

RUSSIAN-IRANIAN NUCLEAR COOPERATION: 1992-2006

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Origins

Following the disintegration of the U.S.S.R., the Russian Federation, as a successor State, continued cooperation with Iran. From the start, it focused on the nuclear (including military) sphere. Thus, on 17 August, 1992, a bilateral agreement was signed on the peaceful use of nuclear energy, making provisions for the delivery to the Islamic Republic of Iran (IRI) of two VVER 440 reactors. On 8 January, 1995, Viktor Mikhailov, the Russian atomic energy minister at the time; and Reza Amrollahi, the head of the Atomic Energy Organization of Iran and the country's vice president, signed a \$800 million contract, in accordance with which the Russian Federation was to complete the construction of the first 1,000 MW light water reactor at the Bushehr nuclear power plant (NPP) in four and a half years.¹

As for the contract's legitimacy and its compliance with the norms of international law, according to Russian experts Vladimir Orlov and Alexander Vinnikov, it was flawless and complied with the nonproliferation requirements of the International Atomic Energy Agency (IAEA) and the Nuclear Non-Proliferation Treaty (NPT), as was repeatedly stated by V. Mikhailov.² In addition to that, the sides signed a secret protocol to the contract, on further negotiations between Tehran and Moscow about wide ranging cooperation in the nuclear sphere. In accordance with one of its provisions, Russia agreed to train Iranian specialists at its nuclear research centers, provide assistance to Tehran in mining uranium ore, and supply it with gas centrifuges for uranium enrichment. Several hundred Iranian nuclear scientists were trained at higher educational establishments in Russia, including at the

¹ See: *The Washington Post*, 9 January, 1995.

² See: V. Orlov, A. Vinnikov, "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *The Washington Quarterly*, Spring 2005, p. 51.

Novovoronezh NPP training center, to operate the future NPP. In January 1995, V. Mikhailov and the IRI signed a protocol of intent emphasizing Russia's readiness to conduct negotiations on the contract on construction of the centrifuge plant for uranium enrichment. As it turned out later, Mikhailov had signed the protocol without the knowledge of the Russian government.³ Nevertheless, the stage was set for full-scale nuclear cooperation, including in such a sensitive sphere as uranium enrichment, enabling Iran to weaponize its nuclear program.

The two parties also reached agreement on Russian nuclear fuel deliveries to Iran. In August 1995, a 10-year contract was signed on delivery of nuclear fuel, produced at the Novosibirsk chemical concentrates plant, to the Bushehr NPP. However, the contract made no provisions for the spent nuclear fuel, since Russian laws prohibited its return to the country's territory.⁴

The U.S.-Russian 1995 Pact, or Aide Memoire on the Termination of Russian-Iranian Military-Technical Cooperation

In 1992, the United States passed a law directed against countries selling arms to the Near East, primarily Iran and Iraq. In particular, it provided for the introduction of sanctions against such countries.⁵ The White House administration at the time was increasingly concerned by Russian arms exports to Iran. Given that with a complete decentralization of power in the Russian Federation, when some of its military-industrial enterprises, including in the nuclear sector, were establishing direct contacts with Iran, often bypassing state export controls, the U.S.'s concerns were not entirely groundless. After the RF and the IRI signed a contract to build a NPP in Bushehr, the Americans came to the conclusion that it was necessary to look for ways of limiting cooperation between Moscow and Tehran in the military and nuclear realm.

It should be noted that starting from 1993, the U.S. repeatedly took up the issue of Russian missile and nuclear technology "leaks" to Iran. In April of the same year, on the initiative of the U.S. and Russian presidents, Bill Clinton and Boris Yeltsin, the Russian-American Joint Commission on Economic and Technological Cooperation (Gore-Chernomyrdin Commission) was created. It also covered the energy sector and conversion of defense industry enterprises.⁶ At the U.S. urging, in September 1994, B. Yeltsin assured B. Clinton that Moscow would stop selling arms to Iran.⁷ However, several months later, as mentioned previously, a contract for construction of the Bushehr NPP was signed. According to copies of Russian-Iranian agreements obtained by U.S. intelligence services, the contract also had a military section, an issue that was raised at a meeting of the U.S. and Russian presidents in May 1995. At the time, Washington pressed Moscow to exclude that part from the contract. That United States was concerned about the transparency of Russian-Iranian relations. It urged the RF to abandon cooperation with the IRI.

³ See: *Ibid.*, p. 52.

⁴ See: *Ibid.*, pp. 55-56.

⁵ See: J. Broder, "Despite Secret '95 Pact by Gore, Russian Arms Sales to Iran Go On," *The New York Times*, 13 October, 2000.

⁶ See: *95/06/20 Fact Sheet: Gore-Chernomyrdin Commission*, Bureau of Public Affairs, U.S. Department of State, (Internet online).

⁷ See: W. Boese, "Congress Levies Accusations on Gore-Chernomyrdin Deal," *Arms Control Today*, November 2000 (Internet online).

