

Europe's 'Critical Dialogue' with Iran: Pressure for Change

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Brief Analysis

Tomorrow, a German court will announce the verdict in the "Mykonos" trial, in which the Iranian government has been implicated in the murder in Berlin of four Kurdish leaders. The Mykonos case is one of a series of recent events suggesting a serious deterioration of European relations with Iran.

Increasing Friction: The European Union's policy of "critical dialogue" with Iran is under pressure from Iranian provocations and deepening frustration among many in Europe. First, a French-led effort to craft a compromise over the Salman Rushdie affair has fallen apart. Despite protracted negotiations, Tehran refused to sign a proposed letter committing itself not to kill Rushdie on EU soil. This continued obnoxiousness in the Rushdie affair has already soured the Nordic countries on Iran. After a November 1996 flap over an appearance by Salman Rushdie, the Danish parliament mandated cooler relations with Iran and a dialogue with Iran's opposition movement. Danish Foreign Minister Helveg Peterson commented that he did "not believe the critical dialogue with Iran leads to anything. As a matter of fact, I cannot point to one single improvement as a result of our critical dialogue." Indeed, just last month, Norwegian State Secretary Jan Egeland told the UN Human Rights Commission, "The Government of Norway calls for international economic sanctions against Iran" over the Rushdie affair.

Second, Europe has grown increasingly indignant over another case, the Sarkuhi affair. In August 1996, Iranian police burst into the home of the German cultural attaché in Tehran, locked him in a closet and arrested his guests after forcing them to pose for photographs staged to suggest that they were members of a spy ring. One of those arrested, Faraj Sarkuhi (editor of Adineh magazine), later tried to join his family in Germany, but he disappeared at the airport. Tehran claimed he was in Germany, which the German government denied. After weeks of protest, in December 1996, the Iranian authorities finally produced Sarkuhi, who told a ridiculous story about having been in Germany. German authorities disputed this tale, and Berlin has publicly challenged the German stamp in Sarkuhi's passport, which the Iranians claim as proof of their tale. Sarkuhi was then rearrested, but this time his wife produced a long handwritten letter from him—widely distributed in Germany—describing the truth of his incarceration by the Iranians.

> Meanwhile, Iran's economic problems have limited its imports to about \$12 billion a year since 1994. With such

depressed sales and few prospects for substantial increase, Euro-interest in the Iranian market remains modest. There has been a mild increase in interest recently as Iran used the extra \$3 billion it earned from last year's unexpected upturn in oil prices to meet its peak debt service payments, which have leveled off at a barely manageable \$4 billion each year. Some European banks are now considering lending to Iran, preferably on the pattern of the recent agreement with the German Westdeutsches Landesbank, in which repayment is guaranteed out of oil receipts. As for oil investments, Iran continues to offer mostly unattractive terms, while most major international firms-with the exception of the French firm Total-are leery of picking a fight with the U.S. by investing in Iranian oil and gas.

The Mykonos Case: The key to European policy toward Iran is Germany, which is under increasing pressure to abandon "critical dialogue." After Iranian President Rafsanjani welcomed the news of the assassination of Israeli Prime Minister Yitzhak Rabin in 1995, the Bundestag voted to disinvite Iranian Foreign Minister Velayati. A few months later, the German and French governments found themselves forced to publicly rebuke Iran when the official Islamic Republic News Agency welcomed the February-March 1996 terrorist bombings in Israel.

However, the central issue in German-Iranian relations is the Mykonos case. In 1992, Sadegh Sharifkandi, the leader of the Kurdish Democratic Party of Iran (KDPI), attended a Berlin meeting of the Socialist International at the invitation of the German Social Democratic Party. On September 17, 1992, the day after the meeting, he and three aides were murdered while eating in the Mykonos Restaurant in Berlin. Suspects were quickly arrested: Kazem Darubi, an Iranian national; Abbas Rhayel, the Lebanese triggerman; and three other Lebanese. The trial began in November 1993, bogged down, and then suddenly began to pick up speed again in early 1996. In March, the German federal prosecutor issued an arrest warrant for Iran's Intelligence Minister Ali Fallahian as a co-conspirator in the case. In August, testimony by former Iranian president Abolhassan Bani Sadr led the prosecutor to say he was considering indictment of Iran's supreme leader, Ayatollah Seyed Ali Khamenei. In his closing statement last November, the prosecutor said, "it is not possible to avoid mentioning the state terrorist background of the murder."

Iranians responded with condemnation and threats. Thousands of demonstrators threw eggs and rocks at the German embassy, and one important religious leader warned Berlin that Iranians would storm its embassy as they had the U.S. embassy in 1979. Two-hundred of the 270 Majlis members signed a letter saying Germany "does not deserve friendly relations with Tehran." An assembly of several thousand clergymen in Qom drew up a resolution saying that the German prosecutors' "insults...fall in the same category as Salman Rushdie's Satanic Verses. The mercenary prosecutors must be given the maximum punishment for this crime."

> With the situation worsening, the Iranian and German governments moved to ease the tensions. Accordingly, Tehran presented Berlin with additional documents related to the case, which Iran hoped would add enough evidentiary material to stretch out the court deliberations until tempers cooled. This gambit backfired, however, as the documents further supported Iranian involvement. Finally, the German prosecutor produced a star witness identified only as Witness C, but since revealed as Abol Qassem Mesbahi, a former top Iranian intelligence official. Tehran responded by contending that Mesbahi had never worked for the Iranian government, but these claims were easily disproved and Mesbahi provided compelling testimony linking the murder directly to Iranian leaders.

> Given the weight of evidence, a guilty verdict is widely expected. Tehran has even come to grips with this reality and is now focused on whether the case will go further, implicating the Iranian state or its leaders. Tehran is tensely awaiting the long judge's statement that will accompany the verdict, as well as whether prosecutors will indict more Iranian officials. Tehran has said that an indictment of Khamenei would be unacceptable and is preparing to retaliate. It has begun court proceedings against German companies for arming Iraq, claiming damages from the chemicals weapons Iraq manufactured in facilities built by German firms. These suits could provide an excuse for seizing German-owned property or arresting German citizens if Tehran is displeased by the ultimate outcome of the

Mykonos case. Alternatively, as in the Sarkuhi affair, Iran might accuse Germany of running spy rings, thereby providing a justification to downgrade or break diplomatic relations with Berlin.

U.S. Policy Implications: A guilty verdict in the Mykonos trial provides an opportunity to capitalize on the disquiet many Europeans are feeling toward Iran and the deepening sense in European capitals of the failure of critical dialogue. While the basic U.S.-European policy disagreement-about whether to contain Iran as the United States prefers, or to encourage and entice Iran as Europe hopes-remains, the deterioration in Euro-Iranian relations will slacken any lingering (i.e., French) enthusiasm for dialogue and remove the sting from European complaints about the tough U.S. approach. A common stance against Iran in the event of a crisis (e.g., over Khobar Towers) will still be difficult to attain, but there could well be quiet sympathy for any assertive U.S. actions.

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