

**Iran's Nuclear Program Implications for the Dialogue Among
Russia, the United States, and Europe**
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On November 22, 2004, in accordance with an agreement with the EU-3 (Germany, France, and the United Kingdom), Iran stopped enriching uranium. On November 29, 2004, the IAEA Board of Governors adopted a resolution on the Iranian nuclear program in which, recognizing that it is too early to close the Iranian file as a special case and confirming that a few questions remain, the Agency has not indicated any urgent need to punish Iran by submitting the file to the UN Security Council. The situation is, in fact, quite the opposite. "We are making good progress", IAEA Director General Dr. Al Baradei has stated.

In contrast, the United States not only has declined to endorse the EU-3 initiative but has again expressed concerns over Iranian nuclear ambitions, suggesting that, according to U.S. intelligence, Iran has accelerated its nuclear weapons component of the program and has been working harder than ever on missiles designed specifically to carry nuclear warheads.

In a situation when the attention of both the United States and Europe, as well as international organizations such as IAEA, to developments in Iran has become extremely high, and media speculations, official statements, follow-up rumors, and information leaks have increased as never before, one could ask: what about Russia? Russia has been named in virtually every news cable since the early 1990s on the Iranian nuclear program. It is a country, which, in fact, is now the only one on the globe to openly cooperate with Iran in the nuclear field. And it is a country which, for almost a decade, has been blamed by the United States for supporting, in this or that way, Iranian nuclear ambitions.

From the news media, it may seem that Russia is out of the big game over Iran, replaced – or overrun – by those European nations who have become increasingly concerned about the risk of Iran having a nuclear bomb and, at the same time, starving for the Iranian market. In fact, if one googles "Russia&Iran" for the past months of this year, he or she would be disappointed by finding much fewer links compared both to previous years and to "Europe&Iran". Is this really the case?

Russia's View on the Iranian Nuclear Program

One reason Russia almost disappeared from the radar of the international media in the Iranian context is obvious. Virtually all accusations that Russia has supported Iranian nuclear-weapon ambitions proved to be false. It has finally become clear even for the sharpest critics of Russian-Iranian cooperation in Washington that it was definitely not Russia who accelerated the development of Iranian nuclear capabilities in the last two decades. The critical support, as it is now well-known, came to Iran from Pakistan, which included not only gas centrifuge exports but, reportedly, also technologies for nuclear warheads' design. In a number of cases, Iranians were successful in achieving progress in nuclear R&D and engineering by themselves, and did it much faster than anyone in the West could expect. Russia's nuclear exports to Iran, primarily aimed at the implementation of the Bushehr contract, did not – and could not – facilitate an Iranian nuclear program in any fashion.

If we take a look at the recent months, we would notice that, in contrast with the Google impression, Moscow never slowed down its dialogue with Tehran including issues associated with the nuclear energy, such as completion of the No.1 reactor at the Bushehr nuclear power plant (NPP), agreement on spent nuclear fuel (which should be returned to Russia), and future possibilities of cooperation in what is called peaceful nuclear energy uses, in accordance with the Article IV of the Nuclear Non-Proliferation Treaty (NPT).

In parallel, Russia has maintained discussions with Iran on a wide range of issues related to nonproliferation of weapons of mass destruction (WMD) and their delivery systems, emphasizing nonproliferation, which has been considered in Moscow, not surprisingly, as a top priority.

It is true, however, that most of these exchanges have not been public, and very few resulted in statements or press releases. Exceptions contained mostly boring and predictable ritual phrases about the importance of bilateral cooperation, on the one hand, and the need to be in full compliance with international commitments, on the other. When the EU-3 – Iran dialogue started in October 2003, Russia clearly preferred to stay in the shadow. And Russia continues to stay mostly silent, at least in public.

This policy can be explained by the recent history of Russian-Iranian relations. Iran frequently misled Russia, misinforming it about the scale of its nuclear program. As a result, on more than a few occasions Russian official estimates on Iranian intentions were incorrect. Given the fact that Russia is now Iran's only partner in the field of nuclear power engineering, Moscow would be justified in expecting a greater degree of openness in Tehran.

