

Calculating the Risk of War in Iran

By [F. William Engdahl](#)

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In the past weeks media reports have speculated that Washington is 'thinking the unthinkable,' namely, an aggressive, pre-emptive nuclear bombardment of Iran, by either the United States or Israel, to destroy or render useless the deep underground Iranian nuclear facilities.

The possibility of war against Iran presents a geo-strategic and geopolitical problem of far more complexity than the bombing and occupation of Iraq. And Iraq has proven complicated enough for the United States. Below we try to identify some of the main motives of the main actors in the new drama and the outlook for possible war.

The dramatis personae include the Bush Administration, most especially the Cheney-led neo-conservative hawks in control now of not only the Pentagon, but also the CIA, the UN Ambassadorship and a growing part of the State Department planning bureaucracy under Condi Rice. It includes Iran, under the new and outspoken President Mahmoud Ahmadinejad. It includes Putin's Russia, a nuclear-armed veto member of the UN Security Council. It includes a nuclear-armed Israel, whose acting Prime Minister, Ehud Olmert, recently declared that Israel could 'under no circumstances' allow Iranian development of nuclear weapons 'that can threaten our existence.' It includes the EU, especially Security Council Permanent Member, France and the weakening President Chirac. It includes China, whose dependence on Iranian oil and potentially natural gas is large.

Each of these actors has differing agendas and different goals, making the issue of Iran one of the most complex in recent international politics. What's going on here? Is a nuclear war, with all that implies for the global financial and political stability, imminent? What are the possible and even probable outcomes?

The basic facts

First the basic facts as can be verified. The latest act by Iran's President, Ahmadinejad, announcing the resumption of suspended work on completing a nuclear fuel enrichment facility along with two other facilities at Natanz, sounded louder alarm bells outside Iran than his inflammatory anti-Israel rhetoric earlier, understandably so. Mohamed El Baradei, Nobel Peace prize winning head of the International Atomic Energy Agency, the UN body, has said he is not sure if that act implies a nuclear weapons program, or whether Iran is merely determined not to be dependent on outside powers for its own civilian nuclear fuel cycle. But, he added, the evidence for it is stronger than that against Saddam Hussein, a rather strong statement by the usually cautious El Baradei.

The result of the resumption of research at Natanz appears to have jelled for the first time, a coalition between USA and the EU, including Germany and France, with China and even

Russia, now joining in urging Iran to desist. Last August President George Bush announced, in regard to Iran's announced plans to resume enrichment regardless of international opinion, that 'all options are on the table.' That implied in context a nuclear strike on Iranian nuclear sites. That statement led to a sharp acceleration of EU diplomatic efforts, led by Britain, Germany and France, the so-called EU-3, to avoid a war. The three told Washington they were opposed to a military solution. Since then we are told by *Der Spiegel* and others the EU view has changed to appear to come closer to the position of the Bush Administration.

It's useful briefly to review the technology of nuclear fuel enrichment. To prepare uranium for use in a nuclear reactor, it undergoes the steps of mining and milling, conversion, enrichment and fuel fabrication. These four steps make up the 'front end' of the nuclear fuel cycle.

After uranium has been used in a reactor to produce electricity it is known as 'spent fuel,' and may undergo further steps including temporary storage, reprocessing, and recycling before eventual disposal as waste. Collectively these steps are known as the 'back end' of the fuel cycle.

The Natanz facility is part of the 'front end' or fuel preparation cycle. Ore is first milled into Uranium Oxide (U_3O_8), or 'yellowcake,' then converted into Uranium Hexafluoride (UF_6) gas. The Uranium Hexafluoride then is sent to an enrichment facility, in this case Natanz, to produce a mix containing 3-4% of fissile U_{235} , a non-weapons-grade nuclear fuel. So far, so good more or less in terms of weapons danger.

Iran is especially positioned through geological fortune to possess large quantities of uranium from mines in Yazd Province, permitting Iran to be self-sufficient in fuel and not having to rely on Russian fuel or any other foreign imports for that matter. It also has a facility at Arak which produces heavy water, which is used to moderate a research reactor whose construction began in 2004. That reactor will use uranium dioxide and could enable Iran to produce weapons grade plutonium which some nuclear scientists estimate could produce an amount to build one to two nuclear devices per year. Iran officially claims the plant is for peaceful medical research. The peaceful argument here begins to look thinner.

Nuclear enrichment is no small item. You don't build such a facility in the backyard or the garage. France's large Tricastin enrichment facility provides fuel for the nuclear electricity grid of EdF, as well as for the French nuclear weapons program. It needs four large nuclear reactors, just to provide over 3000 MWe power for it. Early US enrichment plants used gaseous diffusion. Enrichment plants in EU and Russia use a more modern centrifuge process that uses far less energy per unit of enrichment. The latter or centrifuge process is also the Iranian type.

To make weapons grade Uranium requires more than conventional civilian electric power grade uranium fuel.

'Unmaking' weapons grade uranium today is also a geopolitically interesting process, not irrelevant to the current dispute over Iran. Since the collapse of the Soviet Union, under agreements designed to insure that the Soviet nuclear arsenal would be converted to peaceful uses, military weapons uranium came on to the civilian market under a US-Russian agreement.

