

DEPARTMENT OF DEFENSE

Dept. of State, RPS/IPS, Margaret R. Grafeld, Dir.

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E.O. 11652: GDS

TAGS: MNUC, ENRG, IR

SUBJECT: U.S.-IRAN NUCLEAR COOPERATION AGREEMENT

REF: (A) NOSENZO=NAAS TELECON 16 MAY 78; (B) CANBERRA3'46

1. PARA TWO BELOW CONTAINS DRAFT U.S.-IRAN NUCLEAR COOPERATION AGREEMENT WHICH OUR RECORD SHOW WAS AGREED TO AD REFERENDUM DURING U.S.-IRAN NEGOTIATIONS IN VIENNA IN FEBRUARY, 1978. PARAGRAPH THREE CONTAINS DRAFT U.S.-IRAN NOTE WITH (A) IRANIAN FORMULATION FOR GENERAL MFN PROVISION IN THIRD PARAGRAPH; (B) IRANIAN LANGUAGE CONCERNING DISPOSITION OF SEPARATED PLUTONIUM AS PROPOSED IN PARA FIVE OF REFTEL B; (C) REPROCESSING MFN PROVISION

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QUALIFIED BY THE "TIME FRAME" LANGUAGE.

2. BEGIN TEXT: AGREEMENT FOR COOPERATION BETWEEN THE UNITED STATES OF AMERICA AND IRAN CONCERNING PEACEFUL USES OF NUCLEAR ENERGY

THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF IRAN,

CONSIDERING THEIR CLOSE COOPERATION IN THE DEVELOPMENT, USE AND CONTROL OF PEACEFUL USES OF NUCLEAR ENERGY PURSUANT TO

THE AGREEMENT FOR COOPERATION BETWEEN THE UNITED STATES AND IRAN CONCERNING THE CIVIL USES OF ATOMIC ENERGY, SIGNED MARCH 5, 1957, AS AMENDED;

REAFFIRMING THEIR COMMITMENT TO ENSURING THAT THE INTERNATIONAL DEVELOPMENT AND USE OF NUCLEAR ENERGY FOR PEACEFUL USES ARE CARRIED OUT UNDER ARRANGEMENTS WHICH WILL, TO THE MAXIMUM EXTENT FURTHER THE OBJECTIVES OF THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (NPT);

DESIRING TO CONTINUE AND EXPAND THEIR COOPERATION IN THIS FIELD;

AFFIRMING THEIR SUPPORT OF THE OBJECTIVES OF THE STATUTE OF THE INTERNATIONAL ATOMIC ENERGY AGENCY AND THEIR DESIRE TO PROMOTE UNIVERSAL ADHERENCE TO THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (NPT); AND,

MINDFUL THAT PEACEFUL NUCLEAR ACTIVITIES MUST BE UNDERTAKEN WITH A VIEW TO PROTECTING THE INTERNATIONAL ENVIRONMENT FROM RADIOACTIVE, CHEMICAL AND THERMAL CONTAMINATION;

HAVE AGREED AS FOLLOWS:

ARTICLE 1 (SCOPE OF COOPERATION)

1. THE U. S. AND IRAN SHALL COOPERATE IN THE USE OF NUCLEAR ENERGY FOR PEACEFUL PURPOSES IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT AND THEIR APPLICABLE TREATIES, NATIONAL LAWS, REGULATIONS AND LICENSE REQUIRE-

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2. TRANSFERS OF INFORMATION, MATERIAL AND EQUIPMENT UNDER THIS AGREEMENT MAY BE UNDERTAKEN DIRECTLY BETWEEN THE PARTIES OR THROUGH AUTHORIZED PERSONS UNDER THEIR JURISDICTION. SUCH TRANSFERS SHALL BE SUBJECT TO THIS AGREEMENT AND TO SUCH ADDITIONAL TERMS AND CONDITIONS AS MAY BE AGREED BY THE PARTIES.

3. COOPERATION UNDER THIS AGREEMENT SHALL REQUIRE THE APPLICATION OF INTERNATIONAL ATOMIC ENERGY AGENCY SAFEGUARDS WITH RESPECT TO ALL NUCLEAR ACTIVITIES WITHIN THE TERRITORY OF IRAN, UNDER ITS JURISDICTION OR CARRIED OUT UNDER ITS CONTROL ANYWHERE. IMPLEMENTATION OF A SAFEGUARDS AGREEMENT PURSUANT TO ARTICLE III(4) OF THE NPT SHALL BE CONSIDERED TO FULFILL THE REQUIREMENT STATED IN THE FOREGOING SENTENCE.

ARTICLE 2 (DEFINITIONS)

FOR THE PURPOSES OF THIS AGREEMENT:

(A) "BY-PRODUCT MATERIAL" MEANS ANY RADIOACTIVE MATERIAL (EXCEPT SPECIAL NUCLEAR MATERIAL) YIELDED IN OR MADE RADIOACTIVE BY EXPOSURE TO THE RADIATION INCIDENT TO THE PROCESS OF PRODUCING OR UTILIZING SPECIAL NUCLEAR MATERIAL.

(B) "EQUIPMENT" MEANS ANY PRODUCTION OR UTILIZATION FACILITY (INCLUDING URANIUM ENRICHMENT AND NUCLEAR FUEL REPROCESSING FACILITIES), OR ANY FACILITY FOR THE PRODUCTION OF HEAVY WATER OR THE FABRICATION OF NUCLEAR FUEL CONTAINING PLUTONIUM, OR ANY OTHER ITEM SO DESIGNATED BY AGREEMENT OF THE PARTIES.

(C) "HIGH ENRICHED URANIUM" MEANS URANIUM ENRICHED TO TWENTY PERCENT OR GREATER IN THE ISOTOPE 235.

(D) "LOW ENRICHED URANIUM" MEANS URANIUM ENRICHED TO LESS THAN TWENTY PERCENT IN THE ISOTOPE 235.

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(E) "MATERIAL" MEANS SOURCE MATERIAL, SPECIAL NUCLEAR MATERIAL OR BY-PRODUCT MATERIAL, RADIOISOTOPES OTHER THAN BY-PRODUCT MATERIAL, MODERATOR MATERIAL, OR ANY OTHER SUCH SUBSTANCE SO DESIGNATED BY AGREEMENT OF THE PARTIES.

(F) "MAJOR CRITICAL COMPONENT" MEANS ANY COMPONENT OR GROUP OF COMPONENT PARTS ESSENTIAL TO THE OPERATION OF A SENSITIVE NUCLEAR FACILITY.

(G) "MODERATOR MATERIAL" MEANS ANY HEAVY WATER, OR GRAPHITE OR BERYLLIUM OF A PURITY SUITABLE FOR USE IN A REACTOR TO SLOW DOWN HIGH-VELOCITY NEUTRONS AND INCREASE THE LIKELIHOOD OF FURTHER FISSION, OR ANY OTHER SUCH MATERIAL SO DESIGNATED BY AGREEMENT OF THE PARTIES.

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(H) "PARTIES" MEANS THE GOVT OF THE U.S. AND THE GOVT OF IRAN.

