



House of Commons
Foreign Affairs Committee

Global Security: Iran

Fifth Report of Session 2007–08

Report, together with formal minutes, oral and written evidence

*Ordered by The House of Commons
to be printed 20 February 2008*

Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the administration, expenditure and policy of the Foreign and Commonwealth Office and its associated agencies.

Current membership

Mike Gapes (*Labour, Ilford South*), Chairman
Rt Hon Sir Menzies Campbell, (*Liberal Democrat, North East Fife*)
Mr Fabian Hamilton (*Labour, Leeds North East*)
Rt Hon Mr David Heathcoat-Amory (*Conservative, Wells*)
Mr John Horam (*Conservative, Orpington*)
Mr Eric Illsley (*Labour, Barnsley Central*)
Mr Paul Keetch (*Liberal Democrat, Hereford*)
Andrew Mackinlay (*Labour, Thurrock*)
Mr Malcolm Moss (*Conservative, North East Cambridgeshire*)
Sandra Osborne (*Labour, Ayr, Carrick and Cumnock*)
Mr Greg Pope (*Labour, Hyndburn*)
Mr Ken Purchase (*Labour, Wolverhampton North East*)
Rt Hon Sir John Stanley (*Conservative, Tonbridge and Malling*)
Ms Gisela Stuart (*Labour, Birmingham Edgbaston*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/foreign_affairs_committee.cfm.

Committee staff

The current staff of the Committee are Dr Robin James (Clerk), Ms Gosia McBride (Second Clerk), Mr Imran Shafi (Committee Specialist), Dr Brigid Fowler (Committee Specialist), Miss Elisabeth Partridge (Committee Assistant), Miss Jennifer Kelly (Secretary); Miss Emma McIntosh (Chief Office Clerk) and Mr Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Foreign Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6394; the Committee's email address is foraffcom@parliament.uk

Contents

Report	<i>Page</i>
Conclusions and recommendations	3
1 Introduction	6
2 Iran's Nuclear Programme	8
Background	8
Iran's Nuclear Development	8
Uranium Enrichment	9
Other Activities of Concern	12
Nuclear Weapon Potential	14
International Engagement	15
The E3 (up to 2005)	16
The E3+3 (from 2006)	17
The Current Situation	20
3 The Regional Dimension	26
Background	26
Iran and its Region	26
Iran and Terrorism	26
Israel	27
Syria and Lebanon	29
Iraq	29
Afghanistan	31
Nuclear Power in the Middle East	32
4 The Domestic Dimension	34
Background	34
Domestic Politics	34
The Internal Debate on Nuclear Affairs	35
Encouraging Reform	37
Human Rights	39
5 Options for the International Community	42
Background	42
The Big Picture	42
The 'Twin-Track' Strategy	43
Sanctions	43
Preconditions and future enrichment	46
Providing Incentives	49
The Role of the UK	49
The Military Option	50

Formal Minutes	53
Witnesses	55
List of written evidence	56

Conclusions and recommendations

Iran's Nuclear Programme

1. We conclude that, whilst Iran's suspension of an active nuclear weapons programme since 2003 is welcome, its continued enrichment activities and questions over its previous conduct mean its potential to develop such a programme remains. We further conclude that although technological constraints are likely to prevent Iran from developing a nuclear weapon, if that is its intention, in the near future, there is nevertheless a strong possibility that it could establish a 'breakout' nuclear weapons capability by 2015. (Paragraph 23)
2. We conclude that the E3/EU was too slow to build on Iran's suspension of enrichment activities. By failing to present a compelling offer to Tehran before the ascendancy of President Ahmadinejad, the E3/EU made reaching an agreement a much more challenging task. (Paragraph 31)
3. We conclude that Iran has a legal obligation established by a number of Security Council resolutions to halt its enrichment activities. We also welcome the offers of enriched uranium to Iran by Russia, deliveries of which have already commenced, and the international community. These offers are significant. We further conclude that Iran must not be allowed to develop a nuclear weapon. (Paragraph 39)
4. We conclude that the E3+3's diplomacy over Iran's nuclear programme is currently a long way from successfully achieving all its goals. We acknowledge, however, that its establishment has been useful in maintaining some degree of international unity towards Iran, thus adding to the diplomatic pressure on the Iranian authorities. (Paragraph 57)

The Regional Dimension

5. We conclude that the call by President Ahmadinejad for the destruction of the State of Israel and his provocative hosting of the Holocaust denial conference were deplorable and we condemn these actions unreservedly. (Paragraph 63)
6. We strongly oppose President Ahmadinejad's policies towards Israel and the occupied Palestinian territories and reaffirm our support for a two-state solution of an independent, democratic and viable Palestinian state peacefully co-existing with a secure Israel. We conclude that Iran is a malign influence with regard to the prospects for peace in the Middle East. (Paragraph 66)
7. We conclude that the support originating from within Iran for Iraqi insurgents has been responsible for the deaths of coalition troops and is completely unacceptable and reprehensible. We recommend that the Government continues to take a vigorous and proactive approach in intercepting this support. We further recommend that, in its Response to this Report, the Government sets out its latest analysis of the levels of training, weaponry and finance provided by elements within the Iranian regime to Iraqi militants. (Paragraph 74)

8. We conclude that the reports that Taliban insurgents are receiving support from Iran is a matter of very serious concern. Any such assistance is unacceptable, endangers regional stability and can only hinder efforts to establish closer relations between Iran and the international community. As with Iraq, we recommend that the Government continues to take a proactive stance in intercepting any support emanating from within Iran and that in its Response to this Report it sets out its latest analysis of the level and nature of the support being provided by the Iranian regime to Taliban insurgents. We further recommend that the Government supports greater cooperation with Iran on counter-narcotics. (Paragraph 77)
9. We conclude that, should Iran acquire a nuclear weapon, it is very likely to lead to other states in the Middle East developing their own weapon programmes. This domino effect would heighten regional tensions and seriously weaken the Non-Proliferation Treaty. It would also seriously undermine any prospect of moves to a nuclear weapons free zone in the Middle East. (Paragraph 82)

The Domestic Dimension

10. We conclude that Iran is a complex and diverse society at present governed by a theocratic regime. Iran's quasi-democratic political system is not fully closed and may lead to reform that will result in a more constructive approach on the nuclear issue. We recommend that the Government should be careful to avoid action that could be manipulated by the hardliners such as President Ahmadinejad to bolster their position against the more pragmatic and reformist elements ahead of his campaign for re-election in 2009. We recommend that the Government in its Response to this Report sets out fully why it has resisted the decisions of both the High Court in the UK and the European Court of Justice that the People's Mujahideen of Iran (PMOI), also known as the Mujahedin-e-Khalq (MeK), should no longer be listed as a terrorist organisation. (Paragraph 98)
11. We conclude that Iran's human rights record is shocking. We recommend that the Government presses Iran to remove the death penalty, which includes hanging by strangulation, stoning, flogging and amputation from its statute books. We further recommend that the Government ensures human rights are not treated as a secondary concern to the nuclear issue, and that it underlines to Iran that its poor record in responding to human rights concerns makes it more difficult for the international community to trust its intentions in other fields. (Paragraph 103)

Options for the International Community

12. We conclude that the fundamental challenge of Iran's nuclear programme is one of mutual political mistrust—mistrust that is not misplaced on the part of the United States and the European Union. We further conclude that a long-term solution to this crisis will need to go beyond the necessary constraints on Iran's nuclear programme by eventually working towards a wholesale recasting of its relationship with the international community, particularly with the United States and European Union. (Paragraph 109)

13. We conclude that although the sanctions currently in place against Iran act as a disincentive for its nuclear programme, they are not sufficiently robust to coax it into suspending its enrichment. We are concerned that the new political dynamic following the publication of the US National Intelligence Estimate, and underlying differences within the international community, mean future UN and EU sanctions are likely to remain ineffective and may inadvertently help President Ahmadinejad by providing him with a scapegoat for his economic failings. We recommend that the Government in framing its sanctions policy does its utmost to try to preserve unity within the UN Security Council and the EU. (Paragraph 117)
14. We conclude that it seems very unlikely that Iran will accept the demand that it suspend enrichment before substantive talks can begin. It feels it got little reward for its previous suspension, and its present Government has ramped up nationalist feeling on this issue. This stalemate is in no-one's interest but simply pressing for a resumption of Iran-US dialogue without an end to President Ahmadinejad's defiance of UN resolutions will strengthen him and dismay and weaken reformers. We recommend therefore that the Government urges the current US Administration to change its policy and begin to engage directly with Iran on its nuclear programme, as the absence of such engagement has deprived the international community of a significant diplomatic tool. The international community has made clear that if Iran suspends dual use enrichment it can expect cooperation on civilian nuclear power and Condoleezza Rice has said she will meet the Iranians "any time, any place". If this positive offer is accepted then it would become possible to make progress towards a solution. (Paragraph 126)
15. We conclude that the Government is playing a vital role in the E3+3. The UK's diplomatic presence in Iran and its close relationship with the United States put it in a good position to show leadership on this issue. We note the Foreign Secretary has met his Iranian counterpart on several occasions and we recommend that he continues his personal diplomacy and gives consideration to visiting Iran at an early opportunity to push the process forward. (Paragraph 130)
16. We conclude that the publication of the US National Intelligence Estimate has made a military strike against Iran less likely. We remain of the view that such a military strike would be unlikely to succeed and could provoke an extremely violent backlash across the region. We recommend that the Government urges Washington to consider offering a credible security guarantee to Iran if the Iranian Government in turn will offer an equally credible and verifiable guarantee that it will not enter into a nuclear weapons programme and improves its cooperation with the international community in other areas. (Paragraph 140)

1 Introduction

1. Iranian civilisation dates back thousands of years. Iran is one of the largest and most powerful countries in its region, whose role in global security has become increasingly significant in recent years. The Foreign Affairs Committee launched its Global Security series with two Reports published last year on the Middle East and Russia. Given the importance of relations with Tehran, our third Report in this series focuses on Iran, in particular on the challenge posed by its nuclear programme.

2. Our predecessor Committee produced a Report on the UK's relationship with Iran in 2004. We have continued to monitor the Government's policy towards Iran in this Parliament, for instance in our seventh Report in the series on *Foreign Policy Aspects of the War Against Terrorism* published in 2006.¹ Last year, we considered Iran's role in its region in our Report on *Global Security: The Middle East*,² and we also produced a shorter Report entitled *Foreign Policy Aspects of the Detention of Naval Personnel by the Islamic Republic of Iran*, based in part on evidence taken for this current inquiry.³

3. Under our terms of reference, the issues considered in this Report include:

- the extent of the progress Iran has made on nuclear development;
- the relationship between Iran's domestic political and human rights situation, and its nuclear ambitions;
- the relationship between Iran's regional and international security situation and its nuclear ambitions;
- the regional and global security implications of Iran's nuclear programme;
- the history of international engagement with Iran over nuclear non-proliferation, in particular the role of the United Kingdom, the European Union, the United States, Russia and the United Nations; and
- the options open to the international community in addressing the possibility of Iran obtaining nuclear weapons, and the implications of these options for regional and global security, nuclear proliferation and energy security.

4. The Committee took evidence in May 2007 from Dr Rosemary Hollis, Director of Research at Chatham House, Sir Richard Dalton, Her Majesty's Ambassador to Iran from 2002–2006, and Lord Triesman (with officials), who at the time was Under-Secretary of State at the Foreign and Commonwealth Office (FCO). This evidence focused on the detention of British naval personnel by Iran, but also touched on the wider issues covered in this Report. We also took oral evidence from Dr Ali Ansari of the University of St Andrews, Dr Frank Barnaby of the Oxford Research Group, Lord Archer of Sandwell, and

¹ Foreign Affairs Committee, Fourth Report of Session 2005–06, *Foreign Policy Aspects of the War against Terrorism*, HC 573

² Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363

³ Foreign Affairs Committee, Sixth Report of Session 2006–07, *Foreign Policy Aspects of the Detention of Naval Personnel by the Islamic Republic of Iran*, HC 880

the Minister of State responsible for Iran at the FCO, Dr Kim Howells MP (with officials). In addition, the Committee received a range of written submissions. We would like to thank all those who took the time to submit evidence to this inquiry.

5. For ease of reference, we note here some of the other organisations and individuals whose evidence we draw on frequently in this Report. Paul Arkwright and Antony Phillipson are, respectively, the head of the counter-proliferation and Iran co-ordination sections at the FCO. The British American Security Information Council (BASIC) and the Verification Research, Training and Information Centre (VERTIC) are two NGOs with expertise on Iran's nuclear programme. Time to Talk is a coalition of NGOs (including Oxfam and the Foreign Policy Centre) that advocates a particular solution to the crisis. Mark Fitzpatrick is the Senior Fellow for Non-Proliferation at the International Institute for Strategic Studies and Karim Sadjadpour is an Associate at the Carnegie Endowment for International Peace. Elahe Mohtasham is an Associate at the Foreign Policy Centre. We also make repeated reference to the International Atomic Energy Agency (IAEA) and its Director-General, Dr Mohammed ElBaradei.

6. In November 2007, Members of the Committee undertook a productive visit to Iran as part of our inquiry, hosted by our counterpart Committee in the Iranian Majlis. We would like to thank them for their assistance in putting together our programme, which included a meeting with the Secretary of Iran's Supreme National Security Council (and chief nuclear negotiator) Dr Saeed Jalili. We are also grateful for the assistance provided to us by Her Majesty's Ambassador in Iran, Geoffrey Adams, and his team at the Embassy. This Report has also been informed by other visits of the Committee, most notably to New York and Washington DC in October 2007 during which we discussed Iran with key interlocutors within the US Administration and at the United Nations.

2 Iran's Nuclear Programme

Background

7. Iran's ambition to develop a nuclear programme has dominated its relationship with the international community following the exposure of its secret facilities by an opposition group in 2002.⁴ Iran claims that its nuclear development is for civil purposes, but this claim has inspired little confidence in Western capitals. In our predecessor Committee's Report on Iran, published in 2004, it concluded that Tehran had been "developing covertly a nuclear threat capability".⁵ In light of recent developments and new intelligence, this chapter first considers the progress Iran has made on its nuclear programme and examines the evidence on how long it would take Iran to develop a nuclear threat capability should it wish to do so. In the second half of this chapter, we assess the effectiveness of the international community's diplomacy in halting or modifying Iran's nuclear programme.

Iran's Nuclear Development

8. Iran's civil nuclear programme is not new. It dates back as far as 1959, when the Shah, Mohammad Pahlavi, acquired a research reactor from the United States. Dr Frank Barnaby writes that the Shah ratified the Nuclear Non-Proliferation Treaty (NPT) in 1970, established Iran's Atomic Energy Agency, and planned to construct up to 23 nuclear power stations by the turn of the millennium with the assistance of the US. The first plant was to be constructed at Bushehr by a German firm. The revolution that replaced the Shah with the Islamic Republic of Iran brought an end to Western cooperation for Iran's nuclear activities, although Iran would later sign a contract with Russia in which the latter would complete work on the Bushehr plant (this cooperation continues to this day).⁶

9. In 2002, the National Council of Resistance of Iran (NCRI), an opposition group, publicly exposed the existence of a uranium enrichment site at Natanz, and the construction of a heavy water plant at Arak, which, once operational, would be capable of producing plutonium.⁷ Neither of these activities is illegal per se as Article IV of the NPT sets out the "inalienable right" of all States Parties to develop, research and produce nuclear energy for peaceful purposes.⁸ However, Iran had concluded a comprehensive Safeguards Agreement with the International Atomic Energy Agency (the UN body that monitors nuclear activity and supervises compliance of the NPT) in 1974 under which it was required to be transparent about its facilities.⁹ In November 2003, the Director-General of the IAEA, Mohamed ElBaradei, stated that "Iran has concealed many aspects of its nuclear

⁴ Ev 99

⁵ Foreign Affairs Committee, Third Report of Session 2003–04, *Iran*, HC 80, para 58

⁶ Oxford Research Group, *Would Air Strikes Work? Understanding Iran's Nuclear Programme and the Possible Consequences of a Military Strike*, March 2007, p 4

⁷ Ev 99

⁸ Ev 106

⁹ Ev 107

activities, with resultant breaches” of its reporting obligations under its Safeguards Agreement.¹⁰

10. As the British American Security Information Council (BASIC) states, international concern was heightened by the fact that the facilities at Natanz and Arak were ‘dual use’— i.e. that they “could be used in civil or military programmes”.¹¹ Another NGO, the Verification Research, Training and Information Centre (VERTIC), argues in its written submission that “what’s the point of hiding the country’s activities if there is no *mala fides*?”, noting Iran’s counter-argument that the reluctance of the West to engage with it forced it to rely on the secret underground network of the rogue Pakistani scientist Abdul Qadeer Khan.¹² Iran also defended itself by arguing it is bound by a religious decree that prevents Islamic countries developing, producing or using nuclear weapons.¹³ It should be noted, however, that Pakistan, a Muslim country, possesses such weapons.

Uranium Enrichment

11. Uranium enrichment lies at the heart of much of the analysis of Iran’s nuclear programme, and (as discussed later in this chapter), the UN Security Council has, without success, asked Iran to suspend its activities on this front. The fuel enrichment plant at Natanz is regarded as ‘dual use’ because enriched uranium can be used in both civil and military nuclear programmes. As Dr Barnaby explained to us, natural uranium contains 0.7% of the isotope uranium 235. The enrichment of uranium in a gas centrifuge plant such as the one at Natanz increases this percentage. Dr Barnaby told us that, for the purposes of a civil nuclear programme, a level of around 3.5% uranium 235 is required. Uranium used in a nuclear weapons programme needs to be enriched to 93% (sometimes referred to as highly enriched uranium or HEU). Whilst the gap between 0.7% and 3.5% is, in percentage terms, much smaller than the gap between 3.5% and 93%, Dr Barnaby warned:

The energy required to enrich from the natural 0.7% to 3.5% is some 80% of the energy required to make weapons-grade material. So, if you can make nuclear fuel, that is a big step towards making weapons-grade material.¹⁴

12. In its November 2007 Report on Iran’s nuclear programme, the IAEA stated that the level of uranium enrichment at Natanz was at roughly the level required to produce reactor fuel for a civil nuclear programme. It also stated that Iran had completed the installation of eighteen 164-machine cascades at its fuel enrichment plant, and that uranium had been fed in to each one.¹⁵ This provides for 2,952 operational centrifuges. BASIC notes “3,000 centrifuges running for long periods without breakdown could be enough to produce enough fissile material for one nuclear bomb within a year”, should Iran choose to do so.¹⁶

¹⁰ Ibid

¹¹ Ibid

¹² Ev 146

¹³ Ev 120

¹⁴ Q 54

¹⁵ International Atomic Energy Agency, *Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran*, 23 November 2007, p 6

¹⁶ Ev 109

Dr Kim Howells, the Minister of State responsible for Iran at the FCO, told us that Tehran had not yet mastered this technology:

[T]he Iranians, like many others who have tried, have had a lot of difficulty with this centrifugal system. The centrifugal cascades are not easy to operate. The engineering has to be incredibly precise, and I doubt whether there has ever been a nation on Earth that has tried it that has not experienced great problems with it.

He further argued that “3,000 centrifuges sounds a lot, but it is not in fact an awful lot, if you want to produce sufficient quantity to be able to engineer an atomic bomb. You need more than that.”¹⁷ VERTIC notes that Iran has announced its intention to install over 50,000 centrifuges at Natanz.¹⁸ However, Mark Fitzpatrick, the Senior Fellow for Non-Proliferation at the International Institute for Strategic Studies, says it is “unknown” whether Iran could produce this many centrifuges “indigenously”, given the IAEA’s uncertainty over its access to materials and technology.¹⁹ We will consider how the uncertainty over Iran’s ability to expand its programme at Natanz affects the international community’s diplomatic options later in this Report.

13. In December 2007, the United States National Intelligence Council released an unclassified report into Iran’s nuclear weapon intentions and capabilities. It calls its National Intelligence Estimates the “most authoritative written judgments” by the entire US intelligence community. In this document, it argues that centrifuge enrichment “is how Iran probably could produce enough fissile material for a weapon, if it decides to do so.” It also highlights the continued “significant technical problems” at Natanz. Its two conclusions on Iran’s enrichment capabilities are:

We judge with moderate confidence that the earliest possible date Iran would be technically capable of producing enough HEU for a weapon is late 2009, but that this is very unlikely.

We judge with moderate confidence Iran probably would be technically capable of producing enough HEU for a weapon sometime during the 2010-2015 time frame. (INR [the Bureau of Intelligence and Research] judges Iran is unlikely to achieve this capability before 2013 because of foreseeable technical and programmatic problems.) All agencies recognize the possibility that this capability may not be attained until after 2015.²⁰

¹⁷ Q 200

¹⁸ Ev 147

¹⁹ Ev 169

²⁰ National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007. It defines “moderate confidence” as “information [that] is credibly sourced and plausible but not of sufficient quality or corroborated sufficiently to warrant a higher level of confidence.” High confidence means that “judgments are based on high-quality information, and/or that the nature of the issue makes it possible to render a solid judgment. A ‘high confidence’ judgment is not a fact or a certainty, however, and such judgments still carry a risk of being wrong.”

This corresponds with Dr Howells' assessment that "the Iranians have a long way to go before they get the enrichment process right."²¹ However, Mr Fitzpatrick warns that once Iran is able to master the technical difficulties, it could

produce a stockpile of low-enriched uranium under IAEA verification, and only when it had a sufficient quantity, in one or two years, expel the inspectors and enrich this stockpile to weapons grade in 5-8 weeks.²²

14. On our visit to Iran, we heard from a number of interlocutors that Iran's intention is to enrich uranium to a low level for use in its nuclear power plants. BASIC's written evidence is sceptical about this claim, noting that there is as yet no finished reactor to load nuclear fuel.²³ This argument was reinforced by Dr Howells when he appeared before us:

[D]eveloping or enriching uranium to the degree that the Iranians seem to be pressing for is like trying to manufacture petrol before you have taken your driving test or even bought a car. It does not make much sense. There is only one civil nuclear reactor being constructed at the moment, and that is the one at Bushehr, being constructed by the Russians, who have already told the Iranians that the very highly engineered fuel rods that will be required for that reactor will be supplied by Russia.²⁴

Mr Fitzpatrick argues that Iran's eagerness to "put the centrifuge cascades in place as quickly as possible" likely reflected its desire "to establish a better bargaining position and to be able to portray technological progress to its population."²⁵

15. It is clear that Iran's declared nuclear activities at Natanz could provide Iran with a path towards weapons-grade uranium in the coming years. Another possible route towards HEU would be the use of covert enrichment facilities. As we discuss below, Iran agreed an Additional Protocol with the IAEA in 2003, giving inspectors greater access to its nuclear activities.²⁶ Since 2006, it has refused to implement the Additional Protocol, which has left the Agency unable, in its own words, "to provide credible assurances about the absence of undeclared nuclear material and activities in Iran."²⁷ Mr Fitzpatrick comments that an unreported facility "cannot be totally ruled out", but notes that "no evidence has surfaced pointing to a parallel, covert facility."²⁸ The 2007 US National Intelligence Estimate concluded "with moderate confidence" that Iran would likely use covert facilities rather than its declared facilities to enrich uranium, and notes that Iran was probably engaged in

²¹ Q 199

²² Ev 167

²³ Ev 109

²⁴ Q 199

²⁵ Ev 168

²⁶ Ev 50

²⁷ International Atomic Energy Agency, *Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran*, 23 November 2007, p 9

²⁸ Ev 168

such activity before 2003, but that they were halted in that year and “probably had not been restarted through at least mid-2007.”²⁹

Other Activities of Concern

16. Uranium enrichment is not the only route towards producing the fissile material for a nuclear weapon. In its memorandum to the Committee, the FCO comments that the heavy water research reactor being constructed at Arak would be “eminently suitable for producing weapons-grade plutonium.” Iran claims that the facility only has peaceful purposes such as the production of radioisotopes for medical care.³⁰ BASIC notes that Iran has restricted the access of IAEA inspectors to verify design work at the plant, and argues that the work at Arak “has been overlooked” by the West’s focus on uranium enrichment.³¹ The US National Intelligence Estimate judged with “high confidence” that Tehran would not be able to produce and reprocess enough plutonium for a nuclear weapon until about 2015.³² Elahe Mohtasham notes that once fully operational, the plant would be able to produce enough plutonium for one or two weapons a year.³³

17. As Mr Fitzpatrick notes, “producing fissile material is not all that is necessary to produce a nuclear weapon” as such a weapon must also be “deliverable”. He states that there are “few hard facts” that Iran has worked on “weaponization”. The most “damning” evidence includes missile design plans that could accommodate objects with the characteristics of a nuclear implosion weapon, which were handed over by a defector.³⁴ Iran also possesses a 15-page document describing how to cast uranium metal into hemispherical forms (the IAEA has said its relates to “the fabrication of nuclear weapons components”). Iran claims this document was provided unsolicited from the AQ Khan network.³⁵ Again, the US National Intelligence Estimate judged with “high confidence” that Iran halted the work it was carrying out on “nuclear weapon design and weaponization work” in 2003 and that it had not restarted this programme as of mid-2007.³⁶ Some have suggested this high-profile conclusion was only made public because America’s intelligence community was “anxious” about how its findings were used following the controversies surrounding the Iraq war.³⁷

²⁹ National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007, p 8

³⁰ Ev 42

³¹ Ev 110

³² National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007, p 8

³³ Ev 125

³⁴ Ev 167

³⁵ Ev 44

³⁶ National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007, p 6

³⁷ “Has Iran won?“, *The Economist*, 2 February 2008

18. The FCO's submission noted Iran was testing the Shahab 3 missile based on North Korean technology.³⁸ It is capable of striking Israel and Riyadh, as the map below illustrates.

Iran's Strategic Weapons Programme



Source: *Iran's Strategic Weapons Programmes* © IISS

³⁸ Ev 47

Dr Howells noted Iranian claims that it can deliver “a payload, which presumably they are claiming is heavy enough for a very substantial bomb of some sort or other.” However, he said they “need a lot more technology and it is not easy to engineer” a missile capable of delivering a nuclear weapon.³⁹ The FCO notes that “Iran has made no secret of its aspiration to develop a satellite launch vehicle capability” and notes that it could use this technology to test systems for “longer-range and intercontinental ballistic missiles” by “the end of the decade”.⁴⁰ In February 2008, Iran fired a rocket from its newly inaugurated space centre, laying the groundwork for what it says will be the future launch of its first domestically produced satellite. Russian Deputy Foreign Minister, Aleksandr Losyukov, was quoted by news agencies as saying the test “adds to general suspicions of Iran regarding its potential desire to build nuclear weapons”. He noted that long-range missiles “are one of the components of such weapons. That causes concern.”⁴¹

Nuclear Weapon Potential

19. In the section above, we have outlined a number of key concerns about Iran’s nuclear programme. Iran may be able to produce fissile material at its overt facility in Natanz, or it may choose to restart a covert uranium enrichment programme. Its facilities at Arak, once completed, could also be used to develop weapons-grade plutonium. As Mr Fitzpatrick argues, “producing fissile material [...] is the hardest part of developing a nuclear bomb”, and that “at a minimum, Iran is keeping open the option to develop nuclear weapons.” He emphasises that Iran’s weapons programme, which the National Intelligence Estimate judged Iran has suspended, “can be saved for a rainy day, to be picked up again at some future point.”⁴² Indeed, the NIE concluded that it “does not know” whether Iran intends to resume its programme. It stated:

In our judgment, only an Iranian political decision to abandon a nuclear weapons objective would plausibly keep Iran from eventually producing nuclear weapons—and such a decision is inherently reversible.⁴³

20. Mr Fitzpatrick refers to the November 2007 Report by Dr ElBaradei which notes Iran’s cooperation with the IAEA as “reactive”, not “proactive”.⁴⁴ Its slowness to cooperate and its current unwillingness to implement the Additional Protocol makes it more difficult for the international community to be certain that Iran’s activities are not directed towards developing a nuclear weapons programme. Indeed, when Dr Howells gave evidence to the Committee at the end of November, he commented that much of his assessment relied on

³⁹ Q 202

⁴⁰ Ev 47

⁴¹ “Iran: Russia Says New Rocket Raises Nuclear ‘Suspensions’”, *Associated Press*, 7 February 2008

⁴² Ev 167

⁴³ National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007, p 7

⁴⁴ Ev 166

“instinct” rather than “intelligence”.⁴⁵ Unanswered questions about Iran’s previous nuclear activities remain a cause for concern.

21. Though Iran’s President Mahmoud Ahmadinejad presented the National Intelligence Estimate’s conclusions as a “declaration of victory for the Iranian nation”, the document itself does not provide a satisfactory level of confidence that Iran will not move towards producing a nuclear weapon in the future.⁴⁶ Dr Howells wrote to us to make “very clear” that the report would not alter the Government’s policies. He stressed that,

the basis of our concerns about Iran’s behaviour stems from their pursuit of a uranium enrichment programme that has, as far as we can see, no civilian application, but which could produce fissile material for a nuclear weapon, and from our lack of clarity about the strategic intent that lies behind that programme. Those concerns would, if anything, be heightened by confirmation that Iran did at some point have a nuclear weapons programme.⁴⁷

22. BASIC assesses that Iran is likely positioning itself to establish a ‘breakout’ nuclear weapons capability, which it defines as “the ability to manufacture a nuclear device within a short period of time by virtue of its non-military nuclear technical capabilities and assets.” It suggests that if Iran reaches this breakout position, it would be on a par with states such as Brazil and Japan, although it notes that both these countries remain in good standing with the international community.⁴⁸

23. We conclude that, whilst Iran’s suspension of an active nuclear weapons programme since 2003 is welcome, its continued enrichment activities and questions over its previous conduct mean its potential to develop such a programme remains. We further conclude that although technological constraints are likely to prevent Iran from developing a nuclear weapon, if that is its intention, in the near future, there is nevertheless a strong possibility that it could establish a ‘breakout’ nuclear weapons capability by 2015.

International Engagement

24. We now turn to consider the history of international engagement over Iran’s nuclear programme, in order to assess what policies are likely to achieve the end of persuading Iran not to develop a nuclear weapons capability. We cover the evolution of the E3 negotiating group (France, Germany and the UK) to the E3+3 (including the US, Russia and China), and establish the current areas of dispute between Iran and the international community. After considering the influence of Iran’s domestic politics and its role in the region in the next two chapters, we then turn towards the policy options facing the international community in the final chapter.

⁴⁵ Q 199

⁴⁶ “Iranian president claims US report as a victory”, *The Guardian*, 5 December 2007

⁴⁷ Ev 86

⁴⁸ Ev 110

The E3 (up to 2005)

25. Our predecessor Committee's 2004 Report on Iran covered the beginning of the negotiations Iran held with the UK, France and Germany on the nuclear issue in some depth. It praised the firm resolve of the three European countries and noted the confidence-building measures agreed with Iran in October 2003. These included the agreement of the IAEA Additional Protocol that would allow greater scrutiny of Iran's nuclear activities, and Tehran's decision to suspend voluntarily all uranium enrichment and reprocessing activities. However, it also noted Iran's continued failure to declare some aspects of its nuclear programme, and it argued that there was "no certainty" that the initiative would achieve success.⁴⁹

26. As the FCO's written submission to this inquiry highlights, the October 2003 bargain with Iran required the IAEA Board not to refer its file to the United Nations Security Council for further action (which was the approach favoured by the United States). It also required "a prospect" of "opening a dialogue on a basis for longer term cooperation that would include acceptance of Iran developing nuclear power plants."⁵⁰ The memorandum outlines the complex negotiations that followed, including over the precise definition of which of Iran's activities were to be suspended. In November 2004, the E3 (by now supported by the EU Council Secretariat) secured what is referred to as the 'Paris Agreement' with Iran. Defining the suspension of specific nuclear activities, it noted:

In the context of this suspension, the E3/EU and Iran have agreed to begin negotiations, with a view to reaching a mutually acceptable agreement on long-term arrangements. The agreement will provide objective guarantees that Iran's nuclear program is exclusively for peaceful purposes. It will equally provide firm guarantees on nuclear, technological and economic cooperation and firm commitments on security issues.⁵¹

27. The FCO writes that during the course of these negotiations, Iran was keen to resume its uranium conversion and requested the IAEA to remove the seals at its facility in Esfahan in preparation for this. The E3/EU delivered its proposal to Iran "for a long-term agreement" on 5 August 2005, before conversion activity commenced. Just three days later, Iran rejected the proposal as "an insult on the Iranian nation, for which the E3 must apologise" and began to resume conversion work. Tehran was told that the resumption of this activity undermined the Paris Agreement and negotiations came to an end.⁵²

28. The FCO's written submission does not discuss the E3/EU's offer to Iran in much detail (although it sets out the text of the offer in an annex). This is surprising given the significance of Iran's rejection of the agreement and its violation of the Paris Agreement thereafter. At the time the offer was made, BASIC characterised it as "strong on demands and weak on concrete offers." BASIC argues it,

⁴⁹ Foreign Affairs Committee, Third Report of Session 2003–04, *Iran*, HC 80, paras 50–58

⁵⁰ Ev 50

⁵¹ Ev 59

⁵² Ev 52

showed little willingness to make clear and concrete positive proposals until Iran had made commitments not to develop its nuclear fuel cycle activities and to place all nuclear work under tight safeguards. The E3 proposal failed to pay enough attention to key Iranian interests, and may have been motivated more by a desire to appease Washington, which was not prepared to tolerate any Iranian enrichment, than to finding a solution. The Iranian response was furious [...] ⁵³

29. When we visited Tehran, interlocutors expressed Iran's frustration that the E3/EU appeared complacent about securing a deal during the period of its suspension because they had already temporarily stopped Iran's programme. Our interlocutors claimed that this has influenced Iran's approach towards current calls for renewed suspension. We raised this issue with Antony Phillipson, the Iran Co-ordinator at the FCO. He told us that "I would agree that there is an open question about whether they [Iran] could argue that we did not offer enough" whilst Tehran maintained the suspension of its nuclear activities, and alluded to the weakness of the 2005 offer by comparing it to a "considerably improved" proposal made the following year by the E3+3 (a new grouping including China, Russia and the United States).⁵⁴ However, Dr Howells defended the 2005 offer, calling it "a perfectly reasonable package".⁵⁵

30. BASIC notes that the 2005 offer eventually came following the election of President Ahmadinejad. His hard-line approach replaced that of his moderate predecessor Mohammed Khatami, who had appeared ready to propose relatively conciliatory measures. It notes that Ahmadinejad's election was a "turning point in relations" under which "the opportunities for compromise" diminished considerably.⁵⁶ We consider how Iran's nuclear programme relates to its domestic politics later in this Report.

31. We conclude that the E3/EU was too slow to build on Iran's suspension of enrichment activities. By failing to present a compelling offer to Tehran before the ascendancy of President Ahmadinejad, the E3/EU made reaching an agreement a much more challenging task.

The E3+3 (from 2006)

32. In our 2006 Report on *Foreign Policy Aspects of the War Against Terrorism*, we wrote that there had been a "serious deterioration in the situation" after the relative optimism of Iran's 'suspension' period.⁵⁷ Iran's angry rejection of the E3/EU offer set the tone for more combative and confrontational diplomacy, and its decision to resume uranium conversion inevitably led to a breakdown of the Paris Agreement process whilst doing nothing to help restore confidence in Iran's peaceful purposes. The dismantling of the Paris Agreement was completed by Iran in January 2006, when it wrote to the IAEA to announce that it intended to restart enrichment activities at Natanz.⁵⁸ This was despite a unanimous IAEA

⁵³ Ev 113

⁵⁴ Q 230

⁵⁵ Q 220

⁵⁶ Ev 113

⁵⁷ Foreign Affairs Committee, Fourth Report of Session 2005–06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, para 304

⁵⁸ Ev 53

Board conclusion in August 2005 that had urged Iran to “re-establish full suspension” of its enrichment-related activities.⁵⁹

33. The FCO’s written submission makes clear that up until the resumption of work at Natanz, the E3 had been careful in not forcing the issue of Iran’s non-compliance with its Safeguards Agreement to the UN Security Council (the body that can impose binding resolutions and sanctions against States). However, with this latest deterioration, the E3+3 (now including all five Permanent Members of the Security Council) agreed that the IAEA Board should report Iran to the Security Council. The IAEA Board eventually agreed such a resolution in February 2006, passed with 27 positive votes to 3 negative and 5 abstentions (both Russia and China voted for the resolution and Iran’s support came only from Cuba, Syria and Venezuela).⁶⁰

34. The E3+3 agreed a ‘twin-track’ strategy. The FCO characterises it as follows:

On one track the US agreed to support a further offer by the E3+3 to negotiate with Iran about a mutually acceptable long term arrangement if Iran agreed to suspend enrichment activities while the negotiations took place. On the other track Russia and China agreed that, if Iran failed to take up this offer, they would support a UNSCR [Security Council Resolution] depriving Iran of the right to enrich and reprocess, and also contemplate sanctions if Iran then failed to respect that UNSCR.

Significantly, the US also agreed it would join multilateral talks with Iran if it suspended enrichment (the two countries have not had bilateral relations since the Islamic Revolution which overthrew the Shah in 1979).⁶¹ The twin-track strategy outlined above is crucially important as, to this day, it remains the overall framework within which Iran’s nuclear programme has been addressed diplomatically. The strategy also highlighted a new role for the E3 in the grouping, which was to help find agreement between the US (which favoured a tougher line against Tehran) and Russia and China (more inclined to favour a softer line).

35. The E3+3 put together a new offer to Iran in June 2006 as a basis for further negotiations. BASIC notes that it was “less demanding and included clearer incentives to Iran”, but it also made clear that negotiations would only be held on the precondition that Iran resumed the suspension of its enrichment related activities.⁶² The FCO states that Iran has been offered,

technical assistance with its nuclear programme, as well as guaranteed fuel supplies. In addition, the international community, through the E3+3, has offered a variety of political and economic benefits, which include cooperation and assistance in agriculture, civil aviation telecommunications, and high technology, as well as

⁵⁹ Ev 52

⁶⁰ Ev 53

⁶¹ Ibid

⁶² Ev 113

support for improving Iranian access to the international economy, an energy partnership with the EU, and a regional security forum.⁶³

36. Iran failed to meet the strict deadline to respond to the offer, which led to the E3+3 successfully achieving a Security Council Resolution demanding (under Chapter VII of the UN Charter) Tehran suspends enrichment activities, giving it a deadline of one month. As the FCO notes, “this finally put a legal obligation on Iran to suspend these activities” (its previous suspension agreements had all been voluntary and went beyond Iran’s obligations under the NPT).⁶⁴

37. When it eventually arrived, Iran’s response to the E3+3’s offer rejected suspension as a precondition to talks. However, Dr Ali Larijani, Iran’s nuclear negotiator at the time, had commented that the offer contained some “positive elements”.⁶⁵ BASIC notes that whilst Iran’s counter-proposal has never been made public, official Iranian declarations since then “strongly suggest” that Iran was willing to consider suspension within negotiations instead.⁶⁶ This policy appeared to still be in place in February 2007, when a Foreign Ministry spokesperson, Mohammad-Ali Hosseini, was reported by the official Iranian news agency as saying all issues, including the suspension of enrichment, could be brought up within negotiations.⁶⁷

38. The E3+3 ‘twin-track’ strategy remains in place. On one hand, Dr Javier Solana, the EU High Representative for Common Foreign and Security Policy (representing the E3+3), has been engaged in ‘talks about talks’ with his Iranian counterparts in a bid to urge them to meet the suspension precondition. On the other hand, the Security Council has passed two Resolutions (1737 in December 2006 and 1747 in March 2007) imposing limited sanctions on Iran, including the ban on the export to Iran of certain nuclear and missile related items, applying travel restrictions to a list of persons, and introducing a call on all States and international financial institutions not to enter into new commitments for grants, financial assistance and concessional loans to Iran (except for humanitarian and developmental purposes). At the same time, the Security Council has also made it clear that if Iran suspends enrichment related activities, it would suspend implementation of its sanctions measures.⁶⁸ So far, as the first section of this chapter made clear, none of these measures have succeeded in halting Iran’s enrichment activities.

39. We conclude that Iran has a legal obligation established by a number of Security Council resolutions to halt its enrichment activities. We also welcome the offers of enriched uranium to Iran by Russia, deliveries of which have already commenced, and the international community. These offers are significant. We further conclude that Iran must not be allowed to develop a nuclear weapon.

⁶³ Ev 55

⁶⁴ Ev 54

⁶⁵ “Iran ‘positive’ on nuclear offer”, *BBC News Online*, 6 June 2006, news.bbc.co.uk

⁶⁶ Ev 114

⁶⁷ “Enrichment suspension negotiable: Hosseini”, *Islamic Republic News Agency*, 12 February 2007

⁶⁸ Ev 54

The Current Situation

40. We now set out the current state of affairs at the UN Security Council, the European Union and within the United States, Russia and China. We also consider the current IAEA 'work plan' with Iran, and note the continued efforts of Javier Solana, as the E3+3 representative, to find a path towards restarting substantive negotiations with Iran.

Dr Solana

41. As noted above, Dr Javier Solana has represented the E3 and E3+3 in its talks with Iran's nuclear negotiators since 2003 (most recently Dr Ali Larijani and Dr Saeed Jalili). Dr Solana's task is to convince Iran to suspend its enrichment before what the FCO calls "formal negotiations" can begin.⁶⁹ In late November 2007, Dr Solana met Dr Jalili in London. Following the meeting, he said, "I have to admit that after five hours of meetings I expected more, and therefore I am disappointed". He had labelled talks in Rome five weeks prior to this meeting as "constructive".⁷⁰ Without progress on the 'carrot' side of the international community's strategy, attention has been paid elsewhere to what 'sticks' can be deployed to convince Iran to change its course.

The Security Council

42. At the time of drafting this Report, the E3+3 has agreed the contents of a draft Security Council resolution that would impose a third round of sanctions against Iran, but the contents of this draft have not yet been made public.⁷¹ Antony Phillipson told the Committee that the UN sanctions against Iran under Resolutions 1737 and 1747 were "deliberately" limited:

The sanctions were limited, and deliberately so. As the Minister has said, they were targeted on the nuclear and missile programme because that was the issue that the UN Security Council was addressing. With regard to their effectiveness, they have had some economic effect. It has not been great or dramatic because they were not very harsh, partly so as not to allow the regime to say that we were hitting the Iranian people.

He argued, however, that they had also had a "political effect":

The Iranians were surprised to have two 15-0 votes in December 2006 and March 2007, and we all want to work hard to protect that unity with the E3+3 [...] and within the broader UN Security Council when we get there.⁷²

Paul Arkwright, the head of the FCO's counter-proliferation department, added that the current UN sanctions on Iran's nuclear technology may have slowed down its nuclear

⁶⁹ Ev 55

⁷⁰ "EU 'disappointed' by Iran talks", *International Herald Tribune*, 30 November 2007

⁷¹ "Security council leaders draft new Iran resolution", *The Guardian*, 22 January 2008

⁷² Q 212

programme, whilst also making it clear that it was now illegal for states to transfer particular types of dual-use goods to Iran.⁷³

43. We asked Mr Phillipson whether Russian and Chinese reluctance to endanger their business interests with Iran would limit the economic impact of UN sanctions. He replied:

The honest answer to your question is that there is no prospect of the next UN resolution hitting investment in the oil and gas sector, but there will be an escalation of the sanctions and a tightening of the screw.⁷⁴

At the same evidence session, Dr Howells called the current UN sanctions “pretty weak”, adding, “I do not think that the UN has gone out of its way to cripple Iran by any means.”⁷⁵ Despite this, Mr Phillipson stressed that it was the UK’s preference for the UN to be the “principal vehicle” for sanctions as it “applies the broadest possible waterfront”.⁷⁶

The European Union

44. In implementing Security Council Resolution 1737, the EU has chosen to go beyond the sanctions imposed by the United Nations (as it is entitled to do). This includes a travel ban on a longer list of persons and adding more entities to the list of those subject to an asset freeze.⁷⁷ These were achieved through common positions agreed in February and April 2007. Mr Phillipson explained the logic behind this:

We did that in order to have the EU do its bit and also because what the Iranians try to do when they look at the international community taking action against them is to look for comfort and for people who have not taken action. The EU, acting on the back of the UN, reinforced the political message of the UN sanctions regime.

Referring to possible future sanctions, he added that,

We will be pushing very hard for the EU to be in a position to reinforce anything that the UN does, or if the UN track fails, for the EU to be in a position to try to fill the gap, because otherwise the result will be no pressure at all on Tehran.⁷⁸

45. The Prime Minister, Rt Hon Gordon Brown MP, has argued that the EU should go beyond merely reinforcing the UN’s actions by proposing a course of action that Mr Phillipson acknowledged had “no prospect” of success in the Security Council. In his first foreign policy speech at Mansion House, the Prime Minister stated that the UK would “lead in seeking tougher sanctions both at the UN and in the European Union, including on oil and gas investment and the financial sector” (the latter taken to include export credits).⁷⁹ Despite strong support for harder sanctions by the French Government, Dr

⁷³ Q 213

⁷⁴ Q 212

⁷⁵ Q 226

⁷⁶ Q 213

⁷⁷ Ev 56

⁷⁸ Q 213

⁷⁹ “Brown: UK will lead tough Iran strategy”, *The Guardian*, 13 November 2007

Howells admitted to the Committee that “there are obvious differences within Europe; there is no question about that.”⁸⁰

46. The main opponents to tougher EU sanctions are believed to be the Germans and Italians, who both enjoy a relatively strong economic relationship with Iran. A senior German diplomat told the *International Herald Tribune*, “unilateral sanctions don’t make any economic sense”.⁸¹ The concern is that if sanctions are not globally enforced, the ‘slack’ created by European sanctions will be taken up by Chinese and Russian companies. Under this thesis, the impact of sanctions would be felt by European businesses, not by Iran, which would merely shift trading partners. We consider what role sanctions should play in resolving the crisis (including how effective they can be in changing Iran’s decision-making) in the final chapter of this Report.

The United States

47. The United States Government’s relationship with Iran has been consistently poor since the Islamic Revolution and the hostage crisis involving US diplomats in Tehran. In his January 2002 State of the Union Address, President George Bush labelled Iran as part of the “axis of evil” (with Iraq and North Korea), a comment that was still resented in Tehran when we visited nearly six years on. The US stance on Iran’s nuclear programme has been tough. However, the US continues to contribute to the E3+3 process, and has committed to talking to Iran if it meets the precondition of suspending its uranium enrichment. Dr Howells acknowledged that the motives of the US with regards to Iran were “as complex as all of us”. Whilst President Bush has refused to take the military option off the table, Dr Howells argued that “they realise that they have enough problems as it is in Iraq and Afghanistan without a new war in Iran”.⁸²

48. The US has long had unilateral sanctions in place against Iran. In October 2007, Secretary of State Dr Condoleezza Rice announced further sanctions, specifically targeting the elite Islamic Revolutionary Guards Corps (IRGC), which she accused of “support for proliferation”. Two Iranian state-owned banks were also sanctioned due to their alleged support for proliferation. Alongside its nuclear concerns, the US also designated the Quds Force (an arm of the IRGC) as a supporter of terrorism.⁸³ However, at the same time as increasing the pressure on Iran, the US has also held formal bilateral talks with Iran for the first time in nearly three decades.⁸⁴ These have been held at Ambassador level in Baghdad and they have been narrowly confined to the issue of Iraq.

49. The publication of the National Intelligence Estimate in December 2007 has significantly altered the debate about Iran in the US. The Democratic response to its assessment that Iran stopped work on a nuclear weapons programme in 2003 was to call for a ‘diplomatic surge’ to engage with Tehran. Leading Republicans also used the document to urge against the possibility of a military strike against Iran. However,

⁸⁰ Q 213

⁸¹ “France faces hard sell on Iran sanctions”, *International Herald Tribune*, 8 October 2007

⁸² Q 233

⁸³ US Department of State, *Remarks with Secretary of the Treasury Henry M. Paulson*, 25 October 2007

⁸⁴ Q 234

President Bush told a press conference: “Iran was dangerous. Iran is dangerous. And Iran will be dangerous if they have the knowledge necessary to make a nuclear weapon”.⁸⁵

50. US Congressmen such as the late Tom Lantos, Chairman of the House of Representatives Committee on Foreign Affairs, with whom we had discussions during our visit to Washington in October 2007, have previously sought to visit Iran but have been denied visas by Tehran.⁸⁶ Iran’s reluctance to engage with these Congressmen may partly be a result of the fact that there are no diplomatic relations between the two Governments. It may also reflect anger over controversial Congressional support for regime change and democracy promotion within Iran.⁸⁷

Russia and China

51. China and Russia make up the remaining two members of the E3+3. They both have significant economic relations with Iran. Indeed, Dr Howells told us that China was “positively slaving” at the potential market in Iran.⁸⁸ Russia and Iran enjoy the world’s largest and second largest reserves of gas, and there has been talk of establishing a potential cartel. For its part, China has agreed a \$100bn, 25-year gas deal with Iran.⁸⁹

52. Russia has also assisted Iran with the construction of its nuclear reactor at Bushehr, which is due to go online by late 2008. Russia is under contract to provide the fuel for the reactor, and Iran received its first shipment of uranium fuel in December 2007. The Russian Foreign Ministry said: “All fuel that will be delivered will be under the control and guarantees of the International Atomic Energy Agency for the whole time it stays on Iranian territory.” The Associated Press has noted that Russia has been protective of its relationship with Iran over Bushehr, and asked for the removal of any reference to the project in Security Council sanctions. The US, despite initially questioning the deal, appears now to support it. President Bush argued: “If the Russians are willing to do that [...] the Iranians do not need to learn how to enrich.” However, Iran replies that it plans to build more nuclear reactors, for which it will require further enriched uranium.⁹⁰ With regard to China, the FCO notes that it was involved at an early stage with Iran’s plans for a uranium conversion facility, but that these were shelved “largely as a result of US concerns, shared to a greater or lesser extent by others.”⁹¹

53. Russia and China have been more reluctant than others in the E3+3 to impose sanctions against Iran, but they nonetheless agreed to the two current rounds of UN sanctions. Following the publication of the National Intelligence Estimate, China’s Ambassador to the UN appeared to question the need for a new round of sanctions.⁹² Dr

⁸⁵ “Bush: No change in Iran policy”, *The Guardian*, 4 December 2007

⁸⁶ “Lantos Says No ‘Silver Bullet’ on Iraq But Baker Panel Can Help Bipartisanship”, *Council on Foreign Relations*, 20 November 2006, cfr.org

⁸⁷ “Cut Iran Democracy Funding, Groups Tell U.S.”, *Washington Post*, 11 October 2007

⁸⁸ Q 239

⁸⁹ “The Iranian tipping point”, *Wall Street Journal*, 7 Jan 2006

⁹⁰ “Iran receives Russian nuclear fuel”, *Associated Press*, 17 December 2007

⁹¹ Ev 49

⁹² “China questions UN Iran sanctions”, *BBC News Online*, 5 December 2007, news.bbc.co.uk

Ali Ansari told the Committee that it would be hard to predict the behaviour of Russia and China with respect to firmer sanctions but that “the Russians are unlikely to give support. It is clear that the current Iranian Government, in particular, are counting on that.”⁹³ This presents a serious dilemma to those countries, like the UK, that are seeking much stronger action at the Security Council.

The IAEA

54. The IAEA has played a pivotal role in the international community’s efforts in responding to Iran’s nuclear programme. As the body monitoring compliance with the NPT and associated safeguards agreements, it has played a natural role. Its Director-General and inspectors have produced authoritative technical assessments on which the international community’s diplomatic policies have been constructed.

55. The most significant recent development in the IAEA’s relations with Tehran is its agreement in August 2007 of a ‘work plan’ to resolve outstanding questions about Iran’s previous nuclear behaviour. In his November 2007 Report, Dr ElBaradei noted progress in a number of areas of the ‘work plan’, including on aspects of Iran’s centrifuge programmes. However, he noted that Iran’s cooperation was “reactive rather than proactive”.⁹⁴ In its written submission, the FCO wrote that “the key test will be the implementation” of the measures that were agreed to in the ‘work plan’.⁹⁵ Further and more active cooperation by Iran with the IAEA could be a way to generate a better atmosphere than as of present. In January 2008, Iran agreed with the IAEA that it would clarify all outstanding questions on its programme within a month.⁹⁶

The Overall Dynamic

56. We present our assessment of the international community’s policies towards Iran, and how these policies should be modified, in the final chapter of this Report. This chapter has set out the parameters of some of the debates revolving around Iran’s nuclear programme, looking at the different concerns of some of the key states involved in the E3+3. If one considers the ‘twin-track’ strategy of the E3+3, it is evident that there is currently greater discussion about what coercive measures should be in place against Iran rather than on whether the incentives provided to Tehran are sufficiently enticing for it for it to be able to suspend enrichment and resume formal negotiations. Whilst there are no new proposals to modify the June 2006 offer to Iran, it is clear that the UK Government and its allies wish to make sanctions more punitive than they currently are. In our final chapter, we consider whether this approach is the correct one.

57. We conclude that the E3+3’s diplomacy over Iran’s nuclear programme is currently a long way from successfully achieving all its goals. We acknowledge, however, that its

⁹³ Q 74

⁹⁴ International Atomic Energy Agency, *Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions 1737 (2006) and 1747 (2007) in the Islamic Republic of Iran*, 23 November 2007, p 8

⁹⁵ Ev 55

⁹⁶ “Iran nuclear answers ‘in a month’”, *BBC News Online*, 13 January 2008, news.bbc.co.uk

establishment has been useful in maintaining some degree of international unity towards Iran, thus adding to the diplomatic pressure on the Iranian authorities.

3 The Regional Dimension

Background

58. This chapter examines Iran's policies towards its region, and the implications of its nuclear programme for stability in what has traditionally been a volatile geo-political arena. Our first *Global Security* inquiry, into the Middle East, was published in August 2007. It included a chapter on Iran's role in the Middle East, and we do not propose to cover the same ground in the same level of detail here.⁹⁷ However, we wish to include an assessment of Iran's security relationships in the region, and to add new material on Afghanistan and the risk of nuclear proliferation (two issues not covered in our previous Report).

Iran and its Region

59. When we took evidence for our *Global Security: The Middle East* inquiry, Dr Howells told us that Iran was “an emerging great power” in the region.⁹⁸ We noted Iran's significant influence in Lebanon, Iraq and the Middle East Peace Process. The FCO notes that Iran has a “ballistic missile capability”, which already has the potential of striking Israel and Riyadh. It is developing longer-range systems that could reach states such as Egypt. It assesses that Iran is “on a par” in terms of tanks with Jordan or Saudi Arabia, but notes “its smaller neighbours are much less well equipped”.⁹⁹ It notes that Iran justifies its “active military posture” by claiming the US and its allies are “intent on the destruction of the Islamic Republic”.¹⁰⁰

Iran and Terrorism

60. US President George Bush called Iran “the world's leading state sponsor of terror” during a January 2008 visit to the Middle East. He argued that Iran sent “hundreds of millions of dollars to extremists around the world”.¹⁰¹ As noted below, Iran is an active supporter of Hamas in the Occupied Palestinian Territories, backs Hezbollah against the Sunni-led Government in Lebanon and stands accused of providing weaponry to militants in both Iraq and Afghanistan. Iran's apparent support for terrorist activity in these areas stands contrary to a commitment it made to the E3/EU in the 2004 Paris Agreement. In this Agreement, the parties pledged that:

Irrespective of progress on the nuclear issue, the E3/EU and Iran confirm their determination to combat terrorism, including the activities of Al Qa'ida and other terrorist groups such as the MeK [the Mujahedin-e-Khalq]. They also confirm their

⁹⁷ Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363

⁹⁸ *Ibid*, para 191

⁹⁹ Ev 47

¹⁰⁰ Ev 48

¹⁰¹ “George Bush calls Iran ‘leading terror sponsor’”, *The Telegraph*, 13 February 2008

continued support for the political process in Iraq aimed at establishing a constitutionally elected Government.¹⁰²

In its defence, Iran denies providing weaponry to insurgents in Iraq and Afghanistan, and it also argues that Hamas and Hezbollah are not terrorist organisations. However, this does not correspond with the assessment of the international community, and Iran's cooperation on terrorism in the Middle East has been disappointing thus far.

Israel

61. The Islamic Republic of Iran has never accepted the existence of the State of Israel. Iran's policies towards Israel run counter to much of the rest of the international community. In this vein, President Ahmadinejad hosted a provocative conference on the Holocaust in 2006, during which participants questioned whether the genocide against Jews actually took place. Speakers included the former Ku Klux Klan leader David Duke. The then Prime Minister, Rt Hon Tony Blair MP, called the conference "shocking beyond belief", and the White House condemned it as "an affront to the entire civilized world".¹⁰³ Giving evidence to our inquiry on *Global Security: The Middle East*, Dr Ansari told us:

The reaction in Iran to that conference was quite striking because people had to come out and explain themselves, and what on earth it was all about. If one good thing came out of the conference, it was that it engendered a certain amount of very negative reaction in Iran. People were wondering what on earth the point of it all was. It brought Iran only a lot of bad publicity and did not, to my mind, represent views there.¹⁰⁴

62. Iran has recently increased its hostile rhetoric towards Israel. It has an annual military parade, during which missiles are draped with anti-Israeli slogans.¹⁰⁵ In 2005, President Ahmadinejad notoriously called for Israel to be "wiped off the map".¹⁰⁶ Mr Blair reacted by saying "I felt a real sense of revulsion" at the comments.¹⁰⁷ The comments have been used to strengthen arguments against Iran's nuclear programme, for instance in a recent interview by President Bush in which he defended his use of strong rhetoric against Iran:

[M]y concern that if they end up with a nuclear weapon, a generation is going to pay a terrible price. And the reason I've said that is because their own president has said that, "we want to wipe out Israel," for example.¹⁰⁸

The FCO's memorandum to the Committee also notes this "great concern".¹⁰⁹ When we were in Iran, some interlocutors told us that President Ahmadinejad was merely expressing

¹⁰² Ev 59

¹⁰³ "Iran's Holocaust-denial conference: a community of hate", *The Christian Science Monitor*, 22 December 2006

¹⁰⁴ Foreign Affairs Committee, Eighth Report of Session 2006-07, *Global Security: The Middle East*, HC 363, Q 115

¹⁰⁵ "Israel challenges Iran's nuclear ambitions", *The Telegraph*, 22 September 2004

¹⁰⁶ "Israel should be wiped off map, says Iran's president", *The Guardian*, 27 October 2005

¹⁰⁷ "Blair 'revolted' by 'destroy Israel' call of Iranian president", *The Times*, 27 October 2005

¹⁰⁸ "Bush interview excerpts", *Associated Press*, 27 November 2007

¹⁰⁹ Ev 48

a desire for a one-state solution, and that his comments did not signify any military intent against Israel. Since our Report on *Global Security: The Middle East*, the House of Commons Library has published a paper which highlighted the difficulties surrounding the translation of the phrase used by the Iranian President, noting that some argue the word “map” was not used and that it would be more accurate to say “eliminated from the page of history”.¹¹⁰ Dr Howells told us:

I have heard lots of explanations of that statement of intent. The one that is used mostly is the parallel with the former Soviet Union. It has been pointed out to me that the Soviet Union does not appear on any contemporary maps any more and yet the country is still there. That is an interesting argument.¹¹¹

Whatever the real intentions of the Iranian President, his remarks were interpreted by Israel as representing an escalation of rhetoric.

63. We conclude that the call by President Ahmadinejad for the destruction of the State of Israel and his provocative hosting of the Holocaust denial conference were deplorable and we condemn these actions unreservedly.

64. The US hosted the Annapolis Conference in late 2007 in a bid to reenergise the Middle East Peace Process. President Ahmadinejad called it “a trap set by the Zionists” and neither Iran nor Hamas were represented.¹¹² However, as Peter Gooderham, then the FCO’s Middle East Director, told us when he gave evidence for our *Global Security: The Middle East* inquiry, Iran has “said from time to time that it would accept any outcome to which the Palestinian people themselves were committed”.¹¹³ In our conclusions to that Report, we strongly supported the goal of “an independent, democratic and viable Palestinian state peacefully co-existing with a secure Israel” and we continue to hold this view.¹¹⁴

65. Israel has strongly opposed Iran’s nuclear programme. Its Defence Minister Ehud Barak rejected the assessment of the US National Intelligence Estimate that Iran halted work on its nuclear weapons programme in 2003. He argued: “it is our responsibility to ensure that the right steps are taken against the Iranian regime. As is well known, words don’t stop missiles.”¹¹⁵ In a recent briefing, *The Economist* noted that Israeli air strikes destroyed one of Saddam Hussein’s uncompleted nuclear reactors in 1981, but argued that “whether Israel would dare to go it alone in an attack on Iran is uncertain”.¹¹⁶

66. We strongly oppose President Ahmadinejad’s policies towards Israel and the occupied Palestinian territories and reaffirm our support for a two-state solution of an independent, democratic and viable Palestinian state peacefully co-existing with a

¹¹⁰ *Iran: The Controversy over President Ahmadinejad’s Comments about Israel*, Standard Note SN/IA/4491, House of Commons Library, 29 October 2007

¹¹¹ Q 258

¹¹² “Annapolis is a trap set by Zionists”, *Jerusalem Post*, 22 October 2007

¹¹³ Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363, para 200

¹¹⁴ *Ibid*, para 73

¹¹⁵ “Israel unconvinced Iran has dropped nuclear program”, *New York Times*, 5 Dec 2007

¹¹⁶ “As the enrichment machines spin on”, *The Economist*, 31 January 2008

secure Israel. We conclude that Iran is a malign influence with regard to the prospects for peace in the Middle East.

Syria and Lebanon

67. Syria is Iran's main strategic partner in the region. When we took evidence for our inquiry into *Global Security: The Middle East*, we were told by Professor Anoush Ehteshami that President Assad "regards Iran as Syria's only reliable partner in the region." We were told that the Iranians "have been very good partners to Syria" in a number of areas, including hydrocarbons, and the two countries also share some cultural links. Syria signed a memorandum of understanding on defence issues with Iran in June 2006.¹¹⁷

68. Dr Howells told us during an evidence session for the same inquiry that he regarded Lebanon's Hezbollah movement as a "puppet organisation" run from Tehran. Though Hezbollah undeniably receives arms from Iran, Dr Ali Ansari was more cautious, arguing that the latter wasn't able to direct the former in the way some suggest. He felt the relationship was akin to that between the US and Israel. Professor Ehteshami warned us that though Iran was keen for Hezbollah to play a key role in Lebanon's domestic politics, it also served to pose a security threat to Israel (as during the 2006 war), and could be deployed by Iran if it feared a pre-emptive strike against its nuclear facilities. He also noted that Iran was funding massive welfare programmes in the Shi'a areas of Lebanon.¹¹⁸

69. We concluded in our Report on *Global Security: The Middle East* that Iran's influence in Lebanon was a "malign" one.¹¹⁹ Its approach to Lebanon has been similar to that of Syria, and this has helped strengthen their partnership. Both Syria and Iran have also aided Hamas in recent years. However, Syria's participation in the US Annapolis Conference suggests it may be increasingly interested in reaching a peace agreement with Israel. Such a move would split Syria away from Iran, and weaken Tehran's influence in the region.

Iraq

70. In our Report on *Global Security: The Middle East*, we noted, "Iraq is perhaps the most intensive and important theatre for the projection of Iranian influence across the region". We highlighted the close cultural and religious relationship that Iran has with many Iraqis, and we cited evidence from experts indicating that Iran was unwilling to allow Iraq to threaten its security following the devastation of the Iran-Iraq war in the 1980s.¹²⁰

71. Members of the Iranian regime whom we met in Tehran were keen to remind us that they enjoyed a strong relationship with Iraq's ruling parties. However, the Multi-National Forces in Iraq, present at the request of the Iraqi Government, have not enjoyed the same treatment from Tehran. Lord Archer of Sandwell told the Committee that Iran's Revolutionary Guard had a presence in Iraq and that he was almost certain "that they are

¹¹⁷ Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363, para 137

¹¹⁸ *Ibid*, paras 192–3

¹¹⁹ *Ibid*, para 120

¹²⁰ *Ibid*, para 194

training insurgents to kill British and American forces.”¹²¹ The then Prime Minister told the House of Commons in June 2007 that some of “those people who are fighting us in Iraq” were “backed by elements of the Iranian regime.”¹²² Dr Howells wrote to the Committee with further details of attacks against British troops in Iraq:

There is considerable evidence to suggest that a significant proportion of the equipment being used by insurgents against UK forces in Iraq is of Iranian origin, or at least has been transited through Iran. Further analysis is ongoing to determine more categorically the origin of some specific equipment. We are unable to accurately determine trend data to assess whether there has been a substantial decrease in the transiting of equipment of Iranian origin in the last three months. However, there has been a substantial overall reduction in the number of attacks on UK Forces in Iraq during this period.¹²³

72. In our 2006 Report on Foreign Policy Aspects of the War Against Terrorism, we noted that there was “strong evidence” of “malign Iranian involvement” in Iraq, in particular with regard to the use of explosive devices.¹²⁴ The evidence provided by the Government for this current inquiry confirms this assessment. In his Report to Congress in September 2007, General David Petraeus, Commanding General of the Multi-National Forces in Iraq, said “Iran, through the use of the Qods Force, seeks to turn the Iraqi Special Groups into a Hezbollah-like force to serve its interests and fight a proxy war against the Iraqi state and coalition forces in Iraq”.¹²⁵

73. Comments by a US military spokesperson in January 2008 demonstrated a shift in the American position from that articulated in September by General Petraeus. He said, “the number of signature weapons that have come from Iran and have been used against coalition and Iraqi security forces are down dramatically”. Despite this, he maintained that levels of training and financing of insurgents by Iranian elements had not changed for the better.¹²⁶

74. We conclude that the support originating from within Iran for Iraqi insurgents has been responsible for the deaths of coalition troops and is completely unacceptable and reprehensible. We recommend that the Government continues to take a vigorous and proactive approach in intercepting this support. We further recommend that, in its Response to this Report, the Government sets out its latest analysis of the levels of training, weaponry and finance provided by elements within the Iranian regime to Iraqi militants.

¹²¹ Q 165

¹²² HC Deb, 27 June 2007, col 328

¹²³ Ev 87

¹²⁴ Foreign Affairs Committee, Fourth Report of Session 2005–06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, para 347

¹²⁵ General David Petraeus, *Report to Congress on the Situation in Iraq*, 10 September 2007, p 4

¹²⁶ “Iran continues to aid Iraq militias, US says”, *Boston Globe*, 21 January 2008

Afghanistan

During our visit to Tehran, we were told that Iran had been a strong supporter of the international community's efforts in Kabul. President Hamid Karzai of Afghanistan has said their two countries have "never been as friendly as they are today."¹²⁷ Members of the Iranian regime told us that they are long-standing opponents of the Taliban. However, there are again concerns that elements within Tehran have been supplying weaponry to the militant group. Dr Howells wrote to us on this issue:

In Afghanistan, we are concerned that elements of the Iranian regime are involved in supplying arms and funds to the Taleban, which could be used against NATO troops. This view was confirmed by an operation on 6 September involving ISAF troops which interdicted a number of EFP components. As part of the operation, ISAF observed the convoy cross the border from eastern Iran into Farah province, where it was intercepted. Any Iranian links to illegal armed groups either through supply of munitions, training or funding are completely unacceptable.¹²⁸

In its July 2007 Report on *UK Operations in Afghanistan*, the House of Commons Defence Select Committee noted "with concern reports that explosives originating from Iran have been used by insurgents in Afghanistan."¹²⁹ Dr Howells argued to us that Iran had taken "very aggressive military action" against UK forces in both Iraq and Afghanistan. He added: "I do not think that we can say that we would not take any [military] action if that kind of situation got any worse."¹³⁰

75. Counter-narcotics has been cited as an area with potential for increased cooperation between the UK and Iranian Governments. In 2006, the FCO estimated that 60% of all heroin entering the UK transits Iran [mostly originating in Afghanistan]. In a written answer, Dr Howells said: "Iran is actively involved in the fight against drug trafficking and seizes far more opiates than any other country in the world. We have regular constructive cooperation with Iran on counter-narcotics." Our predecessor Committee concluded in its Report on Iran that "continued co-operation between the United Kingdom and Iran in the war against drugs is important for both countries" and recommended, "it remain a priority objective of the bilateral relationship."¹³¹

76. Dr Howells told us that since 2004, the UK has provided over £1 million to help Iran build its counter-narcotics capacity.¹³² Iran is believed to have two million opium users and 300,000 heroin addicts.¹³³ During our visit to Tehran, we met the Deputy Secretary of Iran's Drugs Control Headquarters, Dr Mohammed Reza Jahani, who noted that over 3,500 Iranian police officers had died fighting the drugs trade. He also called for greater cooperation between the UK and Iran on this issue. Iran has asked for equipment in

¹²⁷ "Karzai calls Iran a 'very close friend'", *Los Angeles Times*, 5 June 2007

¹²⁸ Ev 87

¹²⁹ Defence Committee, Thirteenth Report of Session 2006-07, *UK Operations in Afghanistan*, HC 408, para 75

¹³⁰ Q 248

¹³¹ HC Deb, 9 March 2006, col 1688W

¹³² Ev 88

¹³³ Foreign and Commonwealth Office, *Iran: Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 6198, May 2004, p 3

dealing with traffickers emerging from Afghanistan, but the Government has assessed that the “dual-use potential” of much of this means that it is subject to the EU arms embargo on Iran.¹³⁴ Dr Howells told us that the counter-narcotics relationship has become “more difficult because of the generally frostier relationship on a more formal political level”, but that it could ultimately be a “confidence-building measure between our two countries”.¹³⁵

77. We conclude that the reports that Taliban insurgents are receiving support from Iran is a matter of very serious concern. Any such assistance is unacceptable, endangers regional stability and can only hinder efforts to establish closer relations between Iran and the international community. As with Iraq, we recommend that the Government continues to take a proactive stance in intercepting any support emanating from within Iran and that in its Response to this Report it sets out its latest analysis of the level and nature of the support being provided by the Iranian regime to Taliban insurgents. We further recommend that the Government supports greater cooperation with Iran on counter-narcotics.

Nuclear Power in the Middle East

78. Paul Arkwright told us that the risk of nuclear proliferation was one of the Government’s “prime motivations” in ensuring that Iran does not develop nuclear weapons. Dr Howells noted that a number of other countries in the region,

feel that if Iran is a year, two or three years away from developing a nuclear bomb, they will look at acquiring similar technology themselves. That is the most worrying thing of all; the issue is not just about an Iranian bomb but about three or four other countries in the area.¹³⁶

At the end of 2006, the Gulf Cooperation Council (GCC), an organisation bringing together Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, announced that it would be moving towards developing nuclear technology for peaceful purposes.¹³⁷ Mr Arkwright told us that it was “no coincidence” that Iran’s neighbours were now expressing these intentions given Tehran’s own programme.¹³⁸ Saudi Arabia has recently proposed that states in the Persian Gulf (including Iran) establish a consortium to enrich uranium in a third state to help resolve tensions over the crisis, although Iran has said it will not accept this if it means giving up its right to enrich on its own soil.¹³⁹

79. The concern over the reaction of Arab states to Iran’s nuclear programme highlights the tensions that have built up between Tehran and other countries in its region. In our Report on *Global Security: The Middle East*, we noted the power struggle between Iran and countries such as Saudi Arabia reflected through their support for opposing factions in Iraq, Lebanon and within the occupied Palestinian territories. Professor Anoush Ehteshami

¹³⁴ Ev 88

¹³⁵ Q 271, Q 273

¹³⁶ Q 261

¹³⁷ “Gulf states announce nuclear plan”, *BBC News Online*, 10 December 2006, news.bbc.co.uk

¹³⁸ Q 261

¹³⁹ “Iran welcomes Arab uranium proposal but says it will not stop enrichment”, *International Herald Tribune*, 3 November 2007

told us that if Iran were to acquire weapons unhindered, it would have “acquired a major lead over all its neighbours in both geopolitical and geo-strategic terms”, affecting all who rely on the Persian Gulf for energy supplies.¹⁴⁰ There is a grave risk that nuclear development will become another theatre in the Middle Eastern power struggle. As the FCO notes, the “domino” effect in the region of an Iranian weapon would “seriously damage” the NPT and “lead to a dramatic reduction in regional and global security.”¹⁴¹ A further proliferation concern is that Iran may provide nuclear technology to its allies both in the Middle East and elsewhere.

80. If Iran does acquire a nuclear weapon, it will not be the first state in its region to do so. Its neighbour Pakistan is a nuclear power. Whilst Israel has not officially declared its nuclear weapon status, it too is strongly believed to have such a capacity. Dr Howells told us of the dynamic between Israel’s nuclear arsenal and Iran’s own programme:

Whenever I have spoken to Israelis they use the threat of an Iranian bomb as a very good reason for not giving up their bomb, and when one talks to Iranians they say exactly the same thing: “Well, why shouldn’t we have a bomb? Israel has got a bomb.”¹⁴²

81. In its submission to the Committee, the FCO argued that the UK remained committed to the “universalisation of the NPT” (Israel, India and Pakistan are not signatories of the NPT) and “the achievement of a Middle East free of WMD and their means of delivery”.¹⁴³ Dr Howells spelt out what this would mean in practice:

We have tried on every occasion to get Israel to sign up to the NPT and to do so as a non-nuclear state. [...] I cannot see the Israelis doing it in the near future, but they must recognise that they have a responsibility too, as part of this great international bargain, to say, “Okay, if we can get some guarantees from countries like Iran, then we are prepared to throw this on to the negotiating table.”¹⁴⁴

However, in the current political climate, without a comprehensive political agreement in the region (including recognition of Israel by all its Arab neighbours as well as by Iran) and movement by Israel on the issue of a nuclear weapons free zone, it is difficult to see how this can be achieved. BASIC argues that a nuclear weapons free zone in the Middle East is “more necessary” but “less likely” than ever before.¹⁴⁵

82. We conclude that, should Iran acquire a nuclear weapon, it is very likely to lead to other states in the Middle East developing their own weapon programmes. This domino effect would heighten regional tensions and seriously weaken the Non-Proliferation Treaty. It would also seriously undermine any prospect of moves to a nuclear weapons free zone in the Middle East.

¹⁴⁰ Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363, para 203

¹⁴¹ Ev 49

¹⁴² Q 260

¹⁴³ Ev 48

¹⁴⁴ Q 260

¹⁴⁵ Ev 112

4 The Domestic Dimension

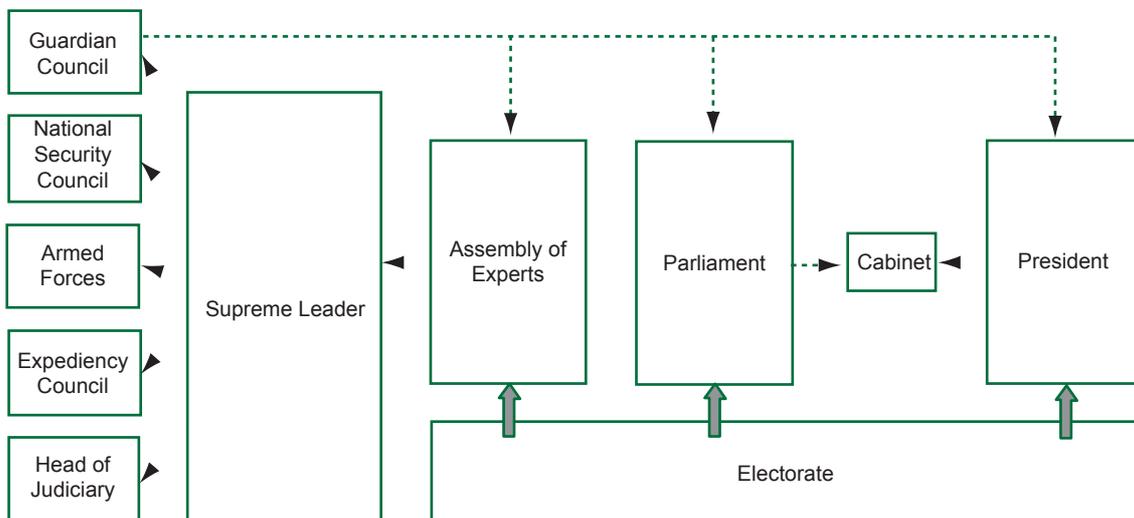
Background

83. We now consider the relationship between Iran's domestic politics and the nuclear issue. There are a number of linkages that need to be considered when assessing the international community's policy on the nuclear issue. We also consider in this chapter the role that the British Government can play in encouraging change in other fields, in particular on Iran's human rights record.

Domestic Politics

84. Following the overthrow of the Shah nearly 30 years ago, Iran has modelled itself as an 'Islamic Republic'. This is an appropriate appellation. Iran's constitution provides for both clerical authority (spared direct election), and the more republican notions of a President and Parliament, elected by and accountable to the population. The diagram below illustrates this complicated institutional architecture.

Iran's Government Institutions and Structure



Source: Peter Mandaville, *Global Political Islam* (London 2007)

85. The most powerful figure in Iran is the Supreme Leader (or *faqih*), a cleric appointed by the Assembly of Experts. The first Supreme Leader was Ayatollah Ruhollah Khomeini, who was succeeded upon his death in 1989 by the incumbent Ayatollah Ali Khamenei. Article 5 of the Iranian constitution states: “The guardianship over the affairs of the community shall be charged to the just *faqih*”.¹⁴⁶ Under Khomeini’s theory of politics, the Supreme Leader was afforded absolute authority in politics. Since his death, there has been a debate about what constitutional limits should be placed on the Supreme Leader, but all within the regime accept his role as the ultimate power broker in Iran.¹⁴⁷ As the diagram above demonstrates, the Supreme Leader has authority over the armed forces and the Supreme National Security Council.

86. Iran’s President is elected directly, and can hold office for a maximum of two consecutive terms. He appoints Ministers, although his ability to shape policy is constrained by the Supreme Leader. All Presidential candidates are vetted by a body called the Guardian Council, which rejected hundreds of applications in the 2005 poll won by President Ahmadinejad. Iran’s Parliament, or Majlis, can pass legislation, but this is subject to the religious scrutiny of the Guardian Council.¹⁴⁸

87. On our visit to Iran, we heard that politicians are divided into three broad camps: reformists, pragmatic conservatives and hardliners. The reformists are embodied by former President Mohammed Khatami, who attempted to introduce more liberal policies in Iran during his tenure in office from 1997 to 2005. The figurehead of the pragmatic conservatives is Ali Akbar Hashemi Rafsanjani, another former President who lost the 2005 election. President Ahmadinejad is seen as a hardliner, and to some degree has the support of the Supreme Leader. Given the complexity of Iran’s political system, it is no surprise that outsiders have found it difficult to analyse the current and future trends in the power balance between these three camps.

The Internal Debate on Nuclear Affairs

88. Officially, nuclear policy is handled by the Supreme National Security Council. Elahe Mohtasham notes that all important decisions continue to be presented to the Supreme Leader for his approval.¹⁴⁹ When he gave evidence to our inquiry on *Global Security: The Middle East*, Professor Anoush Ehteshami told us that,

In what are regarded as national security issues, the leader's office—not just the leader himself, but his office, which is an elaborate machinery, a labyrinth in its own right—has considerable influence in determining the Government line. From there flows Government policy, as it were. On such matters as relations with the United States [and] Iran's nuclear programme [...] the leader's office clearly has [...] a monopoly over some of the discussions. Red lines are not crossed in a public fashion.¹⁵⁰

¹⁴⁶ Islamic Republic of Iran, *The Islamic Constitution of the Islamic Republic of Iran*, 1979, p 22

¹⁴⁷ “Iran’s Outlook in 2004”, *University of Virginia Top News Daily*, 5th March 2004

¹⁴⁸ “Iran: Who holds the power?”, *BBC News Online*, news.bbc.co.uk

¹⁴⁹ Ev 41

¹⁵⁰ Foreign Affairs Committee, Eighth Report of Session 2006–07, *Global Security: The Middle East*, HC 363, Ev 35

However, Dr Ali Ansari told us that the current leadership did not have “a good track record for being decisive”, which can cause difficulties in Iran’s international relations. He also argued that President Ahmadinejad had the potential to play an effective “spoiler” role in nuclear diplomacy, such as when it appeared that Dr Ali Larijani (Iran’s former nuclear negotiator and former Secretary of the Supreme National Security Council) was making progress in his talks with Dr Solana.¹⁵¹

89. Dr Ansari argued to the Committee that,

[T]he nuclear programme and its development in Iran is a highly sensitive and very nationalistic issue. I think that, in some ways, it has been exploited very effectively by the Government of Mr. Ahmadinejad in order, perhaps, to disguise other failings in his Administration.

However, he qualified this analysis by noting there was not uniform support for this policy within Iran:

[T]here has been dissent, certainly among the more pragmatic elements within the regime, as well as open dissent among some of the reformist politicians, who argued that it was not in the national interest of the country to go down this route, because it was harming the country’s security.¹⁵²

90. In his written submission, Karim Sadjadpour, an Associate at the Carnegie Endowment for International Peace, argues that Iranian public opinion on the nuclear issue is more nuanced than the regime admits. In particular, whilst the Iranian population would resent any imposition of what they believed to be “double standards” on nuclear policy, he notes that many in the regime agreed “nuclear pride had been manufactured” and that popular support for the programme may not run that deep. However, he acknowledges that there exists “little correlation” between public opinion and Iranian foreign policy. He also states that Iranians did not list this inability to influence their Government’s foreign policy as a particularly important grievance, and that it would not, in isolation, cause unrest amongst the population.¹⁵³

91. We asked Dr Howells how the imposition of sanctions would resonate in Iran, in particular whether President Ahmadinejad could use them to blame economic problems on the international community. He replied:

There is always a fine judgment, as sanctions can generate a kind of siege mentality [...]. President Ahmadinejad has been very clever at using external international pressure against his policy on nuclear questions. He has used that to fly the Iranian flag and stir up nationalist feelings within Iran.¹⁵⁴

¹⁵¹ Ibid

¹⁵² Q 58

¹⁵³ Ev 173

¹⁵⁴ Q 211

Mr Phillipson told us that, despite this, there was a “debate under way” in Tehran, with a former nuclear negotiator saying Iran’s foreign policy is “damaging to the country”. He argued that EU and UN sanctions played into this debate.¹⁵⁵

92. The internal debate on nuclear policy was brought into the open somewhat in the weeks before we visited Tehran. Dr Ali Larijani resigned from his position as Iran’s nuclear negotiator after what were reported to be “repeated clashes with Ahmadinejad over tactics.”¹⁵⁶ Though himself a hardliner, Dr Larijani had gained something of a reputation for being willing to engage with the international community, and he appeared to be contradicted by the President after talking warmly about the visit of Russian President Vladimir Putin to Iran in October 2007. Saeed Jalili, a close ideological ally of the President, was chosen to replace Dr Larjiani. Ali Akbar Velayati, a close adviser to the Supreme Leader, said “it would have been better if this resignation had not taken place”.¹⁵⁷ At least 183 of the 290 representatives in the Majlis signed their equivalent of an Early Day Motion affirming their support for Dr Larijani.¹⁵⁸ This episode highlights that even within the regime, there is noteworthy dissent for President Ahmadinejad (and perhaps by proxy the Supreme Leader) in his approach to this issue.

Encouraging Reform

93. Iran will hold elections for the Majlis in March 2008 and for the Presidency in 2009. These two events will help gauge the political mood amongst the population, albeit following the distortions to the democratic process carried out by the Guardian Council, which vets candidates. In late 2006, President Ahmadinejad suffered a blow in elections to the Assembly of Experts and local councils, with big gains for pragmatic and reformist elements on a 60% turnout. Former President Rafsanjani was seen as the biggest winner.¹⁵⁹ He is tipped as a potential frontrunner in the 2009 Presidential election, and whilst his main critique of Ahmadinejad appears to be in the economic sphere, his return to power would open up the opportunity for a more constructive dialogue with the international community.¹⁶⁰

94. Dr Ansari argued that the actions of the international community often hindered reformist elements within the Iranian regime, noting that when a reformist President [Mohammed Khatami] offered cooperation with the United States, he “was rewarded with an accusation of being part of an ‘axis of evil’”. He implied that the failure to work with the reformists eased the way for a hard-line Government to emerge in Iran. He also strongly criticised the “poor” position of the EU in failing to protest sufficiently when the hardliners “seized the Parliament through wholly fraudulent means” in 2004 (when the Guardian Council blocked the candidacies of 85 incumbent reformist MPs).¹⁶¹ Karim Sadjadpour

¹⁵⁵ Q 213

¹⁵⁶ “Hardliners gain as Iran’s nuclear negotiator quits”, *The Observer*, 21 October 2007

¹⁵⁷ Washington Institute for Near East Policy, *Larijani’s Resignation: Implications for Iranian Nuclear Policy and Internal Politics*, 25 October 2007

¹⁵⁸ “Iran’s circle of power”, *OpenDemocracy*, 23 October 2007, opendemocracy.net

¹⁵⁹ “Poll blow for Iran’s Ahmadinejad”, *BBC News Online*, 18 December 2006, news.bbc.co.uk

¹⁶⁰ “Let Iran decide regime changes”, *The Guardian*, 31 October 2007

¹⁶¹ Q 79

notes that whilst President Ahmadinejad's popularity is expected to continue to fall in 2008 and 2009, the electoral behaviour of his allies in the Islamic Revolutionary Guards Corps and the paramilitary *bassij* group "will play an important but unpredictable role in deciding his fate".¹⁶² It is important that the international community remains vigilant about this possibility.

95. There is a broad range of opposition to President Ahmadinejad. Some, like former President Khatami, prefer to work within the system. In Tehran, we met Shirin Ebadi, the Nobel Peace Prize winner who campaigns against the injustice of the system, but works through its courts. Amnesty International has highlighted the challenge faced by trade unions in fighting for workers' rights in Iran.¹⁶³ Others, such as the National Council of Resistance and Mujahedin-e-Khalq (MeK), campaign from abroad for the overthrow of the regime and have not been overtly politically active in Iran for a number of years. Akbar Ganji, a prominent and highly respected critic of the regime, has warned of the dangers of Western support for those that reject the status quo:

Iranians are viewed as discredited when they receive money from foreign governments. The Bush administration may be striving to help Iranian democrats, but any Iranian who seeks American dollars will not be recognized as a democrat by his or her fellow citizens [...] Iran's democratic movement does not need foreign handouts; it needs the moral support of the international community and condemnation of the Iranian regime for its systematic violation of human rights.¹⁶⁴

His reference to the United States is linked to the \$75 million State Department budget "to support democracy promotion activities in Iran." Human Rights Watch notes that a vast majority of Iranian dissidents have publicly disassociated themselves from the initiative.¹⁶⁵

96. The Home Secretary proscribed the MeK as a terrorist organisation in 2001. Dr Howells explained to us the background of the MeK's relationship with the Iranian Government, noting its violent activities against Iranian embassies and politicians, which led to some civilian deaths. On our visit to Iran, representatives of the regime were particularly exercised by what they referred to as "the MeK terrorist cult" and sensitive about the UK's approach towards the MeK, although our discussions with a wide range of interlocutors did not suggest that the MeK enjoyed a strong level of support within the country. Soon after our return, the Proscribed Organisations Appeal Commission upheld an appeal against the proscription of the MeK, although the Home Secretary is to appeal against this finding.¹⁶⁶ We will continue to monitor this case to its final resolution.

97. Lord Archer told us that the population in Iran was "seething with discontent".¹⁶⁷ He argued that more could be done to coordinate the overthrow of the regime.¹⁶⁸ However, Mr

¹⁶² Ev 173

¹⁶³ Amnesty International, *Iran: International Action for Trade Unionists*, amnesty.org.uk

¹⁶⁴ Ev 174

¹⁶⁵ Ev 91

¹⁶⁶ "Government fights to keep ban on main Iranian opposition group", *The Guardian*, 18 February 2008

¹⁶⁷ Q 163

¹⁶⁸ Q 172

Sadjadpour's analysis is sceptical of the prospects of significant change within Iran. He argues that,

There currently exists no credible, organized alternative to the status quo whether within Iran or in the diaspora. And despite the fact that a seeming majority of Iranians favor a more tolerant, democratic system, there is little evidence to suggest that in the event of a sudden uprising it would be Iranian democrats who come to power. The only groups which are both armed and organized are the Revolutionary Guards (numbering about 125,000) and the *bassij* (numbering around two million). Any successful political reform would have to co-opt these forces and make them feel they will have some position in a changed Iran.¹⁶⁹

Rather than promote sudden upheaval, he argues that "professional and objective" news broadcasts could play an important role in widening the possibilities for reform. He notes the introduction of the BBC World Service's Persian television broadcast, due to begin operations in 2008, as a positive step. We have long urged the Government to introduce this service and welcome this development as part of a constructive approach to reform.

98. We conclude that Iran is a complex and diverse society at present governed by a theocratic regime. Iran's quasi-democratic political system is not fully closed and may lead to reform that will result in a more constructive approach on the nuclear issue. We recommend that the Government should be careful to avoid action that could be manipulated by the hardliners such as President Ahmadinejad to bolster their position against the more pragmatic and reformist elements ahead of his campaign for re-election in 2009. We recommend that the Government in its Response to this Report sets out fully why it has resisted the decisions of both the High Court in the UK and the European Court of Justice that the People's Mujahideen of Iran (PMOI), also known as the Mujahedin-e-Khalq (MeK), should no longer be listed as a terrorist organisation.

Human Rights

99. As a Committee, we have long taken an interest in the human rights situation in Iran through our Reports on the FCO's Annual Human Rights Report. During our visit, we had a robust exchange with Dr Mohammad Javad Larijani, the head of human rights in Iran's judiciary, and raised our concerns with a number of other interlocutors. We were seriously concerned by the way in which senior figures within the Iranian regime used their religious and ideological beliefs to justify severe abuses of human rights in their country.

100. The FCO's submission bluntly sets out the current situation in Iran. In particular:

- Iran executed more people in 2005 and 2006 than any other country in the world except China (whose population is over 15 times the size).¹⁷⁰
- Iran was one of only two countries in the world known to have executed child offenders in 2006.¹⁷¹

¹⁶⁹ Ev 174

¹⁷⁰ Ev 44

¹⁷¹ Ibid

- Floggings, stonings and amputations remain on the statute books. A man was stoned to death for adultery in Qazvin province on 5 July 2007, the first such incident since a moratorium on stoning in 2002.¹⁷²
- Same sex relations are illegal in Iran and can carry the death penalty.¹⁷³
- In 2005, Reporters Sans Frontiers described Iran as “the biggest prison for journalists in the Middle East”.¹⁷⁴
- Domestic violence, gender inequality and discrimination against women remain serious problems, despite the fact that women make up over half of Iran’s university intake.¹⁷⁵
- Religious minorities such as the adherents of the Bahá’í faith continue to suffer widespread discrimination and persecution. We received evidence from the Bahá’í community in the UK that strongly suggests recent vigilante campaigns have led to deaths amongst its adherents.¹⁷⁶ Dr Howells called the treatment of the Bahá’í “absolutely dreadful”.¹⁷⁷

101. The FCO states that recent months “have seen an unmistakable increase in the repression of human rights activists” and comments that there is a “real reluctance” on the part of Iran’s Government to undertake necessary human rights reforms. The EU established a human rights dialogue with Iran in 2002, but this has made little progress. The UK Government “frequently initiates and participates” in EU demarches and public statements criticising human rights abuses in Iran.¹⁷⁸

102. Human Rights Watch’s evidence provides further examples of Iran’s human rights violations. It charges the EU with prioritising the nuclear programme, with “human rights concerns a secondary matter”. It argues:

The worldwide focus on the Iran nuclear issue has resulted in Iran’s rapidly deteriorating human rights situation being ignored. This has encouraged governmental authorities into thinking that their intensifying crackdowns on various sectors of Iranian society will go largely unnoticed.¹⁷⁹

Dr Ansari told us it was “absolutely” the case that the international focus on the nuclear issue was detracting from human rights.¹⁸⁰ The FCO defends itself against this charge:

¹⁷² Ev 45

¹⁷³ Ev 46

¹⁷⁴ Ev 45

¹⁷⁵ Ev 46

¹⁷⁶ Ev 164

¹⁷⁷ Q 262

¹⁷⁸ Ev 46

¹⁷⁹ Ev 91

¹⁸⁰ Q 59

Some activists have argued that the focus on the nuclear issue has led us to neglect the human rights agenda. This has not been our policy, which is why we have maintained public and private pressure on the Iranians over HR abuses.¹⁸¹

However, the FCO does acknowledge a linkage between human rights and the nuclear issue. It notes that the Supreme Leader has,

on a number of occasions linked international criticism of Iran's nuclear programme with international criticism of its human rights record, saying that were Iran to make concessions on the former, it would only invite increased pressure on the latter.¹⁸²

Dr Howells argued that he had "not found" that the nuclear issue made it "more difficult" to lobby Iran on human rights.¹⁸³

103. We conclude that Iran's human rights record is shocking. We recommend that the Government presses Iran to remove the death penalty, which includes hanging by strangulation, stoning, flogging and amputation from its statute books. We further recommend that the Government ensures human rights are not treated as a secondary concern to the nuclear issue, and that it underlines to Iran that its poor record in responding to human rights concerns makes it more difficult for the international community to trust its intentions in other fields.

¹⁸¹ Ev 44

¹⁸² Ibid

¹⁸³ Q 263

5 Options for the International Community

Background

104. We now consider the difficult decisions that lie ahead for the Government and its international allies in addressing Iran's nuclear ambitions and wider relations with the Islamic Republic. The three preceding chapters have established the framework within which we can assess these options. We have noted that the 'twin-track' diplomatic strategy has not stopped Iran from enriching an ever-larger amount of uranium, although it appears Iran has stopped work on an explicit weapons programme and that it remains years away from a bomb. We have noted Iran's uneasy relationship with its neighbours, and the grave risk of nuclear proliferation if its programme is not addressed. We have also examined its domestic political situation, highlighting the existence of an internal debate on the nuclear programme and the prospect of a more conciliatory stance emerging from within. All these factors are crucial in assessing the options open to the international community.

105. In this chapter, we first highlight the fundamental problem that lies at the heart of the current tension. We then expand on the analysis developed in Chapter Two by analysing the current 'twin-track' strategy of the Government and the international community, focusing in particular on the effectiveness of sanctions, the role of preconditions, and the incentives provided in the June 2006 offer to Iran. We also assess how important it is for the E3+3 to display unity, if the cost is weaker action. We also consider the role of the military option, and the prospects that a recourse to force would have in resolving the problem.

The Big Picture

106. Dr Ansari told the Committee:

We should recognise that we have a political problem in Iran, not a nuclear problem per se. The issue is one of relations between Iran and the United States and Iran and the European Union, but it also involves the way in which the political system operates. We should pay some attention to that angle—we do not pay nearly enough.¹⁸⁴

In a similar vein, BASIC argues that the nuclear dispute “is not the cause, but a symptom, of a failed relationship” between Iran and the West. It suggests that it is this underlying relationship that needs to be improved if further political crises are to be avoided.¹⁸⁵

107. One way of characterising the political dilemma is by pointing to a deficit in trust, which runs both ways. The international community does not trust that Iran will not move towards a position where it is capable of developing nuclear weapons, and Iran claims that it is not assured that it would be able to develop a civil nuclear programme if it suspends and eventually ceases enrichment. During our visit, we noted that the Iranian regime

¹⁸⁴ Q 59

¹⁸⁵ Ev 110

articulated a strong narrative of being undermined by states such as the United Kingdom and United States. Whatever the legitimacy of these claims, they can only make the process of securing a deal more challenging.

108. Our analysis in this Report has also highlighted tensions over Iran's relationship with the international community as a consequence of its human rights record. The support from elements within the Iranian regime to insurgents in Iraq and Afghanistan, as well as Iran's direct support for Hezbollah and other terrorist organisations, has further eroded the level of trust the international community has in Iran's willingness to play a constructive role in its region and worldwide.

109. We conclude that the fundamental challenge of Iran's nuclear programme is one of mutual political mistrust—mistrust that is not misplaced on the part of the United States and the European Union. We further conclude that a long-term solution to this crisis will need to go beyond the necessary constraints on Iran's nuclear programme by eventually working towards a wholesale recasting of its relationship with the international community, particularly with the United States and European Union.

The 'Twin-Track' Strategy

110. We set out the current 'twin-track' strategy of the international community in Chapter Two. The foundation of the strategy is the June 2006 offer made to Iran by the E3+3. Javier Solana, the representative of the E3+3, has maintained a dialogue with Iran in an unsuccessful attempt to encourage it to accept the package as a starting point for negotiations. At the same time, the UN Security Council has passed two sanctions resolutions against Iran in a bid to apply pressure on it to comply with the demand to halt the enrichment related activity that is the cornerstone of its nuclear programme. We consider here the possible future direction of this strategy.

Sanctions

111. We discussed the different types of sanctions imposed against Iran in Chapter Two. They include:

- UN sanctions against Iran's nuclear programme;
- Stronger EU sanctions including a total ban on arms exports;
- US sanctions that hit the Revolutionary Guards and key Iranian financial institutions.

In the context of the 'twin-track' strategy, sanctions are designed to increase the cost of Iran maintaining its current policy, thus increasing its incentive to cooperate with the international community. This logical process requires two steps for success. First, sanctions need to be able to hurt Iran's economy or technological process (referred to here as 'Step One'). Second, this impact needs to make Iran more likely to comply with the demands of the UN Security Council ('Step Two'). As we noted in Chapter Two, Iran's current enrichment activities suggest sanctions have not yet achieved their goal.

112. The FCO argues that sanctions, and the uncertainty caused by the threat of future sanctions, are having an impact in terms of Step One. It argues: “[M]any companies are understandably now choosing to avoid doing business with Iran. Trade statistics show that in 2006 EU exports to Iran fell by 13% overall.” It notes that European oil and gas companies are not undertaking new investments in Iran.¹⁸⁶ Dr Ansari said it was “quite apparent” that EU and US sanctions against Iran were having an effect, particularly on Iran’s banking sector.¹⁸⁷ However, when we were in Iran, we heard that some trade was now going through the Gulf States as a way of mitigating the impact of sanctions. We raised this issue with Dr Howells. He noted:

There is a population of somewhere between 200,000 and 400,000 Iranians in Dubai alone. Admiring their entrepreneurial qualities, I will say that this is an area that has a long tradition of sanctions busting. They know how to break sanctions, believe me.¹⁸⁸

We also noted in Chapter Two that some of the reduction in Iran’s trade with the EU could be made up through a shift in trade patterns towards other countries, in particular Russia and China, and that this has led to the reluctance of some EU countries in pursuing more forceful sanctions against Iran.

113. Sir Richard Dalton expressed concern about the current sanctions regime against Iran. He argued:

The permanent five and Germany are placing huge emphasis on international unity in approaching Iran, in order to give Iran no excuse to try to divide the powers and international institutions with which they are dealing. That has worked, and there is a very firm consensus. However, the cost of that international unity has been weak measures, only slowly applied. So far, those who argue in Iran that, with just the tightening of a belt or two Iran can see this one out, have a lot to point to.¹⁸⁹

Whilst it is clear that sanctions are having an economic impact in Iran, misgivings within both the EU and in Russia and China mean it is uncertain whether a consensus will ever be found on more robust sanctions, for instance against Iran’s gas and oil sector. However, without international unity on financial sanctions, there is a serious risk that Iran will be able to play off different economic agendas in the West, Russia and China to its own interest. Without sanctions against Iran’s gas and oil sector, Tehran also stands to benefit from extra revenue from the increase in the price of these commodities that is in part caused by the international tension over its nuclear programme. The US Council on Foreign Relations has noted that Iran’s Treasury is “awash with cash” from energy revenues and that the “soaring price of oil” has benefited Iran’s economy “while hurting oil consumers like the United States.”¹⁹⁰

¹⁸⁶ Ev 55

¹⁸⁷ Q 73

¹⁸⁸ Q 210

¹⁸⁹ Q 44

¹⁹⁰ Council on Foreign Relations, *What Sanctions Mean for Iran’s Economy*, 5 May 2006

114. The second requirement for a successful sanctions regime is a change in Iran's behaviour, which we referred to as Step Two above. We noted in Chapter Four that Dr Howells was wary of the way in which President Ahmadinejad was able to use economic sanctions to bolster his own support. However, Mr Phillipson also noted the role EU and UN sanctions were having in opening up debate in Tehran on Iran's nuclear policy. A significant passage in the US National Intelligence Estimate argued that Tehran's decisions are "guided by a cost-benefit approach", suggesting "international scrutiny" and pressure has had and will continue to have an impact on its behaviour. It said it was "difficult to specify" how this pressure should be combined with incentives.¹⁹¹ However, others have been more sceptical about the effectiveness of international pressure. An internal European Union paper admitted,

In practice [...] the Iranians have pursued their programme at their own pace, the limiting factor being technical difficulties rather than resolutions by the UN or the International Atomic Energy Agency [...] The problems with Iran will not be resolved through economic sanctions alone.¹⁹²

115. At the time of drafting this Report, the E3+3 has agreed the contents of a draft Security Council resolution imposing a third round of sanctions against Iran, but it has not yet been voted on in the Council. Briefings by European and American officials suggest the draft resolution will only moderately expand existing sanctions.¹⁹³

116. The House of Lords Economic Affairs Committee recently published a Report analysing the effectiveness of sanctions as a foreign policy tool. Drawing on a number of case studies from around the globe, it warned that a regime can often "turn aspects of sanctions to its advantage and increase its internal control."¹⁹⁴ It noted that "targeted financial sanctions have been less effective than is sometimes suggested."¹⁹⁵ It concluded: "Reliance on sanctions as the main means of resolving the current disputes with North Korea and Iran appears to be a recipe for failure."¹⁹⁶ In its Response, the Government argued that the role of sanctions in countering threats "should not be underestimated" and that they could have a "significant impact in changing behaviour" when used as part of a 'twin track' strategy.¹⁹⁷

117. We conclude that although the sanctions currently in place against Iran act as a disincentive for its nuclear programme, they are not sufficiently robust to coax it into suspending its enrichment. We are concerned that the new political dynamic following the publication of the US National Intelligence Estimate, and underlying differences within the international community, mean future UN and EU sanctions are likely to

¹⁹¹ National Intelligence Council, *National Intelligence Estimate: Iran – Nuclear Intentions and Capabilities*, 3 December 2007, p 7

¹⁹² "EU gloom over Iran nuclear work", *BBC News Online*, 13 February 2007, news.bbc.co.uk

¹⁹³ "Security council leaders draft new Iran resolution", *The Guardian*, 22 January 2008

¹⁹⁴ House of Lords, *The Impact of Economic Sanctions*, Second Report of the Select Committee on Economic Affairs, Session 2006–07, HL Paper 96–I, para 47

¹⁹⁵ *Ibid*, para 84

¹⁹⁶ *Ibid*, para 124

¹⁹⁷ Foreign and Commonwealth Office, *The Impact of Economic Sanctions: Response of the Secretary of State for Foreign and Commonwealth Affairs*, Cm 7143, July 2007, p 13

remain ineffective and may inadvertently help President Ahmadinejad by providing him with a scapegoat for his economic failings. We recommend that the Government in framing its sanctions policy does its utmost to try to preserve unity within the UN Security Council and the EU.

Preconditions and future enrichment

118. We noted in Chapter Two that the June 2006 offer for long-term negotiations with Iran (including dialogue with the United States) requires it to suspend its enrichment activities first. This precondition to substantive talks has been the subject of significant debate, and Dr Barnaby regards it as the “main dispute” between Iran and the West.¹⁹⁸

119. The case for the suspension of enrichment as a precondition to substantive negotiations rests on a number of arguments. First, as Mr Fitzpatrick argues, it “remains the best way for Iran to rebuild international confidence.”¹⁹⁹ Iran is also legally obliged to suspend enrichment activities under a number of Security Council resolutions. Mr Phillipson argued the precondition was required so the international community could “apply a break point in terms of their ability to move to a position in which they have a nuclear weapons capability” and that it was not “an arbitrary demand.”²⁰⁰ He further argued that the incentives provided in the June 2006 offer, and the fact that the US was signed up to this offer, meant that the suspension of uranium enrichment was a reasonable request before talks began.²⁰¹ There is also the question as to why Iran feels the need to enrich any uranium on its own soil if it has been offered guaranteed supplies from abroad. As Jenny Warren notes, the suspension required from Iran would also be met with a suspension of UN sanctions.²⁰² These are all important arguments.

120. However, there has been much disquiet over this approach. Our interlocutors in Tehran argued that their previous suspension of enrichment brought them little reward. We also got the sense that though Iran could use enriched uranium from abroad, the issue had acquired a political and ideological importance for the regime from which it would be reluctant to back down. Dr Hans Blix, the former chief UN weapons inspector, has called the precondition “humiliating”. A former senior State Department official and now President of the Council of Foreign Relations, Richard Haass, has said, “I do not think this call for a precondition of stoppage of all enrichment activity ought to be allowed to torpedo diplomacy.”²⁰³ The Time to Talk coalition (a grouping of NGOs including Oxfam and the Foreign Policy Centre) argues that the precondition to suspend enrichment is an “obstacle” which means “the potential of diplomacy cannot fully be tapped”.²⁰⁴

121. The precondition to suspend enrichment is currently the stumbling block to any Iranian dialogue with the United States on topics other than Iraq (Dr Condoleezza Rice has

¹⁹⁸ Ev 21

¹⁹⁹ Ev 167

²⁰⁰ Q 228

²⁰¹ Q 230, Q 227

²⁰² Ev 104

²⁰³ “International stance on Iran's nuclear program criticized”, *International Herald Tribune*, 26 Feb 2007

²⁰⁴ Ev 160

said she is prepared to meet with her Iranian counterpart “anytime, anywhere” if suspension occurs).²⁰⁵ Senator Barack Obama, currently a leading Democratic candidate for the US Presidency, has said the US President should engage in “aggressive personal diplomacy” with Iran, making clear that if elected as President, he would talk to Iran without preconditions.²⁰⁶ His approach was supported by Dr Ansari, who told us:

I have always been in favour of the Americans engaging Iran on an unconditional basis. That does not mean that a compromise is made, but just that you start talking. You can voice your disagreements openly. It is not a problem.²⁰⁷

Sir Richard Dalton told us the prospect of “serious negotiation between the United States and Iran on a bilateral basis” was a requirement for success.²⁰⁸

122. Dr ElBaradei himself has argued: “The fact of the matter is that one of the purposes of suspension, keeping them from getting the knowledge, has been overtaken by events.”²⁰⁹ He has argued that, as it is too late to stop Iran from acquiring the necessary knowledge to enrich uranium, a second-best position of trying to keep Iran’s programme from growing larger should be pursued instead. In a similar vein, Elahe Mohtasham argues that the recent technological advances made by Iran mean it is “highly unlikely” that it would now agree to limitations on its programme.²¹⁰ Mr Fitzpatrick notes that the validity of this argument depends on whether Iran has the capacity to greatly expand its facilities at Natanz. He describes this as a “crucial unknown”.²¹¹ However, if Dr ElBaradei is correct, each passing month before substantive negotiations begin allows Iran to further expand its programme, strengthening its bargaining position and moving it closer towards industrial scale enrichment.

