Iran and the US:

Key Issues from an American Perspective

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It is easy to call for a dialog between the US and Iran. Few, other than ideological hard-liners on both sides, are likely to oppose the need to talk at some level. The last few years of needless war scares have also shown how important a mix of informal diplomacy and formal policy level statements can be. One has to wonder what would have happened if the US and Iran had not continued to communicate through second track diplomacy by various unofficial groups, informal contacts between officials on both sides, and the efforts of Secretary Rice, Secretary Gates, and various senior US commanders to make it clear that the US continued to pursue diplomatic options and was not preparing for war.

If nothing else, any form of dialog helps avoid needless misunderstandings and tensions. Informal talks by private citizens and “experts” can address issues that officials cannot openly deal with, and at least clarify the most contentious and controversial issues on both sides. Informal or “unofficial” official contacts can deal with many lower level issues and incidents. Limited official talks – like the tripartite talks between Iran, Iraq, and the US -- can go further, often defusing potential sources of conflict or easing the situation in high risk areas like Iraq and Afghanistan.

The fact remains, however that dialog is not an end in itself, and cannot bridge over fundamental ideological and strategic differences. Dialog also can sometimes do as much to make it clear that there is no negotiable solution to key issues that both sides will accept as to bring them together, and far too often it can become an exercise in diplomatic gamesmanship and mutually hostile propaganda.

These points are particularly important at the current time. Iran and the US are talking officially, at least over Iran. Some US candidates – at least on the Democratic Party side – are also calling for expanded dialog. US estimates of Iran’s progress in acquiring nuclear weapons indicate that there are years to negotiate before Iran will have a nuclear weapon, and US reports on Iraq indicate that Iran may have backed away from its most provocative transfers of arms and technology to anti-US forces.

The fact remains, however, that the US and Iran remain far apart on a range of key issues where compromise may be difficult or impossible. It is also all too apparent that neither the US nor Iran has any unified view of how talks should begin and many of those who are most optimistic about dialog bringing some broad easing of tension ignore the depth of the differences on each side.

Both sides will have to make hard, and perhaps impossible compromises to move forward. Both will also have to focus far more realistically on the fundamental issues of interest to each side, and avoid becoming bogged down in ideology, divisive rhetoric, and domestic political priorities. It is far from clear that this is possible, but even a meaningful attempt requires a better focus on both sides on what the issues are that really divide the two nations and whether they are possible to resolve.

The American Perspective

There are at least two sides to every story, and it should be stressed that the stories that count in this instance are the ones told by top officials, not outsiders. Iran’s leaders will
have to speak for Iran in defining Iran’s concerns and negotiating position. Similarly, the President and Secretary of State of the US are the only voices that can really define the American position.

It is far too easy for hardliners to make impossible demands and talk recklessly about military solutions or a total lack of compromise. It is equally easy for well-intentioned academics and experts to see major issues as unimportant or far easier paths for compromise than national leaders can possibly take. In practice, it is often an open contest as to whether the ill-intentioned or well-intentioned do the most harm in confusing the issue or making progress more difficult.

The problem in the US is further complicated by the coming US election. The Bush Administration can certainly make progress in dealing with Iran if it chooses to do so, and has eased tensions over the last year. It is the next US President, however, that would have to forge any major opening and new relationship, and this is an as yet unknown man or woman who will not take office until January 2009 and who’s foreign policy team is unlikely to be in place until June 2009.

It does seem clear, however, from past official statements that there are five basis issues that must be addressed from an American perspective for negotiations to succeed, and that the issue will be how a given Presidency chooses to address them, not whether they must be addressed:

- The history of tensions, charges, and recriminations on both sides.

- The view that the Ahmadinejad presidency and Iran’s leadership as a whole have become much more hard-line, repressive and difficult to deal with, and continued US support for regime change.

- American charges that Iran continues to support terrorism: The Problem of Israel, Syria, and Lebanon.

- Iranian actions in Iraq and Afghanistan.

- Iran’s broader role in the Gulf and the MENA region, and

- The Iranian nuclear issue.

**The History of Tensions, Charges, and Recriminations on Both Sides**

History is often a self-inflicted wound. The Middle East has long been an area that shows those who remember the past are as condemned to repeat it as those who forget the past. Few Americans view Iran in terms of the US Embassy hostage crisis or see some formal apology or negotiations over the issue as necessary. There also is no evidence in US
public opinion polls that Americans see the more recent low-level clashes between Iran and the US as something that requires negotiation over the past as distinguished from the present and the future.

History does still matter, however, in several critical respects. First, Iran needs to understand that progress requires that some history must be ignored, rather than debated, or made a key negotiating issue. The US political leaders running for President, and the leaders of the US Congress, show no tolerance for Iranian efforts to blame the US for the Shah, seek some kind of reparations, or reinvent history in anti-US terms. Iran can posture over this issue but it cannot hope to negotiate any formal US statements or agreements – with the possible exception of some kind of mutual statement that expressed an Iranian apology for the hostage crisis. Renegotiating history is almost certain to be an exercise in futility for both countries.

It is critical, however, for Iranians both inside and outside the Iranian government to remember the history of past failures in negotiating. It is one thing to hold informal talks, and another thing to attempt informal breakthroughs by using people who are not Iranian officials or who do not speak clearly for the Iranian leadership. Well meaning Iranians, Americans, and third parties – and informal communications or even official messages through lower ranking officials – can set the stage for talks and better understanding. But, they are not the way to achieve major progress.

The Iran-Contra scandals made it clear that an American administration could suffer serious political damage if it trusted unofficial voices speaking for Iran, and in the decades that have followed, there have been many other cases where Iranians, Americans, and third country nationals and officials claimed to be speaking for senior Iranian officials or the government. In case after case, such claims – however well intentioned did not prove to be valid.

Informal or second track diplomacy remains a useful tool, but any major initiatives should be made on a government-to-government level. There are many opportunities for both governments to talk on this basis, and for Iran to send signals quietly and without public exposure. This is the path that dialog must take to produce a serious negotiating climate for any formal rapprochement. Sending messages through third parties is a recipe for misunderstanding and mistrust.

