

IRAN NUCLEAR CRISIS: STATUS AND OPTIONS

The crisis surrounding Iran's nuclear program is likely to intensify in the coming months. The dual strategy of diplomacy and sanctions has achieved little so far. Iran refuses to suspend its uranium enrichment activities and may become a nuclear threshold country within the foreseeable future. The options for action are limited. The effectiveness of military strikes is disputed, and there is no legitimacy for use of force at this point. It is creative diplomacy that is required most, and especially so on the part of the incoming US administration.



Focus on Iran: Major declared nuclear installations

As a signatory to the Nuclear Non-Proliferation Treaty (NPT), Iran has committed itself to forgoing nuclear weapons. It has the right, however, to use nuclear technology for peaceful purposes as long as it admits inspections by the International Atomic Energy Agency (IAEA). Iran has exercised this right since its ratification of the NPT in 1970. However, the development of a civilian nuclear program, which was initially assisted by Western countries, has been much delayed because of the Islamic revolution of 1979.

The current crisis surrounding Iran's nuclear program can be attributed to revelations in 2002 about the clandestine construction of nuclear facilities in Natanz and Arak. The investigations undertaken since by the IAEA have shown that Iran has for years pursued a "policy of concealment" and violated its reporting obligations numerous times. While the IAEA has found no evidence for a nuclear weapons program so far, Iran's refusal to respond to relevant questions of the agency continues to give cause for concern. The matter is all the more serious since the Iranian regime rejects the status quo in the Mid-

dle East, supports Muslim extremist movements, and questions Israel's legitimacy.

Although Iran was asked by the IAEA in 2003, and legally requested by the UN Security Council in 2006, to suspend all activities related to uranium enrichment and reprocessing, it has in fact intensified its uranium enrichment efforts in recent years. Accordingly, the international community is confronted with a dilemma today: On the one hand, it is questionable whether the dual strategy of diplomacy and sanctions, which has had little success so far, will dissuade Iran from developing the capability to build nuclear weapons and becoming a nuclear threshold power. On the other hand, the option of a preventive military strike and the prospect of Iran becoming a nuclear power are both extremely problematic.

Open questions

Iran has always asserted that its nuclear program is for peaceful purposes only and geared towards energy supply. However, its intentions have been called into question for two reasons. First, Iran insists on

maintaining its own nuclear fuel cycle. This makes little sense economically and harbors the risk of dual use. The overwhelming majority of the more than 30 states that have nuclear reactors receive their nuclear fuel from a small group of main suppliers in Europe, the US, Russia, Japan, and China. Iran, however, has rejected the offer of contractually guaranteed delivery. Its insistence on autonomous capacities incurs high costs that continue to rise with the effect of sanctions.

The dual-use danger is mainly linked to the possibility of Low-Enriched Uranium (LEU) for nuclear power plants being converted via further enrichment steps into Highly Enriched Uranium (HEU) for nuclear weapons. According to the IAEA, Iran had around 480 kg of LEU at its disposal as of August 2008. While the construction of a nuclear device requires a much greater amount, it is only a matter of time before Iran reaches that threshold – especially since the uranium enrichment facility at Natanz is constantly being expanded. According to the US National Intelligence Estimate (NIE) of December 2007, if Tehran should indeed plan to enrich HEU, it would be able to build a nuclear weapon by the end of 2009 at the earliest, but more probably between 2010 and 2015. In addition to uranium enrichment, another proliferation risk is presented by the heavy water reactor in Arak. This can be used to generate plutonium, which like HEU is suitable for weapons purposes.

