

IAEA Board of Governors
Record of the 1102nd Meeting
GOV/OR.1102

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Nuclear Verification: Implementation of the NPT safeguards agreements in the
Islamic Republic of Iran: Report by the Director General

Board of Governors

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Record of the 1102nd Meeting

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[*] GOV/2004/45.

Attendance

(The list below gives the name of the senior member of each delegation who attended the meeting, as well as that of any other member whose statement is summarized in this record.)

Mr. NÚÑEZ GARCÍA-SAÚCO	Chairman (Spain)
Ms. KELLY	Argentina
Ms. STOKES	Australia
Mr. NIEUWENHUYS	Belgium
Mr. VIEIRA DE SOUZA	Brazil
Ms. HALL	Canada
Mr. ZHANG Yan	China
Mr. CARRERA DORAL	Cuba
Mr. VACEK	Czech Republic
Mr. CHRISTENSEN	Denmark
Mr. RAMZY	Egypt
Mr. THIEBAUD	France
Mr. HONSOWITZ	Germany
Mr. HORVÁTH	Hungary
Mr. SREENIVASAN	India
Mr. DE CEGLIE	Italy
Mr. TAKASU	Japan
Mr. Chang-beom CHO	Korea, Republic of
Mr. GULAM HANIFF	Malaysia
Ms. ESPINOSA CANTELLANO	Mexico
Mr. DE VISSER	Netherlands
Ms. BRIDGE	New Zealand
Mr. UMAR	Nigeria
Mr. BUTT	Pakistan
Mr. HALPHEN PÉREZ	Panama
Ms. AZURÍN	Peru
Ms. WISZCZOR	Poland
Mr. BERDENNIKOV	Russian Federation
Mr. KURDI	Saudi Arabia
Mr. MINTY	South Africa
Mr. DE MIGUEL ÁLVAREZ	Spain
Mr. AHMAD	Sudan
Mr. DAOUAS	Tunisia
Mr. JENKINS	United Kingdom of Great Britain and Northern Ireland
Mr. BRILL	United States of America
Mr. NGUYEN TRUONG GIANG	Vietnam
Mr. ELBARADEI	Director General
Mr. GOLDSCHMIDT	Deputy Director General, Department of Safeguards
Mr. ANING	Secretary of the Board

Representatives of the following Member States attended the meeting:

Afghanistan, Albania, Algeria, Angola, Armenia, Austria, Azerbaijan, Belarus, Bolivia, Bulgaria, Burkina Faso, Cameroon, Chile, Colombia, Estonia, Ethiopia, Finland, Georgia, Greece, Holy See, Islamic Republic of Iran, Ireland, Israel, Jordan, Kenya, Kuwait, Libyan Arab Jamahiriya, Lithuania, Luxembourg, Mongolia, Morocco, Namibia, Norway, Paraguay, Philippines, Portugal, Romania, Serbia and Montenegro, Singapore, Slovakia, Slovenia, Sri Lanka, Sweden, Switzerland, Syrian Arab Republic, Thailand, Turkey, Ukraine, Venezuela, Yemen, Zimbabwe.

Abbreviations used in this record:

G-8	Group of Eight
HEU	high-enriched uranium
LEU	low-enriched uranium
NAM	Non-Aligned Movement
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
R&D	Research and development

* Speakers under Rule 50 of the Provisional Rules of Procedure are indicated by an asterisk

8. Nuclear verification

(e) **Implementation of the NPT safeguards agreement in the Islamic Republic of Iran: Report by the Director General (resumed)** (GOV/2004/34 and Corr.1, GOV/2004/48)

1. The CHAIRMAN invited the Board to consider document GOV/2004/48, a draft resolution on implementation of the NPT safeguards agreement in the Islamic Republic of Iran which, he understood, enjoyed wide support.
2. Mr. THIEBAUD (France), introducing the draft resolution submitted by his country, Germany and the United Kingdom, said it was based on the Director General's report contained in document GOV/2004/34 and the corrigendum thereto. It took note of the positive developments since the previous session of the Board, particularly that Iran had continued to act as if its additional protocol were in force prior to ratification and had submitted the declarations pursuant to that protocol, and also the progress that had been made in understanding outstanding questions and Iran's implementation of confidence-building measures.
3. At the same time, it regretted that Iran's cooperation had not been as full and proactive as it should have been, and noted that some key questions about the Iranian nuclear programme had not been resolved, especially relating to the origin of contamination and the P-2 centrifuge programme.
4. It called on Iran to take all necessary steps on an urgent basis to cooperate and provide the necessary explanations.
5. With regard to the suspension of enrichment-related and reprocessing activities, which were voluntary confidence-building measures, the draft resolution called on Iran to take corrective steps enabling full implementation of those decisions and their full verification. It also invited Iran to take additional measures aimed at restoring confidence.
6. While recognizing the inalienable right of States to civil applications of nuclear energy, the draft resolution underlined the importance of safeguards to ensure that that right was not abused.
7. The draft resolution commended the Director General and the Secretariat for their professional and impartial efforts, and requested the Director General to submit a new report in advance of the September Board.
8. The draft had been the subject of intense consultations over the previous two weeks and reflected a concerted approach. He hoped that it would meet with the Board's approval.
9. The CHAIRMAN took it that the Board wished to adopt the draft resolution contained in document GOV/2004/48 without a vote.
10. It was so decided.
11. The CHAIRMAN also took it that the Board authorized the resolution to be made available to the public and issued as document GOV/2004/49.
12. It was so agreed.
13. Mr. GULAM HANIFF (Malaysia), speaking on behalf of NAM, expressed appreciation for the Director General's report contained in document GOV/2004/34. He noted that the robust verification

system in place over the previous seven months had found nothing to contradict the Director General's finding in his November 2003 report to the Board (document GOV/2003/75) of no evidence of diversion of the Iranian nuclear programme for military purposes.

