



**Testimony before the
Senate Foreign Relations Committee**

“THE IRAN NUCLEAR ISSUE”

October 28, 2003

A Statement by

Robert J. Einhorn
Senior Adviser, CSIS

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, 1800 K STREET, NW, WASHINGTON, DC 20006
TELEPHONE: (202) 887-0200 FACSIMILE: (202) 775-3199 [WWW.CSIS.ORG](http://www.csis.org)

Mr. Chairman, Members of the Committee, thank you for giving me the opportunity to speak with you this morning about the challenge of heading off an Iranian nuclear weapons capability.

This hearing comes at a critical time in Iran's decades-old quest to acquire nuclear weapons. Just last Tuesday, on October 21st, Iran and the foreign ministers of France, Germany, and the U.K. issued a declaration in which Iran accepted some of the key demands of the international community with respect to its nuclear program. That declaration was, in the words of President Bush, a "very positive development." But it was only a first step and hardly an indication that Iran has abandoned its hopes of having nuclear weapons. Achieving a durable and verifiable termination of Tehran's nuclear weapons program will require sustained, unified efforts by the United States, the Europeans, the Russians, and many other interested parties in the months and years to come.

Iran has pursued its nuclear weapons objective in the guise of an ambitious civilian nuclear power program that, despite abundant Iranian oil and natural gas reserves, Iran claims is necessary to augment and diversify its sources of energy. Its nuclear plans call not just for the construction of a significant number of power reactors (including the Russian-supplied reactor at Bushehr), but also for the acquisition of a full range of facilities capable of processing uranium and producing fuel for those reactors. But it is precisely those sensitive, dual-use "fuel-cycle" facilities -- mainly enrichment and reprocessing plants -- that would enable Iran to obtain the fissile material needed to build nuclear weapons. In the last few years, Iran has made substantial progress on those fuel-cycle capabilities, especially in building a large uranium enrichment plant at Natanz. Some experts believe Iran is now only one to two years from having the capability to enrich uranium to weapons-grade.

Iran's plans exposed

Iran had hoped to have its cake and eat it too -- the reputation of a law-abiding member of the international community and an active, clandestine nuclear weapons program. But a little over a year ago its plans began to unravel. An Iranian opposition group publicly disclosed information about two fuel-cycle facilities that Iran had previously tried to keep secret, including the Natanz enrichment plant. When the International Atomic Energy Agency (IAEA) investigated these and other leads, it discovered that "Iran had failed to meet its obligations under its Safeguards Agreement with respect to the reporting of nuclear material imported into Iran and the subsequent processing and use of the material." In the course of several site visits, it found a considerable amount of incriminating evidence, including particles of highly-enriched uranium (HEU) in environmental samples taken at Natanz and elsewhere. The Iranians claimed that their enrichment equipment had been contaminated with HEU before Iran imported it from foreign brokers. But this explanation only generated more suspicion because it contradicted an earlier claim by Iran that its enrichment program did not rely on imports -- one of several glaring inconsistencies in Tehran's responses to IAEA inquiries. Throughout the IAEA's investigation, Iran alternated between stonewalling and belated, grudging cooperation.

By the time of the IAEA Board meeting last month, Iran found itself largely isolated. The Europeans, who had previously showed much less concern than the U.S. about Iran's nuclear intentions, had become alarmed and ready to take strong measures, including making a pending European Union trade and cooperation agreement with Iran contingent on resolving the nuclear issue. Even the Russians, who had gone ahead with the Bushehr reactor project in the face of a decade of U.S. protests, had grown wary about proceeding to complete and fuel the reactor while serious questions remained about Tehran's nuclear plans. Prompted by a vigorous U.S. diplomatic campaign, the September Board adopted a strong resolution calling on Iran to cooperate fully with the IAEA in resolving outstanding issues, to adhere unconditionally to the Additional Protocol (requiring Iran to provide more extensive information and to accept more intrusive inspections), and to suspend all further uranium enrichment-related activities and any reprocessing activities. Moreover, it set the end of October as a deadline for Iran to meet these requirements.