In April 1995, at the fifth session of the Gore-Chernomyrdin Commission, a secret deal (aide memoir) was reached that required Russia not to sign any new contracts to sell arms to Iran after 1995.⁸ However, the document made no provisions for halting arms supplies to Iran under earlier contracts. Russia pledged to complete all contracts on arms supplies to the IRI by 31 December, 1999. The disclosure of the content of the agreement stirred up criticism in the U.S. Congress, which saw it as a violation of the 1992 act. According to *The Washington Times*, Congressmen were angered by the fact that in late 1995, Gore promised Chernomyrdin to keep secret from Congress details of Russia's nuclear cooperation with Iran. In a classified letter, Mr. Chernomyrdin told Mr. Gore about Moscow's confidential nuclear deal with Iran—which in his words, was reduced to personnel training and nuclear fuel supplies to the Bushehr reactor—and stated that it was “not to be conveyed to third parties, including the U.S. Congress.”⁹

Construction of the Bushehr NPP

As the subsequent course of events showed, Russia did not scrap the nuclear contract. True, under U.S. pressure, it still promised the United States to limit its cooperation with Iran to the construction of the Bushehr NPP and the training of NPP personnel.

Moscow started the Bushehr NPP project in January 1996. Meanwhile, Russia and Iran signed an agreement to build another two power units at Bushehr, which, however, was never put into practice. Despite Russia's promise to limit its assistance to building the Bushehr NPP,¹⁰ the U.S. insisted that construction be terminated completely or at least slowed down.

Iranian President Mohammad Khatami's visit to Russia (12-15 March, 2001) and the signing of a treaty on general principles of relations and cooperation (alongside other documents) were of crucial importance for further development of bilateral ties. The negotiations addressed, among other topics, completion of the Bushehr NPP, as well as a plan to build a new NPP and heat and electric power stations in Iran.

The Americans continued to express their concern over Iran's nuclear program and the expansion of Russian-Iranian cooperation. The U.S.'s principal argument against the construction of the Bushehr NPP was as follows: Although the NPP was not a military facility, its benefits for Iran's nuclear-weapons program were likely to be “largely indirect” by contributing to its nuclear infrastructure and expertise.¹¹

The danger of Tehran's pursuing a nuclear military program forced U.S. President George Bush, during his meeting with RF President Vladimir Putin in late May 2002, to demand that Russia's Atomic Energy Ministry end cooperation with Iran's Atomic Energy Organization. At the time, the Bushehr project became a subject of heated discussion. Despite V. Putin's effective refusal to end such cooperation, under U.S. pressure, he persuaded Iran to recognize the IAEA as a watchdog for

⁸ See: W. Boese, op. cit.

⁹ B. Gertz, “The Letter Shows Gore Made Deal,” *The Washington Times*, 17 October, 2000 (Internet online).

¹⁰ In April 1998, the Russian Atomic Energy Ministry said it was interested to sell to Iran a research reactor that could enrich uranium to 20 percent of U-235. However, at the time, the United States blocked the delivery of the reactor and related laser equipment (see: V. Orlov, R. Timerbaev, A. Khlopkov, *Nuclear Nonproliferation in U.S.-Russian Relations: Challenges and Opportunities*, PIR-Center, Moscow, 2002, p. 18).

¹¹ See: G. Bahgat, “Nuclear Proliferation: The Islamic Republic of Iran,” *Iranian Studies*, Vol. 39, No. 3, September 2006, p. 310.

the Russian-Iranian nuclear project to guarantee its transparency. On 27 May, President George Bush said that V. Putin did not object to the IAEA's supervision of the Bushehr nuclear complex. At the same time, it was established that Iranian nuclear facilities would be inspected four to six times a year, each inspection lasting two weeks.¹²

In spite of U.S. pressure, the Russian government approved, in July 2002, a plan of signing a new trade, economic, industrial, and scientific and technical cooperation agreement with Iran; in particular, provisions were made for the RF's possible participation in building another two 1,000 MW reactors in Ahvaz.¹³

International experts believed that Russian-Iranian nuclear cooperation came to a head in July 2002.¹⁴ At that time, U.S. officials said that Washington would not publicly object to the construction of the reactor if Moscow demanded that Tehran return spent nuclear fuel. In their opinion, that could ensure compliance with the Nuclear Nonproliferation Treaty.¹⁵ Meanwhile, in the second half of 2002, the IAEA started inspections of Iran's nuclear facilities.

Intensive research in the nuclear sphere led Gholam Reza Aghazadeh, then vice president and head of Iran's Atomic Energy Organization, to say that "the success, achieved in the mining, processing and conversion of uranium ore would let the IRI push toward a full-scale fuel cycle without foreign assistance in the future." At the same time, Tehran's reluctance to permit surprise inspections of its nuclear installations by the IAEA increased the U.S.'s concerns about the possibility of Russia exercising full control over Iran's nuclear program, as well as over the consumption of nuclear fuel.¹⁶ In the meantime, Iran started developing a parallel program that relied on its own sources of fuel.¹⁷

In mid-August 2002, the Mujahedin-e Khalq organization reported that Iran was building a centrifuge plant in the town of Natanz.¹⁸ It became clear to all that Iran was trying to achieve the uranium enrichment goal without foreign assistance.¹⁹ It should be stressed that Iran's clandestine efforts to build a uranium enrichment facility in Natanz further heightened international concerns about its nuclear program.

