

Iran's  
Nuclear Program  
Russian and Iranian Motives - US Options

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## **Iran's Nuclear Program Russian / Iranian Motives - US Options**

### **Introduction**

The tensions and mistrust between the US, Russia and Iran over Tehran's pursuit of a nuclear development program are not likely to dissipate anytime soon. Russia believes that it has a perfect right to sell nuclear technology to Iran as long as Russian nuclear enterprises and the Iranian leadership ensure that all nuclear development activities meet international requirements. Iran believes that it too has the right to acquire nuclear know how and to use this knowledge to develop a nuclear capability in pursuit of its national security interests.<sup>1</sup>

This paper identifies the key motivations that have prompted Russia, since the mid-1990's to cooperate with Iran to construct a nuclear power plant and nuclear reactors. Russia has provided scientific expertise, and transferred nuclear technologies to the Islamic Republic of Iran over the objections of the US and the international community.<sup>2</sup> The paper will also identify the motivations behind Iran's proactive actions to acquire from Russia and possibly other sources, the ingredients to construct a nuclear weapon.<sup>3</sup> This paper will review the limited options available to the US to persuade Iran

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<sup>1</sup> Ilya Bourtnan, "Putin and Russia's Middle Eastern Policy," *Middle East Review of International Affairs Journal* (June 2006).

URL: <<http://meria.idc.ac.il/journal/2006/issue2/jvi0no2a1.html>> accessed 20 March 2007.

<sup>2</sup> Vladimir A. Orlov, and Alexander Vinnikov "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *The Washington Quarterly* Spring (2005): 51.

<sup>3</sup> A Pakistani nuclear scientist A. Q. Khan is suspected of selling uranium enrichment capabilities and bomb designs to potential proliferators in the 1990's. see, Scott D. Sagan, "How to Keep the Bomb From Iran," *Foreign Affairs* 85, (2006):45.

to immediately abandon or curtail some or all of its nuclear programs. The options that the US has to persuade Russia to cease its cooperation with Iran, on nuclear technology transfers, are also limited, and are discussed at the conclusion.

### **Background**

In 1995, Russia signed a contract with Tehran to construct a massive 1,000 – megawatt plutonium reactor in the southwestern city of Bushehr, a project that was officially completed in 2004, but as of today is still not operational.<sup>4</sup> As recently as March of 2007 Moscow has continued to cooperate with Iran in its pursuit of nuclear technology and power plant construction. In spite of serious national security concerns for the US and its principal ally in the region Israel, Russia has continued business as usual in the relationship.<sup>5</sup> In response to US concerns, Russia has said that the nuclear technology Iran has received during the construction of the Bushehr reactor has complied with all non proliferation requirements of the International Atomic Energy Agency (IAEA).<sup>6</sup> Moscow has said on numerous occasions that the Bushehr nuclear power plant will be operated solely for commercial energy and not military purposes. Conversely, the US suspects Tehran of harboring intentions to use Russian nuclear technology obtained in the fuel cycle at Bushehr for military applications, perhaps to ultimately construct a

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<sup>4</sup>Berman Ilan, "The Bear is Back." *National Review*, online ed. 18 February 2005.  
URL: <[www.nationalreview.com/comment/berman200502180741.asp](http://www.nationalreview.com/comment/berman200502180741.asp)>. accessed 28 February 2007.

<sup>5</sup>Vladimir A. Orlov, and Alexander Vinnikov "The Great Guessing Game: Russia and the Iranian Nuclear Issue." *The Washington Quarterly* Spring (2005): 54+.

<sup>6</sup> The IAEA is the world's center of cooperation in the nuclear field. It was set up as the world's Atoms for Peace organization in 1957. The Agency works with its Member States to promote safe, secure, and peaceful nuclear technologies. Its three main areas of work: Safety and Security; Science and Technology; Safeguards and Verification. IAEA is an independent international organization that reports to the UN Security Council regarding non-compliance by States.



nuclear weapon.<sup>7</sup> The US maintains that Iran intends to recycle spent fuel from the Bushehr reactor into weapons grade plutonium.<sup>8</sup> The Kremlin has dismissed the US accusations by saying that Iran has the right to a civilian nuclear program provided it fully complies with IAEA rules and abides by the 1970 Treaty on the Non Proliferation of Nuclear Weapons (NPT). The US rejects Russia's rational and other explanations and continues to be adamantly opposed to their cooperation.

***Note:** The objective of NPT is to prevent the spread of nuclear weapons and nuclear technology. The treaty represents the only binding commitment in a multilateral treaty to the goal of disarmament. The treaty entered into force in 1970 has 187 parties that have joined the Treaty. The Treaty establishes a safeguards system under the responsibility of the International Atomic Energy Agency. Verification of compliance is through inspections conducted by the IAEA. Russia and Iran signed the treaty in February 1970. The major drawback of NPT, a product of the Cold War era is that it basically permits any state to accomplish its nuclear weapons program short of finally assembling a nuclear explosive device itself<sup>9</sup>*

Absent from public view on the matter is Russia's Federal Agency for Nuclear Energy, known as Rosatom<sup>10</sup>. Rosatom believes the sale of nuclear power plants and relevant technologies to Iran is a good opportunity to fund Russia's old nuclear research institutions. Rosatom is anxious to continue, what inside Kremlin elites view, as a lucrative Iranian market for soon to be outdated Russian nuclear technology. New proposals have been submitted, by Rosatom, to the Iranian government, in the amount of 10 billion dollars, to provide five more reactors over the next decade. One additional

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<sup>7</sup> Victor Mizin, "The Russia Iran Nuclear Connection." *Middle East Review of International Affairs Journal* 8, (2004):13.

