

**STATEMENT BY
UNITED STATES UNDER SECRETARY OF STATE
FOR ARMS CONTROL AND INTERNATIONAL
SECURITY
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to the

**THIRD SESSION OF THE PREPARATORY
COMMITTEE FOR THE 2005 REVIEW
CONFERENCE OF THE TREATY ON THE NON-
PROLIFERATION OF NUCLEAR WEAPONS**

“The NPT: A Crisis of Non-Compliance”

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Good morning, Mr. Chairman

It is a pleasure to address the third Preparatory Meeting of the Non-Proliferation Treaty Review Conference. I would like to take this opportunity to congratulate the Chairman on assuming his responsibilities.

The United States supports the Non-Proliferation Treaty and is committed to its goals. But despite our strong support, the support of many NPT countries and the best intentions of most of you here, at least four NPT non-nuclear member countries were or are using the NPT as cover for the development of nuclear weapons. States like Iran are actively violating their treaty obligations, and have gained access to technologies and materials for their nuclear weapons programs. North Korea violated its NPT obligations while a party, and then proved its strategic decision to seek nuclear weapons by withdrawing from the Treaty entirely. Two states in the past -- Iraq and Libya -- had also violated the NPT. Libya took the important decision to disclose and eliminate its weapons of mass destruction programs, a paradigm that other nations now seeking nuclear weapons should emulate.

There is a crisis of NPT noncompliance, and the challenge before us is to devise ways to ensure full compliance with the Treaty's nonproliferation objectives. Without such compliance by all members, confidence in the security benefits derived from the NPT will erode. To address this serious problem, President Bush recently announced a series of proposals that are aimed at strengthening compliance with the obligations we all undertook when we signed the Treaty. These proposals will address a fundamental problem that has allowed nations like Iran and North Korea to exploit the benefits of NPT membership to develop their nuclear weapons programs. The President is determined to stop rogue states from gaining nuclear weapons under cover of supposed peaceful nuclear technology. As President Bush said on February 11, "Proliferators must not be allowed to cynically manipulate the NPT to acquire the material and infrastructure necessary for manufacturing illegal weapons."

We must resolve to deal firmly and swiftly with countries whose nuclear programs pose a serious threat to the NPT. We must resolve to send a signal to potential Treaty violators that their actions will not be tolerated. We must resolve to take action now or more and more states could be emboldened to follow the lead of Iran and North Korea, and could hide behind the cover of NPT legitimacy while pursuing nuclear weapons technology. As President Bush said, "There is a consensus among nations that proliferation cannot be tolerated. Yet this consensus means little unless it is translated into action. Every civilized nation has a stake in preventing the spread of weapons of mass destruction."

President Bush's Proposals

The U.S. remains strongly committed to its Article VI obligations, and President Bush has made major contributions to the goals of Article VI. The transformation of our relationship with Russia led quickly to a commitment by President Bush to undertake reductions in deployed nuclear weapons to historically low levels. A similar pledge by President Putin soon followed, and both commitments were later codified in the Treaty of Moscow. There are many similar accomplishments, such as the establishment of the Global Partnership against the spread of WMD, which President Bush has proposed expanding, and which will accomplish much toward ridding the world of WMD materials and equipment. Overall, it is a very impressive record of action that is making the world a safer place.

In order to address loopholes and the crisis of noncompliance with the NPT, President Bush announced four proposals that would strengthen the Treaty and the governance structures of the International Atomic Energy Agency ("IAEA"). The first proposal would close the loophole in the Treaty that allows states such as Iran and North Korea to pursue fissile material for nuclear weapons under peaceful cover. Enrichment and reprocessing plants would be limited to those states that now possess them. Members of the Nuclear Suppliers Group would refuse to sell enrichment and reprocessing equipment and technologies to any state that does not already possess full-scale, functioning enrichment and reprocessing plants. Nuclear fuel supplier states would ensure a reliable supply of nuclear fuel at reasonable prices to all NPT parties in full compliance with the NPT that agreed to forego such facilities. In this way, nations could use peaceful nuclear power as anticipated by the Treaty, but not to produce fissile material for nuclear weapons. The Treaty provides no right to such sensitive fuel cycle technologies.