**The US View that the Ahmadinejad Presidency and Iran’s Leadership as a Whole Have Become Much More Hard-line, Repressive and Difficult to Deal With**

Both countries will need to moderate their official rhetoric and do so with far more consistency, to really move forward. Serious negotiations may begin without a public change in the rhetoric and posture of each side, but at some point, real progress is going to require that the US see an open commitment by the President of Iran and unambiguous signs that the Supreme Leader will support such change.
Iran’s leaders have every right to demand a quid pro quo, and this may be easier to achieve now that there is far less US support for “regime change,” at least in the form of covert action. In spite of various war scares – mostly coming from journalists, critics of the Administration, and marginal neoconservatives – the US has never had an interest in invading Iran. US military options have concentrated on the Iranian nuclear issue or Iranian low-level military actions like those in Iraq. These are issues that can be negotiated without conflict or threatening Iran’s leaders.

Some in the Congress may continue to posture, and throw money at “regime change” – knowing the money will buy little more than noisy public diplomacy. From an American perspective, there is probably far less US support for Iranian regime change today than in the past, although some Neo-Conservatives, voices in the Bush Administration, Iranian-Americans, and supporters of Israel do believe it is essential. In practice, most experts inside and outside the US government believe there is little the US can do to actively change Iran’s regime from within Iran and that such efforts do more to threaten Iran’s more progressive and reform elements by making them easy to label as American stooges than to help them.

The fact remains, however, that Americans pay attention to the most extreme Iranian rhetoric, just as Iranians pay attention to those Americans who call for regime change or military action against Iran. Words do matter, and the “tone” of the Ahmadinejad presidency has presented at least as many problems from the American perspective as talk about “the axis of evil” did from the Iranian perspective earlier in the Bush Administration. US officials and any future President will continue to react to extreme anti-Israeli statements, advisors and arms transfers that threaten and kill US forces in Iraq, the rhetoric of delay and denial in dealing with nuclear issues, etc.

**American Charges that Iran Continues to Support Terrorism:**
**The Problem of Israel, Syria, and Lebanon**

The broader and more extreme forms of US rhetoric about Iranian terrorism sometimes disguises the fact that the US has very real concerns at virtually every level of its official and political structure over Iran’s support of violent enemies of Israel and those who oppose Israel’s very existence, and over Iranian “adventures” in the wider Middle East.

The US has never resolved Iran’s role in the US Marine Corps barracks bombing in Beirut on October 23, 1985; the Khobar barracks bombing in Dhahran on June 26, 1993; or it the suicide bombing of the Jewish Cultural Center in Buenos Aires on July 18, 1994. The US State Department report on terrorism for 2007 provides as good an official summary of the current US view of these issues as any.

Iran remained the most active state sponsor of terrorism. Its Islamic Revolutionary Guard Corps (IRGC) and Ministry of Intelligence and Security (MOIS) were directly involved in the planning and support of terrorist acts and continued to exhort a variety of groups, especially Palestinian groups with leadership cadres in Syria and Lebanese Hezbollah, to use terrorism in pursuit of their goals.
Iran maintained a high-profile role in encouraging anti-Israeli terrorist activity, rhetorically, operationally, and financially. Supreme Leader Khamenei and President Ahmadi-Nejad praised Palestinian terrorist operations, and Iran provided Lebanese Hezbollah and Palestinian terrorist groups – notably HAMAS, Palestinian Islamic Jihad, the al-Aqsa Martyrs Brigades, and the Popular Front for the Liberation of Palestine-General Command – with extensive funding, training, and weapons.

Iran continued to play a destabilizing role in Iraq, which appeared to be inconsistent with its stated objectives regarding stability in Iraq. Iran provided guidance and training to select Iraqi Shia political groups, and weapons and training to Shia militant groups to enable anti-Coalition attacks. Iranian government forces have been responsible for at least some of the increasing lethality of anti-Coalition attacks by providing Shia militants with the capability to build IEDs with explosively formed projectiles similar to those developed by Iran and Lebanese Hezbollah. The Iranian Revolutionary Guard was linked to armor-piercing explosives that resulted in the deaths of Coalition Forces.

The Revolutionary Guard, along with Lebanese Hezbollah, implemented training programs for Iraqi militants in the construction and use of sophisticated IED technology. These individuals then passed on this training to additional militants in Iraq.

Iran remained unwilling to bring to justice senior AQ members it detained in 2003, and it has refused to publicly identify these senior members in its custody. Iran has repeatedly resisted numerous calls to transfer custody of its AQ detainees to their countries of origin or third countries for interrogation or trial. Iran also continued to fail to control the activities of some al-Qai'ida members who fled to Iran following the fall of the Taliban regime in Afghanistan.

In practice, these comments serve as a checklist of basic US concerns that Iran must address for any negotiations to make broad progress in US and Iranian relations. Both the candidates and members of Congress from both parties share a virtual consensus that Iran should cease: supporting anti-Israel extremist groups and terrorist organizations, military activity in Iraq, supporting Hezbollah in Lebanon, supporting Syrian military action, and tolerance of Al Qa`ida as precondition for such progress.

It is important to note, however, what the State Department report does not say, as well as what it does. The US does not accuse Iran of a broad effort to use terrorism, or of using it to support Islamist extremism. It does not accuse it of broad anti-US terrorist activities, or of using terrorism and covert action in the Arab Gulf states – including Bahrain and the Shi’ite areas of Saudi Arabia and Yemen.

Much depends, therefore, on Iranian actions towards Israel, and its behavior in Iraq and Afghanistan. In all three cases, some form of modus vivendi may be possible, but Israel is likely to be the real litmus test. The US may not insist that Iran recognize Israel or support it, or that Iran actively support Arab-Israeli peace negotiations. It almost certainly will insist that Iran does not provide funds, arms, and training to Palestinian groups like Hamas It also may insist that Iran support an Arab-Israel peace process, although one in which Iran will be free to advocate its own position and one strongly in favor of the Palestinian cause.
Similarly, the US will probably insist that Iran does not back Syria in taking a hard-line towards Israel and does not continue to provide arms and military support to Hezbollah.

