

TIP Conference Call with Olli Heinonen

Omri Ceren: Thank you for that. Thank you, Olli, for joining us this morning, and thank you all for joining us as well. I know that we have folks across a bunch of time zones, some late, and I thank you for joining us. We wanted to convene this call this morning to begin to provide the context for discussions that are ongoing about the JPA implementation deal that occurred over the weekend. There is no one who is arguably better positioned to speak to this than Olli Heinonen. He is, of course, you know, senior fellow at the Harvard Kennedy School of Government's Belfer Center. He was deputy director general of the IAEA. He was head of the Department of Safeguards. We, the discussion over the last few days, the last few hours, even this morning, has turned to what we know and what we don't know. There are discussions about a side deal to the implementation agreement that may or may not be significant. There are people who are saying there is far more to it than meets the eye, and people who are saying there's far less to it than meets the eye. That's in addition to just the raw kind of what's going on, what kind of things should people be looking for, what kinds of things should people be expecting, which are also coming up in discussions. On that note, I don't want to take any more time. I'll hand it over to Olli and then we will go to a bunch of pre-written questions that came in overnight. If you want to submit questions during the call, please send them over to press@theisraelproject.org, press@theisraelproject.org, or just ping me directly at omric@theisraelproject.org. On that note, I will hand it over to Olli.

Olli Heinonen: Thank you very much and thanks for all having me. Well, as you mentioned, we don't know all the details of this agreement, this interim agreement or implementation agreement. But I think there's quite a lot [inaudible] by interviews and briefings by the State Department from US and some statements from Iran, so I think that we have a fairly good understanding what happens next and what will be the sequence of events for next half a year. And let me start by saying that, that I think that this is an important step, this is a small step, it has been taking a lot of effort to reach this step, but now we say, you know how this is going to be implemented. And as I said somewhere else, couple of months ago, that the taste is in the pudding, and now we start to spoon the pudding in. And at the same time, the exercise or the activities move more to the IAEA and more to Iran. Up 'til now it has been diplomats in the corner of P5+1 and Iran. And the cutoff date is now on 20th of January, when Iran has agreed that it starts the implementation.

The picture, on the nuclear picture in Iran is somewhat different from that which was two months ago. They have [inaudible] of 20% enriched uranium, which in UF6 form most likely there. They have 30 [inaudible] additional 5% enriched uranium, maybe something like seven and a half tons of UF6 is sitting there in their stocks currently. 20% enriched uranium, maybe the cumulative production is already more than 450 kilos or something around that, in terms of the UF6. But according to the Iranian statements, they have not installed any additional centrifuges, so what we will have in Natanz is a little bit more than 19,000 centrifuges, half of them altogether operating. The amount in Fordo is that little bit short from 2,000, actually there's no space to put additional ones there anyway. And then we have the pilot plant in Natanz, which has a few hundred, I think two-three, about three hundred centrifuges, of various types which are used for R&D purposes.

Then construction work in heavy water reactor plant in Arak has continued, at least the building construction. Most likely, they have not installed any nuclear components in that so the picture is not radically different from that what it was two months ago. Then, Iran has certainly continued to produce additional centrifuges. How many? We will know next week. So let me now then [inaudible] and separate and try to describe what happens with them in next half a year. First of all, 5% enriched

uranium. Iran has said that, has committed two things: First of all, they continue the production of 5% enriched uranium, but any extra 5% enriched uranium they will convert to uranium oxide. And this has a contribution to the so-called breakout time because once you have oxide and you want to use it to produce higher enrichment, you need to confirm it, convert it first to uranium hexafluoride. So additional time and processes on it. And they have committed this, that they continue the production and they have time -- half a year time, actually -- to convert it to uranium oxide. And if you go to the latest IAEA report, that process line has not yet been ready. So most likely, we will see still a few months, few next months, that the uranium hexafluoride 5% stock goes slightly up, and then in half a year time, sometime in June, July, it will go down and reach that level what it should be.

