

IAEA BOARD OF GOVERNORS, 8 SEPTEMBER 2003

**AGENDA ITEM 4B – IMPLEMENTATION OF THE NPT SAFEGUARDS AGREEMENT
IN IRAN**

‘AS DELIVERED’ UK STATEMENT

Introduction

The United Kingdom supports the statement made by the distinguished representative of Italy on behalf of the European Union. Successful and speedy resolution of this issue is crucial to the IAEA and the international safeguards regime, and to the cause of preventing the proliferation of nuclear weapons. We have therefore decided to set out our own concerns, in detail, in a national statement.

DG's report

At its meeting in June the Board made clear its concern regarding Iran's past safeguards failures and spelled out exactly what it expected Iran to do to resolve the open issues identified by the Director General. We are now three months further on. It is true that the Director General's latest report describes some limited progress – the release of new information, belated but still incomplete agreement to longstanding Agency requests for access and sampling, and a willingness to talk further about the additional protocol. But overall, the picture is very disappointing.

In June, the Board urged Iran promptly and unconditionally to conclude and implement an additional protocol. Iran's response in the last few weeks has been to indicate that it is prepared to begin negotiation on the protocol, but has neither gone as far nor as fast as the Board asked.

In June, the Board urged Iran promptly to rectify the safeguards problems and resolve the open questions that had been identified by the Director General. These included Iranian failures with respect to the reporting of nuclear material, its reprocessing and the facilities involved, which mean that the process of verifying the Iranian declarations was still ongoing. The Director General's latest report makes it clear that Iran has failed to rectify the problems or to resolve the open questions, and in many cases has simply added to the uncertainty and lack of clarity. I propose to illustrate this in some detail. I will deal first with uranium conversion, then uranium metal, then with uranium enrichment.

So far as uranium conversion is concerned, the Director General makes it clear that:

- Iran has changed its story concerning the use of nuclear material at the Uranium Conversion Facility. Between February and July 2003 Iran stated on a number of occasions that no R&D using nuclear material even on a laboratory scale had been conducted on the conversion and production of any other nuclear material

at the UCF. On 19 August however, Iran acknowledged that in the early 1990s, there had been “bench scale” uranium conversion experiments. The Director General says that the auditing and verification is *‘expected to be difficult and time consuming’* [paragraph 16];

- Sampling which might shed light on the Iranian explanation for the disappearance of some UF₆ took place only on 18 August and, so, *‘investigation of this issue is continuing’* [paragraph 18]. Sampling the contents of the large cylinder of imported UF₆ has been delayed pending the availability at Natanz of equipment for the transfer of UF₆ from this cylinder [paragraph 19];

All this indicates considerable and growing confusion about the extent and nature of development and experimental work on uranium conversion.

As to uranium metal, in June, the Director General noted that questions about the role of uranium metal in Iran’s nuclear fuel cycle remained open. They remain open and indeed have become more complicated. The Director General’s latest report includes a statement by Iran about the purposes of a uranium metal production line which was included in the Uranium Conversion Facility. This seems to imply that the production line is now only for the production of metal for shielding. If so, how are we to interpret the purpose of that part of the JHL facility, which, according to paragraph 20 of the Director General’s June report, *‘Iran is now refurbishing ... as a uranium metal processing laboratory’*?

The original decision to include the uranium metal production line at the UCF was, according to paragraph 21 of the latest report, related to the possible development of metal-fuelled Magnox-type reactors. Can the Director-General say when the decision was taken not to pursue the development of such reactors? And was the decision based for example on studies or on R&D work?

Most significant and worrying of all is the position regarding uranium enrichment. In June the Director General said that crucial questions remained open relating to the R&D carried out by Iran in establishing its centrifuge enrichment capabilities, and to allegations about undeclared enrichment in particular at the Kalaye Electric Company. His latest report includes a catalogue of unresolved issues, contradictions and new questions regarding this part of Iran’s nuclear programme:

- the Iranian authorities stated in February that the centrifuge enrichment programme dated from 1997 – but in August said that it comprised three phases and had started some twelve years earlier [paragraph 30 of the latest report];
- the centrifuge enrichment R&D described to the Agency in February was said by Iran to have been *‘based on information from open sources and extensive modelling and simulation’*. However, visits by the Agency in June yielded an admission by Iran that a key factor used in their calculations had been *‘obtained from original centrifuge drawings’* which *‘Iran had received through a foreign*

intermediary around 1987'. The Agency has yet to see these drawings [paragraph 28 of the latest report];

