

Saudi Nuclear Talks: Risks and Limitations

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Brief Analysis

Allowing Riyadh to produce its own nuclear fuel could have bad proliferation consequences in the Middle East and Asia, but Washington may not have the leverage to enforce a permanent ban.

The Trump administration is preparing to make two key decisions about Saudi Arabia and Iran that could set the course for the spread of nuclear technology in the Middle East for decades to come. Earlier this month, the president set a May deadline for the United States and Europe to agree on much tougher terms for the 2015 nuclear deal with Iran. In particular, the White House wants to do away with the agreement's so-called sunset clauses, which could allow Tehran to produce nuclear fuel at an industrial scale in about a decade.

Concurrently, the administration has begun negotiations with Iran's main regional adversary, Saudi Arabia, on a potential bilateral nuclear cooperation agreement. Riyadh has ambitious plans to build as many as sixteen nuclear reactors at a cost of some \$80 billion in the coming decades. American companies want in on these lucrative projects in a bid to revitalize the moribund U.S. nuclear power industry.

Yet finalizing a nuclear partnership with Saudi Arabia has bedeviled successive U.S. administrations. Like Tehran, Riyadh wants the right to produce nuclear fuel on its soil by enriching uranium and reprocessing plutonium from spent reactor fuel. The George W. Bush and Obama administrations rebuffed such requests, fearing the kingdom could use these technologies to build nuclear weapons.

Although the Trump administration has yet to announce its formal position on the matter, some officials involved in Riyadh's emerging nuclear plans believe Washington might soften its position on Saudi uranium enrichment in order to bolster President Trump's pledge about rejuvenating the U.S. nuclear industry. Yet doing so risks setting a precedent that other regional states could follow, including Turkey, Jordan, Egypt, and the United Arab Emirates—all

of which have announced their intentions to develop nuclear power in recent years. "It's hard to tell one ally 'yes' and the others 'no,'" said one senior Asian executive involved in negotiations with the Saudi government. "You could see these technologies quickly and dangerously spread."

SELLING OFF COUNTERPROLIFERATION "GOLD"?

In 2009, the Obama administration concluded a nuclear cooperation agreement with the UAE that is now described as the "gold standard" in combating proliferation. Among other things, Abu Dhabi legally forfeited its right to enrich uranium or reprocess plutonium, instead agreeing to buy nuclear fuel from foreign suppliers. At the time, the deal was seen as a means of pressuring Iran into giving up its own enrichment capabilities. If the United States decides to accept Saudi enrichment, however, it could give the Emiratis justification to back out of the agreement while further emboldening Tehran.

Fears of a similar nuclear cascade haunted the negotiations that culminated in the 2015 agreement with Iran. Critics of the deal, including many Arab governments, warned Washington that accepting Tehran's long-term enrichment demands would create a regional technology and security imbalance that Saudi Arabia and other countries might seek to right. Senior U.S. officials countered that failure to constrain Iran's nuclear program, however temporarily, would create an even worse proliferation threat.

At the time, the Obama administration also cast doubt on whether Gulf states had the scientific or technical ability to develop their own nuclear programs in the near term. "Saudi Arabia lacks the technologies and bureaucratic wherewithal" to establish a nuclear fuel cycle "any time in the foreseeable future," wrote Colin Kahl and his coauthors in a report issued by the Center for a New American Security in 2013, shortly before he became Vice President Joe Biden's national security advisor. The paper also discussed the potential utility of threatening financial sanctions on Saudi oil exports to dissuade Riyadh from pursuing a nuclear fuel cycle.

Regardless, the kingdom has shown every indication in recent years that it plans to move forward aggressively on its ambitious nuclear plans. According to Saudi officials, the country is expanding research at the King Abdullah City for Atomic and Renewable Energy, its primary nuclear body, and developing a cadre of nuclear scientists and engineers. It has also signed nuclear cooperation agreements with several countries, including China, France, and Argentina.

In December, the kingdom invited five companies to prepare bids for its first wave of reactor projects, according to participants in the process. These included the American firm Westinghouse Electric, JSC Rusatom (a subsidiary of Russia's state-owned nuclear giant Rosatom), France's EDF Group, the China Nuclear Engineering Corp., and the Korea Electric Power Corp. As U.S. and South Korean officials pointed out, however, Westinghouse and KEPCO can only join the project if Washington finalizes a nuclear cooperation agreement with Saudi Arabia, since both companies use American parts and technologies in their reactors. In any case, Riyadh is expected to choose the winners by year's end.