Russian Nuclear Fuel Supplies

Nuclear fuel became a central issue not only in Iran's nuclear program, but also in Russian-Iranian nuclear cooperation. Exposed to U.S. pressure, Russia was forced to tighten its conditions on nuclear fuel deliveries to Iran. In mid-August 2003, ahead of U.S. Undersecretary of State John Bolton's visit to Moscow, then Russian Prime Minister Mikhail Kasyanov approved the text of an additional provision to the Russian-Iranian agreement on the Bushehr NPP, in accordance with which the parties were to sign a protocol on the return of spent nuclear fuel to Russia. The protocol was expected to be signed after an IAEA meeting (in September). Thus Russia was forced to make a move to demon-

¹² See: *Gulf States Newsletter*, Vol. 26, No. 688, 12 June, 2002, p. 4.

¹³ See: *Gulf States Newsletter*, Vol. 26, No. 692, 7 August, 2002, p. 3.

¹⁴ See: *Gulf States Newsletter*, Vol. 27, No. 721, 31 October, 2003, p. 7.

¹⁵ See: P. Kerr, "Iran, Russia Reach Nuclear Agreement," *Arms Control Today*, Vol. 35, No. 3, April 2005, p. 36.

¹⁶ See: *Gulf States Newsletter*, Vol. 27, No. 705, 7 March, 2003, p. 6.

¹⁷ See: *Gulf States Newsletter*, Vol. 27, No. 708, 18 April, 2003, p. 8.

¹⁸ See: V. Orlov, A. Vinnikov, *op. cit.*, p. 54.

¹⁹ See: *Gulf States Newsletter*, Vol. 27, No. 708, 18 April, 2003, pp. 7-8.

strate the transparency of the Bushehr NPP project. The RF Atomic Energy Ministry believed at the time that there were no more impediments to nuclear fuel shipments. Although it should be recalled that in accordance with the original schedule, nuclear fuel was to have been delivered in March 2002.²⁰ As for the NPP, under the contract, it was to be put into operation in late 2003-early 2004,²¹ but Russia failed to meet the deadline.

Meanwhile, the RF's commitment to transfer nuclear fuel to Iran aroused serious concern in the United States. However, according to *Gulf States Newsletter*, in late May 2003, Moscow informed Tehran that it would not deliver fuel to Iran unless it agreed to full scale inspection of its nuclear facilities by the IAEA. At the time, the journal came to the conclusion that strong diplomatic pressure on Iran was only possible via pressure on Moscow.²² Russian experts Vladimir Orlov and Alexander Vinnikov suggest that Iran's admission that it had been conducting clandestine nuclear research activities for 18 years brought about a change in the Russian position on Iran's nuclear program. An internal decision seems to have been made, they write, at some point between 2002 and 2003, not to speed up the full completion of the Bushehr nuclear power plant project, invoking technical reasons.²³

The EU and the Tehran Agreement (21 October, 2003)

Throughout the preceding period of U.S.-Iranian confrontation on the nuclear issue, Europe stayed on the sidelines. Furthermore, in 2002, the EU started negotiations with Iran on a new trade agreement, which was of great importance to Tehran. The EU was the IRI's largest trading partner, accounting for nearly 30 percent of Iran's foreign trade. Total trade between Iran and the European Union exceeded 13 billion euros annually.²⁴

The restoration of diplomatic relations with leading European countries during Mohammad Khatami's presidency, as well as their significant share in Iran's foreign trade—i.e., its considerable dependence on Europe—enabled the European troika (the EU-3: the UK, France and Germany), acting on behalf of the European Union, to deal with Iran's nuclear program. However, that only happened when Europe saw that Iran had some undeclared nuclear facilities. Following the publication of an IAEA report (6 June, 2003), the European Union issued a statement to the effect that its trade relations with Iran would be made contingent upon Iran's accession to the Additional Protocol.²⁵ In a 20 June, 2003 document on European foreign and security policy, the European Council defined the proliferation of weapons of mass destruction (WMD) as “the single most important threat to peace and security among nations.”²⁶

²⁰ See: A. Dubnov, “Posledniaia ustupka Vashingtonu. Moskva ne otkazhetsia ot sotrudnichestva s Tegeranoo,” *Vremia novostei*, No. 158, 27 August, 2003 (Internet online).

²¹ See: *Gulf States Newsletter*, Vol. 25, No. 657, 19 March, 2001, p. 3.

²² See: *Gulf States Newsletter*, Vol. 27, No. 711, 30 May, 2003, p. 9.

²³ See: V. Orlov, A. Vinnikov, op. cit., p. 55.

²⁴ See: S. Smeland, “Countering Iranian Nukes: A European Strategy,” *The Nonproliferation Review*, Vol. 11, No. 1, Spring 2004, p. 50.

²⁵ See: *Ibidem*.

²⁶ *Ibid.*, p. 41.

It should be noted that intensification of international pressure started to bring results. Thus, on 21 October, 2003, an agreement was signed in Tehran between the EU-3 and Iran on the IRI nuclear program's compliance with the IAEA demands. The *Middle East Report* journal described the signing of the Tehran Agreement as a major victory of European diplomacy.²⁷ According to that document, all matters related to Iran's nuclear activity were to be decided solely by the IAEA. Two months later, on 18 December, at the IAEA headquarters in Vienna, Iran signed the Additional Protocol to the Non-Proliferation Treaty, opening the way to surprise inspections of its nuclear installations.²⁸ It should be recalled that the Protocol gives the IAEA additional powers to identify secret nuclear programs that were not previously declared to the Agency.