(I) "PERSON" MEANS ANY INDIVIDUAL OR ANY ENTITY SUBJECT TO THE JURISDICTION OF EITHER PARTY BUT DOES NOT INCLUDE THE PARTIES TO THIS AGREEMENT.

(J) "PEACEFUL PURPOSES" INCLUDE THE USE OF INFORMATION, MATERIAL AND EQUIPMENT IN SUCH FIELDS AS RESEARCH, POWER GENERATION, MEDICINE, AGRICULTURE AND INDUSTRY BUT DO NOT INCLUDE USE IN, RESEARCH ON OR DEVELOPMENT OF ANY

NUCLEAR EXPLOSIVE DEVICE, OR ANY OTHER MILITARY PURPOSE.

(K) "PREVIOUS AGREEMENT" MEANS THE AGREEMENT FOR COOPERATION BETWEEN THE U. S. AND IRAN CONCERNING THE CIVIL USES OF ATOMIC ENERGY, SIGNED MARCH 5, 1957, AS AMENDED.

(L) "PRODUCTION FACILITY" MEANS ANY NUCLEAR REACTOR DESIGNED OR USED PRIMARILY FOR THE FORMATION OF PLUTONIUM OR URANIUM 233, ANY FACILITY DESIGNED OR USED FOR THE SEPARATION OF THE ISOTOPES OF URANIUM OR PLUTONIUM, ANY FACILITY DESIGNED OR USED FOR THE PROCESSING OF IRRADIATED MATERIALS CONTAINING SPECIAL NUCLEAR MATERIAL, OR ANY OTHER ITEM SO DESIGNATED BY AGREEMENT OF THE PARTIES.

(M) "REACTOR" MEANS ANY APPARATUS, OTHER THAN A NUCLEAR WEAPON OR OTHER NUCLEAR EXPLOSIVE DEVICE, IN WHICH A SELF-SUSTAINING FISSION CHAIN REACTION IS MAINTAINED BY UTILIZING URANIUM, PLUTONIUM OR THORIUM, OR ANY COMBINATION THEREOF.

(N) "RESTRICTED DATA" MEANS ALL DATA CONCERNING (I) DESIGN, MANUFACTURE, OR UTILIZATION OF NUCLEAR WEAPONS, (II) THE PRODUCTION OF SPECIAL NUCLEAR MATERIAL, OR (III) THE USE OF SPECIAL NUCLEAR MATERIAL IN THE PRODUCTION OF ENERGY, BUT SHALL NOT INCLUDE DATA DECLASSIFIED OR REMOVED FROM THE CATEGORY OF RESTRICTED DATA BY THE UNITED STATES.

(O) "SENSITIVE NUCLEAR FACILITY" MEANS ANY FACILITY DESIGNED OR USED PRIMARILY FOR URANIUM ENRICHMENT, REPROCESSING OF NUCLEAR FUEL, HEAVY WATER PRODUCTION, OR

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FABRICATION OF NUCLEAR FUEL CONTAINING PLUTONIUM.

(P) "SENSITIVE NUCLEAR TECHNOLOGY" MEANS ANY INFORMATION (INCLUDING INFORMATION INCORPORATED IN EQUIPMENT) WHICH IS NOT IN THE PUBLIC DOMAIN AND WHICH IS IMPORTANT TO THE DESIGN, CONSTRUCTION, FABRICATION, OPERATION OR MAINTENANCE OF ANY SENSITIVE NUCLEAR FACILITY, OR OTHER SUCH INFORMATION WHICH MAY BE DESIGNATED BY AGREEMENT OF THE PARTIES.

(Q) "SOURCE MATERIAL" MEANS (I) URANIUM, THORIUM, OR ANY OTHER MATERIAL SO DESIGNATED BY AGREEMENT OF THE PARTIES, OR (II) ORES CONTAINING ONE OR MORE OF THE FOREGOING MATERIALS, IN SUCH CONCENTRATION AS THE PARTIES MAY AGREE FROM TIME TO TIME.

(R) "SPECIAL NUCLEAR MATERIAL" MEANS (I) PLUTONIUM, URANIUM-233, OR URANIUM ENRICHED IN THE ISOTOPE 235, OR

(II) ANY OTHER MATERIAL SO DESIGNATED BY AGREEMENT OF THE PARTIES.

(S) "UTILIZATION FACILITY" MEANS ANY REACTOR OTHER THAN ONE DESIGNED OR USED PRIMARILY FOR THE FORMATION OF PLUTONIUM OR URANIUM-233.

ARTICLE 3 (TRANSFER OF INFORMATION)

1. THE U.S. AND IRAN MAY TRANSFER TO EACH OTHER INFORMATION RESPECTING THE USE OF NUCLEAR ENERGY FOR PEACEFUL PURPOSES, INCLUDING INFORMATION RELATING TO SUCH FIELDS AS:

(A) DEVELOPMENT, DESIGN, CONSTRUCTION, OPERATION, MAINTENANCE AND USE OF REACTORS AND REACTOR EXPERIMENTS;

(B) THE USE OF MATERIAL IN PHYSICAL AND BIOLOGICAL RESEARCH, MEDICINE, AGRICULTURE AND INDUSTRY;

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(C) FUEL CYCLE STUDIES OF WAYS TO MEET FUTURE
WORLDWIDE CIVIL NUCLEAR NEEDS, INCLUDING MULTILATERAL
APPROACHES TO GUARANTEEING NUCLEAR FUEL SUPPLY AND
APPROPRIATE TECHNIQUES FOR MANAGEMENT OF NUCLEAR WASTES;

(D) SAFEGUARDS AND PHYSICAL SECURITY OF MATERIALS
AND EQUIPMENT;

(E) HEALTH, SAFETY AND ENVIRONMENTAL CONSIDERA-
TIONS RELATED TO THE FOREGOING; AND

(F) ASSESSING THE ROLE NUCLEAR POWER MAY PLAY IN
NATIONAL ENERGY PLANS.

2. THIS AGREEMENT DOES NOT REQUIRE THE TRANSFER OF ANY
INFORMATION WHICH THE PARTIES ARE NOT PERMITTED TO COM-

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MUNICATE PURSUANT TO APPLICABLE LAWS, REGULATIONS OR LICENSE REQUIREMENTS.

3. RESTRICTED DATA SHALL NOT BE COMMUNICATED UNDER THIS AGREEMENT.

4. SENSITIVE NUCLEAR TECHNOLOGY SHALL NOT BE TRANSFERRED UNDER THIS AGREEMENT UNLESS SPECIFICALLY PROVIDED BY AN AMENDMENT TO THIS AGREEMENT.

ARTICLE 4 (TRANSFER OF EQUIPMENT AND MATERIAL)

1. EQUIPMENT AND MATERIAL MAY BE TRANSFERRED PURSUANT TO THIS AGREEMENT FOR SPECIFIED APPLICATIONS. HOWEVER, SENSITIVE NUCLEAR FACILITIES AND MAJOR CRITICAL COMPONENTS SHALL NOT BE TRANSFERRED UNDER THIS AGREEMENT UNLESS SPECIFICALLY PROVIDED BY AN AMENDMENT TO THIS AGREEMENT.