<sup>8</sup> Mizin, 13.

<sup>9</sup> United Nations-Office for Disarmament Affairs, *Treaty on the Non Proliferation of Nuclear Weapons*, 5 March 1970. URL: <[www.un.org/Depts/dda/WMD/treaty/](http://www.un.org/Depts/dda/WMD/treaty/)> accessed 02 April 2007.

<sup>10</sup> Russia's Federal Agency for Nuclear Energy, Rosatom replaced Minatom in May 2004.

reactor is planned for Bushehr and four others are to be constructed in Ahvaz, a town 40 miles from Tehran.<sup>11</sup>

### **Russia's Motivations to Cooperate With Iran**

**Financial:** The collapse of the Soviet Union left Russia, in the 1990's, with little in the way of modern technology that could be marketed for hard currency in the emerging global markets. Other than conventional arms and out dated designs for nuclear facilities and nuclear reactors, Russia's leadership had few international business options through which to accrue foreign exchange.<sup>12</sup>

Russia's Rosatom, believes that by completing the Bushehr project it will give Russia's domestic nuclear energy sector a boost in international recognition and a credible (remember Chernobyl) marketing image.<sup>13</sup> The improved image, it is hoped, will attract more cash customers. The hard currency from Bushehr represents an infusion of needed capital for Russia's technologically backward and poorly funded nuclear research institutions.<sup>14</sup>

Russia argues that it needs to sell nuclear technology to states like Iran. Russia maintains that their nuclear cooperation with Iran is exclusively for commercial and civilian purposes and maintains that the contracts are legitimate sales activities that

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<sup>11</sup>Victor Mizin, "The Russia Iran Nuclear Connection." *Middle East Review of International Affairs Journal* 8, (2004):12.

<sup>12</sup>Vladimir A. Orlov, and Alexander Vinnikov, "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *The Washington Quarterly* Spring (2005): 53.

<sup>13</sup> On Saturday, April 26, 1986 at the nuclear power station Chernobyl, 18km northwest of the town of Pripyat, Ukraine, reactor #4 suffered a catastrophic steam explosion. It resulted in fire and a series of explosions, and nuclear meltdown. Initial blame was placed on the power plant operators. In 1993 the IAEA issued a revised analysis attributing the main cause to reactor design.

<sup>14</sup> Vladimir A. Orlov, and Alexander Vinnikov, "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *The Washington Quarterly* Spring (2005): 51.

support Russia's trade and economic development goals. Moscow feels that it does not have to defend itself for what it is doing in the nuclear tech businesses as long as the Russian enterprises involved pledge strict observance to nonproliferation and export control treaties. For example in 2002 when the world initially became aware that Tehran was constructing a centrifuge plant in Natanz to enrich uranium, Russian nuclear physicist Anton Khlopkov attempted to justify Iran's actions as a solely legitimate activity. He argued that Iran was perfectly within its rights to expand its nuclear program as long as it did not violate its international obligations. Khlopkov maintained Iran had the right to produce highly enriched uranium, and to generate, separate and store weapons grade plutonium under the NPT and IAEA supervision.<sup>15</sup>

The overall instability of the Russian economy and the need for hard currency provides the basic reason for Russia to market the nuclear "product" and to play down the possible dangers that the technology will be misused by Iran for weapons development.<sup>16</sup>

**Geopolitical Aspirations:** The marketing of nuclear power plants has emerged as the most conspicuous way in which Russia is both attempting to re-engage as an international player, and to establish a uniquely Russian foreign policy in the region. Russia views its nuclear cooperative relationship with Iran as not just a hard cash business relationship, but also in terms of an important strategic partnership. Russia wants cooperation with Iran as an ally in preventing US hegemony and unilateralism in

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<sup>15</sup>Vladimir A.Orlov and Alexander Vinnikov "The Great Guessing Game: Russia and the Iranian Nuclear Issue." *The Washington Quarterly* Spring (2005): 54.

<sup>16</sup>Wallander, Celeste A. "Suspended Animation : The US and Russia After the G8," *Current History* no.693 (2006):317.



world affairs. Russia's strategy is to sustain what used to be referred to, when the Soviet Union was a global power, as a multi-polar world. Moscow values both its close relationship with Iran and the nuclear project at Bushehr as proof of its own independence from US influence.

