

HIGHLY CONFIDENTIAL

Statement of the DDG-SG in the June 2005 Board of Governors' Meeting

Implementation of Safeguards in the Islamic Republic of Iran

On 15 November 2004, the Secretariat provided a report (GOV/2004/83) on the implementation of the Agreement between the Islamic Republic of Iran (Iran) and the Agency for the Application of Safeguards in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons (the Safeguards Agreement) and on the Agency's verification of Iran's voluntary suspension of enrichment related and reprocessing activities.

The Director General has already addressed in his statement the issues regarding suspension, transparency and cooperation. I will therefore limit my comments to other issues and related developments since my oral update to the Board of Governors at its meeting in March 2005. I wish only to add that, in connection with its verification activities at Natanz, the Agency has noted that Iran is modifying one of the underground structures at Natanz for safe storage of equipment, in connection with which Iran has already submitted updated design information.

Contamination

On 21 May 2005, the Agency received from another Member State a number of centrifuge components, environmental sampling of which could provide information on the origin of the low enriched and high enriched uranium particle contamination found at various locations in Iran. The analysis of the swipe samples taken from those components will take approximately two months to complete.

Gas Centrifuge Enrichment Programme

The Agency has continued its investigation of the outstanding questions related to Iran's P-1 and P-2 centrifuge programmes. As indicated in the March 2005 Board meeting, the recent emphasis has been on: a 1987 offer for centrifuge related design, technology and sample components; technical discussions between Iran and the intermediaries between 1987 and 1993; a mid-1990s offer for P-1 centrifuge documentation and components; and shipping documents related to the delivery of those documents and components.

The 1987 offer

The one-page handwritten document (without dates, names, signatures or addresses) shown to the Agency on 12 January 2005 in Tehran, said to reflect the 1987 offer by a foreign intermediary, suggests that the offer included the delivery of: a disassembled sample machine; drawings, specifications and calculations for a "complete plant"; and materials for 2000 centrifuge machines. The offer also included the provision of auxiliary vacuum and electric drive equipment and uranium re-conversion and casting capabilities. Iran stated that only some of these items had been delivered, and that all of those items had been declared to the Agency. The Agency has repeatedly, most recently in a letter dated 14 April 2005, asked to have access to, and copies of, the original documentation reflecting the 1987 offer. In its 2 May 2005 reply to that letter, and in its subsequent amplification provided on 8 June 2005, Iran stated that "[the] one page document provided to the Agency is the only existing one." Iran further stated that the intermediaries had offered the reconversion unit with cast equipment on their own initiative and that, as to the Atomic Energy Organization of Iran (AEOI) had not requested it, the AEOI had not received it.

HIGHLY CONFIDENTIAL

Events between 1987 and 1993

Among other issues, the Agency still needs to understand what contacts took place during the period 1987 through 1993 between Iran and the intermediaries and why similar design documents on P-1 centrifuges were delivered again in connection with the new offer made around 1994. This is important for establishing the chronology and sequence of events associated with the development of Iran's enrichment programme, in particular with a view to ensuring that there has been no other development or acquisition of enrichment design, technology or components by Iran. In its communication received on 8 June 2005, Iran stated that, apart from the meetings and discussions about which Iran had already informed the Agency, no other discussions on centrifuge enrichment took place.

The mid-1990s offer

In a letter dated 17 January 2005, and again in a letter dated 6 April 2005, Iran informed the Agency that no written documentation relevant to the offer made in 1994 initially to an Iranian company unrelated to the AEOI for the delivery of P-1 centrifuge documentation, and for components for 500 centrifuges, was available to the Agency.

As reported in November 2004 (GOV/2004/83), Iran has stated that no work was carried out on the P-2 design (or any centrifuge design other than the P-1 design) prior to 2002. The reasons given by Iran for the apparent gap between 1994/1995 (when the P-2 design was said to have been received) and 2002, and the evidence provided to date in support thereof, do not yet provide sufficient assurance that no related activities were carried out during that period. The Agency continues to investigate this matter and has asked Iran to search further for supporting information and documentation.