14. NAM welcomed the steps taken by Iran in pursuance of its declared policy of full transparency, particularly that it had: cooperated in facilitating more than 600 person-days of Agency inspections since February 2003 and granted complementary access with two hours' notice, or less; agreed on an action plan to accelerate cooperation with the Agency on a number of outstanding matters with a view to achieving progress on their resolution prior to the June 2004 meeting of the Board, on which the Agency had reported that good progress had been made; provided the initial declarations pursuant to its additional protocol; provided information to help resolve the contamination issues; provided the Agency with information related to uranium conversion enabling Agency experts to conclude the validity of the Iranian statement on conversion; cooperated fully and provided all information enabling confirmation by the Agency of its statement regarding the production capability of laser enrichment activities; submitted revised design information and corrections to inventory change reports, material balance reports and physical inventory listings as requested by the Agency; actively cooperated with the Agency in providing access to locations, including workshops situated at military sites, which the Agency had reported as a welcome development; and agreed to provide one-year multiple-entry visas to designated Agency inspectors.

15. Also, the Agency had been able to monitor and verify Iran's implementation of its voluntary decision to suspend enrichment and reprocessing related activities at the Tehran Nuclear Research Centre, Lashkar Ab'ad, Arak, the Kalaye Electric Company workshop, Natanz, and the Uranium Conversion Facility in Esfahan, and had not observed to date any activities inconsistent with Iran's commitments. Given that all Member States had a basic and inalienable right to develop atomic energy for peaceful purposes, Iran's gesture was a voluntary confidence-building measure, intended only to bring about prompt closure of the issue.

16. In monitoring Iran's voluntary suspension of its enrichment and reprocessing related activities the Agency was taking on a new role. The assurances that it could provide were different from those achievable hitherto, including with respect to the detection of the diversion of nuclear material. Any delays or variance in understanding the scope of the suspension should be viewed in that perspective.

17. Accelerated cooperation between Iran and the Agency and the progress made meant that there were now only two outstanding issues and no new revelation of any undeclared activities. With regard to the first, on the origin of HEU and LEU contamination, NAM urged all those concerned to continue making every effort to assist the Agency in resolving the matter. As to the second, the P-2 centrifuge programme, NAM hoped that the new information provided by Iran on 30 May 2004, as well as the recent five-day visit by inspectors and the clarification statement by the Secretariat the previous day would lead to early resolution.

18. Given continuing cooperation, it should be possible to achieve a state of normality with regard to implementation of Iran's safeguards agreement and additional protocol. Any outstanding issues should be resolved solely on technical grounds. In that connection, he emphasized the importance of reaching decisions in the Board through consensus. NAM encouraged positive engagement and dialogue between Member States with a view to prompt closure and removal of the item from the Board's agenda.

19. With regard to the resolution that had just been adopted, it was regrettable that some of NAM's principle concerns and positions had not been reflected. Operative paragraphs 7 and 8 addressed issues beyond the mandate of the Agency. They impinged on the inalienable right of States to develop and use atomic energy for peaceful purposes through technologies of their choice, and downgraded the

importance and the role of safeguards. Mindful of the sovereign rights of States in undertaking further commitments, NAM did not believe that the Board could oblige States to ratify the additional protocol as called for in operative paragraph 6.

20. Mr. FIGUEIREDO (Angola)*, speaking on behalf of the African Group, endorsed the points made by the previous speaker and urged the Board not to go beyond the Agency's mandate by demanding that Member States act outside the terms and conditions of its Statute and the NPT.

21. Mr. MURPHY (Ireland)*, speaking on behalf of the European Union, expressed satisfaction that the Board had adopted the resolution by consensus.

22. The European Union welcomed the fact that the Agency was achieving a greater understanding of the nature and extent of Iran's nuclear programme and was making steady progress in resolving many aspects relating to Iran's uranium conversion and laser enrichment programme. It was pleased that Iran had continued to act as if its additional protocol were in force and had provided its initial declarations, and that the Agency had been given access to all requested locations. It also welcomed Iran's decision to suspend, on a voluntary basis, all enrichment-related activities and looked forward to the Agency being in a position to verify full suspension.

23. However, some serious questions, including those relating to the production of UF₆ and the local production of centrifuge components, had not yet been answered in a satisfactory manner.

24. The central question was whether Iran's uranium enrichment activities had been fully declared, and the two key aspects in that regard were the contamination issue and questions relating to the P-2 centrifuge programme. He strongly urged Iran to clarify all outstanding issues with respect to the P-2 centrifuge programme and provide full, relevant information with a view to resolving the contamination question. He also called on Iran to ratify the additional protocol without delay. Iran should make every effort to build the necessary confidence, which was a prerequisite for entering a new mode of cooperation with the European Union.

25. The European Union fully supported the Director General's call for full and prompt cooperation from all third countries with a view to resolving the outstanding issues, in particular the question of contamination.

26. The European Union had consistently urged Iran to provide full, proactive and transparent cooperation with the Agency so that a complete and final picture could be obtained as soon as possible. The issue of Iran's undeclared nuclear programme had been brought to the Agency's attention two years previously and had been considered at six sessions of the Board. It was time that the remaining questions were clarified.

27. Mr. ZAMANINIA (Islamic Republic of Iran)* thanked the Director General and the Secretariat for their tireless efforts and assured them of his country's commitment to continued cooperation with a view to prompt closure of the issue.

