

A Transatlantic Strategy on Iran's Nuclear Program

The Iran nuclear issue poses two critical tests for the United States and Europe. The first is whether, after the deep divisions over Iraq, Americans and Europeans can work together effectively on an issue of major importance to each other as well as the world at large. The second is whether dissuading a resourceful, determined country from acquiring nuclear weapons is possible through means short of military force. The two tests are, of course, closely related. The bitter dispute that arose across the Atlantic over Iraq revolved to a large extent around how best to ensure the disarmament of weapons of mass destruction (WMD), whether by eliminating Saddam Hussein's regime through force or by relying on vigorous international inspections.

So far at least, differences on Iran are not nearly as pronounced as they were on Iraq. No one seems to be giving serious consideration to the military option, and all have relied heavily on multilateral institutions, particularly the International Atomic Energy Agency (IAEA). Still, differences have emerged, and unless the United States and Europe close the gaps and forge a common strategy, prospects for satisfactorily resolving the Iran issue will be dim.

Is Iran Breaking Out? A Brewing Crisis

Stopping Russian assistance to Iran's nuclear program was a high priority for the United States throughout much of the 1990s. For most Europeans, how-

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The Washington Quarterly • 27:4 pp. 21–32.

ever, Iran's nuclear ambitions were not a major preoccupation until August 2002 when an Iranian opposition group publicly disclosed the locations of two previously secret nuclear facilities in Iran, including a large, underground uranium-enrichment plant under construction near the town of Natanz, 130 miles south of Tehran. Subsequent investigations by the IAEA revealed that Iran, in violation of its nonproliferation commitments, had

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pursued clandestine fissile material production programs for 18 years and that it was farther advanced in its enrichment program than anyone had suspected.

In October 2003, faced with the prospect of a formal finding of noncompliance by the IAEA Board of Governors and referral to the UN Security Council, Iran agreed with the foreign ministers of France, Germany, and the United Kingdom (the European Union 3, or "EU 3") to suspend all enrichment-related and

reprocessing activities, adhere to the IAEA's Additional Protocol requiring more intrusive inspections, and provide full information about its nuclear program. For their part, the Europeans promised that the issue would not go before the Security Council and pledged to provide technology to Iran, including in the civil nuclear area, if Tehran met its commitments. Although hardly anyone thought the agreement signaled a basic decision by Iran to abandon its nuclear program, most saw it as a positive first step, and the Bush administration acknowledged it as such.

Since autumn 2003, however, the situation has deteriorated. The IAEA discovered that a supposedly complete report submitted by Iran omitted references to activities involving advanced centrifuges (of the P-2 design) and to the production of polonium, a material used in the initiation of nuclear explosions. Instead of suspending its enrichment program completely, Iran asserted the right to carry out certain activities the IAEA regarded as covered by the suspension (e.g., the production of uranium feedstock) and dragged its feet on ending the manufacture of centrifuge components (on the pretext that it could not break contracts with private Iranian firms). Although Iran cooperated with the IAEA in many respects during the first half of 2004, some inspection visits were postponed; disputes arose over access to military sites; and key questions, such as the scope of Iran's advanced centrifuge program and the source of highly enriched uranium (HEU) particles found in Iran, remained unresolved.

In addition, Iran has grown increasingly impatient with international scrutiny, calling on the IAEA to finish its work and give Iran a clean bill of

health. In the run-up to the IAEA board meeting in June 2004, Iranian leaders threatened that the country would reduce its cooperation with the agency and perhaps even resume suspended enrichment activities unless the board gave adequate recognition to the cooperation Iran had already provided and took the Iran nuclear issue off the agenda for its September 2004 meeting. Despite these threats, on June 18 the board adopted a tough, EU 3–sponsored resolution deploring Iran's failure to cooperate in a full, timely, and proactive manner, demanding a more complete suspension of enrichment activities, calling on Iran urgently to resolve all outstanding questions, and firmly putting the issue on the agenda for September's meeting.