Both are serious issues for the US. Progress in Arab-Israeli peace negotiations is already extremely difficult because of the split that puts Fatah in control of the West Bank and Hamas in control of the Gaza. Another Karin A-like Iranian arms shipment to the Palestinians, or the revelation of a major Iranian arms shipment across the borders of the Gaza Strip, would make it difficult for any US administration to improve relations for at least several years.

Lebanon no longer can be treated as a sideshow. Iran and Syria have already largely rearmed Hezbollah in Lebanon since the fighting in 2006. The efforts of an expanded and up-armored UNIFIL to create a stronger buffer south of the Litani River, following the 2006 ceasefire, have not stopped Hezbollah from posing a threat to Israel’s northern border in 2007. Israeli government sources felt that Hezbollah had also rearmed to pre-2006 Lebanon War levels with the help of Syria and Iran. Some sources said it had received weapons systems that included “hundreds” of Zilzal and Fajr rockets with a range of 250 kilometers, more than tripling its inventory of C-802 ASCMs.iii

Jane’s reported in July 2007 that Hezbollah Secretary General Hassan Nasrallah claimed that the Hezbollah maintained a post-war inventory of some 20,000 mostly Iranian and Syrian-supplied rockets and missiles.iv Hezbollah’s missile and rocket arsenal included, “Syrian-supplied improved 122mm Grad (50 km), 220 mm Raad (70 km), 302 mm Khaibar 1 (90-100 km) rockets; Iranian-supplied 240 mm Fajr 3 (43 km), 320 mm Fajr-5 (75 km), and 600 mm Zelzal-2 (250 km) rockets.”v A July 2007 report to the UN Security Council noted that Syria and Iran continue to supply Hezbollah with “sophisticated weaponry”, including long-range rockets, enabling it to “re-arm to the same levels as before last year’s war or beyond.”vi

Hezbollah has also continued to improve its capabilities for targeting and intelligence gathering. According to Jane’s, Hezbollah could call upon such systems as unmanned aerial vehicles (UAVs), such as the Mirsad-1 UAV, a derivative of the Iranian Mohajer-4 UAV which incorporate an infrared camera and GPS navigation systems.vii

These developments help explain why tensions between Israel and the Hezbollah increased in the latter half of 2007. Both the IDF and Hezbollah carried out major military exercises on either side of the Blue Line. Hezbollah and much of the Lebanese press described Hezbollah exercises as the group’s “largest ever exercises,” and claimed it fielded “thousands” of guerillas in a mock mobilization to confront Israel.viii

The Hezbollah maneuvers took place south of the Litani River near the Israeli-Lebanese border – a no-go zone under UN Security Council (UNSC) resolution 1701 reached at the end of the 2006 Lebanon War between Israel and Hezbollah. Hezbollah also publicized the maneuvers in a departure from the group’s traditionally more secretive stance on its training operations. This publicity came during the domestic deadlock on the forthcoming
Lebanese Presidential elections, and at the time of an Israeli-Syrian standoff in the wake of a September strike on a purported Syrian nuclear site in northeast Syria.\textsuperscript{ix}

Syria’s role in Lebanon is also a major problem, made far worse by Lebanon’s weak national institutions and porous domestic security that have long made the country a source of regional instability. The country has suffered from a state of near political paralysis, however, since the assassination of former Lebanese Prime Minister Rafik Hariri on February 14, 2005, with loose rival camps, aligned either around the government of Prime Minister Fouad Siniora, or against it. Lebanon’s political crisis both feeds into and is exacerbated by Lebanon’s confessional political system, which allocates power and distributes seats of office according to sectarian representation.

The pro-Siniora government groups were often described as either pro-Western or aligned with US, French and to some extent Saudi regional geo-strategic interests in the region. Anti-government forces were similarly described as pro-Iranian and/or pro-Syrian. Any such alignments, however, are unstable. Lebanon’s list-based electoral system and the propensity for weaker political parties to seek the strength of other parties have encouraged cross-confessional alliances. These have varied across Lebanon’s electoral districts, and rival parties often make temporary alliances to the end of securing seats in parliament.\textsuperscript{x} This alliance-based approach to electoral politics is both unstable and based on partnerships of convenience, which are by no means rigid or sustainable.

As of late December 2007, attempts to elect a new President, a seat reserved for a Maronite Christian in accordance with Lebanon’s confessional political system, had failed, with neither the pro or anti-government forces able to rally the necessary two-thirds majority in Parliament necessary to elect a President. The inability to elect a Lebanese President had motivated parties to the impasse – and their international patrons – to reconsider what they could frame as favorable outcomes. The proposal of electing the head of the Lebanese Armed Forces, General Michel Suleiman, to the office of the Presidency was originally passed over by most parties on either side of the impasse, only to become the most plausible outcome as of December of 2007.\textsuperscript{xi}

Suleiman was viewed as a neutral candidate who enjoyed both strong domestic and international support. He enjoyed broad cross-confessional support, due in no small part to the military’s overall positive image among the majority of the Lebanese, and the military’s performance and “martyrdom for Lebanon” in fighting Fatah Al-Islam. Suleiman enjoyed strong support from the vast majority of Lebanese Christians, who viewed him as one of only a few presidential hopefuls who enjoyed strong Christian support – the other being the former head of the military, General Michel Aoun. Nevertheless, the various factions still could not agree on how to elect him because they continued to struggle over cabinet appointments and other offices.

The US does not want a Christian, Sunni, Shi’ite, Druze or other confessional Lebanon, and it does not want to see Lebanon continue to be the scene of a continuing proxy war between Israel and Iran and Syria. Much will depend, therefore, on whether Iran can accept a multi-confessional Lebanon which is not actively hostile to Israel, which is not
Shi’ite dominated, and moving towards stability and security, rather than as serving as an Iranian and Syrian proxy for putting hostile pressure on Israel.

Finally, the US is fully aware that Iran, as a Shi’ite state, has no reason to support a strongly anti-Shi’ite movement like Al Qa’ida. Al Qa’ida is too serious a regional threat, however, for the US to ignore Iranian use of Al Qa’ida or other similar non-state actors as a tool to lever the US or its neighbors. Ideally, this is an area where Iran and the US should share a common goal of putting an end to Neo-Salafi violence and terrorism. Any form of broad US-Iranian agreement will require that Iran put this particular ideal into practice.

