

## The End of Deference: Iran, Brazil and Turkey and the Nuclear Fuel Swap (ARI)

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**Theme:** On 17 May 2010 Brazil, Iran and Turkey signed a tri-partite Joint Declaration asserting that a nuclear fuel exchange could lead to wider cooperation to exploit nuclear technology for peaceful purposes.

**Summary:** The US has regarded Iran's nuclear programme with suspicion since the 1980s, when senior figures in the Iranian establishment mentioned possible nuclear weapon ambitions. Other members of the international community became alarmed in 2002, when the Iranian representative to the International Atomic Energy Agency (IAEA) described a more ambitious nuclear programme than previously revealed, and one with some disturbing features. Iran and outside interlocutors, principally member states of the EU, have subsequently tried to remove concerns that Iran is seeking a nuclear weapon. This diplomatic effort has failed, and each side is now fully convinced that the other is duplicitous and acting in bad faith. This ARI looks at the implications of the nuclear fuel swap agreed on 17 May 2010 between Brazil, Iran and Turkey in the context of Iran's nuclear programme as well as the reasons and expectations of the Brazilian and Turkish emerging powers with regard to their deal with the Iranian proliferator power.

### Analysis:

#### *Introduction: Iran's Nuclear Programme in Context*

The mismatch between the observed characteristics of Iran's nuclear programme and its stated purpose is at the root of the breakdown in trust between the Iranian government and a large part of the international community. Iran has asserted its legal right to design any nuclear programme that it chooses provided that it is not aimed at producing nuclear weapons. By extension, Iran has also asserted its right to engage in related industrial processes –such as uranium enrichment– and to acquire a wide range of materials, equipment, technology and know-how to that end. According to Iran these activities are legal when they take place without the intention to develop a nuclear weapon at this time. Indeed, facilities of the kind Iran has developed (or others that are equally sensitive from a proliferation perspective) can already be found in countries like Brazil and Japan that do not have, and are not suspected of developing, nuclear weapons.

The US, the EU and a number of other states have argued that the true nature of the Iranian nuclear programme can only be understood in its context. For many years Iran hid critical aspects of its nuclear activities from the IAEA and then evaded questions put to it by the Agency when caught violating its safeguards agreement. Critics point out that the specific configuration of facilities and capacities revealed by Iran is inappropriate to the stated goal of generating electricity but very well suited to producing nuclear weapons.

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Iran also conducts other activities, such as developing medium-range ballistic missiles, consistent with the objective of acquiring nuclear weapons in the future.

#### *The Brazil-Iran-Turkey Joint Declaration*

On 17 May 2010 a new dimension was added to the diplomatic effort when Brazil, Iran and Turkey signed a tri-partite Joint Declaration asserting that a nuclear fuel exchange could lead to wider cooperation to exploit nuclear technology for peaceful purposes.<sup>1</sup> In time this could include the construction of nuclear power plants and research reactors in Iran. The response to the Declaration has been mixed, some hailing it as a potential breakthrough and others seeing it as a distraction, dealing with a relatively minor issue but leaving the main underlying problem –steady progress in Iranian enrichment of uranium–unresolved. The views of key countries are polarised. For example, the French Foreign Minister has highlighted a ‘complete lack of progress on the various subjects that are at the core of the international community’s concerns over Iran’s nuclear programme’ while his Chinese counterpart welcomed the Declaration and expressed the hope that it ‘will benefit the process of peacefully resolving the Iran nuclear issue through dialogue and negotiations’.<sup>2</sup> The Russian Foreign Minister has been similarly supportive.

When introducing the new US National Security Strategy to a Washington audience in May 2010 the Secretary of State Hillary Clinton noted the growing diversity of actors with influence in the world, including the type and number of emerging powers. Mrs Clinton presented this diversity as a challenge, but also an opportunity to develop ‘new modes of cooperation, new capacities to improve lives, some tangible efforts to bridge great gaps in understanding’.

This most recent effort to find a way forward in the impasse over the Iranian nuclear programme engages Turkey (a NATO ally) and Brazil (a country regarded by the US as a close friend) certainly illustrates the growing complexity of diplomacy. It was announced at the end of the G15 summit meeting, which took place in Tehran on 15-17 May 2010. The G15 includes countries that want their views to be heard on a range of contemporary global issues, such as Argentina, Brazil, Egypt, India, Indonesia and Nigeria.