123. A key challenge for both the E3+3 (especially the UK and US Governments) and Iran is that they have publicly and firmly established their positions. Iran’s Foreign Minister has said that suspension of enrichment as a precondition to talks will “never materialize.”²¹² Dr Howells told us:

You need to have the terms for that negotiation on the table. It is not as if they have suddenly been arrived at. [...] I think that they know exactly where they stand on the issue. We know where we stand. It is a matter of somebody moving. That, it seems to me, is very easy; it is to say, “We signed up to the terms of the safeguard agreement, we are members of the International Atomic Energy Agency, and we are going to abide by the rules.” Why is that so difficult?²¹³

²⁰⁵ “Rice offers to meet Iran if it gives up enrichment”, *Reuters*, 11 Jan 2007

²⁰⁶ “Obama envisions new Iran approach”, *New York Times*, 7 November 2007

²⁰⁷ Q 75

²⁰⁸ Q 44

²⁰⁹ “‘Third way’ on Iran’s nuclear programme?”, *BBC News Online*, 24 May 2007, news.bbc.co.uk

²¹⁰ Ev 135

²¹¹ Ev 168

²¹² “Iran will not suspend uranium enrichment”, *Washington Post*, 27 February 2007

²¹³ Q 243

However, analysts remain concerned that the current lack of substantive negotiations (combined with a lack of consensus over robust sanctions) may be placing Iran in an ever-stronger position. BASIC argues that the current situation leaves it with “sufficient wiggle-room to develop [...] nuclear weapons capability transparently and under existing safeguards.”²¹⁴ It should also be noted that Iran could choose to leave the NPT with three months notice should it wish, as North Korea did in 2003.²¹⁵ The international community needs to be aware of the likely consequences of pushing Iran into a position where it gives serious consideration to withdrawing from the NPT.

124. VERTIC argues that one way out of the impasse would be for the E3+3 to agree to “the continuation of some sensitive nuclear activities”, in particular pilot-scale enrichment under “highly intrusive and robust” additional safeguards once the IAEA has adequately resolved all outstanding questions about Iran’s programme. It adds: “Assuring Iran that it will be permitted to restart its pilot-scale enrichment activities at an early date may help to persuade it to suspend them now.” It also suggests that seeking a suspension is becoming “increasingly ineffective” at denying Iran the knowledge it would need to build a clandestine programme (a claim supported by Dr ElBaradei), and that it may be less effective in limiting Iran’s programme than a continuation of pilot-scale enrichment under safeguards.²¹⁶ BASIC also advocates the operation of a limited enrichment facility at Natanz with “strict limits on the number of centrifuges [...] as well as an intrusive IAEA inspection regime to prevent diversion to a nuclear weapons programme.”²¹⁷

125. The latest US National Intelligence Estimate Report, which assesses that Iran does not currently have an active weaponisation programme, may give increasing credibility to this strategy as a way of placing some control on Iran’s nuclear activities. With tougher sanctions proving difficult to achieve, such a proposal may present one way to restart negotiations whilst allowing both sides to claim some sort of victory. However, as Mr Fitzpatrick argues: “It will take a sustained period of full cooperation with the IAEA and behaviour above suspicion befitting Caesar’s wife before Iran will be able to overcome the confidence deficient it created the past two decades”.²¹⁸ Whilst the option discussed above may help overcome negotiating difficulties, there would be much hard work still to do to resolve the crisis. Other facilities such as Iran’s heavy water reactor programme at Arak would still need to be tackled—VERTIC argues that their termination would be a necessary step towards rebuilding trust.²¹⁹ As Time to Talk argues, it is important to show flexibility to close off “the easier routes to developing nuclear weapons” whilst ensuring adequate safeguards are in place on remaining sensitive activities.²²⁰

126. We conclude that it seems very unlikely that Iran will accept the demand that it suspend enrichment before substantive talks can begin. It feels it got little reward for its previous suspension, and its present Government has ramped up nationalist feeling on

²¹⁴ Ev 114

²¹⁵ “North Korea withdraws from nuclear treaty”, *The Guardian*, 10 January 2007

²¹⁶ Ev 152

²¹⁷ Ev 116

²¹⁸ Ev 167

²¹⁹ Ev 152

²²⁰ Ev 160

this issue. This stalemate is in no-one's interest but simply pressing for a resumption of Iran-US dialogue without an end to President Ahmadinejad's defiance of UN resolutions will strengthen him and dismay and weaken reformers. We recommend therefore that the Government urges the current US Administration to change its policy and begin to engage directly with Iran on its nuclear programme, as the absence of such engagement has deprived the international community of a significant diplomatic tool. The international community has made clear that if Iran suspends dual use enrichment it can expect cooperation on civilian nuclear power and Condoleezza Rice has said she will meet the Iranians "any time, any place". If this positive offer is accepted then it would become possible to make progress towards a solution.

Providing Incentives

127. In Chapter Two, we noted the incentives in the June 2006 offer to Iran included assistance with a civil nuclear programme (including the provision of uranium enrichment from abroad), improving Iran's access to the international economy, an energy relationship with the EU and the development of a regional security forum. Dr Howells argued that this path would lead to "a renaissance in Iran, as far as trade and prosperity is concerned".²²¹ BASIC argues that these incentives could go further, for instance by "the lifting of US restrictions on foreign investment in Iran's oil refinery sector".²²² We agree with Sir Richard Dalton's assessment that the June 2006 offer provides a good set of incentives to Iran.²²³ The incentives on offer seem much less likely to be a stumbling block for a resolution to the crisis than the precondition of the suspension of uranium enrichment and the denial of any enrichment activities on Iranian soil.

The Role of the UK

128. The UK Government is an important member of the E3+3. The UK has strong historical links with Iran. On our visit to Tehran, we noted that the Iranians place great weight on the policies of the UK, given the Government's close relationship with the United States. On our most recent visit to the United States in October 2007, it was clear that the political establishment there also places weight on the UK Government's assessment of the situation, given the fact that the UK is diplomatically represented in Tehran whilst Washington is not. Time to Talk argues that the UK has played an important role in "fostering a climate of pragmatism". It adds that the UK is in a good position to work towards the "stepping up of robust negotiations" between Iran and the US.²²⁴

129. Whilst the E3+3 have officially acted together in unity, it is also clear that different countries within the grouping have different roles to play. Dr Howells told us that the Government was leading the debate on Iran's nuclear programme and that "with regard to

²²¹ Q 239

²²² Ev 117

²²³ Q 44

²²⁴ Ev 161

being open to new approaches and ideas, we are about as open as it is possible to be”.²²⁵ He added that British Ambassadors to Tehran were “among our very best”, and that the Government was in a strong position to be able to use its influence in the Middle East and historical relationship with Iran to good effect.²²⁶ The last visit by a UK Foreign Secretary to Iran was in late 2003, when Rt Hon Jack Straw MP travelled there with his French and German counterparts.²²⁷ The current Foreign Secretary has met his Iranian counterpart outside of Iran, for instance at the Davos World Economic Forum in January 2008.²²⁸

130. We conclude that the Government is playing a vital role in the E3+3. The UK’s diplomatic presence in Iran and its close relationship with the United States put it in a good position to show leadership on this issue. We note the Foreign Secretary has met his Iranian counterpart on several occasions and we recommend that he continues his personal diplomacy and gives consideration to visiting Iran at an early opportunity to push the process forward.

The Military Option

131. One controversial option that has been raised as a way of resolving the crisis is the use of military action against Iran. As Time to Talk notes, military action would likely take the form of air strikes rather than a ground invasion.²²⁹ This is in part due to Iran’s large land mass and population, the commitment of troops elsewhere in the region, and the potential sole objective of neutralising Iran’s nuclear facilities.

132. The US Government has not taken the military option off the table. Dr Barnaby notes that “advocates of early military action argue that the consequences of a nuclear-armed Iran are such that military strikes are justified, whether a smoking gun is found or not.” However, he points out that Iran has a large number of targets and well-protected and hidden facilities. He also warns that if Iran’s facilities “were severely damaged during an attack, it is possible that Iran could embark on a crash programme to make one nuclear weapon” by focusing its efforts on this single objective. He argues that “if Iran devoted maximum effort and resources to building one nuclear bomb, it could achieve this in a relatively short amount of time: some months rather than years.”²³⁰

133. We noted the extent of Iran’s influence across the region in Chapter Three. Time to Talk argues that any military strike against Iran would have “grave repercussions” for the Middle East, with particular concern given to the potential for the Revolutionary Guards to launch more sustained attacks against coalition forces in Iraq.²³¹ Given Iran’s “lynchpin” role in energy security (40% of the world’s shipment of oil pass through the Straits of

²²⁵ Q 240

²²⁶ Q 235

²²⁷ “Boost for Straw as Iran agrees nuclear deal”, *The Telegraph*, 21 October 2003

²²⁸ “Mottaki confers with British counterpart in Davos”, *Islamic Republic News Agency*, 26 January 2008

²²⁹ Ev 156

²³⁰ Ev 22

²³¹ Ev 157

Hormuz), such an attack would also have a highly detrimental economic impact across the globe.²³²

134. Dr Howells shared much of Dr Barnaby's assessment of the difficulties faced in launching a military strike against Iran. He noted that the US "would not look lightly upon a military attack" and that he did not "see it as an immediate possibility at all".²³³ He stated that the UK had "no intention of taking military action against Iran," although he hedged this with a qualification that action may be taken against Iran's support for insurgent groups elsewhere in the region.²³⁴

135. In our 2006 Report on *Foreign Policy Aspects of the War Against Terrorism*, we concluded that,

military action against Iran would be likely to unleash a host of extremely serious consequences both in the Middle East and elsewhere and would not be guaranteed to prevent Iran from developing nuclear weapons in the long term. [T]he Government should not undertake or support military action against Iran until all other options have been exhausted or without broad agreement among its international allies.²³⁵

We continue to hold this assessment of the consequences of military action, but it appears to remain on the table. When we asked Dr Howells if keeping the military option on the table would help bring about some resolution of the difficulties over this issue, he said he did not believe it would, noting that "President Ahmadinejad has used the external threats to strengthen his own position within the country, and [...] a military threat would be seen as a very real one."²³⁶

136. The then Prime Minister told the House in 2006 that giving an assurance that the UK would not support a military strike against Iran would be seen as "a sign of weakness".²³⁷ Mr Fitzpatrick argues that the most important pressure applied on Iran in 2003 (when it is judged to have halted its covert activities) was the prospect of war with the US. He suggests that "the threat of military action thus has a role in providing the muscle that can make diplomacy work."²³⁸ Based on Dr Howells' evidence to the Committee, the Government's current strategy appears to be to talk down the prospect of a military strike against Iran without ruling it out completely.

137. Dr Ansari told us that it would be helpful to develop a framework that provides the Iranians with a sense of security.²³⁹ Though the military option is still left on the table, talking down the prospects of the use of force may go some way towards achieving that. However, it is clear that security guarantees from the UK Government would not help

²³² Ev 158

²³³ Q 246

²³⁴ Q 252

²³⁵ Foreign Affairs Committee, Fourth Report of Session 2005–06, *Foreign Policy Aspects of the War against Terrorism*, HC 573, para 340

²³⁶ Q 247

²³⁷ HC Deb, 18 April 2006, col 117

²³⁸ Ev 167

²³⁹ Q 83

reassure the Iranians if they are not matched by the US. With regard to Israel, Dr Barnaby and Dr Ansari agreed that they did not envisage it acting unilaterally without the support of the US.²⁴⁰

138. If military action occurs, the UK may be asked to lend diplomatic or military support against Iran. The US may seek to use its base on Diego Garcia, an Overseas Territory of the UK Government, for any attack. Dr Howells told us that the US would “always inform” the UK if it sought to use its bases on sovereign UK territory for an attack.²⁴¹ Though acknowledging it was “above his pay grade” to answer whether there would be a Parliamentary vote for any British support for a military strike, he said that there would likely be “very extensive debate” before any decision was made.²⁴²

139. Mr Fitzpatrick argued that the publication of the National Intelligence Estimate has deflated what had been “an unstinting escalation of tension” over Iran’s nuclear programme. In his assessment, “barring the discovery of inflammatory new information that would discredit the new findings”, “President Bush would have no empirical basis and no political support for ordering military action against Iran’s nuclear program”.²⁴³

140. We conclude that the publication of the US National Intelligence Estimate has made a military strike against Iran less likely. We remain of the view that such a military strike would be unlikely to succeed and could provoke an extremely violent backlash across the region. We recommend that the Government urges Washington to consider offering a credible security guarantee to Iran if the Iranian Government in turn will offer an equally credible and verifiable guarantee that it will not enter into a nuclear weapons programme and improves its cooperation with the international community in other areas.

²⁴⁰ Q 89

²⁴¹ Q 249

²⁴² Q 250

²⁴³ Ev 167

Formal Minutes

Wednesday 20 February 2008

Members present:

Mike Gapes, in the Chair

Sir Menzies Campbell	Mr Malcolm Moss
Mr David Heathcoat-Amory	Mr Greg Pope
Mr Eric Illsley	Mr Ken Purchase
Mr Andrew Mackinlay	Sir John Stanley

The Committee deliberated.

Draft Report (*Global Security: Iran*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 22 read and agreed to.

Paragraph 23 read, amended and agreed to.

Paragraphs 24 to 30 read and agreed to.

Paragraph 31 read, amended and agreed to.

Paragraphs 32 to 38 read and agreed to.

Paragraph 39 read, amended and agreed to.

Paragraphs 40 and 41 read and agreed to.

Paragraphs 42 and 43 read, amended and agreed to.

Paragraphs 44 to 49 read and agreed to.

Paragraph 50 read, amended and agreed to.

Paragraphs 51 to 56 read and agreed to.

Paragraph 57 read, amended and agreed to.

Paragraphs 58 to 62 read and agreed to.

Paragraph 63 read, amended and agreed to.

Paragraphs 64 and 65 read and agreed to.

Paragraph 66 read, amended and agreed to.

Paragraphs 67 to 76 read and agreed to.

Paragraph 77 read, amended and agreed to.

Paragraphs 78 to 81 read and agreed to.

Paragraph 82 read, amended and agreed to.

Paragraphs 83 to 95 read and agreed to.

Paragraph 96 read, amended and agreed to.

Paragraph 97 read and agreed to

Paragraph 98 read, amended and agreed to.

Paragraphs 99 to 102 read and agreed to.

Paragraph 103 read, amended and agreed to.

Paragraphs 104 to 108 read and agreed to.

Paragraph 109 read, amended and agreed to.

Paragraphs 110 to 114 read and agreed to.

Paragraph 115 read, amended and agreed to.

Paragraph 116 read and agreed to.

Paragraph 117 read, amended and agreed to.

Paragraphs 118 to 125 read and agreed to.

Paragraph 126 read, amended and agreed to.

Paragraph 127 read, as follows:

If the Government feels that dropping preconditions is not possible, we recommend that one possible alternative is to modify the June 2006 proposal by providing assurances to Iran that it will eventually be allowed to enrich small quantities of uranium under rigorous safeguards if it agrees to suspend its programme until the IAEA has resolved all unanswered questions about its programme and an Additional Protocol has been implemented.

Paragraph disagreed to.

Paragraphs 128 and 129 (now paragraphs 127 and 128) read and agreed to.

Paragraphs 130 and 131 (now paragraphs 129 and 130) read, amended and agreed to.

Paragraphs 132 to 140 (now paragraphs 131 to 139) read and agreed to.

Paragraph 141 (now paragraph 140) read, amended and agreed to.

Resolved, That the Report, as amended, be the Fifth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 27 February at 2.00 pm].

Witnesses

Wednesday 2 May 2007

Page

Sir Richard Dalton KCMG, Ambassador to Iran 2002-06, and **Dr. Rosemary Hollis**, Director of Research, Chatham House

Ev 1

Wednesday 23 May 2007

Dr. Ali Ansari, Reader, School of History, University of St Andrews, and **Dr. Frank Barnaby**, Nuclear Issues Consultant, Oxford Research Group

Ev 12

Wednesday 23 May 2007

Lord Triesman of Tottenham, Parliamentary Under-Secretary of State, and **Neil Crompton**, Iran Co-ordinator, Foreign and Commonwealth Office

Ev 23

Wednesday 4 June 2007

Lord Archer of Sandwell QC

Ev 29

Wednesday 28 November 2007

Dr. Kim Howells MP, Minister for the Middle East, **Antony Phillipson**, Iran Coordinator, and **Paul Arkwright**, Head of Counter Proliferation, Foreign and Commonwealth Office

Ev 70

List of written evidence

1	Foreign and Commonwealth Office	Ev 37
2	Dr Kim Howells MP, Minister of State, Foreign and Commonwealth Office	Ev 86, Ev 87
3	Dr Frank Barnaby, Nuclear Issues Consultant, Oxford Research Group	Ev 20
4	Human Rights Watch	Ev 89
5	National Council of Resistance of Iran, UK Representative Office	Ev 92, Ev 174
6	Jenny Warren	Ev 102
7	Dr Ian Davis, Co-Executive and Paul Ingram, Senior Analyst, British-American Security Information Council	Ev 105
8	Elabe Mohtasham, Senior Research Associate, Foreign Policy Centre	Ev 117
9	Verification Research, Training and Information Centre (VERTIC)	Ev 145
10	The signatories of "Time to Talk"	Ev 156
11	Hon. Barnabas Leith, Principal Representative, Diplomatic Relations	Ev 163
12	Potkin Azarmehr, Iranian Freedom Institute	Ev 164, Ev 165
13	Mark Fitzpatrick, Senior Fellow for Non-Proliferation International Institute for Strategic Studies	Ev 166
14	The Congress of Iranian Nationalities for a Federal Iran	Ev 169
15	Karim Sadjadpour Associate, Carnegie Endowment for International Peace	Ev 171
16	Lord Corbett of Castle Vale, Chairman, British Parliamentary Committee for Iran Freedom	Ev 175

Oral evidence

Taken before the Foreign Affairs Committee

on Wednesday 2 May 2007

Members present:

Mike Gapes (Chairman)

Rt hon. Mr. David Heathcoat-
Amory
Mr. John Horam
Andrew Mackinlay

Mr. Ken Purchase
Rt hon. Sir John Stanley

Witnesses: **Sir Richard Dalton** KCMG, Ambassador to Iran 2002–06, and **Dr. Rosemary Hollis**, Director of Research, Chatham House, gave evidence.

Q1 Chairman: We have before us two people whom we know very well, Sir Richard Dalton and Dr. Rosemary Hollis, and we are just beginning an inquiry that will look at Iran. We thought that it would be helpful if we focused initially on the recent captives crisis and the events surrounding it. I am conscious that, because of the election timetable, some of my colleagues are not here today. Nevertheless, we have a quorum, and I am sure that we will be able to cover all the territory.

Would you both set out how you saw the objectives of the Iranians in capturing and detaining our marines and sailors? Why did they do it? What were they trying to achieve? What was their purpose and did they meet their objectives in doing this?

Sir Richard Dalton: We do not know. We do not know what their objectives were because we do not know who took the decision. There are three options. The first is that the system decided that it wanted to make an example of the British and this was the way to do it using its constitutionally decreed arrangements, ratified if necessary by the supreme command of the armed forces, Ayatollah Khamenei. At the other end of the spectrum, it might be that local commanders decided that this would be a good thing to do; they believed that they had mounted a successful operation against the British in 2004 and it was a good time to do it again. In between those two options, it could be that the commanders thought that it was a good idea and checked it with their military superiors, who had a quiet word with somebody on the political side who said, “Well, go ahead and do not worry; the system will back you up after you have done it.” We have no evidence that I am aware of publicly to choose between those three options.

Speculating about their motives, I think that they wanted to show that they were tough and ready to repel anybody who wanted to aggress against their territory, so they had a general objective of showing military determination. Secondly, they wanted to taunt the British, who are regarded as enemies, particularly in the Revolutionary Guard and in the higher clerical circles. The target was one that they would have spotted because they keep an extremely close watch on what goes on, and they would have

concluded that for low military cost they might well be able to make a significant political demonstration against the United Kingdom, their habitual enemy. There might have been feelings to assuage because they—particularly in the Revolutionary Guard—had been on the receiving end of some setbacks, such as the arrests in Irbil by the Americans, with five of the Revolutionary Guards’ associates kept by the Americans. There had also been a high level probable defector, Mr. Asgari, which was a blow to their pride. The Revolutionary Guard commanders may have thought that it was a good time to show that they could not be taken for granted and were ready to defend their position. Speculation about who took the decision and what their motives were is beside the point. The system took up the action as soon as the news came through to Tehran that the captives had been taken and ran with it. Within a matter of minutes or hours, it became a system-wide exercise.

Q2 Chairman: We will go into other aspects of that in a moment, but have you got anything to add, Dr. Hollis?

Dr. Hollis: I go along with everything that Sir Richard has said about the options over how it originated. I concur totally that once it had started, the system was going to play it for all it was worth. I would add that the Iranians seem to have a propensity to play on a very large battlefield and to try to have as many options in the air as possible. While it is not actual warfare, it is a sort of asymmetrical warfare. That fits in with Iran’s own rhetoric in which it said that, “If the Americans attacked us, they would be mistaken if they assumed that we would retaliate with missile attacks on US assets in the region. We have many other ways of making their life difficult.” That episode fits nicely with Iran’s sense of its place in the region. It has multi-faceted relationships in the region and multiple opportunities to make its presence and position felt.

Q3 Sir John Stanley: Sir Richard, will you explain why you appear to rule out a fourth option, namely that it was retaliatory action for the taking into custody of certain Iranian personnel and, if the media reports are to be regarded as authentic, for the news

that more would be taken into custody in Iraq by Iraqi security forces and the US? **Sir Richard Dalton:** I certainly do not rule that out. I said that they wanted to assuage their feelings that had been sorely hurt by that action. It could have been a direct retaliatory action on the grounds that the UK would be a softer touch than getting directly at the United States.

Q4 Chairman: In your answer earlier, Sir Richard, you referred to the regime taking on the issue and using it. In an article that you wrote a few weeks ago, you said that the Iranians appear to have been improvising rather than working on an overall diplomatic plan. Could you summarise how the Iranian diplomacy worked once they had taken it on in the way that you described?

Sir Richard Dalton: I do not know any of the inside story. You would have to ask the Foreign and Commonwealth Office to give you a good answer to that question. It was clear, as in the case of the capture in 2004, that the Ministry of Foreign Affairs in Tehran had to play catch up to find out which units were holding those people and why, what the line of communication was and what the view of the political leadership was of the action taken to capture them. How matters evolved in that interplay of the different actors in Tehran is, in my experience, always shrouded in mystery. They keep their counsel very close. The Ministry of Foreign Affairs is a faithful expounder of an agreed line, but does not take a foreign embassy into its confidence about what line is being taken by which players in the preparation of that agreed line.

Q5 Chairman: A question for both of you: do you feel that the Iranians now regard the way in which they handled our personnel as sensible? I refer to their use of confession, televising, and the threats that were made to the personnel. In retrospect, might they think that perhaps they should not have done that?

Dr. Hollis: If I may say so, I think that the Iranians deemed it a pretty successful manoeuvre from start to finish. It ended happily, and at the right time. They had sent messages, they had tested to see how far they could go and they regrouped when they came up against the limits of that. I dispute the argument that they made at the time of the release of the personnel to the effect that, had Tony Blair not taken the issue to the Security Council and to other members of the European Union, it could all have been resolved sooner. The fact that they said that was indicative of the careful manoeuvres in which they were engaged, and it justified their position. However, by taking the issue to the UN Security Council and to fellow EU members, the British in effect raised the stakes, but also established—for all to see—the extent of support that they were likely to receive. They demonstrated to the Iranians that they were not a pushover.

Sir Richard Dalton: I broadly agree with that. I would add that it was a very high risk strategy for the British to go to the Security Council at the time that they did. Making a large public fuss is rather different from making private representations to allies and regional neighbours of Iran. The more one uses publicity and the international pulpit, as it were, the higher the

value of captives to some of the extremists in the Government whom one is trying to influence. The fact that the release of Faye Turner was aborted as a consequence of going to the Security Council shows the degree to which a risk existed.

In addition to the EU partners, who I suspect would have been prepared to go into reverse in some of their dealings with Iran had the issue remained unresolved after a period of time, the key influences on the Iranians were, I think, the regional ones. As Dr. Hollis said, a major Iranian objective was to show power in the region, yet they had a stream of phone calls from all their regional neighbours, saying, “Please bring this to an end.”

Q6 Mr. Horam: Why did the Syrians take the line that they took? They made it plain that they were against the Iranian position. Why would they do that?

Sir Richard Dalton: I do not think that they made it plain publicly. There have been articles suggesting on the basis of Syrian briefings that the Syrians were pleased to help. That would fit with the Syrian wish to make it plain to the west that it is not a country to be put into the doghouse and isolated, in the way that might be associated with US policy, but rather is a reasonable country, that can be dealt with. Putting a good word in would have been a logical course as part of the Syrian campaign to rehabilitate its image.

Q7 Mr. Horam: That is part of its wider game plan.

Sir Richard Dalton: Yes.

Q8 Mr. Horam: Do you agree, Dr. Hollis?

Dr. Hollis: I do. The Syrians saw it as an opportunity to demonstrate that they could be useful. I think that they capitalised to the extent that the US official Nicholas Burns, talking this morning about US-Iran relations, mentioned the Syrian Foreign Minister Mr. Muallem by name as one of the players who will be present with neighbours of Iraq and other interested parties in the next two days of diplomacy on reconstructing Iraq. Given during Mr. Burns’ presentation this morning on diplomacy with Iran, I remark that as an indication that the Syrians have quite successfully reinserted themselves in the regional game.

Q9 Chairman: May I take you back to the issue of how the release was arranged? Was it as a consequence of the internal power struggle within the regime? Sir Richard, you said originally that we do not know why they were taken. Why were they released when they were and why do you think that Ali Larjani decided to go on Channel 4 News? Was that part of the power struggle or was it for other reasons?

Sir Richard Dalton: There is a power struggle for influence in foreign affairs between Dr. Larjani and President Ahmadinejad. It could be that Dr. Larjani spotted an opening to insert himself, not only to solve a problem for Iran but also to show that he can deliver, which could be relevant to his standing in Iran. We need to step back a little and ask ourselves why the Iranians decided not to put them on trial,

2 May 2007 Sir Richard Dalton and Dr Rosemary Hollis

which was touted, as you know. There are precedents for taking people who have transgressed the sea borders of Iran—it did not happen in this case, but it has happened in other cases—putting them on trial and sentencing them for quite long periods. It was always a distinct possibility, but, speculating again, it would appear that the Iranians concluded that to put them on trial would prolong the issue to Iran’s disfavour and, as Dr. Hollis said, it had got all it was going to get out of the issue after a couple of weeks. At that point, there was scope for a pragmatic international actor, as Dr. Larijani is, to a degree, to step in.

Dr. Hollis: I agree that there is a power struggle. I was taking soundings as much as I could from Iranian contacts, including those in Iran as the situation unfolded, and my sense is that President Ahmadinejad was persuaded to stay out of this until he was given the opportunity to do the theatre at the end. In the internal power struggle there was a division of labour and Dr. Larijani felt to me to be very much in charge at the Iran end of the overall direction that it was going to take. As one Iranian described it to me, the President’s reward for not trying to hijack the issue was the drama at the end.

Q10 Andrew Mackinlay: My questions are for both of you. You gave us possible reasons, or options, but one that you did not mention—it comes later in my brief, but I will touch upon it now—is the dispute about whether the Royal Navy was in internationally agreed Iraqi waters, in that area that is blurred or in dispute, or in Iranian waters, and I want to link this to the Security Council. As I understand it, we went to the Security Council seeking condemnation of the taking of our people, and so on, but other members of the Security Council, particularly the Russians, were not prepared to say that these were Iraqi waters. It strikes me that they had an unexpected bonus because the Security Council did not do what the United Kingdom wanted it to do with regard to the location. That was a point to Iran, and it could pump the air. I am concerned that we did not do our preparation before we went to the Security Council in order to know what other Security Council players would sign up to. It seemed to me that there was a diplomatic failure or error by us and the Security Council. If the Chairman will allow it we may also come later to the matter of whether internationally other people agree about the status of these particular waters and the location of our RIB craft. I want to bounce that off you both, because it seems it was a bit clumsy in New York.

Dr. Hollis: Sir Richard called it a high-risk strategy. I admit that I felt at the time that it went as far as it could with the Security Council because not only did the Iranians learn that the British would have support, but the British learned the limits of that support. The silver lining was that not endorsing the British claim about where exactly the British vessel was presented the opening for the resolution of the crisis. Both sides could agree that it is a sensitive area, in which one has to be doubly careful, and there is some value in closer engagement to ensure that misunderstandings do not happen in the future.

Sir Richard Dalton: I shall add to that by saying that I do not believe that the we are talking, for practical purposes, about disputed waters. An enormous amount of shipping goes up and down those waters, and there have not been any similar incidents—at least, they have not been publicised. That is because it is very much in the Iranian interest to respect the international acquis, even if it is informal, as to where the border is.

When we had difficulties with the Iranians in 2003 over movements by their forces toward and beyond the Iraqi border, I took the issue on instructions to the Ministry of Foreign Affairs. It stoutly maintained that Iran’s policy was to respect the commonly accepted borders in order that there could be a proper negotiation in due course with an independent Iraqi state, at which the borders would be fixed once and for all at what, for Iran, would be a relatively favourable situation—that with which it was left after the Iran-Iraq war in 1988.

The reason why the Iranians did not contest where the UK said the line was in the northern waters of the Persian gulf was that it did not wish to set up an irritation in its relationship with Iraq that would make the maritime border harder to deal with.

Q11 Andrew Mackinlay: This is a very important point. The British Government’s position was that the waters were indisputably Iraqi. You said that there was a *modus vivendi* by which merchant shipping was let go, as happens in an awful lot of waterways around the world that are subject to opposing claims. I think that you have concurred with my feeling that, in fact, the waters were disputed, and that the Government would have known that. There might well have been a custom and practice that craft of all nations could go into the waters and that that would not be an issue. It became an issue the moment that somebody wants to say, “You are in our waters—in our bailiwick”.

Sir Richard Dalton: I would not agree with that. Only if two parties to a border dispute it can we say that a border is disputed. Neither Iraq or Iran is disputing the line that exists on the Admiralty charts that are used by 90%.—[*Interruption.*]

Q12 Andrew Mackinlay: Whose Admiralty?

Sir Richard Dalton: Our Admiralty. The charts used by the British Navy are the charts used by 90% of the world’s shipping, I am told. At the time of the incident, neither Iraq or Iran was disputing the line. There is a lack of clarity in international law because there is no treaty between the sovereign Government of Iraq and Iran to define the line. Royal Navy policy was to leave a 1 km buffer zone between an operation and the commonly accepted and undisputed line in the Persian gulf because of the possibility of mistakes. They were outside that self-imposed buffer area by 0.2 km.

Q13 Mr. Purchase: Could I just remind you that on 2 April Ali Larijani said there was no need to proceed with the trial, on 3 April Jalal Sharafi was freed in return to Tehran and on 4 April Iran was told it could have access to the five detainees from Irbil? The

Secretary of State for Defence, Des Browne, said there was no deal. You suggested, Sir Richard, that there was a firm refusal, both in public and private, to pay a price. Not that I want to spoil the Prime Minister's tea party on his 10th anniversary, but he also said there was no deal and that it happened without any negotiation or any side agreement of any nature. Does it not seem a bit of a spin to suggest that there was no negotiation and no side agreement—yet on 5 April the lads were out?

Dr. Hollis: I do not know whether spin is at work here. I think the word “negotiation” could be interpreted in different ways. I think what was meant was that there was no negotiation in the sense that there was no concession made and no demand and therefore no responding concession. I think there was a great deal of diplomatic activity—some might call that negotiation—around the issue. It could well be that there is nothing to hide here. It is a success.

Q14 Mr. Purchase: They are free, sure. It is a success. But credibility is stretched a little—isn't it?—when we have these closely related events of what appears to be recanting on two positions, then the next thing the lads are out but there was no deal.

Dr. Hollis: Wait a minute. You are talking about the service personnel recanting.

Q15 Mr. Purchase: No, I am talking about the five detainees from Irbil. We gave the Iranian authorities access to them.

Dr. Hollis: I am sorry. I was connecting it back to the business of where they were in the territorial waters.

Q16 Mr. Purchase: I am sorry if I misled you. Perhaps I did not provide a full enough description of the events. On 4 April, Iran was told it could have access to the five detainees from Irbil.

Sir Richard Dalton: I think what is happening here is that there was a very helpful coincidence, but how it arose I do not know. My hunch is that it arose out of UK-US diplomacy rather than US-Iran diplomacy or UK-Iran diplomacy. It is an obvious thing to do to ease the path of an Iranian climbdown for consular access to be given to these US detainees in Irbil. It is a small step towards normal international practice by the United States Government and is actually very welcome on its own merits.

The return of Mr. Sharafi is even more of a mystery. He is the second secretary from the Iranian embassy in Iraq who had been kidnapped. There is no evidence linking the United States authorities with that. But he was returned to Iran in the course of the exchanges between the UK and Iran about the Royal Navy captives. It seems to me to have oiled the wheels.

Q17 Mr. Purchase: In the middle of all this, on 3 April Nigel Sheinwald had a telephone conversation with Mr. Larijani. The whole thing seems to me to fit together for a negotiation—with people saying, “We'll do this if you'll do that.”

Dr. Hollis: Wait a minute. If you look at the Jon Snow interview with Mr. Larijani—

Q18 Mr. Purchase: On Channel 4?

Dr. Hollis: Yes. Larijani gave lots of information without demands. It seems to me that a lot of information was being passed among all the players who got involved, some publicly and some behind the scenes. Deductions were made as to what would smooth the path of diplomacy. I am not trying to defend anybody's position, but I recollect that watching it unfold was like watching a carefully choreographed dance.

Mr. Purchase: I am happy with the outcome. It seems faintly ridiculous that we should deny, or that it should be denied, that anything was done to enable the happy release of our sailors to take place.

Q19 Chairman: Can I rephrase the question? Is it not really that we had sequenced, unilateral steps such as confidence-building measures rather than a negotiation?

Sir Richard Dalton: It could be. It is not the same thing.

Chairman: It is not. Therefore, you could say that there was no negotiation, but you could also take unilateral steps, or get your allies to do so, to help build confidence in order to secure the release.

Q20 Andrew Mackinlay: May I ask Dr. Hollis and Sir Richard a question? Admittedly, you are not in the Foreign Office, but I want to put to you my impression. Des Browne, in his statement in the House of Commons, implied that other people, presumably coalition partners, were fulfilling rigorously and with vigour the search and board, but he has never been able to show that that was so. Last week, there was an announcement that we have returned to that. Surely the truth is that this day, the Royal Navy is not doing search and board in the same location, to the same extent and with the same frequency, and that therefore the Iranians have clearly gained their central objective.

Dr. Hollis: Wait a minute. If we are talking about the exchanging of signals, it was 24 hours before the personnel were captured that one member of the British service personnel in the Basra area said that although he could not prove it, he was being informed that Iranians were behind the channel of money going to Iraqis, averaging \$500 a head, to pay them to attack British soldiers. That is quite an accusation. He said that he could not prove it, but that he was hearing it.

I see one explanation for the Iranian action within a couple of days of that. It demonstrated that we have a very complex relationship. The background is that the Iranians have been accusing the British of interfering in Khuzestan, a south-west province on the Iranian side of the border that is populated by a majority of Arabs. It is therefore confusing for a British soldier in Iraq when dealing with an Iranian national who happens to be from Arabestan and is speaking Arabic to some friends or relatives in Basra. When are they doing transactions and friendly

2 May 2007 Sir Richard Dalton and Dr Rosemary Hollis

engagement, and when are they causing a problem for the British? And exactly who is on whose side anyway?

In those circumstances, one could give an explanation for the British who might be conducting operations in a somewhat different mode since the episode. It might just be cautionary tactics, as opposed to backing down specifically to Iranian pressure. Both players in that difficult area have accepted that there is far too much room for a small misunderstanding to spin out of control, escalate and cause blows.

Q21 Andrew Mackinlay: I welcome your explaining that to us, but it gives credence to my feeling that things are not being done in the same fashion, to the same extent, in the same location and with the same frequency as they did before the seizure of Royal Navy personnel. That is your view?

Dr. Hollis: Yes, but that need not be backing down under pressure.

Sir Richard Dalton: Do we have any information to that effect—that things have been done differently by the Royal Navy? I do not.

Q22 Chairman: But it is a fact that we do not have the boats back. The Iranians still hold them.

Sir Richard Dalton: Yes.

Q23 Chairman: Therefore there is unresolved business for our presence and the effectiveness of what we can do.

Dr. Hollis: May I add another thing here? The British were inspecting vessels, and still are, to look for smugglers. How, if not through illicit trade, are some of the militiamen who are fighting for control of the local governorship in Basra to get their income? How, if not through that kind of trafficking, linking their mates on one side of the border with their mates on the other side? The British are literally interfering with local politics in Iraq, and local politics and the Iranians are in bed together.

Q24 Mr. Purchase: May I try to press you a bit further? I am not quite sure how important this all is, but to reinforce what I was trying to get across earlier, we know that Margaret Beckett spoke to her Iranian counterpart Mottaki on several occasions—whether it was useful or not, she did that. We know that there was the phone call from Nigel Sheinwald to Ali Larijani, which was probably key to the whole affair. The Prime Minister has said that there was a dual-track strategy. One track was bilateral dialogue with the Iranian regime, and the FCO in London and the British ambassador in Iran made attempts to engage with the Iranians. All that strikes me as probably quite a successful effort to resolve the difficulties. I do not understand why it is necessary to say that there were no negotiations and there was no side deal. It seems blindingly obvious to me that here were people struggling to find a way forward and finding one, but then for some reason not wanting to say that they had found one. Let me specific: how important do you think Sheinwald's discussion on the telephone was to the whole process?

Sir Richard Dalton: I would have thought that it was very important for Britain not to be seen to be paying a price to get its own captives back. That was a fundamentally important objective of Her Majesty's Government, and I support it. Somebody who acts illegally to take captives in such a way will only be encouraged to do so again, if they gain something tangible from it.

I do not think that Iran was the winner in the episode, and I do not agree with Bolton—we may come on to him later—that it was a “double victory” for Iran. They managed to pull their chestnuts out of the fire by conceding when they did, because the situation was getting worse for them. I stand by my thought that that happy coincidence could well have been arranged, but I can quite see why the British Government would want to deny that it specifically paid a price to the Iranians. I do not know what Sir Nigel Sheinwald and Mr. Larijani talked about, so I cannot really comment on that.

Q25 Mr. Purchase: I will not press this any further. I merely say that if you put the whole thing together it lacks a certain credibility, and I think that we may not have controlled it.

Dr. Hollis: I wonder, though; surely successful diplomacy is about resolving a source of dispute with face saved on both sides. I noticed the way in which the press were asking questions towards the end of the episode. They did not seem to be operating with a concept of win-win. They wanted to discover who had won. A more direct answer to your question would have enabled them to say, “Aha, the British caved in. We had to concede something to get this resolved.” Then the British press would have been assisting the Iranians, and the British politicians who had given the straighter answer for which you are looking could potentially have given the Iranians an additional propaganda benefit. Personally, I was puzzled that there seemed to be only a Bolton-like understanding that there must be a winner and there must be a loser.

Q26 Mr. Purchase: I like the idea that we arrived at a sensible conclusion. There was a whole series of events and the outcome was satisfactory, yet very senior people suggested that nothing had happened, that they just gave in.

Dr. Hollis: Could it also be that Jon Snow provoked a new twist in the saga? Am I not right in thinking that Sheinwald spoke to Larijani after he was given the terms of the conversation on British television?

Chairman: Could we move on, please? We have other areas to cover.

Q27 Mr. Heathcoat-Amory: I think that you are being fantastically innocent if you really think that those parallel moves were not part of an overall negotiation. It is only diplomats who can dress these things up in that way. Let us leave it as a happy coincidence.

I am interested in what lessons there are for future relations with Iran. We have heard that we do not know on whose authority the hostages were taken, nor who was behind the decision-making process

that led to their release. It is all opaque; there are many centres of authority in Iran. How, then, will we make agreements over issues such as Iran's interference in Iraq, where they are destabilising the country and killing a lot of people, or the nuclear issue? It is a large rogue state and we do not know who is in charge. How and with whom will we negotiate with the prospect of making agreements that stick?

Sir Richard Dalton: We do know who is in charge: it is the Supreme Leader, who is called upon to referee disputes, if they exist, between his military and civilian leaderships. It is exactly the same as the power structure in any other Government; there is a top dog who is called upon to arbitrate. Sometimes he is called a President, sometimes he is called a Prime Minister, but we should not be bamboozled into thinking that nobody is in charge in Iran because he is called the supreme leader and because many of the concepts are rather unfamiliar. The system works quite efficiently. The main politico-security decisions are debated in the Supreme National Security Council, which Mr. Larijani heads. There is a representative of the Supreme Leader in that body, who along with Mr. Larijani has direct access to the Supreme Leader, who then endorses or differs from the decision that has come from the tier below. There is an iterative process as decisions are prepared, in which the leader's circle of advisers are brought in and consulted. Again, there are parallels in other government systems, including our own. By the time the issue comes up for decision, the path to something that will stick is smoothed.

It is extremely difficult to make that system work for the benefit of foreigners, not so much because the system is opaque, but because the issues are highly difficult and the differences on the actual substance are immense. As European negotiators, we felt that if it had been possible in the course of European negotiations on a Political Dialogue agreement to reach agreement on human rights, weapons of mass destruction, terrorism or the Middle East peace process, and the Supreme Leader and the rest of the system had endorsed the agreements that had been negotiated at a lower level, they would have stuck. Since we, as the UK, have tried to re-establish diplomatic relations with Iran at the proper level, our experience was that the agreements that we reached were broadly fulfilled satisfactorily by the Iranian side.

Q28 Mr. Heathcoat-Amory: I am still unclear. There is an unelected Supreme Leader and an elected President, who we all thought had a lot of authority. Finally, he paraded the captives and said how lucky they were to go home. There is also a Foreign Minister. We had difficulty reaching anyone in the first week of the crisis. That does not seem to impart a lot of confidence in how and with whom we will reach agreements. Should we always make a telephone call to the Supreme Leader? How do we negotiate with people like that?

Sir Richard Dalton: In exactly the way that you negotiate with other people.

Q29 Mr. Heathcoat-Amory: We usually negotiate with President Bush by going to see him, and he is accountable.

Sir Richard Dalton: There are nominated representatives. We do not actually get access to the Supreme Leader but we knew, for example, when for a year and a half the Iranians honoured the agreement to suspend their enrichment activities, that that was an agreement endorsed by him. In the intermediate stage, the key figures to whom we could convey messages were the intelligence establishment, the foreign ministry and the President. We did not have direct access to the military, but of the four main power centres that were dealing with whether Iran should suspend, we could get messages through to three. We reached an agreement at Foreign Minister level in Tehran in November 2003, and it was then cleared with the Supreme Leader by the senior Iranian negotiator.

The system might not be 100% the same as ours, but the principles behind it are similar, and it sticks. The problem is whether the Iranians are willing to change their views on the substantive issue. Hitherto, they have not been willing to do that in relation to most of the issues on which we have been dealing with them.

Dr. Hollis: If I might add, one does not just negotiate with President Bush, or whoever is the incumbent of the White House. There are four or five different key figures in Washington who need to be on board in any given situation in order for diplomacy with the Americans to be effective.

Q30 Mr. Heathcoat-Amory: We heard earlier that you could not tell us on whose authority the hostages were taken, so the Supreme Leader does not seem to be in charge of his own military forces. I do not think that that is an exact parallel with the United States, where I understand there to be a pretty clear chain of command. My worry relates, for instance, to a potential agreement over the future of Iraq. If there are still rogue elements who are unknown and unidentified, I am not sure that a lot can be said for any agreement that is made with this mysterious Supreme Leader—someone who is above the elected President.

Dr. Hollis: Larijani will have sorted out with the Supreme Leader the line that he will take both on this episode and on the nuclear negotiations. He speaks with authority on the nuclear issue, whereas the President does not. However, he complicates the picture with his dramatic rhetoric, his populism, and his strutting on the stage. There is a need to unpick the messages that come out of Iran, which is frustrating, but I do not necessarily concur with the idea that that makes them unreliable.

Q31 Sir John Stanley: On a wider question, could you tell us your view of the Iranian Government's objectives in Iraq, and what political outcome they want to see there?

Sir Richard Dalton: I believe that they want to see a Shi'a-dominated Government in a peaceful country which is a good neighbour with Iran. They want there to be no American bases in Iraq in the long run,

2 May 2007 Sir Richard Dalton and Dr Rosemary Hollis

and ideally they would like America to fail—to be perceived as having extended its power into the middle east in 2003 and to have made a Horlicks of it and gone away with its tail between its legs. The manner of the American withdrawal is very important to Iran's view that it is in an ideological and potentially military struggle with the world's only superpower. They would see an American departure as a triumph for justified resistance by Muslim peoples in the region. One of their main objectives in increasing the pain for the United States is to increase the pressure for American withdrawal.

I believe that previously the Iranians were trying to achieve that pressure without precipitating Iraq into a state of chaos, but I think that there is now a state of chaos in Iraq, although that is not primarily the work of Iran. When Mr. Negroponte said in his last National Intelligence Assessment, in January this year, that Iran's behaviour was a factor in externally generated instability in Iraq but not by any means the main one, he was right. In calibrating its uses of support for violence in Iraq, Iran is hoping to achieve the political aims that I described.

Another political aim is to show the political actors in Iraq that they must keep on good terms with Iran, so that there will sometimes be support for enemies of people whom Iran ultimately wants to have as friends. For example, there is instability associated with Iranian support in parts of the country, such as the north, in which Iran is trying to have a good and trusting relationship with the regional government. They want to discourage that regional government from ever thinking of supporting the Kurds inside Iran. They have a many-layered approach to their policies; some they operate at a national level in Iraq and some at a rather local level.

Q32 Sir John Stanley: I will come to you in a moment if I may, Dr. Hollis, to put the same question to you. I wish to ask you further, Sir Richard, when you say that you think their objective is to have a Shi'a-dominated Iraq, can you tell us what brand of Shi'a domination you think they are going for? Are they comfortable with the type of Shi'a Government that is in place now, who have signed up for the basics of western-style human rights, rights for women and so on, or do you think that the Iranians want a much more radical, militant brand of Shi'a domination, represented by the militants?

Sir Richard Dalton: I think they want a Government that works. Their interest in stability is much greater than their interest in the particular ideological complexion of the Government. You could argue that, in an ideal world, they would love to have a theocracy that mirrored their own, but they have never been able to work for theocracy in the whole of Iraq and they have not done so, because they know that it would be fundamentally contrary to the views of the major theological authority in Iraqi Shi'adom, namely Ayatollah Sistani. As it is not a feasible objective, I believe that they have been wise enough not to try it. They would like a Government with the chance to operate on behalf of the majority

community, but ultimately success for an Iranian policy in Iraq requires that Government to be on reasonable terms with Kurds and Sunnis.

Q33 Sir John Stanley: Dr. Hollis, what is your view of Iranian political objectives in Iraq? What sort of Government structure and complexion do you think the Iranian Government would like to see in Iraq?

Dr. Hollis: They would not like to see Kurdistan becoming a separate state and they therefore want a unitary state. Democracy suits them very well because it gives power to the Shi'a majority, or that majority is able to dominate the Government as it does at the moment.

My sense is that they are possibly unaware of how much hostility is building among non-Shi'a Iraqis and Sunni Arabs generally over the increase in Iranian influence in Iraq. I find that there is a tendency among Sunni and secular Jordanians and Saudis and Sunni Iraqis essentially to equate Shi'a Arabs with Iranians even though they are, of course, ethnically different and have different national aspirations.

There is a larger conflict playing out here: the Iranian preferences for Iraq seem to me to overlook the kind of opposition that is building to the sort of Iraq that they are getting and the sort of Iraq that they want.

Q34 Mr. Horam: You said, Sir Richard, that one aspect of Iranian policy towards Iraq, following the question from Sir John, was that it would be very happy if there were a world perception that the US had failed to come into that area and gone out with its tail between its legs. How could the US avoid that perception? What US policy now could you see as avoiding that?

Sir Richard Dalton: I support the surge. Again, it is high risk. Everybody knows that it is going to take time to yield results and it is not clear whether the United States domestic political timetable will coincide with the timetable that General Petraeus is asking for. But I am impressed by analysts who say that we will not know whether the new set of policies is working satisfactorily until the first quarter of next year. Whether there are enough troops in the surge to make a real difference is another big question but I do think it right for the United States to make a further effort to withdraw with honour because withdrawing with honour requires stability of a kind in Iraq and forward movement once again.

Q35 Mr. Horam: Could I come back to something that you said at the time of the capture of the sailors? You said that you thought that the Government had let their anger at the way the sailors were being treated get the better of them and that they might have gone to the Security Council too early. I think that Dr. Hollis commented on that, but you were a bit nervous about the earliness. How do you see that now? Do you still stand by that in the light of what has happened?

Sir Richard Dalton: Yes, I do. I think that building international pressure was the right thing to do, but the pressure that really counted was the pressure in

the region, rather than what actually happened in the Security Council. The Iranians reacted badly to our going to “our club” for the endorsement that we were almost certain to get and to seek to open up a front of that nature against Iran to add to the other areas in which Iran was being, in its own view I hasten to add, driven into a corner. I thought at the time that there was still mileage in finding understandings based on ensuring that things like this should not happen in the future and that exploring that fully, before having recourse to the Security Council, was likely to be more productive.

Q36 Mr. Horam: And you still maintain that, even in the light of what has happened? It seems to have worked?

Sir Richard Dalton: Yes, because we have not yet established whether it [the access to the Irbil Five and the release of Sharafi] was an arranged coincidence, or whether there were aspects of the British Government’s presentation to Iran that have not yet been announced, like ways of ensuring that incidents like this do not happen in the future and that there are better communications respecting certain lines. These are not questions that I am competent to answer. That is what worked. It is impossible to say that X% of the formula which enabled it to work was the Security Council.

Q37 Mr. Horam: Now all this has happened and is water under the bridge, how do you think UK policy towards Iran should change, if it should change? We understand, for example, that a review is taking place of UK policy towards Iran. What would you say to the people who are undertaking that review? Would you advocate any significant changes, or should we carry on as before?

Sir Richard Dalton: It is a very difficult one this, because we do not have that many bilateral levers to use against Iran. There should be some attempt to find an area of our co-operation with Iran which is valuable to Iran and which we can withdraw for a period in order to underline our rejection of what they did and how they did it. So, yes, I think that it is right—

Q38 Mr. Horam: To have a sort of cooling period?

Sir Richard Dalton: Exactly. But if you ask what we are doing in Iran and what we are doing with Iran, an awful lot of it is to the benefit of UK citizens. It is possible in such circumstances to find something to retaliate with which is actually cutting off your nose to spite your face. I imagine that we wish to maintain good services for British citizens and, for access control to the UK, an effective visa presence. We wish to maintain our programmes of co-operation against drugs. There are Afghan issues to handle and Iraqi issues to handle.

Q39 Mr. Horam: There is not much that we can do?

Sir Richard Dalton: I do not know. I would find it hard to find something to do.

Q40 Mr. Horam: Would you agree, Dr. Hollis?

Dr. Hollis: Yes. I would also say that we had one or two indications that there was not a well worked out negotiation that was direct, back and forth, because the Foreign Secretary was, convincingly, advising everybody to expect the release to take a lot longer. I got the impression that the release came sooner than Ministers were expecting. As I said earlier, Jon Snow intervened in a way that smoothed the path for the conversation between Sheinwald and Larijani. All of these things indicate to me that the British did not overreact, but that there were moments of extreme nervousness when they might have done. They were being baited; they were being invited to get much angrier and embarrass themselves; and they managed to avoid doing that. The multiple lines of communication that were set in motion produced the result.

What do we deduce from that? For the future, we deduce that there is a chance of another complex situation emerging, especially given the British position in southern Iraq and Iranian feelings about the British and Iranian connections into southern Iraq. The chances of something spinning out of control in the future are great. Therefore, for those reasons, I would say that Britain needs to move forward with the greatest caution.

Q41 Andrew Mackinlay: What has troubled me over the past couple of years is that we seem to have been sending mixed messages of variable degrees of indignation to Tehran. I would buttress that comment by saying that the Prime Minister, frequently at Prime Minister’s Question Time, has linked the ordnance armaments and deaths of British soldiers—you know, suggesting that the smoking gun goes back to Iran. He has consistently done that, and Defence Secretary Reid did that, too. However, if one looks at Foreign Secretaries Straw and Beckett, they have been much more fudging of this, as have their junior Ministers—Kim Howells, for instance, has said different things at different times. Is not part of the problem that we are not singing with one voice in Whitehall at ministerial level? As I say, we are sending mixed messages. Is that comment fair, or have you identified that problem?

Sir Richard Dalton: I have not been following what Kim Howells has been saying, or what Margaret Beckett has been saying, as closely as you have. I apologise for saying this, but it was certainly not the case up until March, when I left Tehran, that there were mixed messages going out. What the Prime Minister was saying was reflected in the more detailed work of officials such as myself. As for what has happened since then, what do you think, Rosemary? Have mixed messages been sent?

Dr. Hollis: I think that in the diplomacy triangle between the United States, Iran and the UK, what the British Prime Minister has said is important—it was much stronger on keeping the option of force on the table. There would be no invasion—he said that repeatedly—but he did not rule out the use of force. That was a big contrast to Jack Straw and, as you know, there were some theories that that was one of

2 May 2007 Sir Richard Dalton and Dr Rosemary Hollis

the reasons for moving Jack Straw. Now, one could rationalise it as good cop, bad cop, but the fact that the Prime Minister has taken the stand that he has is the key issue, from my point of view.

Q42 Andrew Mackinlay: I would like to ask a final question on this subject. In recent weeks, it seems to me that, overall, the Iranian Government regime is now emboldened by events. The dust has settled, as it were, so what say you to that?

Dr. Hollis: Some members of the regime may be emboldened. I have said before that I think that they are over-confident about their regional situation and how events such as this play to their advantage. However, I am aware of a lot of Iranians who are embarrassed, especially by the behaviour of their President in the episode. I am also aware of Iranians who think that they sent out a signal, although I do not believe that it has been received. They think that the signal that they sent was, “This is how to deal with the nuclear issue: use complex lines of communication; not step-by-step ‘I give you this, you give me that’ negotiation but putting a number of items on the table, moving them around, discussing, and then arriving at a joint conclusion.” They think that they sent that message in the way in which they handled the business with the British, and that that message is therefore there to be taken up in terms of a new gesture from the EU3, the British and the United States on the nuclear issue.

Sir Richard Dalton: I think that is too convoluted. I do not think that there is a direct link between this issue and nuclear diplomacy. The naval matter is inherently a rather small issue. It certainly did not humiliate the UK, and I do not think that the Iranian system, at supreme leader level, would regard it as a major act of state that the messages could be applied across the board for Iranian diplomacy, other than the very general ones, “We can kick back too,” which we knew anyway, and “We will defend our borders,” which we knew anyway, too.

I do not think that that is going to embolden the Iranians. All the lines of policy action that they are pursuing now in matters that are highly disobliging to the rest of us—in Lebanon over the middle east peace process, or on terrorism, the nuclear issue or Iraq—were set long ago. It was under President Khatami in his last days that the negotiating approach pursued by the P5 and Germany on the nuclear issue was firmly rejected.

Andrew Mackinlay: Another thing, Sir Richard—

Chairman: This will be your final question, Mr. Mackinlay.

Q43 Andrew Mackinlay: I apologise. I am on a roll. Are you satisfied as to the robustness of EU sanctions—just the robustness, not necessarily the prudence—in relation to materials going to Iran? Things often have a dual use. For example, during your time in Iran, some zirconium silicate was held up in Bulgaria on behalf of the EU. That can be used for various parts of the nuclear process. Sanctions have been increased, but are the EU and the UK really serious about them, and are there any flaws or deficiencies in the process?

Sir Richard Dalton: It is not being done resolutely enough. To achieve success in nuclear diplomacy, should the Iranians decide to negotiate once more, we need four things, and at present we have only about one and a half. The first of those four things is a proper vision leading to some form of process for a regional security arrangement. The second is a set of firmly articulated incentives to Iran—that is the “one” that I said we already have, and there is a lot of that in the May 2006 proposal, but it could be improved in negotiation. The third is a set of real disincentives, and this is the answer to your question.

The permanent five and Germany are placing huge emphasis on international unity in approaching Iran, in order to give Iran no excuse to try to divide the powers and international institutions with which they are dealing. That has worked, and there is a very firm consensus. However, the cost of that international unity has been weak measures, only slowly applied. So far, those who argue in Iran that, with just the tightening of a belt or two Iran can see this one out, have a lot to point to. The fourth requirement, which we do not yet have, although the Americans are moving gradually in the right direction, is the prospect of serious negotiation between the United States and Iran on a bilateral basis.

Q44 Mr. Heathcoat-Amory: Can we turn to the performance of the British sailors and marines and how they were used in Iran? Clearly, the Iranians were fortunate to have a group of people who turned out to be very compliant and did more or less what they were asked by the Iranians and, indeed, thanked their captors on their release. Whether that was due to poor training, morale or a more fundamental problem of discipline in the Navy, we want to find out from the inquiry when it reports. How do you think that it has come across in the middle east? Is it a symptom of a lack of western resolve or a loss of military determination? The pictures that were flashed all around the world cannot have done our reputation much good. What are the diplomatic and military implications?

Sir Richard Dalton: Can I pass that question to Dr. Hollis?

Dr. Hollis: Some Iranians have tried to exploit an aspect of this in terms of, “The British are not as strong or as frightening as they used to be,” but they have not succeeded totally in making that story stick, in part because those in the region at least know how complicated and muddled the situation is. I have described it twice, so I shall not do it again. The very complex context within which the personnel were taken means that it is not a clear-cut case that they should have behaved in a certain way, come what may. That said, the overall effect was not of professionalism.

Q45 Mr. Heathcoat-Amory: I find that response quite extraordinary. In my limited contacts with people overseas who saw the photographs, they thought, “Well, what has happened to Britain’s senior service; what has happened to Nelson’s Navy and to British military personnel, who used to hold their heads up high and walk out with their uniforms

on?" We would not have thanked our captors in times past. Are you saying that the general collapse in British morale was already played out in those areas, and that this came as no surprise? I am genuinely asking you, because that conflicts with my anecdotal experience when talking to people from overseas who did not quite understand how it had happened to the Royal Navy.

Dr. Hollis: I do not think that I am disagreeing with you as much as I appear to have done. In terms of professional conduct, stiff upper lip, withstanding pressure and, in particular, having one woman among them, the events did not do the British reputation any good at all—quite the contrary. However, it is long since that the British are seen as weak and as merely helping the Americans. The general perception in the region is that the Iranians would not have dared take the Americans, because they would have been clobbered if they had. We then point out that, if we had clobbered the Iranians, what good would that have done in terms of getting the service personnel back safely? We enter a discussion in which I say there is some level of understanding that the British may have handled this in such a way as to extract their personnel. Did Britain have a very high reputation for strength and for being a power that you don't mess with before that? No, it did not have a very high reputation.

Q46 Chairman: May I take you to a different international reaction, which was touched on earlier—the remarks by John Bolton? He strongly criticised the British approach, and said that we were pusillanimous, weak, and various less polite adjectives. He said that the Iranians had won a great victory. How much do you think Bolton's view is the view of the US Administration, and how much is it John Bolton being John Bolton? Given that the Americans were so quiet early on in the crisis, was it because we told them to be quiet and they listened or because they did not regard it as being of great significance?

Dr. Hollis: I think it was John Bolton being John Bolton. I heard, with conviction, from American service personnel, that they wanted the British to hang tough, not to get agitated and not to overreact, and that this could all be resolved peacefully. That was from the US military directly engaged in Iraq.

Sir Richard Dalton: I think John Bolton was trying to keep alive the dying neo-con agenda for dealing with Iran. He was not approaching this from the point of view of a diplomatic problem that had to be solved, or, rather, a problem that had to be kept diplomatic if at all possible rather than spilling out into anything much worse. He was looking at it purely from the point of view of his idea of geopolitics and the handling of Iran. He and his ilk never established any link between how they would like to have seen Iran dealt with and getting the sailors back.

Q47 Chairman: I also want to take you to the Security Council. The British Government did not get quite what it wanted in terms of the Security Council resolution. Was that because the Russians watered it down? If so, does that mean that Russia can

continue to play that role, in effect softening international pressure on Iran on the nuclear and other issues for the future? Is that likely?

Sir Richard Dalton: Russia looks at each issue on its merits and decides what its own national interest is in relation to that issue. On this issue, it was not prepared to side either with Iran or the UK on exactly where the capture took place.

Q48 Chairman: Why would Russia prefer to be perceived to be assisting the Iranians rather than supporting the UK? Is it because Russia-UK relations are so difficult or for other reasons?

Sir Richard Dalton: It does not surprise me; I do not know the exact reasons in this instance. Nobody gets a blank cheque from Russia nowadays.

Q49 Chairman: Dr. Hollis, do you have a view on that?

Dr. Hollis: I am not sure what the Russians' motive was.

Sir Richard Dalton: On where the Russians are on the nuclear issue generally, I think they are in the right place. They are maintaining their willingness to consider an offshore enrichment facility in which Iran would have a serious interest, and international agreements would guarantee Iran access to the product of that facility for power reactors in Iran, as and when they are built. Secondly, they are aware that Russia bilaterally has leverage with Iran and they are willing to use it, for example in connection with bringing the Bushehr reactor on stream. Thirdly, on general sanctions, they are going to have an eye to their own trade interests, but it should be possible to get them to agree a third round of sanctions, provided that it does not impact too much on Russian traders.

Q50 Mr. Horam: Sir Richard, you said in your article in *The Daily Telegraph* that Britain's reputation for fairness and for understanding the middle east must be restored. How could we go about that? You might disagree that it has such a reputation anyway, Dr. Hollis—from what you said, it appeared that you thought it was rather weak these days.

Sir Richard Dalton: The first thing to do is to recognise that there is a problem and to adjust our performance on middle east issues so that it is more in line with our pretensions. We should not talk about making a major effort to help resolve the middle east peace impasse unless we actually have something to do and something to say that will really contribute. Secondly, on the detail, we need to recognise that the boycott of the Palestinian Government has not been a success. Thirdly, we need to promote a move as soon as we possibly can to dealing with the fundamental issues around the final status of an independent Palestinian state, living in security with Israel. Those are the three main points to which I would draw attention.

Q51 Mr. Horam: And as regards Iran? Has anything positive emerged that could be helpful to UK-Iran relationships?

2 May 2007 Sir Richard Dalton and Dr Rosemary Hollis

Sir Richard Dalton: I do not understand the question.

Q52 Mr. Horam: Has anything positive emerged? We have had talks, for example, between Sheinwald and Larijani. Has anything positive emerged out of all of that that we could build on to have a better effect on Iranian politics?

Sir Richard Dalton: No, I do not think it has. The evidence for that is Margaret Beckett saying that there has to be a review to see whether our relationship, as currently constituted, ought to be continued or modified. If the Foreign Office and No. 10 felt that something positively positive had emerged, there would be a different sort of language.

Q53 Mr. Horam: The Prime Minister has said that he thinks that something positive has emerged, because of the contacts that have been made at an individual

level between UK and Iranian personnel. Presumably, he is thinking about the talks between Sheinwald and Larijani, for example. You would not agree with that, then.

Sir Richard Dalton: Access to Mr. Larijani has not been a problem in the past. Face-to-face access has always been possible, as with his predecessor, Mr. Rowhani, and, as Sir Nigel Sheinwald is going to Washington, I am not sure whether we have gained much.

Chairman: I think that we must call an end here. We will be taking evidence later this month on the Iranian nuclear issue, and, to touch on your final points, Sir Richard, we will also be pursuing wider middle east questions.

Thank you very much, Dr. Hollis and Sir Richard Dalton. The meeting is concluded.

Wednesday 23 May 2007

Members present:

Rt. hon. Sir John Stanley (in the Chair)

Mr. Fabian Hamilton	Mr. Malcolm Moss
Rt. Hon. Mr. David Heathcoat-Amory	Sandra Osborne
Mr. John Horam	Mr. Greg Pope
Mr. Eric Illsley	Mr. Ken Purchase
Mr. Paul Keetch	Ms Gisela Stuart
Andrew Mackinlay	

Witnesses: **Dr. Ali Ansari**, Reader, School of History, University of St Andrews, and **Dr. Frank Barnaby**, Nuclear Issues Consultant, Oxford Research Group, gave evidence.

Chairman: Dr. Ansari and Dr. Barnaby, thank you very much indeed for joining us today. As you know, as part of our inquiry into global security, we are concentrating on the whole Iranian dimension. We are concerned, inevitably, with nuclear issues, and we look forward to tackling your expertise.

Q54 Ms Stuart: I wish to pull two questions together. These days there is a healthy suspicion about the use of intelligence and, more to the point, its reliability. What is your assessment of Iran's capability? How much time do we have before Iran will be capable of developing aggressive nuclear weapons and delivering them? My second question is how do you assess the difficulty of allowing a country such as Iran to proceed with the civil use of nuclear energy, at the same time as wishing to prevent the military and aggressive use of nuclear weapons?

Dr. Barnaby: We do not know exactly what the Iranians have and at what stage they are in their programme. It is speculation. What we know mainly comes from the International Atomic Energy Agency's inspections, which happen fairly regularly, but it does not see everything.

What we say about the Iranian nuclear capability is speculative. I must emphasise that. It seems as though the Iranians are operating an uranium mine at Saghand. They mine and mill uranium, and they also have an uranium conversion facility that is able to convert the yellowcake—uranium oxide U308—into uranium hexafluoride, which is a gas that can be used in gas centrifuges to enrich uranium. By enrichment, we mean increasing the percentage of uranium 235 in uranium.

Natural uranium contains 0.7% uranium 235—seven atoms per thousand—whereas using it as nuclear fuel, which is what the Iranians say they want to do, involves increasing that from 0.7% to about 3.5%, which they do in a gas centrifuge plant. We know that they are operating two of those at a place called Natanz: one is a pilot plant, the other is a plant that could be used for industrial-scale enrichment to produce a fairly large amount of nuclear fuel for nuclear power reactors. The Russians have just completed a 1,200 MW electricity nuclear power reactor at Bushehr, but the Iranians hope to have several more at Bushehr—the bid is out

for two more, for example—and they hope to produce uranium dioxide fuel, which is 3.5% enriched, for those reactors indigenously to fuel the power reactors that they will eventually operate.

The suspicions that you have mentioned arise because, if the uranium is enriched not to 3.5% but to 93%, it could be used to make nuclear weapons. The energy required to enrich from the natural 0.7% to 3.5% is some 80% of the energy required to make weapons-grade material. So, if you can make nuclear fuel, that is a big step towards making weapons-grade material. This is the point that people are concerned about. The Iranians operate the mines, mill the uranium and convert the uranium to uranium hexafluoride for use in gas centrifuges. The Iranians also operate four small research reactors, three of which were supplied by China and one by the US. They have been doing that for many years. The first of those reactors came into operation in 1967, which is a very long time ago, during the time of the Shah. That long experience in operating research reactors has given Iran a cadre of nuclear scientists and engineers who could be diverted to producing nuclear weapons and who would be able to do that.

The second thing that I should like to emphasise is that the technologies required for civil nuclear power are identical to the technologies required for military purposes. The only way in which we can detect whether Iran is going for nuclear weapons would be if we had evidence that they were producing highly enriched—up to 93%—uranium. That would be the indicator.

Q55 Chairman: Dr. Barnaby, I am conscious that this is a huge subject and we could be here for a very long time. I apologise, but we have quite a large number of questions that we want to put to you. I am afraid that I shall have to ask you to close this one, so I can move on to further questions. I am sorry about the time constraint.

Dr. Barnaby: The Iranians are now building. One of the reactors is very old, as I have said, and they want to replace it with a new research reactor at Arak. That would be a heavy water reactor, which is ideal for producing plutonium for nuclear weapons. That

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

is the alternative to using highly enriched uranium. The heavy water reactor at Arak is also a cause for concern. Does that answer your first question?

Q56 Ms Stuart: It think it answers both, because you are saying that we do not really know. The nuclear and civil technology is so similar that it is a question of gradation.

Dr. Barnaby: Yes, it is.

Q57 Ms Stuart: I also understood that the energy required to get to the civil level is 80% of the energy required—it is just another 20% to get to the next level—so it is not much of a jump.

Dr. Barnaby: It is a very large percentage, although I cannot remember exactly what it is.

Chairman: Thank you very much. We now come to the key question of how domestic politics in Iran is interfacing with this apparent drive in the nuclear direction.

Q58 Mr. Hamilton: Gentlemen, as we know, Iran's political structure is very complex, and there are a number of different centres of power. Are we sure that the Iranians intend to produce nuclear weapons, or a nuclear warhead, or a bomb of any sort? I ask that because, when we were in Washington recently, Iran's ambassador to the United Nations made it quite clear that it was completely un-Islamic to produce a nuclear weapon and that they were simply pursuing civil nuclear power. Are we sure that nuclear weapons is what they want, and if we are sure, do we know which of the centres of power are behind this move to produce nuclear weapons and whether all Iran's politicians are behind it?

Dr. Ansari: As many of us are aware, the nuclear programme and its development in Iran is a highly sensitive and very nationalistic issue. I think that, in some ways, it has been exploited very effectively by the Government of Mr. Ahmadinejad in order, perhaps, to disguise other failings in his Administration. What that has meant is that there has been less debate about the nuclear programme than we would have liked, certainly in the public arena.

I think that there are very few people in Iran—almost none at all—who would publicly say that they want to go towards a weaponisation programme. Almost everyone will say that this is a civil programme, and that civil programme has widespread support. However, there has been dissent, certainly among the more pragmatic elements within the regime, as well as open dissent among some of the reformist politicians, who argued that it was not in the national interest of the country to go down this route, because it was harming the country's security.

The difficulty is really in the way in which we address the issue from our side. For a long time, particularly from across the Atlantic, there was basically blanket opposition to any form of nuclear programme in Iran. It must be said that it is difficult to convince Iranians of any political hue that they cannot even

have a civil nuclear programme. I think that that argument is effectively lost, and it is not one that we should spend too much time on.

On the other side, yes, I think that there are elements that can be engaged with, to use that term, to examine the different views in Iran. Some in Iran say that they do not want to go in a direction that would be to the detriment of their national security. If seeking a self-sufficient nuclear programme is going to cause difficulty for Iran in the international sphere, some say that Iran should rethink it. That said, however, one could say that there is a very broad consensus that the achievement of a civil nuclear programme, in one form or another, is something that Iran has a right to. I therefore think that we do not have much room to explore in that area. In other areas, however, I think that there is an enormous amount of room to explore—it is just that that has not been done yet.

Q59 Mr. Hamilton: Can I move on to ask you another question, because I think that you have dealt with how Iran's nuclear ambitions are being played out in its domestic politics? Iran's human rights record has been internationally condemned. I think that they have the second highest level of death penalties of any country in the world, after China, and that stoning to death is still used along with the execution of children. Do you think that the concentration of the international community on Iran's nuclear ambitions, whether civil or for weaponisation, is detracting attention from its human rights record and its violation of human rights?

Dr. Ansari: In a word, yes. I think that that is absolutely right. One of the points that irritates me no end is that the President in Iran champions and defends Iran's national rights, yet, quite frankly, he ignores the national vote. He is not prepared to face, even by Iranian standards, a free and fair election. By Iranian standards, elections may be moving in the right direction, although I would not necessarily say that they are free and fair. None the less, even by the standards of elections that were held in 1997 or 2000 and 2001, the elections that we have seen subsequently have been pretty poor.

On the one hand, the President can say that he is a popularly elected President who has the national mandate, and so on and so forth, when he ignores very basic rights on a number of different levels; and yet on the other hand, he says, "Well, I am championing national rights". I think that that is a point that has not really been made often enough, but in fact many people in Iran make it—they point out that there is a certain hypocrisy and inconsistency. However, I think that we are so obsessed—sometimes for justifiable reasons, but sometimes I think that the obsession goes a little too far—by the singular issue of security that we ignore the other aspects of human security. We should recognise that we have a political problem in Iran, not a nuclear problem per se. The issue is one of relations between Iran and the United States and Iran and the European Union, but it also involves

the way in which the political system operates. We should pay some attention to that angle—we do not pay nearly enough.

Chairman: Thank you. Mr. Keetch, you had a supplementary question about what Dr. Barnaby said at the outset.

Q60 Mr. Keetch: I just want to be specific. I accept that we do not know everything that is going on—to misquote Mr. Rumsfeld, we do not know what we do not know. Given what you know, how quickly do you believe Iran could produce a nuclear weapon—two years, three years?

Dr. Barnaby: It would take them between five and 10 years, if they are allowed to carry on as they are doing. If their nuclear facilities were bombed, that would produce such popular support for the Government, including among the scientific community, that it would accelerate their programme and they could do it within one or two years. If we allow them to go on as they are going, we will have five to 10 years to negotiate.

Q61 Mr. Keetch: At the moment, it is five to 10 years.

Dr. Barnaby: Yes. I think that there is consensus about that.

Q62 Chairman: You are saying that a military strike could be wholly counter-productive and would have the effect of accelerating the programme rather than delaying it.

Dr. Barnaby: Absolutely. There is a good reason for that. The programme that the Iranians are developing at the moment is a big programme for producing nuclear fuel for a number of nuclear power reactors. The programme required for a nuclear weapon programme, however, is small, so if we were to bomb them, we would simply encourage them to reduce the size of their programme and concentrate on producing a nuclear weapon, which they could do much more quickly than they are doing now.

Chairman: Thank you. We shall now come to some of the regional dimensions of the Iran nuclear issue.

Q63 Mr. Horam: In so far as we believe that the Iranians are intent on developing nuclear weapons, how far do you believe that it is a purely defensive measure in light of their feelings about insecurity at a regional level?

Dr. Ansari: By and large, it is a defensive measure. They see themselves as strategically on the defensive. On the other hand, clearly the achievement as they would see it—if we assume that they are going in the direction that you have said—would provide the Islamic Republic and the regime, particularly the Government and perhaps Mr. Ahmadinejad, with a certain legitimacy. It would be seen as a technological advance, and I think that they would try to use it on a political level regionally. It would empower them.

Q64 Mr. Horam: How would they use that in those circumstances?

Dr. Ansari: I think of it in terms of throwing their weight around a little more in the region, which, as we have recently been told, we have seen them doing in Iraq and perhaps in Afghanistan. If the technological breakthroughs are made under this particular Government, it would obviously empower a particular faction in Iran. They will be seen to be the ones who made such a great modern breakthrough.

As for the military aspect, anyone with any sense—even a modicum of sense—in Iran would say, as Dr. Barnaby says, that as far as the deterrent value or an ability to have an aggressive posture, the Iranians do not even believe that, if they went down the weapons route, they could build more than one bomb every three or four years. It is just not feasible compared with what the Israelis, the Russians to the north and even the Pakistanis or the Indians have. They do not see it as a military option, but as something that stabilises them politically.

I have always said that the nuclear programme for Iran is what the railroads were for them 100 years ago. It is a sign of modern achievement, and it gives them a certain sense of gravitas.

Q65 Mr. Horam: Do you think that they have thought through the reaction of the other players in the regional context, particularly the other Arab states and, of course, Israel?

Dr. Ansari: They do think those things. That is partly why I do not see them going through the weaponised route. My understanding also comes from the historical perspective of seeing what the Shah was doing with a nuclear programme. The Shah basically always said at the time that he was not going down the weapons route, but that he would like the option. I think that that is basically the attitude that the Iranians have. They say, “We do not want to go down this route, but you never know—the situation may change. Therefore, let us have the infrastructure in place, just in case.”

Q66 Mr. Horam: Do you think that the situation will change?

Dr. Ansari: Well, that depends a lot on the regional dynamic, which is, of course, a lot messier than it may have been 20, 25 or 30 years ago. I still do not see the Iranians moving in a direction where they would actively seek nuclear weapons, unless there were the prospect of an attack. One of the things that Frank has said very correctly is that, if Washington adopts a very aggressive posture, it encourages Iran to go down that route and to say that it must have a deterrent for national defence.

To feel a little more secure on a political level, Iran must, of course, be part of the political process, which is the dilemma that we face. They also have to share in helping the region to feel secure. They cannot just expect everyone else to make them feel secure; it is a bilateral process. I have never encountered anyone, even from the more conservative wing—in the Iranian sense—of Iranian politics arguing that they see nuclear weapons as a military tool. I have never encountered that view.

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

Chairman: We want to move on to some of the wider international dimensions of this issue. David Heathcoat-Amory.

Q67 Mr. Heathcoat-Amory: This is a theocratic regime, which has perverted its religion into a kind of death cult that supports suicide bombing and terrorism in other countries. I notice that, in their constitution, they explicitly refer to exporting the Iranian revolution. Can we explore that a little further, to determine whether they have an expansionist, aggressive intent, or whether their concerns are purely defensive, as I think you, Dr. Ansari, thought they were? Maybe Dr. Barnaby has another angle on this question, about whether they are essentially expansionist or only concerned about defending what they already have.

Dr. Barnaby: I would agree with Ali; I think that they are mainly defensive. In other words, they feel under attack and that countries have aggressive attitudes towards them, particularly the United States. They see a need to be heavily armed and nuclear weapons may, in the minds of some Iranian politicians, be a way of deterring that aggression.

Q68 Mr. Heathcoat-Amory: So the constitution, which is certainly the most aggressive constitution that I have ever read, and the preamble to it are just rhetoric and are there for internal consumption? Is that the case?

Dr. Barnaby: I am not an expert on the constitution, but from what I know I would say so.

Dr. Ansari: I would probably dispute some of the assumptions that you came to, but it would probably take us too long to go through that process. Certainly, the issue of the export of the revolution has been debated from the time of the revolution. Even Ayatollah Khomeini himself said that, "When we meant export, we do not mean export through violent means". Then again, there are those in the regime, of course, who do feel that they should export their idea through violent means.

We stand in a slightly awkward position, given the situation that we find ourselves in regarding the Middle East at the moment, because, from the Iranian perspective, other powers are obviously exporting their own revolution, so that is a difficult issue to argue convincingly in Tehran. I think it is better to ask, "Do the Iranians see themselves as a regional power?" From the historical perspective, I think that one must say, "Yes, of course they do". The fact is that the territories of Iraq, Afghanistan, Transcaucasia, the Persian gulf—they make a point about the Persian gulf, obviously—are their near abroad. If one looks historically, these were the territories in which they had their sphere of influence. As far as they are concerned, it is the Americans and, to some extent, the British who are the interlopers in the region. So they obviously see themselves as defending their interests, by their interference in those areas. It is something that we can dispute and not necessarily agree with, but the fact is that that is the perspective in Tehran.

The Iranians would certainly not see their policy as expansionist. I would say that the analogy is with the way in which Russia continues to have an interest and role in what it considers to be its near abroad, in central Asia and obviously in Caucasia. Those are its old imperial territories. Iran certainly has a perspective of itself as a regional power, and I do not think that we can deny that.

Q69 Mr. Heathcoat-Amory: Does it see the United Nations as a tool of western interests?

Dr. Ansari: Not until lately. In actual fact, until the election—I use that word in inverted commas—of Mr. Ahmadinejad, they saw the UN as something they could work with. Up until last year, there was a very strong desire to avoid going to the Security Council. They were clear about that on the nuclear matters in particular. Since Ahmadinejad has come in with his new policies, he has been quite flippant about it all and has turned everything on its head, which, if you look at the issue in detail, has caused an enormous amount of controversy within Iran. There was a lot of criticism last December over the fact that Iran had gone to the Security Council, which said, "You told us this wouldn't happen, but, lo and behold, it has happened. Where do we go from here?" I think that there is a strong section in the Iranian political elite who would say that the UN is something that they need to work with rather than fighting it.

Q70 Mr. Purchase: Just a supplementary on whether Iran is expansionist. It always claims to be totally defensive, but history shows that it has a wide sphere of influence, and it previously enjoyed sovereignty over a great deal of the Gulf. People I know in the Gulf say, "Yes, the Iranians do not invade us; they merely populate us, infiltrate us and subjugate us." That is true of a number of people that I know from various places in the Gulf. That is just the same—isn't it?—as an armed invasion.

Dr. Ansari: Well, you could say the same about Americans, couldn't you? Let us call it the Persian Gulf, for the sake of consistency. In Dubai, for example, something like 400,000 of the population are Iranian or of Iranian origin. I dare say that, if they all left, the economy of Dubai would suffer quite heavily. A lot of the Gulf states depend quite heavily on their trading relationship with Iran. There is a lot of criticism in Iran about how much money goes into Dubai. Dubai is widely seen in Tehran as the private sector of Iran. Whether that is a military expansion or some sort of imperial expansion, I do not know. You get merchant communities everywhere. The Persians, if you want to use that term, are a great merchant nation, and they are everywhere, even here. You will find that Persian cultural influence can extend far and wide, all the way to Los Angeles. I know that there is sensitivity in the Arab world, but some of the condemnation is, I have to say, from my point of view, playing to an audience and some is Arab nationalism gone slightly wrong. I do not think that the Iranians are about to annex Dubai. I cannot see that myself.

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

Q71 Mr. Purchase: That would stand contrary to the view in many Gulf states.

Dr. Ansari: I agree with you. They say that, but let us look at the reality on the ground. What would happen if all those Iranian merchants left? What would happen if all that Iranian money went?

Q72 Mr. Purchase: You might as well say the same about London. That is not quite a fair comparison. We are talking about sovereignty.

Chairman: Mr. Purchase, I think you wanted to continue on sanctions.

Q73 Mr. Purchase: Did I, in fact? The question is there for debate. It is seriously being considered. Do you believe that UN sanctions on Iran's nuclear programme would have a powerful impact or not?

Dr. Ansari: My view is that it depends on what sanctions are considered. First, it is a question of getting agreement around the UN, which will be extremely difficult. But is it quite apparent that the unilateral sanctions being taken by the United States and the EU are having an effect, there is no doubt about it—particularly those on the banking sector. It is quite difficult now to transfer dollars inside or outside Iran. It is having an effect on the business community. What is interesting about the matter is not so much that the sanctions are being implemented, but the threat of sanctions. That leads to more shifting of money into Dubai, which goes back to your previous question. It does have an effect, but it depends on what sort.

Q74 Mr. Purchase: Given that the Security Council could continue to strengthen the sanctions, do you feel that the international consensus about that would start to fail if the sanctions regime were toughened?

Dr. Ansari: There are enormous difficulties. It is hard to predict what the Russians and, to a lesser extent, the Chinese will do. I think that the Russians are unlikely to give support. It is clear that the current Iranian Government, in particular, are counting on that. If you are going down that route, it means that you have to be a little more selective and precise. Basically, it is having an effect. It is a country that runs on trade. You are cutting the source of its ability to trade.

Q75 Mr. Purchase: In a slightly different direction, it has been argued that the United States should perhaps drop its demand for enrichment suspension and move towards negotiations without preconditions. What signal would that send to Iran if it were to happen?

Dr. Ansari: There are two schools of thought. One is a sense of irony and disappointment. Some elements in Iran say that, when the previous President was offering all sorts of things, Iran was ignored, but when a President runs a holocaust conference, Iran is offered talks. There is a certain bitterness among elements of the political elite in Iran. They feel that that is counter-productive.

That said, I have always been in favour of the Americans engaging Iran on an unconditional basis. That does not mean that a compromise is made, but just that you start talking. You can voice your disagreements openly. It is not a problem. The question is whether the Iranians would turn up. The classic case is that, when the Americans put tentative feelers in that direction, the Iranians tend not to show. A real cat and mouse chase is going on. It is not always clear whether the Iranians would show if the Americans offered full-blown talks.

Q76 Mr. Purchase: In a nutshell, you would advocate a pragmatic process of negotiation.

Dr. Ansari: Yes.

Q77 Andrew Mackinlay: I have been listening closely to what you have been saying. Let us consider the Americans being engaged or in dialogue with the Iranians, as EU3 has. The position of Her Majesty's Government is that they are still the exporters of terror. That is the Iranian regime. As recently as this month, Prime Minister Blair reiterated that point. In a sense, I am bewildered. There is nothing to show from the dialogue that has taken place. Some years ago, Jack Straw referred to constructive engagement, but we are where we are. There is no indication that they are prepared to concede anything. It is the position of the British Government that they are, as we speak, exporting terrorism in Iraq, Afghanistan and elsewhere.

Dr. Ansari: If I were to accept that premise that they are exporting—

Q78 Andrew Mackinlay: That is what the Government say.

Dr. Ansari: Let us be honest. Let us be pragmatic about this; it is not the first time that we have talked to people we do not like. We have just seen a result in Northern Ireland. That obviously involved talking to people who were conducting terrorism. We could talk about South Africa. There are many different cases. Taking that assumption, it should not preclude us from opening up different levels of engagement. Sometimes people take the words "engagement" and "dialogue" to mean a comfortable cup of tea somewhere. I do not think that any discussion with Iran will necessarily be amiable. It will be fairly tough.

The problem with the EU3 negotiations with Iran was that there was an elephant in the room. It was America. Even if it was not there officially, it was always in the back room, and in actual fact the negotiation was not bilateral: it was trilateral, in the sense that the Europeans constantly had to go back to Washington to check that things were okay.

The other thing is that the Americans have shifted position considerably in the past two to three years.

Q79 Andrew Mackinlay: Yes, but my point is that, as of this afternoon, there is nothing to show either for the EU3 engagements or for any American change of position. As of today, the Iranians remain the exporters of terror.

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

Dr. Ansari: If you want to go into detail, let me give you a very good and simple example of how policy incoherence has sometimes made life rather too difficult for us. A reformist president held out the hand of co-operation after 9/11, and was rewarded with an accusation of being part of an “axis of evil”. Let us be frank that that makes life difficult. The so-called moderates in the regime are actually ill rewarded for their efforts, and we suddenly find ourselves faced with a hard-line Government.

I have always been one of those who have argued that the Iranians are responsible for their own politics, but I also think that in a globalised community we have a hand in such affairs, and that we should have handled things somewhat more coherently. I must say that, even in the run-up to the parliamentary elections in Iran in 2004, when the hard-liners seized the Parliament through wholly fraudulent means, the EU position and to a lesser extent the position of the US were both pretty poor. Nobody protested. I know for a fact that even at the time there were Iranians from the moderate to the pragmatic who were calling for a response and saying, “Where are our European friends?” You are right that to some extent things have regressed, but I do not think that we are ourselves wholly innocent of the charge of having failed.

Q80 Andrew Mackinlay: It is about mixed messages.

Dr. Ansari: Yes. At the moment, we are in a sense catching up and a certain amount of progress is certainly being made in this country. The hand that we have been dealt, or at least the one with which we have to deal, in Iran, is not the one that I would choose. There is definitely a problem to solve.

Chairman: Thank you. We want to come back to the military strike issue, and Mr. Pope has a question on that.

Q81 Mr. Pope: Thank you, Chairman. In February, Tony Blair said that as far as he was aware there was no planning going on to make an attack on Iran, but that he could not predict every set of circumstances. I am sure that you are aware that Israel have purchased bunker-busting technology from the United States. Do you think that there is evidence of a plan by either the United States or Israel to attack Iran?

Dr. Barnaby: It is clear that some people in the Pentagon are doing planning of a military type, because there are people whose job it is to do that. How seriously the politicians take that planning I do not know. It would be so counter-productive that one has to hope that there is really no political possibility of a military attack in the foreseeable future.

One has to remember that Iran is still a signatory to the non-proliferation treaty, and to the extent that we know about Iranian nuclear activities it is because of that fact. IAEA inspectors go to Iran because of it, and are to some extent able to see what is going on. If the Iranians felt too threatened, they would leave the treaty and we would then have no way of knowing what was happening.

I have no evidence that there is a serious plan for a military attack. It is true that the Israelis have bought bunker-busting conventional weapons and have made threats of using nuclear weapons against Iranian buried targets. I would say that to use nuclear weapons is out of the question. The international reaction would be so great that Israel would not do it. On the other hand, it is clear that plans exist that could be called upon if there were a political decision to make a military strike.

Q82 Mr. Pope: Could you just say a word on how effective a strike might be? Some commentators have suggested that a military strike could be in some ways surgical, and that a brief strike would be in and out, successful and over in a short time. However, I understand that the Iranians’ facilities are probably inside mountains and well dispersed, so it would be quite difficult to do that. I should be interested to know your view on that.

You wrote that one possible side-effect of a strike might be that “Iran could embark on a crash programme just to make one nuclear weapon.” I should be grateful if you could just enlarge a little on that. It seems an extraordinarily nightmarish scenario that the net effect, if the Americans or Israelis embark on a strike, might be to enhance the nuclear programme.

Dr. Barnaby: I believe that it is the truth that a military attack would accelerate the programme. As I have said, the current programme is broad and almost on an industrial scale, whereas a military programme would probably be very small. The amount of resources used would be much less than those needed for a large-scale programme to produce nuclear fuel for nuclear power reactors. Therefore, a military strike is likely to focus the attention of the Iranians on getting a weapon or a few weapons. If they did focus their attention on that, they could do it rather rapidly, so it would accelerate the programme.

One imagines that the Iranians are hiding facilities. For example, they are clearly building large numbers of centrifuges. We now know that they have 1,300 centrifuges operating and plan to have 3,000, which is of the sort of scale that you would need to produce highly enriched uranium for military purposes. One would imagine that they are not using all their production centrifuges and are keeping some aside to produce nuclear weapons if they believe they must do that. So they would not be starting from scratch. Furthermore, if the Bushehr reactor is operating, the Russians are under contract to provide enriched uranium nuclear fuel for that. Once the reactor starts operating, a military strike on the reactor would be a Chernobyl, so that may make it very unlikely. Unless it destroyed the reactor, the military strike would not serve much purpose, because the plutonium produced in that reactor can be separated chemically from the spent fuel and used to produce nuclear weapons, so it would then become part of their military programme. It is a very complicated issue.

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

We must not forget that they will, eventually, within a few years, have a heavy water reactor operating, so they have a number of routes to fissile material to put into nuclear weapons. It would be very difficult in a military strike to destroy all those facilities. We do not know where they are—the intelligence is bad—so to pinpoint them will be extremely difficult. Some of them are hidden and protected. It is hard to see how one military strike could succeed. If you are talking about wave after wave of military attacks, which would essentially destroy the infrastructure of the country, that is a different matter, but within reason it would be extremely difficult. Of course, you would not kill all the scientists involved, so they would have the knowledge and the capability left after a military strike. It would be the worst possible way of stopping the Iranians getting nuclear weapons.

Q83 Mr. Pope: It seems to me that there is an interesting divergence of views. On one hand, we have people like the Committee's favourite neocon, John Bolton—[*Interruption*]. I was not being ironic. He said that if the choice is between a nuclear-capable Iran and the use of force, we need to look at the use of force. That is a very clear view from the right-wing neocons in the United States. You are saying that, actually, this could invoke the law of unintended consequences and that taking that course action could have the opposite effect: it would be hard to degrade the whole of their capability and, in any event, it might speed up their capability of getting the bomb, which would be an entirely unintended consequence.

What then are the politics if we did the opposite? If we say to Iran, "OK, we're going to take the option of military strikes completely off the table and rule it out completely," is that likely to have an effect on the Iranian regime, to give them a sense of security so that they do not need to try to militarise their nuclear programme rapidly?

Dr. Barnaby: It would help if the Iranians felt less threatened. However, to do what you suggested as a negotiating move may not be very sensible. If you started off negotiating without any preconditions, without saying that we will not negotiate until they stop enriching uranium, I think that the Iranians may negotiate sensibly. It is when you impose preconditions that it makes it very difficult for them to negotiate.

Dr. Ansari: I certainly agree that, if we were able to develop a framework that provided the Iranians with a sense of security, it would help to persuade them not to go down that particular route, but the problems are much more serious than that, in that there is a strong perception in Iran—it has been denied in Washington, but probably not volubly enough—that the Americans are involved in fomenting ethnic separatism in the country;. That is another form of military option, and in many ways a much more pernicious one, I have to say, which could cause a lot more problems in the long term. If you have a country in the throes of what is essentially a very strong nationalistic sense—which could go chauvinistic at any moment, it must be said—and

you excite that sense by seeking to generate ethnic disturbances in Balochistan, Khuzestan or wherever you might want, that will cause a lot of difficulties. Of course, that process does not make them feel secure either.

For me, that is the one truly red line that I wish the likes of Bolton, Michael Ledeen and our other neocon favourites would stop talking about, because the issue is a real powder keg and it would cause enormous problems, not just for Iran itself, in geographical terms, but much more broadly in the region.

Dr. Barnaby: The people who think like John Bolton would see a military strike not solely as destroying the nuclear capability but also as a way to get regime change.

Q84 Mr. Keetch: Dr. Barnaby, may I say first that I certainly do not want to see a strike? However, you are suggesting something that is counter-intuitive to some of the military advice that all of us on the Committee have heard: that Iran is not only potentially developing a nuclear weapon but developing a missile system to deliver it, and that it would then also need to miniaturise its weapon to be fitted on to such a delivery system—I accept that that is another stage entirely. What you are saying to us is that, at the moment, they are engaged in some kind of long-term, broad scheme, which may or may not, in five to 10 years, produce a weapon for them, but that if we do something now, bingo, they could suddenly produce a weapon in a year to two years. If it so easy for them to do that in a year to two years, why do they not do that now, just in case we attack them, because certainly if I was the Iranians I might think that that was a better insurance policy?

Dr. Barnaby: I would argue two things. First, maybe one should take at face value the declaration that the purpose of their programme is to produce nuclear fuel for their nuclear power reactors.

Q85 Mr. Keetch: So why have the missiles?

Dr. Ansari: That is a legacy of the Iran-Iraq war. The fact is that, in the Iran-Iraq war, they were being subjected to Scud missile attacks from Iraq and they had no defence, so they just want missiles for defence. I do not think that they necessarily want to build missiles to send nuclear devices.

Q86 Mr. Keetch: They are certainly building missiles that have a range way beyond Iraq.

Dr. Ansari: Sure. They want to be able to hit Israel if Israel hits them. They do not have the air force that Israel has. They want to be able to retaliate.

Dr. Barnaby: The fact is that the missiles at the moment do not really have the payload to deliver the nuclear weapon they are likely to produce first. As you say, the militarisation process is a difficult one. So I think Ali is right: they are concentrating resources on missiles for historical reasons rather than for the specific purpose of delivering nuclear weapons.

23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

Q87 Mr. Moss: I have two questions. Given Iran's huge resources of oil and gas, what is the logic of the argument that says they need nuclear power to produce electricity?

Dr. Barnaby: They say the logic is that they need to sell oil and gas to get foreign currency, which they need for obvious reasons, and they are better able to do that if they conserve their oil and gas by having nuclear power for their own electricity production. That is what they say.

Q88 Mr. Moss: Do you see that argument?

Dr. Barnaby: Yes, I do see that that is a possible argument. I am persuaded that they do want quite an ambitious nuclear power programme. As we have said, that dates back to the Shah. If they have that programme, it is reasonable for them to want to produce the fuel indigenously. It is an argument; whether one accepts it or not is a matter of judgment.

Dr. Ansari: I agree: they have rather ambitious, and to my mind fanciful notions of how much electricity they can get from a nuclear industry. I think they have a very grandiose scheme of the number of power stations. Quite clearly this could be much easier, and a much larger percentage of their energy needs could come from gas. Natural gas in Iran has largely been left untouched. There is another dimension, of course, in that oil and gas are still sanctioned. No foreign company can invest in Iran because of US sanctions, and they are now in the process of producing another secondary sanctions Act, which will remove the White House's waiver, so that EU companies will come under that.

I have to say I think the Iranians are very bad at getting a deal with western oil companies, in many ways; they have not really been innovative, but at the same time, when it comes to why they are developing an indigenous civil nuclear industry and why they do not explore their oil and gas resources more, one of the arguments is that they have been under quite severe sanctions at least since 1996. You could certainly make the case stronger if it was free and open to invest in that oil and gas.

There were some deals—some tentative offers—made during the Clinton Administration, that Rafsanjani was on the verge of accepting: swapping Bushehr for a gas plant. That never materialised, but there were talks about it; that the Americans would support the development of a natural gas electricity generating power station. It was being thought of.

Q89 Mr. Moss: My second question is this: do either of you envisage any situation at all in the future where Israel may be tempted to make a unilateral strike on the nuclear facilities in Iran?

Dr. Barnaby: A nuclear strike?

Mr. Moss: No, a strike against a nuclear installation.

Dr. Barnaby: I do not see how they could do it without American backing. It would have to be done with the Americans.

Dr. Ansari: I do not see a unilateral option for the Israelis.

Q90 Mr. Hamilton: President Ahmadinejad's biggest propaganda weapon in his domestic politics is to tell his people that it is the west that is trying to stop Iran developing civil nuclear power. That is of course not the case, because they are entitled under the non-proliferation treaty to develop civil nuclear power. Have we in the west done enough to make it clear that they have that right, as long as they do not use it to develop nuclear weapons?

Dr. Barnaby: It is true that they are legally entitled to do it under the non-proliferation treaty. Moreover, the parties to the non-proliferation treaty are legally bound to help the Iranians get civil nuclear power. So I do not think we have done enough; I agree.

Q91 Mr. Hamilton: What more could we do?

Dr. Barnaby: It is hard for us to preach to Iran about its nuclear weapon capability when we are improving the quality of our own nuclear weapons. I think that it would be easier if there were moves towards nuclear disarmament globally.

On the other hand, you could argue, and some people do, that one should accept the fact that Iran will have nuclear weapons in the foreseeable future, which means that other countries will have them—Egypt and Saudi Arabia are threatening already—and that we should be prepared to live in a world of many nuclear weapon powers. There are two ways of looking at it.

Dr. Ansari: Public opinion is one of the battlegrounds, and we have not engaged with it yet. It is as simple as that. We are talking at politicians, not communicating with the people. That point has been made, but not so that ordinary Iranians can hear. That is probably the best way to put it.

Q92 Ms Stuart: Can I explore a bit further something that both Mr. Pope and Mr. Keetch raised? Given the technology, why are they not developing it in any case, or much quicker? There is a completely different way of looking at the whole question of the threat of Iran acquiring nuclear weapons. There is an argument that militarily the United States is now technologically at the level at which it can do about 95% of what a nuclear weapon could do without nuclear weapons. The threshold of engagement is that much lower, and that technology is therefore much more dangerous than a nuclear weapon, which has a really high threshold of engagement. The Iranians know that, and so do the Americans. For the Iranians, as I think you were trying to indicate in the opening statements, there is a hangover from the Iran-Iraq war. It is quite a defensive position and actually quite an outdated gut reaction rather than a serious, strategic, thought-out future plan for the country. Or am I wrong?

Dr. Ansari: No, I agree with that. In some ways there is an element of always fighting and deterring the last war. In a sense they are deterring the Iraq of the 1980s. There is the pursuit of missile technology and the purchase of submarines, for instance. There was a huge discussion in Iran about what the point was of having three submarines in the Persian Gulf, which are hardly the deepest waters. They were quite

 23 May 2007 Dr Ali Ansari and Dr Frank Barnaby

determined to get them, partly because they were so affected by the tanker war and felt very vulnerable in their oil supplies. There is undoubtedly an element of that, quite apart from the hyperbole that comes out and the rhetoric from some of the military commanders who say that they have invented all sorts of weird and wonderful weapons that will affect the Americans.

As in any political society there is a wide variety of views. There are those that we are much more familiar with and are much more sensible, people who are saying, "Look, this is not really a realistic military strategy for us. Our strategy has to be more political and cultural rather than economic." That was one argument that they made—that they have to be the economic engine of the region rather than have big tanks, loads of weapons and sophisticated weapons, which was not something that they could realistically think about. There is an element of that there.

Q93 Mr. Illsley: Just a quick one. You said a few moments ago that you did not think that the western world had engaged with Iran post-2003 or 2004, given the elections and the move to the right. Do you think that the EU mission, the troika, which began in October 2003, has completely failed over the past few years? If you do agree that there has been that level of failure, is it because we have misjudged Iran's hardening line from that time to the present?

Dr. Ansari: I would not say that they failed entirely. They had an extremely hard time of it—trying to coordinate within the EU itself was often quite difficult, let alone with other powers that might want to come in. On engagement, I would say that the failure to engage happened earlier. We misread the signs much, much earlier, partly for reasons that I have talked about at some length at various times, including the absence of expertise at critical moments.

In a sense there is always a time lag, so by the time we started to engage with issues on a political level the Government in Iran had changed. So we were trying to have a negotiation with someone who did not want to talk to us, basically. That was the problem. Now there is a change of mood, certainly in the FCO among specialists working on Iran. Back in 1997 or 1998, the number of people working in Iran was fairly limited, and the number of people who had seen service there was limited, partly because diplomatic relations were so tight. I would not want to say that the EU has failed entirely—certain progress has been made—but clearly it has not gone as far as we would have liked, for a variety of reasons. There is no doubt that it was hampered, and the hand it was dealt was a very tough one in some ways.

Chairman: Dr. Ansari and Dr. Barnaby, thank you very much for coming and joining us today. It is much appreciated.

Written evidence submitted by Dr Frank Barnaby, Nuclear Issues Consultant, Oxford Research Group

UNDERSTANDING IRAN'S NUCLEAR PROGRAMME AND THE POSSIBLE CONSEQUENCES OF MILITARY ACTION

INTRODUCTION

1. Dr. Barnaby is Nuclear Issues Consultant to Oxford Research Group (ORG). He is a nuclear physicist by training and worked at the Atomic Weapons Research Establishment, Aldermaston in the 1950s. He was also on the senior scientific staff of the Medical Research Council; Executive Secretary of the Pugwash Conferences on Science and World Affairs (which was awarded the Nobel Peace Prize in 1995); Director of the Stockholm International Peace Research Institute (SIPRI); a Professor at the Free University in Amsterdam; and a Visiting Professor at the University of Minnesota. In addition to his work for ORG, he is now a freelance defence analyst and a prolific author on military technology.

2. Oxford Research Group is an independent non-governmental organisation and registered charity which seeks to bring about positive change on issues of national and international security. Established in 1982, it is now considered to be one of the UK's leading global security think tanks. ORG is a registered charity and uses a combination of innovative publications, expert roundtables, residential consultations, and engagement with opinion-formers and government, to develop and promote sustainable global security strategies. In 2003, Oxford Research Group was awarded the Niwano Peace Prize, and in 2005 The Independent newspaper named ORG as one of the top twenty think tanks in the UK.

3. Since mid-2005, ORG has been working both publicly and behind-the-scenes to highlight the potentially disastrous consequences of military action against Iran and its nuclear programme, arguing that diplomacy must be made to work. This written evidence explains that, far from setting back Iran's nuclear programme, a military attack might create the political conditions in which Iran could accelerate a nuclear weapons programme. It supplements oral evidence on this issue given to the Foreign Affairs Committee by Dr. Barnaby on 23 May 2007.

 IRAN'S NUCLEAR PROGRAMME

4. In spite of a flurry of recent meetings—between, for example, Iran's chief nuclear negotiator Ali Larijani and the German Foreign Minister Frank-Walter Steinmeier and between Larijani and the European Union's foreign policy chief Javier Solana—there has been no breakthrough on Iran's main dispute with the West—its refusal to suspend nuclear enrichment as a precondition for negotiations on trade benefits and other issues.

5. The West continues to accuse Iran of developing nuclear weapons in a programme disguised as a civil nuclear-energy programme. Specifically, Iran is accused of intending to use its gas centrifuge enrichment facility at Natanz to produce highly enriched uranium for nuclear weapons. Tehran continues to insist that its nuclear programme is aimed solely at the peaceful generation of electricity and refuses to stop the enrichment of uranium, an activity that it says it has an inalienable right to conduct under the NPT.

6. IAEA inspectors believe that Iran has now solved most of the technological problems associated with its uranium enrichment programme and is enriching uranium on a far larger scale than before. The rate of progress they have made in recent months on enrichment has surprised IAEA officials. Iran appears to be on course to enrich uranium to the level of about 90% in uranium-235 required to fabricate nuclear weapons, if they take the political decision to do so.

7. In a recent IAEA inspection of Iran's enrichment facility at Natanz the inspectors found that Iranian engineers were already running about 1,300 gas centrifuges to produce fuel, enriched to about 4.5% in uranium-235, suitable for use as fuel in a nuclear reactor. In addition, 300 centrifuges were being tested and 300 more were reportedly under construction. The Iranians are now able to spin the centrifuges at the high speeds necessary to make nuclear fuel, and to run them smoothly. According to Iranian officials, the Natanz facility has 1,600 active centrifuges, and will soon have 3,000 operating.

8. Mohamed El Baradei, the Director General of the IAEA, stated that: "The Iranians pretty much have the knowledge about how to enrich. From now on, it is simply a question of perfecting that knowledge. People will not like to hear it, but that's a fact." What is not clear is whether or not Iran can keep up the rate of its recent progress and be able in the foreseeable future to produce a civil nuclear-power reactor on an "industrial scale" as Iran's President Mahmoud Ahmadinejad says Iran plans to do.

9. It must be assumed, however, that the Iranians will continue to increase the number of centrifuges installed at Natanz. They have announced the intention to operate about 50,000 centrifuges at the plant to produce fuel for a number of nuclear-power reactors they intend to construct in the future and possibly to export nuclear fuel.

10. Having reached an enrichment of about 4.5% in uranium-235, Iran could circulate enriched uranium hexafluoride gas repeatedly through the centrifuge plant to increase the enrichment to about 90% for use in nuclear weapons. If they take the political decision to do this, the Iranians would presumably withdraw from the NPT and not allow IAEA inspectors into the country (as did the North Koreans).

11. According to a recent estimate by El Baradei, Iran is likely to take between three and eight years to acquire enough fissile material for a nuclear weapon, if it encounters no further serious technical problems in their programme. Three thousand centrifuges of the type Iran has (called P-1 centrifuges) could, if they are operating smoothly and continuously, produce about 40 kilograms of highly enriched uranium per year, enough to fabricate two nuclear weapons. However, the components for a nuclear weapon will have to be manufactured and tested and nuclear warheads will have to be miniaturized for delivery by Iranian surface-to-surface missiles—these steps will take a significant time to achieve. There is, therefore, still time for diplomacy to work.

QUESTIONING THE CASE FOR MILITARY ACTION

12. Despite the above conclusion, there are some in the US and Israeli administrations, in particular, who argue that military action must be taken before it is too late. Advocates of early military action argue that the consequences of a nuclear-armed Iran are such that military strikes are justified, whether a smoking gun is found or not.

13. It is true that, alongside other regional powers such as Saudi Arabia and Egypt, it is reasonable to assume that Iran has conducted research and development into the fabrication of nuclear weapons. However, there is no evidence to suggest that Iran has embarked on production engineering—putting in place the technical facilities needed to build a bomb—and, as already stated, it is known that it is some way off being able to produce the amount of fissile material needed to produce a nuclear weapon.

14. The contention that military action will set back Iran's nuclear programme significantly can and should be questioned. Iran's nuclear programme is extensive and dispersed; a military strike would have to contend with:

- a. A large number of targets.
- b. Well-protected and hidden facilities.
- c. Inadequate intelligence.
- d. The likely survival of key scientists and technicians.

15. If the aim of military strikes is to destroy key nuclear facilities, they would have to target:
 - a. The Kalaye Electric Company that produces components for gas centrifuges.
 - b. The nuclear power reactor at Bushehr.
 - c. The heavy-water reactor and the heavy water production plant at Arak.
 - d. The uranium enrichment facilities at Natanz.
 - e. The uranium mines and mills at Saghand.
 - f. The research reactors at Isfahan.

16. There is therefore an inherent contradiction in arguments that a military strike could both encompass all key facilities and be surgical and brief. A compromise would have to be made on either the scale of military action or the certainty of success. In either case, the numbers of innocent civilian casualties would probably be high because a surprise attack would catch many people unawares and unprotected.

17. There also is a real possibility that Iran has constructed secret facilities in the anticipation of a military strike. It is also conceivable that Iran has built false targets, installations that appear to hold nuclear facilities but in fact act as decoys. With inadequate intelligence, it is unlikely that it would be possible to identify and subsequently destroy the number of targets needed to set back Iran's nuclear programme for a significant period. Furthermore, with the probable survival of key scientific personnel, it would only be a matter of time before Iran could rebuild its nuclear programme. The question is, how much time?

CRASH RECONSTRUCTION

18. If Iran's nuclear facilities were severely damaged during an attack, it is possible that Iran could embark on a crash programme to make one nuclear weapon. In the aftermath of an attack, it is likely that popular support for an Iranian nuclear weapon capability would increase; bolstering the position of hardliners and strengthening arguments that Iran must possess a nuclear deterrent. Furthermore, Iran has threatened to withdraw from the NPT and, should it do so post-attack, would build a clandestine programme free of international inspection and control.

