

# What is behind Russia's delay of Iran's nuclear reactor?

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Russian officials suddenly announced on Monday that work on Iran's nuclear power reactor at the southern port of Bushehr would be slowed due to Tehran's failure to make scheduled payments on the construction contract. Far from being an ordinary commercial dispute, the delay is another pointer to the extreme tensions produced by the Bush administration's military threats against Iran.

The Russian announcement came just two days before a UN Security Council deadline for Iran to shut down its uranium enrichment facilities. Tehran, which insists that all its nuclear programs are for peaceful purposes, has refused to comply. The Bushehr reactor, which is being completed by Russian firms, is designed to produce electricity and is not included in the UN resolution.

According to Sergei Novikov, spokesman for Russia's nuclear agency Rosatom, Iran is behind in its financial commitments. "In February no payments were made. In January we received just \$5.1 million of the \$25 million due," he said. Underfinancing, Novikov explained, would influence the agreed timetable, including the delivery of nuclear fuel and the launch of the reactor.

After repeated delays, Russia and Iran agreed last year to a timetable for the reactor's completion: the delivery of nuclear fuel was due by March 2007 and the launch of the facility in September, with electricity generation to start in November. Now the supply of nuclear fuel will be delayed. According to Andrei Cherkasenko, an official with the Russian state nuclear power company Atompromresursy, operations will probably not commence until mid-2008.

The announcement provoked an angry Iranian response. Muhammad Saeedi, deputy director of the Atomic Energy Organisation of Iran, denied the country had been late in making payments. He insisted that the financial problems lay with the Russian contractor, not on the Iranian side. On Wednesday, Gholam-Ali Haddad-Adel, the speaker of the Iranian parliament, urged Russia to complete the reactor on time and warned that a delay "will have adverse effects on the minds of the Iranian people".

It is evident that "non-payment" is simply an excuse for the delay. Iran wants to make payments in euros, rather than US dollars, as part of its stated policy of holding reserves and settling accounts in currencies other than the dollar. As part of its campaign against Tehran, the Bush administration has been pressuring European and Asian banks to freeze Iran's dollar-denominated accounts. Rather absurdly, Rosatom has refused Iranian payment

in euros, with a renegotiation of the original contract accordingly.

Several commentators have noted the \$1.3 billion contract signed in 1995 is no longer as profitable for the Russian contractors involved. Any renegotiation of the contract could be used to squeeze some more money from Iran. The high-profile project is, however, an important aspect of Iranian-Russian relations. A petty dispute over the nearly completed Bushehr reactor could compromise Moscow's hopes for further nuclear construction contracts that have been mooted to follow.

The Rosatom decision was obviously a political, rather than a commercial decision. Moscow has repeatedly resisted pressure from Washington over the past decade to pull out of the project altogether. At Russia's insistence, the international sanctions imposed under a UN Security Council resolution in December excluded the Bushehr reactor. At the same time, the Moscow government is deeply concerned that the Bush administration will exploit the nuclear issue as the pretext for a military attack on Iran and has been pressing Iran to shut down its uranium enrichment and related facilities.

Coming immediately prior to a debate in the UN Security Council on Iran's nuclear programs, there is no doubt that Moscow is using the Bushehr project as another lever against Tehran. Moreover, Washington is demanding the imposition of harsher economic sanctions against Iran. Russian President Vladimir Putin could be planning to use the delay in the Iranian reactor as a bargaining chip in the backroom haggling between the major powers that will inevitably accompany any new UN resolution.

There may well be other calculations, however. Russia is acutely aware of the danger of a US attack on Iran. A second US aircraft carrier group led by the USS John C. Stennis arrived in the region on Monday, placing two aircraft carriers in the Persian Gulf for the first time since the US invasion of Iraq in 2003. The US has also placed Patriot anti-missile batteries in several of its Gulf state allies. The threatening military build up has been accompanied by an escalating US propaganda campaign against Iran's nuclear programs and its alleged support for anti-US insurgents in Iraq.

Commenting to the Lebanese magazine *Al-Watan Al-Arabi* on Wednesday, Russian Foreign Minister Sergei Lavrov warned the US against using its troops in Iraq against other countries in the region, including Iran. "The multinational force in Iraq should abide strictly by the UN Security Council's mandate, which does not provide for any operations outside the country," he said. "The escalation of the conflict and its possible spread beyond Iraqi borders will inevitably result in catastrophic consequences and not for the Middle East alone."

As Lavrov well knows, the absence of a UN resolution did not stop the Bush administration from launching the illegal invasion of Iraq in March 2003, which Russia and the rest of the UN Security Council rubberstamped. Nor will any UN resolution, or lack of one, prevent the White House from attacking Iran.

The BBC reported on Monday that the US Central Command had completed drawing up a list of targets for an air war on Iran, including its nuclear facilities and most of its military infrastructure. Among the list of nuclear targets is the Bushehr reactor, even though its purpose is the provision of electricity and an agreement has been signed to return all spent fuel rods to Russia.

In this context, the Russia's announced delay in the Bushehr project takes on a more sinister

aspect. The most critical component of the timetable is the provision of reactor fuel—enriched uranium—which was due to take place next month. Once the fuel is loaded, any air strike on the reactor has the potential to send a plume of radiated dust and debris into the atmosphere affecting not only Iran but neighbouring countries. Russian technicians employed on the site would also be endangered, threatening to provoke an international incident.

The sudden Russian delay raises the obvious question: just what does the Putin administration know about the Bush administration's plans for a military attack on Iran?

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