28. More than a year had passed since the Agency had begun its robust inspections in Iran. Most issues had been clarified, and the two remaining questions had almost been resolved. The process had begun in a deliberately charged political atmosphere with allegations of a secret Iranian nuclear weapons programme appearing on almost a daily basis. Those allegations had been repeated so often, albeit primarily by one power with a heavy hand and a huge media arsenal at its disposal, that they had been taken as irrefutable facts. The task had been simply to find the evidence, the smoking gun.

29. The Agency, under enormous pressure that its credibility would be tarnished, had had to take a cautious approach. It had been taught a lesson early on, when it had been asserted in the Director General's report to the November 2003 session of the Board, that "to date, there is no evidence that the

previously undeclared nuclear material and activities ... were related to a nuclear weapons programme”¹. That finding had been the subject of unrestrained attacks and intimidation from a country that had already decided what the facts were or should be. It had not been included in the Board’s resolution of 26 November (document GOV/2003/81) despite the insistence of the overwhelming majority of Board members, including the non-aligned. Today, after 670 person-days of intrusive inspections and robust verification that finding continued to be valid.

30. However, the concerns had changed. Now the questions were no longer whether Iran had the bomb because everyone knew the answer was no; not whether Iran had produced or received HEU, but where exactly each particle in the contaminated imported equipment had come from; not whether the infamous P-2 ‘discovery’ was related to a secret nuclear weapons programme conducted at military sites, but when the conclusions of the Agency’s inspectors in confirming the accuracy of Iranian accounts could be assessed and finalized; not whether Iran was engaged in systematic deception, but how proactive Iran was rather than responsive with respect to enquiries; not whether Iran had told the inspectors where it had obtained its imported parts, but whether private contractors had been proactive enough in providing the inspectors with a list of all their enquiries; and not whether Iran had been prepared voluntarily to suspend its rightful enrichment activities, but whether Iran, or any other country, was prepared to accept an arbitrarily defined new monopoly.

31. Why had that happened? The Board had been led to believe that Iran’s less than full transparency in preceding years had been motivated by a grand scheme to conceal a weapons programme, when in fact it was a nationwide defensive mechanism against unilateral illegal sanctions that covered not only the nuclear field but all aspects of daily life from drug enforcement to civil aviation safety and even humanitarian mine clearing operations. The Board had been led to believe that there must be an ulterior motive for the widespread practice of discrete procurement in all areas where sanctions had been imposed.

32. It was time to set the record straight. Iran was confident that misunderstandings had emerged inadvertently despite the best efforts of the Secretariat and Agency inspectors to provide a correct picture and appreciated the Secretariat’s courage in providing a partial correction to the Director General’s latest report.

33. Countering the charges of Iran’s less than satisfactory engagement and proactive cooperation, he reiterated that over 670 person-days of unrestricted inspections had been carried out in Iran since February 2003, constituting one of the most robust and intrusive verification exercises in the history of the Agency. Despite the fact that the complementary access envisaged in Article 4 of the additional protocol could legally be granted only after submission of declarations to the Agency, Iran had voluntarily granted 12 complementary accesses prior to the submission of its declarations, mostly at notice of two hours or less. There were no criteria or timelines for robust inspections so Iran had been obliged to provide information or grant access primarily after requests had been made by the Agency. It had done so, as confirmed in the Director General’s report, in the fullest and most speedy manner possible.

34. With regard to the issue of incomplete information and lack of clarity on the P-2 programme, the Secretariat’s corrigendum to paragraph 47 of the Director General’s report had corrected an inadvertent mistake. Regrettably, the Secretariat’s clarifications had not resulted in modifications being made to the resolution. Moreover, they had introduced new ambiguities, which required clarification. The total number of magnets in question was approximately 150, not 4000. Only some 50 of those 150 had been of usable quality. The Director General’s report said that Iran had

¹ See document GOV/2003/75, para. 52.

acknowledged for the first time in May 2004 that it had sought to procure 4000 magnets, and had shown an interest in acquiring more. A figure 100 000 had been mentioned. The contractor had explained the issue thoroughly to the apparent satisfaction of the inspectors, saying that the promise to purchase more was a common approach in Iran when procuring low-cost equipment from abroad in order to make the transaction financially attractive to the seller. It was not fair to fault an Iranian contractor who, having volunteered information on his actual purchases, was unaware of the need to volunteer information about his unsuccessful enquiries.

35. The issue of the importing of magnets had gained significance for the Secretariat only in May. The primary issue prior to that had been what had been acquired from the intermediary. Every statement by Iran, as well as the Director General's report to the March session of the Board (document GOV/2004/11), should be seen in that context. In paragraph 11.c. of document INFCIRC/628, for example, Iran had reiterated that it had not received any P-2 component from the intermediary. The magnets purchased did not originate from the intermediary, but from an Asian company, a fact that the Agency had already acknowledged in its report. It was misleading to build on that as a justification for supposed incompleteness or lack of clarity.

36. The facts regarding laser enrichment had also not been presented clearly to the Board. In its letter of 21 October 2003 to the Director General, Iran had informed the Agency that in the course of the operation of the Comprehensive Separation Laboratory approximately 8 kg of U-metal had been evaporated in the chambers and that the enrichment separation envisaged in the contract, and in some experiments higher enrichments, had been achieved in milligrams. In an interview with Agency inspectors on 28 October 2003, an Iranian laser scientist had stated that it had been possible to achieve the goal of the contract and even obtain double digit enrichment occasionally. Since October 2003, Iran had been referring to "higher enrichments". The Director General's report to the November Board had coined the word "slightly" in that context and now paragraph 33 of the current report alluded to that as an inconsistency. The resolution just adopted had taken it a step further referring, without the slightest justification, to "omissions". It should be noted that, as experts in laser enrichment technology were well aware, particles with a higher enrichment factor, such as the 15% mentioned in the current report, could occasionally be obtained as a result of equipment tuning. However, that was by no means an indication of the capability of a system under continuous operation.

