

## **A Constructive EU-US Approach to the Iran Nuclear Dispute**

The breakdown of negotiations between Iran and the E3/EU\* threatens to become a full-scale crisis unless all sides adopt a more constructive and flexible approach.

Iran claims that its development of nuclear power is benign, but like the International Atomic Energy Agency (IAEA), we are not yet convinced that this is the case. Iran's cooperation with international inspections has helped to build some confidence, but it remains uncertain whether Tehran is seeking to acquire a threshold nuclear weapons capability. International concern is fully justified by Iran's past concealment of important parts of its nuclear programme (such as the Natanz uranium enrichment facility) and the wholly unacceptable threats towards Israel re-iterated recently by President Ahmadinejad.

**We strongly agree that the acquisition of nuclear weapons by Iran or any other existing non-nuclear weapon state would be destabilizing and dangerous and must be avoided. However in our judgement the current strategy of the EU and the United States is unlikely to achieve this important objective. We offer the following guidance on how to achieve the desired outcome.**

### **The failures so far**

The EU initially entered into what seemed to be constructive negotiations with Iran. However, inflexible negotiating positions on both sides of the table have damaged the prospects of a negotiated settlement. The EU's rigid demands are particularly difficult to fathom. Despite the lack of clear treaty backing, EU negotiators insist that the Iranian government abandon all efforts to produce nuclear fuel. But it is evident that the incentives offered by the EU to persuade Iran to voluntarily forego these treaty rights have been insufficient. Furthermore threats to refer Iran to the UN Security Council (UNSC) lack credibility without widespread international support.

A great deal of political capital was expended by the EU-US in securing a resolution at the IAEA governing board in September, which declared Iran in "non-compliance" with the Non-Proliferation Treaty (NPT), but deferred a decision on referral to the UNSC until some later date. But it is evident that, as things currently stand, reaching agreement on *actual* referral and then, an appropriate form of punitive sanctions within the UNSC, will be even more difficult and divisive.

While these weaknesses in EU diplomacy are serious, the Iranian government's behaviour also continues to jeopardise prospects for resolving this dispute. In addition to the President's recent threat against Israel, the Iranian government has failed to cooperate adequately with IAEA inspections. The Iranian Parliament continues to refuse to ratify the Additional Protocol to its Comprehensive Safeguards Agreement with the IAEA, which would formalise increased IAEA access to Iran's nuclear sites. Finally, Iran's resumption of uranium conversion at Esfahan and continued construction of the heavy water plant at Arak, although lawful, has raised tensions further. These actions serve to make constructive dialogue more difficult.

In parallel the failure of the US government to attempt any meaningful diplomacy with Iran or to rule out military action has also been damaging. US policy appears to be based on the premise that Iran's further isolation will prompt regime change. Such a policy is fanciful, almost certainly counter-productive and no substitute for the proper engagement which is now urgently needed.

Stereotyping of Iran and Islamic culture, often latched on to by Western media - of bearded fanatics, support for suicide bombers and veiled gunmen - is also hindering progress. It is important to offer a truer, broader picture of contemporary life in Iran. Otherwise similar half-truths and manufactured fears to those that were used to build support against Iraq may be used to demonise Iran.

## The way forward: Iran

Public pronouncements by EU and US policymakers and opinion shapers too often fail to reflect that Iran is a complex country. While there are clearly highly reactionary elements within the Iranian government and the state apparatus is used to perpetuate human rights abuses, the country has a rich culture and history, containing people with technological, economic and political aspirations and understandable fears of foreign attack. A limited vision can only feed tensions between Iran and the West. The current nuclear dispute is not the cause, but a symptom, of a failed relationship. It is this relationship that must, in the long-term, be improved if further political crises like the present one are to be avoided.

In the short-term, we believe the best strategy lies with ensuring that controls over Iran's nuclear fuel cycle are fair and equitable. And to satisfy international concerns, Tehran should accept an intrusive nuclear inspections regime going beyond what is stipulated in its Safeguards Agreements with the IAEA.

While it would be preferable in the long-term for Iran, as well as other countries, to rely on other, safer energy sources, the EU and US governments must recognise that, without evidence of nuclear weapons development, their entitlement and ability to impose restrictions on Iran's nuclear programme are limited.

