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**SUB-COMMITTEE ON
TRANSATLANTIC RELATIONS**

**IRAN – A CHALLENGE FOR TRANSATLANTIC
CO-OPERATION**

DRAFT REPORT

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International Secretariat

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* Until this document has been approved by the Political Committee, it represents only the views of the Rapporteur.

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I. INTRODUCTION

1. Iran's atomic programme is one of the dominant security issues for the international community, and for NATO member countries in particular. Teheran's nuclear activities are not only of considerable concern for its direct neighbours but undermine the existing non-proliferation regime. In addition, Iran's policies in other areas are the cause for dispute with the international community. Iran's governing regime has close relations with groups like Hamas and Hizbollah and other groups that are considered terrorist groups in many parts of the world. International human rights groups have also criticised Teheran's poor human rights record.

2. At the same time, with regard to Afghanistan and Iraq Teheran has occasionally shown that it can be a constructive international player. It has legitimate security concerns, including to prevent Afghanistan and Iraq become failed states and the security of the energy flow through the Straits of Hormuz, all of which it shares with NATO member countries. Therefore, while our present relationship with Iran can be characterised as 'difficult' there is also great potential for close co-operation in the future, if Teheran is willing to change its current course in some areas.

3. This brief report looks at the pressing security issues related to Iran. For obvious reasons, Teheran's Iranian nuclear programme features prominently in this report, but it also shortly refers to other issues, including regional security, including Afghanistan and Iraq, as well as international terrorism. The paper argues that NATO Allies need to build a robust consensus among themselves and with partners on how to engage Iran constructively and avoid a serious crisis. To that end the report suggests that NATO as an organisation should serve as a forum to discuss and agree on a joint political agenda to approach Iran. The autumn report will provide an update on the current nuclear negotiations and offer additional suggestions of how Iran could be induced to co-operate with the international community.

II. IRAN'S NUCLEAR PROGRAMME

4. Though its nuclear activities date back to the 1960s the international community started paying much closer attention to Iran's programme only after a dissident Iranian group helped expose an undeclared uranium enrichment programme at nuclear facilities in Natanz and Arak in August 2002. Teheran has dismissed allegations that it is clandestinely pursuing a nuclear weapons programme and says that it is developing nuclear technology purely for civil use. Senior Iranian officials argue that the country needs nuclear power to replace its dwindling energy resources and point out that it has the right to obtain knowledge to master the full nuclear fuel cycle under the Nuclear Non-Proliferation Treaty (NPT). However, for several reasons, Iran's atomic policy has raised considerable concern.

5. First, Teheran's declared nuclear policy is inconsistent with its energy needs: Iran's one nuclear power plant under construction will be powered by Russian fuel. Even if Teheran built many more, it could obtain more than sufficient nuclear fuel on the international market at considerably lower costs than enriching it in the country. It is doubtful that Iran has large enough deposits of natural uranium to ever be self-sufficient in civil nuclear power. The deposits are certainly sufficient, however, to enrich into weapons-grade material for a sizeable stockpile of nuclear weapons.

6. Second, Teheran has not been upfront about its nuclear activities. It has repeatedly and continuously concealed crucial parts of its programme and only admitted to them after it was confronted with the evidence. Moreover, Iran obtained equipment and technology from the A.Q. Kahn network which has specialised in secretly providing nuclear weapons technology, equipment, and know-how to countries like Libya and North Korea. Among other examples, Iran disguised its centrifuge enrichment programme as an "agricultural centre" and it only disclosed prior Uranium

enrichment activities after it was forced to admit them in October 2003. Similarly, it only confessed to having given false information on importing components for the advanced centrifuges after it was confronted with the evidence. As of today, three years after the discovery of Iran's undeclared programme, the IAEA has not been able to verify Iran's claim that its nuclear programme is purely peaceful.