Today more than half of all the uranium used for electricity in the USA nuclear power plants comes from Russian military stockpiles. Currently 20% of all electricity produced in the US is nuclear generated meaning that Russian uranium fuels some 10% of all US electricity.

In 1994 a \$12 billion contract was signed between the US Enrichment Corporation (now USEC Inc) and Russia's Techsnabexport (Tenex) as agents for the US and Russian governments. USEC agreed to buy a minimum of 500 tonnes of weapons-grade uranium over 20 years, at a rate of up to 30 tonnes/year beginning 1999. The uranium is blended down to 4.4% U-235 in Russia. The USEC then sells it to its US power utility customers as fuel. In September 2005 this program reached its halfway point of 250 tonnes or elimination of 10,000 nuclear warheads.

Worldwide, one sixth of the global market of commercial enriched uranium is supplied by Russia from Russian and other weapons-grade uranium stocks. Putin has many cards to play in the showdown over Iran's nuclear program.

The issue of whether Iran was secretly building a nuclear weapon capability first surfaced from allegations by an Iranian exile opposition group in 2002.

Natanz has been under IAEA agency purview since suspicions about Iran's activities surfaced. It was prompted by reports from an Iranian opposition organization, National Council of Resistance of Iran (NCRI), and led IAEA head Mohamed El Baradei to tour Iran's nuclear facilities in February 2002, including the incomplete plant in that city of Natanz about 300 miles south of Tehran. The NCRI is the political arm of the controversial People's Mujahedeen of Iran, which both EU and US governments officially brand terrorist but unofficially work with increasingly against the Teheran theocracy.

Possible Iranian strategy

It's undeniably clear that Iran's newly-elected President Ahmadinejad has a more confrontational policy than his predecessor. The Iranian Ambassador to Vienna, speaking at a conference in Austria where this author was present in September 2005, shocked his audience by stating essentially the same line of confrontational rhetoric: 'If it comes to war, Iran is ready...'.

Let's assume that the Western media is correctly reporting the strident militant speeches of the President. We must also assume that in that theocratic state, the ruling mullahs, as the most powerful political institution in Iran, are behind the election of the more fundamentalist Ahmadinejad. It has been speculated that the aim of the militancy and defiance of the US and Israel is to revitalize the role of Iran as the 'vanguard' of an anti-Western theocratic Shi'ite revolution at a time when the mullahs' support internally, and in the Islamic world, is fading.

Let's also assume Ahmadinejad's actions are quite premeditated, with the intent to needle and provoke the west for some reason. If pushed against the wall by growing western pressures, Ahmadinejad's regime has apparently calculated that Iran has little to lose if it hit back.

He is also no rogue agent in opposition to the Iranian clergy. According to the Pakistani newspaper, *Dawn* of January 24, 2006, Ayatollah Jannati, Secretary of the Guardian Council of the Constitution, stressed Iran's determination to assert its 'inalienable' rights: 'We

appreciate President Ahmadinejad because he is following a more aggressive foreign policy on human rights and nuclear issues than the former governments of Khatami and Rafsanjani,' the Ayatollah reportedly said. 'President Ahmadinejad is asking, "why only you (western powers) should send inspectors for human rights or nuclear issues to Iran - we also want to inspect you and report on your activities,' Jannati said. The paper's Teheran correspondent added, 'the mood within the country's top leadership remains upbeat and the general belief was that it would be possible to ride out international sanctions - if it comes to that.'

In this situation, some exile Iranians feel it would bolster Ahmadinejad and the ayatollahs to be handed a new UN sanction punishment. It could be used to whip up nationalism at home and tighten their grip on power at a time of waning revolutionary spirit in the country.

Ahmadinejad has been taking very provocative, and presumably calculated measures including breaking nuclear-facility seals, to announcing a major conference that would question evidence that the Nazis conducted a mass murder of European Jews during World War II. Yet he also has stressed several times publicly that in accord with strict Islam law, Iran would never deploy a nuclear device, a weapon of mass destruction, and that it is only asserting its right as a sovereign nation to an independent full-cycle civilian nuclear program.

The history of Iran's nuclear efforts should be noted. It began in 1957 when Reza Shah Pahlevi signed a civilian Atoms for Peace agreement with Eisenhower's administration. Iran received a US research reactor in 1967. Then in 1974 after the first oil shock, the Shah created the Atomic Energy Organization of Iran, explicitly tasked to develop civilian nuclear power to displace oil freeing more oil for export, and for developing a nuclear weapon. The Bushehr reactor complex of civilian power reactors was begun by West Germany in the 1970's under the Shah, the same time Iran began buying major shares of key German companies such as Daimler and Krupp. After his 1979 ascent to power, Ayatollah Khomeini ordered all work on the nuclear program halted, citing Islamic beliefs that weapons of mass destruction were immoral.

In 1995, the Russian Foreign Ministry signed a contract with the Iranian government to complete the stalled Bushehr plant, and to supply it with Russian nuclear fuel, provided Iran agreed to allow IAEA monitoring and safeguards. According to an article in the March 2004 MERIA Journal, that 1995 Russia-Iran deal included potentially dangerous transfers of Russian technology such as laser enrichment from Yefremov Scientific Research Institute (NIIEFA). Iran's initial deal with Russia in 1995 included a centrifuge plant that would have provided Iran with fissile material. The plant deal was then canceled at Washington's insistence.

