



## Tackling the Hard Cases in Nuclear Proliferation

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Remarks to the Baltimore World Affairs Council  
Baltimore, Maryland  
March 27, 2006

*(Remarks as Delivered)*

Earlier this month the Bush Administration released the 2006 *National Security Strategy of the United States*. The *Strategy* reiterates the President's determination to continue focusing on the grave dangers posed by the proliferation of weapons of mass destruction.

While the *National Strategy* highlights our noteworthy successes over the past four years, such as elimination of Libya's nuclear weapons program and creation of the Proliferation Security Initiative, it squarely confronts the difficult challenges that remain. The *National Strategy* reiterates that the proliferation of nuclear weapons poses the greatest threat to our national security because of the unique capacity of these weapons "to inflict massive loss of life on a massive scale." Consequently, it is imperative that we keep such weapons out of the hands of rogue states and terrorists that aspire to threaten us with such weapons.

To this end, the *National Strategy* highlights the Administration's robust diplomatic efforts to combat the threat of nuclear proliferation. At the same time, it reaffirms that all options remain on the table as we seek to protect ourselves and our allies from the devastating consequences of WMD use. As the *National Strategy* states:

*Our strong preference and common practice is to address proliferation concerns through international diplomacy, in concert with key allies and regional partners. If necessary, however, under long-standing principles of self defense, we do not rule out the use of force before attacks occur, even if uncertainty remains as to the time and place of the enemy's attack. When the consequences of an attack with WMD are potentially so devastating, we cannot afford to stand idly by as grave dangers materialize. This is the principle and logic of preemption.*

The *National Strategy* reaffirms that our nation faces no greater challenge than that posed by Iran's pursuit of a nuclear weapons capability. President Bush and Secretary Rice have reiterated that a nuclear-armed Iran is unacceptable, including the possession by Iran of technologies that could give it a nuclear weapons breakout capability. The United States is not alone in taking this position; support for this view is virtually unanimous within the international community. It is important to consider why there is such broad consensus on this issue.

For starters, Iran concealed key elements of its nuclear program from the International Atomic Energy Agency (IAEA) and the world for almost 20 years. In late 2002, the IAEA began an investigation of Iran's undeclared nuclear activities following revelations by an Iranian opposition group of previously undisclosed uranium enrichment and heavy water programs. In 2003, the IAEA confirmed that Iran was pursuing a systematic effort over two decades to hide secret nuclear activities involving undeclared uranium enrichment, undeclared plutonium separation, and other safeguards breaches using undeclared materials at undeclared facilities. These activities should have been disclosed to the IAEA. Over the course of its investigation, the IAEA produced 10 written reports documenting Iran's hidden nuclear activities.

Despite this history of concealment, Iran continues to deny that it is seeking a nuclear weapons capability, and insists instead that it merely is seeking to exercise its "right" as a party to the Nuclear Nonproliferation Treaty (NPT) to peacefully use nuclear energy. While the United States recognizes and supports this "right" in the ordinary case where it is carried out in conformity with the obligations of the NPT, Iran's case is not ordinary, considering the overwhelming evidence that Iran's nuclear program is not in fact peaceful.

There are two basic types of fissile material that can be used to make a nuclear weapon: plutonium and highly enriched uranium. Iran's clandestine nuclear activities have been aimed at producing both of these materials; in other words, acquiring what they refer to in the industry as the "nuclear fuel cycle". The IAEA's written reports document both undeclared uranium enrichment and undeclared plutonium separation activities carried out in violation of Iran's safeguards agreement with the IAEA.

At present, Iran is operating a small centrifuge cascade and conducting research and development activities at a pilot enrichment facility at Natanz. We know that this work is the beginning of a much larger effort to achieve an industrial scale enrichment capability. In fact, Iran has notified the IAEA and stated publicly that intends to begin installing the first 3,000 centrifuges in the fall. That number could produce enough fissile material for one nuclear weapon a year, but Iran wants to go even further. Its large-scale underground enrichment facility now under construction could hold 50,000 centrifuges.