**Iranian Actions in Iraq and Afghanistan**

The US recognizes that Iran has vital national security interests in Iraq and Afghanistan, and the Bush Administration has already begun a formal, official Iraqi-Iranian-US dialog on Iraq. The US has expressed concern that Iran is providing some arms and support to Shi’ite elements in Afghanistan, but has not accused Iran of destabilizing actions or ones hostile to the US.

Once again, however, the US will insist that Iran does not back hostile or violent elements in either Iraq or Afghanistan and pursue its interest through peaceful and political means. The US view of Iraq’s actions in this area is also mixed.

The December 14, 2007 US government report on *Measuring Stability and Security in Iraq* stated that,\[^{xii}\]

In late September, Iranian President Ahmadinejad pledged to Prime Minister Maliki to help cut off weapons, funding and other militia and insurgent support that crosses the Iranian border. There has been no identified decrease in Iranian training and funding of illegal Shi’a militias in Iraq. Tehran’s support for Shi’a militant groups who attack Coalition and Iraq forces remains a significant impediment to progress towards stabilization. The Iranian Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) provides many of the explosives and ammunition used by these groups, to include Jaysh al-Mahdi (JAM). Although Sadr’s late August 2007 freeze on JAM activity is still in effect, some elements continue to attack Coalition forces with Iranian weapons. The GoI and the U.S. Ambassador to Iraq have made it clear to the Iranian Government that IRGC-QF’s lethal activities must cease.

…Terrorists, foreign fighters, and former Iraqi regime elements continue to find sanctuary, border transit opportunities and logistical support in Syria. Syria is estimated to be the entry point for 90% of all foreign terrorists known in Iraq. Recent efforts by the Syrian Government to stem the flow of foreign terrorists and suicide bombers inside of Syria may have had some effect in decreasing the flow of extremists into Iraq. The Syrian Government participates in the Neighbors Process framework, having hosted both the inaugural Border Security Working group in August 2007 and the follow-up Border Security Working group in November 2007. While these are positive diplomatic steps, it is not clear that Syria has made a strategic decision to persistently and comprehensively deal with foreign terrorists. The Syrian Government must take additional measures to further reduce the flow of foreign terrorists transiting Syria into Iraq.

US officials have stated elsewhere that Iran may have restricted its support of various Shi’ite militias and Al Qa’ida in Iraq (AQI) in recent months. David M. Satterfield, Iraq coordinator and senior adviser to Secretary of State Condoleezza Rice, said in an
interview in December 2007 that the decline in the use of Iranian-supplied weapons like explosively formed projectiles, and in overall attacks, "has to be attributed to an Iranian policy decision...we have seen such a consistent and sustained diminution in certain kinds of violence by certain kinds of folks that we can't explain it solely...If you add those all together, your calculus doesn't come out unless you also add in that the Iranians at a command level must have said or done something, as well."

He declined to discuss specific evidence. "We are confident that decisions involving the strategy pursued by the IRGC are made at the most senior levels of the Iranian government," Satterfield also said, however, that Iran was not acting out of "altruism" but because of "alarm at what was being done by the groups they were backing in terms of their own long-term interests." xiii

U.S. Ambassador to Iraq Ryan C. Crocker was quoted as saying that the decision, "should [Tehran] choose to corroborate it in a direct fashion...Iran is an enormously complex government, society and country, and we're not there...I am real modest about what I think I understand on Iranian actions, decisions and motivations. That said, he felt that given Iranian influence, particularly within the Sadr movement and JAM," the freeze on JAM operations that began four months ago would not exist without Iranian approval, and that he was, "prepared to make that inference" in a planned fourth round of talks with Iran and Iraq. xiv

Defense Secretary Robert M. Gates said on December 20, 2007, however, that "the jury is out...There has been a reduction in...attacks," He stated that it was uncertain “...whether the Iranians have begun to reduce the level of support...We don't have a good feeling or any confidence in terms of how to weigh those different things.” xv

What is clear is that the US and Iran can only move forward if they can find a modus vivendi on Iraq and Afghanistan. This may, however, be considerably easier than in the case of Israel. Iran may well feel that it cannot create a client state in either Iraq or Afghanistan, and that the best way of creating a stable friendly state on its borders with Iraq and Afghanistan is to work with the US to defeat Sunni extremist movements like AQI and the Taliban. It should also be increasingly clear to Iran as to just how hollow the war scares talking about a US invasion have been in recent years – as distinguished from possible US strikes on Iranian nuclear facilities.

The US, in turn, has no desire to prolong its presence or the side of its aid and advisory efforts in either Iraq and Afghanistan for any longer than it must, and sees regional stability as its primary goal.

**Iran’s Broader Role in the Gulf and the MENA Region**

It is already too late to avoid a new arms race in the Gulf region. Iran is importing more advanced Russian arms and building long-range missiles. The Arab Gulf states have made a major increase in their recent arms orders, and the US sees a clear need to maintain a major and steadily more sophisticated military presence in the Gulf, regardless of the outcome of the Gulf War.
The most recent declassified US intelligence on Gulf arms sales does not reflect major developments like the Iranian purchase of the S-300 series of air defense missiles from Russia or a $20 billion US arms offer to the Middle East. It does, however, show a serious growth in new arms agreements. Preliminary data indicate that the volume of such agreements will increase by at least 50-100% during 2007-2010.

The US will continue to make efforts to limit arms sales and the transfer of military technology to Iran almost regardless of any near-term negotiations. Until Iran has a proven track record of fully complying with the IAEA, and has limited its acquisition and deployment of long-range missiles; and until Iran has shown that it has limited the actions of its Islamic Revolutionary Guards Corps (IRGC) and Al Quds force in Iraq and the Gulf, the US will continue to see Iran as a major potential threat to the stability of the region and the flow of petroleum exports.