What kind of relationship to have with Iran – “our long-term, stable partner” as President Putin called it in May 2004 – is a serious question for Russia. Thus far unaware of a reason to halt construction of the first reactor at the Bushehr NPP, Russia has continued cooperation with Iran:

- firstly, on its maintaining an honest and dynamic dialogue with the IAEA on the whole range of questions that have been put before it,
- secondly, on its ratification of the Additional Protocol that it signed,

- thirdly, on the conclusion of an agreement with Russia on the return of spent nuclear fuel from Bushehr NPP to Russia. It is therefore quite significant that the Iranian Minister of Foreign Affairs Kamal Kharrazi recently confirmed that “spent fuel must be returned to Russia.”
- Finally, Moscow would welcome an Iranian decision to make its freeze of uranium enrichment permanent.

On the issue of enrichment there is room for diplomatic compromise. However, there are strong views in Moscow that the Iranian enrichment program should be finally dismantled, in exchange for “carrots”, including establishment of an international nuclear fuel fund under the auspices of IAEA, to provide assurances to those nations who voluntarily get rid of their own fuel fabrication programs but need assurances that imports would not be dependent upon political decisions of certain states and would not become an instrument for pressure.

The EU-3 November 2004 agreement with Iran has facilitated the dialogue. This impression is widely shared in the Moscow power corridors. A senior Russian Foreign Ministry official called it a “breakthrough”. Russia is satisfied with the fact that the tensions over Iran have decreased and that, with the European-Iranian agreement, new ways and means to effectively control Iranian intentions and steps in the nuclear field have become possible.

Russia’s Plans Toward Iran

With the economization of Russian foreign policy, however, Russian decisionmakers and diplomats think more and more in terms of markets found vs. markets lost rather than in terms of nonproliferation vs. proliferation. Having said that, I do not want to simplify the situation. Iranian non-nuclear weapons status is seen by Russian decision makers as a necessary condition for broadening a full-scale economic dialogue with this nation. The Kremlin pragmatics have not been known for their naïveté. They could not ignore the fact that Europe is no less interested in Iranian markets, including the nuclear one, than Russia is, and that the November 2004 EU-3 - Iran agreement is only the first step in attempts to reduce Russia’s role in nuclear (and other) contracts with Tehran in the future.

Russia is serious about a more energetic development of its economic and strategic relations with Iran. This is viewed in the Kremlin as a strategic decision, and accurately implemented in Smolenskaya-Sennaya, by the MFA. As a Russian senior official in charge of shaping Russia’s policy on Iran put it in October 2004, Iran currently is almost the only state of the Greater Middle East, which is successfully increasing its economic, scientific, technological, and military power. With a highly-educated population (81.4 percent literacy rate) compared to its neighbors, with high intellectual level of the elite, with the nation consolidated on Islamic values, with 11 percent of world oil and 18 percent of world gas resources, and with its geo-strategic situation giving control to sea and land routes bridging Europe and Asia, Iran – according to that official - is “doomed” to become the regional leader and the major international player within a vast region stretching from the Middle East to Central Asia and South Caucasus, as well as beyond. This assessment led to a remarkable conclusion: “Partnership with Iran is becoming one of the key foreign policy tasks of Russia.”

Though the current trade with Iran is modest (USD 1.37 billion in 2003), the short-term and mid-term goals set up by Russia are ambitious. They include:

- Further development of nuclear energy cooperation – clearly put in the first place (this includes a possible construction of new light-water reactors, probably already in competition with France);
- Space and telecom projects;
- Joint gas projects in South Pars site;
- Railway construction;
- Pipelines construction; and
- Coordination of gas export policies, taking into account that currently Russia and Iran together have up to 60 percent of world gas resources.

Russia-Europe-United States

In other words, Russia attempts to maintain and develop an active dialogue with Iran on both purely commercial as well as on strategic issues from the shadow. Russia attempts to be supportive of the EU-3 in their dialogue with Tehran, and, in fact, has been pushing hard on Tehran to accept the moratorium of uranium enrichment required by the EU-3. On the eve of the EU-3 – Iran final meeting on the agreement, Russian Deputy Foreign Minister Sergei Kislyak went to Tehran to clearly explain to Iranians what the limits of Russian support to them at the IAEA are.