19. In the aftermath of an attack, following a political decision to change the nature of the nuclear programme to construct a bomb as quickly as possible, Iran could:

- a. Used stored, fresh nuclear fuel to produce highly enriched uranium (HEU) in a small centrifuge facility to fabricate a weapon.
- b. Chemically remove plutonium from irradiated reactor fuel elements—from the Bushehr or Arak reactors, if either were operational—and use it to fabricate a nuclear weapon.
- c. Assemble new centrifuges and produce HEU. Some centrifuges might survive a military attack, but it is conceivable that Iran has stored additional centrifuges in secure locations.

20. This process would be hastened if Iran had a secret supply of uranium hexafluoride or if it had constructed a small primitive reactor, fuelled with natural uranium, to produce plutonium for nuclear weapons. It is also possible that, post-attack, Iran could purchase additional needed materials from sympathetic states or on the black-market.

21. In the aftermath of a military strike, if Iran devoted maximum effort and resources to building one nuclear bomb, it could achieve this in a relatively short amount of time: some months rather than years.

CONCLUSION

22. The argument that military strikes would buy time is flawed. It does not take into account the time already available to pursue diplomacy; it inflates the likelihood of military success and underplays the possibility of hardened Iranian determination leading to a crash nuclear programme.

23. Post military attacks, it is possible that Iran would be able to rapidly build a nuclear weapon as part of a crash programme, and would then wield one in an environment of incalculably greater hostility.

24. It is, therefore, a mistake to believe that Iran can be deterred from attaining a nuclear weapons capability by bombing its facilities. Diplomacy is the only realistic course of action.

7 June 2007

Witnesses: **Lord Triesman of Tottenham**, Parliamentary Under-Secretary of State, and **Neil Crompton**, Iran Co-ordinator, Foreign and Commonwealth Office, gave evidence.

Chairman: Lord Triesman and Mr. Crompton, thank you very much for joining us this afternoon. As you know, we are going to hold 45 minutes or thereabouts of this sitting in public, after which we will move into a private session for matters that you wish to discuss with the Committee entirely privately.

Q94 Mr. Hamilton: Lord Triesman, you know, as we all do, that on March 23 our British naval personnel were captured and held by the Iranians in the Shatt al-Arab waterway. The Iranians claim that the personnel were in their territorial waters. We obviously disputed that. The Foreign and Commonwealth Office has said in a submission to us that many key officials were unavailable to speak to, because it was the Iranian new year holiday. However, the Foreign Secretary spoke to Foreign Minister Mottaki during that period. Why did very little happen during the holiday period? Was it because Mr. Mottaki was not senior enough to effect the release of the sailors?

Lord Triesman: I think that the Ministry of Foreign Affairs does not have the same prominence when crises break out in Iran as you would expect a foreign affairs ministry to have and, on occasion, it probably does not have the same authority. However, the ministry is the channel through which you have to go to conduct any kind of dialogue. On two occasions—on 25 and 27 March—the Foreign Secretary was able to speak to Foreign Minister Mottaki and set out the issues.

In dealing with the Iranians in London, I took the view that I did not mind whether it was the new year or not. There were meetings that had to be had, there were things that needed to be said and there were things that needed to be clarified. For those reasons, although people put it to me that it was a traditional holiday in Iran, I insisted on having meetings, démarching the ambassador and conducting the discussions that were necessary.

Q95 Mr. Hamilton: We know that you spoke with Ambassador Movahedian, the Iranian ambassador in London, on a number of occasions—one assumes almost daily. Did you, at any time in that period, speak to Mr. Larijani in Tehran?

Lord Triesman: No, I did not. I saw the ambassador on eight occasions and spoke with him in two very long phone calls as well. My understanding was that he was able to speak to Mr. Larijani, but that Mr. Larijani was unlikely to speak to me. We made an application—which I think I am right in saying was first made at the beginning of that period, or close to it, on 30 March as I recall—to have a discussion with Dr. Larijani. We got no response at all to that. It was only when he appeared on Channel 4 and indicated that he was willing to take part in a discussion that we got the first positive sign from him that he would be willing to have such a discussion.

Q96 Mr. Hamilton: So why did it take “Channel 4 News” to open up the channels of communication with Dr. Larijani?

Lord Triesman: Actually, he opened up the channel, because he refused to deal with us through any channel, until he decided to make the announcement that he was available.

Q97 Mr. Hamilton: So what you are saying is that it was nothing to do with “Channel 4 News” contacting him, but the fact that he made himself to “Channel 4 News”?

Lord Triesman: He contacted them.

Q98 Mr. Hamilton: And then after that, on 3 April, Sir Nigel Sheinwald spoke to him directly, we understand.

Lord Triesman: That is right.

Q99 Mr. Hamilton: What was said? Have you any idea? Can you let us know?

Lord Triesman: I can let you know in outline what was said, although it may be useful to talk a little further later. The burden of the points that were made to Dr. Larijani were the issues that had come up all through the week and that had been refined down in their details. Those points were, first, that we wanted—and want—good bilateral relationships with Iran, and we want them to be substantive and capable of doing a job into the future. Secondly, we wanted our people released, and we wanted them released immediately and unconditionally. Thirdly, in the process of release, we wanted consular access just to assure ourselves and their families that they were physically all right. Fourthly, we wanted our boats and equipment released.

Finally, throughout the week a number of things had been gradually discussed—perhaps rather more in London than elsewhere—in which there were possibilities for future substantive discussion that would benefit both sides by making a better relationship. That was the core of the discussion, and the other critical thing to say about it is that because it was a discussion involving the Prime Minister’s senior foreign policy adviser, it was understood to be at a level that should be taken completely seriously not just by Dr. Larijani but by the supreme leader in Tehran.

Chairman: Thank you. We now want to come to some questions about the strategy that Her Majesty’s Government were trying to follow to terminate the hostage crisis.

Q100 Ms Stuart: Can we begin by looking at the way Her Majesty’s Government conducted themselves with the Security Council? Traditionally, we are conciliatory, we negotiate and we play a long game, but on this occasion, it appeared that the Prime Minister called on 27 March for a “different phase”. Subsequently, there were reports in the press that suggested that Foreign Office officials felt that they were being “bumped into” an aggressive stance and that we ended up going to the Security Council far too early, particularly given that the resolution that we secured in the end was fairly mild mannered and therefore a tactical mistake with hindsight. The question is twofold. Was the Foreign Office uneasy

at, or driven by, a push from No. 10 which was not in keeping with its initial instinct? And, with hindsight, should we probably not have gone to the Security Council at that stage?

Lord Triesman: If I can put it in a tiny bit of context, it will be easier to answer your question precisely. We started off by trying to persuade the Iranians that we had precise and accurate co-ordinates that were achieved by good scientific method, which placed the sailors 1.7 nautical miles in Iraqi waters. As you will know, they responded by coming in with a completely different set of co-ordinates, but which also, when we plotted them, put the sailors in Iraqi waters. They were clearly very surprised when I told them that, and they later came back with a further set of co-ordinates that placed the sailors in Iranian waters.

The reason why I mention that is because, during the first phase, we tried on a bilateral basis to say, "These kinds of mistakes can happen. Everybody can climb back down the ladder on the basis that there is a misunderstanding." I am utterly confident about our co-ordinates, but there is no doubt that the military inquiry will confirm those points. However, we thought that at that first stage, there was a real prospect that we could deal with the issues in a way that allowed everybody to save face, and without having an unnecessarily protracted international dispute. By the time they came back with their second set of co-ordinates, we concluded that they were not willing to do that.

Through a process that went on the entire time at Cobra, with a meeting every day to work and refine what we thought we should do next, we all came to the conclusion—I emphasise that we all came to the conclusion—that it was imperative to exert international pressure, because we were not getting anywhere on a straightforward bilateral track. I think it was a very significant and correct step to take, because from then on, there was consistent international pressure, which produced much more flexibility in the dialogue. I do not think it was a mistake to do it; it would have been extremely hard to have a good sound negotiation at that stage if we had not done it.

Q101 Ms Stuart: My colleagues will come back to the issue of co-ordinates. Are you still firm that you did not simply move from the bilateral to the international? Was it right to go straight to the Security Council once that that bilateral basis ceased?

Lord Triesman: We concluded that we needed significant support from the states in the Gulf, the Arab League and from people who have not traditionally been as close to us as we might desire. We needed to do that through international forums as well as bilateral discussions. The Foreign Secretary had many such discussions with her opposite numbers in the states to which I referred. We needed to explode the myth that our sailors and marines were in Iranian waters for as long as that contention was being made in public in world forums. That meant going to the UN and the EU.

In reaching that conclusion, we took a flexible position. Our position was sufficiently flexible so that when we got back to the point at which it was possible to have a serious bilateral discussion, we were able to do so. It was not that we embarked on a different course that we could then never get off. The position was constructed to give us the optimum amount of space for discussion at any stage.

Q102 Mr. Illsley: To expand on what you said, Lord Triesman, would you refute the *Guardian* report that said that the FCO was "bumped into an early escalation by a gung-ho prime minister"?

Lord Triesman: I can assure the Committee that that is not what happened. I cannot recall a dissenting view in the Cobra discussions between anyone there, on any of the issues I described, and certainly not from the FCO. I mentioned the FCO, but the same goes for everyone.

Q103 Mr. Illsley: So there was co-ordination across the whole of the Government on what you were doing even prior to the Prime Minister's statement?

Lord Triesman: Yes. That is absolutely right.

Q104 Mr. Illsley: Is there no need to review anything that happened in that period in terms of Government co-ordination in the event of any such future incidents?

Lord Triesman: As colleagues here will appreciate, I have only limited experience of the operation of Cobra, but that episode was an example of Cobra at work, and I can say that it was extremely focused, unified and clear about the tactical approach. It dealt with the alternatives—after all, there is always more than one possible tactic. It evaluated the alternatives and everybody lived with the conclusions, which was, I think, very helpful.

Q105 Mr. Heathcoat-Amory: Our hostages started to co-operate with the Iranians very quickly, whether owing to a lack of training or to other factors about which we do not yet know. Obviously, that was a big factor for you to consider. What contact did you have with the Ministry of Defence on the matter in order to anticipate the behaviour of our personnel?

Lord Triesman: The Ministry of Defence was represented in all of the Cobra meetings. It is in a position to make the assessment about the training and preparedness for such events, which I have no doubt it will put before Sir Rob Fulton. I am no specialist on commenting on the training of military personnel.

It was my expectation and that of those who advised me that the Iranians would probably put our people on television, probably having put them under duress, because of what had happened on a past occasion. If anything was to be read or learned from the past, it was that such actions were certainly a strong possibility. From my earliest discussions with the Iranian ambassador, I made it clear that we would find such a step intolerable; that the parading

23 May 2007 Lord Triesman of Tottenham and Neil Crompton

of our people would be intolerable. I recall that, in 2004, the Iranians paraded people blindfolded in the most demeaning circumstances.

The Iranians' explanation this time was that they wanted the families to see their daughter and sons, to feel confident that they looked in good health and that they were being well looked after. I can tell the Committee that I responded in turn. I regarded it as an outrageous step and an outrageous pressure on the families, not as a reassurance.

Q106 Mr. Heathcoat-Amory: So you anticipated the behaviour of the hostages and the fact that they, including two officers, ended up virtually apologising to the Iranians? You factored that into your calculations? It has obviously handed an enormous propaganda coup to the Iranians, who now portray the whole of our armed services as completely pathetic. Did you anticipate that and do anything to counter it?

Lord Triesman: There was nothing that I could do in my discussions with the Iranian ambassador or the discussions that Geoffrey Adams, the ambassador, had in Tehran with the foreign ministry there. It is very difficult to know what people will do, other than that they will be put under significant pressure. Their own account of it, as you will know, is that they tried to use very ambiguous turns of phrase and so on. I suppose that people will judge whether that was successful in giving their account of what happened. From a personal point of view, I was not in much doubt that they would be put under significant pressure. I think that it is very hard to know how people will deal with that kind of pressure if you are not in their circumstances.

Q107 Mr. Heathcoat-Amory: Have you put reforms in train or urged your Ministry of Defence colleagues to try to prevent that from happening again, so that people are properly trained for a similar event if it should recur? We are still in action in that part of the world. Future hostage-taking is not only possible but, in my view, quite probable.

Lord Triesman: Sir Rob Fulton is looking at the whole of that—I do not answer in that way to avoid your question. It is not within my area of knowledge what training had been provided, whether it was adequate and what needs to be done in future, but I will be as attentive to the findings of that part of the investigative process that this country must go through as anybody else. If there is something that the FCO can add to it, I will certainly wish to do so.

Chairman: We now come to some issues relating to the Shatt al-Arab waterway.

Q108 Andrew Mackinlay: Minister, there are two sets of co-ordinates, which I shall put aside for a moment—the United Kingdom's co-ordinates and the Iranian Government's. As I understand those days, the United Kingdom Government were resolute on one thing—namely, that our service personnel were in indisputably and internationally recognised Iraqi waters. I put it to you that that is not true—that they were in waters recognised by us but not indisputably internationally recognised as

Iraqi. The Russian Federation and some others close to the Security Council took a different view, saying that it was a grey area.

Is it not a fact that we overstated our case there and, as often happens with waterways around the world, that ownership of those waters was a grey area even long before the existing regime? There is a fudge. Often it does not matter, because the waterways are not disputed, but is it not the case that the waters in which our service personnel were found were disputed, even using United Kingdom co-ordinates? What say you?

Lord Triesman: I do not think that they were disputed, in two senses. First, I have made the point that I am very confident about the co-ordinates with which we were provided and the basis for obtaining those co-ordinates. As I have said, rather than two, there were three sets of co-ordinates at play, because the—

Q109 Andrew Mackinlay: Take any one of three, or all three; my question still stands.

Lord Triesman: The Iranians did not dispute, for the time being and at the time, what the international barrier at sea was between Iraqi and Iranian waters in the upper Persian Gulf. There is a process by which that is agreed, because it is true that sand banks and other physical entities move in those waters. When it is thought that those movements have been significant, there is an international mechanism by which people can address that question and ask whether the international boundary needs to change to reflect it. I can tell you that Iran did not at any stage raise any question about where the border was. It was absolutely confident, as we were, that we knew at that point where the border was.

Q110 Andrew Mackinlay: Why did the Russian Federation and other people on the Security Council balk at, or hesitate to support, the United Kingdom's very definite view that these were indisputably internationally recognised waters?

Lord Triesman: I want to choose these words very carefully, but the propensity of the Russian Federation to disagree with a number of things that I would regard as self-evidently right seems to me to increase in the Security Council by the day.

Q111 Andrew Mackinlay: The French?

Lord Triesman: I do not believe the French satellite readings were any different from ours, nor do I believe they had a fundamental difference of any kind about where the border was.

Q112 Andrew Mackinlay: But the Security Council did not support us in our definitive statement that these were indisputably internationally recognised Iraqi waters, did they? There was doubt in the international community.

Lord Triesman: I do not think there was a great deal of discussion about that particular proposition. I do not know whether Neil has anything to add to that, but the bulk of the discussion was about the extent to which the international community should

intervene to help us to secure the release of the sailors. There was not a great deal of technical exchange on that question. Some may have had it in their minds but it never emerged as an issue and, most significantly for me, was the fact that the Iranians themselves had no question at all about where the border was at that time.

Q113 Mr. Keetch: Lord Triesman, this is not the first time that a Royal Navy boat has been captured in that stretch of waterway by Iranian Revolutionary Guards. To lose one set of sailors might be unfortunate; to lose two might be regarded as careless. Why is it that the rules of engagement, which are drawn up by the Ministry of Defence in conjunction with the Foreign Office, did not assume that there might be an attempt to repeat what had happened a few years earlier? Undoubtedly it has provided for the Iranians, some would suggest, something of a propaganda coup. Why did we allow this to happen a second time?

Lord Triesman: Without trying to trespass on what Sir Robert will investigate and say in his report, which I think it will go into that kind of issue in some detail, I can tell the Committee that when we talked with senior military personnel at each stage during the Cobra exercise they repeated their confidence in the rules of engagement that they had. Obviously one must feel satisfied that one is dealing with these things properly, but something that it is quite hard not to accept is the serious advice of the senior military personnel about the quality of the rules of engagement and how they interpret them.

It is obviously possible that Sir Robert will reach whatever conclusion he reaches on those things. It must be a matter of disappointment that this event happened twice, but there is no doubt in my mind that it represented an incursion into Iraqi waters by Iranians from the Revolutionary Guards part of their naval force, undertaken at speed. Plainly our response was not rapid enough to ensure that those sailors and marines were kept on our side of affairs, if I can put it that way.

Q114 Mr. Keetch: We do not have Sir Robert Fulton in front of us. Indeed, he is looking at the military aspects, and I want to concentrate on the diplomatic aspects. Is it true that there was a warning or a threat issued some weeks before this incident by Revolutionary Guards in the south of Iran that they wanted to capture blond British sailors? Was that recognised at the time?

Neil Crompton: The threat I am aware of was not made particularly in that context; it was made by someone affiliated to a Revolutionary Guards organisation, and it was made as a response to the American operations against Revolutionary Guards personnel in January this year. Certainly I do not recall any specific reference to Britain.

Q115 Mr. Keetch: So there was no specific threat to capture blond British sailors; there was a threat to try to capture somebody in that area by the Iranians?

Neil Crompton: I do not think the threat to which you refer was made by an Iranian Government representative. It appeared on one of the many websites that one sees in Iran that are affiliated to different factions, some of which have connections with the Government, while some do not.

Q116 Mr. Keetch: I am not saying that it was made by the Iranian Government or the President of Iran, but we all know that the Iranian Revolutionary Guard does not always act under instructions. Indeed, in the previous incident when the sailors were taken originally, there was some dispute at the time about whether that action had been sanctioned by the Iranian Government. I want to be quite clear. There was a threat around the time that somebody associated with the Iranian Revolutionary Guard wanted to capture—if not “blond British sailors”—somebody.

Lord Triesman: I paused because I wanted to be certain in my mind about the nature of the threats that were around and not to make any misleading comment about it. It was my understanding that it was one of the things that had appeared on one of the multiple websites. If we look at all of the websites that are available, I suspect that we would find all sorts of things and threats. I do not draw the conclusion from that that the threats are not serious. On the contrary, I take all such threats very seriously. It means that there must be real caution when operating in the upper Persian Gulf.

Q117 Mr. Keetch: Given what happened in the first incident, presumably the advice of the Foreign Office about the rules of engagement would have been to the Ministry of Defence that the threat of British sailors being captured again was a real threat and that its operations should take into account that threat.

Lord Triesman: I agree with you. My understanding of the rules of engagement was that they were designed to deal with such threats and that it was believed that they would be adequate for those purposes, not least because the thalweg—the navigable channel—and how it moves makes it important to be accurate on facts and accurate on response. One of the significant things that came out of the process of discussion with the Iranians was that wherever anybody felt anyone was, there was no mechanism in place for people to alert each other to what they might regard as a serious problem—something that you would do if you were trying to take the heat out of a difficult international environment. That is a very important fact.

Chairman: We want to come to another important issue, which is whether the hostage release was or was not part of a wider deal.

Q118 Mr. Moss: Were there any discussions between the Government and the United States regarding consular access to those Iranian detainees at Irbil in Iraq?

23 May 2007 Lord Triesman of Tottenham and Neil Crompton

Lord Triesman: No, there was none.

Q119 Mr. Moss: Do you know of any discussions that took place between the United States and Iran over that issue?

Lord Triesman: I am not aware of any. I can say with absolute confidence from the first meeting that I had in my sequence of meetings—the same points were repeated to Geoffrey Adams in Tehran—that the Iranians said from the beginning that they wished to make no connections whatever with any other bilateral problem or multilateral problem with which we were all concerned. I confirmed immediately that that would be my understanding of all the subsequent discussions. There were technical questions about where the sailors and marines had been. I made some comments about how we tried to deal with that, but the concept of any exchange of consular access or exchange of personnel was ruled out on the first day and was never pursued.

Q120 Mr. Moss: Do you therefore agree with Sir Richard Dalton that the provision of that consular access to the detainees at Irbil and the release of Jalal Sharafi were a “very helpful coincidence”?

Lord Triesman: They were certainly a coincidence. If they improved the atmosphere, they improved the atmosphere. But I can assure the Committee in absolute seriousness that there was no such trading whatever.

Chairman: That brings us to the US dimension.

Q121 Mr. Pope: I am interested in the reaction of our closest allies, the Americans. They had a US navy fleet on manoeuvres in the Gulf at the time, and it was reported in the press that the Pentagon offered to adopt an aggressive military pose towards Iran, perhaps including low flying by American planes over Revolutionary Guard bases, and that that offer was made to the British Government. Can you confirm that the offer was made and that we declined it, preferring to pursue a more diplomatic route?

Lord Triesman: The United States had two carrier battle groups—I believe they were the Eisenhower and Nimitz groups. Each contains quite a large number of ships, and the two would obviously have sizeable air power based on them. Their plans and manoeuvres, as I understand it, had been formulated a long time in advance. In general, such manoeuvres involved them staying on the Iraqi side of the waterway and inland. In the past, they have certainly involved them flying over oil installations on that side of the border, both at sea and inland. We simply expressed the view—at this stage I would rather go no further—that low flights, even over the oil platforms, would not be helpful in trying to conduct the discussions that were going on.

Q122 Mr. Pope: It looks with hindsight like that was the right call to make. I wonder whether the difference of opinion between allies has done us some damage in Washington. A number of articles have been written—I shall get into trouble if I keep quoting John Bolton, because I quoted him earlier, but he said that the British response was

characterised by a “passive, hesitant, almost acquiescent approach”, and that the Iranians had “probed and found weakness” in the allies. Writing in *The Sunday Times*, Andrew Sullivan said that many of President Bush’s allies “harrumphed” at the pusillanimous nature of America’s closest ally. Can you tell us, from your own dealings with the American political establishment, whether those views are widely held by people in the Bush Administration? If so, is our standing damaged?

Lord Triesman: I have not dealt extensively with the Bush Administration on this question, although I am obviously aware of the general track of discussion. There is no doubt in my mind that we were not in tremendously different places over what was needed during those days.

I understand that John Bolton takes an entirely different view about how and when we should deal with Iran. It is not my view or that of this Government. I profoundly hope that it is not the view of any major party in Westminster. What we wanted to try to achieve—it is different from John Bolton’s view of what it is necessary to achieve, as he expresses it—was the most rapid and effective diplomatic extrication of our people from a bad place, and that is what we set about doing. I tried to describe earlier the variety and choices that we made tactically as we went through it and their flexibility. My feeling, if I reflect on it, is that were we to have chosen other tactics with a group such as the Revolutionary Guards in control of our people, we would probably be having this hearing about how we were going to extract them rather than whether we had extracted them.

Mr. Pope: Not for the first time, I am grateful that we are not represented by John Bolton. Thank you.

Chairman: Minister, the important issue, then, is who was relatively helpful to us at that crucial moment.

Q123 Mr. Purchase: From the FCO’s written evidence, we learn that a number of key capitals responded to our calls and assisted as they could and when they could. It would be interesting to find out which states did not respond to our calls for help. Could you help us with that?

Lord Triesman: I will not go through the list of those who did, but there is a useful guideline to what happened. While we were trying to generate support and pressure, Iran was trying to generate support and pressure, too. We were all calling people throughout the region and the international community to generate that support. I think that they were profoundly unsuccessful, and we were successful. If I was asked about those who were not particularly helpful—

Q124 Mr. Purchase: Call out the names.

Ms Stuart: Alphabetically.

Lord Triesman: That is not so hard because it is not a long list, and I can do alphabets. Thinking of a permanent member of the Security Council, I do not think that we had as much help from Russia as I would have wished. I did not expect us to get a huge

amount of support from Venezuela, and we did not. If you look at it in Security Council terms, it was interesting that the Foreign Secretary's discussion with Foreign Minister Li of China produced very rapid help and a good response. In terms of response and pressure, that bilateral effort had been incredibly successful. It was even the case that some states in the Middle East which we had not expected to make vociferous offers of help did so.

Q125 Mr. Purchase: You certainly got the alphabet right between Russia and Venezuela, but we did not get much further than that. Perhaps we could go the other way around. Which countries would you say gave the most help in persuading the Iranians to be a little more co-operative?

Chairman: It would be helpful if you followed up this exchange with a written letter to the Committee because it would be good to know those who were helpful and those who were less helpful. Would you do that for us?

Lord Triesman: Yes, I will certainly do that.

Q126 Mr. Purchase: I was not demanding it to be in alphabetical order.

Lord Triesman: I will certainly do it by letter. It is important in this context to say that a significant number of Arab and Islamic states, or the secular Islamic states—I make that distinction because Turkey played a significant role in this—were very willing and very vigorous. At one stage, we were told that Mr. Mottaki was complaining that one of the reasons he could not speak to us more often was that he was on the phone all the time to all of those people who were phoning him.

Chairman: Thank you very much. Now for the last area, but by no means the least, the media dimension.

Q127 Sandra Osborne: May I take you to the time after the sailors were released and brought back to the UK? Can we look at how the media here were handled given the level of public concern at the time? There was a press conference and Lieutenant Felix Carman read out a prepared statement in which he said that those involved had been told by the Iranians that if they admitted that they had strayed into Iranian waters they would be released and sent back in a plane very soon. If they did not admit that, they could face up to seven years in jail, which may have had something to do with the sailors' reaction while they were in Iran. More controversially, the MOD allowed the sailors to sell their stories to the newspapers, which was met with quite a lot of public comment. Newspapers—presumably those which

had not received the story—were critical of the MOD in that respect. What was the FCO view of that and was it consulted in any way about it?

Lord Triesman: I believe that it was a significant mistake.

Q128 Chairman: On that, there was a wider issue of Foreign Office policy. Would you like to express any general Foreign Office view as a matter of policy as to the desirability or otherwise of serving armed forces personnel selling their stories while still in Her Majesty's service?

Lord Triesman: I am not sure that we have a formal policy on what the armed forces and the MOD should do about it, so I am expressing the view that I take, which I suspect is probably well shared around the FCO, which is that it is undesirable. I would make exactly the same point about serving diplomats or Ministers in the FCO or other Departments. We work in a very sensitive world. Whether we use the word "negotiation" or not, these are very intricate, difficult discussions that can easily go wrong, and future discussions can be hopelessly prejudiced by unhelpful conduct from the past. For those reasons, I come to the conclusion that I have expressed to the Committee.

Q129 Sandra Osborne: May I follow up briefly? You said that it was a significant mistake. Did the MOD seek the FCO's advice? Is that the advice it was given?

Lord Triesman: I think that Tony Hall, in his inquiry into the press handling, will probably be able to set out all that detail, and I hope it will be to your satisfaction. My understanding—I really do rely on the full facts being explored in that inquiry—was that the advice would have reflected exactly what I have said.

Q130 Chairman: On that point, there is an important issue for the Committee. I wonder, Minister, whether you could kindly follow up Sandra Osborne's question and let the Committee have a note as to what consultation took place between the MOD and the FCO, and on what dates, on whether service personnel should be allowed to sell their stories.

Lord Triesman: I shall certainly do that.

Q131 Andrew Mackinlay: On 25 April, Mr. McCartney, your fellow Minister, told Westminster Hall that the Hall inquiry would be available in May. Is that still on target?

Lord Triesman: To the best of my understanding, it is.

Chairman: Thank you. We are now going to end the public session.

Wednesday 4 July 2007

Members present:

Mike Gapes (Chairman)

Mr. Fabian Hamilton
Mr. John Horam
Mr. Eric Illsley
Andrew Mackinlay

Mr. Malcolm Moss
Mr. Ken Purchase
Rt hon. Sir John Stanley
Ms Gisela Stuart

Witness: Lord Archer of Sandwell QC gave evidence.

Q139 Chairman: Good afternoon, everybody. Could I ask all members of the public to switch off their mobile phones, or take the batteries out?

Lord Archer, Peter, welcome. As you know, we are conducting the inquiry into Iran. You sent us a submission, and as a result we decided to ask you to come along to give oral evidence. Can I begin by asking you for your assessment of the current situation with regard to the Government's listing of the People's Mojahedin Organisation of Iran as a terrorist organisation, and how you see the current position with regard to that, both in the UK and in the European Union?

Lord Archer: I would be happy to answer that question. In fact I would be delighted. I am slightly troubled, but I am entirely in your hands. The matter is sub judice at the moment. It is the subject of an appeal. But if you think it right for me to continue, I should be happy to do so.

Q140 Chairman: As far as you are aware, has the European Commission explained why the PMOI continues to be listed as a terrorist organisation?

Lord Archer: I see. There are two separate proscriptions. There is the one in Europe and there is the one under the Terrorism Act in this country. In relation to the European one, the most up-to-date position that I have come across is that the Commission has put in a statement of the reasons for the proscription, somewhat belatedly because it had been criticised by the Court for not having informed the Court of those reasons. If I remember correctly, the last incident that it mentioned was prior to 2001. As far as I could see, there was no suggestion that there had been any kind of activity that could be classified as terrorism after that date. I do not think that there has been anything further than that. I believe that the Council of Ministers has passed a resolution, but I do not think that there have been any further proceedings. The position was that the court declared the 2005 proscription to be unlawful. The Council of Ministers then relied on the 2006 proscription, but there was simply no difference between them. There is not the slightest reason to think that if the 2006 proscription had been before the Court, there would have been any difference in its deliberations. So that is the position at the moment, I think.

Q141 Chairman: That refers to the decision of the Council of Ministers when it met just a few days ago,

is that correct? You are talking about the meeting on 28 June?

Lord Archer: I am not sure what emerged from that meeting that changes things. I believe that the Council basically confirmed where it stood.

Q142 Chairman: Are you saying that, as far as you are aware, there is no new information and this decision is simply based upon the previous position?

Lord Archer: I have not seen any new information, certainly not about the merits of the case.

Q143 Chairman: We now have a new ministerial team in the Foreign Office. It is substantially a new team—one Foreign Office official is still in the same position as before. Essentially, there is a completely new Foreign Office team. Is it your expectation or hope that there will be any change in the British Government's position with regard to this issue?

Lord Archer: I am always reluctant to guess on these matters, because normally I guess wrongly, but, of course, the proscription is a matter for the Home Office. What is so surprising in this case is that a Home Office decision was supported by evidence that was confined to evidence from a Foreign Office Minister. You may think that that supports precisely what some other people were saying, namely that this decision was not reached on the merits of whether the organisation's members were terrorists or not, but in fact it related to whether it was a diplomatic advantage to proscribe them.

Q144 Chairman: The then Foreign Secretary, Jack Straw, who introduced the proscription when he was Home Secretary, said in 2003 that the "MEK is a terrorist organisation and one which I banned as Home Secretary two and a half years ago". So clearly it was not just a Home Office decision, and the same Minister was clearly involved.

Lord Archer: Indeed, it was the same Minister, yes.

Q145 Andrew Mackinlay: We have just heard that Jack Straw told this Committee that he banned this organisation two and a half years before 2003. From your understanding, there has never been any suggestion either by the European Union or the United Kingdom Government that there has ever been any terrorist or military activity by the organisation since 2001. Is that correct?

Lord Archer: Yes, I have not heard any suggestion of such activity.

4 July 2007 Lord Archer of Sandwell QC

Q146 Andrew Mackinlay: And so far as you are aware, was there not—please help me on this matter—some public declaration, or manifestation, of the repudiation of arms by the PMOI?

Lord Archer: Yes. In 2001, the PMOI formally renounced violence of any kind. Prior to that time, it was true that it had had exchanges of fire with Government troops, because it was attacking police stations where it thought that people were being tortured; I believe that that was the case. Such attacks were not on any large scale, but were carried out on one or two occasions. I think that two Ministers were killed, both of whom were notorious torturers. That was what the PMOI practised before 2001. It was never at any time targeting civilians.

Q147 Chairman: Is it not the case that, at one point, the PMOI was responsible for blowing up members of the Iranian Parliament and also that it was associated with Saddam Hussein's activities against the Kurds in Iraq?

Lord Archer: The answer to both those questions is no. As I said before, I believe that many years ago, in the early days of the "revolution", the PMOI assassinated two particular people, both of whom were officials and notorious torturers. I am not aware of the PMOI ever blowing up anyone, including members of the Iranian Parliament. So far as being associated with Saddam Hussein, no, the PMOI was not; it had a presence in Iraq, because it could not stay in Iran. So it was over the border in Iraq, but it was not in any way concerned with the regime in Iraq. The PMOI members were tolerated, possibly because the Iraqi regime thought that it would be getting at Iran in that way.

Q148 Chairman: May I interrupt you on that point? Is it not a fact that they were in Paris, and that they were expelled from France and went to Baghdad?

Lord Archer: That is not quite the case either. It is true that they had a presence in Paris, and the French Government proscribed them in the same way as the British Government. Subsequently, of course, the French courts held that that was unlawful, and the proscription was cancelled. However, some of them did go, not to Baghdad but to Camp Ashraf.

They all had a presence there. There was no secret about it; it was well known. They said at the outset of hostilities that they would not participate in the hostilities in any way, and there is not the slightest reason to believe that they ever did. They did not even retaliate when they were attacked by coalition forces. Subsequently, the American authorities investigated them at great length; they said that they were quite satisfied that there was no element of terrorism and that they should be on a list of protected persons.

Q149 Chairman: Why were the Iraqi Kurds in particular so hostile to them, feeling that they were on Saddam's side?

Lord Archer: I never discovered that.

Q150 Chairman: It is true, is it not?

Lord Archer: I have heard it said. How far it is true, I do not know. I am not in a position to say. But I have heard it said that at least some Kurds believed that they were on the side of Saddam. Whether that is because they were confused with the Iranian revolutionary guards, who were on the side of the Government and not on the side of the National Council of Resistance, I do not know. I do not know what the reasoning behind that view was.

Q151 Andrew Mackinlay: It is probably a matter for debate afterwards, but to use a Northern Ireland phrase, there was a repudiation, was there not, in 2001? You are not aware of any evidence of that being abrogated by any individual or group. Indeed, the United Kingdom Government have not offered any evidence, have they?

Lord Archer: That is absolutely right.

Q152 Andrew Mackinlay: And have the UK Government at any stage given you or the representative body, the National Council of Resistance, any evidence of why proscription should be continued?

Lord Archer: No, they have not.

Q153 Andrew Mackinlay: The rules of natural justice dictate, do they not, that if you are accused of something you are entitled to disclosure? I am not talking about the courts but about the political position. One is entitled to respond to or repudiate an accusation, but nothing has been given to you, has it?

Lord Archer: No. In fairness, I have to say that we are talking about intelligence from sources that cannot easily be disclosed as it would endanger them. That is the reason that the Government gave, and I respect it. However, we have no indication of what is motivating the Government to take the view that they do.

Q154 Andrew Mackinlay: I understand that Camp Ashraf—also called Ashraf city—is a camp of those people that is patrolled, guarded and policed by the United States.

Lord Archer: Now it is, yes.

Q155 Andrew Mackinlay: It is. And the United States has diligently maintained that those people have protected persons status. Can you help me on that? What is their status?

Lord Archer: Protected persons status means that they cannot be extradited back to Iran. The Iranian Government are, of course, desperate to get them back, and we know what would happen if they went back. Having protected persons status under the Geneva convention certainly entails that they are not terrorists in any way. They could not be awarded that status, if they were terrorists.

4 July 2007 Lord Archer of Sandwell QC

Q156 Andrew Mackinlay: I am told that the United States military command authorised, allowed or permitted them to have bank accounts and so on.

Lord Archer: Certainly. They were investigated—I think for 16 months, if my memory is right—by the United States authorities, who said that they were completely satisfied.

Q157 Andrew Mackinlay: My final question is this. It has been suggested to us, perhaps in your submission, that there has been a trade-off. You mentioned it a few moments ago. What do you know about it? Is it, “We’ll keep them proscribed provided you play ball on nuclear.”?

Lord Archer: Again, I must take care not to stray into territory that is sub judice. However, under the Terrorism Act the Secretary of State can include someone in the schedule if he is satisfied, in brief, that they are committing acts of terrorism. If he is satisfied about that, then he would be entitled to take extraneous matters into account, such as whether it assisted our diplomatic relations with Iran, or whether the Iranians would regard that as a reason for doing the things that we are asking them to do. What has been said by the Government—I certainly have not said the Home Office—via the evidence from the Foreign Office, is that the Secretary of State was satisfied of that. The evidence includes a long list of things that he took into account, however, all of which were deals with the Iranian Government.

Q158 Chairman: What would happen to the people in Camp Ashraf if the Americans ceased to protect them? Do you think that they would be received warmly by the Iraqi people, or would they effectively be driven out of Iraq?

Lord Archer: We do not know who the Iraqi people are, because there are obviously many different groups. There are the Shi’a and the Sunni. I have very little doubt there are groups in Iraq who would like to attack the people in Camp Ashraf, but there are others who regard them as the one force that could ensure that the two sides in Iraq unite. The trouble is that, if the Americans were to withdraw, there would be a very real attempt by elements loyal to Iran to get them back into Iran. Knowing what happens to people who criticise the Government in Iran makes that a very worrying aspect.

Q159 Chairman: What is the attitude of the Iraqi Government to Camp Ashraf?

Lord Archer: They tolerate it, and there is no hostility of any kind, as far as I know. I am reminded that a short time ago, 5.2 million Iraqis signed a petition saying that the people of the PMOI are the people who can give a hope of future peace in Iraq and hasten the withdrawal of the Americans, whom they did not particularly want to have there.

Chairman: Thank you.

Q160 Mr. Hamilton: Lord Archer, may I just turn to human rights in Iran? I know that you have some interesting information about popular dissent, which I imagine comes from Iran regularly. We

know that Iran has a disturbing human rights record; we know that stoning to death and the death penalty are still practised regularly.

Lord Archer: Certainly.

Q161 Mr. Hamilton: We know that President Khatami tried, without much success, to reform the human rights record, and that President Ahmadinejad has perhaps been more oppressive. He has removed a number of human rights. For example—we have seen this quite starkly—many women have been arrested for not wearing the right attire.

Lord Archer: Indeed.

Q162 Mr. Hamilton: In our recent human rights report, we highlighted the continuing use of the death penalty. We know, for example, that in the last few weeks there have been riots in many areas of Iran, caused by popular unrest, and we know that they have been about the petrol price.

Lord Archer: That is right.

Q163 Mr. Hamilton: Although Iran has a lot of oil, it does not have the facilities to refine it. It therefore has to re-import the refined product. I want to try to pinpoint whether that dissent is caused by economic factors, or by the oppressive human rights record of the Iranian Government. The recent unrest seemed to be triggered by the fuel prices, but is it actually expressing a deeper dissent to do with the political situation?

Lord Archer: We certainly know that large numbers of women feel very much oppressed. We know that students were rioting—that is the only verb that could apply to it—at Tehran university, when the President visited last year. We know that university lecturers are being sacked because they do not follow the Government line. There is a very real human rights record. In fact, I believe that Iran has been condemned on 54 separate occasions by institutions of the United Nations concerned with human rights. It has, probably, the worst human rights record in the world.

What is causing the unrest is more difficult to assess. There is no doubt that people are very worried about the economic situation, not only about petrol. We know that large numbers of people are unemployed. We know that food is very difficult to obtain. There is unrest about the economic situation. Since it is that that usually triggers unrest, perhaps more immediately than concerns about human rights—only some families suffer from human rights abuses—I would suspect that it is probably the economic unrest. What is certain is that Iran is absolutely seething with discontent. There is no doubt that if there were an opportunity to change the regime, a very large number of Iranians would want to change it. I am told that a secret survey was carried out a short time ago, in which 94% of those interviewed said that they would like a change of regime.

Q164 Mr. Hamilton: President Ahmadinejad was elected on the basis that President Khatami's economic reforms had failed, that he had failed to deliver economic progress, and that the oil that Iran was lucky enough to have should be converted into prosperity for all. Are you saying that he completely failed? Do the reports that you receive tell you—from what you have just said, that is probably the case—that he has completely failed in that?

Lord Archer: I think that is so. Every report that we have in the press indicates that that is so. Most of the oil revenues previously went into weaponry. They did not find their way to people's standards of living. I think that there is very little doubt now that what he was trying to do has totally failed because it did not get people back to work and it did not get the economy moving.

Q165 Mr. Horam: Lord Archer, can we come on to Iranian influence on Iraq? There is a connection between the two. You mentioned the petition signed by 5.5 million people. Could you help us in giving some estimate of the extent of Iranian support for, or involvement in, actions hostile to British forces in Iraq? What evidence do you have about that?

Lord Archer: The most obvious recent example was the helicopter that was shot down with the loss of five British lives. That was shot down by a ground-to-air missile, which was undoubtedly supplied by Iran. We believe that they are supplying weapons on a very large scale. The Prime Minister himself said that at the Lord Mayor's banquet. He is quite convinced that that is happening. There is no doubt that there is a great deal of stirring up. This is a regime that believes that it is under instructions from God to export the revolution. It is a regime that wants to see Iraq going in the same direction. One could go on for some time. The revolutionary guard have their presence in Iraq, and we are almost certain that they are training insurgents to kill British and American forces. The answer to your question is yes.

Q166 Mr. Horam: What do you think are the objectives of the Iranian regime in Iraq? On the one hand, one could say that they might want a stable Iraq that is no threat to them militarily, given the history of the Iran-Iraq war. They might want that. On the other hand, they might want to export the revolution and cause huge difficulty for the American and British forces there.

Lord Archer: One thing that they will certainly want is to destabilise that region. They want to be the dominant power, because they believe that that is the way to export their brand of fundamentalism. They want to go beyond just getting rid of the Americans and British, although that is part of their agenda.

Q167 Mr. Horam: So they do not want to create some sort of stable Iraq in future. They want to create chaos.

Lord Archer: Quite the reverse. They want an unstable Iraq, I think. That seems to be the view of many Iraqis. I am told—I have just received this—that at the last estimate, there are 32,000 Iraqis on

Iran's payroll. I confess that I do not know personally where that figure comes from, but that is the figure that I have just been given.

Q168 Mr. Horam: Thirty-two thousand Iraqis?

Lord Archer: Who, presumably, will be extremist Shi'as.

Q169 Mr. Horam: I think that you say in your paper that the United States and the United Kingdom will be better talking to Iran's exile group than to the Iranian regime.

Lord Archer: Yes.

Q170 Mr. Horam: What practical advantages would that bring?

Lord Archer: We say that for two reasons. The first is that there is to be some kind of barrier against this kind of Islamic fundamentalism, but what we have here are moderate Islamists, so it cannot be said that they are contrary to Islam, or that they are trying to undermine Islam. They are the people who would hold back the fundamentalists.

Q171 Andrew Mackinlay: Is there not evidence that the US, the UK and the United Nations have been made aware of the subterfuge of the nuclear programme by the people in exile?

Lord Archer: That is undoubtedly the case. The second point that I wanted to make was that it is difficult to know how to deal with an Iran that is spreading nuclear weaponry. One thing to do would be to go on trying to come to an accommodation with it. That has been tried for a long time. We know that the people there do not keep the deals that they make. They have been offered almost every incentive and in the end none of it has come to anything.

The second possibility is to invade them, and nobody is suggesting that an invasion of Iran is the solution. The third possibility seems to be to do nothing and hope that in due course the thing will go away. We know that the likelihood is—it is the assessment of a number of experts—that they will have effective nuclear weapons by the end of the decade.

The only remaining option is to tune in to what we were talking about a few moments ago—the seething discontent within Iran. We know that there comes a stage at which people simply want to overthrow a regime, as they did in the case of the Shah. What they need is somebody to co-ordinate the activities. It is no use having a demonstration here and a public meeting there, and not co-ordinating them. The people who could co-ordinate them are the Council of Resistance. The one hope of solving this problem and changing the regime would be to talk to the Council of Resistance.

Q172 Mr. Hamilton: Thank you. Lord Archer, may I pick you up on that? Two thirds of the population of Iran are too young to remember the revolution of 1979.

4 July 2007 Lord Archer of Sandwell QC

Lord Archer: I was not suggesting that.

Q173 Mr. Hamilton: No, you were not, but why has a counter-revolution or second revolution not happened up to now? There have been co-ordinated riots and demonstrations on many occasions, yet they have been put down with incredible violence and oppression by the Islamic state. Why are you hopeful that that will happen at some time in the future if it has not happened already?

Lord Archer: Well, they are not finding it very easy to contain it. There were 500 demonstrations in one month last year, despite everything that the police could do. You can arrest people; you can torture a few. You might even open fire on them, although I do not think that there is much evidence that they regard that as a good solution. However, sooner or later, you are going to get demonstrations that you cannot contain, and I think that that is what is happening, despite all the repression. That being so, and knowing what we do about the internal situation in Iran, I should have thought that it is pretty fair to say that they are awaiting the opportunity. They will not try spontaneously, and there will not be a rising that goes right across Iran and can be effective.

Think of the Russian revolution. We know that the people of Russia were ready to rise in 1917, but it was not until there was somebody in the saddle—good or bad—to organise the revolution that it took place. I think that that could happen in Iran, because we know that the Council of Resistance, which is the umbrella organisation including the PMOI, is well organised and does have a strategy. It could bring that together.

Q174 Chairman: May I put it to you that many Iranians in exile think that the PMOI is a small, very vocal group, which is active outside Iran but does not have any real base in the country?

Lord Archer: I suppose Iranians in exile—the Iranian diaspora—are like diasporas everywhere; they do not speak with one voice and all pass a resolution. I was thinking of Shirin Ebadi, a human rights worker in Iran, who has just written a very interesting book, particularly about the way women are treated there. She does not get on terribly well with the Council of Resistance because she thinks she can do more good by staying in Iran and will be safer if she keeps them at a distance; they think that she is too cosy, otherwise she would have been arrested and tortured by now. Of course, the diaspora does not speak with one voice, but I would be surprised if there is a very large proportion of the diaspora who think that the PMOI is small and ineffective.

Q175 Ms Stuart: I want to ask you about your views on some of Iran's neighbours, and I return to Mr. Horam's original question. What troubles me about the suggestion that the answer is to talk to Iranian exiled groups is that we talked a lot to exiled Iraqi groups about Iraq and what we got out of it was a whole bunch of misleading, out-of-date and inaccurate information.

Lord Archer: The information that we know has been given by the Council of Resistance up to now has transpired to be only too tragically accurate. It was they who first alerted the international community to the nuclear weapons programme in Iraq; they have given a great deal of information. I am supplied with a vast amount of information by them, probably more than by any one other single group, and I have not so far come across anything that has transpired to be inaccurate. I do not think one can say any more than that.

Q176 Ms Stuart: We must be careful of the parallels. If your information is correct, that needs to be put on the table as well.

I want to ask you what you think about the position of Afghanistan, because on the face of it, our interest in Afghanistan in defeating the Taliban and dealing with the possible resurgence of the Taliban coincides with Iran's interest. However, it would appear that in the more recent months Iran's position has not been quite as straightforward as that. What is your latest information?

Lord Archer: We know that Iran has been supplying weapons to extremist groups in Afghanistan. Quite what their relations are with any particular part of al-Qaeda, for example, we do not know, but there is no general council of al-Qaeda; they do not speak with one voice. There is no spokesman for them. So it could well be that certain people, even people who export terrorism like the Iranians, may not be on speaking terms with particular groups in Afghanistan. I would be ready to concede that.

Q177 Ms Stuart: Do you have more precise information than we currently have about Iranian activity in Afghanistan? Could you add something to the evidence we have that is in the public domain so far?

Lord Archer: No. If I obtain any, and if you will allow me to do so, I will be happy to submit it to the Committee.

Q178 Ms Stuart: That would be very helpful. There is one other thing: one of my colleagues asked a question about Iraq and you said, "Well, who are the Iraqis? You have the Kurds," and so on. We have just been to Baku in Azerbaijan and it came to me as a great surprise that there were 13 million Azeris living in Iran. To what extent can we speak about the Iranian people and to what extent are there other factions within it?

Lord Archer: We certainly know that the revolutionary guards have a very real presence there. There may be other Iranians who have a presence there, too; I suspect that if they cross the revolutionary guards they probably will not be there for very long as they will be assassinated. Azeris are probably a compact group, which, if I am right, do not really create serious problems for anyone. It may be that for that reason no one thinks that they want to be taken out. That is speculation, I accept.

4 July 2007 Lord Archer of Sandwell QC

Q179 Ms Stuart: It is an observation. The problem is that if things get difficult they may want to try and return to Azerbaijan, and then we have a serious problem on our hands.

Lord Archer: That may be a problem for the next Foreign Office Minister.

Q180 Mr. Moss: May I turn to relationships between Iran and the inner Middle East—Israel, Lebanon and that sort of area? Since the President came to power in 2005, it seems obvious that the anti-Israel component has been elevated, but how deeply does anti-Zionism run within Iranian society? Would it be any better if there were a regime change, for example?

Lord Archer: I think that the President is the first senior member of the Administration who has actually said out loud, “We want to wipe Israel off the face of the earth.” There may be some anti-Zionism; there is certainly anti-Zionism within the regime because the Jewish group—since it was made up of all Jews—must have been targeted for that reason. The people were in prison certainly a few months ago and had been there for some time. I do not know whether the group has now been released. We know that the regime is strongly supporting and supplying weaponry to Hezbollah, to Hamas and to the group within Palestine, the name of which escapes me for the moment. We know that, before he became President, he had established a group—again, the name of which escapes me—the purpose of which was to eliminate Israel.

Q181 Mr. Moss: If there were a regime change, do you believe that the attitude of the new Iran towards Israel would be markedly different?

Lord Archer: I cannot recollect much evidence of strong anti-Zionism under the Shah, and I certainly cannot recollect any external action against Israel under the Shah.

Q182 Mr. Moss: I mean if there were regime change from the present situation.

Lord Archer: Oh, I am sorry. You mean since the President came to power.

Q183 Mr. Moss: Yes. If there were a regime change now with the new people coming in whom you are talking about, do you think that there would be a marked difference in approach towards Israel?

Lord Archer: Whether there has been an escalation in the support given to Hezbollah, Hamas and the others is difficult to assess. Obviously, they do not send us specific reports of what they are doing, but we know that they have been much more strident in their pronouncements than previously.

Q184 Mr. Moss: What evidence do you have of Iranian involvement and influence in the Lebanon, particularly Hezbollah?

Lord Archer: We know that they supported Hezbollah strongly. In fact, we have the Prime Minister’s authority for that. He dealt with it at some length at the Lord Mayor’s banquet last year.

Chairman: The former Prime Minister.

Lord Archer: I will get used to that. It is like a new year, is it not?

We know that that has been happening.

Q185 Mr. Moss: Would you go as far as to say that Iran pulls Hezbollah’s strings, for example—that it is in control of what goes on there?

Lord Archer: Again, it is difficult to say. I think that we could put it the other way round. They could probably pull the blanket from under Hezbollah, if they so chose, because Hezbollah seems to rest pretty heavily on their resources. How far they are pulling the strings, I do not know. At the very least, they have a common purpose, which is to eliminate Israel.

Q186 Mr. Moss: How active do you believe Iran has been in the Palestinian territory? For example, do you go along with the idea that the Iranians were instrumental in the recent activities of Hamas in Gaza?

Lord Archer: Certainly a lot of people believe that they were. What will be the effect now that Hamas has, as it were, joined the club, I am not sure. If you want to destroy Israel, there is everything to be said for supporting particular groups dedicated to destroying Israel. Once they have joined up, there is not much point in continuing to supporting them. But, whether or not that is the case, I certainly have no evidence either way.

Q187 Mr. Moss: Do you have any evidence of a very strong economic and financial commitment by Iran to both Hezbollah and Hamas? If that were true, would that be one of the reasons why there are economic problems back in Iran?

Lord Archer: Almost certainly, I think. We have a very rich oil country. If the oil had been wisely used, the standard of living would have been much higher. First of all, a great deal of the income was devoted to weaponry, and secondly, as you say, a great deal has been poured into international terrorism. We are not talking only about Hezbollah and Hamas. For example, only a few days ago there were extradition proceedings against former President Rafsanjani and others in relation to the bombing in Buenos Aires of the Jewish centre which cost so many lives in 1994. This has been going on for a very long time and is not confined to Israel.

Q188 Mr. Hamilton: Does Iran hate Israel or does Iran hate the Jews? Is it the Iranian state we are talking about or the Iranian people? The Shah had a very close alliance with Israel. Was that supported by the Iranian people? Is it the state of Israel that they are targeting or the Jewish people?

Lord Archer: It is certainly the state, because as we know the whole thing has stepped up in recent years. We know about the imprisonment of the group of people who could only have been targeted because they were Jews. That is certainly the state. It is part of the ideology because this is an extremist form of

4 July 2007 Lord Archer of Sandwell QC

Islam, part of which wants to export Islam to the rest of the world and standing in the way is what it regards as an anti-Islamist outpost.

Whether it is true of the Iranian people is very hard to assess. One does not see it in ordinary newspapers every day of the week. It is not like Germany was in the 1930s. I have never come across a demonstration either way, and certainly not an anti-Semitic demonstration in Iran. I suspect that it is being whipped up by the Government and, to put it at its lowest, there would not be great resistance from the people if there was a Government who said, "We now want an accommodation with Israel."

Q189 Andrew Mackinlay: Lord Archer, picking up on what Malcolm Moss was asking, what is the position on Israel of the Iranian exiles with whom you have dealings?

Lord Archer: I have never heard an anti-Israeli word from them. I ought to have explained earlier. I wrote the letter initially to the Committee at the request of the British Parliamentary Committee for Iran Freedom, the Chairman of which is my noble Friend Lord Corbett of Castle Vale. This note came from him and he is quite right that the NCRI is pledged to the peace process. It is true that I have never heard any suggestion that any part of the NCRI is anti-Israeli. It is not something that is greatly discussed, except in the context of the hostility of the present regime to Israel.

Q190 Ms Stuart: Given that we are talking about a country of which people have various impressions, did you see or listen to the programme that the BBC did on modern Iran? It sent out a CD to every MP. It was on the modern world and what life is like. It gave the impression essentially that the Government are out of tune with their people; the people are far more moderate. Do you think that is just PR or is that really how modern Iran is? I am getting terribly confused here.

Lord Archer: I have forgotten where the information came from.

Q191 Ms Stuart: The BBC ran a series of programmes on modern Iran called "Understanding Iran".

Lord Archer: I am not sure where they got the information from.

Q192 Ms Stuart: They talked to Iranians.

Lord Archer: I have come across colleagues in the House who have said, "Well I have visited Iran and I did not see anyone being tortured." We have to point out that torture does not normally take place in the market square. It would be difficult to gather any feeling about this. I would be surprised if there is any support for the Government line on this among the general public.

Q193 Sir John Stanley: Lord Archer, in your evidence you said that there was a broad expectation that, by the end of this decade, Iran would become a nuclear weapon state.

Lord Archer: Yes.

Q194 Sir John Stanley: Do you think that there is any policy option open to the British Government and the international community to prevent that from happening?

Lord Archer: One opportunity obviously is article 41 sanctions. It is only a personal opinion, but I cannot believe that article 41 sanctions, however rigidly applied, would actually bring down the Iranian regime, or that it will change its direction. What sanctions might do, however, is to exacerbate general unrest among the public. So it is possible. I would advocate article 41 sanctions, but without any belief that they would solve the problem.

As I say, there are only two other possibilities. One is to negotiate with the Iranians, hoping that we can persuade them to become much more peaceful and to become good citizens of the international community. But that is not their ideology. That is not why they participated in the revolution in the first place. I think it is virtually impossible that we could change their direction.

The third possibility is invasion, but I cannot believe that anyone regards that as a desirable way forward. The only way would be regime change, based on the unrest in Iran and the fact that, if there were a direction towards revolution, it would be strongly supported. That is by far our best hope.

Q195 Sir John Stanley: So you are giving us the clear view that you do not believe that there is any external, viable option to prevent Iran becoming a nuclear weapon state. You put your hope in the possibility of some form of popular uprising, à la eastern Europe after the collapse of the Soviet empire. Do you believe that the structure of the Iranian state, its security apparatus and so on, makes likely the internal combustion, of a democratic or semi-democratic nature, that you postulated earlier? Do you think that that is likely to happen?

Lord Archer: We know that it has not contained the unrest at the moment. There have been 500 demonstrations in one month. There have been constant demonstrations, including in the universities and so forth—and demonstrations by motorists. It does not seem that any repressive machinery can keep it down for ever. But what it does need, I think, is co-ordination and direction. That, I think, is where the hope lies.

Sir John Stanley: Thank you.

Q196 Chairman: Your paper rules out the military attack by non-Muslim foreign soldiers, but it is silent on the question of air strikes. Do you have a view about what might happen if there were to be air strikes on Iran?

Lord Archer: I personally would be against it. First, air strikes target the wrong people; the people who would be killed and maimed and whose livelihoods would be destroyed would not be the members of the regime. Secondly, it would still be an article 42

4 July 2007 Lord Archer of Sandwell QC

attack; unless it was sanctioned by the Security Council, it would be unlawful, and we saw what can happen when it was used before.

Q197 Chairman: So you are saying that in order to stop Iran's nuclear programme—I am following Sir John's question—we somehow or other have to wait for a revolution from the streets to change the nature of the regime?

Lord Archer: Not to wait, if I may say so, but to encourage. At the moment, we have the Council of Resistance waiting to intervene. We are doing the very best we can to undermine it. As I said, I have been careful about the sub judice rule, but if it were the case that they were not labelled as terrorists in

the west—if it appeared that the rest of the world supported the Council of Resistance—that would make life much easier for them. I think that it would shorten the odds substantially.

Q198 Chairman: Lord Archer, thank you for coming here today. We appreciate your evidence, and we are grateful for your written submission. If you have anything else that you want to send us in writing, will be happy to see it.

Lord Archer: That is most kind. Thank you very much.

Chairman: We are now ending the public evidence session. We have a private meeting next, so I ask members of the public to leave quietly.

Wednesday 28 November 2007

Members present:

Mike Gapes (Chairman)

Mr. Fabian Hamilton	Sandra Osborne
Mr. John Horam	Mr. Greg Pope
Mr. Eric Illsley	Mr. Ken Purchase
Mr. Paul Keetch	Rt hon. Sir John Stanley
Andrew Mackinlay	Ms Gisela Stuart
Mr. Malcolm Moss	Richard Younger-Ross

Memorandum submitted by the Foreign and Commonwealth Office

I. INTRODUCTION

1. The Terms of Reference given by the Select Committee on Foreign Affairs (FAC) for this Inquiry on Global Security: Iran are as follows:

- the extent of the progress Iran has made on nuclear development;
- the relationship between Iran's domestic political and human rights situation, and its nuclear ambitions;
- the relationship between Iran's regional and international security situation and its nuclear ambitions;
- the regional and global security implications of Iran's nuclear programme;
- the history of international engagement with Iran over nuclear non-proliferation, in particular the role of the United Kingdom, the European Union, the United States, Russia and the United Nations; and
- the options open to the international community in addressing the possibility of Iran obtaining nuclear weapons, and the implications of these options for regional and global security, nuclear proliferation and energy security.

2. This Memorandum reflects the context set by the above terms of reference of the inquiry, focusing particularly on Iran as required by the FAC. This is not a full reflection of British Government policies in the region, where the relationship with other countries is of major importance to key British interests.

3. Iran has been high on the political agenda for some years. The United Kingdom and its international partners have been concerned about Iranian activities across a range of issues: human rights, its attitude towards terrorism, its activities in Lebanon and the Occupied Palestinian Territories, the motivation for its long-concealed nuclear programme and, more recently, its activities in Iraq and Afghanistan. The breadth of this concern is reflected in the consistent international approach adopted, in particular in the EU, the UN and the G8.

4. The Committee will visit Tehran. United Kingdom diplomatic relations with Iran have been cut off and restored several times since the 1979 Revolution. Iran's relations with most countries improved following the reformist President Khatami's election 1997. UK-Iran relations were fully restored after Iran gave assurances in 1998 that it had no intention to threaten the life of Salman Rushdie. The UK and Iran exchanged Ambassadors in 1999.

5. UK policy towards Iran, like that of the EU, is one of "constructive but critical engagement". This dual track policy involves clear incentives for Iran to prosper by restoring international trust in respect of their nuclear programme, and sanctions to be imposed if they fail to address international concerns. We aim to encourage Iran to play a more constructive international and regional role, and support reforms within Iran including through bilateral and multilateral dialogue on issues of concern. These issues include human rights and fundamental freedoms, Iran's nuclear programme, Iran's support for terrorism and for groups seeking to undermine the Middle East Peace Process and other regional issues. The UK and Iran have had some co-operation in the fight against the drugs trade in the region and assistance for the large number of refugees from Iraq and Afghanistan.

6. EU Foreign Ministers agreed to the negotiation of a Trade and Co-operation Agreement (TCA) between Iran and the EU in June 2002. Negotiations were suspended in June 2003 due to EU concern over Iran's nuclear programme. In light of the International Atomic Energy Agency's resolution on 24 September 2005, finding Iran non-compliant with its safeguards agreements, there are no plans at the moment for further negotiating in the TCA or parallel negotiations on a Political Agreement. These negotiations confirmed the EU's readiness to explore ways to further develop political and economic co-operation with Iran, following action by Iran to also address the concerns of the EU.

7. Iran-US relations have not been restored since they were broken off in 1980, when strict bilateral sanctions were imposed. These sanctions have also affected foreign companies doing business with Iran by threatening any assets or interests they may have under US jurisdiction. The meeting between Ambassadors Crocker and Kazemi-Qomi in Baghdad on 28 May was the first official meeting between the US and Iranian governments since 1980.

8. Public exposure by the National Council of Resistance of Iran (NCRI) opposition group in August 2002 of previously undeclared Iranian nuclear activity brought the nuclear issue to public prominence. The “E3” (the United Kingdom, France and Germany) began to work together in summer 2003 to try to help Iran rebuild international confidence in its nuclear intentions following the uncovering of a series of breaches by Iran of its nuclear safeguards obligations under the NPT. In gradually expanding formats (“E3/EU” “with the support of the High Representative of the European Union” and “E3 + 3”, adding China, Russia and the United States), this group has remained at the centre of developing the international response to Iran’s nuclear programme over the last four years.

II. IRANIAN PROGRESS ON NUCLEAR DEVELOPMENT

9. Iran has pursued a wide range of nuclear activities, including the mining and milling of uranium, the conversion of uranium, the enrichment of uranium, fuel fabrication, reactor construction, and reprocessing R&D. Its progress in these areas has been uneven and in some areas is not entirely clear. Iran has publicly said that it is developing these nuclear capabilities only for legitimate peaceful purposes. But serious concerns have arisen about these activities for a number of reasons: Iran has in the past concealed many aspects of its nuclear activities (with resultant breaches of its obligation to comply with the provisions of its Safeguards Agreement); Iran failed for years to respond substantively to IAEA questions regarding a number of outstanding issues on its past nuclear activities, and although it has recently agreed an action plan with the IAEA, which consists of a timetable to address these issues one by one, the key will be implementation of the agreement; Iran is not currently implementing an Additional Protocol nor some additional transparency measures which the IAEA has said are essential to clarify certain aspects of the scope and nature of its nuclear programmes; and the IAEA has therefore not been able as yet to provide assurances about the absence of undeclared nuclear material and activities in Iran or about the exclusively peaceful nature of the programme. In addition, there are also concerns in the international community that the main focus of Iran’s programme seems to be, not on constructing power reactors, but on technologies that could be used to make fissile material for nuclear weapons (notably enrichment-related and heavy water reactor technology).

Uranium Mining and Milling

10. In February 2003 then President Khatami announced that Iran was developing a uranium mine at Saghand to produce uranium ore and an ore concentration plant (mill) at Ardekan to concentrate the ore into yellowcake (the feed material for conversion plants, also known as uranium ore concentrate, UOC). In its Additional Protocol declarations of 21 May 2004, Iran provided information on these facilities and also on a mine and ore concentration plant at Gchine (near Bandar Abbas). Under the provisions of the Additional Protocol the Agency subsequently carried out complementary access visits to Gchine in July 2004 and to Saghand and Ardekan in October 2004.

11. According to the Agency’s November 2004 report, at Saghand low grade hard rock ore bodies would be exploited through conventional underground mining techniques. The infrastructure and shaft sinking were essentially complete, tunnelling towards the ore bodies had started, and ore production was forecast to start at the end of 2006. This ore was to be processed at the Ardekan mill, but that was at an early stage of development, though the installation of the infrastructure and processing buildings had started. The estimated production design capacity of the Saghand mines was forecast as 50 tonnes of uranium per year and the design capacity of the mill corresponded to that of the mine. However, with Iran ceasing to implement its Additional Protocol on 5 February 2006, the IAEA can no longer carry out complementary access visits to Saghand or Ardekan, and the status of activities there is consequently now unclear.

12. According to the Agency’s November 2004 report, construction of the Gchine open-pit mine and an associated mill had, in contrast, already been completed by then. Indeed, Iran stated that, as of July 2004, mining operations had started and the mill had been hot tested, during which testing a quantity of about 40 to 50 kg of yellowcake was produced. The estimated design capacity was 21 tonnes of uranium per year. The IAEA has made clear that it has a number of questions about past activities at the Gchine mine and mill to which Iran has not yet provided satisfactory answers. With Iran ceasing to implement its Additional Protocol on 5 February 2006, the IAEA can no longer carry out complementary access visits to the Gchine mine and mill, so the status of current activities there is also now unclear.

13. The Agency has also reported that Iran has explored two other uranium production routes. One was the extraction of uranium from phosphoric acid. Using research scale equipment, small quantities of yellowcake were successfully produced at the Tehran Nuclear Research Centre (TNRC) laboratories. Iran has stated that there are no facilities in Iran for separating uranium from phosphoric acid other than the

research facilities at TNRC. The second route explored by Iran was the production of yellowcake using percolation leaching. Using this technique, Iran produced an estimated several hundred kilogrammes of yellowcake using temporary facilities, now dismantled, located at the Gchine mining site.

14. Therefore, while Iran is clearly pursuing a capability to mine and mill uranium ore, it remains unclear how far it has got in actually operationalising such a capability.

Uranium Conversion

15. Iran has carried out a variety of uranium conversion experiments and has also built and is now operating a large uranium conversion facility (UCF) at Esfahan.

Uranium Conversion Experiments

16. In February 2003, having been confronted by information the Agency had received from another member state, Iran acknowledged that in 1991 it had imported natural uranium, in a variety of forms, which it had not previously reported to the Agency, and that it had used some of those materials, at locations which had not previously been reported to the Agency, for testing certain parts of the UCF conversion process (ie, uranium dissolution, purification using pulse columns, and the production of uranium metal). Iran repeatedly stated, however, that it had not carried out any research and development or testing, even on a laboratory scale, of the more complex processes using nuclear materials (eg, the conversion of uranium dioxide, UO₂, to uranium tetrafluoride, UF₄, and the conversion of UF₄ to uranium hexafluoride, UF₆).

17. Following the discovery by the Agency of indications of depleted UF₆ samples of waste taken at the Jabr ibn Hayan Multipurpose Laboratories (JHL) at TNRC, Iran subsequently acknowledged in August 2003 that it had in fact carried out UF₄ conversion experiments on a laboratory scale during the 1990s at the Radiochemistry Laboratories of TNRC using depleted uranium. In October 2003 Iran further acknowledged that, contrary to previous statements, practically all the materials important to uranium conversion had been produced in laboratory and bench-scale experiments (in kilogram quantities) carried out at TNRC and ENTC between 1981 and 1993 without having been reported to the Agency.

18. In a September 2004 report the IAEA provided a detailed account of its understanding of all these past and previously undeclared conversion experiments. It made clear that there were inherent difficulties with investigating activities that ended over a decade ago, and that it was not possible to verify in detail the chronologies and descriptions of the experiments which took place in Iran. It later added that a precise nuclear material accounting was also not possible, but nevertheless concluded that Iran's statements and declarations regarding the technical scope of its work, the equipment used and the amounts of nuclear material consumed and produced were consistent with what was ascertained by the Agency as a result of its investigations.

Uranium Conversion Facility

19. Iran originally sought to have a UCF built by a foreign supplier under a turn-key contract, but the contract was cancelled in 1997. Iran subsequently proceeded to start construction of the UCF itself at Esfahan, basing its design on documentation obtained from the supplier but modifying it in two instances. The IAEA received preliminary design information on the UCF in July 2000 and updated design information in April 2003.

20. According to this information the facility now appears to be designed to have separate process lines for:

- the conversion of natural UOC into natural UF₆ (200 tonnes of natural UF₆ annually);
- the conversion of low-enriched UF₆ into low enriched UO₂ (30 tonnes per year of UO₂ enriched to 5% U-235);
- the conversion of low-enriched UF₆ into low enriched uranium metal (30kg per year of uranium metal enriched to 19.7% U-235);
- the conversion of depleted UF₆ to depleted UF₄ (170 tonnes per year of depleted UF₄);
- the conversion of natural UOC to natural uranium metal;
- conversion of natural UOC to natural uranium UO₂.

21. So far Iran appears to have concentrated on constructing and operating the first of these process lines, which is designed to produce the feed material for the gas centrifuge facilities Iran is also constructing. This line involves the conversion of UOC into AUC (ammonium uranyl carbonate), the conversion of the AUC into UF₄, and the conversion of the UF₄ into UF₆. Iran began testing these processes at the UCF in May/June 2004, producing about 30-35 kg of UF₆ in consequence. Since then it has conducted four production campaigns at the UCF—from August 2004 to November 2004/February 2005, from August 2005 to November 2005, from November 2005 to April 2006, and from June 2006 to early 2007. The Agency reported in May 2007 that during the annual physical inventory verification at the UCF in March 2007 Iran presented 269 tonnes of UF₆ for Agency verification.

22. While this is a significant achievement by Iran, some uncertainties remain:

- about the long term source of the yellowcake for the UCF (so far Iran appears to have been drawing down declared stocks of previously imported South African yellowcake to feed the UCF, but UN sanctions now prohibit future exports of yellowcake to Iran and it is unclear if the mine and mill complexes at Gchine and Saghand/Ardekan can provide sufficient feed for the UCF by the time the existing imported stocks of yellowcake are exhausted);
- about the quality of the UF₆ produced by the UCF;
- about the status of the other five process lines at the UCF and in some cases about their purpose (the second and fourth processes are consistent with dealing with the enriched and depleted streams of uranium emerging from gas centrifuge plants designed to produce 5% enriched UF₆ for Bushehr type reactors, and the sixth process is consistent with producing natural uranium dioxide fuel for the HWRR Iran has under construction, but it is less clear why Iran would wish to convert 19.7% enriched UF₆ into 19.7% enriched uranium metal or to convert UOC into natural uranium metal).

Uranium Enrichment

Gas Centrifuge Enrichment

23. At a news conference on 14 August 2002 an organisation known as the National Council of Resistance of Iran announced that there was a large underground nuclear facility at Natanz. The then Iranian President, Khatami, announced in a speech on 9 February 2003 that this was an enrichment facility, and later that month Iran formally declared to the IAEA that it had plans to complete at Natanz a Pilot Fuel Enrichment Plant (PFEP) of approximately 1,000 centrifuge machines and a Fuel Enrichment Plant (FEP) of over 50,000 centrifuge machines.

24. Iran originally told the Agency in February 2003 that the design and development work for its Natanz facility had started in 1997 and been based on information from open sources and extensive modelling and simulation. In contrast with this earlier information they had provided, in August 2003 AEOI officials described the centrifuge programme as having consisted of three phases: from 1985–97 activities had been located mainly at the AEOI premises in Tehran; during the second phase, from 1997–2002, activities had been concentrated at the Kalaye Electric Company workshop in Tehran; and during the third phase, from 2002 till then, at Natanz.

25. Iran continued to maintain, however, that it had not used any nuclear materials in the R&D programme and that its enrichment programme was indigenous. But it subsequently admitted in October 2003 that it had carried out some testing of centrifuges at the Kalaye Electric Company workshop using UF₆ imported in 1991. In November 2003 it also admitted that it had enriched uranium to 1.2% at the Kalaye Electric site. It has also transpired since then that Iran received considerable assistance through foreign intermediaries from a foreign procurement network—in the form of two deals in 1987 and the mid-1990s concerning centrifuge designs and components. The precise extent of the assistance given remains one of the issues about which the IAEA is still keen to learn more, but it clearly involved P-1 and P-2 centrifuge technology¹.

26. Whatever the precise details of the history, by 2003 Iran was installing P-1 centrifuges into the above-ground PFEP at Natanz. Despite a request from the IAEA Board not to do so, on 25 June 2003 Iran introduced UF₆ into a single centrifuge machine at the PFEP and on 19 August 2003 began testing a small 10-machine cascade there with UF₆. As of October 2003 the first of six planned 164 machine cascades was being finalised there. Then on 12 November 2003 Iran implemented a decision to suspend the installation, operation and testing of centrifuges at Natanz with or without nuclear material.

27. This suspension remained in place until 11 February 2006 when Iran began resuming enrichment tests at the PFEP by feeding a single machine with UF₆ gas. Since then Iran has installed at the PFEP some single machines, a 10 machine cascade, a 20 machine cascade and two 164 machine cascades. Successive IAEA reports suggest that for much of the time these machines have been running under vacuum, with UF₆ only being fed into the machines intermittently. In February 2006 Iran also indicated to the IAEA that it planned to commence installation of the first 3000 P-1 machines at the FEP in the fourth quarter of 2006 (18 cascades of 164 machines). By 13 May 2007 eight 164 machine cascades were operating simultaneously and being fed with UF₆, while two other similar cascades had been vacuum tested and three more were under construction.

¹ The “P-1” is the enrichment centrifuge design originally obtained by the Pakistani scientist AQ Khan while he was working for URENCO in the 1970s and provided to Iran by the procurement network from which it obtained its nuclear technology in the 1980s and 1990s. The P-2 is a more advanced and more efficient design developed by Pakistan in the 1980s, the designs for which were also provided to Iran by the procurement network.

28. Partly because of the intermittent operation of centrifuges at the PFEP and partly because further information is still needed about the performance of the centrifuges in the FEP, it remains unclear how far Iran has really mastered P-1 centrifuge technology to date. Another area of uncertainty concerns the extent of Iran's work on the P-2 centrifuge and variants of it. There are also important uncertainties about Iran's capabilities in relation to the manufacture and assembly of centrifuges (an area into which the IAEA had some insight until early 2006 when Iran ceased to implement Additional Protocol measures).

Laser Enrichment

29. In addition to these past and present gas centrifuge enrichment activities, it is now known that Iran had a laser enrichment programme.

30. After initially denying it had such a programme at all, in October 2003 Iran acknowledged that, starting in the 1970s, it had had contacts with foreign entities from four countries related to atomic vapour laser isotope separation (AVLIS) and molecular laser isotope separation (MLIS) techniques. In particular, in the 1990s a laser spectroscopy laboratory (LSL) and a comprehensive separation laboratory (CSL) were imported to TNRC. This undeclared equipment was initially said to be able to enrich previously undeclared imported natural uranium metal up to the contracted level of 3%, and even slightly beyond. But the Iranians subsequently told the IAEA that the average laser enrichment level achieved by the CSL in the 1990s was in fact 8% to 9%, with some samples of up to approximately 15%. The equipment was used up to October 2002 when both laboratories, and the nuclear material, were moved from TNRC to Lashkar Ab'ad.

31. At Lashkar Ab'ad an undeclared pilot plant for laser enrichment using AVLIS techniques had been established in 2000, but the export of the copper vapour lasers (CVLs) for this pilot plant was prevented by the supplier country. It was for this reason that the LSL and CSL were moved to Lashkar Ab'ad from TNRC in October 2002. After that, taking advantage of the CVLs and dye lasers from these laboratories and of the large vacuum chamber and associated equipment imported in 2000 and already located at Lashkar Ab'ad, experiments were conducted from October 2002 and January 2003 using more of the previously undeclared natural uranium metal that had been imported earlier. Then, according to the Iranians, in May 2003 all the equipment that was at Lashkar Ab'ad was dismantled and transferred to the AEOI's facility at Karaj for storage together with the uranium metal.

32. The equipment and the metal were presented to the IAEA at Karaj in October 2003. In November 2004 the IAEA reported that it had completed its review of Iran's AVLIS programme and concluded that Iran's descriptions of the levels of enrichment achieved using AVLIS at the TNRC CSL and at Lashkar Ab'ad, and the amounts of material used in its past activities, were consistent with information available to the Agency to date. It noted that Iran had presented all declared key equipment, which had been verified by the Agency, and that, if, as Iran stated, the evaporated uranium and some collectors were discarded as waste, mainly at the Qom disposal site, recovery of the small quantities of nuclear material involved would not be feasible. The Agency noted that Iran had also stated that it currently had no plans to resume the enrichment of uranium using laser isotope separation.

Fuel Fabrication

Fuel Fabrication Laboratory

33. In 1985 Iran brought into operation a Fuel Fabrication Laboratory (FFL) at Esfahan, about which it told the Agency in 1993 and for which design information was provided to the Agency in 1998. The Agency reported in November 2004 that it was still in operation and is suitable for producing, on a small scale, fuel pellets.

Fuel Manufacture Plant

34. In May 2003 Iran informed the Agency of its plans to commence in 2003 the construction of a Fuel Manufacture Plant (FMP), and in November 2003 it submitted preliminary design information for the FMP stating that the plant capacity would be 30 tonnes UO₂ per year. In August 2004 Iran submitted updated design information which reflected an increase in plant capacity to 40 tonnes UO₂ per year, declared to be sufficient to accommodate the fuel needs for the Bushehr Nuclear Power Plant (about 25 tonnes UO₂ per year, with a maximum enrichment of 5% U-235) and the 40MW Heavy Water Research Reactor (about 10 tonnes per year). Iran said the FMP was to be constructed at Esfahan and was scheduled to be commissioned in 2007.

35. In its September 2005 report the IAEA noted that construction of the FMP had started in 2004. In November 2005 it reported that as of a design information verification carried out in October 2005 the civil engineering construction of the plant was ongoing. After a further design inspection verification in July 2006 the IAEA reported in August 2006 that the civil engineering construction of the facility was approximately 80% completed and that equipment was being installed. It also noted that Iran informed the inspectors that full commissioning of the FMP was scheduled for 2007.

36. The Agency has recently reported that on 29 April 2007 Iran informed it that the FMP would receive natural uranium oxide powder soon in preparation for preliminary process tests.

Reactors

Existing Research Reactors

37. Iran already has a number of research reactors and critical assemblies, of which the most important is the Tehran Research Reactor (TRR) at TNRC. This was supplied by the United States in the 1960s and is still operational today. It could not generate a significant quantity of plutonium but Iran has admitted that the very small quantities of plutonium it has already separated (see below) came from irradiating uranium targets in the TRR.

Bushehr Nuclear Power Plant

38. In 1976 the Shah contracted with a German company to build two nuclear power reactors at Bushehr. Before even the first was completed the Iranian Revolution of 1979 overthrew the Shah and led to the creation of the Islamic Republic. For many years construction was halted. But after the Iran/Iraq War the Russians agreed in 1995 to fit one of their VVER-1000 power reactors into the original reactor building. This reactor, Bushehr Nuclear Power Plant 1 (BNPP-1), is now nearing completion. The Russians have secured a contract with Iran to supply the first ten years worth of fresh fuel for the reactor and are willing to supply fuel for its lifetime, but delivery of the first load of fresh fuel has yet to take place.

Heavy Water Research Reactor

39. In May 2003 Iran informed the Agency of its plans to construct a Heavy Water Research Reactor at Arak (the 40MW Iran Nuclear Research Reactor, IR-40). The stated purposes of the reactor are reactor research and development, radioisotope production, and training. But it would also be eminently suitable for producing weapons-grade plutonium.

40. The Agency reported that as of July 2004 construction had not begun, but in March 2005 the Agency reported that Iranian officials had indicated that the project was progressing and later that month inspectors visiting the site confirmed that construction had started. In November 2005, February 2006, April 2006, July and August 2006, and in February 2007 the Agency carried out design information verification at the site and on each occasion confirmed that construction was ongoing.

41. On 29 March 2007, however, Iran informed the Agency that it had suspended the implementation of the amended Code 3.1 to its Subsidiary Arrangements which it had accepted in February 2004 (and which requires the submission of design information for new facilities as soon as a decision to construct, authorise or modify a facility is taken is taken). Iran stated that it would instead revert to the implementation of the original 1976 version of Code 3.1 (which only requires the submission of design information for new facilities no later than 180 days before the facility is scheduled to receive nuclear material for the first time).

42. In the light of this decision Iran has taken issue with the Agency's right to continue to verify design information concerning the IR-40 reactor at Arak which Iran originally provided pursuant to the amended Code 3.1. The Agency, by contrast, has asserted that it has a continuing right to verify design information provided to it and that this right is not dependent on the stage of construction of, or the presence of nuclear material at, a facility. While this is not yet resolved, Iran did allow IAEA inspectors to visit the HWRR in late July 2007.

Heavy Water Production Plant

43. The HWRR will need heavy water and to provide this Iran has already constructed a Heavy Water Production Plant (HWPP) at Arak. The existence of a large facility at this site was publicised by the National Council of Resistance of Iran in August 2002 and Iran confirmed it was an HWPP in February 2003. No information was provided at that time on the intended use of the heavy water, though Iran did point to the possibility of exporting heavy water. Subsequently, in May 2003, Iran informed the Agency about its plans to construct a HWRR.

44. Heavy Water Production Plants are not subject to safeguards under a Comprehensive Safeguards Agreement, but they do have to be declared and can be subject to complementary access under the provisions of the Additional Protocol. After Iran signed an Additional Protocol and agreed to implement it provisionally until it was ratified, the Agency made a complementary access visit to the HWPP in March 2005 and reported in June 2005 that it was then being commissioned.

45. Iran failed, however, to ratify its Additional Protocol and ceased to implement it provisionally on 5 February 2006. Since then the IAEA has not been able to conduct complementary access at the HWPP. But in its February 2007 and May 2007 reports the Agency has reported that satellite imagery indicates that operation of the HWPP is continuing.

Reprocessing

Past Activities

46. In October 2003 Iran acknowledged the irradiation of depleted UO₂ targets at the TRR and subsequent plutonium separation experiments between 1988 and 1992 in a hot cell facility in the Nuclear Safety Building at TNRC. Neither the activities nor the separated plutonium had been reported to the Agency previously, as they should have been. Considerable discussion with Iran since then has revealed continued plutonium purification work until 1998 and that the amounts involved (though still very small) were larger than Iran initially suggested, as were the number of depleted UO₂ targets irradiated. In January 2007 the Agency was still reminding Iran of outstanding inconsistencies relating to its plutonium experiments and indicating that, unless additional information was provided by Iran, this issue could not be resolved satisfactorily.

Current Monitoring of Hot Cells

47. In addition to investigating past plutonium experiments, the Agency has been monitoring the hot cells that exist at TNRC or are under construction at Arak and which could be used to separate plutonium from fission products (reprocessing).

48. In its August 2006 report the IAEA mentioned that it had been monitoring the use of hot cells at the TRR and at the Molybdenum, Iodine and Xenon Radioisotope Production Facility (the MIX Facility) through inspections, design information verification, and satellite imagery. It repeated this statement in its November 2006, February 2007 and May 2007 reports, noting on each occasion that there were no indications of ongoing reprocessing activities at those facilities.

49. When the Agency was presented by the Iranians with an updated design information questionnaire for the HWRR in August 2003 it did not contain any references to associated hot cells, contrary to what would be expected given that radioisotope production was a stated purpose of the facility. Subsequent reports suggested that Iran did in fact have plans to build associated hot cells and in its August 2006, November 2006 and February 2007 reports the Agency indicated that it had been monitoring the construction of hot cells at the HWRR through inspections, DIV and satellite imagery. In its May 2007 report, however, the Agency noted that follow-up on the construction of hot cells at the HWRR is now limited to the analysis of satellite imagery as Iran decided in April not to provide the Agency with further access to the reactor site to carry out design information verification, following its reversion to the original 1976 version of Code 3.1.

50. As explained in the Heavy Water Research Reactor section above, Iran nevertheless allowed further IAEA access to the HWRR site in July 2007, though we await the next report of the Director General to the Board for further details, including the extent of access to the hot cells under construction there. None of the hot cell facilities declared by Iran to date would be physically large enough to handle spent nuclear fuel from the Bushehr reactor.

Other Activities

Polonium

51. In September 2003 the Agency noticed from TRR operating records that bismuth metal samples had been irradiated during the same general period as reprocessing experiments had been carried out. Although bismuth is not a nuclear material requiring declaration under a Comprehensive Safeguards Agreement, the irradiation of bismuth is of interest to the Agency as it produces polonium-210, an intensely radioactive alpha-emitting radioisotope that can be used not only for certain civilian applications (such as radioisotope thermoelectric generators (RTGs), in effect nuclear batteries), but also, in conjunction with beryllium, for military purposes (specifically, as a neutron initiator in some designs of nuclear weapons). After discussion with Iranian officials about this irradiation of bismuth the Agency stated in November 2004 that, while it did not have any concrete information that was contrary to the statements made by Iran, it remained somewhat uncertain regarding the plausibility of the stated purpose of the experiments given the very limited applications of short-lived polonium-210 sources.

Lavizan

52. Lavizan, or properly Lavizan-Shian, is a site in Tehran that used to house the Physics Research Centre but was razed to the ground in late 2003/early 2004. There are a number of issues connected with it that have been raised by the IAEA—its history and razing, the whole body counters present at it, and why the Centre was procuring a range of dual use items that look as if they could have been of use in uranium conversion and enrichment activities. In its investigations into the procurement efforts made by the Physics Research Centre (PHRC) to acquire dual use material and equipment the Agency was shown equipment on which a small number of particles of natural and high enriched uranium were detected.

Uranium Metal

53. In October and November 2005 the IAEA held a number of meetings with Iran, in which further documentation said to have been provided to Iran by the foreign procurement network was made available to the Agency. Among the documents, which related to the 1987 offer, was one related to the requirements for the reduction of UF₆ to metal in small quantities, and on the casting and machining of enriched, natural and depleted uranium into hemispherical forms. In its February 2006 report the Agency characterised this document as “related to the fabrication of nuclear weapons components”. The Agency noted that, according to Iran, the document was provided on the initiative of the network and not at the request of the AEOI, but to further its investigations the Agency has been seeking a copy of the document.

Green Salt, Tests Related to High Explosives, and the Design of Missile Re-entry Vehicle

54. On 5 December 2005 the Agency requested a meeting with Iran to discuss information available to the Secretariat about alleged studies, known as the Green Salt Project, concerning the conversion of uranium dioxide into UF₄ (often referred to as “green salt”), as well as tests related to high explosives and the design of a missile re-entry vehicle, all of which could involve nuclear material and which appear to have administrative interconnections. The Agency is still seeking Iranian cooperation on these matters.

III. RELATIONSHIP BETWEEN IRAN’S DOMESTIC POLITICAL AND HUMAN RIGHTS SITUATION, AND ITS NUCLEAR AMBITIONS

55. Human rights remain a central part of our policy approach towards Iran. We have consistently said that our relationship with Iran can only progress if Iran takes action to address all our main areas of concern including respect for human rights and fundamental freedoms. Some activists have argued that the focus on the nuclear issue has led us to neglect the human rights agenda. This has not been our policy, which is why we have maintained public and private pressure on the Iranians over HR abuses. Both subjects are important for us. And, as leading HR activists such as Shirin Ebadi argue, real improvements in the human rights and civil society field would help make Iran become a truly democratic country, that respected the freedoms of its citizens, and would, we believe, become a responsible and constructive actor on the international stage, and one which would fulfil its international obligations.

56. In public at least, Iranian leaders and government officials often claim that the concern about human rights abuses shown by the UK, EU and western countries is not genuine, but rather an attempt to divert attention from these countries’ own records, or part of a strategy to topple the Islamic Republic. The Supreme Leader, and senior officials have on a number of occasions linked international criticism of Iran’s nuclear programme with international criticism of its human rights record, saying that were Iran to make concessions on the former, it would only invite increased pressure on the latter.

Death penalty

57. Iran executed more people in 2005 and 2006 than any other country in the world except China (whose population is over 15 times the size). Iran does not issue official figures and reliable data is hard to come by. But, against a world-wide decreasing trend in the use of the death penalty, Amnesty International estimates that at least 94 people were executed in Iran in 2005, and 177 in 2006. Numbers look set to grow again in 2007, as, at time of writing, over 150 people have been executed already this year.

58. The UK has repeatedly called on Iran to abolish the death penalty. In particular we object to the Iranian authorities’ failure to respect even the most basic of minimum standards regarding the application of capital punishment. Many death sentences are carried out in public. We have doubts as to whether all death sentences are the result of a fair trial and whether everyone who is sentenced to death in Iran is able to exhaust all avenues of appeal available to them. The hanging of two youths aged 17 and 20 in Khorrambad (Lorestan province) on 13 May 2006 occurred barely a month after their alleged crime.

Juvenile executions

59. Iran is one of the few countries in the world that still imposes the death sentence for crimes committed before the age of 18. It was one of only two countries in the world known to have executed child offenders in 2006. Reports suggest that between five and eight juvenile executions took place in 2005—more than in any recent year—at least two in 2006, and two so far in 2007. According to Amnesty International, over 60 juvenile offenders (under the age of 18 when their crimes were committed) remain on death row in Iran.

60. This is contrary to Iran’s international commitments under the International Covenant on Civil and Political Rights (ICCPR) and the Convention on the Rights of the Child (CRC). The executions also run contrary to Iranian assurances that a moratorium is in place on capital punishments against minors, including the Iranian declaration to the UN Committee on the Rights of the Child in January 2005.

61. In January 2007, the UN Special Rapporteur on Extrajudicial, Summary or Arbitrary Executions criticised Iran over the continued use of the juvenile death penalty in clear violation of its international obligations: “Between August 2004 and March 2006 I sent 12 communications, involving nine boys and six girls who had been sentenced to death in Iran for crimes committed when they were under 18 . . . The information received is clearly credible and there is every reason to believe that the Iranian judiciary is freely ignoring the prohibition on the juvenile death penalty.”

62. The UK remains committed to supporting EU action to highlight Iranian death penalty cases that fall short of EU minimum standards (including death sentences handed down for crimes committed before the age of 18). The EU has raised concerns about six juvenile execution cases already this year.

Cruel and inhuman punishment

63. Our concerns about criminal justice in Iran are not limited to the death penalty. Cruel and inhuman punishments (floggings, stoning, amputations) remain on the statute books. It is unclear how frequently such sentences are carried out. However, we have received two reports of public amputations for robbery in the province of Kermanshah in February and May 2007. These are the first confirmed cases of amputation in recent years and contravene the commitment Iran made to the EU in March 2003 to implement a moratorium on amputations. The EU has lobbied the Iranian authorities on these sentences.

64. The Iranian Judiciary confirmed that a man was stoned to death for adultery in Qazvin province on 5 July this year. Stoning sentences are still handed down by judges, but this was the first confirmed report of an execution by stoning since Iran announced a moratorium on stoning in 2002. The EU Presidency issued an immediate statement condemning the sentence and calling on Iran to respect its international and human rights commitments, and Dr Howells (Minister with responsibility for our relations with Iran) called in the Iranian Ambassador to protest. HMG and EU partners continue to lobby on a case-by-case basis, and press Iran to introduce these moratoria into law.

Judicial system

65. Officials in the Iranian judiciary have recognised that elements of the judicial system are in need of urgent reform and have admitted that torture still occurs in the course of criminal investigations. We have received numerous reports of prisoners being subjected to prolonged solitary confinement or being denied medical care.

66. Some court hearings are held behind closed doors, and there have been cases where the Iranian authorities have sought to intimidate lawyers who defend political activists and human rights defenders by detaining the lawyers themselves—such as the case of Abdolfattah Soltani, a lawyer defending prominent journalist Akbar Ganji, who was arrested in July 2005, held in solitary confinement, charged with espionage and denied access to legal counsel. He was disbarred and sentenced to imprisonment, before being cleared of all charges in May 2007. Other lawyers in similar situations have been threatened with disbarment.

Freedom of expression

67. We also have serious concerns about freedom of expression in Iran. The government has targeted a range of actors from the media and NGOs to students, internet users and trade unionists.

68. In 2005 Reporters Sans Frontiers described Iran as “the biggest prison for journalists in the Middle East”. In 2006, the authorities continued to close newspapers and arrest journalists on charges such as “insulting officials” and “acting against national security”. The head of the Journalists’ Association and former member of the Majlis (parliament), Ali Mazrui, was sentenced to a year’s imprisonment after being convicted of “slander and the publication of falsehoods with the intention of causing public anxiety”. Reformist journalist Ali Farahbakhsh was arrested in November 2006 after attending a conference in Thailand, and has since been sentenced to three years’ imprisonment for espionage.

69. Iran maintains a state monopoly over TV and radio, which serves to censor the reporting and views to which the Iranian people are exposed. In December 2005 the launch of Iran’s first privately-owned TV channel, Saba, was blocked. There are widespread reports that the government issues orders to Iran’s news agencies to restrict the coverage of politically sensitive stories, such as the detention of political prisoners. The Iranian regime continues to prevent access to a range of websites. In January 2006, the Iranian authorities blocked the BBCPersian.com website without any official explanation. The authorities seek to control the Farsi content of the internet by making an example of certain individuals. Bloggers Arash Sigarchi and Mojtaba Saminejad, both of whom have been charged with acting against the state, have now each been detained for over 18 months for expressing their views peacefully. The Ministry of Information has announced plans to create a “national internet”, which would further limit communication between Iran and the outside world and facilitate government control.

Minorities

70. Religious and ethnic minorities continue to suffer widespread discrimination, particularly the evangelical Christian and Bahá'í communities, and converts from Islam.

71. The Bahá'í religion is not recognised under the constitution (According to article 13 of the constitution, Zoroastrians, Jews and Christians are the only recognised religious minorities). Bahá'ís routinely face persecution and discrimination. Bahá'í students face difficulties entering higher education unless they deny their faith or have it incorrectly recorded on official entrance forms. Some Iranian newspapers have run a series of articles aimed at defaming the Bahá'í faith. Bahá'ís have had property confiscated by the authorities or destroyed. The requirement for Iranians to identify their religion on official documents has prevented many Bahá'ís from accessing higher education, employment or adequate housing.

72. In March 2006, the UN Special Rapporteur on Freedom of Religion and Belief expressed her concern at disturbing reports suggesting that Iran's Supreme Leader had instructed the Iranian authorities and armed forces to identify Bahá'ís and monitor their activities.

Women's rights

73. Iranians are proud that women make up over half of Iran's university intake and that Iranian women have the right to drive and vote. But domestic violence, gender inequality and discrimination remain serious problems, and as a result the representation of women in the workforce continues to be low.

74. The UN Special Rapporteur on Violence against Women visited Iran in early 2005. She reported that, while some positive steps have been taken to elevate women's status in recent years, there are still "gaps in guaranteeing gender equality". A woman's testimony in court is worth half that of a man, making it difficult to secure convictions for domestic violence and rape. There has been a revival in the women's movement in 2006 and 2007, focussed around a campaign to collect one million signatures for a petition listing the changes in the law thought necessary to improve gender equality. However, law enforcement forces have on several occasions used violence to suppress peaceful public protests, and several of the movement's leaders have been detained, and even charged with endangering national security.

Homosexuality

75. Same sex relations are illegal in Iran and can carry the death penalty. We are not aware of any individual that has been executed in Iran during the past two years solely on grounds of homosexuality. But there are concerns that people who had consensual same-sex relations had been charged with crimes such as rape and kidnap and then executed. The execution of two youths in Mashhad in July 2005 heightened concerns. We understand the alleged offences included abduction and rape. One of the youths was under the age of 18 when he was publicly hanged. We raised this case with the Iranian authorities. We continue to monitor the situation carefully.

Trades unions

76. Despite Iran's commitments to the International Covenant on Economic, Social and Cultural Rights which enshrines the right to form trades unions, official strikes are not allowed and independent trade unions are illegal. Small companies do not have to respect labour legislation, which affects some three million workers.

77. Hundreds of Tehran bus drivers were arrested for taking part in a series of strikes in January 2006. The wives of some protestors were also arrested and several houses searched. The President of the Syndicate of Workers of the Tehran and Suburbs Bus Company and prominent labour activist, Mansour Ossanolou, was also arrested and detained without charge for seven months until he was released on bail in August 2006. He has since been detained for another month, and it was reported that on 28 May he was sentenced to five years' imprisonment for "endangering national security". Another prominent labour rights activist, Mahmoud Salehi of the Saqez Workers Consumer Cooperative, was sentenced to one year's imprisonment in April. We encourage Iran to urgently implement legislation to fully respect workers' rights.

Recent developments

78. The last few months have seen an unmistakable increase in the repression of human rights activists, together with a tightening of restrictions on freedom of expression and association. Officials and reports from media sources loyal to the regime now frequently accuse academic individuals and groups of working towards a "velvet revolution" in Iran that would overthrow the Islamic Republic. In May 2007 three Iranian-American academics were charged with crimes including "endangering national security" and espionage. Two remain in detention. The Ministry of Intelligence in recent months has circulated a letter to universities instructing them not to have contact with foreign embassies, and in May 2007 warned academics that having contacts with foreigners brought with it suspicion of espionage.

79. We continue to have serious concerns about Iran's treatment of those who exercise their right to peacefully express their opinions. Since March this year, teachers across Iran have been holding large scale peaceful demonstrations to support a new pay system that would improve their living wage (over half live below the poverty line). Hundreds of teachers have been arrested for participating in these protests, including in Tehran, Ardebil, Hamedan and Kermanshah. Iran is a member of the International Labour Organisation and has ratified the International Covenant on Civil and Political Rights. These arrests are a breach of Iran's freely undertaken obligations to uphold civil and human rights such as the right to freedom of assembly, expression and association.

80. There appears to be a real reluctance on the part of the Iranian government to undertake the necessary human rights reforms. Talk of respect for human rights needs to be matched by a demonstrable commitment on the part of the Iranian government to improving the human rights situation.

UK and EU activity

81. The UK frequently initiates and participates in EU demarches and public statements criticising human rights abuses in Iran. We are often told by Iranian human rights activists that publicised EU action is helpful to their cause: it can dissuade the authorities from mistreating the individuals and groups whose cases we highlight; and the display of solidarity it represents boosts their morale.

82. The EU established a Human Rights Dialogue with Iran in 2002. Four rounds of the Dialogue were held, the most recent in June 2004. In view of the disappointing results, in 2004 the EU proposed revised rules of procedure aimed at making the dialogue more effective. After two years of repeated efforts by the EU, including a visit to Tehran by the EU troika, Iran finally accepted new guidelines for the Dialogue in June 2006 and a fifth round was scheduled for December. Iran cancelled this meeting after the EU co-sponsored a UN resolution on human rights in Iran.

83. We are disappointed that Iran has persistently avoided engaging with the international community on human rights issues. In the absence of a functioning EU or bilateral dialogue, we continue to discuss concerns with the Iranian authorities on diplomatic channels; support debate in United Nations fora and the work of United Nations mechanisms; and raise public awareness of human rights violations and the institutional failings and practices that allow them to occur. All EU countries have co-sponsored recent resolutions about human rights in Iran adopted by the United Nations General Assembly, most recently in December 2006.

IV. RELATIONSHIP BETWEEN IRAN'S REGIONAL AND INTERNATIONAL SECURITY SITUATION AND ITS NUCLEAR AMBITIONS

Iran's position in the region

84. Iran regards itself as a, perhaps the, major power in the region, particularly since the 1991 Gulf War and the subsequent weakening of Iraq. Its regional ambitions are viewed with suspicion and concern, particularly by its Arab neighbours. Iran's conventional military forces are considerable by regional standards. It has some 540,000 men under arms and over 350,000 reserves. The 120,000 strong Islamic Revolutionary Guards Corps (IRGC), loyal to the Supreme Leader personally and outside the regular military chain of command, specialises in asymmetric warfare on land and sea, while the IRGC Air Force operates Iran's ballistic missile capability. The IRGC Quds Force provides training and logistic support to Iranian proxies in Iraq and Lebanon. The Basij militia has a trained reservist strength of some 300,000, and could muster up to 1,000,000 men if fully mobilised, albeit poorly trained and equipped.

85. Although fewer than 1,000 of Iran's nominal holding of over 1,600 main battle tanks are likely to be fully operational, this is a substantial regional capability and puts Iran on a par, on paper at least, with Jordan or Saudi Arabia. Its smaller neighbours are much less well equipped.

86. Still more worrying is Iran's growing ballistic missile capability. Although Iran claims this is purely defensive it has already deployed missiles, the Shahab 3 based on North Korean technology, capable of striking Israel and Riyadh, and is developing longer-range systems capable of targeting other regional states including Egypt. Iran has made no secret of its aspirations to develop a satellite launch vehicle capability. This technology has some value for longer-range and intercontinental ballistic missiles. We believe Iran could test such systems by the end of the decade. If it acquired a complete long-range ballistic missile system, it could achieve such a capability more quickly. It is worth noting that Shahab 3 missiles are paraded through Tehran annually on Army Day draped in banners bearing anti-Israeli slogans.

87. Iran's Navy and Air Force suffer from poor maintenance and lack of access to spare parts, but are capable of severely disrupting shipping in the Persian Gulf through land, sea and air-borne missiles and a large number of fast patrol vessels. Its capital surface fleet is small and old, but it also deploys three modern "Kilo" class submarines which, while vulnerable to western anti-submarine warfare capabilities, could operate with near impunity against regional navies and civilian shipping.

88. Iran's relations with Iraq never fully recovered from the Iran-Iraq War during the 1980s. However, during the recent Iraq conflict, Iran declared itself neutral. While it criticised military action, it made a commitment to remain outside the conflict. Iran says that it wants to work towards a stable and cohesive Iraq. They have direct bilateral engagement with the Iraqi Government. Iran is working with the Iraqi authorities in a number of areas such as border control and power supply. Iran hosted a conference on 30 November 2004, to discuss security in Iraq, ways to help the Iraqis stage their general election on schedule and stop the infiltration of insurgents. This was hosted by the Iranian Interior Minister. Interior Ministers and security officials from Iraq, Saudi Arabia, Kuwait, Syria, Turkey, Jordan and Egypt also participated. Iran has also participated in the recent meetings on Iraqi security at Sharm el-Sheikh, and direct US-Iran discussions on Iraqi security have begun.

89. However, we are gravely concerned that Iran is also providing explosives, detonators and training to the Shi'a militias who are engaged in operations against the UN forces in Iraq. We cannot be sure of the degree to which those in the senior levels of the Iranian Government are complicit in this activity. Any Iranian links to armed groups in Iraq outside the political process, either through supply of weapons, training or funding, are unacceptable. They undermine Iran's long-term interest in a secure, stable and democratic Iraq. We have repeatedly impressed on the Government of Iran, at both ministerial and senior official level, that all of Iraq's neighbours have a stake in a secure and stable Iraq, and that we welcome Iranian participation in the Iraqi-led neighbours process. UK forces take action in Iraq against any individuals or organisations, regardless of nationality, involved in the transfer of weapons and training to illegal armed groups in Iraq. The Multi-National Force, of which UK forces are a part, has the right to defend itself against attack, and to support the Government of Iraq in tackling all those who are causing instability and violence, irrespective of their nationality.

90. Elsewhere in the region, Iran publicly expresses its support for stability in Afghanistan, having suffered from the Afghan civil war and then the Taliban. Iran has pledged \$560 million over five years to the reconstruction of Afghanistan. The two countries have developed good anti-narcotics co-operation. But we have concerns that elements of the Iranian regime are involved in supplying arms and funds to the Taliban, which is a relatively new, and unacceptable, development. We have raised this issue with the Government of Iran and will continue to do so. The UK is working closely with ISAF and international partners to help support the Government of Afghanistan deliver security and stability to Afghanistan. The support of Afghanistan's neighbours, including Iran, is crucial to this process.

91. The international community has expressed considerable concern about President Ahmadinejad's position on Israel. Iran opposes a two state solution to the Palestinian problem, and President Ahmadinejad has made public statements calling for the state of Israel to be "wiped from the map", repeated most recently on 3 June 2007. In this context, an Iranian nuclear weapons capability would be of great concern to all those who do not share President Ahmadinejad's views.

Iran's regional outlook

92. Iran portrays itself as surrounded by the US and its allies, both through Western-friendly governments in the Gulf states, Pakistan, Turkey, the South Caucasus and Central Asia, and through the presence of US and other Western forces in Iraq, Afghanistan and the Persian Gulf. Despite clear recent messages from senior US Administration figures including Secretary of State Rice that the US goal in Iran is "behaviour change, not regime change", Iran claims that the US and its allies are intent on the destruction of the Islamic Republic, justifying its active military posture.

A WMD-Free Middle East

93. The United Kingdom remains committed to the universalisation of the NPT and the achievement of a Middle East free of WMD and their means of delivery. We have voted for resolutions in support of such a zone at the UN, IAEA and at the NPT Review Conferences. We regularly urge Israel to clarify its current ambiguous nuclear status by acceding to the NPT as a non-nuclear weapons state, and to accede to the BTWC and CWC.

V. REGIONAL AND GLOBAL SECURITY IMPLICATIONS OF IRAN'S NUCLEAR PROGRAMME

94. The British government believes that the people of Iran, and whatever government they choose, are entitled to a secure and prosperous future, and that Iran has a right to play a full part in its region. As long as Iran itself is committed to regional stability, and abides by its international obligations, we have no wish to deny Iran's right to develop nuclear energy for peaceful purposes. The E3 + 3 package put forward in June 2006 makes this clear. But we have made equally clear that Iran does not have the right to cause instability in the region nor to threaten its neighbours, whether by supporting groups opposed to the democratic development of Iraq and Afghanistan, or by pursuing a nuclear programme that includes proliferation-sensitive activities and is in breach of UN Security Council resolutions. That is the route to international isolation.

95. Iran may calculate that it would acquire greater status and influence, both in the region and in the Islamic world more widely, if it were able to obtain a nuclear weapons capability. But this would be misguided. The international community has made clear that it would oppose this.

Implications for the region

96. There is a widespread and credible assumption that, should Iran be seen to have successfully circumvented the constraints of the NPT and developed a nuclear weapons capability, the increased threat would encourage others in the region to follow suit. A number of regional states have recently expressed their interest in developing their nuclear power sectors, in collaboration with the IAEA.

97. An increase in numbers of nuclear threshold states, even if they did not go so far as to develop nuclear weapons immediately, would greatly increase tensions in an already extremely tense region, which contains a large proportion of the world's oil reserves. In addition to contributing unhelpfully to the security of a region in which extremist and sectarian violence are not unknown, this could also affect international energy security: growing fears over security of supply would be likely to create upward pressure on world oil prices for a long period, with significant economic impact in both developed and developing countries.

98. Those states unwilling or unable to pursue the nuclear route could be expected to increase spending on conventional arms, diverting other funds to military purposes. A more clearly polarised Gulf region would further contribute to regional insecurity and consequent increases in the world oil price, particularly with the threat to shipping lanes in the Straits of Hormuz.

Implications for the NPT

99. The NPT sought to prevent nuclear proliferation beyond the five nuclear-weapon states that existed at 1 January 1967 (the US, Soviet Union, Britain, France, and China). It has been largely successful, but three states have hitherto refused to adhere to it as non-nuclear-weapon states (India, Israel and Pakistan) and one, after adhering as a non-nuclear-weapon state, has since announced its withdrawal from the Treaty (the DPRK). While this has not yet led to a widespread loss of support for the NPT, there is a real concern that if Iran were to develop a nuclear weapons capability this would put the Treaty under severe pressure.

100. As already noted, there is a clear risk of a domino effect in the region should Iran succeed in developing a nuclear weapons capability. If this risk materialised, this would obviously seriously damage the NPT. It would also lead to a dramatic reduction in regional and global stability, increasing the chances of deliberate or accidental use of nuclear weapons.

