

Charting a Diplomatic Path On the Iran Nuclear Challenge

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Even as tensions over Iran's nuclear program rise, the principal parties engaged in the issue say that they seek a peaceful resolution through diplomacy. Earlier this month, Iranian nuclear negotiator Saeed Jalili reportedly sent a letter to European Union High Representative Catherine Ashton—who represents the P5+1 (China, France, Germany, Russia, the United Kingdom, and the United States)—in response to the six-country offer for the renewal of serious talks on Iran's nuclear program. With the P5+1 insisting that a diplomatic path to resolve the issue remains open and Tehran's professed interest in dialogue, the question arises: what steps could the two sides take to resolve the impasse?

In her letter to Jalili last October calling for renewed negotiations, Ashton said the process would need to begin with confidence-building measures to facilitate longer-term engagement. Given the current trust deficit and the inability of the fractured Iranian political leadership to agree on whether and how to engage on the nuclear issue, an approach that builds upon short-term arrangements makes sense. But it will also be necessary to have some idea of what the end-goal of such engagement might be.

In this respect, Ashton said in her letter that the goal of the six countries is "a comprehensive negotiated, long-term solution which restores international confidence in the exclusively peaceful nature of Iran's nuclear programme," reaffirming the group's commitment to proposals it put forward 2006 and 2008. This brief provides an overview of these proposals and related confidence-building steps and discusses how they address the critical issue of Iran's enrichment program.

HIGHLIGHTS

- Diplomacy is critical to determine whether or not Iran is serious about its interest in dialogue.
- Current efforts to strengthen sanctions—aimed at changing Tehran's behavior—would not be as effective without any effort to gauge whether or not Tehran was willing to compromise and offer it a chance to do so.
- Ending Iran's enrichment to 20% is a near-term priority. Some Iranian officials have indicated they could stop if Iran receives fuel for the TRR. There is no harm, and significant potential gain, from testing this idea in talks.
- The requirement for Iran to suspend enrichment is a confidence-building measure, not a permanent condition. Any potential long-term negotiated outcome will entail continued but constrained and closely monitored enrichment in Iran.
- Although some P5+1 members have been unwilling to acknowledge this publicly, it is a feature in the group's proposal to Iran, which includes a review mechanism to determine when the suspension of enrichment might be lifted.
- Iran's unwillingness to accept such a proposal suggests that Tehran is concerned that, even if it is allowed to keep enrichment, the additional monitoring required in such an agreement would make it far more difficult to use its enrichment program for weapons.
- Renewed, serious P5+1 talks with Iran do not allow Iran to "run out the clock." Rather, the failure to resume talks and achieve progress on the nuclear issue only increases the risk that Iran may use its nuclear program for weapons purposes.



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Head Iranian nuclear negotiator Saeed Jalili speaks at the Moscow State Institute of International Relations Sept. 19, 2011. Jalili has reportedly responded to an offer by the six world powers to hold talks on Iran's nuclear program.

Diplomatic initiatives to resolve the Iranian nuclear issue have produced several proposals outlining a possible negotiated settlement.¹ Thus far, none of those proposals have gained acceptance from all of the involved parties and international efforts to address Iran's nuclear program continue.

As Iran progresses down a path towards a nuclear-weapons capability, it becomes even more difficult to find a compromise that prevents a nuclear-armed Iran and secures political acceptance in Tehran. Adding to these difficulties is an atmosphere of escalating threats between Iran and the West which makes sitting at the negotiating table with the other side seem unpalatable.

Yet the challenges in reaching a diplomatic agreement should not be an excuse to abandon efforts to find a peaceful resolution and prevent a nuclear-armed Iran. The growing risk that rising tensions could lead to an open military conflict make it even more important to achieve progress toward a negotiated resolution that addresses international concerns about Iran's nuclear ambitions.

The recent intensified sanctions—which U.S. officials say are aimed at changing Iran's behavior and increasing negotiating leverage—also make it critical for the United States and its diplomatic partners to go back to the table with Iran to gauge whether it is willing to fulfill its nonproliferation obligations. Failure to do so would only make it more difficult for the sanctions to achieve their primary goal, because it is only through negotiations that a commitment from Tehran to alter its dangerous course can be secured.