The monitoring of Bushehr continued until the reports from NCRI of secret nuclear weapons facilities in 2002 led to increased pressure on Iran, above all from President Bush, who labeled Iran one of a three nation 'axis of evil' in his January 2002 State of the Union speech. That was when the Bush Administration was deeply in preparation of regime change in Iraq however and Iran took a back seat, not least as Washington neo-conservatives such as Ahmad Chalabi had convinced the Pentagon his ties to Teheran could aid their Iraq agenda.

Since that time, relations between Washington and Teheran have become less than cordial. Iran has been preparing for what it sees as an inevitable war with the United States. Brig. Gen. Mohammad-Ali Jaafari, commander of the Revolutionary Guards' army, told the official

IRNA news agency on October 9 2005, 'As the likely enemy is far more advanced technologically than we are, we have been using what is called 'asymmetric warfare' methods. We have gone through the necessary exercises and our forces are now well prepared for this.' This presumably includes terrorist attacks and the use of weapons of mass destruction and their means of delivery, ballistic missiles.

On January 20 2006 Iran announced it had decided to withdraw investments from Europe. This was the same week UBS Bank in Zurich announced it was closing all Iranian accounts. According to US Treasury reports, Iran has an estimated \$103 billion in dollar-denominated assets alone. There is potential to cause short-term financial distress, though likely little more should Iran sell all dollar assets abruptly.

What seems clear is that Iran is defiantly going ahead with completion of an independent nuclear capability and insists it is abiding by all rules of the Non-Proliferation Treaty and IAEA.

Iran also apparently feels well prepared to sit out any economic sanctions. The country is the second largest OPEC oil producer (4.1 million barrels/day in 2005) next to Saudi Arabia (9.1 million bpd). It is fourth largest in the world just under the total oil production of the USA (4.9 million bpd). Russia with 9.5million bpd production in 2005 takes claim to being the world's largest oil-producing country.

Iran has also accumulated a strong cash position from the recent high oil price, earning some \$45 billion in oil revenue in 2005, double the average for 2001-2003. This gives it a war chest cushion against external sanctions and the possibility to live for months with cutting its oil export all or partly. That is clearly one of the implicit weapons Iran knows it holds and would clearly use in event the situation escalated into UN Security Council economic sanctions. In today's ultra-tight oil supply market, with OPEC producing at full capacity, there would be no margin to replace 4 million Iranian barrels a day. A price shock level of \$130 to \$150 is quite likely in that event.

Iran now has decisive influence within the Shi'ite dominated new Iraqi government. The most influential figure in Iraq today is the Shi'ite spiritual leader, Ayatollah Ali Mohammad al-Sistani, the 75 year old cleric born in Iran. On January 16 2006, after the new Iraqi government offered al-Sistani Iraqi citizenship, he replied, 'I was born Iranian and I will die Iranian.' That also gives Teheran significant leverage over the political developments in Iraq.

The Israeli options

Israel has been thrown into a political crisis at just this time of Iran's strident moves, with the removal of the old warrior, Ariel Sharon, from the scene. Israeli elections will come March 28 for a new government. Contenders include the present acting Prime Minister, Ehud Olmert. Israeli media reports that President George W. Bush has decided to do what he can to try and ensure that Olmert, standing in for an incapacitated Ariel Sharon, is elected to be full-time prime minister when Israelis go to the polls on March 28. Secretary of State Condoleezza Rice has invited Olmert to visit Washington DC, probably sometime next month.

Other reports are that the Vice President, we might say, the 'spiritual leader' of the US hawks, Dick Cheney, has been covertly aiding the Benjamin Netanyahu candidacy as new head of the right-wing Likud. Netanyahu is also directly tied to the indicted US Republican

money launderer, Jack Abramoff during the time Netanyahu was Sharon's Finance Minister. Washington journalists report that Vice President Dick Cheney, and his advisers David Addington and John Hannah, are working behind the scenes to ensure that former Prime Minister Binyamin Netanyahu succeeds acting Prime Minister Ehud Olmert in March. Cheney is working to defeat the more moderate Kadima Party — formed by Ariel Sharon and his more moderate ex-Likud allies— in the March 28 elections.

Bush has not come out with direct vocal support for Olmert, but Olmert has stressed that he will continue to work with America to realize a Palestinian state. Israeli press report the new middle-of-road (Israeli middle) party of Olmert and Sharon—Kadima—will probably win landslide elections to the dismay of Cheney's and Karl Rove's Christian Right and neo-conservative base. According to the Palestine newspaper, Al-Manar, the Bush Administration is conducting secret contacts with the Palestinian Authority and Arab countries in an effort to have them help strengthen Olmert's stature. The US reportedly informed them that it is interested in having Olmert head Kadima and "continue the process that Sharon began to solve the Palestinian-Israel conflict." The paper further reports that Washington feels that Olmert is a 'smart leader who will be able, with his advisors, to lead the peace process and rebuff the political machinations against him.'

The Bush White House even informed Olmert, according to the paper, that it would like him to keep Sharon's advisors on his team, especially Dov Weisglass and Shimon Peres. Weisglass, Sharon's personal lawyer and broker of ties to Washington, recently said he was in almost daily contact with Condi Rice.

