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Report by the Director General on the Implementation of Safeguards in the Islamic Republic of Iran

Ambassador Jackie Wolcott Sanders, Special Representative for the Nonproliferation of Nuclear Weapons and U.S. Representative to the CD

Statement to the Board of Governors

Vienna, Austria

November 29, 2004

Madame Chair, the United States was willing to permit this resolution to proceed without a vote, but my government would like to state for the record our reservations about this resolution. We believe it is important to draw these reservations to the attention of the Board.

First, however, I want to thank the Director General and the IAEA Safeguards Department for the IAEA's continuing, rigorous efforts in Iran, and for the November 15 report. The facts that the Agency has marshaled before us impose upon us a significant responsibility to act with vigor and resolution to uphold the principle that countries must be held accountable when they commit serious and longstanding violations of safeguards obligations and solemn treaty requirements. Our overriding objective as a Board must be to act at all times to strengthen the IAEA safeguards system and to prevent erosion of the integrity of the IAEA and the NPT regime of which it plays an important part. History will judge our decision today against that standard; I hope that history's judgment will be positive.

Madame Chair, the Board today adopted without a vote the sixth resolution on Iran since September of last year. Recognizing that – after persuading Iran to back down from a troubling and transparent attempt preemptively to reinterpret its own commitments in the November 15 Paris Agreement – the IAEA has verified that Iran has now finally begun implementing its year-old agreement to suspend all enrichment-related and reprocessing related activities, most of what the Board is still requesting of Iran is sadly familiar. Indeed, we have been making such requests since June 2003. It is perhaps worth reminding everyone of some of this unfortunate history.

- The Board's June 2003 Chairman's Conclusion called on Iran to promptly resolve all outstanding questions, cooperate fully with the IAEA, and not to introduce nuclear material into Natanz. It is telling that the first two requests remain, to varying degrees, unmet, and that Iran ignored the Board's request not to introduce nuclear material at Natanz.

- The Board's September 2003 resolution additionally called on Iran to ensure there are no further failures to report safeguardable material, facilities, and activities; to grant unrestricted access to whatever locations the Agency deems necessary; and to promptly ratify the Additional Protocol. Again, these Board requests remain unmet (such as with regard to unrestricted access and Protocol ratification) or unresolved (such as with regard to whether there have been, or are, further Iranian failures to report undeclared activities).
- The Board's November 2003 resolution strongly deplored Iran's many safeguards breaches, called on Iran to take all necessary corrective measures urgently, and called on Iran to ratify the Additional Protocol. Those steps, too, remain unmet. The Board also decided that if further serious failures came to light, the Board would immediately consider all options at its disposal, a decision that remains in effect. This was the first resolution to call on Iran to suspend all further enrichment activities – a step that has taken Iran an entire year to implement.
- The Board's March 2004 resolution deplored Iran's further omissions from its October 2003 declarations, and called on Iran to further intensify its cooperation, promptly ratify the Protocol, and proactively resolve all outstanding issues. As was clearly documented in the Director General's February 2004 report, Iran failed to provide the complete and final picture of its past and present nuclear programs considered essential by the Board's resolution. Since November 2003, moreover, the IAEA has uncovered a number of omissions, including associated research, manufacturing, and testing activities, two mass spectrometers used in laser enrichment, and designs for hot cells at the Arak heavy water reactor.
- The Board's June 2004 resolution deplored Iran's lack of full, timely, or proactive cooperation. It called on Iran to be more proactive in answering questions about its enrichment program and to take all necessary steps on an urgent basis to resolve all outstanding questions. Once more, it urged Iran to ratify an Additional Protocol without delay, and called on Iran as confidence-building measures to reconsider its unfortunate and confidence-eroding decisions to begin process testing at the uranium conversion facility and begin construction of its heavy water research reactor.
- The Board's September 2004 resolution urged Iran to respond positively to the DG's requests on providing full information and access and to take all steps to clarify outstanding issues. Yet again, it urged Iran to ratify its Protocol without delay; again called on Iran not to proceed with tests or operations at its conversion facility, and again called on Iran not to proceed with construction of its heavy water research reactor. Yet again, those steps either remain unmet or were met by Iran with defiance.

This is a story of Iran's continuing failure to cooperate fully and to act in good faith. The United States believes that Iran's violations of its safeguards agreement have triggered a requirement under Article XII.C of the IAEA Statute and that the Board should report this noncompliance to the United Nations Security Council and General Assembly. The United States has been, and will continue to be, very clear that in order to help restore the credibility of this institution, the Board needs to comply with the IAEA Statute by informing the Security Council of Iran's safeguards violations.