It is also important to bear in mind that high-stakes negotiations of this kind are not concluded in a single meeting. A near-term breakthrough is unlikely and depends largely on Iran's willingness to build confidence with the international community. Any lasting breakthrough will only be possible through sustained engagement.

The rough outline of a potential long-term deal has already been charted out by the P5+1. It involved efforts by Iran to undertake practical steps to ensure its nuclear program will not be used for nuclear weapons

in exchange for cooperation with the West in a number of areas. But further details of such an agreement need to be explored, including through negotiations between the P5+1 and Iran.

Another Shot at the Fuel Swap?

As Ashton's letter to Jalili suggested, recent diplomatic initiatives have centered on near-term confidence-building measures that can be used as stepping-stones to a more comprehensive agreement. A key focus has been Iran's need to fuel its Tehran Research Reactor (TRR), which runs on 20%-enriched uranium fuel, rather than the normal low-enriched uranium (LEU) fuel used in most nuclear power reactors.

In October 2009, Iran initially agreed to a U.S.-proposed, IAEA-brokered confidence-building measure intended to fuel the TRR and alleviate concerns about Iran's accumulation of LEU.²

ELEMENTS OF THE 2009 "FUEL SWAP"

- Iran exports 1,200 kilograms of LEU in a single batch before the end of the 2009
- Russia further enriches Iran's LEU to about 20%, a process producing about 120 kilograms of 20%-enriched uranium for the TRR fuel rods
- France manufactures the TRR fuel rods for delivery about one year after the conclusion of the agreement, prior to the depletion of the current TRR fuel supply
- The United States works with the IAEA to improve safety and control implementation at the TRR
- A political statement of support by the six countries to guarantee that the TRR fuel would be delivered to Iran
- Financing for the movement of LEU and fuel
- An option for the IAEA to hold Iran's LEU in escrow in a third country until the TRR fuel is delivered

Despite Iran's initial assent, political divisions in Tehran ultimately led Iran to reject the deal. Tehran then began to increase the enrichment level of some of its LEU to 20% in February 2010, ostensibly for TRR fuel.

Months later, a diplomatic initiative by Brazil and

Turkey to renew the fuel swap proposal resulted in the May 2010 Tehran Declaration between Presidents Lula da Silva, Erdogan, and Ahmadinejad.

ELEMENTS OF THE 2010 TEHRAN DECLARATION

- The three countries "recall the right of all State Parties, including the Islamic Republic of Iran, to develop research, production and use of nuclear energy (as well as nuclear fuel cycle including enrichment activities)"
- Iran transfers 1,200 kilograms of LEU to be held in escrow in Turkey within one month
- Pending their approval of the Tehran Declaration, the IAEA, France, Russia, and the United States (the Vienna Group) would agree to provide 120 kilograms of 20%-enriched uranium fuel to Iran within one year
- If the terms were not filled by the Vienna Group, Turkey would transfer the LEU back to Iran (which maintains legal possession of the material)

France, Russia, and the United States rejected the Tehran Declaration on a number of grounds, highlighting the fact that it did not address Iran's production of 20%-enriched uranium nor did it address Iran's accumulation of a larger amount of LEU since the offer was proposed.³

These concerns were valid and the Tehran Declaration was indeed deficient in these areas, but the three countries could have addressed these issues in any follow-up negotiations. Because Russia and France would provide the TRR fuel as part of any final arrangement, the terms of the Vienna Group would inevitably supersede that of the Tehran Declaration. In the end, Iran's 20% enrichment has not only continued unchecked, but Tehran also announced in mid-2011 that it would increase its 20%-enriched uranium production by three-fold.

The dubious rationale for this scaled up production is that, in addition to fueling the TRR, Iran would need to fuel additional research reactors it intends to build in the future.⁴ This rationale stretches plausibility because Iran likely does not have the technical expertise to construct such facilities, it is already building the Arak research reactor for the same questionable rationale of medical isotope production, and Tehran has provided no

information to the IAEA on its reactor construction plans.

