

BICC Focus

A Way Out of the Impasse:

Time for a new strategy on Iran's nuclear program

by Jerry Sommer

While in February 2007 a promising agreement was reached for the North Korean nuclear program after the United States changed its negotiating strategy, there have been no signs of any such easing of tension as far as Iran is concerned. The UN Security Council has imposed sanctions because Iran has not suspended its uranium enrichment activities, which is the international community's precondition for the beginning of any kind of negotiations. However, Iran is not about to suspend these activities; on this there is a broad consensus within the Iranian leadership. On the contrary, Iran is expanding its enrichment plant.

The European Union, whose High Representative Javier Solana leads the talks with Iran on behalf of the six powers USA, Russia, China, Great Britain, France and Germany, has a special responsibility and special opportunities to show ways out of the impasse.

In 2006, the Bonn International Center for Conversion (BICC) already issued warnings against letting negotiations with Iran fail due to the precondition—suspension of uranium enrichment¹. With this *Focus*, we would like to offer a new option for a European policy which promises to be more successful than the current approach. It may be too late to prevent Iran from developing the capability and knowledge to enrich uranium. However, it is not too late to prevent Iran from developing nuclear weapons. To prevent this from happening, serious negotiations have to start now. But they won't, if the preconditions are not dropped. A new red line must be drawn, and new incentives must be offered.

UN sanctions against Iran and their effects

Until now, the UN Security Council has approved two resolutions (23 December 2006 and 24 March 2007) under Article 41 of Chapter VII of the UN Charter in which certain sanctions are imposed on Iran on the grounds that the country, as already demanded by the Security Council on

31 August 2006, has not suspended all activities in connection with uranium enrichment and reprocessing. The provision of technical and financial assistance for Iranian uranium enrichment and reprocessing programs as well as its missile programs is banned. The foreign assets of 27 individuals and 22 organizations allegedly connected with these programs have been frozen. Additionally, the UN Security Council imposed a ban on Iranian arms exports and called upon all states, not to support the provision of any new loans to Iran and to exercise particular caution and restraint with exports of military goods to Iran which do not fall under the sanctions. The UNSC Resolution specifically exempts the Russian-built Bushehr nuclear power plant in Iran from any sanctions.

The material effects of the UN sanctions imposed on Iran so far, however, have been slight. The sanctions regarding technologies connected with uranium enrichment and missiles are purely symbolic as no country has been exporting such technologies to Iran for some time now. The ban on exports of Iranian weapons is economically negligible, as income from such exports amounts to merely a fraction of the country's annual revenues of approximately US \$60 billion from the oil industry.

Iran has reacted to each of the UN sanctions resolutions by reducing its voluntary cooperation with the IAEA. Such measures make the IAEA's work in Iran more difficult. And: the UN has come no closer to the actual objective of the sanctions: the suspension of Iran's uranium enrichment activities.

Status of the Iranian nuclear program— technology and intentions

Iran is suspected of aiming to produce nuclear weapons under the guise of a civilian nuclear program. For eighteen years up to 2002, it secretly planned and conducted programs



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to enrich uranium, a material which in a low-enriched form (three to five percent) is needed for fuel elements in civilian nuclear power stations, but which in highly enriched form (90 percent) can be used to build a nuclear bomb.

In August 2007 Iran agreed to a "work plan" with the IAEA for clarifying questions posed by the IAEA regarding the clandestine programs. As Mohamed ElBaradei, the Director General of the IAEA has said, these issues are "a good part of the distrust which we have with Iran"². Iran is cooperating in regard to the implementation of the work plan, although it could be more proactive. Some issues have been closed, or at least the findings of the IAEA are not fueling the suspicion of an active nuclear weapons program³, others are still to be answered according to the work plan. The IAEA has been able "to verify the non-diversion of declared nuclear material in Iran"⁴. But it is demanding implementation of the so-called "Additional Protocol" to be able to provide also assurances regarding the absence of undeclared nuclear material and activities in Iran.

The enrichment activities currently taking place are proceeding under IAEA control⁵. The IAEA has declared that no enriched uranium is missing. Iran runs an above-ground pilot plant for enriching uranium in Natanz with 360 centrifuges.

