

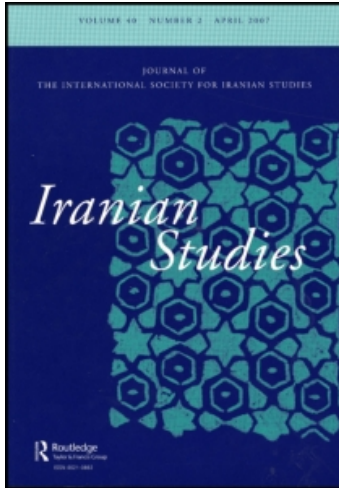
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Gawdat Bahgat

Nuclear Proliferation: The Islamic Republic of Iran

Since the mid-1980s, Israel, the United States, and other Western powers have accused Iran of pursuing nuclear weapons capability. Iranian officials have categorically denied these accusations and claimed that their nuclear program is designed for civilian purposes. This essay examines the history of Iran's nuclear program since the late 1950s and analyzes the forces that shape the country's nuclear policy. These forces include perception of security threats from Pakistan, Iraq, Israel, and the United States; domestic economic and political dynamics; and national pride. The following section will discuss the European and Russian stance on Iran's nuclear ambition as well as the International Atomic Energy Agency's efforts to reach a compromise that would satisfy the international community's concerns and Tehran's demands. The essay concludes with some predictions on how Iran's nuclear program is likely to evolve in the next few decades.

Since the mid-1980s, Israel, the United States, and other Western powers have accused Iran of pursuing nuclear weapons capability. Iranian officials have categorically denied these accusations and claimed that their nuclear program is designed for civilian purposes, not military ones. These accusations and denials have further intensified since the early 2000s with the revelation of previously unknown nuclear activities by the Iranian authority. The International Atomic Energy Agency (IAEA) and the European Union (EU) have engaged in prolonged negotiations with Iran to verify adherence to its Non-Proliferation Treaty (NPT) commitments. In short, the Iranian case represents one of the most serious challenges to the non-proliferation regime.

This essay examines the history of Iran's nuclear program since the late 1950s and analyzes the forces that shape the country's nuclear policy. These forces include perception of security threats from Pakistan, Iraq, Israel, and the United States; domestic economic and political dynamics; and national pride. The following section will discuss the European and Russian stance on Iran's nuclear ambition as well as the IAEA's efforts to reach a compromise that would satisfy the international community's concerns and Tehran's demands. The essay concludes with some predictions on how Iran's nuclear program is likely to evolve in the next few decades.

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The argument is twofold. First, for more than two decades, Iran has invested substantial human and financial resources in its nuclear program. In addition to relying on foreign technology, material, and equipment, Iran has developed an indigenous nuclear expertise. This technological know-how cannot be taken away from Iran. The country is likely to maintain some level of nuclear infrastructure. As George Perkovich concludes, "It is too politically naïve to expect Iran to give up its nuclear program."¹

Second, a successful strategy to deal with Iran's nuclear ambition will have to address both the supply and demand sides of the nuclear equation. Pressuring foreign governments and companies to stop cooperation with Tehran is not enough. Iran's security concerns need to be addressed. Improving the security environment in the Persian Gulf and the broad Middle East would substantially reduce Tehran's incentives to pursue nuclear capability. Such an approach would require close cooperation between all major global powers (the United States, European Union, Russia, and China). As Geoffrey Kemp asserts, there is a need for "multilateral and multi-tiered efforts that would involve carrots as well as threatened sticks."²

International intelligence agencies disagree on whether and when Iran might reach the point of "no-return" in pursuing nuclear weapons. They, however, agree that Iran does not possess nuclear weapons capability, at least not yet. This suggests that despite rhetoric, there is time to reach a compromise. A satisfactory and peaceful deal with Tehran would improve the security environment in the Middle East and strengthen the global non-proliferation regime.

History of Iran's Nuclear Program

Iran has sought to acquire nuclear capability as early as 1957 when it signed a civil nuclear cooperation agreement with the United States that provided for technical assistance and the "lease of several kilograms of enriched uranium."³ It also called for both countries to cooperate in research on the peaceful uses of nuclear energy. Several characteristics can be identified in the evolution of Iran's nuclear program. First, in the early stages of building its nuclear program, Iran relied on the United States and other Western countries. In late 1960s, the Atomic Center of Tehran University and a research reactor were established. Enriched fuel was supplied by an American company called AMF.⁴ In the following decade, Iran signed several agreements with the United States (1974) to buy eight reactors, with Germany (1974) to build a power reactor at Bushehr, and

¹George Perkovich, *Dealing with Iran's Nuclear Challenge* (Washington D.C., 2003), 2.

²Geoffrey Kemp, "How to Stop the Iranian Bomb," *National Interest* 72, (2003): 48–58.

³David Albright, "Timeline of Iran's Path to Nuclear Weapons," *Reassessing the Implications of Nuclear-Armed Iran* (Washington, D.C., 2005): 49.

⁴International Atomic Energy Agency, Communication dated 12 September 2005 from the Permanent Mission of the Islamic Republic of Iran to the Agency, online at www.iaea.org, (2005): 4.

with France (1977) to build two reactors at Darkhovin. In addition, Iran purchased a ten percent share in a uranium enrichment plant built by a French company called Tricastin.⁵ In other words, Western governments and companies worked closely with the monarchy to build an ambitious nuclear program.

Second, as part of his plan to modernize Iran, the Shah was determined to start and expand an ambitious nuclear program. In addition to the agreements with Western countries, Iran bought yellowcake from South Africa and financed an enrichment plant there. In order to speed up its negotiations for these agreements, Iran signed the NPT in 1968 and ratified it in 1970. The Shah was also determined to develop an indigenous nuclear technology. Thus, in 1974, the Atomic Energy Organization of Iran (AEOI) was established and Iranian nuclear engineers were sent abroad for training.⁶ Despite assertions that Iran's nuclear program under the Shah was only for peaceful purposes, some sources claim that the Shah intended to build nuclear weapons capability. In the mid-1970s, the Shah was quoted as saying that Iran would have nuclear weapons "without a doubt and sooner than one would think."⁷ The Center for Non-proliferation Studies at the Monterey Institute of International Studies claims that the Western intelligence community "had long suspected that the Shah's nuclear scientists conducted research into military applications."⁸

Third, despite these speculations on the Shah's intentions, it is important to point out that in 1974, when the AEOI was established, the Shah called for making the entire Middle East nuclear weapons free zone (MENWFZ). This call has been an underlying theme of Iran's nuclear policy under the Islamic regime. Fourth, Iran's nuclear program came to a halt shortly after the 1979 Revolution. Ayatollah Khomeini believed that nuclear weapons contradict the basic tenets of Islam. Many Iranian nuclear scientists left the country after the toppling of the Pahlavi regime and Western countries froze their agreements with Iran and withdrew their support for its nascent nuclear program. This program focused mainly on the two plants under construction at Bushehr.

