The Iran Stalemate and the Need for Strategic Patience

The Context

Seventeen months after disputed presidential elections, the Iranian government has forced opposition protestors off the streets but continues to face an unprecedented crisis of legitimacy that is undermining its capacity to implement effective domestic and foreign policies.

While Iranian politics have long been fractious, the regime elite is increasingly divided as President Mahmoud Ahmadinejad clashes with the parliament, other branches of government, and even, on occasion, Supreme Leader Ayatollah Ali Khamenei. UN, U.S., and other economic sanctions are compounding internal pressures, inhibiting economic growth, and complicating efforts to phase out unaffordable consumer subsidies.

The regime most likely will muddle through as it has during previous crises, defying historic, demographic, and educational trends that favor reform and global integration. In the short term, however, Iranian actions are likely to remain security-obsessed and unpredictable. It will require strategic patience and deft diplomacy on the part of the Obama administration and its allies to find areas for engagement, and to minimize the potential for violent confrontation over Iran’s nuclear program and regional power projection.

The Issue

Since the revelation of a uranium enrichment plant in Natanz in 2002, U.S. policy has centered on Iran’s potential to reach nuclear weapons capability. The good news for U.S. policymakers is that the Iranian nuclear program is advancing more slowly than many had predicted, dimin-

Introduction by Ambassador Stuart Eizenstat and Senator Chuck Hagel

After Afghanistan, Iran’s efforts to acquire nuclear weapons, or at least, a nuclear weapons capability, is likely to be the defining foreign policy issue of the presidency of Barack Obama. It is impossible to know at this time how the confrontation with Iran will end. The newest round of sanctions has led Iran to return to the negotiating table, although existing sanctions may not yet be sufficient to bring Iran into compliance with UN Security Council Resolutions to stop uranium enrichment. There is the possibility of further sanctions. Ultimately, it is possible there will be a use of force to set back Iran’s nuclear efforts. It is also possible that there may be political change inside Iran, and that new leaders may take a more benign view toward the West and forswear a nuclear weapons capability. Given the gravity of the choices we face, it is critically important for U.S. policymakers and the American public to be fully informed about Iran, a nation that is linked geographically, economically, and culturally to the Middle East, Central Asia, the Arabian Peninsula, and South Asia.

This is the first of occasional Briefs that the Atlantic Council Iran Task Force will issue before a final report is released. The Task Force’s goal is to consider Iran’s domestic reality and foreign policy through a realistic examination of long-range options that promote U.S. interests in a critical part of the world. The Task Force is cochaired by us, and the project director is Mark Brzezinski, a trade and sanctions attorney in

(Continued on p.3)
ishing pressures for military action by the U.S. or Israel. The bad news is that the post-election political crisis appears to have made it more difficult for Iran—and the United States—to compromise. Washington has accelerated a policy of pressure; its diplomatic energies are focused more on implementing sanctions than on seeking agreement. Despite this, there is still the possibility of engagement, particularly on Afghanistan, where the U.S. and Iran have a common interest in stabilization and preventing a complete return to power by the Taliban. Iran’s need for fuel for the Tehran research reactor also provides an opportunity for another attempt at compromise on the nuclear front. It may be possible to convince Iran, through a combination of pressure and incentives, to take tactical steps that increase confidence it will not be able to quickly acquire nuclear weapons.

**Iran’s Divisive Politics**

U.S. efforts to reconcile with Iran have often run aground because of Iranian political divisions. Contrary to the simplistic view of Iranian politics frequently promulgated abroad, the Islamic Republic of Iran has never been a totalitarian state, although it has become more repressive since the June 12, 2009, elections. Unlike China or the old Soviet Union, Iran lacks a single political party in which membership is required for senior officials and bureaucrats. An early attempt to create such a body—the Islamic Republican Party—faltered; Ayatollah Ruhollah Khomeini, Iran’s undisputed leader from the 1979 revolution until his death ten years later, dissolved the party in 1987. Khomeini’s successor, Khamenei, a mid-ranking cleric with little charisma, has never engendered the same loyalty or deference from the elite or the general public. His quick endorsement of Ahmadinejad’s tainted reelection as a “divine reassessment”—and his authorization of brute force to quell protests—has undermined this Supreme Leader’s legitimacy in the eyes of millions of Iranians.

Even during Khomeini’s reign, Iranian politics was a kaleidoscope of groups and tendencies, with power splintered among institutions and personalities. Disagreements over fundamental issues, from economic policy to freedom of expression, have only grown more acute. Although conservatives now dominate, having begun a comeback to power in 2003, pro-reform groups prominent in the 1990s and the first half of the last decade have not disappeared. Meanwhile, the conservatives are also divided, and are likely to become more so as Iran approaches new presidential elections in 2013.