This does not mean the US expects Iran not to seek advanced conventional arms or to improve its military position. It also does not mean that more stable security arrangements cannot develop over time. Furthermore, the US has not taken a military stand on issues like the Iranian-UAE confrontation over Abu Musa and the Tumbs, or issues like the division of gas fields and other disputed resources in the Gulf. It does mean that the initial US reaction will be one of continuing to seek to contain Iran’s military ambitions and actively deter any Iranian military action.

The US also will find it impossible to deal with Iran if Iran attempts any support of armed, extremist, or terrorist Shi’ite movements in Bahrain, Saudi Arabia, Yemen or other regional states – although it must be stressed that the US has not accused Iran of such action in recent years. The tensions that helped lead to the Al Khobar bombing are not forgotten, but the US has not stated that Iran has continued such activity, and the US has not opposed the Southern Gulf efforts to improve relations with Iran that it sees as largely stabilizing.

Much will also depend on exactly how Iran deals with the nuclear issues discussed later in this analysis, with Iran’s missile programs, with its submarine, mining, and anti-ship forces, and with the naval branch of the IRGC. Iran has a clear right to self-defense, but these programs are troubling largely because they have many features that do not seem to be addressed at a threat as much as at the potential intimidation of Iran’s neighbors. With Iraq effectively removed from the board, and no Southern Gulf threat, Iran’s actions will speak louder than words. This is particularly true if improvements in US and Iranian relations, and Iranian compliance with the IAEA, make it clear that Iran has deferred any further progress in seeking nuclear weapons and Iran does not deploy long-range missile systems.

### New Arms Transfer Agreements to the Gulf States: 1999-2006
($US Current Millions)

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The Iranian Nuclear Issue.

The most serious issue affecting US and Iranian relations remains the nuclear issue. This is the only issue where the US has indicated that military options might be used if diplomacy failed, and it remains as critical as ever. The new NIE on Iranian nuclear weapons, “Iran: Nuclear Intentions and Capabilities,” has redefined the level of tension over the Iranian nuclear issue. It also, however, has led to a great deal of misunderstanding of what it actually says. The message is mixed, and it is scarcely that Iran is not moving forward towards the capability to deploy nuclear weapons:

- On the one hand, it indicates that Iran suspended a nuclear weapons effort in 2003, and is susceptible to international pressure and negotiation. The US intelligence community analysis indicates that it is highly probable that the US and the international community have some 4-7 years to negotiate before Iran could become a nuclear power. It provides a major argument against any early military action against Iran, and it refutes much of the hard-line rhetoric emerging from various neoconservatives. In broad terms, it reinforces the moderate, pro-negotiation positions of Secretary Rice, Secretary Gates, Admiral Mullen, and Admiral Fallon.
On the other hand, it provides the first solid indication that the US intelligence community had the equivalent of a “smoking gun” to confirm that Iran had an active nuclear weapons program. It shows far less confidence that this program has continued to be halted than that it was halted for a time in 2003. It states Iran’s enrichment programs allow it to move forward towards a nuclear weapons effort in spite of any continuing suspension of a formal nuclear weapons program, and it raises serious doubts as to whether Iran’s longer term efforts to acquire nuclear weapons are negotiable. It does not in any way indicate that the UN effort to prevent further Iranian weapons development is unnecessary or that further sanctions are not needed to limit or halt Iran’s efforts.

The document is the summary of a 150-page NIE that the Washington Post reports was based on some 1,500 intelligence indicators, including intercepts of communications from Iranian military officers. It is not an intelligence report. It does not portray the range of opinion or most dissenting views. It does not describe the nature of the indicators and analytic methods used. This is a critical point because past outside commentary on NIEs, and attempts to parse out the words in summary judgments, have provide to be highly unreliable. Moreover, a “war of leaks” almost inevitably follows where advocates of one policy position or another.

The summary does not address what the US intelligence community does and does not know about Iran’s efforts in each of the five areas the NIE addressed;

- What are Iran’s intentions toward developing nuclear weapons?
- What domestic factors affect Iran’s decision-making on whether to develop nuclear weapons?
- What external factors affect Iran’s decision-making on whether to develop nuclear weapons?
- What is the range of potential Iranian actions concerning the development of nuclear weapons, and the decisive factors that would lead Iran to choose one course of action over another?
- What is Iran’s current and projected capability to develop nuclear weapons? What are our key assumptions, and Iran’s key chokepoints/vulnerabilities?

The NIE only indirectly addresses the limits in US ability to detect and track Iranian covert efforts. It does not address related military developments like Iran’s missile programs, many of which only seem to make sense if armed with a nuclear warhead.

No mention is made of the progress Iran has made in nuclear weapons design before 2003 or to date. It does not address any of key issues indicating that Iran was developing nuclear missile warheads. It does not address the transfer of nuclear weapons designs from North Korea and the AQ Khan network, the “Green Salt” and “Laptop” issues being addressed by the IAEA, or what kind of nuclear weapons Iran was found to be working on in 2003. No hint is made of Iranian progress in completing fission, boosted, or thermonuclear weapons designs.

The Actual Text

Any discussion of how the NIE affects US and Iranian relations must be based on the full text of the judgments the NIE makes about Iran’s nuclear program. Press summaries and outside commentary are not a substitute for responsible literacy
and attentions to details. This is particularly important because the first few pages carefully define the meaning of the words used in assessing Iran’s efforts. The definition of levels of confidence is particularly important in understanding what the document actually says:

- **High confidence** generally indicates that our judgments are based on high-quality information, and/or that the nature of the issue makes it possible to render a solid judgment. A “high confidence” judgment is not a fact or a certainty, however, and such judgments still carry a risk of being wrong.

- **Moderate confidence** generally means that the information is credibly sourced and plausible but not of sufficient quality or corroborated sufficiently to warrant a higher level of confidence.

- **Low confidence** generally means that the information’s credibility and/or plausibility is questionable, or that the information is too fragmented or poorly corroborated to make solid analytic inferences, or that we have significant concerns or problems with the sources.

It is also important to point out that the US intelligence community has made major changes and improvements in its intelligence methods in recent years. Accordingly, while the document does provide the summary comparison of the judgments in the new document with past judgments made in a May 2005 NIE shown at the end of this report, it should be noted that the intelligence collection and analytic efforts that created the two documents are not directly comparable and that outside attempts to make word for word comparisons, and judge credibility can be highly misleading.