On January 22, Olmert addressed the issue of Iran. According to Israeli State Radio, he said that Iran was trying to engage Israel in the conflict surrounding Tehran's ongoing nuclear enrichment efforts, and that he concurs with Ariel Sharon's position that Israel would not lead the battle against Iran. He said that that 'responsibility falls first and foremost on the United States, Germany, France and the Security Council. We do not have to be the leaders.' By contrast, his Defense Minister, Shaul Mofaz, stated Israel will not tolerate Iran achieving nuclear independence, a statement that analysts feel signals a military action by Jerusalem is possible, with or without official US sanction.

This all would indicate that there is a definite split within Israel between a future Olmert government not eager to launch a pre-emptive military strike on Iran's nuclear facilities versus the ever-hawkish neo-conservative-tied Netanyahu. Notably, prominent Washington neo-conservative, Kenneth Timmerman, told Israeli radio in mid January that he expects an Israeli pre-emptive strike on Iran 'within the next 60 days,' i.e. just after Israeli elections or just before. Timmermann is close to Richard Perle, the indicted Cheney chief of staff, Lewis Libby, to Doug Feith and Michael Ledeen.

The question is whether ordinary Israelis are war weary, whether with Palestine or with Iran, and seek a compromise solution. Polls seem to indicate so. However, the very strong showing of Hamas in the January 25 Palestine elections could change the Israeli mood. The day after their vote success, Hamas leader Mahmoud A-Zahhar claimed that his movement will not change its covenant calling for the destruction of Israel, reported the Israeli online news portal Ynet.

Last week, a new element appeared in the chemistry of the long-standing Israeli Likud-US Congress influence nexus. Larry A. Franklin, a former Pentagon Iran analyst and close friend

of leading Pentagon neo-conservatives, was sentenced to 12 years and seven months in jail for sharing classified Pentagon information with pro-Israel lobbyists through an influential Washington-based lobby organization, AIPAC, the American-Israel Public Affairs Committee. AIPAC has been at the heart of ties between the Israeli right-wing Likud and members of the US Congress for years. It is regarded as so powerful that it is able to decide which Congressman is elected or re-elected. Previously it had been considered 'untouchable.' That is no longer true it seems.

Franklin pleaded guilty last October to sharing the information with AIPAC lobbyists and Israeli diplomat Naor Gilon. Steve Rosen and Keith Weissman, who were fired from AIPAC in 2004 in the affair, are facing charges of disclosing confidential information to Israel, apparently about Iran. The sentencing is causing major shock waves throughout major US Jewish organizations including the Anti-Defamation League of B'nai Brith. The conviction has hit a vital lobbying tool of AIPAC and other pro-Israel lobby groups, namely, expenses paid trips for US Congressmen to Israel. Hundreds of politicians are taken to Israel every year by non-profit affiliates of groups like AIPAC and the American Jewish Committee — trips Jewish leaders say are a vital tool in pro-Israel lobbying.

The Bush Administration had tried to bury the Franklin case, unsuccessfully. They could only delay the trial until after the November 2004 US elections. The Franklin scandal in the US as well as the Jack Abramoff lobbying affair, have both hit severe blows to the suspicious money network between Likud and the White House, potentially fatally weakening the Israeli hawk faction of Netanyahu.

The Russian factor in Iran

The role of Putin's Russia in the unfolding Iran showdown is central. In geopolitical terms, one must not forget that Russia is the ultimate 'prize' or endgame in the more than decade long US strategy of controlling Eurasia and preventing any possible rival from emerging to challenge US hegemony.

Russian engineers and technical advisers are in Iran constructing the Bushehr nuclear plant, at least 300 Russian technicians. Iran has been a strategic cooperation partner of the Putin government in terms of opposing US-UK designs for control of Caspian oil. Iran has been a major purchaser of Russian military hardware since the collapse of the Soviet Union, in addition to buying Russian nuclear technology and expertise.

In March 2005 Iran-Russian relations took a qualitative shift closer. That month Moscow agreed to the sale of a 'defensive' missile system to Tehran, worth up to \$7 billion-worth of future defense contracts. In 2000 Putin had announced Russia would no longer continue to abide by a secret US-Russia agreement to ban Russian weapons sales to Iran that the government of Boris Yeltsin had concluded. Since then, Russian-Iranian relations have become more entwined to put it mildly.

Moscow currently says it is in talks with Iran to build five to seven additional nuclear power reactors on the Bushehr site after completion of the present reactor. Russia expects to get up to \$10 billion from the planned larger Bushehr reactors deal and additional arms sales to Iran. It is currently building the reactor on credit to be paid by Iran only after the completion of the project. Sanctions and admonitions will not change Russia's relationship with one of the most demonized states in America's 'axis of evil.' Iran has become a major counterweight for Moscow in the geopolitical game for Washington's total domination over

Eurasia, and Putin is shrewdly aware of that potential.

A look at the map (see below), will reveal how geo-politically strategic Iran is for Russia, as well as for Israel and the USA. Iran controls the strategic Strait of Hormuz, the choke point for oil from the Persian Gulf to Japan and the rest of the world. Iran borders the oil-rich Caspian Sea as it does NATO member

Turkey.