VI. HISTORY OF INTERNATIONAL ENGAGEMENT WITH IRAN OVER NUCLEAR NON-PROLIFERATION

Background

101. Iran initiated a modest civil nuclear programme in the 1950s, which continued into the 1960s with the provision by the United States of the small Tehran Research Reactor. Iran signed the Nuclear Non-Proliferation Treaty (NPT) in 1968 when it was opened for signature and ratified it in 1970 shortly before it entered into force. Subsequently, in May 1974, it concluded with the International Atomic Energy Agency (IAEA) a Comprehensive Safeguards Agreement (CSA) of the type required by the Treaty. At the same time, in the wake of the oil price rises that followed the Arab/Israeli War in 1973, the Shah began developing ambitious plans both for a substantial number of power reactors and for associated fuel cycle activities.

102. Two nuclear reactors to be built at Bushehr were a first step towards implementing those plans, but the Islamic revolution halted construction until the Russians agreed in 1995 to fit one of their VVER-1000 reactors into the original reactor building. Bushehr Nuclear Power Plant I (BNPP-1), is now nearing completion. The Russians have a contract with Iran to supply the first ten years worth of fresh fuel for the reactor and are willing to supply fuel for its life-time. But the initial load of fresh fuel has not yet been delivered.

103. This Russian relationship with Iran in connection with Bushehr is now the only significant foreign relationship Iran has in the nuclear field. Earlier plans for a wider Russian relationship with Iran on nuclear matters and Chinese involvement at an early stage with Iran's plans for a uranium conversion facility have been shelved, largely as a result of US concerns, shared to a greater or lesser extent by others, that Iran might misuse its nuclear facilities for military purposes.

104. International engagement with Iran over nuclear non-proliferation in recent years has been in five main phases: from August 2002 to November 2003 (ie, from the time when hitherto secret Iranian nuclear activities became public to the time when the Iranians agreed to suspend some of them); from November 2003 to November 2004 (when Iran and the E3 argued about the scope of the suspension they had agreed upon); from December 2004 to August 2005 (when Iran and the E3/EU negotiated about mutually acceptable long-term arrangements, until Iran put an end to these negotiations by resuming conversion work in defiance of the agreed suspension); from August 2005 to February 2006 (when Iran resisted all the efforts made to give it a further chance to avoid being reported to the UNSC by the IAEA's Board of

Governors, and was finally so reported); and from February 2006 until now (a period which has been marked by the efforts of the E3 + 3 to pursue a twin-track policy, on the one hand offering Iran incentives to agree to a mutually acceptable long term arrangement and on the other hand increasing the pressure on Iran to pursue such an approach).

Revelations, Discoveries and the Search for a Suspension: August 2002 to November 2003

105. In August 2002 the National Council of Resistance of Iran (the NCRI) made public allegations about the existence of undeclared facilities at Natanz and Arak. This prompted an IAEA request to the Iranians in September for further information, which eventually led to a visit by the IAEA's Director-General to Iran in February 2003. During this visit the Iranians informed the Director-General that the facility at Natanz was for enrichment and the facility at Arak was for heavy water production.

106. Under a Comprehensive Safeguards Agreement (CSA), heavy water production facilities do not have to be declared to the IAEA or made subject to the Agency's safeguards. Moreover, under Code 3.1 of the 1976 Subsidiary Arrangements to its 1974 CSA, Iran did not have to declare an enrichment facility until 180 days before nuclear material was introduced into it. As no nuclear material had been introduced to the facility by February 2003, the IAEA could not at this stage say that Iran ought to have declared it. It is worth noting, however, that Iran introduced nuclear material into the facility in June 2003, less than 180 days after it had been notified to the IAEA.

107. Nevertheless the unannounced construction of these large facilities inevitably raised questions about the purpose of this work. It also emphasised the desirability of Iran agreeing to amend Code 3.1 of its Subsidiary Arrangements to reflect a 1992 Board decision that the original version of this provision in all Subsidiary Arrangements should be changed to ensure that design information on new facilities was henceforth provided to the IAEA as soon as a decision to construct, authorise or modify a facility had been taken—an amendment the Iranians accepted on 26 February 2003.

108. Just prior to the Director-General's visit to Iran the NCRI also made a further allegation about the involvement of a Kalaye Electric site in the enrichment programme. The Director-General was therefore able to press the Iranians about this aspect as well, and also about information supplied to the IAEA about the transfer to Iran from another State in 1991 of various uranium compounds (including some UF₆, the material used as the feed for centrifuge enrichment facilities)—material which Iran had not declared to the IAEA event though it was obliged to do so under its CSA.

109. During the months that followed the Iranians found themselves increasingly ensnared in a web of questions about their nuclear activities to which they had to find answers. If they answered truthfully, they would reveal that they had breached their safeguards obligations. If they were discovered to have answered untruthfully, international suspicion about their activities would only increase. As the Iranian position became more and more untenable during the spring and summer of 2003, it appeared that Iran had not answered accurately, and it faced mounting pressure from the IAEA's Board of Governors.

110. At its March meeting the Board pressed the Director-General to make a written report to its June meeting. At the June meeting the Board agreed a Chairman's Statement on Iran, and at its September meeting the Board agreed a resolution on Iran. Both the Statement and the resolution focussed on the need for Iran to be fully transparent about its past and current activities, to give the IAEA additional information and powers to verify those activities by accepting an Additional Protocol to its CSA, and to suspend key activities until such time as international confidence in its intention had been restored.

111. As the autumn progressed the pressure for the IAEA Board to find Iran in non-compliance with its existing safeguards agreement and report this to the United Nations Security Council (UNSC) became increasingly strong, and was the course of action favoured by the United States.

Seeking a Suspension: June 2003 to November 2003

112. While we continued to seek the support of all members of the IAEA Board, the UK, with France and Germany (the "E3"), were concerned that unless a Board resolution was adopted with the support of all key states, the UN Security Council would not be able to take any credible action against Iran. Failure to take action in support of the NPT could cause serious damage to the international non-proliferation regime, and this therefore led to interest in finding another way forward with Iran.

113. The E3 concluded that it would be worth exploring whether Iran would agree to declare all its past and current activities, give the IAEA additional information and powers to verify those activities by accepting an Additional Protocol to its CSA, and suspend all enrichment-related and reprocessing activities, if, in return, the IAEA Board would not report it to the UNSC and if there was also a prospect of then opening a dialogue on a basis for longer term cooperation that would include acceptance of Iran developing nuclear power plants. An agreement on these lines was eventually struck in Tehran on 21 October 2003 when the E3's then Foreign Ministers met the then Secretary of Iran's Supreme National Security Council, Dr Hassan Rouhani, although Iran agreed only to suspend "enrichment and reprocessing activities as defined by the IAEA" (ie not explicitly enrichment-related activities).

114. Iran subsequently provided the IAEA on 23 October with a letter dated 21 October 2003 covering a declaration that it characterised as giving “a full picture of its nuclear activities”, and on 10 November the Iranians moved on the Additional Protocol and the suspension (writing to the Agency that they would sign the Additional Protocol and co-operate with the Agency in accordance with it even though ratification would be necessary for it to come into force formally, and also, according to the Agency, informing it that they would suspend with effect from 10 November “all enrichment-related and reprocessing activities in Iran”, including the production of feed material for enrichment processes.

115. In the light of these developments, no effort was made at the IAEA’s November Board to have Iran reported to the UNSC for non-compliance, even though the Director-General’s report to that Board made it very clear that “Iran has failed in a number of instances over an extended period of time to meet its obligations under its Safeguards Agreement” and that, “while most breaches identified to date have involved limited quantities of nuclear material, they have dealt with the most sensitive aspects of the nuclear fuel cycle, including enrichment and reprocessing.”

Arguing about the Scope of the Suspension: November 2003 to November 2004

116. Following Iran’s agreement to a suspension, attention then focussed on agreeing the precise scope of the suspension. An Iranian definition of 29 December 2003 was inadequate (it excluded all manufacture of centrifuge components and the assembly and testing of centrifuges). Much E3 effort went into securing a better Iranian definition on 23 February 2004 (which did include virtually all manufacture of centrifuge components and the assembly and testing of centrifuges).

117. No sooner was this agreed, however, than another issue about the scope of the suspension arose when the Iranians announced their intention to begin “hot tests” of their Uranium Conversion Facility (the facility intended to produce the feed material for enrichment plants, UF₆), and then actually conducted their first such test to produce some UF₆ in late May/early June 2004. In reaction, at its June 2004 meeting, the IAEA Board called on Iran to refrain from the production of UF₆ and to reconsider its decision to begin production testing at the UCF. It also asked Iran to reconsider its recently announced decision to start construction of a research reactor moderated by heavy water (such reactors are ideal for producing weapons-grade plutonium).

118. Instead of heeding the Board’s calls, Dr Rouhani wrote to E3 Foreign Ministers and the IAEA, on 22 and 23 June respectively, announcing that Iran would resume the activities it had agreed in February to suspend (ie, the manufacture of centrifuge components and the assembly and testing of centrifuges). The E3 Foreign Ministers wrote back on 30 June, saying that they were still willing to negotiate with Iran on long-term cooperation but only on the basis of a return by Iran to a full suspension (ie one embracing the activities covered by the February 2004 as well as the October 2003 agreement).

119. As the Director General’s report to the September 2004 Board made clear, Iran nevertheless resumed the manufacture of centrifuge components and the assembly and testing of centrifuges. It also refused to accept the one measure, the placing under IAEA seal of the tested centrifuges, which the IAEA had identified as essential if it was to exercise the “supervision” over these resumed activities which Iran had said it could still undertake. In addition, the report made clear that, even though the IAEA had understood in November 2003 that Iran’s suspension covered the production of feed material, Iran had begun converting 37 tonnes of yellowcake in its UCF at Esfahan.

120. By the late summer of 2004, the E3 was therefore beginning to focus on securing a resolution at the September 2004 Board that would ask the Director General to prepare a comprehensive summary of these and other developments for the November Board, with the idea that this might enable a case for reporting Iran to the UNSC to be made at that Board if the Iranians did not resume a full suspension. Such a resolution was achieved, and following this the Iranians engaged in further discussions with the E3 (this time with the support of the EU Council Secretariat).

121. To encourage the Iranians to reach a new agreement on suspension, the E3/EU outlined in October the elements of a long-term agreement that might be possible if the Iranians agreed to the E3/EU’s suspension requests. And on 5/6 November in Paris the two sides reached agreement on an ad referendum text. On 15 November, after an exchange of correspondence between Dr Rouhani and the E3 Foreign Ministers and the EU’s High Representative for Foreign Affairs, Dr Javier Solana, this was confirmed through an exchange of letters signed by a senior Iranian MFA official and, with the support of Dr Solana, the three E3 Ambassadors in Tehran.

122. In effect, Iran agreed: to continue the suspension of any introduction of nuclear material into the enrichment facilities at Natanz or elsewhere; to reinstate the suspension of the manufacture of centrifuge components and the assembly and testing of centrifuges (introduced in February 2004 but then lifted in June 2004); and to extend the suspension to cover “all tests or production at any uranium conversion installation”. The suspension was to be implemented in time for the IAEA to confirm before the November Board that it had been put into effect.

123. In return the E3/EU agreed that: “the E3/EU will henceforth support the Director General reporting to the IAEA Board as he considers appropriate” (ie, not necessarily a written report to every Board); that they would begin negotiations in the first half of December 2004 “with a view to reaching a mutually acceptable agreement on long term arrangements”; that the E3/EU would support the IAEA Director General inviting Iran to join the IAEA Expert Group on Multilateral Approaches to the Nuclear Fuel Cycle; that negotiations with the EU on a Trade and Cooperation Agreement (TCA) would resume; and that the E3/EU would actively support the opening of Iranian accession negotiations to the World Trade Organisation (WTO).

The E3/EU-Iran Negotiations on a Long-Term Agreement: December 2004 to August 2005

124. Following this so-called “Paris Agreement”, the E3/EU dialogue with Iran on a long-term arrangement was begun in mid-December 2004. It started with a meeting of E3 Foreign Ministers and Dr Solana with Dr Rouhani in Brussels and then with a meeting of a Steering Committee comprised of very senior officials (Political Directors for the E3/EU). Three Working Groups—on Political and Security Issues, on Technology and Cooperation, and on Nuclear Issues—started work in earnest in the new year.

125. These three Working Groups duly made their reports to a Steering Committee meeting on 23 March. By that stage the Working Groups on Political and Security issues and on Technology and Cooperation had both identified a number of areas where benefits might arise for Iran if a long-term agreement on nuclear issues could be agreed. By this stage initial US doubts about the E3/Iran process had moderated somewhat, and as a contribution to the success of the negotiations the US announced on 11 March 2005 that it would lift its veto on the WTO starting accession negotiations with Iran and consider, on a case-by-case basis, the licensing of exports to Iran of spare parts for civilian aircraft.

126. Unfortunately the Nuclear Issues Working Group remained deadlocked over the suspension issue. In essence Iran wanted the suspensions lifted quickly whereas the E3/EU wanted them to remain in place. In early May the Iranians began to indicate that they would restart conversion work at the Esfahan UCF anyway. The E3 Foreign Ministers and Dr Solana responded by writing to Dr Rouhani on 11 May warning that any change in the suspension would bring the negotiating process to an end, but also making clear that they wished to continue the dialogue and suggesting that it might be useful to meet him again. In response Iran held back from immediately resuming conversion, and in a letter of 20 May Dr Rouhani agreed to come to the proffered meeting with E3 Foreign Ministers and Dr Solana.

127. This meeting took place in Geneva on 25 May 2005. Although the meeting saw no progress on the substance of the disagreement between the two sides, the result was that Dr Rouhani undertook to see if his Government would agree to maintain the suspension on the understanding that the E3/EU would present their own proposals for a long-term agreement by the end of July/early August 2005—an outcome to which, after considerable internal debate, the Iranian Government agreed in early June.

128. The E3/EU continued to work up their proposal for a long-term agreement for presentation to the Iranians in early August. However, before that happened the Iranians wrote to the IAEA seeking the removal of its seals from the UCF. The IAEA had no option but to agree to their removal as the suspension was voluntary, but it did manage to persuade Iran not to remove them until it had put in place additional cameras to ensure that effective safeguards would be in place for when it resumed operations. This enabled the E3/EU to deliver their proposal for a long-term agreement on 5 August before any resumed activities began. On 8 August, however, the Iranians rejected this proposal as “an insult on the Iranian nation, for which the E3 must apologise” and began resuming work at the UCF. Then on 10 August they removed the seals from the UCF.

129. The resumption of conversion activities by Iran undermined the basis for the negotiations on long-term arrangements that had been agreed in Paris, and these negotiations therefore came to an end.

From the Resumption of Conversion to the Reporting of Iran to the UNSC: August 2005 to February 2006

130. In other contacts with the Iranians during the autumn of 2005 the E3/EU repeatedly made it clear that, while they remained ready to resume negotiations on long-term arrangements, this could only be on the basis of a full resumption of the suspension by Iran. The Iranians, for their part, maintained that they were ready to conduct negotiations without preconditions (ie, without stopping their conversion activities). The resulting stalemate meant that the main thrust of the E3/EU’s efforts was no longer on further talks with Iran but rather on IAEA Board discussions and on dialogues with other key players.

131. On 4 August, the E3 had sought an Emergency Meeting of the Board to take place on 9 August in response to Iran’s threat to resume operations at the UCF, with the intention of asking the Board to request Iran not to resume activities there. Since they resumed them before the IAEA Board concluded its deliberations, the resulting resolution (adopted unanimously on 11 August) urged Iran to “re-establish full suspension of all enrichment related activities including the production of feed material, including through tests or production at the Uranium Conversion Facility”. It also requested the Director General to provide a comprehensive full report on the implementation of Iran’s NPT Safeguards Agreements and the resolution by 3 September.

132. The Iranians took no notice of the Board's urgings and continued with their conversion activities. The Director General duly noted this in his 2 September report to the Board, once again reiterated Iran's past failures to declare various nuclear activities, once more summarised the outstanding issues about those activities that still remained to be resolved, and for the first time indicated that full Iranian cooperation was "indispensable and overdue". On this basis the E3 chose to pursue a resolution at the September Board that would formally find Iran to have been in non-compliance with its Safeguards Agreement, but which, in the hope of offering Iran a further chance to change course, would not request the Director General to report the matter to the UN.

133. After the passage of this resolution the Russians took the lead in trying another approach with Iran. In essence they explored whether it might be possible to make a deal whereby Iran could continue with conversion activities, so long as the product of those activities was then exported for enrichment elsewhere and so long as Iran suspended other enrichment-related activities and did not pursue any reprocessing activities. The Russians also explored the idea of Iranian participation in an enrichment plant in Russia.

134. Against this background, the E3/EU concluded that they would not seek a new resolution at the November 2005 meeting of the IAEA Board reporting Iran to the UNSC, since more time should be allowed to see if the Russians could persuade the Iranians to pursue their ideas. Subsequently, the E3/EU themselves decided to agree to "talks about talks" with the Iranians in December. These talks were held on 21 December 2005 but showed that Iran had no intention of pulling back. The Russians were also making no progress in their talks with Iran.

135. Then, on 3 January 2006, Iran wrote to the IAEA to say that it had decided "to resume from 9 January those R&D on the peaceful nuclear energy programme which has been suspended as part of its expanded voluntary and non-legally binding suspension" (sic). On 7 January the IAEA received further communications making it clear that seals were to be removed on, among other things, centrifuge components, centrifuge quality control and manufacturing equipment, some UF6 located at Natanz, and some process equipment at the PFEP. On 8 January further communications indicated that UF6 gas would be fed into small scale gas centrifuge cascades at the PFEP. On 10 January Iran started to remove the seals at Natanz.

136. This development ended what remained of the suspension to which Iran had agreed at Tehran and Paris, and it led the E3 to seek an Extraordinary Meeting of the IAEA Board on 2 February. On 30 January, at a meeting of their Foreign Ministers and Dr Solana, the E3 + 3 (the + 3 being China, Russia, and US) all agreed that the Board "should report to the Security Council its decision on the steps required from Iran and should also report to the Security Council all IAEA reports and resolutions, as adopted, relating to this issue". They also agreed that "the Security Council should await the Director-General's report to the March meeting of the IAEA Board, which would include a report on the implementation of the February Board's Resolution, and any Resolution from the March meeting, before deciding to take action to reinforce the authority of the IAEA process."

137. On this basis negotiations ensued on the precise terms of the resolution to be passed by the Board. In the end, a resolution was crafted that was adopted by the Board on 4 February 2006 by 27 positive votes with three negative votes (Cuba, Syria, and Venezuela) and five abstentions (Algeria, Belarus, Indonesia, Libya, and South Africa).

Developments since the Reporting of Iran to the UNSC: March 2006 onwards

138. Despite further attempts by the Russians, Chinese and the E3/EU to persuade the Iranians to change course, the Iranians remained defiant. After the IAEA Board's meeting in March 2006 the UNSC therefore took up the Iranian issue, and on 29 March 2006 a Presidential Statement was issued calling on Iran to heed the Board's requests as set out in its 4 February resolution. It also requested the Director General of the IAEA to report within 30 days on the process of Iranian compliance with these steps, both to the IAEA Board and in parallel to the UNSC.

139. Iran responded on 11 April 2006 by resuming enrichment activities at Natanz. The requested report from the Director General on 28 April 2006 duly reported this fact and other related issues. There was then a period of discussion between the E3 + 3 about the strategy they should now follow, involving both Foreign Ministers and Political Directors. The outcome of these discussions was agreement on a twin track strategy.

140. On one track the US agreed to support a further offer by the E3 + 3 to negotiate with Iran about a mutually acceptable long term arrangement if Iran agreed to suspend enrichment activities while the negotiations took place. On the other track Russia and China agreed that, if Iran failed to take up this offer, they would support a UNSCR depriving Iran of the right to enrich and reprocess, and also contemplate sanctions if Iran then failed to respect that UNSCR. An indication by the US on 31 May that it would join multilateral talks with Iran if Iran agreed to a suspension was an important contribution to finalising an agreement on these lines at a meeting of E3 + 3 Foreign Ministers in Vienna on 1 June 2006.

141. Following this meeting, on 6 June 2006 Dr Solana, visiting Tehran with Political Directors from the E3 and their Russian counterpart, put the new E3 + 3 offer to Dr Ali Larijani (Dr Rouhani's replacement as Secretary of the Supreme National Security Council following President Ahmadinejad's election the previous summer). The Iranians took the line that there were some positive aspects to the proposals but also ambiguities that needed resolving. They seemed reluctant to have an early meeting with E3 + 3 interlocutors to discuss these ambiguities, however, and on 8 June the Director General's report to the June Board of Governors showed that the Iranians were continuing both with their conversion and enrichment activities and with their construction of a heavy water research reactor.

142. In the absence of a clear Iranian response to the proposal E3 + 3 Foreign Ministers and Dr Solana agreed on 12 July that, since Iran was not suspending its activities, they could no longer suspend taking further action in the UNSC. Accordingly they agreed to resume negotiations on a UNSCR which would make the suspension sought by the IAEA mandatory. This was achieved on 31 July 2006 when UNSCR 1696 was adopted by 14 positive votes to one against (the vote against being cast by Qatar, which said it was inappropriate for the UNSCR to be acting on this issue rather than the Lebanese situation).

143. The resolution, "acting under Article 40 of Chapter VII of the Charter of the United Nations in order to make mandatory the suspension required by the IAEA", "demands" that Iran "suspend all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA." This finally put a legal obligation on Iran to suspend these activities—something that had not existed before. The resolution also made very clear that Iran could still choose the path of negotiation on the E3 + 3 proposal, but also that if Iran did not comply with the resolution by 31 August then the UNSC had the intention to "adopt appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations".

144. The Iranian response to the E3 + 3 proposal came on 22 August. It did not agree to the UNSC's demand for a suspension as a precondition for negotiations on the proposals. This was followed by a 31 August report from the Director General of the IAEA to the Board and to the UNSC making clear that Iran was not suspending its enrichment-related activities and that various outstanding questions about its past and current activities continued to remain unanswered.

145. Twin tracks were then pursued again. On one track efforts were made to set up further meetings between Dr Solana and Dr Larijani to see if there might still be a negotiated way forward. On the other track the E3 + 3 began discussions about next steps in the UNSC. Movement on the first track came to a halt on 6 October 2006 when E3 + 3 Foreign Ministers heard a report from Dr Solana that his meetings with Dr Larijani had come to nothing. Movement on the second track led to UNSCR 1737 being unanimously adopted on 23 December 2006.

146. This resolution expanded the scope of the suspension required of Iran by deciding that Iran should without further delay suspend what it called "proliferation sensitive nuclear activities"—which it defined to mean, not only "all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA", but also "work on all heavy water related projects, including the construction of a research reactor moderated by heavy water, also to be verified by the IAEA". The Director General of the IAEA was requested to report within 60 days on whether Iran had established full and sustained suspension of all activities mentioned in the resolution, as well as on the process of Iranian compliance with all the steps required by the Board and with the other provisions of the UNSCR.

147. The resolution also introduced for the first time some initial sanctions on Iran for flouting the suspension requirement in UNSCR 1696. In essence these involved a ban on the export to Iran of some nuclear and missile related items, called on all States to "exercise vigilance" regarding the entry into or transit through their territories of certain individuals listed in an annex, and decided that all States should freeze the funds, other financial assets and economic resources of the persons listed in the annex and of entities listed in the annex. The IAEA was also required to end technical cooperation with Iran that related to proliferation sensitive activities, and Member States were called upon to exercise vigilance and prevent specialised teaching or training of Iranian nationals in disciplines which could contribute to Iran's proliferation sensitive nuclear activities. A Committee of the Security Council was also established to monitor the implementation of these sanctions requirements.

148. Having done this, the resolution once again underlined the willingness of the international community to work positively for a diplomatic, negotiated solution and encouraged Iran to engage with the E3 + 3 proposal of June 2006. It also indicated that if Iran suspended all enrichment-related and reprocessing activities (ie, only these and not also the heavy water related activities), then the UNSC would suspend the implementation of the sanctions measures—and then terminate them "as soon as it determines that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board."

149. In the early part of 2007 work focussed on implementing 1737. The Committee of the Council was established and started to meet. The IAEA Board agreed a Secretariat paper on which aspects of the IAEA's technical cooperation with Iran should end. Individual states (and the EU) also started to take measures to implement the resolution. In the EU case this has meant going somewhat further than the resolution, by for example imposing a full-blown travel ban on a longer list of persons and adding more entities to the list of those subject to an asset freeze.

150. Meanwhile, the Iranians refused to heed the UNSCR. As a result, the IAEA's Director General reported on 22 February 2007 that Iran had not suspended its enrichment related activities and had also continued with its heavy water related projects. The report also indicated that no significant progress had been made in resolving the still outstanding safeguards issues identified by the IAEA. The E3 + 3 responded by working up a further UNSCR which was unanimously adopted as UNSCR 1747 on 24 March 2007.

151. This resolution stepped up the sanctions imposed by 1737 in various ways—by adding additional persons to the list of those subject to travel restrictions (and by now calling on all States to “exercise vigilance and restraint” in relation to them), by adding additional persons and entities to the list of those subject to an asset freeze, by introducing a new call upon all States to “exercise vigilance and restraint” in the export of major conventional weapons systems to Iran, and by introducing a call on all States and international financial institutions not to enter into new commitments for grants, financial assistance and concessional loans to the Government of Iran (except for humanitarian or developmental purposes).

152. In addition, the Council once again reiterated its interest in a negotiated settlement, this time annexing to the resolution the E3 + 3's June 2006 proposals. In an important complementary move a new Statement was also issued by the E3 + 3 Foreign Ministers with the support of Dr Solana. This restates their commitment to seeking a negotiated solution, makes clear that—on a suspension for suspension basis—they are prepared to accept negotiations which would take place “within an agreed timeframe, extendable by mutual agreement”, and proposes further talks with Iran to see if a mutually acceptable way can be found to open negotiations.

153. Iran has since embarked on new discussions with the IAEA about agreeing on an action plan to resolve the outstanding issues with the Agency. These have now reached a conclusion, in the form of the “Understandings of the Islamic Republic of Iran and the IAEA on the Modalities of Resolution of the Outstanding Issues” issued on 27 August 2007. While we welcome the engagement that has led to this, the key test will be the implementation of these measures by Iran. Meanwhile, Iran continues to press on with its enrichment and heavy water-related projects. It has not agreed to implement the safeguards measures contained in the Additional Protocol, and has reneged on the amendment to its Subsidiary Arrangements that was made on 26 February 2003. Nor has it been prepared to pursue the E3 + 3 proposals on an acceptable basis in the further contacts between Dr Larijani and Dr Solana held to date. Consequently, discussions are now taking place between the E3 + 3 about a further sanctions resolution.

VII. ADDRESSING IRAN'S NUCLEAR AMBITIONS

UK Policy

154. We want to see Iran as a state that contributes positively to regional and global security, not one that undermines it. We want to move Iran away from its current path of confrontation with the international community. We want Iran to decide to pursue a civil nuclear programme that is for exclusively peaceful use, and poses no threat to others. We also want Iran to cease its support for terrorism and for those who are working to destabilise the region. We are determined to achieve these aims through diplomatic means.

155. Our commitment to the dual track process on Iran's nuclear policy will continue. We seek negotiations with Iran on a long-term agreement, allowing Iran to develop a safeguarded civil nuclear programme, while at the same time enabling the international community to be sure that it is exclusively for peaceful use. In return, Iran would receive technical assistance with its nuclear programme, as well as guaranteed fuel supplies. In addition, the international community, through the E3 + 3, has offered a variety of political and economic benefits, which include cooperation and assistance in agriculture, civil aviation telecommunications, and high technology, as well as support for improving Iranian access to the international economy, an energy partnership with the EU, and a regional security forum.

156. However, to reach the point of formal negotiations, Iran must first suspend all enrichment-related and reprocessing activities. Until Iran does so, we will continue to work with the E3 + 3 to further the process that has already delivered two unanimous UN Security Council sanctions resolutions. We believe that these sanctions are already having an effect, and that continuing to increase pressure on Iran through sanctions, while maintaining the incentives for cooperation, remains the most effective international response.

157. In implementing sanctions against Iran we and our EU partners have gone beyond the minimum requirements of Security Council Resolutions 1737 and 1747. We have introduced a legally binding embargo on the export of all dual use goods listed by the Nuclear Suppliers Group, and additional controls on a separate EU list of dual use goods. We also imposed an embargo on the export of conventional arms to Iran, and banned named Iranian nuclear missile and IRGC officials from travelling to Europe. Sanctions have been implemented against a further 23 companies and individuals involved in Iran's nuclear programme, on top of the 50 listed in Resolutions 1737 and 1747.

158. Due to Iran's ongoing refusal to meet UNSC obligations, there is an atmosphere of uncertainty regarding possible future sanctions which could be implemented by the UN, the EU, or any number of individual countries wishing to exert further pressure on Iran, and many companies are understandably now choosing to avoid doing business with Iran. Trade statistics show that in 2006 EU exports to Iran fell by

13% overall. The latest UK figures show UK exports to Iran for the first four months of 2007 are down 17.2% on the previous year, and imports from Iran down 30.8%. European oil and gas companies are not undertaking new investments in Iran: there have been no major contracts signed with Iran since President Ahmadinejad came to power. The Iranian Oil Minister admitted on 3 July that Iran was finding it increasingly difficult to attract foreign investment for projects.

159. The E3 + 3 twin track process has been widely supported by the international community, including by countries in the Middle East. We firmly believe that this diplomatic approach offers the best route to achieving our objectives and to preserving and improving regional and global security. Negotiations on a long-term agreement with Iran, following their suspension of all enrichment-related and reprocessing activities, also offer the best way to limit the proliferation of nuclear weapons.

160. International energy security would be enhanced by Iranian cooperation on nuclear concerns. Tensions in the region related to the nuclear programme would subside, and investment in Iran's hydrocarbon production sector would be likely to rise once Iran had re-engaged with the international community on the nuclear issue, both within and beyond the EU-Iran energy partnership offered in the E3 + 3 proposal.

161. We continue to press Iranian Ministers and officials to improve Iran's record on human rights, and raise with them our concerns about Iran's destabilising role in the region. We seek greater cooperation with them on issues such as counter-terrorism and counter-narcotics.

162. Our attempts to engage with the Iranian Government will continue. We look forward to continuing to work with our international partners to achieve our shared objective: Iran as a co-operative member of the international community, living by international norms; and a positive contributor to global security.

Foreign and Commonwealth Office
London

August 2007

Annex I

IRAN'S DOMESTIC POLITICAL SITUATION

Political structure

1. Under the Iranian Constitution, Iran is an Islamic Republic and the teachings of Islam are to be the basis of all political, social and economic relations.

2. The structure of authority is opaque, with competing power centres. Overall authority is vested in the Supreme Leader, currently Ayatollah Ali Khamenei, who was preferred in this role by Khomeini to be his successor in 1989, a choice then made official by the Assembly of Experts, a body of 96 religious scholars elected by universal adult suffrage from all over Iran. The President too is elected by universal adult suffrage, and serves a four-year term. He may serve no more than two consecutive terms in office.

3. The Majles (parliament) has 290 elected members representing regions or one of the three recognised religious minorities (Jews, Christians and Zoroastrians). The Majles also approves the members of the Council of Ministers (the President's Cabinet).

4. Political parties were legalised in 1998 after a 13-year ban and are still at an early stage of development. Factions, particularly in the Majles, are often defined broadly as "reformist", "hardline conservative" or "pragmatic conservative".

5. Legislation passed by the Majles must be approved by the Guardian Council, which reviews it for constitutionality and adherence to Islamic law. The Council is composed of six theologians appointed by the Supreme Leader and six jurists nominated by the judiciary and approved by the Majles. The Council has the power to veto candidates in elections to parliament, local councils, the Presidency and the Assembly of Experts.

6. The Council for the Discernment of Expediency was created in 1988 to resolve disputes over legislation between the Majles and the Guardian Council. It also advises the Supreme Leader on national policy and constitutional issues. It is currently led by former President Ali Akbar Hashemi Rafsanjani and includes the heads of all three branches of government and the clerical members of the Guardian Council. The Supreme Leader appoints other members for a five-year term.

Political situation

7. The “reformist” President Khatami was elected in August 1997 with an overwhelming majority, and re-elected in June 2001. However, there has been a swing towards more hardline conservative forces in recent years, in part because of the reformists’ failure to address growing economic concerns. In the most recent Majles (parliamentary) elections in 2004, conservative candidates swept the board (after the Guardian Council—which can veto candidates it considers contrary to the interests of the Islamic Republic—blocked the candidacies of more than a third of the 8,000 candidates, most of whom were reformists, and 85 of who were incumbent MPs).

8. The vetting procedures dissuaded many potential candidates from even putting their names forward. The Guardian Council has vetoed all female candidates from standing in any presidential election as well as the December 2006 Assembly of Experts elections.

President Ahmadinejad

9. Ahmadinejad was elected in June 2005, on a platform of “economic justice” (especially improving the economic situation of the poorest), anti-corruption, and nationalism. His campaign stressed his humble background, simple lifestyle and personal piety.

10. Since coming into office, Ahmadinejad has used economic and political tools to entrench the control of his hardline supporters over the key levers of power. Members or former members of the Islamic Revolutionary Guard Corps (IRGC), created by Ayatollah Khomeini in May 1979 to “protect the revolution and its achievements” have taken on more political roles (including Ministerial and provincial governor positions) as well as their growing commercial interests. There has also been increased activity by the IRGC-linked Basij (revolutionary volunteers) and morality police.

11. While Ahmadinejad is not the key foreign policy player, he has put his stamp on foreign policy, particularly through public statements—including his vitriolic comments about Israel, as well as the nuclear file.

12. But over the past year Ahmadinejad has come under increasing domestic criticism, for his confrontational foreign policy, poor management of the economy, and failure to fulfil campaign promises to tackle corruption. His relations with some other regime leaders are strained or hostile, and his support in the Majlis remains fragile. In December 2006, his candidate list, “The Pleasant Scent of Service”, did poorly in local elections, on a high turnout. Pragmatic conservatives showed a stronger performance.

Economic outlook

13. Ahmadinejad’s populism is also leaving its imprint on the economic outlook. He has tried to win favour among the poor with high levels of public spending. High oil prices helped him promote this agenda. Budget mismanagement and soaring inflation are evident. And the government’s insistence that banks must pay out cheap loans has hit the financial sector hard.

14. Since Ahmadinejad came to power, much needed but painful structural reforms—eg on fuel subsidies—have been further delayed. The Revolutionary Guards are further extending their grip over the economy; huge contracts have been handed to companies they control, often without any form of tendering.

15. Ahmadinejad’s confrontational foreign policy approach has also had an impact. Fear of possible future sanctions has hit economic and investor confidence: businesses are deferring investment decisions and the stock market has fallen below 10,000 points. Foreign investment has all but dried up, foreign export credit agencies are taking steps to limit their exposure and firms are finding it harder to raise international finance for major projects. US actions against Iranian banks and UN Security Council sanctions against Bank Sepah have made Western financial institutions more cautious and many have reduced services.

16. Technocrats in the oil industry are especially concerned. The health of the sector—which provides 50% of government income—is an indicator of overall economic performance. At present, projects lie stalled and foreign firms are increasingly reluctant to invest in Iran because of the political situation. As a result, and given the annual decline in production from some of the largest and ageing oil fields, Iran faces a real challenge simply to bring enough new production on stream to maintain stable production and export levels. In the current climate there is no prospect of Iran significantly increasing its small gas export volumes. Temporary solutions—such as turning to parastatal bodies and the Oil Stabilisation Fund to finance and deliver oil and domestic gas projects—continue to make the economy’s structural problems worse medium term.

21 OCTOBER 2003 “TEHRAN DECLARATION”

JOINT STATEMENT AT THE END OF A VISIT TO THE ISLAMIC REPUBLIC OF IRAN BY
THE FOREIGN MINISTERS OF BRITAIN, FRANCE AND GERMANY

Tehran, 21 October 2003

1. Upon the invitation of the Government of the Islamic Republic of Iran, the Foreign Ministers of Britain, France and Germany paid a visit to Tehran on 21 October 2003. The Iranian authorities and the Ministers, following extensive consultations, agreed on measures aimed at the settlement of all outstanding IAEA issues with regard to the Iranian nuclear programme and at enhancing confidence for peaceful cooperation in the nuclear field.

2. The Iranian authorities reaffirmed that nuclear weapons have no place in Iran’s defence doctrine and that its nuclear programme and activities have been exclusively in the peaceful domain. They reiterated Iran’s commitment to the nuclear non-proliferation regime, and informed the Ministers that:

- (a) The Iranian Government has decided to engage in full cooperation with the IAEA to address and resolve, through full transparency, all requirements and outstanding issues of the Agency, and clarify and correct any possible failures and deficiencies within the IAEA.
- (b) To promote confidence with a view to removing existing barriers for cooperation in the nuclear field:
 - (i) Having received the necessary clarifications, the Iranian Government has decided to sign the IAEA Additional Protocol, and commence ratification procedures. As a confirmation of its good intentions, the Iranian Government will continue to cooperate with the Agency in accordance with the Protocol in advance of its ratification.
 - (ii) While Iran has a right within the nuclear non-proliferation regime to develop nuclear energy for peaceful purposes, it has decided voluntarily to suspend all uranium enrichment and reprocessing activities as defined by the IAEA.

3. The Foreign Ministers of Britain, France and Germany welcomed the decisions of the Iranian Government and informed the Iranian authorities that:

- (a) Their Governments recognize the right of Iran to enjoy peaceful use of nuclear energy in accordance with the NPT.
- (b) In their view, the Additional Protocol is in no way intended to undermine the sovereignty, national dignity or national security of its States Parties.
- (c) In their view, the full implementation of Iran’s decisions, confirmed by the IAEA Director-General, should enable the immediate situation to be resolved by the IAEA Board.
- (d) The three Governments believe that this will open the way to a dialogue on a basis for longer-term cooperation, which will provide all parties with satisfactory assurances relating to Iran’s nuclear power generation programme. Once international concerns, including those of the three Governments, are fully resolved, Iran could expect easier access to modern technology and supplies in a range of areas.
- (e) They will cooperate with Iran to promote security and stability in the region, including the establishment of a zone free from weapons of mass destruction in the Middle East in accordance with the objectives of the United Nations.

15 NOVEMBER 2004 “PARIS AGREEMENT”

“PARIS AGREEMENT” BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND FRANCE,
GERMANY AND THE UNITED KINGDOM, WITH THE SUPPORT OF THE HIGH
REPRESENTATIVE OF THE EUROPEAN UNION

The Government of the Islamic Republic of Iran and the Governments of France, Germany and the United Kingdom, with the support of the High Representative of the European Union (E3/EU), reaffirm the commitments in the Tehran Agreed Statement of 21 October 2003 and have decided to move forward, building on that agreement.

The E3/EU and Iran reaffirm their commitment to the NPT.

The E3/EU recognise Iran’s rights under the NPT exercised in conformity with its obligations under the Treaty, without discrimination.

Iran reaffirms that, in accordance with Article II of the NPT, it does not and will not seek to acquire nuclear weapons. It commits itself to full cooperation and transparency with the IAEA. Iran will continue to implement the Additional Protocol voluntarily pending ratification.

To build further confidence, Iran has decided, on a voluntary basis, to continue and extend its suspension to include all enrichment related and reprocessing activities, and specifically: the manufacture and import of gas centrifuges and their components; the assembly, installation, testing or operation of gas centrifuges; work to undertake any plutonium separation, or to construct or operate any plutonium separation installation; and all tests or production at any uranium conversion installation. The IAEA will be notified of this suspension and invited to verify and monitor it. The suspension will be implemented in time for the IAEA to confirm before the November Board that it has been put into effect. The suspension will be sustained while negotiations proceed on a mutually acceptable agreement on long-term arrangements.

The E3/EU recognize that this suspension is a voluntary confidence building measure and not a legal obligation.

Sustaining the suspension, while negotiations on a long-term agreement are under way, will be essential for the continuation of the overall process. In the context of this suspension, the E3/EU and Iran have agreed to begin negotiations, with a view to reaching a mutually acceptable agreement on long term arrangements. The agreement will provide objective guarantees that Iran's nuclear programme is exclusively for peaceful purposes. It will equally provide firm guarantees on nuclear, technological and economic cooperation and firm commitments on security issues.

A steering committee will meet to launch these negotiations in the first half of December 2004 and will set up working groups on political and security issues, technology and cooperation, and nuclear issues. The steering committee shall meet again within three months to receive progress reports from the working groups and to move ahead with projects and/or measures that can be implemented in advance of an overall agreement.

In the context of the present agreement and noting the progress that has been made in resolving outstanding issues, the E3/EU will henceforth support the Director General reporting to the IAEA Board as he considers appropriate in the framework of the implementation of Iran's Safeguards Agreement and Additional Protocol.

The E3/EU will support the IAEA Director General inviting Iran to join the Expert Group on Multilateral Approaches to the Nuclear Fuel Cycle.

Once suspension has been verified, the negotiations with the EU on a Trade and Cooperation Agreement will resume. The E3/EU will actively support the opening of Iranian accession negotiations at the WTO.

Irrespective of progress on the nuclear issue, the E3/EU and Iran confirm their determination to combat terrorism, including the activities of Al Qa'ida and other terrorist groups such as the MeK. They also confirm their continued support for the political process in Iraq aimed at establishing a constitutionally elected Government.

15 November 2004

Annex IV

5 AUGUST 2005 E3/EU PROPOSAL

FRAMEWORK FOR A LONG-TERM AGREEMENT BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND FRANCE, GERMANY & THE UNITED KINGDOM, WITH THE SUPPORT OF THE HIGH REPRESENTATIVE OF THE EUROPEAN UNION

I. PREAMBLE

1. The introduction would provide the political chapeau for the overall agreement, setting out the principles on which a long-term relationship between the E3/EU and Iran would be based. The E3/EU propose that it should comprise the following elements.

2. The E3/EU and Iran would:

- a. stress the importance of developing relations of trust and co-operation between the E3/EU and Iran for the preservation of international peace and stability;
- b. define the relationship between the E3/EU process and the EU/Iran negotiations on a Political Dialogue Agreement and a Trade & Co-operation Agreement as complementary and mutually reinforcing;
- c. commit themselves to establishing a long-term relationship in the security and political field based upon shared principles and conditional on both sides' adherence to all the principles and commitments set out in the overall agreement;

- d. welcome Iran's commitment that, in accordance with Article II of the Treaty on the Non Proliferation of Nuclear Weapons, it does not and will not seek to acquire nuclear weapons or other weapons of mass destruction;
- e. recall that Article IV of the Treaty on the Non Proliferation of Nuclear Weapons stipulates that nothing in the Treaty shall be interpreted as affecting the inalienable rights of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II of the Treaty;
- f. affirm that a final agreement on long-term arrangements providing objective guarantees that Iran's nuclear programme is exclusively for peaceful purposes would lead immediately to a higher state of relations based on a process of collaboration in different areas;
- g. underline their determination to strengthen their long-term relationship through an enhanced programme of economic and technological co-operation, particularly through early completion of negotiations between Iran and the European Union on a Trade & Co-operation Agreement, and the associated Political Dialogue Agreement.

II. POLITICAL AND SECURITY CO-OPERATION

General principles

3. This section would define the principles on which the long-term relationship would be based. The E3 and Iran would reaffirm their commitment to the Charter of the United Nations, and recall the United Nations Millennium Declaration and other appropriate international instruments. The E3/EU propose that, within the context of an overall agreement, this section could include, inter alia, the following mutual commitments in conformity with the Charter of the United Nations:

- a. to fulfil in good faith obligations in accordance with the Charter of the United Nations, under the generally recognised principles and rules of international law, and under relevant international agreements;
- b. to the principle of the resolution of disputes by peaceful means and in conformity with the principles of justice and international law;
- c. to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state or in any other manner inconsistent with the Purposes of the United Nations;
- d. to the principle of the sovereign equality of all States;
- e. to co-operation between States in the various spheres of international relations;
- f. to promote respect for and observance and protection of human rights and fundamental freedoms for all without distinction of any kind;
- g. to affirm their commitment to prohibiting discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status; and
- h. to establish conditions under which justice and respect for States' obligations under treaties and international law can be maintained.

4. Within the context of an overall agreement and Iran's fulfilment of its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the United Kingdom and France would be prepared to reaffirm to Iran the unilateral security assurances given on 6 April 1995, and referred to in United Nations Security Council Resolution 984 (1995). Specifically:

- a. the United Kingdom and the French Republic would reaffirm to Iran that they will not use nuclear weapons against non-nuclear-weapon States Parties to the Treaty on the Non-Proliferation of Nuclear Weapons except in the case of an invasion or any attack on them, their dependent territories, their armed forces or other troops, their allies or on a State towards which they have a security commitment, carried out or sustained by such a non-nuclear-weapon State in association or alliance with a nuclear-weapon State; and
- b. the United Kingdom and the French Republic would recall and reaffirm their intention, as Permanent Members of the Security Council, to seek immediate Security Council action to provide assistance, in accordance with the Charter, to any non-nuclear weapon State, party to Treaty on the Non-Proliferation of Nuclear Weapons, that is a victim of an act of aggression or an object of a threat of aggression in which nuclear weapons are used.

Areas of co-operation of special interest

5. As part of an overall agreement the E3/EU propose that both parties should make commitments in the following areas.

Non-proliferation

6. The E3/EU and Iran would:

- a. recall the statement of the President of the United Nations Security Council on 31 January 1992 and United Nations Security Council Resolution 1540 (2004) and reaffirm that the proliferation of nuclear, chemical and biological weapons, as well as their means of delivery, constitutes a threat to international peace and security; express grave concern that illicit trafficking in nuclear, chemical and biological weapons, as well as their means of delivery and related materials, which adds a new dimension to the issue of proliferation of such weapons and also poses a threat to international peace and security; co-operate to take appropriate and effective measures against such activities; and stress the importance of effective national export controls;
- b. reaffirm their commitment to abide by security and non-proliferation treaties to which they are party, and recall the need for more consistent monitoring, effective implementation and, where necessary, firmer enforcement of such treaties;
- c. stress the importance of universal adherence to and full implementation of and compliance with disarmament and non-proliferation treaties and of the full implementation of the IAEA safeguards agreements and additional protocols; work towards the conclusion of a Fissile Material Cut-Off Treaty; where it has not already been done, conclude an Additional Protocol; become party to the Comprehensive Nuclear Test Ban Treaty; and subscribe to the Hague International Code of Conduct against Ballistic Missile Proliferation;
- d. reaffirm their commitment to the objective of an effectively verifiable Middle East zone free of weapons of mass destruction, nuclear, biological and chemical, and their means of delivery, consistent with the resolution on the Middle-East adopted at the 1995 NPT review and extension conference, United Nations Security Council Resolution 687 (1991), and the relevant resolutions of the United Nations General Assembly; and
- e. confirm that the prevention of proliferation of WMD should not hamper international co-operation for peaceful purposes, in accordance with the relevant international obligations, while underlining that the goal of peaceful utilisation must not be used as a cover for proliferation.

Regional security

7. The E3/EU recognise that they share a number of specific security concerns and interests with Iran and the important role Iran can potentially play in ensuring regional security and stability. As part of an overall agreement, the E3/EU would welcome an expanded dialogue and relationship on these issues. To this end, the E3/EU would, as part of an overall agreement, commit to working with Iran to encourage confidence-building measures and regional security arrangements. Such discussions would take place in close consultation with all the States of the region. The E3/EU and Iran would recognise that any regional security arrangements must take account of the legitimate interests of all the countries in the region, thus contributing to the stability and security of the region as a whole.

8. In this context, the E3/EU would recall their and Iran's past and present contributions to the reconstruction of Afghanistan and Iraq, and reaffirm their determination to strengthen co-operation in these areas, and to work together to support the political process in both these countries with the goal of establishing democratic and stable states, based on the rule of law, which coexist with their neighbours, and by preventing any support and encouragement for groups that use violence for political ends.

Terrorism

9. The E3/EU and Iran would commit themselves to supporting the declaration on terrorism proposed by the Secretary General for the United Nations Millennium Summit, recognising that this definition might evolve before or during the Summit itself. This states that "the targeting and deliberate killing of civilians and non-combatants cannot be justified or legitimised by any cause or grievance, and . . . that any action which is intended to cause death or serious bodily harm to civilians or non-combatants, when the purpose of such an act, by its nature or context, is to intimidate a population or to compel a government or an international organisation to do or to abstain from any act constitutes an act of terrorism". To this end, the E3/EU and Iran would commit themselves to:

- a. combat by all means, in accordance with the Charter of the United Nations, threats to international peace and security caused by terrorist acts;

- b. complement international co-operation by taking additional measures to prevent and suppress, through all lawful means, the financing and preparation of any act of terrorism, in the framework of full implementation of United Nations Security Council Resolution 1373; and
- c. refrain from organising, instigating, assisting or participating in terrorist acts in another State or acquiescing in organised activities in their territories directed towards the commission of such acts.

Combating drug trafficking

10. The E3/EU recognise that Iran has been and will continue to be a key international partner for the EU in stemming the flow of opiates to Europe and therefore commit to developing co-operation on issues related to: illicit drug production, drug trafficking, chemical precursors trafficking, money-laundering, drug demand reduction, preventative and educational measures, treatment and rehabilitation of drug abusers, and assistance in drafting national legislation.

11. In support of this goal the E3/EU will:

- a. actively support efforts to establish an EU Action Plan with Iran, building on the “EU commitments to action”;
- b. actively support international programmes designed to tackle Iran’s drug problem; and
- c. take steps with Iran to implement joint projects in close consultation with Afghanistan and Iraq to establish border police structures, training of police officers and border management. As a first step, the E3/EU will focus their co-operation on enhancing capacities for Afghan/Iranian co-operation in the fields of cross-border police co-operation, intensified communication on both sides of the border, as well as the training of customs officers, and on the development of projects on demand and harm reduction in Iran.

Implementation mechanism

12. In the course of the negotiation the E3/EU and Iran would establish an appropriate consultation and co-operation mechanism with a view to developing a long-term relationship on political and security issues, taking into account the continuing EU-Iran negotiations on a Political Dialogue Agreement.

13. To this end, the E3/EU propose the creation of a high-level committee on political and security issues, which would be made up of representatives from respective Foreign Affairs and Defence authorities. This Committee, which would meet periodically, would review progress on this part of the agreement and provide a forum for discussing issues of regional, international and mutual interest. The Committee would report regularly to the appropriate EU bodies and to the Government of Iran.

III. LONG-TERM SUPPORT FOR IRAN’S CIVIL NUCLEAR PROGRAMME

Principles

14. The E3/EU recognise Iran’s rights under Article IV of the NPT to develop research, production and use of nuclear energy without discrimination in conformity with its obligations under the NPT.

15. The E3/EU recognise Iran’s right to develop a civil nuclear power generation programme to reduce its dependence on oil and gas and to choose the most appropriate mix of energy sources to meet its needs as it perceives them, consistent with its international obligations.

16. The E3/EU therefore declare, within the context of an overall agreement and a mutually acceptable agreement on long-term arrangements, their willingness to support Iran to develop a safe, economically viable and proliferation-proof civil nuclear power generation and research programme that conforms with its energy needs.

17. The E3/EU fully support long-term co-operation in the civil nuclear field between Iran and Russia.

Framework

18. Within the context of an overall agreement, co-operation between the E3/EU and Iran in the civil nuclear field would move forward within the following framework:

- a. Iran would have access to the international nuclear technologies market where contracts are awarded on the basis of open competitive tendering, recognising the right of companies to determine their own commercial strategies and choices;
- b. co-operation would be conditional on Iran’s full implementation of its relevant international obligations and commitments, including the long-term arrangements agreed between the E3/EU and Iran, resolution by the IAEA of all questions raised under Iran’s Safeguards Agreement and Additional Protocol, and continued co-operation with the IAEA; and

- c. under United Nations Security Council Resolution 1540, and based on respective national, European and international norms, the E3/EU and Iran are obliged to implement export controls. The E3 would commit themselves to implementing these controls in a non-discriminatory way, bearing in mind the new context that would be created by the confidence building measures and commitments undertaken by Iran under an overall agreement.

Iranian access to the International Nuclear Fuel Market and co-operation in Nuclear Energy

19. In line with these principles, and in the context of an overall agreement and growing confidence between the E3/EU and Iran, the E3 would support the development of Iran's civil nuclear programme in the following areas:

- a. in the field of civil nuclear research through implementation of the E3/EU's offer of an expert mission to help identify the requirement for a research reactor in Iran and how best to meet that requirement. The E3/EU would ensure Iran faced no discriminatory obstacles to filling the requirements jointly identified; and
- b. in other fields of peaceful use of nuclear energy, excluding fuel-cycle related activity, the E3/EU would commit themselves not to impede participation in open competitive tendering.

20. The E3 Governments also support the development of co-operation in the following main areas, to be included in a final agreement:

- a. in fields such as radio-isotope production, basic research and the peaceful use of nuclear energy in the fields of medicine and agriculture, subject to further expert discussion between the two sides; and
- b. in establishing co-operation between regulatory authorities in the E3/EU and Iran and the IAEA in order to assist with the design and implementation of international standard nuclear safety and security regimes. This could include formalised co-operation between regulators to share developed expertise and offering advice on security aspects such as the implementation of the Convention on the Physical Protection of Nuclear Materials, after Iran's accession to the Convention in its amended version. These areas of co-operation could be refined during the proposed visit of Iranian experts to the E3/EU.

21. To this end, the E3/EU will actively support commencement of negotiations on an agreement between EURATOM and Iran. This would create a framework for closer co-operation between Iran and all EU Member States.

Fuel assurances

22. The E3/EU recognise that Iran should have sustained access to nuclear fuel for the Light Water Reactors forming Iran's civil nuclear industry. These arrangements are currently provided for through bilateral agreements and contracts with states/companies with which it is engaged in nuclear co-operation. The E3/EU note that under the Iran/Russia agreement on nuclear co-operation, Russia has committed itself formally to supplying nuclear fuel for the life-time of Russian-built reactors in Iran. But the E3/EU stand ready to explore additional ideas in this context.

23. In order to provide Iran with additional assurances that external supplies of fuel could be relied upon in the long term, the E3/EU would propose to develop with Iran a framework which would provide such assurance, without prejudicing any future multilateral arrangements developed under IAEA auspices.

24. Both the E3/EU and Iran would aim to have IAEA (or possibly other international) endorsement for any framework developed, and the IAEA might be invited to monitor the operation of the mechanism and certify its operation on objective principles.

25. Any fuel provided would be under normal market conditions and commercial contracts and subject to proliferation proof arrangements being agreed for safety, transport and security of the fuel, including the return of all spent fuel.

26. The framework could involve a combination of the following mutually reinforcing measures:

a. E3/EU—Iran ad hoc mechanism

27. This would involve establishment of a specific mechanism to be agreed between the E3/EU and Iran should the contracted supplier not be in a position to provide the fuel pursuant to its agreements with Iran for non-commercial reasons not connected with proliferation or safeguards related concerns and Iran faced serious difficulty in procuring the nuclear fuel necessary for the safe and sustained functioning of its Light Water reactors. In such an event, the E3/EU and Iran would immediately convene an ad hoc senior officials meeting to assess the situation, and identify and review relevant measures. The E3/EU Governments would, in parallel convene a meeting with relevant companies to review what action could be taken to avoid any shortage of energy. The IAEA could, as appropriate, be invited to such meetings for advisory purposes.

28. The mechanism might seek initially to restore fuel supplies from the contracted supplier. If this was not possible, it could seek to identify an alternative fabricator capable of producing the required design of reactor fuel. If no such fabricator could be identified, possibilities would be investigated to establish and licence a new fabrication line, outside Iran, able to meet the future fuel supply needs at market prices. Any such alternative supply mechanism would be dependent on satisfactory arrangements being established for long-term management of spent fuel outside Iran.

29. The E3/EU would commit themselves to exploring ways with industry to provide assured enrichment services at market prices for fuel fabrication outside Iran if the usual enrichment services provider were unable to meet its contractual obligations for non-commercial reasons; how such a commitment would be formally presented remains to be defined.

b. Establishment of a buffer store

30. In order to provide the necessary time for a solution to be found through the E3/EU—Iran ad hoc mechanism without adversely impacting the operation of Iran’s nuclear power reactors, the E3/EU commit themselves to assisting in the establishment of a buffer store of fuel, sufficient to maintain supplies at the contracted rate for a period of five years. This store would be physically located in a mutually acceptable third country, and would be available to draw from while long-term arrangements are put in place. The E3/EU would welcome early discussion with Iran on establishment, maintenance and use of the buffer store.

c. Multilateral arrangements

31. The E3/EU and Iran would engage with the IAEA and others to develop international mechanisms following on from the ideas identified in the “Multilateral Nuclear Approaches” report on security of fuel supply.

Confidence building

32. The E3/EU reaffirm Iran’s inalienable right to the peaceful use of nuclear energy, exercised in conformity with the NPT. In this context, the support of E3 countries for expanding international co-operation in Iran’s civil nuclear sector and for the development of a safe, economically viable and proliferation proof civil nuclear power generation and research programme will present Iran with new opportunities.

33. Effective long-term co-operation between Iran and the international community in the civil nuclear field along the lines set out in this document will, however, require the continued building of confidence over a significant period.

34. As Iran will have an assured supply of fuel over the coming years, it will be able to provide the confidence needed by making a binding commitment not to pursue fuel cycle activities other than the construction and operation of light water power and research reactors. This commitment would be reviewed jointly in line with the review mechanism envisaged in Paragraph 58.

35. The E3/EU would expect Iran to invite the IAEA to agree a mechanism to verify the implementation of the final agreement.

36. As an essential element of this mechanism for international confidence building, Iran would undertake to:

- a. make a legally binding commitment not to withdraw from the NPT and to keep all Iranian nuclear facilities under IAEA safeguards under all circumstances;
- b. ratify its Additional Protocol, in accordance with its existing commitment, by the end of 2005;
- c. in the meantime, fully implement the Additional Protocol pending its ratification and to co-operate proactively and in a transparent manner with the IAEA to solve all outstanding issues pursuant to the Safeguards Agreement and Additional Protocol including by allowing IAEA inspectors to visit any site or interview any person they deem relevant to their monitoring of nuclear activity in Iran; and
- d. agree arrangements for the supply of fresh fuel from outside Iran and commit to returning all spent fuel elements of Iranian reactors to the original supplier immediately after the minimum cooling down period necessary for transportation.

37. In line with IAEA Board Resolutions, the E3/EU would also expect Iran to stop construction of its Heavy Water Research Reactor at Arak, which gives rise to proliferation concerns. The E3/EU repeat their existing offer to send an expert mission to Iran to help identify research requirements and the most suitable type of equipment to meet those requirements.

38. The E3/EU would work with Iran to establish a group to identify alternative uses for the equipment, installations, facilities and materials whose use, construction, testing or development would not form part of Iran’s long-term civil nuclear industry. The group could consider alternative areas of employment for the scientists, technicians and workers currently employed in these facilities.

Consultation mechanism

39. The E3/EU and Iran would conduct regular consultations on the peaceful uses of nuclear energy and the development of the Iranian civil nuclear programme through a specific consultation mechanism to be agreed.

IV. ECONOMIC AND TECHNOLOGICAL CO-OPERATION

Principles

40. The E3/EU consider that an overall agreement would lead to the development of a programme of economic and technological co-operation with Iran, complementing the envisaged EC/Iran Trade & Co-operation Agreement, which will constitute the main vehicle for the long-term development of economic relations between Europe and Iran.

Energy co-operation

41. The E3/EU would recognise the fundamental importance of energy co-operation to their long-term relationship with Iran. As part of an overall agreement:

- a. the E3/EU and the European Commission would be prepared to issue a policy declaration that they regard Iran as a long-term source of fossil energy for the European Union and recognise the growing importance of Iranian gas supplies to Europe in the coming years;
- b. the E3/EU and the European Commission would commit to developing a strategic energy partnership through the Trade and Co-operation Agreement and in this context through the High Level Working Group on Energy;
- c. in the context of the High Level Working Group on Energy and in the framework of the Memorandum of Understanding of 19 October 2002 between the European Commission and the Iranian Ministry of Petroleum on co-operation in the energy sector, the European Commission would explore the possibility of opening the EU-Iran Management and Technology Centre with a view to commissioning joint studies on areas in which the EU and Iran can develop co-operation in the energy sector as well as providing technical support for the implementation of the policy declaration mentioned in Paragraph 41a; and
- d. the E3/EU and Iran, as well as the Commission, would discuss possible future oil and gas pipeline projects.

Promotion of trade and investment

42. The E3/EU recognise the importance of the proposed EC/Iran Trade & Co-operation Agreement to developing the long-term commercial and economic relationship between the EU and Iran, noting that this will facilitate market access, promote commercial exchanges, and open up a wide range of further co-operation activities in the economic, commercial and other fields.

43. As part of any overall agreement the E3/EU would therefore commit themselves to working to bring the current negotiations between Iran and the European Community on a Trade & Co-operation Agreement, and the associated Political Dialogue Agreement, to an early conclusion.

44. The E3/EU and Iran would agree to continue and strengthen mutually beneficial practices in the areas of export credits and investment guarantees, particularly in light of the additional confidence that an overall agreement and a closer political and economic relationship would give to investors and export credit agencies alike.

WTO accession

45. The E3/EU welcome Iran's successful application to open WTO accession talks, recalling that this has been a significant benefit of the dialogue initiated by the Paris Agreement.

46. The E3/EU confirm their continued political support for Iranian accession to the WTO and their willingness to offer technical support to assist Iran in making the necessary technical adjustments to its economy. Working with the WTO Secretariat and Commission, the E3 would agree to offer assistance to help Iran with WTO compliance, including on tariff structures, technical barriers to trade, rules of origin, intellectual property, and other areas as appropriate.

Promoting trade and transfer of technology: Export controls

47. The E3/EU note that enhanced confidence regarding the civilian end-use of goods transferred to Iran, including through the establishment of export control systems, would facilitate decisions on individual licences. The E3/EU also recognise that effective export control systems will make a significant contribution to developing mutually beneficial economic relations and state that they apply international export control regimes and respective national and European regulations on a non-discriminatory basis. The E3/EU therefore agree to convene a joint export control workshop in Tehran, which would allow for exchanges on the implementation of United Nations Security Council Resolution 1540 and national/EC laws.

48. As a follow up the E3/EU is also prepared to offer support to Iran in establishing an efficient system of export controls.

49. Civil aviation. The E3/EU would continue to promote the sale of aircraft parts to Iran and be willing to enter into discussion about open procurement of the sale of civil passenger aircraft to Iran.

Scientific and technological co-operation

50. Recognising the benefits of scientific and academic co-operation to both sides, the E3/EU commit to developing long-term scientific co-operation with Iran.

51. In this context, the European Union, through the Commission, would agree to send an expert team to Iran to draw up Iran's "Scientific Profile", within the context of the EC/Iran Trade & Co-operation Agreement.

52. The E3/EU would agree to facilitate Iran's access to advanced technologies, respecting national law and international commitments regarding export control; they would strengthen existing and encourage new scientific co-operation between scientists, universities and scientific institutes. This co-operation should cover both fundamental and applied research.

53. In the field of environmental technologies, the E3/EU would be prepared to develop co-operation with Iran in the fields of water supply, waste management, protection of natural habitats and preparedness for natural disasters.

54. In the field of communications and information technology, the E3/EU would be prepared to co-operate with Iran to improve internet connection stability.

55. The E3/EU would also be interested in developing and deepening co-operation with Iran through relevant international fora, particularly in the field of air pollution.

56. Education and vocational training. The E3/EU would be prepared, through their relevant agencies, to co-operate with Iran in developing its system of vocational education.

Building a structure of economic and technological co-operation

57. The E3/EU and Iran would look to invigorate co-operation through a mechanism, to be agreed, to complement any wider EU/Iran structures agreed under the Trade & Co-operation Agreement, and cover other areas of mutual interest, although of lower priority than those set out above, including but not exclusively:

- Air transport safety. The E3/EU would co-operate in the fields of air traffic management, certification, accident, investigation and airport security.
- Railway transport. The E3/EU would co-operate with Iran in establishing a transport master plan; they will encourage and support co-operation with Iran in the area of railway rolling stock, signalling and high speed technology.
- Maritime transport. The E3/EU would facilitate the negotiation of a maritime transport agreement with Iran.
- Seismology and seismic mapping. The E3 would, through their relevant institutions contribute to a seismic mapping exercise, with a focus on the most densely populated areas of Iran and work to develop co-operation in the fields of risk and disaster management.
- Infrastructure. The E3/EU would facilitate access to European technology related to constructing earthquake resistant buildings.
- Agriculture and food industry. The E3/EU would be prepared to offer co-operation in ecological agriculture, including natural herbicides and pesticides, food safety; and the regulations and trade aspects of sanitary and phytosanitary standards.
- Tourism. The E3/EU would be prepared to assist Iran in developing its reputation as a tourist destination and support co-operation in the development of new tourist resorts.

V. REVIEW MECHANISM

58. The E3/EU and Iran would agree to implement the agreement in good faith. The agreement would be subject to review, at Ministerial level, every 10 years. Any change to these arrangements would be subject to explicit agreement by both the E3/EU and Iran.

59. The E3/EU would be willing to circulate the final agreement as an IAEA Information Circular (INFCIRC) and UN Document for information and with a view to possible endorsement by the international community.

Annex V

6 JUNE 2006 E3 + 3 PROPOSAL

ELEMENTS OF A LONG TERM AGREEMENT

Our goal is to develop relations and cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme. We propose a fresh start in negotiations of a comprehensive agreement with Iran. Such an agreement would be deposited with the IAEA and endorsed in a Security Council resolution.

To create the right conditions for negotiations:

We will:

- reaffirm Iran's right to develop nuclear energy for peaceful purposes in conformity with its NPT obligations, and in this context reaffirm their support for the development by Iran of a civil nuclear energy programme;
- commit to actively support the building of new light water reactors in Iran through international joint projects, in accordance with the IAEA Statute and the NPT; and
- agree to suspend discussion of Iran's nuclear programme at the Security Council on resumption of negotiations.

Iran will:

- commit to addressing all the outstanding concerns of the IAEA through full cooperation with the IAEA;
- suspend all enrichment-related and reprocessing activities to be verified by the IAEA, as requested by the IAEA Board of Governors and the UN Security Council, and commit to continue this during these negotiations; and
- resume implementation of the Additional Protocol.

AREAS OF FUTURE COOPERATION TO BE COVERED IN NEGOTIATIONS ON A LONG TERM AGREEMENT

NUCLEAR

We will take the following steps:

Iran's Rights to Nuclear Energy

- reaffirm Iran's inalienable right to nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II of the NPT, and co-operate with Iran in the development by Iran of a civil nuclear power programme; and
- negotiate and implement a Euratom/Iran nuclear cooperation agreement.

Light Water Reactors

- actively support the building of new light water power reactors in Iran through international joint projects, in accordance with the IAEA Statute and the NPT, using state-of-the art technology, including by authorising the transfer of necessary goods and the provision of advanced technology to make its power reactors safe against earthquakes; and
- provide co-operation with the management of spent nuclear fuel and radioactive waste through appropriate arrangements.

Research & Development in Nuclear Energy

- provide a substantive package of research and development co-operation, including possible provision of light water research reactors, notably in the fields of radioisotope production, basic research and nuclear applications in medicine and agriculture.

Fuel Guarantees

- give legally binding, multi-layered fuel assurances to Iran, based on:
 - participation as a partner in an international facility in Russia to provide enrichment services for a reliable supply of fuel to Iran's nuclear reactors. Subject to negotiations, such a facility could enrich all the UF₆ produced in Iran;
 - establishment on commercial terms of a buffer stock to hold a reserve of up to five years' supply of nuclear fuel dedicated to Iran, with participation and under supervision of the IAEA; and
 - development of a standing multilateral mechanism for reliable access to nuclear fuel with the IAEA based on ideas to be considered at the next Board of Governors.

Review of Moratorium

The long-term agreement would, with regard to common efforts to build international confidence, include a clause for review of the agreement in all its aspects, to follow:

- confirmation by the IAEA that all outstanding issues and concerns reported by the IAEA, including those activities which could have a military nuclear dimension, have been resolved; and
- confirmation that there are no undeclared nuclear activities or materials in Iran and that international confidence in the exclusively peaceful nature of Iran's civil nuclear programme has been restored.

POLITICAL AND ECONOMIC

Regional Security Co-operation

Support for a new conference to promote dialogue and cooperation on regional security issues.

International Trade & Investment

Improving Iran's access to the international economy, markets and capital, through practical support for full integration into international structures, including the WTO, and to create the framework for increased direct investment in Iran and trade with Iran (including a Trade and Economic Cooperation Agreement with EU). Steps would be taken to improve access to key goods and technology.

Civil Aviation

Civil aviation cooperation, including the possible removal of restrictions on US and European manufacturers, from exporting civil aircraft to Iran, thereby widening the prospect of Iran renewing its fleet of civil airliners.

Energy Partnership

Establishment of a long-term energy partnership between Iran and the EU and other willing partners, with concrete and practical applications.

Telecommunications Infrastructure

Support for the modernisation of Iran's telecommunication infrastructure and advanced internet provision, including by possible removal of relevant US and other export restrictions.

High Technology Co-operation

Co-operation in fields of high technology and other areas to be agreed.

Agriculture

Support for agricultural development in Iran, including possible access to US and European agricultural products, technology and farm equipment.

6 June 2006

Annex VI

GLOSSARY

Additional Protocol:	A set of provisions additional to an existing safeguards agreement, which, if agreed, requires states to provide IAEA inspectors with greater levels of information and access.
AEOI:	Atomic Energy Organisation of Iran
AP:	see Additional Protocol.
AUC:	Ammonium Uranyl Carbonate
AVLIS:	Atomic Vapour Laser Isotope Separation
BNPP-1:	Bushehr Nuclear Power Plant 1
BTWC:	Biological and Toxin Weapons Convention
Code 3.1:	Part of the Subsidiary Arrangements of the CSA. The amended version, which Iran accepted in 2004 but then declared to be suspended in 2007, requires submission of information additional to that required by the original 1976 version.
Complementary Access:	Access to relevant sites provided by a state to IAEA inspectors, in accordance with the provisions of an Additional Protocol
CRC:	Convention on the Rights of the Child
CSA:	Comprehensive Safeguards Agreement, ie an agreement that applies safeguards on all nuclear material in all nuclear activities in a state (such as an agreement between the IAEA and a non-nuclear-weapon state party to the NPT)
CSL:	Comprehensive Separation Laboratory, at TNRC
CVL:	Copper Vapour Laser
CWC:	Chemical Weapons Convention
DIV:	Design Information Verification—an IAEA process of inspection to check whether actual facilities match up to appropriate previously declared designs
E3:	France, Germany, and the United Kingdom
E3/EU:	France, Germany, and the United Kingdom, with the support of the High Representative of the European Union
E3 + 3:	France, Germany, and the United Kingdom, together with China, Russia and the United States, and with the support of the High Representative of the European Union
ENTC:	Esfahan Nuclear Technology Centre
EU:	The European Union
Euratom:	The European Atomic Energy Community
FAC:	The House of Commons Select Committee on Foreign Affairs
FEP:	Fuel Enrichment Plant, at Natanz
FFL:	Fuel Fabrication Laboratory, at ENTC
FMP:	Fuel Manufacturing Plant, at ENTC
G8:	Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States
Green Salt:	Uranium Tetrafluoride, also known as UF ₄
HWPP:	Heavy Water Production Plant, at Arak
HWRR:	Heavy Water Research Reactor, also known as IR-40, at Arak
IAEA:	International Atomic Energy Agency
ICCPR:	International Covenant on Civil and Political Rights
IR-40:	The 40MW Iran Nuclear Research Reactor, at Arak
IRGC:	The Islamic Revolutionary Guard Corps
JHL:	Jabr ibn Hayan Multipurpose Laboratories, at TNRC
LSL:	Laser Spectroscopy Laboratory, at TNRC
Majles:	The Iranian Parliament
MIX Facility:	Molybdenum, Iodine and Xenon Radioisotope Production Facility, at TNRC
MLIS:	Molecular Laser Isotope Separation
NCRI:	National Council of Resistance of Iran—an Iranian opposition organisation
NPT:	The Non-Proliferation Treaty, or more properly, the Treaty on the Non-Proliferation of Nuclear Weapons
Paris Agreement:	between Iran and E3/EU on 15 November 2004 (<i>see Annex III</i>)
PFEP:	Pilot Fuel Enrichment Plant, at Natanz
PHRC:	Physics Research Centre, formerly at Lavizan-Shian
TCA:	Trade and Cooperation Agreement

Tehran Declaration:	Joint statement by E3 Foreign Ministers on 21 October 2003 (<i>see Annex II</i>)
TNRC:	Tehran Nuclear Research Centre
TRR:	Tehran Research Reactor, at TNRC
UCF:	Uranium Conversion Facility, at ENTC
UF4:	Uranium Tetrafluoride, sometimes known as Green Salt
UF6:	Uranium Hexafluoride
UN:	The United Nations
UNSC:	The United Nations Security Council
UNSCR:	United Nations Security Council Resolution
UO2:	Uranium Dioxide
UOC:	Uranium Ore Concentrate, sometimes known as Yellowcake
WMD:	Weapons of Mass Destruction, usually referring to Nuclear, Biological and Chemical Weapons
WTO:	World Trade Organisation
Yellowcake:	Uranium Ore Concentrate

Witnesses: **Dr. Kim Howells MP**, Minister for the Middle East, **Antony Phillipson**, Iran Coordinator, and **Paul Arkwright**, Head of Counter Proliferation, Foreign and Commonwealth Office, gave evidence.

Chairman: Good afternoon everybody. I ask members of the public to switch off their mobile phones.

Kim and your colleagues, welcome. As you know, the Committee is undertaking an inquiry into Iran. We had an interesting visit there two weeks ago, some details of which will no doubt come out in the questioning. Obviously, now is an important topical time, and we might touch on some neighbouring countries and related issues in our question session. Kim, we are pleased that you are able to be with us yet again. We remember fondly the sessions that took place last year. Perhaps you would introduce your colleagues to us, and I will then begin questions.

Dr. Howells: Thank you very much, Mr. Gapes. It is a pleasure to be back here. On my right—and to your left—is Antony Phillipson, our Iran co-ordinator. Antony has been playing a leading role in all matters Iranian. He will be on the Committee of Experts, which will meet in Paris on Saturday to attend the meeting of E3 + 3 Political Directors. Paul Arkwright is head of our counter proliferation department. He comes with great experience. Of all our proliferation worries at the moment, this is probably the most worrying.

Q199 Chairman: Absolutely. On that point, what is the Government's assessment of Iran's current nuclear capabilities? What is your assessment of Iran's nuclear intentions?

Dr. Howells: A lot of my answer has to be instinct rather than what we know from intelligence—that is, the bare facts. We think that we know something of the capability of the Iranians at the moment. We believe that they have gone some way down the enrichment track. We do not think that they have a large amount of highly enriched uranium, and we hope very much that our reading of that—more importantly, Dr. el-Baradei's reading of it—is accurate.

We think that the Iranians have a long way to go before they get the enrichment process right, and that means that there is time for them yet to engage with the international community and not go down

that path to accumulating sufficient highly enriched uranium to have enough to create an atomic bomb of some sort or other. Their declared intentions are for a civil nuclear programme, and we do not have a problem with that. In fact, part of the E3 + 3 offer has to been to help them to develop a civil nuclear programme, with the offer of help with light water nuclear reactors, for example. However, everyone else, including their neighbours, seems to believe that they in fact want to develop a nuclear weapon. That is our reading too, and it is very difficult to try to square some of the technical developments that have been going on in Iran with wanting a purely civil programme.

I think it was Javier Solana who said last week that developing or enriching uranium to the degree that the Iranians seem to be pressing for is like trying to manufacture petrol before you have taken your driving test or even bought a car. It does not make much sense. There is only one civil nuclear reactor being constructed at the moment, and that is the one at Bushehr, being constructed by the Russians, who have already told the Iranians that the very highly engineered fuel rods that will be required for that reactor will be supplied by Russia. So, it is very difficult to see what the Iranians would require highly enriched uranium for, other than a nuclear bomb programme.

Q200 Chairman: You said that it might take some time, but is it not true that Dr. el-Baradei has said that the Iranians now have almost 3,000 centrifuges at Natanz, and that if it were working properly, it could produce enough highly enriched uranium for a nuclear bomb within approximately a year or so. Is that not the case?

Dr. Howells: Dr. el-Baradei is certainly very worried about the potential for what some people call industrial-scale production of highly enriched uranium. However, 3,000 centrifuges sounds a lot, but it is not in fact an awful lot, if you want to produce sufficient quantity to be able to engineer an atomic bomb. You need more than that. More importantly, you need to be able to make them work properly.

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

We have certainly seen from Dr. el-Baradei's reports that the Iranians, like many others who have tried, have had a lot of difficulty with this centrifugal system. The centrifugal cascades are not easy to operate. The engineering has to be incredibly precise, and I doubt whether there has ever been a nation on Earth that has tried it that has not experienced great problems with it. However, it depends on whose assessment you read or listen to on this. Some Israelis, for example, are telling us that they think it could happen within a year or two, but the time lines in Dr. el-Baradei's report are much longer. It is a possibility. I do not think that any of us has detailed intelligence on this so as to be able to say that the Iranians could create a bomb within a year, or three years, or 10 years.

Q201 Chairman: Is not the problem the fact that, since the decisions were taken to have the two sanctions resolutions at the Security Council, the Iranians have reduced their co-operation with the International Atomic Energy Agency, and as a result, we have less information now about what they are up to than we had before.

Dr. Howells: Yes, Dr. el-Baradei says that it is difficult to monitor exactly what is going on inside at least some of the plants—particularly Natanz and Esfahan, and in Arak, of course, where a heavy water reactor is being worked on—and the ability to monitor is diminishing.

Q202 Mr. Keetch: Minister, the west's record in identifying and calculating nuclear programmes—of identifying where there are nuclear programmes, and how advanced they may or may not be—is, let us be honest, not a particularly good one. However, I want to draw you back to the correct point that you made that it is one thing to create nuclear fusion, but a very different thing to put that into a mechanism that can then be delivered to be used as a bomb.

Going back even to the early attempts by the Nazis to form nuclear weapons, we know that they had their delivery systems far more advanced than their fusion programmes and the miniaturisation to put the two together. Is there any evidence that Iran is not just seeking to do what you have already described and what Dr. el-Baradei has described, but trying to build the mechanism to take the fusion into a bomb form that can then deliver that bomb as a weapon?

Dr. Howells: There is a question about some plans that were found by Dr. el-Baradei's team some time ago—I am sure that Antony could tell us the exact year—which described how to engineer uranium metal into hemispheres. That looked like the design for a warhead or bomb. You also need lots of other things, of course, including trigger mechanisms and all manner of very sophisticated technology, to be able to do that. The delivery system is a separate issue.

The Iranians have announced just this week—or made a claim—that they have a rocket that is capable of reaching Israel, for example, and delivering a payload, which presumably they are

claiming is heavy enough for a very substantial bomb of some sort or other. I have not been able to deduce whether it is an atomic bomb or not.

The Iranians need a lot more technology and it is not easy to engineer such a thing. It is still, we believe, a long and difficult process. I think that that has to be added to Mr. Gapes's point. Further to his question about how close are they to getting enough highly enriched uranium, at the moment I doubt whether they are much past getting a component that has within it about 20% of highly enriched uranium of the correct isotope—U235, I think—let alone getting it up to 90%, which is what you need for an atomic bomb. You can create a dirty bomb, of course, with much lower amounts of irradiated material.

Q203 Mr. Purchase: We have recently been to Tehran and Washington, and frankly the rhetoric from both ends is pretty worrying. It is difficult to discuss these matters. Not many round this table—or, I suspect, elsewhere—could enter into an intelligent discussion about nuclear physics or just what state of play obtains in Tehran. We are, regrettably, given our experiences in Iraq, using guesswork, which some call political game playing. I am trying to understand things. From what I heard in Tehran from people whom I thought were moderate in their views, there is no purpose in Tehran's developing a bomb that will quickly be discovered, with counter-action that will be too difficult to contemplate. Furthermore, those who take a religious view of this matter assured us that the Koran would almost certainly expressly forbid the development of weapons of mass destruction. If the Archbishop of Canterbury were speaking for the British Government and he made a statement saying that we would or would not do something, would it be believable in a political context? If so—or if not—how should we take the words of the clerics in Tehran, and Iran more widely, to indicate that their intentions are also honourable?

Q204 Dr. Howells: That is a very good question. I think, first, that it is necessary also to say that another Islamic nation has a bomb—that is, Pakistan. There are clear links between the Pakistan bomb and the plans that A. Q. Khan stole from the research institute in Holland to create the enrichment facility in Pakistan that enabled Pakistan to develop a bomb. He either sold on or passed on some of those engineering secrets to Iran. I do not think that we can just depend on the words of some clerics. There will be others inside Iran—whoever they may be—some of whom are, I have no doubt, extremely pious individuals who nevertheless believe that it is the destiny of Iran to have a nuclear bomb. I take your point that Iran is very different from many other countries; it is not North Korea. It has a different attitude to the world and it has 5,000 years of history, of which it is very much aware, as it is of its identity.

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

Iranians do not like to be called Arabs. They see themselves differently from many of their neighbours and feel that they are just beginning to punch their weight internationally, in so many ways. In a sense, my greatest fear is that the Iranians believe that by developing a bomb they will add to their cachet in international circles, in the same way that, at the end of the second world war, many countries felt that if they had an atomic bomb they would become a big power in the world.

Q205 Mr. Purchase: My question is, are we employing double standards? I think you know what I am saying.

Dr. Howells: No, I do not think that we are, because it is not a better world if 10 nations have bombs rather than five. I am very wary of that argument. We have a good record in this country—better than anyone in the world—for reducing our number of warheads and the technologies that we employ for delivering them, and so on. Iran signed up to that co-ordinated reduction, which we have all aimed at and which the non-proliferation treaty is about. We want the Iranians to abide by the rules that they signed up to—nothing more, nothing less.

Q206 Ms Stuart: Dr. Howells, before I move on to sanctions, may I press you a little more on nuclear capacity? I fear that we may be in a situation like the one we were in with the 45 minutes in Iraq, in which we were not entirely sure what we could do within the 45 minutes. Have you made an assessment and differentiated between the acquisition of nuclear weapons and the ability to deploy them, and what would the time scale on that be?

Dr. Howells: We do not believe that the Iranians have a nuclear weapon. We think that they probably have a rocket system that is capable of delivering powerful weapons over quite long distances and we have some idea about how they have acquired them. We know that they have the wherewithal, at least in intent, and that it is part of their science and engineering base to build a nuclear bomb, but that is a lot easier in theory than in practice. I come back to the point that I made to the Chairman, which is that you can have 3,000 centrifuges, you can arrange them in cascades, you can get your pipework right and you can do all kinds of things, but you have to make the thing work properly.

Q207 Ms Stuart: So the UK Government think that the Iranians have the delivery mechanism?

Dr. Howells: Yes, I think that they probably have a rocket powerful enough to deliver a large payload—certainly on to one or other of their neighbours, probably as far as the Mediterranean.

Q208 Ms Stuart: The reason that I am questioning that is that on one of our visits to Russia, not long ago, a suggestion was made to us that a flaw in our reasoning is that Iran, as a country, is not big enough to test any of those delivery mechanisms and that the Iranians would require nuclear navy carriers, which they were not developing. So, the Russians were

slightly relaxed in saying that, even if the Iranians had delivery, they had no mechanism for testing it. Do we not agree with that assessment?

Dr. Howells: No, I certainly would not agree with it. Iran is a very big country—it is six and a half times bigger than Britain—and some of it is extremely remote. The same argument could be made for a similarly sized country: Pakistan. However, the Pakistanis certainly tested their bombs in the Chagai hills down on the Afghan border and managed to disguise that pretty well from most countries. I am not sure whether we were aware of what was going on. I think that there is enough room there for the Iranians to conduct testing on rockets. Many other countries have done it already. Germany did in the second world war.

Q209 Ms Stuart: That is very helpful, thank you. May I take you on to economic sanctions, briefly? One of the constant responses we received in Tehran was that the Iranians thought that economic sanctions hit us much more in the west. It would be helpful to get some idea of the extent to which you think the population of Iran and those who ought to be hit by our sanctions are actually being affected by them. From my observation, I was quite struck by the fact that the petrol sanction does not seem to have had much impact, certainly not on the traffic in Tehran.

Mr. Hamilton: It is 5p a litre.

Ms Stuart: Yes, it is 5p a litre. They were just not travelling long distances and were flying rather than using the car. What is your assessment of the genuine effectiveness of the sanctions structure that is in place?

Dr. Howells: I just asked Antony if there is a petrol sanction. There is not a petrol sanction, but there is petrol rationing. That has been caused by President Ahmadinejad to try to limit the amount that is being sold because the Iranians are desperately short of fuel, especially good quality fuel such as petrol and diesel. That is because no one is investing in the Iranian hydrocarbon industry. That is a big worry for them. It looks as if this year they will produce less gas and oil than last year, despite the fact that the price of oil is up to near \$100 a barrel.

I think that the Iranians are quite desperate to get substantial investment—not just little dribs and drabs—to replenish their hydrocarbons industry and to bring it up to modern standards. I think that the population are very aware that they could be making a lot of money out of that. After all, President Ahmadinejad came to power on the promise that he was going to address and alleviate the great poverty that exists among so many people in Iran. He has not done that and I notice that the Iranian Government are becoming very repressive in terms of clamping down on internal critics of his economic record. He calls them traitors. Radio stations get interfered with or closed down. All sorts of things are happening.

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

I do not know what that tells us about the effect of the sanctions, but they have been very precisely targeted to hit not the great mass of people living in Iran, but particular individuals and the nuclear and missile programmes.

Q210 Ms Stuart: We saw the scrambling of television stations such as CNN and BBC News 24. Whenever they got interesting, they got scrambled. If we pursue the sanctions at the UN, what about the Gulf states? Is the co-operation of the Gulf states sufficiently tight that this does not allow Iran an opening for sanctions busting?

Dr. Howells: This is a question that you probably have better answers to than I do, Mr. Chairman. There is a population of somewhere between 200,000 and 400,000 Iranians in Dubai alone. Admiring their entrepreneurial qualities, I will say that this is an area that has a long tradition of sanctions busting. They know how to break sanctions, believe me. Curiously, there is almost a contradiction between what a lot of Iran's neighbours will tell you in private and what they will utter in public.

It is, however, very interesting that at the Istanbul Iraq neighbours conference a couple of weeks ago, Prince Saud, the Saudi Foreign Minister, spoke very directly against Iran's expansionist policies in Iraq and elsewhere. That was the most forthright critique that I have heard. It is a tough neighbourhood, and one where the general ethos is to try to get on with each other. They know just how incendiary the whole situation is and are very aware of the key strategic position of the Persian Gulf and the Straits of Hormuz in terms of the world's energy. Like it or not, it is the most strategic seaway there is.

Q211 Chairman: On the question of sanctions, leaving aside the economic impact or the ability of people to avoid them and get around them, is not there a danger that they are actually used by a regime to solidify domestic support and make it more likely that the hardliners retain power because the internal problems can be blamed on the foreigner?

Dr. Howells: Yes, there is always a fine judgment, as sanctions can generate a kind of siege mentality, as you implied. President Ahmadinejad has been very clever at using external international pressure against his policy on nuclear questions. He has used that to fly the Iranian flag and stir up nationalist feelings within Iran. However, that is a balance that the international community has to judge exactly. The UN Security Council has been pretty solid on that. Remember, there was only one vote against the initial decision for sanctions, from Qatar. That had nothing to do with Iran because the vote took place in the middle of the war between Israel and Lebanon and Qatar felt that Lebanon should have been the subject of discussion at that UN Security Council session.

Q212 Chairman: But the existing UN sanctions are quite limited. Security Council resolutions 1737 and 1747 do not really get to the heart of the issue, which

is Iran's gas and oil exports. Is there any prospect that there will be tightened UN sanctions with Russia and China going along with it?

Dr. Howells: I will ask Antony to speak about that, as he will be involved in those discussions directly.

Antony Phillipson: The sanctions were limited, and deliberately so. As the Minister has said, they were targeted on the nuclear and missile programme because that was the issue that the UN Security Council was addressing. With regard to their effectiveness, they have had some economic effect. It has not been great or dramatic because they were not very harsh, partly so as not to allow the regime to say that we were hitting the Iranian people.

However, they had a political effect. The Iranians were surprised to have two 15-0 votes in December 2006 and March 2007, and we all want to work hard to protect that unity with the E3+3 this weekend and within the broader UN Security Council when we get there. The honest answer to your question is that there is no prospect of the next UN resolution hitting investment in the oil and gas sector, but there will be an escalation of the sanctions and a tightening of the screw.

Q213 Chairman: That leaves the European Union acting on its own, even if there is not another UN Security Council resolution. I have picked up that there are also differences within the EU on those issues. Is there any immediate prospect of an agreed EU strengthening of sanctions? Are countries that have bigger business interests in Iran than we do, principally the Germans, content to go down the same route?

Dr. Howells: I will ask Antony to come back to that in a moment. There are obvious differences within Europe; there is no question about that. The E3+3 has not been a vehicle that has been universally admired within Europe. However, despite the doubts of some significant countries, there has been a remarkable degree of solidarity in supporting the general direction that E3+3 negotiations have taken. I am not as pessimistic about that as I am about most things. However, it is a problem, and we have to make those arguments. As you have said, Mr. Gapes, the EU measures are already tougher than the UN measures, but that does not say a hell of a lot because the UN measures were not that tough. Paul knows about the effect of the key measures, which were designed to limit the ability of the Iranians to push forward with a nuclear bomb programme.

Paul Arkwright: Regarding the effect of the sanctions on the proliferation-sensitive technologies in both the nuclear and missile-related areas, clearly the intention was to target specific types of goods and technologies which would be of particular utility to the programme. The sanctions have had two effects. First, there is some evidence that we have been able to slow down the programme. Some said that they would have expected Iran to have built and be operating a 3,000-machine centrifuge facility before now, and one could ascribe some of that delay to the sanctions, which is a fair point. The other point is about raising international consciousness

 28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

about the Iranian programme, and about the types of goods—in particular dual-use goods, which are obviously difficult to identify at times—and the value of those goods to the Iranian programme, which is a very important aspect of sanctions. We have managed to raise the level of knowledge on that around the world, in particular in countries which could be either supplying those goods or acting as a trans-shipment route for those goods. We have been making it clear that under the UN Security Council resolutions it would be illegal to transfer those goods to Iran, so the sanctions have had an impact on the programme in that sense.

Antony Phillipson: On the record of the EU to date and what might happen next, as the Minister said, we pushed very hard for the EU to complement and, indeed, go further than the UN after the last two resolutions, and we achieved that through common positions in February and then April this year. We did that in order to have the EU do its bit and also because what the Iranians try to do when they look at the international community taking action against them is to look for comfort and for people who have not taken action. The EU, acting on the back of the UN, reinforced the political message of the UN sanctions regime. That is what we are pushing for again now with partners within the EU. There is no doubt that there is still a preference within the EU—and, indeed, it is our preference—for the UN to be the principal vehicle because it applies the broadest possible waterfront of sanctions. We will be pushing very hard for the EU to be in a position to reinforce anything that the UN does, or if the UN track fails, for the EU to be in a position to try to fill the gap, because otherwise the result will be no pressure at all on Tehran.

To make a point about the effectiveness of the sanctions on Tehran, one thing that is interesting about Iran is that although it is by our standards repressive, in terms of social and political freedoms, as I think you probably found during your visit, it is actually also reasonably open; people will meet you and talk to you. I was struck from talking to our colleagues in the embassy that you went from a meeting with the secretary of the Supreme National Security Council to a meeting with a Nobel peace prize winner—it is that kind of society.

There is a debate under way, which is quite an open debate. Anyone else who receives BBC monitoring will see that there are people criticising the record of the regime and the President himself on economic matters. They do it in coded language because deliberately standing up and criticising him is not very constructive, but whether it is 57 economists writing a letter saying that his handling of the economy is appalling, or a former nuclear negotiator saying that the way that foreign policy decisions are being handled is damaging to the country, a debate is under way and the UN and EU sanctions regimes play into that.

Q214 Andrew Mackinlay: On the suggestion, which has now been actively canvassed and which I support, that a third country should carry out the enrichment—ie Russia—I recall that about a year

ago people, even in evidence to the Committee, pooh-poohed that idea, although I do not think that it was you, Minister.

Dr. Howells: By the Iranians?

Q215 Andrew Mackinlay: No, by the United Kingdom Government. It is slightly irritating, because the suggestion that the original architects of this were the Russian Federation was pooh-poohed by a UK Foreign Office spokesperson. Why did he pooh-pooh it and what has changed?

Dr. Howells: I cannot remember pooh-poohing anything about a year ago, but it is a fair question. I shall ask Paul, if I can, whether he knows anything about that.

Q216 Andrew Mackinlay: Am I right or am I wrong?

Paul Arkwright: If you are talking about Russia providing fuel for the Bushehr plant, that has never been something that we have had any objection to. We would have no problem with Russia supplying nuclear fuel to Bushehr, provided that adequate safeguards are in place under the IAEA. That brings us to a separate point about the ability of the agency to discover what is really going on in Iran. If you are talking about the recent Saudi proposal that Prince Saud raised in a number of newspaper interviews, then it is an idea worth exploring. We would come back to the UN Security Council resolution obligations and to the requirement for Iran to suspend its enrichment activities as a starting point.

Q217 Andrew Mackinlay: Yes, but with respect to my question, am I right or am I wrong that the United Kingdom dismissed the proposal of the Russian Federation which we have now endorsed? That is that we would guarantee a civil nuclear programme with enrichment carried out in a third country, likely Russia—

Dr. Howells: As Antony says, he thinks that he knows the answer.

Q218 Andrew Mackinlay: So I did not dream it.

Antony Phillipson: No. This is one of those issues that surfaces in the ongoing debate between Iran and the international community—that after the event is held to be a lot more significant than it was at the time. The episode that you are referring to is when a proposal surfaced that Iran might give up its right to enrich on Iranian soil, in return for a guarantee of supply of fuel from some form of international consortium. At the time it was held to be a Russian proposal. I was not involved in the dossier at the time, but I think those who were would say that when the Russians were asked about it, they said that it was not their idea, and when the Iranians were asked, they also claimed that it was not their idea. The Iranians then slipped back into defending their rights to enrich on their own soil and the thing slipped away. It has now come back on the agenda because of the comments made by Prince Saud during his recent visit, and an article in the *Middle East Digest*.

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

The other comment that I want to make is about the nuclear co-operation on offer as part of the E3 + 3 offer mentioned by the Minister a few minutes ago. It is possible to have a discussion about that type of facility in the context of an overall negotiation. However, before we can have that discussion we need to get into the negotiation, and Iran needs to suspend its enrichment programme—

Q219 Andrew Mackinlay: It was purely the narrow point that the idea of Russia had been rubbished when in fact it was a sensible idea. It was rubbished because it was Russia's idea.

Dr. Howells: No, I do not think that that is true.

Q220 Mr. Horam: Mr. Phillipson pointed out a few moments ago that there is a debate going on in Iran about these issues, and that they are rather good debaters. They have a very strong narrative about the west. When we were in Tehran, one of the points that the Iranians made to us was that between 2003 and 2005 they voluntarily suspended the enrichment process. We offered them a package as part of that arrangement, but that package was described by an undisclosed EU diplomat as, "A lot of gift wrapping around a pretty empty box," and by the British American Security Information Council as, "Vague on incentives and heavy on demand." Was this a missed opportunity?

Dr. Howells: No, I don't believe that it was. What we were trying to offer the Iranians at the time was a perfectly reasonable package, and I will tell you why. I remember being in Libya about 18 months ago, and the Libyans who gave up their weapons of mass destruction programme voluntarily asked me, "How come you are making these offers to the Iranians, and how come you are retraining all these Russian former nuclear bomb scientists to become other things?" It is seen in the international community as a very good offer, and it has always been so.

Q221 Mr. Horam: How do you account for these adverse comments about it then?

Dr. Howells: I do not know. I do not trust former diplomats or generals further than I can throw them.

Mr. Horam: They are actually undisclosed, not necessarily former.

Dr. Howells: If they are not former, they should not be saying those things.

Mr. Horam: They did.

Dr. Howells: Well, I trust them even less.

Q222 Mr. Horam: None the less, the fact is that it failed. It is thought that one of the problems was that we left putting anything serious on the table until the moderates had lost power. One of the reasons why the moderates—that is, President Khatami—lost power was that they were thought in Iran to have not got much in return for what they were proposing to give away, hence the hard-line President Ahmadinejad came in. So, we did contribute in that sense. The whole episode might not have been an entirely missed opportunity. We do not think so;

none the less, some people do. Secondly, it contributed to a hardening in a political situation in Iran.

Dr. Howells: I do not agree with that, Mr. Horam. There were many reasons why Khatami's faction lost the election. One of the reasons why Mahmoud Ahmadinejad won the election was that he promised to do something about two internal issues: one was corruption, and the other was alleviating poverty.

With all the best will in the world, one can look at former Iranian regimes. They talk these days about Rafsanjani being a moderate. Well, he was one of the fathers of the secret nuclear programme. I do not think that the people of Iran were influenced by that, quite frankly.

Q223 Mr. Horam: But let us deal with the facts. The fact is that for two years they did suspend enrichment.

Dr. Howells: Yes, and there were reasons for that, not least the international pressure that they were coming under.

Q224 Mr. Horam: They did suspend enrichment. Now we are saying that we will not start negotiations again until they suspend enrichment again.

Dr. Howells: No, we are not.

Q225 Mr. Horam: Yes, we are. The west is saying that a precondition for starting negotiations is that they must suspend enrichment. Even people like Barack Obama in America have said, "Why do we have these preconditions? Isn't it better to have a proper dialogue with the Iranians and start talking to them properly?" As Ken Purchase said earlier, what we heard both in America and Iran was pretty frightening, with people talking about military options on the table and so forth. Why can we not have some dialogue? Are we afraid of losing face?

Dr. Howells: We have endless dialogue with the Iranians, believe me.

Q226 Mr. Horam: But we are not having a dialogue about what matters.

Dr. Howells: No. Let me say this: when I first came into this job quite a long time ago, I remember people saying, this is a line in the sand and we are not going to go any further back than this. We have gone back a line; we have gone back a line; and we have gone back a line. That has not stopped the Iranians enriching uranium, in the least. They are continuing. We think that they are digging tunnels. They are putting factories underground in Natanz. If it was a civil nuclear programme about which they were up front, honest and transparent, why are they doing that?

I put it to you that, far from not talking to them, we have been extraordinarily open with them. We have talked to them endlessly via Javier Solana, for example, as the High Representative of the EU. We have tried to cajole them in so many ways. We have said to them, "Look, this is a twin-track approach. Here is an offer that is going to rehabilitate Iran in every way in terms of its relationship with the international community, or you can face more

sanctions.” They are pretty weak sanctions, by the way. In reality, I do not think that the UN has gone out of its way to cripple Iran by any means. Quite frankly, the very idea that we have not tried to negotiate and talk with Iran is nonsense. We have tried all the way along the line to do it. We are trying to do it now.

Q227 Mr. Horam: The official position of the west at the moment on Iran is that we are refusing to start proper official negotiations until they suspend enrichment.

Dr. Howells: Is that true, Antony?

Antony Phillipson: It is true. It is not an arbitrary demand. The reason why it is important goes back to a common theme that has run through some of the earlier questions. The real issue is about the international community’s total lack of confidence in what the programme is about. We are told that it is about civil nuclear power. We are told that there is a fatwa that prohibits the development of nuclear weapons. But, the facts on the ground, as we see them, do not bear that out.

There is a nuclear programme where they are starting with the most complex technical aspect of it, with nothing else around it.

Q228 Mr. Horam: Fine. We do not trust them, but they do not trust us either because of the history of this recent proposal, among other things.

Antony Phillipson: The reason why it is important that they suspend the enrichment programme is that that is where we can apply a break point in terms of their ability to move to a position in which they have a nuclear weapons capability.

Q229 Mr. Horam: They have got themselves, whether we like it or not, into a position whereby they would lose face if they suddenly suspended enrichment. You cannot see President Ahmadinejad doing that now because he would lose face politically. Someone has to move. Why can we not move?

Antony Phillipson: That is where we need to play back into this internal debate. President Ahmadinejad will not, because he is pursuing an agenda where he is using this as part of—

Chairman: Please could the member of the public who has not turned off their mobile phone leave the room? I said at the beginning that I did not wish to have mobile phones in here. Please go outside. I apologise to the witnesses for the interruption, but members of the public were told not to have their mobile phones on.

Andrew Mackinlay: I think she was recording as well.

Chairman: I do not know about that. We will investigate it, but we will continue. If anyone else has a mobile phone, please ensure that it is switched off.

Antony Phillipson: I will make two points. We need to play back into this internal debate. There are those in Iran who do not believe that they should hold out everything on the basis of a nuclear programme that does not deliver them any real

benefits at the minute. The other point goes back to the previous suspension. You say that they will lose face if they suspend, but they have suspended before.

Q230 Mr. Horam: They made a gesture, but nothing came of it.

Antony Phillipson: The memorandum that we submitted to the Committee went into some detail about what that suspension consisted of. A lot of it consisted of a pretty long-winded argument about what the suspension constituted. They kept trying to redefine it and eventually we got them to a definition that we were happy with. It lasted for about 18 months before they broke the suspension. In hindsight, I would argue that the reason they suspended was that they felt that they could. They could suspend that part of the programme while continuing to work on other aspects. There are some interesting comments today in that regard from Rohani, who was the nuclear negotiator at the time. He is explicit that they were able to suspend then because they could do so and continue to perfect other parts of the programme, while holding out this carrot to the international community.

I would agree that there is an open question about whether they could argue that we did not offer enough in return. However, our offer since then has been considerably improved with the E3 + 3 offer in June 2006, both in terms of its content and because of the fact that the Americans were an explicit party to it. That was not the case during the previous suspension. It is in return for that offer that we will continue to insist on the suspension of enrichment.

Q231 Mr. Horam: It sounds as though we are getting nowhere very fast.

Dr. Howells: Iran signed up to the rules of its own free will in the IAEA. We are not the only players in this game. The UN Security Council, on two occasions, has voted with total solidarity on the issue. It is very worried about it. Dr. el-Baradei is not known to be a neo-con or a raving radical, and he is very worried about it. The Iranians did not have to sign up to the non-proliferation treaty and the safeguard elements of that treaty. In effect, what they are doing is snubbing the rest of the world when it says, “We are very worried about this. What are you going to do about it?”

The idea that we have to offer them endless sweets and chocolates in order to get them to do something that they signed up to originally is very perverse. We blame ourselves for the fact that they are not doing it.

Q232 Mr. Horam: There is an issue of trust on both sides. Surely you understand that.

Dr. Howells: Of course I understand it. We have tried to be very transparent about this issue.

Q233 Sir John Stanley: Minister, I accept that this is a big if, but if you take at face value the views of the two major protagonists—the United States and the Iranian regime—on what their intentions and objectives are, this problem is soluble. It is soluble peacefully and diplomatically. If you accept that the

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

Americans' only objective is to make certain that Iran does not become a nuclear weapon state; that the United States is not bent on regime change and possibly using military action supposedly to achieve that; and that, as the senior Iranians with whom we had discussions in Tehran swore blind was the case, they have no intention of turning their civil nuclear power programme to the production of nuclear weapons, a document would be relatively easily draftable and negotiable.

That document would give the United States the assurance that, with all the appropriate verifications and supervision, the existing civil nuclear power programme in Iran would not go into nuclear weapons, and it would give the Iranians the assurance that the American Government were not bent on regime change supported by military intervention. Does such a document exist? Will the British Government produce such a document and endeavour to broker it? If such a document was on the table, it would at least flush out whether the two major protagonists' policies were in line with their stated intentions.

Dr. Howells: You have cut through to a very interesting question that reduces this complex situation to quite a simple equation. Do we have such a document? No, we do not. Is it at the heart of the international arrangements currently in place? Yes, I think that it is.

The controls that you are looking for to assure the Americans and the rest of us that there is not a nuclear bomb programme on the way could be achieved quite simply. It would be possible if Iran signed up to the additional protocols to the safeguards agreement to guarantee the access and transparency that the IAEA inspectors would need. As for what the Americans would want out of this, their aims are as complex as all of ours. They want to see a country that will not be a threat to its neighbours. That is a genuine desire on their part; it might be unfashionable to say it, but I did not meet anyone in the States who wanted to invade Iran. They realise that they have enough problems as it is in Iraq and Afghanistan without a new war in Iran. They are probably looking for a much more stable situation there. That means that, if we could take the heat out of this nuclear stand-off, it would benefit everyone, not least America

If the Iranians could get investment into their oil and gas industries and some decent new tankers, I am sure that that would have an effect on the price of oil worldwide. I do not think that the Americans are any less desirous than we are to see a much more stable situation in Iran and to see those basic guarantees given. There are people in America, and you will have met them, who will argue, "Well, it's absolutely impossible. The Shi'a theocracy will not allow it to happen. They will say things that promote a holy jihad against the west." Frankly, that is nonsense. We have seen moderate approaches in the past. Mr. Horam mentioned, for example, the suspension of nuclear enrichment, which must have been a political decision taken at the highest level. It is entirely possible to arrive at those guarantees, but there must be recognition within Iran that they have

to abide by what they have signed up to, in terms of the International Atomic Energy Agency's remit. If they do not do that, it is hard to see how they can move forward.

Q234 Sir John Stanley: Minister, I am disappointed that the document I outlined apparently does not exist, but I am glad that you recognise that it might go to the heart of the issue. Given that the lack of diplomatic relations between the United States and Iran, and the history between the two, makes the brokering of such an bilateral agreement between them extraordinarily difficult, and given, also, the huge experience of the British Government and the British diplomatic service, and the British experience of nuclear weapons that is available in this country, are not the British Government remarkably well positioned to be the Government who endeavour to produce a draft of such a document and to try to broker it with the other five parties to see whether an agreement on it can be reached? If we can do that, the party that does not sign up is certainly going to be exposed to the rest of the world as not living up to its stated intentions. That would be a significant step forward. If everybody is going to fulfil their intentions, we have the makings of a peaceful resolution of this very serious issue.

Dr. Howells: There are two answers to that. The first is to say yes. The American bilateral relations broke down effectively in 1980, and they have hardly had contact since, although just a few months ago, Ambassador Crocker and the Iranian ambassador in Baghdad met. I think that those were the first formal discussions that they had had for 27 years. So, their ability to negotiate a bit of paper, such as the one that you described a little earlier, has been impossible up until now.

Can we do it? Well, I have no doubt that we can help to do it. We are members of the International Atomic Energy Agency, so we are states that have signed up to that. It would be pretty disastrous if we went off on our own on a kind of bilateral attempt to deal with the Iranians without taking into account the ideas and opinions of our allies.

Q235 Sir John Stanley: I suggest that we are in a great position to take the lead and to take people with us—I was not suggesting acting unilaterally.

Dr. Howells: I think we have very much been taking the lead, and we are certainly doing so inside Europe at the moment, although the French have been very vigorous on the issue as well. Yes, I think that we should be using our experience in the Middle East and our close relationship with Iran over the years. I am almost certain that it was British money that developed the Iranian oil and gas industries in the first place. We have maintained our embassy in Tehran throughout this period, or at least since we rebuilt relations. We have dealt with the problems of many other countries through that embassy in Tehran. We have always made sure that the ambassadors whom we have sent to Tehran have been among our very best. We take the Iranians very seriously. We think that they are a people with a great history and a great part to play in the world.

However, we will not resile from the position that we have taken on their nuclear programme. If they have nothing to hide, there is nothing to stop them abiding completely by the terms and conditions that they signed up to in the safeguards agreement.

Q236 Mr. Hamilton: To follow up a point that John Horam made earlier about Barak Obama's comments about talking directly to the Iranians without precondition, when we were in Washington, we were told by Tom Lantos, the Chairman of the Congressional Foreign Affairs Committee, that many of the members of that committee would like to go to Tehran, but cannot get visas. That is something that we put to some of the interlocutors at senior levels: why will you not give these Americans, who have some good will, the visas to come to Iran to talk to you directly? You will not be surprised that we did not get an answer.