The government has managed to force opposition demonstrators off the streets through intimidation and repression, killing scores of protestors, torturing detainees, staging televised show trials of reform intellectuals and journalists, and jamming and filtering the Internet and satellite broadcasts. Since June 2009, thousands of Green Movement supporters and other political and civil society activists have been arrested; many have fled to Turkey and Western Europe. More than 500 remain in prison, awaiting trial or sentenced to long terms.1

Among the most interesting aspects of the protests—with positive implications for Iran’s future political development—was the heavy involvement of women, who often could be seen at the forefront of demonstrations, egging on their male compatriots. The shooting death of Neda Agha-Soltan on the streets of Tehran on June 20, 2009, became the shot seen round the world after the footage was captured on a cell phone and posted on the Internet. Agha-Soltan typified contemporary Iranian young women; the daughter of a middle-class family, she was university-educated but had difficulty finding employment.

While Iranian women have participated in past political upheavals, their prominence in the Green Movement reflects two phenomena: First, women have suffered disproportionately since the Islamic revolution, losing equal rights in marriage, child custody, and inheritance. At the same time, they have made the most of literacy programs and access to higher education, and now comprise more than 60 percent of university students. In recent years, women have led an online-petition drive for equal rights—the Million Signatures campaign—and have become prominent as lawyers defending political prisoners. One such lawyer, Shirin Ebadi, won the Nobel Peace Prize in 2003. She was forced into exile in 2009.

Using plainclothes police and the paramilitary Basij, the Iranian government has restricted the movement of the main reformist leaders, Mir Hossein Mousavi, Mehdi Karroubi, and former president Mohammad Khatami. But it has not exiled,

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jailed, or executed them, fearing a backlash from the public and from within the bureaucracy, where the reformers retain allies. The reform leaders continue to issue statements—carried by opposition websites and foreign media—decrying Iranian policies. Former president Akbar Hashemi Rafsanjani, a pragmatist who supported Mousavi in the elections, has been weakened, but he retains ties to the clerical and business communities. He also has institutional clout—if he outlives Khamenei—as head of the Assembly of Experts, a body that is supposed to choose the next Supreme Leader and could redefine the post.

The Threat from the Right

As has invariably occurred in Iran, once a group appears to consolidate power, it fractures. Thus, the most serious challenge to Ahmadinejad at present comes from fellow conservatives, including figures to his right in terms of economics and social policies. Since his election in 2005, Ahmadinejad has antagonized many regime stalwarts. In particular, he has angered senior members of the Hezb-e Motalefeh-ye Eslami (the Islamic Coalition Party), an organization founded in 1962 that has widespread support in Iran's bazaars, and provided money and organization for the Islamic revolution. While some younger members back
Ahmadinejad, many veterans oppose policies that have flooded the country with cheap Chinese goods and undercut other international trade. Party leaders are also angry that they no longer hold key government positions, apart from a small contingent in the middle ranks of the Foreign Ministry.2

Motalefeh supporters include senior Iranian political figures, veterans of decades of both clandestine and open political activity. Among them: Ali Akbar Velayati, Iran’s foreign minister from 1981–97; Ayatollah Abbas Vaez Tabasi, head of the Astan Quds Razavi Foundation, in the eastern city of Mashhad, with assets of $15 billion; and Mohammad Reza Bahonar, the deputy speaker of parliament. Motalefeh also controls the Imam Khomeini Relief Foundation, the biggest charity in the Middle East, and the Islamic Economic Organization, which issues loans to the public. Motalefeh holds major stakes in energy, pipeline, and software companies, handles trade financing through the bazaar, and is the dominant element in the Iranian Chamber of Commerce, Industries and Mines.3

Personal as well as political rivalry drives conservative antagonism toward Ahmadinejad. Among his most bitter foes is Ali Larijani, the speaker of the parliament and son of a prominent ayatollah. Larijani has made no secret of his contempt for Ahmadinejad, labeling him a poor steward of the economy who lacks finesse on the international stage. The animosity between the two has bedeviled Iran’s nuclear negotiations. With the support of Khamenei, Larijani served from 2005 to 2007 as secretary of Iran's Supreme Council of National Security and the country’s chief nuclear negotiator. He stepped down after Ahmadinejad torpedoed a compromise on uranium enrichment that would have brought the Bush administration into multilateral talks with Iran in September 2007. In an act of poetic justice, Larijani was the first senior-regime figure to attack a tentative deal by Ahmadinejad last fall that would have traded more than two-thirds of Iran’s stockpile of low-enriched uranium for fuel for a Tehran research reactor which makes medical isotopes. Other political figures from right to left joined in their condemnation of the accord as a sellout of Iranian interests. Khamenei did not intervene in support of the president, and the agreement collapsed.