The second reason for doubting Iran's assertions is the intransigence of its leadership. On the one hand, Iran admits IAEA inspections under the NPT Safeguards Agreement. The atomic energy agency is today in a position to verify the non-diversion of declared nuclear material in Iran. However, Tehran

has so far refused to ratify the Additional Protocol to this agreement, which stipulates further monitoring options and would allow the IAEA also to verify the absence of undeclared nuclear material and activities. Another reason why the possibility of a covert military element within the nuclear program cannot be excluded is that implementation of the work plan for incremental clarification of open questions that was agreed in August 2007 by the IAEA and Iran has become more difficult recently. Since Tehran has failed to give a convincing account for the so-called “alleged studies”, i.e. documentation that suggests Iran may have been trying to develop a nuclear warhead, convert uranium, and test high explosives and a missile re-entry vehicle, the IAEA’s reports on Iran have become more critical.

Divergent assessments

It remains an open question whether or not Iran is really striving to acquire nuclear weapons. On the one hand, there are good geopolitical reasons for doing so (see CSS Analysis no. 1). On the other hand, it is just as conceivable that Iran wants to gain nuclear threshold status comparable to that of other countries such as Japan and expects that this achievement by itself will increase its political standing and deterrent capacity. If Tehran were really only interested in civilian use of nuclear power, its insistence on retaining its own nuclear fuel cycle despite sanctions could only be explained as a matter of national pride and a fundamental distrust of supply guarantees.

As late as 2005, US intelligence services were convinced that Tehran was determined to develop nuclear weapons. In the 2007 NIE, to the surprise of many observers, they reversed this analysis and assessed “with high confidence” that, while Iran had maintained a nuclear weapons program in the past, it had terminated this program in 2003. They were unable to make clear predictions about Iran’s further intentions, however. Generally, it is noticeable that the NIE is phrased very cautiously. This can be attributed to some extent to the earlier intelligence failures in the case of Iraq. It also reflects, however, the dearth of intelligence available to the US since diplomatic relations were severed in 1980. The debate over the NIE has accordingly been a controversial one. Its critics say that the report fails to take fully into account the problem of potential dual use concerning the civilian program. Furthermore, they argue that it ignores the fact that Iran is not only enriching uranium, but also developing long-range

ballistic missiles, a second key component of a nuclear capability. Not surprisingly, Israeli politicians and experts are particularly strident in their denouncement of the NIE. Their assessment, according to which Iran’s successful bid for nuclear weapons is drawing closer or is even imminent, is based mainly on the assumption that Iran will convert the available LEU into weapons-grade HEU as soon as possible.

Difficult diplomacy

Since the beginning of the nuclear crisis, the focus has been on efforts to resolve it by diplomatic means. In the agreements of Tehran (2003) and Paris (2004), the EU3 (France, Britain, Germany, and Javier Solana as EU High Representative) had initially succeeded in persuading Tehran to discontinue uranium enrichment voluntarily and sign the Additional Protocol. However, the draft for a long-term agreement presented by the EU3 in August 2005 was rejected by Iran. Since Tehran resumed uranium enrichment and was no longer prepared to implement the Additional Protocol voluntarily before its ratification, the IAEA referred the Iran dossier to the UN Security Council.

In spring 2006, the positions of the EU3 and the US converged. The Europeans declared their willingness to endorse sanctions. At the same time, the US, which had referred to Iran as part of an “axis of evil” in 2002 and had argued in favor of sanctions from the start, joined the EU3’s diplomatic efforts. The – reluctant – change of course on the part of the US was significant in that the nuclear crisis is largely determined by the US-Iranian conflict, and only the US can make concessions that are regarded as crucial by Iran. However, it should also be noted that the leeway for Europeans to act as mediators has been reduced due to their closing of ranks with the US. Furthermore, the negotiating position of the West has hardened due to the inclusion of the US, since Washington insisted on the suspension of uranium enrichment as a precondition for negotiations.

