

MEMMO

October 12, 2007

Iran Using IAEA Deal to Stall Sanctions

Despite the recent agreement between Iran and the International Atomic Energy Agency (IAEA) to resolve outstanding issues over Iran's nuclear program, Tehran is continuing to defy U.N. Security Council demands to suspend its enrichment of uranium. If Iran continues to insist on enrichment as the IAEA talks proceed, the Security Council and individual countries should rapidly impose further sanctions on Tehran to persuade the regime to end its illicit nuclear weapons pursuit.

The IAEA understandings with Tehran failed to address key problems with Iran's nuclear program.

- Unlike earlier Security Council resolutions, the understandings did not require Iran to suspend its nuclear activity. Iran has also not yet been required to provide access to key people, facilities and documents that are needed to verify Iranian claims about its nuclear activities.
- The agreement did not resolve international concerns with Iran's nuclear program, but rather set a new timetable for Iran to address past questions that the IAEA has sought answers to repeatedly over the years.
- The understandings facilitated Iranian stalling tactics by mandating that each outstanding issue related to its nuclear program is resolved sequentially, potentially dragging out the process for months and providing an excuse for Russia and China to oppose further U.N. sanctions.
- The framework potentially ruled out future inquiries by IAEA inspectors, stating that once the IAEA investigates the nuclear sites currently under suspicion, there would be "no more remaining issues and ambiguities," even if new data surfaces later that confirms Iran's nuclear ambitions.



Iranian President Mahmoud Ahmadinejad claims that Iran is running 3,000 centrifuges—enough to produce fuel for a nuclear weapon.

Iran continues to violate U.N. Security Council Resolutions 1737 and 1747, which demand that Iran suspend its nuclear activities.

- The IAEA Board of Governors' most recent report says that "contrary to the decisions of the Security Council, Iran has not suspended its enrichment related activities" and is now operating close to 2,000 centrifuges at its nuclear facility in Natanz.

- The IAEA report also states that Iran is continuing construction of the heavy water production plant at Arak in direct violation of Resolution 1737.
- The IAEA report acknowledges that Iran may possess undeclared nuclear materials and concludes that “the Agency remains unable to verify certain aspects relevant to the scope and nature of Iran’s nuclear program.”

The Security Council, which erred by delaying additional sanctions early this fall, must act decisively in November to strengthen sanctions on Iran.

- To change Iran’s course, the international community must exhaust every economic, diplomatic and political tool to further isolate the regime and increase the economic pressure to persuade the government to end its nuclear program.
- The Security Council has not acted since Iran missed a May deadline to comply with U.N. Resolution 1747 and suspend its uranium enrichment activities. Continued delay will only bolster Iran’s resolve to continue its nuclear efforts.
- Failure to act will also further discredit the reputation of the Security Council and weaken its ability to tackle major world issues. If the Council does not act when a nation blatantly violates its demands, it will lose all credibility.
- More robust penalties can still persuade the Iranian regime to suspend its nuclear pursuit. Restrictions on two of the lead sponsors of Iran’s nuclear program—Bank Melli, Iran’s largest state-owned bank, and the Islamic Revolutionary Guard Corps, Iran’s elite military force—would dramatically raise the financial pressure on the regime.

The United States and other countries should impose further sanctions on Iran for its continuing defiance of the international community.

- The Senate should pass the Iran Counter-Proliferation Act, which seeks to close loopholes in existing sanctions law, strengthen U.S. tools to cut off funds to Iran’s nuclear program and prohibit U.S. nuclear cooperation with those aiding Iran’s atomic efforts. The bill passed the House overwhelmingly in September.
- The Senate should approve the Iran Sanctions Enabling Act, which authorizes state and local governments to divest from companies investing in Iran’s petroleum and natural gas sector and which the House passed overwhelmingly in July.
- U.S. sanctions on foreign companies investing in Iran and conducting business with Iran’s Islamic Revolutionary Guard Corps are key steps that the United States can take to dissuade firms from doing business in Iran and thus providing it with the funds it needs to pursue nuclear weapons.
- European and Asian countries should impose more robust economic sanctions on Iran by limiting business investments in Iran, ending export credit guarantees for businesses conducting trade with Iran and restricting financial transactions with Iranian banks.