Ahmadinejad has clashed frequently with the parliament. He has refused to allocate money appropriated for the Tehran metro, declined to inform the legislature of regulations and guidelines imposed by various ministries, and has struggled to reach agreement on long-range economic plans.4 The president has upset religious conservatives by espousing superstitious folk interpretations of Shiite Islam, as well as by praising Iran’s pre-Islamic history and championing a controversial top aide and relative by marriage, Esfandiar Rahim Mashaei.5 Khamenei forced Ahmadinejad to cancel the appointment of Mashaei as first vice president, and has sought to counterbalance the president by naming Larijani’s brother, Sadegh, to head the judiciary. It is not likely, however, that Khamenei will jettison Ahmadinejad before the next elections in 2013. The president remains the most energetic figure in the Iranian government, and will fight any attempt to sideline him. In October 2010, Khamenei visited the theological center of Qom for ten days and demanded that restive clerics unite behind his leadership and Ahmadinejad’s presidency, warning that otherwise, the entire system would be jeopardized.6

The Militarization of Iran

Ahmadinejad is a veteran of the Islamic Revolutionary Guards Corps (IRGC) and Iran’s first non-cleric president in twenty-nine years. Under his administration, IRGC veterans have assumed many key government positions, and now dominate intelligence and foreign-policy posts. Mehrzad Boroujerdi, a professor of political science at Syracuse University’s Maxwell School of Citizenship and Public Affairs, has studied Iran’s postrevolutionary elite. “Overall, when you

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3 Ibid.
look at the trends, you see that they are predominantly from rural areas and less educated,” he said. “The percentage of Revolutionary Guards and [Iran-Iraq] war veterans goes up, and there are fewer clerics in elected institutions and more in appointed positions.”

At present, nine members of Ahmadinejad’s Cabinet are IRGC veterans, accounting for 29 percent of the total. They have in common, Boroujerdi said, a “preoccupation with security” that is likely to make them tougher negotiators within the system and with foreign powers. At the same time, however, the Guards are not a monolith. Other veterans have been associated with the reform camp; Boroujerdi notes that a former head of the elite Quds (Jerusalem) Force of the Guards, Elyas Hazrati, went on to become editor of Karroubi’s reformist newspaper, Etemad-e Melli, and is now in prison. There are also reports that the current head of the Quds Force, Qassem Suleimani, supported Mousavi in the 2009 elections. Many Guards veterans have a high regard for Mousavi, who proved to be a capable steward of a cash-strapped Iranian economy during the Iran-Iraq war. In the past, the IRGC rank and file has been even more pro-reform than the general public. In 1997, 73 percent of the Guards voted for Khatami, 4 percent more than his overall tally.8

Under Ahmadinejad, the IRGC has increased its involvement in the Iranian economy, often taking advantage of deals abandoned by foreign companies because of sanctions. However, here too, the Guards’ influence may have been exaggerated. Kevan Harris, a sociologist at Johns Hopkins University who frequently travels to Iran, notes that other institutions, such as large pension funds, are taking over state-run entities in what he says Iranians call the “pseudo-privatization” of the economy.9 Bonyads, or Islamic foundations, still control large swaths of the economy as well.

Impact of Sanctions

Iran has three decades of experience circumventing sanctions. However, the latest measures by the United Nations, the European Union, foreign oil companies, and, especially, the U.S. Treasury Department, have put the Iranian economy under significant stress. The impact has been compounded by mismanagement. During Ahmadinejad’s first term, the government handed out billions of dollars to individuals, and forced banks to lend at below-inflation interest rates to hastily conceived projects that failed to generate long-term jobs. The main impact was to increase inflation to more than 25 percent; it was subsequently reduced to less than 10 percent, but is expected to rise again as the government phases out subsidies for energy and food. The International Monetary Fund, in its latest report on Iran, said that Iran’s economy grew 2 to 2.5 percent in 2008–09, a sharp drop from almost 7 percent the previous Iranian fiscal year, when oil prices were high. The IMF projects that the economy will grow between 1.5 to 2 percent in the year ending next March 31—not enough to provide jobs for those entering the workforce.10 Unemployment is officially 14 percent, but probably much higher. Djavad Salehi-Isfahani, a professor of economics at Virginia Tech, says the figure is close to 30 percent for young people.11

The U.S. Treasury Department’s blacklisting of Iranian banks—and threatening loss of access to the U.S. financial sector for foreign banks that still do business with Iran—has raised the cost of trade by 20 to 30 percent, and made it difficult for ordinary Iranians to obtain letters of credit or to wire money abroad. The decision by Dubai, long a close trading partner, to impose stricter controls on financial transactions with Iranians led to a sudden 15 percent drop in the value of the Iranian rial against the dollar in late September, 2010.12

