

**Statement by
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**IAEA Board of Governors Meeting
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Madame Chairwoman,

My delegation welcomes and takes note of the Director General's August 26 report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran. The report sets out important information both on Iran's nuclear program and on the nature of its responses to the Agency's efforts to achieve a coherent picture of that program. I regret to say that my delegation found the August 26 report less effectively organized and less clear in some respects in stating the results of its analysis than was the June 6 report. But it nonetheless made plain that - after an additional two months of intensive work - the unanswered questions have only grown in both number and significance. The Director General's introductory statement to the Board on Monday confirmed the need for "much urgent and essential work" to bring all outstanding issues to a definitive conclusion.

The United States of course agrees that the Secretariat should continue its efforts to clarify the history, nature and purposes of the Iranian nuclear program. But while we look forward to eventually receiving a comprehensive analysis of all relevant issues, we as Board members must not use the need for continuing work as grounds to avoid our present responsibility to look at the facts that have already been established. The importance of the issues raised by the Iranian program requires us to reflect seriously now on patterns that the Agency's work to date has put clearly on the record.

Those patterns - which are inconsistent with both Iran's safeguards agreement and its professions of transparency - include:

- working in secret, going back into the 1980s, to develop sophisticated nuclear facilities.
- stalling, stonewalling, and on a number of occasions first providing the IAEA false information, and then changing its story when the original version was revealed to be inaccurate.
- attempting to cover up traces of its activities to avoid detection by the Agency.

Those are the broad patterns the Agency's work has thus far established. The Director General's June 6 report stated forthrightly that Iran had failed to meet important obligations under its Safeguards Agreement and provided a listing of those failures. It also reviewed a number of open questions it was still pursuing, with particular regard to Iran's enrichment program, the role of uranium metal in its nuclear fuel cycle, and its heavy water program. In response to that report, the Board authorized a statement in our June meeting that, inter alia, urged Iran promptly to rectify all safeguards problems identified in the report and to resolve the open questions. We also encouraged Iran in June not to introduce nuclear material at the pilot enrichment plant at Natanz, and called on it to permit environmental sampling at

the particular location (the Kalaye Electric Company site) about which allegations of enrichment activities had been made.

It is instructive to consider the Director General's August 26 report in light of his June 6 report and the June 19 Board Statement. To begin with, the August 26 report makes additions to the already significant June 6 list of failures by Iran to meet its safeguards obligations. Contrary to earlier Iranian statements - and only in response to damning evidence and repeated IAEA inquiries - Iran has now confirmed it conducted undeclared conversion experiments on two occasions in the 1990s, as the paragraphs 15 and 23 of the report detail.

Along with confirmed failures by Iran to observe its safeguards obligations, the June 6 report cited numerous "open questions" that required answers. The most significant such open question related to Iran's enrichment program. The August 26 report provides information making clear Iran has consistently misled the Agency about its enrichment program. Let me list three examples:

- First, as paragraph 30 reveals, Iran's centrifuge enrichment program did not begin in 1997, as Iran initially told the Agency, but in 1985, i.e., almost 20 year ago;
- Second, Iran's centrifuge program is not entirely indigenous, as Iran initially told the Agency and as AEOI President Agazadeh assured an informal meeting of this Board on May 6. Iran now says it received centrifuge drawings in 1987 from a still unnamed foreign intermediary (paragraph 30) and, in addition, Iran now says it imported components for centrifuges and a cascade design (paragraphs 31 and 28); and
- Third, the Kalaye Electric Company -- which Iran originally told the IAEA only produced centrifuge components -- now is said to have been a central part of its centrifuge testing program for five years (1997-2002) (paragraph 31); but Iran still claims, implausibly, that it never introduced nuclear material into centrifuges. As we await the results of the sampling recently done at Kalaye, we should all bear those repeated assurances in mind.

There were also open questions in June about laser enrichment. The August 26 report suggests that those questions are still open. Iran has not allowed IAEA inspectors to take environmental samples at a key laser research site - whose existence it had previously not acknowledged - and did not let them visit the site until after some equipment, including a large imported vacuum vessel that could have applications for laser uranium enrichment, had been moved to another location (paragraph 42).