**Examining the NIEs Key Judgments**

A careful reading shows that the US intelligence community made careful caveats about its knowledge of whether Iran has continued to halt its program and the level of confidence the intelligence community has regarding Iran’s actions.

The full text of the key portions of the NIE’s judgments are shown below, and key points are shown in italics:

We judge with high confidence that in fall 2003, Tehran halted its nuclear weapons Program (For the purposes of this Estimate, by “nuclear weapons program” we mean Iran’s nuclear weapon design and weaponization work and covert uranium conversion-related and uranium enrichment-related work; we do not mean Iran’s declared civil work related to uranium conversion and enrichment.);

...we also assess with moderate-to-high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons.

We judge with high confidence that the halt, and Tehran’s announcement of its decision to suspend its declared uranium enrichment program and sign an Additional Protocol to its Nuclear Non-Proliferation Treaty Safeguards Agreement, was directed primarily in response to increasing
international scrutiny and pressure resulting from exposure of Iran’s previously undeclared nuclear work.

• We assess with high confidence that until fall 2003, Iranian military entities were working under government direction to develop nuclear weapons.

• We judge with high confidence that the halt lasted at least several years. (Because of intelligence gaps discussed elsewhere in this Estimate, however, DOE and the NIC assess with only moderate confidence that the halt to those activities represents a halt to Iran’s entire nuclear weapons program.)

• We assess with moderate confidence Tehran had not restarted its nuclear weapons program as of mid-2007, but we do not know whether it currently intends to develop nuclear weapons.

• We continue to assess with moderate-to-high confidence that Iran does not currently have a nuclear weapon.

• Tehran’s decision to halt its nuclear weapons program suggests it is less determined to develop nuclear weapons than we have been judging since 2005. Our assessment that the program probably was halted primarily in response to international pressure suggests Iran may be more vulnerable to influence on the issue than we judged previously.

B. We continue to assess with low confidence that Iran probably has imported at least some weapons-usable fissile material, but still judge with moderate-to-high confidence it has not obtained enough for a nuclear weapon. We cannot rule out that Iran has acquired from abroad—or will acquire in the future—a nuclear weapon or enough fissile material for a weapon. Barring such acquisitions, if Iran wants to have nuclear weapons it would need to produce sufficient amounts of fissile material indigenously—which we judge with high confidence it has not yet done.

C. We assess centrifuge enrichment is how Iran probably could first produce enough fissile material for a weapon, if it decides to do so. Iran resumed its declared centrifuge enrichment activities in January 2006, despite the continued halt in the nuclear weapons program. Iran made significant progress in 2007 installing centrifuges at Natanz, but we judge with moderate confidence it still faces significant technical problems operating them.

• We judge with moderate confidence that the earliest possible date Iran would be technically capable of producing enough HEU for a weapon is late 2009, but that this is very unlikely.

• We judge with moderate confidence Iran probably would be technically capable of producing enough HEU for a weapon sometime during the 2010-2015 time frame. (INR judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems.) All agencies recognize the possibility that this capability may not be attained until after 2015.

D. Iranian entities are continuing to develop a range of technical capabilities that could be applied to producing nuclear weapons, if a decision is made to do so. For example, Iran’s civilian uranium enrichment program is continuing. We also assess with high confidence that since fall 2003, Iran has been conducting research and development projects with commercial and conventional military applications—some of which would also be of limited use for nuclear weapons.

E. We do not have sufficient intelligence to judge confidently whether Tehran is willing to maintain the halt of its nuclear weapons program indefinitely while it weighs its options, or whether it will or already has set specific deadlines or criteria that will prompt it to restart the program.
• Our assessment that Iran halted the program in 2003 primarily in response to international pressure indicates Tehran’s decisions are guided by a cost-benefit approach rather than a rush to a weapon irrespective of the political, economic, and military costs. This, in turn, suggests that some combination of threats of intensified international scrutiny and pressures, along with opportunities for Iran to achieve its security, prestige, and goals for regional influence in other ways, might—if perceived by Iran’s leaders as credible—prompt Tehran to extend the current halt to its nuclear weapons program. It is difficult to specify what such a combination might be.

• We assess with moderate confidence that convincing the Iranian leadership to forgo the eventual development of nuclear weapons will be difficult given the linkage many within the leadership probably see between nuclear weapons development and Iran’s key national security and foreign policy objectives, and given Iran’s considerable effort from at least the late 1980s to 2003 to develop such weapons. In our judgment, only an Iranian political decision to abandon a nuclear weapons objective would plausibly keep Iran from eventually producing nuclear weapons—and such a decision is inherently reversible.

F. We assess with moderate confidence that Iran probably would use covert facilities—rather than its declared nuclear sites—for the production of highly enriched uranium for a weapon. A growing amount of intelligence indicates Iran was engaged in covert uranium conversion and uranium enrichment activity, but we judge that these efforts probably were halted in response to the fall 2003 halt, and that these efforts probably had not been restarted through at least mid-2007.

G. We judge with high confidence that Iran will not be technically capable of producing and reprocessing enough plutonium for a weapon before about 2015.

H. We assess with high confidence that Iran has the scientific, technical and industrial capacity eventually to produce nuclear weapons if it decides to do so.

The Key Issues that Need to be Addressed

It is important to note several things about these judgments, and that they do not in any way resolve the basic issues between the US and Iran over Iran’s acquisition of nuclear weapons:

• The NIE points out that Iran continues to develop the capability to enrich weapons grade Uranium, and that this is the limiting factor shaping the timing of any Iranian nuclear weapons effort. Formally halting a nuclear weapons program in 2003 does not affect the timing of Iran’s capability to produce a bomb, and the summary of the NIE does not address the fact that Iran’s existing 3,000 P-1 centrifuges could produce enough fissile material for a weapon in 12-18 months under optimal operating conditions, its plans to scale up its centrifuge effort with a facility at Natanz that can hold 30,000-50,000 centrifuges, its plans for the heavy water reactor at Arak that could be used to produce weapons grade Plutonium, or its ability to cannibalize the fuel rods at Bushehr once its power reactor is fully operational.

