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NOTE FOR THE SECRETARY

From: P - Bill Burns^{BS}

Subject: A New Strategy Toward Iran

Madam Secretary,

It is natural, and sensible, for the new Administration to conduct a review of Iran policy over the next month or two, but as you requested here are some initial ideas on how you might think about Iran strategy and frame a plan of action:

Purpose

Recognizing that Iran is a significant regional player, our basic goal should be to seek a long-term basis for coexisting with Iranian influence while limiting Iranian excesses, to change Iran's behavior but not its regime. That means, among other things, preventing Iran from achieving nuclear weapons capability; channeling its behavior so that it does not threaten our core interests in a stable, unitary Iraq and an Afghanistan that is not a platform for the export of violent extremism; and gradually reducing Iran's capacity to threaten us and our friends through support for terrorist groups. We should also speak out consistently against human rights abuses in Iran.

Assumptions

1. Only a comprehensive diplomatic initiative, aimed ultimately at normalized relations, has any chance of success. As was the case with China in the early 1970s, we should employ careful and incremental tactics at the outset, but as part of a coherent long-term strategy. We should set an early tone of respect and commitment to direct engagement, however severe our differences.

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- 2 -

2. Direct American engagement with Iran should be embedded in a wider international effort. That applies to the P5+1 process on the nuclear issue, and also to our approach to Afghanistan and Iraq, and potentially to Gulf security issues. Our engagement is not only an essential means of testing possibilities with Iran; it is also an investment in mobilizing broader international pressure against Iran, and of tapping into Iranian popular interest in better relations with the U.S. and the outside world.

3. Dealing with Iran will require enormous patience, persistence and determination. Deeply conspiratorial and suspicious of American motives, and riven by factions especially eager to undermine one another in the run-up to Iran's Presidential elections in June, the Iranian elite will be prone to false starts and deceit. Hostility toward America and its interests is a part of the Iranian regime's DNA; while regime survival is Tehran's most fundamental concern, it will be extremely hard to change its attitudes and behavior toward us. While essential ground to be covered, direct engagement could turn out to be a deadend.

4. We should deal with the Iranian regime as a unitary actor, understanding that the Supreme Leader (not the President) is the highest authority. We have failed consistently in the past when we tried to play off one faction against another.

5. Iran is a formidable adversary -- adept at employing asymmetric means against us, absolutely committed to developing nuclear enrichment and reprocessing capacity, and able to endure considerable outside pressures and hardships -- but it is not ten feet tall. Its economy is badly mismanaged, with rising rates of unemployment and inflation. It is vulnerable to the ongoing sharp decline in oil prices, and to its dependence on imported refined petroleum products. It has no real friends in its neighborhood, distrusted by the Arabs and the Turks, patronized by the Russians, and suspicious of the Afghans.

6. We need to be always conscious of the anxieties of our friends, as well as key domestic constituencies, as we proceed with Iran. Our engagement with Iran will be portrayed by those trying to discredit Egypt and Saudi Arabia as tipping the balance in the Arab world away from our traditional moderate allies. Without careful consultation with our friends, any U.S. opening to Iran could be misread and abused. We will want to coordinate intensively with our P5+1 partners, other important international players, Israel and our Arab allies, and the Hill as we engage. And we must make sure that the Administration speaks with one voice, and avoids the divisions which beset the last Administration.

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- 3 -

7. We should take immediate advantage of the window of opportunity following the Inauguration to set a new tone with Iran, and then use the next few months to carefully test the waters with Iran, maintain leverage through international coordination, and set in motion preliminary contacts with authoritative Iranian representatives. Following the Iranian elections in June, we might have an opportunity for a more durable high-level engagement across the range of issues which divide us.

Near-Term Plan of Action (January-June 2009)

We should pursue three parallel but interconnected tracks, aiming toward the possibility of more comprehensive, high-level engagement later in the year:

1. **Nuclear:** Begin with February 3-4 P5+1 Political Directors consultation in Germany. Use this to listen to views of partners, as we review our own approach. Consult also with key Arabs, Israelis and Hill. Complete our own assessment by early March, make choices on: whether we join P5+1 at Pol Dir level in future talks with Iranians (as we did last July in Geneva); whether basis for those talks is current "freeze for freeze" proposal (we hold off on new UNSC action, and perhaps on new unilateral measures, and Iranians don't add new centrifuges); whether time period for those talks should be current six week proposal or a longer period; whether suspension of enrichment should be condition for continuing talks or ultimate objective of negotiations; what we expect from partners on further sanctions if Iranians do not comply. Hold second P5+1 meeting in March to develop common approach. Present to Iranians.

2. **Bilateral:** In early February, after State of Union, have P or NEA phone Iranian Perm Rep Khazaei in New York and convey brief oral message from President Obama to Supreme Leader, emphasizing U.S. commitment to diplomatic resolution of serious issues of concern with Iran, in atmosphere of mutual respect and dignity. Confirm whether Iran is willing to open private channel between authorized representatives. In subsequent conversation, preview with Khazaei or authorized representative a proposal to send American diplomats to U.S. interests section in Tehran (under Swiss embassy), as well as interest in discussing an incidents at sea protocol to avoid friction in Persian Gulf. Continue private, direct talks on both through same channel if Iran is willing. President Obama issues Youtube message conveying best wishes to Iranian people for Iranian New Year in March. Secretary hosts Iranian cultural event at Department on same occasion. Make use of "track two" exchanges to reinforce messages to Iran.

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- 4 -

3. **Regional:** Convey through NY channel, if opened, willingness to explore cooperation on Afghanistan issues (as we did in direct talks in 2001-03). Use opportunities to engage directly on margins of multilateral Afghan donors or "Friends of Afghanistan" groups. Express willingness to resume direct contacts in Baghdad, and to engage on margins of other "Neighbors of Iraq" meetings. Such contacts might provide basis for longer-term discussion of Gulf security issues, involving Iran and its neighbors. At same time, continue to bolster Iraqi government, work closely with Turks, encourage first-ever Ministerial meeting of "GCC Plus 3" with the Secretary in Baghdad in the spring. This grouping (GCC states plus Egypt, Jordan, Iraq and U.S.) sends strong signal of strength to discourage Iranian meddling. Also, reopen direct exchanges with Syria and return Ambassador, reinforcing to Iranians that even their erstwhile partners in Arab world may have higher priorities than ties with Iran.

All of this is obviously much easier said than done, but it offers a preliminary framework for thinking through a new approach. I am acutely aware of how fast the nuclear clock is ticking. We will need to move quickly to try to improve the overall atmosphere in relations with the Russians, who are critical to any serious multilateral effort to change the Iranian calculus.

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