

Information Circular

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Communication dated 1 August 2005 received from the Permanent Mission of the Islamic Republic of Iran to the Agency

The Secretariat of the Agency received on 1 August 2005 a Note Verbale dated 1 August 2005 from the Permanent Mission of the Islamic Republic of Iran (Iran). In accordance with the request contained in the Note Verbale, the text is attached herewith for the information of all Member States.

In the Note Verbale, Iran informed the Agency, inter alia, that Iran had “decided to resume the uranium conversion activities at UCF [Uranium Conversion Facility] in Esfahan on 1 August 2005.” Iran requested the Agency “to be prepared for the implementation of the Safeguards related activities in a timely manner prior to the resumption of the UCF activities.”

In response to the Note Verbale, the Agency, in a letter dated 1 August 2005, informed Iran that, in order to implement effective safeguards at UCF, the Agency would need to install additional surveillance equipment at the input and output stages of certain process lines prior to any resumption of any such activities and that, prior to the planned movement of U_3O_8 , the Agency would need to verify the nuclear material in question. The Agency further informed Iran that, to that end, the Agency was in the process of preparing the necessary equipment for UCF, and would expect to be in a position to install the equipment some time next week. The Agency also informed Iran that, “to ensure continuity of knowledge, it is essential that Iran refrain from removing the Agency’s seals and from moving any nuclear material at UCF until such time as the surveillance equipment is installed and the Agency has verified the material.”

In its resolution adopted on 29 November 2004 (GOV/2004/90), the Board, inter alia, welcomed Iran’s decision to continue and extend its suspension of all enrichment related and reprocessing activities, and underlined that the full and sustained implementation of the suspension, which was a voluntary, non-legally-binding, confidence building measure, to be verified by the Agency, was essential to addressing outstanding issues. The Board also requested the Director General to continue verifying that the suspension remained in place and to inform Board Members, inter alia, should the suspension not be fully sustained. By means of this Information Circular, the Director General is informing the Members of the Board of Governors, as well as all Member States, accordingly.



URGENT

Verbal Note No.: 350-1-17/928

The Permanent Mission of the Islamic Republic of Iran to the United Nations and other International Organizations in Vienna presents its compliments to the Secretariat of the IAEA and has the honour to state the following:

Since early 1980s, Iran's peaceful nuclear program and its inalienable right to nuclear technology have been the subject of the most extensive and intensive campaign of denial, obstruction, intervention and misinformation.

- Valid and binding contracts to build nuclear power plants were unilaterally abrogated;
- Nuclear material rightfully purchased and owned by Iran were illegally withheld;
- exercise of Iran's shareholder's right in several national and multinational nuclear power corporations were obstructed;
- Unjustified and coercive interventions were routinely made in order to undermine, impede and delay the implementation of Iran's nuclear agreements with third parties; and
- Unfounded accusations against Iran's exclusively peaceful nuclear program were systematically publicized.

While Iran's rights under the NPT have continued to be grossly and systematically violated, and while major state parties to the Treaty have persisted in their non-compliance with many of their obligations under Articles I, IV and VI of the Treaty in general, and under paragraph 2 of Article IV vis-a-vis Iran in particular, Iran nevertheless continued diligently to comply with all its obligations under the Treaty. At the same time and merely in order to prevent further illegal and illegitimate restrictions on the exercise of its rights, Iran was forced to be discrete in its legal activities, avoiding to disclose the details of programs, which, in nearly all cases, it was not any way obliged to disclose in accordance with its obligations under its safeguards agreement with the IAEA.

In October 2003, Iran entered into an agreement with France, Germany and the United Kingdom with the explicit expectation to open a new chapter of full transparency, cooperation and access to nuclear and other advanced technologies. Iran agreed to a number of important transparency and voluntary confidence building measures and immediately and fully implemented them.

- It signed and immediately began full implementation of the Additional Protocol;
- It opened its doors to one of the most expansive and intrusive IAEA inspections;

- It provided a detailed account of its peaceful nuclear activities, all of which had been carried out in full conformity with its rights and obligations under the NPT;
- It began and has continuously maintained for the past 20 months a voluntarily suspension of its rightful enrichment of Uranium as a confidence building measure;
- It further expanded in February and November 2004, following agreements with E3/EU in Brussels and Paris respectively, its voluntary suspension to incorporate activities which go well beyond the original Agency's definition of "enrichment" and even "enrichment-related" activities.

Iran has worked closely with the Agency, during the course of the last two years, to deal with the issues and questions raised about its peaceful nuclear program. All significant issues, particularly those related to the sources of HEU, have now been resolved. Indeed, except for few questions, mostly speculative, nothing more remains to close this Chapter.