There were also "open questions" in June about the Kalaye Electric Company site. After months of repeated requests, the Agency was finally allowed to take environmental samples there in August, but paragraph 32 of the August 26 report notes that Iran had used the intervening months to make "considerable modifications" to the site that "may impact on the accuracy of the environmental sampling and the Agency's ability to verify Iran's declarations about the types of activities previously carried out here."

I will not detail other still-open questions - involving, for instance, uranium metal and heavy water - but simply note that the August 26 report shows that, despite the Secretariat's excellent work in the intervening period, there are today

more open questions about Iran's nuclear program than there were on June 6. The more the Agency has looked underneath the surface of Iran's program, the less the explanations offered have hung together in a plausible way.

In addition to urging that open questions be resolved, the Board called on Iran in June to "cooperate fully with the Agency in its ongoing work." What does the August 26 report have to say about Iran's cooperation with the Agency?

Paragraph 52 of the report says that "since the last report was issued," Iran showed increased cooperation in terms of the "amount" and "detail" of information provided. In fact, most of that "increased cooperation" in "amount" and "detail" came only in the last two weeks before the DG's report was issued, when Iran clearly tried to influence its content and tone after stalling for the preceding six weeks. That delay was quite possibly also an attempt to prevent sampling results from the Kalaye Electric Company from being available by the time of this Board meeting.

Board members should note there is no indication in the careful wording in paragraph 52 of an increase in the "quality" or "accuracy" of the information Iran provided since the June report - we will have to look to the results of future work of IAEA inspectors to see whether the new stories are as unreliable as previous Iranian claims. Paragraph 52 alludes circumspectly to that problem, saying not only that "information and access were at times slow in coming and incremental," but also that "some of the information was in contrast to that previously provided by Iran." And the DG's characterization of Iranian information as "piecemeal" and "reactive" in his introductory statement to the Board Monday only reinforces that Iran has not stepped forward in a positive way to resolve the Agency's concerns.

What else should the Board note about Iran's reluctant and grudging cooperation with the Agency?

-- The Board requested in June, "as a confidence- building measure," that Iran not introduce nuclear material into its pilot enrichment facility at Natanz, "pending the resolution of related outstanding issues." Paragraph 33 of the DG's report informs us that less than 10 days after the Board made that request, Iran went ahead and introduced UF6 into the first centrifuge at Natanz, and then on August 19 began testing a ten-machine cascade with UF6. How much "confidence-building" were those actions intended to achieve, and how much cooperation with the Board did they display?

- We understand from an August 29 discussion involving various Board members, including Iran, that paragraph 50 of the report is in error in saying Iran agreed to provide the Agency information about its foreign suppliers of centrifuge information. In fact, the opposite is the case: Iran is refusing to provide such information because "intermediaries" were used to acquire the information, drawings and components. Should the Board regard that as cooperation with the Agency?
- As paragraph 28 reports, the Agency asked in June for the original centrifuge drawings provided to Iran by a foreign entity in 1987. Iran has presented only redrawn copies of the originals. Is that cooperation with the Agency?
- According to paragraph 45, the updated design information that Iran provided the Agency in August does not refer to hot cells, although they would be essential for the purpose for which Iran says it intends to use the heavy water reactor, and published reports indicate it has been seeking equipment for hot

cells. Does that constitute cooperation with the Agency? Given its lack of transparency in this regard, Iran should not be surprised that Board members are concerned about reprocessing activities that could be underway.

- Paragraph 42 reports that the Agency asked to take environmental samples at Iran's laser R&D center. Iran has thus far only "undertaken to consider" that request. Board members will recall that, as paragraph 32 indicates, Iran "considered" the Agency's request to take samples at the Kalaye Electric Company for a full six months -- and during that period considerably modified the premises --before agreeing to allow samples to be taken. Is that the kind of cooperation the Board regards as adequate?

In fact, the record clearly shows that Iran's "cooperation" with the Agency has at best been episodic and reluctant, and has frequently featured delay, denial of access, and misinformation. Forced admissions and grudging grants of delayed access are more accurately described as damage control than as genuine cooperation.