• No mention is made of exactly what nuclear weapons efforts Iran halted and whether this included all covert and dual-use programs.

• The NIE unambiguously says that US intelligence did have high confidence Iran was actively working on nuclear weapons until 2003, and the intelligence community expresses important levels of uncertainty over whether Iran has resumed its nuclear weapons effort. It is important to note that the intercepts of Iranian military communications, and documents used in the NIE, refer to a timeframe in which the US has destroyed Saddam Hussein’s army in 10 days, had previously
seemed to shatter the Taliban in 2001, came after Col. Muhammar Gadhafi had made his own nuclear weapons program public in ways that publicized the A Q Khan network and indirectly implicated Iran, and the exposure of the details of the A Q Khan network and the Pakistani government’s confining him to his home. xvii

- Iran’s current enrichment efforts have and will continue to move it closer to being able to deploy nuclear weapons even if key elements of its weapons design and production activity have been halted or suspended.

- The NIE does not address any of the major issues and uncertainties still being examined by the IAEA. The omission of any discussion of the Green Salt, Lap Top, and warhead issues is particularly important.

- No mention is made of the reasons for Ali Larijani’s resignation as Iran’s top nuclear negotiator in October 2007, the criticisms of Ahmadinejad by Hassan Rohani (Larijani’s predecessor), or Iranian charges that Hossein Mousavian, a former senior Iranian nuclear negotiator, had passed information on Iran’s nuclear programs to the West. xviii

- The commentary on the uncertainty relating to research and dual-use activity is particularly important. Iran is known to have worked on technology that could be used produce the high explosive lens, uranium machining, neutron initiator, neutron reflector and other components needed for a fission weapon. Ongoing covert research in each area would be very easy to disperse and conceal. Passive and conventional high explosive testing of actual warhead and weapons designs using non-fissile material would not provide any indicators other than – at most – those associated with conventional high explosives. Missile testing using warheads with such assemblies and similar bomb testing would probably only be detectable through a major leak of human intelligence.

- Moreover, no mention is made of Iran’s long-range missile programs, but Iran is clearly continuing to improve its ability to develop advanced nuclear delivery systems and has announced two new missile programs within the last month.

In short, the NIE does indicate that past European and UN efforts to pressure Iran have had some impact, and there is time for negotiation. It also indicates that the US intelligence community sees Iran’s leadership as deterrable and that Iran’s cost-benefit calculations would respond to military alternatives to attacking Iran’s nuclear facilities – such as theater missile defenses or the containment approach suggested by General Abizaid. The NIE does not, however, indicate that Iran has stopped moving steadily towards the capability to deploy nuclear weapons or make any promises for the future.

Unfortunately, many have already taken the more positive content out of context to produce statements that do not track with the NIE, have attempted to judge its credibility of the basis of comparisons between the 2005 and 2007 estimates while ignoring the full text of the key judgments and the many areas where the unclassified summary leaves more questions than answers. Others have somehow turned it into a conspiracy by the US intelligence community to put pressure on the President or halt military action. xix
IAEA Priorities and Concerns

Furthermore, they have decoupled the NIE from the recent reporting of the IAEA and Iran’s continuing missile efforts. The fact remains that Iran has been shown to have had serious research and development programs in every aspect of nuclear weapons research:

- Beryllium (neutron reflector)
- Polonium (neutron initiator)
- Plutonium separation
- High Uranium enrichment
- Machining of Uranium (Detailed technical drawings provided in 2005 by the A Q Khan network.)
- Re-entry vehicle design
- Acquisition of North Korean (Chinese) weapons design? AQ Khan network transfers
- High explosive lenses

The 45-nation Nuclear Suppliers Group, which is associated with the Nuclear Non-Proliferation Treaty, reported on November 15, 2007 that Iran had been blocked at least 75 times from acquiring technology and equipment that could be used to produce nuclear weapons between 2002 and the fall of 2007. The equipment included nickel power, compressors, furnaces, steel flanges and fittings, electron microscopes, and radiometric ore-sorting equipment. This report only included data from seven of the 45 members and the actual total was almost certainly much higher. Iran was also found to be purchasing technology from cover organizations in Australia, Finland, Sweden, and the UAE, and using Iranian organizations such as engine manufacturers, aircraft and helicopter companies, and schools and universities instead of the Iranian Atomic Energy Organization.

The statement issued by Director General Dr. Mohamed El Baradei on Verification in the Islamic Republic of Iran issued on November 22, 2007 made it clear that there were many aspects of Iran’s activities that still needed to be clarified:
issues, and to undertake simultaneously confidence building measures, including the implementation of the additional protocol and the suspension of uranium enrichment activities.

The work plan agreed by the Secretariat and Iran in August, in which Iran has finally committed itself to address the outstanding issues relevant to its nuclear activities, is proceeding according to schedule. The report outlines, inter alia, our progress to date.

As the report makes clear, as regards the first outstanding issue - the scope and nature of Iran’s centrifuge enrichment activities - there has been good progress in connection with the verification of Iran’s past acquisition of P-1 and P-2 centrifuge enrichment technologies. The Agency has concluded that the information provided by Iran in that regard is consistent with the Agency’s own investigation. However, as in all verification cases, the Agency will continue to seek corroboration of this conclusion as we continue to verify the completeness of Iran’s declarations concerning its nuclear material and activities, and as we investigate the remaining outstanding issues - namely, the uranium particle contamination at a technical university, as well as the alleged studies and other activities that could have military applications. In accordance with the work plan, this will take place over the next several weeks. I would note that Iran has provided the Agency with a copy of the 15-page document on uranium metal, which the Agency is currently examining. The Agency is also continuing to work on arrangements to make copies of the alleged studies available to Iran.

Our progress over the past two months has been made possible by an increased level of cooperation on the part of Iran, in accordance with the work plan. However, I would urge Iran to be more proactive in providing information, and in accelerating the pace of this cooperation, in order for the Agency to be able to clarify all major remaining outstanding issues by the end of the year.

With regard to Iran’s current nuclear activities, we have been able to verify the non-diversion of all declared nuclear material. We also have in place a safeguards approach for the Natanz facility that enables us to credibly verify all enrichment activities there.