My question relates to Javier Solana, and the meeting that he was supposed to have had a couple of weeks ago with Ali Larijani, who was then replaced by Saeed Jalili. We were privileged to have a meeting with Saeed Jalili, as you mentioned earlier, and I wondered whether you have had any reports of positive progress from Javier Solana's meeting.

Dr. Howells: I believe that he is going to report on 30 November. Is that right?

Antony Phillipson: They will meet this Friday.

Q237 Mr. Hamilton: Presumably, the meeting was postponed because of the change of personnel.

Dr. Howells: Paul has something on that.

Paul Arkwright: There was a meeting about two or three weeks ago between Javier Solana, Larijani and Jalili. That was about a month ago. Frankly, there was little to report from it, and we are waiting to see what happens at the meeting between Solana and Jalili on Friday.

Q238 Mr. Hamilton: Minister, you mentioned earlier that some of our best ambassadors are sent to Tehran, which is quite right. We were surprised to learn that our ambassador, who is a pretty senior ambassador of very good quality, had no access to senior people within the Iranian Foreign Affairs Ministry or to the chief nuclear negotiator, Saeed Jalili. In fact, the first time that he met him was with us. Are you surprised by that?

Dr. Howells: No, not entirely. The world of diplomatic contacts is very strange. Last year, I was in a small Caribbean country with a population of around 70,000. I was supposed to have met its Prime Minister, but he suddenly decided that he could not see me because I was not our Prime Minister.

Q239 Mr. Hamilton: A great deal has obviously been made of the negotiations of the E3 + 3 group. Are you concerned about differences among the members of that group, and do they threaten its usefulness as a negotiating organisation?

Dr. Howells: It has a dynamic that has to be worked at constantly—there is no question about that. In a sense, the E3 + 3 offer is similar to that which Sir John Stanley described earlier—at least, in my mind,

it was the offer that he described. We are saying to Iran, "Look, there is a lot here for you, including everything you require for a proper civil nuclear programme and lots of technical back-up." There are possibilities for trade, and I do not think that anyone wants to isolate Iran in the long run with regard to trade. On the contrary, there are 68 million people in Iran, and it is a market that the Chinese are positively slaving at. I do not think that any of us want to isolate Iran.

However, there are differences in the way in which some European Governments see how far Iran has gone down the road and what the possibility is for influencing them in the future. I think that some countries have almost given up on Iran and decided that what will be will be, but we are not one of those countries. We think that it can still be influenced. We appeal to its rationale on that and ask, "What is the point of this? If you do not want a nuclear bomb programme and just want a civil nuclear programme, here is the way to get around that." That is the way to have a renaissance in Iran, as far as trade and prosperity is concerned—God knows that Iran needs it. For the majority of the Iranian people, life is pretty tough.

Q240 Mr. Illsley: With regard to leading the initiative, we actually led the E3 + 3 initiative back in 2003 and were at the forefront of that.

Dr. Howells: We have been leaders on that all the way along. With regard to being open to new approaches and ideas, we are about as open as it is possible to be. However, we are also determined that something comes of that process, because the alternatives are too awful to think about.

Q241 Chairman: May I take you back to the IAEA and the role of Mr. el-Baradei? When we were in Iran with Mr. Jalili and others, we got a very common line that the Iranians wanted to engage with el-Baradei and the work plan of the IAEA. However, they were somehow in denial that that was linked in any way to the two Security Council resolutions, which were actually mentioned in Mr. el-Baradei's statement two weeks ago. Some people in the United States have used that kind of argument to say that el-Baradei is in some way going soft, or that the IAEA is trying to do a special deal with the Iranians. What is your assessment of that issue?

Dr. Howells: If you had asked me that six months ago, I would have been one of those voices saying to Dr. el-Baradei, "Come on, you've got to be tougher on them." Now I am very glad that I did not. I think that his report is very balanced and it pays tribute to the Iranians where it is due. At the beginning you quoted some sentences about how it is now more difficult to monitor some of the things that are going on inside Iran's nuclear programme than it was previously. That is a dismal conclusion to arrive at. Generally, he is doing a good job.

The pressures on members of the board of the IAEA are quite considerable. I remember when I was in a country in the Middle East that had been a member of the board and had had to make decisions. They said that they had breathed a sigh of relief when they

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

came off the board, because life was much easier diplomatically, and they did not have to make tough decisions about dealing with Iran. I can imagine that the situation is not easy for a lot of Iran's neighbours.

Q242 Chairman: We are now at the point where el-Baradei says that the Iranians must answer a number of questions over the coming few weeks. The Iranians say that they will not stop their enrichment programme unless the UN removes the two Security Council resolutions, and that they will only deal with the IAEA on that basis—at least, that is my understanding of the things that were said. Are we therefore in a complete deadlock? We have to find a way to negotiate out of what could become a total impasse.

Dr. Howells: I come back to Sir John's suggestion that there should be an offer that is transparent and that the world can see. That is what the E3 + 3 offer is. My great worry, Mr. Gapes, is that it will be knocked back again. I heard the delegate of one country recently say, "What is as wrong with a little bit of enrichment?" That it is a bit like saying, "What is wrong with a little bit of Czechoslovakia?"

Q243 Chairman: But if the end goal is to prevent Iran from producing highly enriched uranium for a nuclear weapons programme, is there not a way of phasing the negotiation process so that suspension is in parallel to negotiation, or is phased into a negotiation, rather than being a precondition of negotiation?

Dr. Howells: You need to have the terms for that negotiation on the table. It is not as if they have suddenly been arrived at. It is not like what has been discussed over the past couple of days at Annapolis. This stuff has been in the public eye for a very long time, and everybody has had a chance to chew it over, tear it apart and to say that it would not work. It is not a secret—there are no preconditioned terms which nobody knows about. Everybody knows what they are.

Mr. Horam said that we have to give the Iranians some way of saving face. I am not sure what that would be. I think that they know exactly where they stand on the issue. We know where we stand. It is a matter of somebody moving. That, it seems to me, is very easy; it is to say, "We signed up to the terms of the safeguard agreement, we are members of the International Atomic Energy Agency, and we are going to abide by the rules." Why is that so difficult?

Paul Arkwright: To refer to the point about the synchronicity between the IAEA and the UN Security Council, I would draw your attention to Dr. el-Baradei's most recent report in which he talks about Iran's co-operation being reactive rather than proactive. Iran is, in effect, spinning out the outstanding issues, taking them seriatim, taking its time in answering the questions that remain, being very reluctant to provide full disclosure, including on some of the issues on which el-Baradei has been reporting, and, therefore, extending the programme of the work plan and the time it takes to respond to the outstanding issues.

Only when there is a full response to those outstanding issues can the international community, in the form of the IAEA, have any kind of confidence in Iran's declared intentions. At the same time that is happening, Iran continues to enrich uranium, in defiance of UN Security Council resolutions. So there is a problem if you say, "Well, allow the IAEA to do its work and Iran to respond to the questions in its own good time"—which it has—when Iran's co-operation is being dragged out of it, according to the report, while all the time the centrifuges are spinning and they are getting closer to the point about which we are particularly concerned.

Dr. Howells: If I could just add to that? The IAEA resolution of February 2006 called for suspension. It is not just the UN demand from the Security Council; it is the very organisation of which Iran is a member.

Q244 Mr. Horam: May I follow up the point made by Sir John and the Chairman about the juncture we are now at? At a meeting last night of the British-Iranian all-party parliamentary group, Ali Ansari made the point that Britain still has a very special status and relationship with Iran, and the Iranians are waiting to hear from us. So far, the Foreign Secretary has not made a speech significantly about Iran. Is there not an opportunity for some imaginative diplomacy to attempt to break the deadlock that we have talked about?

Dr. Howells: I shall pass on your suggestions to the Foreign Secretary, Mr. Horam.

Q245 Mr. Horam: In the declining days of the Labour Government, just as they are the declining days of the Bush presidency, maybe a gesture would save you.

Dr. Howells: That is wishful thinking.

Chairman: We shall leave that issue to some other meeting, not this evidence session about Iran.

Q246 Mr. Moss: I should like Dr. Howells to move on to the possibility of military action. A key challenge of diplomacy is to develop trust and respect, particularly in nuclear diplomacy. When you were with us—I think in the summer—you said that the Iranians did not think that we respected them enough. Is there not an argument that the more aggressive the posture from the west, the easier it is for Iran to say that it must have a deterrent for national defence. What impact does keeping the military option on the table have on Iran in trusting our intentions?

Dr. Howells: We have certainly never threatened Iran with any form of military action and we have no intention of doing so. I cannot speak for other countries in the world, and I can only tell you what I find as I go around the world. I had the honour of meeting the commanders of the Third Fleet of the Marines at Camp Pendleton recently, near San Diego in southern California, and I have met many of the leaders of the American armed forces in the Pentagon. No one has said to me that they think it would be a good idea to take military action in Iran. Frankly, there is no requirement for it.

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

The offer that I have tried to argue for this afternoon is a good offer, which Iran has signed up to and could easily enact. The heat would be taken out of the situation immediately. There is a lot of talk, of course, that you will have heard as much as I have, of Israel bombing Iran or of some kind of strike coming from somewhere else. I have a map here of some of the sites where we know that some of the nuclear developments are going on. Some people have told me that there may be as many as 18 or 22 sites. We know that there has been a lot of tunnelling work around Natanz, and hard rock work and reinforcement work is going on. What would that involve in terms of military action? I do not think that the Americans look at this in anything less than a very serious way. Back in 1980, they had a pretty terrible time there and they are very much aware that this is a huge country, that it has a great pride in itself and that it would not look lightly upon a military attack, so I do not see it as an immediate possibility at all.

Q247 Mr. Moss: There have been reports that elements in the US Administration are frustrated with our Prime Minister for not ruling out entirely the fact that Iran should ever get a nuclear weapon, but the Prime Minister has actually been reasonably firm in saying that we are not going to rule out any action. Does that mean that the British Government consider that keeping that option on the table is likely to bring about some resolution of the difficulties?

Dr. Howells: No, I do not think that that will bring about the resolution of difficulties. I forget whether it was Mr. Horam or Sir John who spoke earlier about the way in which President Ahmadinejad has used the external threats to strengthen his own position within the country, and I think that a military threat would be seen as a very real one. Indeed, he has been trying to whip up a kind of chimera of threats around the country—Afghanistan, Iraq, unstable countries to the north, the great Sunni nations to the south. He plays this game; his rhetoric is now about traitors and spies. They prosecuted the former nuclear negotiator and accused him of spying. I do not think that this is just paranoia on the part of the Tehran regime; it is a conscious effort to divert attention within Iran away from their own domestic problems, and those are mostly to do with poverty and underdevelopment.

Q248 Mr. Moss: So what you are saying is slightly contrary to what has emanated from the Prime Minister—that he is not ruling anything out, implying military action. You are actually saying from a Foreign Office point of view that this country will not support military action on Iran, on the nuclear capabilities issue.

Dr. Howells: I do not know; I cannot answer that because, of course, Iran also has a will of its own. We have troops in Afghanistan and in Iraq, but there are certainly elements—I am not saying that it is President Ahmadinejad or the supreme ruler—within the Iranian regime that have been supplying bombs, training, detonators and passive infrared

detonators that have been killing our soldiers in both countries. That seems to me to be very aggressive military action from a country that is complaining that it is the victim of military pressure from elsewhere. I do not think that we can say that we would not take any action if that kind of situation got any worse, and they are doing it now—they are helping to kill our soldiers now.

Q249 Mr. Moss: On a slightly different issue, the Prime Minister has told the House that he wants to end the power of the Executive to go to war. If there was to be any military action on Iran, such as the bombing of nuclear facilities, do you believe that the Prime Minister would put that to the House of Commons before action was taken or support was given?

Dr. Howells: That is a bit above my pay grade, Mr. Moss. I would assume that, given recent history, at the very least there would be very extensive debate before such a decision was made.

Q250 Richard Younger-Ross: Mr. Phillipson implied that Iran had a more liberal approach. I accept that most of us who visited it did find that it was slightly more open than we had anticipated—women do drive, women do have jobs—but in case anyone should get a wrong impression about Iran, we are fairly certain that they were jamming CNN and BBC TV programmes on nights when they might have contained something embarrassing. We are also fairly certain that our rooms were searched while we were there. The impression that most of us got was that it was more like an eastern bloc country post-1945 than some of the other impressions that people have had.

In the past when there has been military deployment, America has said to us that it wants to refuel, to use the bases in the UK or to use our overseas territories. It of course has a base in the Indian ocean. Would you make sure that you were aware of any weapons that the Americans decided to deploy prior to military action?

Dr. Howells: The Americans always inform us before any action is taken, when they know that it will impact on British law. That includes bases overseas, where we could be implicated in some action that some other country, including the United States, would take. We expect them to act like that, as good allies.

Q251 Richard Younger-Ross: If the Americans were deploying busting bombs to the Middle East, we would know that that was happening via the bases.

Dr. Howells: Yes, we would certainly expect to know that.

Q252 Sir John Stanley: Following your exchange with Malcolm Moss, does it remain the British Government's position that all options, including the military option, are open as far as Iran is concerned?

Dr. Howells: Hedged by the qualifications that I made to Mr. Moss in my answer to his question, we have no intention of taking military action against

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

Iran, but I have said that Iran is already taking military action against our soldiers in both Iraq and Afghanistan. That means that we have to be very vigilant about watching for arms convoys—for example, coming through Herat or via Baluchistan—that Iran may be sending to arm the Taliban. I cannot give you a guarantee that we would not take action against such convoys once they were in Afghan territory.

Q253 Mr. Keetch: I want to be specific. You are slightly raising the game on the issue of whether or not Iranian influence is specifically killing British soldiers. We were certainly told when we visited the United States that some of the revolutionary guard Quds forces have been directly implicated in the killing of US troops. Are you telling us this afternoon that we know that Iranian-produced weaponry or technology has been involved specifically in the killing of British soldiers in either Iraq or Afghanistan?

Dr. Howells: You will have to ask the Secretary of State for Defence for that precise answer. Having visited Basra many times and other parts of Iraq, and Helmand even before our troops got down there, I believe that they have been used to attack our troops, yes.

Q254 Ms Stuart: Can I press you a little further on that? Feel free to write back to us, but I learned from some of the conversations that I had recently that we have direct evidence that Iranian-produced weapons killed our soldiers. However, when we trace back to the kind of equipment that has been coming across, it would seem that that has not been the case during the past three months.

Dr. Howells: This is in Basra?

Ms Stuart: Yes, in both Basra and Iran. There is no doubt that the kind of weapons that we can trace back, due to their origin, had been coming out of Iran, but not recently.

Q255 Dr. Howells: I will ask the Ministry of Defence for some information about that. You are probably better off writing to it directly. I do not know about the past three months.

Chairman: No doubt you will write to us if you can get more information—as well as us writing to the MOD. It might be helpful if the Foreign Office requested the information, too. We might get better information that way.

Q256 Andrew Mackinlay: On that shopping list, there is evidence, is there not, that the end-user certificates of the European weapons being exported to Iran are not being honoured? If you are writing to the MOD, I understand that some Austrian Steyr infantry weapons were used against coalition forces in Iraq. Because of the numbers on them, it was transparent that, relatively recently, they had been exported from Austria—an EU country—to Iran. That was on the end-user certificate. That specific example or any other can be checked out because I understand that these things have transparency, to

some extent, because of the codes and so on. However, Austrian Steyr infantry weapons were apparently used, which had gone from their producers in Austria to Iran. That raises the question: why is the EU still exporting arms?

Dr. Howells: Mr. Mackinlay, it is a bit of a surprise to me, because one of the EU measures taken was to impose an arms embargo on Iran. That included technical assistance for goods covered by the arms embargo. We will certainly try to find out about that for you, but it is the first that I have heard about it. Paul, have you heard anything about this?

Paul Arkwright: We will find out about it.

Chairman: We will move on to some questions about the regions.

Dr. Howells: Sorry, Mr. Gapes. Antony tells me that those exports predated the arms embargo.

Q257 Andrew Mackinlay: When was the arms embargo? Approximately what sort of time scale are we talking about? It is still very worrying that we were giving them weapons. You obviously know a bit about it. What was the time scale of their dispatch from Austria to Iran and their appearance in Iraq?

Antony Phillipson: I think that we will have to write to you with the details. The arms embargo came in as part of the common position adopted at the end of April this year. The story to which I think you are referring—if it is the one that I remember reading about in the papers at the time—predated that. However, I also believe that we made our concerns known at the time.

Chairman: Perhaps if we could have a note, that would help us.

Q258 Mr. Pope: President Ahmadinejad is on the record as saying, in about 2005, that Israel should be wiped off the face of the earth. How seriously do the Government take that threat? One reason I ask is that when the Committee was in Iran, we were told by the Iranian Minister of Foreign Affairs that this was not a comment of aggressive intent; the President was merely referring to his preferred one-state solution for the Middle East.

Dr. Howells: I have heard lots of explanations of that statement of intent. The one that is used mostly is the parallel with the former Soviet Union. It has been pointed out to me that the Soviet Union does not appear on any contemporary maps any more and yet the country is still there. That is an interesting argument.

Q259 Mr. Pope: How much of a threat do you think a nuclear-armed Iran would pose to the region? There are some people—probably some on this Committee—who think that there are no circumstances in which we should contemplate action against Iran. I think that that is a complacent view. I am interested to know what sort of threat you think a nuclear-armed Iran would pose to the region and whether we should keep all options on the table. I think that it was John Bolton who said: “The only thing worse than bombing Iran is allowing Iran to get the bomb.” What is your view on that?

 28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

Dr. Howells: What sort of threat would they be? First, it would depend on when they got the bomb and what kind of Government were in power in Iran. Everyone was pretty terrified in 2002 when India and Pakistan were squaring up to each other. It was probably the most dangerous situation on the face of the earth. We do not know how many bombs Pakistan has, but it certainly has delivery systems and pretty powerful nuclear weapons. That situation is looking very unstable at the moment. This issue is one of the reasons why we worry a great deal about Pakistan.

Another country with a bomb in an area that is already unstable is bound to ratchet up the evident risks in that area. Would the Iranians want to use that bomb? I do not know. It is very difficult to say. One would hope that they would never want to use such a bomb, but that is a hell of a gamble to take. In the meantime, we have to persuade the Iranians that the better option is to not develop a nuclear bomb.

Q260 Mr. Pope: Israel probably has a nuclear weapon—the Israeli Prime Minister admitted as much about a year ago in an interview, and most observers believe that Israel is in possession of nuclear weapons. In the search for a diplomatic solution to Iran’s nuclear ambitions, is it possible that the Israeli weapon could be part of the bargaining process? Could there be a trade-off if, for example, Israel signed up to the NPT and became much more open and transparent about its own programme?

Dr. Howells: We have tried on every occasion to get Israel to sign up to the NPT and to do so as a non-nuclear state. We would like Israel to do that. We believe that the whole of that area should be free of weapons of mass destruction. I cannot see the Israelis doing it in the near future, but they must recognise that they have a responsibility too, as part of this great international bargain, to say, “Okay, if we can get some guarantees from countries like Iran, then we are prepared to throw this on to the negotiating table.”

Whenever I have spoken to Israelis they use the threat of an Iranian bomb as a very good reason for not giving up their bomb, and when one talks to Iranians they say exactly the same thing: “Well, why shouldn’t we have a bomb? Israel has got a bomb.” We press them whenever we can; it is an important issue. Israel should be part of the NPT.

We have difficulties enough with Pakistan and India and their nuclear weapons in terms of the international treaties. We are not getting very far persuading those two that they should take a more responsible position. The Americans have tried very hard recently with India and we are glad that some progress has been made, but we have a long way to go with both countries.

Q261 Chairman: What would be the implications of Arab countries in the region getting nuclear weapons if Iran got nuclear weapons?

Dr. Howells: I will ask Paul to say something about that because this is the world that he inhabits. It is clear to me from discussions that I have had with Ministers and observers from the Gulf region, most of which have been off the record, that there are at least a handful of countries there that are watching Iranian developments very carefully. They feel that if Iran is a year, two or three years away from developing a nuclear bomb, they will look at acquiring similar technology themselves. That is the most worrying thing of all; the issue is not just about an Iranian bomb but about three or four other countries in the area that could easily develop a bomb—well, perhaps not easily develop, but they could either buy one or the technology to develop one. They are not short of saying that; there are some countries there with some very bright people, including nuclear physicists.

Paul Arkwright: I would just add that one of our prime motivations in preventing Iran from acquiring a nuclear capability is the proliferation risk in the region. It is fair to say that it is no coincidence that a number of countries in the region are now expressing an interest in civil nuclear energy if they look at what is happening in Iran. Of course, provided that they abide by their obligations under the NPT, they are fully entitled to civil nuclear energy. That said, there is a clear proliferation risk if a country such as Iran develops the enrichment and reprocessing technology to enable it to reach a nuclear capability. The impact on the region does, therefore, concern us for proliferation reasons.

Q262 Sandra Osborne: Minister, may I ask you a question on human rights in Iran? The nuclear issue is obviously high on the agenda, as it was when the Committee visited Iran, but meanwhile the human rights situation is abysmal and deteriorating. Because we were able to go to Iran, we had the opportunity almost at first hand to hear of current human rights abuses. We also had the opportunity to ask questions at a very high level on issues such as women’s rights, homosexual rights, capital punishment, corporal punishment and the oppression of religious minorities. We had some very robust discussion about those issues. However, what is your view of the idea that because the nuclear issue is so high on the agenda, we have less ability to positively influence the abuse of human rights in Iran?

Dr. Howells: I certainly think that we try as hard as we have ever tried to get our views on human rights in Iran across. I recently demarched the Iranian ambassador, for example, over the reports that a man had been stoned to death for adultery in Iran. We did that partly to try to protect the poor woman who was allegedly the other party in this relationship, who had already been in jail for 11 years. They were going to stone her to death as well, and I think that the international community must maintain incredible vigilance. Their treatment of the Baha’is, for example, has been absolutely dreadful, and other religious minorities too. One wonders what national consciousness assumes that the world is not watching what is going on there. It is very

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

disturbing, and we know that the number of people executed, many of them publicly, and many of them very young—18 or 19-year-olds—is increasing this year. More people have been executed this year than last year, and more people were executed last year than in 2005. I think your description of it is quite right: it is a deteriorating situation, but we must keep plugging away at it and use every opportunity to raise these issues.

Q263 Sandra Osborne: But has the nuclear issue made it more difficult to do that, do you think that?

Dr. Howells: No, I have not found that it makes it more difficult. You have met very brave people who stand up for civil liberties and human rights and so on, and there are elements within the Iranian Administration that describe people who make a hue and cry about human rights internally as traitors and spies, and people who seek to undermine Iran's international standing in other ways. That is very regrettable.

Q264 Chairman: Can I ask you about the domestic situation in Iran? We were told that on the Queen's birthday a few months ago, a mob outside our embassy lobbed rocks over the wall, and there is a level of hostility to the UK that sometimes comes up the agenda. At the same time, our ambassador, Geoffrey Adams, and his colleagues are doing an excellent job, in my opinion, and are certainly trying to get contact with a wide diversity of Iranian society. Given what you have said about the remarks about traitors and the rest of it, how can we best help those modernisers, reformists, and people who are open to the world? Is there not a danger that by being associated with us, we might make their position more difficult, given that context?

Dr. Howells: The Queen's birthday event in Tehran is a very good example of that. I have heard stories that a lorry suddenly appeared on the scene with lots of rocks in the back, and that people were encouraged, after rent-a-mob arrived, to abuse the guests. Those people had been properly invited. There was no secrecy about it, so yes, I think that your point is a good one. It is a real indictment of a society that allows that to happen—a society that not just frowns on people talking to foreigners but actually punishes them for doing so. Was it Mr. Younger-Ross who said that it reminded of him of stories of the cold war—of countries in the Warsaw bloc that behaved in the same way? I do not think they ever stoned guests going into the Queen's party celebrations. They might have spied on them, but they never stoned them.

Q265 Chairman: I am conscious of time. We think there will be a vote in five minutes. If there is, will you be able to come back afterwards for a short period, as we will not get through all of our questions otherwise? Hopefully, there will only be one vote.

Dr. Howells: Yes.

Q266 Richard Younger-Ross: Just briefly, we were told that ladies turned up with stones in their handbags to throw over the wall at them.

Dr. Howells: To throw them back at the mob.

Q267 Richard Younger-Ross: We were also told—perhaps this has something to do with our diplomacy—that those stonings occurred at the British embassy. They do not currently occur at the French embassy, although that might change.

Dr. Howells: I cannot help you, but Mr. Phillipson might.

Antony Phillipson: The point that I will make refers back to Mr. Hamilton's earlier question and to Mr. Younger Ross's comment that I might have left an impression that it was an open society. I think I said "relatively open". I was clear that there was an extensive clampdown on political and social freedoms. The bottom line for us is that the Iranian regime—I shall distinguish between the Iranian regime and Iranian society on this point—continues to tell us that it wants an open and frank relationship based on mutual respect. We continue to point out that this is a case where their actions defy their words.

The Iranian embassy in the UK operates reasonably freely and their ambassador can call on the Minister, not only to demarche, but also to talk about other things. He can meet Cabinet Ministers and move around town freely. Our diplomats cannot do so. Their access is heavily restricted and mobs sit outside our embassy, which is not a coincidence. They do not do so simply because they choose to demonstrate against us. That is carefully controlled and calibrated and meant to send a message to us. The point that we have to keep making to them is that, if that is the message they want to send us, we will draw our own conclusions.

Q268 Mr. Keetch: This follows on from my earlier question, so as to get a grip on this. You are going to write to us about the Austrian deal. It would also be useful to have a note on suggestions in America that US troops have definitely been killed with Iranian weapons. The Committee would be very interested to know if that is the case with British troops in Afghanistan and Iraq. There was also a suggestion in September that we were moving troops up to the Iranian border to try to block the trafficking of weapons. Can you tell us about that operation? Is it still going on and has it been successful? As Ms Stuart said, we have heard some suggestion that the flow of weapons in recent months has declined.

Dr. Howells: I cannot help you about the movement of troops, because I do not know about that. On my last visit to Helmand I heard it described that we do not really know what is going on in Nimruz province, which is a vast province in the extreme south-west of Afghanistan, simply because we have no one there. It is a wild and woolly place. When I went to Pakistan, I went to Quetta and managed to get as far as the southern Afghan border—the border with Kandahar province. That has got to be one of the most porous borders in the world and is very difficult to police. By the way, I thought the Pakistanis were trying very hard to police it and were pretty well equipped. The great

problem was that there were no equipped border guards or police on the Afghan side of the border. It has a very poorly equipped force.

Therefore, there is no question that weapons can move easily around that area, and there is no shortage of them. The surprise for me is that the Iranian authorities would do deals with the Taliban. I am sure there is an element of believing that my enemy's enemy is my friend. However, one group are extreme Sunnis and the other are pretty fundamental Shi'as, and they see the military threat in Afghanistan as a threat to them, and so are prepared to sup with the devil in that instance.

Q269 Mr. Keetch: But what about the modern technology and enhanced projectiles? It is not just the Kalashnikovs that we all know are everywhere, but the more modern, armour-piercing technology that has been seen recently in Iraq and Afghanistan. The suggestion is that that is coming from Iran. It has certainly been suggested in the US that that is the case and they believe it has been directly involved in the killing of US troops. If that is directly involved in the killing of British troops, that is something that the whole country would be very keen to know about.

Dr. Howells: We will certainly send you what material we have got on that. As Antony has reminded me, we have occasionally raised that with Iran. We have handed over photographs of convoys that we intercepted coming across the border, and we can certainly send those photographs to the Committee.

Chairman: Can we move onto some questions about Afghanistan and drugs?

Q270 Mr. Illsley: President Karzai has said that the relationship between Iran and Afghanistan has never been as friendly as it is today. Do you agree with that?

Dr. Howells: Well, yes—

Mr. Illsley: It says here.

Dr. Howells: It says here.

The Iranians are a real enigma, in many ways. I went to a conference in Kabul. It was the regional economic co-operation conference, the first major international conference that the Afghans ever organised. The Iranians were among the sharpest contributors to that conference and had the best ideas. They have a real feel for Afghanistan, especially for the western provinces such as Herat. They know the area and are well aware of the great deficiencies in the Afghan infrastructure. They had good ideas about how they could contribute, along with the rest of the international community, to the reconstruction and rebuilding of Afghanistan. Therefore, I can see why President Karzai would say that.

The best way to characterise Iranian foreign policy is to say that they are playing all ends against the middle, because we know that they are funding the Northern Alliance, which has been reborn as the National Front. They also have links to the Taliban, so it is difficult to see how it is a simple relationship. It is anything but simple.

Chairman: Can I stop you there? We will adjourn, hopefully for only 15 minutes. If there are two Divisions, it will be 30 minutes. However, we shall come back and conclude our session.

Sitting suspended for a Division in the House.

On resuming—

Chairman: Minister, I thank you and your colleagues for coming back. Mr. Illsley was in the process of getting an answer to a question. Do you wish to add anything?

Q271 Mr. Illsley: Yes please.

Minister, you have used quite complimentary terms about Iran's knowledge of Afghanistan. Last year you said that Iran was very actively involved in the fight against drug trafficking. There are huge problems—I think that you said that 60% of the heroin that affects our country comes through Iran. How difficult is it to think about closer relationships with Iran in terms of drug trafficking under the shadow of the nuclear issue and, to some extent, the human rights issues? How difficult is it to get a closer relationship with Iran on those issues, and do we indeed want one, given the problems with Iran's human rights record about which we are lobbied daily?

Dr. Howells: Yes, I think that that relationship has become more difficult because of the generally frostier relationship on a more formal political level. We are still working with the Iranians on Afghanistan's western border, which is their eastern border. It is still one of the most dangerous places on the face of the earth. We know that Iran has lost a lot of frontier personnel there. As I tried to describe to the Committee, these are well-armed drugs convoys. They are clever at what they do, completely ruthless, and a key part of the route across western Europe.

There is another element to this in that they also have a big drug problem of their own. It depends on whose figures you look at, but certainly the United Nations Office for Drug Control and Crime Prevention thinks that there are about 3 million people there who are either addicted to, or regular users of, opiates, opium-based substances and heroin. That is a very serious problem, and we would like to work more closely with them on that. However, that is becoming more difficult, and in a way it becomes doubly difficult, because one understands how useful technology such as night-vision glasses would be to them. We could not possibly supply them with such things, given that they are dual-use materials that could be used for military purposes. It is a shame because that lower level of activity hurts their people and others.

Q272 Mr. Illsley: Just one final question. The last time I asked you this about 18 months ago, you would not justify it with a response, but there has been a press article in the last couple of months suggesting, yet again, that we ought to buy the crop in Afghanistan. Are the Government taking that any more seriously? Is there anything behind that story?

Dr. Howells: No. I have not detected anything to change our minds on that. The main proponent of that argument, the Senlis Council, has concentrated

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

much more—wisely, I think—on the general problem of corruption in Afghanistan. Drugs are only part of the reason why there is huge corruption. Institutionalised corruption is more corrosive than people realise and it is probably—certainly in some instances—the reason why ordinary people have no faith in some of their provincial governors. They recognise that these are corrupt individuals who are, ostensibly at least, part of the remit of the Kabul Government, and yet those people appear to be taking advantage of their position simply for their own ends. I welcome the new emphasis that the Senlis Council has taken on the matter. It is a wise move.

Q273 Sir John Stanley: When we were in Tehran we came in for some mild stick at three separate meetings about the failure of British counter-narcotics policy in Afghanistan, coupled with the sad, explosive increase in the poppy crop since our invasion—it may not have been entirely coincidental that that happened on three separate occasions.

When we came to the meeting with the gentleman who was described as the “acting head of drugs HQ”—Dr. Jahani—he made what appeared to be a constructive proposal that this was an area in which there could be sensible bilateral co-operation between Britain and Iran. In particular it was about us helping them with the requisite equipment which they need to try to interdict heroin coming through their country which, as you rightly pointed out, is the main transit route into Europe and the UK. They referred to radar and scanning equipment. I entirely take your point about the problems of dual-use equipment, but is this an area in which you think that, within the existing sanctions regime, it is possible to establish a genuine, bilateral, constructive and productive co-operation between Britain and Iran to try to do some serious interdiction of the heroin that goes through Iran, and probably ends up in our own country?

Dr. Howells: Yes, I do. I think that it is somewhere where we can work very closely together, and I hope that we will. Since 2004, we have provided £1 million in assistance to help Iran to build its counter-narcotics capacity and we have played a pretty active role in co-ordinating regional co-operation, because it is not just us, of course—other countries in that area have also been very concerned about it. The vast majority of the funding has been channelled through the UN ODCCP and it has been used mainly to fund border control projects and to increase investigative capacity, but you are quite right that we now have a lot of experience in interdiction and we have been quite successful in some of our border control projects, where we have managed to arrest people. The great problem is, what happens to those people who have been arrested? If the judicial system is not up to it in a particular country, or if there is corruption—there is certainly a lot of corruption in Iran, especially on the wild eastern borders—very often people’s freedom is bought and they are released from prison and so on, and they just go back on to the drugs trail.

There is a huge amount that we could be doing with the Iranians, and we want to work with them on this. Dr. Jahani might have spoken about some of the X-ray machines, for example those that can look at containers in the backs of lorries and give at least some idea about what is in there. I am sure that we would really like to share that technology with everyone to help them, because in the end it is helping ourselves. This stuff is coming on to the streets of Britain and the rest of Europe in the same way as it is getting on to the streets in Tehran. It is one of those times when we think that it is worth really working at this bilateral relationship that we have got with the Iranians. We think that between us we could be doing very valuable work, so I am glad to hear that Dr. Jahani has said that to you because it gives us a bit of hope that it could be one of those avenues that we could open up as a confidence-building measure between our two countries.

Q274 Sir John Stanley: Could you possibly follow that up with a note to the Committee on the specific items of equipment that they are seeking from us, and whether any or all of those items of equipment can be supplied by us within the existing sanctions regime?

Dr. Howells: I will certainly try to find out for you. The other big question is cost, of course. We work with some countries who pay for this stuff as well; we have got expertise and we are good manufacturers of that equipment. I do not know what the costs of such a project would be, let us say at the main crossing points between Afghanistan and Iran, and, by the way, between Iran and countries to its north-west. The other thing to say is that I am not sure that anyone knows what the drugs situation was like in Afghanistan before our soldiers got down there. When I went to Lashkar Gar, which is now a huge military base but was then a little sort of Beau Geste fort down in Helmand province, and I spoke to Colonel Hogberg, who commanded 100 marines who were holding that fort, it was quite obvious to me within five minutes that that was what they were doing—they were holding the fort. I do not think that they knew what was going on in Helmand province and I do not think that anybody else knew. I doubt whether anybody knew about the drug production down there either. So I simply do not believe these stories that somehow it is vastly different now from how it was in the past. Probably the difference is that there is a lot of income down there for the narco-traffickers, and that they know that the security situation is so bad that they are prepared to take advantage of that and plant very large fields full of opium poppy. I have seen them myself and flown over them in helicopters. There are no houses anywhere near them, and land that is actually owned by the Government is being exploited by these big shots in Helmand province. If there is a difference in the situation, that is what the difference is. I think that they are very clever people, and if they know that there is better governance in the northern provinces of Afghanistan, they will move their production somewhere else. I have no doubt that if we draw them out of Helmand, they

28 November 2007 Dr Kim Howells MP, Antony Phillipson and Paul Arkwright

would move it into Uzbekistan or into Pakistan again. These are absolutely ruthless and very clever businessmen.

Q275 Chairman: We have one more area that we would like to touch on before we finish.

When we went to Iran, we were struck by the number of times that the Iranians raised the issue of what they called the MKO terrorist organisation to an extent level that almost became an obsession. It was on their programme, they wanted us to talk about it and they raised it in lots of contexts. I would be interested to hear your assessment of that. Why is it so important to the Iranians? The MKO is on our Government's list of proscribed terrorist organisations, as well as those of some others. Are there any circumstances or conditions under which it could be removed from that list?

Dr. Howells: I must be very careful in what I say.

Q276 Chairman: We have taken legal advice, which is why I can ask the question.

Dr. Howells: Let me be very careful. The judgment in the appeal by supporters of the MEK against the decision not to de-proscribe the MEK will be handed down on 30 November. It would be a contempt of court to comment on the judgment before it is public. However, we will study it closely and consider the implications for the MEK's proscription and EU listing. As proscription or de-proscription will depend upon that judgment, we

will be able to take a view when that has been published on 30 November. I cannot say anything beyond that I am afraid.

Q277 Chairman: The sub judice rule does not apply to proceedings on this matter in the House. We have taken advice on that. Reference to the issues or the case may be made by us, which is why we are asking questions about it. Is there anything that you would like to say on the wider issue, if not specifically on the judgment?

Dr. Howells: No. I cannot say that I have ever spoken to the Iranians about the MEK—alias PMOI, or any other name. It is an organisation that I know very little about, except when my friend Mr. Mackinlay informed me many years ago that it was holed up in a place called Camp Ashraf in Iraq.

Q278 Chairman: We met a number of individuals who claimed to have been in Camp Ashraf before returning to Iran, so we heard one side of that issue. Clearly there is another side of it that other people, including some who have sent us written memorandums, will give us information on for our inquiry.

Dr. Howells: The decision is going to be made public very soon—Friday, I think.

Q279 Chairman: After the decision, if you could send us some further considered response in writing, that would be helpful.

Dr. Howells: I think that you need to speak to the Home Secretary. I think it will be her baby then.

Chairman: Perhaps you can draw it to her attention. Thank you Dr. Howells, Mr. Phillipson and Mr. Arkwright. That concludes our sitting.

**Letter to the Chairman of the Committee from Dr Kim Howells MP,
Minister of State, Foreign and Commonwealth Office**

Following my appearance before the Committee last week I will be writing to you on a range of issues on which you sought further details. We are aiming to provide that information before the House rises for recess.

I wanted, though, to write to you now regarding this week's publication of a new US National Intelligence Estimate (NIE) on Iran's nuclear programme. One of the judgements it makes, with "high confidence", is that Iran had a nuclear weapons programme prior to 2003 but that it halted this programme at that time. The NIE also assesses with "high confidence" that the halt lasted several years, and with "moderate confidence" (ie a lower degree of certainty), that it had not been restarted as of mid-2007. Two of the US agencies involved in the report—the National Intelligence Council and the Department of Energy—have less confidence that any halt covered Iran's entire nuclear weapons programme.

This has led some to argue that the US is downgrading its assessment of the threat posed by Iran's nuclear programme and that we should do the same. Because we spent some time when I gave evidence on the question of why we believed that Iran's nuclear activities were a cause for serious concern, I thought it would be helpful for the Committee to be very clear that our policy on this matter has not changed.

I do not wish to comment on whether we agree or disagree with the specific assessment made in the NIE, as we do not comment on intelligence matters in this way. What I would stress is that, as I made clear in my answers last week, the basis of our concerns about Iran's behaviour stems from their pursuit of a uranium enrichment programme that has, as far as we can see, no civilian application, but which could produce fissile material for a nuclear weapon, and from our lack of clarity about the strategic intent that lies behind that programme. Those concerns would, if anything, be heightened by confirmation that Iran did at some point have a nuclear weapons programme.

It is the fundamental lack of trust in Iran's intentions and activities that has led to the IAEA and the UN Security Council demands that Iran suspends its enrichment programme, and why, if Iran continues to defy the international community by ignoring those demands, we shall press for further UN and EU sanctions.

In this respect, it is worth underlining the NIE's statement that "We do not have sufficient intelligence to judge confidently whether Tehran is willing to maintain the halt of its nuclear weapons programme indefinitely".

I hope this is helpful for the Committee in your ongoing deliberations on this important issue.

7 December 2007

**Further letter to the Chairman of the Committee from Dr Kim Howells MP,
Minister of State, Foreign and Commonwealth Office**

IRAN: GLOBAL SECURITY

I am writing to follow up some of the questions which were raised during my evidence session on the Global Security: Iran inquiry on 28 November.

Iranian weapons

The Committee asked about the Government's view as to whether Iranian equipment is being used against British troops in Iraq and Afghanistan.

There is considerable evidence to suggest that a significant proportion of the equipment being used by insurgents against UK forces in Iraq is of Iranian origin, or at least has been transited through Iran. Further analysis is ongoing to determine more categorically the origin of some specific equipment. We are unable to accurately determine trend data to assess whether there has been a substantial decrease in the transiting of equipment of Iranian origin in the last three months. However, there has been a substantial overall reduction in the number of attacks on UK Forces in Iraq during this period.

In Afghanistan, we are concerned that elements of the Iranian regime are involved in supplying arms and funds to the Taliban, which could be used against NATO troops. This view was confirmed by an operation on 6 September involving ISAF troops which interdicted a number of EFP components. As part of the operation, ISAF observed the convoy cross the border from eastern Iran into Farah province, where it was intercepted. Any Iranian links to illegal armed groups either through supply of munitions, training or funding are completely unacceptable.

Paul Keetch also asked about mobilisation of troops to the Iran-Iraq border. There has been no such mobilisation. UK forces are based at the Contingency Operating Base on the outskirts of Basra and mount operations from there in support of the Iraqi Security Forces throughout their area of responsibility. These operations primarily involve mentoring, monitoring and training the Iraqi Army, the Iraqi Police Service and the Iraqi Department of Border Enforcement, the latter of which has ultimate responsibility for all Iraqi border issues (including policing the border with Iran). Iraq has a substantial border of over 900 miles with Iran, across which there is a considerable amount of both legal and illegal trade. We are committed to supporting the Department for Border Enforcement in fulfilling their role in combating illegal activity.

Austrian rifles

Andrew Mackinlay asked about the sale of Austrian Steyr rifles to the Iranians, and of their supposed diversion to insurgents in Iraq. As we understand them, the facts are as follows. Austria was originally approached by the Iranian authorities about possible purchase of Steyr sniper rifles in October 2003. The end-user certificate stated that they were to be used by the Iranian border police as part of counter-narcotics operations on the border with Afghanistan. The licence allowing the transfer was issued by the Austrian authorities in November 2004, and part of the total order, a shipment of 800 rifles, was made. When, in February 2005, it became known that the Austrians had licenced this transaction and the first shipment had taken place, both the British and US Embassies in Vienna demarched the Austrian authorities, highlighting in particular the risk of diversion. In response to the demarches, the Austrians halted all further shipments of the order. In the following September, the Austrian authorities revoked the licence completely. All these events took place before the imposition of the EU Arms embargo against Iran.

On the separate question of diversion, in February 2007 it was reported in the Daily Telegraph that US forces in Baghdad, in the course of an operation against insurgents had found a large consignment (up to 100) of the Steyr-Mannlicher rifles which had been originally shipped to Iran. This story was widely reported. However, on 29 March (six weeks after the initial allegations had been made), a senior US Military spokesman confirmed publicly that the story was in fact not correct, and that the US Army had not seized any of the Austrian consignment which had been shipped to Iran. We remain deeply concerned by the possibility of diversions such as those alleged, but in this particular case the story seems to have been untrue.

Counter-narcotics

Sir John Stanley asked about our counter-narcotics policy in Afghanistan and the possibility of bilateral co-operation between Britain and Iran. Specifically, he asked about whether we could provide Iran with equipment to help interdict heroin shipments.

As I mentioned during the evidence session, since 2004 we have provided £1 million to help Iran to build its counter-narcotics capacity, bilaterally and through support to the UN Office on Drugs and Crime's Iran programme. This assistance has been primarily training based, but has included the supply of mobile detection units and IT equipment. Iran has, from time to time, requested additional equipment including: heat cameras; electronic surveillance radars; CCTV cameras; gyroplane and gyrocopter; light armoured vehicle; number plate reading system; GIS, GPS, GSM systems; DVR recording and photographing system; walkie-talkies; eavesdropping transmitters and receivers; technical information vehicle. While we continue to support Iran's counter-narcotics work, our preliminary assessment has been that much of this equipment has dual-use potential, and is likely to be subject to the EU arms embargo. Instead, we are working hard to stimulate practical discussions on joint counter-narcotics efforts and to revive regional trilateral and quadripartite talks with Afghanistan and Pakistan on the subject.

In recent months we have been denied access at senior level to discuss counter-narcotics issues. But the Iranians have recently told us that there should be no bar to resuming co-operation on Afghan counter-narcotics, and that Iran is ready to participate. Iran now needs to demonstrate its commitment to engage in such talks, where all ideas on future co-operation and associated equipment requirements can be considered fully.

Mujahedin-e-Khalq (MeK)

At the end of the session you asked about the Mojahedin e Khalq (MeK, also known as the PMOI or MKO) As the judgment in the appeal to the Proscribed Organisations Appeal Commission (POAC) was due to be handed down later that week, you requested that I send a response to your question in writing once the judgment is in the public domain. I am now writing to answer your initial question and set out a little on the implications of the judgment.

You mentioned that the MeK was discussed during many of your meetings in Iran, and asked why the issue is of such significance. During the 1980s and 1990s the MeK carried out a range of serious violent attacks on the Iranian authorities, in Iran and elsewhere. In 1992, the MeK carried out attacks on Iranian embassies in thirteen countries, and between 1998 and 2001 the MeK carried out a number of attacks in Iran which resulted in civilian as well as military casualties. Memories of these attacks, and of the MeK's support for Iraq during the long and bitter Iran/Iraq war, are still vivid in Iranian minds.

As you know, the then Home Secretary proscribed the organisation in 2001. Supporters of the MeK have opposed the organisation's proscription and have regularly called for it to be deproscribed. As part of this process, last year a group of MPs and Peers took a case on behalf of the MeK to the Proscribed Organisations Appeals Commission. The POAC judgment, made public on 30 November, allowed the appeal and instructed the Home Secretary to lay an order before Parliament removing the MeK from the list of proscribed organisations.

As Tony McNulty has made clear, we are disappointed at the judgment. We believe that our approach to the MeK, which took a cautious view of the request for deproscription, was correct. We note that the judgment agreed that it was a reasonable decision to proscribe the MeK in 2001, and concluded that many of the MeK's public statements contain "spin" which justified a cautious approach to the material. POAC also concluded that there was no evidence for the allegation put forward by the appellants that there had been a deal with Iran to proscribe the MeK, or for the "exceptionally serious" allegation that the US and UK had agreed to bomb the MeK in Iraq in 2003. We welcome these findings.

The Home Secretary intends to seek permission to appeal. While the appeal process is ongoing no action will be taken to remove the MeK from the list of proscribed organisations (in accordance with the terms of the Terrorism Act 2000).

I will arrange to place a copy of this letter in the Library of the House.

13 December 2007

Written evidence

Written evidence submitted by Human Rights Watch

Human Rights Watch thanks the Foreign Affairs Committee for the opportunity to submit comment towards the ongoing inquiry, titled “Global Security: Iran”.

ESSENTIAL BACKGROUND: OVERVIEW OF HUMAN RIGHTS ISSUES IN IRAN;
HUMAN RIGHTS WATCH WORLD REPORT CHAPTER 2007

Events of 2006

Respect for basic human rights in Iran, especially freedom of expression and assembly, deteriorated in 2006. The government routinely tortures and mistreats detained dissidents, including through prolonged solitary confinement. The Judiciary, which is accountable to Supreme Leader Ali Khamenei, is responsible for many serious human rights violations.

President Mahmoud Ahmadinejad’s cabinet is dominated by former intelligence and security officials, some of whom have been implicated in serious human rights violations, such as the assassination of dissident intellectuals. Under his administration, the Ministry of Information, which essentially performs intelligence functions, has substantially increased its surveillance of dissidents, civil society activists, and journalists.

Freedom of Expression

Iranian authorities systematically suppress freedom of expression and opinion by closing newspapers and imprisoning journalists and editors. The few independent dailies that remain heavily self-censor. Many writers and intellectuals have left the country, are in prison, or have ceased to be critical. In September 2006 the Ministry of Culture and Guidance closed the reformist daily, Shargh, and shut down two reformist journals, Nameh and Hafez. In October the Ministry shut down a new reformist daily, Roozgar, only three days after it started publication. During the year the Ministry of Information summoned and interrogated dozens of journalists critical of the government.

In 2006 the authorities also targeted websites and internet journalists in an effort to prevent online dissemination of news and information. The government systematically blocks websites inside Iran and abroad that carry political news and analysis. In September 2006 Esmail Radkani, director-general of the government-controlled Information Technology Company, announced that his company is blocking access to 10 million “unauthorized” websites on orders from the Judiciary and other authorities

Freedom of Assembly

The Ahmadinejad government, in a pronounced shift from the policy under former president Mohammed Khatami, has shown no tolerance for peaceful protests and gatherings. In January 2006 security forces attacked striking bus drivers in Tehran and detained hundreds. The government refused to recognize the drivers’ independent union or engage in collective bargaining with them. In February government forces attacked a peaceful gathering of Sufi devotees in front of their religious building in Qum to prevent its destruction by the authorities, using tear gas and water cannons to disperse them. In March police and plainclothes agents charged a peaceful assembly of women’s rights activists in Tehran and beat hundreds of women and men who had gathered to commemorate International Women’s Day. In June as women’s rights defenders assembled again in Tehran, security forces beat them with batons, sprayed them with pepper gas, marked the demonstrators with sprayed dye, and took 70 people into custody.

Torture and Ill-Treatment in Detention

Since President Ahmadinejad came to power, treatment of detainees has worsened in Evin prison as well as in detention centers operated clandestinely by the Judiciary, the Ministry of Information, and the Islamic Revolutionary Guard Corps. The authorities have subjected those imprisoned for peaceful expression of political views to torture and ill-treatment, including beatings, sleep deprivation, and mock executions. Judges often accept coerced confessions. The authorities use prolonged solitary confinement, often in small basement cells, to coerce confessions (which are videotaped) and gain information regarding associates.

In 2006 two prisoners held for their political beliefs, Akbar Mohammadi and Valiollah Feyz Mahdavi, died in suspicious circumstances in prison. The authorities prevented their families from conducting independent autopsies. The government has taken no action to investigate the cause of the deaths.

Impunity

There is no mechanism for monitoring and investigating human rights violations perpetrated by agents of the government. The closure of independent media in Iran has helped to perpetuate an atmosphere of impunity.

In recent years public testimonies by numerous former prisoners and detainees have implicated Tehran's public prosecutor Saeed Mortazavi and his office in some of the worst cases of human rights violations. Despite extensive evidence, Mortazavi has not been held responsible for his role in illegal detentions, torture of detainees, and coercing false confessions. The case of Iranian-Canadian photojournalist Zahra Kazemi, who died in the custody of judiciary and security agents led by Mortazavi in June 2003, remains unresolved. Mustapha Pour-Mohammadi, the current interior minister, is implicated in extrajudicial massacres of thousands of political prisoners in 1988.

Human Rights Defenders

In 2006 the authorities intensified their harassment of independent human rights defenders and lawyers in an attempt to prevent them from publicizing and pursuing human rights violations. In August the Interior Ministry declared illegal the Center for Defense of Human Rights, led by Shirin Ebadi, the 2003 Nobel Peace Prize winner. Ebadi and her colleagues provide pro-bono legal counsel to hundreds of dissidents, journalists, and students facing prosecution for exercising fundamental freedoms, such as peacefully protesting or criticizing government policies. The authorities threatened Ebadi and her colleagues with arrest should they continue their activities in defense of human rights. Following international protests, the government has not carried out its threat, but Ebadi and her colleagues remain vulnerable.

In June 2006 government agents arrested Ali Akbar Mousavi Khoini, a former member of parliament and outspoken critic of the government's human rights record. The authorities held him in solitary confinement without access to his lawyers for more than four months. The Judiciary released him on 21 October, only after he posted \$300,000 bail. During a brief release to attend his father's funeral in September, he publicly alleged that he was being tortured and forced to "repent" for his activities.

Juvenile Death Penalty

Iran has executed at least 13 juvenile offenders in the last five years, more than any other nation. On 11 May 2006, Iran executed Majid Segound and Masoud Naghi Biranvand, both 17 years old at the time of execution. Two youths scheduled to be executed on 20 September 2006, for murders committed while under 18 had their executions suspended when the victims' families agreed to accept blood money in lieu of execution. About 30 juvenile offenders are on death row.

Minorities

Iran's ethnic and religious minorities are subject to discrimination and, in some cases, persecution. In May Iranian Azeris in the northwestern provinces of East and West Azerbaijan and Ardebil demonstrated against government restrictions on Azeri language and cultural and political activities. Security services forcibly disrupted public protests that engulfed the region. In some protests demonstrators attacked government offices. Four people died in clashes in the city of Naghadeh on 25 May.

In the southwestern province of Khuzistan, unrest among Iran's Arab population intensified in 2006. Revolutionary Courts, following secret proceedings that did not meet international fair trial standards, condemned at least 16 Iranians of Arab origin to death on charges of armed activity against the state.

The government continues to deny Iran's Baha'i community permission to publicly worship or pursue religious activities. In a letter dated 29 October 2005, Supreme Leader Ayatollah Ali Khamenei instructed several government organs, including the Ministry of Information and the armed forces, "to acquire a comprehensive and complete report of all the activities of Baha'is for the purpose of identifying all the individuals of these misguided sects." In May the authorities arrested 54 Baha'i youth who were teaching English, math, and other non-religious subjects to underprivileged children in the southern city of Shiraz. None of the Baha'i youth were charged with a crime. All but three were released after a week of detention and the remaining three were released on 14 June 2006.

Key International Actors

In 2006 negotiations over Iran's nuclear program dominated the policy of the European Union towards Iran, with human rights concerns a secondary matter. The EU pledged to tie Iranian respect for human rights to progress in co-operation on other issues, but the pledge had little impact. Iran refused to resume its "human rights dialogue" with the EU that it had suspended in 2005, despite the EU's repeated calls to do so.

The United Nations General Assembly adopted a resolution in November 2005 noting serious violations and the worsening human rights situation in Iran. Under a standing invitation that Tehran issued in 2002 to the thematic mechanisms of the UN Commission on Human Rights, the special rapporteur on violence against women, Yakin Ertrk, visited Iran in February 2005. In a January 2006 report she highlighted “discriminatory provisions in both the Civil and Penal Codes, and flaws in the administration of justice,” resulting in disempowerment of women. The special rapporteur on adequate housing, Miloon Kothari, visited Iran in August 2005 and issued a report in March 2006. In his March 2006 report he raised several concerns about discrimination against ethnic and religious minorities and nomadic groups, among other things.

Iran has not responded to requests by the UN special rapporteurs on extrajudicial executions and torture, made in 2004 and 2005 respectively, to visit the country.

The Bush Administration remains divided on its Iran policy, and relations between the United States and Iran remain poor. The State Department frequently invoked Iran’s human rights record as a matter of concern. In February the State Department budgeted US\$75 million “to support democracy promotion activities in Iran,” but a vast majority of Iranian dissidents, human rights defenders, and civil society activists inside Iran publicly dissociated themselves from the initiative, making clear they do not seek any financial help from the American government. The administration did not utilize multilateral international institutions to address human rights violations in Iran, in contrast to its vigorous efforts to build international coalitions in response to Iran’s alleged drive to acquire nuclear weapons and its support for Hezbollah in Lebanon and armed groups in the Occupied Palestinian Territories.

ESSENTIAL BACKGROUND: OVERVIEW OF HUMAN RIGHTS ISSUES IN IRAN;
UPDATE TO HUMAN RIGHTS WATCH WORLD REPORT CHAPTER 2007

Events of 2007

The first five months of 2007 witnessed a startling number of crackdowns on civil society leaders and independent activists. Iranian authorities have systematically targeted student leaders, journalists, women’s movement campaigners, teachers, labor union activists, and scholars. The government routinely detains individuals without warrant or charge, and uses prolonged periods of interrogation and detention as a means of extracting forced confessions. In recent weeks, the Iranian authorities have extended their campaigns to target Iranian women for failing to meet the “proper” standards of Islamic dress codes and have carried out raids on private homes in a number of cities to disrupt “immoral” gatherings.

The following examples further highlight the deteriorating situation of human rights in Iran. On a number of occasions in January of 2007, Iranian authorities confiscated the passports of journalists, scholars, and women’s rights activists as they prepared to leave for international conferences. Such travel bans are a part of the government’s attempts to isolate activists from international civil society and further narrow the space of free expression and exchange. March 2007 was a particularly difficult month for women’s rights activists. On 4 March, Iranian security forces arrested thirty-four prominent women’s rights activists who were holding a silent protest in front of a court where four of their colleagues were being tried in relation to a peaceful gathering in June 2006. While all of the women were eventually released on heavy bail, the Iranian judiciary has pending prosecution against them. March 2007 was also the beginning of a difficult period for Iranian teachers. On 3 March in Tehran, teachers began a peaceful gathering in front of the Iranian parliament to protest governmental neglect of their situation. Teachers in a number of other major Iranian cities held simultaneous demonstrations in solidarity. Iranian authorities have responded to these gatherings by arresting teachers and banning professional teachers’ organizations in at least one city. Finally, Iranian authorities have singled out a number of students as part of a broader campaign to silence independent activism on college campuses.

The worldwide focus on the Iran nuclear issue has resulted in Iran’s rapidly deteriorating human rights situation being ignored. This has encouraged governmental authorities into thinking that their intensifying crackdowns on various sectors of Iranian society will go largely unnoticed. International institutions and organizations, including the media, should give greater attention to the widespread violations of basic human rights in Iran. The Iranian government has used perceived threats of military action against the country as a “national security” cover for continuing its repressive campaigns.

We thank the committee for their interest in these important issues.

Tom Porteous
London director, Human Rights Watch

16 May 2007

Written evidence submitted by the National Council of Resistance of Iran, UK Representative Office

INTRODUCTION

The aim of this memorandum is to deal briefly with the main issues to be addressed by the Foreign Affairs Committee in its inquiry into “Global Security: Iran”, while proffering a policy solution for dealing with the threats to regional and global security posed by the theocratic regime in Iran.

THE IRANIAN REGIME

Islamic Fundamentalist Ideology

In order to properly understand the Iranian regime’s actions and policies at home and abroad, one must understand the ideology, which drives those policies. Although the roots of Islamic fundamentalism go back to the first centuries of Islam, Islamic fundamentalism in its current context, theory, and power emerged after Ayatollah Khomeini came to power in Iran in 1979. Khomeini’s regime transformed the idea of creating a global Islamic rule from an unachievable ideal to an achievable goal and gave Islamic fundamentalist groups global backing.

Khomeini institutionalised the “export of revolution” and creation of a global Islamic rule, as a specific goal and programme within various parts of his constitution. The foreword of the regime’s constitution reads:

“Given the context of Iran’s Islamic Revolution, which was a movement for the victory of all the oppressed over the oppressors, it provides the ground for continuation of the revolution inside and outside the country, specifically in spreading international links to other Islamic and people’s movements, tries to pave the way for the creation of unique global ummah so the continuation of the struggle for the salvation of deprived and suffering nations can be settled.”

A further section in the constitution entitled, “The Form of Government in Islam“, reads:

“With due attention to the Islamic content of the Iranian Revolution, the Constitution provides the necessary basis for ensuring the continuation of the Revolution at home and abroad. In particular, in the development of international relations, the Constitution will strive with other Islamic and popular movements to prepare the way for the formation of a single world community (in accordance with the Koranic verse ‘This your community is a single community, and I am your Lord, so worship Me’ [21:92]), and to assure the continuation of the struggle for the liberation of all deprived and oppressed peoples of the world.”

Another part of the foreword, under the heading “Ideological Army” reads:

“The Army of the Islamic Republic and the Revolutionary Guards Corps. . . carry not only the duty of protecting the borders but also ideological duty, ie, Jihad for God and struggle to spread the rule of God’s law in the world.”

These paragraphs from the Iranian regime’s constitution illustrate the expansionist ideology, which lies at the core of the regime. However, nowhere is the expansionist nature of this ideology clearer than in Ayatollah Khomeini’s motto of “conquering Qods (Jerusalem) via Karbala”.

Iran was home to the first Islamic fundamentalist regime in the world and the mullahs use the powers, resources and facilities of a state to achieve their regional and global expansionist ambitions. To this end, Tehran continues to act as the heartland of the extremist Islamic fundamentalist movement around the world.

Recent years have seen resurgence in the regime’s fundamentalist ideology. This is especially so since the regime’s Supreme Leader, Ali Khamenei, assisted by the Islamic Revolutionary Guards Corps (IRGC), cemented his control over every lever of power in Iran. This process was completed when the IRGC took steps to guarantee an unexpected Ahmadinejad victory in Iran’s neither free nor fair June 2005 Presidential elections. After his “election”, Ahmadinejad proclaimed:

“Thanks to the blood of the martyrs, a new Islamic revolution has arisen and the Islamic revolution of 1384 will, God willing, cut off the roots of injustice in the world . . . The wave of the Islamic revolution will soon reach the entire world.”¹

¹ “President invokes new Islamic wave”, Times Online, 30 June 2005, http://www.timesonline.co.uk/tol/news/world/middle_east/article538795.ece

He had made similar statements earlier in the year. In January 2005, he said:

“Today our nation’s duty and prophetic mission is to prepare for the formation of the universal rule which can be accomplished by development of this land [Iran].”²

Moreover, speaking to Hamas leaders in Damascus in January 2006, Ahmadinejad said that the Middle East conflict had become “the locus of the final war” between Muslims and the west³.

Terrorism

Terrorism has been the main instrument of the Iranian regime in pursuit of its expansionist ideology. Islamic fundamentalism inspired terrorism now poses the greatest threat to peace and stability around the world.

The Iranian regime has for long used terrorism as a policy instrument to deal with challenges to its survival at home and abroad. At home, the regime uses terrorism to confront the rising discontent of the Iranian people, while boosting the morale of its oppressive forces, in particular the IRGC. Abroad, the regime uses terrorism to blackmail and gain concessions from western countries. Some of the earliest examples of this were in the early 1980s when the regime manufactured the hostage crisis in Lebanon. In exchange for the release of western hostages, the regime secured concessions from governments such as those of the United States and France.

It is widely acknowledged within the international community that the Iranian regime is the most active state sponsor of terrorism. In London on 23 March 2006, Prime Minister Blair described the Iranian regime as having a terrorist “ideology” at its heart. He stated:

“The conventional view is that, for example, Iran is hostile to al-Qaeda and therefore would never support its activities. But as we know from our own history of conflict, under the pressure of battle, alliances shift and change. Fundamentally, for this ideology, we are the enemy . . . The different aspects of this terrorism are linked. The struggle against terrorism in Madrid or London or Paris is the same as the struggle against the terrorist acts of Hezbollah in Lebanon or the PIJ in Palestine or rejectionist groups in Iraq. The murder of the innocent in Beslan is part of the same ideology that takes innocent lives in Saudi Arabia, the Yemen or Libya . . . And when Iran gives support to such terrorism, it becomes part of the same battle with the same ideology at its heart . . . Why is it so important to the forces of reaction and violence to halt Iraq in its democratic tracks and tip it into sectarian war? Why does Iran meddle so furiously in the stability of Iraq? The answer is that the reactionary elements know the importance of victory or defeat in Iraq”.

For many years, the Iranian Resistance had warned of the dangers and threats posed by Islamic fundamentalism. In the early 1990s, Mrs Maryam Rajavi, President-elect of the National Council of Resistance of Iran (NCRI), warned that in the aftermath of the collapse of the Soviet Union, Islamic fundamentalism would become a global phenomenon and would resort increasingly to terrorism as Iran’s mullahs attempt to export their “Islamic revolution” to other Muslim countries.⁴

Iran’s terrorist campaigns have known no geographical boundaries and have resulted in thousands of deaths. Whether assassinating Iranian dissidents in the heart of Europe or carrying out terrorist bombings across the world, each terrorist operation starts in Tehran where the regime’s most senior leaders choose their targets and develop their operations. Based on arrest warrants and investigations conducted by European security services into assassinations of Iranian dissidents in Europe, it is clear that the highest ranks of the Iranian regime are involved in each terrorist operation. This includes the Supreme Leader, the President, the Foreign Ministry, the Ministry of Intelligence & Security (MOIS) and the Qods force of the IRGC.

Iran’s Foreign Ministry uses Iran’s diplomatic privilege to move Iranian agents into the countries where terrorist attacks are planned and to coordinate operations out of Iran’s embassies. MOIS uses its agents for intelligence gathering.

According to an April 2006 international arrest warrant issued by a Swiss judge, Ali Fallahian, who currently serves as a security advisor to Iran’s Supreme Leader, masterminded the assassination of Professor Kazem Rajavi, the NCRI’s representative in Switzerland, on 24 April 1990⁵. Fallahian was Iran’s Minister of Intelligence & Security at the time of the assassination.

In the spring of 1997, a Berlin Court ruled that the regime’s top leaders, including the Supreme Leader, were part of a “special operations committee” that ordered the murder of four Iranian Kurds in Germany in 1992.

² “Iran can be a powerful and idol country in the world”, Kayhan news, 23 January 2005

³ “Final war” between Muslims, West- Ahmadinejad, Aljazeera.com, 21 January 2006 (http://www.aljazeera.com/me.asp?service_ID=10517)

⁴ “Islamic Fundamentalism: The New Global Threat”, Mohammad Mohaddessin, Seven Locks Press, 1993

⁵ “Mandat d’Arret International” No. A/289/90, issued by Jacques Antenen, Juge d’instruction du Canton de Vaud, 20 March 2006.

Suicide attacks incited by Islamic fundamentalist ideology are a hallmark of Iran's terrorism. Two of the earliest and largest ever suicide bomb attacks carried out by agents of the Iranian regime were on the US Embassy and then the US Marine Headquarters in the Lebanon in 1983, which killed 258 Americans, including 241 US marines. In July 1987 the regime's Ressalat newspaper reported the then minister of the IRGC as stating in respect of these attacks:

"In the victory of the revolution in Lebanon and many other places around the world, the United States has felt our power on its ugly body and knows that both the TNT and the ideology which in one blast sent to hell 400 officers, NCOs, and soldiers at the Marine Headquarters have been provided by Iran."

In 2005, the IRGC announced the formation of a "Martyrdom-seekers" garrison, for the training of suicide bombers for operations against "Islam's foes". On 13 February 2006, speaking to a group of suicide volunteers, a senior commander of the IRGC and the commander of Martyrdom-seekers Garrison, Mohammad-Reza Jaafari, stated:

"Now that America is after gaining allies against the righteous Islamic Republic and wants to attack our sanctities, members of the martyrdom-seeking garrisons across the world have been put on alert so that if the Islamic Republic of Iran receives the smallest threat, the American and Israeli strategic interests will be burnt down everywhere . . . The only tool against the enemy that we have with which we can become victorious are martyrdom-seeking operations and, God willing, our possession of faithful, brave, trained and zealous persons will give us the upper hand in the battlefield."⁶

The regime was also responsible for the most deadly terrorist act against Jews, which took place in Buenos Aires in July 1994, when a suicide bomber blew up a Jewish community centre killing eighty-five people and injuring a further 151. This also represented the worst-ever terrorist attack on Argentine soil.⁷ On 9 November 2006, Argentine Federal Judge Rodolfo Canicoba Corral, issued an international warrant for the arrest of former Iranian President Rafsanjani and eight other senior Iranian officials on charges of masterminding the July 1994 attacks⁸. This is a further illustration of the role played by the regime's highest-ranking officials in acts of terrorism.

Apart from carrying out its own terrorist operations, the Iranian regime has long used foreign groups in the Middle East and elsewhere to carry out terrorist attacks outside Iran. These groups have operated throughout Europe, the Middle East and North Africa.

Fomenting Violence in Iraq

The Iranian regime's primary foreign policy agenda has always been exporting its brand of Islamic rule to the rest of the Middle East and the world. With its majority Shiite population, important Shiite shrines and long border with Iran, Iraq has always been a strategic springboard to achieve this goal. It is for this reason that in the early 1980s, Khomeini founded the Supreme Council for Islamic Revolution in Iraq (SCIRI) and its armed militia, the Badr Corps. This organisation, which entered Iraq from Iran with the assistance of the Foreign Office in 2003⁹, has been responsible for widespread killings in Iraq and attacks on Coalition troops, including British military personnel.

What the Iranian regime was not able to achieve in more than 20 years, including an eight-year war, was handed to it on a silver platter through the invasion of Iraq in 2003.

On 9 May 2007, during Prime Minister's Questions, Tony Blair stated:

"What is happening in Iraq is essentially that Al Qaeda on the one hand and elements of the Iranian regime on the other are backing terrorism in that country, the purpose of which is to destroy the prospect of that country being able to have the democracy its people have voted for and want."

The fact is that prior to the breakout of hostilities, the Iranian regime had set up special sections both in the MOIS and the IRGC responsible for affairs in Iraq. After the collapse of the previous Iraqi regime in the spring of 2003, Iran was ready to take advantage of the situation. It dispatched thousands of armed operatives to Iraq and set up extensive clandestine intelligence and terrorist networks in the country.

Shortly after the breakout of hostilities, a leading Iranian cleric and head of the Guardian Council, Ayatollah Ahmad Jannati, urged Iraqis to use suicide attacks to expel US forces from Iraq and learn from Iran's Islamic revolution to set up a new government¹⁰. Since then, the regime has funded, trained and armed various Shiite and Sunni militant groups to attack Coalition troops, sponsored assassination squads and installed a vast intelligence network in Iraq. In January 2007, the NCRI revealed the details of nearly 32,000 Iraqis who are on the regime's payroll. The details included the names of the agents, their dates of

⁶ "Iran's suicide bombers threaten to burn down US interests", Iran Focus, 13 February 2006 (<http://www.iranfocus.com/modules/news/article.php?storyid=5752>)

⁷ "Argentina order for Rafsanjani arrest 'baseless:' Iran", AFP, 11 November 2006

⁸ "Argentina seeks Rafsanjani arrest", BBC News 24, 9 November 2006 (<http://news.bbc.co.uk/1/hi/world/americas/6134066.stm>)

⁹ Letter from Mike O'Brien to Donald Anderson dated 12 June 2003

¹⁰ "Iran Cleric Urges Iraqi Suicide Attacks", Associated Press, 3 May 2003

recruitment, their salaries and their bank accounts. Most of these people, who were associated with the Badr Brigade, were paid by the IRGC¹¹. The regime has also bought political influence, manipulated elections, and seized control of government and police departments.

In October 2006, former US Ambassador to Iraq, Zalmay Khalilzad, told AFP:

“There is another challenge facing Iraqis: preventing regional powers who want Iraq to fail. Two countries are particularly playing a negative role: the Iranian and Syrian regimes. These regimes are supporting groups who are killing Iraqis. Their objective is to use Iraqis as cannon fodder in their plan to keep Iraqis divided and Iraq weak. Iraqis must unite against their enemies and against sectarianism and the killing of the innocent.”¹²

There is extensive evidence that Iran has been providing insurgents with all sorts of weaponry, including improvised explosive devices, believed to be responsible for the deaths of US and British soldiers in Iraq. In August 2006, The Sunday Telegraph reported on information provided by the NCRI that three factories in Iran were mass-producing the sophisticated roadside bombs¹³. In November 2006, The Daily Telegraph quoted senior British military officials as saying that Iran is sustaining the insurgency against British and American forces by supplying terrorists with weapons and cash. It cited military sources as disclosing that there is “very, very strong intelligence” that elements inside Iran have continued to fund and support the gun-running. Lt Col Simon Browne, commanding officer of 2 Bn The Royal Anglians, told the newspaper, “I’m sure there is outside influence here and it is from Iran. It is clear the insurgents are getting supplied from somewhere. I would believe it comes from Iran, or at least comes from Iranian sources.”¹⁴

More recently, Coalition forces have captured and killed extremist cells that have been smuggling improvised explosive devices into Iraq from Iran with the assistance of the IRGC. On 4 May 2007, the Washington Post reported:

“The U.S. military in recent weeks captured the Iraqi leader of a network that brings the projectiles into Iraq from Iran, as well as other members of extremist cells provided with funding, training and munitions by the al-Quds Force of the Iranian Revolutionary Guard Corps, Gen. David H. Petraeus, the senior U.S. commander in Iraq, said at a news conference in Washington last week. Also seized were computer documents and records detailing attacks against U.S. forces, presumably kept to justify financing by the Quds Force, Petraeus said.”¹⁵

The threat posed to Iraq by the Iranian regime has also been widely acknowledged by Iraqis of all religious and ethnic backgrounds. In June 2006, various Iraqi political groups announced that 5.2 million Iraqis had signed a petition warning of the dangers posed by the Iranian regime in Iraq. The 5.2 million signatories represented 121 political parties and social groups, 700,000 women, 14,000 lawyers and jurists, 19,000 physicians, 35,000 engineers, 320 clerics, 540 professors, 2,000 tribal sheikhs and 300 local officials. The signatories stated:

“Iran’s rulers want to dominate this part of the world and have turned Iraq into a hunting ground and the frontline of their war with the international community in a bid to curb the struggle for democracy against dictatorship in this country before it reaches Iran . . . The Iranian regime prevents the establishment of security, stability and democracy in Iraq and poses an immediate threat to our country’s integrity and liberty. It is the main obstacle to our independence and the quick departure of the Multi-National Force. Presently, the main dispute is between democracy and dictatorship. The first and most important political alignment in Iraq is between democratic and patriotic forces with their various inclinations and thoughts on the one hand and affiliates of the Iranian regime on the other . . . The solution and the only encouraging prospect for neutralizing these threats come through eviction of the Iranian regime from Iraq and recognition of the status of the People’s Mojahedin Organization of Iran which is the principle bulwark against the Iranian regime’s interventions.”

Interference in the wider Middle East

Iran has for long been meddling in the internal affairs of other countries in the Middle East. In particular, the mullahs have actively opposed any peace between Israel and Palestine and sought to destabilise Lebanon.

In his foreign policy speech to the Lord Mayor’s Banquet on 13 November 2006, Prime Minister Blair said:

“What is happening in the Middle East today is not complex. It is simple. Iran is being confronted over its nuclear weapons ambitions . . . we all want Iran to suspend its enrichment process which if allowed to continue, will give them a nuclear weapon . . . But Iran is refusing to do it. Instead they are using the pressure points in the region to thwart us. So they help the most extreme elements

¹¹ “Iranian opposition group claims Iran has thousands of agents in Iraq”, Associated Press, 26 January 2007

¹² “US ambassador says Syria and Iran back Iraq rebels”, AFP, 12 October 2006

¹³ “Three Iranian factories mass produce bombs to kill British troops”, The Sunday Telegraph, 21 August 2006

¹⁴ “Iraqi terrorists are being supplied with arms smuggled from Iran”, The Daily Telegraph, 11 November 2006

¹⁵ Projectile bomb attacks hit record high in Iraq—US says weapons are made in Iran’, The Washington Post, 4 May 2007

of Hamas in Palestine; Hizbollah in the Lebanon; Shia militia in Iraq. That way, they put obstacles in the path to peace, paint us, as they did over the Israel/Lebanon conflict, as the aggressors, inflame the Arab street and create political turmoil in our democratic politics.”

The Iranian regime’s instigation of the July 2006 crisis in Lebanon illustrated yet again the use by the regime of terrorism and crises in the Middle East as foreign policy tools. It is clear that Iran’s intention was to divert attention away from its nuclear weapons programmes, spread the scope of its conflict with the west into Lebanon and overshadow its extensive destabilising activities in Iraq. This was a fact recognised by Zalmay Khalilzad¹⁶.

On 11 July 2006, one day before the crisis ignited, Ahmadinejad warned the west that it must immediately end its support of Israel or all of the nations in the region would take action. He said on Iranian television, “The storm of their wrath will not be confined to within the borders of the region”¹⁷. On the same day, Iran’s nuclear negotiator, Ali Larijani, met EU foreign policy chief Javier Solana in Brussels and told him that Iran would not meet EU demands to suspend its uranium enrichment programme.

The next day, on his way back to Iran, Larijani stopped off in Damascus and met senior Hezbollah leaders and other supporters of the Iranian regime. The same day, Ahmadinejad stated, “In the near future we will witness the rapid collapse of the Zionist regime”¹⁸.

These statements follow similar such statements made by Ahmadinejad, including:

“The foundation of the world’s arrogance will collapse very soon and the flag of Islam will be raised.”¹⁹

“God willing, with the force of God behind it, we shall soon experience a world without the United States and Zionism.”²⁰

DETERIORATING STATE OF HUMAN RIGHTS IN IRAN

Repression of dissent at home is the next striking feature of the mullahs’ ideology and constitution. In 1979 Khomeini said in respect of democracy:

“Divine governments . . . set themselves the task of making man into what he should be. To juxtapose “democratic” and “Islamic” is an insult to Islam. Because . . . Islam is, in fact, superior to all forms of democracy.”²¹

The Iranian constitution is based on God’s exclusive sovereignty and right to legislate, and the need to submit to God’s command. As God’s self-appointed messenger, Khomeini claimed responsibility for ensuring that the people abided by that divine legislation and submitted to God’s commands. Article 9 of the Iranian regime’s constitution therefore states:

“No individual, group, or authority, has the right to infringe in the slightest way upon the political, cultural, economic, and military independence or the territorial integrity of Iran under the pretext of exercising freedom.”

Khomeini may be gone, but the oppressive and tyrannical system he invented and installed in Iran, including the system of “velayat-e faqih” (absolute rule of the religious jurist) is very much alive. During his Presidential campaign in 2005, Ahmadinejad stated that Iran “did not have a revolution in order to have democracy”²².

The Iranian regime does not tolerate any form of dissent and nor does it recognise the most fundamental rights of the Iranian people. The Iranian regime has been condemned in 53 United Nations resolutions for its gross and flagrant abuse of human rights. Since Ahmadinejad became the mullahs’ President, there has been a considerable increase in executions, including the execution of political prisoners and minors²³, as well as a drastic increase in general repression.

On 19 December 2006, the UN General Assembly voiced “serious concern” about what it said were widespread human rights abuses in Iran. The resolution slammed Iran for its “harassment, intimidation and persecution” of human rights defenders, political opponents, religious dissenters, journalists, clerics, academics, union members and labour organisers. It expressed concern at the “continuing use of torture and cruel, inhuman or degrading treatment or punishment such as flogging and amputations” and at “public executions . . . and stoning”. It also decried “the continuing violence and discrimination against women and girls in law and in practice” as well as “the increasing discrimination and other human rights violations” against members of ethnic and religious minorities.²⁴

¹⁶ “Iran may be behind escalating Lebanon tensions: US envoy to Iraq”, AFP, 13 July 2006

¹⁷ “Iran urges west to end support for Israel before it is too late”, Iran Focus, 11 July 2006

¹⁸ “Ahmadinejad: World will soon witness the demise of Israel”, Iran Focus, 12 July 2006

¹⁹ “Tehran’s Mayor: Some wrong policies have limited people’s participation”, Kayhan news, 22 January 2005

²⁰ “President: We will experience a world without the United States and Zionism”, Sharif News, 26 October 2005

²¹ “Islam and Revolution: Writings and Declarations of Imam Khomeini (Berkeley, Calif.: Mizan Press, 1981), pp. 330-331 and 337-338

²² <http://www.globalsecurity.org/military/world/iran/ahmadinejad.htm>

²³ “UN rights expert blasts Iran over juvenile executions”, AFP, 29 March 2007

²⁴ “UN voices “serious concern” about rights abuses in Iran, AFP, 20 December 2006

Ahmadinejad's Presidency has also seen a widespread crackdown on universities and women. In early 2006, many student activists were jailed or expelled from their studies, lecturers were sacked and the regime proposed subjecting academics to strict religious testing. The regime also began a programme of burying the bodies of unknown soldiers on campus grounds in an attempt to bring religious extremists into the universities to violently suppress student activities.²⁵ In September 2006, Ahmadinejad called for a purge of liberal and secular academics from universities. He said, "Our educational system has been under the influence of the secular system for 150 years. Colonialism is seeking the spread of its own secular system."²⁶

Alarmed by the increasing involvement of Iranian women in rallies and protests, the Iranian regime has recently announced a new crackdown targeting women under the pretext of "mal-veiling". The regime's Intelligence Minister, Gholamhossein Mohseni-Ejei, said, "The enemy's new strategy is to finance and organise various groups under the cover of women's or student movements". On 26 April 2007, the Italian new agency, Adnkronos International, quoted State Security Forces Brigadier General, Ismail Ahmadi Moaqddam, as saying, "During the first four days [since the code came into effect], we have picked up 150,000 women who were not properly veiled". The crackdown also enjoyed the support of the regime's Majlis, with 203 MPs writing to Moaqddam describing the crackdown as an "admirable act".²⁷

INCREASED ANTI-REGIME PROTESTS

In response to the increasing repression inside Iran, Iranians have in recent years stepped up anti-regime protests across the country. During 2006, there were close to 5,000 acts of protest across Iran, including those by Tehran's bus drivers and the international women's day protests, which were brutally crushed. In the case of Tehran's bus drivers, dawn raids were carried out at their homes and they were arrested along with their wives and children. Some drivers had their tongues slashed.

In May 2006, hundreds of thousands of Iranians rallied in the city of Tabriz and surrounding cities. The protests quickly spread to Iranian universities. For ten days, the entire region was engulfed in anti-regime protests including in the towns of Orumieh, Zanzan, Marand, and Ardebil. These protests were violently suppressed. More than 10 people were killed as the regime's suppressive forces opened fire on the demonstrators. In a 26 May 2006 statement, Amnesty International reported that between 300,000 and 500,000 people had been involved in the demonstrations. Listing the names of many of those arrested, Amnesty stated, "They are reportedly held incommunicado and it is feared that they are at risk of torture and ill-treatment".

On 12 June 2006, thousands of Iranian women gathered in Tehran's 7th Tir Square to demand equal rights. They chanted, "Put an end to misogyny", "Freedom, freedom", "We are human beings but have no rights", and "We want equal rights". The peaceful protestors were attacked using truncheons and tear gas. Over 400 women were arrested.

In December 2006, students at Tehran's Amir Kabir University held angry protests and disrupted a speech being made by Ahmadinejad, forcing him to flee. Students held his photograph upside down, burned his photograph and chanted "death to the dictator". Other students held up banners, which read, "Fascist president, the polytechnic is not for you". This protest followed protests across the country on students' day (7 December).

Such protests have intensified yet further into 2007. On 3 March 2007, some 15,000 teachers demonstrated in front of the mullahs' parliament in Tehran protesting against the appalling state of their living conditions and calling for the resignation of the regime's minister.

On Wednesday 14 March 2007, despite repeated warnings by the regime's oppressive forces, Iranians used the anniversary of fire celebrations traditionally held on the last Wednesday of the Iranian calendar year to hold widespread protests across the country. Extensive clashes were reported between youths shouting anti-government slogans and the regime's forces.

March and April saw continuous anti-regime protests by teachers and other workers across Iran. On 18 March 2007, The Guardian reported:

"The authorities in Iran have arrested up to 1,000 teachers in a brutal crackdown that signals their determination to break a pay revolt. Riot police beat demonstrators with batons as they tried to gather outside Iran's parliament and education ministry and herded them into police vans and buses before transporting them to detention centres across Tehran.

Around 150 of those arrested in Wednesday's protest are still in custody, with the ringleaders believed to be in the capital's notorious Evin prison. Others were released after signing a commitment not to participate in "illegal" demonstrations.

The clampdown follows recent rallies outside parliament, which drew up to 10,000 demonstrators, many of whom displayed banners criticising President Mahmoud Ahmadinejad's government as part of their campaign for higher pay."²⁸

²⁵ "Iran hawk swoops on universities to crush dissent", The Guardian, 27 March 2006

²⁶ "Iranian president calls for purge of liberal lecturers", The Guardian, 6 September 2006

²⁷ "Iran Cracks Down On Women's Dress Code", Associated Press, 25 April 2007

²⁸ "Iran crushes teachers' pay protest", The Guardian, 18 March 2007

During the first week of April 2007, the regime's media reported demonstrations and sit-ins by deprived workers in various government branches and workshops over their unpaid salaries. These protests took place in Tehran, as well as other cities including Ahwaz, Sosangard, Isfahan, Yazd, Tabriz, Rasht, Chalous, Kerman-shah, and Tabas.

On 9 April 2007, hundreds of angry protesters stormed the regional offices of the Justice Ministry and local police stations in Marivan (western Iran) located in the Kurdish region.

On 15 April 2007, thousands of Iranian teachers staged a strike, which ran on for days. Striking teachers were attacked in their homes by the regime's suppressive forces and many were arrested.

On 21 April 2007, Amnesty International called on the Iranian regime to release immediately and unconditionally all those detained in connection with recent peaceful demonstrations by teachers, students and others, to halt all trial proceedings that could result in the imprisonment of prisoners of conscience and to cease harassment of those campaigning to uphold human rights, including trade union and political rights.

On 23 and 24 April 2007, thousands of residents of Eqlid, in the southern Iranian province of Fars, took part in major anti-regime demonstrations. Running battles were reported between the regime's suppressive forces and Eqlid residents, which led to the burning of government buildings. A number of residents were killed and hundreds of others were injured in the clashes, which also saw hundreds more being arrested.

May Day also saw widespread anti-regime protests across Iran. Hundreds of thousands of Iranian workers filled the streets leading to Tehran's Amjadieh Stadium. They were protesting against the anti-labour policies of the Iranian regime. The security forces attacked the participants who shouted slogans such as, "Freedom is our unalienable right". In a statement issued on 1 May 2007, Amnesty International stated that it "is concerned at the reported beating today of workers taking part in peaceful May Day demonstrations. According to information available to Amnesty International, scores of others may have been detained in the course of the May Day demonstrations".

On 8 May 2007, thousands of teachers converged on the regime's Majlis and Ministry of Education chanting anti-regime slogans including, "Teachers will die, but will not accept humiliation".

Campuses across Iran have also been the scene of anti-regime protests since the beginning of May. These include sit-ins and demonstrations in universities and polytechnics in Tehran, Shiraz, Lorestan and Kermanshah. At Tehran's Polytechnic University, students attacked the police kiosk on campus and chanted "death to the dictator" in protest against the arrest of a student.

In a government-sponsored survey in 2002, nearly 94% of Iranians demanded a change of regime.²⁹ Moreover, a government survey last year found that 45% of respondents wanted the political system totally changed, even if it involved foreign intervention. If nearly half of Iranians were willing to say this to official pollsters, you can imagine how strong the anti-mullah sentiment really is.³⁰ Since then, the level of discontent nationwide has increased dramatically, particularly since 2005 when Ahmadinejad became President.

NUCLEAR WEAPONS PROGRAMME

The Iranian regime began work on its nuclear programme in the early 1980s. In 1984, the regime built a new nuclear research laboratory at the Isfahan Nuclear Technology Centre, the facility that had originally been built by the Shah in the 1970s. The centre was involved in experiments in uranium conversion and fuel production, using uranium secretly imported into Iran in 1982.³¹ The regime decided to restart a fully-fledged nuclear programme in 1985. In 2003, the Iranian regime admitted to the IAEA that it had begun uranium enrichment in 1985 and had received blueprints for centrifuge design "through a foreign intermediary in around 1987".³² That foreign intermediary was A Q Khan.

By 1988, the regime had failed to win the war with Iraq, which seriously undermined its expansionist ambitions. After the ceasefire agreement with Iraq in 1988, the quest for nuclear weapons took on an added urgency. That year, the IRGC created a top-secret nuclear weapons programme at the Atomic Energy Organisation of Iran (AEOI). Since then, Iran's nuclear programme has consisted of two parts. The first is that run by the AEOI, which is the public face of the Iranian regime's nuclear programmes and reports to the IAEA. Running alongside that programme is a parallel nuclear weapons programme that is controlled, operated and run by the IRGC, with its own nuclear experts and facilities. To conceal this aspect of its nuclear programme, the regime has hidden secret operations within the AEOI and used research centres and companies as front organisations for nuclear weapons work.

During the 1990s, Rafsanjani expanded Iran's secret nuclear programmes by entering into a new series of agreements with foreign suppliers, including China and Russia. In 1992, China signed an agreement with Iran to build at least four nuclear power plants and a research centre. At that time, the regime was allocating an annual budget of \$800 million to the IRGC's nuclear weapons programme. China was also involved in

²⁹ "The Iranian time bomb", Michael Ledeen, National Review Online, 3 July 2002.

³⁰ "An election Nobody Will Win," Ali Safavi, The New York Times, 18 February 2004.

³¹ IAEA Director General's report, 10 November 2003

³² "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran", 10 November 2003

the construction of an industrial scale uranium conversion plant and zirconium production plant at the Isfahan Technology Centre. In the mid-1990s, Russia agreed to complete the twin reactors at Bushehr. Russia had also agreed to supply the Iranian regime with a large research reactor, plants for manufacturing nuclear fuel, and a centrifuge enrichment facility. However, it agreed to scrap these programmes when US intelligence became aware of them.

Until August 2002, when the NCRI, revealed the secret uranium enrichment site in Natanz, part of which had been built under ground, and a heavy water plant at Arak used for the production of plutonium, the Iranian regime was vehemently denying being involved in such projects. Through the NCRI's revelations, the Iranian regime's 18 years of deceit over its nuclear programmes was exposed³³. The Iranian Resistance continued to reveal other nuclear sites and activities of the Iranian regime (as it had done throughout the 1990s), including those carried out at Lavizan-Shian Technological Research Centre in Tehran and the laser enrichment activities undertaken at Lashkar Ab'ad in Karaj, west of Tehran. Moreover, in January 2006 the NCRI revealed that the Materials and Energy Research Centre located near the city of Meshkin-Dasht contained hot isostatic press machines used to shape the uranium spheres of a nuclear bomb³⁴. At the same time, the regime has been working on critical chemical and hardware aspects of nuclear bomb design, including work on bomb trigger mechanisms, boosted-fission weapon design and bomb casings.

During Ahmadinejad's Presidency, the IRGC's nuclear weapons programme has been accelerated. Senior members of the IRGC were appointed into the regime's Supreme National Security Council, which is responsible for foreign policy, defence and security issues. They included Ali Larijani, Brig. Gen. Ali Hossein-Tash, Brig. Gen. I Mohammad Bagher Zolqar and Brig. Gen. Mohamad Ali Jafari. This has resulted in Iran's nuclear weapons programme falling fully under the complete control of the IRGC.

In August 2005, the head of the IRGC, Major General Rahim Safavi, said: "Technology is a vital factor for political regimes in defending themselves. Technological superiority has been and will continue to be the strategic cornerstone for the defence of nations" adding that nuclear technology was inseparable from "defence and national security."³⁵

With widespread internal discontent and pressure from the international community over its support for terrorism and nuclear programmes, the regime sees the acquisition of nuclear weapons as the only means to guarantee its survival. To achieve this, the regime has given carte blanche to the IRGC to increase internal repression, while aggressively advancing its nuclear weapons programmes. The regime is well aware that any waning on either of these issues will result in its implosion by bolstering the Iranian people's demand for a change of regime, while at the same time pulling the rug from underneath the feet of the IRGC, who are relying on the acquisition of nuclear weapons. It is for this reason that Ahmadinejad has made clear that the regime will not back down an iota from its nuclear ambitions.

In any event, the regime has so far been successful in using a combination of offering lucrative trade deals, and blackmailing the west by sponsoring terrorism and fomenting crises in the Middle East, to buy time to complete the final phases of its nuclear weapons programme. This strategy has thus far bought the regime close to five years. During this time, the regime breached agreements reached with the "EU-3" in November 2003 and then again in November 2004—including with the breaking of UN seals and the resumption of work at its nuclear facility in Isfahan and starting uranium enrichment. Since 2003, Iran has ignored more than 15 ultimatums by the international community.

In July 2005, Iran's then top nuclear negotiator, Hassan Rowhani, told the Iranian newspaper "Kayhan" that Tehran had benefited greatly from the talks with the EU-3 in advancing its nuclear programme. He said:

"In the past 21 months, the Islamic Republic has achieved brilliant results in technical, legal, political, propaganda and national security spheres. At the start of the negotiations, we had elementary success with respect to technology, that is, we had succeeded in enrichment at the laboratory level. In Arak, we had just begun. In Isfahan, we had not yet produced any UF4 or UF6. In fact, the Isfahan project did not even exist and we had a very limited number of centrifuges. Today, however, we have started up, tested the facility in Isfahan at the industrial level, and produced several tons of UF6. Today, there are a significant number of manufactured centrifuges ready for use. It may seem on the surface that we have accepted the suspension. But in reality, we have used the time to alleviate many of our shortcomings. We continued building centrifuges until the Paris Accord. After June, we doubled our efforts to make up for the suspension. We have not suspended work in Isfahan, even for a second. Arak has not been suspended at any time."³⁶

On 11 April 2006, in defiance of the international community, Ahmadinejad announced that Iran had joined the nuclear club by enriching uranium to the level required to make nuclear fuel. Moreover, Iran announced the running of its second cascade of 164 centrifuges and Ahmadinejad spoke of his ultimate ambition of having 60,000 centrifuges.³⁷ On 16 November 2006, Ahmadinejad told the Islamic Republic News Agency that his country would soon take the "final step" in its nuclear programme, without saying what that would involve.

³³ "18 years of lies from Iran over its nuclear plans", The Daily Telegraph, 12 November 2003

³⁴ "Resistance group claims Iran possesses banned nuclear material", The Associated Press, 20 January 2006

³⁵ "Iran Revolutionary Guards Chief: nuclear capability ensures our survival", Iran Focus website, 12 August 2005

³⁶ Interview with the daily Kayhan, 23 July 2005

³⁷ "Iran soon to take 'final step' in atomic plan-IRNA", Reuters, 16 November 2006

On 14 November 2006, U.N. inspectors reported finding traces of plutonium at an Iranian nuclear waste site. Reuters reported an IAEA report as saying that the UN watchdog still could not confirm Iran's nuclear intentions were entirely peaceful given its continued stonewalling of IAEA inquiries dating to 2003.³⁸

Iran continues to defy the IAEA and has failed to comply with UN Security Council resolutions 1696, 1737 and 1747 calling on it to halt its uranium enrichment activities.

In March 2007, the Iranian regime refused to allow the IAEA to install surveillance cameras at the Natanz site, but instead offered to allow announced visits by UN inspectors. The first attempt to carry out such a visit on 21 April 2007 was blocked by the regime.³⁹ However, on 13 March 2007 the IAEA was able to carry out an inspection. Following this inspection, the IAEA concluded that the regime has solved most of its technological problems and is enriching uranium on a far larger scale than previously thought. The IAEA inspectors are reported to have found that 1,300 centrifuges were producing fuel suitable for nuclear reactors, a further 300 would within days be ready for feeding raw nuclear fuel, and a further 300 were under construction. They further reported that the regime is at the stage that it is producing a cascade (ie 164 centrifuges) per week. Mohammad ElBaradei said:

“We believe they pretty much have the knowledge about how to enrich. From now on, it is simply a question of perfecting that knowledge. People will not like to hear it, but that's a fact.”⁴⁰

The NCRI's information is that far greater numbers of centrifuges have been assembled than those being estimated. However, even at these rates, the regime could have 3,000 centrifuges operating by June 2007. This would be sufficient to produce the material necessary for one nuclear bomb each year. Western diplomats have said that the regime could have a further 5,000 centrifuges operating by the end of this year. Moreover, although the output tested by inspectors were producing reactor grade uranium, as was reported in *The New York Times* on 14 May 2007, “If Iran stores the uranium and later runs it through its centrifuges for another four or five months, it can raise the enrichment level to 90%—the level needed for a nuclear weapon”.

It is quite clear that the Iranian regime's nuclear weapons programme is extremely advanced and has entered its final phase. The implications for regional and global security of a nuclear-armed Iran should be clear from Rafsanjani's statement in 2001 that:

The use of one nuclear bomb inside Israel will destroy everything . . . It is not irrational to contemplate such an eventuality.⁴¹

“ENGAGEMENT” WITH THE IRANIAN REGIME

“Engagement” with the Iranian regime generally, but in particular those concerning its nuclear programmes, have proved counterproductive. It began with the public relations campaign by former Iranian President, Mohammad Khatami, who duped the international community into believing there was an element of moderation within the highest ranks of the Iranian regime. Those who pursued engagement hoped that by providing Tehran with concessions and offering it incentives, the so-called “moderates” would be empowered. Over the past decade, Iran has been offered everything from trade and cooperation agreements to assistance with a solely civilian nuclear programme. At the same time, western governments acceded to the regime's demand to blacklist the largest member organisation of the NCRI, the People's Mojahedin Organisation of Iran (PMOI). In doing so, the west, wittingly or unwittingly bolstered the position of the mullahs and allayed their main preoccupation in dealing with the main threat to their regime, the PMOI. The move also allowed Tehran to spread its Islamic fundamentalism throughout the world, including in Europe.

At the same time, rather than strengthening the so-called “reformers” and the reform process in Iran, this policy has resulted in the hardliners, led by former Revolutionary Guards commander, Ahmadinejad, taking full control. Engagement will never work, because it relies on two fundamental misconceptions. First, that the mullahs are willing to moderate their behaviour and change their policies, and second, that they can be persuaded to abandon their nuclear weapons programme.

With the introduction of Ahmadinejad and the appointment of his hard-line cabinet, the regime has proved that it is not capable of change, nor is it willing to change. The make up of the new regime should act as a wake-up call for the west, which must give careful consideration to its role in bringing about these troubling developments in Iran.

³⁸ “Iran pressing ahead with enrichment—IAEA”, AFP, 14 November 2006

³⁹ “Iran blocked UN inspectors on test visit to nuclear sites”, AFP, 11 May 2007

⁴⁰ “Atomic Agency Concludes Iran Is Stepping Up Nuclear Work”, *The New York Times*, 14 May 2007

⁴¹ “Qods Day Speech”, 14 December 2001, (www.globalsecurity.org/wmd/library/news/iran/2001/011214.text.html)

POLICY OPTIONS

Iran is the most serious foreign policy challenge facing the international community and the way that it is dealt with would have a direct impact on the security of the Middle East and the wider world.

The solution to defeating the regime's Islamic fundamentalism and terrorism emanating from it, while at the same time preventing the Iranian regime from acquiring nuclear weapons, is to strengthen and support those Muslims who represent a tolerant Islam that is the antithesis to Iran's brand of Islamic fundamentalism—those who will act as a barrier against the spread of fundamentalism.

The NCRI and the PMOI are by far the largest and best organised opposition to the Iranian regime. They have been the primary source of information on the regime's human rights abuses, terrorism, its nuclear activities and interference in Iraq.

The PMOI's progressive and democratic interpretation of Islam, and its belief in secularism, makes it the antithesis to the Iranian regime's brand of Islamic fundamentalism and a barrier to its spread. This was a fact recognised by 5.2 million Iraqis who signed a petition in June 2006 warning of the dangers posed by the Iranian regime in Iraq and affirming their support for the PMOI.

The NCRI and PMOI also enjoy widespread international support. Many in the US Congress, as well as majorities in the Parliaments of Britain,⁴² Italy, Belgium, Luxembourg, Norway, the European Parliament, and many Danish, French, German, Dutch and Swiss members of Parliament have declared their support for the organisation.⁴³

In dealing with Tehran and the threats it poses, maintaining the status quo and continuing the same conciliatory approach is not an option. By way of experience, concessions and conciliation will have the opposite effect.

In negotiations over Iran's nuclear programmes, every possible incentive, short of allowing the regime to acquire a nuclear weapons capability was put on the table. The United States dropped its opposition to Iran's membership in the World Trade Organisation and agreed to offer other trade and economic incentives, including lifting the ban on the sale of aircraft parts by AirBus. It also dropped its opposition to holding direct talks with the regime and agreed to join in negotiations with the mullahs if they agreed to temporarily suspend their uranium enrichment. Finally, in conjunction with the other four permanent members of the UN Security Council and Germany, it offered the Iranian regime an extensive incentive package. The EU-3 went even further by making a commitment to the regime that if Iran complied with the demand to suspend its nuclear activities, it would continue to brand the PMOI, as terrorist.⁴⁴ None of this made any difference, as the mullahs made clear they would not abandon their nuclear programmes, instead significantly advancing them.

In December 2006, the Court of the First Instance of the European Communities (CFI), delivered a judgment annulling a May 2002 decision by the Council of the EU to include the PMOI on a list of individuals and organisations whose funds were to be frozen as part of the fight against terrorism. Ordering the EU to pay the PMOI's legal costs, the CFI eliminated retroactively the legal order that included the PMOI in the EU terrorist list, deeming it not to have existed.

Yet, more than five months on, despite not having appealed the judgment, the EU, with the encouragement of the British government, has failed to comply with the judgment. This has forced the PMOI to launch yet further proceedings against the EU demanding compliance with the CFI's earlier judgment, through removal of the PMOI from the EU terror list, as well as paying more than €1million in damages.⁴⁵

The second policy option available to the international community is the use of force. This does not represent the solution. Ironically, engagement, often a euphemism for appeasement, increases the likelihood of military confrontation by the mere fact that it strengthens the most radical factions of the Iranian regime.

Speaking about the Balkans conflict at the Economic Club in Chicago on 24 April 1999, Prime Minister Blair said:

“We have learned twice before in this century that appeasement does not work. If we let an evil dictator range unchallenged, we will have to spill infinitely more blood and treasure to stop him later.”

⁴² The House Magazine, The Parliamentary Weekly, No 1005, Vol. 27, 23 September 2002

⁴³ “Foggy bottom in a fog over Iran?”, by Arnold Beichman, The Washington Times, 31 March 2002

⁴⁴ “Preparatory text for European proposals on Iranian nuclear program”, AFP, 21 October 2004

⁴⁵ “Iranian opposition group seeks €1 million damages from EU over terrorist listing”, The Associated Press, 10 May 2007

The solution is to eradicate the roots of the problem, by uprooting the source of Islamic fundamentalism. A third, more realistic and sensible policy option, presented at a meeting in the European Parliament in December 2004 by Mrs Maryam Rajavi, President-elect of the NCRI, is for the West to support the democratic aspirations of the Iranian people and the opposition as they strive to bring about fundamental change and establish a secular democracy. In an article appearing in the "International Herald Tribune", Mrs Rajavi wrote:

" . . . the best option is to initiate change through the Iranian people and the organized resistance movement. There is no need for war; no one would want to see an Iraq II played out in Iran. But engagement, which has shaped policy toward Iran on both sides of the Atlantic for two decades, has been a disaster, strengthening the most radical factions of the ruling theocracy . . . The failure to isolate a religious dictatorship bent on spreading its fiery brand of Islamic fundamentalism and acquiring nuclear weapons has led to the current stalemate. Now Tehran's missiles, capable of bearing weapons of mass destruction, can reach eastern and southern Europe . . .

No concession is going to dissuade the mullahs from continuing their ominous objectives . . . But there is another answer: democracy. The more than a thousand students who shouted antigovernment slogans during a speech by Khatami at Tehran University last month are evidence that Iranians seek a change in the totality of the regime.

As a first step in that direction, Western governments must not assist the ruling theocracy. And that means removing the terrorist tag that has been put on the People's Mujahedeen Organization. The group is the pivotal force in the largest Iranian opposition coalition, the National Council of Resistance, which has revealed Tehran's nuclear, missile and terrorist plans."⁴⁶

The Iranian regime's reaction to Mrs Rajavi's visits to the Parliamentary Assembly of the Council of Europe, the European Parliament, the Belgian Senate and the Norwegian Parliament⁴⁷, is an indicator of how much the mullahs fear the Iranian Resistance and the Iranian people.

To continue appeasing the Iranian regime at a time when it has (i) intensified brutal internal repression, (ii) increased its financial and military support for terrorists causing havoc across the Middle East, and (iii) aggressively advanced its nuclear weapons programmes in complete disregard for three UN Security Council Resolutions, would have serious consequences for the security of the Middle East and the wider world.

The west must instead adopt a firm policy towards the Iranian regime over its human rights abuses, support for terrorism, interference in Iraq and pursuit of nuclear weapons. Immediate and comprehensive sanctions should be imposed on the regime to enforce compliance with its international obligations, including Security Council Resolutions 1696, 1737 and 1747.

At the same time, the west must discard the unjust terror label placed on the PMOI and instead engage in dialogue with the Iranian Resistance. By proscribing the PMOI in an attempt to placate the mullahs, the west has assisted the mullahs by restricting the ability of the PMOI to help the Iranian people in their quest for democracy and freedom.

16 May 2007

Memorandum submitted by Jenny Warren

This submission addresses two of the issues which the Foreign Affairs Committee will examine in the course of its inquiry into Britain's relations with Iran, with particular reference to its nuclear programme: the extent of the progress Iran has made on nuclear development; and the options open to the international community in addressing the possibility of Iran obtaining nuclear weapons, and the implications of these options for . . . nuclear proliferation.

IRAN'S NUCLEAR PROGRAMME

The UN's International Atomic Energy Authority (IAEA) has a multilateral mandate under the NPT to verify and monitor a member state's nuclear programme in order to prevent any nuclear fuel being diverted away from peaceful uses such as nuclear power generation to the manufacture of nuclear weapons. Its policy-making Board of Governors is made up of the five Permanent Members of the UN Security Council and 30 member states, which serve for a period of two years.

In 1974, Iran signed the nuclear Non-Proliferation Treaty (NPT) and its Safeguards Agreement, which grants IAEA inspectors access to its nuclear-related sites, and called for the establishment of a nuclear-free zone in the Middle East.

⁴⁶ "Empower Iran's Opposition Forces", by Maryam Rajavi, International Herald Tribune, 28 January 2005

⁴⁷ "Norway: unacceptable threats from Iran", Aftenposten, 5 November 2006

The extent of the progress Iran has made on nuclear development

Iran's nuclear power station

In 2002, Russia began construction of Iran's first nuclear reactor for its civil power plant, which has been monitored since then by IAEA inspectors. The reactor uses the type of proliferation-proof nuclear fuel that is used in power stations throughout the world, similar to the one that the United States had agreed to build for North Korea in 1994. In March 2005, Russia and Iran finalised an agreement to return the spent fuel to Russia for reprocessing and storage (in compliance with the Nunn-Lugar agreement between the United States and Russia). In February 2006, Russia signed a 10-year contract to supply Iran with nuclear fuel but, a year later in March 2007, stopped deliveries (ostensibly because Iran was in arrears on its contractual payments), thus delaying work scheduled for completion in September.

In September 2002, Iran invited all countries attending the IAEA's annual conference to participate in its plan to build more nuclear power stations. In April 2007, Iran's Atomic Energy Organisation announced it was seeking bids to build two more nuclear power stations.

Iran's nuclear programme

In September 2002, Iran informed the IAEA that it had over the past 18 years pursued a programme to produce nuclear fuel, which it had failed to declare under its NPT Safeguards Agreement. The United States then accused Iran of developing a nuclear weapons industry. The IAEA immediately started its investigation of Iran's past and current nuclear programmes. Between June 2003 and May 2007, its Director General, Dr ElBaradei, presented 15 detailed technical reports on its inspectors' findings to its Board of Governors. He began sending its reports and the Board's resolutions direct to the UN Security Council when it first took up the Iran nuclear issue in March 2006.

In February 2003, the IAEA's inspectors started work in Iran, focussing in particular on its efforts to convert and enrich uranium as a nuclear fuel and to produce plutonium. In June, Iran proposed suspending its nuclear programme until the IAEA had completed its investigations in return for help from the European Union in developing its nuclear power industry. Initially, Iran tried to conceal evidence from the inspectors but in October granted them unrestricted access to all its nuclear-related sites under the Additional Protocol to its NPT Safeguards Agreement.

Early on in their investigations, IAEA inspectors discovered traces of weapons-grade nuclear fuel on equipment imported from Pakistan and began investigating the A Q Khan proliferation network that had supplied it. The IAEA continues to seek information from the Pakistan government on this matter.

In November 2004, after nearly two years' inspections, the IAEA issued a comprehensive report on Iran's past and current nuclear programme. It concluded that there was no evidence to show that Iran had either produced or imported weapons-grade nuclear fuel. Iran suspended its nuclear fuel programme on a voluntary basis, while negotiations proceeded with Britain, France and Germany, together with the EU's foreign policy representative, on nuclear and security issues. The IAEA continued to monitor Iran's nuclear facilities on a routine basis and to investigate whether any undeclared nuclear fuel had been diverted to the production of nuclear weapons.