In October 2004 the Russian Foreign Ministry stated in effect that the general educational level of all Iranians, the country's vast energy resources and its strategic location to global markets gave Iran the potential to be a major economic force in a region stretching from the Middle East to the Caucasus and into Central Asia.<sup>17</sup> For this reason Putin is motivated to ensure that a partnership with Iran must be a key Russian foreign policy initiative during his tenure. Putin believes Iran can be an important strategic partner in the Middle East, one that will help Russia regain some of the previous influence it had during the cold war. He has made Russian-Iranian nuclear cooperation a basic element in the relationship. Russian exports of high technologies buy a certain amount of influence in the Middle East. Negotiating contracts for the construction of nuclear power plants, reactors and technology transfers contributes to Russia's geopolitical and national strategic interests. In addition Putin understands that scientific and economic cooperation with Tehran is essential to avoid criticism from Iran's Islamic clerics and hard liners regarding Russian actions against Muslim separatists in Chechnya and protection from other Islamist based security threats in the region.<sup>18</sup>

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<sup>17</sup> Vladimir A. Orlov, "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *The Washington Quarterly* Spring (2005):56.

<sup>18</sup> Orlov, 57, Brenda Shaffer, "Partners in Need: The Strategic Relationship of Russia and Iran," *The Washington Institute for Near East Policy*, Policy Paper #57, (2001):1+

## Iran's Motivations in Pursuit of Nuclear Technology

**National Defense:** In his essay *How to Keep the Bomb From Iran*, Scott D. Sagan, believes that Iran's principle motives for pursuing a nuclear capability are to protect itself against external security threats.<sup>19</sup> Sagan makes the point that Iran is a classic case of a state that wants nuclear weapons to dissuade a potential enemy from launching an attack on its homeland. He points out that Iran, having faced a belligerent Iraq, now sees the United States as a physical threat and wants to defend itself against a US attack on its nuclear facilities.<sup>20</sup> The US invasion of Iraq in 2003 has proved to Iran's clerics in Tehran that George W. Bush is willing to put his proactive doctrine of military preemption into practice.<sup>21</sup> Alarmed by the possibility of attack, Iran's leaders have moved to accelerate their nuclear enrichment efforts in order to have the capability to retaliate with some kind of WMD. In 2003 when the US invaded Iraq the country was not in possession of nuclear weapons. North Korea has nuclear weapons and the US has chosen to avoid the use of force to disarm them. Tehran has therefore come to the conclusion that the possession of nuclear weapons is the only viable deterrent to US military action against them. Iran is seeking some kind of leverage, a nuclear card.<sup>22</sup>

**Note:** *The history of Iran provides Iranians with a sense of insecurity and pessimism. They believe the world is a dangerous place where enemies are prepared to undermine and destroy the greatness, independence and security of Iran. This sense of insecurity and the experience of the manipulation by the great powers in the past are*

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<sup>19</sup> Scott D. Sagan, "How to Keep the Bomb From Iran," *Foreign Affairs* 85, (2006):45+.

<sup>20</sup> Iran Iraq War -1980-1988. Iraq invaded Iran over boarder disputes. Known as First Persian Gulf War.

<sup>21</sup> Scott D Sagan, "How to Keep the Bomb From Iran," *Foreign Affairs* 85, (2006):45+.

<sup>22</sup> Kenneth Pollack, "Taking on Tehran," *Foreign Affairs* 84 (2005): 20.



*expressed in a penchant for conspiratorial explanations of international relations. There is a tendency to interpret events in a worst case fashion.*<sup>23</sup>

**Ideology:** The foreign policy idealists, the ideologues and hard liners of the Islamic revolution, launched by Ayatollah Khomeini in 1979 remain in control of Iran today. The leaders consider themselves the most ardent disciples of the Ayatollah Khomeini. For these true believers the revolution in 1978 -79 was not just a rebellion against the Shah, as much as it was an uprising against the forces of the U.S. imperialism, and Zionism that kept the Shah in power. They are dedicated to preserving the moral authority of the Islamic republic, to oppose Western domination and assist the oppressed. Their concept of the world is one in which the purpose of government is to promote or uphold a moral order in a world divided by good and evil.<sup>24</sup>

The ideologues in the present regime are intent on reviving Iran's position and influence in the world and infusing their policies with a moral purpose. In its broadest terms, the true believers, adhering more faithfully to the Ayatollah Khomeini's vision, see Iran today as the springboard for a global revolution and the religious revival of the Islamic world. The ideologues believe that the revolution continues through its rebellion against the Great Satan (US), and the only way to ensure the survival of the Islamic Republic of Iran is to equip the nation with an independent nuclear capability.<sup>25</sup>

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<sup>23</sup> Directorate of Intelligence Office of Transnational Issues, Intelligence Report, *Reasserting Iran's Greatness: The Sources and Patterns of Iranian Behavior*. October 10, 1997. 2-6

<sup>24</sup> Directorate of IOTI, 2-6.

<sup>25</sup> Kenneth Pollack, "Taking on Tehran," *Foreign Affairs* 84 (2005): 20+.

**Note: Foreign Policy Pragmatists** – They are the more moderate segment of the leadership but not as strong as the ideologues. They are mainly technocrats and foreign policy professionals associated with former President Rafsanjani. They perceive Iran's role in the world to be that of a strong nation-state operating within the present international system. They tend to emphasize increasing Iranian power and capabilities first and actively promote the ideals of the revolution only as Iranian power allows.<sup>26</sup>

**National Pride:** The long and rich history of Iranian civilization is a source of pride to Iranians and frequently leads to a sense of cultural superiority; particularly when Iranians compare themselves to their neighbors, most of which have a much shorter history as independent states and many of which were once within Iran's cultural and political sphere<sup>27</sup> The Islamic revolution of 1978-79, which Iranian leaders claim is different from any other modern revolution, has reinforced this sense of uniqueness and further imbued the leaders with a sense of superiority over their monarchical or secularist neighbors.