Then, 20% enriched uranium, which is more sensitive because if you go to high enriched uranium it, you already have done 90% of your work. So this stocks will actually be split in two parts in this deal. One part, which is the half of that amount which has been produced – Iran is going to use it as what they call a "lurking stock" to produce fuel for the Tehran Research Reactor. Which means that if it is 450 kg of uranium hexafluoride cumulative, they will have, they can keep more than 200 kg of this material at this point in time, and the rest, the other 220, 230 kilos, that will be diluted step wise to enrichment, 5% enriched uranium -- how they do it? They have actually two technical possibilities there. One is just to mix 5% enriched or natural uranium hexafluoride with 20% enriched uranium hexafluoride and adjusted in such a way that you have 5% enrichment, and then go and convert this to oxide powder. The other possibility is actually to go the other way around and turn first this 20% enriched uranium or hexafluoride to similar oxide, and then mix this oxide with the natural uranium so that your overall average enrichment will be 5%. And this process according to this news reports pose roughly in one month intervals.

I think that next week we have more details which way this is going to be done. Then, any, and then the activities at heavy water reactor, Arak. So, Iran has committed that it doesn't manufacture any new fuel, that it does not store any new nuclear components to Arak, so that's fine. But the civil construction at the site may continue according to the interpretations of State Department. This was from the very beginning, I think they already mentioned it in end of November. So then, what is new here and what will bring additional information about Iran's nuclear program is the commitment of Iran not to produce and install new centrifuges other than those which they've replaced, if some of them get broken, the current operating ones. Which means that the IAEA is actually going to monitor the centrifuge production, it has to take the total inventory of all centrifuges in Iran installed and under manufacturing at either in their own manufacturing plant or in the assembly plant. And this is the information which is important in terms if you look the overall nuclear program, and if you are worried about trying to understand parts of the program, because after many, many years we hit the peak and see what they have been doing.

Two weeks? Whether this verification goes, we will see I think next week, when IAEA makes its first report. So if we look overall, our knowledge in Iran, how, what we will know after, when this deal is implemented and when we have the first IAEA report, we know what are the current stocks of the materials, we know their set number of centrifuges, where they are located, where they are manufactured. So in a way, we get better handle on whether there are some clandestine nuclear facilities or there has been. But this is not yet what is all required, but it's still that step to that direction. Then, when we look, the so-called military dimension, which is much more than just the Parchin, I have to say, but it's involvement of the military organizations to the overall manufacturing and other exercises of this nuclear program. This one will get deferred, this is not going to be done in next few months, this is one of the topics they will discuss then from here on.

So what will now happen in the IAEA? IAEA has not disclosed exactly their marching plan but based on past experience, I would say the following: So, they take some kind of total snapshot of the

situation in Iran, most likely on 21st of January, one day past the, after this undertaking enters into force. And most likely, the IAEA will make a short report on this to its Board of Governors. I think it's a must to inform the member states. And at the same time, the IAEA appropriately will disclose little bit more how they are going to approach it, how they are going to verify all these things, how they are going to monitor it. So, then we know much more about this whole thing by the end of next week. And why I say that the IAEA is going to make this report? We need to keep in our minds that the IAEA secretariat reports it to its member states. They are responsible to their member states. They are not reporting just to P5+1. So in order to get this whole thing going on and reporting arrangements, I think that Mr. Amano will take the case to the Board of Governors towards the end of next week, tell what he's been doing, asking the endorsement by its Board of Governors that he can go with these extra measures, which will cost some money, not radically more I think but there will be some additional costs, and get the approval that he can do this extra jobs which IAEA normally doesn't do, and also he probably will ask their consent how he will report this results, what will be his relation to the member, member states at large, and whether there are certain communications between the IAEA secretariat and P5+1.