However, as with all States that do not have an additional protocol in force, we are unable to provide credible assurance about the absence of undeclared nuclear material and activities. This is especially crucial in the case of Iran, because of its history of undeclared activities, and the corresponding need to restore confidence in the peaceful nature of Iran’s nuclear programme. As the report indicates, the Agency’s knowledge about specific aspects of Iran’s current programme has diminished since 2006, when Iran ceased to provide the Agency with information under the additional protocol and additional transparency measures. This relates especially to current procurement, R&D and possible manufacturing of centrifuges. I urge Iran, therefore, to resume without delay the implementation of the additional protocol. The Agency needs to have maximum clarity not only about Iran’s past programme but, equally or more important, about the present. I should note, however, that the Agency has no concrete information about possible undeclared nuclear material or weaponization activities in Iran, other than the outstanding issues I have already mentioned.

Naturally, as we go through our own investigation of Iran’s past and present nuclear programme, I continue to urge Iran to take all the confidence building measures called for by the Security Council, including the suspension of enrichment related activities. This will be in the best interests of both Iran and the international community, and should facilitate the return by all parties to dialogue and negotiations. The earlier that negotiations are resumed, the better the prospects of defusing this crisis. It is only through such negotiations that a comprehensive and durable solution can be reached, and that confidence in the future direction of Iran’s nuclear programme can be built.

The same was true of the IAEA statement about the US NIE issued on December 4, 2007:xxiii

(The Director General)... notes in particular that the Estimate tallies with the Agency’s consistent statements over the last few years that, although Iran still needs to clarify some important aspects of its past and present nuclear activities, the Agency has no concrete evidence of an ongoing nuclear weapons program or undeclared nuclear facilities in Iran. The Director General believes that this new assessment by the U.S. should help to defuse the current crisis. At the same time, it should prompt Iran to work actively with the IAEA to clarify specific aspects of its past and present nuclear program as outlined in the work plan and through the implementation of the
additional protocol. This would allow the Agency to provide the required assurances regarding the nature of the program.

While calling on Iran to accelerate its cooperation with the Agency, in view of the new U.S. Estimate, the Director General urges all parties concerned to enter without delay into negotiations. Such negotiations are needed to build confidence about the future direction of Iran’s nuclear program - concern about which has been repeatedly expressed by the Security Council. They are also needed to bring about a comprehensive and durable solution that would normalize the relationship between Iran and the international community.

These issues take on special urgency because the impact to date of the US NIE has been to delay any further action on sanctions. However, Russia has since announced that it will begin to provide fuel for the reactor at Bushehr, and the IRNA news agency reported on December 25, 2007 that Iranian lawmakers plan to solicit international bids for construction of 19 additional nuclear power plants.\textsuperscript{xxiv}

\textit{The Missile Issue}

As for missiles, it is important to note that long-range ballistic missiles lack the lethality to do serious damage even to area targets unless they are armored with a weapon of mass destruction. Iran has scarcely, however, halted such programs.

Iran presented what it claimed was a new medium-range ballistic missile (MRBM), dubbed Ghadr-1 (Power-1), with a declared range of 1,800 kilometers at a parade in Tehran on September 22, 2007. The annual parade, which commemorates the anniversary of the beginning of Iran’s 1980-88 war with Iraq, has been used to present weapons developed by Iran. The official announcer said that the new missile’s range - 1,800 km - was "sufficient to put US bases in the Middle East and Israel within its reach."

On November 27, 2007, Iranian Minister of Defense, Defence Minister Mostafa Mohammad Najjar, told the Fars News Agency Iran had built another new missile, and one able to hit targets 2,000 kilometers away." The construction of the Ashoura missile, with the range of 2,000 km, is among the accomplishments of the Defence Ministry" Ashoura means "the tenth day" in Farsi, and is a reference among Shiite Muslims to the martyrdom of the third Imam. The Minister did not say how the new missile differed from the Ghadr-1 or earlier Shahab-3. It may be solid-fueled.

\textbf{The Art of the Possible}

All of the key US concerns just discussed are potentially negotiable. US concern for Israel and Lebanon does not mean that the US will not seek to help the Palestinians or favor any other faction over Lebanon’s Shi’ites. Both the US and Iran have a broader strategic interest in Iraqi and Afghan stability and neither can credibly hope to dominate either nation. Differences over the Gulf do not mean either state must move towards military confrontation, and the same UN resolutions that now sanction Iran over its nuclear program include a long list of potential incentives for Iranian compliance with the IAEA. The US wants the kind of broad regional stability that can ensure the growth and stability of energy exports; Iran needs to maximize a stable flow of petroleum export income.
It should also be clear, however, the issues of concern to the US are serious and ones where no amount of dialogue -- official or unofficial -- may be able to create an agreed position between the two countries. The problem is not a lack of communication, but very real differences that involve serious strategic interests.

This list of US demands and concerns will also matched by those of Iran – a list that still has to emerge from the leaders of the Iranian government. It is clear from the US list alone, however, that some rapid breakthrough will be difficult for a new President to achieve, much less the Bush Administration, and that progress is far more likely to be incremental and partial than take the form of some kind of comprehensive grand bargain.

In short, the key question is whether both governments can agree on some way to go from dialog to pragmatic government-to-government negotiations that focus on the art of the possible and take account of the very real differences between them. Calling for dialog is not answer; serious, practical negotiations may be.

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\[\text{iv} \] Robin Hughes, “Tier Pressure,” Jane’s Defence Weekly, July 18, 2007
\[\text{v} \] Robin Hughes, “Tier Pressure,” Jane’s Defence Weekly, July 18, 2007
\[\text{vi} \] Robin Hughes, “Tier Pressure,” Jane’s Defence Weekly, July 18, 2007
\[\text{vii} \] “Hizbullah’s intelligence apparatus,” \textit{Jane’s Terrorism & Security Monitor}, August 11, 2006
\[\text{ix} \] Staff and AP, “Hezbollah: Maneuvers held near border in ‘response to enemy’” \textit{Haaretz}, November 5, 2007
\[\text{xii} \] pp. 5-8.

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