



Audit of the Conventional Wisdom

A Solution for the US–Iran Nuclear Standoff

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The recent National Intelligence Estimate's conclusion that Tehran stopped its efforts to develop nuclear weapons in 2003, together with the significant drop in Iranian activity in Iraq, has created favorable conditions for the US to hold direct talks with Iran on its nuclear program. The Bush administration should act on this opportunity, if for no other reason than that its current position is growing weaker, and without such an initiative, Iran will continue its efforts to produce nuclear fuel that might, in the future, be used to build nuclear weapons.

Currently, Iran has approximately three thousand centrifuges, which it has used to produce small test batches of uranium that has been enriched to a low level (which cannot be used for nuclear weapons). Until now, Iranian engineers have not successfully operated a centrifuge cascade (a collection of centrifuges working together) at full capacity—which, as a practical matter, would be needed to enrich nuclear fuel to the level necessary either to establish an effective nuclear energy program or to manufacture nuclear weapons. But the Iranian government has declared its ambition to build more than 50,000 centrifuges, and recent reports also suggest that Tehran is testing a modified “P-2” centrifuge, a more advanced version of its existing centrifuge technology, which can produce a larger volume of enriched uranium.

We propose that Iran's efforts to produce enriched uranium and other related nuclear activities be conducted on a multilateral basis, that is to say jointly managed and operated on Iranian soil by a consortium including Iran and other governments. This proposal provides a realistic, workable solution to the US–Iranian nuclear standoff. Turning Iran's sensitive nuclear activities into a multinational program will reduce the risk of proliferation and create the basis for a broader discussion not only of our disagreements but of our common interests as well.

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New Opportunities in the US–Iranian Relationship

Over the last several months, two important developments have created new possibilities for relations between the United States and Iran. First, in December, the US intelligence community issued its new National Intelligence Estimate (NIE) for Iran. The report concluded that in 2003, Iran's government halted development of nuclear weapons. Second, it appears that the direct talks on Iraq between the US and Iran have led to a significant reduction in the flow of improvised explosive devices and foreign fighters coming from or through Iran into Iraq. Notwithstanding the continuing harsh rhetoric between the Bush administration and the Iranian government, these events have created the political space for new thinking about the US–Iranian relationship, and they demonstrate that negotiations with the Islamic Republic can produce tangible results.

For over five years, a group of former American diplomats and regional experts, including the authors of this article, have been meeting directly and privately with a group of Iranian academics and policy advisers. Some of the American members of this group believe that there is now an opportunity for discussions on the single most important issue in the US–Iran relationship: Iran's nuclear program. We believe that the Iranian government would seriously consider a proposal for direct talks with the United States on issues beyond Iraq. This paper proposes a way for Washington to begin talking directly with Tehran about its nuclear activities.

Time Is Not on Our Side

These new openings in US–Iranian relations are coming at a time when US policy toward Iran faces a difficult future. Washington's policy of pressure and containment has resulted in a number of important victories. American diplomats won UN Security Council agreement on a series of increasingly tough sanctions resolutions, and the Bush administration persuaded its European partners to impose serious financial penalties on Iran, particularly on banking and export credits. The cost of sanctions, together with popular grievances over inflation and gas rationing, have contributed to the declining popularity of Iran's government. Yet the current US approach to Iran faces a number of difficult challenges. Three, in particular, stand out.

Since the release of the NIE, Russia, China, and the US's European allies appear even less inclined than before to pursue additional sanctions. Many of these countries were skeptical from the outset that UN sanctions would change Iranian behavior but went along because they had no better alternative, and because they wanted to head off even more severe US action (e.g., a military strike). Russia's increasingly independent foreign policy has meanwhile culminated in Putin's trip to Tehran in October and a Russian decision to provide its first fuel shipment for Iran's nuclear reactor at Bushehr.

