

CRS Report for Congress

Received through the CRS Web

Iran's Nuclear Program: Recent Developments

Sharon Squassoni
Specialist in National Defense
Foreign Affairs, Defense, and Trade Division

Summary

International Atomic Energy Agency (IAEA) inspections since 2003 have revealed almost two decades' worth of undeclared nuclear activities in Iran, including uranium enrichment and plutonium separation efforts. Iran agreed in 2003 to suspend sensitive activities in exchange for promises of assistance from Germany, France, and the UK (EU-3), but negotiations broke down in August 2005. On September 24, 2005, the IAEA Board of Governors found Iran to be in noncompliance with its Nuclear Nonproliferation Treaty (NPT) safeguards agreement (GOV/2005/77) and voted (GOV/2006/14) on February 4, 2006, to report Iran to the U.N. Security Council. The Security Council called upon Iran to take steps requested of it by the IAEA Board in February – reinstate its suspension of enrichment and reprocessing, reconsider construction of its heavy water reactor, ratify and implement the Additional Protocol, and implement transparency measures. Iran has continued enrichment activities and failed to meet the Security Council's request. The IAEA reported little progress at the end of April (GOV/2006/27). While the permanent members of the Security Council plus Germany (P-5 +1) wait for positive Iranian action on their June 6th proposal, they continue efforts to craft a tough U.N. resolution. This report will be updated as needed.

Background

Iran has had a nuclear program for close to 50 years, beginning with a research reactor purchased from the United States in 1959. The Shah's plan to build 23 nuclear power reactors by the 1990s was regarded as grandiose, but not necessarily viewed as a "back door" to a nuclear weapons program, possibly because Iran did not then seek the technologies to enrich or reprocess its own fuel.¹ There were a few suspicions of a nuclear weapons program, but these abated in the decade between the Iranian 1979

¹ Reports in the 1970s indicated that Iran sought laser enrichment technology in the United States and conducted reprocessing-related experiments. Intelligence reports suggested that the Shah had a secret group to work on nuclear weapons. See Leonard S. Spector, *Nuclear Ambitions* (Colorado: Westview Press, 1990), p. 204.

Report Documentation Page

*Form Approved
OMB No. 0704-0188*

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE 20 JUL 2006	2. REPORT TYPE	3. DATES COVERED 00-00-2006 to 00-00-2006			
4. TITLE AND SUBTITLE Iran's Nuclear Program: Recent Developments		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress, 101 Independence Ave, SE, Washington, DC, 20540-7500		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified	Same as Report (SAR)	6	

revolution and the end of the Iran-Iraq war, both of which brought a halt to nuclear activities. Iran's current plans — to construct seven nuclear power plants (1000 MW each) by 2025 — are still ambitious, particularly for a state with considerable oil and gas reserves.² Iran argues, as it did in the 1970s, that nuclear power is necessary for rising domestic energy consumption, while oil and gas are needed to generate foreign currency. Few observers believe that such an ambitious program is necessary or economic for Iran.

Iran has asserted repeatedly that its nuclear program is strictly peaceful, stating in May 2003 that “we consider the acquiring, development and use of nuclear weapons inhuman, immoral, illegal and against our basic principles. They have no place in Iran's defense doctrine.”³ Iranian officials have also insisted on their right to develop peaceful uses of nuclear technology. Former President Khatami stated in March 2005 that ending Iran's uranium enrichment program is “completely unacceptable,” but that Iran would provide “objective guarantees” of the peaceful uses of enrichment. Uranium enrichment can be used for both peaceful (nuclear fuel) and military (nuclear weapons) uses. At the heart of the debate lie two issues: doubt about Iran's intentions, magnified by revelations of almost two decades of clandestine activities, and whether the international community can adequately verify the absence of enrichment for nuclear weapons or should further restrict access to sensitive nuclear technologies.

What Inspections Revealed

In 2002, the National Council of Resistance of Iran (NCR) helped expose Iran's undeclared nuclear activities by providing information about nuclear sites at Natanz (uranium enrichment) and Arak (heavy water production). In three years of intensive inspections, the IAEA has revealed significant undeclared Iranian efforts in uranium enrichment (including centrifuge, atomic vapor laser and molecular laser isotope separation techniques) and separation of plutonium, as well as undeclared imported material. Iranian officials have delayed inspections, changed explanations for discrepancies, cleaned up facilities and in one case, Lavizan-Shian, razed a site.⁴ According to IAEA Director General Mohamed ElBaradei, “Iran tried to cover up many of their activities, and they learned the hard way.”⁵ Only in January 2005 did Iranian officials share a copy of Pakistani scientist A.Q. Khan's 1987 offer of a centrifuge enrichment “starter kit.”⁶ In November 2005, Iran finally admitted that the Khan network supplied it with information on casting and machining parts of nuclear weapons.⁷

² See statement by Iran's former Foreign Minister Kamal Kharrazi at [http://www.pbs.org/newshour/bb/middle_east/july-dec04/iran_9-27.html].

