



**NAVAL  
POSTGRADUATE  
SCHOOL**

**MONTEREY, CALIFORNIA**

**THESIS**

**THE IRANIAN NUCLEAR STANDOFF:  
THOSE WHO CAN HELP, WON'T**

by

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June 2006

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<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved OMB No. 0704-0188</i>
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.			
<b>1. AGENCY USE ONLY (Leave blank)</b>	<b>2. REPORT DATE</b> June 2006	<b>3. REPORT TYPE AND DATES COVERED</b> Master's Thesis	
<b>4. TITLE AND SUBTITLE</b> The Iranian Nuclear Standoff: Those Who Can Help, Won't		<b>5. FUNDING NUMBERS</b>	
<b>6. AUTHOR(S)</b> Kevin Michael Scully		<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b>	
<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> Naval Postgraduate School Monterey, CA 93943-5000		<b>10. SPONSORING/MONITORING AGENCY REPORT NUMBER</b>	
<b>9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A		<b>11. SUPPLEMENTARY NOTES</b> The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.	
<b>12a. DISTRIBUTION / AVAILABILITY STATEMENT</b> Approved for public release; distribution is unlimited		<b>12b. DISTRIBUTION CODE</b>	
<b>13. ABSTRACT (maximum 200 words)</b> In the face of Tehran's vitriolic rhetoric and outright refusal to cooperate with the International Atomic Energy Agency, why do Russia, China and India refuse to support the United States and the EU-3 in their efforts to curtail Iran's pursuit of a complete and indigenous nuclear fuel cycle? Russia's motivations stem from its desire to establish itself as a counter to American hegemony and also to maximize its significant financial relationship with Iran. China's booming economy is dependant on its vast manufacturing infrastructure, which is increasingly dependant on Middle Eastern oil for its energy needs. Thus, China is unlikely to take a hard stand on Iran. India's energy demands are growing almost as quickly as those of China and Iran is a vital source of natural gas and oil for India. Also, Iran can be seen as a test case in India's desire to maintain an independent foreign policy. Containing Iran to the detriment of relations with these countries is not a path the United States should follow. U. S. foreign policy should support a verifiably peaceful nuclear program in Iran, with defined and unambiguous penalties should it come to light that the technology is diverted towards a military application.			
<b>14. SUBJECT TERMS</b> Iran, Nuclear Program, UNSC, IAEA			<b>15. NUMBER OF PAGES</b> 75
			<b>16. PRICE CODE</b>
<b>17. SECURITY CLASSIFICATION OF REPORT</b> Unclassified	<b>18. SECURITY CLASSIFICATION OF THIS PAGE</b> Unclassified	<b>19. SECURITY CLASSIFICATION OF ABSTRACT</b> Unclassified	<b>20. LIMITATION OF ABSTRACT</b> UL

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**THE IRANIAN NUCLEAR STANDOFF:  
THOSE WHO CAN HELP, WON'T**

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Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS**

from the

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## **ABSTRACT**

In the face of Tehran's vitriolic rhetoric and outright refusal to cooperate with the International Atomic Energy Agency, why do Russia, China and India refuse to support the United States and the EU-3 in their efforts to curtail Iran's pursuit of a complete and indigenous nuclear fuel cycle?

Russia's motivations stem from its desire to establish itself as a counter to American hegemony and also to maximize its significant financial relationship with Iran. China's booming economy is dependant on its vast manufacturing infrastructure, which is increasingly dependant on Middle Eastern oil for its energy needs. Thus, China is unlikely to take a hard stand on Iran. India's energy demands are growing almost as quickly as those of China, and Iran is a vital source of natural gas and oil for India. Also, Iran can be seen as a test case in India's desire to maintain an independent foreign policy.

Containing Iran to the detriment of relations with these countries is not a path the United States should follow. U.S. foreign policy should support a verifiably peaceful nuclear program in Iran, with defined and unambiguous penalties should it come to light that the technology is diverted towards a military application.

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## **I. INTRODUCTION**

### **A. THE QUESTION**

Why do Russia, China and India demonstrate such a lack of enthusiasm in pursuing a concrete solution to the Iranian nuclear dilemma? This paper will attempt to answer this question in terms of the motivations emerging powers have for risking the ire of established powerful states or the international community. Realist theory would suggest that these countries are acting in their own best interests in order to establish themselves as regional hegemony while simultaneously weakening the position of the United States in the East. This theory is lent credence by the fact that all three countries have little to lose in defying the United States and the European Three in their efforts to punish Iran for its failure to prove the innocuous nature of its nuclear programs. The three countries have a great deal to lose, however, in curtailing or severing their ties with Iran, as their economies and strategic designs depend on continued and unfettered trade with the Persian nation.

In a world of uneven distribution of wealth, power and resources, less powerful states will pursue whatever means necessary in order to guarantee their own security. Russia, China and India are acting in accordance with their own best interests, and the United States, as the current global hegemon, should expect to encounter resistance from these emerging powers over the Iranian nuclear issue. These states have little to gain from following the lead of the United States in pursuance of punitive measures against the Iranian regime for its continued noncompliance with the wishes of the International Atomic Energy Agency (IAEA) and the United Nations. Among the states of the United Nations, Russia, China and India are three whose economic and political situations will make it highly improbable if not impossible for them to support any seriously effective punitive action against Iran should the Middle Eastern state continue to pursue its nuclear aspirations in blatant defiance of international pressure. Why do these countries present so much hesitation to impose internationally recognized punitive measures to stop Iran from ignoring the calls for cooperation from the U.N. and the IAEA?

This paper will analyze the Iranian case for its nuclear program, as well as the evidence behind the hesitation of Russia, China and India in pursuing effective measures against Iran.

Chapter I will summarize the controversy surrounding the program, from the revelation of the clandestine aspects of the program in 2003 to the current rhetoric the Iranian leadership is putting forth in support of its position. This chapter will also present a discussion of Realist ideologies relevant to the actions of three countries. Case studies of Russia, China and India will then be presented in support of the idea that states will resist the suggestion of more powerful states if this resistance will a) advance the position of the noncompliant state and b) challenge or weaken the position of the state promulgating the suggestion to compliance. Each case study contains a critical analysis of the most compelling reasons the country in question has for not supporting any type of punitive action against Iran. An historical examination of the relations between the United States and Iran will follow, taking into account both real and delusional grievances aimed at the west from the Iranian leadership and subsequent responses from the United States. In conclusion, an examination of the latest developments out of the IAEA, the EU-3 negotiating team, the U.S. administration, and the United Nations Security Council (UNSC) will be oriented to suggestions for future action.

## **B. IMPORTANCE: THE THREAT OF A NUCLEAR IRAN**

The severity of the Iranian nuclear problem and the ramifications of continued inaction on the part of the United Nations cannot be understated.

Inaction on the part of the United Nations Security Council (UNSC) would allow for Iran to continue proceeding unhindered to the eventual development of nuclear weapons. The countries examined in this work, in their unwillingness to act in accordance with the United States' suggestions, are ignoring the many possible and egregious outcomes of a nuclear armed Iran. This willingness to turn a blind eye is created by the consideration that the long-term negative consequences of severing ties with Iran greatly outweigh the possible outcomes of taking severe action against Tehran.

### **1. Proliferation**

These possible outcomes include increased proliferation of nuclear weapons technology in a region of the world which historically been a bastion of extremist

ideology and anti-Western vituperations. As a recognized state sponsor of terrorism, Iran should not be allowed to amass the requisite technology to inflict devastating harm on “The Great Satan” or other targets of its incendiary rhetoric. The tradition of chanting “Death to America, Death to Israel” at Friday prayer sessions in Iran, while increasingly marginalized by the general population of the country, is still a reminder of the deep-seated mistrust and historic ill-will espoused by the powerful clerical leadership of the country.

## **2. Middle East Arms Race**

Another possible outcome of a nuclear Iran would be a nuclear arms race in the Middle East. Neighboring states to Iran and around the Persian Gulf would certainly see Iran as at best the new regional hegemon worthy of suspicion or at worst an extremist threat to the already tenuous hold on stability in the Middle East should it become the first to acquire nuclear weapons capabilities. “Arab pride will not tolerate an exclusive Persian bomb, despite all Teheran's rhetoric about a shared anti-Israeli mother of all Islamic weapons.”<sup>1</sup> It would be unlikely that Arab nations would tolerate the only nuclear weapon residing in a country which the majority of Persian Gulf states have often attempted to balance out in the Middle East.<sup>2</sup>

Religious differences and a divergent ideology concerning the role of oil as a weapon between Iran and the rest of the Persian Gulf states have created friction in the region for decades. This religious tension in the area was most graphically illustrated in the tragically violent Iran/Iraq war, in which hundreds of thousands of lives were lost in Sunni dominated Iraq's attempts to suppress a Shia Iran. The Iranian regime has also threatened to curtail its oil distribution in response to any imposed punishments of its nuclear pursuits.<sup>3</sup> The unfettered flow of oil from the Persian Gulf to its many consumers

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<sup>1</sup> Victor Davis Hanson, “The Folly of a Nuclear Iran,” February 14, 2005, <http://www.victorhanson.com/articles/hanson021405.html>, (accessed June 2, 2006).

<sup>2</sup> Henry Sokolski and Patrick Clawson, Getting Ready for A Nuclear-Ready Iran, (Strategic Studies Institute, U.S. Army War College, 2004), 25.

<sup>3</sup> Karl Vick 2006. “Iran Renews Threat to Withhold Oil; Bolton Issues Warning; Vote by U.N. Atomic Agency Looms,” *The Washington Post*, March 6, 2006, <http://www.proquest.com/> (accessed May 29, 2006).

has long been held as a vital interest for the United States, and the threat of the removal of Iranian oil from the international marketplace, however unlikely, is cause for consideration among oil dependant countries.

### **3. Treaty Credibility**

The Nuclear Non-Proliferation Treaty (NPT), of which Iran is a signatory, would also suffer another blow to its credibility if Iran were to proceed unhindered on its current path. Iran has progressed on this program for over twenty years, only having revealed the extent of it over the past four years. This largely clandestine program violated Iran's obligations under the NPT in not allowing for inspections by the IAEA and withholding documentation as to the nature of all the materials and facilities involved in the research and development of nuclear technology. "Iran has failed to meet its obligations under its Safeguards Agreement with respect to the reporting of nuclear material, the subsequent processing and use of that material and the declaration of facilities where the material was stored and processed."<sup>4</sup> The IAEA has time and again called for increased transparency concerning nuclear research on the part of the Iranian regime, to no avail. The years of wasted negotiations and inability on the part of the permanent five of the UNSC to come to any sort of binding resolution on the subject has effectively granted Iran free reign to conduct any and all research and development it needs in order to continue its pursuits. The ultimate and most current result of the negotiations, pleas and exhortations of the international community has been the announcement- with great fanfare and bluster- by the Iranian President that Iran has indeed successfully enriched a small amount of uranium to levels suitable for use in nuclear power plants.<sup>5</sup> Developing countries witness this apparent impotence on the part of the institution responsible for the curtailment of nuclear proliferation in the world society and lose faith in the ability of the international community to pursue nuclear security. Regimes with aspirations of going nuclear witness the apparent ease with which Iran has proceeded and are encouraged.

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<sup>4</sup> International Atomic Energy Agency, Report by the Director General, June 6, 2003, <http://www.iaea.org/Publications/Documents/Board/2003/gov2003-40.pdf> (accessed May 29, 2006).

<sup>5</sup> Carla Anne Robbins. "Iran Defies Security Council by Enriching Uranium; Technical Challenges Remain to Reaching Weapons Grade as Tehran Trumpets Progress," *Wall Street Journal*, April 12, 2006, [www.proquest.com/](http://www.proquest.com/) (accessed May 29, 2006).

The failure of several years of negotiations by the International Atomic Energy Agency (IAEA) and several European countries cannot hope to be reversed without dedicated support from all of the five permanent members of the United Nations Security Council (UNSC). Russia and China, holding veto power in the UNSC, pose the most significant obstacles to the imposition of binding policy aimed at forestalling Iran's continued pursuit of the entire nuclear fuel cycle. India, while not in a position to halt any sanctions from being imposed, could significantly lessen the severity of those sanctions by continuing its economic projects with Iran in the event that sanctions are actually placed on the country. All three countries would stand to lose a great deal of revenue and energy resources should effective energy sanctions be imposed by the UNSC. These losses would come at a time when either the economies of the countries in question are dependant upon Iran for their continued growth or when positive relations with Iran are more important than international opinion.

Several factors considered in this work lend credence to the idea that Iran is uninterested in yielding to international pressure and that some governments in a position to exert significant pressure on Iran are in fact unwilling to do so. Historical resistance to western influence has long been a major obstacle in any dealings with Middle Eastern countries. Iran also believes that the imposition of punitive measures on them would cripple the world economy, amounting to more suffering by those who would impose the sanctions than on the target of those sanctions. These two perceptions combine to give the Iranian regime both motivation and courage to refuse the demands of the international community.

Iran's value as one of the most oil-rich regions in the world paints many of the options concerning how to halt Iran's nuclear experimentation as unpalatable at best and economically devastating at worst. There are very few options which the international community can exercise which would effectively eliminate the possibility of Iran attaining the capacity to build nuclear weapons. The United States, having been dubbed "the Great Satan" by the Iranian regime, holds little if any sway in the country. Russia, as a failed superpower trying once again to establish itself as a player in the international marketplace, has more to gain from a cooperative Iran as a customer for sales of military and energy technology. China, possessed of an economy growing at a frenetic pace,

cannot afford to deprive itself of Iranian oil. India's economy is growing faster than most countries in the world, and faces the same reality as China- the availability of natural resources from Iran is essential to the continued prosperity that the country is currently enjoying.

