

US HYPOCRISY

What makes this story all the more astonishing is that in the 1970s, the **United States government itself** urged the Iranians to purchase nuclear power stations—from the US—on the grounds that Iran's energy supplies were dwindling. President Ford signed a 1976 directive offering Tehran a US-built reprocessing facility producing plutonium and enriched uranium, key nuclear ingredients for nuclear weapons. (*Washington Post*, below)

Policy was made by a national security policy team including Dick Cheney (chief of staff), Donald Rumsfeld (chief of staff), and Paul Wolfowitz (nonproliferation officer at the Arms Control and Disarmament Agency).

Writing in the *Washington Post* on 9 March 2005, Kissinger wrote that 'for a major oil producer such as Iran, nuclear energy is a wasteful use of resource', an opinion cited by White House spokesperson Scott McClellan as reflecting the administration's current thinking on Iran.

In 1975, as Secretary of State, Henry Kissinger was deeply involved in the effort to sell \$6 billion worth of US nuclear energy equipment to Iran on the grounds that Tehran needed to **'prepare against the time—about 15 years in the future—when Iranian oil production is expected to decline sharply'** (a declassified 1975 US government strategy paper). Asked why he reversed his opinion, Kissinger said only: 'They were an allied country, and this was a commercial transaction.'

'It is absolutely incredible that the very same players who made those statements then are making completely the opposite ones now,' said Joseph Cirincione, a nonproliferation expert at the Carnegie Endowment for International Peace. 'Do they remember that they said this? Because the Iranians sure remember that they said it.' (All references this section: *Washington Post*, 27 March 2005 <tinyurl.com/yd9d2q>)

IRAN'S NEED FOR NUCLEAR POWER

Setting aside environmental concerns, it is clear that Iran has a serious case for acquiring nuclear power, one that the US recognized in the past.

JNV relies on donations to enable it to research, print and distribute briefings for the peace movement. If you find this briefing useful or important, please circulate it, and consider making a donation to 'JNV',
29 Gensing Rd, St Leonards-on-Sea, E. Sussex TN38 0HE.

JUSTICE NOT VENGEANCE www.j-n-v.org 0845 458 9571

IRAN'S OIL CRISIS

US SCIENTISTS SAY IRAN NEEDS NUCLEAR POWER

JNV Anti-War Briefing 101 (20 January 2007)

THE US LIE

The US case against Iran is based on a lie, one that has been exploded by a recent scientific study published by the US National Academy of Science, and that is exploded by previous US policy towards Iran in the 1970s. The lie is that Iran can **only** be seeking nuclear energy for military purposes.

We've seen this before. In Nov. 2001, then US National Security Adviser Condoleezza Rice stated, on behalf of the Bush Administration, 'This could be **only one** reason that he [Saddam Hussein] has not wanted UN inspectors in Iraq, and that's so he can build weapons of mass destruction.' (*Guardian*, 21 Nov. 2001 <<http://tinyurl.com/ynqmw8>>)

In fact there were several reasons why Saddam might not have wanted UN weapons inspectors in Iraq, including the fact that previous inspection teams had been used by the CIA to plant spying equipment used in the 1998 US raids, and apparently to coordinate at least one coup attempt by disaffected military officers. (See Milan Rai, *War Plan Iraq* for more details.)

Today, the same lie is being used. US hawk John Bolton (then at the State Department) stated in Aug. 2004 that the idea that Iran is building nuclear facilities to 'meet future electricity needs, while preserving oil and gas for export' 'strains credulity' (<tinyurl.com/pzj7b>). He said:

'Iran's uranium reserves are miniscule, accounting for less than one percent of its vast oil reserves and even larger gas reserves. Iran's gas reserves are the second largest in the world... Iran flares enough gas annually to generate electricity equivalent to the output of four Bushehr [nuclear] reactors.'

In fact, it is Bolton who was 'straining credulity', by ignoring the factors that govern Iranian energy policy.