The appeal to Iranian national pride is the regimes strategy to retain power in the face of a terribly depressed Iranian economy. The gross disparity between Iran's economy and the soaring economies of Persian Gulf emirates such as Dubai, Abu Dhabi, Qatar, and Kuwait is widening each day. Tens of thousands of Iranians who have taken up residence in these rich Arab economies have told their compatriots back in Iran about their affluence, and quality of life. Those in Iran who hear these stories of economic prosperity are frustrated, because Arabs, whom they have traditionally considered inferior, thrive while they lag behind. Job creation initiatives have remained insufficient

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<sup>26</sup> Directorate of Intelligence Office of Transnational Issues, Intelligence Report, *Reasserting Iran's Greatness: The Sources and Patterns of Iranian Behavior*. October 10, 1997. 13

<sup>27</sup> Directorate of IOTI, 13.

to absorb the 700,000 young people entering Iran's job market each year.<sup>28</sup>

Unemployment is causing frustration and creating social problems in the society.<sup>29</sup>

Instead of enacting reforms to encourage job creation, and economic growth, Iran's clerical leadership is placing blame everywhere except where it belongs; on the management shortcomings of the great Ayatollah Khomeini's revolution.

Iran's leading clerics and conservatives see the value of continuing their nuclear ambitions as a way to distract attention from potential issues surfacing in domestic politics. The regime has taken the view that the pursuit of nuclear arms and defiance of the US and the international community, on the nuclear issue, is a means of mobilizing favorable national opinion in support of a revolution that has gradually lost popular legitimacy. President Mahmoud Ahmadinejad's defiant rhetoric, directed toward the US and the international community in 2006-07, over the nuclear issue is serving a dual purpose. First; it shows he is standing up to the US imperialists and Zionists, and second the rhetoric provides a smoke screen, a distraction from the failings of the revolution.<sup>30</sup>

**Prestige:** Tehran also seeks prestige and influence in the region. Iran's leaders consistently present their nuclear program as evidence that Iran is an advanced industrial power and that the accomplishments of Iranian scientists is evidence of Iran's scientific

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<sup>28</sup>Patrick Clawson, "Could Sanctions Work Against Tehran?" *Middle East Quarterly* (Winter 2007).URL: <[http:// www.meforum.org/pf.php?id=1068](http://www.meforum.org/pf.php?id=1068)> accessed 14 April 2007.

<sup>29</sup> The Iranian government has acknowledged that there are two million people or 2.9 percent of the population who use narcotics. Divorce is on the rise, with 30 percent of newlyweds divorcing within three years. Officials estimate there are 300,000 prostitutes operating in the country, and the number of sex and corruption scandals involving judges and government social workers is common. See Clawson.

<sup>30</sup>Nimeh Bozorgmehr, "Nuclear Enrichment at Industrial Scale," *Financial Times*, 10 April 2007, A5.



capabilities.<sup>31</sup> They argue that international opposition to Iran's nuclear ambitions is motivated by a Western effort to prevent the country from assuming its rightful place as an influential and dynamic force in the region. Iran's assertion of its rightful role in the region and place in the world is a continuing source of friction with the US; a friction that Iranian leaders perceive as frustrating Iran's aspirations, and preventing them from achieving their greatness.<sup>32</sup>

### **US Options – Iran**

There are several options available to the US in attempting to deal with Iran's current regime over their persistence to obtain a nuclear capability. The following options available to the US are the most common suggested by specialists in the field; persons who have been cited in the bibliography attached.

**Military Force:** The US has the option to launch limited preemptive air strikes to destroy the major Iranian nuclear facilities, provided that U.S. intelligence services are confident that they are able to identify all major nuclear-related sites in Iran.

**Results:** A preemptive air strike by the US military would produce great opposition and censure directed at the US from many quarters around the globe. Russia for one would see it as a betrayal of trust. US - Russia relations would sink to near cold war levels.

Vladimir Putin told Al Jazirah radio that Russian Foreign Minister Sergey V. Lavrov on

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<sup>31</sup>Sagan, Scott D. "How to Keep the Bomb From Iran." *Foreign Affairs* 85, (2006):45+.