Second, President Bush proposed creating a special committee of the IAEA Board of Governors, to "focus intensively on safeguards and ... ensure that nations comply with their international obligations." The Bush Administration is committed to working with the IAEA and its members to ensure that clandestine nuclear activity is uncovered and reported to the United Nations Security Council. As the President said when announcing these proposals, "For international norms to be effective, they must be enforced."

As a third step, the President urged states that are serious about fighting proliferation to approve and implement the Additional Protocol and proposed that, as of the end of 2005, the Additional Protocol be a condition of supply for Nuclear-Suppliers Group-controlled items. While the Additional Protocol is not foolproof, if implemented and rigorously enforced, it would give the IAEA important new tools to detect undeclared nuclear activity. As President Bush

said: "Nations that are serious about fighting proliferation will approve and implement the Additional Protocol." There are no excuses; if you wish to be considered a responsible partner and leader in strengthening nuclear nonproliferation, you must be willing to do your share by demonstrating a willingness to assume the obligations of this important new tool. The IAEA has demonstrated over the years that it is able to devise approaches that can protect sensitive or proprietary technology. I urge all states that have not concluded an Additional Protocol to do so at the earliest possible date.

Fourth, the President proposed that we stop states under investigation for NPT and IAEA violations from holding seats on the IAEA Board of Governors or on the new IAEA special committee. As it now stands, states under investigation by the IAEA are allowed to sit in judgment of their own covert nuclear weapons programs as well as those of other rogue states. Violators thus can get a platform to impede effective IAEA action and enforcement against their own secret nuclear weapons efforts. It was outrageous that Iran actually was a member of the Board last year while that body was deliberating how to deal with Iran's nuclear weapons effort. Ensuring that suspect states do not sit on the IAEA Board is particularly important given the Board's tradition of trying to reach decisions by consensus. As the President said, "The integrity and mission of the IAEA depends on this simple principle: Those actively breaking the rules should not be entrusted with enforcing the rules."

The Inherent Linkage Between Articles II & IV of the NPT

The central bargain of the NPT is that if non-nuclear weapons states renounce the pursuit of nuclear weapons, they may gain assistance in developing civilian nuclear power. This bargain is clearly set forth in Article IV of the Treaty, which states that the Treaty's "right" to develop peaceful nuclear energy is clearly conditioned upon parties complying with Treaty Articles I & II. If a state party seeks to acquire nuclear weapons and thus fails to conform with Article II, then under the Treaty that party forfeits its right to develop peaceful nuclear energy.

To determine whether states are in conformity with Article II, we must be able to verify rigorously compliance with the Treaty. All parties to the NPT should have comprehensive laws and regulations in force to ensure compliance with their obligation not to seek or acquire assistance in developing nuclear weapons. It is our view that non-nuclear weapons states also share the Article I requirement not to assist others to acquire nuclear weapons or the means for their development.

This is even more important after the revelations of the extent of the A.Q. Khan black market network. Khan's network made enormous sums of money selling nuclear designs and equipment to countries with clandestine nuclear

programs. The network operated in countries all over the world, including many NPT member states, for purposes of manufacturing, brokering, and transiting nuclear technology. Many of the countries in which the network operated did not even know that nuclear-related black market activities were taking place in their countries.

The United States is willing to work with nations that need to set up efficient export control systems. But nations must also be willing to enforce those controls. President Bush proposed a new Security Council resolution last fall requiring all states to criminalize WMD proliferation, enact strict export controls, and secure all sensitive materials within their borders. And last month, the five Permanent Members of the Security Council circulated a draft resolution. We hope that the Council will adopt that resolution this very week. Once it is passed, we are prepared to assist other governments in drafting and enforcing the new laws that will help stem WMD proliferation.

But verification is not enough. The most air-tight verification regime in the world is worthless if confirmed violations are ignored.