## **C. METHODOLOGY: REALIST THEORY APPLIED**

### **1. Origins**

The Greek historian Thucydides is one of the earliest cited promulgators of the ideology behind Realist theory. In his work chronicling the Peloponnesian War, Thucydides suggested that this historic war was bound to happen due to the perception of threat on the part of the Lacedaemonians.<sup>6</sup> This reaction to an external population perceived as growing in strength is what Realists believe continues to occur even into this day and age of increased communication and cooperation. When a neighboring state is seen to have outstripped another in terms of military capability, the weaker state may likely act to reverse the other's power or increase their own in order to decrease the likelihood of the developing state taking advantage of the imbalance of power by acting to subjugate the weaker. The Realist understanding, is that a state's political analysts will act out of consideration for not simply the actions and rhetoric of another state, but more out of an estimation of the capabilities of that state. Keohane furthered this argument by arguing that states will address any perception of an imbalance of power by acting to amass or maintain "...sufficient power, alone or in coalitions, to maintain their essential security interests."<sup>7</sup>

"Because some states may at any time use force, all states must be prepared to do so- or live at the mercy of their militarily more vigorous neighbors."<sup>8</sup> Kenneth Waltz's introduction to Realist theory has been maligned for decades as a pessimistic view of the world order. Peace and harmony among states, while a noble and enviable goal, is rarely realized, and if achieved, does not survive for long. To suggest that threats lie everywhere and that a state must be constantly ready to kill or be killed seems defeatist in nature and suggests that man will never be able to live with one another. As unpalatable

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<sup>6</sup> Thucydides, "History of the Peloponnesian War," 400 B.C., (1951), chapter 1, paragraph 24; quoted in Robert O. Keohane, Neorealism and its Critics (New York, Columbia University Press, 1986), 7.

<sup>7</sup> Robert O. Keohane, Neorealism and its Critics (New York, Columbia University Press, 1986), 8.

<sup>8</sup> Kenneth N. Waltz, "Theory of International Politics" (New York, McGraw Hill, 1979), 102.

as this may seem to those who wish to live in a world defined by cooperation and dedication to peace, political leaders will always demonstrate the will to provide for themselves and their people first, even if this entails subjugating another population through the use of force. The idea that a state has not only the power, but the responsibility to act out of its own self interest goes against the fundamental moral principle of “do unto others as you would have them do unto you.” When acting at the state level, a regime must set aside consideration for those not under its charge in order to promote the prosperity of its own people. “Do unto others before they do unto you” becomes the mantra of states who wish continued survival for themselves and their populations.

Russia, China and India are less interested in joining the EU-3 or the United States in keeping Iran out of the nuclear club than they are in solidifying and extending their influence and success in their own regions of the world. They are more interested in becoming regional powers in their own right, and Iran provides the means for them to pursue this goal.

## **2. Bandwagoning**

The tenet of bandwagoning would suggest that these comparatively weaker countries would be willing to go along with the policies of a hegemon in order to share in the spoils of one who would be victorious in conflict. Bandwagoning, however, is a largely internal phenomenon, as is evident with political figures during elections. Internally, everyone wants there to emerge a clear-cut winner, and when this individual begins to emerge, those who have the least chance of winning will look to joining the winner in order to provide for their own security.<sup>9</sup>

## **3. Balancing**

Bandwagoning is not the phenomenon the world is witnessing in the disagreements concerning the Iranian nuclear dilemma. Rather, these three countries are attempting to create a balance against the power of the United States throughout the world. In an external conflict such as that going on now with Iran and the rest of the world, the countries addressed in this paper are less interested in seeing a clear cut winner

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<sup>9</sup> Waltz, 126.

emerge.<sup>10</sup> Riding on the coattails of the U.S. hegemony cannot address the specific needs of these countries. In the coming years and decades, the United States will not be able to provide for the continued growth of these emerging world powers in the arenas of energy security or trade. An unfettered Iran offers a long term partner to these countries in both.

China has the means to become the dominant economic power in Eastern Asia, possibly in the world. India is rapidly developing the capacity to achieve the same status in South Asia. Russia sees any weakening of the U.S. position in the world as a step towards once again achieving world power status along with the United States. Iran is the common factor in all these considerations- from a realist standpoint, the issues surrounding Iran and the economic advantages Iran can provide will allow all these countries the ability to pursue their strategic goals.

#### **D. THE IRANIAN CASE**

The reason Iran has promulgated to the world for its dogged pursuit of the nuclear cycle in the face of international pressure to abandon the project is that a robust civilian nuclear energy program will free the Iranian nation from dependence on its own declining supply of domestically produced oil. Iran maintains that it will be able to export more oil if nuclear energy can either significantly supplement or replace oil as the primary energy resource for domestic consumption. As its one true source of income, Iran relies on oil for the vast majority of its revenue.<sup>11</sup> Iran's problem lies in the fact that the government has regulated the price of gasoline in the country- the price of a gallon of gas in Iran is considerably less than the market price. This has led to a significant deficit due to government subsidies on gasoline. As the price of gasoline has remained low, the demand in the country has risen a great deal. Iran hopes to make up for this deficit by increasing its export profits on oil.

The credibility problem Iran is facing as a result of its ties to terrorism<sup>12</sup> and support for the destruction of Israel<sup>13</sup> has been greatly amplified by what has recently

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<sup>10</sup> Waltz, 126.

<sup>11</sup> Energy Information Administration, "Iran: Background" <http://www.eia.doe.gov/emeu/cabs/Iran/Background.html> (accessed May 5, 2006).

<sup>12</sup> Council on Foreign Relations, "State Sponsors: Iran" <http://www.cfr.org/publication/9362/> (accessed May 5, 2006).

been revealed as several decades of clandestine nuclear programs. This revelation- which originally was promulgated by The National Council of Resistance of Iran (NCRI), an Iranian dissident group, in 2003 has created a severe lack of confidence in Iranian assurances that the country is only pursuing peaceful applications of the nuclear cycle. This lack of confidence is most vocally shared by the United States, Britain, France, and Germany, the three latter countries having established the EU-3 in order to pursue a diplomatic resolution of the situation. Iran made a good faith effort in 2003 to convince the international community of the benign nature of its nuclear program by signing the Additional Protocol to the Nuclear Non-Proliferation Treaty, of which Iran is a signatory.<sup>14</sup> The Additional Protocol signed by Iran in December of 2003 called for a voluntary allowance of more comprehensive and short-notice inspections by the IAEA on Iranian nuclear facilities.<sup>15</sup>

International suspicions concerning Iran's motives would be assuaged if its leaders would curb its comments concerning the threat it perceives from the United States. Time and again Iranian officials have accused the United States of attempting to prevent the country from gaining technological advances due to hypocritical policies.<sup>16</sup>

## **E. THE RHETORIC**

The most glaring example of this rhetoric was presented by the newly elected conservative President of Iran in 2005.

On September 17, 2005, the United Nations convened its 60<sup>th</sup> session in New York City. This was to be a milestone session, as it would mark the first public speech by the newly elected Iranian President Mahmud Ahmadi-nejad. The conservative president was expected to make statements concerning Iran's nuclear aspirations, which

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<sup>13</sup> Nasser Karim, "Iran Leader: Israel Can't Continue to Exist," ABC.com April 24, 2006, <http://abcnews.go.com/International/wireStory?id=1882648> (accessed May 5, 2006).

<sup>14</sup> IAEA, "Iran Signs Additional Protocol on Nuclear Safeguards" December 18, 2003, <http://www.iaea.org/NewsCenter/News/2003/iranap20031218.html> (accessed May 5, 2006).

<sup>15</sup> International Atomic Energy Agency, "Model Protocol Additional to the Agreement(s) Between States(s) and the International Atomic Energy Agency for the Application of Safeguards," September, 1997, <http://www.iaea.org/Publications/Documents/Infocircs/1998/infocirc540corrected.pdf>, (accessed May 5, 2006), Arms Control Association, "The 1997 IAEA Additional Protocol At a Glance" January 2005, <http://www.armscontrol.org/factsheets/IAEAProtocol.asp> (accessed May 5, 2006).

<sup>16</sup> "Iranian President: No 'Nuclear Apartheid'," CNN.com, September 17, 2005, <http://edition.cnn.com/2005/WORLD/meast/09/17/ahmadinejad/> (accessed May 5, 2006).

has become one of the most publicized topics concerning the Middle East. The statements he did make were widely regarded as only exacerbating Iran's dilemma rather than allaying international fears that the regime is pursuing nuclear weapons technology. The remarks were to be the first in what has become a sometimes frenetic tirade concerning the rights of the Iranian people to develop the full nuclear cycle within their own territory as well as vacillations between demonstrations of cooperation with the IAEA and outright threats to the Agency concerning recommendations for United Nations sanctions. Iranian rhetoric is often seen as misguided drivel, and rarely does anything to bolster international- let alone U.S.- confidence in the transparency and reliability of its government. President Ahmadi-nejad's attempt at subtle recrimination during his speech at the UN in 2005 is an example of the Iranian trend towards both attributing any international criticism as kowtowing to the United States as well as reminding the Arab world of U. S. support of Israel.

Ironically, those who have actually used nuclear weapons, continue to produce, stockpile and extensively test such weapons, have used depleted uranium bombs and bullets against tens and perhaps hundreds of thousands of Iraqis, Kuwaitis, and even their own soldiers and those of their allies, afflicting them with incurable diseases, blatantly violate their obligations under the NPT, have refrained from signing the CTBT and have armed the Zionist occupation regime with WMDs, are not only refusing to remedy their past deeds, but in clear breach of the NPT, are trying to prevent other countries from acquiring the technology to produce peaceful nuclear energy.<sup>17</sup>

As the only country having employed nuclear weapons in an attack on another country, it is obvious that these remarks are directed towards the United States. The statement reflects one of the problems in Iran- the fact that much of what the people there believe to be true concerning the United States is based on significantly biased opinions and outright lies. "For Iranians, the history is a constant stumbling block, made much worse by the fact that what they know as history is, in most cases, a distorted concoction of their own nationalist, religious, and even Marxist zealots."<sup>18</sup> Supporters of U.S. policy towards Iran would be hard pressed to describe that policy as fair and consistent, but the

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<sup>17</sup> Global Security "Full Text of President Ahmadinejad's Speech at General Assembly"  
<http://www.globalsecurity.org/wmd/library/news/iran/2005/iran-050918-irna02.htm> (May 5, 2006).

<sup>18</sup> Kenneth M. Pollack, The Persian Puzzle (New York: Random House, 2004), xxii.

interspersing of baseless accusations ridiculous in nature with what could otherwise be formed into legitimate protestations paints Iranian policy makers as unbalanced and untrustworthy, labels which must be avoided if Iran is to curry favor with those foreign leaders who have input into decisions as to whether Iran will face action by the UNSC. President Bush has repeatedly expressed confidence that the IAEA will eventually refer Iran to the Security Council over its shortcomings and misrepresentations concerning its nuclear program. The day before President Ahmadi-nejad made his accusatory speech at the United Nations, President Bush stated “I am confident that the world will see to it that Iran goes to the U.N. Security Council if it does not live up to its agreements.”<sup>19</sup>

The Iranian President’s remarks were the first rebuttal in an international setting to the U.S. accusations that Iran is indeed pursuing nuclear weapons under the guise of a civilian energy program. The Iranian regime has responded in very specific ways, including threatening the IAEA with the cessation of checks into its projects in the event of a referral to the UNSC. The Iranian legislature has signed into law a measure that calls for the cessation of IAEA snap inspections if the matter is referred to the UNSC. This same bill would allow for the resumption of uranium enrichment projects in the event of a referral.<sup>20</sup> Iran’s credibility shortfall is only magnified with this announcement- the IAEA has accused Iran of a lack of transparency in its nuclear program, and that under its NPT and Additional Protocol obligations is required to allow IAEA inspectors access to its facilities. The Additional Protocol, which was agreed to by the prior Iranian regime under a reformist policy, has not been ratified by the new administration, and the IAEA knows that adherence to this protocol is the only way the international community will be able to finally rule out the existence of a possible military motive for the program in Iran. Threatening to not only cease snap inspections, but also make it *law* that no inspections will take place, hardly seems an effective way to convince the world that it is only pursuing nuclear technology for peaceful purposes.

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<sup>19</sup> Anne Gearan, “Bush Confident on Iran After Putin Meeting,” ABC.com, Associated Press. September 16, 2005, <http://abcnews.go.com/Politics/wireStory?id=1133233> (accessed May 5, 2006).

<sup>20</sup> “Iran Passes Law to End U.N. Checks,” Al Jazeera.net, November 21, 2005, <http://english.aljazeera.net/NR/exeres/5CE3BF4B-1F08-4A56-8F67-B218E4668771.htm> (accessed May 5, 2006).

The Iranian government has also released an invitation to the United States to actually participate in the development of one of its newest nuclear facilities. “America can take part in international bidding for the construction of Iran's nuclear power plant if they observe the basic standards and quality, Foreign Ministry spokesman Hamid Reza Asefi said in a news conference.”<sup>21</sup> This move would, if accepted, clearly be in violation of the U.S. policy of unilateral sanctions against any domestic company which aids Iranian nuclear programs. Participation in the Iranian nuclear program by its most vocal detractor- the United States- would surely be sufficient to satisfy the world of its peaceful intentions. The Iranian regime surely understands this and is exploiting the issue. In this situation, the United States once again finds itself in a position where its past policies hinder it in dealing successfully with Middle Eastern issues- it is in a no win situation. If American companies are allowed to simply bid on, let alone fully participate in the development of any nuclear related projects in Iran without fear of U.S. government sanctions, Iran will have again shown the world that it can be successful in affecting change in U.S. foreign policy. This is reminiscent of the 1979 hostage crisis and the belief held by a few that it rendered the outcome of the election of Reagan over Carter as a foregone conclusion. If the United States continues to adhere to its policy of no face-to-face involvement with the Iranian leadership, however, the superpower will assuredly be painted as uninterested in pursuing first-hand proof that the Iranian nuclear program is intended for peaceful purposes.

Iran’s threats and denouncements were rendered moot at the beginning of March, 2006. On March 8, IAEA Director General Mohamed ElBaradei turned over his findings and recommendations concerning the Iranian nuclear program to the UNSC. As the Council considers the information and possible responses, consideration must be made to statements given the same day by Iranian official Javad Vaeedi,<sup>22</sup> as well as statements

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<sup>21</sup> “US Firms Can Participate in Nuclear Power Plant Tender: Asefi,” IRNA.ir, December 11, 2005, <http://www.irna.ir/en/news/view/line-22/0512117639163244.htm> (accessed May 5, 2006).