In addition, Iran is constructing a large commercial enrichment facility underground in Natanz. Iran's declared long-term goal is to run more than 50,000 centrifuges. The IAEA confirmed that on 3 November 2007, 2952 centrifuges were installed and that enrichment of up to the level of 4.0 percent U-235 had taken place⁶. The quantity enriched remained much lower than the expected quantity for such a facility. According to experts, Iran is "achieving only about 10-15 percent of an optimal output of enriched uranium"⁷.

Still, considerable technical problems have to be overcome in running the 3000 centrifuges. Up to now, Iran does not seem to be able to operate a large number of cascades at the same time in parallel. Nevertheless, one can assume that the country is slowly but surely expanding its ability to enrich uranium on a larger scale.

Assuming the worst-case scenario, although this is very unlikely for technical reasons alone, Tehran might have sufficient highly enriched uranium to produce a nuclear bomb by the end of 2008 or 2009 at the earliest—should Iran want to build one. The development of a functioning nuclear weapon would need additional time. Even the then head of the US secret services, John Negroponte, did not consider an Iranian nuclear bomb to be realistic before 2010 to 2015 at the earliest⁸.

There is therefore no reason for alarmism. Furthermore, until now, no "smoking gun" has been found, there has been no proof of the existence of an active nuclear weapons program in Iran. It is true that amongst radical conservative Islamist groups in Iran, voices can be heard arguing that nuclear weapons are the best protection against an attack by the United States⁹. Nevertheless, Ayatollah Khamenei, the country's supreme religious leader, President Ahmadinejad, and more moderate forces in the leadership have all repeatedly stressed that the nuclear program is intended solely for civilian purposes. The uranium enrichment program, so they argue, is aimed exclusively at enabling Iran to produce by itself the nuclear fuel elements needed for its planned extensive nuclear energy program.

Firstly, the Iranian leadership argues that religious grounds prohibit any acquisition of nuclear weapons. In 2004, Ayatollah Khamenei had issued a *fatwa* stating that they were irreconcilable with Islam, because they kill innocent people. Secondly, the Iranian leadership also offers political reasons for not planning to acquire nuclear weapons. Ali Laridjani, then Secretary of Iran's National Security Council, for instance, declared: "If we had nuclear weapons, an arms race would begin in our neighboring countries"¹⁰. He concluded that this was not in the national interests of Iran.

Leading experts on Iran, amongst others those, who got together at a conference that was co-organized by BICC in June 2006 in Berlin¹¹, agree that a strategic decision in favor of nuclear weapons has not been taken in Tehran to date. Of course, one cannot exclude the possibility of a change of attitude and a future decision favoring the construction of nuclear weapons. However, such a decision could be expected to lead to serious differences within the Iranian elite as well as within society.

Iranian leadership currently unanimously believes that the country cannot give up uranium enrichment. It is true that President Ahmadinejad has lost some of his influence in Iran as a result of broken social and economic promises, as is shown by the results of the local elections and the elections for the religious experts' commission in December 2006. Issues on foreign policy, however, have only played a marginal role in this.

There are differences within the Iranian elite, but mainly with respect to "style and tactics" of foreign policy, argues the renowned International Crisis Group in its latest report on Iran¹². With respect to fundamental foreign policy issues, such as uranium enrichment, there is a "broad consensus within the power apparatus" ranging from radical conservatives to pragmatic conservatives and reformers. This view is shared among a large majority of the Iranian population¹³.

Uranium enrichment is regarded as a question of national prestige and national sovereignty and as being decisive for the country's economic and technological progress.

Possible scenarios for a continuation of current strategy towards Iran

Tightening of sanctions

The debate about a third round of UN sanctions is ongoing. Russia and China are very reluctant to go along, especially as long as Iran is cooperating with the IAEA in the implementation of the work plan. Also, these two UN-veto powers generally harbor doubts that such sanctions make sense and rightly fear that they would rather strengthen the hardliners in Iran¹⁴.