However, from the Western perspective, even that agreement was not enough to halt Iran's nuclear program.²⁹ At the same time, the numerous instances of Tehran's withholding information about its nuclear facilities increased distrust with regard to it.³⁰ According to some experts, the said document enabled Iran to pursue other parts of its nuclear program without addressing such matters as the closure of the nuclear facility at Natanz or the destruction of uranium enrichment centrifuges. Nevertheless, the uranium enrichment process was frozen, if only temporarily. Russia decided not to deliver nuclear fuel to Iran until the situation was cleared up on the diplomatic level.³¹

Reform of Russia's Atomic Energy Ministry

In the meantime, a significant political development occurred in Russia: In March 2004, V. Putin was re-elected as the country's president, which, among other things, had a significant impact on the activity of the Atomic Energy Ministry, which oversaw Russian-Iranian nuclear cooperation. V. Putin, who set out to reform government structures, downsized the number of ministries, from 30 to 17, which affected the once powerful Atomic Energy Ministry. Taking into account its excessive autonomy and "freewheeling", the president downgraded its status and placed it under the Industry and Energy Ministry, renaming it the Federal Atomic Energy Agency. As for military-nuclear activity, it was transferred to the Defense Ministry's purview.³²

On the other hand, Iran's nuclear program was coming under mounting pressure from the West. In a bid to break the impasse and regain international trust, in May 2004, Iran proposed to the EU-3 a plan in accordance with which Europe could become involved in the uranium enrichment process (by creating an Iranian-Russian-European consortium).³³

At negotiations in Moscow (in the second half of May) between A. Rumiantsev, the head of the Federal Atomic Energy Agency, and representative of the Atomexport company, on the one hand; and Saburi, the head of the Iranian delegation and deputy chief of the Atomic Energy Organization of Iran, the parties took note of the need to complete the first power unit and sign a contract for nuclear fuel deliveries to Iran (alongside the issue of returning spent nuclear fuel to Russia).³⁴

²⁷ See: "Dealing with Iran's Nuclear Program," *Middle East Report*, 18, 27 October, 2003 (Internet online).

²⁸ See: G. Esfandiari, "Iran. Tehran Signs Protocol to Non-Proliferation Treaty," *Radio Free Europe*, 18 December, 2003.

²⁹ See: S. Smeland, op. cit., p. 52.

³⁰ See: "Dealing with Iran's Nuclear Program."

³¹ Ibid., p. 7.

³² See: G. Kohlmeier, "Putin Downsizes Russian Nuclear Agency," *Arms Control Today*, Vol. 34, No. 3, April 2004, p. 32.

³³ See: *Kayhan*, 12 May, 2004 (in Persian).

³⁴ See: *Kayhan*, 13 May, 2004.

According to an IRI news agency source, the U.S. Congress at the time demanded that the Russian Federation halt nuclear cooperation with Iran and scrap the plan to deliver nuclear fuel to the country.³⁵ Against that backdrop, in a bid to clarify the situation around its nuclear program, the Iranian foreign minister flew to Moscow on 16 May.

There were numerous meetings between the two countries' officials. At the same time, according to the *Kayhan* newspaper, some unrealistic forecasts about the completion of the Bushehr NPP project appeared in the RF. Thus, in the course of his visit to Tehran (early July 2004), RF Security Council Secretary Igor Ivanov said that NPP construction would be completed by late 2005 and that it would be put into operation in 2006.³⁶ Nevertheless, a statement by IRI Foreign Minister Kamal Kharrazi (after his meeting with Sergey Lavrov in mid-October 2004) lacked such certainty. "I cannot specify the exact date when the Bushehr NPP will be put into operation," he said, "but it is evident that Russia should already have transferred it to Iran." Kharrazi indicated that putting the NPP into operation was a purely technical matter. Speaking at a news conference after the talks, Sergey Lavrov repeated Igor Ivanov's statement with regard to the completion of the Bushehr NPP. At the same time, he diplomatically denied that the United States had exerted any pressure on Russia, despite reports in the Iranian media that the United States was the main factor in delaying the launch of the Bushehr NPP. S. Lavrov attributed the delay of nuclear fuel deliveries to the need to sign the said agreement.³⁷

The delay in completing the Bushehr NPP project started to arouse irritation in the IRI's official media. For example, citing a Russian source, *Kayhan* said that although the NPP project was completed, the Russians were dragging their feet on transferring nuclear fuel.³⁸ Incidentally, the delay over nuclear fuel shipments to the Bushehr NPP, as well as Russia's failure to meet the construction deadline, pointed to the possibility of a Russian-U.S. tacit agreement about delaying the launch of the nuclear facility. Especially considering that some U.S. experts repeatedly suggested that certain measures be taken to hold back the development of Iran's nuclear program. In particular, Sean Smeland wrote: "Any measures that slow down the Iranian program could prove helpful by yielding more time for interested parties to gather intelligence and pursue their various policy options."³⁹

The Paris Agreement and Iran's Uranium Enrichment Moratorium

Under international pressure, Iran had to declare (on 4 November, 2004) a six-month uranium enrichment moratorium—at its negotiations with France, Germany, and the U.K.⁴⁰ In accordance with the moratorium, Iran was to halt all nuclear activities related to the production and import of gas centrifuges, spare parts, assembly and testing of those centrifuges⁴¹—that is to say, all activities related to plutonium separation, as well as uranium production and conversion.⁴²

³⁵ See: *Kayhan*, 15 May, 2004.

³⁶ See: *Kayhan*, 6 July, 2004.

³⁷ See: *Kayhan*, 11 October, 2004.