Of course, provocative behavior by Iran—for example, regarding its new P-2 centrifuge technology—might lead to further UN sanctions, but any new resolution is unlikely to differ much from its predecessors in either content or impact. If the United States and its allies do not take a different approach soon, the strategy of containment and sanctions, while irritating to the Iranian regime, will prove irrelevant to the country's nuclear programs.

A second problem is that Iran has moved in a relatively short period of eighteen months from a single cascade of 164 centrifuges to a reported figure of approximately three thousand centrifuges. If Tehran decides tomorrow to build another three thousand there is little Washington can do to stop it.

Historically, countries that have enriched uranium for a nuclear weapons program have built many more centrifuges than Iran has so far, and run them for years at a time. Centrifuges are famously fragile and difficult to operate on a large scale, and building a nuclear weapon also requires fashioning the enriched uranium into a nuclear device—"weaponization." There is the additional problem of finding a way to shrink the device so that it can fit on a plane or, harder still, onto the tip of an extremely reliable missile. In short, Iran is still years away from a nuclear weapon, as the recent NIE suggests.

The more immediate problem, however, is that every centrifuge Iran builds—whether it works or not—creates new facts on the ground. The current policy of containment and sanctions does not prevent Iran from continuing to build large numbers of centrifuges.

Unfortunately, recent events vividly demonstrate the conundrum that the US and its allies face as they consider another sanctions resolution. If Iranian scientists have made progress on the

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P-2, they have done so despite two sanctions resolutions. By the time a new resolution is passed, they may make further progress on a P-2 program. In this race between centrifuges and sanctions, the centrifuges are winning.

The third challenge is that Iran has developed several tactics intended to undercut the current US strategy. It has improved relations with Russia, attempted to use its oil exports to win support from an energy-hungry China, and launched a diplomatic offensive aimed at its Persian Gulf neighbors. Iran has also sought to counter US pressure in the UN Security Council by agreeing to negotiate with the International Atomic Energy Agency (IAEA). A clean bill of health from the IAEA, confirming that Iran was not preparing to produce weapons, would further weaken Russian and Chinese interest in joining in additional sanctions.

Retaking the Initiative

US policymakers have been slow to seize the unusual opportunity created by the new intelligence estimate and shift direction. The main obstacle has been US insistence that it will not agree to take part in face-to-face talks on the nuclear issue until Iran suspends its nuclear enrichment. This precondition may well be working against US interests. Why not take advantage of the NIE's conclusion that Iran suspended its nuclear program in 2003 and accept it as creating the conditions for direct talks?

Washington needs to take the initiative. First, its insistence on zero enrichment of uranium on Iranian soil is not credible and grows less credible with every newly constructed Iranian centrifuge. The policy of containment and sanctions is eroding with each passing day.

Second, a serious proposal for direct talks would allow the US to set the agenda rather than simply respond to Iran. Moreover, sanctions are only useful insofar as they induce the punished party to negotiate (complete capitulation is rare in international politics). Sanctions without an opening for discussion cannot lead anywhere. A US initiative also puts the burden on the Islamic Republic to show that it wants to be accepted as a member of the international community. If Iran fails to reciprocate, it would be easier to persuade our international partners to take punitive actions. On the other hand, if the US fails to make a serious proposal, it risks losing the diplomatic achievements of the past few years.

Still, the question remains, what should the US propose?

A Multilateral Program

As a solution to the nuclear dispute, the US and its allies should propose turning Iran's national enrichment efforts into a multinational program. Under this approach, the Iranian government would agree to allow two or more additional governments (for example, France and Germany) to participate in the management and operation of those activities within Iran.¹ In exchange, Iran would be able to jointly own and operate an enrichment facility without facing international sanctions. Resolving the nuclear issue would, in turn, make it possible for Iran to enjoy a variety of other benefits such as membership in the World Trade Organization (WTO), increased trade with Europe, access to badly needed equipment for its aviation and energy industries, and perhaps normalized relations with the United States.