On the plutonium side, Iran is presently constructing a large, heavy water-moderated reactor with technical specifications that are well-suited for the production of weapons grade plutonium. This reactor complements the previously constructed heavy water production plant.

If these dual uranium and plutonium efforts were not proof enough of Iran's nefarious intentions, there is also the recently revealed fact that Iran received information from a clandestine nuclear proliferation network on casting and machining hemispheres of uranium metal. This revelation was alarming because there are no known applications for such hemispheres other than the production of nuclear weapons.

While the IAEA has patiently uncovered details of past Iranian nuclear activities and in many cases forced the Iranian regime to reluctantly retract previous false reports and deceptions, Iran still refuses to come clean with the IAEA by truthfully answering the Agency's remaining questions and affording the IAEA access to sites and personnel it has asked to see. The IAEA has accused Iran of "numerous breaches and failures" of its obligation to comply with its safeguards agreements. In his late February report to the IAEA Board, IAEA Director General Mohammed ElBaradei expressed concern that despite three years of intensive efforts on the part of the IAEA, the IAEA remains unable to clarify the scope and nature of Iran's nuclear program, including assurances that there are no undeclared activities in Iran. In his report, ElBaradei noted that Iran still has not taken any of the steps the Board has called for, including re-suspending enrichment-related activities, ending construction of its heavy water reactor, ratifying the Additional Protocol, and cooperating fully with the IAEA investigation.

As an Administration we have often been accused in the past of resorting too quickly to unilateralism, but no one can say that of our policy toward Iran.

We have worked tirelessly with the international community to resolve diplomatically outstanding concerns regarding Iran's nuclear program. We have actively supported the efforts of the United Kingdom, France, and Germany -- the so-called EU-3 -- to negotiate a solution with Iran. These three countries reached an agreement with Iran in November 2004 that provided a framework for further negotiations, the so-called Paris Agreement. Most importantly, Iran promised under this agreement to suspend uranium enrichment-related activities, including uranium conversion and research and development related to enrichment.

Despite overwhelming international support for the Paris Agreement, and U.S. support for the EU-3 proposal to provide Iran robust economic incentives as part of a permanent suspension of Iran's enrichment activities, Iran broke off negotiations and repudiated the Paris Agreement last August. This left the IAEA Board with no choice in September 2005 but to find Iran in noncompliance with its safeguards obligations. Included in the Board resolution was also the finding that Iran's clandestine nuclear activities and the lack of confidence in its stated peaceful intentions raised questions that fell within the competence of the United Nations Security Council. Nevertheless, we agreed to delay the Board's formal report to the UN Security Council for four months to provide Iran additional time to reconsider, change course and re-suspend its enrichment activities. Iran also had the opportunity to consider a proposal from Russia for a joint venture for uranium enrichment in Russia. When Iran failed to seize these opportunities, the Board finally last month voted to report Iran's noncompliance to the Security Council.

The Iran file is now before the UN Security Council. It is our hope that the Council will act to reinforce and strengthen the IAEA's role in dealing with the Iran nuclear file, including by providing new authorities to the IAEA. As a first step, the Council has been pursuing a strong presidential statement that reiterates the calls made by the IAEA on Iran to comply with IAEA board resolutions and return to full suspension of uranium enrichment-related activities. We believe it is essential that the Council make clear to the Iranian regime that it must abandon its nuclear weapons ambitions or face stark consequences.

We also face a unique and daunting nuclear challenge with respect to North Korea. We know that North Korea has pursued a nuclear weapons program for more than 20 years in violation of its nuclear nonproliferation obligations. A key component of our strategy to address the North Korean nuclear program has been through a multilateral diplomatic effort involving not just the United States and North Korea, but also South Korea, Japan, China, and Russia -- commonly referred to as the Six Party talks. In a September 2005 Joint Statement issued at the last round of the Six-Party talks, North Korea agreed to abandon all its nuclear weapons and existing nuclear programs. This was a welcome development; however, on the heels of the Joint Statement North Korea issued its own statement demanding that it be given a light water nuclear reactor immediately. Moreover, Pyongyang has stated that it intends to boycott any future talks unless the United States rescinds so-called U.S. economic "sanctions" against it.

