

**IRAN AND THE IAEA: BUYING TIME OR AVOIDING  
CONFRONTATION? AN ISRAELI ASSESSMENT**

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For many years, the Israeli government has been pursuing a very carefully designed and nuanced policy regarding Iran, reflecting the mix of both major threat perceptions and strong interests in containing and deescalating tensions. The tensions between Jerusalem and Teheran date from the overthrow of the Shah and the rise of the Islamic regime, which adopted a policy of hostility towards Israel, including support for terrorism, particularly through proxies such as Hizbollah, as well as weapons, training and funds for Palestinian terror attacks. Iran has also pursued a political major campaign focusing on rejection of the legitimacy of Israel as a Jewish state. Although Iran is too far away to be a conventional military threat, the Iranian efforts and expenditures used to acquire long-range missiles, such as the Shabab 3, as well as weapons of mass destruction, have been seen by Israeli decision makers as embodying a potential existential threat, requiring an appropriate response.

At the same time, Israeli officials have been careful to avoid escalating the tensions, and have carefully and repeatedly stressed that while Iran constitutes a threat, it is not classified as an enemy, in a manner similar to Syria, for example. Israelis have also been watching the internal events in Iran, recognizing the potential for major changes in the regime, and its replacement with a less ideological leadership that does not seek confrontation with Israel as a basis for political legitimation within Iran and in the Islamic world. A post-revolutionary government, embodying a strong element of democracy and pluralism, might also recognize that Iran's national interests would not be served by a

deep and enduring religious/ideological conflict with Israel, particularly given the various other immediate and substantive threats that exist in the Iranian environment. In contrast, a direct military clash between Israel and Iran could transform a limited ideological and political conflict into a full-blown nationalist clash which would be much harder to manage and resolve following a change in government in Iran. This would not be in Israel's interest, and also not that of Iran.

However, the recent revelations regarding very rapid Iranian progress towards acquiring a nuclear weapons capability greatly increased the difficulties faced by the Israeli government to maintain such a careful and balanced policy. Many Israeli officials have stated publicly that a radical nuclear armed Iran would pose an existential threat and was intolerable. As revelations regarding Iranian progress in producing fissile material accelerated, the concern in Israel increased. Public discussions regarding increased second strike capabilities and other deterrence measures became more commonplace, reflecting the intense policy deliberations within the security establishment. At the same time, the media attention devoted to examination of a possible Israeli pre-emptive strike also increased dramatically, often recalling the 1981 strike that destroyed Iraq's nuclear reactor at Osiraq, which was the central element in Saddam Hussein's effort to acquire nuclear weapons. Under these conditions, Israel's current and balanced Iranian policy had become increasingly difficult to maintain.

These dimensions provide the background for analyzing Israeli perceptions of the recent agreement between Iran and the International Atomic Energy Agency regarding adherence to the Additional Protocol, and the discussions that took place in the IAEA on the Iranian violations of its NPT obligations.

At the most fundamental level, if the agreement reached between Iran and the IAEA is seen to significantly slow Iranian progress towards developing nuclear weapons capabilities, this will allow Israel to maintain its current approach towards Teheran. It will provide more time for substantial political change within Iran (a much slower and more uncertain process than had been expected following the initial election of President Khatami and the emergence of the reformists), which would alter the relationship in a fundamental and positive direction.

However, there also many uncertainties, and the prospects for a real change in Iranian policy regarding the priority given to efforts to acquire nuclear weapons materials and related manufacturing facilities must be considered highly uncertain at best. Support for acquisition of nuclear weapons in Iran is widespread, and skeptics argue that in agreeing to accept the Additional Protocol, enhanced IAEA inspection and verification measures, and to halt fissile material production, the Iranian regime is following the model adopted by North Korea. Teheran may simply use the continuing discussions and negotiations to continue or even accelerate the efforts to establish a nuclear fait accompli. But this is not a foregone conclusion, and in Israel, future developments will be examined in great detail to determine the degree of a policy shift, if any.

### ***Skepticism Regarding Iranian Intentions and IAEA Verification***

The crisis regarding Iran's nuclear weapons development efforts developed during 2003 following the discovery of undeclared activities related to production of fissile material, primarily a huge underground centrifuge uranium enrichment facility at Natanz, built in two main structures to hold up to 50,000 units. Another facility was built

at Arak which is also reportedly to be used for making heavy water and may be part of a wider project to build a plutonium production reactor, and is located at the site of a major electric power facility necessary to support these activities, and Iran is also involved in plutonium separation and production. These activities went far beyond the construction of the Buser power reactor, purchased from Russia, and ostensibly commercial and civilian program, and helped to confirm the claims that Buser was primarily designed by Iran as a cover for a military program. According to open source research of groups such as the Federation of American Scientists, Iran created at least 23 companies in Europe and the Middle East, including one in the UAE, for purchasing illicit fuel cycle components.