The most plausible reason for Iran's decision to stockpile 20%-enriched uranium is to acquire material that it can rapidly convert to weapons grade should it decide to produce nuclear weapons. This dangerous prospect makes halting Iran's enrichment to 20% a near-term priority, as the accumulation of a ready stockpile of 20% material greatly reduces the timeframe in which Iran might make a dash to produce a weapon, a fact that also raises the risk of a military strike to preempt such a move.

The United States has reportedly drafted a proposed confidence building measure that would require that Iran halt 20% enrichment and ship out the 20%-enriched uranium it has produced. In exchange, the P5+1 would provide Iran with fuel for the TRR and an agreement not to pursue an additional round of UN sanctions.⁵

Although such an arrangement would not take the place of the UN Security Council's requirement that Iran suspend all uranium enrichment, much less the need for Iran to cooperate fully with the IAEA, if Iran agreed to this proposal it would effectively end one of the most dangerous aspects of Iran's existing nuclear work and create an important precedent that Tehran agree not to enrich to levels above normal reactor-grade.

There appear to be divisions in Iran about just how far they are willing to press on with enrichment to 20%. President Ahmadinejad said publicly on a number of occasions in late 2011 that Iran would be willing to "immediately halt 20% enrichment" if Iran received fuel for the TRR (a suggestion which also shows that Iran's claimed plans to construct reactors that will use 20%-enriched fuel are not to be taken seriously). The Iranian president went even further to make the startling admission that the "production of 20 percent [enriched] fuel is not economical."⁶

Though it would be welcome if he made the even more accurate admission that there is no enrichment level in Iran that makes economic sense, Ahmadinejad's statement suggests that there are elements in the Iranian leadership are willing to seek a deal on the issue. It is possible, if not probable, that they cannot make good on the offer just as Iran was unable to agree to the initial fuel swap proposal in 2009, but given the proliferation risk of an increasing stockpile of 20%-enriched uranium, the P5+1 cannot afford to ignore diplomatic opportunities to reduce that risk.

Russia's Step-By-Step Proposal

The principle of capping Iran's enrichment in the



Georges Gobet/AFP/Getty Images

European Union foreign policy chief Catherine Ashton speaks to reporters Jan. 23, 2012. Ashton represents the five permanent members of the UN Security Council (China, France, Russia, the United Kingdom, and the United States) and Germany in their negotiations with Iran.

near-term to reactor-grade also features in a proposed step-by-step process that has been advanced by Russian Foreign Minister Sergei Lavrov and was first publicly announced in July 2011.⁷

The specific details of the Russian plan have not been made public, but they have been characterized as an "action for action" process in which Iranian confidence-building and transparency measures are met with an easing of sanctions by the P5+1.

ELEMENTS OF THE RUSSIAN "STEP-BY-STEP" PROPOSAL

- Each side takes a series of reciprocal actions in four stages
- Iran initially freezes the expansion of its enrichment program and limits enrichment to 5%
- Iran gradually provides greater IAEA access to its nuclear program
- Iran ultimately suspends enrichment for 3 months
- The P5+1 gradually lifts UN sanctions
- The P5+1 each gradually lift unilateral sanctions
- The P5+1 implement the incentives identified in their 2006 and 2008 proposals

So far, the other P5+1 members have not voiced public opposition to the Russian proposal, but some do not appear to support it in its current form. U.S. officials have said that Washington is studying the proposal and have held meetings with Moscow regarding the plan. Similarly, Iran publicly welcomed

the proposal but has been non-committal regarding its terms, claiming it would take several months to study.

In its current form, the Russian proposal does not appear to be well tailored to address concerns regarding Iran's nuclear program as it lifts key nonproliferation sanctions early in the process before requiring sufficient levels of transparency that make those sanctions unnecessary. The principle of a step-by-step process, however, is sound, and the proposal could be adjusted to achieve the goal of reaching a comprehensive agreement.

Finding a Comprehensive Agreement

Given the difficulties in reaching even a short-term arrangement, it may seem premature to talk about what a comprehensive agreement could look like. However, it is important that the two sides have some sense of where any negotiations are intended to lead, and that Iran in particular understand what steps it needs to take to come back into full compliance with its nonproliferation obligations.