Fifth, these two reactors were more than half completed in 1979.⁹ The German firm Siemens and its subsidiary Kraftwerke Union began work on the reactors in 1974, but stopped when the Shah was overthrown. Iran's nuclear facilities at

⁵International Atomic Energy Agency, Communication dated 12 September 2005 from the Permanent Mission of the Islamic Republic of Iran to the Agency, on line at www.iaea.org, (2005): 4.

⁶According to one source, in 1975, the Massachusetts Institute of Technology signed a contract with the AEOI for providing training for the first cadre of Iranian nuclear engineers. See Muhammad Sahimi, "Iran's Nuclear Program," Payvand, *Iran News* (2003), online at www.payvand.com.

⁷Jacqueline Simon, "United States Non-Proliferation Policy and Iran: Constraints and Opportunities," *Contemporary Security Policy* 17 (1996): 365–394.

⁸Center for Non-Proliferation Studies, "Iran: Nuclear Overview," online at www.nti.org, (2005).

⁹Greg J. Gerardi and Maryam Aharinejad, "Report: An Assessment of Iran's Nuclear Facilities," *Non-proliferation Review* 2 (1995): 207–213.

Bushehr were attacked and badly damaged by Iraqi jets in the course of the war between the two nations (1980–88). Sixth, in the mid-1980s, the Iranian leadership decided to restart its nuclear program. The search for uranium was stepped up and Tehran “began offering incentives for exiled Iranian nuclear scientists to return home.”¹⁰ International isolation and tense relations with the United States, however, complicated Iran’s efforts to re-build its nuclear program. The German firm withdrew from Iran and, under heavy American pressure, several foreign governments refused any nuclear cooperation with Iran.

Seventh, unable to find a Western partner for its nuclear program, Iran turned to the Soviet Union and China. In 1990, Iran signed nuclear cooperation agreements with both Beijing and Moscow, and five years later, Russia agreed to a deal worth \$800 million to complete the first reactor at Bushehr.¹¹ Some analysts argue that Bushehr’s benefits for Iran’s nuclear-weapons program are likely to be “largely indirect”¹² by contributing to its nuclear infrastructure and expertise. Meanwhile, in the late 1990s under U.S. pressure, China agreed to halt nuclear assistance to Iran. Eighth, the international concern over Iran’s nuclear activities was further intensified in 2002 with the revelation by the Iraqi-based opposition group, the National Council of Resistance in Iran, regarding the existence of the previously unknown and undeclared two nuclear facilities, one at Natanz for uranium-enrichment and the other one a heavy-water production plant at Arak. These revelations have alarmed Western countries. As a result, the European Union, led by Britain, France, and Germany, has engaged in intense negotiations with Iran to secure Tehran’s full adherence to its commitments under the NPT. Under increased international scrutiny, Iran signed the Additional Protocol, which allows more aggressive inspection by the IAEA to verify that Iran is not pursuing nuclear weapons. On the other hand, Iranian officials claim that their country is in full compliance with the NPT. They argue that in the early 1990s, Iran “was the only member state to voluntarily invite the IAEA safeguards inspectors to visit all sites and facilities at their discretion.”¹³ These inspections found no evidence of illegal nuclear activities.

Ninth, in late 2005, the confrontation between the international community and Iran reached a new, more volatile phase when the IAEA Board of Governors adopted a resolution that paved the way for Iran to be referred to the UN Security Council over its nuclear ambition. The resolution recalls “Iran’s failures in a number of instances over an extended period of time to meet its obligations

¹⁰Judith Perera, “Iranian Nuclear: The Battle of Bushehr,” *Energy Economist* 223 (2000): 17–20.

¹¹Andrew Koch and Jeanette Wolf, *Iran’s Nuclear Facilities: A Profile* (Monterey, CA, 1998): 2.

¹²Joseph Cirincione, Jon B. Wolfsthal, and Miriam Rajkumar, *Deadly Arsenals: Nuclear, Biological, and Chemical Threats* (Washington, D.C., 2005): 304.

¹³International Atomic Energy Agency, Communication dated 12 September 2005 from the Permanent Mission of the Islamic Republic of Iran to the Agency, online at www.iaea.org, (2005): 6.

under its NPT Safeguards Agreement with respect to the reporting of nuclear material, its processing and its use, as well as the declaration of facilities where such material had been processed and stored.”¹⁴ Two points need to be highlighted regarding this resolution: (A) The IAEA Board of Governors opted to vote on the resolution rather than adopting it by consensus, its usual approach.¹⁵ This suggests a division among members in the international community on how to deal with Iran; and (B) Failure to comply with the NPT is automatic grounds for a report to the UN Security Council under IAEA rules. The resolution, however, did not specify a date when Iran could be referred to the Security Council. In March 2006 Iran’s nuclear dossier was referred to the UN Security Council.

Four conclusions can be drawn from this brief review of Iran’s nuclear program. First, Iranian officials express little confidence in the international community. Several foreign companies either rejected or withdrew from commercial deals they signed with Iranian nuclear authority under political pressure from Washington. Probably more important, Iranian officials always cite how foreign powers did nothing when Iran was attacked by Iraq’s chemical weapons and missiles during the war between the two nations. This experience had taught the Iranians that they should not expect help from other nations and they should develop indigenous military, conventional and non-conventional, capabilities. Second, despite the need to be self-sufficient, foreign assistance has played a crucial role in building Iran’s nuclear program. Under the Pahlavi regime, Western technology, equipment, and training were essential in initiating the country’s nuclear capability. After the 1979 Revolution, Chinese, Pakistani, and Russian assistance have played a central role in re-constructing and developing Iran’s nuclear infrastructure.

Third, given that most of the information regarding Iran’s nuclear capability is classified, it is hard to provide an accurate assessment. However, based on open sources, most analysts believe that Tehran has developed a significant indigenous nuclear infrastructure. Its program is more advanced than Libya’s prior to 2003, but less developed than that of North Korea.¹⁶ Fourth, despite long-time accusations that Iran is pursuing nuclear weapons, no one has produced a “smoking gun.” However, the scope and long secrecy of Iranian nuclear activities have led many observers to conclude that Iran is pursuing such capability.

Iran’s active and growing missile capabilities have further deepened the suspicion regarding its nuclear program. The history of the two weapon

¹⁴IAEA Board of Governors, “Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran,” (2005), online at www.iaea.org.

¹⁵Twenty-two countries voted in favor of the measure; twelve countries, including Russia, China, Pakistan, South Africa, and Brazil, abstained, and one country, Venezuela, opposed it.

¹⁶Shahram Chubin and Robert S. Litwak, “Debating Iran’s Nuclear Aspirations,” *Washington Quarterly* 26 (2003): 99–114.

systems—nuclear and missiles—is similar. The missile program was initiated under the Pahlavi regime. Indeed, some analysts cite Israel's assistance in building Iran's nuclear capabilities in what is known as "Project Flower." In 1978, Iran made a down payment for this joint venture by "providing Israel with \$280 million worth of oil and began the construction of a missile facility."¹⁷ The toppling of the Shah regime put an end to this scheme, and by the early 1980s, Iran's missile capabilities were very limited.