U.S. energy secretary Rick Perry visited Riyadh last month to discuss such an agreement, but the administration has so far refused to tip its hand on whether Washington is prepared to give ground on banning enrichment. In late November, White House counterproliferation czar Christopher Ford told a congressional hearing that such a ban "is not a legal requirement, it is a desired outcome." News of the administration's negotiations with Saudi Arabia subsequently set off a furious debate in Washington about the wisdom of giving Riyadh the green light to enrich uranium.

For example, a number of groups on both the right and left have warned that softening the U.S. position on this issue could set off a nuclear cascade in the Middle East and even Asia. They also downplayed arguments that the Saudi project could reap considerable financial benefits for corporate America, noting that Westinghouse is majority-owned by Japan's Toshiba Corp. and that it filed for bankruptcy in March 2017 after postponing reactor deliveries to

two U.S. power plants. "The upside for U.S. nuclear business is small in the Middle East compared to the proliferation risks," said Henry Sokolski, executive director of the Nonproliferation Policy Education Center, in an interview with the author. "Certainly, the last place the U.S. should give up on the gold standard for U.S. civilian nuclear cooperation is in a region in which three 'peaceful' nuclear plants have already been bombed by hostile neighbors," he continued, citing Iraq's bombing of Iran's Bushehr reactor in the 1980s and Israel's destruction of Syrian and Iraqi reactors.

IRANIAN AND ASIAN ANGLES

Still, other experts argue that Washington may no longer have the leverage to bar the Saudis from enriching uranium, particularly since Russia and China are waiting to sell them reactors. Robert Einhorn, one of the strategists behind the Iran deal, recently wrote that the Trump administration may have to allow for some Saudi enrichment, albeit with strict safeguards to prevent any nuclear weapons development. According to his January 12 article in *Bulletin of the Atomic Scientists*, a Saudi deal could contain an enrichment ban that expires after fifteen years. Refusal to make this concession could lock Washington out of future Saudi nuclear plans completely, he wrote: "If the United States wishes to cooperate with Saudi Arabia in the civil nuclear area, it will need to adopt an approach that serves U.S. nonproliferation objectives without completely shutting the door to a Saudi fuel cycle capability."

Others note that Congress, which would need to bless any agreement with the Saudis, could insert tough demands. These might include requiring the administration to make clear to Riyadh that the United States will never sell it the technology needed to enrich uranium or reprocess plutonium, and that Washington will take steps to ensure that other countries do not provide such technology either. U.S. officials should also demand that Saudi Arabia reach an agreement with the UN nuclear watchdog, the International Atomic Energy Agency, to allow for expansive inspections of its nuclear sites—a provision called the Additional Protocol. "One of our overriding goals should be to deny the spread of these sensitive technologies," said Daryl Kimball, executive director of the Arms Control Association, in an interview with the author.

Either way, U.S. nuclear policies toward Iran and Saudi Arabia are now inextricably linked and coming to a head. A Trump administration push to tighten restrictions on Iran's capabilities could gain some traction among skeptical European governments, but if the White House then turns around and supports Saudi enrichment rights, its regional strategy would appear hollow. The administration is currently being advised to leverage the threats posed by Saudi and Iranian nuclear ambitions in order to gain support from other nuclear powers on maintaining tough counterproliferation restrictions—a unity that will be difficult to forge.

The Saudi talks are also being closely watched in Asia. South Korea is set to renegotiate its own nuclear cooperation agreement with the United States and has been seeking provisions that will allow it to produce limited amounts of nuclear fuel. Officials in Seoul say this is purely for civilian purposes, but the rapid growth of North Korea's nuclear weapons capabilities has been stoking calls for similar armaments in the south. As the previously quoted Asian executive pointed out, "What happens with Saudi Arabia could have a big impact in South Korea."

Jay Solomon is the Segal Distinguished Visiting Fellow at The Washington Institute and author of The Iran Wars: Spy Games, Bank Battles, and the Secret Deals That Reshaped the Middle East. ❖

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