37. The facts shown to the Agency belied the widely reported contention that Iran had delayed inspections for one month, causing a delay in environmental sampling and analysis, an allegation that had found its way into the resolution. Iran had also expected clarification on that issue. The facts were that Agency inspectors had arrived in Iran not in mid-April but on 27 March and inspectors had been in Iran almost continuously since March. The requested delay until 10 April had pertained solely to the implementation of the newly announced suspension measures. Indeed, Iran had stated in its note verbale of 15 March that Agency inspectors were free to travel to Tehran on 27 March to verify other activities.

38. Since 27 March no impediment had been placed in the way of inspectors visits or the taking of samples from the P-2 components or any P-2 locations. It had been the inspectors' own choice not to inspect P-2 components before mid-April, and not to take the samples claimed in the report to be crucial and urgent until mid-May.

39. Pursuant to the agreement with the three European countries in October 2003 and as a confidence-building measure, Iran had voluntarily decided to suspend enrichment activities, while stressing its inalienable right to peaceful nuclear technology, including in the field of enrichment. Following a subsequent agreement, Iran had voluntarily expanded the scope of its voluntary measures so as to remove any impediment to speedy normalization of the situation. Iran had categorically indicated the scope of its voluntary confidence-building measures in its letters of 29 December 2003

and 24 February 2004 and had invited the Agency to verify the measures specified therein. Despite many technical and contractual difficulties, Iran had implemented both agreements in their entirety and in good faith and had give the Agency extraordinary and unrestricted access to verify the suspension. Any insinuation to the contrary was totally erroneous. The Director General's latest report confirmed that the Secretariat had witnessed no activity inconsistent with Iran's voluntary decisions. But contractual problems had made timely suspension of the activity of private workshops impossible. Such potential problems, as well as the remedy, had been clearly stated in the letter of 24 February. Since Iran's capability to enrich uranium had been acquired through the hard work of its scientists, despite the multifaceted illegal restrictions it had faced over the previous two and a half decades, it would neither abandon its peaceful technology nor accept artificial, self-serving, politically manipulated criteria applied to exclude Iran from any eventual Agency working group or other mechanism. The balance between rights and obligations under the NPT and the Agency's Statute was the main guarantee of the credibility and sustainability of the nuclear non-proliferation regime. Arbitrary attempts to create new monopolies and deprive NPT States of an important area of peaceful nuclear technology undermined the basic foundations of the very system they purported to strengthen.

40. The foregoing showed how a small and inadvertent mistake or omission by the Secretariat were grist to the mill of the vigilant who wished to select particular words and insert them in the resolution or enjoy a propaganda bonanza. The result had been dramatic conclusions in the Director General's latest report and a resolution alien to the real situation as verified by the inspectors. The Board's grounds for adopting it were less than solid. A few minor changes of wording could not remedy the very serious wrong done by the resolution, not only to Iran, but to the entire process. The blame lay not with the hardworking inspectors, but with those who had systematically ruined the sound and impartial environment required for such serious investigations by daily brainwashing everyone through the media with their flawed prejudgements.

41. Iran, feeling the utmost respect for the impartiality and professionalism of the Agency, had done its best to provide everything needed for prompt closure of the joint task upon which they had embarked. That objective, if not already at hand, was highly achievable. The Director General's oral and written reports had made it abundantly clear that the Agency had progressed significantly towards satisfactory clarification of the two outstanding issues concerning the P-2 centrifuge programme and contamination.

42. With regard to the former, three rounds of intensive discussions had taken place between the Agency inspectors and the private contractor working on P-2 R&D, the last on 30 May. At their wrap-up meeting with Iranian officials on 2 June, the inspectors had confirmed their conclusion that Iranian statements were consistent with their findings and had been convinced of the feasibility of conducting centrifuge testing based on P-2 design, which required the procurement of parts from abroad and the manufacture of components within a stated time period. From the inspectors' standpoint, and pending final assessment by the Secretariat, the issue had been substantively clarified. Iran welcomed the Director General's public statement that the P-2 centrifuge issue would be resolved by September and was confident that the clarification provided by the Deputy Director General for Safeguards would also expedite its closure.

43. The contamination issue was complex. The Secretariat's most recent findings, based on further sample analysis, generally supported Iran's consistent contention that the 54% HEU contamination originated in imported centrifuge parts. Iran was convinced that the 36% uranium-235 contamination also originated in such parts and that more sampling would corroborate its contention. The cooperation of other States would expedite the resolution of that issue.

44. The tone and content of the resolution the Board had just adopted, including its disregard for facts, indicated renewed political will to derail the process. A number of elements in the preambular

paragraphs, and operative paragraphs 7 and 8 concerning UF₆ production and construction of a heavy water research reactor, violated the letter and spirit of the NPT and the Agency's Statute. For the first time in the Agency's history a Member State was being asked to suspend the exercise of its right with regard to a declared facility under comprehensive Agency safeguards. He thanked NAM, whose members represented a majority of Board members, for its untiring efforts to prevent the Board from setting a dangerous precedent.

45. In conclusion, he said that Iran, as a national security imperative, was committed to non-proliferation and the peaceful use of nuclear technology. Nuclear weapons had no place in Iran's defence or security doctrine. Hundreds of person-days of intrusive and robust inspections had repeatedly affirmed the correctness of the Agency's original assessment. Further sampling and analyses, which could well be done within the framework of safeguards and the additional protocol, would vindicate Iran's conviction that contamination originated from a foreign source. There was now sufficient evidence for the Agency to begin a normal verification process, under the additional protocol, in a technical rather than political environment. The Iranian authorities would examine their confidence-building measures in the light of the degree of implementation of the reciprocal commitments of their partners and take appropriate decisions.