This limited capability provided Iraq with a great opportunity to exploit its rival's vulnerability in the 1980–88 war. Thus, Iranian cities and troops became easy targets for Iraqi missile attacks. The Iranian leadership moved quickly to buy missiles from foreign suppliers and Tehran and Baghdad engaged in missile attacks in what is known as the "war of the cities." In the aftermath of the war with Iraq, the Iranian leadership was determined to end the country's vulnerability and to build a missile capability. Iran's missile program since the early 1990s has received substantial assistance from China, North Korea, and Russia. In addition, Tehran has developed an indigenous infrastructure. Since the early 2000s, world attention has focused on Iran's most publicized missile system, Shihab-3 (Shooting Star in Farsi). The system is believed to be based on the North Korean No Dong missile, with a range of 2,000 kilometers (1,300 miles). In November 2004, Iran's Defense Minister, Ali Shamkhani, said that Iran was able to "mass produce the Shihab-3 missile,"¹⁸ and a few months later (July 2005), he announced that Iran had successfully tested a new solid fuel missile motor for its arsenal of medium-range ballistic missiles.¹⁹ This technological breakthrough can make Iran's missiles more mobile and quicker to deploy.

In closing, three characteristics of Iran's missile program should be underscored. First, unlike biological, chemical, and nuclear weapons, stockpiling and deploying missiles are not internationally banned. This partly explains why Iran has aggressively displayed its missile systems. Second, most portions of the Middle East (including Israel and American troops in the region) are in the range of Shihab-3. Tehran has been accused of seeking to develop longer-range missiles that can reach Europe and even the United States. Iranian officials categorically deny these accusations. Third, Iran has been accused of trying to make missiles capable of carrying nuclear warheads. Again, the Iranians strongly deny these accusations.

These accusations and denials aside, Iran's nuclear policy is driven by domestic, regional, and international dynamics, most notably, security, national pride, and internal economic and political developments. These parameters are discussed in the following sections.

¹⁷Joseph S. Bermudez, "Iran's Missile Development," *The International Missile Bazaar: The New Suppliers' Network* (Boulder, CO, 1994): 48.

¹⁸Reuters, "Iran Says Can Mass Produce Medium-Range Missiles," (2004).

¹⁹Associated Press, "Iran Achieves Solid Fuel Technology," (2005).

Security

Since the 1979 Revolution, Iran's security environment has dramatically changed. After fighting for eight long years against Iraq, Saddam Hussein invaded Kuwait, and in response the United States led an international coalition that defeated him. For the next twelve years, international sanctions were imposed on Iraq and the country's socio-economic conditions and military power had substantially deteriorated. In 2003, the United States led another international coalition that toppled Saddam's regime and eventually arrested him. Since 2003, the United States has established a significant political and military presence in Iraq.

On Iran's eastern side, the Taliban (a fundamentalist Sunni regime supported by Saudi Arabia and Pakistan) was in charge of most of Afghanistan. Iran supported the largely Shiite Northern Alliance that controlled a small part of Afghanistan. Relations between Tehran and Kabul reached a low point in the late 1990s when the two nations came close to a military confrontation. Following the 11 September 2001 terrorist attacks, the United States invaded Afghanistan and overthrew the Taliban regime. Since then, the United States has maintained a significant political and military presence in Afghanistan. In short, two of Iran's sworn regional rivals were defeated by another archenemy—the United States.

These changes in the security landscape around Iran were accompanied by significant developments in South Asia. Both India and Pakistan joined the nuclear club in 1998 along with the United States, the United Kingdom, France, Russia, China, and the undeclared nuclear power Israel. This geographical proximity to several nuclear powers has heightened Iran's sense of vulnerability. Many analysts argue that Iran is seeking nuclear weapons capability in order to address this perception of insecurity. In other words, the survival of the Islamic regime and Iran's territorial integrity is the main drive for Tehran's nuclear ambition. Pakistan, Iraq, Israel, and the United States are frequently mentioned by strategists as the main sources of potential threat to Iran's national security.

Iran and Pakistan "have no major bilateral disputes."²⁰ However, the relations between the two large Muslim nations are complicated and are shaped by several factors. Sectarian rivalry has always influenced relations between Tehran and Islamabad. Iran is largely Shiite while Pakistan is predominantly Sunni. The two nations supported different sides in neighboring Afghanistan before 2001. Equally important, Iran has been concerned about occasional violence between Sunnis and Shiites within Pakistan. Traditionally, Pakistan has had close relations with the United States. Since the mid-2000s, the Pakistani president has adopted an accommodative approach toward Israel. Despite these differences, Iran and Pakistan have negotiated a proposal to construct a pipeline to ship natural gas from the former to the latter and possibly to India.

²⁰Shahram Chubin and Robert S. Litwak, "Debating Iran's Nuclear Aspirations," *Washington Quarterly* 26 (2003): 99–114.

To sum up, despite considerable anxiety in Tehran following the detonation of a nuclear bomb in Pakistan in 1998, Islamabad cannot be seen as a major drive for Iran's nuclear program. Indeed, Pakistan provided some technical assistance to Iran's nuclear infrastructure, particularly through the Pakistani scientist Abd al-Qadir Khan.

Unlike Pakistan, Iraq provided the strongest incentive for Iran to seek non-conventional capabilities. Prior to the 1980–88 war, the two nations were involved in rivalry over regional leadership. This rivalry was fueled by territorial disputes, ethnic and sectarian divisions, and conflicting ideological and foreign policy orientations. The larger and more populous Iran had the upper hand in the war with Iraq. To close this geographic and demographic gap, Saddam Hussein used chemical weapons against Iranian troops. These chemical weapons killed or injured thousands of Iranians and played a major role in turning the war in favor of Iraq. The international community did little to condemn Iraq or to protect Iran and was notably indifferent. This indifference has reinforced the Iranian view that "Iran is fully justified to arm itself with nuclear weapons for defense and deterrence."²¹ The Gulf war (1990–91) has further confirmed Iran's conviction. As Shahram Chubin asserts, "Iran has learned from its war with Iraq that, for deterrence to operate, the threatening state must be confronted with the certainty of an equivalent response. The threat of in-kind retaliation (or worse) deterred Iraq's use of chemical weapons in Desert Storm; it appears that the absence of such a retaliatory capability facilitated its decision to use chemical weapons against Iran."²²

The dynamics of the Iran-Iraq rivalry have fundamentally changed, first, by the Gulf war (1990–91) and, later, by the war in Iraq (2003). Saddam Hussein's regime is no longer in power and has been replaced by new leaders with close ties to Iran. Any attempt to predict the future of post-Hussein Iraq would be unproductive. Still, two trends are likely to prevail. First, the Iraqi Shiites are likely to continue assuming a leading role in governing the post-Hussein Iraq. They represent about sixty percent of the population, and since Iraq was created as a nation-state, the country was ruled by the Sunni minority. This predominant role of the Iraqi Shiites is likely to reduce tension with Iran. In other words, a Shiite-led Iraq and a Shiite-led Iran are likely to have more peaceful relations than the case before the 2003 war.