While the deeper engagement of Brazil and Turkey is a factor that cannot be ignored by either the US or the EU, at the same time Mrs Clinton has not supported the proposal put forward in the Joint Declaration. Her view is that ‘buying time for Iran and enabling Iran to avoid international unity with respect to their nuclear programme makes the world more dangerous, not less’.<sup>3</sup>

Against this background a new aspect of the nuclear problem emerged in 2009, namely how to facilitate nuclear medicine in Iran, in particular the treatment of cancer patients, while limiting any risk of nuclear proliferation. Iran has plans to produce a medical diagnostic kit used to scan for bone, heart, lung, and kidney cancers. The kit includes an isotope of the metal Molybdenum that is produced when uranium is irradiated in a reactor.

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<sup>1</sup> The text of the Joint Declaration is at <http://cdn.dogantv.com.tr/cnnturk/haber/17.05.2010/IRANMETIN.pdf>.

<sup>2</sup> Reuters, ‘France urges rapid adoption of Iran sanctions’, 1/VI/2010, <http://www.reuters.com/article/idUSTRE6502E620100601>; Reuters, ‘China welcomes Iran nuclear fuel swap deal’, 18/V/2010, <http://www.reuters.com/article/idUSTRE64H0V820100518>.

<sup>3</sup> The Brookings Institution, ‘Previewing the Obama Administration’s National Security Strategy: A Conversation with Secretary of State Hillary Clinton’, 27/V/2010, p. 28, [http://www.brookings.edu/~media/Files/events/2010/0527\\_secretary\\_clinton/20100527\\_national\\_security\\_strategy.pdf](http://www.brookings.edu/~media/Files/events/2010/0527_secretary_clinton/20100527_national_security_strategy.pdf).

The Iranian argument is that domestic production would not only be cheaper (this isotope is currently imported) but also more efficient. The isotope decays quickly and local production would increase the useful life of the kits. Iran has probably the most advanced public health sector in the region and already supplies important vaccines to neighbouring countries. This investment could also help Iran to develop its medical infrastructure, enabling it to play a similarly positive role in nuclear medicine.

In the summer of 2009 Iran announced that the reactor slated for use in isotope production would need to be re-fuelled in 2010 and, unless a foreign supplier could be found, it would have to produce the fuel itself. The fuel for this particular reactor contains uranium enriched to 20% of the isotope uranium-235 (the material that can be used to make a nuclear explosive), a level far beyond the 3% enrichment needed for nuclear power reactor fuel. By enriching uranium to 20% U235 Iran could take a significant step towards a nuclear weapons capability and external interlocutors were keen to prevent this from happening.

The idea of exchanging a quantity of Iranian produced low-enriched uranium for nuclear fuel produced elsewhere was officially proposed by the IAEA in October 2009 on behalf of what is known as the Vienna Group (France, Russia, the US and the IAEA itself). The proposal was to enrich 1200 kg of Iranian low-enriched uranium (which at the time represented roughly 75% of Iran's total LEU inventory) in Russia and then manufacture the 20% enriched uranium into reactor fuel in France. This plan had features that could be presented as building confidence on both sides. If implemented successfully the project could demonstrate that international partners would work with the current government of Iran to solve legitimate problems related to public health. The removal of such a large share of Iranian LEU would demonstrate that Iran had no immediate plans to enrich uranium to higher levels.

Rather than simply accepting the Vienna Group proposal as tabled, Iran suggested altering the timing of an LEU transfer to take into account the Iranian fear that external powers would take the LEU but find excuses never to return the fuel –a good illustration of the complete lack of trust that now characterises the relationship with Tehran–. The counter-proposal was in turn interpreted by the US and France as a 'poison pill' that would allow Iran to blame the Vienna Group for the failure of the fuel-swap before moving to a higher level of uranium enrichment –which they suspected was always the true Iranian intention–.