Less than a week later, Iran informed the EU 3 that, in response to the board's resolution and the Europeans' failure to abide by their alleged commitments to help "close the file," it had decided to resume the manufacture and testing of centrifuge machines and to proceed with plans to produce uranium hexafluoride, the feed material for uranium enrichment. Although Iran gave no indication that it would end its cooperation with the IAEA or proceed with the actual enrichment of uranium, this move, if not reversed, would substantially gut the agreement it reached with the EU 3 last October.

Chagrined by Iran's defiant move but not yet prepared to accept U.S. advice to send the matter to the Security Council, the EU 3 responded rather meekly by urging Iran once again to honor its pledges and reverse its decision to proceed with certain enrichment-related activities. The EU 3 confirmed that they would go ahead with previously planned talks on a permanent solution to the nuclear issue (and on Iranian-European cooperation that would accompany such a solution) but stressed that progress in the talks would only be possible if Iran fully suspended enrichment activities.

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Assessing Iran's Nuclear Intentions

Prospects for forging an agreed transatlantic approach toward Iran depend to a significant extent on whether the United States and Europe share a common understanding of Iran's nuclear intentions. So far, their views appear close but not identical. Iran's deceptions, evasions, and outright lies about its nuclear program, all of which the IAEA has carefully documented in its reports, have made all the key players deeply skeptical about Tehran's claims that Iran is pursuing a uranium-enrichment capability only to pro-

duce fuel for nuclear power reactors and that it has no interest in nuclear weapons. The Europeans and Americans seem to agree that the Iranians at a minimum are seeking enrichment and other fuel-cycle facilities not only to fuel reactors but also to give themselves the capability to produce HEU for nuclear bombs, should they decide to acquire such weapons.

The Americans, the British, and perhaps the French are convinced, however, that Iran has already made that decision. On the basis of the IAEA's incriminating reports, the involvement of the Iranian military in the nuclear

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program, the secrecy surrounding the nuclear program, and intelligence they have not made public or shared fully with the IAEA, these countries assess that Iran is actively pursuing nuclear weapons, not just the production capability that would provide a future option. They believe that Iran is proceeding with a parallel clandestine program under military control in addition to the nuclear facilities it is willing to declare and open to inspections, such as the Natanz enrichment plant. Al-

though these countries apparently do not have a "smoking gun," that is, evidence of where Iran is working to design and eventually manufacture nuclear bombs, they are confident that such work is underway.

Some other European countries, including Germany, do not seem convinced that Iran has already made the decision to acquire nuclear weapons. They believe it is possible that Iran might be acquiring a fissile material production capability while deferring a decision on weapons. Such a capability might be viewed in Tehran as sufficient for the time being because it would enable Iran to demonstrate its technological prowess and signal to the world, without having to violate its obligations, that it would be able to produce nuclear weapons in a relatively short period of time. Those Europeans who hold this somewhat more benign view of Iran's intentions do not argue, however, that Iran does not have a dedicated nuclear weapons program; they recognize that the IAEA's findings are too disturbing to make such a claim with confidence. Rather, they say that they have seen no proof that a dedicated military program that goes beyond a fissile material production capability to the development and production of nuclear bombs themselves already exists.

Although views may differ across the Atlantic on whether Iran is actively pursuing nuclear weapons or only a nuclear weapons option, they appear to have converged on two crucial matters. First, the consensus seems to be that Iran's acquisition of nuclear weapons would be disastrous for the stability of the Middle East and for the future of the global nonproliferation regime. Both President George W. Bush and Democratic presiden-

tial candidate Senator John Kerry (Mass.) have called such a development “unacceptable.” Although Europeans avoid such categorical formulations, they have repeatedly expressed strong opposition to Iran’s acquisition of nuclear weapons.