But, if we are looking at this interim deal, who decides whether Iran is in compliance? It's not the IAEA. IAEA's job will be here to provide the facts for the decision-makers and then the counterparts here in this agreement is the P5+1, it's not the IAEA. So P5+1 will then conclude whether Iran is compliant with the terms of its deal. Then, you might remember that there was also this kind of framework between the IAEA and Iran. That's a little bit different, separate issue. I saw that this meeting has been postponed to the end of somewhere, the 8th of February. I think it was perhaps not necessary but Iran may want to see how this other part proceeds so that they are better off in agreeing additional measures with the IAEA in February. And then in February we most likely will see also that P5+1 gets together, they look at what the IAEA has reported last week and they look then also roughly at month-to-month intervals, the feedback from the IAEA and see how this thing is proceeding. And at the same time, they start to look with more comprehensive agreement which will be, in my view, much more painful and much more difficult thing to do than this initial interim agreement which we have because they have to address, among other things, this military dimension. One has to decide about the scope and content of Iran's uranium enrichment program. One has to decide what kind of heavy water program will be there or will there be a replacement of some kind, different type of reactor which is less proliferation-sensitive or uses less plutonium. So these are the things which will now be on the table in next six months to come and I think that much of that success also depends on the success of this interim deal and its implementation. So I think that this gives you a kind of quick summary of where we are today and I am open for any questions which you might have. Thank you.

Omri Ceren: Thank you for that overview. We are taking questions over email again if you want to add something to the queue, ping press@theisraelproject.org. In the meantime, we've got a bunch of questions and I want to run through as many of them as we can. Several of them have to do with the claim that Iran's deputy foreign minister, Abbas Araqchi made to Iranian state TV. He claimed that there is a 30-page addendum, annex, whatever, that specifies how the JPA will be implemented. Several questions about that claim, the first is, if it's true, would it be unusual for such a non-paper to exist? The second is what kind of risks are there in not releasing that? Does it heighten the risk of, for instance, differences in how Iran and members of the P5+1 will interpret the deal? And the third is what kinds of things might be in an addendum like that? So is it unusual, if it's true; are there risks, and what kinds of things might even be in there?

Olli Heinonen: Well, it's hard to say, but thirty pages is a long document, but I think that that document probably has two parts. One is the technical part which talks about the undertakings at nuclear installations, nuclear materials, centrifuges. The other part has possibly to do with the sanctions relief, how money is moved, timings, and things like that. So that's why we have this very long document of thirty pages as you say and I have no idea how, what you see like from the State Department that informal briefing. Some of these things, you know, if you put them on a paper, it's a pretty lengthy paper. Have we had these kind of understandings before? Actually I think so. The first thing that comes immediately to my mind, the Agreed Framework in 1994. There were certain understandings between the DPRK and the U.S. which were never officially disclosed to the public. So I think that in the light of this, I would be surprised if this whole document comes out. On the other hand, I personally believe, that you know, I don't think there's anything which should block its release, I think it would clear perhaps a lot of air if you did put out. But I think it's up to the parties to decide which way they go. Then certainly they can also circulate it with like the IAEA or Iran did with the work plan which we had between IAEA and Iran in 2007 August, which had the steps to be taken, which says that you know you do step one, step two. It's like half a dozen steps but it didn't specify exactly then to the nuts and bolts how you do it, but gave a kind of outline to the IAEA Board of Governors what's going to be done and I think that this is helpful in the process. The Board also wants to see probably how their monies are spent because they had to contribute to this. So I wouldn't be surprised if some kind of outline comes out at some – by the parties.

Omri Ceren: You mentioned earlier that the, you know, the details of hammering out the comprehensive agreement are going to be significantly more difficult of course than the interim agreement. There's a question about the specific part of the comprehensive negotiations that are expected to deal with Iran coming clean over past activities that had military dimensions. Is there a model or a precursor that the IAEA and that the P5+1 will be following in pursuing that effort in having Iran come clean as has occurred in South Africa, Argentina, and how do you think Iran will go about handling this? There's talk that the Rouhani government could just blame rogue elements and say, yes of course this happened but it was never sanctioned, is that an option or is it likely that the regime will choose some other way to do it?