³⁸ See: *Kayhan*, 16 October, 2004.

³⁹ S. Smeland, op. cit., p. 52.

⁴⁰ See: *Kayhan*, 4 November, 2004.

⁴¹ See: P. Kerr, "IAEA Reports Iran to UN Security Council," *Arms Control Today*, Vol. 36, No. 2, March 2006, p. 28.

⁴² See: *Kayhan*, 16 November, 2004.

During the negotiations with the EU-3 in Paris, on 15 November, an agreement was reached in accordance with which Iran was to halt its nuclear activities, while the EU-3 was to confirm the peaceful nature of the IRI's nuclear program. The parties reaffirmed their commitment to the Non-proliferation Treaty. Furthermore, Iran reiterated that it did not seek to acquire nuclear weapons, but stressed that the moratorium would be in effect for the duration of the negotiations. The parties reached agreement to suspend uranium enrichment ahead of an IAEA Board meeting, also noting that the goal of the negotiations was to work out a mutually acceptable long-term agreement.⁴³ It should contain separate agreements concerning nuclear materials, technology, economic cooperation and security, providing general safeguards for the peaceful nature of Iran's nuclear program.⁴⁴ That move was taken to prevent the EU-3 from referring Iran's "case" to the U.N. Security Council the day before the EU-3 met in Paris. However, at the time some experts, taking into account the experience in uranium enrichment, as well as Iran's unstoppable aspiration to pursue its nuclear program, suggested that the halt would only be temporary and that Iran would eventually resume its nuclear activities.⁴⁵

Russia's Position on Iran's Nuclear Program

According to Russian experts, based on the success of the November 2004 EU-3 agreement with Tehran, Moscow firmly supported the internationalization of the Iranian nuclear issue.⁴⁶ The change in the RF's position on the issue was noted, in particular, by Brenda Shaffer, an Israeli journalist, who wrote: "In the past year and a half (2003-2004.— *N. Ter-Oganov*) Moscow's actions on the Iranian nuclear program have been responsible and constructive."⁴⁷

In this context, it should be noted that in 2004, at the urging of the United States, the delivery of Russian nuclear fuel, ready to be shipped to Iran, was once again delayed.⁴⁸ That effectively blocked the possibility not only of uranium processing and enrichment, but also of nuclear fuel deliveries from Russia. There is no reason to doubt that Iran's goal in pushing toward a full-scale production cycle is to lessen its dependence on Russian fuel and ultimately achieve the IRI's complete independence in the energy sphere.

By December 2004, the parties drafted an agreement on a new time frame for completing or modernizing the Bushehr NPP, in accordance with which the project was to be completed in 2006.⁴⁹

Continuous schedule slippage forced the head of the Atomic Energy Organization of Iran to announce (in late December 2004) that to ensure the completion of the NPP project, the Organization would sign a protocol to a treaty on the return of spent nuclear fuel in January 2005. In 2005, the term of the 1995 contract on nuclear fuel deliveries to Iran expired. At the same time, according to A. Rumiantsev, the head of the RF Federal Atomic Energy Agency, the Russian company TVEL

⁴³ See: "Agreement (Paris—15th November 2004)," *Information Circular/637*, 26 November, 2004, p. 3.

⁴⁴ See: E. Kam, "Curbing the Iranian Nuclear Threat: The Military Option," *Strategic Assessment*, Vol. 7, No. 3, December 2004, pp. 1, 3.

⁴⁵ *Ibid.*, p. 3.

⁴⁶ See: V. Orlov, A. Vinnikov, *op. cit.*, p. 63.

⁴⁷ B. Shaffer, "Will Iran Dupe the World Again?" *The Jerusalem Post*, 22 November, 2004.

⁴⁸ See: P. Kerr, "Iran, Russia Reach Nuclear Agreement," p. 35.

⁴⁹ See: *Kayhan*, 12 December, 2004, pp. 1-2.

reached agreement with the IRI on nuclear fuel deliveries to the Bushehr NPP and the return of spent nuclear fuel to Russia. That agreement, A. Rumiantsev said, was due to be signed in January 2005.⁵⁰ According to the *Kayhan* newspaper, the signing of the agreement was put off several times under U.S. pressure. It suggested that A. Rumiantsev's visit to Iran, scheduled for December to sign the agreement, also did not take place due to U.S. pressure. According to the newspaper, Russia often used delaying tactics due to the U.S.'s pressure and the desire to find out the results of the IAEA sitings.⁵¹ Nevertheless, on 27 February, according to A. Rumiantsev, Tehran and Moscow signed a contract on nuclear fuel deliveries for the Bushehr NPP (for a term of 10 years). It should be noted that despite U.S. objections to the project, that time the White House administration did not criticize the contract. The decision was made to deliver the first fuel shipment six months before the Bushehr NPP's official launch (in late 2006).⁵²

Mahmoud Ahmadinejad Comes to Power

The election of ultra-conservative Mahmoud Ahmadinejad as Iran's president (in late July 2005) did not alter the RF's position on the IRI's nuclear program, even despite Tehran's declared intention to resume uranium enrichment in early 2006. The principal consideration in favor of Russia's support for the IRI's nuclear program, as before, was the fact that Iran was a signatory to the Non-proliferation Treaty. Throughout Iran's nuclear crisis, Moscow was opposed to "Iran's case" being referred to the U.N. Security Council, arguing that supervision over nuclear programs should be exercised by the IAEA. From the RF's perspective, the problem was the establishment of technical oversight, and since supervision of a nuclear program is a technical matter, it should be dealt with by that organization. Therefore, referring Iran's nuclear case to the Security Council would not be a constructive but purely political decision. Moscow and Tehran's views on the issue completely coincided,⁵³ as a result of which the Ahmadinejad government took a tough position at negotiations with the West.