Second, transatlantic agreement seems to have formed that persuading Iran to give up its own fissile material production capability, regardless of Iran’s true motivation for seeking it—whether to produce reactor fuel indignously, to give itself a future nuclear option, or to build nuclear weapons as soon as possible—is essential. Both the Americans and Europeans fully appreciate that a country has gone most of the distance toward nuclear weapons once it has the ability to enrich uranium or produce plutonium. Because a determined proliferator could at any time withdraw from the Nuclear Non-Proliferation Treaty (NPT), kick out inspectors, and proceed to turn previously safeguarded nuclear material into bombs, they further recognize that putting Iran’s capability under the IAEA’s verification is not an adequate solution.

A Possible Solution

Agreement on these two points—that Iran must not have nuclear weapons and that Iran must not be allowed to obtain its own capability to enrich uranium or produce plutonium—provides the basis for a possible solution to the Iran nuclear issue, a solution that has already gained support internationally, both within governments and in nongovernmental circles. Under this approach, Iran would permanently forswear its own nuclear fuel-cycle capabilities, including enrichment, reprocessing, uranium conversion, and heavy-water production. It would agree to dismantle existing fuel-cycle facilities as well as any under construction. To help monitor the pledge, it would ratify the IAEA Additional Protocol. (It now says it is acting voluntarily in accordance with the protocol, pending ratification.) To compensate Iran for giving up the right to produce reactor fuel, major nuclear suppliers including Russia, the United States, and certain European countries would provide a binding guarantee for Iran to receive fuel-cycle services—the supply of fresh reactor fuel as well as retrieval and storage of spent fuel—on a commercial basis for any nuclear power reactors that it builds as long as it meets its commitments.

The EU 3 favor such a solution; the Bush administration has been non-committal. The approach, which permits Iran to build nuclear power reactors, is inconsistent with the current U.S. position, which opposes all nuclear reactors in Iran, including the 1,000-megawatt reactor the Russians are constructing at Bushehr. If Iran verifiably renounced its own fuel-cycle capabili-

ties, however, the United States—under either a Bush or Kerry administration—would almost surely go along. So would the Russians, who would be a likely supplier of lucrative fuel-cycle services and possibly more reactors.

The response in Tehran would be much more problematic. The nuclear issue has become highly politicized in Iran, with hard-liners portraying the United States and the Europeans as trying to prevent Iran from benefiting from advanced technologies. During the past two years, some Iranian leaders have become increasingly outspoken about not giving up enrichment and other fuel-cycle capabilities. In late June 2004, Supreme Leader Ayatollah Seyyed Ali Khamenei said that Iran's possession of a complete fuel cycle was essential because otherwise it would be dependent on others and vulnerable to politically motivated fuel supply cutoffs.

One can make a strong argument that the deal described above, by legitimizing the acquisition of nuclear power reactors and guaranteeing the supply of fuel for those reactors, would enable Iran to reap the peaceful benefits of nuclear technology more cheaply, efficiently, and reliably than if it produced its own fuel. Yet, Iran's leaders would not view the deal strictly, or even primarily, from a civilian nuclear energy perspective. For them, the main impact of the proposal would be to deprive Iran of the capability to produce fissile material for nuclear weapons—the essential reason why Iran has pursued a clandestine nuclear program for close to two decades. Having invested so much in this effort and having made as much progress as it has, Iran will be extremely reluctant to relinquish that capability.

Little Perceived Pressure to Reverse Course

Iran probably feels little pressure to give up its nuclear option at the present time. Although the U.S. invasion of Iraq may initially have produced fears that Iran would be next, now seeing the United States with its hands full in Iraq and its military forces stretched thin worldwide, the Iranians probably calculate that they face no near-term risk of U.S. military action against them. Tehran sees the influence it has carefully cultivated within Iraq's Shi'a community as a source of leverage vis-à-vis the United States and a powerful deterrent against U.S. interference in its affairs, including coercion on the nuclear issue. Although it seems to have refrained from using that influence to instigate violence or disrupt U.S.-supported recovery efforts so far, Tehran has worked hard to give itself the capability to do so. Iran also sees its growing commercial ties with Europe, especially Germany, as a source of leverage over the Europeans. Presumably, it has drawn further encouragement from the U.S. failure thus far to persuade the EU 3 to refer the nuclear issue to the Security Council.