The Agency's thorough inspections of Iran repeatedly confirmed Iran's statement that any amount of inspection and scrutiny will never show the slightest diversion into military activity. The Director-General confirmed in Paragraph 52 of his November 2003 report that "to date, there is no evidence that the previously undeclared nuclear material and activities referred to above were related to a nuclear weapons programme." After one more year and over a thousand person-days of the most rigorous inspections, the Director-General again confirmed in Paragraph 112 of his November 2004 report that "all the declared nuclear material in Iran has been accounted for, and therefore such material is not diverted to prohibited activities."

Regrettably, Iran received very little, if anything, in return and instead has repeatedly expanded its voluntary confidence building measures only to be reciprocated by broken promises and expanded requests. The October 2003 promises of the E3 on nuclear cooperation and regional security and non-proliferation have yet to be even addressed. The February 2004 commitment by the E3 to "work actively to gain recognition at the June 2004 Board of the efforts made by Iran, so that the Board works thereafter on the basis of Director-General reporting if and when he deems it necessary, in accordance with the normal practice pertaining to the implementation of Safeguards Agreements and the Additional Protocol", in response to Iran's expansion of its suspension to include assembly and component manufacturing was not fulfilled, until Iran agreed in November 2004 to the expansion of voluntary suspension to include the Uranium Conversion Facility which had been originally defined by the Secretariat of the IAEA as outside the scope of any definition of "enrichment-related activities". And the E3/EU has yet to honor its recognition, in the Paris Agreement of November 2004, of "Iran's rights under the NPT exercised in conformity with its obligations under the Treaty, without discrimination."

After over three months of negotiations following the Paris Agreement, it became evident the E3/EU simply wanted prolonged and fruitless negotiations, thereby prejudicing the exercise of Iran's inalienable right to resume its legal

enrichment activities, and did not have the intention or the ability to present its proposals on objective guarantees on peaceful nature of Iran's nuclear program, as well as firm guarantees on economic, technological and nuclear cooperation and firm commitments on security issues.

In a further testament to Iran's desire to ensure the success of the negotiations, so that Iran's rightful nuclear program could also enjoy the support and confidence of the West, Iran suggested to the E3/EU to ask the IAEA to develop technical, legal and monitoring modalities for Iran's enrichment program as objective guarantees to ensure that Iran's nuclear program will remain exclusively for peaceful purposes. While one member of E3/EU accepted the suggestion, lack of consensus among the E3 prevented resort to the IAEA as an authoritative and impartial framework for solving the impasse.

Finally, on March 23, 2005, Iran offered a collection of solutions for objective guarantees suggested by various independent scientist and observers from the United States and Europe. The package included:

1. Strong and mutually beneficial relations between Iran and the EU/E3, which would provide the best guarantee for respect for the concerns of each side;
2. Confinement of Iran's enrichment program, in order to preclude through objective technical guarantees any proliferation concern:
 - a. Open fuel cycle, to remove any concern about reprocessing and production of plutonium;
 - b. Ceiling of enrichment at LEU level;
 - c. Limitation of the extent of the enrichment program to solely meet the contingency fuel requirements of Iran's power reactors;
 - d. Immediate conversion of all enriched Uranium to fuel rods to preclude even the technical possibility of further enrichment;
 - e. Incremental and phased approach to implementation in order to begin with the least sensitive aspects of the enrichment program and to gradually move to enrichment as confidence in the program would be enhanced;
3. Legislative and regulatory measures
 - a. Additional Protocol;
 - b. Permanent ban on the development, stockpiling and use of nuclear weapons through binding national legislation;
 - c. Enhancement of Iran's export control regulations;
4. Enhanced monitoring
 - a. Continued implementation of the Additional Protocol; and
 - b. Continuous on-site presence of IAEA inspectors at the conversion and enrichment facilities to provide unprecedented added guarantees.

Extraneous pressures prevented timely and serious consideration by E3/EU of this proposal which has the potential of providing a framework in which concerns of

all sides are reasonably allayed. Even Iran's further effort to salvage the process by suggesting the negotiated commencement of implementation of phase 1 of that proposal on limited resumption of the work of the UCF - which had never had any past alleged failures, and is virtually proliferation free — with additional confidence building and surveillance and monitoring measures was misconstrued by the E3/EU as an ultimatum.

In order to correct any wrong perception about an ultimatum and to ensure that no opportunity was spared for an agreed settlement, Iran agreed to extend the period of full suspension for another two months, in response to a commitment made by the E3/EU ministers in Geneva to finally present their comprehensive package for the implementation of the Paris Agreement by the end of July or early August 2005, that is nearly nine months after the Agreement.

Iran made it clear in Geneva that any proposal by the E3/EU must incorporate E3/EU's perception of objective guarantees for the gradual resumption of the Iranian enrichment program, and that any attempt to turn objective guarantees into cessation or long-term suspension were incompatible with the letter and spirit of the Paris Agreement and therefore unacceptable to Iran.