Nevertheless, a gradual tightening of UN sanctions is to be expected should Iran continue to refuse to comply with the demands of the UN Security Council for the suspension of its activities. As long as there is no clear proof of an Iranian nuclear weapons program, the Security Council will probably only be able to agree on further sanctions of a primarily symbolic nature. For economic and political reasons, both Russia and China would hardly agree to an oil and gas embargo, which would also have a strong economic effect on Europe, or a ban on exports of weapons to Iran.

The US administration will certainly continue to exercise pressure on all the other states to adopt not only strong UN sanctions but also unilateral measures above and beyond these. Diplomatic, economic, and military pressure are the preferred means by which the US government not only intends to prevent Iran from producing nuclear weapons but also avowedly intends to bring about a regime change. This way, they intend to prevent a strengthening of a potential regional opponent that, also for historical reasons (taking of hostages in Tehran of 1979), is considered to be an enemy.

The Bush administration in particular has been trying to prevent further oil and gas projects as well as financial transactions with Tehran. It imposed new sanctions on the Revolutionary guards and Quds Force of Iran as well as the major Iranian banks. In Europe, France and Great Britain are promoting unilateral EU sanctions, if the UN cannot agree on any strong sanctions. Prime Minister Gordon Brown, for example, expressed his intention to seek for tougher sanctions "including on oil and gas investment and the financial sector"¹⁵. Although there is no European position yet, at least informally the leaders of France and Germany want to appeal to their industries to curb economic ties with Iran. This would, however, endanger the economic interests of Europe and Germany in particular. Germany, with exports worth €4.1 billion in 2006, is the most important supplier of

Iran. Italy and France, too, have strong economic stakes in Iran. German companies fear that trade embargoes would hit the German small and medium sized enterprises badly, in particular engine and plant construction¹⁶. Up to now, the German government has not yielded to the pressure of the United States and is continuing to provide guarantees for exports to Iran, although these have dropped significantly in recent years¹⁷.

Further UN sanctions as well as any other sanctions imposed by individual states or groups of states will certainly not be entirely without effect on Iran. But Iran has many possibilities to circumvent non-universal sanctions—and it has already begun using these possibilities¹⁸. Instead of its traditional suppliers from Western Europe, Iran is trading more with Russia and China¹⁹. For example, Chinese state-owned firms have entered into oil and gas development deals with Iran. But Iran has also made gas deals with Pakistan recently, and even Turkey has agreed to self-finance an Iranian gas project. While Iran's trade with Germany in 2006 dropped by six percent to €4 billion, China's trade with Iran will reach its highest-ever level of over US \$20 billion in 2007. Dubai, which is used by Iranians to bypass sanctions, expects to see its trade with Iran to jump to US \$10 billion in 2007, from US \$7.8 billion in 2006.

In any case, in view of the high oil prices and the resulting full coffers for Iran, any economic consequences of extended universal or unilateral sanctions will affect that country's prospects of economic development seriously only in the medium to long term, if at all. In the short term they lead to higher prices in Iran, which affect all Iranians and are not "targeted" sanctions any longer. Politically, however, further sanctions would immediately expand President Ahmadinejad's room to maneuver. He could instrumentalize them to stir up nationalist emotions and thus make a negotiated solution even more complicated. In all probability, one would have to expect that Iran restrict the access of IAEA to nuclear sites in Iran or even that Iran terminate its Non-proliferation Treaty membership²⁰.

It is a matter of looking reality in the face, assesses Mark Fitzpatrick from the International Institute for Strategic Studies and points out that "the odds are low that a combination of sanctions and incentives will induce Tehran to give up uranium enrichment or to dismantle any part of its nuclear program"²¹.

Military strike

Russia, China, Italy and Germany have stated that they consider a negotiated solution as the only option to the conflict on Iran's nuclear program. Even if a US-led military strike against Iran does not seem likely at present—particularly

because of the situation in Iraq and the stand of its allies and partners—one cannot exclude the possibility that the United States could take such action unilaterally, maybe in the early Summer of 2008 before the presidential election in the United States. In Europe neither the French President Sarkozy nor the British Prime Minister Brown rule out the use of force. But a military strike would involve unforeseeable negative consequences, not only for the Iranian people, but also for regional stability (especially in Iraq and Israel/Palestine), for the world economy and for the reputation of the West in general and the United States in particular in the Muslim world²². And it would not achieve the claimed aim. At best, it might set back the Iranian nuclear program by a few years²³, but it would drive Iran to finally decide to build its own nuclear weapons and to quit the NPT. Thus, a military strike against Iran cannot be a solution.