<sup>32</sup> Ahmadinejad has recently begun to appeal more to Iranian national pride in his speeches. He no longer plays only on the fears of Iranians by saying that Iran is imminently threatened by enemies and that it is necessary to take desperate measures for the national defense.

his visit to Washington in February 2007 had obtained guarantees from the US Secretary of State and the President that the US had no intention to intervene militarily in Iran.<sup>33</sup>

Iran, should it decide to retaliate, has the capability to use its armed terrorist networks in the region and beyond. Iran has a capability to launch terrorist attacks, through proxies, against US bases, naval vessels in the Strait of Hormuz, and U.S troops and those of its allies on the ground in Afghanistan and in Iraq. It would further radicalize the Arab and Muslim worlds, and generate terrorism and anti – American activity.<sup>34</sup>

When asked about possible U.S. air strikes against Iranian nuclear facilities in August 2004, Iranian Defense Minister Ali Shamkhani said, "You may be surprised to know that the US military presence near us is not power for the United States because this power may under certain circumstances become a hostage in our hands. The United States is not the only power present in the region. We are also present from Khost to Kandahar in Afghanistan and we are present in the Gulf and can be present in Iraq."<sup>35</sup>

The option to use force still remains, as a consideration of last resort, for the IAEA in the form of a recommendation to the UN Security Council. The best explanation about why force has to remain an option comes from the IAEA director general Mohamed El Baradei, who, on January 23, 2006, said "Diplomacy has to be backed up by pressure and, in extreme case, by force. We have rules. We have to do

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<sup>33</sup> FYI – Russian Foreign Minister Says US Not to Start War Against Iran," Doha Al- Jazirah Satellite Channel Television in arabic1815GMT,08 February 2007, Open Source Document ID GMP20070208635001accessed [https://www.opensource.gov/portal/server.pt/gateway/PTARGS\\_0\\_0\\_5165\\_893\\_1627\\_43/h](https://www.opensource.gov/portal/server.pt/gateway/PTARGS_0_0_5165_893_1627_43/h)

<sup>34</sup> Richard Haass, "The New Middle East," *Foreign Affairs* 85 (2006): 2+.

<sup>35</sup> Scott D. Sagan, "How to Keep the Bomb From Iran," *Foreign Affairs* 85, (2006):45.

everything possible to uphold the rules through conviction. If not, then you impose them. Of course, this has to be the last resort, but sometimes you have to do it.”<sup>36</sup>

The Russians do not agree. They have ruled out a military scenario for Iran. At a meeting with Deputy Foreign Minister Sergei Kislyak on April 13<sup>th</sup> 2007, Russia’s chairman of the State Duma, International Affairs Committee Konstantin Kosachev said in reference to a use of force option in Iran. “We have seen that our Foreign Ministry and other bodies of the executive branch, and have thoroughly analyzed various action plans under different scenarios with respect to Iran. The only scenario that should be completely ruled out is the military one, the use of force against Iran.”<sup>37</sup> Kosachev went on to comment that the IAEA has no evidence proving Tehran’s military ambitions.<sup>38</sup>

Russia has publicly said it is backing up Iran’s air defense just in case. General Yury Solovyov, commander of the Air Defense Forces Special Command, in responding to As-Siyasa a Kuwaiti newspaper that published a prediction that the US was planning a missile strike against Iran some time in April 2007 said. “In line with my assessment, Iran’s air defense system is strong enough. Currently Iran has our [Russian] air defense missile systems, which are capable of tackling U.S. combat aircraft. Iran also has French and other countries defense systems”<sup>39</sup>

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<sup>36</sup>Patrick Clawson, “Could Sanctions Work Against Tehran?” *Middle East Quarterly*, (Winter 2007).URL: <[http:// www.meforum.org/pf.php?id=1068](http://www.meforum.org/pf.php?id=1068)> accessed 14 April 2007.

<sup>37</sup>“Russia rules out military scenario for Iran”. *RIA Novosti*, 13 April 2007 URL: <<http://enrian.ru/russia/20070413/63607726.html>> accessed 29 April 2007.

<sup>38</sup> “Russia rules.”

<sup>39</sup>“Iran’s air defense can repel U.S. air strikes – Russian brass” *RIA Novosti* , 05 April 2007 URL: <<http://enrian.ru/russia/20070405/63153397.html>> accessed 09 April 2007.



**International Banking Sanctions:** The Iranian government has received windfall profits from their oil and gas exports in the past several years. Revenues have shot up from US\$23 billion in 2002-03 to \$55 billion in 2005-06. Foreign exchange reserves have reached \$47 billion, more than twice the amount of Iran's foreign debt, and will only rise further as oil prices remain high.<sup>40</sup> The option here is to deny Iran's revolutionary elite access to global banking and investment opportunities. Washington can amplify pressure by working with its allies to apply, more vigorously, existing restrictions on financial transactions and trade with Tehran. UN Security Council resolutions 1373 and 1540 call on countries to adopt and enforce effective controls on funds and services that contribute to the proliferation of weapons of mass destruction.

The US also has the capability to pressure European and Asian banks to reduce their presence in Iran. Strict new U.S. Treasury rules and regulations about fund transfers, such as those designed to prevent the transfer of funds to terrorists and weapons dealers led the two largest Swiss banks, UBS, Credit Swiss, and the large British bank HSBC to stop taking new business in Iran.<sup>41</sup> Few banks in the world are willing to risk being cut off from dealings with the U.S. financial system. In addition pressure on international firms considering investments in the Iranian oil and gas industry is another option. Tighter international business restrictions that operate in the public domain will

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<sup>40</sup> Patrick Clawson, "Could Sanctions Work Against Tehran?" *Middle East Quarterly*, (Winter 2007).URL: <[http:// www.meforum.org/pf.php?id=1068](http://www.meforum.org/pf.php?id=1068)> accessed 14 April 2007.