RISING POPULATION, RISING DEMAND

Two basic factors Bolton ignored were the dependence of the Iranian state on oil export earnings, and the growth of the Iranian population. In an authoritative study in the prestigious *Proceedings of the [US] National Academy of Science*, Roger Stern of Johns Hopkins University points out that in 2004, 63% of Iran's government spending was paid for by oil export revenues. ('The Iranian petroleum crisis and United States national security', *PNAS*, 2 Jan. 2007, p.377 <tinyurl.com/26oqwm>)

Population growth slowed in the last decade, but there are still nearly 25% more Iranians now than 20 years ago, and there are more to come. Over 25% of the 69m-strong population is under 14 years of age. (CIA Factbook <tinyurl.com/223ksp>) Stern says that 'Despite high [oil] price[s], however, population growth has resulted in a 44% decline of real oil revenue **per capita** since the 1980 price peak.' (*PNAS*, p.381)

An aggravating factor is the very low price of petrol, oil and gas inside Iran, as the result of government subsidies: 'Growth rates for [domestic demand for] gasoline (11–12%), gas (9%), and electric power (7–8%) are especially problematic', Stern observes. (*PNAS*, p.381)

THE OIL CRISIS

There are other problems compounding the energy/revenue crisis. For example, as Iran tries to export gas to earn more foreign exchange, it reduces the gas available to 're-inject' into its oil fields. (Re-injection helps force out oil, extracting a greater proportion of the oil in the ground.)

As governments have failed to attract investment, and have deferred maintenance of refineries, production capacity has dropped and leakages from refineries have worsened. According to Stern, the losses from refinery leakages alone amounts to 6% of total oil production, causing a projected loss of revenues in 2006 of **\$5,470m**. (*PNAS*, p.380)

Stern writes: 'Since 1980, [domestic] energy demand growth (6.4%) has exceeded supply growth (5.6%) with [oil] exports stagnant since a 1996 peak'. (*PNAS*, p.377) Oil production is dropping slowly but steadily, while domestic demand for energy is rising quickly and steadily. **Less oil and gas is available for export.** #

Stern calculates that Iran's export capacity is declining by **over 10%** a year, and that the most likely scenario is that **by 2015, Iran will not be able to export any oil at all**. (*PNAS*, p.380)

OIL EXPORTS DECLINE: NUCLEAR NEEDED

Yet, as we have seen, over 60% of government spending relies on these oil export earnings. Stern accepts the Iranian case that other ways of generating energy for the domestic market must be found, and that:

'The decline we project implies that Iran's claim to need nuclear power to preserve exports is genuine. U.S. insistence that Iran's nuclear technology program has no economic purpose has obscured the regime's petroleum crisis..'

Stern points out that Tehran has ambitious goals for additional power generation from coal, hydro, solar, and thermal resources. Nuclear is one part of this 'larger if ill-managed plan to preserve exports'. (*PNAS*, p.381)

One attraction of the nuclear programme is that it is a rare opportunity for foreign investment: Russia is financing the new capacity, 'something foreigners are increasingly unwilling to do for oil and gas'. (*PNAS*, p.381)

MEDIA SELF-CENSORSHIP

This objective assessment by a leading US economic geographer does **not** demonstrate that Iran has no nuclear weapons ambitions. What it does prove is that the Bush Administration's is lying when it claims that **the only possible motive** for Iran's nuclear energy programme is a covert nuclear weapons project. According to this authoritative assessment, there **is** an urgent crisis in Iran's economy, which requires—at the very least—new non-oil energy production capabilities: **'... Iran's claim to need nuclear power to preserve exports is genuine.'**

This important scholarly conclusion was reported in the 'Money' section of the *Daily Telegraph* under the title 'Iran "facing disaster" over collapsing fuel exports'. (29 Dec. 2006 <tinyurl.com/yheljs>) Professor Stern was quoted as saying:

'They need to invest \$2.5bn (£1.28bn) a year just to stand still and they're not doing it because it's politically easier to spend the money on social welfare and the army than to wait four to six years for a return on investment. They've been running down the industry like this for 20 years.' Apart from this, no report appeared in the British 'quality' press or on the BBC that we know of. All these outlets will have received the Reuters report entitled 'Iran may need nuclear power: study' (26 Dec. 2006 <tinyurl.com/y84jwk>). Apart from the *Telegraph*, they all chose self-censorship in order not to undermine a central tenet of US propaganda.