

Connecticut Debate Association, November 14, 2009

Westhill High School

Resolved: Iran should comply with the UN-sponsored uranium exchange agreement.

Iran voices: The nuclear crisis

Story from BBC NEWS: http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/8274603.stm (edited)

Haroot. Age: 47. Occupation: Translator. Location: Tehran.

“It makes me sad when I hear other people defending Ahmadinejad's nuclear programme. Most people in Iran are more focused on the fall-out of the election, with the deaths on the streets, people in custody and farcical show-trials. I don't think Iran needs nuclear energy. We are floating on a vast oil and gas reserve. We have an abundance of solar energy which we could harness. It comes down to this question: what's best for Iran right now? Nuclear power? Or a fair attempt at gaining the international community's trust?”

Mustafa. Age: 28. Occupation: Administrator. Location: Tehran

“It is every country's right to harness peaceful nuclear power. I remember the pride people felt back in 2006 when President Ahmadinejad announced that engineers had reached an advanced stage of uranium enrichment. The West, and especially the US, have been against Iran's nuclear programme for some time. They see it is their right alone to have this blessing from God - and their right to and sell the energy to other countries. Ahmadinejad is right to say Iran should not give up our nuclear programme. Iran is not breaking international law. Why does nobody talk about Israel's nuclear programme? Why does nobody question the West's intentions with regard to Iran?”

Q&A: Iran and the nuclear issue

BBC News, Published: 2009/11/02 08:41:46 GMT. http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/4031603.stm

Iran is defying Security Council resolutions ordering it to suspend the enrichment of uranium. On 25 September President Obama accused Iran of building a secret second uranium enrichment plant. Iran said it was a pilot plant. The IAEA (International Atomic Energy Agency, the UN's nuclear regulatory body) inspected it on 25 October.

Iran is now considering an offer to have much of its enriched uranium converted into fuel abroad. What is the significance of this offer?

The plan is to take about 75% (1,200kg) of the low-enriched uranium Iran has stockpiled and convert it into fuel rods in Russia and France for use in the research reactor Iran has run for years. This produces isotopes for use in medical treatments.

It is potentially significant because it would lower tension with Iran and get most of the enriched uranium out of Iran, reducing fears that it could be further enriched and made suitable for a nuclear device. However, Iran would still go on enriching and it could make up the amount in about a year.

Iran has given its agreement in principle but wants changes and has called for an IAEA committee to consider the issues. It is not clear how the agreement will go ahead.

What is known about the second enrichment plant?

President Obama said the plant was near the city of Qom. He said its size and scope was "inconsistent" with a peaceful nuclear programme, probably meaning that it was too small to enrich enough uranium for fuel but large enough to enrich sufficient for a bomb. It is estimated to have space for 3,000 centrifuges and is said to be in mountainous terrain. It is thought to have been under Western surveillance for several years.

The president repeated the demand that Iran comply with Security Council resolutions while also reiterating that if Iran was co-operative, it would get assistance over nuclear power from the US and the West.

What has Iran said?

President Ahmadinejad said: "We have no secrecy." He said the facility was open for inspection by the IAEA and was 18 months away from completion. Iran acknowledged the plant in a letter to the IAEA four days before Mr Obama's announcement. It told the IAEA that the project was a pilot and would enrich uranium only to low levels. It later said there were no other plants.

A report is expected from the IAEA following its initial inspection of the Qom site.

Did Iran violate IAEA rules in not declaring this plant earlier?

President Ahmadinejad said it was being built in conformity with IAEA rules and that Iran had given much more notice of it than required.

However, there is a dispute between Iran and the IAEA over the notice that has to be given before a nuclear facility is made operational. Iran says that, under its safeguards agreement with the IAEA, it need only declare a facility 180 days before nuclear material is inserted into it and that in this case it had given about a year's notice.

However, the IAEA says that in 2003, after the main enrichment plant at Natanz was discovered, Iran agreed on what's called a Subsidiary Arrangement to its safeguards agreement, under which it would inform the IAEA of any new facility at the preliminary design stage. Iran later repudiated this arrangement, saying that it had not been ratified by its parliament but the IAEA says that no such unilateral repudiation is allowed.

So Western governments argue that Iran did violate the rules. The IAEA agrees.

What could the plant be for?

Iran's chief nuclear negotiator implied that it was a back-up plant when he said that Iran had decided, because of threats, to do what was "necessary to preserve and continue our nuclear activities." It could therefore be a secondary plant in case the main enrichment facility at Natanz is attacked. There are also fears that it could be a place to enrich uranium to the higher level needed for a nuclear bomb.

Why does Iran want nuclear fuel given the fact that they have an abundance of petroleum?