Moreover, when weighing the risks and benefits of staying on course, the Iranians likely recall the world's reaction to India's and Pakistan's nuclear weapons tests in May 1998. The initial response was strong—international condemnation and the imposition of sanctions by the G-8, the United States, and several other individual countries—but it proved short lived. Before long, sanctions were peeled back and eventually eliminated, and major countries such as the United States began to restore and even elevate relations with the two self-declared nuclear powers. Given Iran's perception of its own political and economic importance to the world, the country may very well expect that, if it withdrew from the NPT and overtly acquired nuclear weapons, the world would react in a similar way, with initial outrage followed sooner or later by accommodation to the new reality.

Not only do Iran's leaders currently believe they have little to fear if they continue on their present course, but they also see little to be gained by forfeiting the nuclear option. In particular, they probably judge that the United States would continue to have hostile designs on the regime in Tehran even if it were to renounce nuclear weapons genuinely.

The last year and a half, going before the IAEA board and receiving heavy criticism every three months, has been uncomfortable for Iran's leaders but not intolerable. The pressures Iran has faced thus far are not nearly strong enough to convince it to abandon its nuclear ambitions. As long as the incentives and disincentives remain similar to those that exist now, Iran is likely to continue pressing forward, playing a cat-and-mouse game with inspectors, seeking to intimidate the EU 3, driving a wedge between the EU 3 and the United States, narrowing the scope of its suspension of enrichment activities as much as possible, and working to prevent its referral to the Security Council. Iran may hope that, if it can avoid new, damaging revelations and cooperate just enough for the IAEA to conclude that there is no proof of further concealed activities or nuclear weapons intent, it will sooner or later receive a relatively clean bill of health from the IAEA. Tehran may calculate that it could then get away with ending what remains of its suspension of enrichment activities and use its resumed, overt enrichment operations to mask its parallel clandestine program.

A more immediate risk is that, rather than wait for a clean bill of health, the conservatives who now monopolize power in Tehran will take provocative steps out of a combination of overconfidence in their bargaining posi-

Iran must be forced to choose between nuclear weapons and the international community.

tion and frustration with being the focus of prolonged investigation. As noted above, Iran recently decided to resume the manufacture of centrifuge parts as well as the assembly and testing of centrifuge machines. Still unclear at this point is whether this defiant step is a probe from which the Iranians are prepared to back away, especially if they can extract promises in return, or a sign that they have come to regard the suspension of enrichment activities as a trap they must escape before it permanently bogs down their efforts.

If this move produces a strong reaction at the September IAEA board meeting, such as a decision to refer the matter to the Security Council, the Iranians could follow North Korea's example and escalate further, perhaps by resuming other enrichment activities or by declaring they will no longer abide voluntarily by the Additional Protocol. Iran might even conclude that, given the Bush administration's desire to avoid a crisis in the run-up to the U.S. election, the time would never be better to go for broke—to kick out the IAEA and withdraw from the NPT—in the expectation that it could withstand the resulting pressures and in due course be accepted into the nuclear club.

Changing Iran's Calculus: Forcing a Choice

To deter precipitate actions in the near term and eventually to persuade Tehran to give up its nuclear ambitions, the United States and Europe must radically alter Iran's calculations of benefit and risk. They should work together to devise a joint framework of incentives and disincentives that confronts Iran with a stark choice: Iran can become a pariah with nuclear weapons or a respected, fully integrated member of the international community without them.

As anybody would, Iran's leaders would prefer to have their cake and eat it too. They would prefer to have fissile material production capability ostensibly for peaceful purposes and good relations with the rest of the world. If forced to choose, however, the possibility at least exists that they would choose international integration. In this regard, Iran is different from North Korea. Pyongyang's elite may prefer isolation to the regime-threatening dangers of exposure to foreign influences, but Tehran's pragmatic conservatives¹ appear to recognize that their hopes for regime legitimacy and survival rest heavily on their ability to deliver material benefits for their increasingly disenchanted population, benefits that can only be achieved through integration economically and politically with the international community.