46. Mr. THIEBAUD (France) said the resolution just adopted reflected both the progress made and the remaining points of concern regarding the Iranian nuclear issue. On the positive side, Iran had continued to implement the additional protocol it had signed and which it should ratify without delay. It had moved forward with the action plan agreed with the Director General, had cooperated with the Agency's requests for access, including to military locations, and had duly furnished the initial declarations pursuant to its additional protocol enabling the Agency to gain a better understanding of the country's nuclear programme.

47. Two years after the public revelations about Iran's clandestine activities, the international community still had many proliferation concerns and there had been scant progress on key issues. The origin of the HEU and LEU contamination could not be entirely explained by the information provided by Iran so far, and additional information was needed. There had been no progress on the question of polonium-210 production or plutonium separation experiments. Furthermore, new information on the P-2 centrifuge programme, omitted by Iran in its October 2003 declaration, had suggested the country's intention to develop an extensive centrifuge programme. Also, examination of laser enrichment activities had shown that certain trials had produced 15% enrichment.

48. Although Iran had extended its suspension of enrichment and reprocessing activities, the suspension, requested 10 months previously, was still incomplete, and some production and procurement continued. Iran had refused to place a number of components and centrifuges under seal. Verification of suspension had been possible only after long discussions and Iran's decision to proceed with UF₆ conversion was at variance with the suspension conditions stipulated by the Agency. The Iranian authorities should suspend such activities and enable full verification by the Agency.

49. While acknowledging the positive steps taken by the Iranian authorities, his country called on them to cooperate fully and without delay with the Board's requests, as laid down in the resolution. With the provision of information from the other States concerned as well, France hoped that all the outstanding questions could be resolved before the year's end. There was no point in prolonging the situation one day longer than necessary.

50. Mr. HONSOWITZ (Germany) said that, while his delegation was encouraged that the Agency continued to make progress towards a comprehensive understanding of Iran's nuclear programme, it shared the concern that the issue had still not been resolved after two years of verification. It was vital that the remaining issues — especially the nature of the uranium enrichment programme — be resolved in the coming months and he called on Iran to cooperate proactively with the Agency to that end.

51. Encouraged by the fact that Iran had already given additional information on its P-2 programme, his delegation would like further clarification of the contamination origin. He called on Iran to provide all the information requested without delay, and also on the relevant third countries to cooperate, so that the matter could be brought to a close before the end of the year.

52. Meanwhile, Iran should extend its confidence-building measures by ratifying its additional protocol soonest and completing and sustaining its voluntary suspension of enrichment and reprocessing activities.

53. Mr. TAKASU (Japan) joined others in urging Iran to implement the requests contained in all the Board's resolutions on the Iranian nuclear issue. He welcomed the good progress reported by the Director General, but expressed concern, given that two years had passed since Iran's undeclared programme had come to the Agency's attention, that a number of outstanding questions remained unresolved, particularly regarding HEU contamination and the P-2 centrifuge programme; that suspension of its enrichment-related and reprocessing activities was not comprehensive; and that Iran had decided to proceed with UF₆ generation.

54. Japan expected Iran to provide the Agency with relevant and sufficient information and access to all relevant locations and proactively to intensify its cooperation with the Agency. Also, to build confidence, Iran should urgently ratify its additional protocol and suspend its enrichment and reprocessing. Japan looked forward to further cooperation on the part of third countries regarding routes and sources. With a view to rapid resolution of the Iranian nuclear issue, it was important for the Board to send a clear and unified message to Iran and the international community. His delegation therefore welcomed the unanimous adoption of the resolution.

55. Mr. KURDI (Saudi Arabia) said his country's position had been consistent regarding disarmament and the elimination of weapons of mass destruction in the Middle East. The Agency had a key role to play in making the Middle East a nuclear-free zone, both for its own credibility and that of the safeguards regime. Also, Saudi Arabia had repeatedly asserted that all Member States had the right to benefit from programmes on the peaceful uses of nuclear energy. He commended the Director General and the Secretariat on their efforts to iron out the ambiguities surrounding Iran's programme. He endorsed the views expressed by NAM regarding the positive progress made and encouraged the Iranian authorities to continue their cooperation so as to bring the matter to an end.

56. Mr. NIEUWENHUYS (Belgium) said that the problems encountered by the Agency in connection with the implementation of its mandate in Iran had been spelled out. It needed to be in a position to draw conclusions on the nature of that country's nuclear programme based on a correct and complete understanding of its past and current programme. And today the Board was still having to encourage Iran to step up its cooperation with the Agency in order to finalize its overall evaluation. Iran's full respect of its commitments would help restore the confidence needed if the Board was to bring the chapter to a close. His delegation advocated an approach of continued dialogue and maximum transparency. Iran's prompt ratification of its additional protocol would send an important and positive signal.

57. Ms. BRIDGE (New Zealand), welcoming the adoption of the resolution by consensus, expressed her delegation's disappointment that, despite the progress made, the Agency still did not possess all the information and explanations it required for conclusive verification that Iran was developing its nuclear industry solely for peaceful purposes and not diverting nuclear material for military use. Her delegation was heartened by Iran's pledge to act as though its additional protocol were in force and its cooperation in allowing the Agency inspectors access to all requested locations. It looked forward to early ratification of the protocol.

58. However, further cooperation and transparency were required. Information had sometimes been incomplete and still lacked the necessary clarity — a situation that did not inspire the international community's full confidence.