In August 2005, however, Iran restarted its uranium-conversion plant, and its uranium-enrichment plant in January 2006; the rest of Iran's nuclear programme remains suspended. In February, Iran ceased implementing the Additional Protocol, which it had observed since October 2003. The IAEA continued to monitor both plants as well as Iran's suspension of the rest of its nuclear programme under its Safeguards Agreement.

Since February 2006, the IAEA has had only restricted access to a "workshop" associated with Iran's defence ministry where dual-use equipment that can be used in the civil and conventional defence industries but also in the nuclear weapons industry is installed. In this connection, it continues to seek access to documents, individuals, "workshops", and a research centre.

The IAEA still needs to reconstruct the history and investigate the present scope and nature of Iran's nuclear programme so that it can clarify some important issues relating to Iran's nuclear programme and conclude that there are no undeclared nuclear materials or activities in Iran.

Iran's nuclear capability

In March 2007, after four years' inspections, Dr ElBaradei was able to confirm in his latest report to the IAEA Board that Iran had not diverted any declared nuclear material to developing nuclear weapons. It had not seen any proof that Iran had diverted any undeclared nuclear material to developing nuclear weapons. Nor had it seen any evidence that Iran had the industrial capacity to produce weapons-grade nuclear fuel.

In an interview with the Financial Times the month before this report, Dr ElBaradei noted that Iran had already acquired considerable technical knowledge from enriching uranium in a “research and development” facility but does not yet have the industrial capacity to develop a nuclear bomb. Moreover, as long as this facility remains under NPT safeguards, Iran is restricted to producing the proliferation-proof type of nuclear fuel. Both British and US military intelligence share the IAEA’s professional and impartial assessment that the difference between acquiring knowledge and having a bomb is at least five to 10 years away.

The options open to the international community in addressing the possibility of Iran obtaining nuclear weapons, and the implications of these options for . . . nuclear proliferation

UN Security Council policy

In January 2006, after Iran had restarted its uranium-enrichment nuclear fuel programme, a group of six countries comprising the five Permanent Members of the UN Security Council—the United States, Russia, China, Britain, and France—and Germany, together with the European Commission’s foreign policy representative, took over the negotiations on Iran’s nuclear programme between Britain, France and Germany and Iran that had started in June 2003. In February, they decided to refer Iran to the UN Security Council in view of its responsibility for maintaining international peace and security.

In March, the Security Council began a debate on the whole issue of non-proliferation “that will also benefit nuclear non-proliferation elsewhere”, developing its policy towards Iran in three increasingly prescriptive resolutions.

In its July resolution, the Council included Iran’s ballistic missile programme as part of its nuclear programme (as does the EU’s “Strategy against Proliferation of Weapons of Mass Destruction”, December 2003).

In December, in a resolution sponsored by Britain, France and Germany, the Council put the onus firmly on its member states to enact measures to prevent any trade with Iran in nuclear materiel, equipment, or technology, any technical assistance or training, or any financial assistance for its “proliferation-sensitive” nuclear fuel activities or for the development of nuclear missiles, and to freeze the financial assets held abroad by named companies, institutions, and senior officials involved in these nuclear and missile programmes and restrict travel by senior officials to their countries.

In effect, the Security Council had established a template for counter-proliferation measures that is applicable to all countries that fail to comply with the UN’s nuclear Non-Proliferation Treaty.

In an interview with CNN in January 2007, Dr ElBaradei called for a simultaneous three-month “timeout” whereby Iran would freeze its nuclear fuel programme while the UN would suspend the sanctions it had imposed on Iran in its December resolution.

In March 2007, the Security Council reinforced its sanctions relating to the freezing of financial assets and restrictions on travel. While exempting Iran’s Atomic Energy Organisation, which had been incorrectly included in December, it significantly increased the number of companies (including Bank Sepah, Iran’s main commercial bank) and the number of senior officials, specifically in both cases those associated with the Iranian Revolutionary Guard Corps, under sanction. (The resolution also called for vigilance and restraint in exporting heavy weapons, as defined in the UN Register on Conventional Arms, to Iran and decided that Iran should not export such weapons.)

Iran has failed to comply with all three UN Security Council resolutions.

In a statement made on behalf of the five Permanent Members of the UN Security Council and Germany following the vote, Britain’s ambassador to the United Nations reiterated their full support for the IAEA and stood by its “suspension for suspension” timeout proposal. For the duration of negotiations, Iran would maintain an IAEA-verified suspension and the Security Council would suspend discussion of Iran’s nuclear programme and would also suspend the implementation of measures under the relevant Council resolutions.

The Security Council’s next session on Iran is scheduled for 24 May 2007, unless Iran agrees to suspend all its uranium enrichment-related and reprocessing activities, including research and development. However, a new round of talks on Iran’s nuclear programme between Iran and the five permanent UN Security Council members and Germany has now been scheduled for 31 May.

Jenny Warren

16 May 2007

Sources

Sources listed in my written evidence to the Foreign Affairs Committee, Iran and the Proliferation of Weapons of Mass Destruction, 1 March 2005.

Financial Times cuttings, February 2005—May 2007.

Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, Report by the Director General: September, November 2005; February, April, June, August, November 2006. Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolution 1737 (2006) in the Islamic Republic of Iran, Report by the Director General, February 2007. Developments in the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran and Agency Verification of Iran's Suspension of Enrichment-Related and Reprocessing Activities, Update Brief by the Deputy Director General for Safeguards, 31 January 2006. Cooperation between the Islamic Republic of Iran and the Agency in the light of United Nations Security Council Resolution 1737 (2006), Report by the Director General, 9 February 2007. Transcript of the [IAEA] Director General's Interview on Iran with Daniel Dombey, Financial Times, 19 February 2007.

IAEA Board of Governors Resolutions, September, November 2003; March, June, September, November 2004; August, September (non-unanimous) 2005; February (unanimous) 2006.

UN Security Council, Presidential Statement, March 2006; Resolution 1696, July 2006; Resolution 1737, December 2006; Resolution 1747, March 2007.

FCO Country Profile—Iran, Foreign Office, 12 June 2006.

Foreign Policy Aspects of the War against Terrorism, Chapter 7, Commons Foreign Affairs Committee, Fourth Report of Session 2005–06, 2 July 2006.

The Impact of Economic Sanctions, Lords Select Committee on Economic Affairs, Second Report of Session 2006–07, 9 May 2007.

Iran's Strategic Weapons Programmes a net assessment, Gary Samore (ed.), International Institute for Strategic Studies (IISS), September 2005.

Iran's Weapons of Mass Destruction—the Real and Potential Threat, Anthony H. Cordesman and Khalid R. Al-Rodhan, The CSIS Press (Centre for Strategic and International Studies), 2006.

Nuclear Black Markets: Pakistan, A. Q. Khan and the rise of proliferation networks—a net assessment, Mark Fitzpatrick (ed.), International Institute for Strategic Studies (IISS), May 2007.

Memorandum submitted by Dr Ian Davis, Co-Executive and Paul Ingram, Senior Analyst, British-American Security Information Council

EXECUTIVE SUMMARY

BASIC's primary objective in following the Iranian nuclear file has been to promote non-proliferation. Along with the UK government, we share the crucial objective of preventing proliferation of nuclear weapons, and see the denial of a nuclear weapon capability by the Iranian government as central to this. Our problem with UK government policy is that it contains important elements that are self-defeating in this regard. We recommend that the UK government:

- Ditch preconditions and take up Iran's offer of "serious talks", starting with a genuine attempt to define the interests of all the key players involved;
- Identify common ground with P5 + 1 partners and Iran, and isolate areas of conflict in order to formulate compromise proposals;
- Give serious consideration to either the Forden-Thomson plan for a multilateral enrichment facility on Iranian soil or for a pilot enrichment facility at Natanz under an intrusive IAEA inspection regime;
- Work towards the publication of an agreed UN Security Council document on the security risks of the different technologies being developed by Iran, in order to prioritise proposals and demands accordingly, and search for common solutions; and
- Develop the proposals offered by the P5 + 1 on 6 June 2006 into concrete offers to Iran in return for tighter inspections and abandoning all ambitions towards reprocessing (as offered by the Iranians in 2005).

In addition, the UK government should seek to influence the United States, Israel and Iran to enter into mutual security guarantees, as part of a regional security system. The P5, including Britain, should consider their own deployment of nuclear weapons and engage more seriously in furthering the multilateral disarmament commitments made at the 2000 NPT Review Conference. In the case of the UK, it is not too late to reconsider the timing of its own upgrade programme for Trident.

THE BRITISH AMERICAN SECURITY INFORMATION COUNCIL (BASIC)

BASIC is an independent research and advocacy organisation that analyses government policies and promotes public awareness of defence, disarmament, military strategy and nuclear policies in order to foster informed debate. BASIC has offices in London and in Washington and its governing Council includes former US ambassadors, academics and politicians. Further information is available on our website: <http://www.basicint.org>

Contact Details: BASIC, The Grayston Centre, 28 Charles Square, London N1 6HT;
email: idavis@basicint.org Tel: 020 7324 4680

1. INTRODUCTION

1.1 Iran claims that its development of nuclear power is benign, but like the International Atomic Energy Agency (IAEA), we are not yet convinced that this is the case. Iran's previous cooperation with international inspections has helped to build some confidence, but it remains uncertain whether Tehran is seeking to acquire a threshold nuclear weapons capability. International concern is justified by Iran's past concealment of important parts of its nuclear programme (such as the Natanz uranium enrichment facility) and the unacceptable rhetoric towards Israel by President Ahmadinejad.

1.2 The case of Iran highlights a crucial loophole in the international non-proliferation regime due to the unavoidable dual-use nature of the technologies involved in the production of fuel for nuclear power, and in the disposal of waste from the back-end of reactors. A country can perfectly legally acquire foreign technical assistance under safeguards for its civil programme that will also give it a capability to develop nuclear weapons in a short period. Countries with highly-advanced nuclear programmes, such as Japan, Germany and Canada are already in this position. Iran is probably well on the way to achieving this.

1.3 We strongly agree that the acquisition of nuclear weapons by Iran or any other non-nuclear weapon state would be destabilizing and dangerous and must be avoided. However in our judgement the current strategy of the UK, EU and the United States is unlikely to achieve this important objective. The combination of coercive diplomacy, sanctions and conditional engagement has created a stalemate that Iran is exploiting to continue to advance its nuclear programme.

1.4 This paper addresses most of the remit outlined by the Foreign Affairs Committee when launching this inquiry, but focuses in particular on the international engagement with Iran on nuclear matters, some of the unintended consequences of the strategy, and alternative options that have been articulated by a number of analysts, but neglected in the negotiations.

2. EXTENT OF IRANIAN NUCLEAR DEVELOPMENT

2.1 An accurate technical assessment of Iran's nuclear programme is essential to framing an appropriate response. Misjudging the nature of the threat could lead to an over or under reaction, either of which could prove costly.

2.2 Uranium enrichment, as practiced by Iran, involves acquiring the feedstock, uranium hexafluoride (UF₆), and then spinning the UF₆ in gaseous form at super-sonic speed in centrifuges. This process separates streams of uranium with minutely different concentrations of the fissile isotope U-235. Fed several times through cascades of centrifuges the concentrations can be increased gradually over time. Uranium enriched to 3% to 5% U-235 is used as the basic material for fabricating fuel rods for standard power reactors, and is known as low-enriched uranium (LEU); uranium enriched to more than 70% U-235 is used for bombs or special varieties of reactor, and is termed highly enriched uranium (HEU). Additionally, when LEU fuel is burned in a nuclear energy reactor, some of the uranium is converted into plutonium, the material of choice for military purposes for most weapons programmes. This plutonium can be chemically separated from the spent fuel using specialised plutonium reprocessing facilities.

2.3 Under Article IV of the Non-Proliferation Treaty (NPT), all States Parties have the "inalienable right to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with Articles I and II". Also under Article IV, all states have "the right to participate in the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy". Thus a party to the NPT in good standing is allowed the means to produce HEU and plutonium—key nuclear weapons ("fissile") materials that also have commercial uses—and stockpile them without limit as long as they are placed under IAEA safeguards.

2.4 While exact quantities are unknown, estimates put the global total quantity of fissile material at more than 3,700 metric tons, enough for hundreds of thousands of nuclear weapons, in about 50 countries. This stockpile grows each year, along with the difficulty of ensuring that such material is not diverted. In short, the development and global spread of nuclear power as a source of energy makes it more likely that materials are diverted into nuclear weapons programmes.

2.5 Worries about dual-use enrichment and reprocessing technology are not new and received much attention in the 1970s, soon after the NPT was signed. However, Iran's pursuit of a broad nuclear technology programme, and nuclear weapons developments in India, Iraq, Libya, North Korea and Pakistan (all of which involved the use of civil nuclear energy as cover), have prompted many states to re-think the basic nuclear technology bargain.

2.6 The balancing of rights of States Parties to have nuclear technology (under Article IV of the NPT) while addressing the proliferation threat posed by the development of such technology has been a key issue for the international community in recent years. Proposals have included Mohamed ElBaradei's idea of internationally-controlled facilities for the enrichment and stockpiling of LEU for power reactors. But while attention has been drawn to the dangers involved in the widespread proliferation of uranium enrichment and plutonium reprocessing technology, there is as yet no international consensus on how to deal with the problem.

2.7 Iran's nuclear efforts have their origins in the late 1960s under the late Shah Reza Pahlavi. Iran ratified the NPT in 1970 and concluded a comprehensive safeguard agreement (CSA) with the IAEA in 1974. After the 1979 revolution the new Islamic Republic was placed under a virtual embargo on the provision of nuclear technology and equipment from the West. In any case, at least initially, the Islamic Republic had no interest in the technology. These Western restrictions on nuclear technology to Iran have continued to the current day, although the concerns that underpin them have rarely, if at all, been universally shared. China and Russia, and members of the Non-Aligned Movement, in particular, have generally adopted a more supportive position towards Iran.

2.8 Iran's nuclear efforts restarted in earnest in the late 1980s during the country's eight-year war with Iraq. Design information and technical assistance for the construction of uranium conversion facilities and centrifuges were acquired from China and Pakistan in the mid-1990s, and Russia began to provide assistance for the reconstruction of a 1,000-megawatt power reactor at Bushehr, started and almost finished in the 1970s by a German firm. Iran also began another secret programme to eventually reprocess the plutonium produced by this and other reactors.

2.9 A combination of steep technical challenges and uneven support within Iran's governing elites meant that progress on all of these programmes was initially slow, but accelerated significantly after 2000. Disquiet was heightened considerably in August 2002, when construction of secret underground uranium enrichment facilities at Natanz and heavy water production facilities at Arak were exposed. Both of these processes are dual-use and could be used in civil or military programmes. This sparked an intensive round of discussions and inspections by the IAEA in February 2003. In his report of November 2003 to the IAEA Board of Governors, Mohamed ElBaradei stated 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" and "in the past, Iran had concealed many aspects of its nuclear activities, with resultant breaches of its obligation to comply with the provision of its Safeguards Agreement". Keen to regain its good standing, Iran initially cooperated with the IAEA inspections in most respects and agreed in December 2003 to sign and act by the terms of an Additional Protocol (AP), although the Iranian parliament did not ratify it. However, as shown by the timeline in Table 1, the crisis eventually spiralled out of control and culminated in the Iran dossier being referred to the United Nations Security Council (UNSC).

Table 1

TIMELINE TO A CRISIS

Aug 2002	An Iranian opposition group discloses the secret construction of an underground uranium enrichment facility and a heavy water production plant at Natanz and Arak respectively
Feb 2003	Intensive IAEA inspections commence that lead to regular verbal and written reports by Dr. El Baradei, IAEA Director General, to the 35-member Board of Governors, outlining Iranian experiments that had not been declared in accordance with their obligations under its CSA
Sept 2003	IAEA Board gives Iran weeks to prove that it does not have a nuclear weapon programme
Oct 2003	E3 Foreign Ministers (UK, France and Germany) visit Tehran and announce a set of measures to bring Iran back into compliance
Nov 2003	Iran starts a voluntary suspension of its uranium enrichment program, allows stricter IAEA inspections under an Additional Protocol, and the IAEA Board concludes that there is no evidence of a nuclear weapons programme
Nov 2004	Paris Agreement: Iran agrees with the E3 to continue its suspension of all activities related to enrichment, and all parties to negotiate towards "objective guarantees" that Iran is not pursuing nuclear weapons. Iran states it will not permanently stop conversion and enrichment activities
May 2005	NPT Review Conference in New York fails to agree any substantial measures to tackle proliferation

Aug 2005	Iran claims that the E3 are playing for time in the negotiations, and restarts its uranium conversion process. The E3/EU submit a proposal which is rejected out of hand by Iran. The case is discussed in an emergency IAEA Board which urges Iran to stop its conversion activities
Sept 2005	IAEA Board finds Iran in violation of its non-proliferation obligations and agrees that it is a matter under the remit of the UNSC but does not refer the case. Although decisions within the IAEA are normally taken by consensus—in the past 20 years there have only been two instances in which the IAEA board has not done so—the EU-US inspired decision not to refer the matter to the UNSC was forced through on a majority vote of 22 to one (Venezuela) with 12 abstentions World Summit fails to reach agreement on any nuclear disarmament statement
Oct 2005	UK alleges that Iran is assisting insurgents in southern Iraq by supplying sophisticated bombs. Tony Blair strongly condemns a statement made by Iranian President Ahmadinejad that Israel should be wiped off the map, and alludes to threats of military action
Nov 2005	Increased speculation that the Iranians are prepared to compromise on enrichment if they were allowed to develop uranium conversion within Iran
Jan 2006	Iran announces the resumption of nuclear research activities, and removes some of the IAEA seals on its plants
Feb 2006	Iran tells the IAEA that it is resuming full-scale uranium enrichment. Kofi Annan urges Tehran to return to the negotiating table. On 4 Feb the IAEA board passed a resolution requesting the IAEA Director General to report to the UNSC all IAEA reports and resolutions relating to the implementation of safeguards in Iran
8 March 2006	IAEA refers the Iran nuclear dossier to the UNSC
29 Mar 2006	UNSC gives Iran until April 28 to suspend enrichment
Apr 2006	Iran begins military manoeuvres in Gulf; world oil prices jump by almost two dollars on the news
May 2006	Following Iran persisting in its nuclear activities after the April 28 deadline, Britain and France introduce a UNSC resolution to set the stage for possible sanctions against Iran if it does not abandon uranium enrichment; France, Germany and the UK offer Iran a light-water nuclear reactor as part of a package of incentives; Ahmadinejad rules out halting nuclear fuel work in return for EU incentives
June 2006	EU foreign policy chief Javier Solana presents Iran with a package of incentives (agreed by the P5 + Germany) that requires a suspension of Iran's enrichment programme as a pre-condition for further talks—5 July set as the deadline for an Iranian response
31 July 2006	UNSC passes Resolution 1696 giving Iran until 31 August to suspend uranium enrichment or face the threat of economic and diplomatic sanctions. The resolution passes by a vote of 14-1. Qatar, which represents Arab states on the council, casts the lone dissenting vote.
31 Aug 2006	UN deadline for Iran to stop enriching uranium passes
23 Dec 2006	UNSC unanimously passes Resolution 1737 banning the supply of specific nuclear materials and technology to Iran, and freezing the assets of individuals and companies linked to Iran's nuclear programme. The resolution also specifies that if Iran fails to suspend nuclear enrichment, further non-military sanctions may follow.
24 Mar 2007	UNSC unanimously adopts Resolution 1747 to tighten the existing sanctions and impose a ban on arms sales. Further steps promised if no compliance within 60 days
23 May 2007	IAEA report confirms that Iran has failed to suspend its enrichment related activities. Although the IAEA is "able to verify the non-diversion of declared nuclear material in Iran" it remains "unable to make further progress in its efforts to verify certain aspects relevant to the scope and nature of Iran's nuclear programme".

2.10 Today, the IAEA is still unable to verify that there are no additional undeclared materials or activities in Iran. But neither has it found evidence of a "smoking gun" that would confirm an illicit nuclear weapons programme. Prior to the US-led invasion of Iraq, neoconservative political commentators seized on statements by Hans Blix that he was unable to say with certainty that Iraq had not violated the 1991 UNSC resolution to disarm, which they then spun as proof that Iraq was guilty. The same spin is happening with respect to Iran today.

Conclusions

2.11 All the evidence suggests that Iran remains in the early stages of perfecting uranium enrichment and its effort to develop an indigenous plutonium-separation capability is much less advanced, though in the long term could be more important to any nuclear weapon capability. Iran's declared enrichment programme, which is based on relatively primitive P1 gas centrifuge technology acquired via the A.Q.Khan network, continues to face technical obstacles that could take several years to resolve before a reliably smooth industrial-scale operation is achieved.

2.12 The most recent IAEA report (following inspections at the plant in April and May this year as part of a new agreement between Tehran and the IAEA that allows “a combination of unannounced inspections and containment and surveillance measures” to improve transparency at the facility) said Iran had started up 1,312 centrifuges, divided into eight cascades, or fuel-cycle networks. This is part of an accelerating campaign to lay a basis for “industrial scale” enrichment (50,000 centrifuges) in the Natanz complex. Iran has doubled the number of centrifuges in Natanz in the past two months and says publicly that it aims to have 3,000 running by the end of May.

2.13 While 3,000 centrifuges running for long periods without breakdown could be enough produce enough fissile material for one nuclear bomb within a year, Iran has yet to demonstrate such proficiency.

2.14 A facility operating, as proposed, with 50,000 reliable P1 centrifuges could potentially produce enough HEU for dozens of nuclear weapons a year, although Iran claims that it will only produce LEU under safeguards for the Bushehr reactor. The consensus judgement of the US intelligence community, according to published accounts of the classified May 2005 National Intelligence Estimate (NIE) on Iran’s nuclear programme, is that Iran is five to ten years away from the ability to produce indigenously enough HEU for a bomb. Director of US National Intelligence John Negroponte restated that timeline in September 2006. As this timeline anticipated these recent developments it would seem that the judgement still stands. Indeed, Mohamed ElBaradei more or less confirmed this at a press conference in Luxembourg on 24 May 2007: “I tend, based on our analysis, to agree [with US assessments] that even if Iran wanted to go for a nuclear weapon, it would not be before the end of this decade or sometime in the middle of the next decade. In other words, three to eight years from now”. However, he also said the agency had seen no evidence that Iran was trying to “weaponise” nuclear material or of undeclared nuclear facilities operating in the country.

2.15 These estimates are based on “worst case” analyses, whereby Iran overcomes all the major technical obstacles and runs the centrifuges at optimal levels. While it appears that Iran has overcome some of the obstacles that have slowed down its programme considerably in 2006 and the early months of 2007, progress is still slower than might otherwise be expected. IAEA reports, for example, indicate that Iran’s experiments with its first two 164-machine cascades used to enrich small amounts of uranium in 2006 met with limited success and only operated for a few days at a time. In November 2006, the IAEA reported that between August and November that year Iran enriched 34 kg of uranium to levels below 5%.

2.16 Iran continues to claim that it has not enriched uranium beyond low levels, and that it has no intention of doing so. Yet Iranian nuclear scientists do not appear to be in any hurry to produce nuclear fuel, after all the country has no fuel manufacturing plant for a Light Water Reactor (LWR) fuel assembly, and no finished reactor to load. The facility also continues to be safeguarded by the IAEA. The fear is that by building up a stock of LEU Iran could be developing the capability of rapidly manufacturing HEU, simply by reintroducing the material back into the centrifuge cascades.

2.17 Of course, on current trends, in time Iran will soon master the technology that will in future enable it to enrich uranium at any grade. Based on public sources, it is still unclear when Iran will cross this threshold, but the latest May 2007 IAEA report suggests that it may have already done so. Mohamed ElBaradei is quoted in the New York Times on 14 May 2007 as saying: “We believe they pretty much have the knowledge about how to enrich. From now on, it is simply a question of perfecting that knowledge. People will not like to hear it, but that’s a fact.”

2.18 If Iran is able to sustain this recent progress it raises the possibility (as stated above) of Iranian nuclear scientists being able to enrich enough uranium for a nuclear weapon within one year. But it would be unable to do this using its declared facilities at Natanz without the international community having considerable warning of its intentions. It would then have a number of additional barriers to surmount, not least in designing a warhead, and in miniaturising it sufficiently to fit atop of their missiles. Thus, a working nuclear weapon remains at least five years down the line.

2.19 However, there are also enough “known unknowns” that the possibility of Iran achieving a surprise breakthrough cannot be excluded. This could happen, for example, if Iran: (a) has a parallel, secret and more advanced enrichment capability; (b) steals or diverts an alternative source of HEU from one of the many stockpiles located around the world; or (c) acquires fissile materials or a complete nuclear weapon from another government, such as Pakistan or North Korea.

2.20 A credible UK policy towards Iran must take steps to hedge against one of these eventualities, but uncertainty is a double-edged sword. It is also possible that circumstances arise that limit the rate of progress in Iran’s nuclear programme. Such factors include: the enrichment technology proving too difficult or expensive; the denial of key components as a result of UN sanctions; and political divisions within Iran exacerbating management problems in the nuclear programme.

2.21 Bottom line: if Iran is determined to perfect uranium enrichment and build a nuclear weapon it will eventually do so. Sanctions, censure, export controls, and economic and technological problems have slowed down past efforts, such as those in Argentina and Brazil, allowing time for internal changes in governments to reverse previously resolute decisions to proceed with nuclear programmes. Could that happen in Iran, too? That question is discussed in sections 5 and 6 below.

2.22 The May 2007 IAEA report also said Iran had stopped letting inspectors verify design work at the Arak heavy water reactor (HWR), under construction and scheduled for completion in 2009. This is a major proliferation risk as it could be used to produce plutonium, although Iran says it has only peaceful purposes such as production of radio-isotopes for medical care. Plutonium has been the fissile material of choice for most weapons programmes, as it requires only a few kilogram's for a weapon, making the warhead lighter and easier to deliver. If Iran did intend to produce plutonium for a bomb, it will also require a specialised plant for extracting the plutonium from the spent fuel. Iran has told the IAEA that it has no plans to build such a facility and it may be difficult to build one clandestinely, one that could receive and process the spent fuel rods without detection. Reprocessing facilities could be on a smaller scale, and therefore easier to hide, than an enrichment plant. Nonetheless, Arak has been overlooked in the West's rush to close the uranium enrichment route. The international community needs to act fast to secure an agreement with Iran to abandon facilities at Arak before significant investment raises the costs of closure.

3. IRAN'S SECURITY SITUATION AND ITS NUCLEAR AMBITIONS

3.1 Public pronouncements by UK, EU and US policymakers and "opinion shapers" too often fail to reflect that Iran is a complex country. While there are clearly highly reactionary elements within the Iranian government and the state apparatus is used to perpetuate human rights abuses, the country has a rich culture and history, containing people with technological, economic and political aspirations and understandable fears of foreign attack. A limited vision can only feed tensions between Iran and the West. The current nuclear dispute is not the cause, but a symptom, of a failed relationship. It is this relationship that must, in the long-term, be improved if further political crises like the present one are to be avoided.

3.2 Iran's nuclear ambitions are being fed by a combination of US threats of regime change, domestic politics and regional security concerns and aspirations. It is widely recognised that Iran has become more influential in the Middle East since the elimination of two regional rivals (the Taliban in Afghanistan and Saddam Hussein in Iraq). The Iranian regime actively cooperated with the United States in Afghanistan but felt threatened by US rhetoric, including President Bush's 2002 State of the Union address in which Iran—along with Iraq and North Korea—were described as part of an "axis of evil". From the Iranian perspective, the United States is a hostile power that, together with the UK, fomented the 1953 coup against the democratically elected Mohammed Mossadeq, continues to support domestic groups hostile to the regime (including violent action), and refuses to recognise the Islamic Republic.

3.3 The Iranian President Mahmoud Ahmadinejad's populist, pan-developing world approach to the nuclear issue has raised his international profile and cultivated nationalist sentiments at home. For many Iranians, therefore, relinquishing the right to nuclear technology under the NPT would be seen as a national humiliation. Neither reformists nor conservatives appear willing to contemplate such a move. Iran has a history as a regional power, and its nuclear advances serve as a symbol of Iran's political importance and its modernity.

3.4 If, as existing nuclear weapon states argue (including the UK government in deciding to renew Trident), such weapons confer status and provide security through "deterrence," some factions in Iran might indeed find the prospect of obtaining nuclear weapons attractive. The country is situated in a war-plagued region (five major wars in less than 25 years). When Iraq attacked Iran in 1980, subjecting it to the most extensive use of chemical weapons since the First World War, the international community turned a blind eye. The conflict cost the lives of hundreds of thousands of Iranians and remains a major scar on the national psyche to this day. Iran is located between two regional nuclear weapon states (Israel and Pakistan), and is encircled by US military forces in Iraq, Afghanistan, Turkey, Kuwait, Qatar, Diego Garcia and Kazakhstan, as well as naval forces in the Gulf.

3.5 Views among the Iranian political elite are mixed as to whether or not Iran should build a nuclear bomb, although senior religious and political leaders have made public declarations that this is not their intention. As discussed above, the most likely scenario is that Iran is positioning itself to establish a "virtual" or "breakout" nuclear weapon capability—namely, the ability to manufacture a nuclear device within a short period of time by virtue of its non-military nuclear technical capabilities and assets. This "breakout" option would put Iran on a par with a number of Non-Nuclear Weapon States under the NPT, such as Brazil and Japan, although unlike Iran, these countries remain in good standing with the international community and the IAEA.

3.6 There appears to be a growing consensus among Iranian elites that mastering uranium enrichment and securing such a "breakout" capability could enable Iran to achieve several key goals of paramount importance, including: deterring US interference in Iran's internal affairs; consolidating Iran's regional status as a leading power; and sustaining Iranian nationalism and support for the current regime. The UK, EU and US face a major challenge in seeking to help Iran satisfy these goals without recourse to a nuclear weapons capability, especially given that certain aspects of current US policy are directly apposite to these goals. It might also be the case, however, that some of these key Iranian goals can be modified in the light of a new approach by the Western powers—as discussed in Section 6 below.

4. SECURITY IMPLICATIONS OF IRAN'S NUCLEAR PROGRAMME

Is a nuclear weapon capability the ultimate goal?

4.1 The assumption that Iran's nuclear programme is a cover to achieve a nuclear weapon capability is so widespread within the Western analyst community that it is often taken as read. It means that success in the strategy pursued by Western states in the stand-off can be measured simply in terms of preventing Iran acquiring, openly or illicitly, any dual-use technologies that will inevitably contribute to this budding capability; hence the emphasis on insisting on a suspension of enrichment prior to any negotiation.

4.2 But such an assumption needs to be treated with caution, particularly in the light of the Iraq experience, when assumptions made prior to the 2003 Iraq war that Saddam Hussein had developed useable WMD were found to be entirely without foundation. It is easy today to forget how widely held these assumptions were, even by a majority of those opposed to the war. That is not to say that Iran is not looking to develop a nuclear weapon or "breakout" capability; indeed we at BASIC believe the evidence, though circumstantial, does point in this direction. We recommend, however, proceeding with caution.

4.3 The legitimacy of international action to stem the tide of nuclear proliferation hangs on the actions of the international community in regard to Iran's nuclear programme. Too soft, and in the light of North Korea's testing of a nuclear explosive device, other potential proliferators may be emboldened to plough ahead. Too strong, and the non-proliferation regime could be equally badly affected, as developing countries in particular begin to lose faith in its central bargain: states without nuclear weapons pledged not to acquire them, but were free to pursue the peaceful use of nuclear technology under strict and verifiable control, while nuclear-armed states committed to eventually give them up. And there is a widespread and growing perception among States Parties to the NPT that the freedom to pursue peaceful use of nuclear technology is under threat and that the nuclear weapon states are failing to honour their disarmament commitments. If not addressed, this situation is a recipe for disaster: it will probably lead to a more unstable world of 20 or more nuclear weapon states.

4.4 While it is prudent to be strongly concerned about Iran's potential "breakout" capability, it is equally prudent to be open to the possibility that Iran may simply be seeking self-sufficiency in its civilian programme. The Iranian people do, after all, have plenty of reason to desire this self-sufficiency, having been let down several times when collaborating internationally in the nuclear field. For example, Iran remains a shareholder in Eurodif, which was formed in 1973 by five countries including Iran, to provide assured supplies of enriched uranium from a single facility based in and run by France. The company now supplies around eight million separative work units (SWU) of enrichment services worldwide, beyond its original partners. In the 1970s Iran lent Eurodif \$1 billion and purchased \$180 million of services from the company. After a bitter legal battle, Iran was partly compensated for its loan in 1991, still part-owns Eurodif indirectly, but has yet to see delivery of any material. France simply refuses to export it.

4.5 Russia's more recent dispute with Iran over completion of the Bushehr reactor and the delivery of fuel has exacerbated doubts among Iranians as to the reliability of Russian supplies. Proposals that Iran rely upon Russian enrichment facilities for the supply of its nuclear fuel were never really the silver bullet some thought it might be.

4.6 Thus, any proposals that involve Iranian dependency upon foreign sources of nuclear fuel, even if there are apparent guarantees, are not going to curry strong favour in Iran. This lack of enthusiasm for foreign fuel supplies does not in itself indicate an Iranian desire to control the enrichment processes for military purposes. Neither does the pursuit of a strong nuclear power industry while sitting on large oil and gas reserves—a state of affairs that is often cited in the Western media as a reason for questioning Iranian motives. Iran faces a different energy security calculation than states dependent upon energy imports, but is heavily reliant on foreign exchange income from energy exports and has a burgeoning domestic demand for energy. Iran's failure to develop significant sources of renewable energies or engage seriously with energy conservation may be lamentable, but the country is not alone in falling short in this regard.

4.7 The concealment of sensitive nuclear technologies for 17 years provides stronger grounds for mistrusting Iranian intentions, although, again, there are some credible explanations for their uncompromising behaviour. Given Iran's technological isolation and distrust of its neighbours, it is perhaps not surprising that it would seek to conceal its nuclear activities for as long as practicable. Iran would have been concerned about espionage and foreign interdiction of imports of critical technologies. There is a conflict of interpretation over Iran's need to inform the IAEA about the extensive facilities it was constructing, though the IAEA is clear and explicit in stating that it broke the Safeguards Agreement in failure to report on key sensitive experiments. IAEA reports have explicitly censured Iran for failing to declare many aspects of nuclear fuel cycle activities, particularly in the areas of uranium enrichment and conversion, and plutonium research. However, the IAEA also acknowledge that Iran has taken some corrective actions since October 2003 and the Agency has verified some of Iran's declarations.

4.8 A similar defence can be made of Iran's networks of clandestine supply. The Iranians believe that open procurement of nuclear technologies would be blocked, irrespective of whether they were for legitimate civilian or for military purposes (something which is, as discussed earlier, difficult to establish either way). The formal and informal nuclear sanctions applied against Iran, along with clandestine interdiction and disruption, forced them to acquire nuclear technologies, legitimate or otherwise, from the black-market if

they were to develop an indigenous power industry. They used underground suppliers like A.Q. Khan who sometimes had more to offer than simply civil or dual-use technologies. Iran's receipt of blueprints for nuclear weapon designs from the A.Q. Khan network quite rightly rang alarm bells. Attention has focused on a 15-page document supplied by the network, that Iran claims it did not request, that provides partial information on the process of reducing enriched uranium hexafluoride into a solid metal and casting it in metal spheres. This is a process that is only useful for military purposes. The document has been inspected by the IAEA and is under their seal, but Iran has refused to allow the Agency to take a copy. There is no evidence that Iran has used this document in any way.

4.9 Another cause for concern, the IAEA's discovery of enriched uranium particles, is explained away as having originated with the equipment supplier. By and large, the IAEA has accepted this explanation, though the Agency has been unable to confirm this with any certainty. Iran has also been unable to supply full information on its imports of centrifuge parts and related technologies, and this remains the main outstanding issue with the IAEA. Questions are also outstanding on a number of small-scale plutonium reprocessing experiments that may have been undertaken by Iran.

Security implications from an Iranian nuclear weapon

4.10 An important recent study (April 2007) by Anthony Cordesman, at the Center for Strategic and International Studies (CSIS) in Washington DC, looks at possible scenarios arising from Iranian development of a nuclear arsenal. Two important conclusions are: (a) Iran will remain much more vulnerable than Israel, given significant and lasting Israeli superiority in strategic, including nuclear, forces; and (b) a combination of active and passive defences deployed by Gulf States, operating alongside US extended deterrence, is likely to entirely neutralise any advantage Iran may seek from possession of nuclear weapons.

4.11 Clearly, introducing nuclear weapons into a region as unstable as the Middle East, involving cultures that have experienced such enduring hostility and regular "hot wars", is highly undesirable, and deterrence in these circumstances is unlikely to be effective in the long run. Equally, the threat, large enough in reality, should not be exaggerated. Quoting the Iranian President out-of-context, and interpreting words in particular ways, does not support the thesis that Iran would use a nuclear weapon against Israel.

4.12 There is widespread recognition within Iranian security establishment that moves towards open deployment of nuclear weapons, or an ambiguous posture mirroring Israel, would make Iran a target. It would also severely undermine Iran's relationships in the region, to the point where neighbours may well decide to develop their own nuclear arsenals, or develop much stronger security partnerships with the United States. This would entrench the US position in the region, harming Iranian influence significantly.

Prospects for a Nuclear Weapon Free Zone (NWFZ) in the Middle East

4.13 A belligerent and fearful atmosphere after the Cuban Missile Crisis in the early 1960s prompted the countries of the Latin American and Caribbean Region to create the world's first Nuclear Weapons Free Zone (NWFZ) Treaty. Since then, three more NWFZs have been created: the 1985 Treaty of Rarotonga, covering the South Pacific; the 1996 Treaty of Bangkok, covering Southeast Asia; and the 1997 Treaty of Pelindaba, covering Africa. In addition, Austria (1999) and Mongolia (2000) are single-state NWFZs. A Treaty creating a Central Asian NWFZ has been opened for signature, but there remains disagreement over whether it may have a loop hole over the transportation or deployment of Russian nuclear weapons. There continue to be discussions (but currently no more) on the possibility of NWFZs in the Middle East and in parts of Europe.

4.14 The proposed Middle East NWFZ would differ significantly from previous ones in that it would include a de facto nuclear weapon state (Israel) and border on another declared nuclear weapon state (Pakistan). It would also require a transition from past experience, whereby the treaties established a passive but legally protected status for countries in the region covered by the NWFZ, to a situation where active disarmament is carried out. Iran's nuclear programme would need to be curtailed or controlled to provide guarantees against "breakout", while Israel would need to verifiably dismantle its nuclear weapon stockpiles and place its nuclear facilities under IAEA safeguards. To protect Israeli interests, and assure its security, such a scheme would also probably require an extended US security guarantee, to the effect that it would destroy any Iranian, or other Middle Eastern, facility that threatened to cheat.

4.15 The goal of a NWFZ in the Middle East has long been recognised as both desirable and unachievable. Today, it is more necessary—but less likely—than ever, and could be made more possible, given courage and vision of the kind that spawned momentous changes in the previous century (such as the Marshall Plan, the end of the Cold War and the re-unification of Germany).

5. INTERNATIONAL ENGAGEMENT WITH IRAN OVER NUCLEAR NON-PROLIFERATION

5.1 Since the 2002 exposure of its clandestine nuclear programme, Iran has devised at least five proposals which included provisions designed to assure the international community that its nuclear activities are exclusively for peaceful purposes, rather than nuclear weapons. In early 2003, the Iranian government indicated a willingness to negotiate an end to its support for Hezbollah, its opposition to the Israeli-Palestinian peace process, and possibly its nuclear programme. An April 2003 proposal from Iran for resolving these differences was ignored by the Bush administration. Key US officials, including then-National Security Advisor Condoleezza Rice, now claim they never saw the Iranian proposal.

5.2 Later in 2003, France, Germany, and the United Kingdom (E3) agreed to discuss with Iran a range of nuclear, security, and economic issues as long as Tehran suspended its uranium enrichment programme and cooperated fully with the IAEA investigation. However, that agreement unravelled in 2004 when Tehran continued aspects of its work on developing a nascent enrichment programme.

5.3 Iran then agreed with the E3 in November 2004 (under the Paris Agreement) to implement a more stringent voluntary suspension. Negotiations between the two sides began shortly afterwards. Iran's proposals emphasised a broad regional security approach, including action against terrorism (indicated by a stated willingness to reign in the actions of Hamas and Hezbollah, and to see to their disarmament and integration into the political structures of Palestine and Lebanon), further agreement to reinforce respect for sovereignty and national security, and technical and economic cooperation. Iran's proposals to the joint E3-Iranian meeting in March 2005 accepted the possibility of limiting the country's nuclear programme by: (a) operating an open fuel cycle (ie no reprocessing); (b) agreeing a ceiling of enrichment at LEU levels; (c) immediately converting all enriched uranium into fuel rods; (d) continuing to implement the Additional Protocol and continuous on-site presence of IAEA inspectors at Esfahan and Natanz; and (e) confirming a permanent ban on nuclear weapons, and the enforcement of Iranian export controls on sensitive nuclear technologies and materials.

5.4 The Iranian proposals in March and April 2005 contained clear precursors to those that were subsequently included in the E3 proposals in August 2005. The election of Mahmoud Ahmadinejad as Iranian President was a turning point in relations, and pushed the Europeans onto the back foot. But it is still not clear if the deterioration in negotiations occurred as a result of any change of Iranian policy or because of a hardening of attitudes by EU negotiators (under pressure from the US administration) following the election. What is clear is that the talks soured: the offer from the Europeans was delayed into August, and when Iran restarted its uranium conversion activities on 1 August 2005 the opportunities for compromise had already diminished considerably.

5.5 The August 2005 E3 offer was characterised by BASIC at the time as strong on demands and weak on concrete offers. It showed little willingness to make clear and concrete positive proposals until Iran had made commitments not to develop its nuclear fuel cycle activities and to place all nuclear work under tight safeguards. The E3 proposal failed to pay enough attention to key Iranian interests, and may have been motivated more by a desire to appease Washington, which was not prepared to tolerate any Iranian enrichment, than to finding a solution. The Iranian response was furious, and had an air of finality about it, pushing the diplomacy further towards a crisis situation.

5.6 The subsequent P5 + 1 proposal to Iran on 6 June 2006 was an improvement on the previous offer in two key respects: it involved all the major parties representing the UNSC (P5 + 1); and it was less demanding and included clearer incentives to Iran. BASIC highlighted seven key aspects to the draft proposal that was leaked at the time: [http://www.basicint.org/pubs/Notes/BN060901.htm_en03#en03\(a\)](http://www.basicint.org/pubs/Notes/BN060901.htm_en03#en03(a)) the willingness of the United States to sit down directly with Iran; (b) recognition of the Esfahan uranium conversion plant; (c) an international fuel cycle centre in Russia involving the Iranians; (d) a five-year fuel-bank/buffer stock for Iran; (e) affirmation of Iran's inalienable right to nuclear energy for peaceful purposes; (f) an energy partnership that included investment in Iran's oil and gas infrastructure, and assistance in energy conservation and renewable technologies; and (g) a new regional political forum to involve Iran and other regional states to discuss security guarantees, and a WMD-free zone for the Middle East.

5.7 Subsequently "Elements" of the P5 + 1 package were published by the French Foreign Ministry. It is difficult to know whether this is a summary document or the full proposal. Made after the Europeans consulted with the United States, it appears to have diluted several of the proposals outlined in the draft. For example, the proposed regional political forum to discuss security guarantees and a WMD-free zone was relegated to a vague "new conference to promote dialogue and cooperation on regional security issues". Indeed, the Bush administration only agreed to support the June 2006 offer after the EU agreed to drop any security and territorial integrity guarantees.

5.8 The fatal flaw within the final P5 + 1 offer was the precondition that Iran give up enrichment before coming to the negotiating table: giving up leverage with no clear quid pro quo commitment on the part of the United States or the Europeans. The Iranian delay in replying was therefore inevitable; it would require complex internal discussions to hammer out an agreed line when offered tempting nuggets, alongside an unacceptable precondition that Iran give up its main bargaining chip.

5.9 The Iranian counter-offer was never made public. However, the 21-pages had sufficient substance for Javier Solana, representing the EU in the negotiations and the formal recipient of the counter-offer, to decline any immediate formal public reaction. He limited his remarks to saying that "the document is

extensive and therefore requires a detailed and careful analysis". Official Iranian declarations and reports since then strongly suggest that the Iranian counter-proposal rejected pre-conditional suspension of enrichment, but that suspension within the negotiations would be considered.

5.10 The E3/EU have been in negotiations with Iran over this issue, on and off, for nearly four years now. It is widely seen as a test case for European foreign policy after the divisions caused by the invasion of Iraq in 2003. The November 2004 temporary suspension of Iranian enrichment was seen as an initial success for European diplomacy. But when the Iranians restarted enrichment in August 2005, the E3/EU saw it as an affront to their position, leading to a more determined stance. While the EU has supported the targeted, but limited UN sanctions, many EU member states are reluctant to push coercion too far, not least because they are worried about handing over valuable commercial opportunities and essential energy sources to Russia and China. In addition, opposition to military action is currently widespread within the EU, even though key leaders (notably Tony Blair and Angela Merkel) have refused to rule it out, believing the threat to be an important negotiating tool. The election of Nicolas Sarkozy to the French Presidency adds a new dimension, and his first published comments on the standoff suggest a hardening in the French position. On the 23 May he said "I for my part think one should not hesitate to toughen the sanctions" in an interview published in the German monthly magazine Cicero.

5.11 The failure of the US government to attempt any meaningful diplomacy with Iran or to rule out military action has also been damaging. US policy appears to be based on the premise that Iran's further isolation will prompt regime change. Such a policy is fanciful, almost certainly counter-productive and no substitute for the proper engagement which is now urgently needed. US and EU policies that appear to discriminate against Iran are likely to strengthen domestic support for the present government and its pursuit of nuclear technology and limit international pressure on Iran. The present EU-US strategy is only likely to push Tehran eastwards, building further economic and political relations with Russia, China and India.

5.12 Russia and China hold powerful positions in this diplomatic process. Both countries are keen to prevent Iran acquiring nuclear weapons—they fear Islamic extremism as much as the US administration does. Both, however, also have strong interests in spoiling any strong rapprochement between Iran and the West that might harm their current and future commercial interests with Tehran. Russia remains committed to building the Bushehr reactor and has invested heavily in the Iranian oil industry infrastructure. A more adversarial and distant relationship is developing between Russia and the West, partly due to renewed confidence in Russia's own place in the world (bolstered by a much stronger economy driven by energy exports) and partly by a perception that it continues to be frozen out by key Western institutions, such as NATO and the EU. Thus, according to resurgent Russian strategic interests, Iran plays an important offsetting role to the US power in the Middle East. Russia and Iran together also hold more than 50% of the world's known reserves of natural gas, which is widely expected to grow in strategic importance over the next decade or so.

5.13 Similarly, China's growing hunger for energy inevitably determines its foreign policy towards Iran and the Central Asian states to the north. Chinese officials have consistently called for a negotiated settlement to the dispute, and appear reluctant to push coercive diplomacy and sanctions too hard. They are likely to support efforts that avoid conflict but also prevent the emergence of a nuclear-armed regime in Tehran.

5.14 If negotiations are not revived, this stalemate in the UNSC is likely to leave Iran with sufficient wriggle-room to develop their nuclear weapons capability transparently and under existing safeguards. Continued allusions by US officials to the prospect of military action also give the Iranian government a powerful incentive to double their efforts in this direction. Should these events occur, the prospect of military action against Iran by either the US or Israel cannot be excluded. Such action would be a disaster for global and regional security and must be avoided. Diplomacy and creative compromise on all sides are the only acceptable choice. The core diplomatic challenge facing all the main players is to craft a compromise that allows all parties claim some victory. Any successful negotiation requires nothing less.

6. ALTERNATIVE OPTIONS, AND THE IMPLICATIONS FOR SECURITY

6.1 We are often sold the current strategy as if it were the only realistic course on offer (contrasted with military action on one extreme and appeasement on the other). In actual fact there are plenty of possible ideas, themes and strategies that could make the attempt to prevent Iran's acquiring a weapons capability more likely to succeed.

6.2 Solutions often require creative thinking. In attempting to develop a workable resolution those involved need to ask what they ultimately hope to achieve. Once these goals are established and parties acknowledge that there are common interests, room for negotiation can be found, but only with a credible commitment from all sides. So far, while the US administration has occasionally tempered the rhetoric in an effort not to alienate its European allies and Russia and China, it has shown little faith in achieving a negotiated solution, and little willingness to compromise on the policy positions adopted and demands made.

6.3 It is clear the US administration is “building a case” against Iran. What it intends to do with that case is unclear. But while the situation is dynamic and uncertain, some of the major underlying issues have remained constant throughout the crisis.

6.4 The first of these issues is the need for accountable, farsighted and coordinated problem solving in Washington and the capitals of Europe—as opposed to the irresponsible, short-sighted and largely unilateral US-led action that has led to the failure in Iraq. It would be folly of an even greater magnitude to rely upon a build up of US military forces within the region to pressurise Iran to change course and allow that momentum to determine the choice over military strikes. The US elections of November 2006 demonstrated that Americans are ready for a new approach to national security. Surveys and opinion polls in Europe also confirm a large transatlantic consensus for policies that are effective; policies that reflect a principled and lucid assessment of the best way to achieve national security goals. There is growing repudiation of the pre-emptive use of military force, and a desire for US and European governments to use all the tools in their foreign policy toolkit (diplomatic, economic, intelligence) to tackle complex security challenges.

6.5 A second theme is the contrast between the disastrous costs of an unprovoked attack on Iran and the potential lasting benefits of a serious dialogue with Iran. There is broad agreement among military and intelligence experts that there is no good military solution to this problem. While an attack on Iran would have disastrous costs and consequences, without achieving the intended results, the potential benefits of a constructive and open dialogue with Iran are substantial. Building a direct relationship with the government and people of Iran is likely to pay off domestically, for the region, and for the rest of the world.

6.6 A third then is that smart, tough-minded multilateral diplomacy—of the kind that has just been applied to North Korea to stop, seal and (hopefully) ultimately disable its nuclear facilities as part of a grand bargain—works, even in the most difficult of circumstances. Diplomatic options with Iran are not only less risky than military options but also more likely to produce real and long-lasting progress—and are a long way from being exhausted.

6.7 It will not be easy for the US administration to talk with Iran—nor for some Iranian officials to talk to Washington—and any agreement will require both sides to step back from their red lines and swallow some bitter medicine. But the elusive middle ground is still available for negotiations to develop. However, the broad outlines of the negotiation that has to take place are already known to diplomats on both sides, outlined in a communication sent by Tehran to Washington in April 2003—although the hard work of devising mutually acceptable trade-offs has yet to begin. We discuss some of the potential trade-offs below.

6.8 A final theme is the need to look at the big picture in the Middle East and globally. A smart, farsighted Iran policy will help stabilise the region and enable progress to be made towards some of US and Europe’s most important shared foreign policy goals. Thus, there is an urgent need to halt the escalating rhetoric and to get serious about diplomatic engagement with Iran across a range of issues. The US administration needs to openly recognise that policy, not regime, change is the goal. The cost of not talking to Iran is unacceptably high, and getting higher. It is undermining regional stability and global hopes of stemming nuclear proliferation. While there is no guarantee that talks with Iran would succeed, the refusal of the US to talk is increasing the likelihood of transatlantic failure in too many important areas.

6.9 The P5 + 1, and especially the United States, must enter into direct negotiations with Iran without pre-conditions. In the short-term, we believe the best strategy lies with ensuring that controls over Iran’s nuclear fuel cycle are fair, equitable and effective. To satisfy international concerns, Tehran should accept an intrusive nuclear inspections regime going beyond what is stipulated in its Safeguards Agreements with the IAEA, and even any revival of its Additional Protocol. While it would be preferable in the long-term for Iran, as well as other countries, to rely on other, safer energy sources, the P5 + 1 governments must recognise that, without evidence of nuclear weapons development, their entitlement and ability to impose restrictions on Iran’s nuclear programme are limited. In this context, and in the light of proposed US nuclear cooperation with India (a non-NPT state), the EU-US insistence that Iran permanently shut down much of its nuclear fuel activities are not backed by the NPT and appear discriminatory. It may also reinforce perceptions among Muslims that the US and EU wish to relegate them to second-class status. P5 plans to update their own nuclear arsenals also exposes them to charges of hypocrisy. Finally, states within the Non-Aligned Movement in particular see Iran as the “thin end of the wedge”, and fear that the US-EU axis will also attempt to restrict their access to nuclear power technologies. The Iranian government has successfully framed the disagreement among much of its population and the non-aligned movement as an attack upon its rights. This has entirely overshadowed and squashed the more important domestic debate around the costs and benefits to Iran from pursuing this technology. The US and EU positions are partially responsible for this.

6.10 Without flexibility on the key issue of Iranian nuclear fuel production there is little prospect of either reaching agreement with Iran or, alternatively, building the strong international consensus for dealing with the Iranian “nuclear dossier” (see Table 2 for ideas already floated). Since best estimates suggest that Iran is several years and possibly a decade away from any potential nuclear weapon we recommend a renewed P5 + 1 effort to constructively negotiate a more equitable agreement with the Iranian government.

6.11 Flexibility aimed at closing off Iran's easier routes to nuclear weapons while ensuring that any remaining sensitive activities (such as limited enrichment) are closely scrutinized through rigorous inspections could open up more palatable options for engagement in the future. This could be assisted by the explicit identification of those technologies that present greater threats of proliferation, and an agreement on this analysis. For example, HWRs and reprocessing plants present more danger, and are more difficult to monitor, than enrichment activities. If the EU were to lead on building a consensus around this, in collaboration with the IAEA, it could make more transparent the need to control such technologies.

Table 2

IDEAS ALREADY TRIED FOR BREAKING THE ENRICHMENT STALEMATE

Cessation of enrichment (EU3 2003)

Indefinite suspension, no HWR, with LWR for research (EU3 2005)

Continuation, under normal safeguards and Additional Protocol (Iran 2004–05)

Internationally supervised on-shore enrichment Joint Venture (Iran, floated 2004–07)

Off-shore enrichment Joint Venture (Russia 2006)

Moratorium on industrial scale enrichment (Iran 2006)

Time limited moratorium on all enrichment and HWR activity (P5 + 1 2006)

6.12 The Forden-Thomson plan for breaking the stalemate deserves greater attention. Essentially, this proposal involves a multilateral enrichment facility on Iranian soil with the capacity to provide material for a virtual fuel bank. The sensitive centrifuge technologies would be “black boxed”. For further details, see BASIC Iran Discussion Paper Series, No.2, “The Iranian Nuclear Crisis—A Risk Assessment”, by Sir John Thomson, March 2007, <http://www.basicint.org/pubs/Papers/iran2.pdf> The proposal has merit because it: (a) meets the bottom line of all sides, enrichment on Iranian soil and no nuclear weapons in Iranian hands; (b) has robust and effective built in safeguards, which are more likely to prevent clandestine operations than any other proposals; and (c) represents arguably the best option in difficult circumstances. Of course, this proposal risks giving Iran access to the most advanced centrifuge technologies, and the facility could be “nationalised” or seized by force at some later point. But were Iran to do so, its intentions would be crystal-clear and enable a robust and unified international response—unlike the situation today.

6.13 An alternative proposal, and one that BASIC has been advocating for over 18 months, is the operation of a limited or pilot enrichment facility at Natanz. There would be strict limits on the numbers of centrifuges and on the amount of time they would be allowed to operate, as well as an intrusive IAEA inspection regime to prevent diversion to a nuclear weapons programme. Again, the risk is that it would allow Iranian technicians to gain increased knowledge of the enrichment process, transfer those skills to a covert facility and then to achieve “breakout”. But that risk already exists and grows more likely as the current stalemate continues. With Russian and Chinese support for such a proposal it would at least tie Iran to a clear commitment, and allow for greater unity in the UNSC in the event of a future transgression by Iran.

6.14 In exchange for international acceptance of either a multilateral or a highly limited and carefully monitored national “front-end” nuclear fuel capability in Iran and a precise and detailed plan of action addressing Iran's economic and security concerns (see below), Tehran might be expected to: (a) establish a continuous, in-country IAEA inspections regime with the power to visit any site, with due regard to Iran's sovereignty and security; (b) permanently cease construction of the HWR at Arak, which is a dangerous potential source of plutonium for nuclear weapons; (c) relinquish any ambitions to reprocess spent nuclear fuel, which can be more easily diverted for nuclear weapons; and (d) permanently renounce its rights under Article X of the NPT to withdraw from the IAEA safeguards regime, or failing that, enact domestic legislation that binds the Iranian government to a non-nuclear weapon policy indefinitely.

6.15 In addition to securing some form of enrichment on Iranian soil, Iran's negotiators will most likely also require more detailed and specific measures to guarantee the security of the Iranian state (and the current regime) against external attack. Engaging with Iran on broader regional security issues could potentially be very favourable.

6.16 Concrete EU/US proposals for a new regional security architecture would go far in alleviating Iran's sense of vulnerability. More than economic incentives, security cooperation has the potential to not only undermine Iranian ambitions for a nuclear weapons programme, but also provides the opportunity to discuss Iranian support for radical groups in Iraq, Lebanon and Palestine, and, perhaps, achieve concessions there as well. Iran has said that it is willing to consider temporarily suspending enrichment if negotiations progress. The P5 + 1 should offer an invitation to a major regional conference on specific security issues, including a discussion of security guarantees from the United States, while Iran suspends its fuel-cycle programme as a quid pro quo.

6.17 In the longer term the international community must aim at solutions that assure Iran and other states that they have no need for nuclear weapons, by building clear assurances of security through regional defence arrangements and reformed defence and foreign policy postures from external powers. Control of technology transfers and enforcement of agreements could be further tightened. The Proliferation Security Initiative (PSI) needs to be applied consistently and fairly; reaching out to Russia and China is therefore particularly important. The informal arrangements of the Nuclear Suppliers Group need reform; export control information is not systematically shared with the IAEA or even fully among the Group's members.

6.18 The economic incentives offered by the P5+1 in June 2006 also need to be enhanced in order to change Iran's cost-benefit calculus. The lifting of US restrictions on foreign investment in Iran's oil refinery sector would be one such move. The claims from US officials that Iran need only improve the efficiency of its oil sector to achieve the energy savings equivalent to potential production from a nuclear energy programme are undermined by such restrictions.

6.19 Finally, the nuclear weapon states must speed up their own negotiations over the disarmament commitments they made at the 2000 NPT Review Conference, such as the Fissile Material (Cut-Off) Treaty to ban the production of highly enriched uranium and processed plutonium, and make moves to reduce their reliance upon nuclear weapons. Pressure must also be exerted upon Israel to discard its nuclear weapons, accede to the NPT, and join talks towards the establishment of a WMD-free zone in the Middle East. Silence on the Israeli case only serves to strengthen public support throughout the region for a balancing nuclear power.

6.20 Britain's own decision to renew Trident was directly and indirectly criticised by other States Parties (and not just Iran) at the recent NPT Preparatory Committee meeting in Vienna. The UK has missed a major opportunity to lead the way in devaluing the military, political and symbolic importance of nuclear weapons, and as a result, the UK government has very little moral authority to persuade other countries to permanently give up their own pursuit of these weapons.

Memorandum from Elahe Mohtasham¹

SENIOR RESEARCH ASSOCIATE AT THE FOREIGN POLICY CENTRE IN LONDON

EXECUTIVE SUMMARY

1. Much of the debate about the "Iranian nuclear threat" is driven not so much by any hard evidence about a weapon driven programme but by fear that Iran's mastery of civilian technology would provide the means to rapidly develop a weapons capability should she wish to do so in future.

2. Unpalatable as some of Iran's policies and actions may be, it is far from an imminent threat to its nuclear and non-nuclear neighbours, or powers outside the Middle East region. Therefore, any attempt at "pre-emptive" military strike against Iran's nuclear facilities is unlikely to be viewed sympathetically both within and outside Iran. Any military attack will galvanise the Iranian population and strengthen the hands of those religious hard-line fundamentalists who have argued against the benefits of joining international nuclear non-proliferation treaties and conventions. Short of a whole scale invasion and occupation of Iran, which will have catastrophic consequences, any aerial bombardment is unlikely to eliminate Iran's nuclear infrastructure and know-how but is likely to make it withdraw from the NPT and freely develop a weapons programme.

3. With most experts believing Iran to be between two to 10 years away from becoming a nuclear weapon-capable state, there is still time to persuade Iran that benefits of remaining a non-nuclear state far outweigh any perceived security advantages that the possession of a handful of nuclear weapons may provide. The existing pre-conditions (mainly the suspension of all uranium enrichment related activities, including research and development by Iran) to the start of the negotiations between the permanent members of the Security Council plus Germany (the P5+1) should be removed to allow the diplomatic negotiations with Iran to begin as soon as possible.

4. Iran should be offered non-discriminatory access to nuclear materials and technology to pursue its legitimate civilian nuclear projects in return for enhanced confidence building and verification measures to ensure its activities remain confined to peaceful purposes.

5. Regional initiatives such as nuclear-free zones and multi-national ownership and control of nuclear fuel production facilities should be encouraged and supported to eliminate grounds for a regional arms race, and to discourage regional states to engage in a "race" to acquire nuclear fuel cycle technology.

6. There is an urgent need for negotiations to find a formula to offer positive and negative security assurances to Iran.

7. Iran's legitimate security interests should be recognised by outside powers, and practical steps taken to allay its fears in return for Iran's cooperation in resolving some of the pressing issues confronting western countries.

8. Iran's integration back into the international economic and political system is the best guarantee of democracy within the country. Economic, cultural, and scientific ties may be linked to Iran's behaviour in both domestic and international arenas.

INTRODUCTION

9. There are a number of key contextual variables, ranging from technological aspects of Iran's nuclear programme to less tangible issues related to Iran's intentions to acquire nuclear technology or the nature of diplomatic negotiations to resolve the conflict that would be crucial factors in any discussions about Iran's nuclear programme. Iran's human rights records as well as the military, economic and political threats, sanctions and pressures put on Iran through resolutions passed by the Security Council of the United Nations are factors, which also would have significant bearings in any discussions, analyses and list of recommendations put forward regarding Iran's nuclear programme and the UK's foreign policy towards Iran.

10. In this paper a series of questions have been identified to guide thinking about the United Kingdom's foreign policy towards Iran, especially in relation to Iran's nuclear programme. These questions are highlighted in the following paragraphs.

11. The factual information and analyses from which the Foreign Affairs Select Committee may draw conclusions is outlined in the main body of this paper, which is divided into three sections. The first section deals with a number of questions related to Iran's nuclear intentions and Iran's obligations under the NPT and the related safeguards agreement with the IAEA. The five questions addressed in this section are as follow.

- i. What criteria could be used to determine whether Iran has the intention to acquire nuclear weapons?
- ii. What have been the main areas of Iran's non-compliance with its IAEA safeguards?
- iii. What have been the main remaining outstanding questions by the IAEA regarding Iran's nuclear programme by May 2007?
- iv. What are the main components of the decision-making process in Iran regarding the nuclear programme?
- v. What are the differences between the Security Council Resolution 687 adopted against Iraq in 1991 and the Security Council Resolutions 1696, 1737 and 1747 adopted against Iran in 2006 and 2007?

12. The second part of this paper deals with the main technological developments in Iran's nuclear programme. There are three inter-related questions addressed in this section.

- i. How far is Iran from the capability to construct a simple atomic device and to deploy an operational nuclear weapon?
- ii. What is the relationship between civil and military aspects of Iran's nuclear programme?
- iii. Could Iran's uranium enrichment programme be used only for producing fuel in civil nuclear reactors?

13. The third part of this paper provides an overview of Iran's nuclear programme within the global context of the nuclear non-proliferation regime. The five main questions addressed in this section are as follow.

- i. In which manner have the expectations put on the role and objective of the NPT and IAEA Safeguards evolved historically, and what impact have those changes had on the current dispute over Iran's nuclear programme?
- ii. In what circumstances would Iran more likely to withdraw from the NPT?
- iii. What has been the role of Iran in the NPT related export control measures, agreements and proposals between 1970 and 2007?
- iv. Why have the United Kingdom and the United States been reluctant to provide a legally binding and unconditional security assurances to Iran and other non-nuclear weapon states?
- v. What are the key obstacles as well as common interests in the diplomatic negotiations to reach an agreement between Iran and the P5 + 1?

14. The last section of this paper provides two appendices. Appendix I provides a chronology of the main events in the procurement of Iran's centrifuge and uranium enrichment technology between 1985–2007, and Appendix II provides a chronology of the main events in the negotiations between Iran and the three European Countries, France, Germany and the United Kingdom (E3) including the high representative of the European Union (EU) between October 2003 and May 2006, and between Iran and the permanent members of the Security Council plus Germany (P5 + 1) between 6 June 2006 and 31 May 2007.

 IRAN'S NUCLEAR INTENTIONS AND OBLIGATIONS UNDER THE NPT AND IAEA SAFEGUARDS

15. *What criteria could be used to determine whether Iran has the intention to acquire nuclear weapons?*

16. A state's potential motivations or incentives to acquire nuclear weapons and its behaviour have been the two central criteria that have long been used by analysts to determine the extent to which a country may wish to acquire nuclear weapons capability. In relation to Iran, the list of potential motivations could include the existence of nuclear weapons in the neighbouring countries of Iran (in Pakistan and Russia) and in the wider Middle East and South Asia (in Israel and India). The military presence of the two other nuclear weapon states (the UK and the US) in the Persian Gulf area could also provide added potential incentives for Iran to acquire nuclear weapons of its own. The possible use or the threat of use of nuclear weapons by Iran for defence or deterrence purposes, in case of a full-scale invasion of Iran, could be considered as a potential motivation for Iran to develop a simple design, emergency type, atomic device. Moreover, Iran's experience during the Iran-Iraq war (1980–88), a war which Iran believes started by Saddam Hossein with full knowledge, encouragement and support of the United States and the western European countries, and during which the ill-prepared Iranian troops were attacked by the Iraqi chemical weapons, and the Iranian civilians were bombarded with the Iraqi missiles, could be seen as a strong potential incentive for Iran to acquire nuclear weapons of its own. Other potential motives may also include the prestige factor which equates possession of nuclear weapons as being synonymous with having "great power" status which appeals to both Iranian nationalists and islamists.

17. In the list of behaviours, Iran's failure to report to the IAEA in a timely manner its enrichment, processing and reprocessing activities using nuclear material, in the 1980s and 1990s, and the way Iran has acquired centrifuge technology through non-state procurement networks for almost 20 years, has added to the suspicions and provided circumstantial evidence to those states who have been accusing Iran of developing nuclear weapons. The technological options that would be available to Iran to use the civilian nuclear capability for use in a military programme are as follow. First, Iran could master the enrichment and other related nuclear technologies for the current overt civilian enrichment programme and build a parallel covert programme to enrich uranium for military use. Second, Iran would have the right under Article X.1 of the NPT to withdraw from the treaty after providing three months notice for such a withdrawal, and then to convert its civilian enrichment facilities, which has been legitimately developed under Article IV of the NPT, to a military one. Arguably, such an option is currently available to a number of other non-nuclear weapon states such as Brazil, Germany, Japan and Netherlands.

18. However, the above suspicions and circumstantial evidence of the type argued by some states against Iran, do not fall under the international legal obligations that Iran has signed in the 1970 and 1974 in respects of the NPT and its associated IAEA safeguards measures. Under the terms of the NPT, like the other non-nuclear weapon states, Iran has to fulfil two fundamental obligations. The first obligation relates to Article II of the NPT, which requires from the non-nuclear weapon states not to manufacture or acquire nuclear weapons. The second obligation relates to Article III of the NPT, which requires from the non-nuclear weapon states to accept safeguards, implemented by the IAEA, to prevent the diversion of nuclear energy from peaceful uses to weapons.

19. There has never been a specific enforcement mechanism in relation to implementation of Article II of the NPT obligations. Therefore, for example, if Iran were to decide to develop undeclared centrifuge nuclear facilities for the enrichment of uranium for military purposes, the IAEA would not have any type of monitoring system to detect such clandestine production of enriched uranium. In fact, such a wide area monitoring system would be considered as being unreasonably expensive by the IAEA and has never been before deployed anywhere else in the world. At the present time, only the centrifuges using UF₆ as feed material based at Natanz are under the IAEA safeguards system. The construction of other centrifuges at other workshops in Iran not using any nuclear material would not fall under the standard IAEA safeguards measures, which Iran signed in 1974.

20. The enforcement of Article III of the NPT obligations is carried out through the IAEA's monitoring and verification that is designed to ensure that declared nuclear facilities are operated according to safeguard agreement with Iran, which Iran signed with the IAEA in 1974. In the past four years that Iran's nuclear programme has been under close investigation by the IAEA, the Director General of the IAEA, as early as November 2003 reported to the IAEA Board of Governors that "to date, there is no evidence that the previously undeclared nuclear material and activities . . . were related to a nuclear weapons programme."² The same conclusion was confirmed by the IAEA Director General, in February 2006, which stated, "As indicated to the Board in November 2004, and again in September 2005, all the declared nuclear material in Iran has been accounted for."³ In his latest report on Iran, the IAEA Director General confirmed again on 23 May 2007, that there has been "no-diversion of declared nuclear material in Iran", and that 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."⁴

21. Through several resolutions passed between 2003 and 2006, the IAEA Board of Governors made a ruling that Iran has failed, over a period of almost twenty years, to comply with some of its required reporting obligations. However, the IAEA has also emphasised that it “has not seen any diversion of nuclear material to nuclear weapons or other nuclear explosive devices.”⁵ Therefore, although Iran has been found in non-compliance with some aspects of its IAEA safeguards obligations, Iran has not been in breach of its obligations under the terms of the NPT.

22. Although the IAEA has stated that it is not yet in a position “to conclude that there are no undeclared nuclear or activities in Iran”, the Director General of the IAEA has acknowledged that “the process of drawing such a conclusion . . . is a time consuming process,”⁶ and that “the process of drawing such a conclusion, under normal circumstances, is a time consuming process even with an Additional Protocol in force.”⁷ It is important to note that there is an Addendum to the 2005 IAEA Safeguards Implementation Report, published in June 2006, which states that 45 other countries are in the same category as Iran, including 14 Europeans and several members of the Security Council.⁸

23. In terms of both potential motivations and actual behaviour, the Iranian officials have been adamant that it would not be in Iran’s interest to acquire nuclear weapons on both ideological as well as on strategic grounds. Apparently, a Fatwa (religious decree) issued by Ayatollah Khamenei as the leader of the Islamic political system, prohibits the development, production, stockpiling and use of nuclear weapons.⁹ The discussion of any possible costs and benefits of Iran acquiring nuclear weapons is also prohibited in official governmental institutions, even at the highest level of decision-making involving the Supreme National Security Council, at least since the issue of the religious decree in November 2004. President Ahmadinejad also rejected the utility of nuclear weapons in his statement before the General Assembly of the United Nations on 17 September 2005. The Iranian diplomats and officials maintain that as long as the Iranian political system remains Islamic, it is highly unlikely that the current religious decree could be changed.

24. In relation to Iran’s military doctrine, the Iranian officials would also argue that Iran with its current state of technological development could not reasonably rely on nuclear deterrence against its adversaries. They would acknowledge that nuclear weapons would increase Iran’s global vulnerabilities without providing Iran any credible nuclear deterrence.¹⁰ Iran also argues that its acceptance of over 2000 inspector-days IAEA inspections in the past three years, the signing of the Additional Protocol on 18 December 2003 and its implementation until 5 February 2006, the submission of more than 1,000 pages declarations under the Additional Protocol, allowing over 53 instances of complementary access to different nuclear sites across the country, and providing repeated access to military sites which would amount to the most robust inspections, were clear indications of Iran’s firm commitment to its obligations under the NPT and broader international nuclear non-proliferation regime. Iran has announced that it would be prepared to resolve any further outstanding issues with the IAEA, only if the nuclear dossier is removed from the Security Council and returned back for further investigation to the IAEA.¹¹

25. There are different legal interpretations as to whether the mere delay in reporting of nuclear activities by Iran could have constituted a non-compliance legal case with Iran’s IAEA’s safeguards agreement. Iranian officials and diplomats would agree that they had conducted a number of nuclear activities that they probably should have reported to the IAEA at the time when those activities took place. However, they would argue that given Iran voluntarily disclosed substantial material related to its past nuclear activities, as a corrective measure, in October 2003 and throughout 2004, there should not have been a ruling of non-compliance by the IAEA over Iran’s past nuclear activities. Under the IAEA’s Statutes (Article XII:c) if states found in breach of their IAEA’s safeguards agreements, they will be provided with an opportunity to return back to compliance within a reasonable time, before any punitive action taken against them or before their cases are referred to the United Nations Security Council. Section 19 of the IAEA’s safeguards agreement (INFCIRC/153), which deals with measures in relation to verification of non-diversion and any possible non-compliance makes it clear that the IAEA’s Board of Governors “shall take account of the degree of assurance provided by the safeguards measures” and “shall afford the State every reasonable opportunity to furnish the Board with any necessary reassurance.”

26. In addition, Iran maintains that given that there has never been any evidence of conversion of nuclear material to weapon use, Iran has been in full compliance with its NPT obligations. Moreover, Iran maintains that other non-nuclear weapon states parties to the NPT, such as Egypt and South Korea, had also found by the IAEA in 2004 and 2005 to have delayed in reporting some of their nuclear enrichment and reprocessing activities. However, both Egyptian and South Korean files were closed by the IAEA Board of Governors without any punitive action against these two countries. Iran believes that there is a case of discrimination against Iran and that the IAEA Board of Governors made a ruling of non-compliance against Iran based on political pressures imposed by the United States and the European countries. Iran believes that further politicisation of the IAEA and the Security Council of the United Nations, which has imposed political and economic sanctions against Iran, following two resolutions (1737 and 1747) on 23 December 2006 and 24 March 2007 respectively, would have severe adverse effects on the credibility of these two important international institutions responsible for maintaining international peace and security.

27. *What have been the main areas of Iran's non-compliance with its IAEA safeguards?*

28. The IAEA's Board of Governors has found Iran to have been in a state of non-compliance with its safeguards obligations, which Iran had signed with the IAEA in 1974, in basically two areas. First, Iran had delayed in reporting the testing of a number of centrifuges with nuclear material for enriching uranium between 1991 and 2002 at the undeclared Kalaye Electric Company facility using undeclared nuclear material, which had been imported in 1991. Second, Iran had delayed in reporting of the undeclared import of natural uranium metal in 1994, and its subsequent transfer for use in laser enrichment experiment, including the production of enriched uranium.

29. *What have been the main remaining outstanding questions by the IAEA regarding Iran's nuclear programme by May 2007?*

30. All the main remaining issues that the IAEA wishes to clarify in relation to Iran's nuclear programme have been related to the possibility of the existence of a weaponised nuclear programme in Iran.

- i. The IAEA would still need to clarify with Iran the sources of low and highly enriched uranium found at locations when Iran manufactured, used and stored P-1 type centrifuges. The IAEA has argued that it would need to have a better understanding of the history of Iran's centrifuge programme and to construct a full chronology of Iran's centrifuge enrichment programme in order to be able to verify the correctness and completeness of Iran's declarations and its peaceful nature.
- ii. There are also a number of points related to Iran's past reprocessing experiments.
- iii. Iran's experimental work on polonium.
- iv. Further clarification of why there had been contamination at the Physics Research Centre.
- v. Iran should provide the IAEA access to documentation concerning uranium metal and its casting into hemispheres.
- vi. Iran should provide clarification about Iran's alleged studies related to the conversion of uranium dioxide into UF₄.
- vii. to high explosives testing.
- viii. or the design of a missile re-entry vehicle.

31. Iran has declared its readiness to "negotiate on the modality for the resolution of the outstanding issues with the IAEA, subject to the assurances for dealing with the issues in the framework of the Agency, without the interference of the United Nations Security Council"¹²

32. *What are the main components of the decision-making process in Iran regarding the nuclear programme?*

33. The Iranian Constitution that developed following the 1979 Revolution, and the different kinds of interpretations that have been put on the Articles of the Constitution by various Iranian presidents and governments in the last 28 years have had significant bearings on Iran's foreign policy decision-making process. Many aspects of Iran's constitution and political system are modelled on western democratic institutions. Principle 57 of the constitution separates legislature, executive and judiciary from each other and states that these are independent powers (although in the case of Iran they operate under the supervision of the Vali-Faqih, the Leader). Principles of 6, 9, 56, 58, 59, 62 and 84 embody the principle of freedom, and emphasises the necessity of elections for the offices of the Presidency, the Majles (Parliament) and the Councils through a direct and secret ballot by the public. The 1979 Constitution was based on the Iranian Constitution of 1906, which had established a constitutional monarchy in Iran, together with the constitution of the Fifth Republic in France, with a strong Presidency. At the same time, there are a number of religious and almost mystical connotations in Iran's Islamic system of government. According to Principle 5 of the constitution, the state is to be led by an "honest, virtuous, well-informed, courageous, efficient administrator and religious jurist according to Principle 107" of the Constitution. However, the contradiction between the political role of the leader which according to Principle 107 is "equal with others before the law", with his religious role as the Vali-Faqih, with seemingly unlimited powers is evident in the same principle of the constitution. Principle 107 states that the leader assures "all the powers of the Velayate-Amr [a figure ruling by divine sanctions] and all the responsibilities arising thereof." Principle 110 provides the leader with the most extensive duties and powers which include command of all the armed forces, declaring war and peace, and ordering mobilisation of forces, appointing, dismissing or accepting the resignation of the Chief of the General Staff, the Commander-in-Chief of the Iranian Revolutionary Guards Corps (IRGC), the Commander-in-Chief of the armed and security forces, and resolving those problems confronting the system that cannot be solved by ordinary processes, through the Council for Determination of Exigencies. In relation to Iran's armed forces, the prominence of the Islamic ideology is underlined in the preamble to the constitution which states that "the Islamic Republican Army and the IRGC will be responsible not only for defending the borders, but also for the mission stated in the Book [Quran], of holy war in the way of God and fighting to expand the rule of God's law in the world." Principle 4 of the Constitution also stresses the importance of the Islamic rules and standards by stating that all military laws as well as civil, penal, financial, economic, administrative, cultural, political, etc, should be based on Islamic

criteria. It further emphasises, “this principle will absolutely or in general be dominant over all of the principles of the Constitution . . . and any determination in this connection will be made by the religious jurists of the Council of Guardians. However, it is important to note that despite the revolutionary tone of some aspects of Iran’s constitution, Iran’s foreign policy has remained pragmatic and remarkably non-ideological between 1980 and 2007. It appears that Islamic ideology as a normative set of beliefs has been present in Iran’s domestic legal system. However, other non-religious identities, which are features of all societies, have also been influencing Iran’s domestic and foreign policy behaviour. Familiar concepts such as realism and national interest based on a general cost and benefit analyses continue to play a significant role in the behaviour of Iran, particularly, in relation to its nuclear programme.

34. At a more practical level, foreign policy decisions involving national security, defence and nuclear issues are assigned to the Supreme National Security Council, which according to Article 176 of the Constitution operates within the framework of the general policies specified by the supreme leader. Although the head of the Supreme National Security Council is the Leader, the President of the country occupies a prominent role as the Chair of the council. Other members of the council are the speaker of the parliament, head of the judiciary, head of the armed forces’ Supreme Command Council, the officer in charge of planning and budget, two representatives of the supreme leader, the heads of the Foreign Ministry, Intelligence and Security Ministry, and Interior Ministry, and the top officers from the regular armed forces and the Islamic Revolutionary Guards Corps. In relation to Iran’s nuclear programme, the Secretary of the Supreme National Security Council has come to play a leading role since October 2003 when Iran’s nuclear programme became a controversial issue at international level. At the time of Presidency of Mohammad Khatami, Dr. Hassan Rohani was appointed between 2003 and 2005 to act as the Secretary of this council. Following the election of President Ahmadinejad, Dr. Ali Larijani who used to be the Leader’s Representative at the Council has been appointed to act as the Secretary of the Supreme National Security Council.

35. As far as the decision-making process regarding Iran’s nuclear programme is concerned, there are two main committees operating within the Supreme National Security Council, which deal with the nuclear issues depending on the level and importance of the subject. The most important and high-ranking committee consists of the President, Foreign Minister, and two representatives of the Leader. All important decisions are presented by this Committee to the Leader (currently Ayatollah Ali Khamene’i) in order to obtain his approval for the implementation of a particular policy. The second committee encompasses a wider group of people who are mainly from the Foreign Ministry dealing with detailed legal, technical and scientific issues and responding to questions asked by the IAEA.

36. Although there is no evidence of any formal decision taken to build nuclear weapons nor there exists any known official time-table for developing nuclear arsenals, the option of acquiring nuclear weapons capability or at least establishing a basic technological infrastructure and know-how to obtain such a capability in the face of an uncertain regional and international political situation, has been a hotly contested issue debated in the press, academic and non-governmental bodies at least since 1998 when India and Pakistan embarked on testing several nuclear devices to develop nuclear weapons. In my visits to Iran and private discussions with the Iranian officials, I have been struck by the degree of uneasiness and threat some felt towards the possibility of the Sunni supporters of Taliban and al-Qaeda in Pakistan, who regard Iranian Shi’as as heretics, to gain control of nuclear weapons in that country or to develop nuclear weapons of their own. It has been my impression that Iran is probably more concerned with the prospect of a Taleban or al-Qaeda type nuclear state than with the existence of nuclear weapons in the state of Israel.

37. Although Ayatollah Ali Khamene’i, (the Leader of the Islamic regime), as well as Ali Akbar Hashemi Rafsanjani (the head of the Expediency Council) have expressed their firm support for Iran’s civil nuclear programme at critical times and important occasions, these two important figures have tried to remain neutral and relatively quiet in almost daily contested debates between the hard-line religious fundamentalists and reformists over Iran’s nuclear programme and the country’s various commitments under the international treaties not to acquire nuclear weapons.

38. In a meeting held in the presidential office in September 2006, situated in the crowded district of Tehran, Davood Ahmadinejad, the elder brother of President Mahmood Ahmadinejad, tried to reassure me that neither the President nor his close associates are in favour of Iran acquiring nuclear weapons. Davood Ahmadinejad who occupies one of the large adjacent white buildings next to the presidential palace, runs a separate inspection organisation called “Special Inspectorate” [Bazresiye Vijeh]. He is believed to act as a close aid to his younger brother. In the course of discussing the nuclear issues with me, he emphasised that the President does not have the control of Iran’s nuclear programme and any decision taken by the President on this issue would be a shared decision taken jointly with the other members of the Supreme National Security Council. Nevertheless, there is a general consensus amongst all the Iranian officials and key decision-makers that Iran should retain its rights under Article X.1 of the NPT and withdraw from its international obligations if extraordinary events jeopardize the interests of the country.

39. A month after the United Nations Security Council Resolution 1696 adopted on 31 July 2006, and a couple of days following the publication of the IAEA Director General’s report on Iran of 31 August 2006, I had a meeting with Dr. Hassan Rohani, who is currently Ayatollah Khamene’i’s representative at the Supreme National Security Council. As the Secretary of the Supreme National Security Council between 2003 and 2005, he was the head of the negotiating team dealing with Iran and the E3/EU nuclear discussions

as well as responding to the IAEA's technical and legal questions. Our meeting took place at the Centre for Strategic Research attached to the Expediency Council, which is headed by the former President Rafsanjani. The Expediency Council acts as a mediator in disputes between the parliament (Majles) and the Council of Guardians. Since October 2006, Rafsanjani was given additional powers by the Leader, Ayatollah Khamene'i, to use the Expediency Council to oversee and possibly curb some of what it seemed as excessive policies of the newly elected President Ahmadinejad and his government. Hassan Rohani is currently the head of the Centre for Strategic Research, which provides advice to the Expediency Council on nuclear, defence and security issues. The centre also benefits from the membership of distinguished personalities, such as the former President Khatami and other moderates specialised in military and strategic studies.

40. I was welcomed warmly by Rouhani at his office at the top floor of the nine storey modern glass-built building on the foot-hills of the majestic Alborz mountain in Niavaran situated in the affluent district north of Tehran. Rohani was very courteous and kindly offered me the top seat in the room and asked his assistant to bring us tea and sweets. Despite being a religious figure, wearing the traditional garb of the Iranian clergy, in nearly two hours meeting that I had with him, I found him as being friendly, liberal minded and at ease to talk to me privately. He came across as being confident, precise in his thought and choice of words, and it was clear that he had detailed knowledge of both technical and legal aspects of Iran's nuclear programme. It was easy to see why despite his initial reluctance to accept the post, the former President Khatami and Ayatollah Khamene'i had insisted that he should represent Iran on nuclear issues at international level in October 2003. I thanked Dr. Rohani for the opportunity to question him on sensitive and controversial issues regarding Iran's nuclear programme. More than any other politician in Iran, Dr. Rohani has made public and disclosed detailed information regarding the decision-making process in Iran's nuclear programme and the circumstances under which Iran and E3/EU negotiations had taken place. Therefore, I asked him the main reason for such transparency and openness. I suggested whether he felt that he was forced to disclose the information in order to defend his policies in the face of criticisms by some hard line factions in Iran. He said, "the analysts outside the country tend to exaggerate the factional differences inside Iran". He said "the main reason for the disclosure was that he felt obliged and accountable to the Iranian public and that although some analysts from outside would be reluctant to acknowledge, it is part of the normal process of the Islamic government in Iran that the officers in charge of the governmental affairs are constantly being questioned and the individuals in office are obliged to provide answers".

41. I asked Rouhani why Iran was against the installation of remote monitoring systems as part of the IAEA safeguards measures at the over-ground Pilot Enrichment Plant and underground Fuel Enrichment Plant in Natanz. The IAEA argues that the remote transmission of encrypted safeguards data to the Agency Headquarters in Vienna from Natanz would be necessary to compensate for the fact that measures normally used for verification at operational enrichment facilities, such as limited frequency unannounced access, are not feasible at the Pilot Fuel Enrichment Plant. Hassan Rouhani's reply was that the installation of such devices would have been justifiable only under the IAEA's enhanced safeguards measures called "the Additional Protocol" which Iran had been voluntarily adhering to between 10 November 2003 and 5 February 2006. However, following the IAEA's Board of Governors' decision to refer Iran's case to the Security Council of the United Nations on 4 February 2006, Iran withdrew from its voluntary adherence to the Additional Protocol. As a result, Iran could only agree to the traditional, standard and less intrusive safeguards that Iran had agreed with the IAEA in May 1974. In these circumstances, Rohani maintained that any additional requests from the IAEA would be viewed by Iran as discriminatory with no technical or legally justifiable basis.

42. Although Iran installed a number of new cameras at Natanz on 2 February 2007,¹³ in a meeting that I had with senior legal advisors of Iran's Foreign Ministry in Vienna on 2 May 2007, I was told that Iran would be very reluctant to agree with the installation of any remote monitoring cameras due to the security defects of such remote technologies, which are based on the use of the internet. Iran believes that such remote transmissions could provide unauthorised third parties with confidential information about Iran's nuclear programme. However, in a meeting that I had in Vienna, on 9 May 2007 with Ambassador Soltanieh, Iran's permanent representative to the IAEA, he told me that as a confidence building measure, Iran had agreed to unannounced inspections of the Fuel Enrichment Plant in Natanz. The latest IAEA report on Iran published on 23 May 2007 confirmed Ambassador Soltanieh's remarks to me. The IAEA report stated, "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)."¹⁴ The first of such unannounced inspections took place on 13 May 2007.

43. In view of concerns surrounding the possibility of Iran developing a clandestine nuclear programme, I asked Dr. Rohani, in my meeting of September 2006, the question of whether and to what extent he would personally be confident that he and the Supreme National Security Council would have full knowledge of all the existing nuclear facilities, number of all the centrifuges available in Iran or the amount of nuclear material currently in existence within the country. He said that he was confident that no clandestine nuclear weapon programme could exist in Iran without his knowledge or that of the Supreme National Security Council. I asked Dr. Rohani about the number of centrifuges in Iran at that time. He did not provide me with any specific figures but he said that the IAEA had been informed of the number of centrifuges in Iran. This question was important because if Iran were to decide to develop undeclared centrifuge nuclear facilities for the enrichment of uranium for military purposes, the IAEA would not have any type of

monitoring system to detect such clandestine production of enriched uranium. In fact, such a wide area monitoring system would be considered as being unreasonably expensive by the IAEA and has never been before deployed anywhere else in the world. Since 5 February 2006, when Iran withdrew from the Additional Protocol, only the centrifuges using UF₆ as feed material based at Natanz have been under the IAEA safeguards system. The construction of other centrifuges at other workshops in Iran not using any nuclear material would not fall under the standard IAEA safeguards measures, which Iran signed with the Agency in 1974. It was quite significant that in his last report, as the Secretary of the Supreme National Security Council, submitted to the former President Khatami on 31 July 2005, Dr. Rohani specifically mentioned, “if Iran’s nuclear facilities are military attacked, we would still be able to continue our uranium enrichment and nuclear fuel process making without any threat of damage to them.”¹⁵

44. Following the imposition of sanctions on Iran by the Security Council resolution 1737 on 23 December 2006, I had a meeting in January 2007 with the Vice-President of the Centre for Strategic Research of the Expediency Council, Hossein Mousavian. He was the head of the Foreign Policy Committee of the Supreme National Security Council between 2003 and 2005 and one of the key players in the E3/EU negotiations with Iran over the nuclear issue during the presidency of Khatami. I asked Mousavian what measures Iran would be taking to reduce the current mounting tension over Iran’s nuclear programme and the possibility of military attack on Iran’s nuclear facilities as well as civilian centres. Hossein Mousavian, including a number of other military analysts that I met at the Centre for Strategic Research were quite sceptical of any military action against Iran. Although Hossein Mousavian admitted that Iran was aware of the possibility of military attack on some of the specific nuclear facilities, he was quite dismissive of the possibility of military attack on civilians by Israel or the United States. He believed that any attack on the civilians would only have the opposite effect of rallying the people around the Islamic regime than weakening the regime or making it vulnerable to outside pressures. Hossain Mousavian suggested, “the only way out of the current crisis would be the adoption of a realist, flexible and face-saving approach by both side of the dispute. He said that whilst the Security Council of the United Nations should recognise the legitimate rights of Iran under the NPT to have access to nuclear fuel cycle technologies, Iran should also show flexibility and agree with a time-frame for implementation of confidence building measures.”

45. There was also a general consensus amongst all the officials that I met at various centres of decision-making as well as at the Iranian Foreign Ministry that Iran’s confidence building measures, transparency and openness that was becoming a characteristic of President Khatami’s government has been replaced by feelings of tension and a general negative change in the political atmosphere following the presidency of Ahmadinejad, and especially due to the referral of Iran’s nuclear file from the IAEA to the Security Council of the United Nations. However, in a number of meetings that I had with the people advising President Ahmadinejad’s office, I found those individuals friendly and eager to engage in research, dialogue and academic work with research institutes in the western European countries and the United States. It has been my impression that the new generation of the people who have come to office following President Ahmadinejad’s election, are eager to be acknowledged and respected by the recognised western academic and research institutes. They told me that the hard divisions usually made between the hard-line fundamentalists associated with President Ahmadinejad and the reformists associated with the followers of former President Rafsanjani or Khatami are misguided and probably the creation of the outsiders.

46. *What are the differences between the Security Council Resolution 687 adopted against Iraq in 1991 and the Security Council Resolutions 1696, 1737 and 1747 adopted against Iran in 2006 and 2007?*

47. There is a generally held misconception that the Security Council Resolutions, (1696, 1737 and 1747 adopted on 31 July 2006, 23 December 2006 and 24 March 2007 respectively) asking Iran primarily to suspend its uranium enrichment programme were similar to the Security Council Resolution 687 adopted on 3 April 1991 which prohibited Iraq from retaining, acquiring or developing nuclear, biological and chemical weapons and long-range missiles. Such attempts to draw parallels between the Iraqi and the Iranian situations could cloud the issues, raise wrong expectations and lead to adoption of misguided policies. The differences between these resolutions were as follow. First, the Security Council Resolution 687 adopted on 3 April 1991 against Iraq was a disarmament resolution aimed at a country, which had invaded another one and was defeated in a war involving allied forces from countries around the world. Therefore, there was a genuine consensus around the world that Iraq’s invasion of another country for territorial gain was wrong and had to be confronted and reversed back using military force under Chapter Seven of the United Nation’s Charter.

48. Second, the main aim of the Security Council Resolution 687 against Iraq was to establish a formal ceasefire following the previous Resolution 686 of 2 March 1991 that had ended the war and had asked Iraq to cease hostilities and to rescind immediately its actions purporting to annex Kuwait. Therefore, unlike the 2006 and 2007 Resolutions adopted in the case of Iran (which were over the interpretations of nature of the IAEA safeguards’ rules and obligations), the Security Council Resolution 687 was the product of a war and the military defeat of Iraq in a conflict involving armed forces of the international community.

49. Third, it was only after the adoption of the Security Council Resolution 687 on 3 April 1991 that the IAEA, as one of the two organisations (along with the UN Special Commission—UNSCOM) was entrusted with implementing the United Nations' disarmament goals, which began to monitor, verify and destroy Iraq's nuclear facilities. Unlike the case of Iran between 2003 and 2006, the IAEA found substantial documents and evidence of the existence of Iraq's nuclear weapon programme between 1991 and 1998 (especially after August 1995 when Lt. General Hussein Kamal, who was responsible for Iraq's weapon programme defected to Jordan and revealed additional information and released additional documents as evidence of Iraq's nuclear weapon programme prior to 1991). Therefore, in contrast to Iraq's situation in 1991, at the time of the adoption of Resolutions against Iran in 2006 and 2007, there was no consensus or an overwhelming agreement amongst the international community that Iran posed an eminent threat to its neighbours or to international security, or that Iran's nuclear programme should be confronted with military force. It was significant that in contrast to the Security Council Resolution 687 against Iraq, which was adopted under the general Chapter Seven of the United Nations Charter in 1991, the Resolutions 1696, 1737 and 1747 against Iran were adopted specifically under Articles 40 (in the case of Resolution 1696) and 41 (in the case of Resolutions 1737 and 1747) of Chapter Seven of the United Nations, which refer to political and economic sanctions and rule out the use of military force.

THE MAIN TECHNOLOGICAL DEVELOPMENTS IN IRAN'S NUCLEAR PROGRAMME

50. *How far is Iran from the capability to construct a simple atomic device and to deploy an operational nuclear weapon?*

51. To have fissile material production facility, such as the uranium enrichment plant in Natanz in Iran or a reactor to produce plutonium, and the knowledge of a weapon design, such as an implosion type atomic bomb, are only two of the necessary parts to enable a state to acquire nuclear weapons capability. There are other nuclear and non-nuclear parts that would need to be procured and assembled together. To put it in a comparative perspective, the first British atomic, implosion design, gravity bomb, called the Blue Danube (in use between 1953–64) consisted of seven parts. These were the imploder system, plutonium core, initiator, casing of the explosive assembly, detonator firing mechanism, proximity fuse device and ballistic outer casing. The first atomic devices exploded by the former Soviet Union (1949), France (1960) and China (1964) were also based on the similar implosion design except that the Chinese used highly enriched uranium instead of plutonium in the core of the device. The United States tested its first implosion, plutonium based device at Trinity in July 1945 and used the same design to drop the atomic bomb on Nagasaki on 9 August 1945. In all these cases, the production of the fissile material (ie plutonium or highly enriched uranium) and making of the initiator were the most difficult parts of procuring and assembling a nuclear device. The role of the initiator was to release sufficient neutrons to initiate fission by a mixture of beryllium and polonium (polonium-210 (Po-210) being an intensely radioactive alpha emitting radioisotope that has a half-life of 138 days). However, the short life of the initiator (which was estimated to be about six months) provided additional problems of replacement of this material on a continuous basis. Although Iran has done some experimental work on polonium,¹⁶ it would probably not be able to make this material in a reactor for military purposes as long as the current IAEA safeguards are in place.

52. However, for a viable nuclear weapon to be used militarily, it would be vital that it should have the reliability and capability of being stored safely for years without the threat of being misused or stolen by elements outside the control of the state. In addition, a successful nuclear device would need to be fitted on a delivery system, such as an aircraft or a missile. Therefore, to have a nuclear device does not mean having the capability to employ a deliverable nuclear weapon. A comparative study of the history of nuclear weapons development in the existing nuclear weapon states would indicate that it would take at least two to five years between the capability to develop a nuclear device and the ability to transfer that capability into an operational nuclear weapon, fully integrated into the military structure. In the case of the United Kingdom, for example, although the test of the first atomic device (Hurricane) took place on 3 October 1952, it was not until five years later in late 1957 and early 1958 that the United Kingdom attained a fully operational nuclear capability with Valiant B.1 bomber built to accommodate the Blue Danube atomic implosion gravity bombs. However, the tests on the ballistics, bomb casing, detonators, fusing systems and other related safety mechanisms on the Blue Danube continued until 1964. Similarly, in the case of France, whilst the testing of a series of atomic devices took place between 1960 and 1963, the full development and production of the first French atomic weapon called the W1-11 became possible only in 1963. However, it was not until 1964 that the first series of atomic weapons were delivered to the French Air Force for operational purposes.¹⁷

53. If Iran has any intentions to obtain nuclear weapons, Iran's gas centrifuge uranium enrichment programme would provide the most technologically advanced route that Iran could employ to obtain the essential fissile material for use in a simple atomic device. Another technological route, would be to produce plutonium by completing its current heavy water reactor programme. Once the heavy-water reactor is fully constructed and operational, it could produce about 9 kilograms of weapon grade plutonium per year, which could be used for developing one or two nuclear weapons per year. However, Iran's heavy water reactor programme is still at the early stages of its development and is not expected to be complete at least until 2011.

54. As far as the technological developments in Iran's gas centrifuge uranium enrichment programme is concerned, Dr. Gholamreza Aghazadeh, Director of the Atomic Organisation of Iran, officially announced the industrial scale production of uranium enrichment at the underground Fuel Enrichment Plant in Natanz (situated about 250 km (150 miles) south west of the capital Tehran) on 9 April 2007. President Ahmadinejad also announced the industrial scale production of nuclear fuel by Iran on the same day. However, according to the most recent reports by the IAEA published on 23 May 2007, Iran has been operating only 1312 centrifuges at the underground centrifuge facility in Natanz (known as the Fuel Enrichment Plant). The number of 1312 is much lower than the necessary 3,000 centrifuges needed to produce enough low enriched uranium as a fuel for civil reactors or highly enriched uranium for use in a nuclear weapon. Therefore, it appears that the Iranian officials are currently highly exaggerating the degree of Iran's achievement in its uranium enrichment and nuclear fuel making programmes.

55. A more realistic assessment of Iran's current nuclear capabilities, based on the technical information provided in the latest IAEA report on Iran on 23 May 2007¹⁸ as well as based on my own assessment of conversations with the Iranian scientists, diplomats and monitoring the published material in the Persian language (Farsi), would be to state that Iran has just started to successfully install and operate about a thousands cascade centrifuges. At this rate of progress and in comparison to the previous months, Iran would be able to install and make operational one cascade (164 centrifuges) every 10 days, and install and operate around 500 centrifuges a month and about 6000 a year. At the current rate of progress, Iran would probably be able to install and operate about 3,000 centrifuges by the end of the summer. At this rate, it would take probably until 2015 that Iran would be able to produce 51,000 centrifuges. This was the number of centrifuges that Iran had declared in 2003, it had the intention to install and operate at the underground Fuel Enrichment Plant for commercial production of nuclear fuel in civil nuclear reactors.

56. As far as the production of fissile material is concerned, even when Iran successfully operates 3,000 centrifuges by the middle of summer 2007 (if Iran decides to withdraw from the NPT and produce high enriched uranium), a further year or two would be needed to produce 25 kilograms of highly enriched uranium for use in a simple implosion, emergency type device. The assembly of the device (ie putting together all the nuclear and non-nuclear explosive charges, detonators and casing in a safe and operative manner) would take probably about six months. However, for a fully weaponised and tested nuclear gravity bomb to be fitted into an aircraft or for a nuclear warhead designed as part of a missile system additional two to five years would probably be needed.

57. If Iran decides to stay within the NPT and withdraw only when it has enough stockpile of low-enriched uranium, Iran could convert a stock of low enriched uranium into 20 kilograms of highly enriched uranium for use in an atomic device, in only a few months following its decision to withdraw from the NPT. Therefore, a fully operational weaponised nuclear weapon in Iran would probably not be feasible until 2014. A simple design, emergency type atomic implosion device could be available probably by 2009.

58. *What is the relationship between the civil and military aspects of Iran's nuclear programme?*

59. Centrifuges are tall and thin cylinders, which in the case of the P-1 type operating in Iran, spin on their rotors 60,000 times per minute or 1000 times a second for the purpose of enriching a highly toxic gas substance called uranium hexafluoride or UF₆. Therefore, because of its high speed, the cylinders are not attached in a fixed manner. The top of the cylinder is held in place by a magnet, and the bottom is held in place by a needle, which is spinning inside a lubricant. The gas is forced through the centrifuges when the heavier U-238 isotopes tend to move to the side of the machine at a faster rate than the lighter isotopes containing U-235, which tend to remain at the centre. In this process the gas, which has remained in the centre is removed and transferred to the next centrifuge, where the process is repeated. The UF₆ gas progressively becomes richer in the U-235 isotope as it moves from one centrifuge to another. The end product of the enrichment process is uranium 235, which could be used, depending on level of its enrichment, to either fuel civil nuclear reactors or be used as a fissile material in nuclear bombs.

60. A review of Iran's actions to build its centrifuges and enrichment facilities at Natanz and at the other eight known workshops—such as Kalaye Electric company, Pars Trash and Farayand Technique sites near Tehran—appears to indicate that Iran is aiming at developing at least a basic technological base to obtain enriched uranium of about 3–5% U-235 to use as nuclear fuel for generating 20,000 megawatts nuclear electricity in its light-water nuclear reactors planned for construction in the next twenty years. Iran currently has a civilian, 1,000 megawatt—electrical light water reactor under construction by Russians in Bushehr, which is due to start in September 2007. This type of reactor will use about 3.5% low enriched uranium 235 as fuel. Russia has a contract to provide the fuel for the life-time of the reactor which had been scheduled to be delivered to Iran in March 2007 but has been delayed for what appears to be political reasons to pressurise Iran to suspend its uranium enrichment programme and comply with the UN Security Council resolutions 1737 and 1747. Under the current contract, Russia would take back the spent fuel to Russia for its own use.

61. However, it could be possible that Iran, similar to the French nuclear programme between 1952 and 1958, would be aiming to put in place a dual-use infrastructure in order to have the option for a nuclear weapons development programme, if it decides to do so in the future. It is important to bear in mind that the same centrifuge technology could be reconfigured to enrich uranium to above 20% or 90% for use as fissile material in nuclear devices. The IAEA defines high enriched uranium (HEU) as uranium enriched to 20% or above in the isotope U-235; low enriched uranium (LEU) is defined as uranium enriched to between 0.72% and less than 20% U-235. Although an atomic device could be made theoretically with 20% enrichment in the isotope U-235, it is generally recognised that for a low weight and efficient atomic device it would be likely that a state would need to obtain 90% enrichment in the isotope U-235 in its centrifuges.

62. In terms of the existing reactors, plants and facilities, Iran has an American supplied 5 megawatt-thermal research reactor used for research and production of radioactive isotopes for medical and industrial uses located at the Atomic Energy Organisation of Iran in Tehran. This reactor has been operating since 1967. In order to replace this 40 years old reactor, Iran is arguing that they are planning to build a new 40-megawatt (thermal) heavy water reactor called the IR-40 in Arak situated 250 kilometres (150 miles) west of the capital Tehran. The fuel elements for this type of reactor is natural uranium in the form of uranium dioxide which is planned to be produced in the Fuel Manufacturing Plant to be built at the Esfahan Nuclear Research Centre. Heavy water, which is the coolant and moderator for this type of reactor is also planned to be produced in Arak. According to Iran, about 85 tonnes of heavy water would be needed to start the IR-40 reactor with an additional 1 tone for every subsequent years. A heavy water reactor is known to produce plutonium of a grade suitable for use in nuclear bombs. The Dimona research reactor in Israel as well as the Cirus reactor in India are believed to have been producing plutonium for the nuclear weapons programmes of these two countries.

63. However, in order for Iran to be able to produce suitable fissile material from either the plutonium produced in the Arak heavy water reactor or the plutonium produced in the civil nuclear reactor in Bushehr or in any of the future planned light-water reactors, Iran would need to build a reprocessing plant to separate and treat the plutonium which is a highly toxic and radioactive substance. Although Iran started the construction of the heavy water reactor building in March 2005, the date for the actual commissioning of the heavy water reactor is declared by Iran as being 2011. However, there has not been any indication that Iran has been planning or designing a separate reprocessing facility either near Arak or Bushehr or at any other part of the country. Nevertheless, if Iran decides to construct such a reprocessing facility, it would not be a difficult task for Iran to master in a relatively short period of time.

64. *Could Iran's uranium enrichment programme be used only for producing fuel used in civil nuclear reactors instead of fissile material for use in nuclear weapons?*

65. It seems that at the present time, the capability to produce low-enriched uranium as fuel for use in the light-water reactors to be the main incentive behind current efforts by Iran to install 3,000 and later on 50,000 gas centrifuges in Natanz's underground Uranium Enrichment Plant. The Iranian nuclear scientists have told me that they have already submitted several detailed feasibility studies to the Atomic Energy Organisation of Iran explaining the advantages for Iran having its own nuclear fuel and the manner in which the production of Iran's own nuclear fuel could be competitive with the use of other sources of energy available in Iran, such as oil and gas. I was quite surprised to hear that the Iranian scientists felt that they had a hard time obtaining adequate financial support from the government to carry out their task.

66. The Iranian nuclear scientists as well as the Iranian diplomats have explained that it would be in Iran's long term economic and political interests to develop its own uranium enrichment plant in Natanz on the basis of the following cost and benefit analysis.

- i. They would point to the fact that the price of uranium has already increased more than 800% since 2001, and that lack of world-wide supplies of uranium and enrichment facilities would probably lead to a shortage of uranium for fuel of power reactors by the year 2015.
- ii. Iran believes that the existing enrichment facilities operating in the world would not be able to provide sufficient low enriched uranium for the future nuclear power reactors expected in the next decade world-wide.
- iii. Iran would argue that the current non-Russian suppliers of enriched uranium have promised their enriched fuel to the current or future buyers.
- iv. In addition, Iran believes that apart from economic benefits, the United States' opposition to the Islamic regime in Iran, and the extensive plans to widen the scope of political and economic sanctions against it would mean that Iran could not remain dependent and rely solely on the procurement of nuclear fuel from outside sources.
- v. Therefore, given the future uncertainties and high demands and prices projected for nuclear fuel, Iran would argue that it would need to establish a contingency nuclear fuel programme simultaneously with the construction of its nuclear reactors.

- vi. Moreover, Iran would hope to be able to construct the necessary nuclear infrastructure to satisfy the expected future nuclear fuel demands by establishing a viable commercial uranium enrichment plant at Natanz, which could supply nuclear fuel for nuclear reactors in the region or even at the global level.¹⁹
- vii. Although some western analysts have suggested that Iran's own indigenous uranium ore would provide enough fuel only for the operation of eight years of Iran's own nuclear reactors, Iranian diplomats and decision-makers would argue that other uranium mines could be found and utilised within Iran in the future.
- viii. Iran maintains that its current oil and gas resources are finite and will be depleted within two to five decades, following Iran's current economic and projected needs in future for development.
- ix. Iran argues that with a territory of 1,648,000 km (five times the size of the United Kingdom and three times the size of France) and a population of about 70 million (70% of which is under the age of 30), projected to be more than 105 million by 2050, it could not rely exclusively on fossil fuel.
- x. Iran is adamant that access to nuclear energy would be essential for its economic development because of the demands to provide electricity to 46,000 villages in 2007 in comparison with only 4,400 before the revolution in 1979.
- xi. In addition, Iran has estimated that reliance on nuclear energy could save the country 190 million barrels of crude oil or \$10 billion per year in today's prices.
- xii. Iran relies on a study carried out in 1974 by the US-based Stanford Research Institute, which recommended the building of nuclear reactors in Iran for generating 20,000 megawatts of electricity before 1994. Iran is now aiming to reach that level by 2020.

