

**Security Council**

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Note by the President of the Security Council

At its 5674th meeting, held on 24 March 2007 in connection with the item entitled "Non-proliferation", the Security Council adopted resolution 1747 (2007).

In paragraph 12 of the resolution, the Security Council requested within 60 days a further report from the Director General of the International Atomic Energy Agency (IAEA) on "whether Iran has established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian compliance with all the steps required by the IAEA Board and with the other provisions of resolution 1737 (2006) and of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration".

Accordingly, the President hereby circulates the report received today from IAEA (see annex).



Annex

**Letter dated 23 May 2007 from the Director General of the
International Atomic Energy Agency to the President of the
Security Council**

I enclose herewith the report requested by the Security Council in resolution 1747 (2007), which I have submitted today to the Board of Governors of the International Atomic Energy Agency.

I should be grateful if you would bring this letter and the enclosed report to the attention of all members of the Security Council.

(Signed) Mohamed ElBaradei

Board of Governors

GOV/2007/22

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Item 6(e) of the provisional agenda
(GOV/2007/18)

Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions¹ in the Islamic Republic of Iran

Report by the Director General

1. On 24 March 2007, the United Nations Security Council adopted resolution 1747 (2007), in which the Council, inter alia:

- re-affirmed that the Islamic Republic of Iran (Iran) shall without further delay take the steps required by the Board of Governors in resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions, and, in this context, affirmed its decision that Iran shall without further delay take the steps required in paragraph 2 of Security Council resolution 1737 (2006); and
- requested within 60 days a report from the Director General on whether Iran had established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian compliance with all the steps required by the Board of Governors and with the other provisions of resolution 1737 (2006) and resolution 1747 (2007), to the Board and in parallel to the Security Council for its consideration.

2. This report, which is being submitted to the Board, and in parallel to the Security Council, covers developments since the Director General's report of 22 February 2007² on the implementation in Iran of its NPT Safeguards Agreement and relevant Security Council resolutions.

¹ Security Council resolutions 1696 (2006), 1737 (2006) and 1747 (2007).

² GOV/2007/8.

A. Enrichment Related Activities

3. Since 22 February 2007, Iran continued to test single machines, as well as the 10- and 20-machine cascades and the two 164-machine cascades (one of which Iran has since disconnected), at the Pilot Fuel Enrichment Plant (PFEP). Between 21 February and 17 March 2007, Iran fed 4.8 kg of UF₆ into the single machines and the 10-machine cascade.

4. In the light of the increasing number of installed centrifuges at the Fuel Enrichment Plant (FEP),³ on 22 March 2007, Iran agreed to a modified safeguards approach for that facility which includes, in addition to a monthly interim inspection and design information verification visit, a combination of, inter alia, unannounced inspections and containment and surveillance measures (GOV/INF/2007/10). The first unannounced inspection was carried out on 13 May 2007.

5. Since the Director General's last report, Iran has fed approximately 260 kg of UF₆ into the cascades at FEP. Iran has declared that it has reached enrichment levels up to 4.8% U-235 at FEP, which the Agency is in the process of verifying. On 13 May 2007, eight 164-machine cascades were operating simultaneously and were being fed with UF₆; two other similar cascades had been vacuum tested and three more were under construction.

6. Since early 2006, the Agency has not received the type of information that Iran had previously been providing, including pursuant to the Additional Protocol, for example information relevant to the assembly of centrifuges, the manufacture of centrifuge components or associated equipment and research and development of centrifuges or enrichment techniques.

B. Reprocessing Activities

7. The Agency has been monitoring the use of hot cells at the Tehran Research Reactor (TRR) and at the Molybdenum, Iodine and Xenon Radioisotope Production Facility (the MIX Facility) through inspections and design information verification. There are no indications of ongoing reprocessing activities at those facilities. The follow-up on the construction of hot cells at the Iran Nuclear Research Reactor (IR-40 Reactor) at Arak has been limited, however, to the analysis of satellite imagery since, as of 13 April 2007, Iran has not provided the Agency with access to the reactor site to carry out design information verification (GOV/INF/2007/10) (see Section E.2 below).

C. Heavy Water Related Projects

8. Satellite imagery indicates that civil construction of the IR-40 reactor and the operation of the Heavy Water Production Plant are continuing.

D. Outstanding Issues

9. Iran has not responded to the Agency's long standing requests related to:

- the uranium contamination at the Physics Research Centre (GOV/2007/8, paras 16–17);
- Iran's acquisition of P-1 and P-2 centrifuge technology (GOV/2007/8, para. 18); and
- the documentation concerning uranium metal and its casting into hemispheres (GOV/2007/8, para. 19).

³ GOV/2007/8, para. 8.