³ Statement by H.E. Mr. G. Ali Khoshroo, Deputy Foreign Minister for Legal and International Affairs, Second Session of the Prepcom for the 2005 NPT Review Conference, Apr. 29, 2003.

⁴ David Albright and Corey Hinderstein, “Iran: Countdown to Showdown,” *Bulletin of Atomic Scientists*, Nov./Dec. 2004, vol. 60, no. 6.

⁵ “Iran Was Offered Nuclear Parts,” *Washington Post*, Feb. 27, 2005.

⁶ *Ibid.*

⁷ “Iran ‘Hands Over Nuclear Cookbook,’” Nov. 18, 2005, Aljazeera.net

Iran admitted in 2003 it conducted “bench scale” uranium conversion experiments in the 1990s (required to be reported to the IAEA) and later, admitted that it used for those experiments some safeguarded material that had been declared lost in other processes (a safeguards violation). In February 2004, the IAEA concluded that, “given the size and capacity of the equipment used, the possibility cannot be excluded that larger quantities of nuclear material could have been involved than those declared.”⁸ The IAEA has found Iran’s explanation that it needed to convert uranium into metal for its laser enrichment program (revealed only in October 2003) credible. Yet, in January 2006, Iran revealed that A.Q. Khan provided information on key processes related to weapons production, including uranium conversion into metal and casting uranium metal hemispheres.

Enrichment Activities. Inspections revealed two enrichment plants at Natanz — a pilot-scale facility (planned to have 1000 centrifuges) and a commercial-scale plant under construction (planned to have 50,000 centrifuges). The pilot-scale plant started up in June 2003 only to shut down after Iran suspended enrichment activities in December 2003. Iran’s resumption of enrichment-related activities in February 2006 has included testing a 10-centrifuge cascade with uranium hexafluoride gas (UF₆). This has been conducted under IAEA safeguards, but constitutes small-scale enrichment of uranium (See GOV/2006/15).⁹ On April 11, Iranian officials announced they had enriched uranium to 3.5% U-235 in a cascade of 164 centrifuge machines.¹⁰

Construction on the commercial-scale plant was also suspended in 2003, but Iran announced plans in April 2006 to install 3,000 centrifuges. Its construction partly underground raises concerns about Iran’s intentions. IAEA concerns focused on whether Iran introduced UF₆ into the pilot-scale plant because it could have constituted unsafeguarded enrichment, and because there were doubts about Iran’s ability to advance to a production stage of centrifuge enrichment without such testing.¹¹

Another key concern arose from environmental sampling by the IAEA that detected highly enriched uranium (HEU) particles. Iranian officials asserted that HEU particles found at the Natanz pilot plant in 2003 were contaminants from foreign centrifuge assemblies, a first clue revealing the Pakistani A.Q. Khan network. Iran admitted to enriching uranium to just 1.2%, while the particles sampled ranged from 36% to 70% U-235. In October 2003, Iranian officials admitted they tested centrifuges at the Kalaye Electric Company using UF₆ between 1998 and 2002. IAEA report GOV/2006/15 reveals that components also came from another country besides Pakistan.

A third concern arose from Iran’s reluctance to provide information about its pursuit of more sophisticated centrifuge and laser enrichment technology. Iran did not admit until October 2003 that it also pursued a laser enrichment program beginning in the 1970s, and did not admit that it possessed more advanced centrifuge designs (P-2) until asked by the IAEA in January 2004. Iran insists that it received no P-1 or P-2 components after 1995, but admitted it received a limited number of magnets for P-2 centrifuges in 2003 and in

⁸ *Iran*, Report by the Director General, GOV/2004/11, Feb. 24, 2004.

⁹ *Iran*, Report by the Director General, GOV/2006/15, Feb. 27, 2006.

¹⁰ “Nuclear Energy Facilitates Sustainable Development: Aqazadeh,” IRNA, Apr. 11, 2006.

¹¹ *Iran*, Report by the Director General, GOV/2003/40, June 6, 2003.

April admitted to purchasing magnets suitable for the P-2 design. The IAEA continues to investigate this issue.