Enforcement is critical. We must increase the costs and reduce the benefits to violators, in ways such as the proliferation Security Initiative now being pursued actively around the world, and which President Bush has proposed strengthening further. We cannot look the other way, out of fear or concern that the cost of enforcement will be borne by those objecting to the violation. We cannot hope the problem will go away. We cannot leave it to "the other guy" to carry the full measure of the challenge of demanding full compliance. We cannot divert attention from the violations we face by focusing on Article VI issues that do not exist. If a party cares about the NPT, then there is a corresponding requirement to care about violations and enforcement.

Iran

We face significant challenges from terrorist-sponsoring regimes that are developing weapons of mass destruction in many forms. Today, I would like to focus on three very different cases, one a major success story for nonproliferation, and two where the nuclear proliferation threat to international peace and security continues to grow.

First, Iran, one of the most fundamental challenges to the non-proliferation regime, which has concealed a large-scale covert nuclear weapons program for over eighteen years. It is clear that Iran draws from many of the same networks that supplied Libya with nuclear technology, components, and materials, including the A.Q. Khan network, as Khan himself has confessed.

It is no surprise that the IAEA has uncovered much evidence of Iran's undeclared activity. There is as yet, however, no reason to believe that Iran has made a strategic decision to abandon its nuclear weapons program and its violation of its NPT Article II obligations. Iran's recent failures to disclose work on uranium enrichment centrifuges of an advanced design and on Polonium-210, and to explain the presence of highly enriched uranium, are clear indicators that Iran continues its quest for nuclear weapons. Following an all-too-familiar pattern, Iran omitted this information from its October 2003 declaration to the IAEA -- a declaration that Iran said provided the "full scope of Iranian nuclear activities" and a "complete centrifuge R&D chronology."

Iran has expressed interest in the purchase of up to six additional nuclear power plants, and has told the IAEA that it is pursuing a heavy-water research reactor at Arak -- a type of reactor that might be well suited for plutonium production. This ambitious reactor program is a remarkable venture for a country whose oil and gas reserves will last several hundred years. There is no conceivable economic justification for Iran to build costly nuclear fuel cycle facilities to support a small "nuclear power" program. It is clear that the primary role of Iran's "nuclear power" program is to serve as a cover and a pretext for the import of nuclear technology and expertise that can be used to support nuclear weapons development.

Iran's continued deception and delaying tactics have not gone unnoticed by the international community. Despite Iran's massive deception and denial campaign, the IAEA has uncovered a large amount of information indicating numerous major violations of Iran's treaty obligations under its NPT Safeguards Agreement. On the basis of the evidence collected by IAEA inspectors and exhaustively documented in his reports, the Director General has concluded that, "it is clear that Iran has failed in a number of instances over an extended period of time to meet its obligations under its Safeguards Agreement...."

The IAEA Statute requires that the IAEA Board of Governors report non-compliance with safeguards obligations to the United Nations Security Council. In the U.S. view, this standard was clearly met as early as June of last year. Iranian noncompliance with safeguards obligations has been manifest for many months, and both the Board and the Director General have noted Iran's multiple breaches and failures in this regard. We did not press for such a report at the recent March meeting. The IAEA Board will at some point, however, need to fulfill its responsibility under the IAEA Statute to report the safeguards failures found in Iran to the Security Council, as it did in the case of Libya. If Iran continues its unwillingness to comply with the NPT, the Council can then take up this issue as a threat to international peace and security. If the Council is unable to do so, it will not only be a blow to our efforts to hold Iran accountable, but also a blow to the effectiveness of the Council itself and to the credibility of the entire NPT regime.

Iran's oil rich environment, grudging cooperation with the IAEA, its deception, and its 18 year record of clandestine activity leads us to the inevitable conclusion that Iran is lying and that its goal is to develop a nuclear weapon in violation of its Article II commitments. We believe that Iran's stalling tactics clearly indicate that it has not fulfilled even the minimal steps it agreed to last September and again in February. If we permit Iran's deception to go on much longer, it will be too late. Iran will have nuclear weapons.