<sup>22</sup> “Iran Remarks 'Provocative',” CNN.com, March 9, 2006, <http://edition.cnn.com/2006/WORLD/meast/03/08/iran.nuclear/index.html> (accessed May 5, 2006).

by Iran's head nuclear negotiator, Ali Larijani in March 5, 2006. Larijani again hinted that there would be consequences if his country was referred to the UNSC.<sup>23</sup>

## **F. U.S. RESPONSE**

Released in 2006, the National Security Strategy (NSS) of the United States emphatically states the position of the U.S. administration on the situation. "Iran has violated its Non-Proliferation Treaty safeguards obligations and refuses to provide objective guarantees that its nuclear program is solely for peaceful purposes."<sup>24</sup> The United States has maintained that Iran has been in violation of the Nuclear Non-Proliferation Treaty (NPT) as the country hid its nuclear program for almost two decades before it reported to the world that it had indeed begun the program. This admission was only forthcoming in light of the damning evidence presented to the world by the NCRI in 2003. There is little evidence to suggest that the Iranian regime would have revealed its project to the IAEA or the world had the NCRI not presented its findings when it did. In light of the successful obfuscation of this enormous project on the part of the Iranians, the NSS describes it as one of the greatest challenges to the establishment of control over fissile material throughout the world. Iran's status as a sponsor of terrorism drives the call for the complete disclosure of all aspects of its nuclear program in order to convince the world of its exclusively civilian application.

"The Iranian regime's true intentions are clearly revealed by the regime's refusal to negotiate in good faith..."<sup>25</sup> Iran has made several half hearted attempts to sway the opinions of the world by seeming to accept certain proposals from other countries, only to renege on them in what many label as stalling for more time to complete the technology.<sup>26</sup>

One of the most recent attempts of the Iranian regime to garner support for their cause came in the form of an unprecedented letter from Mahmud Ahmadi-nejad to

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<sup>23</sup> "Iran Issues Warning on Uranium Enrichment," CNN.com, March 5, 2006, <http://www.cnn.com/2006/WORLD/meast/03/05/iran.nuclear/index.html> (accessed May 5, 2006).

<sup>24</sup> The White House, National Security Strategy of The United States of America, (Washington DC: GPO 2006), 19.

<sup>25</sup> Ibid., 20.

<sup>26</sup> "Iran Rejects Compromise Nuclear Deal," Al Jazeera.net, November 12, 2005, <http://english.aljazeera.net/NR/exeres/587F873D-19B8-4372-A1A0-4271C9A1ABD8.htm> (accessed May 5, 2006).

President Bush. The letter is the first direct communication between the Presidents of the two countries since the severance of diplomatic ties after the 1979 hostage crisis in Iran.

Ostensibly, the letter is an effort on the part of the Iranian government to propose "...new ways for getting out of the existing vulnerable world situation..."<sup>27</sup> The lengthy letter makes no mention of the current nuclear impasse; rather it makes pointed judgments concerning the character and actions of President Bush in a religious context. The initial U.S. response has been to dismiss it as superfluous, failing to address the current differences between the Iranian regime and the rest of the world, and failing as an opening to dialogue with the United States.<sup>28</sup>

## **G. CASE STUDIES**

### **1. Russia**

Since the fall of the Iron Curtain at the end of the twentieth century, Russia has had to endure all the frustrations of a failed state, with the added barb of being rapidly reduced from one of the two most powerful nations on earth to a establishing a forced friendship with its only significant antagonist during its time in power. Through cooperation with Iran, Russia seeks both economic advancement and a means with which to challenge the United States in the Middle East.

### **2. China**

The Chinese economy is rapidly growing into one of the largest in the world. Ranking just behind the United States in exports, primarily in machinery and equipment, China's thirst for energy is staggering. China's meteoric rise to economic dominance on the world market has placed it in a position to challenge the United States as the largest economy on earth, which could in turn place China in a position as a regional hegemon in Asia. Support for Iran would at the same time weaken the U.S. position in the Middle East as establish the reliable energy partner China so desperately needs to feed its voracious industrial base.

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<sup>27</sup> "Iran Letter Makes Fresh Offer to U.S.," Al Jazeera.net, May 8, 2006, <http://english.aljazeera.net/NR/exeres/1184143F-7D33-4562-89F4-BCC2B18D6117.htm> (accessed May 11, 2006).

<sup>28</sup> Anne Gearan, "Rice: Iran Letter Doesn't Resolve Standoff," ABC.com, Associated Press. May 9, 2006. <http://abcnews.go.com/International/wireStory?id=1939522> (accessed May 11, 2006).

### **3. India**

As with China, India's economy is growing at an unprecedented pace. Not only is India one of the world's largest consumers of oil, the country is also pursuing natural gas as one of the more prevalent energy resources in the country. Iran, in addition to being the second largest supplier of oil in the Middle East, also has the distinction of possessing the second largest reserve of natural gas in the world.<sup>29</sup> India's pursuit of a pipeline which would deliver natural gas through Pakistan from Iran has great political and financial implications. Not only would the successful development of this pipeline allow for energy security in India, it would at the same time establish a partnership with Pakistan, with whom India has historically been antagonistic. Should Iran indeed attain the technology to make an atomic bomb, this partnership would place three nuclear capable countries, sharing borders, in the Middle East/South Asia region. The implications for what this would do to the stability of the region are staggering, and would at the very least render impotent any U.S. military presence in the region.

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<sup>29</sup> Energy Information Administration, "Persian Gulf Oil and Gas Exports Fact Sheet." <http://www.eia.doe.gov/emeu/cabs/pgulf.html> (accessed May 5, 2006).

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## II. RUSSIA'S CASH COW

### A. INTRODUCTION

Flying in the face of nearly two centuries of hostility between the two countries, an unlikely partnership has been established between Russia and Iran. There are two factors driving the ties between the two countries. The first centers on money- Russia has an enormous technology producing infrastructure, and has little in the way of a target consumer base. Iran is both willing and capable of purchasing vast amounts of Russian military technology, making the relationship extremely lucrative for Russia while serving to strengthen Iran's military. Another, perhaps stronger factor behind Russia's intransigence is the wish to once again become a counter to the United States' hegemonic status. Iran shares borders with Russian states, and, as an ally in the region, could greatly improve the chances of Russia becoming the dominant presence in Asia it once was.

This chapter will examine briefly the history between Russia and Iran, illustrate the reasons that Russia initially pursued its current relationship with the Iranian regime, and finally show why Russia is unlikely to support any action by the international community which would result in hampering Iran's economic freedoms.

As the United States supported the Shah's regime in Iran prior to the Revolution in 1979, and then severed all ties with Iran during the Iran/Iraq War, Iran came to solidify its opinion of the United States as a duplicitous devil. The same opinion can be said to have developed concerning Russia, only its origins are much older. Like the United States, Russia also supported Iraq during the war, and Iran became completely outmatched in a war which cost the lives of hundreds of thousands of its citizens.<sup>30</sup>

As U.S. foreign policy has made it difficult to successfully engage the Iranian government concerning its nuclear ambitions, so to has international policy vastly clouded the way ahead in staving off the Iranian pursuit of nuclear technology. One of the largest suppliers of this technology to the Iranians- Russia- has been placed in a

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<sup>30</sup> Michael Eisenstadt, "Russian Arms and Technology Transfers to Iran: Policy Challenges for the United States," *Arms Control Today*, March 2001; 31, 2; Military Module p. 15 [http://www.armscontrol.org/act/2001\\_03/eisenstadt.asp](http://www.armscontrol.org/act/2001_03/eisenstadt.asp) (accessed May 5, 2006).

position in which it would be considerably less beneficial to adhere to the advice of the international community than to continue what has become an extremely lucrative relationship with Iran.

As with many of the Middle Eastern countries, foreign influence has created a great deal of strife and dissatisfaction. Iran is no exception to this observation, as the influence of the former Soviet Union since the turn of the 20<sup>th</sup> century has created a relationship between the two countries which is at the same time tenuous and confounding to the efforts of the rest of the world to successfully deal with Iran and its nuclear program.

## **B. STRANGE BEDFELLOWS**

This relationship between Russia and Iran can hardly be seen as originating out of common ideologies or pacific interaction. The strong ties that bind Iran and Russia are centered on money, and currently exist only out of necessity, as circumstances have left the two without other options for the type of commerce they demand. Iran has money, which Russia is in desperate need of, while Russia has conventional and non-conventional military technology, which Iran increasingly feels the need to obtain in order to provide for its own security. This need for security arises out of several centuries of betrayal, attacks and occupation of foreigners in the Middle East, much of which was Persian territory controlled by ancestors of contemporary Iranians.

Throughout the 20th century, Russia could be classified as an aggressor towards Iran, initially as a partner with Great Britain in 1907 and later as an occupier after World War II. The spheres of influence set up in Iran as a buffer between Germany and the rest of the region were only abandoned by the Russians a year after the end of the Second World War. The Russian occupation of its territory, however, only partly contributed to the sense of threat Iran felt in the region. During World War II, the Russian government, out of fear that the local population would aid a possible Nazi incursion into the region, forcefully deported the entire population of Chechnya to Kazakhstan and Siberia. Chechnya has been attempting to declare its independence from the Soviet Union since the 19<sup>th</sup> century, but after the collapse of the USSR in 1991, Russian troops have brutally quelled any insurrection in Chechnya in an effort to keep what is left of Russia intact.

This violence has been visited on a people that Iran sees as fellow adherents to Islam. Hundreds of thousands of civilians may have died in the wars between Chechnya and Russia, contributing to the Iranian idea that its northern neighbor is still quite capable of visiting great violence on a people.<sup>31</sup> This fear of the fallen superpower is what makes the relationship between Russia and Iran so strange, and at the same time points towards the unlikelihood of it being abandoned by either party. The successful transfer of military technology to the Iranians points towards the ability to overlook the violence meted out to Muslims in Chechnya, suggesting that there is very little that can derail the dealings between the two countries.

Russia is supplying surface-to-air missiles, long range/ large payload missiles and nuclear technology to a neighbor which has been the target of naked aggression, duplicitous policy and indirect attack for over two hundred years.<sup>32</sup> In 1800 Russia's Czar took over Georgia, a major territory in Iran which had been theirs for 100 years. The early 1900s brought Russian invasion and occupation. After establishing strong economic ties with Germany, 1940 brought a Russo-Anglo invasion of Iran, which had repeatedly declared its neutrality at the outbreak of the Second World War. The 1979 Iranian Revolution decried Russia and its persecution of Muslims within its borders. Then in the mid-eighties, Russia was a chief supplier of weapons and training to Iraq during the Iran/Iraq war, which resulted in the deaths of hundreds of thousands of Iranians.<sup>33</sup>

Iran has little reason to trust Russia, but rather has many reasons to want to either exact some sort of vengeance or ensure nothing resembling Russian aggression will ever again be visited upon it. Why then is such a lucrative relationship now being seen between two countries whom have been such strong antagonists in the past? The answer is that Russia has a surplus of exactly what Iran wants, and Iran is willing and able to pay

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<sup>31</sup> Human Rights Violations in Chechnya, <http://www.hrvn.net/htmls/references.htm> (accessed May 11, 2006).

<sup>32</sup> Andrew E. Kramer, "Russia to Sell Antiaircraft Missiles to Iran in Billion-Dollar Deal," *New York Times.com*, December 3, 2005, <http://select.nytimes.com/search/restricted/article?res=F30F15FD39550C708CDDAB0994DD404482>, (accessed May 11, 2006).

<sup>33</sup> Fariborz Mokhtari. 2005. "No One Will Scratch My Back: Iranian Security Perceptions in Historical Context," *The Middle East Journal*; Spring 2005; 59, 2; Research Library, 209.

handsomely for these products and services. Ironically, this phenomenon has been created by the very policies that Western nations, especially the United States, had doggedly pursued in the past. These Western nations now are attempting to remedy a problem that they inadvertently helped to create by urging the Soviet government to tear down that wall.

### C. ACTIONS AND REACTIONS

The dissolution of the Soviet Union at the end of the 20<sup>th</sup> century created an enormous advantage for the United States, as it removed from world influence the only superpower capable of challenging the United States militarily. The conventional and nuclear weapons of the Soviet Union would have, if utilized, decimated the United States and its Allies and caused incalculable destruction. The end of the Cold War brought with it a deep feeling of relief that the world no longer had to live under the threat of nuclear annihilation.

The concern that was birthed by this collapse, however, was centered on the question of what the vast but greatly under-utilized infrastructure in Russia would then do to support itself. The same companies and machinations that were once guaranteed a customer in the Communist regime faced obsolescence and bankruptcy once that customer no longer had the means or the motivation to continue investing in its military. The Soviet threat may have evaporated in 1991, but the manufacturers of the Soviet military machine found themselves able to peddle their wares on the open market, and there is no shortage of eager, and more importantly financially stable, customers seeking exactly the types of products that Russia could provide. Companies which were once forced to provide for the government in a Communist state now found that they could continue to produce the same product but also sell it for previously unattainable profits in a Capitalist market. “The Soviet Union’s collapse also unleashed its arms industry, which suddenly was willing to sell Iran systems- such as *Kilo*-class attack submarines and advanced naval mines- at bargain prices that the USSR never had. This meant that Iran could again indulge its own regional hegemonic aspirations.”<sup>34</sup>

The combined effect has been that the lure of easy money in a skyrocketing market has greatly complicated non-proliferation efforts with regard to missile and

<sup>34</sup> Pollack, 254.

nuclear technology. “The unfortunate combination of corporate greed, lack of bureaucratic restraint, and relaxed Russian views on proliferation means that Russia is in no position to be a reliable partner in the fight against proliferation, let alone to offer a solution to the problem.”<sup>35</sup> Iran, a country which feels threatened from all sides and jilted by conflicting policies of superpowers, has both the financial means and the internal motivation to remain one of the most voracious consumers of Russian weapons technology. In perfect harmony with this is Russia, which has vast knowledge and expertise in the field of military and nuclear technology, yet has no domestic demand for its product and very little in the way of a comparable international consumer base.