- Iran has yet to provide the Agency with information about the centrifuge components and other equipment used during the first phase of centrifuge enrichment R&D prior to 1997, their origins, the locations at which they have been stored and used in Iran. Nor has Iran allowed the Agency access to take samples at these locations [paragraph 50 of the latest report]. The Agency has also yet to interview *'key scientists responsible'* for this first phase of the programme [paragraphs 31 and 50 of the latest report];
- In February Iran described activities at the workshop of the Kalaye Electric Company in Tehran as having been limited to the production of some centrifuge components. But information provided by Iran in August contradicted this and described the second phase of the programme – from 1997 to 2002 – as having been *'concentrated'* at the Kalaye Electric Company in Tehran, where activities included both the assembly and testing of centrifuges [paragraphs 30 and 31 of the latest report]. We await a comprehensive description of the different locations involved;
- throughout recent discussions with the Agency, the Iranian authorities have repeatedly stated that none of their centrifuge testing before June of this year had involved UF₆. But in June Agency experts judged that *'it is not possible to develop enrichment technology, to the level seen at Natanz, ... without process testing with UF₆'* [paragraph 29 of the latest report].

The results from samples taken at the Kalaye Electric Company workshop facility in Tehran might be expected to shed some light on these various contradictions – hence the Agency's repeated requests for such sampling, which were reinforced by the Board in June. But such sampling was only eventually allowed during the Agency's visit of 9-12 August. By that time the facility had been modified in a way that, in the words of the Director General, *'may impact on the accuracy of the sampling..... and..... the Agency's ability to verify Iran's declarations'* about the activities carried out there [paragraph 32 of the latest report]. We would be interested to hear more detail from the Director-General about the nature of the modifications and their impact.

In the meantime, baseline samples from the Natanz pilot enrichment plant have shown traces of two types of high enriched uranium. But such material is not included in Iran's declaration of nuclear material. The Secretariat is continuing its investigation of the Iranian authorities' explanation that it must have resulted from contamination of the foreign components obtained before 1997 during the first, hitherto unreported, phase of work on the enrichment programme [paragraph 36 of the latest report]. The Director General's report mentions [paragraph 38] *" a number of possible scenarios which could explain the presence of two types of HEU at Natanz." We would be glad if the Director-General could say more about the nature of these possible scenarios.*

Moreover, on June 19 the Board encouraged Iran, as a confidence building measure, not to introduce nuclear material at the Natanz pilot enrichment plant until outstanding issues had been resolved. But the latest report notes the introduction of nuclear material less than a week later, in blatant defiance of the Board's request [paragraph 33 of the latest report].

From all this detail in the Director-General's report we must conclude two things. First, the uncertainty and concern over Iran's nuclear programme, far from having been allayed, has actually grown since June. Second, Iran has failed to demonstrate the full and unqualified co-operation and transparency which the Agency and the Board have requested.

Next steps

In June I spoke of an urgent need for confidence, and of Iran facing a confidence deficit. I also said that if the Government of Iran were now to demonstrate complete transparency, the United Kingdom would be the first to welcome it. I am sorry to say that as things stand, Iran's failure to resolve issues since June and the extent of the new questions that are raised by the Director General's latest report mean that the confidence deficit has increased rather than diminished. Having set out our concerns in some detail, I now turn to what the United Kingdom believes should happen next.

Clearly, Iran must sign and implement all the provisions of the additional protocol immediately. But that is not enough. The United Kingdom considers that the facts in the Director General's reports, and the extent of what must still be done before the Agency can, in the words of the latest report, provide the '*assurances required by Member States*', would justify a conclusion that the Agency is not able to verify that there has been no diversion of nuclear material to be safeguarded under the Agreement.

However, we agree with others that such a conclusion this week would be premature. We too want Iran to deliver on its new offers of full co-operation and full transparency so that the Agency can draw conclusions from its work – and provide a complete, credible and suitably verified account of the Iranian nuclear programme.

If this is to happen the Board must send the strongest possible message to Iran, and to the wider international community, that the kind of incomplete and conditional co-operation seen to date is unacceptable. This message must be in the form of a resolution that leaves Iran in no doubt about the actions it needs to take, and makes it clear that it is "essential and urgent" under Article 18 of INF/CIRC/214 for Iran to take these actions. The United Kingdom, with France and Germany, has today tabled a proposed Resolution to this effect.

Iran must, by the end of October 2003, do everything necessary to enable the Agency to verify compliance with Iran's safeguards agreement. It must:

- provide a full declaration of the sources and types of all imported material and components relevant to the enrichment programme, and the locations where they have been stored and used in Iran;
- grant unrestricted access, including environmental sampling, to whatever locations the Agency deems necessary for verification purposes;
- resolve questions regarding the conclusion of Agency experts that process testing on gas centrifuges must have been conducted;
- provide complete information regarding the conduct of uranium conversion experiments;
- and provide all other information and explanations and take all steps deemed necessary by the Agency to resolve all outstanding issues involving nuclear materials and nuclear activities, including environmental sampling results.

In the meantime, Iran should suspend all further uranium enrichment-related activities.

It is not yet too late for Iran to take the steps necessary to resolve this issue - but this is the last chance.