<sup>41</sup>Clawson,

be felt by Iran's business community which, in Iran, means the revolutionary elite that exerts as much control over the economy as it does the political system.<sup>42</sup>

**Results:** Economic instruments alone are unlikely to persuade Tehran to freeze its nuclear program. The principal levers of power in Iran, as mentioned previously, are in the hands of revolutionaries who are not motivated primarily by economic concerns. Iran's pragmatists, who care about the future of Iran's economy do not have sufficient influence to persuade the real power-holders to change policies. Success at influencing Iranian policy is more likely if the economic front is combined with other actions and, at the present time the choices are limited. Policy analysts and regional experts in the US and Europe argue that the West cannot apply significant economic pressure because Tehran has too much leverage over oil supplies. The argument says that if Iran were to cut off its oil exports of 2.5 million barrels a day. The West might have to back down on any pressure exerted against Iran's nuclear program.<sup>43</sup> But is it prudent for the Iranian government to cut off oil exports without considerable harm to its already faltering economy? The Iranian government relies on oil revenue to fund 75% of its expenditures on imports. Iran's current foreign exchange reserves can only pay for approximately one years imports.<sup>44</sup>

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<sup>42</sup> De facto sanctions have advantages over formal U.N. sanctions. UN actions must be discussed for weeks only to end up with vetoed or weakened Security Council resolutions.

<sup>43</sup> Patrick, Clawson "Could Sanctions Work Against Tehran?" *Middle East Quarterly*, (Winter 2007), URL: <[http:// www.meforum.org/pf.php?id=1068](http://www.meforum.org/pf.php?id=1068)> accessed 14 April 2007.

<sup>44</sup> Clawson,

**Economic Incentives:** Despite ample natural resources, Iran continues to suffer double digit rates of inflation. Each year more than half of the one million Iranians eligible to enter the job market cannot find jobs. The clerical regimes preoccupation with centralization has resulted in an inefficient command economy with a bloated bureaucracy. Extensive subsidies for basic commodities waste billions of dollars each year and do little to alleviate poverty. Inefficient state-owned enterprises drain the government budget through less than transparent business activity. The recent increases in oil revenues are not a long term solution. Iran's economy is in deep trouble. Twenty five years after Iran's revolution had pledged to deliver a more just society, the Islamic republic has created an economy that benefits only an elite group of clerics, and their cronies and stifles much needed free enterprise.<sup>45</sup>

**Option:** The US and its allies strike a deal with Tehran's leaders to abandon their nuclear program, and accept a comprehensive inspection regime by the IAEA. In exchange the following will be provided to alleviate impending economic disaster. The US would lift all sanctions and settle the long outstanding claims over the assets of Shah Mohammed Reza Pahlavi.<sup>46</sup> The US would also consider bringing Iran into international economic organizations such as the WTO and guarantee in the meantime not to launch a direct military attack on Iran. If on the other hand Iran decided to stay on its current course the US and its allies would join together in imposing strict sanctions strong enough to scuttle Iran's precarious economy.

**Results:** The problem with this option is that in order to get Iran's economy moving by implementing WTO like reforms it would require selling off public

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<sup>45</sup> Kenneth Pollack, "Taking on Tehran," *Foreign Affairs* 84 (2005): 20+.

<sup>46</sup> Pollack,



enterprises and scaling back on government subsidies. Iran's clerical elites are too implicated in corrupt arrangements and fear losing their prerogatives and privileges should they agree to restructure the economy. The Council of Guardians is unlikely to allow privatizing key sectors such as the banking industry as such measures run counter to the Koran. In fact economic instruments alone are unlikely to persuade the Islamic Republic to freeze its nuclear program. As already discussed previously in other sections of this paper, the principle levers of power in Iran are in the hands of the revolutionaries who are not motivated primarily by economic concerns. Iranians who care about the state of the economy, the moderate foreign policy pragmatists, do not have sufficient influence to persuade the real power holders to change policies. The solution lies in combining economic incentives with some other action.

**Permit Uranium Enrichment:** The US in cooperation with the UN and its allies has the option to permit Tehran to cycle a limited amount of enriched uranium. The amount permitted would be small enough so as not to pose an immediate danger to the world but would be an important status symbol for the Iranian regime. Permitting uranium enrichment activity could help Tehran save face both domestically and internationally. Iran's leadership could rationalize the deal, struck with Washington, and the UN by telling its domestic constituencies that the arrangement protects Iran's "sovereign right" to have a full nuclear fuel cycle. One way to do this would be to draw a line between research on uranium enrichment (which would be allowed) and significant production of enriched uranium (which would be prohibited). In exchange, Tehran

would have to accept verifiable safeguards on all its enrichment operations, and permit more intrusive type of inspections required by the IAEA.<sup>47</sup>

**Results:** There is no guarantee that Iran would abide by the terms of an agreement. Iran would ask for and receive technical assistance as part of an original arrangement and yet there would be no way to stop additional enrichment from going on in other covert locations.