During the Iran/Iraq War in the eighties, Russia was a chief supplier of arms and technology to Iraq. Iraq gave The Soviet Union both a consumer for its wares and an ally in the region. United Nations sanctions against Iraq in 1990 after the invasion of Kuwait created the need for Russia to find another customer for its wares. Enter Iran. To the consternation of the United States, Russia has become the largest supplier of technology- both nuclear and conventional- to Iran. In the current debate concerning Iran’s motivation in pursuing nuclear technology, Russia has also emerged as one of the most vocal optimists, maintaining that there is no evidence that Tehran is pursuing nuclear weapons and that the Iranian nuclear program is within the rights of the country. “The latest steps taken by Iran have convinced us that Iran does not intend to produce nuclear arms, Putin said. In this context, we will continue cooperation with Iran in all areas, including the nuclear energy field, Putin said.”<sup>36</sup>

The United States has continuously maintained that Iran is pursuing nuclear weapons rather than simply attempting to develop energy resources for civilian applications.<sup>37</sup> Covert programs, rejection of IAEA protocols, incendiary rhetoric and threats against United Nations Security Council referrals lend credence to the idea that Iran is pursuing nuclear technology for more sinister purposes than energy. Russia has

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<sup>35</sup> Eugene Rumer, Dangerous Drift: Russia’s Middle East Policy, Policy Paper no. 54, Washington Institute for Near East Policy, xiii.

<sup>36</sup> “Putin: Iran Not Developing Nukes” CNN.com February 18, 2005 <http://www.cnn.com/2005/WORLD/meast/02/18/iran.russia/> (accessed May 11, 2006).

<sup>37</sup> U.S. Department of Energy, “US Powerpoint Presentation on Iran’s Nuclear Activities,” [http://www.carnegieendowment.org/static/npp/us\\_ppt\\_on\\_iran.pdf](http://www.carnegieendowment.org/static/npp/us_ppt_on_iran.pdf) (accessed May 11, 2006).

offered to supply Iran with the uranium necessary to operate the country's nuclear reactors, and then store the spent fuel in Russia to assure the world that Iran will not attempt to further enrich the uranium for military application. "On August 21, Russian Atomic Energy Minister Alexander Rumyantsev reported that agreement had been reached with Tehran providing for the return to Russia of all spent fuel: "We will return all the spent nuclear fuel, and it will not fall into anybody's hands but Russia's... Now we are completely legitimate."<sup>38</sup> Signed by Iran and Russia in February of 2005, this offer was supported by the United States, the EU-3 and the IAEA, but will only come into effect when the Bushehr reactor comes on line, which may not be until the end of 2006. Exporting spent fuel is one way to ensure that fuel does not become weapons grade, but Iran has all the ingredients located within its borders to practice the entire cycle, including domestically mined uranium. Russia may well be able to keep track of and dispose of all nuclear fuel that it exports to Iran, but Iran maintains that it will soon be able to create its own fuel in quantity.<sup>39</sup> Iran's actions in the past suggest that they are capable of continuing to dissimulate their activities on a large scale, and enriching their own yellowcake while utilizing foreign supplied fuel would not be comparatively complicated.

The Non Proliferation Treaty denies non-nuclear states the right to develop nuclear weapons. It does nothing to even discourage the development of peaceful nuclear technology which will be utilized for energy purposes. The problem that arises is that the paths to both are the same. All the equipment needed to create weapons grade nuclear material is the same as that needed to create electricity. The process towards creating Low Enriched Uranium is such that the same equipment can then be utilized- with significantly less effort or time- to produce the Highly Enriched Uranium that is needed for weapons applications. The Isfahan enrichment facility has been in operation for quite some time, and is not being inspected by the IAEA. Iran has the capability to make LEU, and without inspections will be able to feed it back into its facilities to produce HEU.

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<sup>38</sup> The Acronym Institute for Disarmament Diplomacy. 2002. "US Continues to Harry Russia on Export Policy," *Disarmament Diplomacy*, Issue No. 67, October - November 2002 <http://www.acronym.org.uk/dd/dd67/67nr12.htm> (accessed May 11, 2006).

<sup>39</sup> "Iran Announces It Has Enriched Uranium" Radio Free Europe/Radio Liberty.org, April 11, 2006, <http://www.rferl.org/featuresarticle/2006/04/C59B0997-AA09-4DEA-9894-D56DDB342179.html> (accessed May 11, 2006).

After stating that it would consider Russia's proposal for uranium enrichment, supply and disposal, Iran's latest statement was that it wanted Russia to explain the agreement more thoroughly. "The Russian proposal about Iran's nuclear activities has problems and ambiguities that need to be clarified in further talks," Iran's top nuclear negotiator, Ali Larijani, told Igor Ivanov, who heads the Russian Security Council, in a telephone conversation Thursday, state-run television reported. Larijani did not specify the problems."<sup>40</sup> Iran in the past has suggested more talks and more time, and is considered by some to be stalling for time.

The Uranium Conversion Facility (UCF) located in Isfahan represents one of the most ambiguous aspects of the Iranian claims towards a peaceful application of its nuclear program. It is unlikely, however, that there will be any accountability as to how much fuel Iran is making on its own soil. Isfahan would lose its usefulness if Iran accepts fuel from Russia in addition to disposal services. It also seems unlikely that Iran would ever agree to receiving fuel from Russia after investing so much into the technology and facilities essential in making its own fuel. Past experience and recent revelations concerning Iran's ability to carry on with large clandestine projects raise serious doubts as to the possibility of discovering the use of fuel about which the United Nations or the rest of the world has no knowledge. "What is important for us is that we be entrusted to carry out enrichment in Iran. As for participation by other countries in Iran's uranium enrichment programme, we will consider it if there is any proposal."<sup>41</sup> Domestic enrichment raises its own concerns; however, as the supply of uranium in Iran is insufficient to power the facilities Iran has announced it will build for even close to their life-expectancies. "Setting economics aside, even if speculative uranium deposits in Iran are assumed and included, Iran is not close to possessing sufficient uranium to fuel seven 1000 MWe for their lifetime. It is thus impossible for Iran to avoid dependence on a foreign supplier for its uranium fuel."<sup>42</sup>

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<sup>40</sup> "World in Brief," *The Washington Post*, December 30, 2005, <http://proquest.com/> (accessed May 11, 2006).

<sup>41</sup> "Iran Rejects Compromise Nuclear Deal," Al Jazeera.net, November 12, 2005, <http://english.aljazeera.net/NR/exeres/587F873D-19B8-4372-A1A0-4271C9A1ABD8.htm> (accessed May 5, 2006).

<sup>42</sup> U.S. Department of Energy.

Iran has maintained that it is their right to create the entire cycle within their borders,<sup>43</sup> even going so far as to say that they would share their expertise with their neighbors.<sup>44</sup> This is unacceptable to the United States, as it considers Iran to be irresponsible and further proliferation of any nuclear technology in the Middle East Region would likely lead to the nuclear armament of terrorists operating out of that region. “State Department spokesman Adam Ereli told a briefing, “Iran, as its record demonstrates, has a long history of trying to develop weapons of mass destruction, supporting terror. We view with concern any suggestion that Iran would seek to contribute to very destabilizing and unhelpful international behavior.””<sup>45</sup>

Recently however, Iran has come out with possibly encouraging statements concerning Russia’s offer of Iranian enrichment and disposal on Russian soil.<sup>46</sup> This is some of the most mollifying discussion to date, and if accepted, would go a long way towards convincing the world that Iran does not seek material for nuclear weapons.

#### **D. INTENTIONS CANNOT BE PROSECUTED**

Admittedly, the evidence against Iran is circumstantial, as there has been no discovery of domestically produced highly enriched uranium in Iran. The government’s behavior, however, is truly damning, pointing to a widespread policy of duplicity and covert projects that only began to be uncovered in 2002, with the revelation of the Natanz and Arak facilities by the National Council for Resistance to Iran (NCRI). Why, then, does the Russian government make little or no effort to condemn the activities of Iran? The answer lies in the billions of dollars that Iran pays Russia for nuclear energy and conventional weapons technology. “The creation of an independent Russian Federation after the collapse of the USSR was accompanied by a change in Middle East arms supplies policy. Russia’s financial needs became a much more important factor in decisions to sell military equipment. At the same time, the arms industry emerged as a

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<sup>43</sup> “Iran Will Welcome Proposal for Enrichment Inside Iran, Larijani,” IRNA.ir, <http://www.irna.ir/en/news/view/line-22/0512059184172145.htm> (accessed May 11, 2006).

<sup>44</sup> David R Sands, “Tehran Offers Nuclear Expertise.” *The Washington Times*, <http://www.washtimes.com/world/20050915-112917-3434r.htm> (accessed May 11, 2006).

<sup>45</sup> Ibid.

<sup>46</sup> “Iran to Study Russian Nuclear Offer” Al Jazeera.net, December 28, 2005, <http://english.aljazeera.net/NR/exeres/35A776BD-E7B8-45D8-9284-BE9ECC5E1C0B.htm> (accessed May 11, 2006).

semi-independent lobby in promoting such sales.”<sup>47</sup> Due to the dual use nature of much of the equipment Russia is providing, it is very difficult to prove that the technology is being used to develop weapons, and as long as the Russian government continues to deny harboring any suspicion to the contrary, Russia can continue to legitimately provide Iran with nuclear technology and equipment. The IAEA has made taken no concrete steps to suggest action even after finding the regime in violation of its obligations under the Non-Proliferation Treaty (NPT), lending a great deal of leverage to the Russians in their dealings with Iran. Until the United Nations or at least the IAEA make official denouncements of Iran finding the projects there to be in violation of international treaties, Russia is free to pursue whatever policy it wishes in regards to Iran, and currently that policy focuses on making money, certainly not attempting to curtail the proliferation of nuclear know-how. In light of the eight hundred million dollar contract signed between the two countries to build a light water reactor in Bushehr, as well as the possible billions more dollars to be had in future projects, it is certainly in the best interests of Russia to maintain its nuclear relationship with Iran.

Not only is it in the best interests of Russia economically to maintain trade with Iran, it is entirely possible that the government has very little say in the situation. The Ministry of Atomic Energy (MINATOM) was one of the most powerful institutions in Russia prior to its replacement by the Federal Atomic Energy Agency in 2004. MINATOM’s great influence and power was owed in large part to the vast numbers of unemployed nuclear-field workers left over from Soviet days. “Its precarious financial condition and the memory of its privileged status in the Soviet days have given MINATOM’s leadership a powerful political weapon. The agency’s top officials, as custodians of the nation’s nuclear patrimony and representatives of hundreds of thousands of disgruntled workers and their families, claim to speak on behalf of an important political constituency.”<sup>48</sup> MINATOM was granted a certain autonomy in deciding who it would involve itself with, and the Russian government is not complaining that Iran has become a partner. President Putin has more motivation to keep

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<sup>47</sup> Paul Rivlin November 2005. The Russian Economy and Arms Exports to the Middle East Memorandum no. 79. p. 33. Jaffee Center for Strategic Studies, Tel Aviv University.

<sup>48</sup> Eugene Rumer, Dangerous Drift: Russia’s Middle East Policy, Policy Paper no. 54, Washington Institute for Near East Policy, xiii.

his people employed and earning than he does to sever ties with one of the largest sources of revenue he has at his disposal. Reneging on his deal with Iran to produce nuclear reactors would eliminate the enormous influx of revenue it is generating, but at the same time it would eliminate the thousands of jobs his people are currently working there, as well as the prospect for thousands more jobs in the future, as Iran has stated that they will likely continue to build reactors throughout the country. “Russia is building the Bushehr plant as part of a deal that could bring Moscow additional, similar construction projects in the future. Last year the head of the Russian Federation’s Atomic Energy Agency said that Russia may build seven more nuclear plants in Iran.”<sup>49</sup> The head of Russia is now a popularly elected official, and has to worry about reelection, which before the collapse was not nearly as much of a concern. Creating gainful employment for thousands who suddenly found themselves without work after the fall of the Soviet Union would significantly add to Putin’s popularity.

#### **E. PURSUING WORLD-POWER STATUS**

Russia also sees in Iran a route to regional dominance. The country’s society and economy has been in a continuous decline since the dissolution of the Soviet Union in the last part of the twentieth century, while the United States has steadily increased its influence over the entire globe. Continued normal relations with Iran, seen as the most powerful force in the Middle East, will greatly aid Russia’s pursuit of power in the region. This power that Russia seeks arises out of the increasing leaning towards the way the country functioned under the Soviet model. “The task of reforming a nation crippled and demoralized by decades under an inhuman regime proved insurmountable.”<sup>50</sup> The upheaval caused by the collapse of the Soviet Union over a decade ago is still sharply felt throughout Russia. The failure of the new government to adequately care for its people has given rise to a resurgence of state-controlled institutions and policies. The United States recently made accusations suggesting that the Russian government was slipping back into a Soviet mentality, sacrificing the steps it has taken towards democracy in order to solidify its position as an energy giant. “...in Russia today, opponents of reform are

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<sup>49</sup> Golnaz Esfandiari. “Iran: Tehran Says Nuclear Deal with Russia to Be Signed Next Week,” Radio Free Europe/Radio Liberty.org, February 18, 2005 <http://www.rferl.org/featuresarticle/2005/2/42C8E41B-90B9-48CA-99CC-1DCDBDD738AD.html> (accessed May 11, 2006).

<sup>50</sup> Marsha Lipman, “Fear of the West in Russia,” *The Washington Post*, May 2, 2006, <http://proquest.com/> (accessed May 11, 2006).

seeking to reverse the gains of the last decade. In many areas of civil society -- from religion and the news media, to advocacy groups and political parties -- the government has unfairly and improperly restricted the rights of her people. No legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation.”<sup>51</sup> Russia’s apparent lack of interest in the Iranian nuclear showdown is in keeping with the idea that Russia is more interested in generating revenue than in the possible ramifications of a nuclear-armed Iran.