2. LOW ENRICHED URANIUM MAY BE TRANSFERRED FOR USE AS FUEL IN REACTORS AND IN REACTOR EXPERIMENTS OR FOR CONVERSION OR FABRICATION. THE SEPARATIVE WORK REQUIRED TO PRODUCE THE LOW ENRICHED URANIUM TRANSFERRED BY THE UNITED STATES FOR USE AS FUEL IN POWER REACTORS IN IRAN SHALL NOT EXCEED THAT NECESSARY TO SUPPORT THE FUEL CYCLES OF REACTORS HAVING A TOTAL INSTALLED CAPACITY OF TEN THOUSAND (10,000) MEGAWATTS ELECTRIC. IN THE EVENT THAT IRAN ENTERS INTO ANY AGREEMENT WITH THE UNITED STATES ENTITLING IT TO A PORTION OF THE SEPARATIVE WORK OUTPUT OF ANY URANIUM ENRICHMENT FACILITY IN THE U.S. IN WHICH IRAN HAS INVESTED, THE QUANTITY OF SEPARATIVE WORK REQUIRED TO PRODUCE THE URANIUM ENRICHED IN THE ISOTOPE 235 TO BE TRANSFERRED UNDER THIS AGREEMENT SHALL ALSO INCLUDE THAT AMOUNT OF SEPARATIVE WORK TO WHICH IRAN IS ENTITLED PURSUANT TO SUCH AGREEMENT OR AGREEMENTS.

3. SPECIAL NUCLEAR MATERIAL OTHER THAN LOW-ENRICHED URANIUM AND MATERIAL CONTEMPLATED UNDER PARAGRAPH 6 MAY, IF THE PARTIES AGREE, BE TRANSFERRED FOR SPECIFIED APPLICATIONS WHERE TECHNICALLY AND ECONOMICALLY JUSTIFIED OR WHERE JUSTIFIED FOR THE DEVELOPMENT AND DEMONSTRATION OF REACTOR FUEL CYCLES TO MEET ENERGY SECURITY AND NON-PROLIFERATION OBJECTIVES.

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4. THE QUANTITY OF SPECIAL NUCLEAR MATERIAL TRANSFERRED TO IRAN UNDER THIS AGREEMENT SHALL NOT AT ANY TIME BE IN EXCESS OF THE QUANTITY THE PARTIES AGREE IS NECESSARY FOR THE FOLLOWING PURPOSES: THE LOADING OF REACTORS OR USE IN REACTOR EXPERIMENTS, THE EFFICIENT AND CONTINUOUS OPERATION OF SUCH REACTORS OR CONDUCT OF SUCH REACTOR EXPERIMENTS, AND THE ACCOMPLISHMENT OF OTHER PURPOSES AS MAY BE AGREED BY THE PARTIES. IN THE EVENT OF ANY EXCESS OF HIGH ENRICHED URANIUM, THE UNITED STATES SHALL HAVE THE RIGHT TO REQUIRE THE RETURN OF ANY HIGH ENRICHED URANIUM TRANSFERRED PURSUANT TO THIS AGREEMENT (INCLUDING IRRADIATED HIGH ENRICHED URANIUM) WHICH CONTRIBUTES TO THIS EXCESS. IF THIS RIGHT IS EXERCISED, THE PARTIES

SHALL MAKE APPROPRIATE COMMERCIAL ARRANGEMENTS WHICH SHALL NOT BE SUBJECT TO ANY FURTHER AGREEMENT BETWEEN THE PARTIES AS OTHERWISE CONTEMPLATED UNDER ARTICLES 5 AND 6.

5. ANY HIGH ENRICHED URANIUM TRANSFERRED TO IRAN PURSUANT TO THIS AGREEMENT SHALL NOT BE AT A LEVEL OF ENRICHMENT IN THE ISOTOPE 235 IN EXCESS OF LEVELS TO WHICH THE PARTIES AGREE ARE NECESSARY FOR THE PURPOSES DESCRIBED IN PARAGRAPH 4.

6. THE UNITED STATES MAY TRANSFER SMALL QUANTITIES OF MATERIAL, INCLUDING SPECIAL NUCLEAR MATERIAL, FOR USE AS SAMPLES, STANDARDS, DETECTORS, TARGETS AND SUCH OTHER PURPOSES AS THE PARTIES MAY AGREE. TRANSFERS PURSUANT TO THIS PARAGRAPH SHALL NOT BE SUBJECT TO THE QUANTITY LIMITATIONS IN PARAGRAPHS 2 AND 4.

7. THE UNITED STATES SHALL ENDEAVOR TO TAKE SUCH ACTIONS AS MAY BE NECESSARY TO ENSURE A RELIABLE SUPPLY OF NUCLEAR FUEL TO IRAN, INCLUDING THE EXPORT OF NUCLEAR MATERIAL ON A TIMELY BASIS AND THE AVAILABILITY OF THE CAPACITY TO CARRY OUT THIS UNDERTAKING DURING THE PERIOD OF THIS AGREEMENT. THE UNITED STATES SHALL ENDEAVOR TO ASSURE THAT IRAN DERIVES THE FULL BENEFIT PURSUANT TO THE TERMS OF ANY ADDITIONAL BILATERAL OR MULTILATERAL FUEL AS-

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SURANCES THAT MAY EVOLVE DURING THE PERIOD OF THIS AGREEMENT.

ARTICLE 5 (STORAGE AND RETRANSFERS)

1. MATERIAL TRANSFERRED PURSUANT TO THIS AGREEMENT AND MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT TRANSFERRED PURSUANT TO THIS AGREEMENT MAY BE STORED BY EITHER PARTY, EXCEPT THAT EACH PARTY GUARANTEES THAT NO SUCH PLUTONIUM OR URANIUM 233 (EXCEPT AS CONTAINED IN IRRADIATED FUEL ELEMENTS), OR HIGH ENRICHED URANIUM OVER WHICH IT HAS JURISDICTION, SHALL BE STORED IN ANY FACILITY THAT HAS NOT BEEN AGREED TO IN ADVANCE BY THE PARTIES.

2. MATERIAL OR EQUIPMENT TRANSFERRED PURSUANT TO THIS

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AGREEMENT AND ANY SPECIAL NUCLEAR MATERIAL PRODUCED THROUGH THE USE OF ANY SUCH MATERIAL OR EQUIPMENT MAY BE TRANSFERRED BY THE RECIPIENT PARTY, EXCEPT THAT SUCH PARTY GUARANTEES THAT ANY SUCH MATERIAL OR EQUIPMENT OVER WHICH IT HAS JURISDICTION, SHALL NOT BE TRANSFERRED

TO UNAUTHORIZED PERSONS OR, UNLESS THE PARTIES AGREE, BEYOND ITS TERRITORIAL JURISDICTION.

ARTICLE 6 (REPROCESSING AND ENRICHMENT)

1. EACH PARTY GUARANTEES THAT MATERIAL TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT AND MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT WILL NOT BE REPROCESSED UNLESS THE PARTIES AGREE. EACH PARTY GUARANTEES THAT IT WILL NOT, UNLESS THE PARTIES AGREE, ALTER IN FORM OR CONTENT, EXCEPT BY IRRADIATION OR FURTHER IRRADIATION, ANY PLUTONIUM, URANIUM-233, HIGH ENRICHED URANIUM OR OTHER IRRADIATED MATERIALS TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT, OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT.