### **Today's Developments – Tomorrow Is Anyone's Guess**

Responding to Iran's continuing failure to comply with two previous demands to halt key parts of its nuclear program the UN Security Council on March 24<sup>th</sup> 2007 unanimously adopted new restrictions on Tehran.<sup>48</sup> Resolution 1747 reaffirms that Iran shall without further delay take the same steps that were previously required by Resolution 1737 that the Security Council adopted on December 23, 2006. Those requirements included a demand that Iran suspend all activities related to its gas centrifuge – based uranium – enrichment program.<sup>49</sup> Resolution 1747 as adopted in March has additional restrictions. It freezes foreign accounts of 13 companies and 15 individuals involved in uranium enrichment and missile development projects, imposes visa restrictions, and bans arms

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<sup>47</sup> Scott D. Sagan. "How to Keep the Bomb From Iran." *Foreign Affairs* 85, (2006):45+.

<sup>48</sup> The UN Security Council on July 31, 2006 adopted UNSC Resolution 1696 by a vote of 14-1. Resolution 1696 demanded a suspension of uranium processing and enrichment and full compliance with steps require by Iran by the IAEA Board of Governors. UNSC Resolution 1737 was adopted on December 23, 2006.

<sup>49</sup> Security Council Broadens Iran Sanctions. Arms Control Association, April 2007. (Washington D.C. ACA, 20005), URL: <[www.armscontrol.org/act/2007\\_04/Securitycouncil.asp](http://www.armscontrol.org/act/2007_04/Securitycouncil.asp)> accessed 9 April 2007

exports from Iran. It also threatens new sanctions if Iran does not comply with the resolution within 60 days<sup>50</sup>

In defiance of UNSC Resolution 1747 Iran's President Mahmoud Ahmadinejad on April 9<sup>th</sup> 2007 claimed that Iran was processing enriched uranium "on an industrial scale" at Natanz, a town in central Iran. Ahmadinejad said that the plant has been processing enriched uranium using a cascade of 300 centrifuges. He said Iran has the right to produce nuclear fuel in line with the Non Proliferation Treaty and that Iran was acting in line with international laws and under the control of the IAEA.<sup>51</sup>

In reference to three UN Security Council Resolutions the President had the following to say on April 16, 2007. "After adopting one resolution, they saw Iran launch a nuclear fuel cycle. The second resolution saw Iran attain nuclear fuel production on an industrial scale" Ahmadinejad went on to say that international pressure on the Islamic Republic and anti –Iranian propaganda could not shake the nation's will and that despite the sanctions Iran had become a nuclear power. "You can adopt new resolutions and the Iranian nation will demonstrate new advances in the nuclear sector" he said.<sup>52</sup>

Following President Ahmadinejad's speech on April 9<sup>th</sup> where he claimed an industrial level of nuclear fuel production, the Iranian information agency quoted Iran's

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<sup>50</sup> "Iran has no intention to quit NPT – Larijani." *RIA Novosti*, 11 April 2007 URL: <<http://enrian.ru/russia/20070411/63483224.html>> accessed 30 April 2007.

<sup>51</sup> "Iran has." , Treaty on Non Proliferation was entered into force in 1970. Its objective is to prevent the spread of nuclear weapons and nuclear technology. The treaty represents the only binding commitment in a multilateral treaty to the goal of disarmament. A total of 187 parties have joined the Treaty. The Treaty establishes a safeguards system under the responsibility of the International Atomic Energy Agency. Verification of compliance is through inspections conducted by the IAEA. Iran signed the treaty on February 2 1970.

<sup>52</sup> "Iran Continues nuclear program despite UN resolution-president." *RIA Novosti*, 16 April 2007 URL: <<http://enrian.ru/russia/20070416/63723949.html>> accessed 28 April 2007.



vice president Gholamerza Aghazadeh as saying that the Islamic Republic plans to increase the number of centrifuges at a nuclear center in central Iran to 50,000.<sup>53</sup> Iran's ambassador to Moscow Gholam Reza Ansari said in Moscow on April 18 that Iran will not discuss shutting down its uranium enrichment program even if appropriate discussions with international negotiators is resumed.<sup>54</sup> "There is no shutting it down we believe it is Iran's legitimate right."<sup>55</sup>

Once again Russia played down the Iranian claims and the perceived danger of the activities by trying to soften what Aghazadeh and Ahmadinejad said. Russia's top nuclear official Sergei Kiriyenko said his federal nuclear power agency Rosatom has doubts about Aghazadeh's claim. "Rosatom experts say it cannot be at an industrial level." Kiriyenko said that in the industrial production of uranium you not only need a sufficient number of centrifuges (to be installed) but they also need to be adjusted to work properly, which is a complicated process.<sup>56</sup>

Russia's leadership, those outside the Rosatom click, however may feel that Iran is becoming a potential danger even before the latest UN Security Council Resolution on March 24<sup>th</sup>, and in response to what has been going on at Natanz since 2006. On March 18, 2007 Igor S. Ivanov the Secretary of the Russian National Security Council informed Ali Hosseini Tash, Iran's deputy chief nuclear negotiator, that Russia will withhold fuel

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<sup>53</sup> "Russia nuclear chief doubts industrial uranium production in Iran." *RIA Novosti*, 12 April 2007 URL: <<http://enrian.ru/russia/20070412/63525599.html>> accessed 30 April 2007.

<sup>54</sup> The international negotiators are the five member of the UN Security Council plus Germany

<sup>55</sup> "Iran will not discuss its uranium enrichment program." *RIA Novosti*, 18 April 2007 URL: <<http://enrian.ru/russia/20070418/63903357.html>> accessed 30 April 2007.