59. She urged Iran to cooperate fully with the Agency so that the two key outstanding issues of uranium contamination and P-2 centrifuge activities could be settled, and to do its utmost to rebuild international confidence. She also urged the third countries that had supplied Iran with nuclear technology and material to come forward with information.

60. New Zealand fully supported the agreement reached between the three European Union countries and Iran on the suspension of the latter's enrichment and reprocessing activities and recognized the voluntary nature of that suspension. It was an important confidence-building measure for Iran and was not intended to fetter the right of non-nuclear-weapon countries under the NPT to develop nuclear energy for peaceful purposes.

61. She hoped that, with Iran's full cooperation, the Director General would be in a position in the next few months to report that all outstanding issues had been resolved and that the matter could be normalized.

62. Mr. SREENIVASAN (India) said that the resolution adopted by consensus contained some elements that raised serious question about the Agency's role. While the resolution noted many positive developments, it expressed concern that information provided by Iran had sometimes been incomplete and still lacked the necessary clarity.

63. India had consistently maintained that once States had accepted international treaties they should fulfil the relevant obligations. While, as a non-party, it did not wish to enter into the debate about the interpretation of NPT obligations, his country was disturbed by the growing trend among Member States to bring that NPT debate into the Agency, which was primarily a technical body set up to promote the peaceful applications of nuclear energy.

64. All Member States of the Agency had the sovereign right to pursue their individual paths towards socio-economic development and the technological options they chose were determined by their particular circumstances. That principle did not appear to be reflected in operative paragraph 8 of the resolution. Member States' pursuit of peaceful uses of nuclear energy should be transparent. India viewed the exhortations contained in operative paragraphs 7 and 8 in the context of Iran's particular situation in that light. Recent developments indicated that, if Iran provided additional information, the issue might be close to resolution. His delegation hoped that the third parties concerned would cooperate meaningfully so that the Board could reach an appropriate conclusion soonest.

65. Mr. ZHANG Yan (China) welcomed the Agency's progress on its verification of Iran's nuclear activities. While Iran had not consistently abided by the action plan agreed by the Director General, it had cooperated in providing Agency inspectors access to requested locations, including military sites. Some issues needed further clarification so that international confidence could be restored in Iran's nuclear intentions. It should therefore strengthen its cooperation with the Agency to resolve those issues soon.

66. Expressing support for the Agency's work in implementing its mandate, he said the issue could be resolved by diplomatic means and the appropriate pragmatism.

67. Ms. HALL (Canada) strongly endorsed the view that it was time the Iranian nuclear issue was resolved. Regrettably, closure was not yet possible given the extent and importance of the unanswered questions identified in the Director General's most recent report. The Board knew from previous reports that Iran had in the past engaged in undeclared nuclear activities. It did not know whether Iran had engaged in further undeclared nuclear activities, or whether it was currently engaged in such activities. The Secretariat was not even in a position to advise the Board whether all safeguarded material in Iran had remained in peaceful use. That was in contrast to the situation in 154 other States, where the Agency had been able to draw either a conclusion on the non-diversion of safeguarded material or a more far-reaching conclusion on the absence of undeclared activities. While her delegation welcomed the provisional implementation of Iran's additional protocol, it was disappointed that there had been no apparent movement towards ratification.

68. The Iranian Government could bring the matter to a close by providing the Agency with a clear and consistent account, and by cooperating fully and proactively, rather than partially and responsively. The month-long delay in inspection after the previous Board session had hindered the Secretariat's ability to draw conclusions and raised suspicions that Iran had something to hide. The resolution just adopted by the Board called on Iran to take all necessary steps on an urgent basis to resolve all outstanding issues, especially those of LEU and HEU contamination and the nature and scope of the P-2 programme. The attempted procurement of magnets for 2000 P-2 centrifuges was inconsistent with the "student's project" which Iran claimed its P-2 work amounted to. And the clustering of 36% HEU suggested that Iran had been conducting experiments that it had not yet acknowledged. Other questions regarding laser enrichment activities and the age of separated plutonium might be of lesser significance but would also need Iran's full and proactive cooperation to resolve.

69. The Agency's work would be greatly facilitated if third countries provided any relevant information. While nationals of some countries could have been involved in Iran's procurement activities without the knowledge or authorization of their governments, it was nevertheless incumbent on the latter to cooperate fully with the Agency and undertake the necessary domestic action consistent with Security Council Resolution 1540 (2004). Also, it was important that the Board be apprised of the situation with respect to the sophisticated black market uncovered by the Agency in 2003. Canada looked forward to receiving a comprehensive assessment from the Director General as soon as possible.

70. The Board was struggling to resolve matters of fundamental importance to the future of the nuclear non-proliferation regime and access to, and use of, nuclear energy. The right to use nuclear energy for peaceful purposes was a legitimate right enshrined in Article IV of the NPT. But the NPT also stated that it must be exercised in conformity with Articles I and II of the Treaty. Canada believed that the benefits of nuclear energy could be fully enjoyed while at the same time addressing legitimate and growing international concerns about the serious proliferation risks associated with the nuclear fuel cycle. In his introductory statement, the Director General had underlined the importance of tightening control over the most proliferation-sensitive parts of the nuclear fuel cycle. Important initiatives towards that objective were under way and Canada looked forward to the contribution of the Director General's new international expert group.

71. Iran must understand that its history of concealing its nuclear activities, and its subsequent delays, contradictions and imperfect cooperation, had resulted in widespread international concerns about its ultimate nuclear ambitions. Those concerns, based on serious and still unresolved safeguards compliance issues identified by the Agency, were why the Iran issue remained on the Board's agenda.