10. On 18 April and 2 May 2007, Iran provided information regarding the two leaking reactor fuel assemblies taken from TRR that, according to Iran, were the source of the high enriched uranium contamination found in environmental samples taken at the Karaj Waste Storage Facility (GOV/2007/8, para. 21). The Agency is currently analysing this information.

E. Other Implementation Issues

E.1. Uranium Conversion

11. The Agency conducted the annual physical inventory verification (PIV) at the Uranium Conversion Facility (UCF) in March 2007. During the PIV, Iran presented 269 tonnes of UF₆ for Agency verification, all of which remains under Agency containment and surveillance measures. The Agency is evaluating the results of the PIV.

E.2. Design Information

12. On 29 March 2007, Iran informed the Agency that it had "suspended" the implementation of the modified Code 3.1, which had been "accepted in 2003, but not yet ratified by the parliament", and that it would "revert" to the implementation of the 1976 version of Code 3.1, which only requires the submission of design information for new facilities "normally not later than 180 days before the facility is scheduled to receive nuclear material for the first time." In a letter dated 30 March 2007, the Agency requested Iran to reconsider its decision.⁴

13. Iran has taken issue with the Agency's right to verify design information which had been provided by Iran pursuant to the modified Code 3.1 concerning the IR-40 reactor at Arak.⁵ The basis for Iran's contention is that, under the 1976 version of Code 3.1, to which it had "reverted", the verification of such information is not justified, given the preliminary construction stage of the facility (described as "far beyond receiving nuclear material") and the Agency's previous activities at Arak.

14. In accordance with Article 39 of Iran's Safeguards Agreement, agreed Subsidiary Arrangements cannot be modified unilaterally; nor is there a mechanism in the Safeguards Agreement for the suspension of provisions agreed to in Subsidiary Arrangements. Moreover, Code 3.1 is related to the provision of design information, not to the frequency or timing of verification by the Agency of such information. The Agency's right to verify design information provided to it is a continuing right,⁶ which is not dependent on the stage of construction of, or the presence of nuclear material at, a facility.

E.3. Other Matters

15. On 29 April 2007, Iran informed the Agency that the Fuel Manufacturing Plant (FMP) would receive natural uranium oxide powder soon in preparation for "preliminary process tests".

16. There are a number of other matters about which the Agency has received no new information, such as Iran's uranium mining activities (GOV/2005/67, paras 26-31), its experiments involving polonium (GOV/2005/67, para. 34), and the designation of inspectors to Iran (GOV/2007/8, para. 23).

⁴ Both letters are reproduced in GOV/INF/2007/8.

⁵ Iran's letters are dated 13 April 2007, 25 April 2007, and 14 May 2007; the Agency's replies are dated 18 April 2007 (GOV/INF/2007/10) and 7 May 2007.

⁶ GOV/2554/Att.2/Rev. 2.

The Director General will report further on these matters as and when the Agency receives any such information.

F. Transparency Measures

17. Iran has not agreed to any of the required transparency measures, which are essential for the clarification of certain aspects of the scope and nature of its nuclear programme. These measures include discussions about information provided to the Agency concerning alleged studies related to the conversion of uranium dioxide into UF₆, to high explosives testing and to the design of a missile re-entry vehicle (GOV/2007/8, para. 25).

G. Summary

18. Although the Agency is able to verify the non-diversion of declared nuclear material in Iran, the Agency remains unable to make further progress in its efforts to verify certain aspects relevant to the scope and nature of Iran's nuclear programme. Pursuant to its NPT Safeguards Agreement, Iran has been providing the Agency with access to declared nuclear material, and has provided the required nuclear material accountancy reports in connection with declared nuclear material and facilities. Iran has, however, ceased to implement the modified Code 3.1 of the Subsidiary Arrangements with respect to the early provision of design information, and has not permitted the Agency to perform design information verification at the IR-40 reactor.

19. As previously stated, unless Iran addresses the long outstanding verification issues, and implements the Additional Protocol and the required transparency measures, the Agency will not be able to fully reconstruct the history of Iran's nuclear programme and provide assurances about the absence of undeclared nuclear material and activities in Iran or about the exclusively peaceful nature of that programme. It should be noted that because the Agency has not been receiving for over a year information that Iran used to provide, including under the Additional Protocol, the Agency's level of knowledge of certain aspects of Iran's nuclear related activities has deteriorated.

20. Iran has not suspended its enrichment related activities. Iran has continued with the operation of PFEP. It has also continued with the construction of FEP and has started feeding cascades with UF₆. Iran has also continued with its heavy water related projects. Construction of the IR-40 reactor and the operation of the Heavy Water Production Plant are continuing.

21. The Director General will continue to report as appropriate.