The Board decided one year ago to defer fulfilling this statutory obligation. It opted to give diplomatic initiatives a chance to solve the problem presented by Iran's destabilizing pursuit of economically irrational enrichment capabilities that it does not need – but that would permit it to produce fissile material usable in nuclear weapons. The decision in November 2003 to defer Security Council reporting was predicated upon Iran's commitment to suspend all enrichment-related activities, and upon Iran's statement that it had, in October 2003, provided a complete picture of its nuclear activities.

Unfortunately, Iran's October 2003 statement was not a complete picture, because it omitted the critical issue of the P-2 centrifuges. Moreover, over the succeeding year, Iran proved stubbornly unwilling to honor most of its commitments in

this regard. As the Director General has reported to the Board, Iran never stopped producing centrifuge components. Moreover, Iran continued to challenge the meaning of its suspension commitments, and instead adopted positions on the definition of activities covered that contrasted markedly with those of its European negotiating partners and that of the IAEA. Finally, last summer Iran repudiated its earlier promises altogether and resumed full-scale work on its uranium conversion activities – activities designed to produce feedstock for enrichment in the very same centrifuges Iran had pledged to stop building. Earlier this month – faced with the looming prospect that this Board would return to the Security Council reporting decision it deferred in 2003 – Iran reached, in the Paris Agreement with its European negotiating partners, a recapitulation of its prior agreement a year ago, to again promise to suspend all enrichment-related activities.

Even then, however, Iran still did not stop trying to obfuscate and evade these obligations. Iran notified the IAEA of its agreement to suspend enrichment-related activities, but used in this notification a slightly different definition of suspension than that contained in the Paris Agreement. Iran also further eroded our confidence in its peaceful intentions and good faith by its unseemly rush to produce as much centrifuge feedstock as possible before the suspension deadline.

Not content with the ambiguity it tried to create, the Iranians then attempted to revisit the terms of the suspension commitment in the Paris Agreement – pretending that its clear description of "all assembly, installation, testing, or operation" of centrifuges did not cover centrifuge research and development. Iran delayed the proceedings of this Board for some days, in fact, over the absurd insistence upon retaining a number of gas centrifuges for "research and development" work.

This centrifuge-related difficulty may now have been overcome by means of a last-minute compromise that will have as yet unforeseeable implications as a precedent for IAEA monitoring of suspect sites and equipment in the future, both in Iran and elsewhere. Iran, we are told, agreed not to conduct testing of gas centrifuges. Given Iran's apparent intent to discuss these issues further at the first round of talks with the Europeans in December, we are concerned that the true scope of this suspension may still not be fully resolved. Let me be clear. My government has joined consensus on this Board resolution on the understanding that this means that Iran has fully and verifiably suspended all enrichment-related work – including any and all research and development work using gas centrifuges or their components. Any such work whatsoever by Iran will constitute a breach of the agreement.

The last frustrating year of suspension-related bickering with Iran – not to mention Tehran's continuing unwillingness fully to come clean to the IAEA, as repeatedly requested by this Board – highlights the challenges we all face in eliciting even the most basic cooperation and fair dealing from Iran. Suspension of all enrichment-related activities has repeatedly been urged upon Iran as a way to help rebuild lost confidence in Iran's peaceful intentions. The excruciating path to the tenuous suspension just achieved – one which Iran steadfastly insists is merely temporary anyway – shows just how much work Iran has to do in this regard. The Director General has described Iran as facing a "confidence deficit." This is quite right.

Iran has repeatedly demonstrated bad faith, and the United States has long lost any illusions that Iran's ultimate intentions are peaceful. Madame Chair, it is imperative resolutely to hold Iran to its suspension commitment as defined in the Paris Agreement [INFCIRC 637 (26 November 2004)], including centrifuge research and development of all sorts. We must resolutely hold Iran to its safeguards obligations. We must all work together not just to freeze Iran's destabilizing enrichment-related work, but to end it. Nor can we forget its ongoing heavy water reactor program and clandestine work on plutonium separation, which illustrate the developing threat of Iran's plutonium weapons program

– which has yet to be addressed at all. We must take every step to prevent further loss of confidence in the efficacy of the NPT regime in dealing with grave compliance challenges such as the one before us.

Today's Board Resolution

Madame Chair, this long – but partial – listing of Iranian breaches and failures, unmet or defied urgent requests, and disregarded concerns is deeply troubling. Today's resolution is being welcomed by many as potentially a significant positive step. We hope they are correct. But our view of today's resolution is tempered by the reality that Iran has never yet fully met the requests, or fully addressed the concerns of past Board resolutions.