A number of Iranian officials—including President Ahmadinejad himself—have already publicly endorsed a multilateral solution.

Of course, Iran's concept of multilateral enrichment is likely to be different from an American or European version, but those differences could, we believe, be resolved in negotiations.

Proposals to bring nuclear programs under multilateral supervision are neither new nor few in number. Several models of multinational uranium enrichment have been successfully used in Europe. Applied to the Iranian case, a multilateral approach would allow Iran to continue to own its existing nuclear facilities and centrifuges; but the management and operation of those facilities would be shared with the other partner governments, and any new facilities and technology would be owned and managed jointly by the consortium. All the multinational partners would contribute financially to the establishment and operation of the program and would also share in any revenues coming from the sale of the fuel. Such an arrangement could take many different forms, but any version of it would likely be subject to the following conditions:

- Iran would be prohibited from producing either highly enriched uranium or reprocessed plutonium. This is the most important principle in the proposal. If Iran cannot produce or acquire highly enriched uranium, it cannot build a nuclear weapon. If Iran's enrichment program is turned into a multilateral project, it makes it extremely difficult for Iran to produce highly enriched uranium. Any attempt to do so, even secretly, would carry the risk of discovery by the international management team and the staff at the facility; the high probability of getting caught will likely deter Iran from trying to do so in the first place.
- No work on nuclear fuel, including research and development, could be conducted in Iran outside the multilateral arrangement. In addition, no institution, personnel, or facility associated with the Iranian military would be allowed to participate in the production of nuclear fuel or other nuclear activities. Neither of the two kinds of materials used to make a weapon—highly enriched uranium and reprocessed plutonium—would be produced, only uranium enriched to low levels that could be used in nuclear power plants.
- Iran would fully implement the Additional Protocol of the Nuclear Non-Proliferation Treaty, which requires member nations to make their nuclear facilities subject to snap inspections, environmental sampling, and more comprehensive reporting requirements. Iran has already offered to go beyond the current safeguards of nuclear processes it adheres to, and it should be held to that offer. Inherent in any multilateral arrangement for Iran's nuclear program is a requirement for greater transparency, since Iran's foreign partners will need full access to records and personnel to carry out their management responsibilities.
- Iran would commit itself to a program only of light water reactors (LWRs), which require uranium fuel enriched only to low levels and which, compared with other types of reactors, produce relatively small amounts of plutonium in the nuclear waste generated. This is a reasonable demand since the LWR is the de facto international standard.

Of course, there are many other issues that would need to be agreed to by the parties, for example, restrictions on the sale or transfer of technology and material used or produced in Iran to other countries.² Still, the proposal cannot be one-sided. Iran needs to get something out of such a deal. A proposal that is all restrictions and no benefits is unlikely to be appealing or sustainable. Iran would be giving up some degree of control over part

of its program and should rightly expect something in return. Certainly the Iranian government will have to be able to show that a multilateral nuclear program is advantageous for Iran.

In order to assure Iran that the multilateral nuclear facility has the full support of the international community, construction and operation of the facility should be authorized by a resolution adopted by the United Nations Security Council. The resolution should also include a provision that any future move by Iran to nationalize the facility or withdraw from the NPT would automatically trigger punitive steps against Iran.

Weighing Costs and Benefits

The best possible outcome for the US in the Iranian nuclear dispute would be no enrichment or reprocessing by Iran of any kind. The worst possible outcome is a purely national program on Iranian soil, one aimed at producing nuclear weapons, whether unsafeguarded (following, say, an Iranian withdrawal from the Nuclear Non-Proliferation Treaty) or insufficiently safeguarded (as has been the case during this most recent period under minimum safeguards arrangements). Unfortunately, the worst outcome looks more likely than the best. Iran already owns and operates centrifuges on its territory and has made clear that it will continue to expand its nuclear activities—a position that is unlikely to change in the intermediate term.