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7 Telephone interview with the author, October 19, 2010.
Iran is also experiencing difficulty selling oil and buying refined-petroleum products, insuring shipments, and attracting needed foreign investment in its energy sector. Its failure to invest adequately in its oil and gas fields—flat production and rising domestic consumption—predates the current round of sanctions, but is getting worse. Under U.S. pressure, European and Japanese companies are canceling deals. Nomura International, a unit of Japan’s largest stockbrokerage, reported in October 2010 that new Japanese sanctions against Iran could cause Iran’s oil-production capacity to decline by 15 percent, to 3.34 million barrels a day, of which less than 1.5 million barrels would be available for export. Iran currently has the capacity to produce 3.93 million barrels a day and exports about 2 million.13

The exodus of European and Japanese companies has increased Iran’s reliance on China, currently its biggest trading partner. China is the largest importer of Iranian oil, although it has reduced its purchases recently. According to China’s General Administration of Customs, oil imports from Iran, from January to August, 2010, amounted to about 13 million tons—24.7 percent less than during the same period in 2009. Meanwhile, Angola’s oil exports to China rose by 48.5 percent, and Saudi Arabia’s crude exports by 12.5 percent.14 China is also slowing investment in the Iranian energy sector out of apparent concern that such activity could jeopardize far more lucrative deals with U.S. companies.15

Other major Iranian partners include India and South Korea. (The latter has moved to protect its trade by setting up a special arrangement with Iran’s central bank.) Turkey has also vowed to increase commerce with its neighbor, which provides a third of Turkey’s energy. As time goes on, Iran is likely to find other avenues for trade, but at less-than-advantageous terms. The sanctions are having a disproportionate impact on Iran’s already-beleaguered private sector, while IRGC entities, practiced in smuggling, have an easier time finding ways to circumvent the restrictions.

Past Efforts at Engagement

The history of U.S.-Iran relations is one of missed opportunities. It has been the pattern that when Iran has appeared ready for reconciliation, the U.S. was not, and vice versa. President Bill Clinton, under pressure from a newly Republican-led Congress, responded to an Iranian offer of a major oil deal with Conoco by slapping a total embargo on U.S. trade with, and investment in, Iran in 1995. George W. Bush’s administration pocketed Iranian cooperation against the Taliban in Afghanistan after 9/11, and put Iran on an “Axis of Evil” with North Korea and Saddam Hussein’s Iraq. Toward the end of his second term, Bush agreed to allow U.S. participation in a multilateral meeting with Iran that offered economic and political incentives for suspension of Iran’s uranium enrichment program. However, Iran rejected the overture. According to a senior U.S. official, the Bush administration was poised to ask Iran to allow U.S. diplomats to staff an Interests Section in Tehran in August 2008, but dropped the plan when it became preoccupied with stopping a sudden war between Georgia and Russia.16

Prospects for engagement appeared brighter after the inauguration of Barack Obama, who had campaigned on a platform of trying to reconcile with U.S. foes. Obama’s rhetorical outreach to Iran was unprecedented for an American leader. It began with his inaugural address, swiftly followed by a conciliatory Persian New Year’s message that referred to Iran by its formal name, the Islamic Republic of Iran—a gesture of respect and recognition. On June 4, 2009, Obama told an audience in Cairo that he had made it “clear to Iran’s leaders and people that my country is prepared to move forward.”17 Obama also sent at least two private letters to Khamenei in 2009 prior to the June elections.18


16 Author interview with a senior U.S. official, October 10, 2009.

17 http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-Cairo-University-6-04-09/

However, the elections’ disputed outcome changed the calculations for both governments. Credible accounts of fraud led to the worst internal unrest in Iran since the 1979 revolution, and a harsh crackdown on peaceful protestors and other civil society activists. For the Obama administration, human rights became a priority in dealing with Iran. For Iran, the United States became a scapegoat for rising domestic opposition.

Khamenei, in a Friday sermon a week after the vote, ridiculed Obama’s outreach and suggested that the U.S. could not be trusted.

“On the one hand, they [the Obama administration] write a letter to us to express their respect for the Islamic Republic and for re-establishment of ties, and on the other hand they make these remarks [U.S. criticism of the Iranian crackdown on peaceful protestors]. Which one of these remarks are we supposed to believe? Inside the country, their agents were activated. Vandalism started. Sabotaging and setting fires on the streets started. Some shops were looted. They wanted to create chaos. Public security was violated. The violators are not the public or the supporters of the candidates. They are the ill-wishers, mercenaries and agents of the Western intelligence services and the Zionists.”19

While some Obama administration officials expressed hope that domestic pressures would induce Iran to compromise over the nuclear program, it became harder for Ahmadinejad to garner domestic support for a deal. Shot down by Larijani and the reformers, and ultimately by Khamenei, the notion of swapping low-enriched uranium for fuel for the Tehran research reactor reemerged in the Brazilian-Turkish-Iranian joint declaration of May 17, 2010. However, the U.S. reaction was one of annoyance at what the Obama administration perceived as an Iranian effort to stave off a new round of sanctions. The U.S. proceeded with a fourth UN sanctions resolution against Iran—Security Council Resolution 1929—and separate U.S. legislation penalizing foreign companies that sell refined petroleum to Iran. For the first time, the United States also imposed sanctions on Iranian officials tied to serious human rights abuses.20

While U.S. officials say they remain open to engagement, enthusiasm for outreach to Iran has faded, and U.S. diplomatic energy is focused on implementing new punitive measures—a shift bolstered by U.S. midterm elections increasing Republican representation in Congress. Iran has also appeared less than enthusiastic about new talks, rebuffing repeated requests during the summer and fall of 2010 to schedule a multilateral meeting in Europe. Such talks now appear likely in the near future, but neither Iranians nor U.S. officials have expressed great optimism about them.