Whether Iran will treat this latest resolution with any less contempt than it treated previous resolutions is not a decision we can leave to Iran. This will be for the Board – and members of the international community, individually and collectively – to decide. For this resolution to have any greater prospect than previous Board resolutions in starting to build confidence in Iran's program, we expect, and require, the most rigorous IAEA verification effort possible. We expect Iran to provide the IAEA with prompt and unrestricted access to any and all locations the IAEA requests.

The resolution just adopted requests the Director General to report to the Board as appropriate. We firmly believe it would be appropriate for the IAEA to provide comprehensive updates to the Board regarding Iran's implementation of the suspension, in written reports to every BOG meeting for as long as the suspension is sustained. The United States also requests the Director General to document and report to the Board any refusal by Iran to grant timely access to any facility, site, or locations, as well as to document and report any refusal by Iran of a request to take environmental samples or perform any other tests or measurements. We also call upon the Director General to report to the Board immediately should any further undeclared nuclear facilities, material or activities come to light in Iran. Given Iran's track record of deception and disingenuous interpretation of the meaning of its suspension obligations, we can be satisfied with nothing less than such close and continuing attention to keeping the Board fully and currently informed of the status of every aspect of the suspension and of Iran's nuclear activity.

Should there be any questions or discrepancies regarding the suspension, we expect the DG to notify the BOG immediately. And, in the event that the suspension is not sustained, the DG should inform the Board immediately and the Board should then meet in special session to consider all options at its disposal, in accordance with the provisions of Iran's safeguards agreement and the IAEA Statute. If Iran fails to keep its suspension commitments, this continuing deferral must end, and we must report Iran's safeguards violations to the Council pursuant to Article XII.C of the IAEA Statute, and its violation of its suspension to the Council under Article III.B.4 as a potential threat to international peace and security. Madame Chair, based on Iran's past record of denial, delay and deception, the Board must insist on such measures at a minimum.

The Continuing Challenge of Iranian Noncompliance

Madame Chair, I encourage all fellow Board members, even as we congratulate ourselves on another resolution adopted, to reread the Director General's November 15 report, particularly his current overall assessment on page 23 of that report. Paragraph 107 is of fundamental importance to this Board, as it reaffirms a finding the DG shared with us a year ago: that Iran's past policy of concealment resulted in multiple breaches of its obligation to comply with its Safeguards Agreement. Today's resolution rightly references that language.

The United States has consistently stated that the Board of Governors must report that confirmed non-compliance by Iran to the UN Security Council. As I have noted, we have a statutory obligation to do so. Moreover, Iran's ongoing activities represent a growing threat to international peace and security. The Security Council has the clear international legal and political authority that we believe will be necessary to address this threat and to bring this issue to a successful resolution. The Security Council has the power to require Iran to take all necessary corrective measures – many of which Iran has still failed to take. The Security Council has the authority to require and to enforce a suspension of Iran's enrichment-related and reprocessing activities. In these and perhaps other respects, the Security Council has the authority to reinforce the IAEA's ability to continue its investigations in Iran until it can provide this Board with all necessary assurances. We have no desire to remove the issue of Iran from the IAEA.

Indeed, quite the contrary, it is our hope that the Security Council will reinforce and complement the IAEA's work by giving the Agency its support and lending its political, diplomatic, and legal weight to the difficult task of ensuring full Iranian cooperation. We seek, in other words, to use a report to the Council to help the IAEA address Iran's record of clandestine nuclear activity, safeguards violations, and confidence-destroying bad-faith practices. Reporting the Iranian situation to the Security Council's attention is important not only for the assistance it would give the IAEA in resolving these issues with Iran, but also for the integrity of the IAEA and the NPT regime as a whole. Madame Chair, with every passing Board meeting at which the Board fails to meet its statutory obligation to report Iran's noncompliance to the UN Security Council, the Board's own integrity is weakened, as is the integrity of the IAEA's safeguards system, a core element of the NPT-based nonproliferation regime.

We also must insist that this Board remains seized with the issue of Iran's safeguards implementation until all concerns have been resolved. The DG's November 15 report confirms information about Iran's program that raises further questions for us, and also identified a number of earlier questions and concerns that remain unresolved, including:

- Whether Iran undertook still-undeclared activities related to P-2 centrifuges between 1994 and 2002, as the IAEA considers plausible. If so, we would consider this to be another serious failure by Iran to answer all outstanding questions.
- Why Iran, which admitted to receiving P-1 design drawings in 1987, would procure "an additional set" of supposedly the same design drawings between 1994 and 1996. Perhaps these were not the same centrifuge designs. We are compelled to wonder what other nuclear components, materials, documents, or designs were provided by the clandestine network.
- Iran admitted to "13 meetings" between 1994 and 1997 of Iranian officials with representatives of the clandestine supply network. We wonder which Iranian officials took part, and whether these were exclusively AEOI officials, or perhaps also Iranian military officials.
- We question whether Iran continues to hide information related to the origins of the UF6 particles found at the Tehran Research Reactor, as the IAEA suggests is plausible. We wonder what conclusions the IAEA draws from the two separate sets of samples it took from the plutonium separation solution associated with Iran's undeclared plutonium separation experiments. The IAEA still considers it implausible, based on its sampling, that Iran did not conduct plutonium separation experiments after 1993. We wonder what the sampling data reveals regarding whether Iran conducted still-undeclared plutonium separation work after 1993. If Iran is found to have done so, we would consider this to be another serious safeguards failure.
- We still wonder whether Iran ever worked with beryllium, which combined with Po-210 forms a neutron source that can be used for initiating a nuclear weapon. Iranian officials have claimed in the past that Iran never procured or worked

with beryllium. We wonder whether the IAEA has found evidence suggesting otherwise.

- We still wonder why Iran needed to use sophisticated "whole body counters" to conduct supposedly basic nuclear defense work at the sanitized Lavizan site. We also hope the IAEA would share with the Board any further information it has about the specific "nuclear defense" projects that the Iranian military pursued at that and others. We also await the final results of IAEA sampling conducted at that site and of the two whole body counters and the one trailer, and we hope Iran will provide the IAEA access to the second trailer.
- We are concerned about the possibility of a military link to the Gchine mine, how long that mine has been operational, and when and why did Iran dismantle "temporary facilities" there used to produce "several hundred kilograms" of yellowcake. We look forward to being informed of the results of IAEA sampling results.
- Given that the total estimated uranium production capacity of Iran's two declared uranium mines is only 71 tons per year, we note that such output is not even sufficient to fuel one nuclear power reactor, though it is more than enough to support a nuclear weapons program. We wonder why Iran's pursuit of enrichment capability is so dangerously out of balance both with its known uranium reserves and with the status of its nuclear power program.
- We also look forward to being informed by the IAEA of any results of its investigations into Iranian attempts to procure "dual use equipment and materials which have applications in the conventional military area and in the civilian sphere as well as in the nuclear military area." The IAEA is also investigating "efforts by the PHRC to acquire dual use materials and equipment that could be useful in uranium enrichment or conversion activities."
- We wonder what specific types of equipment Iran was attempting to procure, and believe the Board should be informed of these procurement attempts so we can make our own decisions about Iran's intentions.
- We also look forward to hearing further clarification from the IAEA regarding Iran's recent disclosure to the IAEA about its plans to produce uranium metal enriched to almost 20% U-235. As Board members understand, uranium metal has few uses that make sense for Iran's program if truly peaceful, but such metal production must be mastered in order to produce uranium for nuclear weapons.
- Finally, we wonder why Iran still has not allowed the Agency to visit Parchin, despite repeated IAEA requests. We hope Iran will immediately provide the IAEA unrestricted access there, in keeping with today's resolution, as well as full access to any other locations that the IAEA deems necessary to visit to better advance its understanding of Iran's nuclear program.

None of these continuing unanswered questions are any less serious or any more resolved by virtue of the fact that Iran has – grudgingly, equivocally, and temporarily – suspended its uranium enrichment-related activities. We cannot wish these issues away, and the IAEA and the Board of Governors must continue to work diligently to resolve each and every one of them.

Madame Chair, the Director General clearly had some of these same questions in mind when he wrote in his November 15 report that the Agency was "not yet in a position to conclude that there are no undeclared nuclear materials or activities in Iran." This makes clear that the IAEA cannot now, or in the near future, offer the necessary assurances that Iran is not attempting to produce nuclear material for weapons at a hidden location.

I should note that it is also impossible, on the basis of the current record, to have any confidence that Iran is not working secretly on ways to weaponize and deliver the nuclear weapons it would be able to build if it acquired the enrichment capabilities it still refuses to renounce. Nor can or should the IAEA – as an organization limited in its

jurisdiction solely to safeguards matters – have a formal role in this regard, for it lacks any authority in either investigating or pronouncing upon questions of weaponization or weapons intent. The DG's most recent report on Iran makes this explicit by noting that the Agency has only a very limited ability to pursue such issues.