Olli Heinonen: Well, we will see, you know, how it goes. But, I think that there might be the best examples of this are really Iraq, the way the IAEA handled it, the Iraqi nuclear program in 1990-91. But then there were provisions and authorities from the UN Security Council which were very powerful, a powerful legal instrument, and Iraq was a country that had been in a war and lost it so it was on defense. So you cannot copy the implementation part just one-to-one there. But I think that the activities which ought to be done and the confidence levels which need to be reached are pretty similar. And the same is with South Africa. South Africa, as you might recall, the IAEA faced a very tough thing because actually the nuclear program had been dismantled before the IAEA entered. They had destroyed quite a lot of documentation but not all documentation, only the sensitive documentation that was to do with the nuclear weapons manufacturing, those were gone. Practically all of the equipment which had been used had been [inaudible] weapons usage, had been destroyed or dismantled. And then, but what was left was all the nuclear materials that some of the installations were still under decommissioning so the IAEA got a very good handle on how much nuclear material was involved and it was able to because the nuclear material documentation was named. So, the IAEA was in a way able to create a reasonably coherent picture about the history of the program and production of nuclear material at various points of times and their whereabouts. But it took long time. This one, in that sense, is a bit easier, because wherever the program is, I don't think it's that far as what South Africa

was. So it will be easier. And what will be the explanation of Iran and how they want to go politically about it, that's a different thing and I think it will be, I don't think it's appropriate to speculate whether there are rogue scientists or whoever scientists. Nevertheless, I think that Iran has a lot to explain.

Omri Ceren: Speaking of Iran's, of investigating Iran, on Monday, Reuters published an article that led with the idea that the IAEA is saying that the access that is being granted at least under the JPA is inadequate for investigating all the suspicions that Iran – Iran's program, at one point, may have had a military dimension. If you caught that report, what are the specific things that they still need access to that they're not getting access to, and how significant are those and to what degree will they be barriers in negotiating a comprehensive solution?

Olli Heinonen: I tell you, most of these things have been made to be negotiated under the comprehensive solution. This provides very little insight into the military aspects or even to the historical production of centrifuges because that's the only spot where you get some historical information. How many centrifuges are there today, but if Iran allowing the IAEA to inspect [inaudible], for example, using its raw materials to derive the conclusion with all these materials which you have seen, the special materials [inaudible], steel, aluminum, glass, carbon fiber, etc. When you look at those stocks and then you look at the number of centrifuges, do they match? Is this the right number and no centrifuge is missing. I think that this sort of work is still down on the road. So if you are looking for the verification of the completeness of Iran's declarations that is still quite a way and that has to be part of the [contributes very little, if not at all.

Omri Ceren: We're running into thirty minutes so one more question and then we'll wrap it up. A fairly specific question has to do with the political horizon much more so than the details, but is there a valid cause for concern that the interim agreement, the JPA agreement, will become permanent and that could either be because of the deadlock or because the Iranians choose to walk away or because of any other of a range of potential scenarios. The deadline calls for six months, it can be extended by another six months. To what degree do you assess that it will be extended, perhaps even beyond that? And if so, what are the potential scenarios for the IAEA?

Olli Heinonen: Well I think that it was very difficult to achieve this point where we are now, it took two months to come to this point and as I mentioned, these were the easy questions. So now we are seeing the much more difficult parts. On the other hand, Iran and the other party, which is P5+1, if they are implementing truthfully and with the good faith the current agreement, I think that the atmosphere improves so it's easier to deal with this comprehensive solution. But there are a lot of things there because, as I said, the scope and content of enrichment program, what to do with the heavy water reactor program, and possible plutonium production and how to deal with this military dimension, they are all very difficult questions. So I would be really personally surprised if everything is done in the next six months. So then you come to this junction and then you have to decide whether you continue the negotiations, extend it with a month, three months, six months, pick a number you decide, or whether you actually have another interim deal where you deal with the, some less sticky parts like, let's say, with the heavy water reactor program and leave still enrichment on hold and, or do only part of the military dimension. So, there are a variety of choices. And just to end, based on my past experience, once you are in agreement, whether it goes well or not, it's very difficult to leave the agreement. So I think that we have here a prospect if there is no real deal by next summer, extension of some kind is quite high probably.

Omri Ceren: And on that note, thank you again for joining us this morning and of course for everybody on the call, thank you as well. If you need to follow up in any way, you can ping us at press@theisraelproject.org and we hope to see you all soon. Bye.

Olli Heinonen: Thank you.