That was why the Board had repeatedly called on Iran to suspend all activities related to enrichment and reprocessing. Only by genuinely and comprehensively observing that suspension, and by reversing its decision to operate the Uranium Conversion Facility and to begin construction of a heavy water research reactor, could Iran restore confidence. Without that confidence, Iran could not hope to enjoy fully the benefits of nuclear energy, or to see successful and early closure of the item.

72. Mr. BRILL (United States of America) said his country had the highest respect for the Secretariat's impartial work with respect to implementation of Iran's NPT safeguards agreement. It welcomed the Board's adoption of the resolution submitted by France, Germany and the United Kingdom, which once again put the Board — and through it the broader international community — unequivocally on record as rejecting Iran's continuing tactics of delay, denial and deception with regard to its nuclear programme, and firmly in support of the Agency's highly professional inspection efforts. The international campaign that Iran had waged, insisting it had taken all the steps needed to close the Iran file at the current Board meeting, had failed because Board members of all geographic regions and political persuasions had seen through it. Once again, the Board had found the evidence too strong to permit the Iran file to be returned to a 'business as usual' basis.

73. That outcome was no surprise. How could Iran's claims to have cooperated fully with the Agency have any credibility, when its answer to the Board's call in March 2004 to continue and intensify its cooperation had been to ban Agency inspectors for approximately a month? Even after letting the inspectors back into the country, Iran had pursued its habitual delaying tactics and submitted much of the requested information literally days before the Director General's report had been due, too late for in-depth analysis. Access to some key facilities had also been delayed until late in May after months of negotiations. As the Director General's report made clear, Iran's assertions about its nuclear programme had been found to be false or incomplete and the list of unresolved issues was longer than it had been in March 2004. That was not the behaviour of a government trying to 'come clean' and resolve doubts created by two decades of clandestine nuclear development. The opposite was in fact true, as evidenced by Foreign Minister Kharrazi's recent remarks rejecting the international community's well-founded concerns and calling into question Iran's commitments to cooperate with the Agency.

74. Iran's familiar tactic of threatening to reduce its already scant cooperation with the Agency had been supplemented by efforts to cast doubt on the reliability of the Agency's investigations and findings. The Secretariat's readiness to correct the Director General's latest report to reflect new information was eloquent confirmation of its commitment to being scrupulously fair, not to say overly generous, to Iran. However, the objections raised by Iran were anything but compelling. Paragraph 22 of the report referred explicitly to statements about the P-2 programme made by "Iranian authorities". The oral information from the owner of a small private workshop that Iran was criticizing the Agency for not having reported had not been included in official Iranian written statements in February and March. As Deputy Director General Goldschmidt had pointed out, Iran had had every opportunity to propose its clarifications to the record since February, including in its written submission to the Board in March, but had only done so in mid-June. Even now, the updated record was in no way inconsistent with the original wording of paragraph 47.

75. The United States supported and welcomed the resolution that the Board had just adopted. It was clear, however, that the resolution could not provide the answer to the problem the Agency and the international community were facing. Recapping key events to date, he said that it had been nearly two years since the public revelations that gave the Agency the initial leads it had needed to be peeling away the layers of concealment Iran had put in place over its clandestine nuclear programme. It had been sixteen months since the Director General had made his February 2003 visit to Tehran in response to those revelations. A year ago the Board had adopted a statement calling on Iran to cooperate fully with the Agency to resolve all outstanding issues raised by its past failure to report

material, facilities and activities as required by its safeguards obligations. The resolution just adopted followed others unanimously adopted in September 2003, November 2003 and March 2004, each urging Iran to intensify and accelerate its cooperation. The September resolution had found it "essential and urgent" that Iran take by the end of October 2003 all necessary actions to remedy all failures identified by the Agency. Since then, a number of new issues had arisen that were equally important and pressing. It had been seven months since the Foreign Ministers of the United Kingdom, France and Germany had gone to Tehran. Despite the October agreement, Iran had neither cooperated in a way that would make possible the resolution of all outstanding issues, nor fulfilled its suspension commitments. The Agency's Safeguards Implementation Report for 2003 reminded the Board that Iran had engaged in undeclared nuclear activities in breach of its obligation to comply with its safeguards agreement. An important achievement throughout that long process had been that the unity of the Board had been maintained. Agency inspectors had also served the international community very well and thanks to them the world now had a far clearer picture of Iran's nuclear programme.

76. The passage of time was not a neutral factor in proliferation cases. Iran had used delaying tactics as part of an attempt to erase facts before the Agency had been allowed access to investigate nuclear-related activities at the Kalaye Electric Company. It would be naïve, based on that experience, to assume that Iran's interruption of inspections in March or its delay in allowing access to certain workshops involved in its enrichment programme had not been based on similar purposes of sanitation and concealment. Furthermore, Iran had completely levelled facilities at Lavizan Shiyan before Agency inspectors arrived.

77. There was an even deeper level of concern, for while Iran was erasing some facts, it could be creating others. The Director General had repeatedly said that the jury was still out on whether Iran was developing its nuclear technology for peaceful or military purposes. In his Government's view it was dangerous not to believe that Iran had a clandestine military programme. It had spent billions of dollars covertly pursuing every conceivable enrichment technology. The Agency had reported levels of uranium enrichment far above those needed for electricity. Every passing day could bring Iran closer to producing the enriched uranium needed for weapons purposes. In such a scenario, all that Iran needed to do was to continue with its policy of delay, denial and deception, while it created facts beyond the view of inspectors. That approach of course carried a price, in terms of critical Board resolutions and statements of deep concern like the one issued by the G-8 the previous week, but that might be a price Iran calculated it could afford to pay.