Significantly, on January 23, the Russian daily, *Kommersant* reported that Armenia, sandwiched between Iran and Georgia, had agreed to sell 45% control of its Iran-Armenia gas pipeline to Russia's Gazprom. The Russian daily added, 'If Russia takes over this [Iran-Armenia] pipeline, Russia will be able to control transit of Iranian gas to Georgia, Ukraine and Europe.' That would be a major blow to the series of Washington operations to insert US-friendly pro-NATO governments in Georgia as well as Ukraine. It would also bind Iran and Russian energy relations. While the Armenian government denies they have agreed, negotiations continue with Gazprom holding out the prospect of demanding double the price or \$110 per 1000 cubic meters rather than the present \$54 unless Armenia agree to sell the stake to Gazprom.

Russia is pursuing a complex strategy regarding its cooperation with Iran. Minatom, the Russian nuclear energy group announced some time back that Russia was in discussion with Teheran to increase Iran's nuclear capacity by 6000 megawatts by 2020. The Russian Ministry of Foreign Affairs confirmed a year ago that Moscow would supply Iran with fuel for the Bushehr reactor even if it did not sign the IAEA Additional Protocols. While Putin has assured the world that Iran must demonstrate full NPT compliance before the Russian nuclear transfers occur, the Russian Foreign Ministry stated previously that the IAEA's failure to condemn Iran opened the door for Russia to help build future reactors in that country. Putin has managed to put Russia square in the middle of the present global showdown over Iran, a position which clearly tells some in Moscow that Russia is indeed again a 'global player. Undoubtedly more.

Russian Defense Minister Sergei Ivanov, in a January 18 discussion with the daily, *Nezavisimaya gazeta*, stated, 'It is not profitable for Russia to impose sanctions on Iran, since we just recently signed an agreement to sell them nearly \$1 billion worth of medium-range anti-aircraft weapons. These modern weapons are capable of hitting targets up to 25 kilometers away and will probably be used to defend various testing sites in Iran. Therefore, if some attempt is made to strike at the country and the deliveries from Russia are made quickly enough, we can expect a strong response. In other words, Iran will be able to defend itself.'

Ivanov added a significant caveat: 'However, if ballistic missiles are used, then nuclear sites can be targeted effectively. We must not forget that Russia has its experts working on some of these sites, and is not interested in a military scenario, if only to protect them.'

Russia's current strategy is to renew its earlier offer, rejected initially by Teheran, to take the uranium fuel from Iran to Russia for reprocessing, thus defusing the crisis significantly. On January 25, Iran's top nuclear negotiator, Ali Larijani, said that Tehran views Moscow's offer to have Iran's uranium enriched in Russia as a 'positive development,' but no agreement has been reached between the countries, according to an AP report.

Larijani repeated Iran's threat to renew enrichment activities if it is referred to the UN Security Council. Moscow has proposed having Iran's uranium enriched in Russia, then returned to Iran for use in the country's reactors — a compromise that could provide more oversight and ease tensions, at least in theory, with the United States and European Union over Iran's nuclear program. Talks have continued over the specifics, including Tehran's proposal to have China involved in the Russian enrichment process.

Following his meeting with Russian Security Council chief Igor Ivanov, Larijani told press, 'Our view of this offer is positive, and we are trying to bring the positions of the sides closer.' Further talks come in February, after the planned emergency IAEA meeting of February 2. Iran opposition groups claim the Russian talks are merely a ploy to divide the West and buy more time. Larijani and Ivanov said in a joint statement that Tehran's nuclear standoff must be resolved by diplomatic efforts in the U.N. atomic watchdog agency.

The China factor in Iran

China, in its increasingly urgent search for secure long-term energy supplies, especially oil and gas, has developed major economic ties with Iran. It began in 2000, when Beijing invited Iranian President Khatami for a literal red carpet reception and discussion of areas of energy and economic cooperation. Then in November 2004, curiously at the occasion of the second Bush election victory, the relation took a major shift as China signed huge oil and gas deals with Teheran.

The two countries signed a preliminary agreement worth potentially \$70 billion to \$100 billion. Under the terms, China will purchase Iranian oil and gas and help develop Iran's Yadavaran oil field, near the Iraqi border. That same year, China agreed to buy \$20 billion in liquefied natural gas from Iran over a quarter-century.

Iran's Oil Minister stated at the time, 'Japan is our number one energy importer for historical reasons...but we would like to give preference to exports to China.' In return China has become a major exporter of manufactured goods to Iran, including computer systems, household appliances and cars.

In addition to selling Iran its computers and home appliances, Beijing has been one of the largest suppliers of military technology to Teheran since the 1980's. Chinese arms trade has involved conventional, missile, nuclear, and chemical weapons. Outside Pakistan and North Korea, China's arms trade with Iran has been more comprehensive and sustained than that with any other country.

China has sold thousands of tanks, armored personnel vehicles, and artillery pieces, several hundred surface-to-air, air-to-air, cruise, and ballistic missiles as well as thousands of antitank missiles, more than a hundred fighter aircraft, and dozens of small warships. In addition, it is widely believed that China has assisted Iran in the development of its ballistic and cruise missile production capability, and has provided Iran with technologies and assistance in the development of its clandestine chemical and nuclear weapons programs. In addition, China has supplied Iran scientific expertise, technical cooperation, technology transfers, production technologies, blueprints, and dual-use transfers.