The crisis was triggered following revelations by an Iranian opposition group (the National Council of Resistance) regarding the existence of these fuel-cycle facilities, and the Federation of American Scientists obtained and publicized commercial satellite photos of the construction at these sites. Such undeclared facilities constituted explicit and direct violations of Iran's obligations as a signatory of the 1970 Nuclear Non-proliferation Treaty (NPT), and the International Atomic Energy Agency (IAEA) began an investigation.<sup>1</sup> Although Iran initially rejected the demands for inspections, in February, IAEA Director-General Mohammed El Baradei visited Iran and obtained some partial information. Samples that were taken for analysis revealed higher levels of enrichment than Iran had acknowledged, and further direct evidence of an illicit weapons program. (The IAEA also began investigation of apparent links with Pakistan, noting the similarity of centrifuge enrichment technology<sup>2</sup>, as well as the origins of Iranian laser enrichment. With revelations regarding the evidence of similar Pakistani involvement in the Libyan nuclear weapons program<sup>3</sup>, and the reports of efforts of Saudi Arabia to

acquire nuclear weapons through Pakistan's assistance, the role of Pakistan in proliferation in the Middle East has become a very serious issue.<sup>4)</sup>

The confrontation escalated, formal IAEA inspections took place that went beyond the official visit by El Baradei, and the threat of sanctions (from Europe) and American statements regarding the unacceptability of a nuclear Iran led to intense negotiations with Iran. Following meetings by the IAEA Board of Governors, and the establishment of an October 31 deadline for compliance (which would have resulted in Security Council consideration of the implications of Iranian non-compliance), Iran issued a report that provided details on these developments, and agreed to suspend "all uranium enrichment-related and reprocessing activities in Iran" (particularly at Natanz), and negotiate the terms of accession to the additional protocol. The issue of plutonium production was not addressed directly, leaving ambiguity in Iranian intentions, but is clearly covered in the IAEA's mandate and Iran's NPT commitments.

On November 26, the IAEA Board of Governors unanimously adopted a resolution on Iran's nuclear program, which deplored Iran's "past failures and breaches of its obligations to comply" with its Safeguards Agreement, essentially declaring that such behavior constituted a record of noncompliance for 18 years. The IAEA Board explicitly noted "with the gravest concern, that Iran enriched uranium and separated plutonium in undeclared facilities, in the absence of IAEA safeguards" and notes "with equal concern, that there has been in the past a pattern of concealment resulting in breaches of safeguard obligations." Although the IAEA did not state directly that Iran had violated the NPT by developing a weapons program, the evidence presented, as well as numerous statements from Iranian officials, certainly points in that direction.

On this basis, the IAEA resolution "requests the Director General to take all steps necessary to confirm that the information provided by Iran on its past and present nuclear activities is correct and complete as well as to resolve such issues as remain outstanding....Should any serious Iranian failures come to light, the Board of Governors would meet immediately to consider, in the light of the circumstances and of advice from the Director General, all options at its disposal."

Iran's agreement to accept the Additional Protocol constitutes a change in its position under pressure, but the question of implementation remains open and uncertain. Indeed, shortly after announcing acceptance, Iranian officials also attempted to link this implementation to other issues, (a ploy that a US government official declared to be "unacceptable").

Given the Israeli threat perspectives on the implications of a nuclear armed Iran, the question of implementation is central, and past experience with respect to the IAEA leaves many uncertainties. Israeli decision makers and analysts have viewed the IAEA, like other international organizations, as a highly politicized institution whose corporate culture lacked professional standards of performance. The failure of the IAEA inspection and verification systems in the 1970s led to the Israeli decision to act unilaterally to destroy Iraq's Osiraq production (research) reactor in 1981. Similarly, the advanced Iraqi nuclear weapons efforts that were discovered by the IAEA following the 1991 war reinforced these doubts.

However, since then, there is some evidence of a change in the IAEA's corporate culture, reflected in the increasingly professional approach taken with respect to the inspection and verification process, and the comparison of the current situation with that

of 1981 or 1991 may be inaccurate. After the 1991 “Iraqi surprise”, the Additional Protocol was written (or negotiated) , giving the IAEA inspectors much needed access in countries that have acceded to this protocol. In addition, the IAEA’s response and revelations following inspections of Iran in the past year suggest that the implementation issue is taken far more seriously than was the case in the past. (The IAEA’s record in the case of North Korea and in post-1991 Iraq has also demonstrated professionalism, including careful scrutiny of claims regarding efforts to purchase uranium in Africa that later turned out to have been fabricated.)