Second, the large-scale American military intervention in Iraq is unprecedented in the Middle East. It is the first time U.S. troops have been directly involved in toppling an Arab regime and arresting the former leader of an Arab state. Given this scale, it is very likely that the post-Hussein Iraq will maintain close ties with the United States. How a Shiite-led government in Baghdad with close relations with Washington will affect Iran's security perception is yet to be seen. Given this

²¹Ze'ev Schiff, *Weapons of Mass Destruction and the Middle East: The View from Israel* (Houston, TX, 2003): 7.

²²Shahram Chubin, "Does Iran Want Nuclear Weapons?" *Survival* 37 (1995): 86–104.

uncertainty regarding the emerging Iraq, the Iranians seem to have concluded that they should not take any risk and should “pursue some kind of nuclear hedging.”²³

Under the monarchy, Iran had close relations with Israel. As Nader Entessar suggests, “With the exception of its bilateral security ties with the United States, no other country had managed to forge as close a security relationship with the Shah’s regime as Israel.”²⁴ Indeed, this relationship expanded much beyond security issues and covered political and economic interests.²⁵ This close association between the Pahlavi regime and Israel (and the United States) was one of the reasons that contributed to the toppling of the Shah and the establishment of the Islamic regime. It is little wonder then that from the outset Ayatollah Khomeini declared Israel as Iran’s sworn enemy and hostility to Israel has become a central part in the ideological framework of the Islamic Republic. Iran does not recognize Israel and sees it as occupying Muslim land and oppressing Muslim people. Accordingly, Iran has supported anti-Israel organizations such as Hezbollah, Hamas, and Jihad. Furthermore, some top officials in Tehran have called for the destruction of the Jewish state.²⁶

Rhetoric aside, most analysts agree that the Islamic Republic and the Jewish state are not likely to engage in a military confrontation against each other.²⁷ Ray Takeyh argues that for Iran, “Israel may be an ideological affront and a civilizational challenge, but it is not an existential threat mandating provision of nuclear weapons.”²⁸ There are no underlying bilateral issues fueling the tension between Tehran and Tel Aviv. The fiery calls to destroy Israel are meant to mobilize domestic and regional constituencies. Iran has no plan to attack Israel with its nuclear arsenal and powerful conventional military capabilities. Supreme Leader Ayatollah Ali Khameni summed up his country’s stand on the Arab-Israeli conflict by stressing, “Palestine issue is not Iran’s jihad.”²⁹

²³Judith S. Yaphe and Charles D. Lutes, *Reassessing the Implications of a Nuclear-Armed Iran* (Washington, D.C., 2005), 5.

²⁴Nader Entessar, “Israel and Iran’s National Security,” *Journal of South Asian and Middle Eastern Studies* 27 (2004): 1–19.

²⁵For a recent analysis of Iranian-Israeli relations see Gawdat Bahgat, *Israel and the Persian Gulf: Retrospect and Prospect* (Gainesville, FL, 2006); and Trita Parsi, “Israel-Iranian Relations Assessed: Strategic Competition from the Power Cycle Perspective,” *Iranian Studies* 38 (2005): 247–269.

²⁶In October 2005, Iranian President Mahmoud Ahmadinejad said that Israel should be “wiped off the map.”

²⁷For example, see Shahram Chubin, “Does Iran Want Nuclear Weapons?” *Survival* 37 (1995): 86–104; and Shahram Chubin and Robert S. Litwak, “Debating Iran’s Nuclear Aspirations,” *Washington Quarterly* 26 (2003): 99–114.

²⁸Ray Takeyh, “Iran Builds the Bomb,” *Survival* 46 (2004–05): 51–64.

²⁹Cited in Ray Takeyh, “WMD, Terrorism, and Proliferation,” *Testimony before Subcommittee on Prevention of Nuclear and Biological Attack, Committee on Homeland Security* (2005), online at www.cfr.org/publication/8839/wmd_terrorism_and_proliferation.html.

On the Israeli side, several officials and analysts have been alarmed by the possibility of a nuclear Iran and have been articulating a possible Israeli reaction. Defense Minister Shaul Mofaz said that “a nuclear Iran was ‘intolerable’ and would erode Israel’s strategic edge.”³⁰ Similarly, Meir Dagan, Director of Israel’s external intelligence agency, the Mossad, told a parliamentary committee that “Iran posed an ‘existential threat’ to Israel.”³¹ Finally, Yuval Steinitz, the Knesset (Israeli parliament) Foreign Affairs and Defense Committee Chairman, said, “the minute Iran turns into a nuclear power, a ‘black curtain’ will drop over Israel, the Middle East, and the entire free world.”³² This intense alarm is driven by two considerations: (A) An Iran with nuclear weapons capability is likely to be more assertive and adopt an aggressive foreign policy approach. This might include expanding support to Hezbollah, Hamas, and Jihad; and (B) A nuclear Iran is likely to prompt other regional powers such as Egypt and Saudi Arabia to follow suit—the so-called domino effect. This might ignite a nuclear arms race and further destabilize the entire Middle East. In short, the underlying stand is that Israel cannot live with a nuclear Iran and that something needs to be done to prevent such a possibility.

It is important to point out that some Israeli scholars do not agree with this doomsday scenario. Ephraim Kam at Jaffee Center for Strategic Studies, Tel Aviv University, acknowledges that Iran’s possession of nuclear weapons is of major significance to Israel because it would create a new situation where, for the first time since 1948, an enemy state would have the capability of fatally wounding it. However, he argues that “it is doubtful whether the Iranian regime would actually exercise a nuclear capability against Israel.”³³

An assessment of potential Iranian nuclear threat to Israel should take into consideration three factors: (A) The Islamic regime’s pursuing of nuclear capability started in the mid-1980s in response to Iraq’s non-conventional attacks and was essentially for defensive deterrent; (B) Israel and the United States would not hesitate to use their conventional and non-conventional military power to deter such a threat; (C) Rhetoric aside, Iran’s approach in foreign policy, particularly after Ayatollah Khomeini’s death, has been cautious and less adventurous. Generally, Iranian policy seems increasingly driven more by concern of the regime’s survival and less by ideological appeals.

Despite this lack of consensus on assessing Iran’s behavior if it acquires nuclear weapons capability, Israeli policy-makers and analysts agree that Iran armed with nuclear weapons would be dangerous and such an outcome should be prevented. One of the most debated scenarios is the so-called Osiraq option, named after the

³⁰Nicole Gaouette, “Israel: Iran is Now Danger No.1,” *Christian Science Monitor* (28 November 2003).

³¹Nicole Gaouette, “Israel: Iran is Now Danger No.1,” *Christian Science Monitor* (28 November 2003).

³²Nina Gilbert, “Iran Nuke Program Nearly Self-Sufficient,” *Jerusalem Post* (25 January 2005).

³³Ephraim Kam, “Curbing the Iranian Nuclear Threat: The Military Option,” *Strategic Assessment* 7 (2004): 4, online at www.tau.ac.il/jcss/sa/v7n3p2Kam.html.

