

Testimony of Gary Milhollin

Professor Emeritus, University of Wisconsin Law School
and
Director, Wisconsin Project on Nuclear Arms Control

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I am pleased to appear today before the Senate Committee on Foreign Relations to discuss Iran's nuclear program. I direct the Wisconsin Project on Nuclear Arms Control, an organization here in Washington that maintains a web site specifically devoted to monitoring Iran's mass destruction weapon efforts, www.IranWatch.org, to which I would like to refer the committee for additional information and analysis on Iran. In accordance with the Committee's request, I will concentrate my remarks upon the present negotiations Iran is conducting with Britain, France and Germany.

First, I would like to point out that the deal struck among these countries in November should be seen as a tactical step. It was intended to buy time, and to provide an opening for continued talks. It should not be seen as an answer to the overall strategic question posed by Iran's nuclear effort. The aim of the Europeans was to get Iran to freeze its uranium enrichment and plutonium processing work while negotiations went forward. The Europeans saw this as the best chance of working toward a long-term solution. That solution would be some arrangement in which Iran received economic and security benefits in exchange for giving up its plans to enrich uranium and produce plutonium. Both enriched uranium and plutonium are used to fuel nuclear weapons, and Iran does not need to produce either domestically to run its civilian nuclear energy program.

The parties to these negotiations still seem far apart. In March, Iran proposed that it be allowed to resume processing uranium at its conversion plant by July, be allowed to install and operate 3,000 centrifuge machines, and be allowed to manufacture thousands more while receiving benefits such as additional nuclear reactors that the Europeans would supply. This is directly opposed to the stated European position, which is that Iran would have to give up uranium enrichment as part of any overall solution.

If Iran could operate 3,000 centrifuge machines, it would allow Iran to master the enrichment process, bringing it a step closer to being able to produce nuclear weapons. In addition, the machines themselves might be able to produce enough enriched uranium for two or three nuclear weapons per year if configured to do so. Iran asserts that it will only produce low enriched uranium and will immediately make it into fuel for its reactor at Bushehr. Iran, however, has already contracted with Russia to supply this reactor's fuel. Thus, it is hard to see what peaceful purpose the enrichment process would serve. Iran itself has admitted that its enrichment effort "cannot be justified on economic grounds," according to a leaked European summary of the negotiations.

Since the talks began last December, Iran has been threatening to resume enrichment. Britain, France and Germany have replied that if Iran does so, they will support the U.S. effort to refer the matter to the U.N. Security Council. They made this clear in a March letter to the European

Union. At the present moment, it is difficult to predict how the standoff will end. If the Europeans are steadfast in their opposition to enrichment, Iran will have to decide how long to abide by the present suspension.

If the suspension continues, it could begin to resemble the one that existed after the “Agreed Framework” was reached between the United States and North Korea in 1994. Like Iran, North Korea agreed to freeze its production of fissile material, while retaining the ability to restart production at any time. The question was how long North Korea would decide to keep the freeze in place. That same question is now facing Iran. The answer may depend on two things: how much the suspension is slowing Iran’s nuclear progress, and how much Iran thinks it will suffer by being referred to the Security Council.

To push forward its enrichment effort, Iran must finish converting its existing supply of natural uranium to uranium hexafluoride (UF₆), suitable for feeding into centrifuges. It must also manufacture, install, test and operate a centrifuge cascade in order to produce enriched uranium. Is Iran technically ready to do that? If not, then extending the present suspension is not costly. If Iran is ready, then the pressure will build to end the talks unless they produce substantial benefits. Iran has already produced several tons of UF₆ and has tested a ten centrifuge cascade using UF₆. Judging from the insistence of the Iranians on finishing the conversion process, it appears that the delay is beginning to pinch.

But to end the talks means facing the Security Council. The United States and Europe can be expected to push for a resolution calling on Iran to reinstate the suspension. There already appears to be widespread support for such a resolution. If the resolution passes and Iran does not comply, then a subsequent resolution might require Iran to suspend. Failing to suspend at that point would put Iran in defiance of the Security Council, a position Iran would not relish. Defiance might lead to the imposition of sanctions, mild at first, but then possibly more severe. It is a progression that Iran would have to consider carefully before deciding to trigger it.

There are also risks for the United States and Europe. It could be counter-productive to send Iran to the Security Council without a good prospect that effective action will be taken. If the council does little or nothing, it would show that states in violation of the Nuclear Nonproliferation Treaty do not bear any real cost. That could be the lesson Iran has already learned from North Korea’s recent referral. The Council endorsed six-party talks with North Korea but has not voted any punitive measures. A repeat performance with Iran would deal a major blow to the treaty.

An oil embargo or other trade sanctions would impose the most severe burden on Iran, but there is little chance that such measures would be adopted unless Iran does something to provoke worldwide outrage, such as conducting more secret nuclear work, or producing nuclear weapon components, or dropping out of the Nuclear Nonproliferation Treaty. Absent such a provocative act, the political will to vote strong sanctions probably does not exist, especially on the part of veto-wielding members such as Russia and China.

Therefore, it is time to ask where this chain of events is likely to take us. First, there seems to be little doubt that Iran has a nuclear weapon in mind. All of its actions so far point in that direction. For eighteen years it has been deceiving the International Atomic Energy Agency in order to run a secret and illegal effort to produce nuclear material that is not needed for Iran's civilian energy program, but is needed for atomic bombs. If this activity were only for peaceful purposes, as Iran says, why break the rules and do it secretly? And why spend money for something that is not needed for civilian energy? The activity includes building a 40 megawatt heavy water reactor, which happens to be larger than needed for research, but too small to make electricity, and just right for producing bomb-quality plutonium. Indeed, most countries with this sort of reactor are using it to make bombs, including India, Israel and Pakistan. The IAEA has also documented Iran's experiments with polonium, a specialized material that can serve as a neutron initiator in fission bombs, and Iran has been observed shopping for the high-precision switches that can trigger a nuclear explosion. And finally, Iran is building a 1,300 kilometer range missile called the Shahab-3, the most practical use for which is to carry a nuclear warhead. When one puts all of these activities together, they add up to a nuclear weapon effort.