John Limbert, a former U.S. hostage in Iran and more recently deputy assistant secretary of state for Iran, explained the difficulty of overcoming bureaucratic inertia on both sides:

“For 30 years, careers were made both here and in Tehran by how nasty you could be to the other side and how creative you could be in being nasty to the other side. So if you’re going to change that, what happens if it doesn’t get some immediate result? It’s very easy to slip back into what you always have been doing.”21

The most promising area for U.S.-Iran diplomacy may be Afghanistan, where the two countries share an interest in stabilization, controlling drug trafficking, and preventing a full return to power of the Taliban, with which Iran nearly went to war in 1998. An Iranian official, Mohammed Ali Qanezadeh, took part in a meeting with the United States and other members of an Afghanistan contact group in Rome on October 18, 2010, that included detailed briefings from General David Petraeus, the commander of U.S.-led forces in Afghanistan.22 Follow-up meetings are likely to be held early next year as the U.S. prepares to scale back its military commitment, and peace talks between the Afghan government and militant factions proceed. Iran has been a patron of Afghan president Hamid Karzai, Shiite factions, and some Sunni militant groups as it hedges its bets over its neighbor’s political future.

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19 Ibid.
20 http://www.whitehouse.gov/search/site/sanctions%20iran%20human%20rights.
The Iran We Face and Future Steps

Short-term prospects for U.S.-Iranian reconciliation and for a resolution of the Iranian nuclear file are poor in large part because of Iran’s internal political crisis. In the longer term, however, history, demography, and education favor liberalization and international integration for Iran. The focus of U.S. policy should be to buy time for this evolution to take place.

Despite the frustrations of dealing with Tehran, the Obama administration should continue to offer engagement to show its preference for a diplomatic solution. Even if engagement fails, this would undercut anti-U.S. rhetoric in Tehran and put the Iranian leadership on the defensive. As part of a new overture, the U.S. could revise an incentives package for Iran proposed in 2008 to test whether Iran is willing to place verifiable curbs on uranium enrichment. The Obama administration has yet to indicate whether it accepts any uranium enrichment on Iranian soil; this can be clarified through negotiations. The U.S. and Europe have indicated that they will update last year’s confidence-building proposal to swap Iranian low-enriched uranium for fuel for the Tehran research reactor. As part of that proposal, the U.S. has offered to examine the reactor—provided by the United States to Iran four decades ago—to see if it needs any safety upgrades.

While offering engagement with Iran’s government, it is of paramount importance that the U.S. strengthens its outreach to the Iranian people, the only ones who can ultimately bring about the political evolution that will provide confidence that Iran is not seeking nuclear weapons. Outreach includes increasing Iranian access to U.S. educational institutions and other academic exchanges, and allowing U.S. nongovernmental organizations to take part in humanitarian work in Iran, in areas such as earthquake prediction and the treatment of drug addiction and HIV/AIDS. Iran should also be able to continue to purchase U.S. medical and agricultural products.

The U.S. and its allies must continue to include Iran in multilateral forums on the future of Afghanistan and consider bilateral consultations. Iran, which helped the U.S. establish the current government in Kabul, has influence with Karzai, Afghan Shiites, and with some Sunni militants. Iran shares with the U.S. the goal of stability in Afghanistan and preventing a complete return to power of the Taliban.

Finally, the Obama administration should continue to condemn Iran’s human rights abuses and urge the United Nations to more closely monitor Iran’s rights record, perhaps through the appointment of a special representative of the UN Secretary-General. President Obama and other top U.S. officials can provide stronger rhetorical support to Iranian democracy advocates. The administration can also increase support for programs that facilitate access to the Internet and satellite broadcasts for Iranians so that they can obtain unbiased news and communicate with each other more easily. Similar U.S. policies helped facilitate the transition to democracy in Eastern and Central Europe in the 1980s.

Conclusion

Although the Iranian government has managed to force protestors off the streets, it is still facing an unprecedented crisis of legitimacy that has fractured the bureaucracy and pitted even many conservatives against the current leadership. The country also faces a deepening economic crisis as a result of U.S. and international sanctions, insufficient investment in the energy sector, and mismanagement of revenues and resources. This uncertain climate makes early resolution of U.S.-Iran differences unlikely, but offers promise for future reform and the replacement of current leaders by individuals more prone to compromise with their own people and the international community.