In this context, and in the light of proposed US nuclear cooperation with India (a non-NPT state), the EU-US insistence that Iran permanently shuts down much of its nuclear fuel activities are not backed by the NPT and appear discriminatory. It may also reinforce perceptions among Muslims that the US and EU wish to relegate them to second-class status. US and British plans to update their own nuclear arsenals, also exposes them to charges of hypocrisy. Finally, states within the Non-Aligned Movement in particular see Iran as the 'thin end of the wedge', and fear that the US-EU axis will also attempt to restrict their access to nuclear power technologies.

Without flexibility on the key issue of Iranian nuclear fuel production there is little prospect of either reaching agreement with Iran or, alternatively, building the strong international consensus for dealing with the Iranian 'nuclear dossier'.

**Since best estimates suggest that Iran is several years and possibly a decade away from any potential nuclear weapon we recommend a renewed EU-US effort to constructively negotiate a more equitable agreement with the Iranian government.**

Such an agreement might include acceptance by Iran to:

- establish a continuous, in-country IAEA inspections regime with the power to visit any site, with due regard to Iran's sovereignty and security;
- permanently cease construction of the heavy water reactor at Arak, which is a dangerous potential source of plutonium for nuclear weapons;
- relinquish any ambitions to reprocess spent nuclear fuel, which can be more easily diverted for nuclear weapons, and
- permanently renounce its rights under Article X of the NPT to withdraw from the IAEA safeguards regime, or failing that, enact domestic legislation that binds the Iranian government to a non-nuclear weapon policy indefinitely.

These concessions could be made in exchange for:

- international acceptance of a limited 'front end' nuclear fuel production capability in Iran, possibly including the production of low-enriched uranium, under the extensive safeguards described above, and;

- a precise and detailed plan of action addressing Iran's economic and security concerns.

This is only one potential formula. The Iranian government has already said that it is prepared to accept vigorous inspections and complete transparency of its nuclear fuel cycle activities. Iran's President has also stated that the deployment of nuclear weapons would break Islamic law, as has Iran's Supreme Leader. The Iranian government should therefore have no objection to renouncing its right to leave the NPT.

## **The way forward: global control of dangerous nuclear materials**

Under Article IV of the NPT it is lawful for Iran to develop a nuclear power programme under IAEA safeguards, even if it reaches a threshold capability to build nuclear weapons. Many other states currently have this threshold status. The inherent dual-use nature of nuclear energy is the 'Achilles Heel' of the NPT, one that the international community must urgently resolve.

While most non-nuclear weapon states are reluctant to give up their rights under Article IV they may be prepared to entertain a new regulatory approach to the nuclear fuel cycle provided that:

- it is realised by universal principles applying to all states; and
- the nuclear weapon states take additional, meaningful steps towards nuclear disarmament and commit to the same constraints.

The full commitment by the US government to this multilateral approach is necessary if a new and stronger global system of nuclear controls is to emerge.

In addition, given that nuclear power remains a highly controversial energy choice for economic, environmental and security reasons, an International Sustainable Energy Fund (ISEF) should be established by the G8 to offer a realistic alternative to 'Atoms for Peace'.

## **Conclusion**

Iranians are a proud and patriotic people. US and EU policies that appear to discriminate against Iran are likely to strengthen domestic support for the present government and its pursuit of nuclear technology and limit international pressure on Iran.

The present EU-US strategy is only likely to push Tehran eastwards, building further economic and political relations with Russia, China and India. Russia is keen to remain the principal supplier and therefore controller of Iranian nuclear technology. China and India depend increasingly upon oil and gas contracts with Iran for future economic growth. The US and EU have to recognise the limits of their influence and their threats. Russia, China and India could play a decisive and positive role, if given the chance. They are likely to support efforts that avoid conflict but also prevent the emergence of a nuclear-armed regime in Tehran.

If negotiations are not revived this dispute may lead to stalemate at the UNSC. This could leave the Iranians with sufficient wriggle-room to develop their nuclear weapons capability transparently and under existing safeguards. Continued allusions by US officials to the prospect of military action also give the Iranian government a powerful incentive to double their efforts in this direction. Should these events occur, the prospect of military action against Iran by either the US or Israel cannot be excluded. Such action would be a disaster for global and regional security and must be avoided. Diplomacy and creative compromise on all sides are the only acceptable choice.

*\*E3/EU refers to the parties that have conducted negotiations with Iran on the nuclear issue, being the Foreign Secretary of the United Kingdom, the Foreign Ministers of France and Germany, and the EU High Representative for Common Foreign & Security Policy. For simplicity, we use EU to refer to this group.*

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