Israeli raid in 1981 that destroyed Iraq's nuclear reactor. This Israeli threat to use force to destroy Iran's nuclear facilities can be seen as a potential option or part of a psychological war between the two archenemies. Understandably, Israeli leaders have not ruled out the use of force, and they maintain that "all options are on the table." Meanwhile, in 2004, it was reported that Israel received the first of 102 American-built F-161 warplanes, specially designed with extra fuel tanks to allow them to reach distant targets (e.g., Iranian nuclear facilities.)³⁴

The repeat of Osiraq raid in Iran is unlikely. In the Iraqi case, all the appropriate conditions for success were available. Israel had accurate intelligence on the target. Iraq's nuclear facilities were concentrated in a small area away from heavily populated centers. This caused a minimum collateral damage. Finally, Saddam Hussein was engaged in a bloody war with neighboring Iran and had no capacity to retaliate against Israel. These conditions are fundamentally different in Iran. Thus, the Osiraq raid should be seen as the exception, not the rule; or as Robert Litwak concludes, "Osirak is not a paradigm."³⁵ Finally, it is important to distinguish between the short- and long-term impacts of Osiraq. True, it crippled Iraq's nascent nuclear program, but it also accelerated it in a later stage. Thus, Joseph Cirincione argues that Osiraq was a "tactical success but a strategic failure."³⁶

Several difficulties should be taken into consideration in assessing an Israeli military action against Iran's nuclear facilities: (A) A large number of Iranians might decide to rally around a regime under attack by foreign enemy. Thus, an attack might strengthen the regime internally. (B) Iran's nuclear facilities will be harder to attack than those of Iraq in 1981. Israeli jets will have to fly over more countries to reach Iran. Equally important, the Iranians learned lessons from Osiraq. Iran's nuclear facilities are well protected and scattered all around the country. Some of them are in or close to population centers. (C) Iran has been developing its nuclear infrastructure since the 1980s. It has acquired extensive indigenous know-how, equipment, and raw materials. Thus, Iran will have the capability to re-build its nuclear program in the aftermath of a successful Israeli raid. (D) Iran would be seen as a victim of an Israeli aggression. Such a perception might complicate the improved, but delicate, relations Israel has with several Arab and Muslim states (though, some of Iran's regional adversaries such as Egypt and Saudi Arabia might support an Israeli raid privately). (E) Iran might withdraw from the NPT and end any cooperation with the IAEA. This would further weaken the global non-proliferation regime and freeze international monitoring of Iran's nuclear facilities. (F) Unlike Iraq in 1981, Iran has the capability to retaliate against an Israeli attack. Shihab-3 missiles can reach Israeli targets. Indeed, Ali Shamkhani, Minister of Defense, warned in 2004 that preemption is not a monopoly of Israel and threatened that Iran

³⁴Peter Enav, "Israel May Not Be Able to Destroy Nukes," *Guardian* (28 September 2004).

³⁵Cited in David E. Sanger, "The U.S. vs. a Nuclear Iran," *New York Times* (12 December 2004).

³⁶Joseph Cirincione, "Bombs Won't Solve Iran," *Washington Post* (11 May 2005).

might launch preemptive strikes on Israel's nuclear reactor at Dimona in response to a possible Israeli strike on Iran's nuclear plants.³⁷ Furthermore, Tehran can support terrorist operations inside Israel or on Israeli targets in foreign countries.

In closing, two conclusions can be drawn from analyzing the nuclear issue between Tehran and Tel Aviv. First, despite the fiery statement that Israel "should be wiped off the map," there is no reason to believe that officials in Tehran are seeking nuclear weapons to attack the Jewish state either to protect national interests or on behalf of the Palestinians. Still, Iran, like other Arab countries, complains about Israel's nuclear monopoly and will continue calling for a Middle East nuclear weapons free zone. Second, Israel is likely to do everything it can to maintain its nuclear monopoly in the Middle East and to prevent its rivals from acquiring nuclear weapons. The course of action Israel might take is likely to be coordinated with (or at least to take into consideration) the U.S. efforts to contain Iran's nuclear aspirations.

Developments in the broad Middle East since the early 2000s suggest that Iran's national security is not under serious threat from any regional power. The rival regimes in Kabul and Baghdad had been toppled by U.S.-led international coalitions and Tehran has improved relations with its Arab neighbors on the other side of the Gulf and with Turkey. Hostility toward Israel, as has been discussed, is driven by ideological considerations and is not likely to evolve into a military confrontation. These reduced threats from regional adversaries, however, are countered by an increased threat from the world's only superpower—the United States.

The very close relations Iran had with the United States came to an abrupt end in 1979 with the toppling of the Pahlavi regime and the establishment of the Islamic Republic. Diplomatic relations were severed shortly after U.S. diplomats were held hostage in November 1979. Since then, the United States has imposed economic and diplomatic sanctions on Iran. For almost three decades, relations between Washington and Tehran have been characterized by mutual hostility and suspicion. The few signs of accommodation in the last few months under the Clinton administration proved short-lived and relations have further deteriorated since the early 2000s. In his State of the Union speech in 2002, President Bush dubbed Iran a member in an international axis of evil, along with Iraq and North Korea.

Since the early 2000s, U.S. officials have repeatedly threatened to strike Iran's nuclear sites and to adopt a strategy of regime change in Tehran. These threats have gained credibility with the deployment of American troops in Afghanistan, Iraq, and other countries surrounding Iran. This heavy American military presence has strengthened the perception in Tehran of possible intimidation of blackmail by the United States. Several factors shape the Iranian perception,

³⁷Radio Farda, "Iranian Defense Minister Warns US and Israel of Preemptive Strikes," (19 August 2004), online at www.payvand.com/news/04/aug/1187.html.

and the course of action the United States is likely to take with regard to Iran's nuclear ambition.

First, the 2003 war in Iraq initially sent a strong message that the United States would not hesitate to use its military superiority to contain an alleged threat of WMD and to topple a regime that harbors such aspirations. Developments in Iraq, and, to a lesser degree, in Afghanistan have, however, changed this perception. As long as U.S. troops are engaged in major counter-insurgency efforts in Iraq and in counterterrorism operations in Afghanistan, "it is implausible that the United States could assemble the military capabilities required to conduct a successful conventional invasion of a country three times the size of Iraq."³⁸ In other words, a military action has become less credible.

Second, Iran holds massive hydrocarbon resources. It holds 11.1 percent and 15.3 percent of the world's proven oil reserves and proven natural gas reserves, respectively.³⁹ Put differently, Iran holds the second largest oil reserves (after Saudi Arabia), and second largest natural gas reserves (after Russia). These substantial reserves give Iran significant leverage in global energy markets. Since the early 2000s, global energy markets have experienced fundamental changes in the balance between supply and demand. The world's demand for oil and gas has increased at a much higher rate than supply.⁴⁰ Prices have responded to reflect these changes in the global markets. While it is hard to make any long-term prediction of the price of energy, this trend (demand outpacing supply) is likely to prevail in the foreseeable future. Under these conditions, a military attack on Iran would disrupt energy supplies, increase prices, and deal a heavy blow to world economy. Furthermore, high energy prices served Iran in two other ways. It has substantially slashed its international debt and refurbished its foreign currency reserves. Equally important, Iran has signed several energy deals strengthening its economic and diplomatic ties with countries such as China, India, and Japan. As a result, Iran has become "less vulnerable to economic pressures from the outside."⁴¹

Third, in September 2005, the United States, North Korea, and four other nations (China, Japan, Russia, and South Korea) participating in nuclear negotiations in Beijing signed a draft accord in which Pyongyang promised to abandon efforts to produce nuclear weapons and re-admit international inspectors to its nuclear facilities. In return, foreign powers promised to provide aid,

³⁸Judith S. Yaphe and Charles D. Lutes, *Reassessing the Implications of a Nuclear-Armed Iran* (Washington, D.C., 2005), 38.