The proposal by the P5+1 in 2006 provides a broad outline of just what is expected of Iran and what Tehran could receive in return for this cooperation, although Iran would likely need to agree to additional transparency measures for a certain period of time to demonstrate that it is not seeking nuclear weapons.⁸ After all, Iran applied the IAEA Additional Protocol between 2003 and 2006 but still stonewalled some aspects of the IAEA's investigations and continued on a path to a nuclear-weapons capability.

ELEMENTS OF THE 2006 P5+1 PROPOSAL

- Iran's suspension of enrichment-related and reprocessing activities
- The establishment of a mechanism to review this moratorium
- Iran's resumption of the Additional Protocol
- The provision of state-of-the-art light water reactors to Iran through joint projects, along with nuclear fuel guarantees and a 5-year buffer stock of fuel
- Suspension of the discussion of Iran's nuclear program in the UN Security Council
- Cooperation on civil aviation, telecommunications, high-technology, and agriculture, and other areas, between the United States, EU, and Iran

In 2008, the P5+1 revised the package, spelling out in greater detail some of the benefits Iran would receive. They made an effort to highlight those benefits directly to the Iranian people and met with Iranian officials for the first time in Tehran to discuss the proposal.

ELEMENTS OF THE 2008 REVISED P5+1 PROPOSAL

- The 2006 package remains on the table
- Consideration of nuclear energy R&D and treatment of Iran's nuclear program as any other NPT non-nuclear-weapons state once confidence is restored
- Technological and financial assistance for Iran's nuclear energy program
- Reaffirmation of the UN Charter obligation to refrain from the use and threat of use of force in a manner inconsistent with the Charter
- Cooperation on Afghanistan, including drug-trafficking, refugee return, reconstruction, and border controls
- Steps towards normalizing economic and trade relations, including support for WTO membership for Iran
- Further details on the prospect for cooperation on agriculture, the environment and infrastructure, civil aviation, and social development and humanitarian issues

Rights and Responsibilities

Iranian officials and negotiators have consistently misrepresented the aim of the United States and its negotiating partners as trying to deprive Iran of its "rights" to nuclear technology. In fact, the six countries have insisted all along that they recognize Iran's rights to a peaceful nuclear program, and have offered as part of their negotiation proposals technical and financial assistance for a nuclear energy program in Iran.

A sticking point has been the continuation of an Iranian enrichment program, which various Western P5+1 countries, at different points in time, have insisted must be halted indefinitely—rather than merely suspended until Iran meets certain conditions.

Tehran has used this implicit indefinite denial of enrichment as a way to divide the international community, suggesting that its rights are being violated



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Iran's uranium enrichment facility at Natanz has been the focus of international concern since the existence of the facility was publicly revealed in 2002. Iran has failed to fully cooperate with an IAEA investigation into its past and present nuclear activities.

if the world powers do not recognize an explicit right to such technology. This was one of Iran's preconditions at its last meeting with the P5+1 in January 2011 in Istanbul that contributed to scuttling those talks.

Yet Iran is seeking an explicit right to enrich uranium that does not exist. Although the nuclear Nonproliferation Treaty (NPT) does not prohibit countries from maintaining any specific nuclear technology that can be used for peaceful purposes, it does not grant an explicit right to the pursuit of certain nuclear technologies either.

Regardless, the IAEA Board of Governors has determined that Iran violated its safeguards agreement with the IAEA, in essence breaking the very condition on which its rights to peaceful nuclear technology are predicated.

What the P5+1 have formally called for and what the UN Security Council has required is that Iran suspend enrichment while long-term negotiations progress and until Iran can re-establish confidence that it is not seeking nuclear weapons through additional transparency measures and a full accounting of its

nuclear history to the IAEA.

Even as some P5+1 members have been reluctant to publicly agree that Iran can enrich again at some point in the future, the group's comprehensive proposals have included a review mechanism for suspension—implicitly indicating that the suspension could be lifted at some point. In the U.S. political context, it is also important to recall that the 2006 and 2008 P5+1 proposals permitting eventual enrichment in Iran were agreed by the Bush administration, which had previously insisted on zero enrichment.