7. To avoid an international crisis over the nuclear programme, the EU-3 (France, Germany, and the United Kingdom) engaged in talks with Iran. The EU and Iran signed agreements in 2003 and in November 2004. To induce Iran to renounce the parts of its nuclear programme that could be used for military use, the EU-3 offered Iran a number of incentives, including co-operation in the civil nuclear sector, technological and economic co-operation and firm commitments on security issues. In turn, Iran promised to voluntarily freeze all conversion and enrichment-related activities for the duration of the negotiations with the EU-3.

8. But the negotiations between Iran and the EU-3 collapsed in January after Iran ended its moratorium on uranium conversion and enrichment research. In September 2005, an IAEA governing board resolution declared Iran in violation of its safeguards obligations, but deferred a decision on referral to the UN Security Council until some later date. In early February, the IAEA's board of governors approved a resolution which reported Iran to the United Nations Security Council for possible action, but following a proposal by Russia and China, postponed any UN action by one month. Noting a *lack of confidence in Iran's* intentions because of Teheran's many failures and breaches of its obligations to comply with its NPT Safeguards Agreement the resolution called upon Teheran to re-establish verifiably the full and sustained suspension of all enrichment-related and processing activities, including research and development. The resolution also called Iran to re-consider the construction of a research reactor moderated by heavy water and to ratify promptly and implement in full the Additional Protocol.

9. At the time of this writing, Iran has sent contradicting messages whether it would accept a Russian proposal, backed by the US, the EU and also China, to enrich Uranium in Russia. Iran has in the past drawn a distinction between the energy-related work that would go to Russia and other nuclear-enrichment that is called "research".

III. CONSEQUENCES OF A NUCLEAR IRAN:

10. The possible ramifications of a nuclear-armed Iran are difficult to assess. Estimates of when Iran might have enough fissile material for a nuclear device range from two years (Israeli intelligence) to ten years (the latest US National Intelligence Estimate). It is also unclear if Teheran would pursue nuclear weapons or a 'breakout-capability', i.e. the ability to quickly develop and produce atomic weapons when it felt threatened. If the Islamic Republic acquired nuclear weapons capability it would radically change the strategic environment in this dangerous, unstable part of the world. The following scenarios are possible:

11. An Iranian nuclear arsenal could ignite a regional arms race. In particular, it could lead to the further proliferation of WMD. A number of countries in the region, for example, Saudi Arabia, Egypt, Syria, would have the resources to follow suit. The Islamic Republic could also give nuclear weapons or material to terrorists. The worst spectre might be the prospect of nuclear weapons under the control of religious fanatics (or the Republican Guards) with links to terrorist organisations. Moreover, the Islamic Republic could use a nuclear arsenal to blackmail its neighbours or other states. In this context, Iran's ballistic missile programme has raised considerable concern. The Islamic Republic has an estimated 300 short-range Shahab-1 and Shahab-2 (based on the Scud-B and Scud-C purchased from the DPRK) and perhaps as many as 100 medium-range Shahab-3 missile (an Iranian version of the North-Korean No-dong missile).

Teheran continues research on extending the range of its missiles, which would be extremely dangerous for Israel and Europe when armed with nuclear warheads.

12. The question of Iranian nuclear weapons is also linked to Israel and the broader context of Arab-Israeli relations. Iranian President Ahmadinejad's remarks that Israel should be "wiped off the map" are worrisome and unacceptable and convey a confrontational approach of the new Iranian government. Israel, which is suspected but has never officially acknowledged to possess nuclear arms, would lose its qualitative military supremacy. As a consequence, it could change its long-standing policy of nuclear ambiguity and adopt a new military doctrine along the lines of 'mutually assured destruction' (MAD). The worst case scenario for Israel would be if an Iranian 'nuclear umbrella' would embolden radical Arabs and even prompt Israel's more moderate neighbours into acting more aggressively. Although Israel might accelerate the peace process to prevent such a scenario, the victory of radical Islamic group Hamas in the Palestinian elections at the end of January this year has complicated the Middle East peace process. The differences between the Israeli and Palestinian sides are now much deeper, and the chances for negotiations are much more remote.

