

STRATEGIC ASIA 2008–09

CHALLENGES AND CHOICES

Edited by

Ashley J. Tellis, Mercy Kuo, and Andrew Marble

Special Studies

**The Iran Nuclear Challenge:
Asian Interests and U.S. Policy Options**

George Perkovich

RESTRICTIONS ON USE: This PDF is provided for the use of authorized recipients only. For specific terms of use, please contact <publications@nbr.org>. To purchase the print volume *Strategic Asia 2008–09: Challenges and Choices* in which this chapter appears please visit <<http://www.nbr.org>> or contact <orders@nbr.org>.



THE NATIONAL BUREAU *of* ASIAN RESEARCH

1215 Fourth Avenue, Suite 1600
Seattle, Washington 98161 USA
206-632-7370

EXECUTIVE SUMMARY

This chapter summarizes how major Asian powers see the Iranian nuclear crisis and outlines options for the U.S. to reverse or contain the Iranian nuclear threat.

MAIN ARGUMENT:

The U.S. alone cannot stop Tehran from continuing to expand Iran's capacity to enrich uranium and, ultimately perhaps, to produce nuclear weapons. The cooperation of the major Asian powers is necessary to cause Iranian leaders to reconsider the costs and benefits of continuing not to comply with IAEA and UN Security Council demands.

POLICY IMPLICATIONS:

All major Asian states would oppose U.S. policies of coercive regime change or military strikes against Iran. This leaves three basic alternative policies:

- Accepting uranium enrichment in Iran, under negotiated limits, conditioned on Iranian steps to reassure Israel and other regional states. This option may appeal most to Asian states, given that it would reduce prospects of further sanctions.
- Acknowledging Iran's refusal to comply with UN Security Council demands, withdrawing the positive inducements that have been offered for Iran to cease enrichment, building support among partners for long-term sanctions, and "fortifying" a red line that holds Iran to its commitment not to build nuclear weapons.
- Inviting Iran to engage the U.S. on non-nuclear issues in hopes of building the political will later to comply with a temporary nuclear suspension.
- To shape the environment for any of these policies, the U.S. could work with Asian powers and Iran's neighbors either to create a forum for regional cooperation if Iran moves to comply with IAEA and UN resolutions or to coordinate containment if Iran is belligerent.

The Iran Nuclear Challenge: Asian Interests and U.S. Policy Options

George Perkovich

The November 2007 U.S. National Intelligence Estimate (NIE) on Iran's nuclear activities famously concluded that Iran had "halted its nuclear weapons program" in 2003.¹ Less famously, the NIE noted that Iran had continued to expand its capacity to enrich uranium, the most difficult step in producing nuclear weapons. This expansion raises warning signs. In violation of nonproliferation obligations, Iran has in the past conducted clandestine nuclear work that Tehran has not fully explained, despite legally binding UN Security Council (UNSC) demands for full transparency and cooperation. Iran will pose a security challenge as long as it continues seeking to produce nuclear materials while both refusing to accede to UNSC demands and threatening other states.

It is not the United States primarily, or even alone, that is threatened by Iran's quest to acquire the technical capacity to make nuclear weapons. Iran's Arab neighbors and Israel are most adversely affected by the perception that Iran could wield nuclear weapons. Like its Persian antecedents in previous centuries, Iran possesses the size, resources, ambition, and talent to exert major influence in Southwest Asia—from Pakistan to the periphery of Central Asia, Turkey, and the Levant (including Israel and Palestine). Iran could be either a force for instability and insecurity within and among these states or an engine of regional dynamism and wary cooperation.

George Perkovich is Vice President for Studies—Global Security and Economic Development and Director of the Nonproliferation Program at the Carnegie Endowment for International Peace. He can be reached at <gperkovich@carnegieendowment.org>.

¹ "Iran: Nuclear Intentions and Capabilities," National Intelligence Council, November 2007, 1, http://www.dni.gov/press_releases/20071203_release.pdf.

The main challenge facing the United States arises from the effects Iran's nuclear activities and general behavior might have on the U.S. capacity to ensure the security, well-being, and cooperation of Iran's neighbors. If they feel threatened and believe Iran could deter the United States from intervening on their behalf, some of these neighboring countries will be inclined to hedge their positions by accommodating Tehran in ways that could diminish Washington's influence in the region. The United States also has led efforts to strengthen the global nuclear nonproliferation regime. If Iran were to get away with breaking nonproliferation rules and defying the efforts of the International Atomic Energy Agency (IAEA) and UNSC to enforce those rules, the risks of a more anarchic nuclear order would grow dramatically, threatening a top U.S. national security priority.

