

Working Paper

Research Unit
European and Atlantic Security
Stiftung Wissenschaft und Politik
German Institute for
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Oliver Thränert

Ending Suspicious Nuclear Activities in Iran

Discussing the European Approach
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SWP

Stiftung Wissenschaft und Politik
German Institute
for International and
Security Affairs

Ludwigkirchplatz 3-4
10719 Berlin
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org
swp@swp-berlin.org

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The Iranian nuclear program is a severe challenge to Europe. In this paper, I will first analyse this issue, discuss Iranian intentions, and finally explain the advantages and disadvantages of the European approach to deal with the Iranian problem.

1. Why is the Iranian nuclear program a problem and why is it necessary, particularly from a European perspective, to prevent Iranian nuclear weapons or even the possibility that Iran gets close to the nuclear weapons option?

- ▶ In combination with medium and long-range missiles, Iranian nuclear weapons could pose a direct threat to Europe. Currently, Iran already possesses the Shahab-3 ballistic missile with a range of up to 1300 kilometres, so that parts of South Eastern Europe are already within range.
- ▶ Iranian nuclear weapons could cause a nuclear arms race in the Middle East. Countries like Saudi-Arabia and Egypt could follow the Iranian example and decide to go nuclear as well. Destabilization in the immediate European neighbourhood could follow. Note that the EU is just about to take decisions in regard to a future membership of Turkey.
- ▶ The Iranian nuclear program endangers the entire Nuclear Non-proliferation Treaty (NPT). This would be the case if Iran comes close to the nuclear bomb option by establishing the full nuclear fuel cycle or at some point decides to withdraw from the NPT. If the NPT is severely damaged, the EU would lose its preferred instrument to solve proliferation issues cooperatively.
- ▶ For Israel, a nuclear armed Iran would mean the loss of its nuclear monopoly in the region. Hence, Israel might change its policy of nuclear ambiguity, which again could have ramifications for the nuclear policy of some of Israel's neighbours.
- ▶ Non-state actors could get access to fissile material or even nuclear weapons. This could for instance be the case if the current Iranian regime collapses.

2. What are the Iranian intentions?

As opposed to most of my US colleagues, I assume that the Iranian nuclear program follows both civilian and military aims. This is exactly one of the reasons which make the Iranian nuclear issue so complex.

As far as the civilian motivation is concerned, I actually do buy the Iranian argument that Tehran plans to use nuclear reactors for the production of energy for the rising domestic energy demand so that it maintains the capacity to sell oil on the international market. I also understand that the Iranians want to establish the complete nuclear fuel cycle to become independent from foreign sources, as they feel they cannot fully rely on international partners. But it is at the same time obvious that some aspects of the Iranian nuclear program indicate that this is about the nuclear weapons option. This is in particular the case with the planned heavy water reactor in Arak that does not make any sense economically but would be very useful to produce plutonium for nuclear weapons.

But there are even more indicators that show that the Iranian program follows military aims. For instance the fact that Iran did not fully cooperate with the IAEA in the past as requested by the IAEA safeguards; the size of the planned uranium enrichment facility at Natanz; and, even more importantly, the Iranian missile program, in which Tehran invested a lot of money and resources over the years, would not make any sense to me unless Iran at the same time intends to develop nuclear weapons. Note for instance that the Shahab3 with its more than 1300 kilometres range has a CEP of 1-2 km. Would such a missile with a conventional warhead on top be useful as a military asset? So it seems clear that Iran wants to come as closely as possible to the nuclear bomb option, and that is for three reasons:

□ **Deterrence:** Iran is geographically situated in an unstable region with nuclear powers such as Israel and Pakistan in its neighbourhood. Moreover, the US has deployed its forces in neighbouring Iraq and Afghanistan as well as in some Central Asian republic. Furthermore, President Bush has labelled Iran a rogue state and part of an "axis of evil" and some members of his administration from time to time talked about regime change in Tehran. Therefore, many of the political and religious elite in Iran feel the need to deter US military intervention.

□ **Prestige:** Iranians feel that they could only improve their international status – as India and Pakistan showed - if they possess the nuclear option.

□ **Domination:** Once Iran would possess nuclear weapons, they could be used as instruments for regional dominance.

I do not argue that Iran already decided to build the bomb, as this would mean to openly breach the NPT,

but that in any case Iran wants to get into a position compared to Japan that is to have the option to build the bomb in a very short period of time. In other words: it is Iran's intention to become a virtual nuclear power.