IV. SECURITY IN THE GULF

13. Iran's immediate neighbours have been critical of Teheran's atomic activities, but have thus far shied away from confronting Iran directly on its suspected nuclear weapons programme. The Gulf Cooperation Council (GCC), consisting of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), and Oman has repeatedly suggested the creation of a nuclear-free Gulf, but this has been rejected by Teheran. A perennial issue for the GCC has been Iran's 1970 occupation of three small islands claimed by the UAE - Greater Tunb, Lesser Tunb, and Abu Musa. Pointing to the role Teheran is playing in affairs of Shiite minorities outside Iran, some of Iran's neighbours are concerned that the leadership in Teheran also exports Islamic extremism outside the country. Others have also voiced concern that Iran's foreign policy is influenced by nationalistic streaks, which, they argue, dates back to ancient Persian history.

14. Teheran has also connections with what it calls "resistance groups" or "liberation movements" like Hizbollah and Hamas. Teheran does not direct these groups, rather it only admits to providing them with political support. However, there are also allegations that Iran is directly sponsoring terrorist groups, for example in Iraq. Some US and UK officials suspect that Iran is helping the insurgency in Iraq by allowing the transport of arms and fighters into Iraq to stage attacks. Moreover, the British government had issued a formal protest to Teheran after sophisticated bombs were used against UK troops in the Basra region. The devices used the same kind of electronic triggers found in bombs made by the Hizbollah in Lebanon.

V. ADDRESSING IRAN

15. To avert a serious Iranian crisis we should avoid aggressive rhetoric and dispel any notion of 'regime change'. Outside pressure for change could actually solidify support for the regime. With regard to a possible 'military option' your rapporteur would concede the case that it would, in principle, not be useful not to remove it completely at the outset of negotiations. Preventive or pre-emptive military action against Iran's known or suspected nuclear facilities may destroy critical infrastructure. However, the intelligence available of Iran's nuclear infrastructure is imperfect.

16. Military action against Iran would likely provoke Teheran to resort to asymmetric warfare and unconventional means against their attackers. For example, it could encourage attacks by militant groups such as Hizbollah and Hamas or by Shiite militias in Iraq. In addition to jeopardising the already difficult stabilisation efforts of the US-led coalition in Iraq Iran could significantly undermine

reconstruction efforts in Afghanistan. Though it would do considerable damage to its own economy, it could threaten oil shipments through the Straits of Hormuz, through which more than one-third of the world's oil flows. Moreover, even a limited military strike would be likely to provoke anger through the entire Muslim world.

17. Even if successful, military action against suspected military nuclear installations would likely only delay, but not prevent, Teheran to obtain nuclear weapons. Moreover, any military action would reinforce Iran's determination to obtain nuclear weapons and to withdraw from the NPT. During the ongoing diplomatic exchanges, President Mahmoud Ahmadinejad even warned that the country might withdraw from the NPT if international pressure increased. Military action would therefore be likely to be a 'tactical success but a strategic failure', as Joe Cirincione of the Carnegie Endowment has argued. The 1981 Israeli raid on the Iraqi nuclear reactor at Osirak in fact accelerated the Iraqi nuclear programme so that Saddam Hussein was close to having a nuclear bomb ten years later.

18. In his 2002 'State of the Union' address President Bush described the Islamic Republic as forming part of an 'axis of evil', along with Iraq under Saddam Hussein and North Korea. This approach has proven counter-productive and strengthened Iranian hard-liners. What is more, apart from the fact that the US policy failed to alter Teheran's behaviour to the positive, The Islamic Republic is very different from the DPRK and Iraq under Saddam Hussein. With 10 percent of the world's known oil reserves and the world's second-largest natural gas resources Iran is a very rich country. It earns about 85% of its foreign currency from oil exports and gets an extra annual 1 billion \$ with each \$1-per-barrel rise in global oil prices. Moreover, it has a vibrant civil society and a complex and diverse internal political system. Iran has a huge potential: Many of the approximately 70 million inhabitants are young and well educated. It has an estimated three to seven million internet users, the most in the Middle East.