When asked about the future of the Green Movement, Iranians often respond by citing a proverb: “There is fire under the ashes.” Brutal repression may have dampened the fire for now, but the smoldering embers of resentment and anger remain, and opponents of the regime are likely to take advantage of any opportunities that present themselves to fan the flames of protest again.

After a decade of chaos and war following the Islamic revolution, Iran had been evolving in the direction of greater individual freedom and international integration until the process was stalled by the 2005 election of Ahmadinejad, and thrown into reverse by his disputed reelection in 2009. However, repression and intimidation cannot block forever
the forces of history, demography, and education. About 70 percent of Iran’s population is under the age of thirty, and Iran has literacy rates of above 80 percent for both men and women. Women make up more than 60 percent of university students and are among the most prominent advocates of civil rights. Heir to a great ancient civilization and with a history of seeking representative government that goes back more than a century, Iran is more likely to achieve a durable democracy than many of its neighbors, including Iraq and Afghanistan, which have experienced American-led regime change.

If Iran is to continue to evolve in a positive direction, Iranians will have to lead the process themselves. In the meantime, Washington needs to practice strategic patience and avoid overreactions that could set back Iran’s political development. Only then will Iran be able to reassume its rightful place as a major regional power that contributes to the peace and prosperity of its citizens and the wider world.

While it has only been in the news during the past eight years, Iran’s nuclear program has roots dating back to the 1950s. The tempo of what is known of its program is closely tied to and at the same time affected by its political climate, external environment, and other exigencies, including access to technology, expertise, and the procurement of equipment and special materials necessary to fuel its program.

In the 1970s the U.S., France, and Germany played pivotal roles in the early days of the program, which planned to have an ambitious 23,000 MWe with 23 reactors by 1994. However, the political environment changed as a result of the revolution, bringing all nuclear construction activities—including that of the Bushehr Nuclear Power Plant (BNPP)—to a halt. The new regime was fighting for its existence, and the Iran-Iraq war called for scarce national resources to be used elsewhere. When in the mid-1980s Iran started to revive its nuclear program, the political and security environment had fundamentally changed. Sanctions—and, in particular, U.S. pressure—blocked Iranian attempts to acquire power plants and fuel-cycle technology from Germany, Brazil, Argentina, and Spain. However, Iran was able to finalize a contract with China to build small nuclear research reactors, and successfully started the reconstruction of the BNPP in the mid-1990s, with Russian help.

Beginning in the late 1980s, Iran continued its efforts to acquire enrichment and reprocessing technologies with some success, first buying centrifuges from the nuclear black market of AQ Khan; then, getting laser enrichment laboratory equipment from China; and later, in the late 1990s, acquiring additional, more-advanced laser equipment from Russia.

There are still quite a few ambiguities with regard to the acquisition of sensitive technologies from the AQ Khan network. Was this restricted only to the P-1 centrifuge technology, and to what extent was technology on more advanced P-2 centrifuges provided to Iran? The Agency also found in Iran a document related to manufacturing of nuclear weapons. Albeit this particular document was very trivial, the IAEA found later in the possession of the members of the AQ Khan network much more advanced documentation related to nuclear weapons design. To what extent, and if any, such information was part of the deliveries to Iran, remains still to be clarified.

In terms of natural resources, Iran has fairly modest domestic uranium deposits. As part of their efforts in the 1970s, Iran contracted to buy about 10,000 tons of uranium ore concentrate from South Africa. Due to financial difficulties, the shipment of a 530-ton batch reached Iran only in 1984, and the rest of the contract was terminated. Iran has a uranium mine under construction in Saghand, and a small 20-ton-per-year uranium mining/milling installation in operation at Gchine. Iran successfully contracted with China in early 1990 to build a uranium conversion facility (UCF) in Isfahan. While Iran acquired the technology from China, it ultimately constructed the facility on its own. Since 2004, the UCF has produced 370 tons of UF6 using the South African origin material as feed. This amount is sufficient to feed the planned enrichment facilities for several years.

In the 1970s, Iran was already interested in uranium enrichment when the first laser equipment was acquired from the U.S. and Germany. Progress in developing indigenous capabilities has been slow. During the 1980s and ’90s, Iran conducted laboratory-scale uranium enrichment and conver-
In February 2010, at the Pilot Fuel Enrichment Plant (PFEP) in Natanz, Iran started to produce 19.75 percent U-235 for the U.S.-made Tehran Research Reactor (TRR), which has been in operation since 1967. In June 2009, Iran asked the IAEA for help in getting new fuel for the reactor, but Iran did not agree with the conditions set forth in the discussion with the Vienna Group (US, France and the Russian Federation) in October of 2009. In January 2010, Iran, Brazil, and Turkey made another proposal for the swap of 19.75 percent enriched UF6 to fuel assemblies, but this no longer met the conditions set by the Vienna Group. In particular, since June of 2006, Iran had accumulated substantially more of UF6 which was the primary concern of the Group. A new round of discussions is foreseen in November 2010.