Shipping documents

The Agency has sought from Iran access to documentation which supports Iran's declarations concerning the number of shipments of enrichment related equipment received by Iran, and the specific contents of those shipments. This is essential for verifying the completeness of Iran's declarations concerning such equipment. Under cover of a letter transmitted to the Agency on 17 January 2005, Iran provided copies of a number of shipping documents said to have been related to "2 consignments in 1994 and 1995", which dates deviate from information provided earlier by Iran, in particular in the case of the new bellows that were previously said to have been supplied in 1997. In a letter dated 14 April 2005, the Agency asked Iran for permission to review the original folder of the 1994 shipping documents and to be provided with supporting documents reflecting the content of the shipments made in the 1994 consignments. In its response dated 2 May 2005, Iran stated that the new bellows had been shipped in a consignment which had taken place in 1995. Iran also noted that a copy of shipping documents had been provided to the Agency in January 2005 and that those documents indicated "exact shipping dates as well as custom clearance dates." In its amplification provided on 8 June 2005, Iran reiterated that "[the] only existing shipping documents are those already submitted to the Agency" and that "considering the nature of the items and the deal no detail specification of the items in the containers exist."

From those shipping documents, it appears that the first deliveries of the P-1 components started in January 1994, i.e. before the first meeting (previously said to have taken place in October 1994) of the AEOI representative with the intermediary. In response to the Agency's 9 March 2005 request for additional information in this connection, Iran replied in its letter of 6 April 2005 that, having checked the service passport of the AEOI representative, "it is clear

HIGHLY CONFIDENTIAL

that he had made two trips relating to the matter in August and December 1993." Since this is not consistent with earlier information provided by Iran, the Agency has asked to see the original supporting documentation of the two Iranian representatives who participated in the meetings with the intermediaries. No positive reply has been received thus far.

Uranium Mining and Conversion

While there are no indications of undeclared mining or milling activities at Gchine, to better understand the complex arrangements governing the current and past administration of the mine, the Agency has requested that the original contract between the AEOI and the engineering company that constructed the mill at Gchine be made available for the Agency's review, along with other related documentation. The Agency is further investigating why the work on the very promising Gchine project was suspended by the AEOI from 1994 to 2000 to focus on a much less promising ore deposit at Saghand.

Following Iran's conversion of approximately 37 tons of uranium ore concentrate (UOC) at the Uranium Conversion Facility (UCF), and its subsequent clean out of the process lines, the IAEA carried out a physical inventory verification (PIV) of the nuclear material (in the form of UF₄, UF₆, scrap and waste) at UCF between 21 and 25 April 2005. Based on a preliminary assessment, the quantities of material appear to correspond to those declared by Iran. Until analysis of nuclear material samples taken during the PIV is completed, however, it is not possible to finalize these figures.

Plutonium Separation

As indicated in previous reports to the Board, the Agency has been pursuing with Iran the dates of its plutonium separation experiments. Iran has said that the experiments were completed in 1993 and that no plutonium had been separated since then.

This matter was discussed further with Iran in April 2005. At the request of the Agency, the plutonium discs that had been prepared from the solutions by the facility operator for alpha spectroscopy, and which had been placed under Agency seal in October 2003, were shipped to Vienna for further analysis. On 20 May 2005, the Agency wrote to Iran seeking confirmation of statements made by Iran in the April meeting to the effect that the solution in one bottle had been processed in 1995, while the solution in the second one had been purified in 1998. In a letter dated 26 May 2005, Iran confirmed the Agency's understanding with regard to that chronology. These clarifications will be assessed together with the analytical results from the plutonium discs when they become available.

Heavy Water Reactor Project

In March 2005, the inspectors visited the Arak site as part of a DIV, and noted that construction of the Heavy Water Research Reactor (IR-40) building had been started. The March 2005 visit also included complementary access to the Heavy Water Production Plant, which is currently being commissioned.