Russia’s path to an influential status is greatly aided by the unstable international oil market. This is because Russia needs higher prices for oil in order to overcome the comparatively high costs it has for delivery of oil from its remote sources. Not only is Russia a consumer of oil- it is also a producer. Russia is the second largest producer, and more importantly, the second largest exporter- of oil to the world market.<sup>52</sup> The current unpredictability of the situation in the Middle East has effectively kept the price of oil on the international market high, with record prices having become the norm in the last several months. This translates into excellent profits for most exporters. The Middle Eastern oil exporting countries can still turn a healthy profit when oil prices are lower, as they do not have to invest as much as other countries in transportation costs. Russia, on the other hand, has to transport it’s oil a much longer distance over rougher terrain in order to get it to refining and distribution centers, which drives up the cost, in turn reducing profit margins. It is for this reason that Russia would prefer to see the price of oil high, as Russia benefits greatly from the higher oil prices which result from uncertainty in the oil market. This uncertainty currently is rampant due in large part to the Iranian nuclear dilemma- the possibility of sanctions removing Iran’s oil from the market make speculators drive up the prices in anticipation of a smaller supply in the face of growing demand.

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<sup>51</sup> Dick Cheney, “Vice President's Remarks at the 2006 Vilnius Conference,” May 4, 2006, <http://www.whitehouse.gov/news/releases/2006/05/20060504-1.html> (accessed May 11, 2006).

<sup>52</sup> Energy Information Administration, “Top World Oil Tables, 2004,” [http://www.eia.doe.gov/emeu/cabs/topworldtables1\\_2.html](http://www.eia.doe.gov/emeu/cabs/topworldtables1_2.html) (accessed May 23, 2006).

Russia has shown signs that it is willing to resort to extreme measures to prove that it retains influence in the East, especially in the energy sector.<sup>53</sup> The Iranian nuclear showdown is an excellent opportunity for Russia to extend and strengthen its relations with a close neighbor who is both vehemently anti-Western and in possession of the power to subvert the power of the West in the Middle East. Maintaining a soft approach to Tehran both shows opposition to the west at the same time it cultivates cooperation with the Iranian regime. Further evidence which would suggest Russia is attempting to garner stronger relations in the Middle East can be seen in Moscow's breach with the international community concerning the newly elected government in Palestine. Labeled a terrorist organization by much of the world, Hamas has pledged itself to the destruction of the Israeli state. When Hamas won control of the Palestinian Parliament in 2006, the United States, along with the European Union, withdrew financial aid to the country, stating that the newly elected government would have to renounce violence and recognize Israel as a legitimate state in order to continue to qualify for that aid. Both Iran and Russia have subsequently pledged to provide Hamas with financing.<sup>54</sup>

The influence the United States could exert over Russia under the leadership of Boris Yeltsin is no longer viable under Vladimir Putin- the vast amounts of financial aid that the United States poured in to the failed country after its collapse can now be found elsewhere. Moscow has found a source of energy and financial gain in a country which shares its traditional antagonistic attitude towards the United States, so it no longer has the incentive to kowtow to the United States. Evidence that this is happening, as illustrated by the turnaround in policy exercised by Putin in his most recent years in office, is decried in the NSS of 2006. "Recent trends regrettably point toward a diminishing commitment to democratic freedoms and institutions. We will work to try to persuade the Russian Government to move forward, not backward, along freedom's

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<sup>53</sup> Andrew Kramer. "Putin Talks of Sending Oil to Asia, Not Europe," *New York Times*, April 27, 2006, <http://proquest.com/> (accessed May 11, 2006).

<sup>54</sup> "Palestinians to Get Russian Aid," British Broadcasting Company.co.uk April 16, 2006 [http://news.bbc.co.uk/1/hi/world/middle\\_east/4911310.stm](http://news.bbc.co.uk/1/hi/world/middle_east/4911310.stm) (accessed May 11, 2006).

path.”<sup>55</sup> The policies and rhetoric Vladimir Putin espoused early in his career have given way to another, much more focused goal- that of once more establishing itself as a world power.<sup>56</sup>

## **F. CONCLUSION**

Russia has no reason to end its dealings with Iran. The economic needs of the country demand a continued influx of foreign capital, and Russia is in a position to provide services that command a high price at least in Iran if not on the world market. The most dedicated pursuants of these services right now is Iran, and they have not been conclusively shown to be developing nuclear weapons, so no international legal action can be taken against them. As the United States has no way of providing any sort of compensation to Russia that could compare with the financial windfall that is realized with weapons and technology sales to Iran, it is unlikely that Russia can be convinced that sanctions are the best way to deal with the problem.

During the Cold War, Russia’s economy relied on a military-oriented government, with nuclear and military technology as its chief pursuits. Some would argue that the military infrastructure Russia had developed actually surpassed the United States in scope, and now that equipment and technology can no longer be supported by the government. The wealth of nuclear equipment and knowledge in Russia was, and continues to be, enormous as well. No longer able to employ the vast numbers of nuclear scientists and manufacturers it once could, the Russian government has had to allow for the export of technology that was once jealously guarded. A lack of domestic demand has forced those nuclear specialists to seek compensation for their skills elsewhere. Russia has found in Iran the means to market the commodities it has focused upon for decades, but no longer has a demand for.

The Iranian nuclear dilemma also promotes instability on the international energy market, while in turn this instability promotes anticipatory speculation, which is one of the factors, which drives up oil prices. Russia sees more profit from these higher prices,

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<sup>55</sup> The White House, National Security Strategy of The United States of America, (Washington DC: GPO 2006), 39.

<sup>56</sup> Vladimir Milov. “How Sustainable is Russia’s Future as an Energy Superpower?” CEIP, March 16, 2006, <http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=860&&prog=zru> (accessed May 11, 2006).

and the least demanding method of keeping those prices high is to- albeit passively- maintain an atmosphere which directly results in instability. Russia is doing nothing to actively destabilize the region, but neither is Moscow interested in taking steps which would at the same time greatly reduce uncertainty and effectively eliminate a major source of its income.

True to the Realist theory, Russia sees in Iran a partner with which it can pose a united front against the influence of the United States in the western hemisphere. Cooperation with Iran strengthens Russia with a continued influx of revenue while at the same time helping to create an ally in Iran with the very real possibility of becoming the dominant state in the Middle East.

### III. CHINA'S ECONOMIC JUGGERNAUT

#### A. INTRODUCTION

The reforms implemented by China over the past several decades have allowed for unprecedented growth in the Chinese economy. China has for some time been selling military technology to Iran in an effort to solidify relations between the two countries and to allow Iran to become self-sufficient in developing its own missile technology. What obligations does Beijing feel towards international opinion concerning the perniciousness of Iran's nuclear program? This chapter explores the dealings China has with Iran and suggests that China has acted and will continue to act in its own best interests regarding Iran, and that those best interests ultimately involve allowing Iran to continue on its current path to achieving the full nuclear cycle within its borders. China's civil relationship will be summarized first, followed by an analysis of China's growing dependence on Iran for its energy needs. Finally, China's transfers of military technology to Iran will be considered as an illustration of the extent of the cooperation between the two countries.

"China has been increasingly supportive of the nonproliferation of weapons of mass destruction, eager to be viewed as a "responsible stakeholder" within the international community. At the same time, however, China's economic boom has resulted in an energy thirst that is now affecting Beijing's foreign policy."<sup>57</sup> The pace at which China's economy has been growing over the past several decades makes inescapable the truth of this statement, and China will be hard pressed to put this growth at risk by adopting an aggressive policy towards Iran at the behest of the United States and the United Nations.

China's economy is one of the fastest growing in the world. With a population of one-point-three billion people, China is able to field a workforce of over seven hundred and ninety million, or almost three times the entire population of the United States.<sup>58</sup> The

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<sup>57</sup> Dingli Shen, "Iran's Nuclear Ambitions Test China's Wisdom," *The Washington Quarterly*, Washington: Spring 2006. Vol. 29, Iss. 2; p. 55.

<sup>58</sup> Central Intelligence Agency, "World Factbook: China," <http://cia.gov/cia/publications/factbook/geos/ch.html>, (accessed May 31, 2006).

Communist government in China is desperately holding the reigns of what many consider the fastest growing economy in the world and what has officially become the second largest economy as of 2005.<sup>59</sup> This growth has come about due to extreme reforms set in motion decades ago, and has set China on a fast track to economic dominance on the world stage. No longer a purely Communist state, China has entered the world market and allowed for privatization of a large portion of its industry. As an illustration of the rise of the Chinese economy, one can look at the trade relationship between it and the United States since the inception of trade reform in China. "...from 2001 to 2004, U.S. exports to China increased nearly eight times faster than U.S. exports to the rest of the world, and China rose from our ninth largest export market in 2001 to our fifth largest export market in 2004...In 2004, imports from China totaled \$197 billion, nearly double the total for 2001, and China is now the United States' second largest supplier of imported goods and our third-largest trading partner."<sup>60</sup> The efforts at reform in China have resulted in rapid growth for China, but also an unprecedented dependence on the outside world for continued growth.

Among the problems that China faces due to the frenetic pace of its growth are a possible recession and an increasing dependence on external sources of energy. As Beijing attempts to address the former, it finds itself increasingly in competition with the rest of the world over the latter.

## **B. SINO-IRANIAN RELATIONS**

Relations between Iran and China date back to the early twentieth century, when both countries established diplomatic ties with each other after the end of dynastic rule in China. Iran was one of the first Middle Eastern countries to recognize the new government in China.<sup>61</sup> This was the start of what has been a relationship marked by positive and negative attitudes towards one another.

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<sup>59</sup> Central Intelligence Agency, "World Factbook: China," <http://cia.gov/cia/publications/factbook/geos/ch.html>, (accessed May 31, 2006).

<sup>60</sup> E. Anthony Wayne, "China's Emergence as an Economic Superpower and Its Implications for U.S. Business," May 25, 2005, <http://www.state.gov/e/eb/rls/rm/2005/46950.htm> (accessed May 31, 2006).

<sup>61</sup> Bates Gill, "Chinese Arms Exports to Iran," *Middle East Review of International Affairs*, Vol. 2, Number 2, May 1998, <http://meria.idc.ac.il/journal/1998/issue2/jv2n2a7.html> (accessed May 30, 2006).

With the formation of the People's Republic of China (PRC) in 1949, diplomatic ties between the two countries were discontinued. As competition for dominance in Asia and differing opinions concerning the nature of Communism kept China and Russia at odds in the nineteen sixties and nineteen seventies, China looked on Iran as a useful tool with which to weaken Russia's presence in the region. China was even then willing to risk the ire of the rest of the world in order to maintain close ties with Iran, especially as the Soviets had established their presence in Afghanistan in 1979. The 1980 vote at the United Nations in response to the hostage crisis in Iran was abstained by China<sup>62</sup>, an illustration of the importance China had placed on continued relations with the country even in the face of its blatant transgressions.

China's relations with Iran have in recent years taken on very real form, with cooperative projects on infrastructure in Iran being carried out by Chinese companies.<sup>63</sup> China is looking to the future in creating its deals with Iran, as the agreements are normally long-term and involve Chinese assistance in development of the facilities from which energy, be it in the form of oil or natural gas, is produced, refined or delivered. In this way, deals between China and Iran are not limited to simply purchasing Iranian oil for consumption in China. These extremely lucrative deals usually entail China's companies furthering the exploitation capabilities of the Iranians, succeeding in not only delivering China's much needed energy demands, but at the same time giving Iran more capability to harvest its natural resources for sale on the international market. "Iran will also export 150,000 barrels of crude per day to China after Sinopec has developed the Yadavaran field, Xinhua reported. It valued the deal at \$70bn (£38bn)."<sup>64</sup> The Yadavaran oil field in Iran is one of the largest reserves Iran has, and through this deal China has ensured that it continues to receive shipments of this oil from Iran for years to come.

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<sup>62</sup> Kenneth Katzman, "Iran: Arms and Technology Transfers," Congressional Research Service, January 26, 2001, <http://www.ceip.org/files/projects/npp/pdf/iranarmsjan2001.pdf> (accessed May 30, 2006).

<sup>63</sup> NORINCO.com, "NORINCO Gained the Contract of Iran Electrified Railway Project," April 24, 2005, [http://www.norinco.com/c1024/english/newscenter/content\\_23.html](http://www.norinco.com/c1024/english/newscenter/content_23.html) (accessed May 30, 2006).

<sup>64</sup> "China to Develop Iran Oil Field," BBC.co.uk, November 1, 2004, <http://news.bbc.co.uk/2/hi/business/3970855.stm> (accessed June 7, 2006).

Sino-Iran relations also include new cooperative projects in the satellite communications sector. A recent delivery of a Very Small Aperture Terminal (VSAT) communications systems to Iran will allow Iranian oil companies the ability "... to provide voice, data and video transfer service for the Iranian oil company along its crude oil pipelines in the country's 15 provinces."<sup>65</sup> This illustrates the commitment China has in securing the transfer of oil out of Iran and into China by giving Iran a reliable means of monitoring its growing energy distribution infrastructure.

### **C. ENERGY BLACK HOLE**

The reforms in China's economic sector over the past decades have created in the country a massive increase in demand for energy resources. This growth is only expected to continue, with total Chinese energy consumption seen as growing between four and five percent at least until the year 2015. This is in comparison to the one percent increase in energy consumption for other industrialized nations over the same period.<sup>66</sup>

#### **1. Oil**

Rocketing from consumption of one-point seven million barrels per day in 1980 to five-point five million barrels per day in 2003, China's growth has been consistent and remarkable.<sup>67</sup> Once able to sustain its economy on domestic production, however, China now is forced to look outside its borders for resources. It became a net oil importer in 2003, as its demand outstripped its domestic production capabilities.