2. IRAN GUARANTEES THAT NO URANIUM TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT, AND NO URANIUM USED IN ANY MATERIAL OR EQUIPMENT SO TRANSFERRED AND UNDER ITS JURISDICTION, WILL BE ENRICHED AFTER TRANSFER UNLESS THE PARTIES AGREE.

ARTICLE 7 (PHYSICAL SECURITY)

1. EACH PARTY GUARANTEES THAT ADEQUATE PHYSICAL SECURITY SHALL BE MAINTAINED WITH RESPECT TO ANY MATERIAL AND EQUIPMENT TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT AND WITH RESPECT TO ANY SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT.

2. THE PARTIES AGREE TO THE LEVELS FOR THE APPLICATION OF PHYSICAL SECURITY SET FORTH IN ANNEX A, WHICH LEVELS

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MAY BE MODIFIED BY MUTUAL CONSENT OF THE PARTIES WITHOUT AMENDMENT OF THIS AGREEMENT. THE PARTIES SHALL MAINTAIN ADEQUATE PHYSICAL SECURITY MEASURES IN ACCORDANCE WITH SUCH LEVELS. THESE MEASURES SHALL AS A MINIMUM PROVIDE PROTECTION COMPARABLE TO THAT SET FORTH IN DOCUMENT INFCIRC/225/REV.1 OF THE IAEA ENTITLED "THE PHYSICAL PROTECTION OF NUCLEAR MATERIAL", AS IT MAY BE UPDATED.

3. THE ADEQUACY OF PHYSICAL SECURITY MEASURES MAINTAINED PURSUANT TO THIS ARTICLE SHALL BE REVIEWED BY THE PARTIES PERIODICALLY AND WHENEVER EITHER PARTY IS OF THE VIEW THAT

REVISED MEASURES MAY BE REQUIRED TO MAINTAIN ADEQUATE PHYSICAL SECURITY.

4. EACH PARTY SHALL IDENTIFY THOSE AGENCIES OR AUTHORITIES HAVING RESPONSIBILITY FOR ENSURING THAT LEVELS OF PHYSICAL SECURITY ARE ADEQUATELY MET AND HAVING RESPONSIBILITY FOR COORDINATING RESPONSE AND RECOVERY OPERATIONS IN THE EVENT OF UNAUTHORIZED USE OR HANDLING OF MATERIAL SUBJECT TO THIS ARTICLE. EACH PARTY SHALL ALSO DESIGNATE POINTS OF CONTACT WITHIN ITS NATIONAL AUTHORITIES TO COOPERATE ON MATTERS OF OUT-OF-COUNTRY TRANSPORTATION AND OTHER MATTERS OF MUTUAL CONCERN.

5. THE PROVISIONS OF THIS ARTICLE SHALL BE IMPLEMENTED IN SUCH MANNER AS TO AVOID HAMPERING, DELAY OR UNDUE INTERFERENCE IN THE PARTIES' NUCLEAR ACTIVITIES AND SO AS TO BE CONSISTENT WITH PRUDENT MANAGEMENT PRACTICES REQUIRED FOR THE ECONOMIC AND SAFE CONDUCT OF THE PARTIES' NUCLEAR PROGRAMS.

ARTICLE 8 (NO EXPLOSIVE OR MILITARY APPLICATION)

EACH PARTY GUARANTEES THAT NO MATERIAL OR EQUIPMENT TRANSFERRED TO AND UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT AND NO MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY SUCH MATERIAL OR EQUIPMENT SO TRANSFERRED TO AND UNDER ITS JURISDICTION SHALL BE USED FOR ANY NUCLEAR

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EXPLOSIVE DEVICE OR FOR RESEARCH ON OR DEVELOPMENT OF ANY
NUCLEAR EXPLOSIVE DEVICE, OR FOR ANY OTHER MILITARY PURPOSE.

ARTICLE 9 (SAFEGUARDS)

1. THE UNITED STATES SHALL HAVE THE RIGHT TO REVIEW THE
DESIGN OF ANY REACTOR, AND OTHER EQUIPMENT WHICH ARE TO
BE TRANSFERRED PURSUANT TO THIS AGREEMENT TO IRAN, OR OF
ANY FACILITY WHICH IS TO USE, FABRICATE, PROCESS OR STORE
ANY MATERIAL SO TRANSFERRED OR ANY SPECIAL NUCLEAR
MATERIAL USED IN OR PRODUCED THROUGH THE USE OF SUCH
MATERIAL OR EQUIPMENT.

2. THE UNITED STATES SHALL HAVE THE RIGHT TO REQUIRE THE
MAINTENANCE AND PRODUCTION OF RECORDS AND TO REQUEST AND

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RECEIVE RELEVANT REPORTS FOR THE PURPOSE OF ASSISTING IN ENSURING THE ACCOUNTABILITY FOR ANY MATERIAL TRANSFERRED TO IRAN BY THE UNITED STATES PURSUANT TO THIS AGREEMENT AND ANY SOURCE MATERIAL OR SPECIAL NUCLEAR MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT SO TRANSFERRED.

3. FOR PURPOSES OF ENSURING THERE IS COMPLIANCE WITH THIS AGREEMENT, THE UNITED STATES SHALL, AS NECESSARY TO ACCOUNT FOR THE MATERIAL SUBJECT TO PARAGRAPH 2, HAVE THE RIGHT TO:

(A) DESIGNATE PERSONNEL ACCEPTABLE TO IRAN WHO, ACCOMPANIED, IF EITHER PARTY SO REQUESTS, BY PERSONNEL DESIGNATED BY IRAN, SHALL HAVE ACCESS IN IRAN TO ALL RELEVANT PLACES AND DATA. IRAN SHALL NOT UNREASONABLY WITHHOLD ITS ACCEPTANCE OF SUCH PERSONNEL DESIGNATED BY THE UNITED STATES;

(B) INSPECT ANY RELEVANT EQUIPMENT OR FACILITY;

(C) INSTALL ANY RELEVANT DEVICES; AND,

(D) MAKE SUCH RELEVANT INDEPENDENT MEASUREMENTS AS MAY BE DEEMED NECESSARY.

4. MATERIAL OR EQUIPMENT REQUIRED TO BE SAFEGUARDED UNDER THIS AGREEMENT SHALL BE SUBJECT TO SAFEGUARDS UNDER AN AGREEMENT BETWEEN IRAN AND THE IAEA. THE AGREEMENT BETWEEN IRAN AND THE IAEA PURSUANT TO ARTICLE III(4) OF NPT SATISFIES THIS REQUIREMENT. THE RIGHTS OF THE UNITED STATES TO APPLY SAFEGUARDS UNDER PARAGRAPHS 1, 2 AND 3 OF THIS ARTICLE SHALL BE SUSPENDED IF THE UNITED STATES AGREES THAT THE NEED TO EXERCISE SUCH RIGHTS IS BEING SATISFIED BY THE APPLICATION OF SUCH AN IAEA SAFEGUARDS AGREEMENT.