Plutonium-Related Activities. In October 2003 Iran revealed that it had conducted plutonium reprocessing experiments in a hot cell at the Tehran Nuclear Research Center and estimated the amount separated as 200 micrograms. The IAEA calculated that more plutonium would have been produced (about 100g) and Iran admitted in May 2004 that it understated the amount. Inspections also revealed that Iran experimented between 1989 and 1993 on irradiating bismuth, which can be used to produce Polonium-210 for civilian purposes (for nuclear batteries) or in conjunction with beryllium to create a neutron initiator for a nuclear weapon. However, polonium, according to many observers, is not ideal for nuclear weapons purposes.

The heavy water program also has raised questions about Iran's intentions. Iran first told the IAEA that it planned to export heavy water, then suggested that the heavy water would be used as a coolant and moderator for a planned IR-40 reactor for research and development, radioisotope production, and training. However, Iran's design information for the facility, which omitted necessary hot cell equipment for producing radioisotopes, conflicted with reports of Iran's efforts to import hot cell equipment. Construction of the IR-40 reactor has continued, despite the Board's continued calls for a halt, although Iranian officials predict that the reactor will not be operational until 2011.¹² The heavy water production plant may soon produce heavy water.¹³

Significance for a Nuclear Weapons Program

Iran is likely years away from producing weapons-grade plutonium or highly enriched uranium. Vice Admiral Jacoby, director of the Defense Intelligence Agency, told the Senate Armed Services Committee in March 2005 that Iran is expected to be able to produce a weapon early next decade. According to one report, the 2005 National Intelligence Estimate on Iran assesses that it will be 10 years before Iran has a bomb.¹⁴ That said, Iran has pursued three different methods of enriching uranium and has experimented with separating plutonium, suggesting a steady accrual of expertise in weapons-relevant areas, according to some observers. If Iran received the same nuclear weapon design that A.Q. Khan gave Libya, the remaining technical hurdle (albeit the most difficult) would be fissile material production. Covert production of fissile material could be very difficult to detect, particularly at an undeclared facility. In other states, such as North Korea, U.S. intelligence capabilities have found it difficult to locate clandestine centrifuge facilities. The interim application of the Additional Protocol in Iran aided the IAEA in verifying the absence of undeclared materials or facilities, but has been suspended since February 2006. A solution endorsed by many is a complete ban of enrichment and reprocessing in Iran to build confidence, with a collateral benefit of demonstrating that noncompliance carries a price. Iran, so far, is resisting this approach.

¹² GOV/2006/15.

¹³ For analysis, see [<http://www.isis-online.org/publications/iran/arakconstruction.html>].

¹⁴ "Iran is Judged 10 Years From Nuclear Bomb," *Washington Post*, Aug. 2, 2005.

Iran's 3.5% enrichment of uranium in a 164-centrifuge cascade, at the least, indicates Iran's continued defiance of world opinion, and at most, a further step towards acquiring a capability to make nuclear weapons. However, this laboratory-scale capability should not be equated with an industrial scale capability, which requires the sustained operation of centrifuges aligned in cascades containing many thousands of machines. Iran reportedly has plans to install 3,000 centrifuges by the end of this year, with a goal of 54,000 centrifuges in future years.

Negotiating with Iran

Since 2003, negotiations with Iran on its nuclear program have essentially taken place on two levels – with IAEA inspectors and at the IAEA Board of Governors in Vienna, and with the European Union foreign ministers (known as the EU-3) of Germany, the UK, and France. Some observers may view the second negotiating track as necessary because the IAEA and Board of Governors failed to take decisive action against a clear pattern of deception early on; others may view it as necessary because the short path leading from a finding of noncompliance in Vienna to the U.N. Security Council is one that Iran clearly sought to avoid. The voluntary measures Iran undertook through the EU-3 negotiations allowed IAEA greater access for its inspectors than would otherwise be granted under Iran's comprehensive safeguards agreement. At the same time, some observers would argue that the second track of negotiations left Iran free to set the terms of engagement, since its concessions were voluntary and political. While it is true that the EU-3 have been unable to obtain Iran's agreement to a permanent halt to uranium enrichment activities — their key objective — such an objective could not have been pursued by the IAEA because that is not in its mandate. To some observers, two years of negotiation and a temporary shutdown have bought the world community two years of time to change Iran's mind about nuclear weapon aspirations.