As the second leading supplier of oil to China, Iran's position on China's list of friends is assured. With a fourteen percent share in China's oil imports, Saudi Arabia is the only country more heavily invested in this ravenous consumer.<sup>68</sup>

As the second most demanding nation in oil consumption, China is in no position to threaten Iran with sanctions on the one product that is essential to the continued growth of Beijing's economy. "...given its growing oil dependency, it seeks increasingly to

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<sup>65</sup> "China Exports Telecom Project to Iran," ChinaDaily.com.ch, May 31, 2006, [http://www.chinadaily.com.cn/bizchina/2006-05/31/content\\_605067.htm](http://www.chinadaily.com.cn/bizchina/2006-05/31/content_605067.htm) (accessed June 1, 2006).

<sup>66</sup> Energy Information Administration, "China's Energy Demand Now Exceeds Domestic Supply," <http://www.eia.doe.gov/emeu/cabs/china/part2.html> (accessed May 30, 2006).

<sup>67</sup> Energy Information Administration, "World Petroleum Consumption," International Energy Annual 2003, <http://www.eia.doe.gov/emeu/international/oilconsumption.html> (accessed May 30, 2006).

<sup>68</sup> Robert E. Ebel, China's Energy Future: The Middle Kingdom Seeks Its Place in the Sun, with a foreword by James Schlesinger, (Washington, D.C.: The CSIS Press, 2005), 45.

find- and to control- sources of supply abroad.”<sup>69</sup> China’s actions with regard to Iran- establishing at least partial interest in the source as well as contracting for long-term purchasing of the product- is the most concrete illustration of the nature of the relationship between the two countries, as well as a signal that China is unlikely to give up these investments in order to please the West.

## **2. Natural Gas**

The South Pars natural gas field, jointly owned by Iran and Qatar, represents sixty percent of Iran’s reserves and almost seven percent of the world’s reserves. Iran’s estimated total reserves of natural gas, which are second only to Russia’s reserves, range from nine hundred thirty- to nine hundred ninety trillion cubic feet.<sup>70</sup>

In 1982, China consumed three hundred eighty-one billion cubic meters of natural gas. By 2004, this number had skyrocketed along with the rates for other sources of energy. Consuming one point three trillion cubic feet in 2004, the country more than tripled its consumption rate. This rate is only expected to increase. “Overall natural gas consumption in China is projected to grow at an average annual rate of 7.8 percent, from 1.2 trillion cubic feet in 2002 to 6.5 trillion cubic feet in 2025.”<sup>71</sup> This means that China will be forced to import more and more gas from other countries long into the future. Possessing the second largest natural gas reserve in the world, Iran is certainly a country with which China needs to remain on close terms with.

As part of the Yadvaran oil field deal signed between Iran and China, in which China gained a majority stake in the field, China agreed to purchase ten million tons of Liquefied Natural Gas from Iran over several decades. The deliveries have not yet started, as Iran must first acquire the ships with which to transport the gas to China. Predicted to begin in 2009, however, the deal could be worth one hundred billion dollars

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<sup>69</sup> Robert E. Ebel, China’s Energy Future: The Middle Kingdom Seeks Its Place in the Sun, with a foreword by James Schlesinger, (Washington, D.C.: The CSIS Press, 2005), viii.

<sup>70</sup> Energy Information Administration, “World Proved Reserves of Oil and Natural Gas, Most Recent Estimates,” <http://www.eia.doe.gov/emeu/international/reserves.xls>, (accessed May 31, 2006).

<sup>71</sup> Energy Information Administration, “International Natural Gas Analysis to 2025,” [http://www.eia.doe.gov/oiaf/ieo/pdf/nat\\_gas.pdf](http://www.eia.doe.gov/oiaf/ieo/pdf/nat_gas.pdf), (accessed May 31, 2006).

to Iran. Obviously, the terms of this enormous deal show that the two countries are considering and planning for a long-term relationship concerning energy trade, and it is unlikely that this relationship will be voluntarily interfered with.

#### **D. MILITARY COOPERATION**

China has also found a customer for other types of military technology in Iran, including ballistic and cruise missiles. If Iran is indeed pursuing a nuclear weapons capability, it would follow that the regime will also be seeking the means to deliver a nuclear payload via ballistic missiles. Much of the technology China has provided Iran is related to the testing and production of ballistic missiles.

China has been providing material and technology to the Iranians for years. This is a lucrative arrangement that has continued in the face of U.S. opposition. U.S. denunciation of these deals has been demonstrated by sanctions on Chinese technology companies at various times over the past decade. “During the 1990s, China made substantial progress in adopting international nonproliferation norms, joining international agreements, and controlling exports of sensitive goods and technologies. Yet, throughout that period, China still had the reputation of being an indiscriminate proliferator, willing to sell almost anything to anybody.”<sup>72</sup>

China’s sales of military technology have been varied and extremely helpful to the Middle Eastern nation. These sales range from anti ship cruise missiles to short and long range ballistic missiles to a more recent trend of sharing dual use technology.

The most noted transfers came about as a result of the Iran/ Iraq war in the latter part of the twentieth century. China supported both sides against each other with sales of Silkworm and C-801 anti-ship missiles to both Iran and Iraq.<sup>73</sup>

As recently as 2003, China completed deals with Iran on ballistic missile development technology which moved Iran closer to becoming self sufficient in producing its own missiles.<sup>74</sup>

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<sup>72</sup> Robert J. Einhorn, “Statement before the Commission on U.S.-China Economic and Security Review,” July 24, 2003, <http://www.csis.org/media/csis/congress/ts030724einhorn.pdf> (accessed May 30, 2006).

<sup>73</sup> Bates Gill, “Chinese Arms Exports to Iran,” *Middle East Review of International Affairs*, Vol. 2, Number 2, May 1998, <http://meria.idc.ac.il/journal/1998/issue2/jv2n2a7.html>, (accessed May 30, 2006).

China is helping Iran to gain the ability to produce its own delivery systems for large payloads.

Among the most disturbing trends in Sino- Iranian relations is the transfer of technology that would enable Iran to carry out its own indigenous research and development of large payload missiles.<sup>75</sup> "...the two nations have advanced from a straightforward seller/buyer relationship to one of technology transfer and co-ordinated weapons co-development."<sup>76</sup> Control of proliferation can be demonstrated through sanctioning offending institutions, but this ability would become impotent if Iran were able to simply produce its own military technology.

## **E. CONCLUSION**

China's economy is on a path to becoming one of the most amazing success stories in modern times. With unprecedented growth and investments and projects in all corners of the world, China certainly is an economic success story. In order to maintain this growth, Beijing will have to both reign it in somewhat and maintain access to the boundless supplies of energy it will continue to demand. Middle Eastern oil and natural gas are two forms of energy which Iran has in abundance, which are readily accessible and are exactly what China needs to fuel its development.

Removing Iranian energy from the world market through sanctions originating out of the UNSC would be severely detrimental to the chances of China either remaining at its current levels of production or maintaining this growth. China has for decades shown the world that it is willing to supply Iran with restricted technology. This policy began and flourished when the only benefits were an external source of income and a partner in containing the Soviet Union. The Chinese position in Asia is no longer threatened by the Soviet Union- Russia is struggling in its own way to once again become a presence on the continent. China no longer requires the aid of Iran to remain dominant in the region.

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<sup>74</sup> Central Intelligence Agency, "Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions," [http://www.cia.gov/cia/reports/721\\_reports/july\\_dec2003.htm#15](http://www.cia.gov/cia/reports/721_reports/july_dec2003.htm#15), (accessed June 1, 2006).

<sup>75</sup> Nuclear Threat Initiative, "China's Missile Exports and Assistance to the Middle East" <http://www.nti.org/db/china/mmepos.htm> (accessed May 30, 2006).

<sup>76</sup> John Hill, "China, Iran Forge Closer Ties," *Jane's Intelligence Weekly*, May 1, 2005, [http://www4.janes.com.libproxy.nps.navy.mil/subscribe/jir/doc\\_view.jsp?K2DocKey=/content1/janesdata/mags/jir/history/jir2005/jir01236.htm@current&Prod\\_Name=JIR&QueryText=](http://www4.janes.com.libproxy.nps.navy.mil/subscribe/jir/doc_view.jsp?K2DocKey=/content1/janesdata/mags/jir/history/jir2005/jir01236.htm@current&Prod_Name=JIR&QueryText=) (accessed May 30, 2006).

What China now depends on Iran for is no less than it's continued survival- a continued energy partner willing to provide for the ever growing needs of Chinese industrialization and development. It would be foolhardy for China to bite the Iranian hand that feeds it with any sort of punitive action.

While maintaining that Iran should not be allowed to develop nuclear weapons, Beijing at the same time has espoused a somewhat kid-glove approach to dealing with Tehran's continued defiance. China has opposed the reporting of the issue to the UNSC, instead maintaining that the problem be handled by the IAEA.<sup>77</sup> This suggestion is an illustration of China's wish that nothing be done to Iran that could result in serious economic consequences, as the IAEA is simply a "watchdog" for the United Nations, and has no power to take punitive action against a non-compliant state outside referring the matter to the United Nations.

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<sup>77</sup> Zhang Yan, "Statement by Ambassador on Iranian Nuclear Issue," September 30, 2004, <http://www.fmprc.gov.cn/eng/wjb/zzjg/jks/kjfywj/t162955.htm> (accessed June 1, 2006).

## **IV. INDIA'S CONVENIENT NEIGHBOR**

### **A. INTRODUCTION**

What incentive does India have for cooperating with the United States and the international community in preventing Iran from achieving a complete and indigenous nuclear cycle? The answer is “none.” This chapter will show that there is no reason for India to support the policies of the EU-3, the United States or the United Nations concerning the Iranian nuclear crisis. On the contrary, the benefits of continued cooperation with India to the Indian economy dictate that India will stop short of supporting any type of punishment which would remove Iranian energy exports from the world market.

In this chapter, India's relationship with the Middle Eastern state will first be discussed, followed by an analysis of India's burgeoning economy and the associated energy shortfalls India is experiencing. Finally, the implications of one of the major proposals for cooperation between the two countries- the natural gas pipeline from Iran, through Pakistan and ultimately into India- will be examined.

India's economy is growing at a pace comparable to China. Currently enjoying both the benefits and challenges of a booming economy, India faces a problem in the dearth of natural resources located within its borders. This situation puts India an untenable position regarding involvement in the Iranian nuclear standoff. If India were to agree to any type of punitive measures against the regime in Iran, it would face the very real possibility of undermining its chances at continued prosperity. Iran, as one of the largest producers of both oil and natural gas in the world, is invaluable to most of the energy consuming world, but especially so to a country possessed of such a rapidly expanding economy as India's- an economy dependant on external sources of energy.

Similar to China, India depends a great deal on external sources of energy. India differs somewhat from China, however, in the type of resources it seeks. India is a major consumer of natural gas, with a consumption rate predicted to grow continually in the foreseeable future. Discoveries of relatively large deposits of natural gas within its own

borders have been exploited, but are not expected to keep pace with demand, forcing India to continue its search for reliable external sources for its energy needs.<sup>78</sup> Iran could prove to be one of its largest suppliers.

Aside from the economic advantages of importing Iranian oil, a continued civil relationship with Iran and the rest of the Middle East is in line with India's growing influence on the world stage. As a rising power, it is in the interests of New Delhi to remain on positive terms with other powerful nations in the region. Iran, although labeled as a rogue supporter of terrorism and a human rights abuser, is nonetheless a strong presence in both the Middle East and the world.

This chapter will consider India's growing economy and how foreign energy sources-particularly Iran's -are essential to continued growth in India. Next will be an analysis of the relations between Iran and India to the present day. Finally, a presentation of the reasons India has for continued stable relations with Iran will be made.

## **B. INDO-IRANIAN RELATIONS**

India and Iran have a history consisting of more than energy needs. Even decades after the partition of the country along religious lines, Muslims still account for the second largest religious group in the country. Shias make up a percentage of India's Muslim population, giving Iran and India another common bond. "I would say Iran is the largest Shia Muslim country in the world. We (India) have the second largest Shia Muslim population in our country and I do believe that thanks to our unique history we can be a bridge."<sup>79</sup> India's Prime Minister sees religious ties with Iran, adding strength to the justification of cooperation between the two countries.

Foreshadowing the attention that the two countries would dedicate to energy cooperation, Iran and India signed the Tehran Declaration in 2001. Addressing terrorism, the situation in Afghanistan, nuclear disarmament and regional cooperation, the Declaration specifically stated the two countries would pursue the exchange of energy technology. "The geographical situation of Iran and its abundant energy resources along

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<sup>78</sup> Energy Information Administration, "Country Analysis Briefs: India" <http://www.eia.doe.gov/emeu/cabs/India/NaturalGas.html> (accessed 18 May 2006).

<sup>79</sup> "Iran is the Largest Shia Muslim Country... We Have the Second Largest Shia Muslim Population... We Can be a Bridge" *TheHinduExpress.com*, July 25, 2005, [http://www.indianexpress.com/res/web/pIe/full\\_story.php?content\\_id=75028](http://www.indianexpress.com/res/web/pIe/full_story.php?content_id=75028) (accessed May 19, 2006).

with the rapidly expanding Indian economy and energy market on the other, create a unique complementarity which the sides agree to harness for mutual benefit. In this context they agreed to accelerate the process of working out an appropriate scheme for the pipeline options and finalising the agreement reached on LNG.”<sup>80</sup> This agreement is early and concrete evidence that India and Iran profess to be of like minds concerning important issues on the world stage, and are willing to overlook fundamental differences in order to reap the benefits of continued close ties. Iran, as a mostly Muslim country, puts less emphasis on the fact that India is a Hindu country at odds with Pakistan, another Muslim country, than on the fact that India is a prime customer for energy. India is willing to set aside Islamic fundamentalist rhetoric on the part of the Iranian regime in order to secure a long-standing commitment from an energy rich neighbor.

Again in 2003, India and Iran signed another agreement covering many of the same issues addressed in the Tehran Declaration. The New Delhi Declaration, this time signed in India, further defined the ideologies of the two countries concerning states that support terrorism, the peaceful resolution to the troubles in Iraq, and energy cooperation. A sign of the complicated nature of the relationship- from an American standpoint- is the clause concerning a mutual defense agreement. The two countries “...also decided to explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits.”<sup>81</sup> Although ambiguous in its meaning, the clause illustrates India’s willingness to publicly state that they are willing to work with a state sponsor of terrorism. How strong this agreement actually is remains to be seen, but India’s actions on the world stage with regard to Iran’s nuclear aspirations has shown that they are not averse to going against American and European wishes in support of the Iranian regime.