78. When the Director General said the jury was still out, the jury of which he spoke was the Board. None of the statements, resolutions, appeals and offers made thus far by the Board, the Secretariat or the European group of the United Kingdom, France and Germany had yet moved Iran to proactive cooperation, full openness or even honesty. If the NPT regime was to function, the clearer picture of Iran's nuclear programme that Agency inspectors had provided must be a spur to effective action. Simply hoping for the best was not a viable non-proliferation strategy. No member of the Board wanted to have to look back on the opportunities that the Board could have used to make the world a safer place had it acted in time.

79. He asked Board members to give serious thought before its forthcoming series of meetings to the urgent steps required to make its actions more effective in actually bringing the Iran issue to a successful conclusion. It might be helpful for the Director General to offer not only a periodic update of developments in the inspection process, but also a cumulative summary of the Agency's principal findings on Iran since the August 2002 revelations. The United States continued to believe that Iran's documented non-compliance should be reported to the Security Council and that its nuclear programme presented a threat to international peace and security.

80. Reiterating his appreciation of the Secretariat's expertise, professionalism and impartiality, he said that nuclear proliferation was a danger that all members needed to address actively both on a national basis and through multilateral channels. Unquestionably, the Agency must continue to play a central role in those efforts.

81. Finally, he requested that the Secretariat make public the Director General's report contained in document GOV/2004/34 and also Iran's statement to the Board on the current agenda item, allowing all to see that it ended with not one but two veiled threats.

82. Mr. Chang-beom CHO (Republic of Korea) commended the Director General and his staff on their continuing efforts to implement the safeguards agreement with Iran and to resolve outstanding questions. The Director General's report, contained in document GOV/2004/34, was factual and highly informative.

83. As stated in that report, almost two years had passed since Iran's undeclared nuclear programme had first been brought to the Agency's attention and it was regrettable that the issue had not yet been resolved. The report seemed to convey a mixed message, on the one hand, based on the progress achieved in understanding the nature and extent of Iran's nuclear programme and, on the other, of continuing concern. On the positive side, he welcomed Iran's recent provision of the initial declarations pursuant to its additional protocol. Although ratification of the protocol remained pending, Iran had continued to act as though it were in force. Also, Iran had been cooperating with the Agency in providing access to all the locations requested, including workshops at military sites. Progress was also being made on verifying the — as yet incomplete — suspension of Iran's enrichment-related and reprocessing activities.

84. However, there remained cause for concern in view of the number of outstanding issues and — as the Director General had noted in his introductory statement — Iran's less than satisfactory pattern of engagement. It was essential to resolve the issues of the origin of HEU and LEU contamination and the P-2 centrifuge programme since they affected the Agency's ability to give assurances regarding the scope and nature of Iran's nuclear activities. His country looked forward to the outcome of the Agency's assessment of the additional information provided recently by Iran on the P-2 issue and at the same time urged Iran to intensify its proactive cooperation with the Agency.

85. The Director General's report also drew attention to the fact that the suspension of the production of centrifuge equipment was not yet comprehensive as some private companies were continuing production. Iran should reconsider its decision to proceed with the generation of UF₆. That would build international confidence, which was the most important precondition for resolving the Iran issue.

86. Full and prompt cooperation from all the third countries involved was also needed. He called on those countries, particularly the countries from which the contaminated equipment was believed to have originated, to make every effort to assist the Agency in clarifying the outstanding questions.

87. His delegation endorsed the Director General's view that it was essential, from the point of view of the integrity and credibility of the inspection process, for the issues under discussion to be brought to a close very soon. He expressed the hope that, with more intense and proactive cooperation by Iran, the issue would be resolved to the satisfaction of all the parties concerned and the international community. He hoped that the resolution just adopted would facilitate the achievement of the common goal of a strengthened non-proliferation regime and greater stability in the region and beyond.

88. Ms. STOKES (Australia) welcomed the action Iran had taken to improve transparency and cooperation with the Agency. Iran's signature of the additional protocol and its undertaking to

implement it in full pending ratification, as well as its submission of its initial declarations under the additional protocol were steps in the right direction.

89. Her delegation remained concerned, however, about the outstanding important issues highlighted in the Director General's report and Iran's less than satisfactory pattern of engagement in that regard. Australia shared the international community's concern about Iran's undeclared nuclear activities and stressed the importance of that country coming into full compliance with its international commitments. Iran's postponement of Agency inspections and visits for some weeks had not facilitated the Agency's task, nor had it made a favourable impression on many in the international community about Iran's level of cooperation.

90. A number of major questions remained unresolved regarding P-2 centrifuge development, HEU and LEU contamination, the objectives behind the laser enrichment programme, and the plutonium and polonium experiments. There was evidence to suggest that there was more to the P-2 programme than Iran had so far declared. Given that, as it appeared from the Director General's report, the design drawings for the P-2 centrifuge had been purchased by Iran and that enquiries were being made about the procurement of 4000 magnets with specifications suitable for use in P-2 centrifuges, the possibility that Iran had a programme based on that centrifuge type going well beyond the declared R&D effort could not be ruled out.

91. Even with greater cooperation by Iran, substantial work remained before the Agency could be satisfied that Iran was in full compliance with its non-proliferation commitments and reach a positive conclusion. Iran should maintain its commitment to confidence-building measures. In that regard, the start-up of the Uranium Conversion Facility, and the unconvincing justification given for that action, had not been helpful. For tangible progress to be made, Iran must take all necessary steps on an urgent basis to assist the Agency in its verification activities and she called on other States with information relevant to the Agency's investigations to cooperate to the fullest extent. The Board should maintain its close attention to the issue until the international community's concerns had been fully satisfied.

92. In conclusion, she expressed appreciation for the professional and determined verification efforts of the Secretariat in relation to Iran's nuclear programme.

The meeting rose at 1.00 p.m.