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THE IAEA'S IRAN DILEMMA

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IAEA Director General Mohamed ElBaradei's visit to Iran on 21-22 February 2003 confirmed at least part of the information that has recently come to light about Iran's nuclear project, in particular, the construction of a large-scale gas-centrifuge enrichment plant and a heavy-water production facility.

This information was first disclosed by an Iranian dissident group last summer and was later corroborated by satellite imagery and analysis and more recently confirmed by the Iranian authorities. During his short visit to Iran, the Director General was taken to the site at Natanz, where he visited the construction site of a uranium enrichment plant, which includes a gas-centrifuge pilot plant. In addition, Iran provided information on its plans for a nuclear fuel cycle.

The analysis and the visit turned suspicions concerning Iran's military nuclear ambitions into near certainty. The bare bones of the assessment leading to this conclusion are these:

- Iran is developing a large-scale uranium enrichment capacity. This can be easily converted from the production of low-enrichment uranium, suitable for reactors, to the production of significant quantities of highly enriched uranium, suitable for weapons;

- Iran is constructing a heavy-water production plant, which means that it is planning to build a heavy-water moderated reactor. This type of reactor has the best potential for plutonium production;
- Iran is bent on nuclear power development. Although this route to plutonium production is more cumbersome and politically less advisable than a heavy-water reactor, it could provide, in addition to electrical power, a capacity for plutonium production that would far exceed that of the heavy-water reactor should Iran decide to use it in this way.

The reasons given by Iran for this huge and very costly development program are the need for energy-source diversification and the need for energy independence. These reasons make no economic sense for an oil-rich country like Iran. And since the indigenous production and recycling of nuclear fuel are much more expensive than buying it from Russia and storing or recycling the spent fuel there, the program makes no economic sense for a cash-strapped country like Iran. All this strongly suggests that Iran really aims to achieve a military nuclear capability.

Iran has obviously decided to bring most of its

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development program into the open. One option would be to place all of its nuclear activities under safeguards, proceed with its plans, and then, at the right moment, withdraw from its international obligations and produce nuclear weapons from the materials it had "legally" produced. The case of North Korea attests to the viability of this option.

Alternatively, Iran could, in parallel with its declared activities, establish a highly classified and hidden project that would draw on its experience and perhaps illicitly divert some materials from inspected facilities. To do this in a way acceptable to the IAEA, it would only need to provide a plausible description of the peaceful uses of its nuclear program. Under the present agreements with Iran, the IAEA can only verify the non-diversion of nuclear materials for military use; it cannot search for undeclared materials and facilities. This is the reason why the IAEA is asking Iran to conclude an agreement according to the "Additional Protocol," which would grant the IAEA more extensive inspection rights, including some that make the search for undeclared facilities somewhat easier. True, the mere acceptance of an Additional Protocol agreement by Iran would not guarantee the success of the IAEA, because assuring the non-existence of undeclared activities and materials is possible only in rare cases, and Iran is not one of those. But it might have some additional deterrent value.

Should Iran decide to follow "Plan A" and declare everything, the Additional Protocol would mainly have a nuisance value. But if it adopts "Plan B" and decides on a parallel route to a military nuclear capability, it will probably not accept a stricter verification regime and risk being caught out. How real is this risk? Much depends on the way the IAEA would utilize its rights under the Additional Protocol. In a country as large as Iran, even the Additional Protocol does not mean that the chances of discovering any hidden nuclear facilities would

be high. But if some additional information, i.e., intelligence, were also brought to bear, the risks of discovery would be significantly higher.

For its part, the IAEA faces serious problems, depending on which route Iran decides to take. If the present situation persists, the IAEA can take the easy way out, accepting Iran's declaration at face value and continuing with the inspections according to the old agreements. It can still voice its displeasure about the fact that Iran is not agreeing to apply the Additional Protocol, but it cannot do much else about it. Should Iran agree to this Protocol, the chances are that it will stick to a completely verifiable project, while secretly preparing for the eventuality of producing nuclear weapons. No treaty verification mechanism can uncover these secret plans.

However, by taking the easy route the IAEA is placing its future and the future of non-proliferation in jeopardy. In order to assess the future situation, the IAEA must proceed according to some assumptions: that Iran is working on a military nuclear project; that Iran will eventually acquire the potential it seeks; and that Iran will eventually produce nuclear weapons. Not making these assumptions is at best naiveté. Under these assumptions, the obvious conclusions would be that Iran will succeed in bypassing the international verification system and, consequently, that the IAEA verification system will again fail to detect and declare an emerging nuclear military project. The only way out of this dilemma is for the IAEA to lay out the bare facts and then state clearly that the potential for abuse is extremely high. That approach would probably antagonize some, but it would also express an assessment firmly grounded in the facts, without excessive deference to tradition or the need to be nice to everyone. Any verification activities afterward would supplement this warning. But relying solely on verification would be a serious mistake.