As the dispute over Iran's nuclear programme intensifies, so does the debate over whether or not Iran really needs its own nuclear fuel cycle. Critics question why a country that ranks fifth in the world in proven crude oil reserves and second in natural gas reserves needs nuclear power.

But Iran says these resources are limited. It says nuclear energy is an economical, alternative source of electricity for its growing population. "It's true that Iran has oil and gas, but so do other countries that also want to acquire other kinds of energy," Iran's Energy Minister Parviz Fattah said in an interview. "Each day that we use our oil and gas, we're taking one step toward their depletion."

Iran is also a net importer of gasoline. Although imports are decreasing, Iran's refinery capacity has not kept pace with demand forcing the country to look abroad to meet 40% of their domestic fuel needs. Presumably a nuclear program would enable Iran to lessen its dependency on foreign fuels.

Electricity shortages

Mr Fattah said at the rate Iran was extracting its fossil fuels, its oil would run out in 80 years, and its gas would finish in 200 years. Those needs will increase dramatically as the population grows, according to Kamal Daneshyar, who heads the energy commission in Iran's parliament. Electricity shortages are already relatively common in Iran, where electricity is heavily subsidised.

"In 20 years, Iran's population will increase from around 70 million to around 90 to 100 million," he said. "We want to produce 20,000 megawatts a year of electricity from nuclear energy by then. Every 1,000 megawatts of electricity made from nuclear energy saves us 10 million barrels of oil," he added. "This oil can be used for other purposes."

Economic sense?

Tehran-based energy expert Narsi Ghorban said that on the face of it, this argument made economic sense.

"In theory, if Iran uses nuclear power stations to generate part of its electricity, more gas would be made available for Iran's gas-based industries and for injection into oil fields to enhance recovery," said Mr Ghorban, the managing director of NarKangan Gas to Liquid International Company. You could also sell your petroleum products to the world market, instead of using them to create electricity. With the price of oil in Iran more than \$60 (£32) a barrel, the economic benefits of having a nuclear power station are in principle obvious. If we preserve our oil and gas reserves, in 50 years other forms of energy might be developed "

Jon Wolfsthal, a former U.S. energy department official, agrees it is reasonable for Iran to build nuclear reactors to free up oil for export, but adds that Iran's insistence on making its own nuclear fuel to power the reactors is not.

"This makes absolutely no economic sense from Iran's point of view," said Mr Wolfsthal, a non-proliferation fellow at the Center for Strategic and International Studies in Washington D.C. It can obtain fresh fuel for the reactors very cheaply and very reliably on the open market. The [nuclear] technology they're trying to master is very expensive and very difficult so it doesn't make sense from an economic point of view."

Independence

Analyst Joseph Cirincione also said it would be less costly for Iran to import nuclear fuel than to make it.

"Forty countries have nuclear power reactors," said Mr Cirincione, the senior vice-president for national security and international policy at the Center for American Progress. Almost all import fuel from the five or six nations that make and sell it. It doesn't make sense to make your own fuel unless you have 20 or more reactors. Iran doesn't yet

have one."

Iran's first nuclear reactor, which Russia is helping build in Bushehr, is expected to go on line next year.

Iranian MP Kamal Daneshyar said Tehran did not want to depend on any other country for nuclear fuel to power its future reactors. "Who would give us a guarantee that they will sell us nuclear fuel?" he asked. "Would the UN guarantee it? We don't trust the U.S.," he added. "And because we believe that they and the Zionists [Israel] don't want us to progress, we must build reactors ourselves, make fuel ourselves, and be independent."

Many Western countries are worried Iran's nuclear activities are a front for a nuclear weapons' programme - a charge Tehran denies.

Why is Iran refusing to obey the Security Council resolutions?

Under the Nuclear Non-Proliferation Treaty (NPT), a signatory state has the right to enrich uranium to be used as fuel for civil nuclear power. Such states have to remain under inspection from the IAEA. Iran is under such inspection. However, only those signatory states with nuclear weapons at the time of the treaty in 1968 are allowed to enrich to the much higher level needed for a nuclear weapon.

Iran says it is simply doing what it is allowed to do under the treaty and intends only to enrich to the level needed for nuclear power station fuel. It blames the Security Council resolutions on political pressure from the US and its allies. It argues that it needs nuclear power and wants to control the whole process itself...

President Mahmoud Ahmadinejad has repeatedly stressed that Iran will not yield to international pressure: "The Iranian nation will not succumb to bullying, invasion and the violation of its rights," he has said.

What does Iran say about developing nuclear weapons?