³⁹British Petroleum, *BP Statistical Review of World Energy* (London, 2005), 4, 20.

⁴⁰Economic growth in Asia, particularly in China, is a major reason for the rise in global demand for oil.

⁴¹Neil King, JR and Farnaz Fassihi, "Iran Holds Big Bargaining Chips in Dispute," *Wall Street Journal* (18 August 2005).

diplomatic assurances, and security guarantees and to consider North Korea's demands for nuclear technology.⁴² This agreement represented a dramatic departure from threats of military strikes and economic sanctions. Two caveats should be taken into consideration: (A) It will take some time to find out if this accord is a success or a failure; and (B) There are some fundamental differences between the North Korean case and the Iranian one. (Pyongyang admitted making nuclear weapons and withdrew from the NPT. Tehran has not.) Still, the style (multilateral diplomacy) and substance (security guarantees and economic aid) can serve as a guide to address Iran's nuclear ambition.

Fourth, U.S. policy on Iran's nuclear program is hindered by a lack of adequate and credible intelligence. The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction has acknowledged that "U.S. intelligence about Iran has considerable limitations."⁴³ This is particularly important, following the questionable intelligence that was used to justify the decision to go to war against Iraq in 2003.

Fifth, U.S. decades-long confrontational policy with Iran has left it with few options. In December 2004, President Bush uncharacteristically admitted the limits of American power. The President said, "We're relying upon others, because we've sanctioned ourselves out of influence with Iran."⁴⁴ This statement suggests two essential characteristics of a U.S. strategy on Iran's nuclear ambition: a multilateral diplomacy that involves European powers, Russia, and China; and a combination of carrots and sticks. Such a diplomatic approach can succeed. As Richard Haass argues, "diplomacy must be shown to have failed before there is any chance of garnering support for other policies. All other options are so unattractive."⁴⁵

To sum up, launching a nuclear attack on the United States or American troops in the Gulf region does not seem to be a drive for Iran's nuclear program. Rather, deterring a U.S. intervention in Iran's policy and ensuring the survival of the Islamic regime seem more realistic motives. Ironically, if the Iranian strategy is to acquire nuclear weapons capability to deter the United States, these same weapons may invite an American attack and endanger the survival of the regime and the stability of the entire Middle East. In order to address Iran's nuclear ambition, the country's security concerns should be addressed as well as those of other regional powers. Global powers including the United States, European Union, Russia, and China can provide security guarantees (similar to those offered to North Korea).

⁴²Joseph Kahn, "North Korea Says It Will Drop Nuclear Efforts for Aid Program," *New York Times* (19 September 2005).

⁴³Paul Kerr, "Iran Nuclear Abilities Limited," *Arms Control Today* 35 (2005): 10–14.

⁴⁴Elaine Sciolino, "United States and Europe Differ Over Strategy on Iran," *New York Times* (29 January 2005).

⁴⁵Richard R. Haass, "Regime Change and Its Limits," *Foreign Affairs* 84 (2005): 66–78.

Domestic Political and Economic Developments

Besides the perception of threats to regime survival and the territorial integrity of the state, Iran's nuclear ambition is shaped by domestic economic and political dynamics. An assessment of these dynamics should take into consideration two propositions: (A) An open economic and political system is likely to be more receptive to and abide by the norms and rules of the global non-proliferation regime than an isolated and authoritarian one; and (B) the evolution of the Iranian system should not be seen as a straight movement toward reform and liberalization. There have been, and there will always be, numerous setbacks. However, despite the conservatives' dominance of almost all centers of power in the mid-2000s, Iran looks "less revolutionary" than it was in the early 1980s. Iranian policy is driven less by rigid ideological parameters and more by vigorous national interests.

Since the early 2000s, some characteristics of Iran's economic and political system can be identified. First, despite almost three decades of American economic sanctions, Iran is not isolated. Shortly after the end of the war with Iraq, Iran started improving economic and diplomatic relations with most of the world under former President Rafsanjani. This trend gained momentum under his successor, President Khatemi. Despite the growing and dominant role of the conservatives, Tehran is likely to maintain its ties with the Arab world, Asian powers, Europe, and Russia. Second, Iran's economy suffers from structural imbalances with high rates of inflation and unemployment and heavy subsidies to basic commodities. Efforts to diversify the economy have not succeeded and the country still is heavily dependent on oil revenues and vulnerable to the fluctuation of oil prices. Despite these shortcomings, there have been efforts to reform the economic system and privatize public enterprises. An important step in this direction is the application to join the World Trade Organization (WTO). For several years, the United States had blocked Iran's application to join the WTO. In March 2005, in the midst of crucial negotiations between European countries and Iran, the Bush administration decided to lift its opposition in order to bolster European diplomatic efforts. WTO membership talks normally last for several years. For these talks to succeed, Iran will have to change its domestic laws and procedures to comply with WTO rules.

Third, like other oil-producing countries, in response to high oil prices, Iran has enjoyed substantial increase in revenues. Thus, international debt has decreased and public spending has increased and the overall economic performance has improved. These improved economic conditions have enabled the government to keep the populace's dissatisfaction and political dissent manageable. Fourth, like many developing countries, Iran's population is largely young and politically mobilized. These young men and women have been an important force in the push for economic reform and political liberalization.

Fifth, Iran's political system is more complicated than most other Middle Eastern states like Iraq under Hussein, Libya under Qadhafi, or Egypt under

Mubarak. True, under the *velayat-e faqih* (rule of the jurisprudent), the Supreme Leader Ayatollah Khameni had the final word on all important issues, but it is also true that the system was designed to ensure a level of checks-and-balances between different institutions. These include the presidency, the Majlis (parliament), the Guardian Council, the Expediency Council, the Revolutionary Guards, the judiciary, and others. Since 1979, Iran has held freer elections and has had freer press and freer parliamentary debates than most of its Arab neighbors. This is not to suggest that Iran is a full-fledged democracy; indeed, Iran still has a long way to go. But the political system demonstrates promising signs to move in this direction.

Sixth, the election of President Mahmoud Ahmadinejad in 2005 signaled the consolidation of the conservatives' control on almost all centers of power. The moderates have lost control in almost all important political institutions. But the Supreme Leader Ayatollah Khameni has since moved to restore some political equilibrium to the system by giving "sweeping new oversight powers"⁴⁶ to defeated presidential candidate and head of the Expediency Council Ali Akbar Hashemi Rafsanjani (considered a pragmatic conservative or moderate).