So far, the US has said that absolutely no uranium enrichment should take place in Iran, while Iran insists that it be able to enrich uranium on Iranian soil—and has shown that it can. Multilateralization offers a solution by proposing enrichment under joint control using Iranian centrifuges on Iranian soil. The benefits to the partners are that the program reduces the chances of Iran acquiring nuclear weapons and the US and its European allies no longer have to pay the economic costs of imposing sanctions on Iran.

Multilateral management and operation of Iranian facilities combined with upgraded international safeguards and inspections will provide an unprecedented level of transparency about Iran's production of nuclear fuel. It would also allow the US and its European allies to take the initiative, rather than having to respond to events after the fact. In addition, it provides both sides with a "face-saving" mechanism for resolving an increasingly rigid standoff.

A multilateral solution to the Iranian nuclear impasse may also provide a blueprint for dealing with a more general global problem: the potential spread of enrichment and reprocessing technology to other nations that do not now have nuclear weapons.

Potential Risks

For all its potential benefits, an attempt to bring Iran's nuclear program under multilateral control also carries risks. It raises a

large and complex set of financial, legal, and technical issues. How can a multilateral scheme be reconciled with existing UN sanctions resolutions and national sanctions laws? How would the multinational "owners" and their management team decide policy and resolve internal disagreements?

These are not trivial issues. Still, the main objection to the multilateral approach has traditionally been that it increases the risk of proliferation. According to this argument, Iran's capacities to build nuclear weapons could improve under a multilateral arrangement because of (a) the transfer of technical knowledge to Iranian managers and workers; (b) the potential diversion of nuclear materials or technology from the multilateral facility to a clandestine, parallel program; and (c) the possibility that Iran could cancel the program by renationalizing it and expelling the multilateral partners.

On the first issue, it seems fair to assume that Iranian technicians would, in fact, obtain technical knowledge that they did not previously possess by working with their international colleagues. What they would learn, whether the acquired knowledge would prove decisive, or whether they would have learned it on their own anyway is unclear.

On the second issue, diversion of material or technology to a clandestine program, it is worth remembering that even with routine safeguards, diversion is extremely difficult. In practice, the IAEA has been very good at accounting for nuclear material, and Iran would have to be willing to take a large risk of detection to engage in diversion. Given the enhanced transparency of a multilateral arrangement and the constant presence in Iran of foreign monitors that such a plan would require, the risk of detection would be even higher. Indeed, experience during the nuclear age strongly suggests that governments are less likely to attempt diversion or to

defeat safeguards when there is an active verification effort within a country. (In general, proliferators prefer to wait until the inspectors have gone home.)

The third concern, cancellation of a multilateral program, is possible but would doubtless prove extremely costly to Iran. Iran could not jettison the program without risking a possible military response and other punishments from the US and its international partners.

Clearly, a multilateral approach provides better protection against proliferation than the status quo, i.e., a purely national program subject to traditional safeguards and the occasional voluntary suspension of enrichment activity. Iranians may gain from an indirect transfer of technical know-how, but the risks of diversion of nuclear material and technology and of cancellation or renationalization of the program are small.

Iran today is arguably the most powerful and important nation in the Persian Gulf region. Iran and the United States also have the most hostile relationship of any two powerful nations in the world today.

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The Audit of Conventional Wisdom

In this series of essays, MIT's Center for International Studies tours the horizon of conventional wisdoms that define U.S. foreign policy, and put them to the test of data and history. By subjecting particularly well-accepted ideas to close scrutiny, our aim is to re-engage policy and opinion leaders on topics that are too easily passing such scrutiny. We hope that this will lead to further debate and inquiries, with a result we can all agree on: better foreign policies that lead to a more peaceful and prosperous world. Authors in this series are available to the press and policy community. Contact: Michelle Nhuch (NHUCH@mit.edu, 617.253.1965)

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Surprisingly, for all their differences—over Israel, Hamas and Hezbollah, and Iran's nuclear program—the two nations have insufficiently appreciated common interests that argue for a *modus vivendi*, some way to work on common concerns even as they disagree on other issues.