In August 2005, despite the EU's promised incentives, including economic incentives, in exchange for Iran's halting its uranium enrichment program, the IRI resumed the program.⁵⁴ On rather, on 8 August, the Isfahan uranium conversion plant, one of the key elements in uranium enrichment, resumed its operation. At the time, experts believed that Iran, which had no industrial capability to enrich uranium, had no pressing need for its conversion product—sulfur hexafluoride gas. Therefore, by resuming the operation of its conversion facility, Tehran in effect violated the Paris Agreement that it had signed in 2004. That was followed by an IAEA Board negative reaction. The Board deplored the fact that "Iran has ... failed to heed the call by the Board in its resolution of 11 August, 2005 to re-establish full suspension of all enrichment related activities including the production of feed material, including through tests or production at the Uranium Conversion Facility."⁵⁵ However, seeing that Iran did not intend to scale down its nuclear activity, the IAEA Board adopted another

⁵⁰ *Kayhan*, 26 December, 2004, p. 3.

⁵¹ *Ibidem*.

⁵² See: P. Kerr, "Iran, Russia Reach Nuclear Agreement," p. 35.

⁵³ See: *Kayhan*, 16 October, 2005.

⁵⁴ See: D.G. Kimball, "Solving the Iranian Nuclear Puzzle," *Arms Control Today*, Vol. 36, No. 2, March 2006, p. 3.

⁵⁵ See: S.C. Welsh, "IAEA on Iran: Recent and Pending Action and Legal Parameters," Center for Defense Information, 2 February, 2006, p. 4 (Internet online).

resolution (25 September, 2005) that laid the groundwork for referring a report on Iran's noncompliance in the context of Article XII.C of the Agency's Statute. In accordance with that article, in the event of a breach of the NPT, a relevant report was to be referred to the U.N. Security Council and the U.N. General Assembly for further consideration. Despite its importance, the resolution left open the question of when the report would be referred to the Security Council.⁵⁶

So as not to expose itself to international criticism, Russia was constantly urging Iran to cooperate with the IAEA. According to the IRNA news agency, in a phone conversation between M. Ahmadinejad and V. Putin, which took place in late October 2005, the RF president drew his interlocutor's attention to the need to expand cooperation with the IAEA.⁵⁷ The heads of the two countries' Security Councils, who supervised Russian-Iranian (Iranian-Russian) relations, frequently exchanged visits. In particular, on 11 November, RF Security Council Secretary Igor Ivanov arrived in Tehran on a three day official visit, in a bid to promote constructive negotiations between Iran and the EU. It should be noted that Russia once again cited outstanding technical issues as a reason for delays in completing the NPP project.⁵⁸

In early December 2005, Iran declared its readiness to resume negotiations with the EU on its nuclear program, which the IRI had halted in August of the same year. At the same time, Russia committed itself to establishing contacts between Iran and the EU. As a result of its efforts, the issue of Iran's nuclear program remained within the framework of the IAEA.

Later in the year, there was intensive discussion of the possibility of uranium enrichment on Russian territory, which, according to Iranian media, was initiated by the U.S. and the EU. It was suggested that if Iran rejected the proposal before a meeting of the IAEA Board (24 November of the same year), the U.S. and the EU would raise the issue of economic sanctions against the IRI at the U.N. Security Council.⁵⁹ In late December, Russia made an official offer with regard to uranium enrichment on its soil.⁶⁰

Russia's Uranium Enrichment Proposal

Tehran's refusal to halt uranium enrichment brought its negotiations with the West to a deadlock. In a bid to break it, Russia put forward a proposal on creating a joint (Russian-Iranian) uranium enrichment venture on its soil, which was categorically rejected by Tehran.⁶¹ On 10 January, 2006, Iran unsealed conversion facilities at the Natanz uranium enrichment center.

Not surprisingly, Russian-Iranian uranium enrichment negotiations, which took place in Tehran literally several days later, failed to bring the desired result.⁶² It is noteworthy that two weeks later, a spokesman for Iran's Supreme National Security Council said: "Tehran is not against the Russian plan, but it will not halt uranium enrichment."

Meanwhile, IRI officials warned the world community that if the "Iranian dossier" was referred to the U.N. Security Council, Tehran would resume uranium enrichment. At the same time,

⁵⁶ See: *Ibid.*, pp. 1-3.

⁵⁷ See: *Ettelaat*, 27 October, 2005 (in Persian).

⁵⁸ See: *Ettelaat*, 13 November, 2005.

⁵⁹ See: *Ibidem*.

⁶⁰ See: *Ettelaat*, 25 December, 2005.

⁶¹ See: *Ettelaat*, 4 January, 2006.

⁶² See: *Ettelaat*, 10 January, 2006, p. 16.

commenting on the Russian proposal, Iran said that it needed “reviewing and clarification” — i.e., on the one hand, Tehran did not reject the Russian plan, but on the other, tried to delay a solution.