3. What is the European strategy to prevent an Iranian nuclear bomb option?

Europeans believe that in order to make sure Iran could not pursue both civilian and military aims with its nuclear program, it is necessary to convince Tehran to abandon its uranium enrichment program and to forswear reprocessing, because these technologies that would lead Iran to a full nuclear fuel cycle are of dual-use nature. They would automatically provide Iran with a nuclear weapons option.

In order to achieve this goal, the EU follows a strategy of offering incentives. The respective actions taken by the Europeans show that Europe takes the issue of the Iranian nuclear program seriously. Furthermore, this time – as opposed to the Iraqi crisis – Europeans try to develop and implement a common strategy. The advantage of the European approach is that it tries to solve the problem cooperatively. The **EU-3** (France, Germany and the UK) with the common declaration with Iran of 21 October 2003 offered Iran improved cooperation once Iran would abandon all activities that would lead to a full nuclear fuel cycle and would accept the IAEA Additional Protocol. The Europeans not only recognized Iran's right to build light water reactors, they also offered cooperation in a wider range of areas.¹

I insist that this declaration was not a complete failure, but was only partly successful. Since then, Iran accepted and – by and large – complied with the IAEA Additional Protocol. As a consequence, Iran had to provide more information on its nuclear program and allow for more intrusive inspections, including – inter alia – environmental sampling at undeclared sites. Thanks to these inspections, we now know much more about the Iranian nuclear program than we did before. But it is also true that the mandate of the IAEA inspectors is still limited and two main questions concerning the Iranian nuclear program remain unresolved: contamination of centrifuges with highly en-

riched uranium and the scope of the P-1 and P-2 centrifuges project.²

As far as the second part of the October 2003 declaration is concerned, Iranian politicians made it clear that Iran would not go as far as to give up the uranium enrichment program and would even not be prepared to suspend it in all its aspects as promised to the Europeans. On October 31, 2004, the Iranian Parliament unanimously approved a bill supporting resumption of uranium enrichment.

Why did Iran not comply to the agreement reached with the Europeans?

- Iran already invested a lot of money and energy in the uranium enrichment project;
- The enrichment program is a prestige project;
- In the domestic debate, people do not differentiate – deliberately or not – between the civilian use of light-water reactors and Iran's goal to establish a full nuclear fuel cycle. The simple argument is: we have the legitimate right to use nuclear energy for civilian purposes; the Iranian parliament unanimously passed a resolution that supported the resumption of uranium enrichment.
- Against this background, neither reformers nor conservatives want to give in to Western demands.

Despite problems with the implementation of the October 2003 agreement, the Europeans proceeded with their incentive strategy. At the same time the Europeans made it clear that they would be prepared to send the Iranian case to the UN Security Council, which could then decide upon sanctions against Iran. On November 14, 2004 the EU 3 with the support of the High Representative of the European Union, finalized yet another document with the Iranians.³ The main advantage of this document is that it more precisely defines what both sides mean with the term suspension. According to the agreement, Iran will suspend on a voluntary basis the following activities:

- ▶ the manufacture and import of gas centrifuges and their components;
- ▶ the assembly, installation, testing or operation of gas centrifuges;
- ▶ work to undertake any plutonium separation, or to construct or operate any plutonium separation installation;

² IAEA Board of Governors, Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, Report by the Director General, GOV/2004/83, 15 November 2004.

³ Iran-EU Agreement on Nuclear Programme (As reported 15 November 2004 by Mehr News Agency), IAEA in Focus: IAEA and Iran.

¹ Declaration of the Islamic Republic of Iran and the Foreign Ministers of Britain, France and Germany, Tehran, 21 October 2003.

- ▶ all tests or production at any uranium conversion installation.

The IAEA is invited to verify these measures. The suspension will sustain while negotiations between Iran and the EU are underway on a mutually acceptable agreement on long-term arrangements. Such negotiations will include political and security issues and in particular focus on technological and economic cooperation.

To be sure, this document does not necessarily solve the problem, but at least it helps to buy time which might be used for a broader and enduring solution.