Seventh, although signs of popular alienation and resentment have periodically appeared, the Islamic Republic does not seem on the verge of a revolution. There is no well-organized opposition or mass movement against the ruling elite. Furthermore, some analysts argue that the bloodshed and chaos in neighboring Iraq have shown the Iranians "how much worse things could be and have led people to hope somehow for incremental peaceful change."⁴⁷ Thus, Clifford Kupchan concludes that the Iranians want "evolutionary change not revolution."⁴⁸

To sum up, this brief discussion of economic and political developments in Iran suggests that there are no signs of revolt against the Islamic regime. However, significant changes championed by young Iranians are pushing the state toward more integration in the global system. These efforts have not always been successful. Still, the change is emerging from within Iran and will continue on its own terms. Foreign powers should resist the temptation to directly intervene and seek to direct this change. Such intervention will only encourage "doubt and prevarication by a nationalistic society."⁴⁹

National Pride

For many years, Iran's religious/political establishment has been divided between several factions, usually grouped into two camps—moderate and conservative.

⁴⁶ Angus McDowall, "Iran, Rich, Armed and Angry, How Dangerous Is It to the World?" *Independent* (30 October 2005).

⁴⁷ George Perkovich, *Changing Iran's Nuclear Interests* (Washington, D.C., 2005), 6.

⁴⁸ Clifford Kupchan, "Iranian Beliefs and Realities," *National Interest* 81 (2005): 106–110.

⁴⁹ Ali M. Ansari, "Continuous Regime Change from Within," *Washington Quarterly* 26 (2003): 53–67.

On almost all domestic and foreign policy issues, Iran spoke with more than one voice. Nuclear power, however, is one of the few exceptions. The right to develop nuclear power is a matter of national pride, where the population is largely united behind the regime. Iran's attachment to nuclear development is rooted in its own tumultuous history. Most Iranians perceive their nation as a great civilization that has been deprived of its "rightful" status as a regional superpower by foreign intervention, including the Russian, British, and American. This deep sense of victimization has been reinforced by the Shiite history. For most of the Islamic history, Shiite minorities have been persecuted by the Sunni majorities. In the modern era, Iran lost territories to Russia. Meanwhile, the United Kingdom and the United States manipulated Iran's economy and policy under the Pahlavi regime. During the war with Iraq, the sense of isolation in Tehran was further deepened by broad international support for Baghdad.

Developing an indigenous nuclear capability would go a long way in restoring a sense of pride and respect. Driven by these popular and official sentiments, the Iranians insist that they have an "inalienable right" to produce nuclear fuel and to be self-sufficient in their nuclear program. They resist dependence on foreign suppliers. As former President Khatemi explained, "We cannot rely on other countries to supply our nuclear fuel as they can stop it anytime due to political pressure."⁵⁰ They insist that the fuel should be processed inside Iran and not imported from foreign countries.⁵¹ The Iranians see Western efforts to deny them an indigenous fuel cycle program as discriminatory. This right, the Iranians argue, is documented in Article IV of the NPT.⁵² Thus, the Iranians accuse the West, particularly the United States, of pursuing a policy of "selective proliferation" or, as President Ahmadinejad put it, "nuclear apartheid" that permits some countries to enrich fuel, and others not to.⁵³ This double-standard approach is underscored by how the West has accepted and cooperated with India, Israel, and Pakistan (which all have developed nuclear weapons capabilities but are not members in the NPT) and pressured Iran (a signatory of the NPT) to give up its nuclear program, which the Iranians claim is for peaceful purposes.

In opposition to Iran's nuclear ambition, U.S. officials often point out that Tehran has massive oil and natural gas deposits and, therefore, does not need to build expensive nuclear plants. The Iranians respond by noting that other

⁵⁰*International Herald Tribune*, "Iran to Look at EU Offer on Uranium Enrichment," (23 October 2004).

⁵¹In November 2005, Gholamreza Aghazadeh, the head of Iran's nuclear agency, was asked if Tehran would agree to enriching uranium abroad; he replied, "Iran's nuclear fuel will be produced inside Iran." "Iran Rules Out Uranium Enrichment Proposal," *Associated Press* (12 November 2005).

⁵²Article IV states, "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the parties of the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination."

⁵³"G8 Seeks Unity on Iran Nuclear Stand-off," *Financial Times* (18 September 2005).

major oil and gas producers such as Canada and Russia rely heavily on nuclear energy to generate electricity and for other peaceful purposes. Furthermore, burning more fossil fuels would further increase pollution and create severe environmental problems. Finally, the Iranians point out to their substantial domestic consumption, which absorbs a big proportion of the country's oil production. If Iran does not switch to nuclear power, they argue, most of the production will be consumed domestically in the next few decades due to population growth. This would be devastating for an economy dependent on oil exports for most of its revenue.

It is important to remember that Iran's pursuit of nuclear energy started under the Shah and has been maintained and expanded under the Islamic regime. Given the strong popular and official support for the nuclear program, three conclusions can be suggested. First, regardless of the political orientation of the regime in Tehran, Iran is likely to pursue nuclear capability. Second, Iranians are adamant, insisting that their nuclear program is only for peaceful purposes. They argue that Iran has not initiated any military conflict or war in the past two-and-a-half centuries.⁵⁴ Iran's commitment to the nonproliferation treaty stems not only from its obligations as a signatory, but also from religious and ethical considerations. In 2004, Iran's Supreme Leader, Ayatollah Khameni issued a *fatwa* (religious edict) prohibiting the production, stockpiling, and use of nuclear weapons.⁵⁵

Third, given the national pride, political capital, and huge financial and human resources Iran has already invested in its nuclear program, it is likely that Tehran would maintain some of its nuclear infrastructure. Indeed, the Iranians claim that their goal is to evolve into the so-called "Japan model"—a country with developed nuclear infrastructure without crossing the threshold to build nuclear weapons.

International Response to Iran's Nuclear Program

Nuclear developments in Iran have been of great concern to the international community. Iran is a major player in both the Middle East and Central Asia. Besides the American and Israeli threats of military action against Iran's nuclear facilities and the U.S. decades-long economic sanctions, Europe and Russia have been intensely involved in negotiations with Iran.

Historically, Iran has had close economic, political, and cultural ties with several European countries. These close ties were severely damaged in the first decade of the Iranian Revolution due to Tehran's involvement in terrorist acts against dissidents residing in Europe and to the Salman Rushdie affairs. Most of these issues had been resolved when President Khatemi was in power (1997–2005), and relations between the two sides have substantially improved.

⁵⁴Kamal Kharrazi, "The View From Tehran," *Middle East Policy* 12 (2005): 25–30.

⁵⁵The text of the *fatwa* has never been made public.

In December 2003, the European Union (EU) issued a European Security Strategy emphasizing that proliferation of WMD is potentially the greatest threat to European security. The document defines the European approach to deal with this threat as “preventive engagement.”⁵⁶

The EU has been more involved in dealing with Iran’s nuclear program following the 2002 disclosure of clandestine nuclear activities. The U.S. and the EU share the same objective—preventing Iran from acquiring nuclear weapons capabilities.⁵⁷ The two sides, however, disagree on how to reach this end.⁵⁸ The Europeans believe that economic sanctions and threats of military strikes would isolate Iran and further destabilize the entire Middle East. This is of particular concern to Europe, given the geographical proximity with potential increase in terrorist attacks and cutting off of oil supplies. Furthermore, the inaccurate intelligence that led to the war in Iraq and instability in that country has further strengthened European opposition to a military strike against Iran.

