



# Executive Memorandum

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503

## RUSSIA'S DANGEROUS MISSILE GAME IN IRAN

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**B**y providing advanced missile technology to the radical Islamic regime in Tehran, Russia is threatening vital U.S. interests and violating an international arms control agreement. Its assistance to Iran, the world's foremost state sponsor of terrorism, threatens to alter the long-term balance of power in the oil-rich Persian Gulf region and endangers such key U.S. allies as Israel, Saudi Arabia, and Turkey and other NATO members. In just three to four years, these countries and U.S. military forces in Europe and the Middle East could be vulnerable to attack by Iranian medium-range missiles developed with Russian aid.

Washington needs to act now. The Clinton Administration should move to halt Russian–Iranian cooperation in advanced military and dual-use technologies by threatening to cut bilateral and multilateral U.S. aid to Russia—including aid to the troubled Mir–shuttle space program—if this relationship continues. If the Administration balks at linking U.S. aid to this goal, Congress should take the lead and condition aid to Russia on suspension of Moscow's destabilizing cooperation with Tehran.

Congress already is moving in this direction. Representative Benjamin Gilman (R–NY) has introduced H.R. 2709, the Iran Missile Proliferation Sanctions Act of 1997, to apply sanctions and prohibit U.S. assistance to any foreign entity the President identifies as engaged in the transfer of missile technology or components to Iran. Representative Curt Weldon (R–PA) has introduced H.R. 2786, the Iran Missile Proliferation Act, to provide additional funding to the Pentagon's ballistic missile defense program to improve the capability of several missile defense systems so that they can counter the kinds of missiles Iran is working to deploy.

**Rockets for Rubles.** Despite U.S. protests, Russian state agencies are selling Tehran the technologies it needs to build ballistic missiles. Such technology transfers violate the Missile Technology Control Regime (MTCR), a 1987 declaration of international standards for controls on the export of certain kinds of missiles and missile components. Russia pledged to adhere to the MTCR and denies it is violating it. Yet Russian state agencies and private firms involved in Iran's missile program include the Russian Space Agency; the state-owned arms trading company Rosvooruzheniye; NPO Trud, a rocket engine manufacturer; Polyus, a laser manufacturer; the Bauman Institute; and the Russian Central Aerohydrodynamic Institute (TsAGI). These entities reportedly have sold Iran important components, such as the gyroscopes used in missile guidance systems, and have helped in the design of nose cones and missile guidance and propulsion systems. By 2001, if this technology transfer continues, Iran conceivably could deploy missiles able to deliver nuclear warheads to targets in the Middle East and Europe. In five

years, it could deploy the new Shihab-4 missile, which incorporates Russian and North Korean technology and has a reported range of 1,240 miles.

Russia is helping to build Iran's military might because its own military-industrial complex desperately needs cash. But its efforts also are part of an anti-U.S. strategy some analysts have dubbed the Primakov doctrine. Named after foreign minister Evgenii Primakov, this doctrine is a response both to Russia's perceived defeat in the Cold War and to the enlargement of NATO. In early 1997, Primakov and his Iranian counterpart, Ali Akbar Velayati, issued a joint statement calling the U.S. presence in the Persian Gulf "totally unacceptable." Primakov seeks to forge a Eurasian counterbalance to the Euro-Atlantic alliance, with Russia, China, Iran, and possibly France as major elements in this anti-U.S. coalition.

Russian-Iranian cooperation in military and nuclear projects enhances Tehran's ability to undermine the interests of the United States and its allies. Since Iran's 1979 revolution, Tehran has sought to overthrow moderate and pro-Western governments throughout the Middle East and the Muslim world. Russian military assistance may encourage Iran to flex its new military muscle to coerce oil-rich neighbors into raising the price of oil. Oil sales account for roughly 85 percent of Iran's hard currency earnings. Iran also could use subversion, sabotage, or military operations to disrupt Persian Gulf oil exports and drive up the world price of oil, severely damaging the economies of oil-importing Western states, including the United States, the world's largest oil importer.

**Dollar Diplomacy.** The United States must apply both diplomatic and economic pressure to halt Russia's assistance to Iran's military buildup. This assistance endangers U.S. security, U.S. interests in the Middle East, and the economic security of the West. The Clinton Administration, which provided over \$27 billion in bilateral and multilateral assistance to Russia between 1993 and 1997, paved the way for Russia to join the International Monetary Fund (IMF), the World Bank, the Paris Club of creditor states, and other prestigious international organizations. Before 2000, the IMF and the World Bank probably will lend Russia an additional \$10 billion to \$12 billion. The Administration must make it clear to Moscow that such aid will be jeopardized by continued Russian aid to Iran. Besides pushing for a complete halt to Russia's missile deals and advanced military and dual-use technology transfers to Iran, the Administration should press Moscow to recall its military and technical experts from Iran.

Even though U.S. economic leverage to halt Moscow's lucrative military trade with Iran may be limited, the Administration must show leadership on this grave issue. If Moscow does not agree to stop the flow of technology to Iran, Washington should cut off funding for the Russian Space Agency. In addition to transferring missile technology to Iran, this agency is involved in the Mir-shuttle cooperative program, which is subsidized by U.S. taxpayers. Representative F. James Sensenbrenner (R-WI), chairman of the House Science Committee, has called for suspension of this program. Already eight years beyond its intended life span, the failing Mir space station is a threat to the lives of visiting American astronauts. Russian space station technology is dated and does not benefit the U.S. space industry. Washington also should block Russian participation in development of the European-Japanese-U.S. international space station.

If these steps are not effective, the Administration should instruct U.S. executive directors at the IMF and World Bank to vote against future credits and loans to Russia. These programs have been shown to be economically ineffective and wasteful; Russian Prime Minister Viktor Chernomyrdin recently admitted that \$250 million, the first tranche of the World Bank loan for restructuring the coal industry, has disappeared and apparently has been embezzled.

If the Administration refuses to act, Congress should reduce allocations for U.S. contributions to the IMF and World Bank by the estimated amount of future loans to Russia. U.S. tax dollars should not finance, however indirectly, the development of Iranian missiles that could be aimed at U.S. bases and allies in the Middle East and Europe. Washington must send a strong signal to the Kremlin that it adamantly opposes the transfer of missile technology to Iran.