The United States is committed to utilizing all tools available to protect against illicit North Korean activities, including efforts to end currency counterfeiting and smuggling, money laundering, and revenue generated from the illicit transfer of WMD materials and equipment. These U.S. actions are separate and distinct from the Six-Party talks and it is regrettable that North Korea has taken hostage the Six-Party process. Such behavior calls into question North Korea's commitment to the Joint Statement and the complete and verifiable elimination of its nuclear programs. The United States remains committed to the Six-Party process and stands ready to return to Six-Party talks to implement the Joint Statement.

To tackle the hardest cases of nuclear proliferation, we have been developing and exercising a number of robust nonproliferation and counterproliferation tools.

The Bush Administration has been a vocal proponent of a strengthened IAEA safeguards system, including the creation of a special IAEA Committee on Safeguards and Verification. We are pleased that the IAEA Board of Governors agreed to establish this committee to examine measures to strengthen the IAEA's ability to ensure that Member States comply with their international obligations. We are active participants in the Committee's discussions regarding specific measures to expand the Agency's technical capabilities and legal authorities.

United Nations Security Council Resolution 1540 is another important tool in our international efforts to stem proliferation. UNSCR 1540 was adopted almost two years at the urging of President Bush. It imposes a legally binding obligation on all countries to put in place and enforce strong export control laws, as well as other legal and regulatory measures against proliferation. We look forward to the upcoming 1540 Committee report and working together with other states to assist states in implementing their 1540 obligations.

The Proliferation Security Initiative, or PSI, is an important counter-proliferation initiative through which we seek to disrupt illicit WMD and missile-related trade to state and non-state actors of proliferation concern. More than 70 countries have indicated support for the PSI. The PSI Statement of Interdiction Principles commits countries to act cooperatively to interdict WMD shipments consistent with national legal authorities and relevant international law. PSI is successful not only because of the tangible benefits accrued from disrupting illicit WMD trade, but also because of the intangible benefits derived from information sharing as well as in-depth operational, policy and legal discussions. The strength of the PSI lies first in its ability to bring to bear the diverse capabilities and legal authorities of participating states when we have information on proliferation-related shipments, and, second, in its effectiveness in encouraging states to strengthen these capabilities and authorities to deter, disrupt and prevent the proliferation WMD-related material and equipment.

In addition, we employ a variety of "defensive measures" to stem the trade in WMD materials and equipment as well as to disrupt and defeat the WMD programs of rogue states such as Iran and North Korea. Our defensive measures are intended to address three key threats: the transfer of fissile material, the onward proliferation of WMD and missiles, and the threat of or actual use of chemical, biological or nuclear weapons and ballistic missiles.

One key defensive measure to address these threats is our campaign to disrupt the financial networks that support illicit trade in WMD-related materials and equipment. In June 2005, President Bush issued Executive Order 13382, which authorizes the United States to "freeze" assets and block transactions of entities and persons engaged in WMD proliferation. For example, the United States has named 11 DPRK entities under the Executive Order on Proliferation Financing, as well as entities from Iran and Syria. We continue to urge other countries to adopt similar laws and regulations, consistent with their obligations under UNSC Resolution 1540, to stem the financial flows related to proliferation activities.

Using tools such as these, the Bush Administration has put together a comprehensive national and international effort to stem proliferation. Proactive and dynamic strategies are necessary in today's strategic environment, where we confront challenges ranging from terrorism and nuclear-armed rogue states to clandestine proliferation networks. We have no choice but to act, however, given the unimaginable potential costs of inaction.

Released on March 28, 2006

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