19. But Iran is also facing serious economic problems, which it cannot solve by itself alone. Iran's real per capita income is about one third of what it was before the Islamic revolution of 1979. The Islamic Republic has the highest rate of opiate addiction in the world and corruption is a major problem. Foreign direct investment continues to lag far behind that in other country in the region. A faltering economy has failed to generate enough jobs, resulting in high unemployment, which is estimated to be up to 30 % (compared to the official unemployment rate which is around 16%). Among university graduates unemployment is estimated as high at 20 percent. Therefore, Iran needs more access to the world markets and thus it needs more engagement with the West.

20. The election of Mahmoud Ahmadinejad has certainly made the relationship between Iran and the West more difficult and the tone from Teheran has become more aggressive. The conservatives now control all levers of power in the Islamic Republic, with opposing factions effectively neutralised. Despite the change in government it is important to remember that there is also continuity in Iran. Iran's un-elected supreme religious leader, Ayatolla Ali Khamenei, still wields ultimate authority. It should also be noted that, while the tone of the previous government was more conciliatory, Iran's nuclear programme accelerated under Khatami. Although a majority of Iranians despise the ruling hard-liners, they also support Iran's nuclear programme, among others because it has become a source of national pride in an ancient nation with a glorious history.

21. Iran has legitimate security concerns that should be addressed. In addition to existing policy differences the fact that they see themselves as being surrounded by unfriendly states and potential enemies complicates any agreement with the Iranian leadership. The Islamic Republic was attacked with ballistic missiles and chemical weapons during the Iraq-Iran war and Iranians accused the West of backing Iraqi leader Saddam Hussein in his war against Iran in the 1980s. Today, Teheran is concerned about the concentration of US military forces to the West, East, and the South of the country, even though they are there for purposes not related to Iran.

22. If we want Teheran to abandon its nuclear programme and to conduct a more constructive foreign policy we need to obtain the broadest international support for diplomatic initiatives towards the country. When approaching Iran, it will be particularly important to have Russia and China, but also India 'on board'. Teheran has been very successful in averting joint action against it by dividing the international community, which has thus allowed it to improve its enrichment programme while negotiations continued on an on-and-off basis. Iran uses the legalistic arguments to convince the countries of the Non-Aligned Movement (NAM), that the US and EU pursue a 'neo-colonialist policy' to deprive Iran of its right to enrich under the NPT.

23. But building and sustaining a broad international front towards Iran may not be easy. Close international co-operation, particularly with the permanent members of the UN Security Council, will be crucial. Both Russia and China, Iran's main nuclear technology partners in the past, have growing economic stakes in Iran. These interests are likely to grow in the coming years, especially given China's need for fossil fuel to meet the demand of its rapidly expanding economy. The same applies to India, which is torn between its need for energy and the 'strategic partnership' with US.ⁱ

24. If we want to create the broadest international consensus towards the Islamic Republic, we must be consistent in our policy. Iranians accuse the West of 'double standards' when the international community accepts countries like Pakistan, India, and Israel as nuclear powers but threatens to ban Iran for its nuclear programme. They also point to the example of North Korea, which is offered security guarantees and aid. Moreover, they cite the US-Indian deal, agreed during the visit of US President Bush to New Delhi in early March this year, which offers American nuclear know-how and fuel to India's civilian nuclear programme. India is not a NPT member country.

