

MEMO

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IAEA: Iran Significantly Expanding Nuclear Capabilities

Iran is rapidly overcoming technical obstacles and significantly increasing its uranium enrichment capabilities, according to an alarming new report from the International Atomic Energy Agency (IAEA). If Tehran sustains its current efforts in defiance of U.N. Security Council resolutions, it could stockpile enough material within six months that could be quickly processed into the highly enriched uranium needed for a nuclear bomb. The United States should lead the international community in an urgent and comprehensive economic, diplomatic and political sanctions campaign of increased intensity to prevent a nuclear-armed Iran.

Iran continues to make rapid advancements in its uranium enrichment capabilities.

- The new IAEA report says that Iran has increased the number of centrifuges to 3,800 and significantly increased the efficiency of the machines, thus reducing the time required to produce the highly enriched uranium needed for nuclear weapons.
- During the last four months, Iran roughly doubled its production of low enriched uranium (LEU). At its current pace, Iran could accumulate sufficient LEU within six months to then quickly produce enough weapons-grade uranium for a nuclear bomb.
- According to the IAEA report, Iran also is expanding its use of more advanced centrifuges that are capable of enriching uranium at two to five times the speed of older models.
- Iran continues to make rapid progress on the construction of its heavy water reactor at Arak, and the facility now appears to be in operational condition, the IAEA said. The reactor could be used to produce plutonium for nuclear weapons without having to master the uranium enrichment process.
- Iranian President Mahmoud Ahmadinejad made clear that Iran has no intentions of suspending its enrichment efforts, saying Sept. 18 that the “era of [uranium enrichment] suspension has ended.”



Iran's heavy water reactor at Arak could be used to produce plutonium for nuclear weapons.

Iran has repeatedly failed to address concerns about the military nature of its nuclear program.

- The IAEA said it has been unable to make any substantive progress in addressing issues surrounding possible military dimensions to Iran's nuclear program, saying the issues remain of “serious concern.”

- For the first time, the IAEA said that a foreign expert or group of experts may have helped Iran with experiments on a detonator that could be used in the implosion of a nuclear weapon.
- The IAEA also has documents and photographs suggesting Iran secretly tried to modify a missile cone to fit a nuclear bomb.
- Iran has failed to cooperate with repeated IAEA requests for design information or access to additional locations related to the manufacturing of centrifuges, research and development on uranium enrichment, uranium mining and milling.

Increased U.S. and EU sanctions on Tehran are having an impact on the regime.

- The Treasury Department imposed sanctions against the Islamic Republic of Iran Shipping Lines (IRISL)—Iran’s largest shipping provider for aiding Iran’s ballistic missile program. This move could increase trade costs for Iran as banks and insurance companies reevaluate their dealings with the carrier.
- In August, the EU increased sanctions on Iran’s banking sector, freezing the assets of Bank Melli—Iran’s largest commercial bank—restricting export credit toward Iran and implementing inspections of shipments operated by Iran Air Cargo and the IRISL.
- U.S., EU and U.N. sanctions on Iran have already created difficulties for trade financing, discouraged foreign investment and adversely affected the profitability of targeted financial institutions, according to a recent International Monetary Fund report.
- Mohammad Nahavandian, the head of Iran’s chamber of commerce, made clear that sanctions are having an impact on Iran, saying in the *Sarmayeh* newspaper that the costs of imports have significantly increased “because of the obstacles created.”

The United States should continue to lead the international community in a comprehensive effort to rapidly increase the pressure on Iran.

- Despite possessing some of the largest oil reserves in the world, Iran has been forced to import 40 percent of its refined petroleum—gasoline and diesel fuel—because it lacks sufficient refining capability. The United States should lead an international campaign to prohibit the export to Iran of all refined petroleum products.
- The Treasury Department should continue its efforts to work with insurance and re-insurance companies to end coverage for any Iranian-related business activities.
- The United States should sanction Iran’s Central Bank for its funding of terrorism and the financing of proliferation activities, crippling what remains of Iran’s ability to do international business through formal channels.
- The United States also should enforce current law by considering sanctions against companies investing in Iran’s energy sector, banks still dealing with outlawed Iranian financial institutions, and companies doing business with Iran’s Islamic Revolutionary Guard Corps.
- The EU should prohibit international financial transactions in euros with sanctioned Iranian banks and should suspend granting any further export credits to its companies doing business in Iran.
- Despite the past difficulties and present challenges in securing U.N. Security Council resolutions in Iran, the United States should pursue a fourth round of mandatory sanctions on Tehran.