67. The Iranian nuclear scientists have carefully been kept out of the political debate over the acquisition of nuclear weapons. I have heard the nuclear scientists speak with me in patriotic terms about their work but without any hint of determination to turn Iran into a nuclear armed country. I heard one of the scientists explaining to me enthusiastically that they had been preoccupied with advancing their own expertise and with enabling Iran to make up for scientific and technological grounds lost to other countries, such as Pakistan and India. The nuclear scientists talked warmly about the IAEA inspectors who visit Natanz and Esfahan's nuclear facilities at least once every three to four weeks. One of the scientists even showed me a friendly photograph that he had taken with one of the Canadian IAEA inspectors on his mobile phone. This would illustrate the existence of a culture of friendship, respect and understanding between the Iranian nuclear scientists and the international safeguards' inspectors who visit Iran's nuclear facilities as part of the IAEA team at least once every three or four weeks.

68. The start of the installation of 3,000 centrifuges in Natanz, which began in January 2007 and officially announced on 9 April 2007, would be a boost to Iran's determination to produce its own nuclear fuel. Although some of the recent claims by the Iranian officials that Iran has reached the stage to produce nuclear fuel on an industrialised scale²⁰, or that Iran "currently is able to produce enough nuclear fuel for 20,000 MW(e) of electricity",²¹ is clearly an exaggeration, it could be argued that Iran has already acquired the scientific know-how, engineering skills and technology to put into practice and produce enough nuclear fuel for some of its planned reactors in the next five years.

IRAN'S NUCLEAR PROGRAMME WITHIN THE GLOBAL CONTEXT OF THE NUCLEAR NON-PROLIFERATION REGIME

69. *In which manner have the expectations put on the role and objective of the NPT and IAEA Safeguards evolved historically, and what impact have these changes had on the current dispute over Iran's nuclear programme?*

70. In order to have an understanding of the current crisis surrounding Iran's nuclear programme, it would be essential to have an understanding of both Iran's behaviour as well as an understanding of the changing nature of expectations and interpretations put on the text of the NPT and its related IAEA safeguards. Historically, efforts to prevent further proliferation of nuclear weapons and to establish a viable international safeguards system was taking place simultaneously and in parallel with the developments in the procurement of atomic weapons throughout 1950s and 1960s. In 1961 the United Nations General Assembly unanimously adopted a resolution, 1665 (XVI), put forward by Ireland on the "Prevention of the wider dissemination of nuclear weapons".²² Between 1960 and 1962 the United States and the Soviet Union put forward additional arms control and disarmament proposals including measures to prevent the transfer and acquisition of nuclear weapons by non-nuclear weapon states. In the 1960s the main concern of the nuclear weapons states, the United States, the former Soviet Union, the United Kingdom and France, was to prohibit the acquisition of nuclear weapons by industrialised states, such as Germany and Japan, rather than any of the current developing countries, such as Iran. In January 1964 and August 1965 the United States put forward proposals to halt nuclear arms race and nuclear proliferation at the Eighteen Nation Disarmament Committee. Two essential elements within these proposals were later incorporated into the Nuclear Non-Proliferation Treaty of 1968. The first principle concerned an obligation by nuclear-weapon states not to transfer nuclear weapons to the national control of other states, and the second principle requested the non-nuclear weapon states to accept IAEA or similar safeguards on their civil nuclear activities.²³

71. Between 1967 and 1968 seven drafts of a treaty on non-proliferation of nuclear weapons were submitted to the General Assembly and Disarmament Committee by the United States and the Soviet Union. The seventh revised draft of the Treaty was finally submitted to the General Assembly in May 1968, and the General Assembly approved a resolution, 2373 (XXII) endorsing the text on 12 June 1968.²⁴ The issue of international safeguard system was discussed in Articles I, II and III of the Treaty. Under Article III the non-nuclear weapon states undertook to accept IAEA safeguards and not to divert nuclear energy from peaceful uses into nuclear weapons or other nuclear explosive devices. The distinctive feature of the NPT safeguards system was that the signatories to the NPT became obliged to accept a comprehensive system of safeguards on their whole territory, unlike the IAEA's safeguards in the case of non-NPT members of the IAEA, which applied only to those projects undertaken through the IAEA's assistance.

72. The objective of the Agency's safeguards system under the NPT was to verify that member states had not diverted nuclear materials from peaceful uses into nuclear explosive devices. The objective of the Agency's safeguards system under the IAEA Statute was to ensure that the member states did not use supplied material or equipment to further any military purposes. Therefore, whilst the NPT put the emphasis on verification of material (ie enriched uranium or plutonium), the Agency's Statute put the emphasis on verification of material and facilities provided by the IAEA and the manner in which they were being used (ie for peaceful or military uses). As a result, some states such as India (a non-NPT member state) argued that peaceful nuclear explosions were not explicitly prohibited under the IAEA's Statute. In addition, whilst the NPT did not prohibit non-explosive military use of nuclear material (for example for the propulsion of nuclear submarines), the IAEA's Statute prohibited such uses under the INFCIRC/66.²⁵

73. In order to bridge the gap between the IAEA's safeguards system set up in 1957 and the NPT safeguards system set up in 1970 under the IAEA, a Safeguards Committee was formed at IAEA's headquarters in Vienna between June 1970 and March 1971. The Committee produced a comprehensive document, INFCIRC/153, which regulated the relationship between the non-nuclear weapon states parties to the NPT and the IAEA. The result was that the objective of the NPT safeguards system emerged to be defined as one providing a timely detection of diversion of significant quantities of nuclear material from peaceful to military or unknown purposes. However, a significant limitation of the safeguards was that it could not prevent a member state from acquiring a nuclear explosive capability. It was assumed that the risk of early detection by the NPT safeguards system would deter any diversion from peaceful activities. The verification measures, designed under the NPT system, could only verify the current or past activities but it could not give a verdict on any future intentions of the member states.²⁶

74. However, the whole structure, function and purpose of the NPT and its IAEA safeguards, as it was originally defined in the 1970s, came under question, following revelations about Iraq's clandestine nuclear weapon programme after its defeat in the 1991 Persian Gulf war and the adoption of the UN Security Council Resolution 687 that had called for the full disarmament of Iraq from all weapons of mass destruction. Once the IAEA, mandated by the Security Council, discovered the full extent of Iraq's attempts to produce fissile material for its nuclear weapon programme, despite being a signatory to the NPT, there was a general agreement that the IAEA had to change a number of its safeguards procedures in order to regain its credibility as a viable international nuclear safeguards system. The dissolution of the Soviet Union in December 1991 and the loss of control over the export control policies in the former Soviet republics, intensified the pressures to change the principles and objectives of the NPT with the aim of strengthening its monitoring and safeguards mechanisms. In the 1990s the main question was whether it was worth having a nuclear non-proliferation treaty that could monitor only the overt nuclear activities but not any clandestine ones.

75. The development and implementation of the Additional Protocol (INFCIRC/540) by May 1997 provided the necessary legal authority to enable the IAEA to ask non-nuclear weapon states information about all aspects of their nuclear activities, and empowered the IAEA to request non-nuclear weapon states to provide it with indirect as well as direct assurances that their nuclear material declarations were complete. The NPT was signed on 1 July 1968 and came into force on 5 March 1970 as a framework treaty, meaning that the details regarding its implementation had to be worked out and agreed by the signatory states at a later stage. However, each NPT member state had the right to decide on its own, as an independent sovereign state, whether it was in its own national interests to sign and ratify the Additional Protocol. Therefore, only for those NPT member states who had agreed to sign and ratify the Additional Protocol, their declarations as well as other sources of information, ranging from the commercially acquired satellite images to environmental sampling of all the state's territory were added to the previously based standard IAEA safeguards mechanisms. Significantly, Iran was one of the few major countries in the Middle East that signed the Additional Protocol, following an agreement, initiated by the visit of the three Foreign Ministers of France, Germany and the United Kingdom to Tehran on 21 October 2003. On 10 November 2003, Iran signed the Additional Protocol and indicated that pending its ratification, Iran would voluntarily act in accordance with the provisions of the Protocol. However, Iran eventually decided to withdraw from its voluntary adherence to the Additional Protocol, following the IAEA Board of Governors' decision to send Iran's file to the UN Security Council on 4 February 2006.

76. The public revelations about Iran's uranium enrichment programme in 2002 and 2003, highlighted a number of issues which used to be controversial back in the 1970s, namely the proliferation implications of civil nuclear fuel cycles and the means of controlling civil usable nuclear material. Libya's decision to disclose its nuclear weapon activities in December 2003 brought into public attention the existence of a complex network of black market in radiological and nuclear procurement activities, operating across the globe.

77. As a reaction to the above developments, President Bush in his speech of 11 February 2004 expressed concern about the existing loopholes within the NPT and made proposals in relation to assisting nations to end the use of weapons grade uranium in research reactors and urged increased efforts in preventing further proliferation of enrichment and reprocessing technologies. The Director General of the IAEA on 12 February 2004 also advocated the use of the United Nations Security Council to prevent any withdrawal from the NPT under Article X.1 of the NPT. Although the idea of universal criminalisation of the weapons of mass destruction activities was generally seen as a positive act, the use of the Security Council to force states to carry out specific policies came under increasing question by the developing countries and non-nuclear weapon states.

78. In 2004 and 2005, there was a growing concern that the Security Council might be turned into a legislative body of its own, undermining and replacing traditional multilateral treaty forums, such as the existing disarmament and non-proliferation regimes. There was a general agreement that any discussion to reform the NPT and the IAEA's safeguards procedures should be pursued and promoted in such a manner that a particular country or a group of countries do not feel alienated or threatened. However, by sending Iran's nuclear file from the IAEA to the Security Council of the United Nations on 4 February 2006, it became clear that the IAEA Board of Governors were determined to pursue policies, put forward initially in 2004, aimed at increasing the power of the UN Security Council to strengthen the nuclear non-proliferation globally. In a confidential letter, dated 10 March 2004, to the French, German and the United States' negotiators, John Sawers, the British diplomat in charge of Iran and the E3-EU negotiations also outlined the British strategy of using the Security Council to remove one of the Iranian arguments that the suspension in relation to Iran's uranium enrichment programme was voluntary. As he put it, "we could do both by making the voluntary suspension a mandatory requirement to the Security Council, in a Resolution we would aim to adopt I, say, early May."²⁷

79. However, under Article VIII of the NPT any amendment to the NPT would come into force only in relation to a particular state, which would agree to ratify it (probably with a similar compliance process which has been taking place in the context of the IAEA's Additional Protocol). Therefore, it is clear that if undue political pressure is put on a state, through the Security Council of the United Nations, to ratify or comply with the proposed changes in the NPT, such actions might force a state or many states to withdraw from the treaty.

80. In relation to Iran's nuclear crisis, looking at the conflict through a historical perspective and taking into account how the NPT and its related IAEA safeguards have evolved historically, one could see that the current conflict between Iran, the IAEA and the Security Council of the United Nations is basically based on the different interpretations put on Iran's obligations under the IAEA safeguards agreement that Iran signed in 1974. All the current main remaining issues that the IAEA wishes to clarify have been related to the possibility of the existence of a weaponised nuclear programme in Iran. Therefore, the IAEA's insistence to obtain more information about P-1 and P-2 centrifuges, or to have a better understanding of the history of centrifuge programme in Iran has been for the purpose of verifying the correctness and completeness of Iran's declarations and the peaceful nature of its nuclear programme. As the last report of the IAEA Director General dated 23 May 2007 put it, these are related to the issue of IAEA being able to "provide assurances about the absence of undeclared nuclear material and activities in Iran or about the exclusively peaceful nature of that programme."²⁸ However, it is important to bear in mind that all the above assurances that the IAEA has been requesting from Iran does not strictly fall under the type of the IAEA safeguards agreement that Iran signed in 1974. The Iranian officials would argue that had Iran ratified the Additional Protocol, it would have been under a legally binding obligation to provide such assurances. However, under the 1974 safeguards agreement that Iran signed with the IAEA, Iran would be obliged to provide the required nuclear material accountancy reports in connection with declared nuclear material and facilities, and to provide the IAEA access to those declared nuclear material. In fact, the last report of the Director General of the IAEA dated 23 May 2007 confirmed that Iran had complied with those obligations by stating that there has been "no diversion of declared nuclear material in Iran."²⁹

81. *In what circumstances would Iran more likely to withdraw from the NPT?*

82. Under the Security Council Resolutions 1696, 1737 and 1747, Iran has been put under pressure to suspend mainly its uranium enrichment activities, including research and development. However, the right of access to civil nuclear technology has been granted to Iran under Article IV of the NPT. It is important to remember that the right of access to civil nuclear technology has always been crucial to all the NPT non-nuclear weapon states. For example, although Germany and Italy signed the NPT in 1969 and Japan in 1970, despite pressures from the United States and the former Soviet Union on these three countries to ratify the NPT as soon as possible, they refused to do so until 2 May 1975 in the cases of Germany and Italy, and 8 June 1976 in the case of Japan. In each of these three countries, which had been defeated in the Second

World War, substantial parliamentary debates took place between 1970 and 1975 over whether their freedom of action would be limited in the area of civil nuclear power activities and how far the ratification of the NPT would prevent them from competing in civil nuclear industry with the victorious Allied powers of the Second World War, who had remained free from all restrictions under the NPT.³⁰ By contrast, Iran during the Shah ratified the NPT as early as 2 February 1970, and the Islamic regime did not even contemplate withdrawing or questioning its obligations under this treaty following the 1979 Revolution in Iran.

83. It would also be crucial to point out, in the light of pressures put on Iran to abandon its rights under the NPT to enrich uranium, that historically on the very same day that the NPT came into force on 5 March 1970, the Federal Republic of Germany signed a tripartite international agreement with the United Kingdom and the Netherlands for the production of enriched uranium by the ultra-centrifuge method. Moreover, in the same year (1970), Germany started a pilot plant for the plutonium production. All these historical facts demonstrate the manner in which Germany interpreted its rights under the NPT. None of the signatories to the NPT objected to this German interpretation of its rights under the NPT in 1970.³¹

84. Such a practice, has already set a precedent for any future interpretations put on the NPT as far as the member states' rights to have access to nuclear fuel cycle technologies is concerned. This is an important point because some people have attempted to argue that the reference in Article IV.1 of the NPT which states, "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes," does not encompass the right to develop nuclear fuel cycle technologies or enrichment plants. However, under the generally accepted rules of international law set forth in Articles 31 and 32 of the Vienna Convention of the Law of Treaties, any interpretations put on the treaty should be based on the uses of the language of the treaty on its face together with subsequent practice of the parties to the treaty. Recourse can be made to the negotiating record, known as "preparatory work", only as a secondary means to assist clarifying those issues, which remain ambiguous and the treaty text and subsequent practice do not resolve.

85. In relation to the right of withdrawal, when the NPT was signed by the member states on 1 July 1968, it was agreed that like the Nuclear Test Ban Treaty of 1963, every signatory state would have the undeniable right to withdraw from the Treaty after three months notice, if that state decides that special circumstance related to the treaty's objectives have endangered its supreme national interests. The right of withdrawal is outlined in Article X.1 of the NPT, according to which the notice of the withdrawal should be given "to all other Parties to the Treaty and to the United Nations Security Council" and "include a statement of the extraordinary events it regards as having jeopardized its supreme interests". Therefore, under the generally accepted rules of international law set forth in Articles 31 and 32 of the Vienna Convention of the Law of Treaties, there would be nothing to stop Iran, as an independent sovereign country to withdraw from the NPT and all its related IAEA safeguards once the Iranian government decides to do so.

86. In fact, following my recent discussions in May 2007 with the Iranian diplomats, key legal advisors and decision-makers, it became clear that as far as the decision-making process involving Iran's withdrawal from the NPT is concerned, the Iranian parliament (Majles) and the Council of Guardians have already provided the government with the permission to take such a course of action, if the government decides it would be in Iran's interest to do so.³² Iranian diplomats and legal advisors have also expressed their own personal opinions to me that any further Security Council resolutions and increased military threats against Iran which would amount to humiliation of Iran in international forums and conferences would most likely lead to Iran's withdrawal from the NPT sooner than some analysts have already suggested.

87. *What has been the role of Iran in the NPT related export control measure, agreements and proposals between 1970 and 2007?*

88. As an additional measure and separate from the IAEA safeguards, following the NPT's entry into force in 1970, export controls to regulate and control the export of nuclear related material were organised in a more systematic manner. Although the NPT does not explicitly recognise the authority of the current export control measures (ie the Nuclear Supplier Group), a number of organisations or conventions have been developed to deal with the export control provisions specifically mentioned in the Articles of the NPT. Two similar but structurally different organisations, the Zangger Committee and Nuclear Supplier Group (London Club) were developed in the 1970s. Missile Control Regime (MCR) was also established, as a third organisation in the 1980s to deal with export of technologies related to missiles. The Zangger Committee, which was formed in 1971, was an attempt to define, in more detail, some of the provisions mentioned in the NPT Article III.2, which states that "Each State Party to the Treaty undertakes not to provide: (a) source or special fissionable material, or (b) equipment or material especially designed or prepared for the processing, use or production of special fissionable material, to any non-nuclear-weapon State for peaceful purposes, unless the source or special fissionable material shall be subject to the safeguards required by this Article."

89. Consequently, a series of meetings were held in Vienna, chaired by Professor Claude Zangger from Switzerland, between 1971 and 1974, in order to provide a set of guidelines and a list of items subject to export control, known as the “trigger list”.³³ Items in the first trigger list included nuclear reactors and specified equipment such as pressure vessels, fuel-charging and discharging machines, control rods, pressure tubes, zirconium tubes and primary coolant pumps, deuterium and heavy water exceeding specified amounts, nuclear-grade graphite, reprocessing plants and equipment designed or prepared for them, fuel fabrication plants and equipment (not including analytical instruments) designed or prepared for uranium isotope separation.³⁴ Although the guidelines and the trigger list which was drawn out and presented to the IAEA (document INFCIRC/209) in September 1974 had no legal binding on states, the individual member states tried to give effect to them through their own countries’ internal export control laws and regulations. Further clarifications and updates to the list have been made since 1974. The Zangger Committee’s trigger list would apply to those states not in full IAEA’s safeguards. In 1992, following the revelations about Iraq’s clandestine nuclear weapon development, other items such as plants for the production of heavy water, deuterium and deuterium compounds and equipment were added to the list.³⁵

90. The Nuclear Supplier Group (NSG) also known as London Club was formed in 1975 as a response to India’s import of nuclear technology, and the subsequent development and explosion of an atomic device by that country in 1974 under the pretext of a “peaceful nuclear explosion”. The main concern of the NSG was to restrict the export of nuclear technology to prevent the development of similar atomic devices by other non-nuclear weapon states. The aim was to develop stricter guidelines than the trigger list provided by the Zangger Committee and to persuade France, which was neither a member of the NPT nor a member of the Zangger Committee, to monitor its export policies. Initially only seven major supplier states (Canada, France, Germany, Japan, the United States, the United Kingdom and the USSR) were members of the London Club. By 1977 the suppliers of nuclear material, facilities and equipment, expressed their common policies in a document and presented it to the IAEA for circulation to all its member states. Although the document known, as INFCIRC/254 did not have a legally binding obligation, it contained a set of guidelines to prevent the export of material and equipment (mentioned in a trigger list annexed to it) related to nuclear weapons. A number of nuclear sensitive materials such as heavy water and technologies related for its production, enrichment and reprocessing facilities were included in the NSG guidelines. By 1990s the number of states joining the NSG had increased to more than 30 with the main states being Australia, Belgium, Canada, Czech, Slovakia, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, Poland, Sweden, Switzerland, USSR, UK, USA.³⁶

91. By the end of 1977 another major effort was initiated by the United States for a comprehensive technical evaluation of the nuclear fuel cycle, the reprocessing and enrichment facilities, the fast breeder reactor and a study for evaluating the prospects for developing fuel cycles with less potential to be diverted to military uses. The project leaders of the International Nuclear Fuel Cycle Evaluation programme (INFCE) met mainly in Vienna for more than two years but failed to reach a consensus or find any absolute technical means for the establishment of safe “proliferation proof” cycles. Nevertheless, the efforts of INFCE culminated in the establishment of a Committee on Assurances of Supply within the IAEA Board of Governors in June 1980. This Committee has been a main source of advice on the question of supply of nuclear material, equipment and technology, and fuel cycle to the IAEA’ Board of Governors since that time.³⁷

92. However, it would be important to point out that the export control measures between 1970–78 were not targeted against Iran under the Shah. In fact, the historical records illustrate that Iran, as a main strategic ally of the western industrialised countries until the 1979 Revolution, was given a special status to have access to full nuclear cycle technology without any restrictions. Consequently, Iran purchased in 1975 a ten percent share in the EURODIF gaseous diffusion uranium enrichment plant, which was originally founded in 1973 with France 45% share, Belgium 11% share, Italy 23 %, Spain 11% share and Sweden 10% share, in the nuclear site of Tricastin in France. Sweden withdrew from the project in 1974, and subsequently Sweden’s ten per cent share was transferred to Iran that had provided the consortium with 1 billion dollars (and another 180 million dollars in 1977) towards its construction. Italy reduced its share of EURODIF to 16% in 1980 when the French Partner Cogema purchased Italy’s share. As a result, France’s share in the EURODIF increased to 52%. Iran has continued to hold its share of this uranium enrichment plant after the 1979 Revolution, and it has taken part in its annual meetings of the Board of Directors between 1979 and 2007.³⁸ In addition, in 1975 President Ford even provided the permission for the United States’ nuclear material to be fabricated into fuel in Iran for Iran’s own reactors, and for export to those countries that the United States had bilateral agreements. A decision was also considered by the United State’s government for approving reprocessing of the United States’ nuclear material in a multinational plant to be established inside Iran.³⁹ In 1976 South Africa also agreed to supply Iran with \$700 million of yellow cake.⁴⁰ Therefore, it was not surprising that an export control international conference was organised at Perspolis (near Shiraz in the Fars province) in Iran in 1977 to discuss the problems of exporting nuclear technology from industrialised countries to developing countries, especially those sensitive nuclear facilities related to enrichment or reprocessing plants. It was at that conference that a proposal for the establishment of an international fuel cycle centre was first put forward.⁴¹

93. There is a generally held misconception, especially on the part of Iran, that nuclear non-proliferation policies that have been adopted by the United States since the 1980s are specific policies directed against the Islamic regime, and that if the Shah were still in power in Iran, the United States would have provided it with all the necessary uranium enrichment and reprocessing facilities. However, a detailed study of the changes taking place in the United States following the election of President Carter into office in January 1977 indicate that the United States adopted radical new nuclear non-proliferation policies as early as 1977 (two years before the 1979 Revolution in Iran). President Carter had made a specific point during his presidential campaign in 1976 to take radical new initiatives once in office. President Carter's increasing concerns over dangers of nuclear weapons proliferation arising from the anticipated global expansion of nuclear reactors, created a number of major crises even in the United States' relationships with its close Western allies, such as the UK, France, Japan and Belgium between 1977 and 1979. These European countries, had historically invested substantially in their fuel reprocessing and plutonium recycling as part of their nuclear fuel cycle programmes for their civil nuclear reactors. However, the United States, which had been highly critical of the European civil nuclear power programmes wished to halt these programmes at global level, as a measure to prevent proliferation of nuclear weapons. Consequently, the United States introduced domestic legislations to ban the development of fast-breeder reactors (FBRs) and their related reprocessing facilities that would have been necessary to produce the fuel for civil nuclear reactors in the United States. More specifically, in order to make bilateral agreements with other states, including EURATOM, compatible with the United States' overall policy on nuclear non-proliferation, the United States introduced the Nuclear Non-Proliferation Act in 1978, which asked the administration of President Carter to renegotiate all the existing bi-lateral agreements with other states. Therefore, even if the Shah were still in power in the 1980s, he would have most probably faced major criticisms and significant obstacles in acquiring uranium enrichment and reprocessing facilities from the United States. The Shah would have probably been more successful to pursue his interests in acquiring uranium enrichment and reprocessing technologies through the European countries.

94. In order to prevent diversion of nuclear material from civil nuclear fuel-reprocessing plants into nuclear weapons, effective international control and safeguards over the production, storage and use of separated plutonium was proposed in 1980.⁴² The nuclear export control agreements, which had been incorporated in the IAEA safeguards since 1970s were further discussed at the time of the NPT Review Conferences in 1975, 1980, 1985 and 1990. However, it was not until the advent of the 1991 Persian Gulf Conflict and the discovery of Iraq's clandestine nuclear weapon programme as well as the dissolution of the USSR and the loss of control over its export control arrangements that the IAEA's safeguards system, together with other international safeguards systems such as arms transfer control regime, shifted their emphasis and efforts towards more inspection, accountability and transparency. At the 1995 NPT Review and Extension Conference a number of non-nuclear weapon states, notably Iran, asked for active participation in the Zangger Committee and NSG as well as for greater transparency of these two group's nuclear-export activities.⁴³ Between 1995 and 2000, the NSG held two international meetings in Vienna in 1997 and in New York in 1999 to pursue the Principles and Objectives for nuclear non-proliferation as it was stated in the 1995 NPT Review and Extension Conference. By the time of the 2000 NPT Review Conference, attempts were made by the member states of the Zangger Committee and NSG to include references to their export control activities in the Final Document of the Review Conference. Such proposed references included statements such as adopting "understandings of the Zangger Committee in connection with any nuclear cooperation with non-nuclear weapon states not parties to the Treaty." However, any such references, which could have legitimised and officially acknowledged these two export control groups as part of the NPT, were opposed by a number of non-nuclear weapon states, especially Egypt, Iran and Malaysia, who feared that such wordings would legitimise the existing restrictions put by the industrialised countries to transfer nuclear technology to civil programmes of the developing countries.

95. As part of the E3/EU negotiations with Iran, which began in October 2003 and continued through out 2004, 2005 and 2006, Iran put forward a proposal on 17 January 2005, and in paragraphs 25 and 32 of that proposal, Iran specifically asked for the acknowledgement of Iran's inherent right to acquire legitimate means for self-defence pursuant to Article 51 of the Charter of the United Nations. Iran asked for removal of restrictions against the transfer of conventional armament and their relevant sensitive dual use goods and technologies to Iran, and demanded the E3/EU to cooperate actively with Iran in the area of export control and to exchange expertise and knowledge to assist Iran to put in place an effective national export control related to sensitive material, equipment and technology, and containing enforcement procedures with appropriate penalties which could contribute to the development and proliferation of weapons of mass destruction. As part of the specific proposals related to the elements of "Objective Guarantees", the same export control policies were suggested by Iran in their proposal of 23 March 2005 presented to the E3/EU member states in Paris. In September-October 2006 Iran proposed an international consortium, based on the IAEA's main proposals on multinational fuel activities, including enrichment, published on 22 February 2005 that would have dealt with all the export control issues related to Iran's nuclear programme. However, Iran has never received any response to these proposals because of the five permanent members of the Security Council and Germany (P5+1) insistence that Iran would need to suspend all its uranium enrichment activities indefinitely before the start of any negotiations.

96. *Why have the United States and the United Kingdom been reluctant to provide a legally binding and unconditional security assurances to Iran and other non-nuclear weapon states?*

97. Like most other non-nuclear weapon states parties to the NPT, Iran has sought to obtain legally binding and unconditional negative security assurance (that the nuclear weapon states would not attack them with nuclear weapons), and positive security assurance (that the nuclear weapon states would assist them if attacked by nuclear weapons). By a legally binding security assurances, it is meant an independent agreement or treaty, or a protocol attached to the NPT, instead of the present general statements of intent embodied, for example, in the 1978 and 1982 unilateral statements by the nuclear weapon states at the first and second United Nations General Assembly Special Session on Disarmament (UNSSOD), or a series of separate statements by the nuclear weapon states reflected on the 11 April 1995 Security Council resolution 984. However, some would argue that a Security Council resolution would be legally binding.⁴⁴

98. Although the Security Council resolution 984 of 11 April 1995 provided both negative and positive security assurances, the type of assurances were seen as being similar to the positive security assurances that the three NPT depository nuclear weapon states had provided in 1968. The conditional terms of the Security Council Resolution 984 have been criticised on the grounds that the NATO states and the Russian Federation continue to keep their option of the first use of nuclear weapons; and that in case of a nuclear attack, the agreement of the Security Council had to be obtained before any action in support of the victim or against a nuclear aggressor could be taken. Following the 984 Resolution, China restated its long-time position regarding no-first use of nuclear weapons and called for an international convention on no-first use.

99. The three nuclear weapon states (France, The United Kingdom and the United States) have particularly been reluctant to provide a legally binding and unconditional negative security assurance to the non-nuclear weapon states, such as Iran, on three basic military grounds. First, there is the assumption on the part of these nuclear weapon states that an unconditional negative security assurance would undermine the basic element of uncertainty, which is often defined as the key in maintaining a credible nuclear deterrence against an adversary. Second, France, the United Kingdom, the United States as well as the Russian Federation continue to regard as legitimate the right to retaliate with nuclear weapons in the case of an attack with chemical or biological weapons. Furthermore, these nuclear weapon states believe that an unconditional negative security assurance might encourage the use of chemical and biological weapons by countries such as Iran at the time of war and crises.

100. As part of the E3/EU negotiations with Iran that had began in October 2003 and continued through out 2004, 2005 and 2006, Iran put forward a proposal on 17 January 2005 dealing with security assurances. In paragraphs 9 and 10 of the proposal Iran had asked for both negative and positive security assurances (ie rejection of the use or threat of use of nuclear weapons against Iran and adoption of appropriate measures, through the United Nations Security Council to prevent it). However, Iran has never received any reply to that proposal or any other proposal put forward to the E3/EU in subsequent months on 29 April, 17 September, 30 March, 22 August, 12 and 21 September and October 2006 because of the five permanent members of the Security Council and Germany (P5 + 1) insistence that Iran would need to suspend all its uranium enrichment activities indefinitely before the start of any negotiations.

101. Although the E3/EU put forward its own package of proposals to deal with Iran's nuclear programme on 5 August 2005, one of the major weaknesses of that proposal was the absence of the United States in providing Iran with any specific security guarantees. In the second package of incentives offered to Iran on 6 June 2006, on behalf of the five permanent members of the Security Council and Germany (the P5 + 1), the United States was again reluctant to provide specific security assurances to Iran.

102. The negative and positive security assurances embodied in the 1995 Security Council Resolution 984 are conditional, and as far as the three nuclear weapon states (France, the United Kingdom and the United States) are concerned, such assurances would not be applicable to those non-nuclear weapon states, which have not been in full compliance with their NPT safeguards agreements. These nuclear weapon states may interpret the 984 Security Council Resolution in a way to exclude Iran from benefiting the terms of that Resolution. Therefore, some believe that in the whole of the Middle East and South Asia as well as Central Asia and Caucasus, Iran is the only major country with inadequate security protection. India, Israel and Pakistan would rely on their own nuclear weapons for deterrence and defence. Turkey is a member of the NATO and all the Arab states of the Persian Gulf would be protected by their close military and political relationship with the United States and its allies. It is within this overall regional and international context that Iran's civil nuclear programme, similar to the full nuclear fuel cycle facilities in Japan, has been viewed by some forming a viable latent nuclear deterrence for Iran. Therefore, it would be vital that in any discussions of Iran's nuclear programme, Iran's legitimate security concerns to be fully taken into account by the members of the Security Council and other states involved in negotiations with Iran.

103. *What are the obstacles as well as common interests in the diplomatic negotiations to reach an agreement between Iran and the P5 + 1?*

104. As far as the diplomatic negotiations in resolving the nuclear issue is concerned, both Iran and E3/EU (including the United States) should bear the responsibility for the failure of diplomatic talks between 2003 and 2007. Iran should have been more transparent and active in responding to issues of concern put to it by the IAEA. At the same time, the E3/EU and the United States should have been more responsive to several reasonable proposals put forward by Iran between 2004 and 2007 to reach an overall agreement on the nuclear, security, economic and other issues.

105. More specifically, in relation to curtailing Iran's enrichment programme, there were a number of important missed opportunities between January 2005 and April 2006, during which Iran had put forward proposals which could have limited the number of centrifuges operating in Iran. If these proposals were received positively by the E3/EU, an agreement with Iran could have been reached to limit substantially the scope and extent of Iran's uranium enrichment programme. Such an agreement could have prevented Iran from launching into a full-scale industrialised production of uranium enrichment by now. However, the United States and the European countries' unrealistic and unreasonable insistence that Iran should suspend all its uranium enrichment activities, even at the level of research and development, prior to the start of any negotiations, and Iran's refusal to do so has led to the current diplomatic dead-lock.

106. Iran has been reluctant to suspend all of its uranium enrichment programme indefinitely on both technical and psychological grounds. Technologically, a lesson has already been learnt from the North Korean experience when in 1994 as a result of the US/North Korea Framework Agreement, North Korea suspended the construction of a 200 megawatt-electric reactor at Taechon and a 50 megawatt-electric reactor at Yongbyon. However, once North Korea decided to restart the construction of these two reactors, following the collapse of negotiations between the parties in 2002, it faced considerable technological difficulties to such an extent that it had to abandon the construction of the 200 megawatt-electric reactor, because of the substantial damage done to it. North Korea had also found the progress on the construction of the 50 Megawatt-electric reactor as very slow due to its long period of suspension.⁴⁵ Iran has also the bitter experience of facing the consequences of a long-term suspension of the Bushehr civil nuclear power reactor between 1979 to the present day. In addition, I have personally witnessed and reported the negative psychological effects, which an indefinite or long-term suspension of a scientific project could have on the moral, pace of work and future career development of the Iranian nuclear scientists.⁴⁶ Significantly, on 12 September 2006, Iran offered to suspend its uranium enrichment for a two months period. However, this offer was rejected. Iran also offered to suspend some aspects of its uranium enrichment programme on 26 April 2007. However, this offer was also rejected by the five permanent members of the Security Council plus Germany (P5 + 1), who continue to insist that all uranium enrichment related activities, including research and development, would have to be suspended as a precondition to the start of any negotiations.

107. Given the technological advances that Iran has already made in its uranium enrichment programme, especially between October 2006 and May 2007, it would be highly unlikely for Iran to agree to any limitations to its industrial scale uranium enrichment programme. Internal political developments in Iran, and significant changes in the perceived balance of power in the Middle East region, following the war in Lebanon in July 2006, and the deteriorating situation in Iraq, would be additional reasons as to why it would be much more difficult today, in comparison to 2005 or early 2006, to ask Iran to halt its industrial production of nuclear enrichment programme. In today's technological and political circumstances, only the Iranian proposal put forward between January 2005 and October 2006, and again on 31 May 2007, for the establishment of a multinational consortium (based on the International Atomic Energy Agency's (IAEA) main proposals on multinational fuel and enrichment activities published on 22 February 2005)⁴⁷ to allow uranium enrichment on the Iranian soil under a comprehensive and enhanced IAEA monitoring and safeguards system, could form the basis for negotiations leading to an agreement.

108. The 6 June 2006 proposal submitted to Iran by the permanent members of the Security Council plus Germany (P5 + 1) has also positive points and could form a basis for the start of the negotiations. The state of the human rights in Iran and the release of the US-Iranian citizens held in Iran as well as the state of the Revolutionary Guards arrested by the United States' forces in Iraq could also be discussed within this framework. I was told by a number of Iranian diplomats that Iran might even be prepared to resume its cooperation and respond to the remaining outstanding questions by the IAEA, if the P5 + 1 refrain from taking any further sanctions or resolutions at the UN Security Council against Iran. Any further economic and political sanctions through resolutions by the UN Security Council or any military attacks or even further threats of military attacks against Iran's nuclear facilities would most probably lead to Iran's withdrawal from the NPT and a considerable weakening of the already fragile nuclear non-proliferation regime at global level.

109. Despite the obvious changes in personnel and policies under the new government of President Ahmadinejad, one could still detect continuities in Iran's nuclear decision-making process, which has been left over from the Khatami's reformist government. There are moderate and liberal minded people amongst the people advising President Ahmadinejad. I have met and talked with them. The main key legal and technical advisors and top decision-makers based at the United Nations in New York and Vienna have been able to keep their posts at the Foreign Ministry since 1980s. Ambassador Soltanieh, currently representing Iran at IAEA has been Iran's foremost legal and technical advisor in nuclear and arms control fields since

1980s with various posts as Iran's Ambassador in Geneva and Vienna. Ambassador Soltanieh is a US/European educated diplomat promoting arms control and nuclear non-proliferation policies representing Iran at various international organisations. Ambassador Javad Zarif is also a prominent arms control, disarmament and human rights specialist who was educated in the United States in the 1980s and 1990s. He is familiar with both the western as well as the Iranian sensitivities and concerns. Such reformist individuals based at Iran's Foreign Ministry have been able to retain their key positions in various capacities and continue to remain a main source of advice to the Supreme National Security Council and the Leader, Ayatollah Khamene'i, who would ultimately have the responsibility under the Iranian constitution to make decisions on nuclear issues. Therefore, it was not surprising that following the Security Council Resolution 1737 on 23 December 2006, which imposed sanctions on Iran's trade in sensitive nuclear materials and technology, the Iranian parliament (Majles) voted on 27 December 2006 for a general policy of obliging the government of President Ahmadinejad to revise its cooperation with the IAEA. However, the parliament refrained from making any specific legal or technical demands, leaving the decision on such specific responses to the specialist officials at the Foreign Ministry who deal with Iran's legal and technical commitments under international laws and treaties. In fact, it would be quite difficult and risky for any kind of government, whether religious reformist or hard-line fundamentalist, to dispense with the advice and experience of these career diplomats who have been involved in Iran's nuclear decision-making process since the 1980s.

110. The common link between Iran, the United States, the European countries and the rest of international community is their shared interest to combat the greatest single terrorist threat, which is al-Qaeda. This point is highlighted by a close study done by Ruhi Ramezani who is a Professor Emeritus of Government and Foreign affairs at the University of Virginia and has published extensively on the U.S. and Iran relations. He argues that al-Qaeda is in an ideological war with both Iran and the west. Professor Ramezani points to the fact that on 5 May 2007, al-Zawahiri, who is al-Qaeda's No. 2 leader and Osama bin Laden's chief strategist intensified his verbal attacks on the Shia and in anticipation of U.S.-Iran talks and chided Iran for having given up its slogan of "America, the Greatest Satan", [for] slogan "America, the closest partner". In response, Iran's President Mahmood Ahmadinejad blasted at him and said, "Why do you, who want to kill Americans, kill innocent people and place bombs in the [Iraqi] market place? On behalf of all the women and children in Asia, Europe and America, who have been victims of al-Qaeda terrorists, I wish for you and your terrorist group hell fire, and would gladly sacrifice my life to annihilate you." President Bush also spoke in similar terms on 23 May 2007 when he said, "If al-Qaeda succeeds in Iraq, they would pursue their stated goals of turning that nation into a base from which to overthrow moderate governments in the region, impose their hateful ideology on millions, and launch new attacks on America and other nations. In short, al-Qaeda is public enemy number one for Iraq's young democracy, and al-Qaeda is public enemy number one for America, as well." A former Iranian Foreign Minister Kamal Kharazi also emphasised in May 2003 that Iran was "the pioneer in fighting al-Qaeda terrorists", and "Iran was the al-Qaeda enemy before the U.S."⁴⁸

111. It is important to acknowledge that issues involved in Iran's nuclear programme are invariably linked to much wider issues of management of nuclear energy/power at global level and to the changing role, rules and regulations of the NPT, IAEA and Security Council of the United Nations. These issues are extremely time-consuming subjects, which would need to be discussed and resolved in a multilateral and peaceful manner, free from threats of economic, political and military sanctions or the use of force. In their various proposals (please see Appendix II) Iran has proved to be ready to discuss these issues.

APPENDIX I

CHRONOLOGY OF THE MAIN EVENTS IN THE PROCUREMENT OF IRAN'S CENTRIFUGE AND URANIUM ENRICHMENT PROGRAMME

1985 = The decision was made by Iran to launch a centrifuge enrichment programme.

1987 = Iran received drawings of the centrifuge P-1 type along with samples of centrifuge components through a foreign intermediary.

1988-95 = The start of the first phase of the centrifuge programme, during which basic research and initial development work was located mainly at the Atomic Energy Organisation of Iran premises in Tehran, with laboratory work conducted at the Plasma Physics Laboratories of Tehran Nuclear Research Centre. There were also tests of centrifuge rotors at the Amir Kabir University in Tehran and on the premises of the Atomic Energy Organisation of Iran in Tehran without insertion of any nuclear material. Some 2,000 components and some subassemblies were obtained from abroad through foreign intermediaries or by Iranian entities between 1993 and 1995.

1994-96 = Iran received a duplicate set of the P-1 drawings along with components for 500 P-1 type centrifuges as well as design drawings for a P-2 type centrifuge from foreign sources in 1994.

1995-2002 = Prototype testing and development work of the P-1 type centrifuges was relocated to the Kalaye Electric Company in Tehran. Some mechanically testing of P-1 type centrifuges as well as the testing with UF₆ was carried out in 19 machines in 1999 and 2002.

1998 = The first test of the centrifuges using an inert gas (xenon) was conducted.

1999–2002 = Series of tests using UF₆ were performed in the centrifuges by Iran and an enrichment level of 1.2% U-235 was achieved.

2001 = Iran began the construction of two facilities at Natanz about 250 km (150 miles) south west of the capital Tehran. The smaller scale Pilot Fuel Enrichment Plant, planned to have some 1,000 centrifuges for enrichment up to 5% U₂₃₅. The large scale commercial Fuel Enrichment Plant was planned to contain over 50,000 centrifuges for enrichment up to 5% U-235.

2002–03 = Some basic manufacturing and mechanical testing of a small number of modified P-2 type centrifuges was carried out at the workshop of a private company under contract with the Atomic Energy Organisation of Iran.

2003 = All centrifuge equipment related to P-2 type centrifuges were moved to Pars Trash from the private company, which had been under the contract with the Atomic Energy Organisation of Iran.

2003 = Research and development activities on centrifuges were moved from the Kalaye Electric company workshop in Tehran to Natanz about 250 km (150 miles) south west of the capital Tehran.

25 June 2003 = Iran introduced UF₆ into the first centrifuge at the Pilot Fuel Enrichment Plant at Natanz in a single machine testing.

19 August 2003 = Iran began the testing of a small ten-machine cascade at Pilot Fuel Enrichment Plant at Natanz using UF₆.

October 2003 = Some single machine testing using UF₆ was carried out at Pilot Fuel Enrichment Plant in Natanz. The installation of a 164 machine cascade was finalised.

21 October 2003 = The Iranian Government and the Foreign Ministers of France, Germany and the United Kingdom issued in Tehran an agreed statement on Iran's nuclear programme. In that statement, Iran indicated that it had "decided voluntarily to suspend all uranium enrichment and reprocessing activities as defined by the IAEA."

10 November 2003 = Iran accepted to sign the enhanced safeguard agreement of the IAEA, known as the Additional Protocol. Iran indicated that pending the entry into force of Protocol, Iran would voluntarily act in accordance with the provisions of that Protocol.

18 December 2003 = Iran signed the enhanced IAEA safeguards measure, known as the Additional Protocol.

29 December 2003 = Iran voluntarily agreed to suspend manufacturing, assembling and testing of gas centrifuges.

29 June 2004 = Iran resumed manufacturing, assembly and testing of centrifuges after a voluntary suspension period of six months.

14 November 2004 = Agreement reached between Iran, France, Germany and the United Kingdom, and the High Representative of the European Union, so that Iran on voluntary basis and as further confidence building measure, continue and extend its suspension to include all enrichment related and reprocessing activities, and specially manufacture and import of gas centrifuges and their components, the assembly installation, testing or operation of gas centrifuges and all tests and production for conversion at any uranium conversion installation.

1 August 2005 = Iran notified the IAEA that Iran had decided to resume the uranium conversion activities to produce UF₆ gas at Esfahan Uranium Conversion Facility, which is the feed material use in the gas centrifuges at Natanz.

10–11 January 2006 = After notifying the IAEA in the early January 2006, Iran resumed the uranium enrichment process at the above ground Pilot Enrichment Plant after a long voluntary suspension period which was in force since October 2003. 52 IAEA safeguards seals on the P-1 type gas centrifuges were removed in the presence of the IAEA inspectors at Natanz, and at two other workshops in Tehran—Pars Trash and Farayand Technique sites.

11 January 2006 = Iran started enrichment tests by feeding a single P-1 type machine with UF₆ gas.

10 January 2006—11 February 2007 = Iran began a substantial renovation of the gas handling system at the Pilot Fuel Enrichment Plant at Natanz. Quality control of components and some rotor testing carried out at Farayand Technique centrifuge workshop in Tehran and at Natanz. Equipment such as process tanks and an autoclave were moved into the underground Fuel Enrichment Plant at Natanz.

4 February 2006 = The Board of Governors of the IAEA decided to refer Iran's non-compliance with its IAEA safeguards agreement to the Security Council of the United Nations.

5 February 2006 = Iran withdrew from the IAEA's enhanced safeguards system called the Additional Protocol.

15 February 2006 = Iran began testing a 10-machine centrifuge cascade.

22 February 2006 = Iran began testing with a 20 machine centrifuge cascade.

March 2006 = Iran completed installation of 164-machine cascade and initiated to introduce UF₆ into it. Iran also began construction of a second centrifuge cascade.

29 March 2006 = The President of the United Nations Security of Council made a non-binding statement on behalf of the Security Council in which it called on Iran to re-establish full and sustained suspension of all enrichment related and reprocessing activities, including research and development, to be verified by the IAEA.

13 April 2006 = Iran declared to the IAEA that Iran had successfully obtained an enrichment level of 3.6% U235 in its centrifuges.

15 April 2006 = Iranian officials announced that Iran has been engaged in the research and development of the advanced P-2 type centrifuge, which could enrich uranium faster than the older type P-1 design currently being installed at the Fuel Enrichment Plant at Natanz.

June 2006 = Iran stated that it had achieved enrichment levels of 5% U-235 in a test run in the 164-machine cascade.

June–July 2006 = The period of intense diplomatic negotiations with Iran. The permanent members of the Security Council plus Germany (often referred to as P5 + 1) offered a package of incentives to Iran in exchange for Iran's permanent suspension of its uranium enrichment programme.

12 July 2006 = Start of the war between Lebanon and Israel.

31 July 2006 = The United Nations Security Council adopted resolution 1696 under Article 40, Chapter Seven of the United Nations Charter by a vote of 14 in favour and one against (Qatar), demanding that Iran should suspend all enrichment related and reprocessing activities, including research and development, to be verified by the IAEA by 31 August 2006 or face possible economic and diplomatic sanctions under Article 41, Chapter Seven of the United Nations Charter.

14 August 2006 = The ceasefire between Israel and Lebanon came into effect following the UN Security Council Resolution 1710 adopted on Friday 11 August 2007.

22 August 2006 = Iran provided a 21 pages long counter proposal to the packaged proposal offered by the P5 + 1 to Iran on 6 June 2006. Iran welcomed some aspects of the P5 + 1 offer. Iran proposed a joint venture with the European nuclear energy consortium EURODIF to conduct uranium enrichment on Iranian soil. Iran indicated that it would be prepared to discuss suspension of uranium enrichment during the negotiations and not prior to it.

15 September 2006 = Iran's proposal for the establishment of an international consortium was considered very promising by the EU High Representative for the Common Foreign and Security Policy, Javier Solana, leading to public statements of progress following his meetings with Iran's nuclear negotiator.

4 October 2006 = Iran's proposal of 22 August 2006 was rejected by the Permanent members of the Security Council plus Germany (P5 + 1) because Iran was not prepared to suspend its uranium enrichment activities prior to the start of the negotiations.

9 October 2006 = The North Korean nuclear test.

11 October 2006 = Iran in a letter to the Secretary General of the United Nations indicated that to address concerns about Iran's commitment to the NPT, Iran would be prepared to provide guarantees that it would never withdraw from the NPT, once it reached a certain level of advancement. Iran offered to resume the implementation of the intrusive inspection regime of the Additional Protocol in the context of a negotiated settlement. Using the model suggested by the IAEA experts, Iran proposed to convert its enrichment facilities to regional and multinational schemes, which would have provided the greatest degree of transparency by allowing the concerned parties to participate in the ownership and operation of these facilities.

Mid-October 2006 = Iran brought a second cascade of centrifuges on line.

November 2006 = The mid-term elections in the United States brought both the Congress and Senate under the control of the Democrats who had been critical of the Bush administration's foreign policy.

December 2006 = The publication of the recommendations of the Iraq Study Group, a bipartisan panel of experts convened at the request of the United States Congress, to assess the situation in Iraq and make policy recommendations. One of the 79 recommendations offered in the report was the need for the United States to start negotiations with Iran to stabilise the security of Iraq.

15 December 2006 = The Assembly of Experts and municipal councils elections were held in Iran. The religious conservatives and reformists gained significant victory at the expense of religious hard-line fundamentalists allied with President Ahmadinejad.

23 December 2006 = The United Nations Security Council unanimously adopted the legally binding resolution 1737 under Article 41 of Chapter Seven of the United Nations Charter imposing sanctions on Iran's import or export of sensitive nuclear material and equipment and freezing the financial assets of persons or entities supporting its proliferation sensitive nuclear activities or the development of nuclear weapons delivery systems.

27 December 2006 = The Iranian parliament passed a bill to oblige the government to review its cooperation with the IAEA and accelerate Iran's nuclear programme only four days after the imposition of sanctions on Iran by the Security Council Resolution 1737 on 23 December 2007. The bill, which was approved by the Council of Guardians, also permits the government to withdraw from the NPT or to stop IAEA inspections in Iran. The bill was passed by an overwhelming majority of 203 deputies who were present with 161 voted in favour, and only 15 against and 15 abstained.

January 2007 = Iran started to install about 3000 centrifuges at the underground Fuel Enrichment Plant in Natanz. The centrifuges were slated to be organised into eighteen 164-machine cascades that operated low enriched uranium, known as "module". The underground Fuel Enrichment Plant could hold about 17-18 modules (each module consists of 3000 cascade centrifuges) for a total of 50,000 to 53,000 centrifuges.

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 above ground Pilot Fuel Enrichment Plant.

21 February–17 March 2007 = Iran fed 4.8 kg of UF₆ into the single machines and the 10-machine cascade at the above ground Pilot Fuel Enrichment Plant.

Mid-February 2007 = Iran informed the IAEA that two 164-machine cascades were installed at the underground Fuel Enrichment Plant and that they were operating under vacuum, an operational state established prior to enriching uranium. Two other 164-machine cascades were in the final stages of installation.

23 February 2007 = The Director General of IAEA's report on Iran's nuclear programme submitted to the Board of Governors of the IAEA and to the Security Council of the United Nations.

Late February 2007 = No uranium hexafluoride had been introduced into either of the two cascade centrifuges which were installed and operating under vacuum at the under ground Fuel Enrichment Plant at Natanz. The area where uranium hexafluoride would be introduced was still under the IAEA seal. There were two 164 centrifuge cascades and a few small cascades installed at the under ground Fuel Enrichment Plant at Natanz.

March 2007 = The two 164 centrifuge cascades at the under-ground Fuel Enrichment Plant at Natanz started to enrich uranium periodically and produce only small amounts of low enriched uranium. The enriched uranium product of one 164-machine cascade was being dumped into the same tank as the waste or "tails." The product from the second cascade was collected and saved.

24 March 2007 = The United Nations Security Council unanimously adopted the legally binding resolution 1747 under Article 41 of Chapter Seven of the United Nations Charter imposing further sanctions on Iran.

March 2007 = Iran stated that it had plans to complete installation of all 3,000 centrifuges at the underground Fuel Enrichment Plant at Natanz in May 2007.

9 April 2007 = Dr. Gholamreza Aghazadeh, the Director of Atomic Organisation of Iran officially announced the industrial scale production of enrichment at the underground Fuel Enrichment Plant in Natanz—about 250 km (150 miles) south west of the capital Tehran, during a ceremony called "the nuclear day", the first anniversary of uranium enrichment in Iran. President Ahmadinejad also announced the industrial scale production of nuclear fuel by Iran during the same ceremony.

18 April 2007 = In a letter from the IAEA to Iran, the IAEA confirms that according to the information provided by Iran, there are eight cascades of centrifuges (every cascade consists of about 164 centrifuges) at the underground Fuel Enrichment Plant (FEP) in Natanz and that some nuclear material UF₆ was being fed into those cascades. The total number of centrifuges was believed to have been 1,312.

Mid April—13 May 2007 = Iran fed 260 kilograms of uranium hexafluoride (UF₆) in the eight cascades (a total of 1,312 centrifuges) of uranium at the under-ground Fuel Enrichment Plant in Natanz. This was the first occasion that Iran had operated more than one cascade (164 centrifuges) simultaneously.

13 May 2007 = Iran agreed to an unannounced (short-notice of two hours) inspection of Iran's underground uranium enrichment facility in Natanz by the IAEA inspectors. The IAEA found that Iran was operating eight 164-machine cascades simultaneously (a total of 1,312 centrifuges). These centrifuges were being fed with UF₆. Two other similar cascades (164 centrifuges each) had been vacuum tested and three more were under construction.

APPENDIX II**THE CHRONOLOGY OF MAIN EVENTS IN THE EU3/EU AND IRAN'S NEGOTIATIONS**

21 October 2003 = The Tehran Agreement. At the end of their visit to Tehran the Foreign Ministers of Britain, France and Germany made a joint statement with Iran agreeing to take measures aimed at the settlement of all outstanding IAEA issues with regard to the Iranian nuclear programme and at enhancing confidence for peaceful cooperation in the nuclear field. Iran decided to sign the IAEA Additional Protocol and commence ratification procedures. Iran decided to continue to cooperate with the IAEA in accordance with the Protocol in advance of its ratification. Iran decided voluntarily to suspend all uranium enrichment and reprocessing activities as defined by the IAEA.

October–July 2004 = Several informal meetings were held to discuss in details the content of the Tehran agreement.

15 October 2004 = The meeting between the envoys of the United States, Britain, France, Germany, Italy, Russia, Japan, Canada and the European Union at the State Department in Washington to discuss the possibility of a series of formal negotiations between the European Union countries and Iran over the suspension of Iran's enrichment programme. A four page plan had been drafted by Britain, France and Germany which was circulated and discussed but not formally adopted.

21–27 October 2004 = The EU and Iranian negotiators met in Austria to discuss Iran's nuclear and the uranium enrichment programme. Although they failed to reach an agreement over the suspension of the uranium enrichment activities, they decided to continue the negotiations in the following weeks.

5 November 2004 = The third round of negotiations between Iran and the E3 (Britain, France and Germany) and the European Union (EU). The 25 European Union leaders offered Iran economic and political incentives in exchange for Iran's suspension of its enriched uranium programme.

6 November 2004 = A preliminary nuclear agreement reached between Iran and the European Union in Paris following 22 hours of negotiations between 5 and 6 November 2004. On 8 November 2004, the hard line Jomhuri-Eslami newspaper denounced the talks on its front page and criticised the Iranian negotiators who conducted them.

14 November 2004 = The Paris Agreement between Iran and France, Germany and the United Kingdom, with the support of the High Representative of the European Union (E3/EU) in which Iran agreed to “on a voluntary basis, to continue and extend its suspension to include all enrichment related and reprocessing activities, and specifically: the manufacture and import of gas centrifuges and their components; the assembly, installation, testing or operation of gas centrifuges; work to undertake any plutonium separation, or to construct or operate any plutonium separation installation; and all tests or production at any uranium conversion installation.” They agreed to continue negotiations to find an agreement for providing “objective guarantees” that Iran's nuclear programme is exclusively for peaceful purposes. The agreement would equally include firm guarantees on nuclear, technological and economic cooperation and firm commitments on security issues. The Paris Agreement also included a main section on terrorism by stating, “Irrespective of progress on the nuclear issue, the E3/EU and Iran confirm their determination to combat terrorism, including the activities of Al Qa’ida and other terrorist groups such as the MeK [Mujahedin Khalq’]. They also confirmed their continued support for the political process in Iraq aimed at establishing a constitutionally elected Government.”

December 2004 = The first round of meeting to discuss the content of the Paris Agreement took place in Brussels.

17 January 2005 = Proposal by Iran presented to the Political and Security Working group in Geneva. Iran demanded security assurances from the E3/EU backed up by the United Nations Security Council guarantee to prevent any use or threat of use of nuclear weapons against Iran, and any direct or indirect attack or sabotage or threat against Iranian nuclear facilities. Iran also asked for the removal of restrictions against the transfer of conventional armaments and their relevant sensitive dual use goods and technologies to Iran. Iran proposed the establishment of a senior expert level group with the participation of their respective military officials from the E3/EU to carry out consultations on defence issues in the framework of mutual defence cooperation. Iran expressed its readiness to cooperate in the area of export control in relation to its own sensitive material, equipment and technology to prevent the development and proliferation of weapons of mass destruction. However, Iran received no response to its proposal.

21 January 2005 = A second round of meeting to discuss the content of the Paris Agreement took place in Geneva.

8–11 February 2005 = A third round of meeting to discuss the content of the Paris Agreement took place in Geneva.

8–11 March 2005 = A fourth round of meeting to discuss the content of the Paris Agreement took place in Geneva.

23 March 2005 = A steering committee to consider the results of December-March working groups took place at the French Foreign Ministry in Paris to review whether the negotiations, which broke up in Geneva in the middle of March 2005 following three months of negotiations, had made enough progress to justify

the continuation of diplomatic talks. Iran put a proposal to the E3 negotiators (France, Germany and the United Kingdom) to consider Iran's enrichment of uranium on a small scale. Iran presented elements of "objective guarantees" which consisted of a strong and mutually beneficial relations between Iran and the E3/EU; confinement of the Iranian programme to open fuel cycle with no reprocessing; ceiling of the uranium enrichment at low enrichment level used only for civil nuclear purposes; limits put on the extent of the uranium enrichment programme; immediate conversion of all enriched uranium to fuel rods; incremental and phased approach to implementation of all the elements of objective guarantees; adoption and ratification of the Additional Protocol (the IAEA's enhanced and intrusive monitoring system which came into effect in May 1997); permanent ban on the development, stockpiling and use of nuclear weapons; export control measures in Iran to prevent the development and proliferation of sensitive technologies; continuous on-site presence of IAEA inspectors, which could have included E3/EU nationals at the Uranium Conversion Facility in Esfahan and Uranium Enrichment plants in Natanz.

19–20 April 2005 = A working group to discuss the technical issues related to the nuclear issue was held in Geneva which made further recommendations to continue the discussions at a strategy committee meeting in London on 29 April 2005.

29 April 2005 = Proposal presented by Iran to the Meeting of the Steering Committee in London which stated that in exchange for a declaration by EU to guarantee Iran's access to EU markets and financial, public and private investment resources, declaration of EU recognition of Iran as a major source of energy supply for Europe and launching of feasibility studies for building of new nuclear power plants in Iran by E3/EU members, Iran was prepared to take the following steps in relation to its nuclear programme. Iran would have approved the Additional Protocol in the Cabinet; Iran would have declared to have an open fuel cycle but no reprocessing; Iran would have presented a bill to the Iranian parliament for a permanent ban on production, stockpiling and use of nuclear weapons in Iran. As an additional confidence-building measure, Iran was prepared to continue the suspension of all other enrichment related activities, and make every effort to start on joint steps for the establishment of a joint counter-terrorism task force and a joint export control task force. The position of the parties at this round of negotiations was as follows. Iran stated its intention to resume uranium enrichment under an IAEA inspection regime. The United Kingdom and Germany were trying to secure Iran's agreement to abandon all uranium enrichment related activities in return for benefits including a light water reactor for nuclear energy. France was considering whether it should support limited uranium enrichment in Iran, a compromise that was not acceptable to the United States. The United Kingdom also hoped to keep the negotiations to be continued until Iran's presidential elections on 17 June 2005. They believed that the election of a pragmatic president could have opened the way for an agreement.

18 July 2005 = Following President Ahmadinejad's election as the president of Iran, Dr. Hassan Rohani, who was still the lead negotiator in nuclear issues in July 2005, sent a letter to the E3/EU ministers emphasising the need for cooperation to combat mutual sources of threat to both Iran and E3/EU in significant areas. Dr. Rohani asked for cooperation to establish stable governments in Afghanistan, Iraq and Lebanon. He emphasised the common interests of Iran and E3/EU to defeat the violent and blind misinterpretation of Islam manifested in groups such as Al-Qaeda and other terrorist groups like MEK. Iran also agreed to extend the period of full suspension of its nuclear enrichment for a further two months. Iran proposed to allow the IAEA to develop an optimised arrangement on numbers, monitoring mechanism and other specifics for a limited amount of uranium enrichment operation at Natanz.

5 August 2005 = The E3/EU presented a package of offers to Iran. It required Iran to terminate all its nuclear fuel cycle activities, including uranium conversion, enrichment and reprocessing, as well as the heavy water reactor programme at Arak. The offer would only allow Iran to continue with its planned light-water nuclear power reactors. The fuel for such reactors would have to be purchased from abroad and the spent fuel had to be returned back to the supplier. The offer also required from Iran to resolve all the outstanding issues with the IAEA, ratify the Additional Protocol, and accept a legally binding commitment not to withdraw from the NPT. In return, the E3/EU offered Iran cooperation in the areas of trade and investment, joint work to combat terrorism and drug trafficking, and some general promise of cooperation to allow Iran access to nuclear technology and markets. There was also a reaffirmation of the security guarantees already in existence involving the European countries as well as the United States.

10 August 2005 = Iran rejected the E3/EU proposal of 5 August 2005 on the basis that their demand for the termination of Iran's uranium enrichment and fuel cycle activities was in contradiction with the understanding on the basis of which the Iranians had originally agreed to enter into discussions with the E3/EU. Iran believed that a limited Iranian enrichment programme and establishment of "objective guarantees" of the civil use of the programme were the basis of the earlier negotiations. Iran in a statement denounced the package proposal as being too vague in the offer of incentives provided to Iran, and believed that the offer was a "clear violation of international law and the Charter of the United Nations, the NPT, the Tehran Statement and the Paris Agreement of November 15, 2004". Iran stated, "the proposal amounts to an insult on the Iranian nation, for which the E3 must apologise."

17 September 2005 = In the first months of the Presidency of Ahmadinejad, Iran proposed partnership with private and public sectors of other countries for uranium enrichment in Iran as a means to provide the greatest degree of transparency.

30 March 2006 = Almost one year following the election of President Ahmadinejad into office, Iran proposed establishing regional consortia inside and outside the region with joint ownership and division of labour based on the expertise of the participants.

31 May 2006 = The United States adopted a significant change of policy by announcing that the United States would join the direct negotiations with Iran and offer a European package of incentives for Iran to suspend its uranium enrichment activities. However, the United States asked for the full and verifiable suspension of all Iran's uranium enrichment activities, including research and development, as a precondition to the start of the negotiations.

6 June 2006 = The Permanent members of the Security Council plus Germany (P5 + 1) presented a package of proposal to Iran. Iran welcomed the proposals as containing positive elements and announced that it would offer its detailed response on 22 August 2006. The P5 + 1 offer reaffirmed Iran's inalienable right to nuclear energy for peaceful purposes, supported Iranian plans for the development of new light-water power reactors, accepted the Esfahan Uranium Conversion plant, proposed the establishment of an international fuel centre in Russia with the Iranian participation, offered to support a buffer stock for holding a reserve of up to five year supply of nuclear fuel dedicated to Iran, it promised to review the terms of the agreement following IAEA verification of all unresolved issues, and offered a long-term energy partnership between Iran and the E3/EU. However, there was no reference to a negative and positive nuclear security guarantee in this proposal. There was also a precondition for the start of the negotiations involving Iran's full and verifiable suspension of all its uranium enrichment activities, including research and development.

9 June 2006 = The United States and European officials declared that Iran had three weeks to respond to 6 June offer or face the prospects of sanctions by the Security Council of the United Nations.

12 July 2006 = The start of the war between Lebanon and Israel.

31 July 2006 = The Security Council resolution 1696 demanded that Iran should suspend all uranium enrichment activities, including research and development by 31 August or face unspecified appropriate measures.

14 August 2006 = The ceasefire between Israel and Lebanon came into effect following the UN Security Council Resolution 1710 adopted on Friday 11 August 2007.

22 August 2006 = Iran provided a 21 pages long counter proposal to the packaged proposal offered by the P5 + 1 to Iran on 6 June 2006. Iran welcomed some aspects of the P5 + 1 offer. Iran proposed a joint venture with the European nuclear energy consortium EURODIF to conduct uranium enrichment on Iranian soil. Iran indicated that it would be prepared to discuss suspension of uranium enrichment during the negotiations and not prior to it.

12 September 2006 = For the first time, Iran offered a two-month suspension during meetings with the European negotiators.

21 September 2006 = President Ahmadinejad, during an interview at the United Nations General Assembly meetings in New York, told that the suspension of uranium enrichment could be negotiable under "fair and just conditions".

September–October 2006 = Iran proposed an international consortium, based on the IAEA's main proposals on multinational fuel activities, including enrichment, published on 22 February 2005.

15 September 2006 = Iran's proposal for the establishment of an international consortium was considered very promising by the EU High Representative for the Common Foreign and Security Policy, Javier Solana, leading to public statements of progress following his meetings with Iran's nuclear negotiator.

4 October 2006 = Iran's proposal of 22 August 2006 was rejected by the Permanent members of the Security Council plus Germany (P5 + 1) because Iran was not prepared to suspend its uranium enrichment activities prior to the start of the negotiations.

9 October 2006 = The North Korean nuclear test.

11 October 2006 = Iran in a letter to the Secretary General of the United Nations indicated that to address concerns about Iran's commitment to the NPT, Iran would be prepared to provide guarantees that it would never withdraw from the NPT, once it reached a certain level of advancement. Iran offered to resume the implementation of the intrusive inspection regime of the Additional Protocol in the context of a negotiated settlement. Using the model suggested by the IAEA experts, Iran proposed to convert its enrichment facilities to regional and multinational schemes, which would have provided the greatest degree of transparency by allowing the concerned parties to participate in the ownership and operation of these facilities.

26 April 2007 = During a two day meeting between Javier Solana (the European Union foreign policy chief) and Ali Larijani (the Secretary of the Supreme National Security Council of Iran) in Turkey, Iran offered to suspend some, but not all, of its centrifuges used for enrichment of uranium. The parties attempted to define what a freeze of uranium enrichment facilities mean. One idea was to allow Iran to build and operate the centrifuges without injecting any uranium hexafluoride (UF₆) into them. However, the five permanent members of the Security Council and Germany (P5 + 1) rejected any modifications to the full suspension term in every respect.

31 May 2007 = A meeting between Javier Solana (the European Union foreign policy chief) and Ali Larijani (the Secretary of the Supreme National Security Council of Iran) took place in Madrid, Spain to attempt to reach an agreement. It was agreed to continue the discussion in June 2007.

NOTES AND REFERENCES

1. Elahe Mohtasham is a Senior Research Associate at the Foreign Policy Centre in London. She is an Iranian born British academic and fluent in Persian. She has worked for the Centre for Defence Studies at King's College, University of London, the International Institute for Strategic Studies, and with the Defence Academy of the United Kingdom to develop a project. As a representative of the International Institute for Strategic Studies in London, Elahe Mohtasham visited the Atomic Energy Organisation of Iran and the Centre for Strategic Studies attached to the former President Khatami's office in September 2004. She has been the first western academic granted access to talk to the Iranian scientists and visit Iranian nuclear facilities. She has written three articles in the Oxford University Press publication of the Encyclopaedia of Global Peace, Conflict and Transformation on the topics of "Arms Control and Disarmament: Theory", "Arms Control and Disarmament: Negotiations", and "Unilateral Nuclear Weapons Disarmament: Policy". In the last three years, she has presented academic papers at the Nuclear Non-Proliferation Treaty (NPT) Preparatory Committees and at the 2005 NPT Review Conference at the United Nations headquarters in New York and Geneva. She attended the 2007 NPT Preparatory Committee for the 2010 NPT Review Conference in Vienna between 29 April–11 May, and discussed Iran's nuclear programme with officials and diplomats from Iran and other countries.
2. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 10 November 2003, GOV/2003/xx/paragraph 52.
3. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 27 February 2006, GOV/2006/15, paragraph 53.
4. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 23 May 2007, GOV/2007/22, paragraph 18, lines 1 and 3–5.
5. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 27 February 2006, GOV/2006/15, paragraph 53.
6. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 2 September 2005, GOV/2005/67, paragraph 51.
7. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 27 February 2006, GOV/2006/15, /paragraph 53.
8. IAEA-GOV/2005/67, paragraph 51; IAEA-Gov/2006/15; IAEA-GOV/200631/Add.1 (15 June 2006).
9. Ayatollah Khamenei's Friday prayer sermon on 5 November 2004, quoted in Kayhan, (a Persian language newspaper published in Iran), 6 November 2004.
10. Javad Zarif, Iran's Ambassador to the United Nations, "An Unnecessary Crisis: Setting the Record Straight about Iran's Nuclear Program", New York Times, 18 November 2005.
11. Statement by Iran's representative to the IAEA, Dr. Ali Asghar Soltanieh, to the First Session of the Preparatory Committee for the 2010 NPT Review Conference, Vienna, 1 May 2007.
12. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, 22 February 2007, GOV/2007/8/paragraph 14.
13. "IAEA Installs New Cameras at Natanz Nuclear Complex," Islamic Republic of Iran News Agency, Tehran, 4 February 2007.
14. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2007/22, dated 23 May 2007, paragraph 4.
15. The text in Persian of "the complete report of Dr. Rohani to the President: the outline of the Supreme National Security Council activities in relation to the country's nuclear dossier", Iranian Students News Agency, 9 Bahman 1384 [31 July 2005]. <http://www.isna.ir/Main/NewsView.aspx?ID=News-562149> (last accessed on 3 June 2007).
16. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2004/83, dated 15 November 2004, paragraphs 79–84.
17. Alain Pigear, "The French Nuclear Triad", Ground Defence (No. 74, 1981), p. A6; quoted in Robert S. Norris, Andrew S. Burrows, and Richard W. Fieldhouse, Nuclear Weapons Databook: British, French, and Chinese Nuclear Weapons, Volume V, (Natural Resources Defense Council, Westview Press, 1994), pp. 184–185.
18. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2007/22, dated 23 May 2007, paragraph 5.

19. Mohammad Javad Zarif, "Tackling the Iran-U.S. Crisis: The Need for a Paradigm Shift," *Journal of International Affairs*, 60.2 (Spring–Summer 2007).
20. President Ahmadinejad's statement during the ceremony marking the first anniversary of Iran's uranium enrichment on 9 April 2007.
21. Sa'idi, Iran's Deputy Director of International Affairs at the Atomic Energy Organisation of Iran, made the claim during an interview with the Iranian Students News Agency [in Persian] on 19 May 2007, <http://www.isna.ir/Main/NewsView.aspx?ID=News-927033&Lang=P>, (last accessed on 21 May 2007).
22. UNGA Resolution 1665 (XVI), December 4, 1961.
23. DCOR, Suppl. for 1967 and 1968, Ann. IV, sec.6 (ENDC/192, 24 August 1967 (US)) and sec. 8 (ENDC/193, 24 August 1967 (USSR)).
24. UNGA Resolution 2373 (XXII), 12 June 1968.
25. For a summary of objectives of safeguards system see, International Nuclear Fuel Cycle Evaluation (INFCE) SEC/11, February 1979, pp. 4–8. International Safeguards and the Non-Proliferation of Nuclear Weapons, (Austria: IAEA, IAE/P1/A11,E 85-00942, April 1985), p. 11.
26. Ibid.
27. "Leaked Letter in full: UK diplomat outlines Iran Strategy", *Times online*, 22 March 2006, <http://www.timesonline.co.uk/tol/news/uk/article744070.ece> (last accessed on 2 April 2007).
28. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2007/22, dated 23 May 2007, paragraph 19, lines 3–5.
29. The Director General's report on the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2007/22, dated 23 May 2007, paragraph 18, lines 1, 4–5.
30. Bertrand Goldschmidt, *The Atomic Complex: A Worldwide Political History of Nuclear Energy* (American Nuclear Society, La Grange Park, Illinois, 1980), pp. 197–200.
31. Ibid.
32. The Iranian parliament passed a bill to oblige the government to review its cooperation with the IAEA and accelerate Iran's nuclear programme only four days after the imposition of sanctions on Iran by the Security Council Resolution 1737 on 23 December 2007. The text of the Iranian bill was read out during a parliament session and broadcast on the Iranian state radio. The bill, which was approved by the Council of Guardians, also permits the government to withdraw from the NPT or to stop IAEA inspections in Iran. The bill was passed by an overwhelming majority of 203 deputies who were present with 161 voted in favour, and only 15 against and 15 abstained.
33. INFCIRC/209, Memorandum B is known as the "Trigger List" is defined as the export of those items listed in the IAEA's safeguards trigger. These items will only be exported if the fissionable material produced, processed or used in the equipment or material is subject to IAEA's safeguards.
34. IAEA document, INFCIRC/209, 3 September 1974, Memorandum B, paragraph 2.
35. IAEA document, INFCIRC/209/Rev.1/Mod.1, May 1992.
36. Guidelines for the Export of Nuclear Material, Equipment and Technology, IAEA document INFCIRC/254, February 1978; B.M. Carriahan, "Export Law and Policy of the Emerging Nuclear Suppliers: A Basis for Continuous Optimism", *Eye on Supply*, (No. 5, Fall 1991), p. 67; R. Timerbaev, "A Major Milestone in Controlling Nuclear Exports", *Eye on Supply*, (No. 6, Spring 1992), p. 58; T. Strulak, "The Nuclear Suppliers Group", *The Non-Proliferation Review*, (Fall 1993), p. 2; "International Safeguards and the Non-Proliferation of Nuclear Weapons," (Austria: IAEA, April 1985), pp. 17-18. "London Guidelines for Nuclear Transfers", IAEA document INFCIRC/254/Rev. 1/Part 1/Mod. 3.
37. Ibid., pp. 18–19.
38. Ambassador Soltanieh speaking on the record at a seminar at the 2007 NPT Preparatory Committee for the 2010 NPT Review Conference, in Vienna between 17:00 p.m. to 19:00 p.m. on Friday 4 May 2007. Ali Reza Jahan-Shahi, "Iran and France to Jointly Build Uranium Plant", *Tehran Journal*, 5 January 1975, Clyde H. Farnsworth, "France Gives Iran Stake in Uranium", *New York Times*, 4 January 1975.
39. National Security Decision-Memorandum 292, dated 22 April 1975, Box 1, National Security Decision-Memoranda and Study Memoranda, Gerald R. Ford Library, <http://www.ford.utexas.edu/LIBRARY/document/nsdmnssm/nsdm292a.htm>.
40. See Nuclear Threat Initiative, "Nuclear Chronology 1957–1985".
41. Rudolf Harde (Kernforschungszentrum Karlsruhe G.m.b.H. (Germany, F.R.), Iran Conference on the Transfer of Nuclear Technology, (Tehran: Atomic Energy Organisation of Iran, 1977), Volume I, Section 8: Safeguards and Standards), pp. 493–498.
42. "Nuclear Fuel Reprocessing and the Problem of Safeguarding against the Spread of Nuclear Weapons", Report to the Congress, (General Accounting Office, Washington, DC (USA), Energy and Minerals Division, March 18, 1980).

43. Ambassador Nasser, "Iran and the Nuclear Non-Proliferation Treaty Review and Extension Conference 1995", (Tehran: Islamic Republic of Iran, 1995); Interviews with the Iranian diplomats involved in these negotiations at the NPT Review Conferences.

44. For an historical account of the issues around the security assurances see the paper by Elahe Mohtasham, "The Clash of Ideologies or Peaceful Multilateral Negotiations Based on National Interests: the Degree of Iran's Commitment to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)", presented at the 2005 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) at the United Nations in New York on 11 May 2005, <http://www.mohtasham.net/npt2005.html>

45. David Albright, "Phased International Cooperation with North Korea's Civil Nuclear Programs", 19 March 2007, <http://www.isis-online.org/publications/dprk/civilNuclear NK.pdf>

46. Elahe Mohtasham, "Revealed: Iran's Nuclear Factory" The Sunday Times, 1 May 2005. <http://www.timesonline.co.uk/tol/news/world/article387202.ece> (last accessed on 6 June 2007)

47. International Atomic Energy Agency, "Multilateral Approaches to the Nuclear Fuel Cycle: Expert Group Report Submitted to the Director General of the International Atomic Energy Agency," IAEA INFCIRC/640, 22 February 2005, 103, approaches 3,4 and 5: "Promoting voluntary conversion of existing facilities to MNAs, and pursuing them as confidence-building measures, with the participation of NPT non-nuclear weapon states an nuclear weapons states, and non-NPT states," and "creating, through voluntary agreements and contracts, multinational, and in particular regional, MNAs for new facilities based on joint ownership, drawing rights or co-management for front-end and back-end nuclear facilities, such as uranium enrichment."

48. Ruhi Ramazani, "Might U.S., Iran cooperate on al-Qaeda?", Special to the Daily Progress, Sunday 27 May 2007. <http://www.dailyprogress.com/servlet/Satellite?pagename=Common%2FMGArticle%2FPrintVersion&c=MGArticle&cid=1173351363286&image=80x60cdp.gif&oasDN=dailyprogress.com&oasPN=%21news%21columns> (last accessed on 5 June 2007)

11 June 2007

Submission by the Verification Research, Training and Information Centre (VERTIC) to the Foreign Affairs Committee Inquiry into Global Security: Iran

ABOUT VERTIC

1. This submission has been prepared by the Verification Research, Training and Information Centre (VERTIC). Founded in 1986, VERTIC is an independent non-governmental organization that promotes effective and efficient verification as a means of ensuring confidence in the implementation of international agreements and intra-national agreements with international involvement.

2. This submission is based on the results of a yearlong research project under which VERTIC developed a range of legal and technical measures that could contribute towards the solution of the current impasse. The project was funded by the Joseph Rowntree Charitable Trust (JRCT).

INTRODUCTION

3. Iran is a prime example of a country that has a major confidence deficit with regard to its implementation of international agreements covering nuclear activities. We believe that fresh thinking is needed to resolve the current diplomatic dispute, before the situation deteriorates further. VERTIC welcomes the opportunity to submit evidence to the Foreign Affairs Committee.

4. This submission will seek to examine options for the development of transparency and confidence building measures by which Iran could seek to reassure the rest of the world that its nuclear activities are entirely peaceful. In so doing, the submission will address two of the issues of concern to the FAC namely:

- a. the extent of the progress Iran has made on nuclear development; and
- b. the options open to the international community in addressing the possibility of Iran obtaining nuclear weapons, and the implications of these options for regional and global security, nuclear proliferation and energy security.

 PROGRESS MADE BY IRAN ON NUCLEAR DEVELOPMENT

5. Over the years, Iran has developed an extensive domestic nuclear fuel cycle. The country's ambition seems to be to establish one of the largest nuclear infrastructures in the developing world. A list of a number of known facilities, and their respective status is reproduced in appendix 1 to this submission. Although activities at the majority of these facilities are under scrutiny by the International Atomic Energy Agency (IAEA or "the Agency"), information on certain facilities such as the Iran Nuclear Research Reactor (IR-40) and the Heavy Water Production Plant (HWPP) is incomplete. In addition, the Agency has been visiting two military sites at Parchin and Lavisan-Shian⁴⁸ and its investigations into activities conducted at those two facilities are still ongoing.

6. Iran has attempted to procure nuclear technology both overtly and covertly. The management and operation of a clandestine procurement network has by some been interpreted as one important indicator of Iran's intent to acquire nuclear weapons.⁴⁹ After all, what's the point of hiding the country's activities if there is no mala fides? The Iranians have responded to this argument by pointing to the fact that previous overt procurement efforts by Iran often have been thwarted by certain Western governments. For instance, under the terms of a 1995 nuclear agreement, Russia agreed to negotiate the construction of a uranium enrichment facility (presumably equipped with short sub-critical centrifuges). This contract was subsequently cancelled after US pressure.⁵⁰ According to Iran, the reluctance of Western suppliers to engage with the country forced it to rely on the often expensive supply of the so-called A.Q. Khan network.

7. Operated from Kahuta, Pakistan, and headed by metallurgist Abdul Qadeer Khan, this network supplied sensitive nuclear technology to "rogue" customer states, including Libya and North Korea.⁵¹ This technology included, in the case of Libya, weapons designs complete with engineering drawings and handwritten notes related to the fabrication of nuclear weapons components.⁵² Iran seems to have received documents of similar character, particularly on "the casting of enriched and depleted uranium metal into hemispheres, related to the fabrication of nuclear weapon components".⁵³ It is very troubling that this document remains in Iran's possession since its content has no civilian application. Such concerns are exacerbated by the involvement of the Iranian military in the country's nuclear programme, especially as its role in this respect has never been adequately clarified.⁵⁴

8. The A.Q. Khan network also supplied a number of centrifuge components and centrifuge designs to the Iranians. These designs are based on outdated European centrifuge technology. A table outlining the relative effectiveness of these centrifuges is reproduced in appendix 2. Compared to state of the art western technology, these centrifuges are very ineffective. At present, however, uranium enrichment by gas centrifuge nevertheless represents Iran's quickest route to acquiring enough fissile materials for nuclear explosives. After a period of suspension, Iran is presently installing centrifuges at a reasonably high rate at one of its underground centrifuge halls at Natanz, central Iran.

A note on Iran's progress in uranium enrichment by gas centrifuge

9. By early May 2007, Iran had installed approximately 1,600 centrifuges in its fuel enrichment plant (FEP)⁵⁵. If it keeps current pace, it will have installed its first "module" of 2,912 centrifuges by the Autumn of 2007. While ineffective by modern European standards, see appendix 2, a facility that size may theoretically produce enough material for one weapon in less than a year if the feedstock is natural uranium, less if the feedstock is low enriched uranium.⁵⁶

⁴⁸ Parchin is a very large military complex devoted to the research, development and production of ammunition, rockets and high explosives. The site has hundreds of buildings. Lavisan-Shian is home of the Physics Research Centre which purpose, according to Iran, has been "preparedness to combat and neutralization of casualties due to nuclear attacks and accidents (nuclear defence) and also support and provide scientific advice and services to the Ministry of Defence", see IAEA, Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2004/83, 15 November 2004, p. 22

⁴⁹ For instance, former US Under-Secretary of State John R. Bolton has argued that "one unmistakable indicator of military intent is the secrecy and lack of transparency surrounding Iran's nuclear activities", see John R. Bolton, "U.S. Efforts to Stop the Spread of Weapons of Mass Destruction", Testimony before the House International Relations Committee, 4 June 2003, <http://www.nti.org/e_research/official_docs/dos/dos060403.pdf>, accessed 5 June 2007.

⁵⁰ For some Iranian imports, see Andrew Koch and Jeanette Wolf, "Selected Iranian nuclear imports", Centre for Non-Proliferation Studies, 1998, available at <<http://cns.miis.edu/pubs/reports/pdfs/irantbl.pdf>>, accessed 4 June 2007

⁵¹ For a in-depth description of A.Q. Kahn, his network, and his customers see Gordon Corera, "Shopping for Bombs", Hurst & Company, London, 2006

⁵² Ibid, p. 222

⁵³ Developments in the Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran and Agency Verification of Iran's Suspension of Enrichment-related and Reprocessing Activities, Update Brief by the Deputy Director General for Safeguards, 31 January 2006, p. 3.

⁵⁴ IAEA, Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran, GOV/2006715, 27 February 2006, par. 54

⁵⁵ For a discussion of Iran's centrifuge and other nuclear activities see: The use of voluntary safeguards to build trust in states' nuclear programmes: the case of Iran, Verification Matters 8, VERTIC, James Acton with Joanna Little, May 2007, p 17-20.

⁵⁶ See for instance: Iran's Strategic Weapons Programmes: a net assessment, International Institute for Strategic Studies (IISS), Routledge, London, 2005, p. 54

10. It remains unknown how much raw material (such as aluminum and maraging steel) and other centrifuge components Iran has at its disposal to keep construction of the enrichment plant going. In March 2006, the Institute for Science and International Security reported that the country “has enough components for up to 5,000 centrifuges” but that “many components are not expected to pass quality control”.⁵⁷ Although centrifuge assembly workshops used to be under Agency verification during the suspension,⁵⁸ they are no longer monitored by the IAEA.

11. There are unconfirmed reports that Iran has overcome previous problems with feed materials and that they are well underway in managing larger cascades of gas centrifuges. This has prompted IAEA Director-General Mohamed ElBaradei to call on the Security Council to reconsider its requirement that Iran suspend uranium enrichment and related activities⁵⁹.

Conclusion

12. Iranian officials seem to be confident of their own ability to construct and run the uranium enrichment facility at Natanz, and reportedly have 3,000 personnel working in shifts to complete construction at the site.⁶⁰ As noted above a full “module” of 2,912 centrifuges is likely to be completed in the latter half of this year. Although Iran has announced its intention to continue centrifuge development beyond the first module (towards the completion of a fuel enrichment plant with more than 50,000 units), it remains to be seen whether it has the resources to do so.

13. The presence of a functional uranium enrichment facility in Iran does not necessarily mean that Iran is developing a nuclear weapon. What it does mean, however, is that, proceeding at the current level of activity, Iran will have the capacity to produce enough fissile material for a nuclear weapon in less than a year. Depending on how much work, if any, Iran has done on so-called weaponization, they could have a device shortly thereafter. However, this worst case scenario, sometimes floated in the media, assumes that Iran is able to operate its facilities around the clock, and without major interruptions. This is unlikely to be the case for some time yet.

14. The need for effective verification and transparency measures going beyond Iran’s legal obligations are the more pressing the more developed Iran’s fuel cycle becomes. Not only is transparency and verification important to resolve outstanding issues, but it is also instrumental if a militarily significant diversion or other violation is to be detected in time for an appropriate action to be taken.¹⁴ The next section will outline some options open to the international community which could facilitate trust in Iran’s nuclear programme. It will also assess the effectiveness of nuclear safeguards in Iran.

TECHNICAL AND POLITICAL OPTIONS OPEN TO THE INTERNATIONAL COMMUNITY

The purpose of IAEA safeguards

15. There are three generic ways in which a civilian nuclear programme can be used in the development of nuclear weapons. First, declared nuclear material (uranium or plutonium) can be diverted for use in a nuclear weapons programme. Second, the knowledge gained from operating a civilian programme can be used to run a clandestine military programme—this is sometimes known as sneak-out. Third, having developed fuel cycle capability as part of a declared programme, a state can leave the 1968 Nuclear Non-Proliferation Treaty (NPT), end international inspections and use its facilities to produce fissile material for use in nuclear weapons. This scenario is sometimes known as breakout.

16. Under the terms of the NPT, non-nuclear weapon state parties are obliged to accept IAEA safeguards on their nuclear programmes. The purpose and scope of these safeguards is set out in the Model Comprehensive Safeguards Agreement, which is concluded between the Agency and the individual state. Model provisions are contained in INFCIRC/153. Derogation from these model provisions is generally not allowed. The focus of this agreement is to give the IAEA the tools it requires to be able to detect whether states have diverted nuclear material from declared facilities.⁶¹

⁵⁷ David Albright and Corey Hinderstein, “The Clock is Ticking, But How Fast?”, The Institute for Science and International Security (ISIS), 27 March 2006, <<http://www.isis-online.org/publications/iran/clockticking.pdf>>, accessed 5 June 2007

⁵⁸ According to the IAEA, Iran has ‘a number’ of privately owned centrifuge assembly workshops. Activities used to be centred at a site called Farayand Technique. According to Iranian officials, “it is currently said to be the Quality Control Centre for all centrifuge components manufactured for the facilities at Natanz, but it also has capabilities suitable for the testing and assembly of centrifuges”, IAEA, “Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran”, GOV/2004/11, 24 February 2004, para 42

⁵⁹ Iranian Centrifuges Running Better Than Expected, Global Security Newswire, 15 May 2007, http://204.71.60.36/d_newswire/issues/2007_5_15.html

⁶⁰ See “Natanz scales up”, 26 May 2007, <<http://www.neimagazine.com/story.asp?storyCode=2044629>>, and “Developments at Natanz”, Nuclear Engineering International, 29 January 2007, <<http://www.neimagazine.com/story.asp?storyCode=2041732>>, both accessed 5 July 2007

⁶¹ Jozef Goldblat (ed) with David Fischer and Paul Szasz, Stockholm International Peace Research Institute, Safeguarding the Atom: A Critical Appraisal, Taylor & Francis, London, 1985.

17. The provisions of the Comprehensive Safeguards Agreement in regard to the detection of clandestine facilities are rather limited. It requires states to place all nuclear material on their territory under safeguards and gives the IAEA the right to inspect suspected clandestine nuclear facilities. However, to initiate such inspections, the IAEA must first detect suspicious activities. And, according to Jozef Goldblat, “it may be unable to do this unless it obtains relevant information from national intelligence agencies”.⁶² It is analogous to giving the police the authority to make arrests for a particular crime, without granting them sufficient investigatory powers to detect, monitor, and identify suspects. This problem was highlighted when Iraq’s clandestine nuclear programme was discovered in 1991. In response, the Model Additional Protocol (contained in INFCIRC/540) was developed. Its primary purpose is to give the IAEA the tools it needs to detect clandestine nuclear facilities.⁶³

18. Nuclear safeguards, by themselves, are not designed to prevent breakout. Pursuant to article X of the NPT, a state may withdraw from the treaty and end IAEA inspections by giving three months notices if “it decides that extraordinary events, related to the subject matter of this Treaty, have jeopardized the supreme interests of its country.”

Analysis of the effectiveness of current IAEA safeguards in Iran

19. Iran is a signatory to the NPT and has a Comprehensive Safeguards Agreement in force.⁶⁴ It signed an additional protocol on 18 December 2003. Although it has not yet ratified the Additional Protocol, it did apply it provisionally before suspending it on 6 February 2006.

20. Safeguarding declared facilities: VERTIC has recently published a study which, inter alia, analyses the effectiveness of IAEA safeguards in Iran.⁶⁵ Using information available in the public domain, VERTIC estimated the quantity of nuclear material that Iran could divert from its declared facilities without attracting the attention of the IAEA. The answer depends on the facility in question, but is much smaller than the amount of uranium required for the manufacture of a nuclear weapon. The VERTIC study did, however, identify two principal, relevant weaknesses of current safeguards on declared material.

21. First, not all uranium ore concentrate (UOC) is subject to safeguards. UOC must be processed before it is suitable for enrichment and for this reason used to be completely exempt from safeguards. Although the IAEA has recently started to safeguard some UOC, it does not have the legal authority to safeguard all of it.⁶⁶ Iran could divert unsafeguarded UOC with little fear of detection and could use it as feedstock for a clandestine programme.

22. Second, although the IAEA would almost certainly detect a military significant diversion from an Iranian facility, there is a question over whether it could do so in a timely fashion. The IAEA aims to detect the diversion of so-called indirect use nuclear material, such as low enriched uranium (LEU), within about one year.⁶⁷ There is some doubt about whether the IAEA can meet this target in all circumstances. More importantly, however, there is a strong argument that this target ought to be shortened; if a military significant diversion is only discovered a year after it has taken place there may be insufficient time to take preventative action before Iran succeeds in developing a nuclear weapon.

23. Safeguarding Iranian enrichment: Iran’s enrichment activities are of particular concern. Apart from a diversion of material (which could take place at any facility), there are two specific ways that a declared enrichment plant could be used to produce material for a nuclear weapons programme: excess production and direct production. Excess production involves using a declared enrichment facility to secretly enrich undeclared nuclear material. Direct production involves reconfiguring a centrifuge cascade to produce weapons-usable high enriched uranium (HEU).

⁶² Jozef Goldblat, “Implementation of Article III of the NPT”, undated paper, <<http://www.opanal.org/Articles/cancun/can-Goldblat.htm>>, accessed 4 June 2007

⁶³ Oliver Meier, “Fulfilling the NPT: Strengthened nuclear safeguards”, VERTIC Briefing Paper 00/2, Verification Research, Information and Training Centre (VERTIC), London, April 2000.

⁶⁴ Contained in International Atomic Energy Agency, “The text of the agreement between Iran and the Agency for the application of safeguards in connection with the Treaty on the Non-Proliferatio [sic] of Nuclear Weapons”, INFCIRC/214, 13 December 1974, www.iaea.org/Publications/Documents/Infcircs/Others/infirc214.pdf.

⁶⁵ James Acton with Joanna Little, The use of safeguards to build trust in states’ nuclear programme: The case of Iran, Verification Matters No. 8, Verification, Research, Training and Information Centre (VERTIC), London, May 2007.

⁶⁶ International Atomic Energy Agency, “Policy paper 18: Safeguards measures applicable in conversion plants processing natural uranium” in International Atomic Energy Agency, Safeguards Manual (SMR 2.18).

⁶⁷ International Atomic Energy Agency, IAEA Safeguards Glossary, International Nuclear Verification Series no. 2, International Atomic Energy Agency, Vienna, 2002, www-pub.iaea.org/MTCD/publications/PDF/nvs-3-cd/PDF/NVS3-prn.pdf, para 3.20.

⁶⁸ W. Bush, D. Langlands, N. Tuley and J. Cooley, “Model safeguards approach for gas centrifuge enrichment plants”, Symposium on international safeguards: Addressing verification challenges, Vienna, IAEA-CN-148/98, 16–20 October 2006.

⁶⁹ In particular, the IAEA does take environmental samples in the cascade hall. Any direct production would certainly be detected—but given samples take weeks if not months to process, it would not be detected rapidly. International Atomic Energy Agency, “Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council Resolution 1737 (2006) in the Islamic Republic of Iran”, GOV/2007/8, 22 February 2007, www.iaea.org/Publications/Documents/Board/2007/gov2007-08.pdf, para 4.

24. If the appropriate monitoring technology is in place, both excess production and direct production can be detected rapidly.⁷⁰ Some safeguards to detect direct production are in place.⁷¹ It is unclear whether Iran has allowed the IAEA to use surveillance cameras capable of sending signals off-site. The Agency and Iran have however agreed interim verification arrangements at the FEP.⁷² Exact details are unknown, but an unconfirmed and single sourced press report claims that inspectors visit the facility every 10 days.⁷³ Such inspections—if they are occurring—though expensive can be reasonably effective. However, remote monitoring, which could detect direct production in real time, is much more preferable.

25. There is no information in the public domain about what measures, if any, are in place to detect excess production. There is, therefore, legitimate doubt about whether Iran's enrichment facilities are suitably safeguarded. This concern is particularly acute in the case of the larger of Iran's two facilities, the Fuel Enrichment Plant (FEP).

26. It is very important to emphasise that even if appropriate safeguards were placed on Iran's enrichment facilities, such facilities could still contribute to a nuclear weapons programme because, by operating them, Iran would gain knowledge useful for conducting a clandestine programme. In addition, (as discussed below) they could also be used to acquire nuclear weapons as part of a breakout strategy.

27. Detecting clandestine facilities: Given that Iran does not have an additional protocol in force, the IAEA's ability to detect undeclared facilities is limited. Indeed, the Director General has regularly stated that without an additional protocol in force the IAEA is unable to provide credible assurance of the absence of undeclared facilities in Iran.⁷⁴

28. Moreover, even if Iran ratified an additional protocol and implemented it in full, it might not be adequate to build sufficient confidence in Iran's intentions.⁷⁵ Even with an additional protocol in place, a well-designed clandestine programme would have a reasonable chance of avoiding detection—not least because additional protocols work best in societies where multiple independent sources on a state's nuclear programme are available.

29. Detecting clandestine centrifuge facilities is a particularly challenging task. Centrifuge enrichment plants are small and unobtrusive. They produce almost no emissions and have no distinguishing features that cannot easily be hidden.⁷⁶ Moreover, because the IAEA does not have the authority to oversee the production of centrifuges, machines nominally produced for a declared programme could easily be diverted for use in a clandestine one. The existence of a declared centrifuge programme therefore makes it easier for Iran to conceal a secret one.

30. Safeguarding Iran's heavy water programme: Although Iran's enrichment programme has been the focus of international concern, its heavy water reactor (HRW) programme should not be neglected.⁷⁷ When completed, the IR-40 reactor at Arak has the potential to produce plutonium that is particularly suitable for use in nuclear weapons. To extract plutonium from spent fuel, Iran would require reprocessing capability. Although Iran carried out small-scale reprocessing experiments in the past, the IAEA has been able to verify that declared reprocessing activities have been discontinued. However, if Iran were to reverse this decision, or if it develops a secret reprocessing facility, the HWR could be used in the development of a nuclear weapon—most likely following breakout.

Policy options to enhance trust in Iran's nuclear programme

31. Three UN Security Council Resolutions relevant to Iran's nuclear programme (1696, 1737 and 1747) are currently in place. To comply with them, Iran, at a minimum, needs to:

- a. Immediately suspend all enrichment-related activities, as well as continue the suspension of reprocessing activities.
- b. Immediately suspend its heavy water reactor programme.

⁷⁰ W. Bush, D. Langlands, N. Tuley and J. Cooley, "Model safeguards approach for gas centrifuge enrichment plants", Symposium on international safeguards: Addressing verification challenges, Vienna, IAEA-CN-148/98, 16–20 October 2006.

⁷¹ In particular, the IAEA does take environmental samples in the cascade hall. Any direct production would certainly be detected—but given samples take weeks if not months to process, it would not be detected rapidly. International Atomic Energy Agency, "Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council Resolution 1737 (2006) in the Islamic Republic of Iran", GOV/2007/8, 22 February 2007, www.iaea.org/Publications/Documents/Board/2007/gov2007-08.pdf, para 4.

⁷² According to the 22 February 2007 report by the IAEA, "the Agency agreed to interim verification arrangements at FEP, involving frequent inspector access but not remote monitoring, provided that these arrangements were in place before Iran started feeding UF₆ into the cascades. Iran was informed that these arrangements (which are now in place) would be valid only for as long as the number of machines installed at FEP did not exceed 500, and that, once that number was exceeded, all required safeguards measures would need to be implemented".

⁷³ "IAEA inspectors in Iran", Press TV, 22 May 2007,

<<http://www.presstv.ir/detail.aspx?id=10635§ionid=351020104>>, accessed 4 June 2007

⁷⁴ See for example, GOV/2007/8, para 27.

⁷⁵ Acton with Little.

⁷⁶ For a discussion of the difficulties associated with detecting clandestine gas centrifuge enrichment plants see Acton and Little and the references contained therein.

⁷⁷ Paul Brannan and David Albright, ISIS Imagery Brief: Update on Construction Activities at Arak 40 MW Heavy Water Reactor, Institute for Science and International Security, 21 April 2006, www.isis-online.org/publications/iran/arakupdate.pdf.

- c. Provide sufficient access to, and co-operation with, the IAEA to enable it to verify these suspensions and resolve any outstanding questions about Iran's nuclear programme.
- d. Ratify promptly and implement in full an additional protocol, and in the meantime apply one provisionally.

32. The presence of these resolutions constrains diplomatic freedom of action by ruling out several options as legally unacceptable. This would include any proposed solutions involving the manufacture and import of gas centrifuges and their components; the assembly, installation, testing or operation of gas centrifuges and all tests or production at any uranium conversion installation as these are likely to conflict with the resolutions. Such a situation will continue until the resolutions are amended, revoked or reinterpreted.

33. An additional Security Council resolution would be required for Iran to be permitted to restart its enrichment or HRW programmes. In the interests of facilitating a diplomatic settlement to the current dispute, one possibility would be for the Security Council to assure Iran that it would be permitted to restart some or all of its proliferation-sensitive activities under additional safeguards as soon as it has complied with the Security Council's demands and the IAEA has resolved all the outstanding questions about its nuclear programme.

34. Another solution would be for the Security Council to define what constitutes "uranium enrichment" or "uranium enrichment related" activities. This could allow for some freedom of action. Ideas concerning various forms of standbys (ie where Iran keeps its enrichment facilities operational but off-line) could also be discussed.

35. The following section of this submission seeks to analyse how the adoption of additional safeguards and/or the implementation of other confidence-building measures (such as a termination of sensitive nuclear activities) by Iran could be employed to build trust in the exclusively peaceful nature of its nuclear programme.⁷⁸ Such safeguards and confidence building measures would be "voluntary" in the sense that Iran would have freely chosen to adopt them as part of a negotiated settlement. They could, however, form part of a formal agreement that would be binding once entered into.

Terminating sensitive fuel cycle activities

36. Terminating declared fuel cycle activities would obviously remove the possibility of a diversion. Moreover, although it would not prevent breakout, it would mitigate the consequences of Iran leaving the NPT. It could also slow the development of a clandestine nuclear programme by denying Iran useful knowledge.

37. If Iran choose, the following four programmes could all be utilised as part of a strategy to acquire nuclear weapons through breakout:

- a. The heavy water reactor programme.
- b. The Fuel Enrichment Plant.
- c. The uranium metal production lines at the Uranium Conversion Facility (UCF).
- d. Fuel fabrication facilities.

Operating them would give Iran knowledge that would—to varying degrees—be useful for running a clandestine programme. Their termination would, therefore, be an extremely important step in the confidence building process.

38. In addition, termination of the Pilot Fuel Enrichment Plant (PFEP) would build confidence—but the benefits of terminating pilot-scale enrichment are less marked than the benefits of terminating industrial-scale enrichment at the FEP. There are two main reasons for this. First, because the PFEP is so much smaller than the FEP, its breakout potential is much smaller. Specifically, it seems very unlikely that after leaving the NPT, Iran could use the PFEP to produce sufficient high enriched uranium for a nuclear weapon before pre-emptive action could be taken. In contrast, the FEP could (when all 50,000 centrifuges are installed) produce enough high enriched uranium for a nuclear weapon within a small number of weeks.⁷⁹ Second, although Iran has not yet mastered centrifuge technology, its enrichment programme is continually maturing.⁸⁰ The more time passes before Iran suspends enrichment, the less effective such a suspension will be at denying Iran the knowledge it needs to operate a clandestine programme.

⁷⁸ Except where otherwise stated, a full analysis of all the proposals presented in this section can be found in Acton and Little.

⁷⁹ International Institute for Strategic Studies, "Iran's strategic weapons programmes: a net assessment", Strategic Dossier, Routledge, London, 2005.

⁸⁰ For a detailed discussion of the current state of Iran's centrifuge programme see Acton and Little, page 25 and the references contained therein.

Improving safeguards on declared facilities

39. As identified above the two principal concerns with regard to safeguards on declared facilities are that (i) warning of a diversion would not be timely in all circumstances and (ii) not all uranium ore concentrate (UOC) in Iran is under safeguards. It would be straightforward to improve both these deficiencies. The IAEA already safeguards some UOC in Iran—expanding the scope of safeguards to cover all UOC would pose few technical difficulties. The IAEA could also detect a diversion more quickly by, for example, taking a physical inventory of Iran’s nuclear material more frequently.

40. If Iran were not to abandon its pilot-scale enrichment programme, extra safeguards on the PFEP would also be appropriate. Given that the PFEP is so small, it can be effectively safeguarded against diversion, direct production and excess production (see paragraph 22 above) if Iran is willing to accept the appropriate (highly intrusive) verification arrangements.⁸¹ To mitigate the consequences of breakout, it would also be important to ensure that a stockpile of LEU was not built up in Iran. To this end, Iran could agree to send all enriched uranium produced by the PFEP abroad for fuel fabrication.

Enhancing the means to detect clandestine facilities

41. Improving the IAEA’s ability to detect clandestine nuclear activities is a more difficult task. Implementation and ratification of an additional protocol by Iran is a necessary first step. Furthermore, the risk of clandestine activities remaining undetected will be reduced when the IAEA is able to resolve all outstanding questions about Iran’s nuclear programme.

42. The IAEA’s prospects for finding a clandestine nuclear programme can be significantly improved if multiple opportunities for detection are made available. For example, at present Iran could obtain nuclear material for use in a clandestine programme by diverting UOC. If safeguards were placed on all UOC (as discussed in paragraph 38 above) Iran would be forced to build additional facilities to manufacture it secretly. This would give the IAEA an additional opportunity for detecting a clandestine programme and hence increase its chances of doing so.

43. It is also possible to increase the cost to Iran of equipping a clandestine enrichment plant. At present the IAEA has no authority to verify the manufacture of centrifuges—nor would have even where an additional protocol to be in force. If Iran does not terminate the production of centrifuges, it could divert some of them for use in a clandestine programme. This could be prevented by giving inspectors permission to oversee production and “tag” completed machines. The IAEA could then keep track of them and ensure that none were diverted. Moreover, with this scheme in place, any untagged centrifuge that was discovered would be proof that Iran was engaged in a clandestine enrichment programme.

44. Further reassurance about the absence of undeclared facilities could be provided by permitting the IAEA to interview scientists and officials. Such interviews would be most effective from a confidence-building perspective if they were conducted in the absence of any Iranian officials. The IAEA could also be given permission to photocopy any documents it requested.

45. Technological means to detect clandestine nuclear facilities are also available. In particular, the IAEA could conduct wide area environmental monitoring in Iran.⁸² This would involve installing a network of detectors (probably air samplers) capable of picking up the emissions from nuclear facilities. The discovery of enriched uranium, say, in an area far from any declared nuclear activity would constitute strong evidence of clandestine nuclear activities. Wide area environmental monitoring is effective at detecting secret reactors and reprocessing plants. Unfortunately, it is much less effective at detecting a clandestine gas centrifuge enrichment plant—unless intelligence to guide the search is available. Wide area environmental monitoring has been tested in pilot studies but never implemented in practice. A feasibility study would be required before implementing it in Iran.

Reciprocal confidence-building measures

46. To facilitate confidence building, there are various reciprocal steps that the E3 + 3 could take. Only steps directly related to Iran’s nuclear programme are considered here. Other, more general confidence-building measures, though just as important, lie outside the scope of this submission.

⁸¹ In particular, remote monitoring of the cascade hall and feed and withdrawal stations would be required, as well as inline enrichment monitors. See Bush, Langlands, Tuley and Cooley for a more detailed discussion.

⁸² Kenneth W. Nicholson, “Practical application of wide area environmental sampling for the detection of undeclared nuclear activities”, 22nd ESARDA Annual Meeting, Dresden, 8–12 May 2000, http://esarda2.jrc.it/db_proceeding/mfile/P_2000_Dresden_8-6.pdf; David W. Swindle, “Wide area environmental sampling: Results from an international evaluation on potential applications in international safeguards”, 22nd ESARDA Annual Meeting, Dresden, 8–12 May 2000, http://esarda2.jrc.it/db_proceeding/mfile/P_2000_Dresden_8-5.pdf; Garry Dillon, Wide Area Environmental Sampling in Iran, The Nonproliferation Policy Education Centre, 2006, www.npec-web.org/Essays/WideAreaEnvironmentalSampling.pdf.

47. Nuclear cooperation: The E3 + 3 has offered to support the development of a peaceful nuclear energy programme in Iran.⁸³ Iran has not yet responded positively to this offer. However, it should be noted that Iran's uranium resources are extremely limited and it will need to import uranium should it wish to implement a civilian nuclear reactor programme of any significant size.⁸⁴

48. Fuel supply guarantee: The E3 + 3 has also offered to provide a guarantee that nuclear fuel will be made available to Iran at market price, should commercial supply mechanisms fail. The exact form of any guarantee would have to be negotiated between Iran and the E3 + 3, and no specific proposal for Iran has yet been put forward. However, consideration should be given to establishing a physical "fuel bank" for the Bushehr Nuclear Power Plant, ie a stockpile of pre-fabricated reactor fuel owned by the IAEA which Iran is entitled to use if Russia (its primary supplier) refuses to supply it. Although such arrangements are not, in general, feasible (as reactors generally use different types of fuel and a guarantee should be capable of covering all reactors in a given country),⁸⁵ in the case of Iran it could be possible as Iran has only one reactor. Although there are many other models for a fuel guarantee, none are as credible in Iran's case as a physical fuel bank. In particular, there is only one facility outside of Russia licensed to fabricate fuel for Bushehr. There can be no certainty that this facility will have the spare capacity to produce fuel should Iran need to invoke the guarantee.

