

HD FT.com site : A shared solution to the Iran nuclear stand-off.

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LP At the International Atomic Energy Agency's recent meeting in Vienna, which resulted in the IAEA sending the file on **Iran's** nuclear activities to the United Nations Security Council, both the Iranians and the west acted exactly as they had threatened to do. Neither moved the other. Since then, strong statements from both sides have caused indignation in the other. Thus the parties stagger towards irreconcilability. A compromise is needed that respects the?bottom?line of each: en-rich-ment on Iranian soil on the one hand and no nuclear weapons on the other.

The report of February 2005 by international experts appointed by the IAEA points the way: it commends multilateral nuclear arrangements - including over existing facilities. So what would multilateralisation involve for **Iran's** enrichment facilities?

TD We suggest operations owned and controlled by a holding company with governments as shareholders. Initially, these might be **Iran** and Britain, Germany and France - the EU3 - with Russia as one possible addition. The shareholders would jointly meet costs and share profits. The holding company would lease all Iranian facilities connected with enrichment, including their existing centrifuges. Similarly, it would lease the latest model of centrifuge from Urenco, the European enrichment group. The plant containing all these centrifuges would be at **Iran's** Natanz facility. The product of the operation, low-enriched uranium, would be the property of the holding company and be sold at market rates to any customer observing full IAEA safeguards, including **Iran**. While the holding company would determine policy, an international management group would run the facilities. All shareholders would have personnel in this group.

Precedents exist in the recent agreements between Urenco and the US and French authorities whereby the latter do not have access to the "black box" parts of their centrifuges. The IAEA inspectors, under similar restrictions, are nonetheless able to monitor the operations effectively. In our scheme, the IAEA would participate in the design of the facility, thus increasing confidence in their monitoring of the old and the new machines in the same way that they will in the US and France. IAEA inspectors would be stationed permanently at Natanz.

Why might the west accept this plan? The main gains are effective physical and political barriers to **Iran** going nuclear. While the first reaction to allowing enrichment on Iranian soil will be negative, it is less dangerous than the alternatives and preferable to **Iran** continuing its existing programme with or without IAEA inspectors.

Of course, **Iran** could "break out" by seizing the facilities, but built-in self-destructive mechanisms could guard against that. Besides, seizure would not only flout the Security Council and the IAEA but also involve the expropriation of the property of several powerful countries. A clandestine facility in **Iran** is another risk but one that would apply to any scheme. The IAEA presence and the international management company are more likely to deter and detect clandestine activity than the solutions currently preferred by the west, including enrichment in Russia.

Why might the Iranians agree? Apart from avoiding sanctions, they would get enrichment on Iranian soil and foreign investment in their nuclear programme. And it offers the best way to rescue their ambitious civil nuclear programme from failure - a point that is insufficiently recognised.

Urenco centrifuges are about 20 times as efficient as **Iran's** existing P2s: 50,000 of the latter could fuel only two of the 20 reactors in the Iranian plan, while 50,000 Urenco centrifuges could fuel all of

them and produce material to ensure that the international community had supplies of nuclear fuel free of political conditions. Such an IAEA-run fuel bank is in itself an important non-proliferation objective.

A fresh start should involve more than a technical fix. The atmosphere has to be cleared of deceptions and evasions. The Iranians should reply to the outstanding questions from the IAEA and make a clean breast of all their activities. On this basis the proposed scheme could overcome the crisis of confidence in **Iran**. If worked honestly, its benefits in resolving the **Iran** crisis and in promoting guaranteed supplies of fuel outweigh the risks.

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