5. EACH PARTY SHALL ESTABLISH AND MAINTAIN A SYSTEM OF ACCOUNTING FOR AND CONTROL OF ALL MATERIAL TRANSFERRED PURSUANT TO THIS AGREEMENT AND ANY MATERIAL USED IN OR PRODUCED THROUGH THE USE OF ANY MATERIAL OR EQUIPMENT SO TRANSFERRED, TO BE BASED ON A STRUCTURE OF MATERIAL BALANCE AREAS AND TO INCLUDE SUCH MEASURES AS:

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(A) A MEASUREMENT SYSTEM, WHICH CONFORMS TO THE INTERNATIONAL STANDARDS OR IS EQUIVALENT IN QUALITY TO SUCH STANDARDS, FOR THE DETERMINATION OF THE QUANTITIES OF MATERIAL RECEIVED, PRODUCED, SHIPPED, LOST OR OTHERWISE REMOVED FROM INVENTORY, AND THE QUANTITIES ON INVENTORY;

(B) THE EVALUATION OF PRECISION AND ACCURACY OF MEASUREMENTS AND THE ESTIMATION OF MEASUREMENT UNCERTAINTY;

(C) PROCEDURES FOR IDENTIFYING, REVIEWING AND EVALUATING DIFFERENCES BETWEEN SHIPPER AND RECEIVER MEASUREMENTS;

(D) PROCEDURES FOR TAKING A PHYSICAL INVENTORY;

(E) PROCEDURES FOR THE EVALUATION OF ACCUMULATIONS OF UNMEASURED INVENTORY AND UNMEASURED LOSSES;

(F) A SYSTEM OF RECORDS AND REPORTS SHOWING, FOR EACH MATERIAL BALANCE AREA, THE INVENTORY OF NUCLEAR MATERIAL AND THE CHANGES IN THAT INVENTORY INCLUDING RECEIPTS INTO AND TRANSFERS OUT OF THE MATERIAL BALANCE AREA;

(G) PROVISIONS TO ENSURE THAT THE ACCOUNTING PROCEDURES AND ARRANGEMENTS ARE BEING OPERATED CORRECTLY; AND,

(H) OTHER SYSTEMS OF MEASUREMENT CONTAINMENT AND SURVEILLANCE AS ARE NECESSARY TO FACILITATE THE APPLICATION OF SAFEGUARDS.

THE AGREEMENT BETWEEN IRAN AND THE IAEA PURSUANT TO ARTICLE III(4) OF NPT SATISFIES THIS REQUIREMENT.

6. UPON REQUEST OF THE UNITED STATES, IRAN SHALL PERMIT THE IAEA TO REPORT TO THE UNITED STATES ON THE STATUS OF ALL INVENTORIES OF ANY MATERIALS SUBJECT TO PARAGRAPH 2 OF THIS ARTICLE.

7. IRAN GUARANTEES IT SHALL TAKE SUCH MEASURES AS ARE

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NECESSARY TO MAINTAIN AND FACILITATE THE APPLICATION OF
SAFEGUARDS PROVIDED FOR UNDER THIS ARTICLE.

8. THE PROVISIONS OF THIS ARTICLE SHALL BE IMPLEMENTED
IN SUCH MANNER AS TO AVOID HAMPERING, DELAY OR UNDUE
INTERFERENCE IN IRAN'S NUCLEAR ACTIVITIES AND SO AS TO BE
CONSISTENT WITH PRUDENT MANAGEMENT PRACTICES REQUIRED FOR
THE ECONOMIC AND SAFE CONDUCT OF IRAN'S NUCLEAR PROGRAMS.

ARTICLE 10 (MULTIPLE SUPPLIER CONTROLS)

IF AN AGREEMENT BETWEEN EITHER PARTY AND ANOTHER NATION
OR GROUP OF NATIONS PROVIDES SUCH OTHER NATION OR GROUP
OF NATIONS RIGHTS EQUIVALENT TO ANY OR ALL OF THOSE SET
FORTH UNDER ARTICLES 5, 6 OR 7 WITH RESPECT TO MATERIAL
OR EQUIPMENT SUBJECT TO THIS AGREEMENT THE PARTIES MAY,

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UPON THE REQUEST OF EITHER OF THEM, AGREE THAT ANY SUCH RIGHTS WILL BE EXERCISED EXCLUSIVELY BY SUCH OTHER NATION OR GROUP OF NATIONS.

ARTICLE 11 (CESSATION OF COOPERATION)

1. IN THE EVENT IRAN, AT ANY TIME FOLLOWING ENTRY INTO FORCE OF THIS AGREEMENT:

(A) DOES NOT COMPLY WITH THE PROVISIONS OF ARTICLES 5, 6, 7, 8 OR 9;

(B) DETONATES A NUCLEAR EXPLOSIVE DEVICE; OR,

(C) TERMINATES, ABROGATES OR MATERIALLY VIOLATES ITS IAEA SAFEGUARDS AGREEMENT,

THE UNITED STATES SHALL HAVE THE RIGHT TO:

(I) CEASE FURTHER COOPERATION UNDER THIS AGREEMENT; AND,

(II) REQUIRE THE RETURN OF ANY MATERIAL AND EQUIPMENT TRANSFERRED UNDER THIS AGREEMENT AND ANY SPECIAL NUCLEAR MATERIAL PRODUCED THROUGH THE USE THEREOF.

2. IN THE EVENT THE UNITED STATES EXERCISES ITS RIGHTS UNDER THIS ARTICLE TO REQUIRE THE RETURN OF ANY MATERIAL OR EQUIPMENT, THE UNITED STATES SHALL PAY THE COST OF SHIPMENT AND, AFTER RETURN TO THE UNITED STATES, SHALL REIMBURSE IRAN THE FAIR MARKET VALUE OF SUCH MATERIAL OR EQUIPMENT LESS THE REASONABLE COST OF SHIPMENT. IN THE EVENT THIS RIGHT IS EXERCISED, THE PARTIES SHALL MAKE SUCH OTHER APPROPRIATE ARRANGEMENTS AS MAY BE REQUIRED WHICH SHALL NOT BE SUBJECT TO ANY FURTHER AGREEMENT BETWEEN THE PARTIES AS OTHERWISE CONTEMPLATED UNDER ARTICLES 5 AND 6.

ARTICLE 12 (PREVIOUS AGREEMENT TERMINATED)

1. THE "AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF IRAN CONCERNING CIVIL USES OF ATOMIC ENERGY" SIGNED ON MARCH 5, 1957, AS AMENDED, SHALL TERMINATE ON THE DATE

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THIS AGREEMENT ENTERS INTO FORCE.

2. COOPERATION INITIATED UNDER THE PREVIOUS AGREEMENT SHALL CONTINUE IN ACCORDANCE WITH THE PROVISIONS OF THE PRESENT AGREEMENT. ALL THE PROVISIONS OF THIS AGREEMENT SHALL APPLY TO MATERIAL AND EQUIPMENT SUBJECT TO THE PREVIOUS AGREEMENT.

ARTICLE 13 (CONSULTATIONS)

THE PARTIES UNDERTAKE TO CONSULT AT THE REQUEST OF EITHER PARTY REGARDING THE IMPLEMENTATION OF THIS AGREEMENT AND

THE DEVELOPMENT OF FURTHER COOPERATION IN THE FIELD OF PEACEFUL USES OF NUCLEAR ENERGY AND RELATED MATTERS OF HEALTH, SAFETY AND PROTECTION OF THE INTERNATIONAL ENVIRONMENT.