The September IAEA resolution produced a strong public reaction in Tehran, with leaders across the political spectrum denouncing foreign attempts to pressure Iran. But the confrontation with the IAEA's members also exposed sharp differences within Iran on the nuclear issue, with moderate voices supporting cooperation with the international community and conservatives advocating resistance, even withdrawal from the NPT.

The European initiative

It was in these circumstances, and with less than two weeks remaining before the deadline, that the French, U.K., and German foreign ministers visited Iran and produced the October 21st declaration. In that declaration, Iran pledges "through full transparency" to meet all of the IAEA's demands and "correct any possible failures and deficiencies." It agrees to sign and ratify the Additional Protocol and, significantly, to act in accordance with the Protocol pending its ratification. And most positively (and unexpectedly), Iran commits "voluntarily to suspend all uranium enrichment and processing activities as defined by the IAEA." For their part, the European ministers express the view that, once international concerns about the nuclear issue are fully resolved, "Iran could expect easier access to modern technology and supplies in a range of areas."

The three European countries deserve a great deal of credit for their timely and skillful diplomacy. But their initiative would not have been possible without the strong pressures placed on Iran by the United States, other members of the IAEA Board, and the IAEA itself. Those pressures confronted Tehran with a stark choice -- it could cooperate and meet IAEA requirements or it could defy the IAEA resolution, be found in non-compliance with its NPT obligations, see the nuclear issue sent to the United Nations Security Council, and eventually become the target of Security Council sanctions. Unlike North Korea, Iran minds being branded an international outlaw. It recognizes that its plans for a better future depend on re-integration into the world community -- and that becoming an international pariah would not be consistent with those plans. The prospect of being hauled before the U.N. Security Council, therefore, was presumably an important factor motivating Iran to accept last week's declaration.

A first step, but not a solution

While the declaration has been acknowledged almost universally as a valuable step, it clearly does not resolve the Iranian nuclear issue. In the first place, the meaning of some of its crucial elements -- especially the suspension of “all uranium enrichment and processing activities as defined by the IAEA” -- is not yet clear. If the IAEA were to define the suspension as covering only enrichment experiments and operations (permitting, for example, continued construction of the Natanz plant), its value would be minimal. Instead, the IAEA should look to the September Board resolution’s appeal that Iran suspend all “enrichment-related activities” and “any reprocessing activities,” which presumably would cover not just the actual enrichment of uranium but also further construction at Natanz or any other enrichment facilities, manufacture of additional centrifuges and related equipment, processing of uranium to make feedstock for enrichment, and a range of other fuel-cycle activities.

The duration of the suspension is also unclear. Hassan Rohani, secretary of the Iranian Supreme National Security Council, said that “it could last for one day or one year; it depends on us.” In light of strong opposition to the suspension by some in Iran (presumably because they recognize that once a moratorium begins, it may be politically difficult to end), it is understandable why Rohani chose to reassure Iranian audiences in this way. However, to have any value, the suspension must be more durable, along the lines anticipated by the September Board -- at a minimum, it should last until the Protocol has been fully implemented and concerns about Iran’s program have been resolved.

However the elements of the October 21st declaration are defined, the value of the declaration will depend on how conscientiously it is implemented. The text makes plain (and the European authors have emphasized) that the declaration is no substitute for Iran meeting the demands of the September Board resolution, including the requirement to turn over to the IAEA all information needed to resolve outstanding questions about its nuclear program. Apparently, Iran turned over substantial documentation to the Agency late last week, but that information will take some time to evaluate and will become the subject of a report by the Director General to the Board before its November meeting.

A finding of non-compliance at the November Board?

The Iranians may assume that last week’s agreement means that there will be no finding of non-compliance at the November Board and no referral to the U.N. Security Council. But the European authors have asserted clearly that the declaration does not excuse Iran from meeting the requirements laid down by the September Board. So the decision the Board takes at its November meeting will depend on Iran’s behavior between now and then.