A way out of the impasse: A European contribution to a strategy shift

The current strategy employed by the international community towards Iran's nuclear program has reached a political deadlock. An escalation induced by further sanctions or military action is neither promising nor in the interest of the European Union and its member states. European policy can play an important initiating role in looking for alternatives—as an ally of the United States, a strategic partner of Russia and a kind of intermediary with Tehran. However, such a policy requires a more realistic, more flexible and more pragmatic new European approach towards Iran than the current one.

Start with negotiations without preconditions

Serious negotiations with Iran must begin as soon as possible on the offer made in June 2006 by the six powers, China, France, Germany, Russia, the United Kingdom and the United States, either within this or an extended group of countries. Iran has declared that it is willing to take part in such negotiations. One should test this willingness while Iran is still trying to figure out how to run 3000 centrifuges. The conditions will be better now than later, when the Iranians can manage 10,000 centrifuges.

- Policy-makers of the EU and its member states should advocate in favor of dropping the unrealistic demand that Iran must suspend its uranium enrichment activities before such negotiations can begin. It is indeed quite incomprehensible why the suspension of uranium enrichment should be a precondition for negotiations with Iran, as for example suspension never was a precondition for negotiations with North Korea.

- Alternatively, they should, if the parties cannot agree to start formal negotiations, at least support intensive exploratory negotiations, like talks in working groups on main topics of the June 2006 offer to Iran, as soon as possible.

Draw a new red line

The original objective, pursued primarily by the United States, of ensuring that Iran has "zero uranium enrichment" capacities is no longer enforceable. "Nevertheless, it is still not too late to prevent an Iranian nuclear bomb," as Gareth Evans, president of the International Crisis Group, has rightly stated²⁴. This "new red line" requires corresponding overall political and security policy conditions as well as a focus on ensuring maximum possible international control of Iran's nuclear facilities. Under strict international inspection, the diversion of nuclear material for military purposes would be detected far earlier than without inspections. Controls can build confidence. Considerable transparency would also prevent or at least delay possible secret nuclear weapons programs.

- Policy-makers of the EU and its member states should focus on ensuring maximum possible international control of Iran's nuclear facilities, not insist on preventing enrichment at any cost. Iran has repeatedly expressed its willingness to accept and ratify the IAEA Additional Protocol with its intrusive verification regime. More extensive controls, such as on-site monitoring, are sensible and have to be sounded out. Also, Iran could be asked in the negotiations to blend down its accrued low enriched uranium into natural uranium, thus reducing the threat of a "breakout".
- The EU and its member states should acknowledge that "zero enrichment" is no longer an option and strive for the second best: a limitation of enrichment and/or internationalization. For example, the International Crisis Group has suggested a "delayed limited enrichment plan"²⁵. The "Russian option", if now combined with a controlled and limited enrichment capability in Iran, should be explored. Furthermore, the negotiations could be used to ascertain how serious Iran has been with its various proposals in recent years regarding temporary or quantitative limits on enrichment activities on its territory²⁶. The Iranian declaration of its willingness to have its enrichment activities under supervision by the IAEA in the framework of an international or regional consortium²⁷—maybe even on neutral territory outside the region as Saudi Arabia's Foreign Minister Prince Saud al-Faisal has suggested recently²⁸—must also be considered.

- European policy should also generally seek for the internationalization of such sensitive technologies as uranium enrichment²⁹. However, it is unlikely that such concepts will be able to play a role in solving the current conflict with Iran.

Time for political détente

To prevent the conflict from escalating even further and to prevent advocates of nuclear weapons in Iran from gaining the upper hand in the future, corresponding political preconditions are necessary. A policy of détente would alter Tehran's threat perception considerably and put wind in the sails of those in the Iranian leadership who advocate national enrichment capacities for a civilian nuclear program, but oppose the possession of nuclear weapons.

