

Iran's nuclear future collapses, imperiling world energy needs

One of the least discussed but potentially most far-reaching victims of the political destabilization in Iran over the past months has been Iran's nuclear energy program. Less than one year ago, the government of Shah Reza Pahlevi was committed to one of the world's most substantial nuclear development programs, by far the most advanced of any member country of the Organization of Petroleum Exporting Countries (OPEC) or of developing nations. Brazil included.

Then, on Jan. 27, Iranian Prime Minister Shahpour Bakhtiar announced during a televised interview that all of Iran's contracts for construction of nuclear power plants were being cancelled, singling out contracts with the French reactor manufacturer Framatome for construction of two large 900 MegaWatt power plants begun in 1977. In explaining the decision, he cited the country's poor economic situation, with massive losses in oil revenue caused by months of disruptive strikes against the government.

The contracts for the two other reactor projects currently under construction, with the West German subsidiary of Siemens, Kraftwerke Union (KWU), would be allowed to continue, he affirmed, reasoning that those two projects begun in 1974, are in an advanced stage of completion, with start-up scheduled for 1981. At press time, however, the French parent firm, Framatome, is continuing work on their reactors, having received no official cancellation. But privately, officials of the company are calling the Bakhtiar statement a "hard blow."

In all, the number of reactors planned for Iran had reached 20, including six from West Germany at a value of \$10 billion, four from France at \$6 billion, and eight from the U.S. at \$20 billion.

Iran's nuclear program

Beginning in 1974, the Shah and his advisors committed Iran to the development of 23,000 MegaWatts of nuclear power generation by construction of 20 light water fission reactors. The plan called for a 20-year development program to be completed by 1994. Nuclear sources would then provide 50 percent of total Iranian electric capacity.

The magnitude of the plan is evident in the fact that a single 1,000 MegaWatt nuclear plant is sufficient to provide electricity to a city of 600,000 to 1,000,000. If carried to completion, Iran's would be the world's fourth largest nuclear program.

The commitment of the Shah's monarchy to nuclear

development in the world's second largest oil exporting country was key to using Iran's oil wealth to build an advanced technological and industrial base for the entire region by the turn of the century. The Shah, at that time, told the world that he was preparing a nuclear infrastructure for what he termed the "post-petroleum era."

For several reasons, the transition to nuclear energy in Iran became firm policy in the immediate aftermath of the 1973-1974 oil price rise by OPEC. First, oil at such high world market prices is simply too expensive to use economically in electricity production. Nuclear energy, far more economical, leaves oil for development of petrochemical industries.

Secondly, and potentially far more significant, by importing highly advanced nuclear technology, Iran was laying the basis for development of a most advanced industrial economy. Not surprisingly, the Shah personally made the strongest call at the 1977 Persepolis World Energy Conference for the international development of thermonuclear fusion energy as the long-term basis for world industrialization.

A nuclear-based economy in Iran was planned by the Shah to be the focal point for a nexus of the most advanced industrialization throughout the entire region — from Pakistan through to the Mediterranean.

Economic stakes for the industrial countries

Development of Iranian nuclear power has enormous implications for the industrial countries and, most directly, the future of France and West Germany as the moving force behind the implementation of the European Monetary System. The crest of actual contract commitment to the Iran program occurred in the fall of 1978, just weeks before the escalating London-orchestrated destabilization of the Shah's government began to produce major effects.

In early October 1978, the Iranian government signed a long-awaited "contract of intent" with the United States following talks which had been stalled since 1975 over the issue of nonproliferation. The agreement, calling for Iran's purchase of eight nuclear reactors from the United States, was referred to as "one of the few bright aspects" for foreign reactor orders since the implementation of the Percy-Glenn Nuclear Nonproliferation Act of 1978. The tentative Washington-Teheran accord which opened the way for Iran to buy U.S. reactors was looked to by U.S. industry as a way to "perhaps begin a reversal of this situation."

Not coincidentally, within days of the signing of the agreement, the Shah was politically forced to shake up his pivotal Atomic Energy Agency of Iran, reducing it to a lesser position within the Ministry of Energy and scapegoating its powerful head, Dr. Akbar Etemad on corruption charges as part of a domestic factional move to undercut his opposition. Then at the same time as the fanatical Khomeini dissident movement began attacking the nuclear program, the government announced it was "considerably reducing" its overall nuclear program goals.

Today, all bets are "off" for the eight American-built reactors. The value of this export package alone is estimated at more than \$20 billion. In addition, agreements between France and Iran for two additional reactors have been dropped as have additional agreements with West Germany for four additional reactors. Now the two remaining French reactors, on which work had already begun, have been cancelled. The value of those two plants is estimated at more than \$3 billion.

With the scope of Iran's major nuclear development program drastically curtailed at this point, another aspect with far-reaching implications, the joint Iranian-European investment in uranium enrichment and uranium mining, is being jeopardized. In 1974 the Shah made an investment loan of more than \$1 billion to the French uranium enrichment consortium, Eurodif, for construction of the European facility at Tricastin, now in operation and a target of the antinuclear policies of the Carter Administration. Iran has a 10 percent interest in Eurodif, and in addition has a 25 percent share in the planned enrichment facility, Coredif, shared primarily with France.

These two projects are Europe's weapon to resist the Carter Administration's nuclear energy "blackmail" of the last two years, providing their extensive nuclear program with independent and expanding enrichment capacity dominated by a U.S. monopoly since World War II. French officials are privately concerned, as well, that Iran's 26 percent share with France in a major uranium mining project in Niger may be in trouble.

This is, of course, provisional, depending on the political resolution of the current Iranian situation. Clear, moreover, is the importance in preserving the basic developmental thrust of Iran as one of a handful of developing sector nations capable of developing the technology-transfer involved in nuclear energy development.

— William Engdahl

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