

INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

**THE EU NON-PROLIFERATION AND
DISARMAMENT CONFERENCE**

BRUSSELS

3-4 FEBRUARY 2012

FOURTH PLENARY SESSION

IRANIAN NUCLEAR ISSUE

SATURDAY, 4 FEBRUARY 2012

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Thank you, Mark. Ladies and gentlemen, the information contained in the November 2011 IAEA report regarding the possible military dimension of Iran's nuclear programme and Iran's lack of cooperation with the IAEA leaves little doubt that Iran aims to become at least a nuclear-threshold state. A threshold state is defined here as a state that has the ability to produce more than one nuclear weapon within less than one year following a decision to do so. The Iranian regime has devoted ample resources to the nuclear programme over a period of more than 25 years. Today, this programme is too advanced to reasonably hope that any future government in Iran would be willing to or even could, for internal political reasons, abandon the components that have been declared, no matter the level of sanctions. What could possibly change are the tactics used by the Iranian leadership to minimise the level and impact of sanctions, while most likely maintaining the option to restart weaponisation activities at short notice.

Against this background, the P5+1, with the support of other key stakeholders such as Turkey, should explore how Iran and the international community might realistically cooperate to find a mutually beneficial end to this almost-decade-long standoff. In case these efforts fail, it is also necessary to explore what could dissuade Iran from taking the decision to manufacture nuclear weapons, withdraw from the NPT and test a nuclear weapon, as North Korea did in 2006. It is likely that, if Iran becomes a de facto nuclear-threshold state, other countries in the region will be inclined to launch extensive nuclear programmes to reach a similar status, which, to a large extent, can be achieved without violating the IAEA safeguards agreement. It is reasonable to fear that the Middle East, where several countries have become nuclear-threshold states, would be extremely unstable, so what can be done to avoid this precarious order from becoming a reality?

For any negotiation to succeed, the outcome must be perceived to be a win-win solution for both parties, and the two sides of the table must be willing to negotiate simultaneously and in good faith. Because these conditions apparently were not met in the past, there have been a number of missed opportunities to make progress in resolving the Iranian nuclear crisis. Is there any hope that they can be met in the near future? If Iran's nuclear activities are exclusively for peaceful purposes, as some people believe, the answer should be positive; if they are not exclusively for peaceful purposes, the answer is more doubtful but should not preclude stakeholders from engaging once more in diplomatic dialogue.

Before negotiations with Iran begin, I think it is essential that an agreement is reached among the P5+1, hopefully with the support of other major stakeholders, such as Turkey, on what they will offer Iran and what the consequences would be if Iran further escalates the nuclear crisis. The cooperation proposal made to Iran by the P5 and the EU in June 2008 is made conditional, inter alia, upon suspension of Iran's enrichment-related activities. Let us not delude ourselves: if, in 2003, it was still possible to hope that Iran would suspend its uranium-enrichment-related activities in exchange for credible security and economic benefits, this is no longer the case today. Such a condition is most likely not included in the Russian two-page memo sent last summer to Iran – and which I have not seen.

The first major goal in solving Iran's nuclear impasse is for the IAEA to be able to draw the so-called 'broad conclusion' that there are no undeclared nuclear materials and activities in Iran and that its declarations to the IAEA are correct and complete. To reach such a conclusion within a reasonable period of time, Iran would have to conclude with the IAEA and fully implement what I have called a temporary complimentary protocol (TCP), which would avoid a number of loopholes and limitations of the Additional Protocol. A TCP, in essence, should enable the Agency to verify and evaluate, in a

timely manner, the absence of undeclared nuclear materials and equipment and activities in a state that is found to be in non-compliance with its safeguards agreement. In case Iran agrees to fully implement at TCP, the IAEA Board of Governors should commit to according Iran a period of grace during which Iran would not be penalised should it voluntarily disclose the existence of still undeclared nuclear materials and activities or acknowledge any past violation of the NPT or of its safeguards agreement. On the contrary, Iran would be praised for its cooperation with the IAEA, and its additional breaches would be reported to the UN Security Council for information purposes only, as had been the case for Libya. Without such a period of grace, there is no reason to expect that Iran would fully cooperate with the IAEA or voluntarily declare any past violation.

Until the IAEA has drawn the broad conclusion, Iran should commit to send abroad its domestic stockpile of low-enriched uranium every six months, with foreign cooperation in fabricated fuel assemblies for the Bushehr reactor or possibly other light-water reactors, while continuing to enrich below 5%. It would also be important that Iran concludes an INFCIRC/66-type safeguards agreement for all its fuel-cycle facilities and such an agreement does not lapse, contrary to the comprehensive safeguards agreement if the state withdraws from the NPT.

As long as Iran does not suspend its enrichment-related activities, or the IAEA does not reach the broad conclusion, it cannot be envisaged that the Security Council would lift present sanctions. However, as soon and as long as Iran agrees to implement the TCP, the P5+1 could commit not to implement additional sanctions and the US and the EU could commit to progressively suspend sanctions beyond those decided by the Security Council as a function of progress reported by the IAEA. In parallel, the P5+1 would negotiate with Iran over how best to further define, expand and implement the long-term cooperation agreement specified in Annex IV of Security Council Resolution 1929.

Once the IAEA has reached the broad conclusion, Iran would no longer be obliged to export its domestic production of low-enriched uranium, and Security Council sanctions would progressively be lifted. The approach suggested here will not succeed if Iran's aim is, indeed, to become a nuclear-threshold or –weapons state and continues to ignore IAEA Board of Governors' demands and defy legally binding UNSCRs. To dissuade Iran from escalating the tension, the Security Council should adopt a resolution under Chapter VII deciding – not affirming – that, if Iran were to produce highly -enriched uranium or separated plutonium or notify its withdrawal from the NPT before the IAEA is able to draw the broad conclusion of the exclusively peaceful nature of its nuclear programme, a number of well defined additional sanctions would automatically be applicable and implemented. Similar measures would be adopted if Iran were found, after the period of grace, to be proceeding with nuclear-weaponisation activities or diverting nuclear material.

The merit of such an approach would be to make Iran clearly responsible for any negative consequences of its own decisions, knowing in advance that it cannot use negotiations as a tactic for creating disunity among the permanent members of the Security Council. It would help those in Iran who are not determined to reach a nuclear-weapon capability at all cost to make a more compelling case to follow a different course. On the other hand, any significant opening or concession made by Iran during the negotiations should be praised, in particular by the media, and qualified as a demonstration of the self confidence of the regime and not as a sign that Iran is backing down under international sanctions.

The direction of Iran's nuclear programme is grim but not decided. The international community should act now to use all diplomatic means to persuade Iran that it is in its best interest to fully cooperate with the IAEA, and to dissuade Iran from withdrawing from the NPT and manufacturing and testing nuclear weapons. Thank you.

Mark Fitzpatrick

Thank you very much, Pierre, for that forward-looking set of practical suggestions for dealing with a situation that, as you say, is grim but not yet decided. I know that you have a detailed set of suggestions in your paper that we will be putting on the website so that we can study these ideas of a Temporary Complimentary Protocol and Security Council forward-looking decisions in full. I now turn the floor over to my friend Maurizio Martellini