

Preliminary analysis of E3/EU proposal to Iran

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“a lot of gift wrapping around a pretty empty box”
– undisclosed EU diplomat, quoted in Reuters, 27 July 2005

This is a preliminary analysis of the full E3/EU ‘Framework for a Long-Term Agreement’ presented to Iran on 5 August 2005. The IAEA Board decision today to request Iran to reverse its decision and suspend its enrichment process makes it all the more important that the Europeans reconsider and strengthen their offer to the Iranians to maximise the chance of a positive resolution to this stand off.

In general this document is vague on incentives and heavy on demands. It proposes new processes of further dialogue with the potential for cooperation in a number of areas, but few concrete offers. The demands upon Iran in contrast are specific and uncompromising. The language and speed of the Iranian response suggests they either feel betrayed by the E3/EU’s perceived failure to offer more significant incentives or that they had predetermined to reject any offer which did not show flexibility on the crucial question of uranium enrichment.

Given the strength of Iranian statements over the last few months that have indicated their intention to exercise their perceived right to the nuclear fuel cycle has been incumbent upon the E3/EU to offer significant and specific incentives to persuade Iran not to follow this path. In any event, their proposal is not impressive.

Given that the demands made of Iran opt for the most extensive and complete shut-down of Iran’s current nuclear fuel cycle activities, the document appears designed to fit closely with US requirements. Although the document talks of building trust between Europe and Iran, there is little within it that offers a great deal of trust at this stage, even when that trust would not require significant risk. Even the establishment of a buffer store of nuclear fuel is proposed to be physically located in a third country, rather than in Iran under safeguards. The E3/EU do not seem to have had the courage to offer either the substantial, detailed incentives or a creative, compromise solution on enrichment which could reasonably have been expected to receive Iran’s endorsement.

The offers

The significant EU incentives appear to be:

1. Granting access to “the international nuclear technologies market where contracts are awarded on the basis of open competitive tendering” to which Iran has hitherto been barred and allowing Iran to export nuclear technology under certain controls.
2. A draft EU/Iran Trade and Cooperation agreement and Political Dialogue Agreement.
3. An assured supply of nuclear fuel for Iranian reactors from Russia, based on a unspecified framework to be negotiated.
4. Unspecified support for the development of Iran’s civil nuclear programme, and negotiations on an agreement between Iran and EURATOM.
5. A general commitment to work with Iran to develop regional security arrangements and confidence-building measures, which could prove of value to Iran.
6. Continued support for Iranian accession to the WTO.

The efficacy of these incentives lies in the detail, but the detail is far from well advanced. Other offers are made within the document, but look still less substantial. For example, the E3/EU offer contains security assurances, but these are simply reaffirmed international obligations. To be meaningful in taking away Iranian strategic incentives to possess nuclear weapons, such security assurances would need to include the US, and go further towards a more watertight non-aggression pact that involved criteria on the deployment of forces within the region. If the experience at May’s NPT conference is anything to go by, the Iranians will be asking what concrete assurances they can be given that EU members are abiding by their own commitments towards nuclear disarmament referred to in the

E3/EU document, given existing UK and French plans to continue deploying nuclear weapons.

The reaffirmed support from the E3/EU for an effective and verifiable Middle East zone free of weapons of mass destruction and their means of delivery will be welcomed by Iran. But the Iranians will be asking what Europe proposes to do about undeniable Israeli deployment of hundreds of nuclear warheads within the region if they are to avoid accusations of double-standards and demonstrate they are serious about such an objective.

Other offers of cooperation in confidence-building measures and regional security arrangements, in trade and investment development, in economic and technical cooperation, and in tackling issues such as terrorism and drug trafficking will be welcomed as significant. However, they will not be seen by the Iranians as incentives linked to the abandonment of nuclear facilities, but rather foreign policy collaboration that benefits both sides and should be on the agenda in any case.

The demands

In contrast, the demands made of Iran are a great deal more clear and specific:

1. That Iran makes “a binding commitment not to pursue fuel cycle activities other than the construction and operation of light water power and research reactors.” This means no uranium conversion, or enrichment, no fuel reprocessing and the closure of the heavy water reactor at Arak. The EU3 clearly recognises that this implies the shut-down of major facilities including Natanz and Isfahan, and the loss of a substantial capital investment, so promises to “establish a group to identify alternative uses for the equipment, installations, facilities and materials”.
2. Resolution of all questions raised under Iran’s Safeguards Agreement and Additional Protocol, and continued cooperation with the IAEA, with all facilities under safeguards under all circumstances.
3. Ratify the NPT Additional Protocol by the end of 2005, and in the meantime to fully implement it.
4. Agree to arrangements for the supply of nuclear fuel elements from outside Iran and their return to the supplier after their use in the reactor.
5. Strict national export controls under UNSCR 1540 based on international norms, with assistance from EU officials in setting up procedures.
6. A legally-binding commitment not to leave the NPT.

Conclusion

It is not too late for the commitments within the document to be developed further by the E3/EU, but it would be a mistake for them to believe the ball is in the Iranian court. While many EU demands are reasonable, the key sticking point remains the demand to abandon all fuel-cycle activities. If the EU were prepared to compromise upon this particular point in return for compliance with other demands, the negotiations would be on a good deal more solid ground.

On the other hand, the undiplomatic language in the official Iranian response to the Framework Agreement shows more than just a widening gap between the two sides. It has the whiff of finality about it and suggests that Iran is now unlikely to change its mind, irrespective of what the EU may now put on the table. The Iranian two-page response contains no conciliatory statements whatsoever, but adopts a hard line from start (“The proposal presented by the E3/EU on August 5, 2005 is a clear violation of international law and the Charter of the United Nations, the NPT, Tehran Statement and the Paris Agreement of November 15, 2004”) to finish (“It amounts to an insult on the Iranian nation, for which the E3 should apologize”).

This may suggest that the damage of a weak E3/EU response is irreversible. However, further negotiations are the only viable game in town, and both sides should swallow

hard, restrain from actions that will further exacerbate tensions and continue the ongoing process. Indeed, the messages from Tehran have been mixed. In contrast to the official response, Mohammed Ahmadinejad, the Iranian President, said yesterday that he was about to make his own proposals. They ought now to abide by the IAEA Board's request today to resume their suspension of enrichment activities and reinstate the seals on the equipment at Isfahan. But it is also now time that the Europeans raised the negotiations and involved heads of state in a summit to hammer out proposals that could be mutually beneficial.

The chances of persuading Iran that their future does not lie in a full nuclear power programme will also be dramatically weakened if EU states and the US themselves decide to expand their own nuclear power programmes.