If Tehran doesn’t show the necessary cooperation and transparency or drags its feet on the suspension or Protocol, it could well face strong pressures for a tough finding and for sending the matter to New York. However, if it clearly demonstrates good faith in meeting the demands of the September resolution and the terms of the declaration, the Board would

probably decide to hold off on making a definitive finding or referring the issue to the Security Council. It would neither be found in non-compliance nor given a clean bill of health. It would, in effect, be put on probation and would be called upon to take a variety of concrete steps to resolve the issue fully. The IAEA would remain actively engaged, including in monitoring the suspension and in implementing the Protocol, which Iran has agreed to abide by provisionally pending its ratification. At the following Board meeting, progress would be evaluated and further decisions taken.

It might be argued that, regardless of Iran's behavior going forward, its past violations warrant a November finding of non-compliance and referral to the Council. According to this view, reporting of violations is a statutory responsibility of the IAEA, and failure to fulfill that responsibility would reduce Tehran's incentives to end its nuclear program (because it would conclude that the threat of punishment was hollow). But a stronger case can be made that, if Iran begins fully and actively to cooperate, the better course would be to hold off, for the time being, on a compliance finding.

- There is little time between now and the November Board to assess and further investigate the claims contained in the documentation Iran has recently submitted. There is also not enough time to evaluate properly Iran's readiness to follow through on its commitments regarding suspension and the Additional Protocol.
- Given the emotionally charged atmosphere surrounding the nuclear issue today in Tehran -- where foreign pressures to stop the nuclear weapons program are portrayed as attempts to humiliate Iran, undermine its sovereignty, and deny it its lawful right to acquire advanced technologies -- there is a risk that a finding of non-compliance and referral to the Security Council, especially following concrete steps by Iran to meet IAEA demands, could fatally undercut the case in Tehran for cooperation with the IAEA. Supporters of Iran's weapons program would argue that a decision to bring the matter to the Security Council, especially after Iran had made significant concessions on suspension and the Protocol, proved that the U.S. would not stop at the nuclear issue, but would continue until it had undermined the Iranian regime.
- If the November Board decides to defer making a report to the Security Council, it still can -- indeed, under Article XII.C of the IAEA Statute, must -- report to the Council at a later date on Iran's past safeguards violations and any additional non-compliance. But the content of the eventual report would depend on Iran's behavior in the period ahead. If Iran truly "comes clean," suspends enrichment and other processing activities, adheres faithfully to the Protocol, and otherwise scrupulously abides by its nonproliferation obligations, the report can follow "the Romanian model," under which the IAEA Board in 1992 reported to the U.N. Security Council and General Assembly on certain past Romanian safeguards violations and noted that corrective steps had been taken by Romania. Given the absence of continuing concerns about Romania's activities, no action was taken by the Council. If Iran decides to cooperate and comply, such a precedent would be available.

- But if Iran does not cooperate and comply -- if it is discovered in the future to be pursuing activities inconsistent with its nonproliferation obligations -- it can at any time be found in non-compliance and brought before the Security Council, whether or not the IAEA Board decides to hold off on making a compliance finding at its meeting next month. To the extent that Iran is motivated by a concern about the nuclear issue going to the Security Council, this would remain a continuing disincentive.

Has Iran abandoned its nuclear ambitions?

A key question is whether agreement between Iran and the Europeans last week signifies that Iran has made a fundamental decision not to have nuclear weapons -- or whether it has simply made a tactical move, hoping to divide the U.S. from the Europeans and dodge U.N. sanctions while continuing, albeit more carefully and surreptitiously, to pursue the goal of becoming a nuclear weapons power. Or perhaps there is a third possibility: that an Iran deeply divided on nuclear and other issues is keeping its options open and will proceed in the future on the basis of an evolving calculation of benefits and risks, with its domestic struggle playing a major role in the outcome.

We cannot at this stage know which of these explanations is most accurate. It would be naive, given the tremendous commitment Tehran has made to its nuclear program over the years, to act on the assumption that last week's declaration marked the end of Iran's pursuit of nuclear weapons. But it would also be a mistake to assume that an Iranian nuclear weapons capability is inevitable and that there is nothing we can do to influence Tehran's choices. Instead, we should do everything we can to bring Iran's leaders, over time, to the conclusion that continuing their efforts to acquire nuclear weapons will be too risky, too subject to detection, and too damaging to Iran's reputation and broader interests -- in short, a losing proposition.