In other words, in terms of the IAEA verification system, there is a foundation for Israel to temper its traditional skepticism, at least to some degree, and to wait to see how the implementation process in Iran unfolds in the upcoming months. At the same time, however, given the intensity of Iran’s pursuit of fissile material, Israeli officials, including Meir Dagan, the head of the Mossad, have signaled that the crisis is far from over, and any delays or obstacles to implementation will lead to an appropriate response. Thus, unless followed by clear and consistent implementation, the IAEA resolution and the Iranian policy declarations may simply mark a phase in the ongoing cat and mouse game.

### **Who is Making Decisions In Iran?**

The effort to alter Iran’s calculus and decision to acquire nuclear weapons, or at least all of the components and capabilities necessary to become a defacto nuclear power, is complicated by the difficulties in understanding the decision making structure in Teheran. While the reformist elected government, headed by Khatami, generally speaks for Iran and conducts discussions and negotiations with other governments and



international bodies, including the IAEA, decision-making control is vested in the powerful unelected shadow government. The key figures in this framework are clerics such as the head of the Expediency Council, Hashemi Rafsanjani, Hassan Rohani (head of the National Security Council) and the Supreme Leader, Ayatollah Khamenei. The relationship between this level and the elected government remains murky and confusing.

At the same time, declarations and policy statements made at different levels of the Iranian government are frequently contradictory, making negotiations even more difficult, and reducing credibility of commitments and agreements with the IAEA, the EU and other parties. For example, on October 21, an official Iranian source declared that it had only temporarily suspended uranium enrichment, and shortly thereafter, different sources denied the validity of this statement. A few days later, the IAEA declared that "Mr. Salehi also informed the Director General that Iran had decided, as of today, to suspend all uranium enrichment-related and reprocessing activities in Iran - specifically, to suspend all activities on the site of Natanz, not to produce feed material for enrichment processes and not to import enrichment-related items."

As a result, Israeli policy makers and analysts, like those in the US, EU and in the IAEA, must be able to assess not only whether Iranian commitments made in the course of this crisis are credible, but also whether the institutions and individuals who made them are in a position to implement them. Some officials in Teheran may in fact have reached the conclusion that the costs of proceeding with the development of a major nuclear weapons development effort at this time exceed the benefits, others in the system are likely to reach the opposite results. In this environment, external decision makers, working on worst-case assumptions, will discount the chances of implementation of the

terms as agreed in the negotiations with the IAEA. While such assessments are common practice, the lack of clarity and internal competition in the Iranian government makes this situation particularly problematic.

### ***The Critical Role of the US, Europe, and Russia***

Whether the agreement to end this crisis represents a temporary measure which will then be exploited by Iran to continue short-term efforts to develop fissile material for nuclear weapons major point resolution, or whether this marks a basic change in policy and acceptance of limitations, remains to be seen. Since nothing has apparently changed in the Iranian assessment of the importance of obtaining such weapons, it appears that the key factor that led to the Iranian acceptance of the IAEA requirements reflect the recognition of the apparent costs involved, in the form of the external threats from the US, as well as the “carrots” offered by the EU. If the penalties for violation of the terms appear to be manageable, Iran can be expected to proceed with developing of a weapons program. To prevent this scenario, it will be necessary to continue with a policy of credible deterrence vis-à-vis Iran.

While there are no guarantees, the Bush Administration’s declarations of its unwillingness to accept continued Iranian development of nuclear weapons appear credible, and Washington is unlikely to accept any stalling in implementation. In response to the Iranian acceptance of the IAEA’s terms, the US government declared that it “welcomes Iran's offer to cooperate more actively and openly with the IAEA”. US Ambassador Brill declared that while Iran claims to have "come clean.", "This resolution makes clear ... that such statements by Iran cannot be taken at face value, and that the Board expects the Agency to thoroughly and robustly verify them." Brill also warned,

"Iran should make no mistake about our resolve that under such circumstances, an immediate report to the UNSC [United Nations Security Council] would be necessary." Furthermore, the credibility of international action to insure implementation was enhanced by the unanimous action of the IAEA, prompting Brill to declare "the United States believes the adoption of this resolution demonstrates that the Board remains unified and resolute in its determination to hold Iran to its obligations, especially in the wake of so many broken promises that have come before." On November 26, State Department Spokesman Richard Boucher warned Russia about the dangers of continuing to provide assistance to Iran for Bushehr, despite the new agreement. "Our view is, people ought to be careful, continue to be careful about their programs, particularly at this moment, when Iran has not yet implemented all its commitments.... Peaceful reactor construction should proceed only if Iran was meeting all the requirements of the international community to satisfy the international community that Iran was not conducting weapons programs on the side."