ARTICLE 14 (FINAL PROVISIONS)

1. EACH OF THE PARTIES SHALL PROVIDE THE OTHER PARTY WITH WRITTEN NOTIFICATION THAT IT HAS COMPLIED WITH ITS APPLICABLE REQUIREMENTS FOR ENTRY INTO FORCE OF THIS AGREEMENT. THIS AGREEMENT SHALL ENTER INTO FORCE ON THE DATE ON WHICH THE LATTER OF SUCH NOTIFICATION IS RECEIVED, AND SHALL REMAIN IN FORCE FOR A PERIOD OF 15 YEARS. THIS TERM MAY BE EXTENDED FOR SUCH ADDITIONAL PERIODS AS MAY BE AGREED BETWEEN THE PARTIES IN ACCORDANCE WITH THEIR APPLICABLE REQUIREMENTS.

2. NOTWITHSTANDING THE SUSPENSION, TERMINATION OR EXPIRATION OF THIS AGREEMENT OR ANY COOPERATION HEREUNDER FOR ANY REASON, ARTICLES 5, 6, 7, 8 AND 9 SHALL CONTINUE IN EFFECT SO LONG AS ANY MATERIAL OR EQUIPMENT SUBJECT TO THESE ARTICLES REMAINS IN THE TERRITORY OF THE PARTY CONCERNED OR UNDER ITS JURISDICTION OR CONTROL ANYWHERE, OR UNTIL SUCH TIME AS THE PARTIES AGREE THAT SUCH MATERIAL OR EQUIPMENT ARE NO LONGER USEABLE FOR ANY NUCLEAR ACTIVITY RELEVANT FROM THE POINT OF VIEW OF SAFEGUARDS.

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IN WITNESS WHEREOF, THE UNDERSIGNED, BEING DULY AUTHORIZED,
HAVE SIGNED THIS AGREEMENT.

DONE AT WASHINGTON, THIS (DATE) DAY OF (MONTH) (YEAR), IN
DUPLICATE, IN THE ENGLISH AND FARSI LANGUAGES, BOTH
EQUALLY AUTHENTIC.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF IRAN: END TEXT.

BEGIN TEXT OF ANNEX. PURSUANT TO PARAGRAPH 2 OF
ARTICLE 7, THE AGREED LEVELS OF PHYSICAL SECURITY TO BE
ENSURED BY THE COMPETENT NATIONAL AUTHORITIES IN THE
USE, STORAGE AND TRANSPORTATION OF THE MATERIALS LISTED

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IN THE ATTACHED TABLE SHALL AS A MINIMUM INCLUDE PROTECTION CHARACTERISTICS AS FOLLOWS:

CATEGORY III.

USE AND STORAGE WITHIN AN AREA TO WHICH ACCESS IS CONTROLLED.

TRANSPORTATION UNDER SPECIAL PRECAUTIONS INCLUDING PRIOR ARRANGEMENTS AMONG SENDER, RECIPIENT AND CARRIER, AND PRIOR AGREEMENT BETWEEN ENTITIES SUBJECT TO THE JURISDICTION AND REGULATION OF SUPPLIER AND RECIPIENT STATES, RESPECTIVELY, IN CASE OF INTERNATIONAL TRANSPORT SPECIFYING TIME, PLACE AND PROCEDURES FOR TRANSFERRING TRANSPORT RESPONSIBILITY.

CATEGORY II.

USE AND STORAGE WITHIN A PROTECTED AREA TO WHICH ACCESS IS CONTROLLED, I.E., AN AREA UNDER CONSTANT SURVEILLANCE BY GUARDS OR ELECTRONIC DEVICES, SURROUNDED BY A PHYSICAL BARRIER WITH A LIMITED NUMBER OF POINTS OF ENTRY UNDER APPROPRIATE CONTROL, OR ANY AREA WITH AN EQUIVALENT LEVEL OF PHYSICAL PROTECTION.

TRANSPORTATION UNDER SPECIAL PRECAUTIONS INCLUDING PRIOR ARRANGEMENTS AMONG SENDER, RECIPIENT AND CARRIER, AND PRIOR AGREEMENT BETWEEN ENTITIES SUBJECT TO THE JURISDICTION AND REGULATION OF SUPPLIER AND RECIPIENT STATES, RESPECTIVELY, IN CASE OF INTERNATIONAL TRANSPORT SPECIFYING TIME, PLACE AND PROCEDURES FOR TRANSFERRING TRANSPORT RESPONSIBILITY.

CATEGORY I.

MATERIALS IN THIS CATEGORY SHALL BE PROTECTED WITH HIGHLY RELIABLE SYSTEMS AGAINST UNAUTHORIZED USE AS FOLLOWS:

USE AND STORAGE WITHIN A HIGHLY PROTECTED AREA, I.E., A PROTECTED AREA AS DEFINED FOR CATEGORY II ABOVE, TO WHICH, IN ADDITION, ACCESS IS RESTRICTED TO PERSONS WHOSE TRUSTWORTHINESS HAS BEEN DETERMINED, AND WHICH IS UNDER SURVEILLANCE BY GUARDS WHO ARE IN CLOSE COMMUNICA-

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TION WITH APPROPRIATE RESPONSE FORCES. SPECIFIC MEASURES TAKEN IN THIS CONTEXT SHOULD HAVE AS THEIR OBJECTIVE THE DETECTION AND PREVENTION OF ANY ASSAULT SHORT OF WAR, UNAUTHORIZED ACCESS OR UNAUTHORIZED REMOVAL OF MATERIAL,

TRANSPORTATION UNDER SPECIAL PRECAUTIONS AS IDENTIFIED ABOVE FOR TRANSPORTATION OF CATEGORY II AND III MATERIALS AND, IN ADDITION, UNDER CONSTANT SURVEILLANCE BY ESCORTS AND UNDER CONDITIONS WHICH ASSURE CLOSE COMMUNICATION WITH APPROPRIATE RESPONSE FORCES. END TEXT. ATTACH THE TABLE FOUND AT PAGE 6 OF IAEA DOCUMENT INFCIRC/225/REV. 1. 3. BEGIN TEXT OF PROPOSED ACCOMPANYING NOTE. THE SECRETARY OF STATE PRESENTS HIS COMPLIMENTS TO HIS EXCELLENCY, THE AMBASSADOR OF IRAN, AND HAS THE HONOR TO REFER TO THE PROPOSED AGREEMENT FOR COOPERATION SIGNED TODAY BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE IMPERIAL GOVERNMENT OF IRAN, CONCERNING PEACEFUL USES OF NUCLEAR ENERGY ("THE AGREEMENT") OF WHICH THIS EXCHANGE OF NOTES SHALL BE AN INTEGRAL PART.

IN THE COURSE OF NEGOTIATIONS LEADING TO THIS AGREEMENT FOR COOPERATION, UNDERSTANDINGS ON SEVERAL POINTS WERE REACHED.