In sum, Iran is more than a strategic partner for China. In the wake of the US unilateral decision to go to war against Iraq, reports from Chinese media indicated that the leadership in Beijing privately realized its own long-term energy security was fundamentally at risk

under the aggressive new pre-emptive war strategy of Washington. China began taking major steps to outflank or negate total US domination of the world's major oil and gas resources. Iran has become a central part of that strategy.

This underscores the Chinese demand that the Iran nuclear issue be settled in the halls of the IAEA and not at the UN Security Council as Washington wishes. China would clearly threaten its veto were Iran to be brought before the UN for sanctions.

EU relations with Iran

The EU is Iran's main trading partner concerning both imports and exports. Clearly, they want to avoid a war with Iran and all that would imply for the EU. The EU's *Balance of Trade* (BoT) with Iran is negative due to large imports of oil. Germany's new CDU-led government under Chancellor Angela Merkel has made a clear point of trying to reaffirm close ties with Washington following the tense relations under former Chancellor Gerhard Schroeder who openly opposed the Iraq war along with France's Chirac in 2002 and 2003.

Chirac for his part is the subject of major controversy since he held a speech January 19 in which he overturned the traditional French nuclear doctrine of 'no first strike' to say, were a terrorist nation to attack France, he would consider even nuclear retaliation as appropriate. The mere declaration by a French President has triggered an international uproar. Whether it was French psychological warfare designed to pressure Iran, or the reflection of a fundamental change in French nuclear doctrine to one of pre-emptive strike or something similar, is so far not clear. What is clear is that the Chirac government will not stand in the way of a US decision to impose UN sanctions on Iran. Whether that also holds for a US-sanctioned nuclear strike is not clear.

The EU-3, whose negotiations diplomatically have so far produced no results, are now moving towards some form of more effective action against Iran's decision to proceed with reprocessing. The only problem is that other than nuclear sabre rattling, the EU has few cards to play. It needs Iranian energy. It is also aware of what it would mean to have a war in Iran in terms of potential terror retaliations. The EU to put it mildly is highly nervous and alarmed at the potential of a US-Iran or Israel-US vs Iran military showdown.

The Bush Administration role in Iran

Unlike the Iraq war buildup where it became clear to a shocked world that the Bush Administration was going to war regardless, with Iran Washington has so far been willing to let the EU states take a diplomatic lead, only stepping up pressure publicly on Iran in recent weeks. On January 19 the US repeated that neither it nor its European partners want to return to the negotiating table with Iran. 'The international community is united in mistrusting Tehran with nuclear technology,' said Secretary of State Condoleezza Rice. '...The time has come for a referral of Iran to the [UN] Security Council,' she added. Rice's choice of the word 'referral' was deliberate. If Iran is only 'reported' to the Security Council, debate would lack legal weight. A formal 'referral' is necessary if the Council is to impose any penalty, such as economic sanctions.

The neo-conservatives, although slightly lower profile in the second Bush Administration, are every bit as active, especially through Cheney's office. They want a pre-emptive bombing strike on Iran's nuclear sites.

But whatever Cheney's office may be doing, officially, the Bush administration is pursuing a markedly different approach than it did in 2003, when its diplomacy was aimed at lining up allies for a war. This time, U.S. diplomats are seeking an international consensus on how to proceed, or at least, cultivating the impression of that.

Iraq and the deepening US disaster there has severely constrained possible US options in Iran. Back in 2003 in the wake of the Iraqi 'victory,' leading Washington neo-conservative hawks were vocally calling on Bush to 'Move on to Tehran' after Saddam Hussein. Now, because of the "bloody quagmire" in Iraq, the US is severely constrained from moving unilaterally.

With 140,000 troops tied down in Iraq, the US military physically cannot support another invasion and occupation in yet another country, let alone Iran.

Because of Iran's size, a ground invasion may require twice as many troops as in Iraq, says Richard Russell, a Middle East specialist at the National Defense University in Washington. While an air campaign could take out Iran's air defenses, it could also trigger terrorism and oil disruptions. Washington is internally split over the issue of a successful nuclear strike against Iran,

AIPAC and Abramoff impact Washington

Another little-appreciated new element in the US political chemistry around the Bush White House are two devastating legal prosecutions which have hit the heart of the black and grey money network between Washington Republicans and the Israeli right-wing Likud.

Jack Abramoff, the financial patron of several prominent Republicans, including ex-House Majority Leader, Tom Delay, and Steve Rosen, the key force behind AIPAC, were two of the most influential Jewish lobbyists in Washington before legal scandals effectively ended their careers and sent them scrambling to stay out of prison.

Abramoff has pleaded guilty to fraud, tax evasion and conspiracy arising out of his work lobbying for Indian gambling casino interests. That scandal could implicate far more Congressmen and even some in the White House.

Rosen is fighting allegations that as chief strategist at AIPAC, he received and passed classified national security information, received from Larry Franklin, to unauthorized parties. Perhaps it is coincidence that two such high-profile damaging cases to the lobbying power of right-wing Israeli hawk elements surface at the same time, at just this time when war drums are pounding on Iran.