In light of the DG's report on Iran's history of nuclear deception, we believe it is more important than ever for the Board to signal clearly to Iran that it will remain seized with this issue for the foreseeable future. The resolution just adopted by the Board requests the DG to report his findings back to us "as appropriate." Especially in light of Iran's remarkable last-minute efforts this week to rewrite the terms of its own suspension promises, we believe it is not only appropriate but essential that the Director General provide Board Members, before the March 2005 Board meeting, with a written report on the IAEA's ongoing efforts with regard to Iran's implementation of its safeguards agreement. Given Iran's track record of equivocation with respect to suspending Iranian enrichment-related activities in order for the Board to be comfortable that the suspension remains in place, the Director General should report on the current status of suspension to every Board meeting. We look forward to seeing this Board take the necessary steps soon to ensure that Iran complies fully with all past and current IAEA Board resolution requirements and requests.

Madame Chair, fellow Board members, we believe Iran's nuclear weapons program poses a growing threat to international peace and security, and to the global nonproliferation regime. We believe the IAEA has a critical role to play in shining a spotlight on Iran's activities. But we also believe the international community must not sit back complacently and assume that the IAEA alone, or even in conjunction with the dedicated efforts of the EU3, can resolve this threat effectively. Persuading Iran to take a strategic decision to end its pursuit of a nuclear weapons capability will require far broader, deeper, and more intense efforts on all of our parts. Far greater pressure, both multilaterally and bilaterally, must be brought to bear on Iran to persuade Iran's leadership that the costs of pursuing a nuclear weapons capability significantly outweigh any misperceived benefits to doing so. Quite apart from the question of how this Board chooses to handle these matters, of course, the United States reserves all of its options with respect to Security Council consideration of the Iranian nuclear weapons program. After all, pursuant to Article 35(1) of the Charter of the United Nations, any member of the United Nations may bring to the attention of the Security Council any situation that might endanger the maintenance of international peace and security.

Particularly in light of this Board's continuing inability to hold Iran accountable for its violations, we also intend to continue or accelerate independent work in fighting proliferation. In 2003, for example, President Bush launched the Proliferation Security Initiative (PSI), a robust tool for counterproliferation. PSI is designed to stop the spread of WMDs, their delivery systems, and related materials to non-state actors and proliferant states such as Iran. The overwhelmingly positive response and enhanced awareness that PSI has fostered globally about real, practical steps that can be taken to defeat proliferators is a testament to the importance that countries attach to confronting the challenge of proliferation and to developing innovative tools to combat it. The PSI interdiction in October 2003 of the centrifuge-filled ship BBC CHINA is an important recent example of a PSI success. We continue to work under PSI with many nations represented here to interdict suspect WMD shipments to states of proliferation concern such as Iran.

We have encouraged all nuclear suppliers to remain vigilant of exports to Iran that could be diverted to, or used in, its nuclear weapons program, especially enrichment or reprocessing equipment or technology. This would include items controlled under international regimes, such as the Nuclear Suppliers Group (NSG), as well as those items that fall below the threshold of control but that would still be useful to a nuclear weapons program.

Since the Bush Administration took office, in fact, we have also imposed economic sanctions on entities involved in

WMD-related transfers to Iran more than 50 times. Our Iran Nonproliferation Act (INPA) of 2000 has been an invaluable tool in enabling the Bush Administration to punish proliferators for their illegal transfers of WMD and missile technology. Despite these efforts, some companies, which we brand as serial proliferators, continue to sell materials that could advance Iran's WMD and missile programs. We want any proliferators, from multinational conglomerates to small exporters of dual-use machine tools, to understand that the U.S. will impose economic burdens on them, and brand them as proliferators, if they are found to be supporting WMD programs. It is a message we believe is getting through, and it is an approach we encourage other governments to join us in pursuing. Detecting violations such as those we have seen in Iran is important, but it is only half the battle.

If we take controlling proliferation seriously, we must all work to ensure that non-compliance becomes more costly than compliance. All NPT members must be willing, whether individually or collectively, to take resolute steps to deter future violations.

Madame Chair, we urge other Board members, and the rest of the international community, to elevate this issue in their own bilateral relations with Iran. We all must make clear to Iran that it faces a stark choice. The choice is between continued noncompliance with its NPT obligations – which will only put Iran under greater diplomatic, political, and economic isolation – or verifiably and irreversibly abandoning its nuclear weapons program and ending its destabilizing pursuit of uranium enrichment and plutonium reprocessing capabilities – a significant step that would help restore confidence that Iran can once again be a constructive member of the international community. The choice is Iran's, but we are all obliged to do whatever we can to persuade Iran to make the right choice. We hope that Iran will comply with its most recent promises to suspend enrichment-related activity, though given its track record, we have our doubts. Even if Iran does finally honor its commitments, however, we must remember that for those who take international peace and security seriously, suspension is just a first step.

Thank you.



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