Since Iran categorically rejects that demand, the diplomatic efforts have been at an impasse ever since. The negotiating format of the EU3+3 (or P5+1), which now includes the US as well as the two other UN veto powers Russia and China, presented Iran with a comprehensive incentives package in June 2006. This was further specified and increased in June 2008. Among the incentives offered to Iran in return for suspending its uranium enrichment and reprocessing activities, are, among other things, legally binding nuclear

fuel supply guarantees, technological and financial assistance for the civilian nuclear program, a security-policy dialog and a conference on regional security, steps towards the normalization of trade and economic relations, support for WTO membership, an energy partnership, and development aid. However, Iran so far has not accepted this offer and in its own proposal of May 2008 announced its intention to use its enrichment capacity for commercial export of LEU. Neither incentives nor the sanctions passed by the UN Security Council in three steps since December 2006, which mainly consist of banning deliveries of goods and technology for the nuclear program and freezing the bank accounts of natural persons and legal entities involved in the program, have prompted a change of Iranian policy so far.

In the last months of the Bush administration, the US once again modified its position in accordance with European preferences. For instance, Secretary of State Condoleezza Rice for the first time co-signed the letter accompanying the incentives package of 2008. When the EU3+3 and Iran met in Geneva on 19 July 2008 to discuss this package, a US diplomat was in attendance for the first time. Finally, it was significant that Washington agreed to the “freeze for freeze” proposal that the EU submitted to Iran together with the incentives package. This three-phase concept is designed to allow both parties to initiate negotiations without losing face. Under this proposal, exploratory talks would be held to reach agreement on a timetable for consultations and starting pre-negotiations. Subsequently, pre-negotiations should prepare the way for formal negotiations by securing a consensus on their objectives, modalities, timetable, and agenda. During this phase, the EU3+3 would not pursue any further measures in the UN Security Council. Iran, in turn, would refrain from new nuclear activities and would complete clarification of outstanding issues regarding past nuclear activities as identified by the IAEA. In the third phase, formal negotiations would be held on an agreement defining long-term bilateral and regional cooperation as well as mechanisms to ensure the civilian nature of the Iranian nuclear program. However, this phase would only begin after Iran had suspended all enrichment-related and reprocessing activities and the UN Security Council had suspended the implementation of the sanctions adopted.

Iran’s refusal so far to go along with this proposal is likely due to two factors. First, under the current version of the “freeze for freeze”

proposal, the suspension of uranium enrichment remains an explicit precondition for formal negotiations rather than the potential outcome of the pre-negotiations, which limits its face-saving potential. Second, some of the incentives are phrased in very vague wording. It is unclear, however, whether Iran is at all prepared to suspend uranium enrichment under certain circumstances, or whether it is only playing for time and striving to achieve nuclear threshold status as soon as possible.

Whether or not the double strategy of diplomacy and sanctions will be successful is uncertain. China and Russia are skeptical regarding further sanctions affecting the energy sector, for example. There is probably more leeway at the diplomatic level. While the EU3+3 format has proven to be unwieldy and the divergence of its members' interests makes it difficult to formulate a common policy vis-à-vis Iran, it is conceivable that the US under President Obama will focus more strongly on dialog than before, drop preconditions for talks, and modify the "freeze for freeze" proposal accordingly. By publicly pondering the possibility of opening an interests section for consular matters in Tehran, the Bush administration has given an impetus for a new US approach towards Iran at the conclusion of its term in office.

The military option

The debate on a military strike against Iran's nuclear program in case the current strategy fails has been taking place mainly in the US and Israel. Its advocates argue that such a measure could win time or even bring about a change of course in Iran. However, this option lacks legitimacy as long as the IAEA is able to monitor the declared LEU and has no convincing proof of covert Iranian nuclear activities. This would even be the case if Iran should advance to nuclear threshold status. Furthermore, the effectiveness of a military attack is questionable in view of the large number of targets and the limited intelligence available, and it remains unclear just how much time could actually be gained.