VI. NEXT STEPS

25. The international community has a strong interest that Iran terminates all enrichment-related activities before they reach the point where Iran can produce nuclear weapons. To that end, the best diplomatic solution would require Iran to suspend its recently resumed uranium enrichment activities and ratify the Additional Protocol on safeguards. Moreover, to rebuild trust the UN Security Council should authorise the IAEA to undertake robust inspections in Iran.

A. STRENGTHEN THE NUCLEAR NON-PROLIFERATION REGIME

26. Teheran has been very legalistic in its argumentation with the IAEA and the EU-3 and has repeatedly, and correctly, stated that its agreements with the IAEA and the EU-3 have been on a 'voluntary, non-legally-binding basis'. Teheran has signed, but not ratified, the Additional Protocol to the Safeguards Agreement. In the meantime, it agreed on a voluntary basis to implement it.

27. It is important to provide the IAEA with a significantly increased verification mandate and authority. IAEA resolutions are not legally binding and only the UN Security Council can give the IAEA authority for more intrusive inspections. Only the UN Security Council can make commitments binding by giving authority, under Chapter 7 of the UN Charter, to the IAEA and request suspension of Iran's nuclear programme.

28. We must improve and consolidate the non-proliferation regime. Although the Nuclear Non-Proliferation Treaty (NPT) has not completely prevented proliferation, it has, by and large, been rather successful. In fact, for almost 40 years the NPT has helped convince countries as diverse as Sweden, South Korea, Brazil and Ukraine that the costs of acquiring nuclear weapons far outweigh the benefits. Regrettably, there is a tendency of the international community to only

react to crisis and not, or not sufficiently, draw the lessons from previous crises in order to diminish the chances that they could reoccur. Your rapporteur must sadly note that the 2005 NPT Review Conference did not produce an agreement on strengthening the NPT regime. What is more, the UN General Assembly's 'Millennium+5 Summit' last autumn did not agree on single line about non-proliferation or disarmament.

29. Although, as a signatory of the NPT, Iran is entitled to the peaceful use of nuclear technology, including uranium enrichment, it should agree on a 5-year moratorium on any enrichment and reprocessing activity. Such an agreement should be the first step to a Fissile Material Cut-Off (FMCT) treaty. This would render ineffective Iran's argument that it is singled out and treated unfairly.

30. Strengthening the NPT regime would also include adoption of a UN Security Council resolution along the lines of the French proposal to the 2005 NPT review conference, making it obligatory for a country to resolve any violation committed before withdrawal from the treaty. A country withdrawing would also be required to give up any benefits it obtained while it was an NPT member, including the dismantling and return of any nuclear technology acquired during NPT membership.

B. SUPPORT CIVIL SOCIETY AND HELP TO IMPROVE HUMAN RIGHTS SITUATION IN THE COUNTRY

31. We also have a stake in the improvement of the human rights situation in Iran. Iran has a fragmented society with power distributed among many different political, religious and military layers. For example, in the military realm there is also considerable competition between the Armed Forces and the Islamic Revolutionary Guard Corps (Republican Guards - IRGC). The role of the latter, which were formed in 1979 by young rebels loyal to Ayatollah Ruhollah Khomeini, has increased. The IRGC has now some 150,000 soldiers, about one third of Iran's military. While there are no indications of this at present, one of the greatest dangers would be the risk of a civil war where nuclear weapons could end up in the hands of a radical faction. In the past, the US and the EU have repeatedly voiced 'serious doubts' whether Iran is committed to respecting human rights and the fundamental freedoms of the Iranian people. According to a new report by Amnesty International entitled, "Iran: New Government Fails To Address Dire Human Rights Situation," the new government has not addressed the situation rather appears to have intensified repression since it came to office in August 2005.