It says it will not break its obligations under the NPT and will not use the technology to make a nuclear bomb. On 18 September 2009, President Ahmadinejad told NBC News: "We don't need nuclear weapons... it's not a part of our programmes and plans." He said that nuclear-armed states should themselves give up their nuclear weapons. Shortly afterwards Supreme Leader Ali Khamenei, who is reported to have issued a fatwa some time ago against nuclear weapons said: "We fundamentally reject nuclear weapons" because they are against Islamic principles.

Why has the Security Council ordered Iran to stop enrichment?

Because the technology used to enrich uranium for use as fuel for nuclear power can also be used to enrich the uranium to the higher level needed to produce a nuclear explosion. There are fears that Iran is at least acquiring the know-how so that one day it has the option of going for a bomb. Iran hid an enrichment programme for 18 years, so the Council says that until Iran's peaceful intentions can be fully established, it should stop enrichment and certain other nuclear activities. The Council's order is obligatory and supersedes other rights.

What precisely does the Security Council and the IAEA want Iran to do?

It wants Iran to stop all enrichment activities, including the preparation of uranium ore, the installation of the centrifuges in which a gas from the ore is spun to separate the richer parts, and the insertion of the gas into the centrifuges. It also has to suspend its work on heavy water projects, notably the construction of a heavy water reactor. Such a reactor could produce plutonium, an alternative to uranium for a nuclear device.

The IAEA has also called on Iran to ratify and implement an additional protocol allowing more extensive inspections as a way of establishing confidence.

What does the IAEA say about Iran?

In September 2009, IAEA chief Mohamed ElBaradei said in an interview that there was "no credible evidence" about an Iranian weapons attempt. He said: "I do not think based on what we see that Iran has an ongoing nuclear weapons programme."

The IAEA has Iran's Natanz fuel enrichment plant under its surveillance and in presenting his latest report in September 2009 Mr ElBaradei said: "Since my last report, the Agency has continued to verify the non-diversion of declared nuclear material in Iran. Iran has co-operated with the Agency in improving safeguards measures at the Fuel Enrichment Plant and in providing the required access to the Iran Nuclear Research Reactor (IR-40) at Arak for purposes of design information verification.

"On all other issues relevant to Iran's nuclear programme, however, there is stalemate. Iran has not suspended its enrichment related activities or its work on heavy water related projects as required by the Security Council, nor has Iran implemented the Additional Protocol. Likewise, Iran has not co-operated with the Agency in connection with the remaining issues, detailed fully and completely in the Agency's reports, which need to be clarified in order to exclude the possibility of there being military dimensions to Iran's nuclear programme. The IAEA also reports that Iran is not cooperating with its request for an answer to questions about possible studies on nuclear warheads carried

out in the past."

These past studies - which Iran calls fabrications - have caused concern in that Iran appears to have examined how to fashion a nuclear warhead.

What about a reported secret IAEA document on Iran's work?

This was reported by the Associated Press on 18 September 2009. The document is said to state that IAEA experts believe that Iran has "sufficient information" to make a nuclear device and has worked on a warhead that could be carried on a missile. When it is supposed to have done so is not clear.

This reported assessment goes beyond anything in published IAEA reports on Iran but in a statement the agency said it had "no concrete proof that there is or has been a nuclear weapons programme in Iran." On 4 October, the New York Times also reported on the unpublished IAEA document and earlier the Institute for Science and International Security published what it said were excerpts.

President Obama offered an "extended hand" to Iran. What happened to that?

President Obama said: "If countries like Iran are willing to unclench their fist, they will find an extended hand from us." He proposed that talks take place between Iran and the so-called P5 +1, that is the five permanent members of the Security Council - the US, Russia, China, Britain and France - plus Germany.

On 9 September 2009, Iran handed what appears to be its reply - a five page letter called "Cooperation for Peace, Justice and Progress". The letter offers global talks on a range of international issues, including global nuclear disarmament, but does not mention Iran's own nuclear work. President Ahmadinejad had said earlier that discussion of the Iranian nuclear issue was "finished" and that he would never negotiate on "the Iranian nation's obvious rights."

Talks were held on 1 October in Geneva and more are expected soon. President Obama has said there will have to be an assessment of the Iranian position by the end of the year, the implication being that further sanctions would be considered if no progress was made.

What new sanctions are possible?

Russia and China are reluctant to agree to new Security Council sanctions, so a coalition of countries, including the EU, might take action themselves. Consideration was given to stopping the export to Iran of refined petroleum products. Despite its oil wealth, Iran cannot produce enough such products itself. However, there is opposition to this idea because it would hit ordinary people. There might efforts to get a ban on investment in oil and gas and on financial dealings.

Incentives are being offered to Iran. What are these?

