



Is the West now playing to Iran's game plan?

Much has been made of Iranian President Ahmadinejad's hard-line status (and Iran's perceived historical record of intransigence and duplicity) in dealing with the West over the country's nuclear programme. Most current concerns centre on how far down the road Iran has already proceeded in developing nuclear weapons technology – or how and whether in fact it can realistically be prevented from doing so. Far fewer questions appear to have been asked over what could be a more pertinent issue: namely, does Iran ever actually need to develop a nuclear capability to achieve its aims? Taking the focus away from international brinkmanship and instead looking at longer-term realpolitik, do the Iranians potentially have more to gain through simply maintaining international speculation over their illicit nuclear activities as near as possible to boiling point - but without ever actually boiling over?



In a today's volatile globalised energy market, where derivatives, hedge funds and ever-more-complex forward trading patterns interact with increasing national anxieties about security of supply, it doesn't take much to set the cat amongst the pigeons. A few bellicose statements from fundamentalist radicals over Friday prayers are just as swiftly

countered by resolute US Senators suggesting that the oil price may have to rise as the inevitable side-effect of 'dealing' with Iran – surely a self-fulfilling prophecy if ever there was one.

As a major oil and gas producer, Iran's own commodity revenues are just as likely to receive a substantial boost in the likely economic aftermath of any resolutions to apply sanctions or consider military action. This in turn could allow Iran's President Ahmadinejad to fulfil electoral promises to redistribute more of Iran's oil wealth to the country's poor and underprivileged that forms much of his support base. Similarly, Ahmadinejad's appeal to the militant fundamentalists appears only to be enhanced by talk of international sanctions. Could he really get away with this gameplan? Well, consider the downside risk: the likely effectiveness of sanctions, let alone military action, has been seriously challenged by experts across the board. Banning the Iranian national soccer team from the World Cup appears to be the most practical option currently on the table.

Given these circumstances, it might almost be self-defeating for Iran to call the international community's bluff in developing its own nuclear 'deterrent' through to completion. Iran's chief enemies are on its own doorstep – and one's own backyard is rarely the best place to set off highly-radioactive devices. Similarly, the mass knee-jerk reaction to Ahmadinejad's recent blood-curdling threat to 'wipe Israel off the map' apparently

overlooks the fact that any use of WMD's would additionally wipe out most of Iran's Palestinian friends and regional Hezbollah allies. Nonetheless, Iran's aggressive intransigence appears to have a growing list of admirers – step up President Hugo Chavez of Venezuela for one. The potential impact on energy supplies arising from two of the world's major oil producers actively endorsing an ever-more radical anti-American platform has not gone unnoticed by media commentators and analysts. Add the vested interests of Iran's major energy clients China, Russia and Japan (ever anxious to shore up their investments in Iranian natural resources) and it is not difficult to envisage a long-term asymmetric threat to energy price stability. Expect storm clouds to remain on the horizon, even if lightning never strikes.

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