THE UNITED STATES FULLY UNDERSTANDS THAT IRAN PLANS A VIGOROUS NATIONAL NUCLEAR POWER PROGRAM WHICH WILL REQUIRE TIMELY DELIVERY OF NUCLEAR REACTORS AND AN ASSURED FUEL SUPPLY FOR THESE REACTORS. RECOGNIZING IRAN'S LEADERSHIP ROLE IN THE FIELD OF NON-PROLIFERATION, THE UNITED STATES INTENDS TO IMPLEMENT THE AGREEMENT IN A WAY THAT ASSURES THAT IRAN AS A "MOST-FAVORED NATION" ENJOYS, INTER ALIA, THE SAME BENEFITS AND OPPORTUNITIES AND FREEDOMS OF ACTION AS MAY BE AVAILABLE TO ANY OTHER PARTY WITH WHICH THE UNITED STATES COOPERATES.

IT IS THE POLICY OF THE UNITED STATES THAT NUCLEAR EXPORT LICENSES BE ISSUED PROMPTLY. IN PARTICULAR, THE UNITED STATES WISHES TO CONFIRM THE READINESS OF ITS EXECUTIVE BRANCH AND NUCLEAR REGULATORY COMMISSION TO PROCESS EX-

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C O N F I D E N T I A L SECTION 8 OF 9 STATE 125797/8

PEDITIOUSLY EXPORT LICENSE APPLICATIONS MADE PURSUANT
TO THE AGREEMENT UPON THE SELECTION BY IRAN OF A US
VENDOR.

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THE GOVERNMENT OF THE UNITED STATES WISHES TO ASSURE THE
GOVERNMENT OF IRAN THAT IT SHALL TAKE SUCH ACTIONS AS MAY
BE NECESSARY AND FEASIBLE TO ENSURE A RELIABLE SUPPLY OF
LOW-ENRICHED URANIUM TO THOSE NATIONS AND GROUPS OF
NATIONS WHICH MAY SEEK TO UTILIZE THE BENEFITS OF NUCLEAR
ENERGY FOR PEACEFUL PURPOSES, INCLUDING THE GENERATION OF
ELECTRICITY, AND WHICH ADHERE TO NON-PROLIFERATION OBJEC-
TIVES. IN THIS REGARD, THE UNITED STATES NOTES THAT THE
INCREASED US ENRICHMENT CAPACITY WHICH THE PRESIDENT HAS
ORDERED TO BE DEVELOPED WILL PERMIT THE UNITED STATES TO
MEET NEW EXPORT DEMANDS. ALSO, THE UNITED STATES SHALL,
INTER ALIA, EXPLORE WITH OTHER CONCERNED GOVERNMENTS, IN-

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CLUDING THE GOVERNMENT OF IRAN, THOSE STEPS THAT MAY BE NECESSARY TO PROMOTE INTERNATIONAL ARRANGEMENTS FOR THE PROVISION OF NUCLEAR FUEL, INCLUDING THE CONCEPT OF AN INTERNATIONAL FUEL AUTHORITY WHICH WOULD PERMIT ACCESS TO FUEL BY CONSUMERS WHO MEET ALL THEIR NON-PROLIFERATION COMMITMENTS, SHOULD THEY ENCOUNTER DIFFICULTIES WITH INDIVIDUAL SUPPLIERS IN SATISFYING LEGITIMATE NUCLEAR FUEL

NEEDS. SHOULD SUCH AN INTERNATIONAL AUTHORITY BE ESTABLISHED, THE UNITED STATES WOULD SUPPORT IRANIAN ACCESS THERETO.

THE UNITED STATES HAS ALSO NOTED WITH PLEASURE, IRAN'S DESIRE TO EXERCISE LEADERSHIP IN FURTHERANCE OF THE OBJECTIVES OF THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS, TO WHICH IRAN IS A PARTY, AND ITS INTENTION TO CONDUCT ITS OVERALL FUEL CYCLE ACTIVITIES, PARTICULARLY THOSE RELATING TO STORAGE, PROCESSING OR OTHER DISPOSITION OF IRRADIATED SPENT FUEL UNDER CONDITIONS WHICH DEMONSTRATE THAT SUCH ACTIVITIES ARE IN ACCORDANCE WITH THE TREATY. IN THIS REGARD, THE UNITED STATES IS PLEASED THAT IRAN IS WILLING TO PARTICIPATE WITH OTHER CONCERNED COUNTRIES IN THE INTERNATIONAL FUEL CYCLE STUDIES, SUCH AS THE INTERNATIONAL FUEL CYCLE EVALUATION, WHICH HAVE AS ONE OF THEIR OBJECTIVES, THE EXPLORATION OF EFFECTIVE AND ECONOMICAL WAYS TO DISPOSE OF IRRADIATED FUEL THAT MIGHT BETTER MEET THE JOINT NON-PROLIFERATION OBJECTIVES OF THE TREATY.

THE UNITED STATES NOTES THAT IRAN PLANS TO STORE IRRADIATED FUEL COVERED BY THIS AGREEMENT FOR A PERIOD OF TIME SUFFICIENT FOR APPROPRIATE SUBSEQUENT DISPOSITION, AND TO CONSULT CLOSELY WITH THE UNITED STATES AT SUCH TIME AS IT APPEARS THAT ANY SUCH MATERIAL REQUIRES SUBSEQUENT DISPOSITION. THE SPECIFIC ARRANGEMENTS THAT WOULD BE SELECTED WOULD TAKE INTO ACCOUNT THE REQUIREMENTS OF IRAN'S NUCLEAR PROGRAM, AND IRAN'S CONTINUED ADHERENCE TO THE NON-PROLIFERATION TREATY AS WELL AS MUTUALLY ACCEPTABLE RECOMMENDATIONS THAT MAY RESULT FROM INTERNATIONAL STUDIES UNDERTAKEN TO FURTHER THE OBJECTIVE OF THE TREATY.

IN LIGHT OF THESE CONSIDERATIONS, THE GOVERNMENT OF THE UNITED STATES IS PLEASED TO INFORM THE GOVERNMENT OF IRAN

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THAT IN THE EVENT IRAN WISHES TO ENTER INTO ARRANGEMENTS FOR SUBSEQUENT DISPOSITION OF IRRADIATED SPECIAL NUCLEAR MATERIAL RESULTING FROM MATERIAL WHICH HAS BEEN TRANSFERRED FROM THE UNITED STATES TO IRAN OR HAS BEEN USED IN US-SUPPLIED EQUIPMENT, THE UNITED STATES AGREES TO APPROVE AND THE GOVERNMENT OF IRAN WOULD BE FREE TO CHOOSE FROM THE FOLLOWING ALTERNATIVES:

(A) STORAGE OF SPENT FUEL IN IRAN;

(B) STORAGE OF SPENT FUEL IN THE US FOR A FIXED FEE WITH REIMBURSEMENT TO IRAN OF NET FUEL VALUE IF SUCH FUEL VALUE IS EXTRACTED (FUEL EQUIVALENT OR FINANCIAL COMPENSATION LESS PROCESSING COSTS);

(C) STORAGE, PROCESSING OR OTHER DISPOSITION OF SPENT FUEL IN ACCORDANCE WITH INTERNATIONALLY ACCEPTED ARRANGEMENTS TO WHICH BOTH IRAN AND THE US SUBSCRIBE. THIS ALTERNATIVE WOULD INCLUDE THE PROCESSING OF SPENT FUEL IN THE UNITED KINGDOM OR FRANCE OR ANOTHER MUTUALLY AGREED STATE AND RETURN OF RECOVERED PLUTONIUM IN THE FORM OF FABRICATED FUEL TO IRAN, UNDER CONDITIONS OR ARRANGEMENTS WHICH ARE DEEMED TO BE MORE PROLIFERATION RESISTANT THAN THOSE WHICH CURRENTLY EXIST UTILIZING EXISTING TECHNOLOGY AND TO WHICH BOTH IRAN AND THE UNITED STATES SUBSCRIBE.