The Obama administration sought to capitalize on this position by making it clear to Iran that claims that Iran's rights were being undercut were without merit. On March 1, 2011, Secretary of State Hillary Rodham Clinton said to the House Committee on Foreign Affairs that "under very strict conditions" and "having responded to the international community's concerns," Iran would have a "right" to enrich uranium under IAEA inspections. This is consistent with the rights and responsibilities contained in the NPT.

Former Iranian nuclear negotiator Ambassador

Hossein Mousavian has suggested that, as part of a negotiated settlement, Tehran can agree to enrich consistent with its fuel needs.⁹ Such a commitment would entail a de facto suspension because of Iran's lack of near-term domestic fuel needs, but it would provide Iran with a way to rationalize such a halt without appearing to capitulate entirely.

It is important to remember in this context that Iran has no near-term need to enrich—even if one accepts its argument that it cannot rely on outside sources of nuclear fuel for its nuclear energy program—because Russia has provided the initial fuel for Iran's sole nuclear power reactor. And because Iran does not have sufficient domestic uranium reserves to fuel its ambitious nuclear power program, it will inevitably have to rely on other countries for fuel anyway, even if it carries out enrichment itself.

On the other hand, while a permanent uranium enrichment halt would be beneficial and very welcome, it is not necessary to prevent a nuclear-armed Iran. Furthermore, a permanent halt is not realistic given the strong support for enrichment across the political spectrum in Iran. Tying enrichment amounts and levels to the actual needs of Iran's nuclear power plants might provide an acceptable compromise.

The fundamental question for Iran is whether it wants to maintain enrichment to protect its "rights" and to maintain its national pride, or if it wants to maintain and expand uranium enrichment (and other sensitive fuel cycle activities) to provide a path to nuclear weapons.

The broad proposals outlined by the P5+1 allow Iran to do the former, putting in place transparency measures and confidence-building steps to make it difficult to do the latter. It appears that Iran cannot yet decide that it simply wants to keep enrichment, but rather continues to desire a hedge in the form of a rapid capacity to make nuclear weapons.

If Iran is unwilling to agree to commonsense confidence building steps, Tehran will become increasingly isolated. But P5+1 leaders in Washington and other capitals must continue both tracks of their "dual-track policy" and keep testing Iran's willingness to change course by pursuing opportunities to engage

Iran on the nuclear issue.

ENDNOTES

1. For a summary of official proposals dating back to 2003, see, "History of Official Proposals on the Iran Nuclear Issue," Arms Control Association Fact Sheet, http://www.armscontrol.org/factsheets/Iran_Nuclear_Proposals.
2. The bulk of Iran's LEU, roughly 5,000 kilograms, is currently enriched to about 3.5%.
3. "Text: Powers Dismiss Iran Fuel Offer Before U.N. Vote," Reuters, June 9, 2010, <http://www.reuters.com/article/2010/06/09/us-nuclear-iran-response-text-idUSTRE6582W120100609>.
4. Peter Crail, "Iran Says it Needs More 20%-Enriched Fuel," *Arms Control Today*, May 2011.
5. Laura Rozen, "Obama Policy Deep-Dive: Details on Measures US Sees As Key Test, as WH Disputes Obama Letter Reports," Yahoo News, January 18, 2012, <http://news.yahoo.com/blogs/envoy/white-house-disputes-iran-report-saying-obama-letter-201035124.html>.
6. "President: Iran Ready to Halt 20% N. Enrichment," *Fars News Agency*, October 5, 2011, <http://english.farsnews.com/newstext.php?nn=9007100372>.
7. "Lavrov Offers 'Step-By-Step' Plan on Iran," *The Moscow Times*, July 15, 2011, <http://www.themoscowtimes.com/news/article/lavrov-offers-step-by-step-plan-on-iran/440553.html>.
8. For examples of additional transparency measures that could be included in a long-term agreement, see Charles Ferguson, "Steps Today a Deal on Enhanced Safeguards for Iran's Nuclear Program," *Arms Control Today*, March 2011.
9. Ambassador Hossein Mousavian, "A Package to Resolve the Nuclear Impasse with Iran," Presentation to the 2011 Carnegie Nuclear Policy Conference, Washington D.C., March 29, 2011, http://carnegieendowment.org/files/Mousavian_Presentation.pdf

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