Both the United States and Europe have critical roles to play in framing the choice for Iran. Thus far, the Bush administration has played the bad

cop and the Europeans have played the good cop. The United States has branded Iran a member of the “axis of evil”; urged the IAEA board to find Iran in noncompliance with the NPT and to send the matter to the Security Council; opposed all nuclear cooperation with Iran, including Russia’s construction of a power reactor at Bushehr; and broken off even limited bilateral contacts with Iran. The EU 3, on the other hand, have preferred carrots to sticks. They promised to enhance high-technology trade with Iran, including in the civil nuclear area, and opposed efforts to take the issue to New York if Tehran abides by the October 2003 deal. European sticks have usually taken the form of deferred carrots, such as the EU’s postponement of further talks with Iran on a Trade and Cooperation Agreement until the nuclear issue is resolved. Such actions do not hurt Iran; they simply threaten to take away future gains.

The clear-cut good cop/bad cop routine gives Iran little incentive to budge.

The problem with this clear-cut good cop/bad cop routine between the Europeans and the United States is that it gives Iran little incentive to budge. U.S. threats of more sticks would not be very impressive, as the military option is currently not credible; little U.S.-Iranian cooperation currently exists to withhold; and the Europeans seem reluctant to join the Americans in new multilateral penalties. European offers of more carrots would be equally unimpressive because human rights and other political concerns would limit what the Europeans could offer, let alone the fact that any European offer might be seen by the Iranians as doing them little good if not accompanied by a change in U.S. attitudes toward the Iranian regime. What is needed now is for the Europeans and the United States to switch roles: for the Europeans to play the bad cop and the United States to play the good cop (or perhaps more realistically, at least a worse cop and a better cop, respectively).

The EU 3 should privately identify for Iran certain redlines: failure to implement and maintain a comprehensive suspension of enrichment activities, IAEA detection of clandestine nuclear activities or facilities, and failure to cooperate with the IAEA as if Iran were a party to the Additional Protocol (e.g., denial of access to suspect locations). They should make clear to Iran that serious and specific consequences will ensue if these redlines are crossed, not just postponing future benefits but scaling back existing cooperation. The Europeans must warn Iran that Security Council involvement is inevitable once the redlines are crossed. A firm message to Iran by Security Council permanent members France, Russia, and the United Kingdom

(separately or, better, jointly) that they would not use their veto to block sanctions would be especially effective to focus Iranian minds. (A similar message from China to North Korea was reportedly instrumental in gaining Pyongyang's acceptance of the Agreed Framework in 1994.) To minimize the likelihood that Tehran would dig in its heels to avoid appearing to cave to foreign pressures, these tough messages should be delivered in private.

Another crucial signal for the EU 3 to send Iran is that the world's response to the Indian and Pakistani nuclear tests would not be a model for

Bringing Iran to give up nuclear weapons will take time, perhaps years.

the international reaction to Iran going nuclear. The two cases are very different. Neither India nor Pakistan was an NPT party nor had they violated any international obligations. Because Iran is an NPT member, its acquisition of nuclear weapons in violation of the treaty would undermine the nonproliferation regime in a much more fundamental way. Regarding the likely severity and duration of the international response to Iran's acquisition

of a nuclear capability, the Europeans should encourage Iranian leaders to think not in terms of what India and Pakistan faced but of the apartheid sanctions imposed on South Africa or the terrorist sanctions on Libya.

While the Europeans are getting serious about sticks, the United States should get serious about carrots. In particular, it should engage Iran bilaterally on a full range of issues, from those on which U.S. and Iranian interests may converge (e.g., Iraq, Afghanistan) to those that are much more contentious (e.g., the disposition of Al Qaeda operatives under detention in Iran, Iranian support for terrorist organizations in the Middle East, the nuclear issue). The objective of engagement should not be a grand bargain but the step-by-step resolution of issues of concern to either side, movement toward a *modus vivendi*, and eventual normalization of relations between the two countries.