The course of negotiations between Iran and the EU-3 has not been easy. In 2004, Iran continued certain activities that called into question its October 2003 suspension, leading to the November 2004 Paris agreement. In March 2005, Iran proposed running its pilot-scale enrichment facility, which EU-3 negotiators rejected. In April 2005, Iran said that unless negotiations progressed, it would start up its uranium conversion plant, which it did in August 2005.¹⁵ Following Iranian President Ahmadinejad's inflammatory remarks at the September 2005 U.N. Summit, the IAEA Board voted on resolution GOV/2005/77, which found Iran in noncompliance with its safeguards agreement.

For several months thereafter, Iran provided limited details on outstanding issues and negotiated an offer to conduct uranium enrichment on Russian soil as an alternative to indigenous production. In January 2006, Iran abandoned its voluntary suspension of enrichment-related activities negotiations, as well as the interim application of the Additional Protocol, prompting an emergency Board meeting. An IAEA report prepared for the meeting linked, for the first time, a Khan network document in Iran's possession on uranium casting and machining to the fabrication of nuclear weapons components.¹⁶ Iran asserts that the Khan network provided the document on its own initiative.

¹⁵ INFCIRC/648, *Communication dated 1 August 2005 received from the Permanent Mission of the Islamic Republic of Iran to the Agency*. Available at [<http://www.iaea.org>].

¹⁶ See [<http://www.iaea.org/NewsCenter/Statements/DDGs/2006/heinonen31012006.pdf>]

Nonetheless, Article II of the NPT obligates Iran not to receive any assistance in the manufacture of nuclear explosives, so the question of whose initiative prompted transfer of the document is moot. The February Board passed a resolution (GOV/2006/14, upon a vote with no consensus) to report Iran to the Security Council.

The U.N. Security Council issued a presidential statement on March 29 calling upon Iran to reinstate its suspension of enrichment and reprocessing, reconsider construction of its heavy water reactor, ratify and implement the Additional Protocol and implement transparency measures.¹⁷ Iran continued its enrichment activities, while claiming it was cooperating with the IAEA.¹⁸ The IAEA reported to the U.N. Security Council (GOV/2006/27) on April 28 that it was “unable to make progress in its efforts to provide assurance about the absence of undeclared nuclear material and activities in Iran.” Its June 8 report (GOV/2006/38) reported even less progress, given a lack of new information.

Next Steps

On June 6, 2006, the EU-3 and the United States offered Iran a new negotiating proposal, which reportedly included incentives such as affirmation of Iran’s inalienable right to peaceful nuclear energy, assistance in building state-of-the-art light water reactors for Iran, fuel supply guarantees, dismissing U.N. Security Council consideration of Iran’s NPT noncompliance, WTO membership, and an end to certain U.S. sanctions to allow Iran to purchase agriculture appliances and Boeing aircraft parts.¹⁹ In return, Iran would suspend enrichment- and reprocessing-related activities, resume implementation of the Additional Protocol and fully cooperate with the IAEA. Iran’s moratorium could be reviewed once several conditions had been met, including resolving all issues and restoring international confidence in the peaceful nature of Iran’s nuclear program. The proposal also outlined several measures targeted at Iran’s nuclear program should Iran not agree to cooperate: a ban on nuclear-related exports, freeze of assets, travel/visa bans, suspension of technical cooperation with the IAEA, a ban on investment in related entities, and on Iranians studying abroad in nuclear and missile-related areas. Broader measures could include an arms embargo, no support for WTO membership, and a general freeze on assets of Iranian financial institutions.

Iran’s reaction thus far has been muted, first delaying a response until August and then calling the proposal a “good starting point.” The United States, Russia, China, France, Britain, and Germany continue to negotiate the contours of an acceptable Security Council resolution should it be necessary. Russia and China reportedly oppose a resolution with sanctions under Chapter VII of the U.N. Charter, which they believe could lead to military action. U.S., U.K. and French officials hope that a resolution under Article 41, which specifies measures “not involving the use of armed force,” will satisfy Russian and Chinese objections. Several resolutions and bills in the U.S. Congress urge imposition of sanctions, including H.Con.Res. 341, S.Res. 351 and H.Res. 782.

¹⁷ See [<http://www.un.org/News/Press/docs/2006/sc8679.doc.htm>] for full text.

¹⁸ “EU says Iran Nuclear Announcement ‘Regrettable,’” *Reuters*, Apr. 12, 2006.

¹⁹ ABC News released some details, which have not been confirmed by official sources, in an following article by Luis Martinez on June 6, 2006, “Nuclear ‘Carrots and Sticks’ for Iran: Proposal Offers Rewards, Punishment to Convince Iran to Dump Enrichment Program.”