Bringing Iran to that realization may take considerable time. It will certainly require the international community to speak with one voice in sending the message to Tehran that it has much to lose by continuing down the path toward nuclear weapons and much to gain by reversing course. It will be essential for the Europeans not to declare victory on the basis of the October 21st declaration and return to business as usual. Their recent firmness was indispensable to achieving last week's result and must be maintained. It will be crucial for the U.S. and the Europeans to develop a common approach toward the November IAEA Board meeting and beyond. The Russians too will be critical. Rather than taking last week's agreement as a green light to accelerate the completion of Bushehr and the delivery of fuel for the reactor, they should maintain the deliberate approach they have adopted in recent months and await an indication of whether Iran is proceeding responsibly and expeditiously to meet the requirements of both the declaration and the IAEA Board. The IAEA must continue its investigations with the same thoroughness and professionalism it has exhibited over the last year, while adding to its responsibilities the tasks of defining and monitoring the suspension of enrichment and processing activities and working with Iran to implement the Additional Protocol.

A more durable solution to the nuclear issue

Together, the September IAEA Board resolution and the October 21st Iranian-European declaration prescribe a useful intermediate step toward resolving the Iran nuclear issue. But some of the elements of this temporary solution will raise questions over time and cannot provide confidence in the long run. For example, the U.S. and others will not be comfortable with simply suspending Iranian fuel cycle activities and will worry that Iran could re-activate its nuclear weapons program by unfreezing those activities at some future date. For its part, Iran will not be content for long with the vague promise in the October 21st declaration that, if international concerns about the nuclear issue are fully resolved, “Iran could expect easier access to modern technology and supplies in a range of areas.” It will want greater assurance that its plans for a nuclear power program are sustainable.

Before long, therefore, it will be important to replace the interim arrangement with a more permanent and stable solution. Such a solution might include the following key elements:

- In addition to faithfully implementing the Additional Protocol and complying with its other nonproliferation commitments, Iran would permanently forswear nuclear fuel cycle capabilities, including enrichment, reprocessing, uranium conversion, and fuel fabrication. It would agree to dismantle existing fuel-cycle facilities as well as any under construction.
- The U.S., Europeans, Russians, and perhaps others would provide a binding multilateral guarantee that, as long as Iran met its nuclear nonproliferation commitments, it would be able on a commercial basis to receive fuel-cycle services (including fresh reactor fuel supply and spent fuel take-back and storage) for any nuclear power reactors that it builds.

This approach would meet essential U.S. requirements. The combination of the Additional Protocol and the prohibition of any fuel cycle capabilities should provide sufficient confidence that Iran was not pursuing a clandestine fissile material production program, especially since any detected foreign procurement efforts associated with fuel cycle capabilities would be a tip-off of noncompliance. Moreover, while the U.S. would prefer that Iran not build any nuclear power reactors, the risks associated with such reactors -- especially in the absence of fuel-cycle capabilities in Iran -- are manageable. In this connection, there is broad agreement that the likelihood of undetected, clandestine diversion of plutonium from the spent fuel discharged by such large, safeguarded power reactors would be minimal. Opinion is somewhat more divided about the risk that Iran might in the future withdraw from the NPT, kick out IAEA inspectors, and reprocess the plutonium from the power reactor's spent fuel for weapons. While this scenario is theoretically possible, it assumes: (a) that Iran will have available a fairly large, illegal reprocessing plant that has escaped detection by the Additional Protocol, (b) that Iran would be willing to sacrifice its power reactors as generators of electricity (because once Iran left the NPT and used its reactors to produce plutonium for weapons, it would no longer receive foreign fuel), and (c) that Iran would be prepared to accept the international opprobrium and the resulting penalties that this brazen approach to achieving a nuclear weapons capability would entail. Most experts believe the chances of Iran pursuing this scenario are very limited.

The solution outlined above would enable the Iranian government to claim that it had not given up its right to benefit from the peaceful uses of nuclear energy, an issue that has taken on great symbolic and political importance in the domestic debate. At the same time, Iranian leaders could say that they had reached the conclusion (as many other advanced nuclear energy countries had done) that the most cost-effective way to enjoy the benefits of nuclear power is to rely on foreign-supplied fuel-cycle services and that the main reason Iran had been interested in producing its own fuel (i.e., concern about the reliability of foreign supply) had been taken care of by the multilateral assurance on fuel-cycle services.