The US, Russia, China, the UK, France and Germany say that if Iran suspends uranium enrichment, then talks can start about a long-term agreement. On offer is recognition of Iran's right to develop nuclear energy for peaceful purposes and the treatment of Iran in "the same manner" as other states under the Nuclear Non-Proliferation Treaty. Iran would get help with developing nuclear power stations and be guaranteed fuel for them. It would also be offered trade concessions, including the possible lifting of US sanctions, which prevent it for example from buying new civilian aircraft and parts.

What sanctions have been imposed on Iran?

The US has imposed restrictions since the taking of American hostages in 1979, leading to a total trade embargo in 1995. In addition the UN has imposed wider sanctions.

Security Council Resolution 1737, passed in December 2006, mandates all UN member states "to prevent the supply, sale or transfer... of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities or to the development of nuclear weapon delivery systems".

In March 2007, the Council passed resolution 1747. This seeks to tighten the squeeze on Iran's nuclear and missile programmes by preventing dealings with the state Bank Sepah and 28 named people and organisations, many connected to the elite Revolutionary Guard. Member states have been told to exercise restraint in and to report the travel of individuals connected to these programmes.

Imports of arms from Iran are banned and member states are told to exercise restraint in selling major arms systems to Iran. Loans are supposed to be limited to humanitarian and development purposes. Resolution 1803 of March 2008 extends asset restrictions and travel bans on more Iranian individuals said to be involved in nuclear work and on more Iranian companies. It bans the sale to Iran of so-called dual-use items - items which can have either a military or civilian purpose - as well as calling on governments to withdraw financial backing from companies

trading with Iran, to inspect cargo going into and out of the country, and to monitor the activities of two Iranian banks.

What does the US intelligence assessment say about Iran?

America's National Intelligence Estimate (NIE) plays down any early threat of an Iranian nuclear weapon. It assesses "with high confidence" that Iran did have a nuclear weapons programme until 2003, but this was discovered and Iran stopped it. The NIE adds: "We do not know whether it currently intends to develop nuclear weapons." The assessment admits that Iran appears "less determined" to develop nuclear weapons than US intelligence had previously thought. It says that the earliest date by which Iran could make a nuclear weapon would be late 2009 but that this is "very unlikely".

What are the chances of an attack on Iran?

The Israeli prime minister Benjamin Netanyahu constantly stresses what he sees as a potential existential threat from Iran. Israel has reportedly carried out a major air force exercise, seen as practice for a raid on Iran. It is sceptical that diplomatic means will force Iran to stop enrichment and does not want to let Iran develop even a theoretical capacity to make a nuclear bomb. So the possibility of an attack, by Israel at least, remains.

Does everyone accept the NIE report?

No. Israel does not. The then Israeli prime minister Ehud Olmert said on 12 February 2008 that Israel thought Iran was aiming to create "a capacity for non-conventional weapons." The present prime minister Mr Netanyahu takes the same view.

And in London on 5 March 2008, a senior British diplomat said: "Many of us were surprised by how emphatic the writers [of the NIE] were... I haven't seen any intelligence that gives me even medium confidence that these programmes haven't resumed."

Even the Director of US National Intelligence, Mike McConnell, appeared to backtrack on 28 February 2008, in evidence to the Senate Armed Forces Committee. In this evidence, he said that Iran had probably halted warhead design and weaponisation, but pointed out that Iran's continued enrichment of uranium meant that it was continuing with "the most difficult challenge in nuclear production." He said: "We remain concerned about Iran's intentions... Tehran at a minimum is keeping the option open to develop nuclear weapons."

What other pressure has there been on Iran?

On 17 October 2007, the US designated part of the Revolutionary Guard as a "supporter of terrorism" and the Guard as a proliferator of weapons of mass destruction for its alleged work on ballistic missiles. The US imposed further sanctions on the Guards' commercial activities and on several Iranian banks. The EU has agreed to freeze assets of Iran's largest bank, Bank Melli, and to extend visa bans to more Iranians involved in nuclear and missile development.

Is it not too late now to stop Iran from acquiring enrichment technology?

Iran thinks so and has said so. Its Supreme Leader Ali Khamenei has called this a "great victory". According to Mohamed ElBaradei, the head of the IAEA, events have overtaken the current strategy and he thinks that Iran should now be allowed to undertake limited enrichment but under strict supervision. This approach has been rejected by the US and its supporters.

How soon could Iran make a nuclear bomb?

Experts believe that Iran could enrich enough uranium for a bomb within a few months. However, it has apparently not mastered the technology of making a nuclear warhead. In theory Iran could leave the NPT with three months notice and it would then be free to do what it wanted. However, by doing that it would signal its intentions and leave itself open to attack. If it tried to divert material for a bomb in secret and was found out, it would lay itself open to the same risk.

Mohamed ElBaradei has said that the threat of Iran developing a bomb has been "hyped."

Doesn't the Non-Aligned Movement support Iran?