So far, Russians have smartly played the ir role of another good cop, having similar security concerns as Europe, but, unlike the EU-3, playing and pushing behind the scene. They should be praised for managing so far not to offend Tehran with delays on signing the protocol on nuclear fuel supply.

At the same time, the Kremlin makes attempts not to overplay its interest in strategic partnership with Iran and not to send messages that are too optimistic. President Putin, who was scheduled to go to Tehran in early November, postponed the trip to February 2005.

Maintaining good, close relations with Iran in many cases requires maximum efforts from the Russian diplomats as Iran has never been an easy and sincere partner. However, the Kremlin wants to have a direct line of contact between Moscow and Tehran, working together not only for economic reasons but also to demonstrate to the United States that Russia has been able to execute an independent foreign policy.

There have been numerous speculations on the political exchanges between Russia and the United States involving Iran. Among the most recent ones was the rumor circulated by an influential, reputable and usually well-informed Russian magazine that Russia would agree to decrease (or not to accelerate) its level of cooperation with Iran, particularly in nuclear and arms sales fields, if the United States agrees not to influence the Ukrainian election process or, even more broadly, domestic developments in certain post-Soviet neighbors. This rumor has proved to be false.

What may be of real interest for Russia is a dialogue with the United States on a broad spectrum of nuclear-related issues. The number one priority for Russia in that case would be liberalization of the world uranium market and world spent fuel market:

- It is in Russia's interests to get access to the U.S. domestic market to export uranium to the United States not only within the framework of the HEU-LEU Program (which has time limits and size limits). There should be a comprehensive Agreement of Nuclear Energy between the two nations granting Russia access to the U.S. markets.
- Russia is ready to import nuclear spent fuel for storage from Taiwan, South Korea, Japan, and other countries, which are legally barred from doing so without U.S. permission because of the U.S. origin of the fuel. These barriers, as it is seen in Kremlin, should be dismantled.

The Iranian issue could be put in this context as one of the issues related to nuclear energy development and could be discussed in a package. For those familiar with the strong Russian nuclear lobby, it may sound surprising, but there are influential voices in Moscow who express support for the nuclear energy consortium to build more reactors in Iran which would include Russia, the EU, and the United States. According to these views, such a step would be both commercially beneficial for Russia and also would dramatically increase the level of confidence between the big troika (Russia-U.S.-EU) and Iran as well as within the big troika itself and would almost certainly provide more transparency to the Iranian own or, even more likely, make Iran decide to permanently suspend it and rely on foreign, but diversified, assistance. Promoters of this idea in Moscow (characterized by their opponents as naïve idealists) believe that this would be a model for cooperation in other proliferation-sensitive regions of the world where there is interest in nuclear energy and should also include active IAEA involvement from the very beginning of every such project.

Based on previous experiences, Russia realizes that reaching an agreement with the United States on any kind of such a package would be unlikely. However, this skepticism does not prevent a more flexible bilateral Russian-U.S. dialogue on Iran. Most recently, after the two presidents met in Chile, Putin added a very optimistic note to his comment, saying that the improvement in Russian-U.S. dialogue on Iran has been "considerable". Foreign Minister Lavrov went further saying that there have been "no differences in Russian and U.S. approaches toward principal issues of the Iranian nuclear program." Echoing these comments, U.S. Ambassador to Moscow Alexander Vershbow said that the Russians "are increasingly clear-eyed about the danger, and our cooperation is improving."

If so, time for any package solution involving only Russia and the United States may be over, and what both sides should, at a minimum, do is concentrate on the exchange of information about nuclear and missile developments in Iran. Lack of adequate information on it remains the main weakness of Russia, Europe, and the United States.

The discrepancies and violations by Iran already revealed by the IAEA are now history; this was a good lesson for Russia. It now has a long list of questions for the Iranians, both about the present and about their intentions in the future. With their

ambitions in mind about a future booming of cooperation with its strategic partner, Russia will now have to act with maximum caution.

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