32. If we advocate reforms in the 'Broader Middle East' we cannot ignore Iran. NATO Allies would lose their credibility if they were perceived to abandon Iran's pro-democratic forces. Because of Teheran's poor human rights record we should have a continuing dialogue about civil society, democracy, and human rights. That said, we must acknowledge that the development of democracy is an internal affair of Iranians in Iran. The West should support them, but not try to decide for them who should run their country. Instead, we should try to help strengthen Iranian institutions of civil society. We should support Iran's human rights and democracy activists wherever possible, and keep them and their cause in the public eyes. The UN, too, should address the human rights record of the Iranian regime. This could be done by, for example, appointing a special human rights monitor for Iran, and by raising Iran's human rights record annually at General Assembly.

C. ENGAGE IN A SECURITY DIALOGUE WITH IRAN

33. In addition to requesting ending all its conversion and enrichment-related activities Iran should cease to test intermediate-range ballistic missiles of the Shahab missile family and not deploy them.

34. What is more, Iran should also abandon its aggressive rhetoric towards Israel, and should recognise its existence. Teheran should also end its obstruction to the Mid-East peace process and support Israeli-Palestinian understanding. To that end it should influence Hamas, Hezbollah and other groups to renounce all terrorist activities and engage in negotiations.

35. In addition to a security dialogue and possible co-operation as mapped out in the next chapter, governments of NATO Allies could also assist in improving Iran's liaison with the IMF and the World Bank and thus facilitate Iran's access to the international capital market. Moreover, along the lines of the EU-3 proposals, EU could have access to pressurised water reactor technology. In addition, existing sanctions could be lifted. This could include, on the US side, a revocation of the 1986 Iran-Libya Sanctions Act, even though it might be difficult to persuade the US Congress to take these steps. More generally, because the role of the EU is limited primarily to the economic, technological and diplomatic realms, your Rapporteur would endorse direct talks between Washington and Teheran. Only the United States could provide the immediate security incentives that the Iranian leadership apparently seeks. Your Rapporteur therefore welcomes the recent call by Senator Richard Lugar, Chairman of the US Senate Foreign Relations Committee, for a broad, multilateral response.

VII. IRAN – A POSSIBLE ROLE FOR NATO?

36. Any viable solution to Iran's nuclear issue requires close transatlantic co-operation. Since the beginning of the Islamic Republic 1979, Iran was an issue of contention among the transatlantic partners. However, co-operation among the Allies has greatly improved in the recent past. For example, the US administration began to support the EU-3 negotiations and in March 2005 dropped its objection to Iran's application to the WTO and to delivering spare parts for civilian planes. But there is no long-term Allied consensus on Iran. Therefore, transatlantic partners urgently need to improve consultation about possible policies that induce Iran to abandon its nuclear activities and behave as a constructive international partner. Failing that, NATO allies and partners need to develop mechanisms that contain and, if necessary, deter Iran.

37. After 9-11 the Persian Gulf and its surroundings has become increasingly relevant for Euro-Atlantic security. NATO allies and NATO as an organisation should engage with Iran because it is a strategic country. The Islamic Republic has a direct frontier with Turkey, a NATO member country, and through ISAF, NATO forces are now stationed in its eastern neighbour Afghanistan. In addition to its oil and gas reserves, many problems in Afghanistan, Iraq and other states in the area – of an ethnic, religious, economic or military nature, along with the problems of refugees, drug trafficking, terrorism, and separatism – could be addressed more effectively with Iranian co-operation.

38. Our aim should be to offer Iran official recognition as a legitimate player in the region but also to increase the cost for Iran if it continued its non-compliance with the demands of the international community. The Allies need to focus on persuading Iran to abandon its nuclear programme and recognise its legitimate security interests. As NATO is developing its relationship with the countries of the region it may consider offering Iran a security dialogue. Such a dialogue should be part and parcel of a regional security dialogue in which all countries of the region could participate and which could eventually lead to a mutual non-aggression treaty. More precisely, confidence and security-building measures could include, for example:

- the exchange of observers for military exercises, including Iranian observers during Allied naval exercises and any large troop movement near Iran's borders and Allied observers during large Iranian exercises;

- naval co-operation at sea, including incidents-at-sea agreement and a Gulf-wide agency for collecting information about sea hazards;
- and, eventually, commencement of an arms control agreement along the lines of CFE to limit forces close to the Iraqi-Iranian and Afghan-Iranian borders.

