Defensive points:

President Ahmadi-Nejad has stated that Iran would remain undeterred and would take further measures if their case was reported to the UNSC. Nonetheless, they still say that they are willing to further consider the Russian proposal, possibly with Chinese input. How do you assess this?

- Regrettably, there is nothing to indicate that Iranian "offers" to restart negotiations with EU/EU3 would comprise a return to the suspension of enrichment activities, which is a necessary prerequisite. Should this nonetheless prove to be the case, it would be welcomed by the EU.
- As for the renewed interest in the Russian ideas –which foresees uranium enrichment, but <u>outside</u> Iran, given its previous rejection, it is difficult not to think of this as a delaying tactic. But of course, the Russian track is an interesting one, and, even though the chances are slim, we need to pursue it vigorously.

Why did the E3 insist on the need to convene an extraordinary meeting of the IAEA Board of Governors on 2 February in order to report Iran to the UNSC?

 In the light of the recent Iranian actions, which run counter to IAEA-Resolutions and which are a rejection of the efforts to explore whether a basis can be agreed for resuming negotiations, the European Union Member States worked for the extraordinary meeting of the IAEA Board of Governors in Vienna to involve the UN Security Council, to reinforce the authority of the IAEA. This was a necessary and appropriate step, fully in line with the IAEA Board of Governors' resolution of September 2005, which found that Iran had been noncompliant with its Safeguards Agreement and that the history of concealment of Iran's nuclear activities and the nature of these activities had given rise to questions within the competence of the Security Council.

However, it seems that Russia and China differ with the E3 and the USA about the opportunity to involve the UNSC?

• The Europeans are working in close consultation with our major partners. All UNSC P5 members – that is, including Russia and China, as well as the USA-: 1) share the EU concerns about Iran's nuclear programme; 2) agree that Tehran should go back to a full suspension of its enrichment-related activities; 3) remain committed to a diplomatic solution. As you have seen, the London meeting on 30 January with the P5 and Germany agreed on the need for the IAEA to report the file to the UNSC, while giving the UNSC time until ElBaradei's full report and the regular IAEA Board meeting in March before taking any decisions. In this light, it was not only timely but necessary to hold an extraordinary meeting of the IAEA Board of Governors on 2-3 February, reporting Iran to the UNSC.

DG El-Baradei himself did not seem convinced that a decision should be taken in February, and suggested to wait till the 6 March deadline in order to provide the required clarifications about their programme. How can you act to "reinforce the authority of the IAEA" if it, itself, does not find it opportune?

- As you know, we now have a broad-based agreement about the way forward: the Iran file was not referred but <u>reported</u> to the UNSC at the extraordinary IAEA Board meeting on 4 February, while giving time for ElBaradei to submit his report to the regular meeting in March before any further action is taken into consideration by the UNSC.
- Again, this is not a dispute between Iran and Europe, but between Iran and the international community. The EU does not question the right of Iran to the use of nuclear energy for peaceful purposes in conformity with its obligations under the NPT, a right which we have consistently reaffirmed. The dispute is about Iran's failure to build the necessary confidence as to the exclusively peaceful nature of its programme.

Isn't Mr. Ahmadi-Nejad behaving in a confrontational way because - with the USA bogged down in Iraq, rising oil prices, and an Iranian public opinion seemingly in favour of the nuclear programme - he feels that he has the upper hand? What leverage do we actually have, and what could the EU possibly offer as incentives (or counter-incentives)?

- Even though some in Tehran may think that they could benefit from a policy of confrontation and afford to do so because of the oil prices bonanza and/or other factors, this is very shortsighted. The Iranian people do not want to isolate themselves from the rest of the international community. The Presidential campaign in Iran last year demonstrated the strong demands of the electorate for economic growth and job creation. In this respect, the EU-Iran Trade and Cooperation Agreement (TCA) as well as WTO accession do offer important long-term prospects, provided we can work in a stable and conducive environment. The substantial rounds of TCA negotiations conducted in 2003 and in the first half of 2005 showed the potential of the EU-Iran economic relations.
- But admittedly, with the EU3 having run out of track in the nuclear negotiations with Iran, our room for manoeuvre is currently limited and the remaining active instruments are very few (HR and drugs cooperation, etc). We tried the "carrots" approach but are now obliged to press harder for obtaining Iran's cooperation with the IAEA.

Iran has stated repeatedly that it would not suspend activities at the Isfahan plant, nor its enrichment programme in Natanz, which were prerequisites, set by the E3 for the re-launch of negotiations. Does that mean that the E3 approach has failed?

- The overconfident stance Iran is taking makes the situation more difficult and a red line was definitely crossed in Natanz by the decision to break the seals and to resume enrichment (albeit on an experimental scale) in flagrant violation of the E3-Iran "Paris agreement".
- Thus, the E3 track is currently at a halt but has already achieved a lot. It has notably demonstrated to Iran that it has a lot to win if it chooses to adopt a constructive line, and a lot to lose if it chooses the path of confrontation. I wish to reiterate my full support to the efforts of our British, French and German colleagues, and of Mr. Solana.
- It is essential that the International Community remain united and that Iran understand that its resumption of enrichment is bringing it further into isolation.