Iran has demonstrated that it can enrich uranium on an industrial scale, albeit thus far with modest throughputs, but stockpiles are steadily increasing. This, combined with the progress made in the development of the next-generation centrifuges, will give negotiators time—one to two years—to solve the enrichment-related issues.

Currently, fuel is being loaded into the BNPP, and the first criticality is anticipated by the end of this year. Fuel for the BNPP has been manufactured in Russia under contracts which cover fuel supply for the first ten years. According to the contract, the spent fuel will be returned to Russia. Iran has also announced that it is indigenously designing and constructing another light-water reactor for the Darkhovin plant.

Iran continues the construction of a heavy-water reactor at Arak, but it will not be able to produce plutonium in the next few years. While Iran currently has enough uranium stocks for the fuel, the installation of the fabrication equipment at a fuel fabrication plant in Isfahan, the construction of the reactor, and the production of heavy water all proceed at a slower pace than originally announced.

Although required to fulfill its reporting obligations under 1) its safeguards undertakings; 2) the IAEA Board of Governors’ resolutions; 3) numerous UN Security Council resolutions; and 4) attempts undertaken by the P5+1 seeking a political solution, and its concurrent rounds of sanctions imposed, this has not stopped Iran from continuing with its nuclear enrichment program. Several elements contribute to an increased opacity of Iran’s nuclear dossier, including reduced cooperation with the IAEA; non-implementation of the Additional Protocol; lack of answers to long-standing questions regarding the possible military dimension of the

activities. In January 2006, Iran resumed uranium enrich-
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program; and a back-and-forth approach to negotiating on its nuclear program. From what is being monitored, there appears to be a slow-down in practically all areas of the program. At the same time, all of these issues have led to a stalemate: While the IAEA has been able to confirm the non-diversion of nuclear material, it is not able to provide assurances that all nuclear material in Iran is in peaceful use.

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About the Atlantic Council’s Iran Task Force

The Iran Task Force, co-chaired by Ambassador Stuart Eizenstat and Senator Chuck Hagel, seeks to perform a comprehensive analysis of Iran’s internal political landscape, as well as its role in the region and globally, to answer the question of whether there are elements within the country and region that can build the basis for an improved relationship with the West and how these elements, if they exist, could be utilized by U.S. policymakers. Launched in February of 2010, the Taskforce has hosted three workshops with experts addressing key issues such as “Iran’s Regional Role,” “Foreign Policy Choices Within Iran,” and “Iran’s nuclear capabilities and strategic goals.”

The Iran Task Force is a project of the Atlantic Council’s South Asia Center, and is supported generously by a grant from the Ploughshares Fund.
“Who’s Who in Iran”
Glossary of Key Persons in the Iranian Regime and Opposition

Ayatollah Ali Khamenei: Supreme Leader of Iran, 1989 to present
- President of Iran, 1981–1989
- Secretary-General of the Islamic Republican Party, 1981–1987
- Minister of Defense, 1980

Mahmoud Ahmadinejad: President of Iran, 2005 to present
- Mayor of Tehran, 2003–2005
- Governor of Ardabil Province, 1993–1997
- Faculty Member, Iran University of Science and Technology, 1989
- Member of the Basij militia and later the Islamic Revolutionary Guards Corps during the 1980–1988 Iran-Iraq War
- Ph.D., Transportation Engineering, Iran University of Science and Technology
- M.Eng., Civil Engineering, Iran University of Science and Technology
- B.S., Civil Engineering, Iran University of Science and Technology

Mohammad Ali Jafari: Commander of the Islamic Revolutionary Guards Corps, 2007 to present
- Chief of the Center for Strategic Studies, IRGC, 2005
- Commander of Ground Forces and Sarallah Garrison, IRGC, 1992–2005
- Joined Revolutionary Guard in 1979, fought in Iran-Iraq War
- Participated in the student takeover of the U.S. Embassy in Tehran in 1979
- M.S., Architecture, Tehran University

1 The most powerful man in Iran, the Supreme Leader has the final say on all policies. He appoints the commanders of all the branches of the armed forces and Revolutionary Guards, the head of national radio and television, Friday prayer leaders, half the members of the Council of Guardians, and the head of the judiciary. Khamenei was elevated to the rank of Ayatollah after succeeding Ayatollah Ruhollah Khomeini, the leader of the Islamic Revolution.

2 Khamenei was seriously injured by a bomb planted by the opposition Mujahedin-e Khalq in 1981 and lost the use of his right arm; he ran successfully for president after the incumbent, Mohammad Ali Rajai, died in another MEK bombing.