Eager to salvage the negotiations, in a message to the Ministers, Iran offered the most flexible solution to the E3/EU as they were finalizing their package:

- Commencement of the work of Esfahan plant (UCF) at low capacity and under full scope monitoring, while arrangements for import of the feed material and export of the product are worked out with you and other potential partners; (Negotiations on these arrangements have already started and preliminary agreement has been reached.)
- Further negotiations on a mutually acceptable arrangement for an initial limited operation at Natanz or allowing the Agency to develop an optimized arrangement on numbers, monitoring mechanism and other specifics for such an initial limited operation at Natanz;
- Negotiations for full scale operation of Natanz would continue on the premise that it would be synchronized with the fuel requirements of light water reactors.

Against all its sincere efforts and maximum flexibility, Iran has not received a proposal as of today, and all public and diplomatic information, particularly the letter of 29 July 2005 of the E3 Ministers, indicate that the content of the eventual proposal will be totally unacceptable. We have been informed that the proposal not only fails to address Iran's rights for peaceful development of nuclear technology, but even falls far short of correcting the illegal and unjustified restrictions placed on Iran's economic and technological development, let alone providing firm guarantees for economic, technological and nuclear cooperation and firm commitments on security issues. While we had made it crystal clear that no incentive would be sufficient to compromise Iran's inalienable right to all aspects of peaceful nuclear technology, such offers of incentives are in and of themselves demeaning and totally incommensurate with Iran and its vast capabilities, potentials and requirements.

It is now self-evident that negotiations are not proceeding as called for in the Paris Agreement, due to E3/EU policy to protract the negotiations without the slightest attempt to move forward in fulfilling their commitments under the Tehran or Paris Agreements. This protracted continuation is solely geared to serve the purpose of keeping the suspension in place for as long as it takes to make the cessation a *fait accompli*. This is contrary to the letter and spirit of the Paris Agreement and is not in line with principles of good faith negotiations.

After such long period of negotiations and so much that Iran has done to restore confidence and the flexibility that it has shown, there is no pretext for any further delay in the implementation of the first phase of Iran's proposal, by limited resumption of UCF at Esfahan, which is free from any past alleged failures, and is virtually proliferation free. With additional proposed arrangements, it should leave no excuse for anyone.

It must be underlined that all States party to the NPT, without discrimination, have an inalienable right to produce nuclear energy for peaceful purposes. As this right is "inalienable", it cannot be undermined or curtailed under any pretext. Any attempt to do so, would be an attempt to undermine a pillar of the Treaty and indeed the Treaty itself.

Iran, like any other Non-Nuclear-Weapon State, has no obligation to negotiate and seek agreement for the exercise of its "inalienable" right, nor can it be obligated to suspend it. Suspension of Uranium enrichment, or any derivative of such suspension, is a voluntary and temporary confidence-building measure, effectuated by Iran in order to enhance cooperation and close the chapter of denials of access to technology imposed by the west on Iran. It is not an end in itself, nor can be it construed or turned into a permanent abandonment of a perfectly lawful activity, thereby perpetuating, rather than easing, the pattern of denial of access to technology.

The suspension has been in place for nearly 20 months, with all its economic and social ramifications affecting thousands of families. The E3/EU has failed to remove any of its multifaceted restrictions on Iran's access to advanced and nuclear technology. In a twist of logic, it has attempted to prolong the suspension, thereby trying to effectively widen its restrictions instead of fulfilling its commitments of October 2003 and November 2004 to remove them.

As the IAEA Board of Governors has underlined, suspension "is a voluntary, non-legal binding confidence building measure". When the Board itself explicitly recognizes that suspension is "not a legally-binding obligation", no wording by the Board can turn this voluntary measure into an essential element for anything. In fact the Board of Governors has no factual or legal ground, nor any statutory power, to make or enforce such a demand, or impose ramifications as a consequence of it.

In light of the above, Iran has decided to resume the uranium conversion activities at the UCF in Esfahan on 1 August 2005.

The Agency is hereby requested to be prepared for the implementation of the Safeguards related activities in a timely manner prior to the resumption of the UCF activities.

The Islamic Republic of Iran wants to ensure that no effort is spared in order to reach a negotiated resumption of its enrichment activities. It is therefore, prepared to continue in good faith and in an expeditious and result-oriented manner, its negotiations with E3/EU. Meanwhile, Iran will continue to maintain its voluntary suspension of all enrichment-related activities. It is to be noted that the UCF was not originally considered by the Agency to be included in such category.

Iran is committed to non-proliferation and elimination of nuclear weapons, and considers nuclear weapons and capability to produce or acquire them as detrimental to its security. Iran will continue to abide by its obligations under the NPT and will continue to work actively for the establishment of a zone free from weapons of mass destruction in the Middle East.

The Permanent Mission of the Islamic Republic of Iran to the United Nations and other International Organizations in Vienna requests the Secretariat this Note to be officially circulated as INFCIRC document and avails itself of this opportunity to renew to the Secretariat of the IAEA the assurances of its highest consideration.

Vienna, 1 August 2005



To the
IAEA Secretariat

Attn.: Dr. Mohamed ElBaradei
Director-General of the IAEA