Creating a more promising context for resolving the nuclear issue

While the solution described here may give the Iranians confidence that their nuclear power program would not be vulnerable to capricious supply cutoffs, it may not be sufficient to address the real reasons they have been pursuing their own fissile material/nuclear weapons production capability -- primarily, concerns about their national security. Until recently, the main security motivation for Iran's nuclear and other weapons of mass destruction programs was Saddam Hussein's Iraq, the arch rival with which Iran fought a long, bloody war in the 1980s, which was known to have pursued ambitious WMD programs of its own, and which had used chemical weapons against Iranians on a large scale. However, Saddam Hussein is no longer in power and, at least for the foreseeable future, Iraqi WMD programs are no longer a threat. Now Iran's principal security preoccupation is the United States and the fear that the Bush Administration may be intending to coerce and undermine the present Iranian regime. As long as this perception exists, it will probably be difficult to get the Iranians to move beyond the interim arrangements that are now taking form and to accept a more durable and reliable solution to the nuclear problem.

Ending the longstanding estrangement between the U.S. and Iran and beginning to rebuild bilateral ties could therefore help create conditions in which such a lasting solution could be found. But movement toward an improved relationship will be difficult, especially given the many grievances that have accumulated on both sides, the continuing high levels of mutual suspicions and mistrust, and the domestic political risks in each country associated with dealing with the other.

In these circumstances, consideration might be given to a relatively informal, step-by-step engagement process between the United States and Iran in which the two countries would raise issues of concern to them and explore whether a *modus vivendi* between them would be possible. In addition to the nuclear issue and other WMD-related concerns, the U.S. would presumably wish to raise such matters as the disposition of al-Qaeda operatives under detention in Iran, the question of Iranian activities and objectives in Iraq, and the support by Iran for Middle East terrorist organizations. Iran would have its own agenda, including alleged U.S. support for Iranian opposition groups, Iran's legitimate interests in a post-Saddam Iraq, the relaxation of U.S.-led economic restrictions against Iran, and concerns about Bush Administration intentions toward the Iranian regime.

The objective of this engagement would not be a “grand bargain,” a written agreement covering a wide range of issues. Rather, it might be a series of coordinated, parallel steps that would be discussed and tacitly agreed by the two sides. An entire “road map” need not be developed and agreed at one time. Instead, individual steps could be agreed, carried out, and monitored before moving to additional steps. Proceeding incrementally in this way would be designed to give each side an opportunity to evaluate whether the other was both willing and able to deliver on its commitments.

The goal of this step-by-step process would be the eventual normalization of U.S.-Iranian relations. Neither side would be forced to take normalization steps before it was ready. But the agreed premise of the process would be that, if the key concerns of the two sides were satisfactorily dealt with, the end point would be normalization.

At any point during this step-by-step process when the two sides were ready, they could seek to convert an interim arrangement on the nuclear issue (e.g., including the temporary suspension of uranium enrichment and processing activities) to a permanent solution along the lines outlined above. Because such a solution would be a multilateral arrangement, they would bring in other parties, including the IAEA.

Conclusion

The October 21st declaration -- the product of a skillful European initiative and a U.S.-led multilateral diplomatic campaign -- is potentially a very important milestone in the effort to dissuade Iran from obtaining a nuclear weapons capability. Building on that declaration and bringing Iran to the conclusion that its interests are best served by giving up the nuclear weapons option will require persistent, unified efforts by the international community, especially the U.S., the Europeans, the Russians, and the IAEA. But while disincentives will play a critical role -- demonstrating that continuing on the path toward nuclear weapons would be a risky and ultimately losing proposition -- Iran will also have to see positive reasons for abandoning a course that it has pursued with so much determination over so many years. A large part of that positive incentive will be the opportunity to be re-integrated, economically and politically, with the broader world community. But a crucial ingredient is likely to be the prospect of a new and more promising relationship with the United States. U.S. willingness to explore such relationship with Iran could well be the key to arriving at a durable and reliable solution to the nuclear issue.