On 23 January, 2006, RF Foreign Minister Sergey Lavrov met with Iranian Deputy Foreign Minister Mehdi Safari, presumably to discuss the Russian proposal.⁶³ The following day, after negotiations in Moscow with the participation of Russian and Iranian national security council chiefs Igor Ivanov and Ali Larijani, the parties came to the conclusion that a political and diplomatic solution to Iran’s nuclear program could be found within the framework of the IAEA. They decided to continue the exchange of opinions.⁶⁴

On 4 February, the IAEA Board adopted yet another resolution on Iran’s nuclear program, demanding complete termination of uranium enrichment and conversion activity, including research and infrastructure development, halting the construction of a heavy water reactor, early ratification and compliance with the Additional Protocol, etc.⁶⁵ Nevertheless, in late February, Iranian Foreign Minister Manouchehr Mottaki said in Brussels that his country would continue nuclear research activity. He suggested that Tehran would like to preserve two major components of its nuclear program—nuclear research and uranium enrichment. Therefore, even though Iran signed the Additional Protocol, in February 2006 it effectively breached it, limiting the Agency’s access to its nuclear facilities.

In the course of Russian-Iranian negotiations on 20-21 February, the parties agreed to continue consultations on the Russian proposal. After the negotiations (they were held in the Kremlin behind closed doors), Igor Ivanov’s office said that the decision had been made to continue the talks.⁶⁶ However, according to a well informed source, Iran had no intention to resume an enrichment moratorium.⁶⁷

As previously planned, on 24 February, Sergey Kirienko, the head of Russia’s state nuclear corporation Rosatom, arrived in Tehran to discuss economic aspects of bilateral nuclear cooperation and the completion of the Bushehr NPP. According to the Interfax news agency citing a Russian source, during the negotiations the parties did not even touch on the Russian uranium enrichment proposal. The source also said that Russian nuclear fuel deliveries were to be discussed during Kirienko’s visit to Bushehr.

According to Ali Larijani, the main question at those negotiations was the status of the Bushehr NPP project. On 26 February, following the end of the negotiations, Iran announced that talks on the Russian proposals would be resumed in Moscow several days later. Aghazadeh told a news conference in Bushehr that the parties were pleased with the results of the negotiations and that they had discussed the Russian plan⁶⁸ while Sergey Kirienko added that there were no organizational, technical or financial problems with the joint venture.⁶⁹ A nuclear fuel delivery agreement was reached. In a bid to address Western concerns aroused by Iran’s intention to enrich uranium on its territory, and also to find a way out of the difficult situation, Russia intended to transfer into Iran’s private ownership a gas centrifuge plant where uranium hexafluoride could be enriched.⁷⁰

Following the publication of a report by IAEA Director General ElBaradei on Iran’s nuclear program, which did not confirm the peaceful nature of Iran’s nuclear program, V. Putin said that Russia

⁶³ See: *Ettelaat*, 25 January, 2006.

⁶⁴ See: *Ettellat*, 24 January, 2006.

⁶⁵ See: E. Asculai, “After the IAEA Resolution: Iran’s Road to Nuclear Weapons Remains Open,” *Tel-Aviv Notes*, Jaffee Center for Strategic Studies, No. 160, 8 February, 2006, p. 1.

⁶⁶ See: *Ettelaat*, 22 February, 2006.

⁶⁷ See: *Ibidem*.

⁶⁸ See: *Ibidem*.

⁶⁹ See: P. Kerr, “IAEA Reports Iran to UN Security Council,” pp. 26-27.

⁷⁰ See: *Ibid.*, p. 27.

was expecting Iran to respond to its uranium enrichment proposal. According to the president, that step could alleviate concerns about the possibility of Iran's using nuclear fuel for its military program.⁷¹ Nevertheless, on 1 March, Hossein Entezami, a spokesman for the Supreme National Security Council of Iran, acknowledged the Russian plan as constructive on the condition that the IRI retained the right to pursue nuclear research.⁷²

Ali Larijani's subsequent negotiations with Igor Ivanov, which took place on 1-2 March in Moscow, also failed to bring the desired results. Although A. Larijani described their outcome as positive, in an interview with the IRNA news agency he indicated that the IRI had not accepted the Russian uranium enrichment plan.⁷³ Meanwhile, Moscow invited Tehran to become co-owner of a Russia-based plant to enrich uranium that was processed and converted in Iran.⁷⁴ Therefore, Russia was not against uranium conversion in Iran, which (alongside the recognition of its right to limited nuclear research) could impede a unified position by the world community on Iran's nuclear program.

According to Iranian media, the U.S. backed the Russian plan. However, Ambassador Ali Asghar Soltanieh, Iran's permanent representative to the International Atomic Energy Agency, said that the plan would only be acceptable if it ensured the IRI's independence in nuclear production and the use of nuclear technology.⁷⁵ It should be noted that from the very start, Iran had pushed for the recognition of its right to uranium conversion and enrichment. In that context, the West expressed concern about the possibility of Russia's involvement in the uranium conversion and enrichment process.⁷⁶

As for Moscow's proposal, according to Konstantin Kosachyov, the head of the International Affairs Committee at the RF State Duma, Tehran disliked it from the start and used it as delaying tactics.⁷⁷

On 9 March, the IAEA informed the U.N. Security Council that it was not convinced about the peaceful nature of Iran's nuclear program.