<sup>56</sup> "Russia nuclear chief doubts industrial uranium production in Iran." *RIA Novosti*, 12 April 2007 URL: <<http://enrian.ru/russia/20070412/63525599.html>> accessed 30 April 2007.

for the Bushehr power plant unless Iran suspends its uranium enrichment as demanded by the UN Security Council (Resolution 1737 of December 23, 2006). Ivanov said that the fuel would be delivered only after Iran's enrichment of uranium at Natanz was frozen.

### **Conclusions**

Vladimir Putin wants Russia to be seen as "responsible" in its nuclear relationship with Iran. He wants Russia, as well as Iran, to comply with all IAEA rules governing the disposition of spent fuel and uranium enrichment and to be responsible signatories of the Treaty on the Non Proliferation of Nuclear Weapons (NPT).<sup>57</sup>

Russia is the primary source at the present time in preventing Iran from acquiring nuclear weapons. It was Russia that built the light water reactor at Bushehr and it is Russia that is contracting to provide Iran with low enriched uranium for power generation. It is Russia who is engaging in a commercially legal and profitable relationship with Iran. Determined to maintain Russia's image, Putin, in light of Ahmadinejad's latest revelations at Natanz, must decide if Kremlin thinking should now shift. Is Bushehr masking a secret Iranian effort, unknown to the Kremlin, to develop an independent uranium enrichment capability that could enable Iran to fuel a nuclear device? Should Russia continue close engagement and cooperation with Iran, or should Rosatom limit cooperation until Iran ceases its enrichment activities? Should the Kremlin substantively support the latest UN resolutions instructing Iran to abandon its nuclear enrichment program or will the Kremlin simply ignore the major concerns of the UN and the IAEA and its responsibilities under the NPT? \* Without intrusive IAEA

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<sup>57</sup> Iran has no intention of pulling out of the Nuclear Non-proliferation Treaty said Iran's Ali Larijani Iran's top nuclear negotiator at the UN. see "Iran has no intention to quit NPT – Larijani." *RIA Novosti*, 11 April 2007 URL: <<http://enrian.ru/russia/20070411/63483224.html>> accessed 30 April 2007.

inspections in place Iran could build covert enrichment facilities elsewhere to avoid scrutiny by the US and now Russia. Both have said that they do not want a nuclear armed Iran. Iran will almost certainly continue with overt as well as covert activities to enrich uranium.<sup>58</sup> Should Russia turn up the pressure by insisting they stop or comply with stronger IAEA inspection and monitoring rules, Iran's current leadership leaders will most likely ignore Moscow and continue uranium enrichment.\* It can also be used internationally as a chip to gain concessions from the US and its allies.

Other than implementing successfully any one of the options noted above, save the option to use force, the United States will be unable to stop Iran's intentions to produce weapons grade material. Short of a pre-emptive air strike or a surgical military ground operation there does not seem to be any option that can change Iranian determination.

On the other hand Russia views its relations and cooperation with Iran and other countries in the region as important to its national security and to its national treasury. Rosatom, will continue business as usual with whoever wants to deal.

For Russia the potential for enormous profits from the sale of nuclear technologies that have the potential to flow to key bureaucratic clan interests in Russia's Federal Agency for Nuclear Energy, is too attractive to resist. The Kremlin and the bureaucratic elites will continue to be proactive in offering to construct additional nuclear facilities. More than likely they will pursue contracts to construct the four reactors at

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<sup>58</sup> Iran's nuclear enrichment program has advanced over the past two years. The last official U.S. intelligence estimate given to Congress, in February 2006, stated that if Iran "continues on its current path it will likely have the capacity to produce a nuclear weapon within the next decade". This estimate is widely interpreted to mean five to ten years., See: Scott D. Sagan, "How to Keep the Bomb From Iran." *Foreign Affairs* 85, (2006):31.



Ahvaz, Iran\*. At the same time if Iran wants uranium fuel, Rosatom will most likely establish strong preconditions that will require signed agreements coupled with on site verification for the control and disposition of spent fuel sent back to Russia. So far Russia has given no official commitment to abandon nuclear assistance to Iran but it has made clear to the US, Israel, the UN and IAEA that it will not allow Iran to recycle or obtain weapons grade enriched uranium.

As for the United States finding an option that can be used to convince Russia's Rosatom from selling nuclear technologies, a Russian diplomat said that the United States never understood the fact that; unless Rosatom is offered an alternative way to make money it would not stop doing business with Iran.

A shift in Russia's position to one track on the side of the west would in effect increase the importance of US Russian cooperation and deny Iran a nuclear weapons capability. In an attempt to aid the intensified US effort to restrict Iran's independent capacity for a weapons program in 2006 Russia proposed that it would supply enriched uranium so that Iran would not need to develop its own enrichment capability. This was on condition that Iran returns the spent fuel to Russia. By withholding delivery of uranium and by endorsing the view that Iran does not need an independent enrichment capability, Russia's policy, in practical terms, poses the key obstacle to Iran's weapons program.

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Iran's Nuclear Program  
Russian and Iranian Motives – U.S. Options

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