The NAM, representing 120 nations, issued a statement in July 2008 supporting Iran's right to develop peaceful nuclear power. Iran said this reflected international support for its position. The statement did not directly criticise UN sanctions against Iran, though it said that any issues should be dealt within the IAEA. It also appeared to accept that there are some problems remaining when it said: "Diplomacy and dialogue through peaceful means must continue to find a comprehensive and long-term solution to the Iranian nuclear issue."

Don't existing nuclear powers have obligations to get rid of their weapons under the NPT?

Article VI commits them to "pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament". The nuclear powers claim they have done this by

reducing their warheads, but critics say they have not really moved towards nuclear disarmament. Critics also argue that the US and UK have broken the treaty by transferring nuclear technology from one to another. The US and UK say that this is not affected by the NPT.

Doesn't Israel have a nuclear bomb?

Yes, although the Israeli government officially denies it. Israel, however, is not a party to the NPT, so is not obliged to report to it. Neither are India or Pakistan, both of which have developed nuclear weapons. North Korea has left the treaty and has announced that it has acquired a nuclear weapons capacity.

On 18 September 2009, the IAEA called on Israel to join the NPT and open its nuclear facilities to inspection. The resolution said that the IAEA "Expresses concern about the Israeli nuclear capabilities, and calls upon Israel to accede to the NPT and place all its nuclear facilities under comprehensive IAEA safeguards... "

Israel refuses to join the NPT or allow inspections. It is reckoned to have up to 400 warheads but refuses to confirm or deny this.

Iran delays reply on nuclear plan

BBC NEWS, Published: 2009/10/23 19:23:14 GMT http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/8322901.stm

Iran will respond to a proposed deal on its controversial nuclear programme by the middle of next week, it has told the UN's atomic energy agency.

Agency chief Mohammed ElBaradei said he hoped the answer would be "positive".

The UN watchdog had suggested exporting most of Iran's enriched uranium to Russia and France for further refining. The proposal followed talks between the UN, Iran, France, Russia and the US. Friday was set as the deadline for a response from Tehran. The draft deal, agreed by the US, France and Russia, was prompted by concern over Iran's nuclear programme.

'New conditions'

"Iran informed the Director General today that it is considering the proposal in depth and in a favourable light, but needs time until the middle of next week to provide a response," the IAEA said in a statement.

ANALYSIS

BBC Tehran correspondent Jon Leyne: Iran is giving extremely mixed messages over this important deal and has missed a deadline from the UN to give its verdict. Either Tehran is playing for time or there are genuine differences within the Iranian government.

At one stage Iranian state TV said Tehran could not accept a key part of the agreement, shipping the nuclear material out of the country. Later Iran told the UN nuclear watchdog that it was considering the plan favourably but needed more time to respond.

If the deal does go forward it would provide some evidence that negotiations with Iran can bear fruit, if not then the wider talks process would face a bleak future and new sanctions would once again be on the agenda. It said Mr ElBaradei hoped that Tehran's response "will equally be positive, since approval of this agreement will signal a new era of co-operation".

In Washington, State Department spokesman Ian Kelly said: "We hope that they will next week provide a positive response." He added that "obviously we would have preferred to have a response today [Friday]. We approach this with a sense of urgency".

Under the proposal, Iran would get the fuel it needs for its research reactor in Tehran, but this would not be sufficiently enriched to make a bomb.

However, Iranian media earlier on Friday raised new conditions for the deal. State TV said Iran would prefer to buy uranium for its research reactor, rather than send its own stock abroad for enrichment, as proposed. It quoted a member of Iran's negotiating team as saying: "Iran is interested in buying fuel for the Tehran research reactor within the framework of a clear proposal... we are waiting for the other party's constructive and trust-building response".

Before the IAEA statement, France said Iran was not responding positively to the deal. French Foreign Minister Bernard Kouchner said during a visit to Lebanon: "I cannot say that the situation regarding Iran is very positive. "Now, meetings are being held in Vienna (the IAEA headquarters). But via the indications we are receiving, matters are not very positive."

Iran's rejection of the deal would come as a disappointment to the US, Russia and France, and it could make the wider negotiation with Iran much more difficult - and the threat of sanctions more likely, says the BBC's Bethany Bell in Vienna.

Enrichment in Russia

Russian nuclear industry insiders have told the BBC the proposed process would involve Iran sending its uranium to the IAEA, which would forward it to Russia for enriching.