49. Open Skies Treaty: Iran could also be invited to join the 1992 Open Skies Treaty. This treaty gives state parties the right to conduct overflights over one another's territory. Its members include France, Germany, Russia, the UK and US. Overflights could be useful in searching for clandestine nuclear facilities in Iran and because it is reciprocal, the Open Skies Treaty could be a more palatable arrangement to Iran than one in which it is obliged to accept overflights but not allowed to conduct them.

Recommended priorities for confidence building

50. Should Iran suspend its enrichment programme in line with UN Security Council resolutions, negotiations on resolving the situation would follow. From the point of view of confidence building the optimum solution would be for Iran to agree to a complete termination of all sensitive nuclear activities as well as additional safeguards (both on any remaining declared activities and also those to detect undeclared activities). In any set of negotiations, however, it is likely that compromise will be needed. Agreement may not be possible unless the E3 + 3 agrees to the continuation of some sensitive nuclear activities—in particular, pilot-scale enrichment under additional safeguards once the IAEA has resolved any outstanding questions about Iran's nuclear programme. That said, VERTIC believes that the following steps are necessary, but not sufficient, for rebuilding trust in Iran's nuclear programme:

- a. a suspension of all proliferation-sensitive nuclear activities until the IAEA has been able to resolve all outstanding questions about Iran's nuclear programme;
- b. a termination of the nuclear activities listed in paragraph 36 above; and
- c. the implementation and ratification of an additional protocol.

51. Permitting Iran to recommence pilot-scale enrichment is not without risks. Those risks can, however, be mitigated if the safeguards on enrichment are highly intrusive and robust. Moreover, the suspension should be lifted only after Iran has implemented an additional protocol and the IAEA has resolved any outstanding questions about the exclusively peaceful nature of Iran's nuclear programme.

52. Agreeing that Iran could recommence pilot-scale enrichment under the conditions outlined in the paragraph above could help to resolve the current impasse. Iran has frequently expressed its belief that the E3 + 3's aim is to make any suspension of its sensitive nuclear activities permanent. Assuring Iran that it will be permitted to restart its pilot-scale enrichment activities at an early date may help to persuade it to suspend them now. Moreover, as Iran's centrifuge programme matures, a complete termination of all enrichment activities will become increasingly ineffective at denying Iran the knowledge required to operate a clandestine programme. Based on information in the public domain, it is hard to estimate when it will become less effective than a continuation of pilot-scale enrichment under enhanced safeguards. However, if that point has not yet been reached, it is probably not far away.

⁸³ See for example the June 2006 offer made to Iran by the British Foreign Secretary, Margaret Beckett, on behalf of the E3 + 3, which is available at www.diplomatie.gouv.fr/en/article-imprim.php3?id—article=5314.

⁸⁴ Organisation for Economic Co-operation and Development Nuclear Energy Agency and the International Atomic Energy Agency, *Uranium 2005: Resources, Production and Demand, Organisation for Economic Co-operation and Development*, Paris, p. 206.

⁸⁵ Fuel guarantees have been much discussed recently—for an overview of the debate see Oliver Meier, "News analysis: The growing nuclear fuel-cycle debate", *Arms Control Today*, vol. 39, no. 9, 2006, www.armscontrol.org/act/2006_11/NAFuel.asp; Pierre Goldschmidt, "Mechanisms to increase nuclear fuel supply guarantees", *Carnegie International Non-Proliferation Conference*, Washington, DC, 7–8 November 2005.

53. It is also important to build confidence that Iran will not leave the NPT. There is very little that the “technical” measures discussed in this submission can do in that regard. After all, concern about breakout is not primarily motivated by any particular feature of Iran’s nuclear programme; fundamentally, it stems from a lack of trust in the government of Iran. For the technical confidence-building measures, such as those discussed in this submission, to be effective they must be part of a wider political process. The legal framework on which such a process could be built is discussed below.

LEGAL FRAMEWORK

Establishing an agreed framework

54. The previous sections of this submission outlined a range of practical transparency and confidence-building measures that Iran could introduce to build trust in its nuclear programme. Many of these measures could be developed and implemented unilaterally by Iran with the assistance, where appropriate, of the IAEA. However, although such a unilateralist approach is possible, it would have to overcome a large degree of scepticism from many in the international community.

55. VERTIC believes a fertile approach to building and maintaining international trust in Iran’s actions and intentions could be to develop and subsequently introduce confidence-building and transparency measures (such as those outlined above) cooperatively with key partners in the international community and to implement them within a clearly defined and binding legal framework—or framework agreement.

56. In this part of its submission, VERTIC proposes key elements of such a framework agreement providing the mechanisms and processes by which Iran and the key partners can develop, implement and monitor a more detailed agreement establishing the specific package of transparency and confidence-building measures deemed appropriate and possible in this particular case. Although the framework is based on a cooperative solution between Iran and the key partners, in which all parties work towards establishing and implementing a range of confidence-building and transparency measures, the burden for its successful execution rests with Iran.

Scope of rights and obligations under a possible framework agreement

57. The legal framework proposed would need to be based on a delicate balance between Iran’s inalienable right under article IV of the NPT “to develop research, production and use of nuclear energy for peaceful purposes without discrimination”, and Iran’s need and duty to assuage the concerns of the international community that its plans may not conform with articles II and III of the NPT. Without a change in Security Council practice, the framework would also need to take into consideration the obligations on Iran following from UNSCRs 1696, 1737 and 1747.

58. Iran’s nuclear non-proliferation obligations are set out in article II of the NPT. According to the article, Iran has undertaken “not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices” and “not to seek or receive any assistance in the manufacture of nuclear weapons or other nuclear explosive devices”.

59. The legal framework could establish that Iran shall not acquire or develop nuclear weapons or nuclear weapon-usable material. Such wording would allow Iran to conduct enrichment up to the point where the product becomes usable in weapons (ie enriched to 20% 235U). Other forms of enrichment and the reprocessing of irradiated fuel would constitute a breach of the agreement.

60. However, as is noted above, Iran is also bound by UN Security Council resolutions 1696, 1737 and 1747, which require it to “suspend all enrichment-related and reprocessing activities, including research and development” as well as its work on heavy water-related projects. Whilst these UNSCRs remain in force, all forms of enrichment are disallowed irrespective of whether the product is usable in weapons.

61. The proposed framework agreement could also require Iran to not develop any subsystems or components that could be used in the development of nuclear weapons. Since the precise scope of such a requirement would be the subject of intense interpretation by the parties, the framework agreement could pre-empt potential divisions by asking a consultative committee (see below) to decide which activities or items should be proscribed, and for what period of time.

62. The framework agreement could also allow for the temporary suspension of any research, development, support or manufacturing facilities which are related to the development of nuclear weapons or nuclear weapon-usable material, as well as their subsystems or components. Once again, a consultative committee could decide on the precise meaning of these terms.

63. Consultative committee—role and remit: While Iran is likely to view moves towards the establishment of an agreed set of cooperative confidence-building and transparency mechanisms as being in its interests, it is likely to reject any proposals that do not acknowledge its active involvement and allow it some measure of control in such a process. On the other hand, if the other parties to the agreement believe that Iran is in effective control of the confidence-building venture, their confidence in the outcome of the process will decrease or, in the worst case, vanish completely. A delicate balance must therefore be struck; the process should involve Iran to the greatest extent possible, yet contain checks, which ensure that the international community is convinced that its products accurately reflect conditions on the ground in Iran.

64. Such a balance can be realised through the mechanism of a consultative, or executive, group of state nominated actors. The role of the consultative committee is to give practical guidance on the operation, interpretation and development of the framework agreement. For instance, it could:

- consider questions concerning verification of compliance with the obligations assumed, which may be considered ambiguous;
- provide on a voluntary basis such information as any party considers necessary to assure confidence in compliance with the obligations assumed;
- consider possible changes in the strategic situation which have a bearing on the provisions of the legal framework;⁸⁶
- consider, as appropriate, possible proposals for further increasing the viability of the legal framework, including proposals for amendments;
- consider, as appropriate, proposals for further measures aimed at restoring long-term confidence in Iran's intentions; and
- decide on whether long-term confidence in Iran's intentions has been restored.

65. Consultative committee—composition and decision making processes: The participation in the committee should be restricted to the parties of the framework agreement, with the chair rotating on a regular basis. Depending on how the decision-making process is set up, it may be necessary to allow more seats for the minority party (ie Iran). If procedural matters are decided by a majority vote, as suggested below, it could be prudent to level the playing field by allowing Iran as many representatives as the other parties combined.

66. The committee should agree upon and adopt rules of procedure for itself as well as financial rules governing its funding. It could decide procedural questions relative to the organization of its work, where possible by consensus, but otherwise by a majority of those present and voting. There should be no voting on matters of substance.⁸⁷ This point is of particular importance, since it would otherwise be possible for one party to claim unfair treatment, and use that claim as grounds for withdrawal. The disadvantage with no voting on substance is obvious; it allows one party to effectively deadlock the process. However, the temptation to deadlock the process could be dis-incentivized by the introduction of an independent observer.

67. The independent observer would be tasked with overseeing the process and, on the request of any one of the parties, deliver a public statement on a specific question relating to the implementation of the agreement. Public exposure of potential failures or disagreements will form an incentive to agree on a certain interpretation or course of action in order to avoid the issue being referred to the observer. The observer would play no other role—it would not have the right to speak at meetings of the consultative committee or be allowed to influence its work in any direction.

68. Verification measures: Any verification process established under the framework agreement should take care not to duplicate the procedures undertaken by the IAEA pursuant to its safeguards agreements with Iran.⁸⁸ However, while the IAEA will be best placed to verify compliance with many of the requirements of the framework agreement, it may not have the necessary authority, under its established safeguards system, to instigate and complete all forms of required inspections. For instance, certain verification measures may need to be conducted to gather more information on activities that have no apparent nexus to nuclear materials. Such activities may include visits to workshops and facilities run by the Iranian military or other groups closely connected to the national security apparatus of Iran.

⁸⁶ A provision of this kind could be used to streamline the process, to strengthen or relax the verification regime, and to harmonize the confidence-building mechanism with a larger framework agreement covering other aspects of relations between the parties.

⁸⁷ While the absence of a vote-based decision making process significantly increases the risks of a deadlocked consultative committee, it could also, help to ensure the survivability of the committee, by reducing the danger that a vote against a party could prompt that party to withdraw from the agreement.

⁸⁸ Compare with 1986 South Pacific Nuclear Free Zone Treaty, Annex 4, paragraph 5. This also conforms with Iran's suggestion that "The NPT and the IAEA safeguards would form the essential basis of applicable law", Islamic Republic of Iran's Response to the Package Presented on 6 June 2006 (informal translation), p. 7

69. In those cases where IAEA safeguards are not be able to cater for all specific concerns and needs arising from the framework agreement, an additional system could be developed to provide assurances within and between the parties, and, in so doing, complement the safeguards regime which the IAEA implements under the NPT.⁸⁹

70. There is precedent in international arms control law for supplementary verification measures, not covered by Agency safeguards. An important example is the “Complaints Procedure” elaborated in Annex Four of the 1986 South Pacific Nuclear Weapon Free Zone Treaty. This procedure forms an integral part of the treaty’s control system, which aims to verify the parties’ compliance with all treaty provisions.⁹⁰ These treaty provisions could serve as the prototypical architecture for a supplementary verification regime that would be applicable to Iran. This regime would essentially be entrusted with tasks that fall outside of “traditional” IAEA rights and obligations. The core elements of such a supplementary verification procedure are elaborated in VERTIC’s recent publication on this issue⁹¹.

APPENDIX 1

LIST OF IRANIAN FUEL CYCLE FACILITIES⁹²

<i>Location</i>	<i>Facility</i>	<i>Status</i>
Tehran Nuclear Research Centre	Tehran Research Reactor	Operational
	Molybdenum, Iodine and Xenon Radioisotope Production Facility (MIX Facility)	Operational
	Jabr Ibn Hayan Multipurpose Laboratories	Operational
	Waste Handling Facility	Operational
	Kalaye Electric Company	Dismantled
Tehran	Bushehr Nuclear Power Plant	Under construction; some areas inaugurated
Esfahan Nuclear Technology Centre	Miniature Neutron Source Reactor	Operational
	Light Water Sub-Critical Reactor	Operational
	Heavy Water Zero Power Reactor	Operational
	Fuel Fabrication Laboratory	Operational
	Uranium Chemistry Laboratory	Closed down
	Uranium Conversion Facility	Operational
	Graphite Sub-Critical Reactor	Decommissioned
	Fuel Manufacturing Plant	Under construction
	Pilot Fuel Enrichment Plant	Operational
	Fuel Enrichment Plant	Under construction
Natanz	Radioactive Waste Storage	Under construction; partially operating
Karaj	Pilot Uranium Laser Enrichment Plant	Dismantled
Laskhar Ab’ad	Iran Nuclear Research Reactor	Under construction
	Hot cell facility for production of radioisotopes	Under construction
	Heavy Water Production Plant	Operational
Arak	Waste storage site	Waste to be transferred
Anarak		

⁸⁹ See Hans Blix, “The IAEA full scope Safeguards Agreements and compliance with them by Parties to the Nuclear Weapon-Free Zones”, undated document, <<http://www.opanal.org/Articles/Aniv-30/blix.htm>>, viewed 14 December 2006

⁹⁰ See in particular Article 8 (2) (d) of the treaty.

⁹¹ Andreas Persbo, Thinking inside the box: exploring legal approaches to build confidence in Iran’s nuclear programme, Verification Matters No. 7, Verification, Research, Training and Information Centre (VERTIC), London, May 2007.

⁹² Sources: IAEA Reports on Iran, GOV/2003/40, Annex, Page 1, GOV/2004/83, Annex 1; David Albright, “Iran’s Nuclear Program: Status and Uncertainties”, 15 March 2007, <http://www.isis-online.org/publications/iran/AlbrightTestimony15March2007.pdf>, accessed

APPENDIX 2

SOME CENTRIFUGE SPECIFICATIONS

<i>Designation</i>	<i>Rotor</i>	<i>Velocity (m/s)</i>	<i>Length (m)</i>	<i>Separative Work Units</i>
P-1	Aluminum	350	1–2	1–3
P-2	Maraging Steel	500	1	5
URENCOlate model	Carbon fiber-resin composites	700	3–4	40
US (prototype model)	Carbon fiber-resin composites	> 700	12	300

Source: Mark Hibbs, “Pakistan developed more powerful centrifuges”, Nuclear Fuel, 29 January 2007, http://www.platts.com/Nuclear/highlights/2007/nucp_nf_012907.xml; Marvin Miller, “The Gas Centrifuge and Nuclear Proliferation”, in Gilinsky, Miller, Hubbard, “A fresh examination of the proliferation dangers of light water reactors”, The Non-Proliferation Policy Education Centre (NPEC), 22 October 2004, p. 35

7 June 2007

**Written evidence submitted by the signatories of
“Time to Talk: The Case for Diplomatic Solutions on Iran”**

SUMMARY

1. The prospect of a nuclear Iran causes acute concern not only in the United States and Israel, but also in Europe and most of the rest of the world. Diplomacy must continue to be pursued resolutely in order to find a far-sighted and durable solution. The consequences of any possible future military action could be wholly counterproductive as well as highly dangerous.

2. The ramifications of military action are grounds for deep anxiety. The consequences could be devastating not only for millions of Iranians, many of whom do not share the hard-line views of their current government, but also for the prospects of peace in the Middle East; for hopes of stability finally taking root in Iraq; for people living in developing country economies, who could be disproportionately affected by the likely increase in oil prices; for the already strained ecosystem in the Persian Gulf; and for the UK, US and European economies.

3. Diplomatic options have not been exhausted; several important obstacles to an agreement remain in place. The time available should be used to explore these options, methodically and meticulously.

What form would any possible military action take?

4. The principal aim of military action against Iran would be to destroy or, at a minimum, substantially set back its alleged nuclear weapons programme. It is likely that this would be attempted through air strikes; US commitments in Iraq and Afghanistan, together with Israel’s experience in southern Lebanon, mean that there is no serious public consideration of a ground offensive. Potential targets for US or Israeli air strikes include not only Iranian nuclear facilities and missile delivery systems but also more general defence infrastructure, especially air defence systems, in order to paralyse Iran’s capacity to defend against attack and to mount counterattacks. Some have also suggested that the US military would deliberately target scientific and technical personnel, who may take longer to “replace” than physical infrastructure.

5. It is more likely that initial strikes would concentrate on actual and suspected nuclear facilities involved in uranium production and enrichment and plutonium separation research. However, due to the amorphous nature of Iranian nuclear facilities, their dispersal across the country and their subterranean design, it is unlikely that the US could achieve its aim of significantly setting back Iran’s nuclear programme through one targeted strike.

6. Some US generals have also warned that Iranian retaliation to a single air strike could draw the US into a longer conflict.¹ For example, Iran could send Revolutionary Guards into Iraq to attack coalition forces. The notion of a limited and quick engagement with Iran is likely to prove as illusory there as it has in Afghanistan and Iraq.²

Negative consequences of military action

7. A US- or Israeli-led attack on Iran would likely unleash a series of negative consequences. These might include:

- a. Strengthened Iranian nuclear ambitions;
- b. Even greater instability in the Middle East and broader region, especially in Iraq and Afghanistan;
- c. Inflammation of the “war on terror”;
- d. Exacerbated energy insecurity and global economic hardship;
- e. Damage to developed and developing economies;
- f. Environmental degradation; and
- g. Civilian casualties.

Impact on Iran’s nuclear programme

8. Iranian planners have studied Israel’s attack on Iraq’s Osirak reactor in 1981 and have dispersed nuclear sites around the country³ and sited many in or near densely populated cities. Many sites are well hidden, some buried deep underground; it is believed that the Natanz plant has over 18 meters of concrete and soil above its roof.⁴

9. Senior military figures at the Pentagon are reported to oppose military action at this time and to have warned that a bombing campaign against Iran would not be successful in destroying Iran’s nuclear programme.⁵ It is widely agreed that covert facilities and key personnel could survive air strikes.⁶

10. A military strike against Iran would probably engender a new determination within Iran to develop a nuclear “deterrent”, thereby undermining its intended purpose. In Tehran, a diversity of views concerning an Iranian nuclear weapon exists at present. A nationalistic and defensive response to military strikes could silence opposition to nuclear weapons⁷ and shore up support for the regime.

11. If Iran did choose (following air strikes) to pursue a nuclear weapon capability, it is expected that this renewed effort would be concealed from the international community and IAEA inspectors. In late April 2006, Iran warned that it would stop cooperation with the UN and hide its nuclear programme in the event of a US attack.⁸ In September 2006, the Iranian Parliament’s Foreign Policy and National Security Committee put forward a bill to block access to IAEA inspectors if sanctions were imposed.⁹ Most analysts believe that Iran is genuine in its threat to withdraw from the NPT in the event of an attack.¹⁰ This would remove the international community’s ability to monitor Iran’s nuclear programme, and the knock-on effects could be considerable: the treaty would be further weakened, potentially leading to increased nuclear proliferation in the region.

Effects on Middle East stability

12. Beyond the probable impact on Iran’s nuclear programme, grave repercussions may be expected for the Middle East in the event of military action in Iran. Over the past five years, Iran’s status as a regional power has increased.¹¹ Long-standing Iranian links to Hamas in Gaza and the West Bank, Hezbollah in Lebanon and Shia groups in Iraq, along with the presence of significant minority Shia populations in Saudi Arabia and other countries, could lead to severe destabilisation throughout the Middle East. From an economic perspective, Iran is a lynchpin for global energy security. An attack on Iran, a primary producer of oil with influence over the Straits of Hormuz, could lead to a further global increase in oil prices.

Impact on Iraq

13. A military attack on Iran by the US or Israel is likely to provoke a strong Iranian response in Iraq, threatening US, UK and other coalition forces and further jeopardising hopes of stability. Iran has a keen interest in the outcome of the Iraq conflict, due to both its own history of war with its neighbour during the 1980s and its cultural links and sympathies with the majority Shia living there. Many Iraqis and Americans believe Iran’s links to Iraqi Shia pose a grave threat to stability in Iraq. Iran is already thought to have several thousand intelligence agents operating in the Shia region of Iraq, and despite initially refraining from overtly manipulating the Iraqi Shia, Iran has widely and increasingly been accused of arming and inciting Shia insurgents.¹² A decision to activate insurgent units could lead to an escalation in ethnic violence and push Iraq further down the road to bloody civil war.¹³

14. In mid-April 2006, Iranian Revolutionary Guard General Yahyah Rahim Safavi warned of attacks against US troops in Iraq in the event of conflict with the US,¹⁴ and analysts have warned that Iranian Revolutionary Guards could move across the border to launch direct attacks on coalition forces.¹⁵ Anticipation of such a move could motivate US bombing raids on Revolutionary Guard facilities close to the Iran/Iraq border, extending the sphere of military action. In the words of one Pentagon advisor, “If [the US attacks Iran], the southern half of Iraq will light up like a candle.”¹⁶

15. The majority of Britain's troops are stationed in this southern region of Iraq.¹⁷ One senior US military official has warned that British troops, especially those stationed in Basra, could come under overwhelming attack in the event of a US/Iranian conflict.¹⁸ The UK could then be drawn into a land-based confrontation with Iran that could result in major losses.

Further potential responses

16. As well as fuelling insurgency activity in Iraq, Iran could threaten to use its influence in other areas of the wider Middle East, including key sites for oil production and transportation.

17. Israel/Palestine: Iran has threatened direct attacks on Israel in the event of a military attack on Iranian territory,¹⁹ which it could effect using ballistic missiles, conventional weapons and asymmetric capabilities.²⁰ It is possible that Iran could exert influence over Hamas to catalyse conflict in the West Bank and Gaza, undermining attempts, for example by the UK government, to reinvigorate the Middle East peace process.

18. Afghanistan: Iran has links with the Northern Alliance and Shia groups in Afghanistan, and Iranian officials have threatened retaliation against US forces in Afghanistan should the US attack Iran.²¹ Not only could NATO forces (including British troops) become targets, but NATO's overall mission in Afghanistan could lose important allies and become bogged down by increased resistance.

19. Lebanon: In the event of a military attack on Iran, it is expected that Hezbollah could open a second front, mounting sustained attacks on Israel. Though the recent war in Lebanon may have temporarily weakened Hezbollah's offensive capacity, Hezbollah's stature and confidence appear to have increased dramatically.

20. With the potential for the eruption or escalation of conflict in Afghanistan, Iraq, Lebanon, Israel and the West Bank and Gaza, the threat US or Israeli military attacks on Iran pose to broader Middle East stability cannot be overemphasised. From the perspective of the UK government, could cripple attempts to find a solution to conflict in the Middle East and undermine EU efforts to become a broker for stability in the region.

Military action may lead to more terror attacks in the West

21. The West often accuses Iran of being a state sponsor of terrorism. Prominent figures such as former US Defense Secretary William Perry have warned that military action in Iran could lead to a backlash of "Tehran-sponsored terror attacks."²² In June 2006, UK intelligence agencies also warned that Iran could launch attacks on British targets if there was an escalation of tensions between the two countries.²³

22. Although Iran has an uneasy relationship with the al-Qaida movement, there is no doubt that another Western attack on an Islamic nation would intensify anti-Western and anti-American feeling, and groups like al-Qaida could capitalise on this sentiment.²⁴ The 2006 conflict in Lebanon generated support for Hezbollah from both Shia and Sunni communities. Similarly, some might perceive any military attack against Iran as an attack on the Islamic world. Though it is impossible to predict where terrorist attacks may occur, involvement in—or support for—military action against Iran might push a country higher up the list of potential targets. It could certainly have a huge impact on inter-community relations throughout the West.

Economic impacts of military action

23. Perhaps one of the least discussed consequences of a US/Iranian conflict is the potential economic impact, particularly on developing countries.

24. Iran is the world's fourth largest oil exporter and holds 10% of the world's proven oil reserves.²⁵ Whilst it is unlikely that Iran would completely close exports of oil, since 80–90% of its export earnings come from oil,²⁶ threats to production could have a dramatic impact on the sensitive oil market.²⁷

25. Over the summer months of 2006 the price of oil rose to an unprecedented \$77 a barrel, largely as a result of tensions caused by the Iranian diplomatic crisis.²⁸ In the event of a military attack on Iran, tensions could spill into the oil market, and some analysts predict a steep rise in the price of oil.²⁹ The government of Saudi Arabia has warned that the price of oil could triple.³⁰

26. Gulf States: Analysts agree that Iran could incite paramilitaries in Gulf States such as Saudi Arabia, Kuwait and the United Arab Emirates to sabotage oil export facilities, creating instability and impacting oil prices.³¹

27. The Straits of Hormuz: Forty percent of the world's shipments of oil—over 21 million barrels a day—pass through this 30-mile-wide strait.³² If the Iranians could threaten shipping passing through the straits, through effective mining operations or the use of missiles and torpedoes, this could impact drastically on the world economy. The US Navy has pledged to keep the straits open in any scenario,³³ but this might be more complicated than defending against conventional naval attacks, as was seen in 1988 during the Iran/Iraq war when many Western navies were involved in its defence. The US administration believes that Iran has over 700 small landing sites along its Persian Gulf coastline from which it could apparently launch waves

of attacks on oil shipments and US naval ships.³⁴ There is also a possible threat of short-range missiles being launched from Iranian islands in the Persian Gulf (Abu Musa, the two Tunbs or Larak). Even if the US could ensure continuous transportation of oil through the straits, the threat of attack could have a significant impact on oil prices.³⁵

Impact on developing countries' GDPs

28. The impact of this rise in oil price could be felt most by developing countries, especially those in sub-Saharan Africa. Increases in the price of oil cause increases in interest rates, thus globally increasing debt repayments, which is particularly problematic for heavily indebted countries. The International Energy Agency (IEA) has shown that non-oil-producing developing countries are particularly hard hit by high oil prices because they are more reliant on imported oil and use oil less efficiently.³⁶ According to the IEA, non-oil-producing developing countries use twice as much oil per unit of economic output as do Organisation for Economic Cooperation and Development (OECD) member countries.³⁷

29. The IEA has calculated the direct impact of a \$10 oil price increase on developing nations' GDPs. It has shown that in the year following a \$10 oil price hike, the GDPs of:

- Asian countries drop on average by 0.8%.
- Highly indebted countries drop on average by 1.6%.
- Sub-Saharan states drop on average by 3%.

30. As a general rule, countries with the lowest GDPs spend the lowest proportion of their spending on health. So there would be a risk that a 3% fall in GDP might even result in deeper cuts in health spending at a time when globally 1,400 mothers die every day in childbirth.

Increased oil prices could also affect Europe

31. EU economies would undoubtedly also suffer from increased oil prices and might even be pushed into economic recession, as happened in the mid-1970s and early 1980s. The inflationary effect of a rise in oil prices could precipitate a rise in interest rates, denting consumer confidence and reducing consumption and, therefore, GDPs.

32. Iran also holds the world's second largest reserves of natural gas. A rise in gas prices could compound the threat of recession in Europe.

Impact on the environment

33. The environmental consequences of war are often ignored. Warfare affects many aspects of the environment, most importantly land use, water supply, air quality and the balance of ecosystems, with knock-on effects for human populations. Ordinarily, environmental damage is caused by bombardments, waste from toxic munitions and inappropriate land use. Three main environmental risks can be identified with regard to military action in Iran:

- Radioactive contamination.
- Contamination from oil slicks.
- Oil well fires.

34. A US or Israeli attack on Iran could lead to severe radioactive contamination caused by the bombing of nuclear establishments. A military strike against the nuclear reactor at Bushehr once it is operational would have such severe consequences for the whole Persian Gulf that they are hard to contemplate.

35. Iran suffered significant environmental damage during the Iran/Iraq war, which exacerbated the already stressed ecosystem in the Persian Gulf. During the Iran/Iraq war, one oil spill at Nowruz created an oil slick 1,000 kilometres (over 600 miles) long, extending the entire length of the Gulf. That one spill released three times the amount of oil as the Exxon Valdez accident.³⁸ In August 2006, the Israeli bombing of the Jiyeh power station in Lebanon, south of Beirut, caused an estimated 10,000–15,000 tonnes of fuel oil to pour into the Mediterranean Sea.³⁹ It is possible that attacks on Iranian oil facilities or on vessels passing through the Straits of Hormuz could cause similar spillages.

36. Oil well fires started by aerial bombardments or sabotage could also have serious long-term consequences for the region. In 1991, during the first Gulf War, retreating Iraqi forces set fire to 736 Kuwaiti oil wells.⁴⁰ The oil wells burned for over nine months and the resulting smoke blocked out much of the light of the sun, causing the average air temperature in the region to fall by 10°C.⁴¹ Oil, soot, sulphur and acid rain descended as far as 1,900 kilometres (1,200 miles) away, vegetation and animals were poisoned, water was contaminated and affected populations suffered respiratory problems.⁴² The burning oil fields released almost half a billion tons of carbon dioxide, the principal greenhouse gas.⁴³

37. Though it is impossible to draw a direct analogy between the 1991 Gulf War and an attack on Iran, those experiences do illustrate the potential extent of environmental damage should oil spills occur. During the Gulf War, oil spills resulted in the contamination of over 10 million cubic metres of soil. A major groundwater aquifer and two-fifths of Kuwait's entire freshwater reserve are still polluted today.⁴⁴ The World Resources Institute reported that over four million barrels of crude oil were poured into the Persian Gulf, turning beaches black, wiping out more than 25,000 birds and driving millions more away.⁴⁵ Over 1,500 kilometres (930 miles) of coastline were affected.⁴⁶

38. With agriculture supplying nearly one-fifth of Iran's GDP and employing nearly a quarter of the population,⁴⁷ damage to crops and land could be devastating. The poisoning of water supplies could also have a significant impact on a country that already suffers major water shortages.

Impact on civilians

39. Discussions regarding the humanitarian consequences of military action often concentrate on the immediate casualties that occur during an attack. Collateral Damage Estimation (CDE) is now an integral part of military planning. Terms such as "surgical strike" and "precision-guided munitions" give the impression that a highly targeted campaign can hit specific targets and spare the local population. However, over 7,000 civilians died in the 2003 "Shock and Awe" air campaign against Iraq, despite the use of precision-guided bombs in nearly two-thirds of strikes.⁴⁸

40. Given the proximity of Iran's nuclear facilities to populated areas, it is unlikely that collateral damage would be limited to staff and visitors at the facilities. And if, as anticipated, military support facilities are targeted to minimise the prospects of Iranian retaliation, the number of civilian deaths is likely to increase, as many factories and munitions storage sites are located in urban environments.

41. As discussed previously, a military strike against the nuclear reactor at Bushehr once it is operational could have drastic acute and long-term health impacts. While the range and severity would depend on the containment structure of the reactor, the method of attack and how long the reactor had been active, any radiation leak would have a chronic and debilitating impact on the health of civilians. If, as is more probable, a strike occurred before the reactor was completed, Russian engineers and technicians could be at risk, with obvious diplomatic implications.

Alternative Solutions

42. The route to a solution starts with identifying what each party ultimately hopes to achieve. Despite the US administration's rejection of the term, a resolution to the current standoff could well take the form of a "Grand Bargain," with elements of the June package further developed through unconditional talks. This would involve addressing a range of security, economic and energy-related questions, as part of a process of normalisation in US-Iranian relations. Given the clear indication that military strikes would be counterproductive and highly damaging to US interests, the US may conclude that its objective of regime reform in Iran could be better achieved by puncturing Ahmadinejad's demonisation of the US through engagement.

43. The UK should operate on two tracks: supporting EU initiatives and working with the US administration, advocating relinquishing preconditions and entering into direct negotiations with Iran. Flexibility, aimed at closing off the easier routes to developing nuclear weapons while ensuring remaining sensitive activities (such as limited enrichment) are closely scrutinized through rigorous inspections, could open up more palatable options for engagement in the future. Efforts to achieve these goals could be assisted by the explicit identification of those technologies that present the greatest threats of proliferation and an agreement on this analysis.

44. Iran's negotiators will most likely seek more detailed and specific security guarantees. Engaging with Iran on broader regional security issues could potentially be favourable. More than economic incentives, security cooperation has the potential not only to undermine Iranian ambitions for a nuclear weapon programme, but also to provide an opportunity to discuss Iranian support for radical groups in Iraq, Lebanon and Palestine and perhaps to achieve concessions there as well. Recent events in Lebanon and its growing influence in Iraq and Afghanistan have raised Iran's status, and the Iranian leadership is looking for some acknowledgement of this.

45. The diplomatic track is clearly fraught with difficulties. But as long as fundamental obstacles remain in place—such as preconditions concerning the suspension of Iran's enrichment activities—the potential of diplomacy cannot fully be tapped. Diplomatic strategies are most likely to progress if the UK government and other key parties agree:

- To either remove preconditions for negotiations or find a compromise that allows both the US and Iran to move forward without having to concede on their respective red lines.
- To seek direct negotiations between Iran and the US on the nuclear file and related issues.

- To prioritise proposals and demands by assessing the security risks associated with the different technologies being developed by Iran (ie enrichment and reprocessing) and to agree to this assessment within the UN Security Council—Iran’s plans to use reprocessing technology should be addressed promptly.
- To develop the proposals offered by the P5 + 1 on 6 June 2006 in return for tighter inspections and a commitment from Iran to abandon all ambitions towards reprocessing (as offered by the Iranians in 2005).
- To explicitly address mutual security guarantees for the US, Israel and Iran.

46. The UK has played an important role in fostering a climate of pragmatism. It is recommended that the UK government continue to give full backing to diplomatic discussions whilst directly addressing the need for full and direct negotiations between Iran and the US administration on the nuclear file and related issues. The time available should be used to build confidence on both sides, and the UK has a crucial role to play in supporting that process. UK support can hasten the stepping up of robust negotiations and, in doing so, increase the likelihood that the US administration will engage directly with Iran, thereby ensuring delivery of any negotiated agreement and ultimately avoiding the potentially devastating consequences of military action.

BACKGROUND

47. The signatories of “Time to Talk” came together in March 2007 to build political support for those pushing for a diplomatic solution on Iran. Members of the coalition share concern over the possible consequences of military action. The coalition includes organisations with expertise on Iran and the regional context —such as Oxford Research Group, Foreign Policy Centre, Oxfam and Medact—as well as additional UK groups who added their support to help build political pressure in opposition to possible military action.

SIGNATORIES:

Foreign Policy Centre
 Medact
 Oxfam
 Oxford Research Group
 Amicus
 Amos Trust
 British Muslim Forum
 Christian Solidarity Worldwide
 GMB
 IPPNW
 Muslim Council of Britain
 Ockenden International
 Pax Christi
 PCS
 People & Planet
 The Muslim Parliament
 Unison

REFERENCES

1. S Hersh (2006b) “Last Stand: The military’s problem with the President’s Iran policy,” *The New Yorker* 10 July 2006 www.newyorker.com/fact/content/articles/060710fa_fact
2. M Chossudovsky (2006) “Nuclear War against Iran,” *Global Research* 3 January 2006 www.globalresearch.ca/index.php?context=viewArticle&code=%20CH20060103&articleId=1714
3. S Brom (2005) “Is the Begin Doctrine Still a Viable Option for Israel?,” in Sokolski and Clawson Eds (2005) p146
4. “Medical Consequences of a Nuclear Attack on Iran,” *Physicians for Social Responsibility Factsheet* May 2006
5. Hersh (2006b)

6. Sokolski and Clawson Eds (2005) p2
7. The Stanley Foundation (2005) "Realistic Solutions for Resolving the Iranian Nuclear Crisis," Policy Analysis Brief No. 1 1 January 2005 www.stanleyfdn.org/reports/GS105pab.pdf
8. "Iran threatens to end UN contacts," BBC News 25 April 2006 news.bbc.co.uk/2/hi/middle-east/4941438.stm
9. "Iranian parliamentary committee approves blocking nuclear inspections if sanctions applied," *International Herald Tribune* 5 September 2006 www.iht.com/articles/ap/2006/09/06/africa/ME_GEN_Iran_Nuclear.php
10. eg Sokolski and Clawson Eds (2005) p2 and Rogers (2006) pp9–10
11. R Lowe and C Spencer Eds (2006) "Iran, Its Neighbours and the Regional Crises," Chatham House www.chathamhouse.org.uk/pdf/research/mep/Iran0806.pdf
12. H Mulholland (2006) "Blair accuses Iran of arming Middle East insurgents," *The Guardian* 18 July 2006 politics.guardian.co.uk/foreignaffairs/story/0,,1823358,00.html
13. Rogers (2006) p10
14. "Iran issues stark military warning to United States," AFP, 14 April 2006 www.afp.com/english/news/stories/060414191647.gkbeufd2.html
15. Rogers (2006) p10
16. Hersh (2006a)
17. "Gunmen open fire in Iraq market 'rampage,'" *The Guardian* 17 July 2006 www.guardian.co.uk/Iraq/Story/0,,1822387,00.html and M Townsend and N Temko (2006) "Extra troops head for volatile region," *The Observer* 9 July 2006 observer.guardian.co.uk/world/story/0,,1816335,00.html
18. Hersh (2006a)
19. "Iran's Revolutionary Guards threaten to attack Israel," Iran Focus 2 May 2006 www.iranfocus.com/modules/news/article.php?storyid=7020
20. Chossudovsky (2006)
21. Spiegel (2005) "It's Time to Get Serious with Iran," Spiegel Interview with Iran expert Kenneth Pollack 22 September 2005 service.spiegel.de/cache/international/0,1518,376022,00.html
22. "Perry warns against military action against Iran," IranMania 25 May 2006 www.iranmania.com/News/ArticleView/Default.asp?NewsCode=43198&NewsKind=Current%20Affairs
23. "Ministers warned of terrorism threat from Iran," *The Guardian* 29 June 2006 www.guardian.co.uk/iran/story/0,,1808836,00.html
24. Rogers (2006) p11
25. T Doggett (2006) "US Says World Could Handle the Loss of Iran Oil," Reuters 23 May 2006 www.defensenews.com/story.php?F=1821394&C=america
26. S Ambrogi (2006) "US Navy Pledges To Safeguard Hormuz Strait," Reuters 3 July 2006 www.defensenews.com/story.php?F=1926024&C=navwar
27. Rogers (2006) p10
28. www.oilenergy.com/1obrent.htm
29. "Iran fears could make oil top \$100," *This is Money* 31 August 2006 www.thisismoney.co.uk/investing-and-markets/article.html?in_article_id=412243&in_page_id=3
30. "Iran war "could triple oil price," BBC News 21 June 2006 news.bbc.co.uk/1/hi/business/5101444.stm
31. Rogers (2006)
32. "Energy independence or emergence of US oil imperialism?" *Aljazeera Magazine* 1 June 2006 www.aljazeera.com/cgi-bin/conspiracy_theory/fullstory.asp?id=317
33. Ambrogi (2006)
34. Hersh (2006b)
35. Rogers (2006) p10
36. "Analysis of the Impact of High Oil Prices on the Global Economy," International Energy Agency Economic Analysis Division (2004)
37. Ibid
38. Mendocino Environmental Center (2004) "The Environmental Consequences of the Gulf War," www.mecgrassroots.org/NEWSL/ISS08/08.03gulf.html
39. B Whitaker (2006) "Reconstruction alone estimated at \$7 billion in Lebanon," *The Guardian* 16 August 2006 www.guardian.co.uk/syria/story/0,,1851197,00.html
40. Environment Media Services (2002) "Environmental Impacts of War," 7 October 2002 Error! Hyperlink reference not valid.know/read.php?itemid=2624

-
41. D McLaren and I Willmore (2003) “The environmental damage of war in Iraq,” *The Observer* 19 January 2003 observer.guardian.co.uk/iraq/story/1,12239,878001,00.html
42. A Kirby “Gulf environment faces worse threats,” BBC News 14 March 2003 news.bbc.co.uk/2/hi/science/nature/2840995.stm
43. E Pianin “Environmental Damages a Concern—Experts Fear Effects of War on Persian Gulf Region Could Be ‘Irreversible,’” *The Washington Post* 20 March 2003 Error! Hyperlink reference not valid.www.cpeo.org/lists/military/2003/msg00297.html
44. McLaren and Willmore (2003)
45. Pianin (2003)
46. McLaren and Willmore (2003)
47. www.countriesquest.com/middle_east/iran/economy/agriculture.htm
48. Human Rights Watch (2003) “Off Target: The Conduct of the War and Civilian Casualties in Iraq,” www.hrw.org/reports/2003/usa1203/index.htm
-

Memorandum submitted by The Hon. Barnabas Leith, Principal Representative, Diplomatic Relations

The Situation of the Bahá’í community of Iran

I—OPENING STATEMENT

Since 1979, the Bahá’ís in Iran have been subjected to attack, intimidation and discrimination solely on account of their religious beliefs. They have repeatedly been offered relief from persecution if they were prepared to recant their Faith. Over 200 members of the community have been killed; 15 others have disappeared and are presumed dead. The most recent execution of a Bahá’í took place in the summer of 1998.

The extent and systematic nature of the persecution—and the fact that it constitutes deliberate government policy—have been documented in reports issued by UN Special Representatives. An Iranian government document (obtained and published by the Commission on Human Rights in 1993) has served as a blueprint for the gradual elimination of the Bahá’í community. Produced by Iran’s Supreme Revolutionary Cultural Council and approved by the Supreme Leader, Ayatollah Ali Khamenei, this document sets down guidelines for dealing with “the Bahá’í question” so that Bahá’í “progress and development shall be blocked”. We have clear evidence that the policy is clearly still in effect today.

The Bahá’í community poses no threat to the authorities in Iran. It is not aligned with any other government, ideology or opposition movement. The principles of the Bahá’í Faith require Bahá’ís to be obedient to their government and to avoid partisan political involvement, subversive activity and all forms of violence. Iranian Bahá’ís seek no special privileges but ask only for their rights under the International Bill of Human Rights (to which Iran is party), in particular the right to life, liberty and security of person, the right to profess and practice their religion, the right to education and work.

Iranian government officials sometimes quote Articles 14⁹³ and 20⁹⁴ of the Iranian Constitution to prove that all citizens “enjoy all human, political, economic, social, and cultural rights”. However, the patterns of persecution of which we have evidence illustrate that these provisions are not enforced in cases involving Bahá’ís. Moreover, they are restricted by Article 13, which stipulates that Zoroastrian, Jewish, and Christian Iranians are the only recognized religious minorities. When government officials use the term “religious minorities”, it is generally understood to mean only these three.

The UK Bahá’í Community is seriously concerned about reliable reports indicating a significant upsurge in acts of persecution against the Iranian Bahá’ís during the past year, with numerous human rights abuses in localities throughout the country, including violations of:

ii) *Issues of Physical Integrity*

- 206 Bahá’ís have been executed or killed by mob violence between 1978 and 1998.
- Nine members of the national governing body of the Bahá’ís were executed in 1981. A successor body was elected and those 9 members were “disappeared”, and never seen again.

⁹³ Article 14 reads as follows: “In accordance with the sacred verse “*God does not forbid you to deal kindly and justly with those who have not fought against you because of your religion and who have not expelled you from your homes*” [60:8], the government of the Islamic Republic of Iran and all Muslims are duty-bound to treat non-Muslims in conformity with ethical norms and the principles of Islamic justice and equity, and to respect their human rights. This principle applies to all who refrain from engaging in conspiracy or activity against Islam and the Islamic Republic of Iran.”

⁹⁴ Article 20: “All citizens of the country, both men and women, equally enjoy the protection of the law and enjoy all human, political, economic, social, and cultural rights, in conformity with Islamic criteria.”

-
- Mr Dhabihu'llah Mahrami died in prison on December 15 2005. He had previously been under sentence of death but his execution for apostasy was commuted to life imprisonment in 1999. He had no known health concerns at the time of his death.
 - In recent years there have been incidents of kidnapping and beatings of Bahá'ís, as well as attacks on Bahá'ís at their homes, arson attacks on Bahá'í homes and a business and two Bahá'í students returning from schools have been accosted and severely beaten.
 - In 2005 Mir Naqi Kamali, a Bahá'í was killed in what an Iranian court termed a “quasi-intentional murder”. The defendant was found guilty but walked free from court as the victim was “an unprotected infidel.”
 - We are gravely concerned that two Bahá'í women were murdered in separate incidents this year. Bihnam Saltanat Akdari, 85 years old, was found dead in her house with her feet and hands bound and her mouth gagged on 16 February. Mrs Shah Baygum Dihqani, 77 years old, was lured into her garden by an intruder the following day, 17 February, in a different town. She was set upon with garden tools and her cries of pain caused the intruder to flee. She died two and a half weeks later having suffered broken hands, broken ribs, head injuries, damage to her liver and kidneys. No suspect has been arrested for either murder but the Bahá'ís in Iran have been very alarmed by the similarity of the two attacks.
 - There is a growing culture of threat against the Bahá'ís, with many acts of harassment and intimidation targeting Bahá'ís of all ages. Some non-Bahá'ís who are friends of Bahá'ís or wish to participate in Bahá'í activities have been interrogated, insulted and threatened.

iii) *Imprisonments, Arbitrary Arrests and Detentions*

- Currently, three Bahá'ís are imprisoned in Iran, one of who is a 70 year old man, Mazharullah Aqdasi, who was arrested for possession of three Bahá'í CDs.
- He and other Bahá'í prisoners have suffered intense interrogation.
- The Iranian authorities are making more frequent use of a policy of short term detention, high bail and release.
- 138 Bahá'ís have been subject to such short term detention, many of them are held incommunicado for the initial period of imprisonment. They are required to place large sums of money for bail and are forced to post deeds to property as surety.
- Miloon Kothari, the UN Special Rapporteur on Adequate Housing issued a report to the media on 29 June 2006.

Annex of Evidence of Appendices⁹⁵

8 November 2007

Email from Potkin Azarmehr, Iranian Freedom Institute, to the Clerk of the Committee

As discussed with you on the phone yesterday, we would like to submit the attached document, Iranian Refugee Problem.doc, for review by the Foreign Affairs Committee.

The document discusses why thousands of Iranians flee Iran every year and how the Islamic Republic turns this situation to her own advantage and has been written by the following people in UK, who are associates of the Iranian Freedom Institute based in Washington:

Potkin Azarmehr—Adviser to the Belgian Commissioner General for Refugees and Stateless Persons.

Arash Sahami—Film maker who produced “Execution of a Teenage Girl!” shown on BBC, which highlighted the execution of minors in Iran.

Mostafa Sanatnama—Student of Civil Engineering in UK and ex- Iranian Asylum Seeker and Refugee.

If there is anything further to discuss, please do not hesitate to contact me via this email.

27 November 2007

⁹⁵ Not printed

Memorandum submitted by the Iranian Freedom Institute**IRAN'S REFUGEE PROBLEM**

Every year tens of thousands of Iranians leave Iran to make asylum applications in Western countries. Iranian asylum seekers are the second largest group seeking refuge in the UK according to Home Office figures.

It is important to understand why so many people leave Iran, how the Islamic Republic government, views and handles this and important issues that the UK authorities must be aware of.

The vast majority of Iranian refugees are non political, in the sense that they have not taken part in any political activity against the regime. Nevertheless these are people who feel they can no longer live in the restrictive theocratic state which offers them little opportunity for self development and self expression.

Most Iranian refugees leave Iran through a perilous journey, which can take many years before they reach the security and freedom they seek.

It is important to understand why so many, particularly young Iranians, who are not facing any immediate arrest or detention in Iran choose to risk their lives, livelihood, family and honour in such a perilous uncertain task, yet these same refugees are not willing to take part in any political activity against the regime inside Iran and obtain the personal freedoms they desire in their own country.

Having talked to thousands of Iranian refugees across Europe and border towns of Turkey, our conclusion is that the Iranian refugees and asylum seekers feel by seeking asylum in Western countries, they have a 5% chance of a better life, where as they feel their chance of success in taking on the regime which would lead to any positive outcome is zero.

Over the last 28 years, the Islamic Republic has managed to wipe out any credible internal opposition without much international outcry and at the same time even the United States and Europe have been shown to be weak and incapable of matching the strength of the Iranian regime by a continuous policy of appeasement or what the EU members like to refer to as "critical dialogue".

A combination of swift sharp crackdown on any credible Iranian opposition inside Iran and the perceived weakness by the West to deal with the Islamic Republic, has helped to create an image of regime's invincibility to the Iranian people. This has resulted in the Iranian people lacking confidence to take on the regime.

The Islamic regime welcomes the perception of this image by the Iranian people and further promotes it at every opportunity, in particular when the EU and the US seem incapable of putting any real pressure on Iran.

Far from showing a hostile reaction to those who leave the country to seek asylum elsewhere, the Iranian government has astutely turned the situation to her own advantage.

The Iranian government views those who leave Iran and their discontent with the status quo in Iran, as a potential internal problem. When these people leave Iran, part of this potential troublesome force is literally removed from Iran by itself.

We have even heard from genuine political refugees and ex-political prisoners, who have been detained by Iranian intelligence agencies at the airport before leaving Iran, to be told that they should also take their other family members out of Iran with them too.

The regime knows that genuine political activists who leave Iran will be neutralised by the ongoing internal wrangling of the Iranian ex-pat opposition. They will even be accused by the external opposition of being bogus dissidents who have left Iran with relative ease.

As for the non-politically active asylum seekers who have left Iran and have been successful with their asylum applications, again the Islamic regime has found an ingenious way of neutralising them from ever becoming an effective power base against the government outside Iran.

Once these refugees have made a successful asylum application they are then encouraged to go to the Iranian embassy in London and claim that their passport is lost or stolen. They will even print an ad in a local newspaper asking for anyone who finds their "missing" passport to return it to them. The Islamic Republic embassy in London, knowing full well what is going on, turns a blind eye and issues them with a new Iranian passport. These people can now effectively enjoy life in the West and the opportunities it provides and at the same time have the privilege of visiting their relatives and enjoy cheap holidays in Iran. Thus for the sake of retaining that privilege, the Iranian government ensures that these masses will never dare to dabble in Iranian opposition activities outside Iran.

By adopting such resourceful tactics, the Iranian government ensures that a potential discontented population is removed from the country, will never enter opposition activities outside Iran, and will even become a source of income through their annual visits to Iran.

It is bizarre that the very people, who once endured such perilous journeys and falsely claimed their lives and freedom is in such imminent danger, suddenly feel comfortable to travel back and forward to Iran so frequently without facing any consequences from either the UK or the Iranian government.

Some of these bogus refugees even work for the Iranian government agencies operating in UK such as Press TV, the Islamic Centre in Maida Vale, schools, mosques, student societies etc.

The Iranian government has also seen yet another opportunity to its benefit from this refugee saga and that is to send their own agents as asylum seekers who will later become UK residents with full rights and benefits.

To our knowledge there is no monitoring of these people who have achieved successful asylum applications under false pretences by the Home Office, nor do they face any retribution if they are found to have obtained asylum under false pretences.

In our experience, the UK government has not got an effective procedure for distinguishing between genuine and bogus asylum seekers. As one of our immigration lawyer friends once said, "To make a successful asylum application is very much like buying a lottery ticket". Many genuine asylum applicants are refused while thousands of bogus applications are quickly accepted.

At the same time the Iranian ex-pat opposition has also been ineffective at recruiting from this potential mass of discontented Iranians. Many ineffective and irrelevant opposition groups of the Iranian Diaspora, in order to bolster themselves as an effective group with operatives inside Iran, have written statements in support of bogus Iranian asylum seekers claiming that the applicant is one of their members inside Iran etc. Usually these applicants will take part in some activities with their sponsoring groups, such as protests outside the Iranian embassy in London, for the duration of their application with the Home Office, but will cease all contact with their sponsoring groups as soon as their application has been successful.

Currently there are two schools of thought in the free countries on how to handle Iran.

A few who are currently in minority favour military action and intervention, while most other pundits, usually out of desperation and having no other viable alternative, favour appeasement and negotiation with the Iranian regime.

While we consider engagement with the Iranian government as a natural and necessary diplomatic activity, we consider the way this has been carried out in the last 28 years to have been ineffective. After 28 years of failure it is common sense to review this approach.

In order for the West to have a serious cutting edge in negotiations with Iran, there must be a credible Iranian opposition which can be used as a lever against the regime.

A credible Iranian opposition is necessary even for those who suggest a military scenario to deal with Iran, for there needs to be some form of opposition that can take control of the situation after an attack, or there will just be chaos and anarchy in a crucial part of the world.

Just as in the Soviet era, engagement with the regime must also go hand in hand with support for human rights and engagement with Iranian dissidents.

It is also in the West's interest to have a credible effective Iranian opposition outside Iran. Most of the ex-pat opposition groups outside Iran however are ineffective and lack credibility.

Their activities are limited to holding summits and conferences in hotels, where formations of short-lived new opposition groups are announced. They fail to see that credible opposition groups can only be formed in conjunction with social work and charitable activities, as practiced by the Islamic Republic in other countries. Of course the Islamic Republic has the benefit of having access to billions of petro-dollar income and Iranian opposition groups mostly operate on shoe-string budgets.

November 2007

**Memorandum submitted by Mark Fitzpatrick, Senior Fellow for Non-Proliferation
International Institute for Strategic Studies**

ASSESSING IRAN'S NUCLEAR PROGRAMME

LATEST US INTELLIGENCE REPORT

For the last few years, the US and UK intelligence agencies have consistently assessed that the beginning to the end of the next decade is the earliest Iran could have a nuclear weapons capability. The new US National Intelligence Estimate (NIE) released 3 December judged that late 2009 is the earliest Iran would be technically capable of producing enough HEU for a weapon but that this is very unlikely and that the more likely timeframe remains 2010–15 or later. Most significantly, the new NIE assessed that Iran in 2003 halted those aspects of its nuclear programme devoted to weapons development, but for some agencies intelligence gaps reduce the confidence that Iran's entire nuclear weapons program has been halted.

The new report will be widely read as supporting Iran's claim that whatever violations it committed in the past, that was then and now is now. Iran's newfound cooperation with the IAEA to address questions about its past nuclear activities reinforces Tehran's contention that it has since turned a new leaf. Iran's cooperation with the inspectors is still very unsatisfactory, however. It is reactive rather than proactive and

with decreasing transparency about current activities, as reported in November by IAEA Director General Mohamed ElBaradei. The new US report makes clear that at a minimum, Iran is keeping open the option to develop nuclear weapons. The uranium enrichment programme gives it this future option. Producing fissile material—either highly enriched uranium or weapons-usable plutonium—is the hardest part of developing a nuclear bomb. The weapons design and weaponization work that the NIE report judges Iran halted in 2003 can be saved for a rainy day, to be picked up again at some future date if Iran again changes its decision. Meanwhile, if its uranium enrichment programme continues unabated, Iran will be in a better position to produce a bomb quickly if it so decides.

The new assessment thankfully deflates what has been an unstinting escalation of tension over the nuclear programme. However, it does not exonerate Iran. Tehran's sullied record of NPT violations is too recent and its ongoing opacity too blatant for the world to rest easy about its intentions. It will take a sustained period of full cooperation with the IAEA and behaviour above suspicion befitting Caesar's wife before Iran will be able to overcome the confidence deficient it created the past two decades.

There is thus good reason for Iran to halt the dual-use uranium enrichment work, just as it apparently halted the single-use weaponization work in 2003. Suspending enrichment activity remains the best way for Iran to rebuild international confidence. The prestige value of mastering high tech processes is the only real purpose to the enrichment program besides as a future weapons option. Iran does not need to produce its own enriched uranium for the Bushehr reactor. It can buy the fuel from Russia or elsewhere, and rely on international arrangements now in the works to guarantee fuel supply to any country that meets its non-proliferation commitments.

The NIE report judges that Iran's decision makers are rational and respond to international pressure, as they did in 2003 when they apparently stopped the nuclear weapons programme. That year, Iran came under its first serious threat of having its nuclear case dragged to the Security Council. The EU3-led engagement policy, much maligned by American hardliners, can take credit for skilfully employing the threat of Security Council sanctions as diplomatic leverage.

But the strongest international pressure Iran faced in 2003 was the threat of war. Seeing the ease with which US-led coalition forces invaded Iraq and rolled up Saddam's forces, Iran's leaders were concerned that they might be next. The threat of military action thus has a role in providing the muscle that can make diplomacy work. Barring the discovery of inflammatory new information that would discredit the new findings, the new intelligence report ensures that President Bush would have no empirical basis and no political support for ordering military action against Iran's nuclear program.

IRAN'S NUCLEAR PROGRAMME

Ignoring the repeated demands of the IAEA Board of Governors and the UN Security Council to suspend all enrichment and reprocessing-related activity, Iran worked throughout 2007 to put in place its immediate goal of installing 3,000 centrifuge machines at the underground enrichment facility at Natanz. By November, 18 cascades of 164 machines each, or 2,952 centrifuges in total, were operating with uranium hexafluoride (UF₆). A year earlier, Iran had only two cascades (328 machines) in place.

One of the critical unknowns is the extent to which Iran faces technological difficulties and manufacturing bottlenecks. If 3,000 centrifuges were operating smoothly for 24 hours a day, seven days a week, Iran theoretically could produce one bomb's worth (20±25 kg) of highly enriched uranium (HEU) in nine to 11 months. As far as is known, the cascades have not been working smoothly or continuously. The key variable in gauging the timeline is how soon Iran could get the cascades functioning smoothly to produce enriched uranium around-the-clock. In the most plausible break-out scenario, Iran would produce a stockpile of low-enriched uranium under IAEA verification, and only when it had a sufficient quantity, in one or two years, expel the inspectors and enrich this stockpile to weapons grade in five to eight weeks.

Producing fissile material is not all that is necessary to produce a nuclear weapon. All the timeline estimates assume that if Iran could master the enrichment technology they could also in the same time acquire the technology to make a deliverable weapon out of the HEU. There are few hard facts to suggest that Iran has worked on weaponization. The most damning evidence came from a computer hard drive turned over by an Iranian defector in 2004 showing various stages of missile design plans for a nose cone—or re-entry vehicle—that could accommodate a spherical object with the characteristics of a nuclear implosion weapon. The documents on the laptop also contained drawings of spherical shapes and scientific notes describing what appeared to be triggers for compressing HEU spheres into a critical mass for an atomic explosion 600m above a target. Western intelligence agencies have not found any evidence that these plans continued after 2003. The other condemning evidence is the 15-page document in Iran's possession which describes how to cast uranium metal into hemispherical forms. Iran says this document was provided unsolicited from the A.Q. Khan black-market network.

The cascades at Natanz have been operating simultaneously, in parallel, in accordance with the normal configuration for producing power-reactor fuel. IAEA inspectors believe the centrifuges are spinning at the supersonic speed necessary for enrichment. The inspectors cannot say this with certainty, however, because they do not have visual access to the individual machines or to the control room. The IAEA can only monitor the input of UF₆ and take swipe environmental samples in the cascade hall. The IAEA also will be

able to measure the output of enriched uranium when Iran withdraws the product by emptying the cold traps at the end of each cascade. A physical inventory scheduled from 16–19 December will tell the IAEA more about how well the cascades are operating.

Technical difficulties?

Each time the IAEA inspectors visited Natanz in the latter part of 2007 on the unannounced inspections that they are allowed, the cascades were being fed UF₆. The overall amount of UF₆ utilized in the cascades since February 2007, however, was well below the expected usage rate for a set of cascades of this size. The low rate of UF₆ use leads analysts to conclude that Iran was experiencing technical difficulties in running the cascades. Running the machines continuously with maximum UF₆ input for weeks on end is a key technical hurdle that Iran apparently has not yet overcome. An alternative explanation is that Iran deliberately chose to slow the pace of work at Natanz, perhaps in order to dampen international alarm about Iran reaching what has been called (erroneously) the “point of no return”.

For political reasons, Iran chose to install the 18 cascades in the underground facility before even one cascade in the above-ground pilot plant was operating smoothly. In normal start-up procedures, Iran should have operated smaller cascades continuously and pushed them to their breaking point to assess stress levels before operating larger cascades. Initially, Iran appeared to be planning to do this. When enrichment operations resumed in 2006, however, normal start-up procedures were over-ruled and Iran moved directly to installing and operating the full 3,000-machine module in the underground facility. Iran wanted to put the centrifuge cascades in place as quickly as possible in order to establish a better bargaining position and to be able to portray technological progress to its population. An alternative hypothesis cannot be totally ruled out: that Iran might have learned more about centrifuge operations at an unreported facility somewhere else, and hence had the technical confidence to go ahead with the 3,000 machine module. It must be noted, however, that no evidence has surfaced pointing to a parallel, covert enrichment facility, and the latest intelligence report concluded that covert enrichment work was halted in 2003.

Some analysts have claimed that Iran’s centrifuges are subject to high failure rates, based on reports that in 2006, 40% of the centrifuges at the pilot plant were crashing. IAEA inspectors believe the current failure rate is far below that, but they do not know for certain because they do not have access to monitor individual machines.

Technical difficulties have also been alleged in the production of UF₆ at the uranium-conversion facility at Esfahan, where 266 tonnes had been produced as of 5 November. The UF₆ is contaminated to some extent with other heavy metals present in the uranium ore. According to knowledgeable officials, however, this does not present a problem for the time being. The contamination, while not as significant as had been reported earlier, will degrade centrifuge operations over time, reducing their lifespan to a third of the normal 10 years. If commercial production is not Iran’s intention, however this would not matter.

Iran appears content to stop for now at the 18-cascade module, and to consolidate its gains. Additional bays in the large underground facility have not been prepared for the installation of any more cascades. This is consistent with Iran’s public statements, which for the past year and more have focused on having the 3,000 centrifuges in place. This interim goal was set originally for December 2006, but achievement was repeatedly delayed. Although Iran still adheres to the goal of a 54,000-centrifuge plant, little is said about when further progress would be made toward that such industrial-scale production.

How many centrifuges could Iran install?

Another crucial unknown affecting Western policy decisions is whether Iran could produce more than 3,000 centrifuges, and if so, how many. IAEA Director General Mohamed ElBaradei contends that it would be better to strike a deal to keep Natanz limited to 3,000 centrifuges than to see Iran expand the facility by several times its current size. He argues that it is already too late to stop Iran from acquiring uranium-enrichment technology. In his view, the international community should fall back to a second-best position of trying to keep Iran’s programme from growing larger. Underlying this argument is an assessment that Iran could in fact produce and install many more centrifuges if it chose to do so. If he is wrong, and Iran could not realistically make more than about the 3,000 it now has, any deal limiting them to this number would be an empty bargain.

A good estimate of the number of centrifuges Iran could make is also important in assessing the effectiveness of a military air strike option. If Iran had the capacity to make many more centrifuges than the number now installed, then an air strike that destroyed the Natanz facility would not cripple Iran’s enrichment programme for very long.

In 2005, when the IAEA had access to Iran’s declared workshops, it conducted an inventory of centrifuge parts and counted approximately one million components. According to an informed official, Iran then had enough parts for approximately 10,000 machines. Dr. ElBaradei in May 2007 warned that Iran could be on track to have 8,000 centrifuges running by December. He gave no basis for that figure, leading many analysts to assume that it was a simple extrapolation based on the pace of installation at that time. However, the estimate appears to have been based on an understanding of how many centrifuges Iran could assemble with the components it had on hand.

Whether or not Iran can indigenously manufacture all the necessary parts for the centrifuge cascades is central to an assessment of its centrifuge production limits. When the IAEA conducted its inventory of Iran's centrifuge components, it did not know what proportion were imported or domestically produced. The agency no longer has access to the components or to the centrifuge workshops and thus cannot verify Iran's claims that it is able to manufacture all of the nearly 100 components for each centrifuge. Western intelligence agencies had earlier assessed that Iran faced bottlenecks in not having sufficient quantities of some key raw materials such as maraging steel and not being able to produce certain sophisticated components. IAEA officials now believe that Iran has managed to import enough maraging steel through the black market for its centrifuge purposes. The head of an Iranian company working on advanced P-2 centrifuges told the IAEA he could obtain all necessary parts and materials domestically except for bearings, special oils and magnets. Whether this is still the case and whether the same limits on domestic production apply to the P-1 version is unclear.

The timeline assessments are based on an assumption that Iran is using only the relatively inefficient P-1 (first generation Pakistan) centrifuges installed at Natanz. If, however, Iran is able to produce more efficient second generation P-2 centrifuges, its ability to produce HEU would more than double (for the same number of machines). Iran received P-2 design plans from the A.Q. Khan network in 1995, and Khan's chief foreign associate, B.S.A. Tahir, told investigators that the network had also delivered three complete P-2s to Iran as samples, although he produced no corroborative evidence. Iran's earlier statements that it did not pursue any work on the P-2 design from 1995–2002 were not credible to the IAEA. The Agency's 15 November report concludes that Iran's statements on the declared P-2 R&D activities are consistent with the Agency's findings.

President Ahmadinejad's boast in April 2004 about research on advanced centrifuges suggested that Iran has done a good deal of work on the P-2. It would not be surprising to hear that Iran has a pilot P-2 plant somewhere with a small cascade being installed. In fact, the November IAEA report said Iran informed the Agency it had tested a new generation of centrifuge design. Keeping such a plant secret would be consistent with Iran's stated policy of ignoring the routine safeguards obligation to make early declarations of nuclear facilities.

In accordance with the work plan it agreed to with the IAEA on 21 August, Iran promised to answer questions about its P-2 procurement and development efforts. While addressing some questions about past activities, Iran has revealed little new information about the current status of its programme. The 15 November report concluded that the IAEA's knowledge about Iran's current nuclear program is diminishing. If the IAEA ever is able to close the books on Iran's past activities, and if it is asked to verify any future deal that would set limits on Iran's programme, it would need to obtain a clear baseline picture of Iran's programme that runs up to the present. As the international community attempts to assess the present and future capacity of Iran's nuclear programme, there are still more questions than answers.

**Memorandum submitted by The Congress of Iranian Nationalities for a Federal Iran,
The largest coalition of Iran**

MAKING OR BREAKING OF IRAN, WHICH CHOICE?

INTRODUCTION: MULTINATIONAL COUNTRIES

United Nations has 191 members. 179 of them are multinational countries. At the top of the multinational countries is India with 1,300 nationalities. Only 12 countries have nearly one nation. Iran is among top ten multinational countries with seven major distinct nations of Baluch, Turk, Kurd, Arab, Lor, Turkmen and Fars and a few smaller nationalities.

Iran has a population of 70 million. 25–30% of them are Sunnis; that means a population of 18–20 million. Iran has 30 provinces. Eight of them are dominated by Sunnis and 17 of them are dominated by the Iranian nationalities. Other provinces are mixed.

The population of nationalities: Turks about 25 million, Kurds about seven million, Arabs about four million, Baluch about three million, Lors, about four million, Turkmens about three millions and Taleshi one million. Other nationalities like Armenians, Assyrians, Zoroastrians, Hazaras, Jews, Christians and Bahaees . . . are about one million.

Total population of Iranian nationalities is about 48 million. The Farsi community constitutes therefore 22 millions.

After the emergence of Islam, the Farsi community has ruled Iran only for 75 years. Iran has been ruled by other nations for most of its history. The Arabs ruled Iran for nearly 650 years, the Baloch, Turks, Mongols and Lors ruled Iran for the rest of its Islamic history until 1923.

Iran always had a federal structure in all its history except for the last 80 years. It also was part of an empire and the empires always had federal structures.

During its history Iran has been always a multiracial, multinational, multi-religion, multilingual and multi-government empire with an Emperor at the top. There were many nations, kingdoms, religions, languages, rulers and civilisations in it that lived together maintaining their own identity and autonomy. Whenever the central government declined, one nation from one quarter of the empire occupied the capital and seized the power.

After the advent of Islam, Iran was a Sunni country until the emergence of Safavid dynasty in 1501. The Shia Safavid dynasty and other rulers that followed them began converting Sunnis into Shia using maximum force. The pressure for converting to Shiism and despising Sunnism was so severe that present lands of Afghanistan, Pakistan, Caucasus and the central republics of Asia began to secede from Iran gradually until it became as small as it is now.

Three million square kilometre of Iranian soil seceded because they were not ready to become Shia. The situation is the same today.

After centuries of forceful conversion, still eight provinces of Iran are dominated by Sunnis. There are about one million Sunnis only in Tehran now.

Turkish, Kurdish, Arab, Baluchi and Turkmenian communities have their own communities on the other side of the borders in Iraq, Turkey, Azerbaijan, Turkmenistan, Afghanistan and Pakistan. Some of these communities outside Iran have their own independent countries like Azerbaijan and Turkmenistan or federal states like Kurdistan and Balochistan.

Centralisation, reason for breaking up of countries

The main reason for breaking up of countries like the Soviet Union, Pakistan, Indonesia and Yugoslavia was the repressive centralised systems in which all the decisions were made only by one small group and one nationality at the cost of other nationalities and political figures.

Federal structure as the solution

Now a federal structure has become a useful solution for the survival of multinational countries. Centralisation is giving way to devolution and federalism. United Kingdom allowed Scotland, Wales and Ireland to establish their own autonomous governments to reduce the pressure for independence.

Iran as a multinational country

Those multinational countries which have adopted a genuine federal structure did not encounter major secessionist movements. Those which have adopted centralised systems are facing severe problems. Iran is one of them.

The present situation in Iran

Iran has a very centralised government takes all major and major decisions in Tehran. It has full control over military, political, economic, cultural, and social resources. The provinces have no any power and provincial governors are appointed. The government is controlled by a small number of Shia fanatic clergy. The system has the following characteristics:

1. About 70% of Iranian population is none- Farsi-speaking and they have been severely oppressed by the Iranian regime.
2. The Sunni population of Iran which is about 28 million has been completely deprived of human rights, political power and economic concessions.
3. The 16 provinces that belong to Iranian nationalities have been deliberately kept backwards to keep their people helpless and poor.
4. All the decisions are taken in Tehran and different cities and provinces have no any kind of share in power or decisions although there are nominal city councils.
5. All employees are appointed from Tehran and therefore, members of Iranian nationalities are excluded from assuming high positions.
6. Allocation of jobs are only limited to Shia fanatics that support the government.
7. Development budgets for ethnic provinces are very limited.
8. The pressure for converting Sunnis into Shia is growing and the Sunnis are reacting very strongly.
9. Persianisation is the official policy of the government which has created enormous discord among the people.
10. Ethnic cleansing is implemented in various provinces.
11. Commercial licences are granted to Shia supporters of the government and Sunnis are completely excluded.

12. There has not been even one president, Prime Minister, ministers, deputy minister, ambassador, general, managing director from the Sunnis in the last 30 years.
13. Educational discrimination is rampant. For example, from 700 academic staff of Baluchistan universities, only ten of them are Baluch. From 70 thousand university students in Baluchistan province, even one thousand of them are not Baluch.
14. Sunni provinces are among the poorest. Baluchistan is the poorest province of Iran.
15. The life expectancy in Baluchistan is ten years lower than the national average.
16. Unemployment rate in Baluchistan and other nationalities provinces is double than the average rate. Unemployment in some parts of Baluchistan is about 70%.
17. While the government refuses to create jobs for the Baluchi people and other Iranian nationalities, they are trying to seal off the Borders which are the only sources of trading in Baluchistan, Khozistan, Kurdistan, Azerbaijan, Korasan and Turkeman Sahra.
18. Amnesty International published a report in Baluchistan which documented the violations of human rights in the most inhuman way. It is attached.
19. These circumstances have made life extremely difficult for the majority of Iranian people. The pressure on the Sunnis and ethnic minorities is growing in a way that present circumstances of Iran resemble the circumstances of Yugoslavia some time ago. If the present pressures are not removed completely, there is a danger that Iran may break up.

Recommendations

1. The Congress of Iranian Nationalities for a Federal Iran is the largest coalition outside Iran. It represents the majority of people. International community must support this organization as the representative of the majority of people in Iran.
2. The Farsi community has refused to form their own coalition and it seems that they will not be united in future. International community has counted on the Farsi community for bringing changes; but they have failed and they will fail in future and therefore, the international community must support The Congress of Iranian Nationalities for a Federal Iran.
3. The Iranian regime is very vulnerable and could be changed through Iranian nationalities.
4. Those that support the present regime at all cost will face the anger of the Iranian people.
5. Those who are interested in the territorial integrity of Iran must also be interested in equal opportunity for all Iranians and therefore, they have to work to create an environment in Iran in which all the Iranian people and nationalities enjoy equal rights.
6. A federal structure for Iran is the only structure that guarantees democracy and the integrity of the country.
7. Terrorism and fundamentalism will not stop in the world until the present regime of Iran is changed and therefore, we recommend that instead of changing the behaviour of the regime, the international community must support the people to change this regime.

The Congress of Iranian Nationalities for a Federal Iran is determined to establish a secular, democratic and federal system in Iran to prevent the possibility of any dictatorship to be established in future. We ask international community to support us in this purpose which will secure the safety and security in your countries.

The Congress will uproot terrorism in Iran and will cooperate closely with other countries to destroy it.

Memorandum submitted by Karim Sadjadpour Associate, Carnegie Endowment for International Peace

It goes without saying that it is difficult to make broad generalisations about a socially diverse population of 70 million people. Yet I do believe there are some important thoughts and trends among Iranians which transcend age, gender, religiosity, and socio-economic class distinctions. Based largely on my experience living and travelling throughout Iran intermittently from 2001/05, I would like to outline briefly a number of important factors and their implications for UK policy.

1. *Discontent in Iran is deeply felt, widespread, and largely economic, but factors such as the Iraq war have tempered Iranian desire for abrupt change*

Throughout the country Iranians' sense of alienation vis-à-vis their leaders is palpable and transcends socio-economic class, age, ethnicity, and religiosity. No matter where you go or with whom you speak, it is rare to find anyone who will say: "I am happy with the state of the country. The mullahs are doing a decent job".

The state of the economy is the greatest source of outrage. Despite the record oil windfall, Iranians are experiencing increased inflation and unemployment (both are unofficially over 20%). Underemployment is rampant. On a daily basis in Tehran and other large cities one encounters dozens of young men with professional degrees in fields such as architecture and engineering driving taxis and making pizzas due to a paucity of employment prospects.

Despite these socio-economic discontents, people have become increasingly disillusioned with politics. In 1997, 2000, and 2001 they went to the polls in overwhelming numbers, twice to elect reformist President Khatami and once to elect a reform-minded parliament, yet saw insufficient returns on their civic investments. As a Tehran-based intellectual once told me, “People’s disengagement from politics is understandable. It’s like exercising every day for six years and not seeing any results. Soon you are going to stop going to the gym”.

What’s more, without a clear alternative model or alternative leadership, this deep-seated desire for economic, political, and social reform among many Iranians is tempered by a strong aversion to unrest, uncertainty, and insecurity. Having already experienced one tumultuous revolution (or in the case of Iran’s youth, the aftermath of one tumultuous revolution) and a brutal eight-year war with Iraq, Iranians have few concrete ideas as to how change should take place other than it ought to occur *bedun-e khoodrazi*—“without bloodshed”.

The post-war carnage and tumult in next-door neighbor Iraq has made Iranians even warier about the prospects of a quick-fix solution. As opposed to the aftermath of the U.S. removal of the Taliban in Afghanistan, when some Iranians could be heard romanticizing about the prospects of an equally swift U.S. intervention in Tehran, today no Iranians point to Iraq as a paradigm for change. As one middle-class, middle-aged Tehran resident once told me, “When we look at what’s going on in Iraq, it seems our real choice is not one between democracy and authoritarianism, but between stability and unrest. People are not happy in Iran, but no one wants unrest”.

Nonetheless, despite concerns about Ahmadinejad and his team’s desires to return to the early days of the revolution, societal reform in Iran is a train that has left the tracks. While it may be slowed down at times, and will certainly face delays and obstacles, it is process that will be very difficult to reverse for sheer demographic reasons: Two-thirds of Iranians are under 33-years-old; they increasingly are connected to the outside world via satellite television and the internet; and they have no special affinity for a revolution they did not experience and a revolutionary government which has not been able to meet their economic expectations.

2. *Tehran is not a microcosm of Iran*

One reason why Ahmadinejad’s 2005 election took analysts and observers by surprise is the fact that Tehran is not a microcosm of Iran. Similar to urbanites around the world, Tehran’s population is generally more progressive, more informed, and more politicized than the rest of the country.

Rather than rely on official state television as its sole news source, Tehran boasts much higher rates of Internet penetration, satellite television viewership, and newspaper readership. Moreover, political discontent in the capital is exacerbated by exhausting traffic, suffocating air pollution, and high inflation. This sense of alienation was apparent in the 2005 presidential election, as first-round voter turnout in Tehran was only 33% (as opposed to 62% nationwide).

Outside of Tehran, Iranians are similarly dissatisfied with the status quo, but they are far less politicised. Political discussion is usually centered on the lack of viable employment or the high cost of “meat and onions” rather than a lack of political and social freedoms. This presents a growing dilemma for journalists and analysts covering Iran.

Though Tehran is the country’s political heart and soul (where the 1979 Revolution took place) and deserves the lion’s share of the focus, national elections are increasingly being decided outside of Tehran, given the capital’s low voter turnout. While the seeming gulf between middle-class north Tehran and working-class south Tehran was emphasized during the elections, more difficult to reconcile for Iran watchers is the gulf between Tehran and the rest of the country.

3. *Ahmadinejad has failed to deliver on campaign promises, but his fate is uncertain*

Ahmadinejad has failed to deliver on his lofty electoral pledges, namely that he would “put the oil money on people’s dinner tables”. On the contrary, since his inauguration in August 2005 the country has experienced massive capital flight, a precipitous drop in foreign investment, rampant inflation, and increased unemployment.

There are clear signs that his popularity is fading. In last December’s municipal elections the president’s political allies were trounced by more moderate and pragmatic politicians. Absent any drastic occurrence (ie a military attack on Iran), this is a trend that should likely continue in the March 2008 parliamentary elections, as well as the June of 2009 presidential elections, when Ahmadinejad is up for re-election.

Aware that he lacks support among the urban middle and upper classes, however, Ahmadinejad has courted economically disenfranchised Iranians in far-off provinces, promising loans and debt relief. Cognisant of the fact that he lacks favour among the country's elite—technocrats, business managers, journalists, academics and even senior clerics—he has aimed to curry favour with the country's paramilitary groups, such as the *bassij*, and attempted to co-opt the country's top military force, the Revolutionary Guards, by granting them lucrative construction and development projects.

So while popular opinion in Tehran and other urban areas is not sympathetic to Ahmadinejad, the electoral behaviour of the *bassij* and the IRGC, as well as the opinions of those residing outside the capital, will play an important but unpredictable role in deciding his fate.

4. *The degree of popular support for the nuclear issue has been exaggerated*

Despite the tremendous effort made by the country's ruling elite to appeal to Iranians' keen sense of nationalism—pointing out Western double standards, extolling the virtues of nuclear energy, and praising the country's scientists—popular opinion regarding the nuclear issue is more nuanced than what the Iranian government would like the world to believe.

Certainly many Iranians, even those unsympathetic to the regime, have been vocally supportive of their government's nuclear ambitions for a variety of reasons: Iran needs to prepare for life after oil; Western double standards permit India, Pakistan, and Israel to have nuclear programs; Iran lives in a dangerous neighbourhood and thus need not only a nuclear energy program but also a nuclear weapon.

What's debatable is how deep, informed, and widespread that sentiment is. As the former *Economist* correspondent in Tehran best put it, "It would be quite remarkable if a populace increasingly disengaged from politics were suddenly energised by something as arcane as nuclear fuel and its byproducts". Even many among Iran's political elite have conceded that nuclear pride has been manufactured. In the words of Mohammed Atrianfar, a close advisor to former President Hashemi Rafsanjani,

"People have been hearing these things about having the right to have or to possess this [nuclear] capability. And, naturally, if you ask an Iranian whether [they] want this right or not, they would say they do want it. But if you ask, though, 'What is nuclear energy?' they might not be able to tell you what it is".

What's more, few Iranians romanticise the idea of conflict or militarisation in the aftermath of an eight-year war with Iraq that produced 500,000 Iranian casualties. In a strikingly candid opinion piece in the *Financial Times* in May 2006, former Iranian deputy foreign minister Abbas Maleki dismissed the notion that the nuclear program is driven by popular demand:

"Reports suggest that Tehran's official joy over the nuclear breakthrough is shared by a large segment of Iranian society. Such reports should not be taken as evidence that the Iranian people share their government's views, and should not be used as a pretext for using force against Iran's population . . . The general public does not consider the nuclear issue to be of vital importance. Nuclear technology will do little for the average Iranian; it cannot create more jobs for a country that needs one million jobs annually, it cannot change the chronic low efficiency, productivity, and effectiveness of the economy and management, and it will do nothing to improve Iran's commercial ties with the rest of the world".

5. *The Iranian public has little impact on the country's foreign policy*

There exists little correlation between Iranian popular sentiment and Iranian foreign policy. At a time when the majority of Iran's young population aspires to have normal relations with the U.S. and reintegrate into the international community, Ahmadinejad's conduct is leading Iran down a path of confrontation with the United States and further international isolation.

Yet, an inability to influence their government's foreign policy is not high on Iranians' long list of grievances, given their more immediate economic and social concerns. Although popular grumblings may exist that Iranian money, much needed at home, is being used to support Hezbollah and Hamas or being defiantly poured into a nuclear program with uncertain benefits, neither issue in isolation is animus enough for Iranians to agitate.

This will likely remain the case as long as Iranians continue to perceive corruption and mismanagement—not an isolation-inducing foreign policy—to be the primary cause of domestic economic malaise. If and when domestic economic conditions deteriorate to such a degree that has a drastic impact on people's daily lives, however, the regime, in particular Supreme Leader Ayatollah Khamenei, may decide to alter course on foreign policy. Regime survival, not ideology, is paramount for the country's theocratic elite.

 IMPLICATIONS FOR UK POLICY

 1. *In the current climate, U.S. democracy promotion efforts have been unconstructive and counterproductive*

Although prior to the Iraq war Iranian democratic activists often expressed appreciation for U.S. moral support, today it is important to ask what, if any, have been the benefits of the current administration's public efforts to promote democracy in Iran. Though Iran was neither free nor democratic prior to U.S. democracy promotion efforts, Iran is certainly less free and less democratic in the aftermath of U.S. democracy promotion efforts.

The repercussions of U.S. efforts to promote democracy in Iran have been various:

- The regime has clamped down on domestic opposition and criticism under the pretext of “protecting national security”.
- Democratic agitators, civil society activists, and scholars (including several Iranian Americans) have been intimidated, silenced, and imprisoned.
- Interaction between U.S. and Iranian scholars, NGOs, and analysts has dropped precipitously, further limiting our understanding of Iran.

To be sure, it is unfair to place the onus of the Iranian government's human rights abuses and stifling of democracy primarily on U.S. policy. The Iranian government exhibited cruelty toward its own population long before the Bush administration came to office; the administration's public democracy promotion efforts simply provided Tehran a convenient pretext to act with impunity.

It is precisely for this reason, however, that Iran's most respected dissidents and democratic agitators have asked the U.S. government to cease such democracy promotion efforts. In the words of prominent dissident Akbar Ganji,

“Iranians are viewed as discredited when they receive money from foreign governments. The Bush administration may be striving to help Iranian democrats, but any Iranian who seeks American dollars will not be recognised as a democrat by his or her fellow citizens . . . Of course, Iran's democratic movement and civil institutions need funding. But this must come from independent Iranian sources. Iranians themselves must support the transition to democracy; it cannot be presented like a gift . . . So here is our request to Congress: To do away with any misunderstanding, we hope lawmakers will approve a bill that bans payment to individuals or groups opposing the Iranian government. Iran's democratic movement does not need foreign handouts; it needs the moral support of the international community and condemnation of the Iranian regime for its systematic violation of human rights”.

 2. *Objective, professional, Persian-language news sources would be well-received in Iran*

Professional and objective news broadcasts will find an important audience in Iran. There is a dearth of quality television news programming in the Persian language. Official Iranian state television broadcasts are tightly controlled by the government, and opposition satellite television networks broadcast out of Los Angeles and elsewhere in the West are not viewed as credible alternatives. The model should be the BBC World Service; indeed the BBC intends to launch their Persian-language television broadcast sometime in early 2008.

For the last year there has been a debate in Washington regarding the content of Voice of America and RFE/RL's Persian language service. Some have argued that these broadcasts are not sufficiently supportive of the views of the U.S. government and/or not sufficiently critical of the Iranian government.

Insisting that U.S. government-funded media outlets espouse U.S. views ultimately undermines its ability to attract a relevant audience. As one senior European diplomat pointed out, “People around the world wake up in the morning to the BBC World Service; I've never heard anyone say they start their day by listening to Voice of America”.

 3. *A sudden upheaval or abrupt political change is unlikely to be for the better*

John Limbert, the erudite Iran scholar and talented former U.S. diplomat (taken hostage in Iran for 444 days) once reflected on the 1979 Iranian revolution that his liberal-minded Iranian friends “who could write penetrating analyses and biting editorials” lacked the stomach to “throw acid, break up meetings, beat up opponents, trash opposition newspapers, and organize street gangs . . . and engage in the brutality that wins revolutions”.

Today we should be similarly sober about the realities of a short-term upheaval in Iran. There currently exists no credible, organised alternative to the status quo whether within Iran or in the diaspora. And despite the fact that a seeming majority of Iranians favour a more tolerant, democratic system, there is little evidence to suggest that in the event of a sudden uprising it would be Iranian democrats who come to power. The only groups which are both armed and organised are the Revolutionary Guards (numbering about 125,000) and the *bassij* (numbering around two million). Any successful political reform would have to co-opt these forces and make them feel they will have some position in a changed Iran.

4. *Both the U.S. and the UK should make it clear that it has no intention of undermining Iran's territorial integrity*

Maintaining Iran's territorial integrity is an issue which unites the vast majority of Iranians of all ethnic, religious, and political persuasions. Iran is not a post-Ottoman creation; it's a nation-state with over 2,000 years of history. A sense of Iranian national identity, an attachment to the soil of Iran, is very strong and transcends ethnic and religious affiliation.

To be sure, ethnic minorities in Iran have legitimate grievances against the central authority. Kurds, Baluchis, and Arabs are economically disenfranchised and feel that the central government doesn't tend to them as it does to Persian Shiites. The reality is that disenfranchisement is nearly universal in Iran, and the Islamic Republic is an equal opportunity oppressor. Far more Persian Shiites have been imprisoned in Iran over the years than Kurds, Arabs, or Baluchis.

There is a concern among many Iranians—including those opposed to the regime—that the U.S. is flirting with a strategy of fomenting ethnic unrest in Iran. This would be a disastrous step that would offer no strategic gain and only provoke bloodshed among innocent civilians. Washington should do its utmost to reassure the Iranian people that such concerns are unfounded.

5. *Altering democracy promotion efforts does not mean indifference to human rights abuses*

The Iranian government's poor human rights record has gotten decidedly worse since Ahmadinejad's inauguration. In addition to the imprisonment of journalists, scholars, and activists, Iran has reinstated draconian punishments such as public hangings and the stoning to death of adulterers. Religious minorities and homosexuals continue to be persecuted. The U.S. government should be consistent in expressing its concern for human rights practices in Iran.

21 December 2007

Letter from the Lord Corbett of Castle Vale, Chairman, British Parliamentary Committee for Iran Freedom

As you know, the Iranian regime has stepped up its repression through summary arrests, torture and barbaric punishments. In the first two weeks of this year more than 20 Iranians were hanged in public. Outside its borders, the regime wreaks devastation across the Middle East through export of fundamentalism and terrorism, while defying the international community over its nuclear programmes.

Iran's democratic coalition opposition, the National Council of Resistance of Iran, and its largest member organisation, the PMOI, have been at the forefront of exposing the regime's crimes at home, terrorism and nuclear programmes. It is therefore no surprise that the regime has attempted to destroy the Resistance through torture, mass executions, bombings and assassinations. The regime's Ministry of Intelligence concentrates its efforts on an elaborate, sophisticated and well-financed operation to tarnish the image of the Resistance at home and abroad.

Whenever an MP or Peer expresses support for the goals of the Resistance, they are bombarded with misinformation about it, either by the Iranian Embassy in London or front organisations and individuals who pose as disaffected former members of the PMOI. Some pose as NGOs, including Nejat Society, Peyvand and Aawa Association. The Iranian regime also uses numerous websites to spread misinformation against the PMOI, including those listed below:

www.irandidban.com	www.iran-interlink.org
www.nejatngo.org	www.habilian.com
www.iranpeyvand.com	www.survivorsreport.org

Most recently, the regime's Intelligence Ministry and its agents have started distributing to Parliamentarians across Europe literature containing misinformation and allegations against the PMOI proven to be untrue. The most recent such publication is a book called "A terrorist group with different faces". The letter that accompanies this book has no address or contact details, nor does the website, which was set up in December 2007 and only contains an electronic copy of the book. This illustrates the shadowy nature of those involved in this campaign.

What has really thrown a spanner in their work recently has been the judgment of the Proscribed Organisations Appeals Commission, a specialist Court tasked with hearing an appeal by 35 MPs and Peers against proscription of the PMOI. After spending two weeks hearing all the evidence, including the misinformation of the regime and its agents, the Court ruled that the PMOI is not a terrorist organisation. The Court went as far as to describe the PMOI's proscription as "unlawful" and "perverse".

The Dutch and German security services have warned in their annual reports about the activities of the regime's agents in Europe. We should urge the government to act upon the resolution passed by the European Union confirming the commitment of all member states to take "unified action to expel and prevent the entry of Iran's intelligence and security personnel to member countries of the European Union".

If you have any queries, please do not hesitate to contact me.

Lord Corbett of Castle Vale

Chairman

British Parliamentary Committee for Iran Freedom

Lord Alton of Liverpool

Rt. Hon. Lord Archer of Sandwell, QC

Rt. Hon. Lord Waddington, QC

David Amess MP

Rt. Hon. Lord Fraser of Carmyllie, QC

Baroness Gould of Potternewton

Dr. Rudi Vis MP

Brian Binley MP

Baroness Turner of Camden

David Drew MP

Lord Taverne, QC

Lord King of West Bromwich

Lord Russell-Johnston

Mark Williams MP

Andrew Mackinlay MP

Lord Inglewood DL

Lord Joffe

David Gauke MP

Lord Turnberg

Roger Gale MP

Baroness Blood

John Leech MP

Lord Clarke of Hampstead

28 January 2008

Further memorandum from the National Council of Resistance of Iran, UK Representative Office

The aim of this second memorandum is to deal briefly with the main issues raised by the Foreign Affairs Committee in its meeting with the NCRI on 6 December 2007.

LEVEL OF NCRI/PMOI SUPPORT INSIDE IRAN

The Iranian Resistance has widespread grassroots support inside Iran, which for reasons of absolute repression operate underground. However, rather than engaging in arbitrary assessments of its support inside Iran, the Resistance has repeatedly called for free elections in Iran monitored by the UN, as it believes that elections and universal suffrage are the sole indicators of political legitimacy. If in such elections, the Resistance does not receive a majority of the vote, then it will participate in the political process as an opposition party. Although it is not possible to accurately analyze the Iranian Resistance's support base until free elections are held, the best indicator of the Resistance's support inside Iran is the regime's reaction to it.

- Regime's fear of the Resistance: A leaked secret survey carried out by Iran's Interior Ministry in 2002 found that, of 16,000 people questioned in Tehran, 94% said they were opposed to the entirety of the regime and wanted complete change. The regime is fully aware of the support enjoyed by the Resistance and fears its ability to organize such discontent. The regime therefore expends enormous resources to destroy the Resistance. This is the main reason for the widespread suppression of the PMOI inside Iran. However, such suppression is not limited to within Iran's frontiers. The main subject of the regime's diplomatic exchanges with its international interlocutors is the PMOI and imposition of restrictions against it, including the terrorist label. By way of examples, (i) on 26 September 2002, former US Assistant Secretary of State, Martin Indyk, told Newsweek that the terrorist designation of the PMOI was due to "The White House interest in opening up a dialogue with the Iranian Government", (ii) on 21 October 2004, AFP reported that as part of the package of incentives given to the regime to convince it to end its uranium enrichment, the EU-3 stated, "If Iran complies we would continue to regard the MEK (Iranian

Resistance Group) [PMOI] as a terrorist organization”, and (iii) prior to the 2003 Iraq war, one of the regime’s preconditions for non interference in Iraqi affairs was US-British bombing of PMOI bases in Iraq (see documents 1–3⁹⁶).

- Hysterical reaction to the Resistance: In July 2003, a daily called “Asia” published in Tehran, printed a news photo of Mrs. Maryam Rajavi taken by the news agency Reuters. The daily’s editor and owner, as well as his family, were quickly arrested. The editor-in chief spent 200 days in solitary confinement (see document 4⁹⁷). When Mrs. Rajavi was invited to speak at the European Parliament, Council of Europe, or has visited Norway or Belgium, the regime has threatened these countries and even threatened to end the on going nuclear negotiations.
- Absolute repression of the Resistance: After the fall (of the Shah the PMOI quickly became the largest political Party) inside Iran. Despite threats and attacks its rallies attracted millions of Iranians and its publication had a daily circulation of 500,000 which was far greater than the state run dailies. Since then the Iranian regime has executed 120,000 PMOI members and sympathizers including 30,000 in 1988 (see document 5⁹⁸). In Iran, PMOI members and sympathizers have no right to life or property. These sympathizers and their families have not disappeared.
- Resistance’s social network inside Iran: Instead, these sympathizers form part of the PMOI’s social network, which (i) organizes anti-regime protests, in particular among students, teachers and labour groups, (ii) raises funds for the Resistance, and (iii) gathers information on the regime’s nuclear programmes, terrorism and human rights abuses. In December 2007, the PMOI declared a students’ week in Iran. During this week, dozens of universities across Iran took part in strikes and protests. Without an extensive support network at all levels of Iranian society, including inside the regime, the Resistance would not have been able to obtain the regime’s most important secrets. Moreover, despite jamming of transmissions and destruction of satellite dishes, the Resistance’s satellite TV channel has millions of viewers in Iran.
- Resistance’s support within Iranian communities outside Iran: As the FAC recognised, despite widespread restrictions, the Resistance enjoys s extensive support within the Iranian Diaspora. Its rallies are attended by tens of thousands of Iranians who also fund the Resistance.

One recent example was a gathering of more than 50,000 Iranians in a Parisian suburb on 30 June 2007 in defence of the Resistance.

REGIME’S EFFORTS TO TARNISH THE IMAGE OF THE RESISTANCE

The FAC referred to documentation provided to it in Iran, which the regime claimed was proof that the PMOI is a terrorist organisation. Having failed to destroy the PMOI through mass executions, torture, bombings and assassinations, the regime’s Ministry of Intelligence has for years concentrated its efforts on an elaborate, sophisticated and well-financed operation to tarnish the image of the Resistance at home and abroad. This is done directly by the regime, as well as through front organisations and individuals who pose as disaffected former members of the PMOI. This has been recognised by the German security agency (Office for the Protection of the Constitution- BFV) and the Dutch Interior Security Service (AIVD). Examples of proven cases of misinformation include:

1993 murder of three Christian leaders in Iran and 1994 bombing at the Holy Shrine of Imam Reza in Mashad, northeast Iran.

The regime carried out these atrocities with a view to blaming the PMOI. A number of individuals claiming to be PMOI members were paraded before the world’s media where they confessed to having committed these crimes on the orders of the PMOI leadership. A few years later, the regime was forced to admit that its Intelligence Ministry’s second in command, Saeed Emami, and other agents had committed these crimes. In a report on 9 February 1996, UN Special Rapporteur on Religious Tolerance, Mr. Abdelfattah Amor, wrote: “The Iranian government had apparently decided to execute those Protestant leaders in order not only to bring the Mojahedim organization into disrepute abroad by declaring itself responsible for those crimes but also at the domestic level partly to decapitate the Protestant community and force it to discontinue the conversion of Muslims.”

ALLEGED CONCEALING OF IRAQ’S WMDs

On 12 November 2002, in a three page spread, including sketches of alleged locations, the Canadian broadsheet newspaper, “The Ottawa Citizen”, accused the PMOI of concealing Iraq’s WMDs. Their story was based on the testimony of Nowrouz-Ali Rezvani, referred to as a “former leader” of the PMOI. Mr Rezvani also accused the PMOI of torturing him and taking part in the killing of Iraqi Kurds. Prior to the publication of this article, many of the regime’s officials made the same allegation.

⁹⁶ Not printed.

⁹⁷ Not Printed.

⁹⁸ Not Printed.

 ALLEGED PMOI PARTICIPATION IN KILLING IRAQI KURDS AND SHIITES

The Iranian regime and its non-Iranian agents agents accuse the PMOI of participating in killing or Iraqi Kurds and Shiites. We bring the following points to the attention of the FAC:

On 22 August 1995, International Educational Development—an NGO with the UN, submitted a statement to the UN Commission on Human Rights containing its findings of an investigation into the above allegations. It stated,

“We have been distressed because of certain misrepresentation of events in the area, in particular allegations made that the MLA has collaborated with the armed forces of the Government of Iraq inter-alia by participating in attacks against the Kurdish people in Kurkuk, Qara, Hanjeer, Kifrit and Altun Kopiar in April 1991 . . .

From our independent investigation and discussion with parties involved, we find these allegations false . . . Most of the allegations made against the BNAA regarding the Kurdish people come from a man named Jamshid Tafrishi- Enginee, who was cited by people at this session of the sub-commission as a former leader of the Iranian Resistance. Our investigation indicates that Mr Tafrishi-Enginee joined the Resistance in 1988, but left after 19 months with a low rank. In his letter of resignation, hand-written and dated 23 September 1990, he sites personal problems and requests leave to transfer to a refugee camp. He then traveled to Europe where he began to campaign publicly against the NLA. There is compelling evidence that he is in fact an agent of the Khomeini regime’s Ministry of Intelligence.

In a letter dated 14 July 1999, Mr Hoshyar Zebari, then head of the Kurdish Democratic Party’s international relations and presently Foreign Minister of Iraq (see document 7⁹⁹), wrote,

The KDP as a major Kurdish political party has led and participated in the Kurdish Spring uprising of 1991 in Iraqi Kurdistan . . . The oil-city of Kirkuk was liberated by the people of Kurdistan (peshmerga). When the Iraqi troops counter attacked and regained control of Kirkuk and other major cities there were rumours of Mujahedin [PMOI] units assisting the Iraqi troops. But due to disorder of events and development it was difficult to establish the truth. However, when . . . the situation was stabilized, these rumours happen to be untrue. The KDP can confirm that the Mujahedin were not involved in suppressing the Kurdish people neither during the uprising nor in its aftermath. We have not come across any evidence to suggest that the Mujahedin have exercised any hostility towards the people of Iraqi Kurdistan. The Mujahedin-e-khalq has its own political agenda in Iran and its members do not interfere in Iraqi internal affairs.”

In a follow up report to the U.N Commission on Human Rights dated 23 January 2001, International Educational Development (see document 8¹⁰⁰) stated,

“Mr Tafrishi has recently written letters in which he reveals that the Intelligence Ministry of the Iranian regime hired him (apparently paying him \$72,000 in addition to travel and other expenses) especially to carry out a misinformation campaign about the NLA, with false accusations that the ALA had itself engaged in violations of human rights or intimidation or extortion of the Iranian exile community. A number of human rights organisations were treated to false testimony and government orchestrated letter writing campaigns. Unfortunately, some of these organizations may have believed this misinformation.”

PMOI’S ALLEGED MISTREATMENT OF ITS MEMBERS IN CAMP ASHRAF

In July 2005, a delegation of MEPs traveled to Camp Ashraf charged with the specific mission of conducting a thorough investigation into similar allegations contained in a Human Rights Watch report in a more than 100 page Mission Report the MEPs set out their findings there was no basis whatsoever for the allegations made against the “PMOI” (document 9¹⁰¹).

Moreover, in a letter dated 27 May 2005 (see document 10¹⁰²), Col. Phillips of the US Army wrote:

“I am the commander 89th Military Police Brigade and in that role, I was responsible for the safety and security of Camp Ashraf from January 50 December 2004. Over the year long period, I was apprized of numerous reports of torture, concealed weapons and people being held against their will by the leadership of the Mujahedine-Khalq. I directed my subordinate units to investigate each allegation. In many cases I personally led inspection teams on unannounced visits to the MeK/PMOI facilities where the alleged abuses were reported to occur . . . Each report of torture, kidnapping and psychological deprivation turned out to be unsubstantiated. The MeK/PMOI in fact notified us on a routine basis of people who desired to leave the organization and then transported them to our gate . . . To my knowledge, as the senior officer responsible for safeguarding and security Camp Ashraf throughout 2004, there was never a single substantiated incident as outlined in your report . . . Your recent report was based on unsubstantiated information from individuals without firsthand knowledge or for reasons for person[al] gain . . .

⁹⁹ Not Printed.

¹⁰⁰ Not Printed.

¹⁰¹ Not Printed.

¹⁰² Not Printed.

In one case a young woman requested to leave the MeK/PMOI, but first wanted to complete her responsibility as a singer in one of the holiday festivities. One of my subordinate commanders encouraged her to depart immediately as opposed to returning to her unit. She emphasized that she wanted to participate as a singer in the festival and would then depart from the organization in order to return home to her mother. Several days after the festival we were notified by the MeK/PMOI that the young woman was ready to leave and we picked her up from a hotel type facility. The other three females also voluntarily departed the MEK/PMOI. I never discovered a single incident where a female or male was held in the organization against their will, I observed a total freedom of choice on the part of the member to either remain or depart from the MK/PMOI.”

In a letter dated 24 August 2006 (document 11¹⁰³), Lt. Col. Julie S. Norman stated that during her tenure at the Commandant at Camp Ashraf in 2006:

“Normally, PMOI members invite their families, friends and colleagues who live in Iran or foreign countries to Ashraf for visits. These visitors are welcomed to a secure environment and hosted by the PMOI . . . The PMOI has been very co-operative in facilitating International Organizations requests for family contacts and JLATF’s visits with these individuals . . . In the cases that the PMOI members question the true intent (concern over the dissemination of false and /or disturbing information about Ashraf and its residents) of these requests or that the Iranian regime are brokering these requests, the PMOI members may submit their thoughts or concerns in writing to the JLATF who will forward them back to the respective International organization. There exists no prison or obligation to stay in Ashraf; everyone is free to leave PMOI anytime h/she wishes to.”

In a witness statement provided to POAC, Benjamin James Fender, a Foreign Office official stated, “the US authorities, with support from Iraq, the UK and others, have encouraged the residents of PMOI camps in Iraq who are free to leave the return voluntarily to Iran. UK officials have also discussed this with the Iranian authorities.”

The issue is not human rights. Camp Ashraf is at the centre of a strategic struggle between the Iranian regime and the Resistance. The regime intends to set up a satellite Islamic fundamentalist state in Iraq and the Resistance is intent on topping it. To this end, the PMOI has revealed details of funds, training and arms provided to Shiite and Sunni militant groups by the regime to attack Coalition troops, its sponsorship of assassination squads and vast intelligence network in Iraq. In January 2007, the PMOI revealed the details of 32,000 Iraqis who are on the regime’s payroll (see document 12¹⁰⁴). In August 2006, The Sunday Telegraph reported the PMOI had revealed the locations of three factories in Iran mas-producing Improvised Explosive Devices for use in Iraq and Afghanistan (see document 13¹⁰⁵). At the same time, the PMOI is raising awareness amongst Iraqis about the threats posed by Iranian regime. This led to 5.2 million Iraqis signing a petition in 2006 condemning the regimes interference in Iraq and expressing support for the PMOI. This was followed by a similar declaration by 300,000 Iraqi Shiites in December 2007 (see document 14¹⁰⁶). Those Iraqi parties and political leaders who are not under the influence of the Iranian regime including Dr Tariq Hashemi, Iraqi Vice President, Dr Ayad Allawi, former Prime Minister, Dr Adnan Dulaimi, leader of Iraqi Accordance Front, Dr Saleh Mutlak, leader of Iraqi National Dialogue Front, Sheikh Khalaf-al-Ulyan, leader of the National Dialogue Council and Dr Nadeem Jaber, have plainly emphasized that the presence of Mojahedin in Iraq is based on international conventions based on which Mojahedin are considered political refugees.

For these reasons, the regime wants to see Camp Ashraf dismantled and the PMOI out of Iraq. To this end, it will do or say anything, including carrying out terrorist attacks on the camp.

Judgment of the Proscribed Organisations Appeals Commission

On 30 November 2007, the three judges of POAC handed down their judgment in an appeal brought by a group of 35 cross party members of both Houses of Parliament seeking deproscription of the PMOI. The Appellants included The Rt. Hon. Lord Slynn Hadley (former Lord of Appeal in Ordinary and judge at the European Court of Justice), The Rt. Hon Lord Archer of Sandwell QC (former Solicitor General), The Rt. Hon. Lord Waddington QC (former Home Secretary), The Rt. Hon. Lord Fraser of Carmyllie QC (former Advocate General).

The Court ruled that the PMOI is not a terrorist organisation. In its judgment it concluded:

“In the light of the principles applicable on an application for judicial review, in our determination the decision at the First Stage was flawed and must be set aside. Further, having carefully considered all the material before us, we have concluded that the decision at the First Stage is properly characterized as perverse. We recognise that a finding of perversity is uncommon. We believe, however, that this Commission is in the (perhaps unusual) position of having before it all of the material that is relevant to this decision. In our view, that is a requirement of the 2000 Act

¹⁰³ Not Printed.

¹⁰⁴ Not Printed.

¹⁰⁵ Not Printed.

¹⁰⁶ Not Printed.

and of the procedures adopted before the Commission. The material available to us is, therefore wider, more extensive and more detailed than the evidence that is commonly before a Judge in the Administrative Court.”

It was on this basis that the Court ordered the government to “lay before Parliament the draft of an Order under section 3(3) (b) of the 2000 Act removing the PMOI from the list of proscribed organizations”.

The 144 page judgment was the culmination of an 18 month legal process, which concluded with nearly two weeks of Court hearing. The three judges scrutinised the evidence of 15 witness and more than 20 files of documents. There was even a “closed” part to the hearing, where the Court considered in private “secret information” and heard oral evidence from a British Foreign Office official.

On 14 December 2007, POAC refused the government’s application for permission to appeal, stating:

“The matters identified in the Secretary of State’s submissions and grounds are selective and have been taken out of context. The Commission has considered the application in the light of all of the matters set out in both the Open and Closed Determinations. On the basis of the entirety of the matters contained in the Open and Closed Determinations the Commission considers that the Secretary of State has no reasonable prospects of succeeding on an appeal on the issues identified in the submissions and the ground.”

Documents enclosed¹⁰⁷

1. Newsweek—26 September 2002 and The Washington Times—28 May 2003
2. “Preparatory text for European proposals on Iranian nuclear programme”, AFP—21 October 2004
3. “US Bombs Iranian Fighters on Iraqi Side of the Border—Pledge to Target the Group was made Early to Assure Tehran of War’s Benefits”—17 April 2003
4. “Iranian editor released on bail a year after arrest” AFP—3 August 2004
5. “Khomeini fatwa ‘led to killing of 30,000 in Iran’” The Sunday Telegraph—21 February 2001
6. International Educational Development report—22 August 1995
7. Hoshyar Zebari letter—14 July 1999
8. International Education Development report—23 January 2001
9. MEP delegation—Mission Report
10. Letter from Col David Philips—27 May 2005
11. Letter from Lt Col Julie S Norman—24 August 2006
12. “Iranian opposition group claims Iran has thousands of agents in Iraq”, Associated Press—26 January 2007
13. “Three Iranian factories mass produce bombs to kill British Troops” The Sunday Telegraph—21 August 2006
14. “Shiites in S Iraq rebuke Tehran” The Washington Post—22 November 2007

22 January 2008

¹⁰⁷ Not printed.