- The EU and its member states should explicitly recognize the legitimate role of Iran as a regional power in the Middle East and acknowledge the fundamental right of Iran to a complete fuel cycle under strict international control.
- As the strained relations between the United States and Iran are a major cause for the current nuclear conflict, European policy ought to explicitly demand and support a normalization of relations between Iran and the United States. It is high time for a direct dialogue between these two states without preconditions. Moreover, as in the case of North Korea, the United States must offer Iran the prospect of a complete normalization of diplomatic relations, the end of US sanctions, and comprehensive security guarantees. The hopeless US goal of forcing a regime change in Tehran should be abandoned.
- European policy ought to continue to argue for a negotiated solution to the conflict surrounding the Iranian nuclear program. European policy-makers should explicitly declare their objection to any military "solutions".
- The EU and its member states should discuss critically the economic and political effectiveness of the current sanctions and of the proposed further UN and/or unilateral sanctions on Iran. Especially, the EU should avoid applying bilateral sanctions as they are not in the economic interest of the European Union and as they do not promise success in inducing the Iranian government to suspend uranium enrichment, but rather compromise the political climate.

Strategy shift instead of escalation

The change of political strategy towards Iran described here does not guarantee success. On the other hand, it is very likely that the current strategy of escalating sanctions will remain unsuccessful at the best, and at the worst will merely be a prologue to military action on the part of the United States.

Whether or not the change of strategy can be achieved will depend largely on just how far the Bush administration can be persuaded to show greater pragmatism and more flexibility in its treatment of Iran. As one of the most influential states in the EU, Germany could play a key role in shifting EU's Iran policy and influencing the US policy considerations. The EU's chance to exert influence must not be underestimated. On the one hand, China, Russia, and developing countries, such as South Africa, are also keen on a change of US policy towards Iran. On the other hand, weights have shifted within the domestic policy of the United States both in congress and the Bush administration. After all, the case of North Korea has shown that even the Bush administration is able to alter its position.

¹ Marc von Boemcken and Jerry Sommer. 2006. "Der Streit um das iranische Atomprogramm – Auf der Suche nach einem ‚kreativen Kompromiss‘", *Focus* Nr. 4, Bonn, BICC, April.

² "ElBaradei warns on ‚Work Plan‘", *Financial Times* Interview with Mohamed ElBaradei, 2 October 2007.

³ See: "Implementation of the NPT Safeguard Agreement in the Islamic Republic of Iran", Report by the Director General of the IAEA, 15.11.2007.

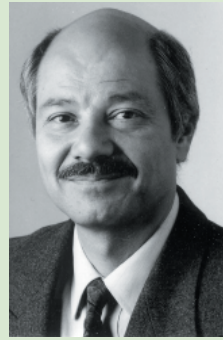
⁴ *Ibid.* p. 8.

⁵ See: Fitzpatrick, Mark. 2007. "Can Iran's Nuclear Capability Be Kept Latent?", in: *Survival*, Vol. 49 Nr. 1, Spring; IISS, London, p. 33ff; Cirincione, Joseph and Andrew Grotto. 2007. *Contain and Engage*, Center for American Progress, Washington, DC, March.

⁶ See footnote 3, p. 6.

⁷ Albright, David and Jacqueline Shire. 2007. "A Witches' Brew? Evaluating Iran's Uranium-Enrichment Progress". *Arms Control Today*, November.

⁸ BBC, "Iran bomb within next 10 years." *BBC News*, 2 June 2006, available at http://news.bbc.co.uk/2/hi/middle_east/5039956.stm.