### **C. INDIA’S GROWING ENERGY NEEDS**

India is possessed of one of the fastest growing economies in the world.<sup>82</sup> Demonstrating a seven-point-six percent growth in Gross Domestic Product (GDP)

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<sup>80</sup> “Tehran Declaration,” Ministry of External Affairs, India, April 10, 2001, <http://meaindia.nic.in/event/2001/04/10event01.htm>, (accessed May 19, 2006).

<sup>81</sup> “New Delhi Declaration,” Ministry of External Affairs, India, January 25, 2003, <http://meaindia.nic.in/event/2001/04/10event01.htm>, (accessed May 19, 2006).

<sup>82</sup> K. Alan Kronstadt, India-U.S. Relations Congressional Research Service, Library of Congress, April 6, 2006.

India's economy is growing more than twice as fast as the United States.<sup>83</sup> It has been recognized that there will continue to be a significant increase in India's demand for both oil and natural gas in order to keep up with the developments in its industries. Natural gas consumption in India in 2010, for example is projected to be more than double what it was in 2003. "Of all the variables that could hinder India's economic progress, energy scarcity and dependence are probably the most serious. ...dependence on oil imports could rise from 70% to 80-85% over the next two decades."<sup>84</sup> India's leaders understand that they cannot be swayed by external pressures when it comes to the continued welfare of its society. They are aware that continued long-term access to energy is "imperative."<sup>85</sup> With development comes energy needs, and one of India's closest neighbors happens to be an energy giant, more than able- and certainly willing- to aid India in its continued growth.

#### **D. THE "PEACE PIPE"**

Originally proposed in 1998 by the Iranians as a means to market its surplus natural gas to Pakistan, the Iran-Pakistan-India pipeline has since become the topic of much debate among the three countries. Stretching sixteen hundred miles from Iran's South Pars gas field through Pakistan and finally into India, cost estimates for the project lie between four and five billion dollars. If realized, all three countries would not only realize great economic benefits, but could possibly enter into an era of unprecedented cooperation and peace.

The pipeline has encountered resistance from several standpoints.

The historic rivalry between India and Pakistan was the first issue which still poses the most complicated dilemma. The two countries have fought several wars over their history, and continue to have grievances over a myriad of issues. India does not want the pipeline, as an essential source of energy, to turn into a noose around its neck over which Pakistan maintains control. India does not want Pakistan to control the flow

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<sup>83</sup> Central Intelligence Agency "World Factbook, Rank Order- GDP Real Growth Rate" <http://cia.gov/cia/publications/factbook/rankorder/2003rank.html> (accessed May 18, 2006).

<sup>84</sup> Pranab Mukherjee, "India's Strategic Perspectives," Speech at Carnegie Institute for International Peace, June 27, 2005, [http://www.carnegieendowment.org/files/Mukherjee\\_Speech\\_06-27-051.pdf](http://www.carnegieendowment.org/files/Mukherjee_Speech_06-27-051.pdf) (accessed May 22, 2006).

<sup>85</sup> Ibid.

of this gas into India, as a cooling of relations between the two countries would put a large percentage of India's energy sector under the influence of an antagonistic Pakistan. Negotiations between India and Iran have entailed locating the control valves, or "spigots" into and out of the pipeline in Iran and India, leaving it impossible for unanticipated interruption of the flow of gas unless the pipeline is actually destroyed.<sup>86</sup> A section of the hundreds of miles of the pipeline which would lie in Pakistani territory would actually have to be damaged in order to deny India the gas from the pipeline. If this was to occur, and an anti-India force was to somehow disrupt the flow of gas through the pipeline, Pakistan would also suffer financially, as a fully functioning pipeline will also be of benefit to them.<sup>87</sup> This safeguard will be seen as the incentive for Pakistan to maintain the integrity of the pipeline.

Opposition to the project has also been voiced from the United States, which has cited the enormous financial windfall for Iran should the deal go through. On a trip to New Delhi, Secretary of State Condoleezza Rice reminded India and the world of the strong opposition the United States held for any sizable project which benefits the Iranian economy.<sup>88</sup> On a recent trip to Islamabad, however, President Bush seemed to soften this position and took the opportunity to remind the world that "Our beef with Iran is not the pipeline; our beef with Iran is the fact that they want to develop a nuclear weapon...So we're working very hard to convince the Iranians to get rid of their nuclear ambitions."<sup>89</sup> The United States recognizes the fact that the revenue gained by Iran from the pipeline will complicate efforts at economic sanctions, but to attempt to deny India and Pakistan the same benefits from the pipeline would be deleterious to growth in those countries. India has more to gain from continued dealings with Iran than it does from supporting U.S. protestations over the Iranian nuclear program. As the President's remarks in Pakistan seemed to show that there was less opposition to the project from the U.S.

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<sup>86</sup> Ram Sengupta, "India-Iran Gas Pipeline: A Transit Challenge." Rediff.com, January 22, 2003, <http://meaindia.nic.in/event/2003/01/25events01.htm#1> (accessed May 19, 2006).

<sup>87</sup> Ibid.

<sup>88</sup> "U.S., Iran at Odds over Proposed Pipeline," Mike Shuster, National Public Radio; Day to Day, NPR.org, March 2, 2005, <http://www.npr.org/templates/story/story.php?storyId=4627303> (accessed May 19, 2006).

<sup>89</sup> Aiwan-e-Sadr, "President Bush and President Musharraf of Pakistan Discuss Strengthened Relationship," <http://www.whitehouse.gov/news/releases/2006/03/20060304-2.html> (accessed May 18, 2006).

administration, National Security council Spokesman Fredrick Jones took an opportunity to clarify the U.S. stance in the most concrete terms to date. “As we stated before, the U.S. government does not support the Iran-Pakistan-India pipeline.” The United States, along with citing Iran’s continuing disregard for the recommendations of the international community and the IAEA, also states that cooperation with Iran should be avoided due to that country’s ongoing support for terrorism and history of human rights violations.<sup>90</sup> As one of the largest sources of oil and gas in the world, Iran is correct in seeing itself as essential to many other countries in the world who need Iran’s energy to maintain a healthy economy. This perception is supported in the fact that India refuses to bend to external pressure when such subservience would assuredly lead to a recession in its economy through energy shortfalls.

India’s response to external pressure to forsake the pipeline has been dismissive.<sup>91</sup> The prospect of such a vast cooperative project between the three countries, especially between India and Pakistan, is seen as a large step not only towards obtaining a reliable and enduring source of energy, but also towards peace in the region, as economic cooperation between countries could possibly be the precursor to normalized and peaceful relations. The project “...is a study in how economic collaboration possesses the power to engender as well as transform social and political discourse between countries.”<sup>92</sup> Given the conflict-ridden history of the countries involved, particularly Pakistan and India, it will be exceedingly difficult to convince any of them that this project- an anticipated path to peace as well as an economic boon- should be abandoned.

Over and above the pipeline deal, Iran and India have recently penned an extremely lucrative, long term development agreement which would suffer greatly under internationally recognized sanctions on the Iranian regime. One of India’s top energy companies, the Gas Authority of India Ltd (GAIL), signed an agreement with the

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<sup>90</sup> International Institute for Strategic Studies, “U.S. Still Opposes Iran-Pakistan-India Pipeline.” Reuters, <http://www.iiss.org/whats-new/iiss-in-the-press/march-2006/us-still-opposes-iran-pakistan-india-pipeline> (accessed May 19, 2006).

<sup>91</sup> “India Wants Pakistan - Iran Gas Pipeline; US Opposition,” ArabicNews.com, May 2, 2006, <http://www.arabicnews.com/ansub/Daily/Day/060502/2006050202.html> (accessed May 19, 2006).

<sup>92</sup> Shamila N. Chaudhary, “Iran to India Natural Gas Pipeline: Implications for Conflict Resolution & Regionalism in India, Iran, and Pakistan,” Trade and Environment Database Case Studies, Volume 11, Number 1, January, 2001, <http://www.american.edu/TED/iranpipeline.htm> (accessed May 19, 2006).

National Iranian Export Corporation which will last for thirty years, and would entail both the delivery of Liquefied Natural Gas (LNG) to India from Iran as well as GAIL involvement in the further development of Iran's vast gas fields.<sup>93</sup> The agreement between the two countries is estimated to be worth fifty billion American dollars, and would deliver almost eight million tons of LNG to India per year. This deal would likely collapse if the United Nations Security Council were to target Iran's energy exports with sanctions.

Iran has also been dismissive of assertions that energy cooperation should be abandoned between the two countries. Iran is in a position where there is very little for it to lose and a great deal to gain. As the world demand for energy resources grows, there will be less and less interest in removing Iran's oil or gas from the market through sanctions. Sanctions targeted at other Iranian exports or investment in the country will meet the same resistance, as many of the companies and countries involved in purchasing energy from Iran also have interests in development and exploitation of in Iran. If India removes itself from the deal with Iran, there will be other customers for Iranian energy both in the region and outside it. Ali Reza Sheik Attar, once the Iranian Ambassador to India, "...insists the pressure won't work. "India is not the sole customer of Iran's gas."<sup>94</sup> Pakistan has said that it will pursue the pipeline with or without India,<sup>95</sup> and China has expressed an interest in joining the pipeline project as well.<sup>96</sup>

## **E. CONCLUSION**

The international consortium currently conducting negotiations with Iran in the effort of putting a halt on that country's nuclear pursuits has very little leverage to utilize in order to convince other countries to take up the same cause. Iran has vast amounts of the exact product that India needs most, and India is in a position to establish and

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<sup>93</sup> Teresita C. Schaffer and Primit Mitrah, "India as a Global Power?" Deutsche Bank Research, [http://www.dbresearch.de/PROD/DBR\\_INTERNET\\_EN-PROD/PROD000000000194311.pdf](http://www.dbresearch.de/PROD/DBR_INTERNET_EN-PROD/PROD000000000194311.pdf) (accessed May 19, 2006).

<sup>94</sup> "U.S., Iran at Odds over Proposed Pipeline," Mike Shuster, National Public Radio; Day to Day, *NPR.org*, March 2, 2005, <http://www.npr.org/templates/story/story.php?storyId=4627303> (accessed May 19, 2006).

<sup>95</sup> Siddharth Varadarajan, "Gas Project is a Win-Win for India, Pakistan," *TheHindu.com*, November 25, 2004, <http://www.hinduonnet.com/2004/11/25/stories/2004112513461100.htm> (accessed May 19, 2006).

<sup>96</sup> Saibal Dasgupta "China May Join Iran-Pak-India Gas Pipeline," *TheTimesofIndia.com*, August 11, 2005, <http://timesofindia.indiatimes.com/articleshow/1198547.cms> (accessed May 19, 2006).

maintain access to that product. There exists little or no incentive for India to abandon its energy cooperation deals with Iran, while it can only benefit from an enduring and healthy relationship with the Middle Eastern state.

The pipeline project between Iran, India and Pakistan is fraught with complications, both economic and ideological, but will likely not be scrapped due to the influence of forces outside the countries involved. Ashley Tellis, a Senior Associate at the Carnegie Institute for International Peace, recently testified to this fact in front of the Senate Foreign Relations Committee in Washington, D.C. “The negotiations over the Iranain-Pakistani-Indian gas pipeline are unlikely to succeed simply because of economic considerations, but New Delhi is unlikely to concede to any demands that rupture its diplomatic and economic relationship with Tehran if these are seen to have no relationship to the issue of nuclear proliferation.” India agrees that a nuclear armed Iran is not a desired outcome of nuclear development projects, but it is unwilling- and currently unable- to risk being shut off from such an enormous source of energy in such close proximity.

India also has a certain level of pride in its accomplishments. Citing its past performance and success, Indian Defense Minister put forth further evidence that it is proud of, and will continue to pursue, its unilateral efforts at economic growth. “It would be prudent to bear in mind that we have achieved what we have achieved within a largely unfavourable social, economic, technological and international environment, and mostly on our own effort, without the benefit of special relationships and access to markets that most other major economic powers, other than China, have had.”<sup>97</sup>

The evidence shows that India is intent upon maintaining its pattern of growth and prosperity, and that it is unwilling to entertain options which would put this period of growth in jeopardy. Sustained cooperation with Iran in the energy sector is exactly what India needs in order to extend this period of growth, successfully realize its goal of solidifying its position as a dominant force in South Asia, and establish a lasting era of cooperation, if not permanent peace, between two historically antagonistic nations.

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<sup>97</sup> Pranab Mukherjee, “India’s Strategic Perspectives,” Speech at Carnegie Institute for International Peace, June 27, 2005, [http://www.carnegieendowment.org/files/Mukherjee\\_Speech\\_06-27-051.pdf](http://www.carnegieendowment.org/files/Mukherjee_Speech_06-27-051.pdf) (accessed May 22, 2006).

While Realist Theory would suggest that economic cooperation between two countries is by no means a guarantor of peace between them, India's actions towards suggest that it is still acting in what it considers the best way to establish itself as a strong force in South Asia, powerful enough to stand it's own both in the world economy and geo-strategically in the region.

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## V. CONCLUSION

The negotiating team of the EU-3 has very few options to exercise which would convince the Iranian regime to give up its aspirations of establishing the entire nuclear fuel cycle within its borders. The support of the entire UNSC council on implementing comprehensive sanctions on Tehran will be the only way that the international community can show unity in this cause. United Nations sanctions on energy exports from Iran are the only type of action that could cause Tehran enough discomfort to submit to international demands of cooperation with the IAEA. The likelihood of China and Russia- as permanent, veto-holding members of the Security Council- agreeing to these types of sanctions is virtually nonexistent. The same can be said of India- the economies and strategic goals of these countries demand a continued and unencumbered relationship with Iran. These relationships would end if energy sanctions were implemented against Iran, so it is in the best interests of these governments to remain on good terms with Iran.

