

Nuclear Non-proliferation

ISSUES

- It is unclear what impact the COVID-19 crisis will have on Iran's nuclear program. Though a prolonged crisis will worsen the country's economic situation and heighten the need for greater welfare and patronage spending, the nuclear program's budget is likely to remain unaffected.
- The ability of allies and other members of the international community and international organizations to monitor Iranian nuclear activities and engage Iranian leaders may be impeded due to COVID-19. This lack of visibility could encourage Iran to use the cover of the crisis to speed up the pace of its activities.
- A series of unexplained fires at several Iranian nuclear sites and especially an explosion at one of them has raised suspicions that they were acts of intentional sabotage. The explosion at the Natanz facility is particularly suspicious because it is a high-value target where Iran is believed to be producing new centrifuges that could advance its nuclear program. Assuming the incidents were indeed a result of covert action, this would increase pressure on the Iranian regime and send a strong signal that its activities will not go unanswered. While this will keep progress in check, it is unclear whether it is enough to pressure Iran to return to the negotiating table. Favoring the long game, Iran may instead choose to bide its time until there is a change in the U.S. position or a change of administration.
- A number of nuclear cooperation agreements for civilian nuclear programs (123 Agreements) are up for discussion with U.S. Arab allies this year, including:
 - * Egypt's current agreement, concluded in 1981, is up for renegotiation after the 30-year period mandated in the agreement.
 - * Saudi Arabia will be negotiating the 123 Agreement for the first time. It is expecting to inaugurate its first nuclear research reactor later this year — used for legitimate research purposes and medical isotope production — and has ambitions to build 10-17 nuclear energy reactors in the future.
 - * Jordan has been operating its research reactor for five years but has not yet concluded a 123 Agreement for what it claims are unfavorable terms. Given its financial (and water) constraints and excess electricity production, Jordan has forgone the possibility of a large reactor and is exploring small modular reactors (SMR), which are less costly and have fewer proliferation concerns.

US INTERESTS

- Avoid the destabilizing impact of an all-out conflict with Iran, which both the U.S. and Iran want to avoid.
- Ensure that Iran does not continue to develop or ultimately acquire a nuclear weapon, which would lead to a significant change in the balance of power.

- Address Iran's ballistic missile program and destabilizing regional behavior as part and parcel of its nuclear program with or without any new negotiations.
- Ensure continued credibility and dependability of U.S. leadership in the Middle East, which if further impacted would inadvertently favor China and Russia's position.
- Consider the impact of Iran's acquisition of nuclear energy and developed nuclear capabilities on the legitimate pursuit of nuclear energy by U.S. Arab allies. Arab allies in pursuit of civilian energy programs do not pose an immediate proliferation concern and do have legitimate, justifiable needs for nuclear energy. Having said that, both Egypt and Saudi Arabia want to increase their nuclear capabilities for purposes of national pride and to increase their capabilities within the acceptable boundaries with a view to ramping up their programs in the event that Iran acquires a nuclear weapon.
- Israel categorically opposes any civilian nuclear capability in the region and accordingly, the U.S. should expect significant Israeli opposition to any nuclear technology transfer to Arab allies by the U.S., even those that enjoy strong security cooperation with Israel.
- Inflexible U.S. conditions on enrichment and reprocessing may negatively impact U.S. energy companies and favor Russian and Chinese ones. For instance, a country concluding a 123 with the U.S. will not be able to join any initiatives to establish international fuel banks, even those supported by the U.S. and the International Atomic Energy Agency (IAEA).

POLICY RECOMMENDATIONS

- Continued pressure on Iran through sanctions and covert means to reemphasize U.S. red lines and dissuade Iran from actions that are detrimental to regional security, bearing in mind that Iranian leaders need a face-saving solution to change their behavior.
- Work with European and other allies to increase visibility into Iran's nuclear activities and work toward a more common position.
- Consider creative solutions to the major obstacles in the 123 Agreements.
- Encourage investment and promotion of U.S. SMR technology as an alternative to large conventional reactors.
- Work with Arab allies to ensure a common front with Iran.

- *Nasser bin Nasser*