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- ⁹ For example, the arch-conservative newspaper *Keyhan* recommended on 12 February 2006 "to plan for acquiring the knowledge and the ability to produce nuclear weapons which are necessary for the preparation of the next phase in the future battlefield." Quoted in Ray Takeyh 2006. *Hidden Iran*, New York: Council on Foreign Relations, p. 150.
- ¹⁰ Laridjani, Ali. 2007. "We guarantee that we are not developing nuclear weapons." Interview in *Süddeutsche Zeitung*, 12 February.
- ¹¹ Karim Sadjadpur of the International Crisis Group, Götz Neuneck of the Institute for Peace Research and Security Policy at the University of Hamburg and Bernd W. Kubbig of the Hessian Foundation for Peace and Conflict Research, all in: „Iran: Wege aus der nuklearen Sackgasse". *Paper 52*, BICC, Bonn, August (www.bicc.de). Cf also Perthes/Wagner. 2007. „Black Box Teheran", *Blätter für Deutsche und Internationale Politik*, 7, p. 830.
- ¹² International Crisis Group (ICG). 2007. "Iran: Ahmadi-Nejad's Tumultuous Presidency." *Middle East Briefing* No 21, February, p. 2.
- ¹³ According to a US poll in Iran in January 2007, 84 percent of the Iranians consider uranium enrichment to be "very important" and a majority opposes the termination of such activities. At the same time, 66 percent favor Iran remaining a member of the Non-Proliferation Treaty, even if this means renouncing nuclear weapons. Cf. Gutman, Roy 2007. "Poll shows Iranians support for uranium-enrichment program", *McClatchy Newspapers*, 24 January.
- ¹⁴ Cf. keynote speech of the Russian foreign secretary Sergey Lavrov on 17 March 2007 in Moscow at the XV. Assembly of the Council on Foreign and Defense Policy.
- ¹⁵ *New York Times*, "Britain takes tougher stance on sanctions against Iran", 13 November 2007.
- ¹⁶ Nagel, Jens. 2007. Director for foreign trade of the Federation of German Wholesale and Foreign Trade, interview in the *Kölner Stadtanzeiger* of 11 April.
- ¹⁷ According to the *Financial Times Deutschland* of 15 February 2007, such guarantees dropped from €1.4 billion in 2005 to €900 million in 2006.
- ¹⁸ See: Kubbig, Bernd and Sven-Eric Fikenscher. 2007. *Internationale Sanktionen gegen den Iran: Erfolgsbedingungen und Effektivität*, p. 28., PRIF, Frankfurt/Main.
- ¹⁹ Krane, Jim. 2007. "Analysts say sanctions affecting Iran", *Reuters*, 24 May.
- ²⁰ The Iranian Parliament has passed a resolution under which the government would have to reconsider cooperation with the IAEA as well as its NPT membership following the UN Security Council Resolution. Ali Laridjani recently referred to this: "If they continue to pressure Iran over its peaceful nuclear activities, we have no other choice but to follow parliament's order and review our membership of the NPT." In: "Iran will review atomic NPT membership if pushed." *Reuters*, 9 April 2007.
- ²¹ Cf. Fitzpatrick. 2007, p. 33.
- ²² *Ibid*, p. 46ff; Crisis Action. 2007. "Time to Talk. The Case for Diplomatic Solutions on Iran", London, March (www.crisisiran.com).
- ²³ Albright, David and Jacqueline Shire. 2007. "Why a Military Attack is Not An Option". *Arms Control Today*. November.
- ²⁴ Evans, Gareth. 2007. "It's not too late to stop Iran". *International Herald Tribune*, 16 February.
- ²⁵ International Crisis Group. 2006. "Iran: Is There a Way Out of the Nuclear Impasse?" *Middle East Report* No. 51, 23 February (www.crisisgroup.org).
- ²⁶ See precise list in Fitzpatrick, 2007, p. 49f.
- ²⁷ This suggestion was made by Ali Laridjani in his speech at the Munich Security Conference on 11 February 2007. Hassan Rohani, representative of religious leader Khamenei in the National Security Council, has officially put forward a proposal by Iran to establish a joint consortium of states in the Gulf region to produce nuclear fuel elements under IAEA supervision ('Proposals for Persian Gulf Security', *Iran Daily*, 11 April 2007).
- ²⁸ *Reuters*, 2 November 2007. "Iran ready for nuclear body with Gulf Arabs – ISNA".
- ²⁹ See Müller, Harald. 2006. "Multilateralisierung des Brennstoffkreislaufs: Ein Ausweg aus den Nuklearkrisen?" *HSEK-Report*, Frankfurt/Main: HSEK, October.

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