### A. RISK ASSESSMENT

Iran's nuclear policy holds that they have the right to develop the entire nuclear cycle on their own soil. Due to the dual use nature of the nuclear cycle, peaceful nuclear applications can be utilized to produce weapons grade uranium with very little modification to an established infrastructure. The NPT does not say that a signatory cannot enrich uranium within its own borders, so the Iranians are in effect correct in claiming that it is their right to develop the entire cycle on their own. This is a problem with the wording of the NPT, according to the director of the IAEA, which must be addressed.<sup>98</sup> This ambiguity is the reason that the United States' demand for UN-supported sanctions can be so easily ignored- there is no legal basis for punishing Iran based on the evidence the IAEA has been able to gather so far. All that the IAEA has

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<sup>98</sup> Christopher Dickey, "Diplomacy and Force; Interview: The United Nations' top inspector is prepared to issue a report on Iran's nuclear program that will 'reverberate around the world.," *Newsweek*, January 23, 30-31. <http://www.proquest.com/> (accessed June 4, 2006).

been able to determine is that, based on the evidence to date, the IAEA is unable to determine that there is no military dimension to the Iranian nuclear program.<sup>99</sup>

A nuclear warhead is of little use without the means to deliver it to an intended target. Iran is on the right track to become capable of developing both a nuclear weapon and the means to deliver that warhead to wherever it wants. With its continued research into uranium enrichment at its own facilities, Iran will soon be in a position where it will require no external help in developing the capability of destroying another country.

Tehran's comments concerning the coming destruction of the state of Israel could be the vitriolic statements of a conservative government playing for support of the masses. It may be that Iran has no intention of utilizing nuclear weapons on the Jewish population in the Middle East. If Iran is allowed to proceed on the path it has chosen towards nuclear capability and ballistic missile development, Israel would have very little warning prior to impact if Iran did decide to launch a nuclear missile at them. Israel believes that Iran instigates a great deal of the violence which occurs in the West Bank<sup>100</sup> and has stated that a nuclear capable Iran will not be tolerated.<sup>101</sup> Iran's stance concerning the right of Israel to exist coupled with Israel's perception of threat from a nuclear armed Iran cannot be ignored. The international community must take steps to deny Iran the ability field nuclear weapons for this and the reasons cited previously.

## **B. THIS WATCHDOG CAN'T BITE**

Calls for the IAEA to handle the problem are illustrative of wishes to prolong the situation without coming to any concrete resolution. Iran has stated that it wants the issue to remain under the purview of the IAEA. China and Russia have said the same thing. After several years of inspections and pleas for cooperation, however, the IAEA still had unanswered questions concerning the nuclear program in Iran.<sup>102</sup> The problem with this

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<sup>99</sup> IAEA, "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran," February 4, 2006, <http://www.iaea.org/Publications/Documents/Board/2006/gov2006-14.pdf> (accessed June 4, 2006).

<sup>100</sup> Lally Weymouth, "No Guts, No Glory, No Peace," MSNBC.MSN.com. December 6, 2005, <http://www.msnbc.msn.com/id/6595161/site/newsweek/> (accessed June 5, 2006).

<sup>101</sup> Jim Teeple, "Israel Says It Will Not Tolerate a Nuclear Iran," VOANews.com, January 18, 2006, <http://www.voanews.com/burmese/archive/2006-01/2006-01-18-voa4.cfm> (accessed June 5, 2006).

<sup>102</sup> Christopher Dickey, "Diplomacy and Force; Interview: The United Nations' top inspector is prepared to issue a report on Iran's nuclear program that will 'reverberate around the world'," *Newsweek*, January 23, 30-31. <http://www.proquest.com/> (accessed June 4, 2006).

is that the IAEA is not a negotiating instrument.<sup>103</sup> The IAEA is an investigating and reporting body- it has no power to implement any type of punishment on those it finds to be in violation of international treaties.

In the event of failure of the recipient State or States to take fully corrective action within a reasonable time, the Board may take one or both of the following measures: direct curtailment or suspension of assistance being provided by the Agency or by a member, and call for the return of materials and equipment made available to the recipient member or group of members. The Agency may also, in accordance with article XIX, suspend any non-complying member from the exercise of the privileges and rights of membership.<sup>104</sup>

The only actions that the IAEA is permitted to take are exclusionary. The IAEA can simply withdraw its expertise from a project not proven to be peaceful in nature. Punitive measures can only be implemented by the UNSC, and then only with the unanimous vote of the entire council.

The IAEA depends upon its researchers and inspectors in order to come to a conclusion concerning the nature of a country's nuclear program. Iran significantly curtailed that cooperation with inspectors and continues to refuse attempts to solidly ascertain the nature of its programs. As set forth in the NPT, signatories agree to accept advice and help from the United Nations, through the IAEA, in order to develop peaceful and safe nuclear programs in an arena which is infinitely complex, and where the slightest bit of incompetence could lead to disaster. Signatories also pledge to submit to inspections from the IAEA on all declared facilities involved in nuclear research and production.<sup>105</sup> If Iran truly wishes to convince the world that its intentions are innocent, it should allow for limitless inspections by the IAEA. This would create confidence in the program at the same time that it would make available to Iran all the technological wisdom it needs to create a successful civilian program.

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<sup>103</sup> Baker Spring and James Phillips, "Iran's Nuclear Ambitions Go beyond the Purview of International Institutions," May 5, 2006, <http://www.heritage.org/Research/MiddleEast/wm1065.cfm>, (accessed June 4, 2006).

<sup>104</sup> IAEA Statute, [http://www.iaea.org/About/statute\\_text.html](http://www.iaea.org/About/statute_text.html) (accessed June 4, 2006).

<sup>105</sup> Treaty on the Non-Proliferation of Nuclear Weapons, Article III, 2, July 1, 1968, <http://www.iaea.org/Publications/Documents/Infocircs/Others/infocirc140.pdf> (accessed June 4, 2006).

Iran recently offered to take up direct negotiations with the United States concerning their nuclear program. The United States made it clear that it is willing to take up these face-to-face talks on the condition that Iran first verifiably ceases all uranium enrichment activities. Iran answered by stating that they would not respond to any suggestion of giving up what they continue to maintain is their legal right- namely the freedom to develop the entire nuclear cycle within their own borders.<sup>106</sup>

A package of incentives was also developed by the EU-3, the United States, China and Russia in early June,<sup>107</sup> aimed at giving Iran an alternative to enriching its own uranium. Before the details of the offer were even presented to Tehran, however, they were rebuffed, again with the statement that Iran had the legal right to enrich its own uranium and that no offer would be considered which suggested a cessation of current enrichment activities.<sup>108</sup>

The stalemate that has developed in the negotiations with Iran seems insurmountable in light of the continued failure of negotiation. Iran has refused all offers which suggest enriched uranium originate exclusively from anywhere other than within its borders, to the point of dismissing proposals before the details are even revealed. The incentive package developed in early June was delivered to Tehran, and is being considered.<sup>109</sup>

Also in early June, the Supreme Leader of Iran, Ayatollah Ali Khamenei reiterated the threat to the United States that the “slightest misbehavior” by the U.S.

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<sup>106</sup> Michael Slackman, “Iran Rejects Conditions for Nuclear Talks,” *NewYorkTimes.com*, June 1, 2006, <http://www.nytimes.com/2006/06/01/world/middleeast/01cnd-tehran.html?ex=1306814400&en=fdb7976a3d184c8a&ei=5088&partner=rssnyt&emc=rss> (accessed June 6, 2006).

<sup>107</sup> “Powers Agree Iran Nuclear Package,” *BBC.co.uk*, June 2, 2006, [http://news.bbc.co.uk/1/hi/world/middle\\_east/5037678.stm](http://news.bbc.co.uk/1/hi/world/middle_east/5037678.stm) (accessed June 6, 2006).

<sup>108</sup> Nazila Fathi and Steven Lee Myers, “Iranian President Dismisses Package of Incentives,” *NewYorkTimes.com*, June 2, 2006, [http://www.nytimes.com/2006/06/02/world/middleeast/02cnd-iran.html?\\_r=1&oref=slogin](http://www.nytimes.com/2006/06/02/world/middleeast/02cnd-iran.html?_r=1&oref=slogin) (accessed June 6, 2006).

<sup>109</sup> Shirzad Bozorghmehr, “Iran: Nuclear Plan ‘Positive’ and ‘Ambiguous,’” *CNN.com*, June 6, 2006, <http://www.cnn.com/2006/WORLD/meast/06/06/iran.nuclear/index.html> (accessed June 6, 2006).

administration would place in peril the continued supply of Iranian oil.<sup>110</sup> The overtones of much of the Iranian rhetoric focus on the United States, with little mention of the shared opinions of the rest of the negotiating nations.

### **C. PLAYING TO THE MASSES**

The fact that much of the rhetoric and threats coming from the Iranian regime are directed specifically at the United States points towards the motivations behind them, as well as the serious nature of the statements. Singling out the “Great Satan” as the oppressor in this situation, when there are several other nations voicing the same opinions, plays to the historical mistrust of the United States held by the Iranian regime. Local support of the Iranian people is more easily solidified if the United States is painted as an aggressor in this situation, rather than one of several nations attempting to divert Iran from its current path. Garnering the support of those who remember the antagonism between the United States and Iran over two decades ago will solidify internal support for Iran’s nuclear aspirations.

### **D. HOW FAR TO TAKE IT?**

The United States has dealings and interests with much of the industrialized world. U.S. trade with China is growing continuously. The United States consumes almost one-third of Chinese exports.<sup>111</sup> Strategic interests in South Asia have led the United States to promulgate a comprehensive and controversial nuclear treaty with India.<sup>112</sup> Our cold war adversary- Russia- is attempting to once again reestablish itself as a regional power in the East and it has been suggested that Moscow may be sliding back down a path to autocracy.<sup>113</sup> These countries are of interest to the United States due to the power they stand to achieve in their particular areas of the world, and strategic partnerships with them would only help the United States maintain its position on the world stage. Harming Iran would in turn jeopardize our relations with these countries, due to their own ongoing relations.

<sup>110</sup> Shirzad Bozorghmehr, “Iran Warns the U.S. on Oil Shipments,” CNN.com, June 4, 2006, <http://www.cnn.com/2006/WORLD/meast/06/04/us.iran/index.html> (accessed June 6, 2006).

<sup>111</sup> Wayne M. Morrison, “China’s Economic Conditions,” Congressional Research Service, May 15, 2006, <http://fpc.state.gov/documents/organization/67148.pdf> (accessed June 8, 2006).

<sup>112</sup> K. Alan Kronstadt, “India-U.S. Relations,” Congressional Research Service, April 6, 2006, <http://fpc.state.gov/documents/organization/64407.pdf> (accessed June 8, 2006).

<sup>113</sup> Stuart D. Goldman, “Russia,” Congressional Research Service, May 8, 2006, <http://fpc.state.gov/documents/organization/66504.pdf>, (accessed June 8, 2006).

The punitive action which has the best chance of affecting change in the Iranian regime would be sanctions on oil exports. This type of action would be harmful to Iran as its only major source of income, but it would also have severe implications for Chinese trade, U.S.-Indian strategic cooperation, and the stability of a democratic Russia.

Foreign policy in the United States as well as its economy depends on normal relations with nations all over the world, including the three who are currently seeming to balk at placing prohibitive sanctions on the Iranian regime. The United States cannot afford to create antagonists out of these countries any more than it can afford to cause the removal of Iranian oil from the world market. Iran, in this way holds a great deal of leverage in the world order. An excellent illustration of this fact is the lack of effectiveness of the Iran-Libya Sanctions Act (ILSA) of 1996. "Iran has attracted an estimated \$30 billion in foreign investment in its petroleum sector since ILSA was enacted. The European Union (EU) opposes the application of ILSA sanctions to companies in member countries, and on November 22, 1996 passed resolution 2271 directing EU companies not to comply with ILSA."<sup>114</sup> ILSA was passed by the United States in August of 1996. Less than three months later, the European Union (EU) came out with a law in exact opposition of the U.S. Act. This shows the level of cooperation the United States had from its allies in attempting to curtail the development of Iranian energy infrastructure. Russia, china and India are actively pursuing joint cooperative ventures in the energy sector with Iran, so they cannot be expected to support sanctions on this most precious of commodities any more than the EU did ten years ago.

Each time the Iranian regime makes a threat against oil supplies or another country, the price of oil increases. This is due to the uncertainty of continued supply. If for any reason Iranian oil is suddenly taken off the market, the price of crude would increase dramatically, as other producing countries do not have the excess capacity to maintain the world supply. Demand for energy is only going to continue to increase, especially in the countries cited in this work, and attempting to deny them Iranian oil is not an option for the United States.

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<sup>114</sup> Energy Information Administration, "Global Energy Sanctions," <http://www.eia.doe.gov/emeu/cabs/sanction.html> (accessed June 7, 2006).

Continued negotiations with the Iranian regime concerning the nature of its nuclear programs places the United States in an untenable position. Joining the EU-3 at the negotiating table while Iran continues its research and development would be tantamount to forgiving past transgressions. Continuing to settle for toothless measures promulgated by the UNSC amounts to the same thing- Iran will continue to claim its right to peaceful research, and China and Russia will continue to call for a resolution to the impasse through dialogue.

The United States has maintained that a nuclear armed Iran is a threat to its national security and the security of its allies. It is not a change or retraction of policy if the U.S. administration announces its support for a verifiably peaceful nuclear program in Iran. At the same time, however, the United States should emphasize Iran's own exhortations denouncing nuclear weapons as un-Islamic and specifically not a goal of the regime.

The United States needs to make it clear that while the world can support the peaceful development of nuclear technology in Iran, that research must be under the unfettered supervision of international bodies and adhere to Iran's obligations as set forth in the NPT. An explicit proposal of action must be formulated and agreed to by the entire UNSC in the event that it is discovered that Iran has diverted nuclear technology to military or terrorist applications or institutions. This should be done now, while it is still certain that Iran does not have the capability to create a nuclear weapon.

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