NUCLEAR FUEL CYCLE

- Mined uranium ore is purified and reconstituted into solid form known as yellowcake
- Yellowcake is converted into a gas by heating it to about 64C (147F)
- Gas is fed through centrifuges, where its isotopes separate and process is repeated until uranium is enriched
- Low-level enriched uranium is used for nuclear fuel
- Highly enriched uranium can be used in nuclear weapons

The enriched uranium would then be returned to the IAEA and sent to France, which has the technology to add the "cell elements" needed for Iran's reactor, they said. This process would enable Iran to obtain enough enriched uranium for its research reactor and for medical use, but the uranium would not be sufficiently enriched to produce a weapon.

Israel endorses Iran nuclear plan

BBC NEWS, Published: 2009/09/30 14:54:28 GMT. http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/8282990.stm

Israeli PM Benjamin Netanyahu has praised a UN proposal to regulate Iran's uranium enrichment programme.

Speaking before talks with US Middle East envoy George Mitchell, he called it a "positive first step" in stopping Tehran developing a nuclear weapon. Under the plan, low-enriched fuel would be further processed outside Iran. On Thursday, the UN's nuclear watchdog confirmed it had received Iran's response to the directive, but its contents have not been released.

Mr Netanyahu said: "I think that the proposal to have Iran withdraw its enriched uranium, or a good portion of it, outside Iran is a positive first step." He also praised US President Barack Obama's efforts in drawing global attention to the issue of Iran's nuclear programme.

'Old tricks'

But striking a different note in Brussels, European leaders are reported to be preparing a critical draft communique expressing "grave concern" over Iranian nuclear enrichment and its "persistent failure to meet its international obligations". Swedish Foreign Minister Carl Bildt, whose country holds the rotating presidency of the European Union, told the AP that Iran's approach of "back-and-forth talks" were reminiscent of its "same old tricks."

Tehran insists it is enriching uranium for peaceful purposes, fuel and medical research, but the US and its allies have accused it of seeking nuclear weapons.

The head of the International Atomic Energy Agency, Mohamed ElBaradei said he was hopeful of reaching an agreement with Tehran when he received Iran's response to the UN draft on Thursday.

Iranian President Mahmoud Ahmadinejad had described the IAEA proposal as a move from "confrontation to co-operation" by Western powers, but that Iran would "not retreat even an iota" over its right to develop a civilian nuclear programme.

The plan proposes exporting most of Iran's enriched uranium to Russia and France for conversion into fuel rods before being returned.

High stakes game at Iran nuclear talks

By Roger Hardy, BBC Middle East analyst

Weakened by months of dissent over June's disputed elections, the ruling clerics in Tehran want to distract attention from their domestic problems - and show leadership on an issue of national importance.

On 1 October, Iran will discuss the nuclear issue in Geneva with the five permanent members of the UN Security Council (the US, Russia, China, Britain and France) plus Germany. Few observers expect the "five-plus-one" talks to make much headway. Mistrust is the order of the day.

But Iran has its own reasons for showing up - and playing for time. Among Iranians, the nuclear issue commands a broad national consensus. To possess the same capability as Israel - not to speak of India and Pakistan - is viewed as a matter of national pride. It's a view opposition leaders share.

Opposition grievances

The opposition dislike President Ahmadinejad and are well aware he is manipulating the nuclear issue for his own ends. But their hands are tied. They have no wish to appear unpatriotic on the issue - or unduly sympathetic to Iran's

foreign critics.

The main opposition figures - Mir Hossein Mousavi, Mehdi Karroubi, Mohammed Khatami - all support Iran's nuclear ambitions. So does former president Hashemi Rafsanjani, regarded as sympathetic to some of the opposition's grievances. Similarly, they are against tougher international sanctions - which the Americans and the Europeans want to introduce if the Geneva talks go nowhere.

The regime knows this, and wants to exploit it, to regain abroad the legitimacy it lacks at home. By starting a dialogue with the West, it hopes to ease the intense international pressure it's under. To this end, it is ready to make tactical concessions - but without compromising on what it regards as its inalienable right to enrich uranium. That is a red line it is unwilling to cross.

Absorb punishment

It hopes that by engaging in dialogue, it will enable its friends in Russia and China to block the "crippling" sanctions which the Americans are threatening to impose. So the "five-plus-one" face a dilemma. They agree that dialogue is worth a try. But to make concessions to Iran would be seen as rewarding a regime widely seen as illegitimate - and strengthening its hand vis-a-vis the opposition. The alternative - breaking off talks and going for tougher sanctions - offers no guarantee of success either.

According to the New York Times, President Ahmadinejad told guests at a dinner in New York last week that he would "warmly welcome" additional sanctions because it would make his country more self-sufficient. That might sound like bravado. But this is a regime that has shown it will absorb punishment in the interests of pursuing a cherished ambition. Despite Iran's internal turmoil, the essentials of the nuclear conundrum remain stubbornly unchanged.