WITH RESPECT TO THE FOREGOING, THE GOVERNMENT OF THE UNITED STATES RECOGNIZES THAT AT THE TIME WHEN IRAN MAY WISH TO ENTER INTO ARRANGEMENTS FOR DISPOSITION OF SPENT FUEL, CONDITIONS COULD BE SUCH THAT IRAN FINDS IT IMPRACTICABLE OR NOT ECONOMICALLY VIABLE TO PROVIDE STORAGE IN IRAN. MOREOVER, NO INTERNATIONALLY ACCEPTED ARRANGEMENTS FOR STORAGE, PROCESSING OR OTHER DISPOSITION TO WHICH BOTH IRAN AND THE UNITED STATES SUBSCRIBE MAY BE AVAILABLE. FURTHERMORE, AT THAT POINT IN TIME, CONDITIONS COULD BE SUCH THAT THE PARTIES ALSO FIND IT IMPRACTICABLE OR NOT ECONOMICALLY VIABLE TO PROVIDE STORAGE OF SUCH SPENT FUEL IN THE UNITED STATES. UNDER THESE CIRCUMSTANCES, THE GOVERNMENT OF THE UNITED STATES WOULD BE PRE-

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CJCS DJS(03) SJCS(02) J3(10) J5(02) J31NMCC SECDEF(07)
SECDEF: ASD:ISA(10) ATSD:AE(01) ASD:PA&E(01) ASD:PA(01) DIA:
DIA(15) NMIC
- CMC CC WASHINGTON DC
- CSAF WASHINGTON DC
- CNO WASHINGTON DC
- CSA WASHINGTON DC
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IMMEDIATE

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FM SECSTATE WASHDC

TO RUQMHR/AMEMBASSY TEHRAN IMMEDIATE 4409

INFO RUEKJCS/ JCS WASHDC 0283

RUEAIIA/ CIA WASHDC 0363

RUEADWW/ NSC WASHDC 0276

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C O N F I D E N T I A L FINAL SECTION OF 9 STATE 125797/9

PARAPHRASE TO APPROVE THE REPROCESSING OF SUCH MATERIAL IN THE UNITED KINGDOM OR FRANCE OR ANOTHER MUTUALLY AGREED STATE UTILIZING EXISTING TECHNOLOGY, WITH DISPOSITION OF ANY RESULTING SEPARATED PLUTONIUM SUBJECT TO FUTURE AGREEMENT OF THE PARTIES IN LIGHT OF THE REQUIREMENTS OF IRAN'S NUCLEAR ENERGY PROGRAM. WITH SPECIFIC REFERENCE TO IRANIAN PLUTONIUM REQUIREMENTS FOR ADVANCED REACTOR FUELS AS CONTEMPLATED BY PARAGRAPH 3 OF ARTICLE 4 OF THE AGREEMENT, THE GOVERNMENT OF THE UNITED STATES IS PREPARED TO CONSULT WITH THE GOVERNMENT OF IRAN IN ORDER TO MEET IRAN'S NEEDS.

NOTWITHSTANDING THE PREVIOUS PARAGRAPHS, IF WHEN THE NEED ARISES FOR IRAN TO ARRANGE FOR DISPOSITION OF ITS SPENT FUEL, THE UNITED STATES HAS, SUBSEQUENT TO THE DATE OF ENTRY INTO FORCE OF THIS AGREEMENT, APPROVED THE REPROCESS-

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SING OF ANY OTHER COOPERATING STATE'S SPENT FUEL FOR THE SAME TIME FRAME WHEN IRAN NEEDS TO DISPOSE OF ITS SPENT FUEL, THE UNITED STATES WOULD APPROVE REPROCESSING OF IRANIAN SPENT FUEL IN THE UNITED KINGDOM OR FRANCE OR ANOTHER MUTUALLY AGREED STATE UNDER ARRANGEMENTS WHICH AFFORD IRAN BENEFITS COMPARABLE TO THOSE AFFORDED SUCH OTHER STATE AND UNDER TERMS AND CONDITIONS NO LESS FAVORABLE THAN THOSE APPLICABLE TO SUCH OTHER STATE.

THE PARTIES SHALL, IN 1985, REVIEW THE UNDERSTANDINGS SET FORTH ABOVE CONCERNING THE DISPOSITION OF PLUTONIUM AND IRRADIATED SPECIAL NUCLEAR MATERIAL WITH A VIEW TO MAKING ANY MUTUALLY AGREEABLE MODIFICATIONS. THE PARTIES AGREE TO MEET WHENEVER NEW DEVELOPMENTS CALL FOR ADJUSTMENT IN THE TERMS OF THEIR COOPERATION IN LIGHT OF THE UNDERLYING PRINCIPLE OF THIS NOTE.

THE UNITED STATES NOTES WITH PLEASURE THAT IRAN HAS ENTERED INTO A SAFEGUARDS AGREEMENT WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY WHICH IT INTENDS TO CONTINUE IMPLEMENTING. THE UNITED STATES AGREES THAT SUCH APPLICATION OF IAEA SAFEGUARDS CURRENTLY SATISFIES THE NEED FOR THE EXERCISE OF RIGHTS ENVISAGED FOR THE UNITED STATES IN PARAGRAPHS 1, 2 AND 3 OF ARTICLE 9 OF THE AGREEMENT. THE PARTIES SHALL REVIEW THE ADEQUACY OF THE APPLICATION OF IAEA SAFEGUARDS WHENEVER EITHER PARTY IS OF THE VIEW THAT MODIFICATION MAY BE REQUIRED.

THE GOVERNMENT OF THE UNITED STATES CONFIRMS THAT NOTHING IN THE AGREEMENT WOULD PRECLUDE IRAN FROM RECEIVING ANY POTENTIAL BENEFITS UNDER ARTICLE V OF THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS, OTHER APPLICABLE INTERNATIONAL AGREEMENTS, AND THE DOMESTIC LAWS AND REGULATORY REQUIREMENTS OF THE RESPECTIVE PARTIES.

UPON RECEIPT OF HIS EXCELLENCY'S NOTE CONFIRMING THAT THE IMPERIAL GOVERNMENT OF IRAN SHARES THE ABOVE UNDERSTANDINGS, THE EXCHANGE OF NOTES SHALL CONSTITUTE THE FORMAL RECORD OF THESE MUTUAL UNDERSTANDINGS AND SHALL BE AN INTEGRAL PART OF THE AGREEMENT. VANCE

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