In addition to the additional identified failures by Iran to meet its safeguards obligations I cited above, the DG's report (paragraphs 34 and 29) details the disturbing news that the Agency found two different types of HEU in Iran. Iran has tried to explain away that finding with a belated admission that its senior officials erred in repeatedly telling the Agency, the Board and the world that the Iranian centrifuge enrichment program was wholly indigenous. Instead, the Agency is now told, Iran must have acquired "contaminated" centrifuge components from previously unacknowledged foreign sources. In light of prior revisions in Iran's explanation of its program, this new assertion clearly must be examined with great care to establish whether the particles that were discovered reflect enrichment activities outside Iran, within the country, or both. The IAEA is entirely right to call on Iran immediately to provide full documentation of all related transactions -- how much credibility does Iran have, now that it is clear it did not tell the truth about key aspects of its program?

Another issue addressed in the report (paragraph 11) is Iran's August 24 letter to the Director General saying it is "prepared to begin negotiation" on an Additional Protocol. The U.S. hopes that letter is something more than another facet of Iran's strategy of delay, although we see scant ground for optimism in that regard. Let us see how rapidly Iran accepts the provisions of a document scores of other IAEA members have already signed. And let us see whether it will agree, as the Director General called on it to do in his introductory statement, to apply provisionally the provisions of the Additional Protocol to provide much-needed reassurance to the international community until its Protocol is ratified and ready for full implementation.

In summary, Madame Chairwoman, what does the evidence in the Director General's August 26 report, combined with his June 6 report and the Board's June 19 Statement, mean in relation to Iran's NPT Safeguards Agreement?

We know from-the June 6 and August 26 reports that Iran has failed in a number of important regards to meet its obligations under its NPT Safeguards Agreement. Indeed, Paragraph 52 of the August 26 report makes clear the Agency is at this time unable to provide assurance to the Board that Iran has not diverted nuclear material to non-peaceful purposes, and will not in the future be in a position to do so unless Iran provides "continued and accelerated cooperation and full transparency." It is also clear Iran's cooperation with the Agency has been selective at best, and the list of significant outstanding issues is growing longer.

In the face of the facts in the Director General's June 6 and August 26 reports, the Board has a responsibility to act. The credibility of the global nuclear nonproliferation regime depends on the Agency - and let me stress that the Agency includes the Board as well as the Secretariat and DG - standing firm against all efforts to violate or circumvent NPT obligations. The United States believes the Board must today send a clear message of political backing for the DG and Secretariat in their efforts to penetrate the fog of obfuscation, misleading information, and delayed admissions in which Iran continues to envelop its nuclear program. Because of their high skill and professionalism and hard work, Agency inspectors have made progress, but it is obvious from the August 26 report that they need help to complete the job. The Board has a responsibility now to address the nonproliferation challenge manifest in the clear pattern of the evidence before us.

Some have claimed the United States is seeking to "politicize" the IAEA process. Nothing could be further from the truth. What we seek to ensure is that the IAEA meets its responsibilities. Finding peaceful resolutions to critical nonproliferation issues means, among other things, that relevant institutions must serve their intended functions. Is it politicization to support the NPT, or to expect NPT signatories to meet their safeguards obligations, as the U.S. is doing? Is it politicization to imply that "cracks" in treaties and unexpected reactions could result from the IAEA pressing for answers to outstanding questions?

It is no secret, Madame Chairwoman, that the United States believes the facts already established would fully justify an immediate finding of non-compliance by Iran with its safeguards violations. We have taken note, however, of the desire of other member states to give Iran a last chance to stop its evasions, and have agreed today to join in the call on Iran to take "essential and urgent" actions to demonstrate that it has done so. Passing a resolution on this issue that firmly backs the IAEA's efforts is the least the Board could credibly do to meet its responsibilities.

The United States looks forward to working with other delegations to support the Agency and the NPT in resolving this issue.

Finally, I propose we agree that, on the basis of past practice and full transparency, the Director General's report of August 26 be released to the public.

Thank you, Madame Chairwoman.