The risks of military action are subject to heated debate. Its opponents argue that this course of action would only strengthen the hardliners in Iran and make Tehran even more determined to build nuclear weapons. They also fear that the crisis could spin out of control. Iran might, for instance, block the Strait of Hormuz, a key route for transporting oil, attack the fifth US Fleet and critical oil facilities in the Persian Gulf, stoke domestic tensions in Iraq and revive the fight against

the international forces, fire missiles at Israel, mobilize Hizbollah and Hamas to fight the Jewish state, and instigate global terrorist attacks. By contrast, advocates of a military operation believe that Tehran's retaliatory capacity is less strong than Iranian rhetoric would lead one to believe. They concede that the price of oil would rise, but expect that due to the strong maritime presence of the US and Iran's dependence on oil exports, any crisis in the Strait of Hormuz would be limited in scope and time. They also believe that the threat to Israel would be a limited one, since the Israeli missile defense has recently been significantly improved and Hizbollah is likely to be cautious in engaging in a new conflict with Israel. According to their point of view, Iran will want to avoid a spiral of escalation, since it would have to expect devastating retaliatory action.

As a result of the publication of the 2007 NIE, the option of a US military strike against Iran is not politically viable for the time being. The situation is different in Israel, where the dual fear of a US strategy of rapprochement towards Iran and of Iran's imminent grasp for the bomb has triggered an intense discussion about unilateral air strikes in recent months. In view of the anti-Semitic rhetoric of the Iranian leadership and the danger of losing its strategic dominance in the region, Israel – which has nuclear capabilities of its own – feels more directly threatened by the nuclear crisis than other states. However, Israel would require US support for military action. In addition to operative assistance, it would at the very least require an "amber light" signal of approval from the White House. The US has, however, emphatically rejected the idea of unilateral Israeli action. Washington fears that Israeli air strikes may not be effective enough and that the US would not be able to evade the charge of political responsibility, especially since the Israeli Air Force would most likely take the direct route over Iraqi airspace. Presently, therefore, Israel's threatening rhetoric is probably aimed at accelerating the diplomatic process. This might change, however, especially in case of a right-wing government coming into power.

Creative diplomacy: The Swiss role

A nuclear-armed Iran would fundamentally change the strategic situation in the Middle East, accelerate regional proliferation, and undermine the NPT. For many states, this is an unacceptable option, the more so since the effectiveness of a strategy of deterrence vis-à-vis the Islamic Republic has been questioned by some experts. If Iran

should advance to the threshold of becoming a nuclear power, the degree of verifiability of its nuclear program by the IAEA is likely to become a decisive factor for the further development of the nuclear crisis. Then, if not before, the offer already proposed by Tehran today – ratification of the Additional Protocol in return for a lifting of sanctions (and thus de-facto acceptance of Iran's uranium enrichment) – is bound to be controversially discussed.

Key documents

- **EU3:** ☞ Tehran Agreement 2003; ☞ Paris Agreement 2004; ☞ Incentives package 2005
- **EU3+3:** Incentives package ☞ 2006/ ☞ 2008
- **Iranian proposals:** ☞ January 2005; ☞ March 2005; ☞ April 2005; ☞ July 2005; ☞ August 2006; ☞ May 2008
- **UN-Resolutions:** ☞ 1737; ☞ 1747; ☞ 1803

What is currently required most is diplomatic creativity. In this respect, Switzerland has already made valuable contributions in recent years. The fact that its mediation efforts have been appreciated can be seen in the request by Tehran and the EU to organize the meeting in July 2008. The "freeze for freeze" approach is based on a Swiss paper of spring 2007 that had been coordinated with Iranian representatives. Since the EU3+3's proposal diverges from this paper on the key issue of uranium enrichment, there may be room for additional exploration. However, following international and domestic criticism of the gas deal concluded between a Swiss energy company and Iran, the Federal Council decided in the summer of 2008 that Switzerland would no longer pursue an independent role in the matter of the nuclear controversy.

As the protecting power representing US interests in Iran, Switzerland has access to high-ranking officials in Washington and Tehran. The opening of a US interests section in Iran would be in line with the Swiss approach of engagement. Should the US government request that this section be placed under Swiss protection, such a move could also be considered an opportunity to reaffirm Swiss-American bilateral relations that have suffered in the aftermath of the gas deal.

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