AIPAC's drama began August 2004, when on the eve of the Republican National Convention, the FBI raided the organization's offices, looking for incriminating documents. A year later, in August 2005, the U.S. Attorney for the Eastern District of Virginia indicted Rosen, by then AIPAC's director of foreign policy issues, and Keith Weissman, who had been an AIPAC Iran analyst. The government disclosed it had had the men under surveillance for more than four years and alleged that they had received and passed along classified information. The indictment named a Pentagon aide, Lawrence Franklin, as their co-conspirator. Franklin, who has agreed to cooperate with prosecutors, pleaded guilty in October 2005 to passing classified documents to unauthorized persons and improperly storing such documents in his home. He was sentenced to 12 and a half years in prison last week.

Bush, as de facto head of his party, faces a potentially devastating November Congressional election. With the quagmire of Iraq continuing and more Americans asking what in fact they are dying for in Iraq if not oil, Bush's popularity has continued to plunge. He has now only 46 per cent of popular support. More than 53 per cent of people have expressed unfavorable opinion of Bush. The Hurricane Katrina debacle of bungled response by the White House, the growing perception that Bush has 'lied' to the public, all are working to seriously undermine Republican chances in November.

The stench of insider deals, not only with Cheney's Halliburton is growing stronger and getting major media coverage, which is new. Conservative traditional Republicans are outraged at the unprecedented Federal spending binge Bush Republicans have indulged to protect their own special interests. In a recent article, Michael Reagan, conservative son of the late President, wrote, 'Republican congressional leaders promised individual members of Congress up to \$14 million 'in free earmarks,' (i.e. special spending allocations) if they would support, which they did, the massive \$286.5 billion Bush transportation bill.' According to Reagan, 'The bill came to a total of 6,300 earmarked projects costing the taxpayers \$24 billion, a clear case of bribery. The people being bribed were members of Congress. The people making the bribes were members of Congress. Congressmen bribing congressmen.'

A recent Fox News poll indicated that Americans saw the Republican congressional majority as materially more corrupt and more responsible for the current spate of scandals than the Democrats by a wide margin.

CONPLAN 8022

In January 2003 President Bush signed a classified Presidential Directive, CONPLAN 8022-02. Conplan 8022 is a war plan different from all prior in that it posits 'no ground troops.' It was specifically drafted to deal with 'imminent' threats from states such as North Korea or Iran.

Unlike the warplan for Iraq, a conventional one, which required coordinated preparation of air, ground and sea forces before it could be launched, a process of months even years, Conplan 8022 called for a highly concentrated strike combining bombing with electronic warfare and cyberattacks to cripple an opponent's response—cutting electricity in the country, jamming communications, hacking computer networks.

Conplan 8022 explicitly includes a nuclear option, specially configured earth-penetrating 'mini' nukes to hit underground sites such as Iran's. In summer 2005 Defense Secretary Rumsfeld approved a top secret 'Interim Global Strike Alert Order' directing round-the-clock military readiness, to be directed by the Omaha-based Strategic Command (Stratcom), according to a report in the May 15, 2005 Washington Post. Previously, ominously enough, Stratcom oversaw only the US nuclear forces. In January 2003 Bush signed on to a definition of 'full spectrum global strike' which included precision nuclear as well as conventional bombs, and space warfare. This was a follow-up to the President's September 2002 National Security Strategy which laid out as US strategic doctrine a policy of 'pre-emptive' wars.

The burning question is whether, with plunging popularity polls, a coming national election, scandals and loss of influence, the Bush White House might 'think the unthinkable' and order a nuclear pre-emptive global strike on Iran before the November elections, perhaps early after the March 28 Israeli elections.

Some Pentagon analysts have suggested that the entire US strategy towards Iran, unlike with Iraq, is rather a carefully orchestrated escalation of psychological pressure and bluff to force Iran to back down. It seems clear, especially in light of the strategic threat Iran faces from US or Israeli forces on its borders after 2003 that Iran is not likely to back down from its clear plans to develop the full nuclear fuel cycle capacities and with it, the option of developing an Iranian nuclear capability.

The question then is what will Washington do? The fundamental change in US defense doctrine since 2001, from a posture of defense to offense has significantly lowered the threshold of nuclear war, perhaps even of a global nuclear conflagration.

Geopolitical risks of nuclear war

While the latest Iranian agreement to reopen talks with Moscow on Russian spent fuel reprocessing have taken some of the edge off of the crisis for the moment. On January 27 President Bush announced publicly that he backed the Russian compromise, along with China and El Baradei of the IAEA. Bush signalled a significant backdown, at least for the moment, stating, 'The Russians came up with the idea and I support it...I do believe people ought to be allowed to have civilian nuclear power.' At the same time Rice's State Department expressed concern the Russian-Iran talks were a stalling ploy by Teheran.

Bush added 'However, I don't believe that non-transparent (sic) regimes that threaten the security of the world should be allowed to gain the technologies necessary to make a weapon.' The same day at Davos, Secretary Rice told the World Economic Forum that Iran's nuclear program posed 'significant danger' and that Iran must be brought before the UN Security Council. In short, Washington is trying to appear 'diplomatic' while keeping all options open.