3 The Islamic Republican Party was founded in 1979 but was dissolved by Khomeini in 1987 because of factionalism.

4 Ardabil Province is located in northwestern Iran, bordering Azerbaijan. Ahmadinejad was dismissed as governor when Khatami became president.

5 The Basij, a paramilitary militia founded by Khomeini in 1979, was merged with the Revolutionary Guards in 2009 and was largely responsible for suppressing popular protests after the disputed 2009 presidential elections.

6 The Islamic Revolutionary Guards Corps is also known as the Army of the Guardians of the Islamic Republic.

7 The Sarallah Garrison, stationed in Tehran, is responsible for the security of the Iranian capital.
Ayatollah Ahmad Jannati: Chairman of the Guardian Council, 1988 to present

- Member of the Assembly of Experts, 1998 to present
- Co-Founder, Haghani School, a hard-line conservative seminary in Qom

Mehdi Karroubi, Former Parliament Speaker, Green Movement Leader

- Reformist presidential candidate, 2009 and 2005
- Founder and Secretary-General of the National Trust Party, 2005 to present
- Secretary-General, Association of Combatant Clerics, 1988–2005
- B.A. in Theology and Law, Tehran University

Mohammad Khatami, Former President of Iran, scholar

- President of Iran, 1997–2005
- Head of the National Library of Iran, 1992–1997
- Member of Parliament, 1980–1982
- B.A., Western Philosophy, Isfahan University
- Chair, Islamic Center in Hamburg, Germany

Ali Larijani: Speaker of Parliament of Iran, 2008 to present

- Presidential candidate, 2005
- Head of Islamic Republic of Iran Broadcasting, 1994–2004
- Minister of Culture and Islamic Guidance, 1992–1994
- M.A. and Ph.D., Western Philosophy, Tehran University (wrote doctoral dissertation on Immanuel Kant)
- B.S., Computer Science, Sharif University of Technology

Esfandiar Rahim Mashaei: Chief of Staff of the President of Iran, 2009 to present

- First Vice President of Iran, forced to resign by Khamenei in 2009 in part for relatively moderate views on foreign policy
- Vice President of Iran, Head of Cultural Heritage and Tourism Organization, 2005–2009
- B.S., Electrical Engineering, Isfahan University of Technology

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The Guardian Council is a powerful institution comprised of six clerics appointed by the Supreme Leader and six jurists nominated by the judiciary and confirmed by Parliament; the Council retains veto power over all legislation and reserves the right to bar candidates from running for election to Parliament, the presidency, or the Assembly of Experts.

Karroubi has publicized regime abuses, including the rape and killings of detainees at Kahrizak Prison in Tehran in 2009.

Mashaei’s daughter is married to Ahmadinejad’s son, making them in-laws.
Mir Hossein Mousavi: Former Prime Minister and Leader of the Green Movement

- Reformist presidential candidate, 2009
- Senior adviser to President Khatami, 1997–2005
- Adviser to President Akbar Hashemi Rafsanjani, 1989–1997
- Architect, President of Iranian Academy of Arts, 1989
- Prime Minister of Iran, 1981–1989
- Minister of Foreign Affairs, 1981
- Bachelor’s and Master’s degrees in Architecture, National University of Iran

Ayatollah Akbar Hashemi Rafsanjani: Chairman of the Assembly of Experts of Iran, 2007 to present, former president

- Chairman of the Assembly of Experts, 2007 to present
- Chairman of the Expediency Council, 1988 to present
- President of Iran, 1989–1997
- Close adviser to Ayatollah Khomeini, during Khomeini’s fifteen-year exile prior to the revolution

Ali Akbar Salehi: Vice President of Iran, Head of the Atomic Energy Organization of Iran, 2009 to present

- Iranian ambassador to the International Atomic Energy Agency (IAEA), 1997–2005
- President of Sharif University of Technology, 1982–1985
- Associate Professor at Sharif University of Technology
- Ph.D., Nuclear Physics, Massachusetts Institute of Technology (MIT)
- B.S., American University of Beirut

Ali Asghar Soltanieh: Iranian Ambassador to the International Atomic Energy Agency, 2009 to present

- Permanent Representative of the Islamic Republic of Iran to the United Nations Industrial Development Organization (UNIDO), 2006 to present
- Head of Iran’s National Escort Team for IAEA Inspections
- Deputy Director-General of International Political Affairs, Ministry of Foreign Affairs
- Degree from Utah State University, nuclear scientist by training

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11 The Green Movement is a loosely organized opposition movement that grew out of protests following the June 2009 presidential elections.

12 The Expediency Council advises the Supreme Leader and adjudicates disputes between the Parliament and the Guardian Council; members of the Expediency Council are appointed by the Supreme Leader.

13 The Atomic Energy Organization of Iran is responsible for oversight of the country’s nuclear program, with five divisions focusing on research, power plant management, fuel production, regulation and planning, and government affairs.
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