President Ahmadinejad has hinted at oil sanctions (targeted against hostile contries and/or triggering an oil price rise) if the E3 reported Iran to the UNSC. How would you react?

 As my colleague EU Energy Commissioner Piebalgs recently said, "Iran is a large supplier of oil ... so definitely any disruption of supply will influence the world market. But for such a situation of disruption we have mechanisms developed", in coordination with the International Energy Agency and our major partners. "At the same time I really believe that Iran will never use such a step because it will be counterproductive for the debate".

Why insist on the Comprehensive Dialogue and the Human Rights dialogue yet freeze the Trade and Cooperation

Agreement (TCA) talks and the Political Dialogue Agreement (PDA)? Is this not inconsistent?

- Following the resumption of the nuclear conversion activities at the Isfahan plant last year, we decided to "pause" the negotiations we were leading towards a Trade and Cooperation Agreement (TCA). The TCA talks have always run parallel to the negotiations led by the EU Presidency for a Political Dialogue Agreement (PDA). These two tracks are indissociable and mutually reinforcing.
- From the outset, it was made clear to the Iranians that these tracks are also dependent on the overall political atmosphere. Hence the decision to "pause" them for the time being.
- This being said, precisely because we encounter difficulties on the nuclear track, we need to keep other channels of communication open, both at governmental and nongovernmental levels.
- Whilst we cannot develop a long-term sustainable relationship as long as key outstanding issues are not solved satisfactorily, we must keep the door open to dialogue. Hence our calibrated response to an evolving situation.

Recently, the Human rights situation has gone from bad to worse. How do you assess and address this?

- Regarding Human rights, there is indeed growing cause for concern, exemplified by the continued imprisonment of Mr. Akbar Ganji, and his supporter, Mr. Soltani. As you know, we got all fully mobilized around this issue. I notably appreciate the continued efforts and engagement displayed by the EP Delegation for relations with Iran under the dynamic chairwomanship of Ms. Angelika Beer.
- There are unfortunately several other issues which came up recently such as an increasing number of death penalties; execution of juvenile offenders; cases of amputations. The EU has expressed its human rights concerns to Iran through diplomatic channels. Independently from any other

consideration –nuclear or else-, our relations will not be able to improve durably without a systemic improvement of the HR situation in Iran. In line with the EP, the EC and all Member States remain fully mobilized on this issue.

Where are we with the EU-Iran Human Rights dialogue?

 I have reiterated our growing concern on Human rights to the Iranian Foreign Minister, Mr. Manouchehr Mottaki. I told him last September in New York that it would be in our strong mutual interest for Iran to re-confirm its commitment to the EU-Iran Human Rights Dialogue and to offer us a date for an early meeting. Mr. Mottaki was open-minded, but non-committal. The EU remains open to discussing human rights, and calls on Iran to demonstrate its commitment to the Dialogue by agreeing to a future round of the Dialogue at the earliest possible date.

What is the point of a Human Rights Dialogue with Iran if it delivers no result?

- The Human Rights dialogue with Iran remains one of the practical means through which the EU can make a contribution to improving the situation on the ground. It provides a structured forum which allows formal discussion of individual cases, as well as a comprehensive range of Human Rights issues. So far, the majority of our interlocutors have shown a clear understanding of the benefit of engagement over isolation.
- It is also one of the only ways of reaching out to, and supporting, Human Rights defenders and reformers in Iran, who otherwise would be more isolated than ever. Nonetheless, if the Iranians close the door to this dialogue, we will have to consider other ways to keep the issue at the top of our agenda, through contacts with Iran and in the UN fora. The views and support of the EP will prove precious in the months ahead.

On EC efforts to promote democracy & human rights:

 Since 2002, under the European Initiative for Democracy and Human Rights (EIDHR), the EU has devoted € 3.4 million to the promotion of human rights and the rule of law in Iran. This includes three projects for a total amount of \in 2.9 million which were initiated in 2004, and launched in 2004-05 (for reference, EU partners have committed around € 2 million in total bilateral assistance in these areas). Two of these projects - Prison & Reform and Child Protection & Women Judiciary Empowerment, are implemented by UN agencies, and are expected to provide a useful complement to the EIDHRsponsored HR exchanges which have been taking place since 2002 within the framework of the EU-Iran Human Rights dialogue. EC support to civil society development will be further expanded in 2006 through a new € 1,1 million project in cooperation with UNDP aiming at fostering human rights and greater access to justice.

Regarding the EU "terrorist list", which considerations have prompted the EU to include or exclude certain Iranian opposition organisations on this list? In particular, I would like to enquire about the Mujahedin e Khalq Organisation (MKO) and the National Council of Resistance of Iran (NCRI).

- The Commission notes that the term terrorist list refers to the list attached to the Common Position 2001/931/CFSP and the list of persons, groups and entities whose funds and assets should be frozen in accordance with Council regulation (EC) no. 2580/2001. The Common Position and the Regulation were adopted pursuant to Resolution 1373(2001) of the Security Council of the United Nations.
- The Council takes its decisions to list persons, groups and entities by unanimity of its Members without the need for a Commission proposal. The deliberations in the Council are secret. The Common Position contains a number of criteria that have to be met, and as a result the MKO has been included (while the NCRI has remained excluded from the list).