Should Iran be brought before the UN Security Council for violations of the NPT and charges of developing weapons of mass destruction, it seems quite probable that Russia and China would veto imposing sanctions such as economic embargo on Iran for reasons stated above. The timetable for that is likely sometime around March-May, that is, after a new Israeli government is in place.

At that point there are several possible outcomes.

* The IAEA refers Iran to the UN Security Council which proposes increased monitoring of the reprocessing facilities for weapons producing while avoiding sanctions. In essence Iran would be allowed to develop its full fuel cycle nuclear program and its sovereignty is respected, so long as it respects NPT and IAEA conditions. This is unlikely for the reasons stated above.

* Iran like India and Pakistan, is permitted to develop a small arsenal of nuclear weapons as a deterrent to the growing military threat in its area posed by the United States from Afghanistan to Iraq to the Emirates, as well as by Israel's nuclear force. The West extends new offers of economic cooperation in the development of Iran's oil and gas infrastructure and Iran is slowly welcomed into the community of the WTO and cooperation with the West. A new government in Israel pursues a peace policy in Palestine and with Syria, and a new regional relaxation of tensions opens the way for huge new economic development in the entire Middle East region, Iran included. The Mullahs in Iran slowly loose influence. This scenario, desirable as it is, is extremely unlikely in the present circumstances.

* President Bush, on the urging of Cheney, Rumsfeld and the neo-conservative hawks, decide to activate CONPLAN 8022, an air attack bombing Iran's presumed nuclear sites, including for the first time since 1945, with deployment of nuclear weapons. No ground troops are used and it is proclaimed a swift surgical 'success' by the formidable Pentagon propaganda machine. Iran, prepared for such a possibility, launches a calculated counter-strike using techniques of guerrilla war or 'asymmetrical warfare' against US and NATO targets around the world.

The Iran response includes activating trained cells within Lebanon's Hezbollah; it includes activating considerable Iranian assets within Iraq, potentially in de facto alliance with the Sunni resistance there targeting the 135,000 remaining US troops and civilian personnel. Iran's asymmetrical response also includes stepping up informal ties to the powerful Hamas within Palestine to win them to a Holy War against the US-Israel 'Great Satan.' Alliance. Israel faces unprecedented terror and sabotage attacks from every side and from within its territory from sleeper cells of Arab Israelis. Iran activates trained sleeper terror cells in the Ras Tanura center of Saudi oil refining and shipping. The Eastern Province of Saudi Arabia around Ras Tanura contains a disenfranchised Shi'ite minority which have historically been denied the fruits of the immense Saudi oil wealth. There are some 2 million Shi'ia Muslims in Saudi Arabia. Shias do most of the manual work in the Saudi oilfields, making up 40 percent of Aramco's workforce.

Iran declares an immediate embargo of deliveries of its 4 million barrels of oil a day. It threatens to sink a large VLCC oil super-tanker in the narrows of the Strait of Hormuz, chocking off 40% of all world oil flows, if the world does not join it against the US-Israeli action. The strait has two 1 mile wide channels for marine traffic, separated by a 2 mile wide buffer zone, and is the only sea passage to the open ocean for much of OPEC oil. It is Saudi Arabia's main export route.

Iran a vast, strategically central expanse of land, more than double the land area of France and Germany combined, with well over 70 million people, and one of the fastest population growth rates in the world, is well prepared for a new Holy War. Its mountainous terrain makes any thought of a US ground occupation inconceivable at a time the Pentagon is having problems retaining its present force to maintain the Iraq and Afghanistan occupations. World War III begins in a series of miscalculations and disruptions. The pentagon's awesome war machine, 'total spectrum dominance' is powerless against the growing 'assymetrical war' assaults around the globe.

Clear from a reading of their public statements and their press, the Iranian government knows well what cards they hold and what not in this global game of thermo-nuclear chicken.

Were the Bush-Cheney-Rumsfeld axis to risk launching a nuclear strike on Iran, given the geopolitical context, it would mark a point of no return in international relations. Even with sagging popularity, the White House knows this. The danger of the initial strategy of pre-emptive wars is that, as now, when someone like Iran calls the US bluff with a formidable response potential, the US is left with little option but to launch the unthinkable-nuclear strike.

There are saner voices within the US political establishment, such as former NSC heads, Brent Scowcroft or even Zbigniew Brzezinski, who clearly understand the deadly logic of Bush's and the Pentagon hawks' pre-emptive posture. The question is whether their faction

within the US power establishment today is powerful enough to do to Bush and Cheney what was done to Richard Nixon when his exercise of Presidential power got out of hand.

It is useful to keep in mind that even were Iran to possess nuclear missiles, the strike range would not reach the territory of the United States. Israel would be the closest potential target. A US pre-emptive nuclear strike to defend Israel would raise the issue of what the military agreements between Tel Aviv and Washington actually encompass, a subject which neither the Bush Administration nor its predecessors have seen fit to inform the American public about.

Global Research Contributing Editor *F. William Engdahl*, author of 'A Century of War: Anglo-American Oil Politics and the New World Order,' Pluto Press, is an Associate Editor of Global Research. He can be contacted via his website, www.engdahl.oilgeopolitics.net.

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