In mid-April, negotiations took place in Moscow with the participation of an IRI deputy foreign minister and a deputy secretary of the Supreme National Security Council of Iran, on the one side, and deputy foreign ministers of five U.N. Security member countries plus Germany, on the other. They discussed in detail Iran's nuclear program. The six nations expressed their dissatisfaction with Iran's refusal (contrary to the demand of the IAEA Board and the U.N. Security Council resolution) to halt uranium enrichment.⁷⁸

At the time, the U.S. once again urged Russia to end nuclear cooperation with Iran. In response, on 21 April, Russian Foreign Ministry spokesman Mikhail Kamynin said that a boycott of Iran would only be possible if it pursued a military nuclear program. Nevertheless, taking into account the IAEA's demand, in an effort to create an environment of trust, he urged Tehran to suspend uranium enrichment activity.⁷⁹ Addressing an international conference in Moscow on 21 April, Russian Deputy Foreign Minister Sergey Kisliak suggested that should Iran continue the moratorium, it, like any NPT member country, would be able to pursue legitimate nuclear research for technological development purposes. In his opinion, the Iranian issue could be conclusively resolved at a G-8 meeting in St. Petersburg. A

⁷¹ See: *Ettelaat*, 1 March, 2006.

⁷² *Ibidem*.

⁷³ See: *Ettelaat*, 2 March, 2006.

⁷⁴ See: P. Kerr, "IAEA Reports Iran to UN Security Council," p. 27.

⁷⁵ See: *Ettelaat*, 2 March, 2006.

⁷⁶ See: D.G. Kimball, "Solving the Iranian Nuclear Puzzle," p. 3.

⁷⁷ See: *Ettelaat*, 10 March, 2006.

⁷⁸ See: *Ettelaat*, 20 April, 2006, p. 16.

⁷⁹ See: *Ettelaat*, 22 April, 2006, p. 1.

day prior to that, Sergey Kirienko said that the Bushehr NPP did not in any way jeopardize the NPT, and rejected the U.S. demand that the Bushehr project be scrapped.⁸⁰

It should be noted that throughout the period under review Russia constantly objected to the imposition of international sanctions on Iran and continued nuclear cooperation and arms sales.⁸¹

According to some foreign experts, Iran will need between five and 10 years to start indigenous production of even a small amount of nuclear fuel for its nuclear power plant in Bushehr. At the same time, according to U.S. officials, Iran will need about as long to start nuclear weapons production. It should be recalled that at that stage Iran was on the verge on putting into operation a centrifuge facility, which could have enabled it to produce enriched uranium both for civilian and military needs. Furthermore, Tehran's failure to respond to the latest demands not only of the world public but also of the IAEA aroused special concern, taking into account the fact that in January 2006, Iran removed 52 IAEA seals installed at its uranium enrichment facility, whose operation was suspended in October 2003. In August 2005, the Isfahan uranium conversion facility also resumed operations. By May 2006, Iran had produced 110 metric tons of sulfur hexafluoride, a gas essential for nuclear fuel production.⁸²

Under pressure from the world community, the Iranian authorities suggested that they could temporarily halt uranium enrichment activity in exchange for the recognition of the IRI's rights to such activity, with some provisos, and subject to tighter supervision.⁸³ At the same time, Iran's tough position forced the U.S., which had halted all contacts with the country, to make, on 6 June, 2006, a proposal, jointly with the EU, on providing Iran assistance in developing a non-military nuclear program.⁸⁴ Nevertheless, as the subsequent course of events showed, Tehran had no intention to stop halfway. Then, on 31 July, the U.N. Security Council adopted Resolution 1696, ordering Iran to suspend its entire nuclear activity, including nuclear research and development. In addition to that, the resolution urged Iran to permit the IAEA to conduct inspection of its nuclear facilities. The Security Council made the resumption of negotiations contingent on the requirements being met. However, the IRI's categorical refusal to halt uranium enrichment, which it announced on 22 August, brought the Security Council to an impasse. On 31 August, the ultimatum expired, but the Iranian leaders reiterated their intention to continue uranium enrichment. Unlike the U.S. and the EU (the EU-3), Russia adopted the most lenient position with regard to Iran's nuclear program. True, just as China, it strongly objected to the introduction of tough measures, including economic sanctions, against Iran.⁸⁵ Such an approach obviously weakened the EU's position, giving Iran room to maneuver.

⁸⁰ See: *Ettelaat*, 22 April, 2006, p. 1.

⁸¹ See: D. Trenin, "Russia Leaves the West," *Foreign Affairs*, Vol. 85, No. 4, July-August 2006, p. 92.

⁸² See: D. Albright, "When Could Iran Get the Bomb?" *Security, Science & Survival Bulletin of the Atomic Scientists*, July/August 2006, pp. 28-29.

⁸³ See: *Iran. Country Report*, August 2006, p. 19.

⁸⁴ See: "USA Edges Towards a More Pragmatic Iran Policy," *Gulf States Newsletter*, Vol. 30, Issue 790, 29 September, 2006, p. 4.

⁸⁵ According to A.V. Khlopkov, a Russian PIR Center expert, sanctions mechanisms cannot resolve the ongoing crisis around Iran's nuclear program; disagreements over a possible list of sanctions between the permanent members of the U.N. Security Council are too large for a viable resolution to be worked out, while the sanctions mechanism is not effective enough with regard to energy giants (see: *Russia Today*, 5 September, 2006 [Internet online]).