Instead, the EU has adopted a “conditional engagement” approach.⁵⁹ Since the early 2000s, the EU has negotiated a Trade and Cooperation Agreement (TCA) with Iran. The TCA would substantially increase the volume of trade between the two sides and is seen as a great economic opportunity in Iran. The EU has established linkages between progress on the TCA negotiations and changes in Iran’s position on the Arab-Israeli peace process, terrorism, and proliferation of WMD. In 2003, France, Germany, and the United Kingdom (EU-3) started negotiations with Iran on behalf of the EU. These negotiations succeeded in convincing Iran to sign the Additional Protocol and to freeze some of its nuclear activities, but have yielded no breakthrough.

The history of Russian-Iranian relations goes back for centuries and reflects a mixture of hostility and cooperation. Under the Pahlavi regime, Iran was very suspicious of the Soviet intention to create and support communist regimes all over the Middle East. Indeed, the Shah considered Soviet alliance with Arab nationalists as a major threat to Iran’s national security. Shortly after the Revolution, the Islamic regime rejected both capitalism and communism and refused to ally itself with either the United States or the Soviet Union. Since the late 1980s and early 1990s, Tehran has moved much closer to Moscow, seeking political support and military technology.

Most of the debate on Iran’s nuclear program focuses on American and Israeli military threats and European negotiations. Russia is an important player in understanding Iran’s nuclear policy and deserves much attention. Indeed, Russia is “the only state to have openly cooperated with the Islamic Republic

⁵⁶The full text of the European Security Strategy is available on the Council of the European Union website at <http://ue.eu.int/uedocs/cmsupload/78367.pdf>.

⁵⁷Robert J. Einhorn, “A Transatlantic Strategy on Iran’s Nuclear Program,” *Washington Quarterly* 27 (2004): 21–32.

⁵⁸Geoffrey Kemp, “How to Stop the Iranian Bomb,” *National Interest* 72 (2003): 48–58.

⁵⁹Wyn Q. Bowen and Joanna Kidd, “The Iranian Nuclear Challenge,” *International Affairs* 80 (2004): 257–276.

in the nuclear field.”⁶⁰ Several strategic and commercial factors have shaped Moscow’s nuclear policy toward Iran. First, Iran provides a major export opportunity to Russia’s nuclear industry, in particular, and military hardware, in general. Western ban on selling weapons to Iran means that Tehran has few options to meet its security needs. Thus, since the early 1990s, Iran has become a major importer of Russian arms. In addition, Russian companies have provided Iran with nuclear materials, equipment, and training. The Bushehr reactor is a good illustration of nuclear cooperation between the two nations.

Second, since the collapse of the Soviet Union, Moscow has established close relations with Western powers (the United States and Europe). A close Russian association and involvement in Iran’s nuclear program would endanger its ties with the West. Indeed, several Russian companies had been penalized by the United States for providing assistance to Iran’s nuclear program. Third, Russian officials view Iran as a strategic partner in the Persian Gulf and Central Asia that can be useful in countering growing American presence and influence in these two regions. Fourth, Russian and Iranian interests do not always converge. The two nations are major oil and natural gas producers with potential commercial competition. Since the collapse of the Soviet Union, Moscow and Tehran have failed to agree on the legal status of the Caspian Sea and have advocated different pipeline routes to carry the Caspian’s hydrocarbon resources to global markets. Fifth, given the concern about militant Islam within Russia, Moscow sees close ties with Iran as a “kind of insurance policy that can protect against unhelpful Iranian influence on Russia’s Muslim communities.”⁶¹ Sixth, Russia is concerned about the proliferation of WMD close to its borders. An Iran with nuclear weapons capability is not likely to serve Russia’s security policy.

To sum up, these strategic and commercial considerations provide Moscow with both opportunities and challenges in forging its relations with Iran. Despite close cooperation with Tehran, Moscow is likely to value its broader ties with Western powers more. There are limits on nuclear cooperation between Russia and Iran. Moscow is likely to continue its support for nuclear technology for peaceful purposes and oppose a nuclear weapons capability. Moscow is also likely to maintain its opposition to the use of military force against Iran’s nuclear installations.

The IAEA has taken a leading role in verifying Iran’s adherence to its commitment under the NPT. A major dilemma facing the entire nonproliferation regime is the uncertainty regarding crossing the threshold from using nuclear power for peaceful purposes to military applications. When the NPT was created, the framers considered “peaceful purposes” of nuclear energy to be separate from

⁶⁰Vladimir A. Orlov and Alexander Vinnikov, “The Great Guessing Game: Russia and the Iranian Nuclear Issue,” *Washington Quarterly* 28 (2005): 49–66.

⁶¹Robert J. Einhorn and Gary Samore, “Ending Russian Assistance to Iran’s Nuclear Bomb,” *Survival* 44 (2002): 51–70.

“military uses.” But the line between the two applications has been increasingly blurred as the experiences in Iran and other countries demonstrate. International efforts to regulate the accession of nuclear fuel by international organizations such as the IAEA or by nuclear states have not succeeded. The Iranian case demonstrates the urgent need to reach a consensus that would guarantee states’ right to acquire nuclear material and technology and at the same time ensure the international community that these materials will not be used to make weapons. The NPT needs to be re-negotiated to reach a balance between these demands. Finally, it is worth emphasizing that the IAEA has never publicly accused Iran of hiding a weapon program. A “smoking gun” has yet to be found.

Conclusion

In 2005, it was reported that the United States’ intelligence apparatus concluded that Iran is as long as ten years away from making the key ingredient for nuclear weapons.⁶² This assessment means that the international community has some time to reach a satisfactory compromise with Iran that would ensure that its nuclear program would not cross the threshold from peaceful purposes to nuclear weapons. Such a compromise should underscore the following parameters. First, a military strike on Iran’s nuclear facilities would be extremely expensive in both human and material costs and is not likely to succeed. Instead, the international community (the United States, EU, Russia, and China) has to present Iran with a combination of incentives and disincentives to reach an agreement that would alleviate suspicion of its nuclear program.

Second, a fundamental principle of such an agreement would be security guarantees to the survival of the Iranian regime and the territorial integrity of the states. As Richard Haass suggests, “using indirect tools to bring about regime evolution, instead of change, might well work.”⁶³ Third, the preferred (and hardest) approach to address the question of Iran’s nuclear ambition is “within the context of a regional security framework.”⁶⁴ The underlying reason for Iran’s nuclear ambition is the perceived threat from regional powers and the United States. These security concerns need to be alleviated.

⁶²Peter Baker and Dafna Linzer, “US Policy on ‘Axis of Evil’ Suffers Spate of Setbacks,” *Washington Post* (17 August 2005).

⁶³Richard N. Haass, “Regime Change and Its Limits,” *Foreign Affairs* 48 (2005): 66–78.

⁶⁴Geoffrey Kemp, “Iran: Can the US Do a Deal?” *Washington Quarterly* 24 (2001): 109–124.