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**Addressing the Iranian Stalemate\***

**Pierre Goldschmidt**

Mr Chairman, Ladies and Gentlemen

On 24 September 2005 the IAEA Board of Governors found Iran in “*non-compliance*” and stated that it “*will address the timing and content of the report [to the Security Council] required*” under the Statute. In the meantime Iran is continuing the operation of its uranium conversion plant in Isfahan although it had agreed in November 2004 that its suspension “*will be sustained while negotiations proceed [with France, Germany and the United Kingdom] on a mutually acceptable agreement on long term arrangements*”. This has created a very volatile situation.

In order to dispel any suspicion that Iran’s past and present nuclear activities may be related to a nuclear weapons programme, the IAEA needs, temporarily, increased verification authority as requested by the Director General in his September 2005 report to the IAEA Board where it is stated:

*“Given Iran’s past concealment efforts over many years,[... ] transparency measures should extend beyond the formal requirements of the Safeguards Agreement and Additional Protocol and include access to individuals, documentation related to procurement, dual use equipment, certain military owned workshops and research and development locations”.*

In its resolution adopted on 24 September 2005, the Board of Governors, inter alia, “*urges Iran to implement transparency measures, as requested by the Director General in his report...*”

I believe that this is not sufficient. Experience over the last two years has clearly demonstrated that **vaguely defined not legally binding requests by the IAEA** Board of Governors as well as broad commitments by Iran to implement transparency measures and full cooperation with the Agency are subject to interpretation and **cannot be implemented effectively in practice in any timely or predictable manner.**

It is therefore indispensable and urgent for Iran to conclude a **written agreement** with the IAEA whereby the Agency’s inspectors and experts would be granted unfettered “access at all times to all places and data and to any person” as foreseen in the IAEA’s Statute, at least until such time the Agency has drawn the conclusion that Iran’s declarations are correct and complete.

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\* As read on 7 November 2005

When a State has been found by the IAEA to be in non-compliance, verification business as usual is no longer an adequate option.

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Let me turn to the question of timing. From open source information it appears that:

- the fuel supply of the Buser I reactor is guaranteed by Russia for its lifetime and a contract has been signed covering the first 10 annual reloads, i.e. beyond the year 2016;
- the construction time of a new NPP being at least 7 years, the next 1000 MWe NPP in Iran would not be operational before 2012 at the earliest;
- the Fuel Manufacturing Plant under construction at Isfahan is unlikely to produce commercially tested fuel assemblies before 2012

Therefore, there appears to be **no pressing need for Iran to restart the operation of its uranium conversion and enrichment facilities, and thereby to undermine the negotiation process initiated by the EU.**

The agreement signed in Paris on 15 November 2004 between Iran, France, Germany and the United Kingdom (the EU-3) states that “**the suspension** [of all enrichment related and reprocessing activities...and all tests or production at any uranium conversion installation] **will be sustained while negotiations proceed on a mutually acceptable agreement on long term arrangements**”.

Iran’s decision, on 1 August 2005, to resume uranium conversion activities has further increased the concern of the international community that Iran may not be interested in negotiating in good faith any type of deal that could result in delaying their “legitimate” uranium conversion and enrichment capability.

### **So what is next?**

- Iran appears to have two priorities: avoiding that its non-compliance with its safeguards agreement be reported to the UNSC, and not unduly delaying progress on its uranium conversion and enrichment capability.

To avoid being referred to the UNSC, and to gain time, Iran will likely provide IAEA inspectors some (but not all) access to individuals and documents which has long been requested, and offer to resume negotiations with the EU-3. It might even agree to suspend again temporarily and on a “voluntary, non-legally-binding” basis its conversion activities. By doing so Iran would probably gain the support of some members of the IAEA Board of Governors while at the same time retaining the threat of restarting these activities if it is referred to the UNSC. In the meantime Iran will have accumulated more UF<sub>6</sub>, improved its uranium conversion process, and possibly pursued the construction of its underground enrichment plant at Natanz.

It will be for the Board of Governors to decide whether such course of action, which runs against its repeated requests, can go on any longer without the IAEA's credibility being undermined.

- It is essentially in Iran's own hands, if it wants to diffuse a crisis and convince the world that its nuclear programme is exclusively for peaceful purposes. If it does, Iran should without delay:
  1. **agree in writing** with the IAEA to provide Agency's inspectors and experts unfettered "access at all times to all places and data and to any person" as foreseen in the IAEA's Statute, at least until such time the Agency has drawn the conclusion that Iran's declarations are correct and complete;
  2. **agree in writing** with the IAEA to suspend all nuclear fuel cycle related activities for a period of say 12 months thereby giving time for negotiations based on the EU proposal to be pursued in good faith;
  3. ratify without further delay the Additional Protocol (instead of threatening to suspend its implementation).
- In exchange for these concessions it is indispensable to address Iran's **security** concerns, provide Iran with highly reliable nuclear fuel **supply guarantees** that are not dependent on export licences that could be refused on political grounds, and grant Iran major **economic and technological benefits** that should by far outweigh the cost of suspending fuel cycle related activities.

In the August 2005 "Framework for a long-Term Agreement between Iran and France, Germany and the United Kingdom" all those elements are explicitly addressed. These are important steps in the right direction, but security assurances in particular need the active support and involvement of the United States. It is not enough for the US to only give tacit support to the EU proposals.

## Conclusion

The situation created by Iran's non-compliance with its safeguards agreement has become extremely volatile. It is easy to see how things could get worse and lead to a damaging domino effect resulting in a loose-loose situation in the region and worldwide.

But, if Iran's nuclear programme is exclusively intended for peaceful uses, a win-win situation is clearly available through negotiation along the lines offered by the Europeans. After all the damaging rhetorical statements made by officials both in Iran and in the US, no doubt it will require a lot of courage and statesmanship for top decision makers on both sides to put aside their past antagonism and agree on a solution that addresses fairly all legitimate concerns, without sticking to dogmatic policy positions.

The window of opportunity is now.

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