Unfortunately, international inspections are not likely to prevent Iran from achieving this goal. Last November, my organization convened a roundtable discussion that included two senior veterans of the U.N. inspection effort in Iraq, during which this point was raised. The results can be found on www.IranWatch.org. The roundtable concluded that it would be difficult, if not impossible, to verify that Iran was not secretly making nuclear weapons under any deal that allowed Iran to enrich uranium. The inspection burden would either be unacceptable to Iran or provide inadequate assurance for the rest of the world. Only an intrusive, specialized inspection regime—perhaps modeled on the U.N. special inspections organized in Iraq—in which inspectors were allowed anyplace, anytime access would offer a robust guarantee against cheating. This would require access to sensitive military sites with no declared relation to Iran's civilian nuclear infrastructure. Iran is unlikely to agree to such a regime, which it would see as a grave infringement on its national sovereignty.

The IAEA should not be asked to do more than it is capable of achieving. The agency can verify a suspension of activity at known facilities and it can track nuclear material at these facilities. But agency inspectors, under any inspection regime, are limited in their ability to detect secret nuclear processing at undeclared sites. Further, the IAEA is not equipped to detect any work that deals with the manufacture and testing of weapon components. Over nearly two decades, Iran has conducted secret nuclear processing at a number of sites. Some of these sites were known to the IAEA, others were never declared. Iran's experience in duplicity will make it doubly difficult to catch any illicit nuclear work in the future.

If, therefore, inspections won't stop Iran, and effective action is not likely to be endorsed by the Security Council, and we accept the statements by relevant governments that military strikes are not in the offing, it is logical to assume that Iran may actually succeed in getting nuclear weapons. That poses a question: how would we live with an Iranian bomb? What would be the main effect on the United States?

As in the Cold War, the United States would face an overtly hostile nuclear power. It would therefore be in America's interest to weaken that power as much as possible without resorting to force. To do so, we would probably embark on a new policy of containment. America would use its resources and influence to undermine Iran on every front.

The United States would be forced to consider extending its nuclear or conventional umbrella to additional states, as a way of restricting Iran's influence and persuading these states not to get nuclear weapons themselves. The most likely candidates would be Egypt and Saudi Arabia. It would also be natural to expect a period of "testing the waters," in which Iran explores the boundaries of its new power. As in the Cold War, there would be a risk that someone could miscalculate. To reduce that risk, the United States would have to work out and then announce some clear "red lines" that Iran would be told not to cross.

The United States would also have to deal with Iran as a proliferation threat. After getting the bomb Iran could pass it to others. We have learned that Pakistan was a giant source of proliferation during the years when we were only worrying about Pakistan itself becoming a nuclear power. Iran might present the same problem. Its technology could spread through corruption, or its government could decide to spread the technology as a way of extending its influence. In addition, we would have to worry about Iran's ties to terrorist groups, which take on an entirely new meaning in the context of nuclear weapons.

It would, of course, be better if the United States never had to face such issues. What is the best chance now for not having to do so?

Negotiations seem to offer the only realistic hope. The United States has little choice but to join the Europeans in their talks with Iran. A package of economic, political and security benefits could be offered for Iran's cooperation, while at the same time punitive measures threatened in the event of non-cooperation. U.S. Secretary of State Condoleezza Rice's endorsement of the talks on March 11 was a good first step. She also said that the United States would no longer block Iran's application to be considered for the World Trade Organization or the purchase of spare parts for its ageing civilian aircraft. These two decisions were also positive. They helped convince the Europeans that the United States was behind a negotiated solution, if one could be reached. To have a chance of success, however, the process must have help from Russia, China and Iran's neighbors. All parties would have to work together to induce Iran to roll back its nuclear effort. If that were to happen, Iran might eventually decide that nuclear weapons would have a negative impact on its security, its economy, and its standing in the world.

The Europeans have a great deal to offer Iran economically. Europe, unlike the United States, has active commercial ties to Iran and had been negotiating a trade agreement with Iran before the present nuclear crisis erupted in 2003. The promise of future benefits in exchange for cooperation is the main thing Europe has to offer; their denial is Europe's primary threat.

While economics are important, Iran's nuclear program remains motivated by security concerns—which Europe is less capable of addressing—and by Iran's desire to increase its military and diplomatic power in the region. Only the United States is capable of providing Iran with adequate security assurances. It should start thinking about how to do so.

It would also be useful if Russia and China could approach Iran and underscore the importance of maintaining the current enrichment freeze. In particular, Russia and China could warn Iran that it should not try to back out of the freeze by accusing the Europeans of not delivering on their promises. Iran must understand that it currently lives under a suspended sentence, thanks to the deal it struck with the Europeans. If Iran decides to renege, then the sentence—notification to the U.N. Security Council of its previous inspections violations—would be applied.

Even with these steps, however, it is difficult to be optimistic. At the least, negotiations could increase awareness of the danger of a nuclear-armed Iran among key states in Europe, as well as in Russia and China, and therefore help to consolidate support for sanctions or the use of force should either be required. Before resorting to such measures, Europe and the United States would have to convince the rest of the world that all other options for preventing a nuclear-armed Iran had been exhausted.