If Iran wants to restore international confidence in its civilian nuclear program, it must "come clean" and answer satisfactorily all unresolved IAEA questions. Iran must make a clear decision to open up its nuclear program to transparent inspections, including full access under the Additional Protocol, and comply with all of its NPT and IAEA responsibilities. If Iran does not do this, it will remain in violation of Article II of the Treaty and, according to Article IV, will forfeit any right to civilian nuclear power assistance.

North Korea

North Korea's use of the NPT as a cover to hide its nuclear weapons ambitions and its subsequent withdrawal from the Treaty constitute the clearest example of a state cynically manipulating the NPT to threaten the international community with its nuclear weapons program. We now face the danger not only of a North Korea in possession of nuclear weapons, but the risk that it will export fissile material or weapons to other rogue states or to terrorists. Continuous international pressure is essential to ensure the complete, verifiable, and irreversible dismantlement of its nuclear weapons program, including both its plutonium and uranium enrichment programs. The United States continues to support the Six-Party Process, but we have long said that we will measure success in the talks through concrete progress. Simply continuing to talk, however, is not progress. And as Vice President Cheney recently stated in China, "Time is not necessarily on our side." We urge all member states to support the Six-Party talks aimed at achieving a peaceful, diplomatic end to North Korea's nuclear programs.

Libya

On December 19, 2003, Libya announced that it would voluntarily rid itself of its WMD equipment and programs. Libya declared its intention to comply in full with the NPT and to sign the Additional Protocol. All of these remarkable steps, Libya announced, would be undertaken "in a transparent way that could be proved, including accepting immediate international inspection."

Libya has made enormous progress toward fulfilling these commitments. In cooperation with the United States, the United Kingdom, and the IAEA, Libya

has dismantled its known nuclear weapons program. In cooperation with the United Kingdom, Libya and the IAEA, we removed nuclear weapon design documents, gas centrifuge components designed to enrich uranium, containers of uranium hexafluoride (UF₆), a uranium conversion facility, and 15 kilograms of fresh high-enriched uranium reactor fuel which was removed to Russia.

As Colonel Qaddafi said recently in his speech to the Organization of African Unity, "The security of Libya does not come from the nuclear bomb, the nuclear bomb represents a danger to the country which has them." If they wish to rejoin the community of civilized nations, states like Iran and North Korea could learn from Libya's recent example. On December 19, 2003, when Libya made its WMD commitment, the President of the United States indicated that fulfillment of Libya's commitment would open the way for better relations with the United States. We meant exactly that. Last week the President decided to terminate application of the Iran and Libya Sanctions Act ("ILSA") on Libya. The President is changing the Executive Order sanctions under the International Emergency Economic Powers Act that will enable trade with Libya. The United States will not be the only nation that seeks to improve its relations with Libya, but based upon changed behavior by the Libyan regime, we believe that these steps toward better relations are warranted. As President Bush said in February, "Abandoning the pursuit of illegal weapons can lead to better relations with the United States, and other free nations. Continuing to seek those weapons will not bring security or international prestige, but only political isolation, economic hardship, and other unwelcome consequences."

Conclusion

As I said at the outset, the United States is committed to a strong and effective nuclear non-proliferation regime. But the time for business as usual is over. An irresponsible handful of nations not living up to their Treaty commitments are undermining the NPT's mission. Without full compliance by all NPT members, confidence in the NPT as a nonproliferation instrument erodes. What will eventually result is a world with an ever-growing number of states possessing nuclear weapons, where terrorists and rogue states would have expanded access to nuclear technology and expertise. In such a world, the risk of catastrophic attacks against civilized nations would be far greater.

The President's initiatives aim to prevent such a scenario, and I urge you to lend your full support to them. We must be mindful that only transparency, rigorous verification, and firm political resolve against violators can shore up confidence in the NPT. After all, the Treaty can only be as strong as our will to insist that states comply with it.