Iran economy facing 'perfect storm'

*By Jon Leyne, BBC News, Tehran, Published: 2008/10/24 00:40:32 GMT
http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/7687107.stm*

For the past three years, he has been the lucky president.

Everything seems to have fallen the right way for Mahmoud Ahmadinejad of Iran. There was international disarray over his country's nuclear programme; Israel's ill-thought-out attack on Lebanon in 2006 that spurred support for Hezbollah and the president; and the perhaps fortuitous capture of a group of British troops off its coast last year. Above all, record oil prices have enabled Mr Ahmadinejad to go on an unprecedented spending spree at home and abroad, including buying support, according to his critics. But now his luck may be turning. In fact, in a few months Iran could face an economic "perfect storm".

Budget deficit

The maths is simple. For every dollar on the price of a barrel of oil, Iran earns approximately a billion dollars a year. In the past few weeks and months, the price of Iranian oil has dropped between \$50 and \$60 a barrel. The head of the Central Bank of Iran has warned that revenues could be cut by \$54bn, effectively halving the country's income from oil, which accounts for the vast majority of both its export earnings and government revenue. Petropars, a subsidiary of the National Iranian Oil Company (NOIC), has even warned that it could go into bankruptcy. As the effect of those lower oil prices works through, Iran will face a growing budget deficit. The International Monetary Fund said in August that Iran would face unsustainable deficits should prices for its oil fall below \$75 a barrel.

Mr Ahmadinejad will have the choice of cutting spending or printing more money. But with inflation already over 25% and unemployment around 10%, neither is an attractive option. Mr Ahmadinejad has been working on a scheme to replace subsidies on basic items with a system of cash payments to the poor. It is a change most orthodox economists would support, but the idea has a distinctly Iranian twist. There was due to be an overlap - start the cash payments before withdrawing the subsidies. And that overlap, conveniently, was due to happen just before the election. So, Iran's poor would go to the polls flush with cash, and, of course, grateful to the president. All that becomes a lot more difficult if the cash has run out.

At this point, many countries might consider raising taxes, but that has huge drawbacks as well. The government recently tried to impose a 3% value added tax (VAT) on various items, but it quickly provoked a strike among market traders, the so-called bazaaris, in the capital, Tehran, and other major cities. The bazaaris are credited with playing a crucial role in the success of the Islamic Revolution in 1979. Their status and power within Iran is almost mythical. They are therefore not a group the government wants to antagonise, and the tax was swiftly withdrawn.

Embargo threat

Then there is the international context as well.

As Iran confronts the world over its controversial nuclear programme, high oil prices have been the insurance policy. When oil was nudging \$150 a barrel, it knew the world did not dare risk pushing prices even higher by imposing tough new sanctions, let alone military confrontation. That all looks very different now.

The strongest tool in the armoury of the US and Europe may be to impose an embargo on petrol sales to Iran. If Russia blocks agreement at the UN Security Council, they could act unilaterally, or multilaterally. Amazingly, this oil rich country is heavily dependent on petrol imports because of a lack of refinery capacity. Iranians love their cars and any restriction on their freedom to drive will not make them happy. Low oil prices make this a distinct possibility.

At the very least, the global credit crunch means there is simply not the money in the global economy for the sort of multi-billion dollar investment that Iran needs for its oil and gas fields. The government's immediate response has been to call for higher oil prices. At an emergency meeting of the oil producers' cartel, Opec, on Friday, it will press for a staged cut in production, aimed at bringing down oil output by 2.5 million barrels of oil a day. Ideally, Iran would like to see oil back at \$100. The realists here know their best hope is probably to keep prices steady, between \$70 and \$80 a barrel. The question everyone in the know in Iran keeps asking is: what is the magic number? What price oil does Iran need to keep afloat? Whatever the precise answer, it is looking increasingly likely that President Ahmadinejad's luck has finally run out.

Nuclear power in the Middle East

BBC NEWS: Published: 2008/04/25 14:24:29 GMT. http://news.bbc.co.uk/go/pr/fr/-/2/hi/middle_east/7367475.stm

ISRAEL

Israel has never officially admitted having nuclear weapons, but is widely recognised to possess a significant arsenal. There are estimates it has between 75 and 200 nuclear warheads. The state is able to maintain its policy of ambiguity as it has not signed the Nuclear Non-Proliferation Treaty. It is therefore not subject to inspections and the threat of sanctions by the United Nations nuclear watchdog, the International Atomic Energy Agency.

This is a source of grievance for Iran and Arab countries which are signatories. Their attempts to get an IAEA resolution on Israel have been blocked by the United States and its allies.

Israel's nuclear reactor at Dimona in the Negev desert was built secretly with help from France and was completed in 1964. It provides power and is understood to be the source of plutonium for Israeli nuclear weapons.