39. However, before they can entertain the idea of a security dialogue with Iran, the Allies must design and agree on joint action towards Teheran. To that end, your rapporteur suggests to make the North Atlantic Council (NAC) the forum for policy co-ordination among the Allies. In the NAC, the Allies should agree on incentives for Iran as well as on possible responses should Tehran pursue its nuclear programme.

40. If negotiations about Iran's nuclear programme fail the West should be prepared to apply diplomatic and economic pressure. Among the instruments that could dissuade Teheran to pursue its nuclear programme, tough international sanctions against Iran may be hard to orchestrate and could therefore be ineffective. However, 'smart' – or targeted - sanctions might be more effective. The focus should be on Iran's energy industry, particularly on restrictions of foreign investment. For the time being, only Western companies have the expertise and technology that Iran's energy sector needs. Without new investment, aging oil fields and growing domestic demand would force Iran to become a net importer of oil by 2010. He wants to stress that the goal of the international community is not to punish the Iranian people with sanctions or overthrow the Islamic Republic.

41. Any policy towards Iran must include a substantive dialogue with other allies and friends, especially the Gulf countries. Reaching a comprehensive understanding with Teheran on the issues mentioned above is no zero sum game that should negatively impact the interests and the security of our partners in the region. Therefore, we should enhance co-operation with regional states in all areas, including diplomatic, economic, and military ones.

42. It must be clear, however, that NAC discussions would focus on diplomatic and perhaps economic measures only. NATO should not discuss any military action against the Islamic Republic. If its leadership rejected an Allied offer and pursued an aggressive policy towards its neighbours, NATO Allies might consider offering Persian Gulf countries a security guarantee. However, apart from activities in the context of combating internationally active terrorist groups, the role of the Alliance should primarily be political, rather than military. NATO could also be the venue where we develop a joint approach with our partners, particularly with Russia. In this context, the NATO-Russia Council (NRC), but also the Euro-Atlantic Partnership Council (EAPC), could discuss and agree on a comprehensive policy for Iran.

VIII. PRELIMINARY CONCLUSIONS

43. Iran has the right to develop peaceful nuclear technology and that its legitimate security interests are being recognised. However, its policies are a serious concern for regional and international security: the Islamic Republic's nuclear programme has violated the safeguards agreement of the NPT, its support for radical Islamist groups is a pertinent threat to countries of the region and worldwide and its human right violations remain a serious concern for human rights organisations.

44. Iran should commit itself to full co-operation and transparency with the IAEA to resolve all outstanding issues. As a gesture of good will and an essential confidence-building measure Iran should immediately ratify and strictly adhere to the Additional Protocol. Moreover, it should agree on ending all its conversion and enrichment-related activities. Such an agreement should be the

first step to a Fissile Material Cut-Off (FMCT) treaty. Iran should cease to test intermediate-range ballistic missiles of the Shahab missile family and not deploy them.

45. NATO, and the NAC in particular, should become the place for discussion and agreement on a robust consensus for tackling Iran. NATO should be the forum for developing a primarily diplomatic agenda to pro-actively engage Iran and the countries of the region in a security dialogue. What is more, NATO can make a significant contribution to the security and stability of the Persian Gulf.

ⁱ Both India China have recently announced or are about to announce multi-billion dollar energy deals: China and Iran are reportedly close to signing a multibillion-dollar agreement to develop the big Yadavaran oilfield in southern Iran, which has crude oil reserves estimated at three billion barrels. India has signed a contract worth 21 billion \$ for the delivery of 5 million tons of natural gas beginning in 2009 with Teheran. Also plans for a gas pipeline between Iran and India through Pakistan.