#### *United Nations Security Council Sanctions are Unlikely to Pressure Iran*

When Iran informed the IAEA that it had begun the process of enrichment to 20% U235 at the enrichment plant in Natanz in February 2010 (an action later confirmed by IAEA inspectors on the ground) France, Russia and the US believed that their suspicions had been confirmed. Between 2006 and 2008 three UN Security Council resolutions introduced a range of measures intended to pressure the Iranian government to comply with the demand that Iran suspend its enrichment activity. Iran has ignored these demands and the decision to step up its enrichment effort was the catalyst for a more intensive discussion in the Security Council over the need for further sanctions in response to such an egregious act of defiance. In May 2010, at the same time that the tripartite Joint Declaration was agreed in Tehran, the five permanent members of the UN Security Council agreed the basic elements of a fourth sanctions resolution.

In addition to the five permanent members of the Security Council there are, at any given time, 10 other members that are elected by the General Assembly for two-year terms. At present Brazil and Turkey, neither of which believes that the use of sanctions will succeed in producing a stable and mutually accepted outcome to the dispute over Iran's nuclear programme, are both non-permanent members. The new sanctions resolution that tabled in the Security Council places both countries in a difficult position. Turkey in particular has worked hard to maintain good relations with Iran and, if possible, improve them. Voting for sanctions would be a setback to that policy.

Iran's Foreign Minister, Manoucher Mottaki, seemed to confirm that Iran sees the 17 May version of the fuel swap outlined in the Joint Declaration as a tactic to block a new round of sanctions in a presentation to the European Parliament. Mr Mottaki noted that Iran wanted talks with the Vienna Group (whose participation would be necessary to implement any fuel swap) on how to proceed. In his remarks he suggested that Iran would not need to enrich uranium to 20% U235 if the fuel swap was successful (though this position is not stated in the Joint Declaration), but also expressed his hope that 'the appropriate ground for cooperation would not be damaged by destructive measures in the UN Security Council'.<sup>4</sup>

The Iranian actions related to the fuel swap, prevarication then support for a new proposal at a moment calculated to complicate the introduction of a new resolution at the UN, indicates a strong aversion to sanctions in the Iranian government. However, the decision to enrich to 20% U235 in the face of three past resolutions also suggests that there is little if any chance that Iran will modify its nuclear programme in response to additional UN Security Council pressure. The actions also suggest that the Iranian government is not motivated by economic factors, but instead responds in an extremely political manner to what it sees as bullying tactics employed by countries that already possess nuclear weapons.

Russian and Chinese responses to the May Joint Declaration also indicate how shallow the consensus is around the effectiveness of sanctions is and the unlikelihood of ever achieving support in the Security Council for what the US has called 'crippling sanctions' against Iran. Iran has now clearly demonstrated its capability to enrich uranium and it has the human, material and financial resources to move forward with a nuclear weapons programme, should the government decide to follow that course. While sanctions of different kinds could impact the timing of such a programme they could not ultimately prevent it.

## Conclusion

### *Finding a Path Forward*

In their common response to the Joint Declaration –which was sent to Iran via the IAEA Director-General rather than directly to the parties–, France, Russia and the US are reported to have left open the possibility for further discussions on the fuel swap idea. However, it is possible that a fourth round of UN sanctions will end any possibility that the fuel swap arrangement will be taken forward. Senior Iranian leaders have made it clear that they will no longer be interested to discuss implementation of the Joint Declaration

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<sup>4</sup> Sylvia Westall, 'Iran says enriching to higher levels as backup plan', Reuters, <http://www.reuters.com/article/idUSTRE6514XC20100602>.

with Russia and France, whose participation is essential to the effort, if they sponsor then support additional sanctions.

Assuming that military action against Iran is not under consideration, a political settlement will have to be found. The logic of the Brazilian and Turkish position is not only that it would be better to begin looking for such a settlement sooner rather than later –after all, a range of actors have been trying to engage Iran on these issues for nearly a decade–. There is also an underlying assumption that a different type of interlocutor will be better equipped to succeed in diplomacy with Iran where Western powers have signally failed.

In this respect, no country is more interesting or important than Turkey, which is making a thorough re-evaluation of the value of Euro-Atlantic institutions and partners, including both the EU and NATO. The outcome of this evaluation will be critical to both the EU and NATO, since implementing a strategy based on deterrence and containment *vis-à-vis* Iran will be orders of magnitude more difficult without Turkish participation.

The EU should consider as a matter of some urgency how to play a constructive role in support of the independent regional security policy now being developed in Ankara.

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