The United States alone cannot reduce this threat by inducing Tehran to alter Iran's nuclear activities. To change Iran's strategy and behavior, the United States will need the cooperation of the European Union (EU), Russia, China, Japan, India, and leading Arab states. Indeed, dating from the 1953 overthrow of Mossadegh, Iranians and many outside Iran have regarded U.S.-Iran relations as exhibiting an almost pathological character. Yet when the international community passes judgment on Iran for transgressing international standards, Iranians question their own government.² In addition, UN sanctions—which bind all states—become possible when China, Russia, and Japan join with the United States and Europe. Even though the United States has the power to destroy countless targets in Iran unilaterally, such an action would be self-defeating as long as the other major powers are opposed and will not cooperate in establishing the legal and diplomatic preconditions. Any real prospect of persuading Iran to alter its nuclear policies thus depends on international cooperation.

This chapter considers the technical and political evolution of the Iranian nuclear crisis and the feasible options among which the next U.S. administration could choose to contain or reverse the Iranian nuclear threat. The chapter then surveys how Russia, China, Japan, India, Indonesia, and Pakistan view their interests vis-à-vis Iran and the nuclear issue specifically as well as what types of U.S. policies these countries are likely to support or oppose.

² For example, penalties endorsed by major Asian powers such as China, India, Japan, and Indonesia can stimulate internal debate in Iran as few other external factors can.

The Story So Far: Iran's Nuclear Activities and the International Response

In August 2002 the IAEA discovered that Iran was building two undisclosed nuclear facilities: a uranium enrichment plant at Natanz and a heavy-water production plant at Arak. Iran's work on these facilities pointed to an interest in producing fissile materials for which there was no apparent peaceful need.

Through an intense investigation over the ensuing six years the IAEA established that in 1985, during the war with Iraq, Iran had started a secret program to procure the capability to enrich uranium.³ The Iranian nuclear program violated disclosure requirements from 1985 to 2003. Several of the violations involved activities that made more sense as building blocks of a nuclear weapons option than as necessary elements of a civilian energy-production program.⁴ In early 2008 the United States and other states provided intelligence to the IAEA regarding alleged studies as well as procurement and R&D activities by Iranian military-related institutes that could indicate efforts to develop nuclear weapons.⁵

Over this six-year period, Iran adopted various tactics for engaging with the IAEA, countering the United States, and diverting the UNSC. Iran was initially defensive. Iranian diplomats sought to dissuade the IAEA secretariat and Board of Governors from reporting Iran's noncompliance to the UNSC as the IAEA statute requires.⁶ Among other things, Tehran feared that the United States would use a UNSC judgment against Iran as a basis for coercion or perhaps even attacks. Fearing the same outcome, IAEA Director General Mohammed ElBaradei and key European leaders welcomed an initiative by the leaders of France, Germany, and the United

³ "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran," International Atomic Energy Agency (IAEA), Report by the Director General, November 10, 2003, 19, <http://www.iaea.org/Publications/Documents/Board/2003/gov2003-75.pdf>. During the devastating Iran-Iraq War, Iraq had attacked Iran with chemical weapons. At the time the world did nothing to stop or even acknowledge Iraq's use of chemical weapons.

⁴ These activities included: clandestine import and testing of centrifuges; undeclared importation of uranium metal; undeclared extraction of plutonium; experiments with polonium, an isotope typically used to trigger chain reactions in weapons; and possession of blueprints for manufacturing uranium metal spheres, whose only known use is for nuclear weapons.

⁵ "Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions 1737 (2006), 1747 (2007) and 1803 (2008) in the Islamic Republic of Iran," IAEA, Report by the Director General, May 26, 2008, available at http://www.isis-online.org/publications/iran/IAEA_Iran_Report_26May2008.pdf.

⁶ Article XII.C of the IAEA Statute states that "the inspectors shall report any non-compliance to the Director General who shall thereupon transmit the report to the Board of Governors" and that "the Board shall report the non-compliance to all members and to the Security Council and General Assembly of the United Nations." The text of the IAEA Statute is available at http://www.iaea.org/About/statute_text.html#A1.12.