4. What is the main difference between the European and the US approach

The Bush administration very early on argued that the case of Iran's nuclear program should not be dealt with in the IAEA board of governors, but rather in the UN Security Council. At first glance, indeed the Security Council is responsible for cases such as the Iranian nuclear program. But the Europeans so far feel that it would be better not to send the Iranian case to New York for the following reasons:

- Europeans feel that the Bush administration does not have a clear strategy about what exactly the Security Council should do;
- Europeans want to prevent yet another US-European confrontation within the Security Council after the Iraq disaster;
- Europeans are unsure whether the Security Council would be ready to act, particularly whether Russia and/or China at some point would use their veto; moreover, some Non-aligned countries would not agree to sanction Iran as they believe Tehran only uses its legitimate right according to the NPT to make full use of peaceful nuclear energy;
- Europeans are unsure whether the Security Council would legally be in a position to agree on sanctions on Iran;
- if the Security Council would agree on sanctions, it is not clear what the impact would be both on Iran, but also on the Europeans, for instance in terms of higher oil prices and their impact on world economy;
- Europeans feel that once the Security Council would agree on sanctions, the situation could escalate: Iran could expel IAEA inspectors or even withdraw from the NPT. In response, the Security Council could then discuss military action against Iran, which would

in the European view only destabilize the Middle East even more.

5. What is the weak side of the European approach?

First, the incentives that Europeans can offer in terms of improved technical cooperation cannot go very far, because many of those technologies in which Iran might be interested are of dual-use nature and therefore are subject to strict export control regimes.

Second, if economic carrots are a problem, sticks are as well. A solely European threat to sanction Iran would hardly be credible. The same is true for possible military action by the Europeans.

Third, although the Europeans had close consultations with the US on their Iran strategy, there is no common transatlantic approach. But such an approach is urgently needed, because in the final analysis the Iranian motivations for military nuclear options are based on security issues. The fact that one of the working groups to be established as part of the forthcoming negotiations between the EU and Iran will deal with security issues already hints at the Iranian motivation to connect its nuclear program to the regional security architecture in the Middle East. Moreover, the Iranian nuclear program is closely related to the role of the US in the Middle East region and beyond. If it is true that the final aim of the Iranians is to either have the bomb option or be recognized by Washington as a valuable and respected partner to deal with in terms of Iraq, Afghanistan etc., then the European incentive strategy cannot solve the problem alone. In other words: it is simply not the strategic goal of the Iranians to give up the bomb option for improved economic relations with Europe. A "grand bargain" between Washington and Tehran that would deal with the overall strategic situation in the Middle East however seems difficult to achieve. First, many in the Bush administration would prefer regime change in Iran from within rather than recognizing the mullahs as partners. At the same time, however, the Bush Administration in its second term now has enough leverage and could gain the support of the Republican dominated Congress to strike such a strategic deal with Iran. Second, Iranians at some point will undoubtedly bring the question of a nuclear weapons-free zone in the Middle East on the table. But for any US administration as well as for most Europeans it will be very difficult if not impossible to ask Israel to

abandon its nuclear weapons as long as there is no stable peace with its neighbours. Furthermore, improved US-Iranian relations are not only depended upon the issue of the Iranian nuclear program but also upon issues such as the Iranian support of terrorist groups or the recognition of Israel.

Therefore, maybe it is wise to buy time, but it is also possible that time is not on our but on the Iranian side. This may be the case if Iran clandestinely proceeds with its enrichment program at sites that are still unknown to the IAEA. Moreover, the European strategy of buying time could be misused by Iran to split the US and Europe even more. The weakest point of the European strategy therefore is that it does not represent a common approach with Washington. However, the Europeans are not to be blamed for this. Because this is at least in part due to the fact that the Bush administration never had clear ideas on how to handle the Iran issue. So far, Washington seems to have no detailed plans other than bringing the Iranian case before the UN Security Council or supporting the vague idea of regime change in Iran from within.

nity does not get its act together, it will hardly be possible to solve the Iranian nuclear issue.

Conclusion

There are basically five possible scenarios out of the current situation.

- ▶ The European strategy of incentives works and Iran ultimately will abandon the enrichment program on that basis, but I remain sceptical;
- ▶ A grand bargain between Tehran and Washington which is not very likely because too many issues like Iranian support for terrorists are related to the nuclear issue.
- ▶ Regime change in Iran from within, but this is not likely at the moment and even if it would take place it would not necessarily solve the problem as the nuclear program is not an idea of the Mullahs but supported by a broader constituency .
- ▶ Military engagement against Iran which is risky and would destabilize the Middle East region even more;
- ▶ or Iran with its current Mullah regime pursuing its enrichment program thereby getting close to the nuclear bomb which might cause a nuclear arms race in the region and might stimulate Israel to change its policy of nuclear ambiguity.

Regrettably, these scenarios are either unlikely or would have too many negative implications. In any case, as long as the transatlantic and western commu-