For example, no two countries in the region have more common interest in the futures of Afghanistan and Iraq. Notwithstanding their competition for influence in Iraq, the US and Iran are the strongest regional supporters of the current government in Baghdad; they both stress the importance of Iraq's territorial integrity and the need to maintain a central government. The US and Iran also have a common interest in supporting Afghanistan, reducing opium trafficking, and defeating Sunni extremist movements like the Taliban and al-Qaeda. Moreover, Pakistan seems to have descended into a long period of turmoil and domestic strife, with threatening implications for both Tehran and Washington.

The US should put its concerns forward in negotiations with Iran—not necessarily to make a grand bargain, but as a way to begin seeking common ground. We should not seek a comprehensive agreement on all the issues that divide us, but instead agree to work toward enlarging areas of common interest and diminishing and containing the differences. The US will have to deal with Iran's fears of regime change, just as Iran must deal with the consequences of the outrageous and inflammatory remarks by its president. Differences over Hamas, Hezbollah, and other regional issues, including threats against Israel, will have to be addressed over the long term, but these matters should be dealt with directly by the US, Iran, and the other parties. Outsourcing US diplomacy to others has not worked and is even less likely to work in the future.

Without direct US engagement on the nuclear issue, the broader objective of seeking common ground on other problems in the region will not be possible. Like any proposal, a multilateral approach is not without risks, but the concept provides a politically advantageous basis for moving away from a purely national—and potentially dangerous—Iranian nuclear program. So far no other alternative offers that possibility.

This is a historic moment for US leadership. It should take the initiative and encourage Iran, a powerful nation of proud people and ancient culture, to become integrated into the world community. The US is the only nation that can take on this task directly and achieve the breakthroughs that will be necessary. The process is likely to be painful and difficult, but the reward may be a more stable and peaceful Middle East.

article footnotes

1 In theory, any country could be a multinational partner, but it makes sense that the participating countries should be drawn from those that have been directly involved in the Iranian nuclear controversy: the US, Britain, France, China, Russia, and Germany. In addition, these countries have their own enrichment programs, and possess the expertise required for a multi-lateral enterprise. Of this group, some seem more promising than others. Despite statements by some Iranians to the contrary, Iran would probably not welcome the United States as one of the multilateral partners, although the US, as we suggest, should encourage the multilateral project. Russia might be reluctant to support the idea, preferring instead its proposal to provide enrichment for Iran on Russian soil. Still, it is unlikely that Russia would try to obstruct the multilateral project, since it would prepare the way for the Russian government to engage in nuclear and other commerce with Iran.

2 Among other provisions, the arrangement should require that:

- The Iranian enrichment program be multilateralized at its current level of development, i.e., as a functioning P-1 centrifuge program at a level of between three thousand and four thousand centrifuges. The construction of additional centrifuges or the introduction of new centrifuge technology, e.g., the P-2, would have to await the completion of the multilateralization process and a subsequent decision of the multilateral partnership.
- The agreement would complement Iran's NPT obligations but would be independent of those obligations. Thus, Iran could in theory withdraw from the NPT as is its right under Article X, but withdrawal would not alter its continued obligations under the multilateral project.
- There would be no withdrawal clause. These commitments would extend in perpetuity. Cancellation of the agreement would be understood as a signal that Iran is abandoning its peaceful use obligations and thus would be subject to the severest consequences, up to and most likely including military action.
- No stockpiling of low-enriched uranium (LEU) would be permitted beyond what is reasonable given the number of existing or soon-to-be-completed reactors. This can be justified both on economic grounds (domestically and because of the potential impact of stockpiling on the international LEU market) and for concerns about stockpiles of nuclear materials.
- The IAEA would be a participant in the arrangement with regard to safeguards, but would not have an ownership or management role. This could change, subject to decisions of the multilateral partnership, depending on the evolution of the Iranian program.



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