation*, ed. Shannon N. Kile (Oxford: Oxford University Press, 2005), 6.

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