Progress toward a more normal U.S.-Iranian relationship would address one of Iran's principal motivations for seeking nuclear weapons: fear of the United States. Until fairly recently, the chief security motivation for Iran's WMD programs was Iraq, which was known to have had an advanced nuclear weapons program and which used chemical weapons against Iran on a large scale during the long, bloody war the two countries fought in the 1980s. Now, with Saddam and his WMD programs gone, the United States, with its military forces and facilities encircling Iran and an administration that Tehran perceives as determined to pressure and undermine the current Iranian regime, has replaced Iraq as Iran's number one threat. An engage-

ment process that has the effect of reducing Iranian concerns about a threat from the United States might well provide the necessary context for an eventual Iranian decision to abandon its nuclear program.

Buying Time: Can Iran Be Dissuaded?

Bringing Iran to the conclusion that it can give up nuclear weapons without compromising its security and other national interests, if achievable at all, will take time, perhaps years. The EU 3 and Iran have agreed to hold talks to explore the possibility of turning the October 2003 interim arrangement into a permanent solution of the nuclear issue. Yet, in the absence of a fundamental Iranian decision to forgo a nuclear capability—and no such decision seems in sight—it is difficult to imagine much progress at those talks.

While the U.S. and European governments work to reshape Iran's calculations of long-term benefits and risks, they must also do whatever they can in the immediate future to stop Iran from taking steps that could present the world with a *fait accompli*. That means insisting on a complete suspension of enrichment and reprocessing activities as the IAEA board has demanded. It also means pressing the IAEA to exercise its full inspection and other investigative rights vigorously in an effort to detect or at least impede Iran's covert activities. A broadly defined and aggressively monitored suspension would buy the time needed for U.S. and European political engagement with Iran to persuade Tehran that giving up the nuclear option is in its own national interest.

As long as Iran believes that the costs of pursuing nuclear weapons are manageable and the benefits of forgoing them are uncertain or negligible, it will maintain its present course. Of course, we can never know if any combination of incentives and disincentives will get the Iranians to abandon their quest. If we are even to stand a chance, however, both the Americans and the Europeans will have to make major adjustments in their current approaches.

The EU 3's high hopes for the October 2003 agreement, especially that it could lead fairly quickly to a permanent renunciation of Iranian fuel-cycle programs, clearly have not materialized. If the Europeans wish to give credibility to their argument that nonmilitary means can meet difficult proliferation challenges, they will have to adopt a firmer posture toward Iran. In particular, they will need to view engagement not as an end in itself but as a tool that should be used only as long as it is productive. Also, in the interest of promoting a solution that permits stronger European political and commercial relations with Iran in the long run, they must be willing to threaten to curtail those relations in the short run.

The United States similarly must recognize that it cannot achieve a solution with only sticks and no carrots and without engaging Iran. It must also abandon wishful thinking about the prospects for regime change in Iran, either through externally supported coercive means or indigenous political processes. The conservative rulers of today are well entrenched and unlikely to be replaced anytime soon. If a negotiated solution is to be reached with Iran before it has the ability to produce enough HEU for a bomb, Washington will have to do so with the regime now in power.

For both the Europeans and the United States, it will be essential to overcome the bitterness and divisions that have plagued the transatlantic community of late and to work together closely (and with the Russians and Japanese) to devise a common strategy. They will have to present Iran with a united front and force Tehran to choose between international cooperation and nuclear weapons. Only when Iran recognizes that it can neither divide the international community nor have its cake and eat it too will it make the right choice: to give up its nuclear weapons program.

Note

1. For more on the rise and goals of Iran's pragmatic conservatives, see Ray Takeyh and Nikolas K. Gvosdev, "Pragmatism in the Midst of Iranian Turmoil," *The Washington Quarterly* 27, no. 4 (Autumn 2004): 33–56.