IRAN

Two years ago, President Ahmadinejad announced that Iran had joined the world's nuclear countries, successfully enriching uranium to an industrial level. It has since defied international pressure to suspend its activities. In March, the UN Security Council approved a third round of sanctions against Iran.

While Tehran insists its ambitions are peaceful, many suspect that it wants to develop nuclear weapons. Experts argue it does not make economic sense for it to build its own enrichment and reprocessing facilities.

However it may make political sense. Iranians feel pride in the national nuclear programme and it has strengthened their country's regional profile.

The extent of Iran's nuclear development remains unclear. In December, a US intelligence assessment claimed it had a nuclear weapons programme until 2003 but that it had been stopped and probably not restarted.

SYRIA

The White House claims that North Korea helped Syria build a secret nuclear reactor which was destroyed in an Israeli air raid last year. It said it had good reason to believe the development was not for peaceful purposes.

Damascus has dismissed the allegations as "ridiculous". Syria is a close ally of Iran and the two countries have a mutual defence pact. It is unusual among Arab countries in declaring its full support for Iran's nuclear programme.

EGYPT

Egypt recently announced plans to build a number of nuclear power stations to generate electricity. It says energy security is important to its development. The US has offered to provide assistance, saying there is no comparison between the peaceful use of nuclear technology by Egypt and Iran's controversial nuclear programme.

Cairo's original plans to pursue nuclear weapons were abandoned in the 1980s when the country ratified the NPT. It has since led calls for a Middle East free of weapons of mass destruction.

GULF STATES

Saudi Arabia has the world's largest oil reserves and an abundance of natural gas but is now also developing a civilian nuclear power supply. There is speculation this is in response to Iran developing a nuclear capacity. The

kingdom is wary of its Gulf neighbour's intentions, but does not support a US strike on its nuclear sites.

Saudi Arabia and the other states of the Gulf Co-operation Council (GCC) - Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates - have declared an interest in pursuing a joint civilian nuclear programme. In January, France signed a deal to help the United Arab Emirates build a nuclear reactor.

JORDAN

Last year, King Abdullah of Jordan told Israel's Haaretz newspaper that the rules had changed on the nuclear issue in the Middle East. He went on to announce that his country planned to develop its first nuclear power plant by 2015 for electricity and desalination. He said it was following Egypt and the GCC.

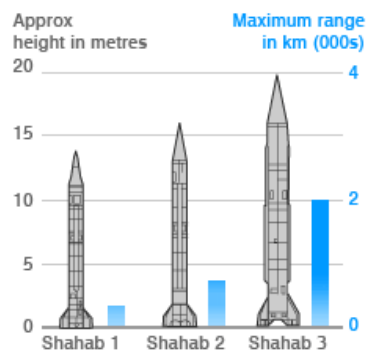
Iran's arsenal of missiles

Iran's missile programme has hit the headlines again with the announcement that it has successfully launched a new medium-range rocket, capable of reaching Israel and southern Europe.

However, the launch may have taught Western observers little they did not already know about the scope and potential firepower of Tehran's arsenal.

Iran says its missile development programme is solely for scientific, surveillance or defensive purposes but there are

MISSILE SIZE COMPARISON



SOURCE: Jane's info Group / GlobalSecurity



concerns in the West and among Iran's neighbours that the rockets could be used to carry nuclear weapons.

Analysts have previously suggested that Iran staged missile tests to reinforce the message that it was ready to hit back if Israel or the US - or both - launched any kind of military strike on its nuclear facilities.

Western analysts are guarded in many of their assessments of Iran's missile fleet, which is difficult to evaluate without access to concrete information. However, London-based defence analyst Christopher Pang told the BBC that despite the attention it attracts,

Iran lags far behind in its missile development.

A report on Iran's nuclear capabilities, released earlier in May 2009 by the EastWest Institute think tank, said that "with the components and technologies it now has, Iran could hypothetically build missiles with a range of 3,000km or more". But the group said it would be at least another 10 to 15 years before Iran developed advanced intermediate-range ballistic missiles or intercontinental ballistic missiles to carry nuclear warheads.

United Nations Charter, Chapter I, Article 2

The Organization and its Members, in pursuit of the Purposes stated in Article 1, shall act in accordance with the following Principles.

1. The Organization is based on the principle of the sovereign equality of all its Members.
 2. All Members, in order to ensure to all of them the rights and benefits resulting from membership, shall fulfill in good faith the obligations assumed by them in accordance with the present Charter.
 3. All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.
 4. All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.
 5. All Members shall give the United Nations every assistance in any action it takes in accordance with the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.
 6. ...
 7. Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state or shall require the Members to submit such matters to settlement under the present Charter; but this principle shall not prejudice the application of enforcement measures under Chapter VII.
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