The role of the EU in terms of implementation and unwillingness to agree to violations is less robust, in general, and with respect to Iran and the IAEA, in particular. For many years, the EU's policy on this issue sought to avoid confrontation, and addressed Iranian policy, including the issue of WMD, through "constructive" and then "critical" dialogues, which did not produce any visible change in Iranian policies. However, in the wake of fears regarding possible WMD terror attacks, and following the Iraq war and other changes in the region, the EU changed its policy to a significant degree. Iran was warned that unless the nuclear weapons program was ended through an agreement with the IAEA, the EU would reduce or suspend economic cooperation,

including credits for economic activities on which the Iranian economy depends. At the same time members of the EU (Britain, France and Germany) also offered to enhance the availability of advanced technologies to Iran in exchange for cooperation with the IAEA. As a result, the policies of the EU and the US on this issue reinforced each other, and this seems to have had a significant impact on policy making in Teheran. The question now, however, is whether the EU will be prepared to implement these threats if and when Iran begins to violate the terms of the agreement. Judging on the basis of past behavior, the decision makers on this issue in Iran may decide to test European resolve and also seek to recreate the differences between the US and the EU.

### **Israeli Options**

In the light of these factors, future Israeli policy on Iranian acquisition of WMD will depend to a very high degree on the implementation process in the next few months. Israeli decision makers have already indicated their skepticism, and degree to which Israeli threat assessments regarding Iranian nuclear weapons have not diminished with the signing of the agreement. Israelis are will aware of the Iranian declarations and test launchings of the Shahab 3 ballistic missile, whose basic strategic value and rationale is dependent on a nuclear (or perhaps biological) warhead.

At the same time, Iran's acceptance, under pressure, of the IAEA agreement including a declared suspension of fissile production activities and related imports, and of the Additional Protocol, are not being dismissed out of hand. The options for a peaceful resolution of this crisis have been extended, and this allows for at least the potential of maintaining the current and carefully crafted Israeli policy vis-a-vis Iran and also with

respect to policy on deterrence, rather than accelerating creation of survivable second-strike options.

On this basis, we can expect Israeli decision makers to monitor the degree to which the outside actors – the US, EU, Russia and the IAEA – will continue to be involved through implementation of the agreements. If this process is successful, Israeli threat assessments can change in parallel with receipt of information reflecting a halt to Iranian fuel-cycle activities and construction, including any efforts to acquire breakout capabilities. Robust IAEA inspections under the additional protocol as well as greater transparency would increase confidence that the long Iranian practice of constructing hidden facilities and obtaining illicit facilities was being contained and deterred. If Russia were to slow or even halt the Bushehr reactor project altogether, this would also provide greater confidence in the monitoring and verification process, but this must be considered unlikely.

In the light of the history of deception and denial, Israeli policy makers should be expected to continue to analyze Iranian nuclear activities and the recent agreement through a skeptical filter. However, given the Israeli interest in avoiding direct confrontation with Iran, there is also a potential for gradual change in this relationship, and, if the evidence warrants this, a more positive assessment of the role of the IAEA and the credibility of safeguard and inspection agreements, thereby reducing the pressure for unilateral action.

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<sup>1</sup> Note that in contrast to Israel, India and Pakistan, which are not NPT signatories, Iran is a signatory, and has received a great deal of assistance in conducting nuclear research as a result. Russian assistance in the construction of the Bushehr reactor, as well as the purchase of nuclear materials and facilities and materials from other suppliers, such as China, is also directly dependent on Iran's NPT status.

<sup>2</sup> Iran-Pakistan Atomic Link Seen, Douglas Frantz, Los Angeles Times, December 1  
<http://www.latimes.com/la-fg-iaea28nov28.1.4380078.story>

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<sup>3</sup> William J. Broad, David Rohde and David E. Sanger, "Inquiry Suggests Pakistanis Sold Nuclear Secrets", *The New York Times*, December 22, 2003,

<http://www.nytimes.com/2003/12/22/international/asia/22STAN.html?position=&hp=&pagewanted=print&position=>

<sup>4</sup> Simon Henderson, "Toward A Saudi Nuclear Option: The Saudi-Pakistani Summit", Washington Institute on Near East Policy, October 16 2003 <http://www.washingtoninstitute.org/watch/index.htm>